

Consolidated Financial Results for the First Half of Fiscal Year ending March 31, 2004

Company Name: Nissin Kogyo, Co., Ltd.

Listing: Tokyo Stock Exchange

Code Number: 7230

Head Office:

(URL: <http://www.nissinkogyo.co.jp>)

840 Kokubu, Ueda-shi, Nagano, Japan

Representative: Tamotsu Abe, President and Representative Director

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Date of Board Meeting for Consolidated Settlement of Interim Accounts: October 21, 2003

Application of US Financial Accounting Standards: None

1. Consolidated Results for the First Half of FY2003 (April 1, 2003 – September 30, 2003)**(1) Consolidated Business Results**

(Amounts under one million yen have been omitted.)

	Net Sales		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
First Half of FY2003	59,408	11.4	6,373	11.1	6,762	37.4
First Half of FY2002	53,315	8.1	5,735	(5.9)	4,921	(18.3)
FY2002	114,032		12,660		11,861	

	Net Income		Net Income per Share	Fully Diluted Net Income per Share
	Million Yen	%	Yen	Yen
First Half of FY2003	2,737	27.4	125.52	-
First Half of FY2002	2,148	(28.6)	98.64	98.50
FY2002	5,133		232.44	232.12

Gain from investment in subsidiaries and affiliates accounted for by the equity method:

First Half of FY2003: ¥190 million First Half of FY2002: ¥42 million FY2002: ¥237 million

Average number of shares outstanding (consolidated):

First Half of FY2003: 21,811,882 First Half of FY2002: 21,779,762 FY2002: 21,782,648

Changes in accounting method: Not applicable

Numbers in parentheses alongside net sales, operating income, ordinary income, and net income indicate percentage increase/decrease from the same period of the previous year.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' Equity per Share
	Million Yen	Million Yen	%	Yen
First Half of FY2003	80,376	46,660	58.1	2,139.27
First Half of FY2002	75,526	41,822	55.4	1,920.18
FY2002	77,944	43,816	56.2	2,005.62

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

First Half of FY2003: 21,811,532 First Half of FY2002: 21,780,460 FY2002: 21,812,182

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Term-End
	Million Yen	Million Yen	Million Yen	Million Yen
First Half of FY2003	6,700	(3,846)	(1,027)	11,297
First Half of FY2002	5,982	(5,193)	(732)	10,179
FY2002	10,439	(8,870)	(2,148)	9,533

(4) Number of Consolidated Subsidiaries, and Subsidiaries and Affiliates Accounted for by the Equity Method

Number of consolidated subsidiaries: 11 Number of unconsolidated subsidiaries accounted for by the equity method: 0

Number of affiliates accounted for by equity method: 4

(5) Changes in Consolidation and Scope of Application for Equity Method

Newly consolidated subsidiaries: None

Excluded from consolidation: None

Newly included under equity method: None

Excluded under equity method: None

2. Forecast for the Full Year Business Results (April 1, 2003 – March 31, 2004)

	Net Sales	Operating Income	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen	Million Yen
FY2003	119,000	12,000	12,000	4,800

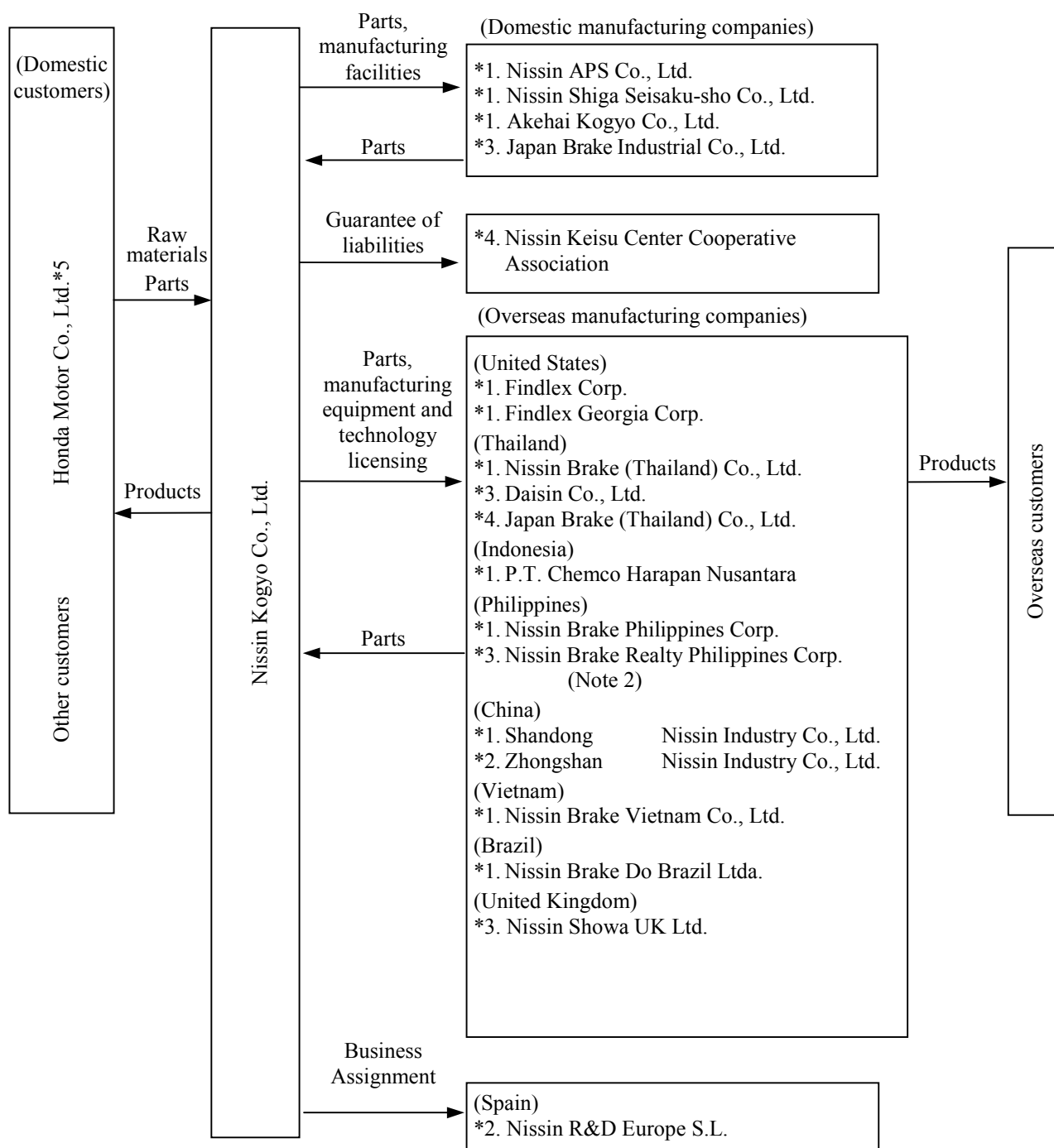
Reference: Expected net income per share: ¥216.86

The above forecast has been prepared based on data as of the announcement date. Actual results may differ from the forecasted figures due to various factors.

1. Status of the Nissin Kogyo group

The Nissin Kogyo group consists of Nissin Kogyo Co., Ltd., thirteen subsidiaries, six affiliated companies, and the group's primary business is the manufacturing and sales of vehicle brake systems and parts.

An operational chart is shown as follows:



- (Notes) 1. *1. Consolidated subsidiaries
 *2. Non-consolidated subsidiaries
 *3. Affiliated companies subject to application of equity method
 *4. Affiliated companies not subject to application of equity Method
 *5. Other affiliated companies

2. Nissin Brake Realty Philippines Corp. has been set up as a real estate holding company for Nissin Brake Philippines Corp.

Status of subsidiaries and affiliated companies

Name	Address	Capital or amount invested	Primary business	Ratio of voting rights holding or held by others	Nature of relationship				
					Concurrent post etc. of directors	Funding assistance	Business transactions	Lease of Equipment	
Consolidated subsidiaries					%				
Nissin APS Co., Ltd.	Chiisagata-gun, Nagano	25 millions of Yen	Manufacturing/Sales of vehicle parts	100.0	Yes	None	Purchase of parts	None	
Nissin Shiga Seisaku-sho Co., Ltd.	Higashi-Chikuma-Gun, Nagano	10 millions of Yen	Manufacturing/Sales of vehicle parts	100.0	Yes	None	None	Leasing land and factory buildings	
Akehai Kogyo Co., Ltd.	Kita-Saku-Gun, Nagano	50 millions of Yen	Manufacturing/Sales of vehicle parts	98.6	Yes	None	Purchase of parts	Leasing equipment (machines)	
Findlex Corp.	Ohio, USA	27 millions of USD	Manufacturing/Sales of vehicle parts	74.1	Yes	None	Sales of products/Purchase of parts	None	
Findlex Georgia Corp.	Georgia, USA	4 millions of USD	Manufacturing/Sales of vehicle parts	100.0 (40.0)	Yes	None	Sales of products/Purchase of parts	None	
Nissin Brake (Thailand) Co., Ltd.	Nakornratchasima, Thailand	140 millions of Baht	Manufacturing/Sales of vehicle parts	49.0	Yes	None	Sales of products/Purchase of parts	None	
Nissin Brake Philippines Corp.	Binan Laguna, Philippines	65 millions of Philippine Peso	Manufacturing/Sales of vehicle parts	99.9	Yes	174 millions of Yen	Sales of products/Purchase of parts	Leasing equipment (machines)	
Shandong Nissin Industry Co., Ltd.	Shandong, China	20 millions of Yuan	Manufacturing/Sales of vehicle parts	90.0	Yes	None	Sales of products/Purchase of parts	None	
Nissin Brake Vietnam Co., Ltd.	Vinh Phuc, Vietnam	23,969 millions of Dong	Manufacturing/Sales of vehicle parts	100.0 (45.0)	Yes	None	Sales of products	None	
Nissin Brake Do Brazil Ltda.	Amazon, Brazil	24,010 thousands of Real	Manufacturing/Sales of vehicle parts	99.9	Yes	100 millions of Yen	Sales of products/Purchase of parts	Leasing equipment (machines)	
P.T. Chemco Harapan Nusantara	Chikarang, Indonesia	95,704 millions of Indonesian Rupiah	Manufacturing/Sales of vehicle parts	40.0	Yes	25 millions of Yen	Sales of products/Purchase of parts	None	
Affiliated companies subject to application of equity method									
Japan Brake Industrial Co., Ltd.	Hachioji, Tokyo	460 millions of Yen	Manufacturing/Sales of vehicle parts	21.1	Yes	None	Purchase of parts	None	
Daisin Co., Ltd.	Pathumtanee, Thailand	125 millions of Baht	Manufacturing/Sales of vehicle parts	25.7	Yes	None	Sales of products/Purchase of parts	None	
Nissin Showa UK Ltd.	Wales, UK	7 millions of STG	Manufacturing/Sales of vehicle parts	35.7	Yes	None	Sales of products	None	
Nissin Brake Realty Philippines Corp.	Binan Laguna, Philippines	4,700 thousands of Philippine Peso	Leasing land	39.9	Yes	None	None	None	
Other affiliated companies									
Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067 millions of Yen	Manufacturing/Sales of vehicle parts	34.7 of voting rights are held	Yes	None	Sales of products /Purchase of parts	None	

(Notes) The parenthesized figures in the column of ratio of voting rights held indicate the ratio of indirectly held rights, and are included in the corresponding figures outside parentheses.

2. Management policy

The company's basic philosophy is "to be at the forefront of global change and to supply superior products, technologies, and ideas that meet the needs of our customers and society." In this respect, our policy is to supply high quality, low cost products focused on environmental as well as safety needs.

3. Basic policy for distributing profits

While retaining a global perspective on developing business operations in every corner of the globe and increasing our corporate value, we place the utmost importance on returning profits to our shareholders.

In distributing operating results, future funding needs are taken into overall consideration and dividend payment policy is established in consideration of the consolidated operating results from a long-term viewpoint.

As such, a dividend of 12 yen per share has been decided upon for the current interim period.

4. Target management index

The target management index used by our company is ROE (Return on Equity) and we have set a target of over 10% for ROE.

5. The company's mid to long-term management strategy

Making full use of our corporate strengths in aluminum and brake system technologies, our basic strategy is to unite as a company to speed up our efforts to address the universal needs of the environment and safety.

To this end, we shall continue to expand our product range and strengthen our developmental capacities in all areas of manufacturing technology. At the same time, in order to develop and supply high quality products to our customers around the world at lower costs, we are further enhancing our overseas manufacturing facilities while the intensifying price competitiveness of the entire group, particularly by taking advantage of lower production costs at our Asian facilities.

6. Challenges facing the company

In order to achieve our mid to long-term management strategy goals, the company has identified the following as the core issues for the immediate future:

- a. Revamping our overseas facilities
- b. In order to secure a sufficient volume of work within Japan, establish a cost structure that can beat the global competition
- c. The establishment of a second base in China and the stable launch of North and South America
- d. Develop next generation manufacturing technologies and new value products specializing in the environment and safety

7. Basic concept for corporate governance, and the status of its implementation

As a company whose continued existence is desired by society and our customers, we have implemented independent own governance under the leadership of the board of directors.

In respect of the board of directors, all our directors clearly understand the major issues facing the company, board discussions are detailed and vigorous, and administration and control of business management and compliance has been strengthened. In order to strengthen the auditing function, three of the four statutory auditors are external. Furthermore, we have our proprietary internal auditing system, which audits the company's operations as a whole and reports directly to the president.

Regarding compliance, we have established a channel for submitting proposals and ideas to improve corporate ethics, and this serves as both a self-evaluation system and proposal system.

8. Basic policy vis-à-vis the relationship to related parties (parent company, etc.)

Honda Motor Co., Ltd. holds 34.7% of the company's stocks, and we continue to enjoy a strong business relationship with Honda.

9. Operating results and financial situation

(1) Operating results

< Outlook as first half of FY2003 >

Sales by region

(In million yen:

Amounts less than one million yen have been omitted)

	Sales	Variance from the same period in previous year	Percentage variance from the same period in previous year (%)
Domestic	25,718	(887)	(3.3)
North America	21,002	3,127	17.5
Asia	10,183	3,105	43.9
South America	2,503	747	42.6
Total	59,408	6,093	11.4

Operating income by region

(In million yen:

Amounts less than one million yen have been omitted)

	Operating income	Variance from the same period in previous year	Percentage variance from the same period in previous year (%)
Domestic	2,428	(653)	(21.2)
North America	1,097	761	226.7
Asia	2,478	523	26.8
South America	454	165	57.1
Elimination or entire company	(85)	(158)	-
Total	6,373	638	11.1

1. Sales

Domestic While we were able to achieve a steady expansion in the adoption of the newly developed anti-lock braking systems (ABS), a decrease in sales of finished cars of four-wheel vehicles and motorcycles resulted in a 3.3% decrease in sales compared to the corresponding period of the previous year.

Operating income

We have aggressively reduced cost of sales. Due to costs incurred as per our plan at the beginning of the period for strengthening future development capability, a surge in unexpected raw material costs, and an increase in costs related to the shift of social insurance to gross salaries, operating income decreased by 21.2% compared with the same period during the previous year.

2. Sales

North America Due to a steady increase in sales by Japanese car manufacturers in North America and an increase in vehicles equipped with newly developed ABS, sales increased by 17.5% compared to the same period in the previous year.

Operating income

The effects of an increase in operating income resulting from investments in new models in the previous year, efforts to reduce costs by local procurement, and a reduction in costs for startup operations led to the operating income recording a 226.7% increase over the same period in the previous year.

3. Sales

Asia Due to the expansion of sales of new model of four-wheel vehicles in Thailand and continued expansion of the market in ASEAN countries of motorcycles and four-wheel vehicles, sales increased by 43.9% over the same period of the previous year.

Operating income

As a result of increased revenues in Indonesia and Thailand, an increase of 26.8% was recorded over the same period of the previous year.

4. Sales

South America As a result of positive movements in the motorcycle market, an increase of 42.6% was recorded over the same period of the previous year.

Operating income

The effects of the increase resulting from the positive motorcycle market, and as a result of efforts to reduce costs by local procurement, etc., led to an increase in operating income of 57.1% compared with the same period in the previous year.

(2) Status of cash flow, etc.

Cash and cash equivalents (hereinafter referred to as “cash”) during this current interim period on a consolidated basis increased by 1,763 million yen due to the decrease in investments in manufacturing facilities, etc., and reached 11,297 million yen as of the end of the current interim period.

■ Cash flow from operating activities

Net cash provided by operating activities reached 6,700 million yen (an increase of 718 million yen from the same period in the previous year). While this increase is primary attributable to 5,822 million yen of interim income before income tax and minority interests, and 2,522 million yen of depreciation and amortization, a portion of this was offset by income tax paid of 2,841 million yen.

■ Cash flow from investment activities

3,846 million yen (a decrease of 1,346 million yen from the same period in the previous year) was used in investment activities. This is primarily attributable to the acquisition of tangible fixed assets for 3,710 million yen.

■ Cash flow from financial activities

1,027 million yen (an increase of 294 million yen from the same period in the previous year) was used for financial activities. This primarily consisted of the repayment of short-term bank loans of 672 million yen, and the payment of dividends of 250 million yen.

(3) Cash flows indicators

	Current interim period (from April 1, 2003 to September 30, 2003)	Previous interim period (from April 1, 2002 to September 30, 2002)	Previous fiscal year (from April 1, 2002 to March 31, 2002)
Shareholders' equity ratio	58.1%	55.4%	56.2%
Shareholders' equity ratio on a market value basis	73.3%	86.8%	65.1%
Maturity to debt repayment	0.1 year	0.1 year	0.1 year
Interest coverage ratio	703.6	71.6	105.5

(Notes) 1. Based on consolidated financial statements

2. Cash flow reflects that from operating activities, while interest-bearing debts comprise of loans payable and convertible bonds.

3. Calculation of maturity to debt repayment in this interim period was doubled to annualize the cash flows from operating activities

<Outlook for FY2003>

A yen-to-dollar exchange rate of 118 yen to the dollar for the first half of the current fiscal year, and 105 yen to the dollar for the second half of the fiscal year are forecast.

Sales as well as operating income in the second half of the current fiscal year are expected to be significantly effected by the hike of the yen against the dollar, and are expected to face very difficult market conditions.

Under these circumstances, the automobile industry does not expect any drastic recovery in demand in the domestic market. As for the US market, sales by Japanese vehicle manufacturers are demonstrate a positive trend amid a shift from sedans to recreational vehicles (RVs). On the other hand, the ASEAN market continues to be positive, centered on motorcycle sales.

Under these circumstances, we will secure consolidated sales by expanding sales of the new model anti-lock braking systems (ABS) which was introduced in the Fall of last year and aluminum parts coupled with newly developed products in the domestic market, and to improve profitability by implementing further cost reductions including productivity enhancements, etc., increasing the pace of local procurement, and accelerated supplementary functions on a global basis.

In terms of operating results for the current fiscal year, we forecast sales of 119.0 billion yen, operating income of 12 billion yen, ordinary income of 12 billion yen, and net income of 4.8 billion yen.

10. Interim Consolidated Balance Sheets

(In million yen: Amounts under on million have been omitted.)

Term Items	First Half of FY2003 (As of Sept. 30, 2003)		First Half of FY2002 (As of Sept. 30, 2002)		Increase (Decrease)	FY2002 (As of March 31, 2003)	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
(Assets)		%		%			%
Current assets	39,683	49.4	36,882	48.8	2,801	40,031	51.4
Cash and bank deposits	10,177		9,831		346	9,324	
Notes and accounts receivable	16,129		15,125		1,003	18,601	
Marketable securities	1,119		348		770	208	
Inventories	9,492		8,706		786	8,961	
Deferred income taxes	1,442		1,222		219	1,515	
Other current assets	1,322		1,655		(332)	1,426	
Allowance for doubtful accounts	-		(7)		7	(7)	
Fixed assets	40,692	50.6	38,643	51.2	2,048	37,912	48.6
1. Tangible fixed assets	27,016	33.6	25,432	33.7	1,583	25,779	33.1
Buildings and structures	6,157		5,214		943	5,135	
Machinery and vehicles	14,662		12,785		1,877	14,270	
Equipment and fixtures	2,036		1,878		158	1,998	
Land	3,187		3,232		(45)	3,216	
Construction in progress	972		2,321		(1,349)	1,158	
2. Intangible fixed assets	307	0.4	169	0.2	137	266	0.3
3. Investments and other assets	13,368	16.6	13,041	17.3	326	11,866	15.2
Investment securities	11,510		11,801		(290)	10,350	
Deferred income taxes	692		810		(117)	682	
Other investments, etc.	1,206		450		755	918	
Allowance for doubtful accounts	(41)		(20)		(21)	(85)	
Total assets	80,376	100.0	75,526	100.0	4,849	77,944	100.0

(In million yen: Amounts under on million have been omitted.)

Items	Term		First Half of FY2003 (As of Sept. 30, 2003)		First Half of FY2002 (As of Sept. 30, 2002)		Increase (Decrease)	FY2002 (As of March 31, 2003)	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio		
(Liabilities)		%		%					
Current liabilities	22,618	28.1	23,852	31.6	(1,233)	24,769	31.8		
Notes and accounts payable	14,850		15,374		(524)	15,335			
Short-term bank loans	762		1,692		(929)	1,424			
Accrued expenses	2,814		2,367		447	2,524			
Accrued income taxes	1,157		1,463		(305)	2,217			
Other current liabilities	3,033		2,955		78	3,268			
Long-term liabilities	2,974	3.7	3,212	4.2	(238)	2,545	3.3		
Long-term debt	-		40		(40)	-			
Deferred income taxes	2,236		2,563		(327)	1,880			
Accrued retirement benefits	718		588		130	646			
Other long-term liabilities	18		20		(1)	19			
Total liabilities	25,592	31.8	27,065	35.8	(1,472)	27,315	35.1		
(Minority interests)									
Minority interests	8,122	10.1	6,639	8.8	1,483	6,811	8.7		
(Shareholders' equity)									
Common stock	3,693	4.6	3,679	4.9	13	3,693	4.7		
Capital surplus	3,419	4.3	3,405	4.5	13	3,419	4.4		
Retained earnings	37,850	47.1	32,662	43.3	5,187	35,441	45.5		
Net unrealized holding gain on investment securities	3,758	4.7	4,021	5.3	(262)	3,145	4.0		
Foreign currency translation adjustments	(2,044)	(2.5)	(1,934)	(2.6)	(109)	(1,868)	(2.4)		
Treasury stock	(17)	(0.1)	(11)	(0.0)	(5)	(15)	(0.0)		
Total shareholders' equity	46,660	58.1	41,822	55.4	4,838	43,816	56.2		
Total liabilities, minority interests and shareholders' equity	80,376	100.0	75,526	100.0	4,849	77,944	100.0		

11. Interim Consolidated Statements of Income

(In million yen: Amounts under one million have been omitted.)

Items	Term	First Half of FY2003		First Half of FY2002		Increase (Decrease) Amount	FY2002	
		Amount	Ratio	Amount	Ratio		Amount	Ratio
			%		%			%
Net sales		59,408	100.0	53,315	100.0	6,093	114,032	100.0
Cost of sales		49,485	83.3	44,189	82.9	5,296	94,475	82.8
Gross profit		9,923	16.7	9,125	17.1	797	19,557	17.2
Selling, general and administrative expense		3,549	6.0	3,390	6.3	159	6,896	6.1
Operating income		6,373	10.7	5,735	10.8	638	12,660	11.1
Other income		558	0.9	308	0.5	250	851	0.7
Interest and dividend income		60		88		(27)	180	
Equity in earnings of affiliates		190		42		147	237	
Foreign exchange gain		175		-		175	-	
Others		130		177		(46)	433	
Other expenses		169	0.2	1,122	2.1	(952)	1,650	1.4
Interest expenses		9		83		(74)	98	
Foreign exchange loss		-		954		(954)	1,270	
Others		159		84		75	281	
Ordinary income		6,762	11.4	4,921	9.2	1,841	11,861	10.4
Extraordinary income		19	0.0	44	0.1	(25)	33	0.0
Gain on reversal of allowance for employee retirement benefits		-		1		(1)	1	
Gain on sale of fixed assets		19		18		0	22	
Gain on reversal of allowance for doubtful accounts		-		15		(15)	-	
Gain on sale of securities		-		9		(9)	10	
Extraordinary losses		958	1.6	112	0.2	846	211	0.2
Loss on disposal of inventories		303		-		303	-	
Loss on sale of fixed assets		12		4		8	10	
Loss on disposal of fixed assets		33		18		14	39	
Benefits for retired directors and auditors		29		68		(39)	68	
Loss on sale of securities		-		-		-	0	
Loss on devaluation of marketable and investment securities		-		20		(20)	92	
Loss on product repairs		579		-		579	-	
Income before income taxes and minority interests		5,822	9.8	4,853	9.1	969	11,683	10.2
Income taxes		1,770	3.0	1,861	3.5	(91)	4,622	4.0
Deferred income taxes		8	0.0	(95)	(0.2)	103	(166)	(0.1)
Minority interests		1,305	2.2	938	1.8	367	2,093	1.8
Net income		2,737	4.6	2,148	4.0	589	5,133	4.5

12. Interim Consolidated Statements of Retained Earnings

(In million yen: Amounts under on million have been omitted.)

Items	Term	First Half of FY2003		First Half of FY2002		Increase (Decrease)	FY2002	
		Amount		Amount		Amount	Amount	
(Capital surplus)								
Capital surplus at beginning of the term			3,419		3,395	23		3,395
Increase in capital surplus								
Conversion of convertible bonds		-	-	9	9	(9)	23	23
Capital surplus at end of the term			3,419		3,405	13		3,419
(Retained earnings)								
Retained earnings at beginning of the term			35,441		30,763	4,678		30,763
Increase in retained earnings								
1 Net income		2,737		2,148			5,133	
2 Effect of equity method on beginning retained earnings		-	2,737	-	2,148	589	1	5,135
Decrease in retained earnings								
1 Cash dividends		250		195			402	
2 Bonuses to directors and statutory auditors		78	329	53	249	80	53	456
Retained earnings at end of the term			37,850		32,662	5,187		35,441

13. Interim Consolidated Statements of Cash Flows

(In million yen: Amounts under on million have been omitted.)

Items	Term	First Half of FY2003 (From April 1, 2003 To September 30, 2003)	First Half of FY2002 (From April 1, 2002 To September 30, 2002)	FY2002 (From April 1, 2002 To March 31, 2003)
		Amount	Amount	Amount
Cash flows from operating activities				
Income before income taxes and minority interests		5,822	4,853	11,683
Depreciation and amortization		2,522	2,053	4,712
Amortization of consolidation differences		1	1	2
(Decrease) increase in allowance for doubtful accounts		(51)	4	69
Increase in accrued retirement benefits		72	52	110
Interest and dividend income		(60)	(88)	(180)
Interest expenses		9	83	98
Foreign exchange gain, net		53	69	53
Equity in earnings of affiliates		(190)	(42)	(237)
Gain on sale of tangible fixed assets		(19)	(18)	(22)
Loss on sale of tangible fixed assets		12	4	10
Loss on disposal of tangible fixed assets		33	18	39
Gain on sale of investment securities		-	(9)	(10)
Loss on sale of investment securities		-	-	0
Loss on devaluation of marketable securities		-	20	92
Decrease (increase) in notes and account receivable-trade		2,207	942	(2,718)
Increase in inventories		(686)	(455)	(816)
(Decrease) increase in notes and account payable-trade		(406)	1,805	1,937
Bonuses to directors and statutory auditors		(78)	(53)	(53)
Increase in other assets		(44)	(623)	(297)
Increase in other liabilities		183	376	896
Subtotal		9,378	8,996	15,373
Interest and dividends received		172	105	202
Interest paid		(9)	(83)	(98)
Income taxes paid		(2,841)	(3,035)	(5,037)
Net cash provided by operating activities		6,700	5,982	10,439
Cash flows from investing activities				
Decrease in time deposits		-	10	10
Proceeds from sale of marketable securities		-	250	250
Purchases of tangible fixed assets		(3,710)	(5,539)	(8,641)
Proceeds from sale of tangible fixed assets		32	52	56
Purchases of intangible fixed assets		(70)	(82)	(198)
Purchases of investment securities		(7)	(141)	(232)
Proceeds from sale of investment securities		7	60	62
Collection of loans receivable		165	200	270
Increase in other investment		(292)	(3)	(466)
Decrease in other investment		29	-	18
Net cash used in investing activities		(3,846)	(5,193)	(8,870)
Cash flows from financing activities				
Decrease in short-term bank loans		(672)	(410)	(795)
Proceeds from long-term bank loans		-	17	-
Repayment of long-term bank loans		-	(28)	(28)
Increase in treasury stock		(1)	(11)	(15)
Dividends paid		(250)	(195)	(402)
Dividends paid to minority shareholders		(102)	(104)	(906)
Net cash used in financing activities		(1,027)	(732)	(2,148)
Effect of exchange rate changes on cash and cash equivalents		(62)	(265)	(275)
Net (decrease) increase in cash and cash equivalents		1,763	(209)	(855)
Cash and cash equivalents at beginning of the term		9,533	10,389	10,389
Cash and cash equivalents at end of the term		11,297	10,179	9,533

14 . Segment

1. Segment information by type of business

As specialist manufacturers, the primary business of the Nissin Kogyo group companies is to manufacture and to sell automobile parts including brake systems and related equipment and facilities, the value of both sales and operating income generated from the “vehicle parts business” exceed 90% of total sales and operating income respectively, and accordingly, the company omits presenting segment information by type of business.

2. Segment information by region

First half of FY2003 (from April 1, 2003 to September 30, 2003)

(In million yen: Amounts less than one million yen have been omitted)

	Japan	North America	Asia	South America	Total	Elimination or entire company	Consolidated
Sales							
Sales for external customers	25,718	21,002	10,183	2,503	59,408	-	59,408
Inter-segmental sales	12,072	60	295	0	12,428	(12,428)	-
Total	37,791	21,063	10,479	2,503	71,837	(12,428)	59,408
Operating expenses	35,362	19,965	8,001	2,049	65,378	(12,343)	53,035
Operating income	2,428	1,097	2,478	454	6,458	(85)	6,373

First half of FY2002 (from April 1, 2002 to September 30, 2002)

(In million yen: Amounts less than one million yen have been omitted)

	Japan	North America	Asia	South America	Total	Elimination or entire company	Consolidated
Sales							
Sales for external customers	26,606	17,875	7,078	1,756	53,315	-	53,315
Inter-segmental sales	11,340	124	449	10	11,924	(11,924)	-
Total	37,946	17,999	7,527	1,766	65,239	(11,924)	53,315
Operating expenses	34,864	17,663	5,572	1,477	59,577	(11,997)	47,580
Operating income	3,082	336	1,954	289	5,662	73	5,735

FY2002 (from April 1, 2002 to March 31, 2003)

(In million yen: Amounts less than one million yen have been omitted)

	Japan	North America	Asia	South America	Total	Elimination or entire company	Consolidated
Sales							
Sales for external customers	54,356	40,009	16,174	3,491	114,032	-	114,032
Inter-segmental sales	24,905	265	717	10	25,899	(25,899)	-
Total	79,262	40,275	16,892	3,501	139,931	(25,899)	114,032
Operating expenses	72,617	38,745	12,684	3,044	127,091	(25,720)	101,371
Operating income	6,644	1,530	4,208	456	12,839	(178)	12,660

Notes) 1. Countries and regions are categorized by geographical proximity

2. Categorization other than Japan is as follows:

- (1) North America... United States
- (2) Asia... Philippines, China, Vietnam, Indonesia, Thailand
- (3) South America... Brazil

3. Overseas sales

First half of FY2003 (from April 1, 2003 to September 30, 2003)

(In million yen: Amounts less than one million yen have been omitted)

	North America	Asia	Others	Total
I. Overseas sales	21,002	10,332	3,586	34,922
II Consolidated net sales	-	-	-	59,408
III Ratio of overseas sales within consolidated net sales	35.4%	17.4%	6.0%	58.8%

First half of FY2002 (from April 1, 2002 to September 30, 2002)

(In million yen: Amounts less than one million yen have been omitted)

	North America	Asia	Others	Total
I. Overseas sales	18,173	7,150	2,862	28,187
II Consolidated net sales	-	-	-	53,315
III Ratio of overseas sales within consolidated net sales	34.1%	13.4%	5.4%	52.9%

FY2002 (from April 1, 2002 to March 31, 2003)

(In million yen: Amounts less than one million yen have been omitted)

	North America	Asia	Others	Total
I. Overseas sales	40,377	16,307	5,758	62,443
II Consolidated net sales	-	-	-	114,032
III Ratio of overseas sales within consolidated net sales	35.4%	14.3%	5.1%	54.8%