

**Interim Closing Results for the Term Ending March 31, 2004  
(Consolidated)**



November 28, 2003

Name of Company **LEOC JAPAN Co., Ltd.**  
 Code Number 2366  
 Address 16-3 3-chome, Shibuya-ku, Tokyo  
 (URL <http://www.leoc-j.com/>)  
 Corporate officer,  
 Contact Person Name of Post Strategic Planning  
 Office Manager  
 Name Shinichi Kubouchi

Registered issue  
 Head office: Tokyo

Date of the Board meeting for interim results November 28, 2003

Phone: 03 (5774) 7050 (main)

Adoption of US GAAP: Yes

**1. Results for the interim period ended September 30, 2003 (April 1, 2003 – September 30, 2003)**

**(1) Earnings Results (Omit figures below million yen)**

	Sales		Operating profit		Ordinary profit	
	Million Yen	%	Million Yen	%	Million Yen	%
Interim period ended September 30, 2003	22,836	( 99.4)	375	( 44.3)	366	( 29.4)
Interim period ended September 30, 2002	11,450	( 85.6)	260	( 10.6)	282	( 20.0)
Fiscal 2002	35,303		540		456	

	Net profit		Net profit per share (Current) net profit		After adjustment of potential stocks (Current) net profit per share	
	Million Yen	%	Yen	1/100 Yen	Yen	1/100 Yen
Interim period ended September 30, 2003	100	( 35.1)	7	31	-	-
Interim period ended September 30, 2002	154	( 11.6)	11	04	-	-
Fiscal 2002	433		31	03	-	-

(NOTES) 1. Earnings (losses) from equity method investments  
 Interim period ended September 30, 2003 - Million yen  
 Interim period ended September 30, 2002 - Million yen  
 Term ended March 31, 2003 - Million yen

2. Average number of outstanding shares (consolidated)  
 Interim period ended September 30, 2003 13,697,130 shares  
 Interim period ended September 30, 2002 13,977,694 shares  
 Term ended March 31, 2003 13,977,591 shares

3. Changes of Accounting procedures No

4. Percentages for sales, operating profit, ordinary profit and net profit show the percentage year-on-year increase or decrease.

**(2) Consolidated Financial Position**

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share	
	Million Yen	Million Yen	%	yen	sen
Interim period ended September 30, 2003	17,100	2,764	16.2	205	44
Interim period ended September 30, 2002	19,907	2,757	13.9	197	28
Fiscal 2002	17,662	3,024	17.1	216	36

(NOTE) 1. Shares outstanding at end of period (Consolidated)  
 Interim period ended September 30, 2003 13,455,094 shares  
 Interim period ended September 30, 2002 13,977,694 shares  
 Term ended March 31, 2003 13,977,294 shares

(3) Consolidated Statement of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at end of period
	Million Yen	Million Yen	Million Yen	Million Yen
Interim period ended September 30, 2003	722	98	905	5,364
Interim period ended September 30, 2002	191	4,879	5,619	5,931
Fiscal 2002	391	3,054	3,894	5,448

(4) Coverage of Consolidation and Application of Equity Method

Consolidated subsidiaries	8 companies
Number of non-consolidated subsidiaries to which the equity method is applied	- companies
Number of affiliated companies to which the equity method is applied	- companies

(5) Changes of Coverage of Consolidation and Application of Equity Method

Consolidation (New)	8 companies	(Exclusion)	- companies
Equity method (New)	- companies	(Exclusion)	- companies

2. Consolidated Earnings Forecasts for the term ending March 31, 2004 (April 1, 2003 – March 31, 2004)

	Sales	Operating profit	Ordinary profit
	Million Yen	Million Yen	Million Yen
Full year	45,500	700	130

(Reference) Expected net profit per share (full year) is 9.57 yen

\* The earnings forecasts shown above are based on information available as of the release date of this document and actual earnings may vary from the expected figures shown above depending on future factors. Please see page 4 of the appendix for the earnings forecasts shown above.

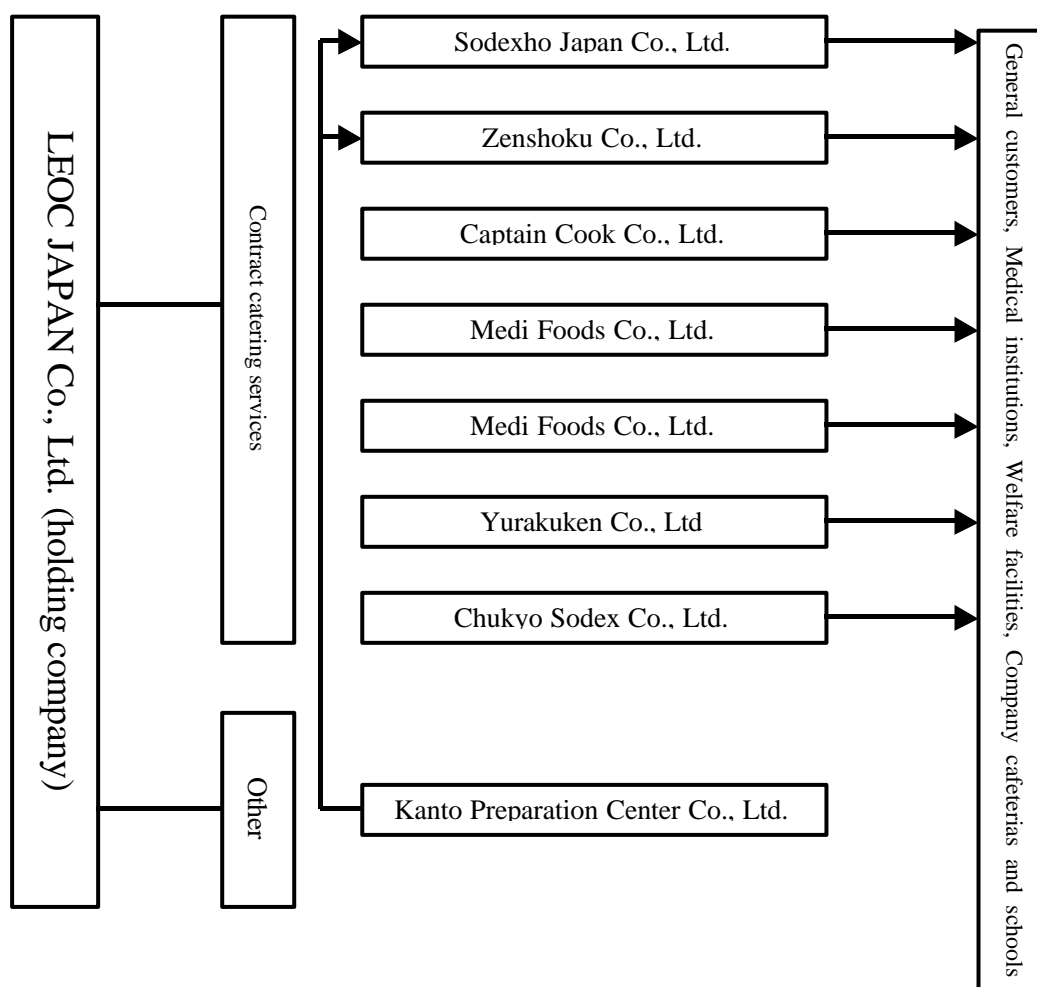
## 1. Profile of the LEOC JAPAN Corporate Group

The LEOC JAPAN Group (LEOC JAPAN and its affiliates) consists of LEOC JAPAN Co., Ltd. (the Company) and its eight consolidated subsidiaries. It operates businesses such as contract catering services and the provision of meals and beverages to medical institutions (hospitals and clinics), welfare facilities and business offices.

The principal businesses of the LEOC JAPAN Group (LEOC JAPAN and its affiliates) are as follows.

Type of Company	Name of Company	Type of Business	Principal Business
Filing Company	LEOC JAPAN Co., Ltd.	Management guidance	Management guidance to subsidiaries
Consolidated subsidiary	Sodexo Japan Co., Ltd.	Catering business and other businesses	Contract catering services for medical institutions, welfare facilities and corporations
Consolidated subsidiary	Medi Foods Co., Ltd.	Catering business and other businesses	Contract catering services for medical institutions and welfare facilities
Consolidated subsidiary	Chukyo Sodex Co., Ltd.	Catering business and other businesses	Contract catering services for corporations
Consolidated subsidiary	Captain Cook Co., Ltd.	Catering business and other businesses	Contract catering services for medical institutions, welfare facilities and corporations
Consolidated subsidiary	Zenshoku Co., Ltd.	Catering business and other businesses	Contract catering services for medical institutions, welfare facilities and corporations
Consolidated subsidiary	Yurakuken Co., Ltd.	Catering business and other businesses	Contract catering services for corporations
Consolidated subsidiary	Kanto Preparation Center Co., Ltd.	Other businesses	Sales of food materials, etc
Consolidated subsidiary	Medi Foods Co., Ltd.	Catering business and other businesses	Contract catering services for medical institutions and welfare facilities

Organizational Chart of LEOC JAPAN Group



## 2. Business Policy

### (1) Basic Business Policy

The LEOC JAPAN Group strives as one to provide its customers with sincere and genuine services, based on its management philosophy of “Enjoyment and Excitement to Our Customers, Development and Happiness to Our Employees and Contribution to Society.” It aims to provide food services that satisfy customers.

### (2) Basic Principle on Profit Distribution

LEOC JAPAN believes that the most important management issue is to serve the best interests of its shareholders and that the basic principle should be to increase shareholders’ equity and maintain stable profitability over the long term, as well as to sustain an appropriate distribution of profits based on its earnings capability.

Responding to an expansion of businesses and greater competition in the industry, LEOC JAPAN appropriates retained earnings for investment and capital commitment, to enable it to develop its competitive edge and respond to rapid technological innovation, and to improve business results and its financial position to meet the expectations of shareholders.

### (3) Basic Principle and Policies on Reduction of Minimum Trading Lots for Shares

LEOC JAPAN recognizes that it is an important issue for its capital policy to facilitate long-term, stable holding of its shares by investors and expand its investor base. LEOC JAPAN continues to consider this matter carefully.

### (4) Basic Approach to Corporate Governance and Status of Corporate Governance Policy Implementation

#### Basic Approach to Corporate Governance

LEOC JAPAN believes that it is a critical task to make appropriate decisions based on a quick and accurate understanding of information while maintaining harmony with society and transparency in its management, adhering to its corporate philosophy.

#### Status of Corporate Governance Policy Implementation

LEOC JAPAN has introduced a statutory auditor system, which consists of nine directors, including six outside directors and four statutory auditors including two outside statutory auditors. LEOC JAPAN has also implemented a corporate officer system to improve management efficiency by clarifying the area of responsibility for directors and corporate officers and transferring operational responsibility to corporate officers to enable the Board of Directors to work on governing issues. LEOC JAPAN also believes that it is essential to work in close communication with outside directors and outside statutory auditors constantly and to obtain useful advice from them in regular meetings of the Board of Directors and on other occasions as necessary.

LEOC JAPAN considers the fulfillment of corporate social responsibility (CSR) to be an important task for the Company and endeavors to ensure that every employee has a thorough understanding of compliance issues and corporate ethics, by introducing an action guideline for executives. In addition, LEOC JAPAN has taken some preventive measures, such as conducting an opinion survey on corporate ethics through a third-party institution and setting up a hotline to absorb internal opinions, for an early discovery of undesirable events and accidents.

LEOC JAPAN has also established the Internal Audit Office to audit business practices in each department and to actively make proposals on internal governing system, which include a recommendation to introduce more efficient and effective internal rules.

LEOC JAPAN receives advice on compliance from its legal counsel as necessary and on appropriate accounting procedures from the Tohmatsu audit office, through its accounting audit processes.

LEOC JAPAN has no special relationships of interest with outside directors and outside statutory auditors.

### (5) Operational Issues

In catering services, it is important to add value continuously by introducing the latest varieties to the food menu and providing services that match regional characteristics and tastes from the consumer’s viewpoint. From this perspective, LEOC JAPAN believes that it is important to create a corporate structure that flexibly responds to changes in the market, expand its competitive edge and enhance the safety and quality of its services. With these issues in mind, LEOC JAPAN continues to endeavor to improve its food services to better respond to the needs of local customers, through head offices established in each region, speedy decision making, development and training of human resources and superior quality control of food materials.

LEOC JAPAN was established in August 2003 and reorganized the businesses of its subsidiaries in October 2003. LEOC JAPAN will make every effort to build a solid business foundation as a group based on a more stable

management system after the reorganization and will continue to provide high-quality services to its customers to contribute to society.

(6) Target Management Indicators

The LEOC JAPAN Group has set the following indicators as key targets:

Return on equity (ROE) ... 15% or more

Ratio of ordinary profit to sales ... 3% or more

Earnings per share (EPS) ... 35 yen or more

### 3. Business Results and Financial Conditions

#### (1) Overview of Current Interim Consolidated Accounting Period

While the international situation looks increasingly uncertain in the current interim period, the Japanese economy has shown some signs of recovery. The decline in consumer confidence, employment and income conditions has bottomed out with the upward trend of capital investments in the corporate sector, fueled by superior earnings despite a sluggish business environment caused by a slowdown of exports. Other positive factors were receding fear about the financial system and a stock market rally.

In the catering industry, however, business conditions remain difficult. While new demand has been stimulated by an increase in the number of welfare facilities and a reexamination of subsidiary businesses in the corporate sector, the closure of sites and demand for price cuts as well as increasing price competition to win contracts, deriving from the difficulties confronting hospital management caused by the lowering of medical treatment fees, all helped make business conditions difficult.

In these circumstances, the LEOC JAPAN Group has endeavored to realize its long-term policy of providing sincere and genuine services and provide its customers with foods to foster a healthy life and enhance their pleasure. In accordance with this aim, employees of the LEOC JAPAN Group were committed to communicating with customers (client companies, patients in hospitals, residents in welfare facilities, users) as they were in the previous year, through regular questionnaires about its food services and by writing letters to patients and residents.

On the operational side, the LEOC JAPAN was established as a holding company in August 2003 and reorganized the catering businesses of its group companies, including Sodexho Japan Co., Ltd. and Captain Cook Co., Ltd., Zenshoku Co., Ltd. and its group companies and Kyusyu General Food Co., Ltd. (now Medi Foods Co., Ltd.), all of which Sodexho acquired in the previous fiscal year. The reorganization was conducted along regional and business lines in October 2003 to strengthen the operational base.

As a result of these initiatives, consolidated business results in the current interim period included sales of 22,836 million yen (a 99.4% increase from the previous year), operating profit of 375 million yen (a 44.2% rise from last year), ordinary profit of 366 million yen (up 29.8%) and net profit of 100 million yen (declining 35.1%).

Sales by region are as follows.

North Japan	...	Sales of 5,046 million yen (up 11.0% year on year)
East Japan	...	Sales of 10,851 million yen (up 113.5% year on year)
Kansai	...	Sales of 3,523 million yen (up 366.6% year on year)
West Japan	...	Sales of 3,416 million yen (up 219.8% year on year)

#### (2) Business Forecast for the Full Year

LEOC JAPAN reorganized the businesses of group companies as of October 1, 2003 into six regional operating companies and two specialty companies to better respond to the needs of local customers. In the current fiscal year, LEOC JAPAN has been intensifying the guidance it gives existing sites so that customers have a better understanding of the reorganization.

LEOC JAPAN will make further efforts to develop its business to meet the needs of customers from the second half of the current fiscal year, bearing in mind that it is a critical task to maintain and improve the level of service given to customers.

With respect to the full-year results, LEOC JAPAN expects sales to reach 45.5 billion yen (a 28.9% increase year on year), ordinary profit to rise to 700 million yen (up 53.5%), and net profit to stand at 130 million yen (a 70.0% decrease from the previous year). LEOC JAPAN will remain committed to further development as a single entity, to become a company trusted by customers through corporate activities that contribute to society.

#### 4. Consolidated Interim Financial Statements

##### (1) Consolidated Interim Balance Sheet

(Unit: Thousand yen)

Account title	At End of Current Interim Period (As of September 30, 2003)		At End of Previous Interim Period (As of September 30, 2002)		Balance Sheet for the Previous Year (As of March 31, 2003)	
	Amount	Distribution	Amount	Distribution	Amount	Distribution
		%		%		%
(Assets)						
Current assets						
Cash and deposits	5,370,461		6,354,923		5,505,992	
Notes and trade accounts receivable	4,436,934		4,677,559		4,461,636	
Inventories	136,171		174,368		152,777	
Other current assets	851,984		477,472		851,887	
Allowance for doubtful accounts	12,985		38,723		39,533	
Total current assets	10,782,568	63.1	11,645,601	58.5	10,932,759	61.9
Fixed assets						
1 Tangible fixed assets						
Land	489,663		610,084		528,226	
Other	333,815		902,398		430,457	
Total tangible fixed assets	823,478	4.8	1,512,483	7.6	958,683	5.4
2 Intangible assets						
Consolidation adjustment account	4,610,518		5,100,030		4,929,714	
Other intangible assets	188,539		153,560		120,792	
Total intangible assets	4,799,057	28.0	5,253,591	26.4	5,050,507	28.6
3 Investment and other assets						
Other	712,242		1,552,736		731,481	
Allowance for doubtful accounts	16,626		57,259		10,617	
Total investment and other assets	695,615	4.1	1,495,476	7.5	720,864	4.1
Total fixed assets	6,318,151	36.9	8,261,551	41.5	6,730,055	38.1
Total assets	17,100,719	100.0	19,907,152	100.0	17,662,814	100.0

(NOTE) Figures are rounded down to the nearest thousand yen.

(Unit : Thousand yen)

Account title	At End of Current Interim Period (As of September 30, 2003)		At End of Previous Interim Period (As of September 30, 2002)		Balance Sheet for the Previous Year (As of March 31, 2003)	
	Amount	Distribution	Amount	Distribution	Amount	Distribution
		%		%		%
(Liabilities)						
Current liabilities						
Notes and trade payable	2,271,661		2,256,506		2,146,128	
Short-term borrowings	500,000		5,575,400		616,000	
Long-term debt due within one year	747,971		929,519		747,821	
Accounts payable miscellaneous	2,094,622		2,539,728		1,193,531	
Income taxes payable	381,072		171,200		296,179	
Bonus payment reserve	873,369		711,097		809,192	
Other current liabilities	764,535		1,179,586		1,700,549	
Total current liabilities	7,633,234	44.6	13,363,038	67.1	7,509,402	42.5
Fixed liabilities						
Bonds	1,250,000		400,000		1,300,000	
Long-term debt	5,440,125		3,371,298		5,814,148	
Other fixed liabilities	10,450		9,493		15,151	
Total fixed liabilities	6,700,575	39.2	3,780,792	19.0	7,129,300	40.4
Total liabilities	14,333,809	83.8	17,143,830	86.1	14,638,703	82.9
(Minority interest)						
Minority interest	2,715	0.0	5,839	0.0	-	-
(Shareholders' equity)						
Capital stock	700,158	4.1	700,158	3.5	700,158	4.0
Capital surplus	354,327	2.1	354,327	1.8	354,327	2.0
Earned surplus	1,908,849	11.2	1,697,090	8.5	1,976,504	11.1
Gains or losses on appraisal of securities	1,436	0.0	7,152	0.1	5,472	0.0
Treasury stocks	200,577	1.2	1,245	0.0	1,405	0.0
Total shareholders' equity	2,764,194	16.2	2,757,482	13.9	3,024,111	17.1
Total liabilities and shareholders' equity	17,100,719	100.0	19,907,152	100.0	17,662,814	100.0

(NOTE) Figures are rounded down to the nearest thousand yen.

## (2) Consolidated Interim Income Statements

(Unit: Thousand yen)

Account title	Current Interim Period		Previous Interim Period		Income Statement for the Previous Year	
	( From April 1, 2003 To September 30, 2003 )		( From April 1, 2002 To September 30, 2002 )		( From April 1, 2002 To March 31, 2003 )	
	Amount	Distribution %	Amount	Distribution %	Amount	Distribution %
Sales	22,836,941	100.0	11,450,830	100.0	35,303,027	100.0
Cost of sales	19,904,013	87.2	9,862,099	86.1	31,042,055	87.9
Gross profit on sales	2,932,927	12.8	1,588,730	13.9	4,260,972	12.1
Selling, general and administrative expenses						
Director's remuneration	25,450		24,912		86,275	
Salaries and allowances	978,034		517,827		1,352,483	
Bonus	139,624		64,780		219,722	
Legal welfare expenses	160,265		128,150		266,012	
Addition to allowance for doubtful accounts	-		356		-	
Amortization of consolidation adjustment account	322,837		-		325,717	
Others	931,185	11.2	592,521	11.6	1,470,153	10.6
Operating profit	2,557,397	1.6	1,328,549	2.3	3,720,365	1.5
Non-operating revenue						
Interest income	514		13,331		2,623	
Sales assistance revenues	-		4,408		-	
Commission earned	30,882		-		20,953	
Other	57,228	0.4	20,878	0.3	70,915	0.3
Non-operating expenses						
Interest expenses	62,459		12,284		71,935	
Preopening expenses	9,740		-		-	
Others	25,881	0.4	3,519	0.1	106,323	0.5
Ordinary profit	98,080	1.6	15,804	2.5	178,258	1.3
Extraordinary profit						
Return of allowance for doubtful accounts	19,363		-		-	
Profit on sales of investment securities	30,000		-		-	
Profit on sales of fixed assets *1	29,754		-		-	
Other	-	0.3	-	-	436,041	1.2
Extraordinary losses						
Loss on sales of fixed assets *2	17,691		-		-	
Loss on elimination of fixed assets *3	22,310		-		-	
Cancel money for lease	9,817		-		-	
Loss on disposal of inventories	9,318		-		-	
Others	1,625	0.3	-	-	331,893	0.9
Income before taxes	60,764	1.6	282,995	2.5	560,988	1.6
Income taxes etc.	321,712		145,298		397,898	
Tax refund on previous fiscal year	-		-		73,952	
Income taxes adjustment	40,072	1.2	16,586	1.2	190,815	0.4
Minority interest ( loss)	2,715	0.0	-	-	5,839	0.0
Net profit	100,072	0.4	154,283	1.3	433,697	1.2

(NOTE) Figures are rounded down to the nearest thousand yen.

## (3) Consolidated Interim Statement of Retained Earnings

(Unit: Thousand yen)

Account title	Current Interim Period ( From April 1, 2003 To September 30, 2003 )		Previous Interim Period ( From April 1, 2002 To September 30, 2002 )		Statement of Retained Earnings for the previous year ( From April 1, 2002 To March 31, 2003 )	
	Amount		Amount		Amount	
(Capital surplus)						
Balance of capital surplus at beginning of year		354,327		354,327		354,327
Balance of capital surplus at end of the period		354,327		354,327		354,327
(Retained earnings)						
Balance of retained earnings at beginning of year		1,976,504		1,654,628		1,654,628
Increase of retained earnings						
Net profit	100,072	100,072	154,283	154,283	433,697	433,697
Decrease of retained earnings						
Dividends paid	167,727	167,727	111,821	111,821	111,821	111,821
Balance of retained earnings at end of the period		1,908,849		1,697,090		1,976,504

(NOTE) Figures are rounded down to the nearest thousand yen.

## (4) Consolidated Interim Statement of Cash Flows

(Unit: Thousand yen)

Account title	Current Interim Period	Previous Interim Period	Statement of Cash Flows for the previous year
	From April 1, 2003 ( To September 30, ) 2003	From April 1, 2002 ( To September 30, ) 2002	From April 1, 2002 ( To March 31, 2003 )
Amount	Amount	Amount	
Cash flows from operating activities			
Income before income taxes	384,427	282,995	560,988
Depreciation and amortization	42,129	15,950	286,272
Decrease in allowance for doubtful accounts	20,150	-	48,154
Amortization of consolidation adjustment account	322,837	3,080	325,717
Loss on sales of investment securities	1,267	-	21,840
Profit on sales of investment securities	30,000	-	-
Interest and dividends earned	514	13,326	2,624
Interest expenses	62,459	12,284	46,469
Loss on elimination of tangible fixed assets	22,534	-	-
Loss (profit) on sales of tangible fixed assets	12,063	-	353,844
Other non-cash items	400	427	38,720
Increase in inventories	16,605	-	11,089
Increase (decrease) in trade accounts receivable	24,701	2,237	250,082
Increase (decrease) in trade accounts payable	125,532	33,083	151,990
Increase (decrease) in accrued payroll	102,866	94,538	177,850
Decrease in accounts payable and deposits	5,349	136,891	895,686
Increase (decrease) in unpaid consumption taxes payable	69,716	8,552	29,897
Others	15,527	4,099	208,446
Subtotal	952,440	215,562	267,517
Receipt of interest and dividends	514	13,018	66,794
Payment of interest	62,723	11,846	98,708
Payment of income tax, etc.	167,817	24,844	92,064
Net cash provided by (used in) operating activities	722,413	191,890	391,496
Cash flows from investing activities			
Proceeds from withdrawal of time deposits	51,759	-	365,924
Payments for purchase of investment securities	1,507	-	17,000
Proceeds from sale of investment securities	46,601	-	45,711
Payments for purchase of tangible fixed assets	3,240	-	9,612
Proceeds from sale of tangible fixed assets	98,998	-	244,342
Payments for purchase of intangible assets	81,649	-	3,227
Proceeds from sale of intangible assets	1,500	-	5,799
Payments for purchase of shares in new consolidated subsidiaries	-	4,843,750	4,843,750
Payments for short-term loans	-	50,000	50,000
Proceeds from short-term loans	-	10,000	50,610
Payments for long-term loans	-	50,000	221,341
Proceeds from long-term loans	4,200	53,600	227,862
Payments for guarantee and security deposits	22,241	3,113	41,814
Proceeds from return of guarantee money and security deposits	7,391	3,578	401,814
Other payments for investing activities	4,148	-	4
Proceeds from transfer of businesses	-	-	554,811
Other proceeds from investing activities	1,200	589	235,840
Net cash provided by (used in) investing activities	98,863	4,879,096	3,054,033
Cash flows from financing activities			
Proceeds from short-term borrowings	2,500,000	9,600,000	21,900,000
Payments for repayment of short-term borrowings	2,616,000	4,400,000	21,659,400
Proceeds from long-term debt	-	550,000	3,911,360
Payments for repayment of long-term debt	373,873	20,457	1,120,665
Proceeds from bonds	-	-	1,200,000
Payments for redemption of bonds	50,000	-	200,000
Bond issue cost	-	-	24,952
Payment for purchase of treasury stock	199,171	-	160
Payment for dividend of parent company	166,002	110,167	111,704
Net cash provided by (used in) financing activities	905,047	5,619,374	3,894,477
Net increase in cash and cash equivalents	83,771	932,167	448,947
Cash and cash equivalents at beginning of period	5,448,198	2,368,819	2,368,819
Increase in cash and cash equivalents of new consolidated subsidiaries	-	2,630,431	2,630,431
Cash and cash equivalents at end of period	5,364,427	5,931,419	5,448,198

(NOTE) Figures are rounded to the nearest thousand yen.

## Significant Matters Pertaining to the Preparation of Consolidated Financial Statements

### 1. Matters related to the coverage of consolidation

There are eight consolidated subsidiaries and they are included in the consolidation.

Sodexho Japan Co., Ltd.	Medi Foods Co., Ltd.	Chukyo Sodex Co., Ltd.	Captain Cook Co., Ltd.
Zenshoku Co., Ltd.	Kanto Preparation Center Co., Ltd.	Yurakuken Co., Ltd.	Medi Foods Co., Ltd.

### 2. Matters related to the application of the equity method

There is no applicable item.

### 3. Matters related to the closing date for the interim period for consolidated subsidiaries

The closing date of the interim period for consolidated subsidiaries is same as the date of interim settlement of consolidated accounts .

### 4. Matters related to accounting standards

#### (1) Valuation standard and method for significant assets

##### (a) Inventories

Goods and raw materials ... The cost method based on the last purchase cost method is used.

##### (b) Securities

Bonds held-to-maturity ... The cost method is used.

##### Other securities

Securities with fair market value ... The market value method based on market prices quoted as of the interim closing date is used. (The related valuation differences are directly charged or credited to the shareholders' equity and the cost of securities sold is calculated using the moving average method)

Securities without fair market value ... The moving average cost method is used.

#### (2) Method of depreciation of significant depreciable assets

Tangible fixed assets ... Declining balance method is used.

However, buildings (excluding attachments) acquired on or after April 1, 1998 are depreciated using the straight line method. Assets whose acquisition costs are 100,000 yen or more and less than 200,000 yen are depreciated in equal amounts over three years. The useful lives for major assets are as follows:

Buildings	2 – 50 years
machine and equipment	5 – 13 years
Others	2 – 20 years

##### Intangible fixed assets

Software ... The straight line method based on the expected usable period in the company (five years) is used.

Trademarks ... The straight line method is used.

Long-term prepaid expenses ... The straight line method is used.

#### (3) Accounting procedures for deferred assets

The total amount of preopening expenses is recognized as an expense at the time of expenditure.

#### (4) Accounting standard for significant reserves

##### (a) Allowance for doubtful accounts

As preparation for credit losses on trade accounts receivable and loans etc, estimated uncollectible amounts are recorded based on the actual loss ratio for general claims, and in consideration of the possibility of individual collections for specified claims including doubtful claims. .

##### (b) Bonus reserve

To provide for the payment of bonuses to employees, a bonus reserve is recorded. The amount is that is expected to be paid in the current interim period.

#### (5) Accounting procedures for significant lease transactions

For finance lease transactions other than those in which the ownership of leased assets is considered to be transferred to the lessee, the accounting procedure for normal lease transactions is used.

#### (6) Accounting method of significant hedge transactions

##### (a) Accounting method of hedge transactions

In principle, deferred hedge accounting is used. For interest rate swaps which meet the guidelines for special treatment, a special procedure is used.

##### (b) Hedge instrument and hedged assets

Hedge instrument ... Interest rate swap

Hedged assets ... Interest of loans

##### (c) Hedge policy

For the purpose of reducing interest rate risk and improving the financial income, hedging is used within the scope of hedged assets.

(d) Valuation method for the effectiveness of hedge

The effectiveness of hedging is evaluated by comparing the accumulated changes in the market value of a hedged asset and the hedge instrument for the period from the inception of the hedge to the time of evaluation. However, the evaluation is omitted when a hedge transaction is clearly recognized as highly effective based on the nature of the contract.

(7) Other significant matters pertaining to the preparation of interim consolidated financial statements

Accounting procedure for consumption tax, etc

A tax-excluded method is used.

5. Coverage of cash in interim consolidated statement of cash flows

Cash (cash and cash equivalents) listed in Interim Consolidated Statement of Cash Flows include cash on hand, bank deposits which can be withdrawn anytime and short-term investments due within three months, which are readily convertible to cash and have a minimum risk of changing value.

Changes of Recording Method

(Interim Income Statements)

1. Until the previous interim period, "Amortization of consolidation adjustment account" was recorded under "Others" in "Selling, general and administrative expenses" but is recorded under its own account title in the current interim period since the amount has increased in significance. The amount of "Amortization of consolidation adjustment account" recorded under "Others" in "Selling, general and administrative expenses" for the previous interim period was 3,080 thousand yen.
2. "Sales assistance revenues" (the balance at the end of the current interim period is 5,513 thousand yen) recorded under that account title up to the previous interim period is recorded under "Others" in "Non-operating revenue" since its amount fell to a level of less than 10% of non-operating revenue.

Explanatory Notes

(Notes related to Interim Balance Sheet)

At End of Current Interim Period (As of September 30, 2003)	At End of Previous Interim Period (As of September 30, 2002)	At End of Previous Fiscal Year (As of March 31, 2003)
1. Accumulated depreciation of property, plant and equipment 990,848 thousand yen  _____	1. Accumulated depreciation of property, plant and equipment 1,256,257 thousand yen  2. Assets as collateral Buildings 0 thousand yen  Amount of debt corresponding to the assets above Long-term debt 430,014 thousand yen (including long-term borrowings due within one year of <u>53,324 thousand yen</u> ) Total 430,014 thousand yen	1. Accumulated depreciation of property, plant and equipment 1,069,755 thousand yen  _____

(Notes related to Interim Income Statement)

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, 2003 )
1. Breakdown of gain on sales of fixed assets Land 29,754 thousand yen	_____	_____
2. Breakdown of loss on sales of fixed assets Buildings 14,270 thousand yen <u>Others 3,420 thousand yen</u> Total 17,691 thousand yen	_____	_____
3. Breakdown of loss on elimination of fixed assets Buildings 7,869 thousand yen <u>Others 14,440 thousand yen</u> Total 22,310 thousand yen	_____	_____

(Notes related to Interim Consolidated Statement of Cash Flows)

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, 2003 )																		
<p>1. Relationship between balance of cash and cash equivalents at end of period and amount recorded in consolidated balance sheet</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Cash and cash accounts</td> <td style="text-align: right; width: 20%;">5,370,461 thousand yen</td> </tr> <tr> <td>Time deposits with term of more than three months</td> <td style="text-align: right;">6,034 thousand yen</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">5,364,427 thousand yen</td> </tr> </table>	Cash and cash accounts	5,370,461 thousand yen	Time deposits with term of more than three months	6,034 thousand yen	Cash and cash equivalents	5,364,427 thousand yen	<p>1. Relationship between balance of cash and cash equivalents at end of period and amount recorded in consolidated balance sheet</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Cash and cash accounts</td> <td style="text-align: right; width: 20%;">6,354,923 thousand yen</td> </tr> <tr> <td>Time deposits with term of more than three months</td> <td style="text-align: right;">423,504 thousand yen</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">5,931,419 thousand yen</td> </tr> </table>	Cash and cash accounts	6,354,923 thousand yen	Time deposits with term of more than three months	423,504 thousand yen	Cash and cash equivalents	5,931,419 thousand yen	<p>1. Relationship between balance of cash and cash equivalents at end of period and amount recorded in consolidated balance sheet</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Cash and cash accounts</td> <td style="text-align: right; width: 20%;">5,505,992 thousand yen</td> </tr> <tr> <td>Time deposits with term of more than three months</td> <td style="text-align: right;">57,793 thousand yen</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">5,448,198 thousand yen</td> </tr> </table>	Cash and cash accounts	5,505,992 thousand yen	Time deposits with term of more than three months	57,793 thousand yen	Cash and cash equivalents	5,448,198 thousand yen
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## (Notes related to lease transactions)

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, 2003 ( )																																																
<p>1. Finance lease transactions other than those in which the ownership on leased assets is considered to be transferred to the lessee</p> <p>(1) Amounts equivalent to acquisition value, accumulated depreciation and balance at end of interim period</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Amount equivalent to acquisition value</th> <th>Amount equivalent to accumulated depreciation</th> <th>Amount equivalent to balance at end of interim period</th> </tr> </thead> <tbody> <tr> <td>Tangible fixed assets and others</td> <td style="text-align: right;">345,358</td> <td style="text-align: right;">152,929</td> <td style="text-align: right;">192,429</td> </tr> <tr> <td>Intangible fixed assets and others</td> <td style="text-align: right;">8,228</td> <td style="text-align: right;">3,840</td> <td style="text-align: right;">4,388</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>353,587</b></td> <td style="text-align: right;"><b>156,769</b></td> <td style="text-align: right;"><b>196,818</b></td> </tr> </tbody> </table>		Amount equivalent to acquisition value	Amount equivalent to accumulated depreciation	Amount equivalent to balance at end of interim period	Tangible fixed assets and others	345,358	152,929	192,429	Intangible fixed assets and others	8,228	3,840	4,388	<b>Total</b>	<b>353,587</b>	<b>156,769</b>	<b>196,818</b>	<p>1. Finance lease transactions other than those in which the ownership on leased assets is considered to be transferred to the lessee</p> <p>(1) Amounts equivalent to acquisition value, accumulated depreciation and balance at end of interim period</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Amount equivalent to acquisition value</th> <th>Amount equivalent to accumulated depreciation</th> <th>Amount equivalent to balance at end of interim period</th> </tr> </thead> <tbody> <tr> <td>Tangible fixed assets and others</td> <td style="text-align: right;">252,327</td> <td style="text-align: right;">117,760</td> <td style="text-align: right;">134,567</td> </tr> <tr> <td>Intangible fixed assets and others</td> <td style="text-align: right;">19,622</td> <td style="text-align: right;">12,448</td> <td style="text-align: right;">7,173</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>271,950</b></td> <td style="text-align: right;"><b>130,209</b></td> <td style="text-align: right;"><b>141,740</b></td> </tr> </tbody> </table>		Amount equivalent to acquisition value	Amount equivalent to accumulated depreciation	Amount equivalent to balance at end of interim period	Tangible fixed assets and others	252,327	117,760	134,567	Intangible fixed assets and others	19,622	12,448	7,173	<b>Total</b>	<b>271,950</b>	<b>130,209</b>	<b>141,740</b>	<p>1. Finance lease transactions other than those in which the ownership on leased assets is considered to be transferred to the lessee</p> <p>(1) Amounts equivalent to acquisition value, accumulated depreciation and balance at end of fiscal year</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Amount equivalent to acquisition value</th> <th>Amount equivalent to accumulated depreciation</th> <th>Amount equivalent to balance at end of year</th> </tr> </thead> <tbody> <tr> <td>Tangible fixed assets and others</td> <td style="text-align: right;">295,306</td> <td style="text-align: right;">132,851</td> <td style="text-align: right;">162,455</td> </tr> <tr> <td>Intangible fixed assets and others</td> <td style="text-align: right;">8,228</td> <td style="text-align: right;">3,017</td> <td style="text-align: right;">5,211</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>303,535</b></td> <td style="text-align: right;"><b>135,868</b></td> <td style="text-align: right;"><b>167,667</b></td> </tr> </tbody> </table>		Amount equivalent to acquisition value	Amount equivalent to accumulated depreciation	Amount equivalent to balance at end of year	Tangible fixed assets and others	295,306	132,851	162,455	Intangible fixed assets and others	8,228	3,017	5,211	<b>Total</b>	<b>303,535</b>	<b>135,868</b>	<b>167,667</b>
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## 5. Segment Information

### (1) Segment Information by Type of Business

For the current interim period (from April 1, 2003 to September 30, 2003), the previous interim period (from April 1, 2002 to September 30, 2002) and the previous fiscal year (from April 1, 2002 to March 31, 2003)

Segment information by type of business is omitted for both sales and operating revenue of “catering business” (catering services to medical institutions, welfare facilities and companies) since the share of this business is more than 90% of the total figures in both sales and operating profit.

### (2) Segment Information by Region

There is no applicable item since there was no consolidated subsidiary or office existing in countries or regions other than Japan for the current interim period, the previous interim period or the previous fiscal year.

### (3) Overseas sales

There is no applicable item since there were no overseas sales in the current interim period, the previous interim period or the previous fiscal year.

## 6. Sales

### (1) Sales by Business Segment

(Unit: thousand yen)

Division	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, 2003 )	
	Amount	Distribution	Amount	Distribution	Amount	Distribution
		%		%		%
HC: Catering services to hospitals	11,607,619	50.8	7,868,654	68.7	19,361,444	54.8
B&I: Catering services to business offices	10,971,981	48.1	3,549,831	31.0	14,154,117	40.1
Subtotal	22,579,600	98.9	11,418,486	99.7	33,515,561	94.9
Others	257,341	1.1	32,343	0.3	1,787,466	5.1
Total	22,836,941	100.0	11,450,830	100.0	35,303,027	100.0

- (NOTES) 1. Catering services to hospitals includes sales to medical institutions (hospitals and clinics) and welfare facilities etc.  
2. Catering services to business offices includes sales to company cafeterias, schools and dormitories.  
3. Others include sales of stores.  
4. Consumption tax is not included in amounts listed above.

### (2) Sales by Type of Contract

(Unit: thousand yen)

Type of contract	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, 2003 )	
	Amount	Distribution	Amount	Distribution	Amount	Distribution
		%		%		%
Management contracts	12,463,430	54.6	6,717,396	58.7	19,023,795	53.9
Unit price contracts	9,890,486	43.3	4,701,090	41.0	14,778,058	41.8
Subtotal	22,353,916	97.9	11,418,486	99.7	33,801,853	95.7
Others	483,025	2.1	32,343	0.3	1,501,174	4.3
Total	22,836,941	100.0	11,450,830	100.0	35,303,027	100.0

- (NOTE) 1. Management contract ... Under this contract, customers who consume the meals pay an amount equivalent to material costs and clients entrusted pay as a management cost an amount equivalent to the estimated sum of personnel costs and operating costs required for the management of the catering services and profits. This type of contract is generally called a "Management Contract".  
2. Unit price contract ... Under this contract, sales to customers who consume the meals are recorded as our operating revenue and we pay the material costs, personnel expense and operating costs required for the management of the catering services. This type of contract is called a "Unit Price Contract" or "Meal Unit Price Contract" since sales prices become an important factor for deciding our operating profit.  
3. Others include sales of stores.  
4. Consumption tax is not included in amounts listed above.

### (3) Sales by Region

(Unit: thousand yen)

Region	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, 2003 )	
	Amount	Distribution	Amount	Distribution	Amount	Distribution
		%		%		%
North Japan	5,046,035	22.1	4,545,290	39.7	9,588,802	27.2
East Japan	10,851,455	47.5	5,082,065	44.4	15,665,045	44.4
Kansai	3,523,429	15.4	755,149	6.6	5,654,492	16.0
West Japan	3,416,022	15.0	1,068,310	9.3	4,394,688	12.4
Total	22,836,941	100.0	11,450,830	100.0	35,303,027	100.0

(NOTES) Consumption tax is not included in the amounts listed above. A classification of regions is as follows.

- North Japan ... Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima  
East Japan ... Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Niigata, Yamanashi, Nagano, Shizuoka  
Kansai ... Toyama, Ishikawa, Fukui, Gifu, Aichi, Mie, Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama  
West Japan ... Okayama, Hiroshima, Yamaguchi, Kagawa, Ehime, Kochi, Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Okinawa

## 7. Securities

At End of Current Interim Period (As of September 30, 2003)

Securities

1. Other securities with a fair market value (Unit: Thousand yen)

	Acquisition cost	Amount listed on Interim Consolidated Balance Sheet	Difference
(1) Stock	40,510	42,960	2,449
Total	40,510	42,960	2,449

2. Major "securities" without a fair market value (excluding 1. above) (Unit: Thousand yen)

	Amount listed on Interim Consolidated Balance Sheet
(1) Bonds held -to-maturity	15,000
(2) Other securities Unlisted stock (excluding over-the-counter stock)	10,000

At End of Previous Interim Period (As of September 30, 2002)

Securities

1. Other securities with a fair market value (Unit: Thousand yen)

	Acquisition cost	Amount recorded on Interim Consolidated Balance Sheet	Difference
(1) Stock	46,291	55,732	9,440
Total	46,291	55,732	9,440

2. Major "securities" without a fair market value (excluding 1. above) (Unit: Thousand yen)

	Amount recorded on Interim Consolidated Balance Sheet
(1) Bonds held -to-maturity	15,000
(2) Other securities Unlisted stock (excluding over-the-counter stock)	43,905

At End of Previous Fiscal Year (As of March 31, 2003)

Securities

1. Other securities with a fair market value (Unit: Thousand yen)

	Acquisition cost	Amount recorded on Consolidated Balance Sheet	Difference
(1) Stock	56,613	47,191	9,422
Total	56,613	47,191	9,422

2. Other securities sold during this fiscal year

Amount sold	Total gain on sales	Total loss on sales
37,223	4,514	4,812

3. Major "securities" without a fair market value (excluding 1. above) (Unit: Thousand yen)

	Amount recorded on Consolidated Balance Sheet
(1) Bonds held -to-maturity	15,000
(2) Other securities Unlisted stock (excluding over-the-counter stock)	

## 8. Contract Amounts, Market Values and Gains or Losses on Evaluation of Derivative Instruments

Previous Interim Period (From April 1, 2002 to September 30, 2002)

There is no applicable item.

There are some interest swap transactions but these are not mentioned in this section since hedge accounting is used.

Current Interim Period (From April 1, 2003 to September 30, 2003)

There is no applicable item.

There are some interest swap transactions but these are not mentioned in this section since hedge accounting is used.

Previous Fiscal Year (From April 1, 2002 to March 31, 2003)

There is no applicable item.

There are some interest swap transactions but these are not mentioned in this section since hedge accounting is used.

(Per share Information)

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, 2003
<p>Net worth per share      205.44 yen</p> <p>Net profit per share      7.31 yen</p> <p>Net profit per share after adjustment of potential stocks is not shown since there is no stock which has a potentially dilutive effect.</p>	<p>Net asset per share      197.28yen</p> <p>Net profit per share      11.04yen</p> <p>Same as on the left</p> <p>(Additional information)</p> <p>“Accounting Standard concerning Net Profit per Share” (Financial Accounting Standard No. 2) and “Implementation Guide on Accounting Standard concerning Net Profit per Share” (Financial Accounting Standard Implementation Guide No. 4) are applied beginning this interim closing period. There is no effect derived from the application.</p>	<p>Net asset per share      216.36yen</p> <p>Net profit per share      31.03yen</p> <p>Fully diluted net profit per share is not listed since there is no stock which has a potentially dilutive effect.</p> <p>“Accounting Standard concerning Net Profit per Share” (Financial Accounting Standard No. 2) and “Implementation Guide on Accounting Standard concerning Net Profit per Share” (Financial Accounting Standard Implementation Guide No. 4) are applied beginning this interim closing period. There is no effect derived from the application.</p>

(NOTE) Calculation basis for an amount of net profit per share is as follows.

	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, 2003
Net profit per share			
Net profit (thousand yen)	100,072	154,283	433,697
Amount which does not belong to common stock (thousand yen)	-	-	-
Net profit associated with common stock (thousand yen)	100,072	154,283	433,697
Average number of shares outstanding (thousand shares)	13,697	13,977	13,977
Outline of potential stocks which are not included in calculation of net profit per share after adjustment of potential stocks since they do not have a dilutive effect.	One type of preemptive right to purchase common stock (the number of shares to be purchased is 415).	Two types of stock option (warrant right to purchase common stock) based on the old Commercial Code, Article 280 -19 (283,000 shares of common stock), and one type of preemptive right to purchase common stock (the number of shares to be purchased is 455).	Two types of stock option (warrant right to purchase common stock) based on the former Commercial Code, Article 280 -19 (276,000 shares of common stock), and one type of preemptive right to purchase common stock (the number of shares to be purchased is 436).

(Events occurring after the balance sheet)

There is no applicable item.