

# Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2003

May 15, 2003

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

## Nissin Food Products Co., Ltd.

1-1, 4-chome, Nishinakajima, Yodogawa-ku,  
Osaka 532-8524, Japan

http://www.nissinfoods.co.jp/

Representative: Koki Ando, President

Contact: Takahisa Yanagida, Executive Officer,  
General Manager of Financial Division  
Phone: +81-6-6305-7711

Stock exchange listings: Tokyo, Osaka, Nagoya

Code number: 2897

Board of Directors meeting: May 15, 2003

Use of U.S. accounting standards: No

## 1. Operating Results for Fiscal 2003 (April 1, 2002-March 31, 2003)

### (1) Sales and Income

Note: All amounts are rounded down to the nearest million yen.

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
Fiscal 2003	315,279	2.2	26,400	6.4	28,676	(4.4)
Fiscal 2002	308,462	2.5	24,816	(9.0)	29,993	(9.5)

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)	Return on equity (%)	Ordinary income/total assets (%)	Ordinary income/net sales (%)
Fiscal 2003	14,422	20.8	115.65	—	6.2	8.7	9.1
Fiscal 2002	11,936	(21.5)	93.91	—	5.2	9.2	9.7

Notes:

- Equity in earnings of affiliates: ¥290 million (Fiscal 2002: ¥525 million)
- Average number of shares outstanding (consolidated): 124,176,048 shares (Fiscal 2002: 127,106,163 shares)
- Changes in accounting methods: None
- Year-on-year change for net sales, operating income, ordinary income and net income is based on the previous fiscal year.

### (2) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2003	331,994	233,707	70.4	1,892.89
Fiscal 2002	326,913	230,581	70.5	1,835.04

Note: Number of shares outstanding at end of period (consolidated): 123,433,868 shares (Fiscal 2002: 125,655,014 shares)

### (3) Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Fiscal 2003	23,027	(29,030)	(10,374)	73,882
Fiscal 2002	22,810	5,433	(7,400)	91,122

### (4) Scope of consolidation and application of the equity method:

Consolidated subsidiaries: 24 companies

Unconsolidated subsidiaries accounted for by the equity method: None

Affiliated companies accounted for by the equity method: 1 company

### (5) Changes in scope of consolidation and application of the equity method:

Consolidation: (New) 2 companies (Eliminated) None

Equity method: (New) None (Eliminated) None

## 2. Projected Results for Fiscal 2004 (April 1, 2003-March 31, 2004)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Interim period	154,000	9,700	5,500
Fiscal 2004	325,000	24,500	13,500

Reference: Estimated earnings per share (fiscal 2004): ¥108.88

Note: Projected results are forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ depending on a number of factors including but not limited to changes in exchange rates. For the assumptions and other issues related to the above projected results, please refer to page 6 of the attached materials.

## 1. Group Companies

[Omitted]

## 2. Management Policies

### (1) Basic Management Policy

Under its founding philosophy of “People Can Only Be Content When There Is Enough Food,” Nissin has established a corporate philosophy of bringing enjoyment to people’s lives through the creation and development of new foods. For instant noodles, which are loved worldwide, to offer satisfaction to all people in all countries and regions, the Company will develop creative products and technologies, promote customer-focused marketing policies that emphasize safety and reliability, and continue to develop its business with the aim of contributing to people’s health. Furthermore, in the face of global competition, Nissin continually works to increase brand value, further strengthen its operating base and raise corporate value.

### (2) Basic Policy for Allocating Earnings

At the same time as it seeks to raise shareholder profits by regularly increasing corporate value, Nissin’s primary management task is to strengthen its operating base and profitability in order to continue to provide stable dividends to shareholders. Nissin works to maintain stable dividends, with a target payout ratio of 30 percent on a nonconsolidated basis.

Based on this policy, for the year ended March 31, 2003 Nissin plans to pay a regular dividend of ¥30.00 per share, bringing the payout ratio to 30.1 percent.

In addition, Nissin strives to further expand corporate value through the priority allocation of retained earnings toward capital investment, research and development costs, and mergers and acquisitions in order to expand the Company’s operations globally from a long-term perspective, and through the effective management of surplus funds, while giving full consideration to risk factors.

### (3) Views and Policy Regarding Reduction of Minimum Investment

As a company that manufactures and sells food products closely related to its customers’ lives, Nissin would like to create a closer presence among individual investors, including housewives. To raise the liquidity of its stock and expand its investor base, Nissin reduced the number of shares in a unit of its stock from 1,000 to 100 as of August 2, 1999. In addition, Nissin executed a secondary market offering of 4,060,000 shares in February 2003 in order to improve stock distribution and increase liquidity.

As a result, the number of shareholders increased from 8,742 at the end of March 1999 to 19,771 at the end of March 2003.

### (4) Medium- to Long-Term Management Strategies

Nissin has set the medium-term objective of raising its share of the domestic instant noodle market, its core business, to 50 percent on a sales value basis. To reach this goal during the continuing economic slowdown, Nissin has introduced marketing strategies such as the “Frequent Shoppers Program” (a series of promotions and preferential offers aimed at valued customers) and “Target Marketing,” and has launched *Nissin GooTa*, a new product that symbolizes these strategies.

In addition, Nissin is investing management resources into its chilled and frozen foods businesses in order to develop these businesses as the second and third pillars of its operating base, thus expanding business while increasing synergy as a comprehensive noodle manufacturer.

Overseas, Nissin will move forward with its global strategy of bringing happiness and great taste to people in every country as the pioneer in the field of instant noodles, a product created in Japan that has become an international food.

### (5) Establishment of a Corporate Management Organization

Nissin is committed to providing safe and reliable products, while ensuring that our operations provide the maximum benefit to all stakeholders, including our shareholders, consumers, business partners and employees as well as local communities.

To achieve this aim, Nissin has already taken the step of appointing several outside directors and outside corporate auditors, in order to revitalize management by incorporating the opinions of experts from outside the

Company. At present, two of the twelve directors are outside directors and two of the four corporate auditors are outside corporate auditors.

In addition, to respond swiftly to changes in the business environment, a corporate executive officer system was established in June 1998, thus delineating the duties of the Board of Directors, who formulate basic management policies and strategies, and the corporate executive officers, who implement them. This initiative is aimed at streamlining the Board of Directors and increasing the speed of decision-making.

In this way, Nissin has set up its management and administrative organization under its existing auditing system, breathing new life into management and increasing the speed of decision-making. There are no plans to shift to a “company with committees” system.

In addition, food safety issues such as pesticide residue and unapproved additives are becoming major problems. In order to provide safe products that customers can rely on, in June 2002 Nissin established the Food Safety Research Institute, a specialized facility that deals with food safety and environmental measures, and is working to strengthen its quality management system.

#### (6) Company Initiatives

We are deeply conscious of Nissin’s social responsibility as a good corporate citizen, and act in accordance with the Nissin Code of Ethics formulated in February 2002. In addition, as a manufacturer of food products, we comply strictly and thoroughly with laws and regulations, and have made it our mission to provide safe and reliable products to customers.

All domestic plants as well as the Food Safety Research Institute have obtained ISO 9001 certification of their quality assurance systems, and quality management systems based on ISO 9001 are being established at overseas plants.

Nissin will consider the global environment in carrying out business activities that take into account the protection of the environment and the conservation of natural resources in co-existence with society. Nissin’s four directly managed plants and the head office in Osaka have obtained ISO 14001 certification of their environmental management systems, and the head office in Tokyo has completed its examination. In addition, the Company has introduced and discloses the results of environmental accounting in order to quantitatively determine the costs of environmental protection.

### 3. Results of Operations and Financial Position

#### (1) Results of Operations

##### Overview of the Fiscal Year

In the Japanese economy, corporate earnings showed signs of a slight recovery due to an increase in exports at the beginning of the fiscal year and efforts to streamline operations, but a deflationary economy persisted, leading to continued reductions in capital investment and uncertainty over the employment situation. During the second half, conditions were challenging, with factors such as a decrease in domestic share prices as a result of the slowdown of the United States economy due to the war in Iraq and the unclear economic outlook.

In the food industry, the situation has continued to be severe, as consumption slowed due to unease about the future, sales prices fell due to the prolonged deflationary economy, and competition intensified.

In addition, issues including concern over pesticide residue and the use of unapproved food additives have led to increased consumer distrust of food products, and companies are facing stronger demands to ensure the safety and reliability of their food products. Nissin established the Food Safety Research Institute, a specialized facility that deals with food safety and environmental measures, in June 2002 and is working to further strengthen product quality control from the standpoint of consumers.

In the instant noodle market, the trend toward lower product prices continued as sales competition intensified and consumption slowed. However, sales of higher-priced products with authentic flavor, particularly non-fried noodles, showed growth.

Amid these conditions, Nissin worked to expand new demand from the standpoint of consumers with the fall 2002 launch of *Nissin GooTa*, marketed under the concept "A Cup-Type Noodle with Astonishing Ingredients." Offering high added value and a sense of contentment, *Nissin GooTa*, has been successful in attracting new customers who are willing to spend more for a delicious product.

In addition, trusted long-selling products performed solidly amid demands for food safety, with sales growth for *Cup Noodle* and *Chicken Ramen*.

In overseas markets, Nissin worked to increase sales in every region of the world, including developing business strategies that make use of its holding company established during the previous fiscal year in the market of the People's Republic of China (P.R.C.), which continues to grow.

Looking at sales by region, the U.S. market showed growth, particularly in pillow-type instant noodles, and Nissin worked to expand production capacity while developing aggressive marketing activities. In Brazil, sales of *Cup Noodles*, which Nissin has begun producing locally, grew favorably.

Sales increased in the P.R.C., particularly in the Shanghai area, as a result of efforts to strengthen marketing by consolidating product development and marketing organizations into a holding company and promoting greater operating efficiency.

Moreover, in Europe, with its traditional food cultures, Nissin expanded its sales network from its operating base in the German market into neighboring countries, resulting in a steady increase in sales.

However, the yen rose approximately 9 percent in value against the currencies of North America and Asia compared with the previous fiscal year, resulting in a decrease in net sales in overseas markets upon translation compared with the previous fiscal year.

(Consolidated basis; ¥ million)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2003	315,279	26,400	28,676	14,422
Year ended March 31, 2002	308,462	24,816	29,993	11,936
Year-on-year change (%)	2.2%	6.4%	(4.4)%	20.8%

As a result of the above, net sales for the fiscal year increased 2.2 percent compared with the previous year to ¥315,279 million.

Operating income increased 6.4 percent compared with the previous year to ¥26,400 million despite an increase in selling expenses resulting from the challenging marketing environment, due to a decrease in the cost of goods sold ratio and a decrease in expenses associated with retirement benefits.

However, ordinary income decreased 4.4 percent compared with the previous year to ¥28,676 million, due to the year-on-year decrease in gain on sales of investment securities and exchange loss recorded on yen loans at overseas subsidiaries.

Despite the decline in ordinary income, net income for the fiscal year increased 20.8 percent to ¥14,422 million, as a result of decreases in extraordinary losses including loss from devaluation of investment securities compared with the previous year.

### Information by Business Area

Because parent company sales account for more than 80 percent of consolidated sales, the following discussion of net sales by business area concentrates on nonconsolidated (domestic) sales.

Business area	Consolidated net sales (¥ million)	Year-on-year change (%)	Nonconsolidated net sales (¥ million)	Year-on-year change (%)
Pillow-type instant noodles	43,262	(1.0)	28,759	2.2
Cup-type instant noodles	202,612	0.7	185,022	1.4
Chilled and frozen foods	39,081	5.5	28,997	10.0
Others	30,322	13.9	14,848	6.3
Total	315,279	2.2	257,628	2.6

### Pillow-type Instant Noodles

In the domestic market, amid the continuing deflationary economy, there has been a re-evaluation of low-priced, delicious pillow-type instant noodles. This, coupled with stronger than ever demands from consumers for safety and reliability from food products, contributed to higher sales of long-selling product *Chicken Ramen*.

In overseas markets, sales increased in North America, where Nissin employed aggressive marketing strategies, and sales of *Demae Itcho* were solid in Europe. As a result, revenue increased on a local currency basis, but net sales upon translation were down compared with the previous year due to the effect of the stronger yen.

Net sales of pillow-type instant noodles decreased 1.0 percent compared with the previous year to ¥43,262 million.

### Cup-type Instant Noodles

In the mainstay *Cup Noodle* line, the series of international flavors including *Chichukai-fu Shio Cup Noodle* and *Hong Kong-fu Miso Cup Noodle* was a hit, and sales of established products were also steady.

In addition, sales were strong for the *Nissin no Donbei* line of Japanese-style bowl-type dishes and *Nissin Menshokunin*, Chinese-style bowl-type dishes that offer the delicious taste of non-fried noodles, for which demand is increasing.

*Nissin GooTa*, a product offering new value that was first launched in the Tokyo metropolitan area in October, was an explosive hit, and has become a fixture not only in the convenience store channel but also in the mass retail channel. *Nissin GooTa* has received a highly positive reception from a broad range of consumers as a leading brand among higher-priced cup-type instant noodles, and contributed to sales. Higher-priced menu-type product *Nissin Yakibutaya* and products developed jointly with convenience stores also continued to perform well.

However, sales of long-life fresh noodle products *Nissin Rao* and *Nissin no Gonbuto* declined, due to competition with higher-priced non-fried noodles.

In overseas markets, Nissin successfully increased sales volume in all regions, particularly in North America and the P.R.C., supported by the launch of *U.F.O.* cup-type yakisoba in Shanghai, but the effect of the stronger yen was a negative factor on sales upon translation.

As a result, net sales of cup-type instant noodles increased 0.7 percent compared with the previous year to

¥202,612 million.

### **Chilled and Frozen Foods**

In chilled foods, sales of *Nissin Yakisoba Three-Serving Pack*, which has been praised for its improved noodle quality, increased substantially. In addition, sales were strong of product lines linked with instant noodle brands, such as *Nissin no Donbei*, *Nissin no Ramenyan* and *Gyoretsu-no-Dekiru-Mise-no-Ramen*. Chilled ingredients for high-value-added *Nissin GooTa* were also developed.

In frozen foods, in addition to strong performance by the *Nissin no Ramenyan* line, sales of *Nissin no Donbei Sanuki Udon*, part of the *Nissin no Donbei* line, increased significantly in the Tokyo metropolitan area due in part to the boom in popularity of Sanuki udon. In the *Nissin Yakisoba* line, emphasis shifted from box-type noodles to pillow-type noodles, and a positive response to the higher quality led to higher sales.

As a result, net sales of chilled and frozen foods increased 5.5 percent compared with the previous year to ¥39,081million.

### **Others**

In the snacks and confectioneries sector, sales of biscuits and cereals increased, and in the beverages sector, hit product *Fruits & Vitamins* contributed to sales.

As a result, net sales for this segment increased 13.9 percent compared with the previous year to ¥30,322 million.

### **Outlook for the Fiscal Year Ending March 31, 2004**

The Japanese economy is expected to remain in a severe state, with a strong possibility of slipping even further into stagnation, due to the unstable international situation, the slowdown in the U.S. economy, and sluggish personal consumption and weak inclination for capital investment in Japan.

In the domestic market, the tendency of consumers to seek out lower prices in the deflationary environment is expected to become even stronger and it is thought that the sales environment will remain challenging amid retail restructuring. At the same time, in response to rising demands regarding food safety, manufacturers must focus on effecting greater improvements in quality control in order to regain consumers' trust.

Under these circumstances, Nissin plans to further strengthen brand marketing by working to invigorate its mainstay established brands, starting with *Chicken Ramen*, which has reached the 45th anniversary since its launch. In particular, *Nissin GooTa*, an innovative higher-priced cup-type instant noodle product, has recorded a steady increase in sales since its October 2002 launch in the Tokyo metropolitan area. In the future, Nissin will continue with a marketing strategy of aggressively introducing new variations in order to establish the *Nissin GooTa* brand as a stable, established fixture in stores.

With total demand of 50 billion servings annually, the global market for instant noodles is projected to expand while competition continues to intensify. Nissin will open new markets and speed up international development, including entry into new regions in the future.

In particular, Nissin plans to make use of its holding company in the P.R.C. market, which continues to grow, to extend its sales network to major cities in the interior regions from the coastal metropolitan areas where sales strategies have been focused until now.

For the fiscal year ending March 31, 2004, Nissin projects net sales of ¥325.0 billion (a year-on-year increase of 3.1 percent), supported by increased sales in the domestic instant noodle business and the chilled and frozen foods business as well as stronger overseas sales, particularly in North America and Asia.

Nissin projects operating income of ¥22.0 billion (a year-on-year decrease of 16.7 percent), due to amortization as a lump sum expense of the actuarial difference (¥5.8 billion) of pension benefit obligations.

Accordingly, Nissin projects ordinary income of ¥24.5 billion (a year-on-year decrease of 14.6 percent), and net income of ¥13.5 billion (a year-on-year decrease of 6.4 percent).

Projected exchange rates for primary currencies relevant to the results of overseas subsidiaries are ¥120.00 to US\$1.00, ¥15.50 to HK\$1.00, and ¥14.50 to 1.00 yuan.

## (2) Financial Position

Cash and cash equivalents (hereafter referred to as “net cash”) as of March 31, 2003 totaled ¥73,882 million, a decrease of ¥17,239 million compared with the end of the previous fiscal year, due to a decrease in cash resulting mainly from the purchase of bonds, despite income before income taxes and other adjustments of ¥25,520 million.

### Cash Flows From Operating Activities

Net cash provided by operating activities was ¥23,027 million. Major positive factors included income before income taxes and other adjustments (¥25,520 million) and depreciation and amortization (¥7,459 million), while major negative factors included cash paid for income taxes (¥11,338 million) and fluctuations in assets and liabilities.

### Cash Flows From Investing Activities

Net cash used in investing activities was ¥29,030 million. For more efficient management of funds, the Company shifted from deposits to investments in securities, resulting in a decrease in cash.

### Cash Flows From Financing Activities

Net cash used in financing activities was ¥10,374 million. Primary uses of cash included cash dividends paid (¥3,769 million) and share repurchase expenses (¥5,404 million).

Trends in the Company’s cash flow indicators are as follows:

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003
Shareholders’ equity ratio (%)	69.9	70.8	70.5	70.4
Shareholders’ equity ratio on a market value basis (%)	94.5	110.1	92.4	91.5
Debt repayment period (years)	0.2	0.3	0.3	0.2
Interest coverage ratio	221.1	145.6	178.9	471.5

Notes:

Shareholders’ equity ratio = Shareholders’ equity/Total assets

Shareholders’ equity ratio on a market value basis = Total market value of stock/Total assets

Debt repayment period = Interest-bearing liabilities/Net cash provided by operating activities

Interest coverage ratio = Net cash provided by operating activities /Interest expenses

\* All indicators are calculated on a consolidated basis.

\* Total market value of stock is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period.

\* Net cash provided by operating activities is as reported on the consolidated statements of cash flows.

\* Interest-bearing liabilities are all liabilities stated on the consolidated balance sheets on which interest is paid.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

#### ASSETS

(Millions of yen)

	As of March 31, 2003		As of March 31, 2002		Increase (decrease)
<b>Current assets</b>	<b>139,733</b>	42.1%	<b>150,396</b>	46.0%	<b>(10,662)</b>
Cash and deposits	64,264		91,631		
Notes and accounts receivable - trade	37,209		37,473		
Marketable securities	20,697		4,379		
Inventories	11,895		11,632		
Deferred tax assets	3,428		3,720		
Other current assets	2,577		1,815		
Allowance for doubtful receivables	(339)		(257)		
<b>Fixed assets</b>	<b>192,260</b>	57.9	<b>176,516</b>	54.0	<b>15,743</b>
Tangible fixed assets:	<b>87,536</b>	26.4	<b>82,444</b>	25.2	<b>5,092</b>
Buildings and structures	33,730		32,981		
Machinery, equipment and carriers	18,858		19,276		
Land	30,783		28,178		
Construction in progress	927		911		
Other tangible fixed assets	3,235		1,096		
Intangible fixed assets	<b>984</b>	0.3	<b>1,084</b>	0.3	<b>(100)</b>
Investments and other assets:	<b>103,740</b>	31.2	<b>92,988</b>	28.5	<b>10,751</b>
Investment securities	81,581		70,749		
Investment in capital	7,820		6,714		
Long-term loans	271		271		
Deferred tax assets	7,332		8,215		
Deferred tax assets related to revaluation of land	4,516		4,683		
Other investments and other assets	2,238		2,374		
Allowance for doubtful receivables	(21)		(21)		
<b>Total assets</b>	<b>331,994</b>	100.0%	<b>326,913</b>	100.0%	<b>5,081</b>

LIABILITIES, MINORITY INTERESTS  
AND SHAREHOLDERS' EQUITY

(Millions of yen)

	As of March 31, 2003		As of March 31, 2002		Increase (decrease)
<b>LIABILITIES</b>					
<b>Current liabilities:</b>	<b>79,689</b>	24.0%	<b>79,310</b>	24.3%	<b>379</b>
Notes and accounts payable - trade	35,563		34,684		
Short-term borrowings	5,246		7,056		
Accrued payables	20,708		21,623		
Accrued income taxes	6,476		6,825		
Other current liabilities	11,694		9,121		
<b>Long-term liabilities:</b>	<b>11,739</b>	3.5	<b>11,118</b>	3.4	<b>621</b>
Reserve for employees' retirement benefits	9,768		9,087		
Reserve for directors' retirement benefits	1,602		1,517		
Other long-term liabilities	368		513		
<b>Total liabilities</b>	<b>91,428</b>	27.5	<b>90,428</b>	27.7	<b>1,000</b>
<b>MINORITY INTERESTS</b>					
<b>Minority interests</b>	<b>6,857</b>	2.1	<b>5,903</b>	1.8	<b>954</b>
<b>SHAREHOLDERS' EQUITY</b>					
<b>Common stock</b>	—	—	25,122	7.7	—
<b>Additional paid-in capital</b>	—	—	48,370	14.8	—
<b>Adjustment due to revaluation of land</b>	—	—	(6,558)	(2.0)	—
<b>Consolidated retained earnings</b>	—	—	164,451	50.3	—
<b>Unrealized gain on securities</b>	—	—	1,543	0.5	—
<b>Translation adjustment account</b>	—	—	2,048	0.6	—
<b>Treasury stock</b>	—	—	(4,293)	(1.3)	—
<b>Parent company stock held by consolidated subsidiaries</b>	—	—	(103)	(0.1)	—
<b>Common stock</b>	25,122	7.6	—	—	—
<b>Capital surplus</b>	48,370	14.5	—	—	—
<b>Retained earnings</b>	175,365	52.8	—	—	—
<b>Adjustment due to revaluation of land</b>	(6,699)	(2.0)	—	—	—
<b>Unrealized gain on securities</b>	1,406	0.4	—	—	—
<b>Translation adjustment account</b>	(115)	(0.0)	—	—	—
<b>Treasury stock</b>	(9,742)	(2.9)	—	—	—
<b>Total shareholders' equity</b>	<b>233,707</b>	70.4	<b>230,581</b>	70.5	<b>3,125</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>331,994</b>	100.0%	<b>326,913</b>	100.0%	<b>5,081</b>

## (2) Consolidated Statements of Income

(Millions of yen)

	Year Ended March 31, 2003		Year Ended March 31, 2002		Increase (decrease)
Net sales	315,279	100.0%	308,462	100.0%	6,816
Cost of sales	160,258	50.8	157,662	51.1	2,595
Gross profit	155,021	49.2	150,800	48.9	4,220
Selling, general and administrative expenses	128,620	40.8	125,983	40.9	2,636
Operating income	26,400	8.4	24,816	8.0	1,583
<b>Non-operating income:</b>	<b>3,427</b>	<b>1.1</b>	<b>5,666</b>	<b>1.8</b>	<b>(2,239)</b>
Interest income	1,192		1,863		
Dividends received	490		614		
Gain on sales of securities	393		1,229		
Equity in earnings of affiliates	290		525		
Foreign exchange gain	—		700		
Other non-operating income	1,058		731		
<b>Non-operating expenses:</b>	<b>1,150</b>	<b>0.4</b>	<b>488</b>	<b>0.1</b>	<b>662</b>
Interest expenses	48		127		
Loss on sales of securities	189		5		
Evaluation loss on securities	17		50		
Loss on redemption of securities	27		66		
Foreign exchange loss	728		—		
Other non-operating expenses	139		238		
Ordinary income	28,676	9.1	29,993	9.7	(1,317)
<b>Extraordinary gains:</b>	<b>29</b>	<b>0.0</b>	<b>97</b>	<b>0.0</b>	<b>(68)</b>
Gain on sales of fixed assets	29		13		
Other extraordinary gains	0		84		
<b>Extraordinary losses:</b>	<b>3,185</b>	<b>1.0</b>	<b>10,016</b>	<b>3.2</b>	<b>(6,831)</b>
Loss on disposal of fixed assets	155		250		
Evaluation loss on land	—		1,086		
Evaluation loss on investment securities	2,649		8,108		
Evaluation loss on investment in capital	201		373		
Evaluation loss on golf club membership rights	84		45		
Uncollectable debt	0		18		
Other extraordinary losses	94		132		
Income before income taxes and other adjustments	25,520	8.1	20,074	6.5	5,445
Corporate, inhabitant's and enterprise taxes	10,929	3.5	12,146	3.9	(1,217)
Adjustment to corporate taxes, etc.	(28)	(0.0)	(4,533)	(1.5)	4,505
Minority interests	196	0.0	525	0.2	(328)
Net income	14,422	4.6	11,936	3.9	2,486

### (3) Consolidated Statements of Retained Earnings

(Millions of yen)

	Year Ended March 31, 2003	Year Ended March 31, 2002
<b>Consolidated retained earnings at beginning of year</b>	—	<b>155,635</b>
<b>Decrease in consolidated retained earnings</b>	—	<b>3,119</b>
Cash dividends paid	—	3,057
Bonuses to directors	—	62
<b>Net income</b>	—	<b>11,936</b>
<b>Consolidated retained earnings at end of year</b>	—	<b>164,451</b>
<b>CAPITAL SURPLUS</b>		
Capital surplus at beginning of year	<b>48,370</b>	—
Additional paid-in capital at beginning of year	48,370	—
Capital surplus at end of year	<b>48,370</b>	—
<b>RETAINED EARNINGS</b>		
<b>Retained earnings at beginning of year</b>	<b>164,451</b>	—
Consolidated retained earnings at beginning of year	164,451	—
<b>Increase in retained earnings</b>	<b>14,760</b>	—
Net income	14,422	—
Increase related to increase in consolidated subsidiaries	338	—
<b>Decrease in retained earnings</b>	<b>3,846</b>	—
Cash dividends paid	3,769	—
Bonuses to directors	61	—
Reversal of adjustment due to revaluation of land	15	—
<b>Retained earnings at end of year</b>	<b>175,365</b>	—

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Year Ended March 31, 2003	Year Ended March 31, 2002
<b>I. Cash flows from operating activities</b>		
Income before income taxes and other adjustments	25,520	20,074
Depreciation and amortization	7,459	7,223
Amortization of goodwill	(153)	576
Increase (decrease) in reserve for doubtful accounts	91	24
Increase (decrease) in reserve for employees' retirement benefits	640	1,525
Interest and dividend income	(1,683)	(2,478)
Interest expenses	48	127
Foreign currency exchange loss (gain)	264	(469)
Equity in earnings of affiliates	(290)	(525)
Loss (gain) on disposal and sales of property, plant and equipment	128	241
Devaluation of land	—	1,086
Loss (gain) on sales of marketable and investment securities and others	(203)	(1,223)
Devaluation of marketable investment securities and others	2,867	8,535
Evaluation loss on golf club membership rights	84	45
Decrease (increase) in notes and accounts receivable	(208)	542
Decrease (increase) in inventories	(722)	(458)
Increase (decrease) in notes and accounts payable	1,089	(3,169)
Increase (decrease) in accrued consumption tax	80	(168)
Bonuses to directors	(61)	(62)
Others	(2,456)	1,768
<b>Subtotal</b>	<b>32,495</b>	<b>33,217</b>
Cash received from interest and dividend income	1,919	2,517
Cash paid for interest expenses	(48)	(127)
Cash paid for income taxes	(11,338)	(12,797)
<b>Net cash provided by operating activities</b>	<b>23,027</b>	<b>22,810</b>
<b>II. Cash flows from investing activities</b>		
Payment of funds into time deposits	(61)	(694)
Proceeds from redemption of time deposits	475	660
Payment for purchases of marketable securities	(7,000)	(4,999)
Proceeds from sales of marketable securities	8,468	7,915
Payment for purchases of property, plant and equipment and others	(6,831)	(6,303)
Proceeds from sales of property, plant and equipment and others	332	153
Payment for purchases of investment securities	(38,313)	(17,963)
Proceeds from sales of investment securities	13,865	27,205
Payment for increase in equity of consolidated subsidiaries	(15)	(576)
Payment for loans	(2)	—
Proceeds from loans	2	36
Others	49	—
<b>Net cash provided by (used in) investing activities</b>	<b>(29,030)</b>	<b>5,433</b>
<b>III. Cash flows from financing activities</b>		
Proceeds from short-term borrowings	328	119
Repayment of short-term borrowings	(2,010)	(732)
Proceeds from payment for shares by minority shareholders	496	582
Share repurchase expenses	(5,404)	(4,297)
Cash dividends paid	(3,769)	(3,057)
Dividends paid to minority shareholders	(14)	(14)
<b>Net cash used in financing activities</b>	<b>(10,374)</b>	<b>(7,400)</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,075)</b>	<b>1,511</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>(17,452)</b>	<b>22,355</b>
<b>VI. Cash and cash equivalents, beginning of period</b>	<b>91,122</b>	<b>68,766</b>
<b>VII. Effect of increase related to increase in consolidated subsidiaries on cash and cash equivalents</b>	<b>213</b>	<b>—</b>
<b>VIII. Cash and cash equivalents, end of period</b>	<b>73,882</b>	<b>91,122</b>

## 5. Segment Information

### (1) Business Segment Information

Information by business segment is omitted because instant noodles and related businesses account for more than 90 percent of the total of all segments in the categories of net sales, operating income and assets.

### (2) Geographic Segment Information

Fiscal 2003 (April 1, 2002-March 31, 2003)

(Millions of yen)

	Japan	North America	Others	Total	Eliminations & Corporate	Consolidated
<b>1. Net sales &amp; operating income:</b>						
Net sales:						
(1) Sales to outside customers	268,943	26,373	19,962	315,279	—	315,279
(2) Inter-segment sales and transfers	1,322	—	—	1,322	(1,322)	—
Total	270,266	26,373	19,962	316,601	(1,322)	315,279
Operating expenses	245,164	26,370	18,668	290,203	(1,324)	288,878
Operating income	25,101	3	1,293	26,398	2	26,400
<b>2. Assets</b>	307,309	18,592	23,273	349,175	(17,181)	331,994

Fiscal 2002 (April 1, 2001-March 31, 2002)

(Millions of yen)

	Japan	North America	Others	Total	Eliminations & Corporate	Consolidated
<b>1. Net sales &amp; operating income:</b>						
Net sales:						
(1) Sales to outside customers	259,493	28,276	20,691	308,462	—	308,462
(2) Inter-segment sales and transfers	1,428	—	—	1,428	(1,428)	—
Total	260,922	28,276	20,691	309,890	(1,428)	308,462
Operating expenses	237,457	28,252	18,766	284,475	(829)	283,646
Operating income	23,464	24	1,925	25,414	(598)	24,816
<b>2. Assets</b>	303,593	18,175	24,639	346,408	(19,495)	326,913

Notes:

- Country and regional segments are based on geographic proximity.
- Main countries and regions included in each segment outside Japan:
  - North America: United States
  - Others: The People's Republic of China, Germany, the Netherlands

### (3) Overseas Sales

Fiscal 2003 (April 1, 2002-March 31, 2003)

(Millions of yen)

Category	North America	Others	Total
1. Overseas sales	27,151	19,825	46,976
2. Consolidated sales			315,279
3. Ratio of overseas sales to consolidated sales	8.6%	6.3%	14.9%

Fiscal 2002 (April 1, 2001-March 31, 2002)

(Millions of yen)

Category	North America	Others	Total
1. Overseas sales	29,100	20,586	49,686
2. Consolidated sales			308,462
3. Ratio of overseas sales to consolidated sales	9.4%	6.7%	16.1%

Notes:

- Country and regional segments are based on geographic proximity.
- Main countries and regions included in each segment outside Japan:
  - North America: United States
  - Others: The People's Republic of China, Germany
- Overseas sales represent the sum total of overseas sales of Nissin Food Products Co., Ltd. and consolidated subsidiaries in Japan, and sales of consolidated subsidiaries based overseas. (Sales between consolidated subsidiaries are not included.)