Nissho Iwai - Nichimen Holdings Corporation

November 13, 2003

Summary of Financial Results for the Six-month Period ended September 30, 2003

Notes:

(1) This report contains forward-looking statements, which reflect management assumptions and beliefs based on information currently available and are subject to a number of risks and uncertainties, such as economic conditions, exchange rate fluctuations, etc. Accordingly, Nissho Iwai - Nichimen Holdings Corporation wishes to caution readers that actual results may differ materially from those projected herein, and expressly disclaims any obligation or undertaking to release any update or revision of any contained forward-looking statements.

(2) Both consolidated and non-consolidated financial results have been prepared in accordance with the provisions set forth in the Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects and jurisdictions other than Japan.

(3) This report is translation of the Financial Summary filed with Tokyo Stock Exchange by Nissho Iwai - Nichimen Holdings Corporation on November 13, 2003 for conveniences of investors outside of Japan. The original version of this report is written in Japanese. In case of any discrepancies between this report and the original, the Japanese version shall govern.

◇ Summary of Consolidated Business Results and Business Projections

Nissho Iwai - Nichimen Holdings Corporation

Listed stock exchange: the first sections of Tokyo and Osaka

Headquarters: Tokyo

Securities Code: No. 2768

Company Representative: Hidetoshi Nishimura, President and Co-CEO

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Tel. (03) 5446-1061

Board of Directors' Meeting: November 13, 2003

Consolidated Business Results for the six-month period ended September 30, 2003

(1) Results of Operations

	Net sales		Operating income		Recurring profit	
	Millions of Yen	Change (%)	Millions of Yen	Change (%)	Millions of Yen	Change (%)
September 30, 2003	3,022,042	-	26,606	-	19,074	-
September 30, 2002	-	-	-	-	-	-
March 31, 2003	-		-		-	

	Net income		EPS	EPS (Fully diluted)
	Millions of Yen	Change (%)	Yen	Yen
September 30, 2003	-17,509	-	-95.21	-
September 30, 2002	-	-	-	-
March 31, 2003	-		-	-

Notes:

1. Equity in earnings of unconsolidated subsidiaries and affiliates during the period:

   Current interim period: 1,866 million yen   Preceding interim period: -

   Last fiscal year: -

2. Average number of outstanding shares during the period:

   Current interim period: 183,906,487   Preceding interim period: -

   Last fiscal year: -

3. Changes in accounting policies during the period: No

(2) Financial Position

	Total assets (Millions of Yen)	Shareholders' equity (Millions of Yen)	Shareholders' equity ratio (%)	BPS (Yen)
September 30, 2003	3,414,390	344,551	10.1	393.91
September 30, 2002	-	-	-	-
March 31, 2003	-	-	-	-

Note:

Number of outstanding shares at the end of the period:

Common Stock

Current interim period: 199,416,777　　Preceding interim period: -

Last fiscal year: -

Preferred Stock

Current interim period: 133,000,000　　Preceding interim period: -

Last fiscal year: -

(3) Cash Flows

	Cash flows from operating activities (Millions of Yen)	Cash flows from investing activities (Millions of Yen)	Cash flows from financing activities (Millions of Yen)	Cash and cash equivalents at the end of period (Millions of Yen)
September 30, 2003	52,384	31,144	92,126	491,664
September 30, 2002	-	-	-	-
March 31, 2003	-	-	-	-

(4) Number of consolidated subsidiaries and companies accounted for by the equity method

Consolidated subsidiaries: 388

Unconsolidated subsidiaries (accounted for by the equity method): 26

Unconsolidated affiliates (accounted for by the equity method): 216

Business Projections for the fiscal year ending March 31, 2004

	Net sales (Millions of Yen)	Recurring profit (Millions of Yen)	Net loss (Millions of Yen)
Fiscal year ending March 31, 2004	5,930,000	48,000	29,000

Reference:　　EPS (Projection): -151.31

Note: Please refer page 10 for additional items pertaining to premises for the above forecast.

Group Management Policy

1. Basic Policy

Under the Management Vision outlined below, the Nissho Iwai - Nichimen Group's basic policy is to maximize shareholders' value while aiming to become an innovative and functional trading company with top-tier competitiveness and earning power. The Group aims to achieve these objectives by maximizing mutually beneficial effects, rationalization effects and synergistic effects to be brought through business integration by March 31, 2006, when its Three-Year Business Plan ends.

Management Vision

- Establish a multi-faceted business, which has both top-tier competitiveness and strong earning power in specific industries and markets, by continuously pursuing profitability and growth in core business areas.
- Establish an innovative trading company, to actively respond to environmental changes and market globalization, and continuously develop new business fields through entrepreneurship.
- Establish a functional trading company, to understand multiple customer needs and provide sophisticated, tailor-made services as a customers' business partner.
- Establish an open company, where each employee is given a chance to realize his or her own personal goals and ambitions.

2. Business Plan

(1) Fundamental Policies

The following are the fundamental policies of the Three-Year Business Plan that began on April 1, 2003:

a. Improvement in Profitability through Business Portfolio Strategies

With selection and focus as the basic policies for managing its business portfolios, the Company aims to improve profitability by analyzing the characteristics of each business based on its profitability and strategic importance alongside the reallocation of management resources in line with these business characteristics.

In addition, the Company will aim to create new businesses and sales channels by maximizing synergies while strongly promoting substantial reductions in selling, general and administrative expenses by pursuing its restructuring plan.

b. Reinforcement of Financial Strength by Increasing Shareholders' Equity and Reducing Interest-Bearing Debt

The Company aims to increase shareholders' equity by accumulating periodic income each term and through equity financing. The Company aims to build a sounder financial structure by paring down interest-bearing debt with free cash flow.

(2) Financial Targets

Financial targets for the final year (the fiscal year ending March 31, 2006) of the Business Plan are as follows:

- Recurring profit: More than ¥100 billion
- Net DER (net interest-bearing debt / shareholders' equity): 5 times or less

(3) Key Points

Bold and efficient restructuring:

In the first year, the Company will implement all necessary restructuring, and as a result expects losses due to the restructuring costs.

From the second year, the Company expects a significant rise in profitability through restructuring and synergistic effects.

3. Boosting Shareholders' Equity Based on the Business Plan

(1) Equity Financing

At the meeting of the Board of Directors held on April 25, 2003, the Company resolved to issue preferred and common stock by allocation to third parties, and convertible bonds denominated in Japanese yen. In May 2003, the Company raised a total of approximately ¥278.0 billion through the issuance of ¥266.0 billion in preferred stock, ¥5.0 billion in convertible bonds and ¥7.0 billion in common stock.

(2) Capital-Raising Commitment Facility with Lehman Brothers

The aforementioned convertible bonds were issued as a part of a 10-year framework utilizing a capital-raising commitment facility established with Lehman Brothers (commitment by Lehman Brothers to purchase convertible bonds up to a total of ¥50.0 billion). The Company's equity policy is to flexibly implement appropriate measures to increase equity and to raise capital by utilizing this capital-raising commitment facility. The issuance of convertible bonds shall be decided by the Company after due consideration of prevailing share prices. In a meeting of the Board of Directors on October 17, 2003, the Company resolved to issue an additional ¥5.0 billion in convertible bonds, bringing the total to ¥10.0 billion for the fiscal year ending March 31, 2004, including the initial ¥5.0 billion previously mentioned.

4. Basic Policy on Dividends

The Company has positioned the return of profits to shareholders as a top management priority. In addition, the Company aims to increase shareholders' value and provide dividends stably in the medium-term while accumulating sufficient retained earnings to improve its financial structure and strengthen the management foundation of the Group.

Specifically, the Company intends to accumulate the retained earnings it believes are necessary to reinforce its financial structure and to improve shareholders' value during the Three-Year Business Plan.

5. Corporate Governance and Compliance

The Company will establish a highly transparent and functional management framework to promote selection and focus in Group operations, and to improve profitability and maximize the corporate value of the entire Group.

(1) Management Structure

For the separation of management supervision and business execution, the Company introduced an Executive Officer system and established a Group Executive Committee as the chief decision-making organization for business execution, separate from the Board of Directors, which is the highest decision-making organization for management. Members of the Group Executive Committee are executive officers of the Company and executive officers with cross-divisional responsibilities in business divisions of Group subsidiaries. As a holding company, Nissho Iwai - Nichimen Holdings supervises and monitors Group subsidiaries, and the Board of Directors or Group Executive Committee decide resolutions that it deems important to Group subsidiaries. Executive officers in charge of business divisions of Group subsidiaries are also in charge of cross-integrating the marketing divisions of Group subsidiaries, and act as supervisors for both the streamlining of their business divisions and for the selection and focus of business activities.

To increase transparency in corporate governance, the Company plans to invite outside directors to join the Board of Directors, and to establish a Nomination Committee and a Remuneration Committee, each chaired by an outside director, to nominate directors and determine their compensation.

(2) Integration of Auditing Offices

To strengthen its control and monitoring of Group subsidiaries as a holding company, on October 1, 2003, the Company established the Auditing Department through the integration of the auditing offices of Nichimen and Nissho Iwai.

(3) Bolstering IR Activities

The Company will voluntarily promote highly transparent management through the timely and official disclosure of reliable information. Through bidirectional communications with markets, the Company will strengthen corporate governance and aim to increase corporate value by using feedback from investors and analysts to decide future management activities.

(4) Compliance

Nichimen Corporation formulated the 10 Principles of Nichimen Group Code of Conduct in November 1999. In April 2001, Nichimen added compliance duties to its Business Supervising Committee and reorganized it into the Ethics Compliance Committee. In October 2002, Nichimen established the Ethics Compliance Department (currently the Ethics Compliance Team) with a direct line to the Board of Directors. The Ethics Compliance Team is charged with distributing to Group directors and employees the Nichimen Group Code of Conduct Handbook, which contains the aforementioned 10 Principles of Nichimen Group Code of Conduct and describes laws and regulations that must be strictly observed in business execution. The Ethics Compliance Team also holds training seminars periodically to increase awareness of compliance issues throughout the Group.

Nissho Iwai formulated its Directors' Code of Conduct in December 2000. In September 2001, Nissho Iwai added compliance duties to the Crisis Management Committee and organized the Compliance and Crisis Committee (C&C Committee). At the same time, Nissho Iwai introduced and enacted the Code of Ethics and Business Conduct, and established the C&C Committee Web Site on the Company's intranet to strengthen compliance through the entire Group. Further, Nissho Iwai installed hotlines to the CCO (a direct phone to the director in charge of compliance) and to lawyers for all employees wishing to make direct reports. In this way, Nissho Iwai is making efforts to quickly discover and prevent any illegal behavior, misconduct and suspicious activity.

Building on and integrating the compliance efforts and initiatives of Group subsidiaries, the Nissho Iwai - Nichimen Group makes all its employees thoroughly aware of the importance of compliance as a key to becoming an excellent group.

6. Issues Facing the Company

Nissho Iwai - Nichimen Holdings is pursuing the management targets of "Improvement in Profitability" and "Reinforcement of Financial Strength" by swiftly implementing measures outlined in its Business Plan. The Company is making steady progress toward attaining the financial goals of recurring profit of more than ¥100.0 billion and net DER of five times or less by the final year of the Business Plan.

(1) Improvement in Profitability

Managing its business portfolio through selection and focus, the Company aims to improve profitability by reallocating management resources in accordance with an analysis of risks and returns as well as the capital costs of each business. Historically, the Company has divided its business portfolio into 38 administrative units, and reallocated management resources while analyzing business characteristics. However, the Company realizes that a more detailed approach to management is necessary, including changes in its business portfolio that take into account the different lines and models of each business. The Company is reviewing the selection and focus of businesses on an individual basis with regard to business lines and models.

Furthermore, the Company aims to maximize complementary relationships and synergies among Group subsidiaries in order to create new sales channels and businesses. Some complementary effects have already been realized such as cost reductions through the joint usage of chartered ships, and new contracts generated through the mutual exchange of customer leads. At the same time, the Company plans to build high-value-added businesses by creating value-chains in its operating environment based on expectations of future market and customer needs. We will also pursue synergies by linking various Group subsidiary functions.

Moreover, the Company aims to quickly reduce selling, general and administrative expenses by accelerating its restructuring schedule as much as possible. Restructuring plans include the integration of duplicate functions and domestic and overseas operating bases, the reorganization and streamlining of administration functions and business rationalization including the merging of subsidiaries. Plans to reduce the consolidated number of employees, domestic and overseas subsidiaries and operating bases are as follows. Although proceeding ahead of schedule, streamlining will be executed at an even faster pace.

Consolidated basis	September 30, 2002	Targeted reductions by March 31, 2006 (A)	Actual reductions as of September 30, 2003 (B)	% of target completed (B/A)
Employees	21,800	-6,200	-5,000	81%
Subsidiaries	430	-160	-90	56%
Domestic branches	8	-4	-1	25%
Overseas operating bases	187	-120	-52	43%

Note: This table shows the level of progress compared with the initial rationalization plan (excluding steel-related operations).

(2) Reinforcement of Financial Strength

Through the capital increase in May 2003 and ongoing efforts to reduce net interest-bearing debt, the

Company considerably improved its financial position by achieving a net DER of 4.9 times as of the end of September 2003, compared with a net DER of 41.4 times on April 1, 2003. The Company aims to continue improving shareholders' equity and paring down net interest-bearing debt while investing in key businesses.

Business Results and Financial Position

1. Business Results for first half of the fiscal year ending March 31, 2004

(1) Overview

In the six months ended September 30, 2003, Nissho Iwai - Nichimen Holdings Corporation worked tirelessly to pursue the goals of its Business Plan with the aim of reinforcing financial structure by enhancing shareholders' equity and reducing interest-bearing debt. Based on its plans for business integration, the Company made decisive progress in the merger of subsidiaries, streamlining of personnel, and a comprehensive review of Groupwide operating expenses. As a result, for the first half of the fiscal year ending March 31, 2004, Nissho Iwai - Nichimen Holdings exceeded the net sales, recurring profit, and net income targets that were announced at the beginning of the period.

Consolidated net sales for the six months ended September 30, 2003 totaled ¥3,022,042 million, which was 6.8% above our initial estimate of ¥2,830,000 million. Results were driven by the strong contribution from the energy and mineral resources business, fueled by a rise in crude oil prices and other factors. Operating income totaled ¥26,606 million, after subtracting selling, general and administrative (SG&A) expenses of ¥95,717 million from gross trading profit of ¥122,323 million.

Although non-operating expenses of ¥35,677 million offset non-operating income of ¥28,145 million, the Company reported a recurring profit of ¥19,074 million, beating the initial estimate of ¥18,000 million by 6.0%.

Nissho Iwai - Nichimen Holdings recorded a net extraordinary loss of ¥33,050 million. Extraordinary gains were ¥6,195 million, principally consisting of a ¥6,050 million gain on disposal of investment securities, while extraordinary losses totaled ¥39,245 million, mainly comprising loss on disposal of investment securities of ¥6,017 million, loss due to reorganization of subsidiaries and affiliates of ¥5,844 million, special early retirement benefits of ¥4,043 million, and ¥15,271 million extraordinary loss on changes in retirement benefits plans.

As a result, consolidated loss before income taxes for the six months ended September 30, 2003 was ¥13,975 million. After accounting for minority interests in consolidated subsidiaries and income taxes, the consolidated net loss amounted to ¥17,509 million, an improvement over the initial estimate of ¥19,000 million.

(2) Consolidated Results by Business Segment

Machinery

Sales in the machinery segment totaled ¥604,554 million, mainly reflecting increase in the Company's Boeing-related transactions and export trading of plant and equipment. Operating income was ¥6,828 million, owing to cutbacks in SG&A expenses.

Energy & Mineral Resources

Sales in this segment were ¥900,504 million, due to rising crude oil prices and an increase in the volume of transactions. As a result of strong sales, operating income totaled ¥4,784 million.

Chemicals & Plastics

Sales in this segment totaled ¥314,185 million. Operating income was ¥7,693 million, buoyed by favorable earnings at chemicals-related companies.

Housing & Consumer Products

This segment is comprised of textiles, foodstuffs, construction, forest products, and general merchandise & retail businesses. Results in this segment were mixed. The performance of Nakau Co., Ltd. contributed to an increase in general merchandise & retail business earnings. Construction sales on the other hand, which had experienced a surge in the previous fiscal year, fell back to previously existing levels. As a result, sales in this segment were ¥647,184 million, while operating income was ¥11,783 million.

Overseas Subsidiaries

Sales in this segment were ¥419,908 million. Operating income totaled ¥3 million.

Other

The steel products business was spun off and its information industry subsidiary converted to an equity-method affiliate. As a consequence, sales amounted to ¥135,704 million and operating income was ¥2,898 million.

2. Outlook for the fiscal year ending March 31, 2004

Nissho Iwai - Nichimen Holdings' consolidated estimates for the fiscal year ending March 31, 2004, are as follows:

Net sales	¥ 5,930,000 million
Recurring profit	¥ 48,000 million
Net loss	¥ 29,000 million

The above estimates are based on assumptions of a foreign currency exchange rate of ¥115 per U.S. dollar and an average crude oil price of US$26/bbl (Dubai).

These earnings estimates are based on rational assumptions and beliefs in light of information currently available to management. Accordingly, actual results may differ significantly from the Company's estimates due to changes in domestic and overseas market conditions, foreign exchange rates and a variety of other factors. The Company will release a notification of any changes to its estimates in the event of a major change in the operating environment.

3. Financial Position as of September 30, 2003

(1) Consolidated Balance Sheet

Shareholders' equity as of September 30, 2003 stood at ¥344,551 million, boosted by proceeds from the issue in May of preferred and common stock of ¥266,000 million and ¥7,181 million, respectively. Total assets were ¥3,414,390 million. Interest-bearing debt totaled ¥2,214,909 million, with net interest-bearing debt (less cash and time deposits) of ¥1,696,151 million.

In May, Nissho Iwai - Nichimen Holdings also established a ¥50,000 million capital-raising commitment facility (commitment by Lehman Brothers to purchase convertible bonds up to a total of ¥50,000 million). As of September, the Company had issued convertible bonds to a total of ¥5,000 million, of which ¥3,400 million had been converted to common stock.

(2) Consolidated Cash Flows

For the six months ended September 30, 2003, net cash provided by operating activities totaled ¥52,384 million, net cash provided by investing activities was ¥31,144 million, and net cash provided by financing activities was ¥92,126 million, reflecting the increase in capital. After accounting for the effect of exchange rate changes and changes to the scope of consolidation, total cash and cash equivalents as of the end of the period amounted to ¥491,664 million.

◇ Summary of Non-Consolidated Business Results and Business Projections

Non-Consolidated Business Results for the six-month period ended September 30, 2003

(1) Results of Operations

	Net sales		Operating income		Recurring profit	
	Millions of Yen	Change (%)	Millions of Yen	Change (%)	Millions of Yen	Change (%)
September 30, 2003	1,259	-	235	-	63	-
September 30, 2002	-	-	-	-	-	-
March 31, 2003	-		-		-	

	Net income		EPS
	Millions of Yen	Change (%)	Yen
September 30, 2003	30	-	0.16
September 30, 2002	-	-	-
March 31, 2003	-		-

Notes:

1. Average number of outstanding shares during the period:

   Current interim period: 185,286,853 Preceding interim period: -

   Last fiscal year: -

2. Changes in accounting policies during the period: No

(2) Dividends

	Interim Dividends per Share (Yen)	Year-end Dividends per Share (Yen)
September 30, 2003	0.00	-
September 30, 2002	-	-
March 31, 2003	-	-

(3) Financial Position

	Total assets (Millions of Yen)	Shareholders' equity (Millions of Yen)	Shareholders' equity ratio (%)	BPS (Yen)
September 30, 2003	471,739	467,782	99.2	1,008.01
September 30, 2002	-	-	-	-
March 31, 2003	-	-	-	-

Notes:

1. Number of outstanding shares at the end of the period:

Common Stock

Current interim period: 200,177,886 Preceding interim period: -

Last fiscal year: -

Preferred Stock

Current interim period: 133,000,000 Preceding interim period: -

Last fiscal year: -

2. Number of treasury stocks at the end of the period:

Current interim period: 30,503 Preceding interim period: -

Last fiscal year: -

Non-Consolidated Business Projections for the fiscal year ending March 31, 2004

	Net sales (Millions of Yen)	Recurring profit (Millions of Yen)	Net income (Millions of Yen)	Dividends per share		
				Interim	Year-end	Total
Fiscal year ending March 31, 2004	3,000	140	80	-	0	0

Reference:

EPS (Projection): 0.42

◇ Summary of Consolidated Results of Nichimen Corporation

Consolidated Business Results for the fiscal year ended March 31, 2003

(1) Results of Operations

	Net sales		Operating income		Recurring profit	
	Millions of Yen	Change (%)	Millions of Yen	Change (%)	Millions of Yen	Change (%)
September 30, 2003	901,741	-2.0	11,795	-7.3	8,644	-7.2
September 30, 2002	920,431	-16.5	12,730	-8.0	9,311	3.2
March 31, 2003	1,888,126		21,567		13,214	

	Net income		EPS	EPS (Fully diluted)
	Millions of Yen	Change (%)	Yen	Yen
September 30, 2003	-13,038	-	-16.96	-
September 30, 2002	3,079	-43.9	7.30	-
March 31, 2003	-48,532		-114.14	-

Notes:

1. Equity in earnings of unconsolidated subsidiaries and affiliates during the period:
   Current interim period: 400 million yen   Preceding interim period: -436 million yen
   Last fiscal year: -311 million yen
2. Average number of outstanding shares during the period:
   Current interim period: 768,591,398   Preceding interim period: 421,610,174
   Last fiscal year: 425,192,371
3. Changes in accounting policies during the period: No
4. Percentages indicate changes in net sales, operating income, recurring profit and net income compared with the preceding interim period.

(2) Financial Position

	Total assets (Millions of Yen)	Shareholders' equity (Millions of Yen)	Shareholders' equity ratio (%)	BPS (Yen)
September 30, 2003	1,201,845	138,971	11.6	158.91
September 30, 2002	1,302,141	77,104	5.9	179.82
March 31, 2003	1,174,634	30,109	2.6	70.22

Note:

Number of outstanding shares at the end of the period:

Current interim period: 874,551,179   Preceding interim period: 428,776,581

Last fiscal year: 428,806,636

(3) Cash Flows

	Cash flows from operating activities (Millions of Yen)	Cash flows from investing activities (Millions of Yen)	Cash flows from financing activities (Millions of Yen)	Cash and cash equivalents at the end of period (Millions of Yen)
September 30, 2003	20,030	15,930	45,986	274,950
September 30, 2002	50,085	17,621	-53,116	189,391
March 31, 2003	70,983	66,151	-119,442	193,324

(4) Number of consolidated subsidiaries and companies accounted for by the equity method

Consolidated subsidiaries: 137

Unconsolidated subsidiaries (accounted for by the equity method): 21

Unconsolidated affiliates (accounted for by the equity method): 100

(5) Increase/decrease of consolidated subsidiaries and companies accounted for by the equity method

Consolidated subsidiaries:

(Newly included) 3 (Excluded) 29

Unconsolidated subsidiaries/affiliates accounted for by the equity method:

(Newly included) 6 (Excluded) 14

Business Results and Financial Position

1. Business Results

(1) Overview

During the six-month period ended September 30, 2003, the U.S. economy took the first steps toward an economic recovery, led by steady growth in consumer consumption. Fueled by a more positive mindset, reflecting improvements in securities markets, the U.S. also experienced resurgence in capital expenditure. The overall environment in Europe, on the other hand, remained sluggish, impacted by a persistent slump in consumer consumption. Companies throughout the Continent rationalized production, owing to concerns over inventory levels, and cutback personnel. In Asia, conditions continued to deteriorate, with weak export activity to the United States and a drop in tourism revenues and consumer consumption brought on by concerns regarding severe acute respiratory syndrome (SARS).

In similar fashion, a modest recovery in Japan underpinned by positive trends in capital investment and personal consumption was offset by weak domestic demand, impacted by concerns over prolonged deflation.

Against the backdrop of such economic conditions, Nichimen Corporation integrated management with Nissho Iwai Corporation on April 1, 2003, and formed the parent holding company Nissho Iwai - Nichimen Holdings Corporation with the aim of strengthening its marketing and financial platforms through rationalization of its business activities and enhanced management efficiency.

Following this business integration, Nichimen recorded consolidated net sales for the six-month period ended September 30, 2003 of ¥901,741 million, a decline of 2.0% compared with the corresponding period of the previous fiscal year.

Examined by type of transaction, export sales increased 39.4% year-on-year, due mainly to strong sales in the machinery and metals field. Import sales, on the other hand, declined 7.1% as a result of slow sales in the plastics and chemicals field. Domestic sales decreased 5.3% due to a decline in the construction and forest products field, and offshore sales fell 10.1% owing to a slump in other businesses.

Examined by business segment, sales in the machinery and metals field surged 57.7%, driven by export of plants. Sales in the textiles and consumers business field advanced 18.4% due to increased domestic transactions following the acquisition of Nakau Co., Ltd. In other businesses, sales fell 57.9%, reflecting a drop in offshore business and rationalization of low-profit transactions. At the same time, domestic sales in the construction and forest products field declined 37.5% owing to fewer land-sale transactions, which had fueled profit growth in the six-month period ended

September 30, 2002.

Consolidated gross trading profit decreased 7.8% to ¥50,571 million, compounded by a drop in land-sale transactions as well as the transfer of the chemical business to an equity-method affiliate. Selling, general and administrative (SG&A) expenses were reduced ¥3,352 million to ¥38,776 million, owing to a stringent review of costs Group-wide, despite an increase relating to Nakau, which became a consolidated subsidiary. Following the fall in consolidated gross trading profit, operating income decreased 7.3% to ¥11,795 million. Although Nichimen reported a gain on investment in equity-method affiliates, recurring profit declined 7.2% to ¥8,644 million, owing in part to a decrease in interest income and the drop in operating income. For the period under review, Nichimen incurred a net extraordinary loss of ¥22,699 million. While extraordinary gains totaled ¥3,706 million, principally from a gain on sales of investment securities of ¥3,635 million, these were offset by extraordinary losses of ¥26,406 million, mainly comprising a loss from the withdrawal from an approved retirement annuity system and termination allowance plan, and ¥15,271 million in expenses incurred due to changes in retirement benefit scheme, namely the adoption of a defined contribution pension plan, and advanced retirement allowance system. As a result of all these factors, the loss before income taxes was ¥14,055 million. After accounting for income taxes, income tax adjustments and minority interests, the consolidated net loss was ¥13,038 million.

(2) Segment Information

Plastics & Chemicals

Sales in the plastics & chemicals segment declined 7.8% to ¥414,377 million, owing to the transfer of Nichimen's chemical businesses to Global Chemical Holdings, Inc., an equity-method affiliate, and a joint holding company established with Nissho Iwai. Operating income dropped 32.8% to ¥1,759 million.

Textiles & Consumers Business

Sales in this segment climbed 18.4% to ¥89,493 million due to contributions from Nakau Co., Ltd. Nakau was included in the Company's scope of consolidation in the second half of the previous fiscal year following the public tender for Nakau shares. Operating income totaled ¥2,937 million, up 54.3%.

Foodstuffs

Foodstuffs sales declined 4.8% to ¥77,655 million owing to continued cutback of unprofitable offshore grain transactions. Operating income, on the other hand, jumped 105.0% to ¥408 million, reflecting rationalization measures such as cuts in personnel and other marketing expenses.

Construction & Forest Products

Sales decreased 37.5% to ¥53,105 million owing to a decline in land sale transactions, which had pushed up profits in corresponding period in the previous fiscal year. Operating income dropped 53.9% to ¥3,291 million.

Machinery & Metals

Sales in this segment rose 57.7% to ¥187,555 million, driven by increased export activity in the plants business. Operating income was ¥3,543 million, an increase of 147.8%, reflecting successful efforts to curtail SG&A expenses.

Overseas Subsidiaries

Following the transfer of chemical businesses by U.S.-based subsidiaries, net sales in this segment edged down 2.6% to ¥58,485 million. Overseas subsidiaries reported a net loss for the period of ¥56 million.

Others

For the period under review, Nichimen reclassified domestic regional group companies and overseas branches under other businesses. In addition, the Company worked to curtail unprofitable transactions of overseas branches. Despite these initiatives, net sales for this segment fell 57.9% to ¥21,071 million. Operating income, however, totaled ¥289 million, a turnaround from the operating loss of the corresponding period of the previous fiscal year, owing to improved profitability of administrative subsidiaries.

2. Financial Position

(1) Consolidated Balance Sheet

Shareholders' equity as of September 30, 2003 stood at ¥138,971 million, an increase of ¥108,862 million from the level at March 31, 2003. This increase was due to the issuance of new shares to the parent company, Nissho Iwai - Nichimen Holdings Corporation, by way of third party allotment in May 2003.

Total assets increased ¥27,211 million to ¥1,201,845 million due to the significant rise in cash and time deposits owing to the increase in capital. The increase in assets came despite a decrease in notes and accounts receivable, inventories mainly relating to the transfer of steel products businesses to Sumitomo Corporation, and a decrease in property, plant and equipment. In accordance with these declines, interest-bearing debt decreased ¥73,424 million to ¥815,912 million. Net interest-bearing debt (less cash and time deposits) was ¥535,669 million, a drop of ¥158,471 million.

(2) Consolidated Cash Flows

Net cash provided by operating activities for the six-month period ended September 30, 2003 was ¥20,030 million. Net cash provided by investing activities was ¥15,930 million. Net cash provided by financing activities was ¥45,986 million. After adjustments for effects of changes from exchange rates and the scope of consolidation, cash and cash equivalents at the end of the period stood at ¥274,950 million.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥20,030 million, a decrease of ¥30,055 million. The principal sources of inflow were decreases in inventories, such as real estate for sale.

Cash Flows from Investing Activities

Net cash provided by investing activities fell ¥1,691 million to ¥15,930 million. The principal inflow was proceeds from sale of investment securities.

Cash Flows from Financing Activities

In the period under review, Nichimen increased its capital, while continuing to implement initiatives geared toward reducing interest-bearing debt. As a result, net cash provided by financing activities totaled ¥45,986 million, a turnaround of ¥99,102 million.

◇ Summary of Consolidated Results of Nissho Iwai Corporation

Consolidated Business Results for the fiscal year ended March 31, 2003

(1) Results of Operations

	Net sales		Operating income		Recurring profit	
	Millions of Yen	Change (%)	Millions of Yen	Change (%)	Millions of Yen	Change (%)
September 30, 2003	2,022,118	-12.3	11,636	-41.2	9,630	8.9
September 30, 2002	2,307,017	-14.7	19,803	-25.8	8,847	-36.5
March 31, 2003	4,619,072		35,462		13,553	

	Net income		EPS	EPS (Fully diluted)
	Millions of Yen	Change (%)	Yen	Yen
September 30, 2003	-3,955	-	-2.89	-
September 30, 2002	1,503	-64.3	1.72	-
March 31, 2003	-73,850		-84.48	-

Notes:

1. Equity in earnings of unconsolidated subsidiaries and affiliates during the period:

   Current interim period: 2,952 million yen   Preceding interim period: 458 million yen

   Last fiscal year: 2,133 million yen

2. Average number of outstanding shares during the period:

   Current interim period: 1,370,032,109   Preceding interim period: 874,255,996

   Last fiscal year: 874,136,408

3. Changes in accounting policies during the period: Yes

4. Percentages indicate changes in net sales, operating income, recurring profit and net income compared with the preceding interim period.

(2) Financial Position

	Total assets (Millions of Yen)	Shareholders' equity (Millions of Yen)	Shareholders' equity ratio (%)	BPS (Yen)
September 30, 2003	2,150,382	204,619	9.5	133.99
September 30, 2002	2,663,546	85,252	3.2	97.52
March 31, 2003	2,104,259	20,328	1.0	23.26

Note:

Number of outstanding shares at the end of the period:

Current interim period: 1,527,117,453   Preceding interim period: 874,174,902

Last fiscal year: 874,963,015

(3) Cash Flows

	Cash flows from operating activities (Millions of Yen)	Cash flows from investing activities (Millions of Yen)	Cash flows from financing activities (Millions of Yen)	Cash and cash equivalents at the end of period (Millions of Yen)
September 30, 2003	35,139	12,749	43,415	208,420
September 30, 2002	75,370	53,913	-135,720	147,646
March 31, 2003	110,094	128,518	-262,345	117,116

(4) Number of consolidated subsidiaries and companies accounted for by the equity method

Consolidated subsidiaries: 233

Unconsolidated subsidiaries (accounted for by the equity method): 5

Unconsolidated affiliates (accounted for by the equity method): 111

(5) Increase/decrease of consolidated subsidiaries and companies accounted for by the equity method

Consolidated subsidiaries:

(Newly included) 2 (Excluded) 9

Unconsolidated subsidiaries/affiliates accounted for by the equity method:

(Newly included) 5 (Excluded) 9

Business Results and Financial Position

1. Business Results

(1) Overview

For the six-month period ended September 30, 2003, net sales declined 12.3% compared with the same period of the previous fiscal year to ¥2,022,118 million, mainly due to the transfer of the steel products, chemicals and information industry businesses to affiliates under the equity method in accordance with Nissho Iwai Corporation's alliance strategy.

Examined by type of trade, exports rose 16.2% from the year-ago period, as the increase in the energy & mineral resources category and other sales more than offset the decline in metals sales. Despite a drop in chemicals transactions, imports surged 40.3% on the back of strong sales in energy & mineral resources, machinery, and other categories. Compared with the same period of the previous fiscal year, offshore transactions edged up 4.8%. Again, the decline in foods & consumer products category sales was offset by the increase in sales of the energy & mineral resources category. Domestic sales fell 47.3%, reflecting the spin-off of the steel products business. The Company experienced declines mainly in the metals, chemicals, and information industry businesses.

Gross trading profit fell ¥46,400 million to ¥64,813 million, owing to the spin-off of the steel products and chemical businesses in the previous fiscal year, and the conversion of information industry subsidiaries to equity-method affiliates in accordance with the Company's alliance strategy.

Selling, general and administrative (SG&A) expenses amounted to ¥53,176 million, a drop of ¥38,233 million, driven by personnel rationalization in line with Nissho Iwai - Nichimen Holdings' business plan and comprehensive efforts to review Group-wide costs. Accounting for the aforementioned factors, operating income fell 41.2% compared with the same period of the previous fiscal year, to ¥11,636 million.

Net non-operating expenses narrowed by ¥8,950 million, as Nissho Iwai benefited from improvements in net interest expense and equity in gains of unconsolidated subsidiaries and affiliates, such as steel products and LNG-related affiliates. As a result, recurring profit totaled ¥9,630 million, an increase of ¥783 million.

The Company posted a net extraordinary loss of ¥9,996 million. This was mainly comprised of a loss on disposal of investment securities of ¥3,212 million, special early retirement benefits of ¥3,166 million, and an increase in provision for overseas doubtful receivables. Nissho Iwai therefore posted a loss before income taxes for the period under review of ¥365 million. After income taxes of ¥2,387 million, income tax adjustments of ¥277 million and minority interests in consolidated subsidiaries of ¥925 million, the net loss amounted to ¥3,955 million.

(2) Consolidated Results by Business Segment

Machinery

Sales in the machinery category edged down 1.2% compared with the same period of the previous fiscal year, to ¥231,388 million, due to a drop in transactions for industrial-use plants. Operating income, on the other hand, jumped 282.2% to ¥2,897 million, reflecting the positive effects of reductions in SG&A expenses.

Aerospace

Sales in the aerospace category totaled ¥247,844 million, up 24.6%, mainly reflecting an increase in the Company's Boeing-related transactions. Operating income rose 24.2% to ¥1,706 million.

Energy & Mineral Resources

Sales in this category rose 24.3% to ¥634,832 million, due to rising crude oil prices and an increase in the volume of transactions. As a result of strong sales, operating income totaled ¥4,508 million, an increase of 15.1%.

Foods & Consumer Products

Nissho Iwai transferred the chemical products business to an affiliate under the equity method in accordance with its alliance strategy. This contributed to a drop in sales in this category of 4.4%, to ¥437,002 million. However, operating income rose 48.8% to ¥7,021 million, due to cutbacks in SG&A expenses and increased profitability in chemicals-related companies.

Construction & Urban Development

A strong performance in the condominium business drove sales up 15.6% in this category, to ¥57,423 million. As a result of improved sales, operating income was ¥1,426 million, compared with an operating loss in the year-ago period.

Overseas Subsidiaries

Impacted by a recovery in the U.S. economy and other factors, Nissho Iwai's principal overseas subsidiaries, including Nissho Iwai American Corporation, performed well. As a result, sales in this category improved 28.8% to ¥361,423 million, and operating income was ¥59 million, marking a return to profit.

Other Businesses

In the other businesses category, Nissho Iwai spun off its steel products related business and converted its information industry subsidiaries to equity-method affiliates. Following these initiatives, sales in this category fell ¥523,868 million to ¥52,203 million. Operating income dropped ¥7,648 million to ¥1,261 million.

2. Financial Position as of September 30, 2003

(1) Consolidated Balance Sheet

Shareholders' equity as of September 30, 2003 stood at ¥204,619 million, an improvement of ¥184,291 million from the level at March 31, 2003. Despite the net loss for the period under review, the increase was mainly due to equity financing of ¥163,170 million, and improvement in unrealized losses on available-for-sale securities of ¥23,259 million owing to a recovery in stock markets, as well as foreign currency translation adjustments of ¥2,941 million. Nissho Iwai continued its policy of selection and concentration, rationalizing activities in non-priority fields. As a result, the Company was able to reduce trade receivables and streamline inventories. However, total assets increased ¥46,123 million from March 31, 2003 to ¥2,150,382 million, due to the rise in cash and time deposits brought about by equity financing. In line with efforts to reduce assets, Nissho Iwai cut interest-bearing debt by ¥138,636 million to ¥1,375,618 million. Accounting for the balance of cash and time deposits, net interest-bearing debt at September 30, 2003 stood at ¥1,145,401 million, a decrease of ¥230,979 million.

(2) Consolidated Cash Flows

For the six months ended September 30, 2003, net cash provided by operating activities totaled ¥35,139 million, net cash provided by investing activities was ¥12,749 million, and net cash provided by financing activities was ¥43,415 million, reflecting equity financing implemented on May 15, 2003. After accounting for the effect of exchange rate changes and changes to the scope of consolidation, total cash and cash equivalents as of the end of the period amounted to ¥208,420 million.

Cash Flows from Operating Activities

Net cash provided by operating activities fell ¥40,231 million to ¥35,139 million. The key sources of cash were continued decreases in trade receivables and inventories.

Cash Flows from Investing Activities

Net cash provided by investing activities fell ¥41,164 million to ¥12,749 million. The principal inflow was proceeds from sale of investment securities.

Cash Flows from Financing Activities

In the period under review, Nissho Iwai increased its capital through equity financing. As a result, net cash provided by financing activities totaled ¥43,415 million, a turnaround of ¥179,135 million.

Summary of Analyst Meeting (November 21, 2003)

Nissho Iwai-Nichimen Holdings Corporation (listed both on the Tokyo Stock Exchange and the Osaka Securities Exchange on April 1, 2003) convened a meeting on November 21, 2003 to present its first interim business report, for the six-month period ended September 30, 2003. At the meeting, the Company outlined measures implemented during the first half to ensure achievement of the targets formulated in its three-year Business Plan. The Company presented its results for the first half, underlying themes for the second half, and forecasts for the full fiscal year. Based on the keywords “Speed & Action,” we are confident we have successfully laid the foundations of our Business Plan, and we are committed to moving forward by optimizing the collective efforts of the Group.

First Half Measures and Achievements

Following the fundamental policies of its Business Plan, “Improvement in Profitability” and “Reinforcement of Financial Strength,” Nissho Iwai-Nichimen Holdings took significant steps toward achieving its financial targets in the third year (March 2006), namely recurring profit in excess of ¥100 billion and net DER of five times or less. Progress made during the six months ended September 30, 2003 was as follows:

Improvement in Profitability

- Rationalization proceeding in excess of Business Plan

Rationalization efforts exceeded targets set in the Business Plan, yielding benefits to the Company’s profit and loss statement of ¥14 billion.

	As of September 30, 2002	Reduction Planned by March 31, 2006	Reduction as of September 30, 2003	Progress
Number of Employees (Consolidated)*	21,800	▲6,200	▲5,000	81%
Number of Subsidiaries (Consolidated)*	430	▲160	▲90	56%
Number of Domestic Branches	8	▲4	▲1	25%
Number of Overseas Operating Bases	187	▲120	▲52	43%

* Progress compared with the initial rationalization plan

- Improvements in business assessment framework for selection and focus and maximization of synergies

In the first half, Nissho Iwai-Nichimen Holdings introduced evaluation standards and measures with the aim of establishing a business portfolio infrastructure based on comprehensive selection and focus. The Company introduced NNVA (Nichimen-Nissho Iwai Value Added), an indicator to be commonly shared between management and the frontline, to evaluate profitability and efficiency in individual businesses based on an accurate assessment of capital cost, risk, and other factors. At the same time, we developed qualitative measures to assess market growth potential and competitive advantage in order to establish a multi-faceted business, which has both top-tier competitiveness and strong earning power in specific industries and markets. We introduced more detailed measurements based on business lines and models with the aim of clarifying earnings platforms and risks, as well as promoting management speed and efficiency.

Reinforcement of Financial Strength

- Implement equity financing in excess of initial plan

Nissho Iwai-Nichimen Holdings implemented equity financing in May 2003 comprising the issue of preferred stock of ¥266 billion, common stock of ¥7.2 billion, and convertible bonds of ¥5 billion (as part of the Lehman Brothers capital-raising commitment facility of ¥50 billion), raising a total of ¥278.2 billion in capital. This equity financing exceeded the Company's initial plan and was a positive first step toward reinforcing its financial strength.

- Lehman Brothers capital-raising commitment facility

Nissho Iwai-Nichimen Holdings will utilize the ten-year ¥50 billion yen capital-raising commitment facility established with Lehman Brothers to ensure flexible capital raising and funds procurement. The Company has issued ¥10 billion in convertible bonds in the current fiscal year (the initial issue of ¥5 billion in May 2003 and a second ¥5 billion issue in November) in accordance with the Business Plan.

Issues for the Second Half

Based on the success of our first-half efforts, we are steadfastly working toward the goals of the first year of the Business Plan by optimizing the collective strengths of the Group and accelerating our Rationalization Plan in the second half. As a part of the Company's selection and focus, Nissho Iwai-Nichimen Holdings has introduced a new management indicator, is actively allocating management resources to key business lines, and is streamlining activities in other areas with the aim of building optimal business portfolios. Moreover, in an effort to establish a best-fit management structure by April 2004, we will determine the final structure of business integration.

First Half Results

Based on a fundamental policy of the “reinforcement of financial strength,” Nissho Iwai-Nichimen Holdings is bolstering its shareholders’ equity and reducing interest-bearing debt. For the six-month period ended September 30, 2003, the Company successfully achieved its initial forecasts for net sales, recurring profit, and net income in accordance with its Business Plan through rationalization of subsidiaries, reduction in personnel, and a review of management expenses.

(In billions of yen)

	Results	Initial Forecasts
Net Sales	3,022.0	2,830.0
Gross Trading Profit	122.3	136.0
Operating Income	26.6	27.0
Recurring Profit	19.1	18.0
Net Income/Loss	▲17.5	▲19.0

Full-Year Forecast

The Company has not revised its recurring profit forecast of ¥48 billion for the full fiscal year ending March 31, 2004. This forecast is attributed to the rationalization and synergistic effects being achieved through business integration. Nissho Iwai-Nichimen Holdings also has left unchanged its net loss full-year forecast of ¥29 billion, which accounts for the impact of commencing all possible restructuring measures in the current fiscal year, which is the first year of the Company’s three-year Business Plan.

(In billions of yen)

	Revised Forecast	Initial Forecast
Net Sales	5,930.0	5,770.0
Gross Trading Profit	274.0	287.0
Operating Income	70.0	72.0
Recurring Profit	48.0	48.0
Net Income/Loss	▲29.0	▲29.0

With regard to the balance sheet, Nissho Iwai-Nichimen Holdings is forecasting net interest-bearing debt of ¥1,700 billion, shareholders’ equity of ¥330 billion, and net DER of 5.2 times as of March 31, 2004.

First Half FY2003 Results
Ended September 30, 2003

—Speed & Action—

Nissho Iwai - Nichimen Holdings Corporation
November 21, 2003

Business Plan Overview

◆ Management Vision

- Establish a multi-faceted business, which has both top-tier competitiveness and strong earning power in specific industries and markets, by continuously pursuing profitability and growth in core business areas.
- Establish an innovative trading company, to actively respond to environmental changes and market globalization, and continuously develop new business fields through entrepreneurship.
- Establish a functional trading company, to understand multiple customer needs and provide sophisticated, tailor-made services as a customer's business partner.
- Establish an open company, where each employee is given a chance to realize his or her own personal goals and ambitions.

◆ Fundamental Policy

"Improvement in Profitability"

- **Business Portfolio Strategies**
  - Selection and focus, and strategic allocation of management resources
  - Implementation of rationalization measures—considerable reduction in SG&A expenses
  - Maximization of synergies

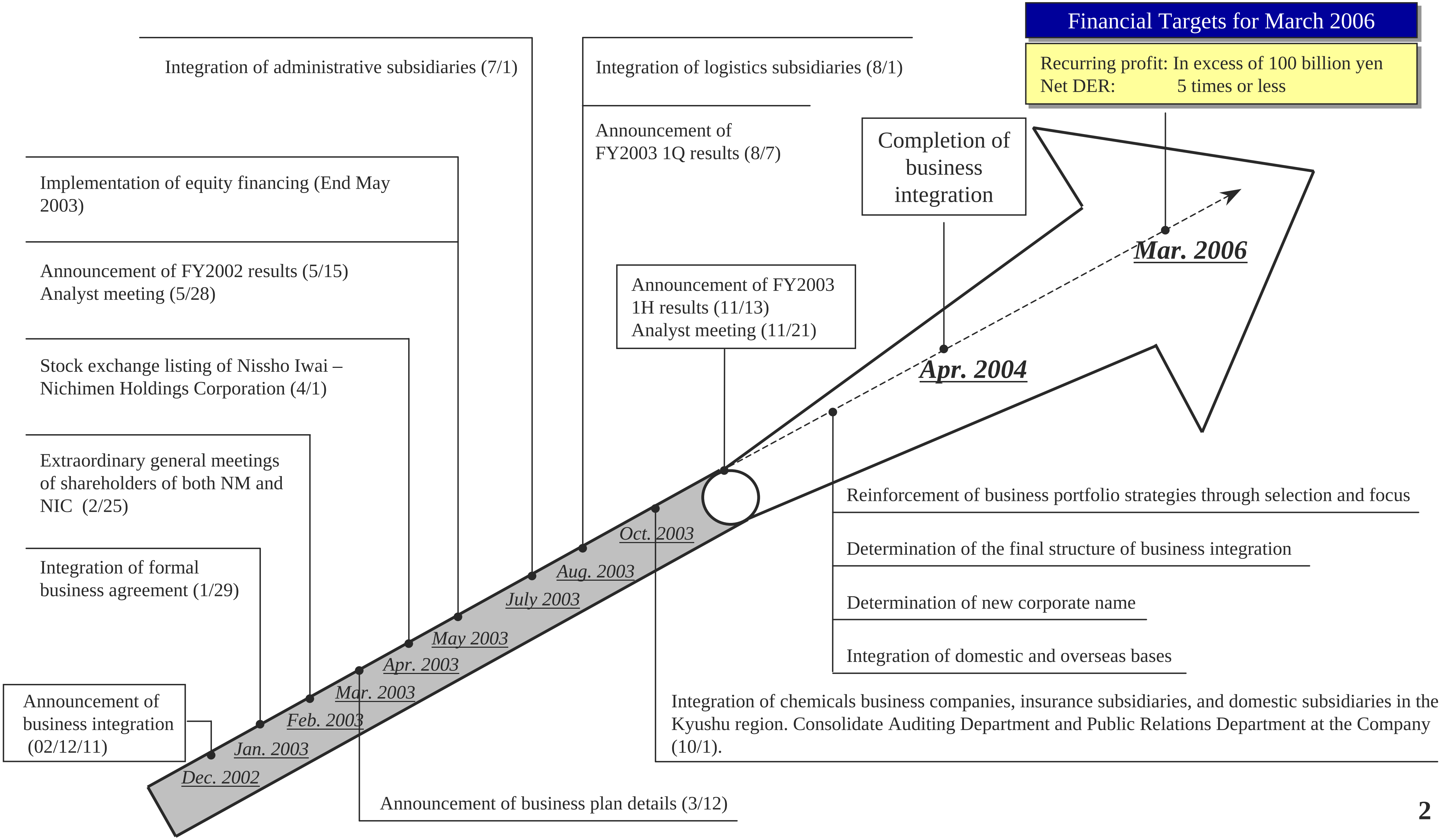
"Reinforcement of Financial Strength"

- **Strengthening of Shareholders' Equity and Reduction in Interest-Bearing Debt**
  - Through retained earnings and equity financing in excess of 200 billion yen
  - Reduction in net interest-bearing debt through free cash-flow, etc.

"Financial Targets in Year 3 (March 2006)"

◆ Recurring profit:	In excess of 100 billion yen
◆ Net DER (net interest-bearing debt/shareholders' equity):	5 times or less
– Net interest-bearing debt:	Below 2 trillion yen

Implementation and Future Action Plan



FY2003 1H Overview

"Improvement in Profitability"

Business Portfolio Strategies

- Selection and focus
- Rationalization
- Synergy maximization

FY2003 1H Results

- ◆ Rationalization measures exceeding plan
- ◆ Improvements in business assessment framework for selection and focus and maximization of synergies

"Reinforcement of Financial Strength"

Strengthen Shareholders' Equity and Reduce Interest-Bearing Debt

- Equity financing
- Accumulating periodic income

FY2003 1H Results

- ◆ Equity financing in excess of initial plan
- ◆ Issuing convertible bonds in line with the newly established Lehman Brothers capital-raising commitment facility

"Financial Targets in Year 3 (March 2006)"

Recurring profit: In excess of 100 billion yen

Net DER: 5 times or less

- ◆ FY2003 1H recurring profit in excess of plan (106%)
- ◆ Significant progress toward net DER third-year target (Net DER 4.9 times as of September 30, 2003)

B/S & P/L Overview

FY2003 1H—Concrete Steps Toward Achieving Business Plan

(In billions of yen)

Principal B/S Items	As of April 1, 2003	As of September 30, 2003	Remarks
Net Interest-Bearing Debt	2,087.6	1,696.1	Steady reduction in line with business plan
Shareholders' Equity	50.4	344.6	Significant increase due to equity financing
Net DER (Times)	41.4	4.9	Substantial improvement in financial strength

Principal P/L Items	FY2003 1H Forecast (May 15, 2003)	FY2003 1H Result	Remarks
Recurring Profit	18.0	19.1	Results in excess of forecasts at the beginning of the period
Net Loss	△ 19.0	△ 17.5	Results in line with plan

Improvement in Profitability—Progress of the Rationalization Plan

Rationalization Proceeding in Excess of Business Plan
Positive Contribution to Earnings
(FY2003 1H Rationalization Effect ▲ 14.0 Billion Yen)

◆ Progress of the Rationalization Plan

	As of September 30, 2002	Reduction planned by March 31, 2006	Reduction as of September 30, 2003	Progress
Number of Employees (Consolidated)*	21,800	▲6,200	▲5,000	81%
Number of Subsidiaries (Consolidated)*	430	▲160	▲90	56%
Number of Domestic Branches	8	▲4	▲1	25%
Number of Overseas Operating Bases	187	▲120	▲52	43%

* Progress compared with the initial rationalization plan

Improvement in Profitability—Selection and Focus ①

Developing a Framework to Achieve the Business Plan
Toward Implementation and Practice of Selection and Focus

- Clarify and upgrade business assessment indicators
  - Development and introduction of NNVA (Nichimen・Nissho Iwai Value Added)

    ⇒ Indicators that accurately reflect capital cost, risk and other factors shared between management and the frontline

NNVA=Revised Recurring Profit + Interest Expense – (Funds Utilized x Capital Cost Ratio)

To improve NNVA ⇒ **Improvement in Profitability** + **Reduction in Funds Utilized** + **Comprehensive Risk Management**

  - Third-party evaluation

    ⇒ Secure objective and transparent qualitative business evaluation

- Departmentalize and clarify business evaluation measures
  - More detailed measurements based on each business line

    ⇒ Strengthen frontline management and accelerate decision-making

Improvement in Profitability—Selection and Focus ②

◆ Policy and Purpose for Developing a Business Framework

Evaluation Standards

(Quantitative) Development and Introduction of NNVA	(Qualitative) Third-Party Evaluation
◇Identify business profitability and efficiency by individual business portfolio through indicators that accurately reflect capital cost, risk, and other factors ◇Indicators that can be commonly shared between management and the frontline	◇Secure objective and transparent assessment through third-party evaluation (Qualitative evaluation) ・Market growth potential and competitive advantage* * Mechanism to create value and potential

Evaluation Measures

More Detailed Measurements Based on Business Lines and Business Models

◇ Clarify earnings platform and risk through detailed evaluation measures

◇ Secure a cross-sectional value chain

⇒ Efficiently and organically derive measures, as quickly as possible, based on each business line and model

Build up optimal business portfolios based on comprehensive selection and focus with the aim of achieving the Business Plan

Reinforcement of Financial Strength—Equity Financing

Resolution to Increase Group Capital 320 Billion Yen
Substantial Improvement to Financial Strength

- Implement equity financing in excess of initial Plan
  - Equity financing implemented in May 2003 (approximately 278.2 billion yen)
    (Preferred stock 266 billion yen; CB 5 billion yen; common stock 7.2 billion yen)

- Lehman Brothers capital-raising commitment facility
  - Ten-year, 50 billion yen capital-raising commitment facility established with Lehman Brothers. 10 billion yen CB issued in line with plan
    ⇒ 5 billion yen CB issued May 2003 converted to common stock
  - Utilize capital-raising commitment facility to ensure flexible capital raising and funds procurement

FY2003 2H Issues

Achieve 1st Year Business Plan Targets and Determine Final Structure of Business Integration to Ensure Achievement of Three-Year Business Plan Targets

- Achieve 1st year Business Plan targets
  - Implement rationalization plan
  - Implement and practice selection and focus
- Determine final structure of business integration

Achieve 1st Year Business Plan Targets

Based on the results of the first half of FY2003, leverage the collective strength of the Group to achieve the targets set out in the 1st year of the Business Plan

- ◇ **Rationalization:** **Continue to rapidly implement efficient rationalization plan**
- ◇ **Selection and focus:** **Introduce and utilize new management indicators**
- ◇ **Financial strength:** **Work toward achieving net DER target by March 2006**

◆ Business Plan: Year 1

	Business Plan: Year 1	Full-Year Forecast
Recurring profit	48 billion yen	48 billion yen
Net DER	8.5 times	5.2 times

Complete Rationalization Plan

- Rationalization plan in progress
- Implement further rationalization measures in the second half to achieve Business Plan targets

<table>
<tr><th></th><th>As of September 30, 2002</th><th>Reduction planned by March 31, 2006</th><th>Reduction Forecast for March 31, 2004</th><th>Remarks</th></tr>
<tr><td>Number of Employees (Consolidated)*</td><td>21,800</td><td>▲6,200</td><td>▲6,000</td><td rowspan="3">Rationalization Plan reduction targets generally achieved during the current fiscal year</td></tr>
<tr><td>Number of Subsidiaries (Consolidated)*</td><td>430</td><td>▲160</td><td>▲140〜150</td></tr>
<tr><td>Number of Domestic Branches</td><td>8</td><td>▲4</td><td>▲3</td></tr>
<tr><td>Number of Overseas Operating Bases</td><td>187</td><td>▲120</td><td>▲120</td><td>Efforts toward consolidation completion (April 2004) in progress</td></tr>
</table>

*Progress compared with the initial rationalization plan

Implement and Practice Selection and Focus

- Introduce and apply new management indicators
  - Upgrade and refine NNVA and introduce as a new management indicator
    ⇒ Utilize as a consistent value standard after completing business integration
- Implement and practice selection and focus toward business portfolios
  - Based on the results of the first half, pursue selection and focus of business portfolios based on each business line
    ⇒ Build up optimal business portfolios to achieve Business Plan targets

◇ Actively allocate management resources to key (focus) business lines

- Limit operations to key business lines and crystallize growth strategies

◇ Formulate concrete actions with regard to withdrawal and rationalization (selection) of business lines

Information on Future Performance (Forward-Looking Statements)

This document contains forward-looking statements on the Company’s business plans, and initiatives based on information available to management at the time of disclosure. Accordingly, readers are advised that actual results may differ from forward-looking statements due to a wide variety of factors.

First Half FY2003 Results Ended September 30, 2003

—Interim Results & Forecast—

Nissho Iwai - Nichimen Holdings Corporation

November 21, 2003

Profit/Loss Results (1st Half of FY 2003) ①

(In billions of yen)	Nichimen	Nissho Iwai	NNH (Non-Consolidated)	Adjustment*	Consolidated
Net sales	901.7	2,022.1	1.3	96.9	3,022.0
Gross trading profit	50.6	64.8	1.3	5.6	122.3
SG&A expenses	△ 38.8	△ 53.2	△ 1.0	△ 2.7	△ 95.7
Operating income	11.8	11.6	0.3	2.9	26.6
Non-operating profit/loss	△ 3.2	△ 2.0	△ 0.2	△ 2.1	△ 7.5
Recurring profit	8.6	9.6	0.1	0.8	19.1
Extraordinary profit/loss-net	△ 22.7	△ 10.0	0.0	△ 0.4	△ 33.1
Net income/loss before tax	△ 14.1	△ 0.4	0.1	0.4	△ 14.0
Net income/loss	△ 13.0	△ 4.0	0.0	△ 0.5	△ 17.5

*Adjustments to NNH consolidated figures due to changes in the scope of consolidation of Nichimen and Nissho Iwai affiliated companies.

Profit/Loss Results (1st Half of FY 2003) ②

(In billions of yen)	FY2003 1H Result	FY2003 1H Forecast (May 15, 2003)	Percentage Achieved	FY2002 1H Result (Reference Figures)*	FY2003 1H & FY2002 1H (Increase/Decrease)
Net sales	3,022.0	2,830.0	107 %	3,274.0	△ 252.0
Gross trading profit	122.3	136.0	90 %	169.6	△ 47.3
SG&A expenses	△ 95.7	△ 109.0	88 %	△ 136.6	+ 40.9
Operating income	26.6	27.0	99 %	33.0	△ 6.4
Non-operating profit/loss	△ 7.5	△ 9.0		△ 14.8	+ 7.3
Recurring profit	19.1	18.0	106 %	18.2	+ 0.9
Extraordinary profit/loss-net	△ 33.1	△ 30.0		△ 2.9	△ 30.2
Net income/loss before tax	△ 14.0	△ 12.0	117 %	15.3	△ 29.3
Net income/loss	△ 17.5	△ 19.0	92 %	4.6	△ 22.1

* Reference figures for Nichimen and Nissho Iwai FY2002 1H results have been adjusted to account for subsidiary companies cross shareholding.

Gross Trading Profit (by Operating Segment)

(In billions of yen)

	FY2003 1H (Result)	FY2002 1H (Result *)	Increase/ Decrease	Main Factors for the Change
Machinery	21.4	21.8	△ 0.4	Decrease in profit from automobile assembly and distribution company △0.4 (NIC). Increase in profit from Boeing aircraft-related transactions + 0.2 (NIC).
Energy & Mineral resources	14.2	14.1	+ 0.1	Increase in profit from petroleum-related transactions + 0.4 (NIC). Increase in profit from petroleum and carbon business + 0.2 (NIC). Decrease in profit from energy and electric power business △0.6 (NIC).
Chemicals & Plastics	21.7	20.9	+ 0.8	Increase in methanol manufacture and sales business in Indonesia + 2.9 (NIC). Decrease in profit from domestic plastic business subsidiaries △1.0 (NM).
Textiles	9.9	10.3	△ 0.4	Import of certain products impacted by the decrease in domestic demand (NM).
Foodstuffs	6.7	7.7	△ 1.0	Decrease in stock farm products business due to concerns over BSE (NM).
Construction	8.0	11.3	△ 3.3	Decrease in real estate trading △4.3, which recorded one-time large profits in the same period of the previous fiscal year (NM).
Forest products	5.3	6.4	△ 1.1	Decrease due to a slump in operating conditions (NIC/NM).
General merchandise & Retail	7.0	1.8	+ 5.2	Increase in profit from the inclusion of Nakau Co., Ltd. to the scope of consolidation + 5.2 (NM).
Overseas subsidiaries	13.7	18.1	△ 4.4	Decrease mainly due to the integration of U.S.-based steel businesses △4.0 (NIC).
Others	14.4	57.2	△ 42.8	Decrease due to the restructuring of business portfolios (steel-related businesses) △15.9 (NIC). Decrease due to the conversion of information industry subsidiaries to equity-method affiliates △26.9 (NIC).
Total	122.3	169.6	△ 47.3	

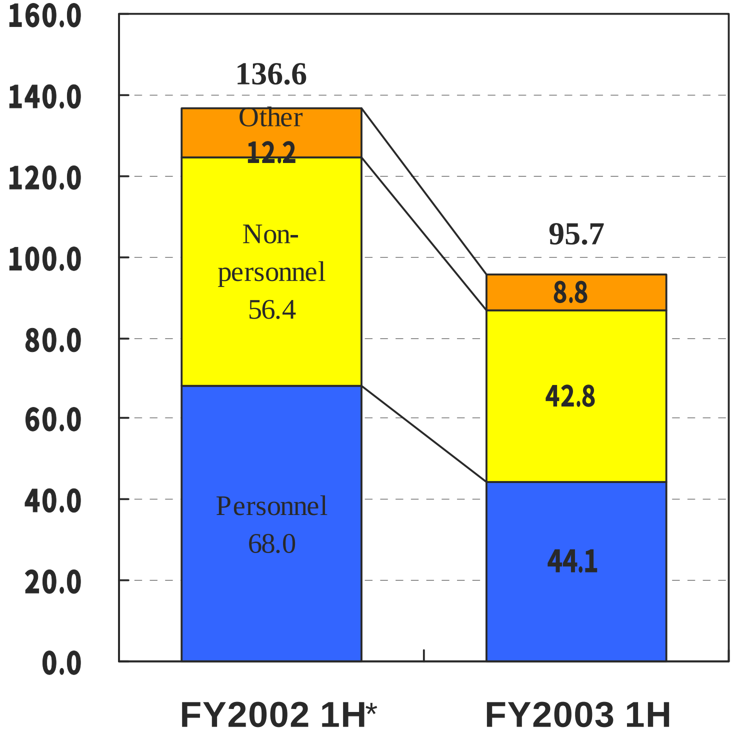
* Reference figures for Nichimen and Nissho Iwai FY2002 1H results have been adjusted to account for subsidiary companies cross shareholding.

SG&A Expenses & Operating Income

SG&A Expenses △ 95.7 billion yen (△ 40.9 billion yen vs. FY2002 1H*)

(Decrease in personnel expenses 23.9 billion yen, decrease in non-personnel expenses 13.6 billion yen, other)

(In billions of yen)



□ Decreasing factors

Rationalization effects	14.0
Restructuring effects (steel-related businesses, other)	13.2
Conversion of information industry subsidiaries to equity-method affiliates	18.4
Sale of other subsidiaries, and other	1.2
(Total	46.8)

□ Increasing factors

Acquisition of Nakau Co., Ltd.	△ 5.0
Other new business	△ 0.9
(Total	△ 5.9)

Operating Income 26.6 billion yen (△ 6.4 billion yen vs. FY2002 1H*)

* Reference figures for Nichimen and Nissho Iwai FY2002 1H results have been adjusted to account for subsidiary companies cross shareholding.

Non-Operating Profit/Loss & Recurring Profit

Non-Operating Profit/Loss △ 7.5 billion yen **(+ 7.3 billion yen vs. FY2002 1H*)**

◆ Principal factors

		FY2003 1H	FY2002 1H*	Increase/ Decrease	Main Factors for the Change
Net financial expenses	Net interest expense	△15.9	△17.0	+ 1.1	・Decrease in interest expense due to a reduction in interest-bearing debt
	Dividends received	2.1	2.6	△ 0.5	
	Total	△13.8	△14.4	+ 0.6	
Equity in gains/losses of unconsolidated subsidiaries and affiliates		1.9	△ 0.2	+ 2.1	・Increase due to the restructuring of business portfolios (steel-related businesses + 2.0), LNG-related businesses + 0.3
Other non-operating profit/loss		4.4	△ 0.2	+ 4.6	・Improvement due to conversion of information industry subsidiaries to equity-method affiliates ・Improvement in non-operating foreign exchange profit/loss, and other
(Total		△ 7.5	△14.8	+ 7.3)	

Recurring Profit 19.1 billion yen **(+ 0.9 billion yen vs. FY2002 1H*)**

* Reference figures for Nichimen and Nissho Iwai FY2002 1H results have been adjusted to account for subsidiary companies cross shareholding.

Extraordinary Profit/Loss

- Details

– Loss on sale and revaluation of investment securities-net	△ 1.1
– Loss on disposal of properties-net	△ 2.0
➢ Sale of subsidiaries' real estate holdings, other	
– Loss due to reorganization of subsidiaries and affiliates	△ 5.8
➢ Overseas wind power generation business (△2.2)	
➢ Plastics manufacturing and sales company (△1.5), other	
– Provision for overseas doubtful receivables	△ 2.6
➢ Provision for receivables—Central and South America securities, other	
– Special early retirement benefits	△ 4.0
– Extraordinary loss on changes in retirement benefits plans	△15.3
– Restructuring loss, other	△ 2.2

Net total △ 33.1 billion yen

FY2003 Full-Year Forecast ①

(In billions of yen)	FY2003 Forecast	FY2002 Result (Reference figures)*	(Increase/Decrease)
Net sales	5,930.0	6,650.0	△ 720.0
Gross trading profit	274.0	335.0	△ 61.0
SG&A expenses	△ 204.0	△ 275.0	+ 71.0
Operating income	70.0	60.0	+ 10.0
Non-operating profit/loss	△ 22.0	△ 32.5	+ 10.5
Recurring profit	48.0	27.5	+ 20.5
Extraordinary profit/loss-net	△ 60.0	△ 138.0	+ 78.0
Net income/loss before tax	△ 12.0	△ 110.5	+ 98.5
Net income/loss	△ 29.0	△ 122.4	+ 93.4

* Reference figures for Nichimen and Nissho Iwai FY2002 results have been adjusted to account for subsidiary companies cross shareholding.

FY2003 Full-Year Forecast ② (vs. Forecast at the Beginning of the Period)

(In billions of yen)

	Forecast at the Beginning of the Period (May 15, 2003)		Current Forecast (November 13, 2003)		Increase/Decrease	
	FY2003 1H	FY2003	FY2003 1H Result	FY2003	FY2003 1H	FY2003
Net sales	2,830.0	5,770.0	3,022.0	5,930.0	192.0	160.0
Gross trading profit	136.0	287.0	122.3	274.0	△13.7	△13.0
SG&A expenses	△109.0	△215.0	△95.7	△204.0	13.3	11.0
Operating income	27.0	72.0	26.6	70.0	△ 0.4	△ 2.0
Non-operating profit/loss	△ 9.0	△ 24.0	△ 7.5	△ 22.0	1.5	2.0
Recurring profit	18.0	48.0	19.1	48.0	1.1	0.0
Extraordinary profit/loss-net	△ 30.0	△ 60.0	△33.1	△ 60.0	△ 3.1	0.0
Net income/loss before tax	△ 12.0	△ 12.0	△14.0	△ 12.0	△ 2.0	0.0
Net income/loss	△ 19.0	△ 29.0	△17.5	△ 29.0	1.5	0.0

- ✓ No change in recurring profit full-year forecast of 48 billion yen, an increase of 20.5 billion yen compared with the previous year's reference figure. Forecast attributed to rationalization and synergy effects through business integration.
- ✓ All possible restructuring measures commenced in FY2003, the first year of the Company's three-year business plan. Forecast FY2003 net loss attributed to restructuring costs. No change in net loss full-year forecast of 29 billion yen.

Gross Trading Profit (by Operating Segment)

(In billions of yen)

	FY2003 1H Result	FY2003 Forecast	Progress	Overview	FY2002 Result (Reference figures)*
Machinery	21.4	47.0	46 %	Steady	45.2
Energy & Mineral resources	14.2	28.0	51 %	Strong performance due to increased profit from petroleum-related transactions	27.1
Chemicals & Plastics	21.7	42.5	51 %	Strong performance in chemical products by domestic and overseas subsidiaries and affiliates	44.3
Textiles	9.9	20.5	48 %	Steady	21.7
Foodstuffs	6.7	15.5	43 %	Forecast profit in the second half due to implementation of new businesses and initiatives	15.2
Construction	8.0	20.5	39 %	Steady. Earnings historically posted in the second half. Accordingly, modest pickup forecast	21.5
Forest products	5.3	11.5	46 %	Market turnaround forecast in the second half following completion of inventory adjustments	12.0
General merchandise & Retail	7.0	17.0	41 %	Modest pickup forecast due to seasonal factors	8.9
Overseas subsidiaries	13.7	33.0	42 %	Forecast profit in the second half from U.S.-based and other subsidiaries	36.5
Others	14.4	38.5	37 %	Forecast contribution to profit in the second half from new investments	102.6
Total	122.3	274.0	45 %		335.0

*Reference figures for Nichimen and Nissho Iwai FY2002 results have been adjusted to account for subsidiary companies cross shareholding.

Balance Sheet Results & Forecasts

(In billions of yen)

	As of April 1, 2003	As of September 30, 2003	As of March 31, 2004 (Forecast)
Cash and time deposits	339.0	518.8	450.0
Operating assets	1,323.4	1,238.0	1,210.0
Investments & loans	889.4	903.1	880.0
Fixed assets	783.5	754.5	720.0
Total assets	3,335.3	3,414.4	3,260.0
Operating liabilities	858.3	854.9	780.0
Interest-bearing debt	2,426.6	2,214.9	2,150.0
Total liabilities	3,284.9	3,069.8	2,930.0
Shareholders' equity	50.4	344.6	330.0
Total liabilities & shareholders' equity	3,335.3	3,414.4	3,260.0
Net interest-bearing debt	2,087.6	1,696.1	1,700.0
Net DER (Times)	41.4	4.9	5.2

Information on Future Performance (Forward-Looking Statements)

This document contains forward-looking statements on the Company's business plans, and initiatives based on information available to management at the time of disclosure. Accordingly, readers are advised that actual results may differ from forward-looking statements due to a wide variety of factors.