

Summary of Consolidated Financial Results

7th August 2003

for the first quarter ended June 30, 2003 (Unaudited)

Nissho Iwai-Nichimen Holdings Corporation

(URL <http://www.nn-holdings.com>)

Listed stock exchange : The first sections of Tokyo and Osaka

Headquarters : Tokyo

Securities Code : 2768

Company Representative : Hidetoshi Nishimura, President & Co-CEO

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1. Consolidated Financial Results for the 1st Quarter of Fiscal Year ending March 2004 (April 1, 2003 ~ June 30, 2003)

(1) Consolidated Operating Results

(Rounded to millions of Japanese Yen)

	Net Sales		Operating Income		Recurring Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1st Qtr. of FY 2003	1,523,136	-	10,660	-	6,078	-	721	-
1st Qtr. of FY 2002	-	-	-	-	-	-	-	-
(Ref) FY 2002	-	-	-	-	-	-	-	-

	EPS		Adjusted EPS	
	Yen		Yen	
1st Qtr. of FY 2003	4.25		-	-
1st Qtr. of FY 2002	-		-	-
(Ref) FY 2002	-		-	-

Descriptive analysis of Consolidated Operating Results

Net sales for the 1st Qtr. of FY 2003 were JY 1,523.1 billion, logging a progress of 53.8% vis-a-vis the semi-annual forecast. The Gross profit was JY 58.6 billion and SG&A expenses JY 47.9 billion, resulting in an operating profit of JY 10.7 billion. A Recurring Profit of JY 6.1 billion was appropriated, marking a progress of 33.8% vis-a-vis the semi-annual forecast figure. With an extraordinary loss-net amounting to JY 4.6 billion, a net loss (after taxes) of JY 0.7 billion was registered in the first quarter.

(2) Financial Position (Consolidated)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	BPS
	Millions of Yen	Millions of Yen	%	Yen
1st Qtr. of FY 2003	3,480,796	340,624	9.8	392.61
1st Qtr. of FY 2002	-	-	-	-
(Ref) FY 2002	-	-	-	-

Descriptive analysis of Financial Position (Consolidated)

Equity finance to the sum of JY 273.2 billion was raised in May 2003 (Preferred shares : JY 266.0 billion, Common shares: JY 7.2 billion), thus increasing the company's capital. In the same month, through the JY 50.0 billion capital-raising commitment facility, Convertible Bonds (Yen denominated CBs) amounting to JY 5.0 billion were issued. Of these, CBs amounting to JY 1.25 billion were converted to common stock, with the current balance standing at JY 3.75 billion (June 2003).

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

Consolidated subsidiaries	420
Unconsolidated subsidiaries (accounted for by the equity method)	27
Unconsolidated affiliates (accounted for by the equity method)	223

(Note) The 1st Quarter Financial results have not been audited.

2. Consolidated Earnings Forecast for Fiscal Year ending March 2004 (April 1, 2003 ~ March 31, 2004)

The consolidated forecast for Fiscal Year 2003 is as follows, and remains unchanged from the forecast announced earlier (May 15, 2003)

	Net Sales (Forecast)	Recurring Profit (Forecast)	Net Income (Forecast)	EPS
	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Half-year	2,830,000	18,000	19,000	99.96
Annual	5,770,000	48,000	29,000	152.57

This forecast is based on rational assumptions and beliefs in light of the information currently available to the management, and is subject to uncertainties that could cause actual results to differ materially from this information.

Consolidated Statements of Income
for the first quarter ended June 30, 2003

	Millions of yen	Percentage of Net sales (%)
Net sales	1,523,136	100.00
Cost of sales	(1,464,505)	(96.15)
Gross trading profit	58,631	3.85
Selling, general and administrative expenses	(47,970)	(3.15)
Operating profit	10,660	0.70
Interest income	6,772	0.44
Dividend income	1,224	0.08
Equity in gains of unconsolidated subsidiaries and affiliates-net	617	0.04
Other income	4,057	0.27
Non-operating profit	12,671	0.83
Interest expense	(14,497)	(0.95)
Interest expense on commercial papers	(275)	(0.02)
Other expense	(2,481)	(0.16)
Non-operating expense	(17,254)	(1.13)
Recurring profit	6,078	0.40
Extraordinary loss-net	(4,580)	(0.30)
Income before income taxes	1,497	0.10
Income taxes; Current	(2,651)	(0.17)
Deferred	676	0.04
Minority interests in consolidated subsidiaries	(244)	(0.02)
Net loss	(721)	(0.05)

Consolidated Balance Sheets

As of June 30, 2003

Assets

	Millions of yen
Current assets;	
Cash and deposits	513,273
Trade notes and trade accounts receivables	809,184
Securities	11,442
Inventories	301,101
Short-term loans receivables	211,671
Deferred tax assets-current	14,214
Other current assets	201,642
Allowance for doubtful receivables	(43,809)
Total current assets	2,018,720
Fixed assets;	
Tangible assets	522,457
Intangible assets;	
Goodwill	47,872
Other intangible assets	31,350
Investments and other fixed assets;	
Investments securities	446,594
Long-term loans	247,568
Deferred tax assets-non-current	84,126
Deferred tax assets-revaluation	2,000
Others	198,657
Allowance for doubtful receivables	(120,149)
Total fixed assets	1,460,479
Deferred assets	1,596
Total assets	3,480,796

Consolidated Balance Sheets

As of June 30, 2003

Liabilities and shareholders' equity

Millions of yen

Liabilities	
Current liabilities	
Trade notes and trade accounts payables	559,568
Short-term debts	1,556,156
Commercial paper	46,470
Current Portion of Long-term debt	59,105
Income taxes payable	3,812
Deferred tax liabilities-current	417
Allowance for restructuring loss	5,033
Other current liabilities	208,382
Total current liabilities	2,438,946
 Non-current liabilities;	
Bonds, less current portion	63,875
Long-term borrowings	561,088
Allowance for retirement benefits	19,714
Deferred tax liabilities -non-current	11,002
Other non-current liabilities	32,362
Total non-current liabilities	688,043
Total liabilities	3,126,989
Minority Interest in consolidated subsidiaries	13,182
 Shareholders' equity	
Common stock	147,231
Additional paid-in capital	343,215
Accumulated deficit	(49,041)
Loss on land revaluation	(6,086)
Unrealized losses on available-for-sale securities	(17,743)
Foreign currency translation adjustments	(75,726)
Treasury stock	(1,222)
Total shareholders' equity	340,624
Total liabilities and shareholders' equity	3,480,796

Segment Information
for the first quarter ended June 30, 2003

Business Segments

Millions of yen

	Machinery	Energy & Mineral Resources	Chemicals & Plastics	Housing & Consumer Products	Overseas Subsidiaries	Other	Total	Elimination	Consolidated
Net sales									
Outside customers	315,970	454,836	155,862	313,685	207,548	75,232	1,523,136	-	1,523,136
Inter-segment	8,061	15,792	1,900	5,585	63,357	12,586	107,283	(107,283)	-
Total	324,031	470,629	157,763	319,271	270,905	87,818	1,630,420	(107,283)	1,523,136
Operating expense	321,774	468,001	154,045	315,518	271,408	85,827	1,616,576	(104,100)	1,512,475
Operating profit (loss)	2,257	2,627	3,718	3,752	(502)	1,990	13,843	(3,183)	10,660
Total assets	479,968	342,962	455,777	828,461	885,735	459,278	3,452,184	28,611	3,480,796



IR Information Memo

Summary of Consolidated Financial Results

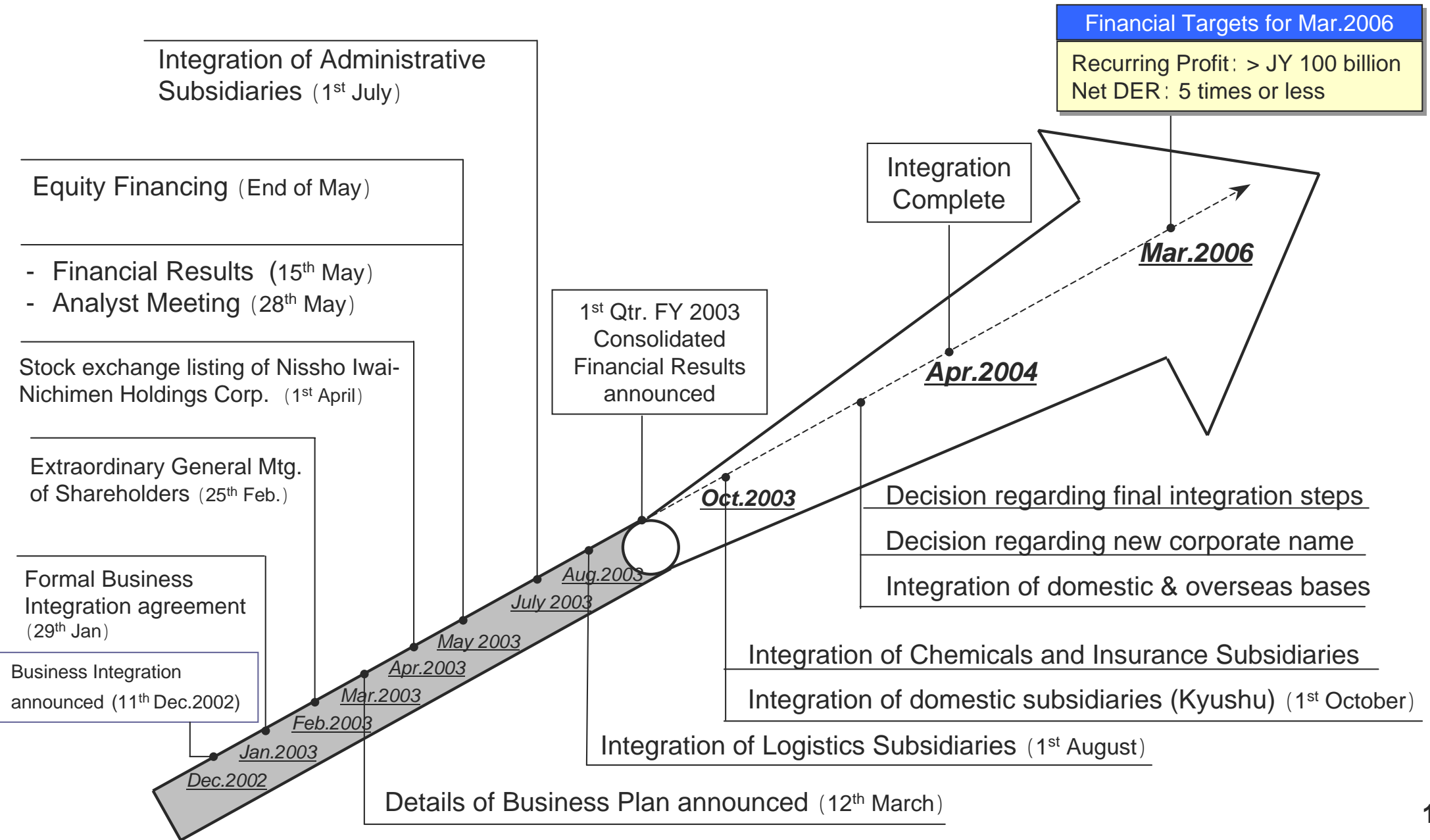
(For the First Quarter ended 30th June, 2003)

~ Speed & Action ~

Nissho Iwai - Nichimen Holdings Corporation

7th August 2003

Implementation and Future Action Plan



Policy for Current Fiscal Term

(Excerpt from Group Management Policy [15th May])

In the fiscal year ending March 31, 2004, the first year of the Business Plan, the Company will embark on necessary restructuring measures for the integration of duplicate functions and of domestic and overseas bases, the reorganization and streamlining of administrative functions, and business rationalization, including the merger of subsidiaries. The Company also will strive to make significant progress in reducing selling, general and administrative expenses through streamlining.

To take full advantage of restructuring effects from the second year of the business plan, the Company intends to achieve as early as possible all objectives of the Business Plan.

Consolidated Financial Results (1st Qtr.)

(In the First Quarter of the current Fiscal Year...)

Equity finance exceeding the initial target enumerated in the Business Plan has been raised, thus reinforcing the company's financial structure and leading to improvement in creditworthiness.

Rationalization measures (Integration of subsidiaries, reduction of redundant human resources, etc.) have also been implemented with a pace exceeding the initial plan.

Though effects of the above measures have yet to surface in the Income statement, they are expected to start appearing from the 2nd Quarter onwards.

Consolidated Financial Results (1st Qtr.)

< Operating Performance >

Progress vis-à-vis the Half-year forecast

Gross Profit : 43% Operating Profit : 40% Recurring Profit : 34%

Progress vis-à-vis the Annual forecast

Gross Profit : 20% Operating Profit : 15% Recurring Profit : 13%

Taking into consideration the fact that due to industry characteristics as well as seasonal factors, both Nissho Iwai as well as Nichimen have a tendency to appropriate profits in the second-half of any given fiscal year, as also the expected on-schedule implementation of the plan for new investments to be carried out in the second-half of the current fiscal year, the progress of the Business Plan is deemed to be satisfactory.

Operating Performance (Results & Forecast)

(In billions of Yen)	1 st Qtr. FY 2003 Results	1 st -Half FY 2003 Forecast	(Progress vis-à- vis First half forecast)	FY 2003 Forecast
Net sales	1,523.1	2,830	54 %	5,770
Gross trading profit	58.6	136	43 %	287
SG&A expenses	47.9	109	44 %	215
Operating profit	10.7	27	40 %	72
Non-optg. profit/loss	4.6	9	-	24
Recurring profit	6.1	18	34 %	48
Extraordinary profit/loss	4.6	30	-	60
Income/loss before taxes	1.5	12	-	12
Net income/loss	0.7	19	-	29

Gross Trading Profit (by Operating Segments)

(In billions of Yen)

	1 st Qtr. (Results)	FY 2003 (Forecast)	Progress	Remarks
Machinery	9.8	49.5	20 %	Satisfactory on the whole. (Appropriation of profits tends to concentrate at the end of the fiscal term)
Energy/Mineral resources	7.3	27.0	27 %	Healthy progress, owing to increased profits related to Naptha transactions.
Chemicals/Plastics	10.7	42.5	25 %	Chemicals business for both domestic as well as overseas subsidiaries quite healthy. Plastics business is not faring so well
Textiles	4.5	20.5	22 %	In line with the initial business plan.
Foodstuffs	3.2	17.0	19 %	On the whole, a subdued start.
Construction	3.0	19.0	16 %	In accordance with the initial business plan. Appropriation of profits (NIC) would concentrate in the second-half of the current fiscal year, resulting in slow progress
Forest products	2.2	12.0	18 %	Slow start owing to the prevailing adverse market conditions.
General merchandise/Retail	3.3	17.0	19 %	Though partly affected by the adverse economic environment, this segment is healthy on the whole.
Overseas subsidiaries	6.8	34.5	20 %	Business is slack in the US IT sector and some of the overseas subsidiaries.
Others	7.8	48.0	16 %	Income pertaining to new investments will be appropriated on a consolidated basis in the second-half of the current fiscal year.
Total	58.6	287.0	20 %	

Progress of the Rationalization Plan

- ◆ Number of Employees (Consolidated) (Reduce around 6,200 employees by Mar. 2006 vs. Sept. 2002)

Sept. 2002

21,800

June 2003

(vs. Sept. 2002)

4,000

Mar. 2004

(vs. Sept. 2002)

5,200

- ◆ Number of Subsidiaries (Consolidated) (Reduce around 160 subsidiaries by Mar. 2006 vs. Sept. 2002)

Sept. 2002

430

June 2003

(vs. Sept. 2002)

67

Mar. 2004

(vs. Sept. 2002)

140 ~ 150

The above figures indicate progress made over the initial rationalization plan (except for the Steel sector)

< Concrete Measures >

[Implemented] Integration of Administrative Subsidiaries

(July 2003: Establishment of Nissho Iwai-Nichimen Shared Service Corporation)

[Implemented] Integration of Logistics Subsidiaries

(Aug.2003: Nissho Iwai-Nichimen Logistics Corp. starts business operations)

[Decided] Integration of Insurance Subsidiaries

(Oct.2003: Establishment of Nissho Iwai-Nichimen Insurance Agency Corp.)

[Decided] Reorganization of Chemicals business (Oct.2003: Merger of the 4 GCH subsidiaries into NN Chemical)

[In progress] Reorganization of Plastics business (Jan.2004: Reorganization focused on PLA-NET HD)

Progress of the Rationalization Plan

◆ Domestic Branches	(Reduce 4 branches by Mar. 2006 vs. Sept. 2002)		
Sept. 2002	June 2003 (vs. Sept. 2002)	Mar. 2004 (vs. Sept. 2002)	
8	1	2	
◆ Overseas Operating Bases	(Reduce 120 bases by Mar. 2006 vs. Sept. 2002)		
Sept. 2002	June 2003 (vs. Sept. 2002)	Mar. 2004 (vs. Sept. 2002)	
187	35	90 ~ 100	

< Concrete Measures >

Domestic branches: Integration of Kyushu region subsidiaries (Declared on 1st August 2003)
 Accelerating the initial plan by six months, Nissho Iwai-Nichimen Kyushu Corporation will be established w.e.f. October 2003.

Overseas offices: Integration of overseas subsidiaries, branches and liaison offices
 Merger schedule will be implemented through to March 2004.

Balance Sheets (Results & Forecast)

(In billions of Yen)	Mar. 2003 (For ref.)*	June 2003 (Results)	Mar. 2004 (Forecast)
Cash and deposits	340	513	374
Operating assets	1,320	1,271	1,200
Investments & loans	910	925	890
Fixed assets	760	772	740
Total assets	<u>3,330</u>	<u>3,481</u>	<u>3,204</u>
Operating liabilities	850	854	655
Interest-bearing debt	2,430	2,286	2,255
Total liabilities	<u>3,280</u>	<u>3,140</u>	<u>2,910</u>
Shareholders' equity	50	341	294
Total liabilities & shareholders' equity	<u>3,330</u>	<u>3,481</u>	<u>3,204</u>
Net Interest-bearing debt	2,090	1,773	1,881
Net DER (times)	41.4x	5.2x	6.4x

* The Holding Company's reference figures are pro forma of FY2002 results of Nichimen and Nissho Iwai, and certain subsidiaries to be newly consolidated.

Forward-Looking Statements

All forward-looking information in this document is subject to uncertainties that could cause actual results to differ materially from this information, which is based on assumption and beliefs in light of the information currently available to the management.