

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2005

May 16, 2005

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.

Code number: 2897

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

Representative: Koki Ando, President

Contact: Takahisa Yanagida, Corporate Executive Officer,
General Manager of Financial Division

Board of Directors meeting: May 16, 2005

Use of U.S. accounting standards: No

Stock exchange listings: Tokyo, Osaka

Head office location: Osaka Prefecture

Phone: +81-6-6305-7711

1. Operating Results for Fiscal 2005 (April 1, 2004 - March 31, 2005)

(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 2005	316,972	(1.0)	28,962	24.8	33,183	29.5
Fiscal 2004	320,032	1.5	23,203	(12.1)	25,620	(10.7)

	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 2005	16,611	18.2	134.36	—	6.6	9.4	10.5
Fiscal 2004	14,050	(2.6)	113.61	—	5.9	7.6	8.0

Notes:

- Equity in earnings of affiliates: ¥427 million (Fiscal 2004: ¥317 million)
- Average number of shares outstanding (consolidated): 123,430,588 shares (Fiscal 2004: 123,432,833 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 2005	361,104	258,138	71.5	2,091.16
Fiscal 2004	343,644	244,439	71.1	1,980.14

Note: Number of shares outstanding at end of period (consolidated): 123,429,703 shares (Fiscal 2004: 123,432,039 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 2005	30,259	(30,348)	(5,708)	66,326
Fiscal 2004	22,213	(20,453)	(3,813)	72,140

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

Consolidated subsidiaries: 22 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) None

(Eliminated) 1 company

Equity method: (New) None

(Eliminated) None

2. Projected Results for Fiscal 2006 (April 1, 2005 - March 31, 2006)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Interim period	155,000	16,000	5,000
Fiscal 2006	328,000	36,000	17,000

Reference: Estimated earnings per share (fiscal 2006): ¥137.53

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 7 of the attached materials.

1. 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. As the company that invented instant noodles, Nissin will continue to develop products and technologies to offer satisfaction to all people in all countries and regions. Nissin contributes to people’s health with its customer-focused marketing policies. Moreover, Nissin works to maximize corporate value while building a solid management base to further strengthen brand strategies in a global competitive framework.

(2) Basic Policy for Allocating Earnings

Nissin’s primary management task is to continue to provide stable dividends to shareholders by constantly working to strengthen its sales and earnings capabilities to raise shareholder profits. Under its dividend policy, Nissin works to achieve a target payout ratio of 30 percent on a non-consolidated basis. Based on this policy, for the year ended March 31, 2005 Nissin plans to pay a regular dividend of ¥30.00 per share.

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 its operations globally from a long-term perspective, and by effectively managing surplus funds in consideration of risks, based on ensuring the safety of principal value.

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

Nissin manufactures and sells food products closely related to its customers’ lives, so it would like to create a closer presence among many individual investors. To raise the liquidity of its stock and expand its investor base, Nissin reduced the minimum trading unit of its stock from 1,000 to 100 in August 1999. In addition, Nissin executed a secondary market offering of 4,060,000 shares in February 2003 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 19,885 at the end of March 2005.

(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.

The number of young people, the target population of our products, is declining due to the declining birth rate and rapid aging of Japanese society. At the same time, Japan’s society, generally thought to have a middle-class mentality, has recently started becoming more polarized by income and class in a manner similar to American society. Nissin forecasts this to increase diversity in demand for its products.

In this changing environment, Nissin will work to achieve efficient, value-added marketing, build greater brand value and expand its business by incorporating preferred consumer promotions such as the “Frequent Shoppers Program” (FSP) and “Target Marketing” to enhance its responsiveness to consumers.

Overseas, Nissin will move forward with its global strategy of bringing happiness and great taste to people in every country and region as the pioneer in the field of instant noodles, a product created in Japan that has become an international food. At the same time, Nissin will promote the procurement of ingredients and materials on an international basis that makes the most of its overseas network to purchase higher-quality raw materials at lower prices.

(5) Company Initiatives

As a manufacturer of food products, Nissin complies strictly and thoroughly with laws and regulations, and has made providing safe and reliable products to customers its mission.

As a quality control system, Nissin has established the Food Safety Research Institute as a specialized organization that carries out strict food safety inspections. Moreover, all of Nissin’s domestic company 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 the natural environment. Nissin’s four company plants and the head offices in Tokyo and Osaka have obtained ISO 14001 certification, the international standard for environmental management. In addition, Nissin introduces and discloses the results of environmental accounting in order to quantitatively determine the costs of environmental protection.

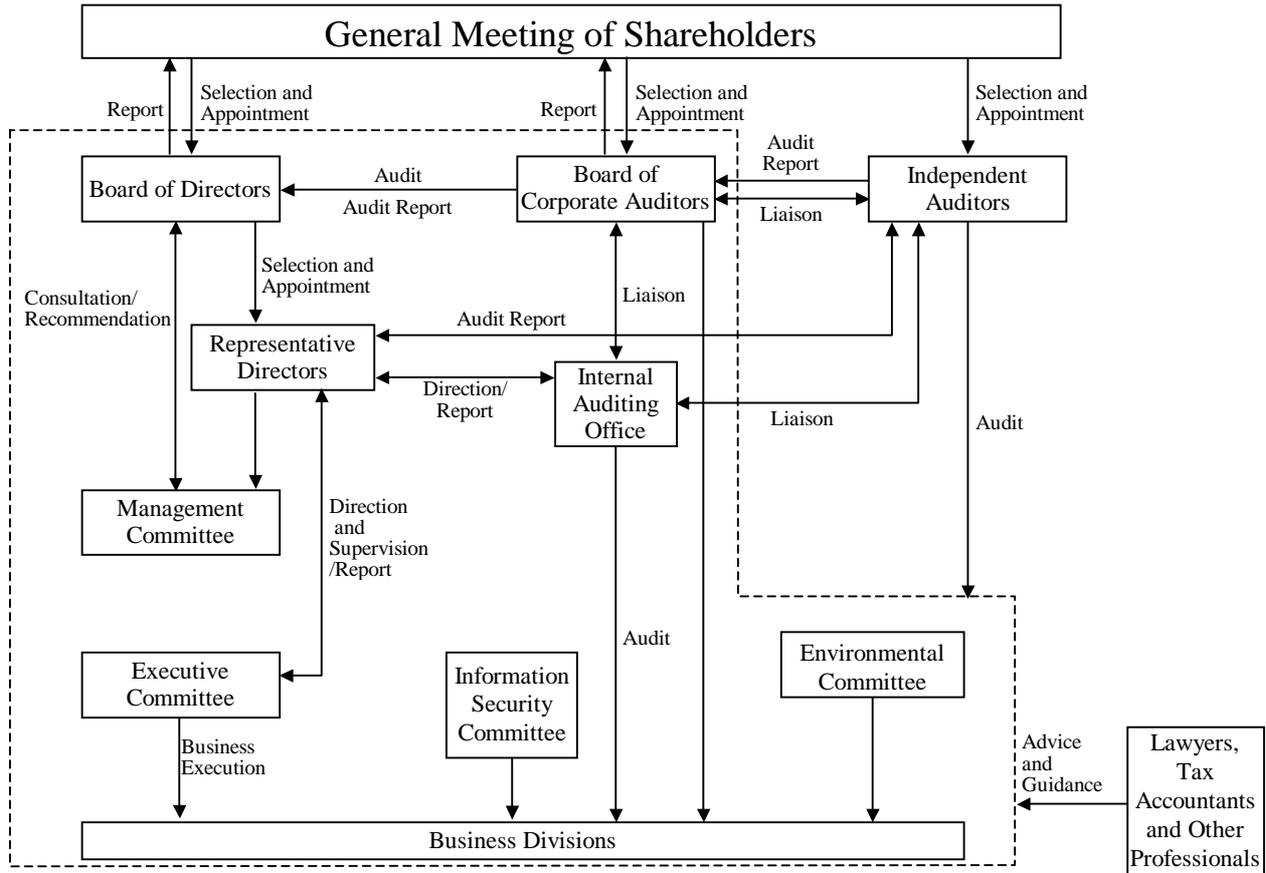
(6) Basic Policy Regarding Corporate Governance and Status of Implementation of Measures

Nissin is committed to providing safe and reliable products, while ensuring that its operations provide the maximum benefit to all stakeholders, including its 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 and increase transparency in management by incorporating the opinions of outside experts .

(Status of Corporate Governance Measures)

1) Organization for Management Decision-making, Execution and Supervision and Other Corporate Governance Issues



Note: Portions inside the dotted line are internal activities.

A. Composition of Company Organizations

Nissin employs a corporate auditing system and has established a management organization that energizes management and accelerates decision-making. Our management organization is as follows.

The Board of Directors consists of fifteen members, two of whom are outside directors. The role of the Board is to make decisions regarding important executive issues including basic management policies and strategy formulation, and to supervise the implementation of their decisions. The Board of Directors meets once a month, and on an extraordinary basis as required.

The Management Committee consists of eleven directors selected by the Board of Directors. The role of this body is to discuss and resolve important management issues related to such things as the execution of overall operations and planning. The Management Committee meets twice a month.

The Executive Committee consists of eleven corporate executive officers. Their role is to transmit management policies from representative directors, to present reports and suggestions from their respective divisions, and to receive direction and supervision as required from directors. The Executive Committee meets once a month.

The Board of Corporate Auditors consists of four corporate auditors, including two outside corporate auditors. They attend all important company meetings, including regular meetings of the Board of Directors, offer advice and supervise directors' execution of their duties. The Board of Corporate Auditors meets regularly every other month and on an extraordinary basis as required.

B. Status of Internal Control Systems

Nissin works company-wide to build, maintain and operate internal control systems because it considers this to be a critical management task.

Nissin is developing systems of internal checks on the departmental level for activities including purchasing, production, distribution, marketing and administration. At the same time, Nissin is focusing on the development of systems that function interdepartmentally as well. The Internal Auditing Office and corporate auditors audit the efficiency of the internal control systems of each business division and department, and advise or prescribe improvements as necessary. Nissin anticipates that laws regarding corporate compliance and information disclosure will become increasingly strict, and is therefore working to further strengthen its internal control systems.

C. Status of Risk Management Systems

- a. Nissin has been aware of the importance of environment issues from very early on. In June 1995, it established the Product Liability and Environmental Measures Committee, forerunner to the current Environmental Committee, to deal with environmental and product liability issues. As part of its ongoing environmental initiatives, in September 2002 Nissin enacted its Industrial Waste Disposal Guidelines and compiled an Industrial Waste Disposal Manual to reinforce environmental awareness in the company and its subsidiaries and to ensure proper management of waste.
- b. As a manufacturer of food products, Nissin places paramount importance on maintaining food safety. In April 2004, it implemented Nissin Inspection Standards for Food Safety, under which the Food Safety Research Institute plays a central role by performing rigorous, comprehensive inspections and analyses of everything from finished products to raw materials purchased overseas.
- c. Nissin is preparing a Major Incident Response Manual as part of its risk management activities to deal with major incidents including those involving product liability. It is currently reviewing and revising the contents in light of changing conditions to ensure swift, effective response to unexpected events.
- d. Information collected in the process of doing business is a key asset, and establishing an appropriate administrative structure to handle it is an important management task. In June 2004, Nissin implemented its Information Security Policy with the aim of maintaining and ensuring information security. In accordance with the Policy, it formed an Information Security Committee to reinforce appropriate administration and security of personal and corporate information.
- e. In addition to the above, Nissin consults with lawyers, tax accountants and other professionals on a case-by-case basis with respect to legal, taxation and compliance matters. Based on their advice, Nissin responds fairly and accurately to the issues at hand.

D. Status of Internal Auditing, Corporate Auditing and Financial Auditing

- a. The Board of Corporate Auditors consists of four corporate auditors, including two outside corporate auditors. They provide reports to each other and make necessary decisions with respect to important matters related to auditing. The Board of Corporate Auditors meets regularly every other month and on an extraordinary basis whenever the need arises. Members of the Board of Corporate Auditors attend all important company meetings, including regular meetings of the Board of Directors, offer pertinent advice, and supervise directors' execution of their duties. Nissin has assigned two staff members on a full-time basis to assist the Board of Corporate Auditors in the performance of its duties.
- b. Corporate auditors undertake administrative audits at all head office divisions, branch offices, sales offices, plants, research institutes, and domestic and overseas subsidiaries, and report their findings to the Board of Corporate Auditors and the Board of Directors.
- c. Nissin undertakes various internal audits, primarily accounting audits, each under the supervision of one member of the Internal Auditing Office. The Internal Auditing Office staff member is also responsible for carrying out internal surveys and audits specifically requested by representative directors.
- d. The Office of Corporate Auditors and the Internal Auditing Office maintain close coordination among internal, corporate and accounting auditing activities through periodic information exchange. Independent auditors, corporate auditors and the Internal Auditing Office also exchange information regarding audit issues and other related information as required. Moreover, they observe visiting audits by independent auditors as required.
- e. The names of the certified public accountants that performed Nissin's audits, the independent auditors that employ them, and information regarding their assistants, are as follows.

Auditor and Firm of Employment:

Masanori Kameoki, Shin Nihon & Co.
Kiyoshi Takegawa, Shin Nihon & Co.

Auditing assistants are primarily certified public accountants selected in accordance with the appointment criteria of the above auditing firm.

E. Executive Compensation and Audit Fee

- a. During the fiscal year ended March 31, 2005, Nissin paid its directors compensation totaling ¥448 million, and paid its corporate auditors compensation totaling ¥41 million.
- b. The amount paid to Shin Nihon & Co., Nissin's auditing firm for the performance of duties under Article 2, section 1 of the Certified Public Accountants Law (Law No.103, 1948) was ¥33 million. No compensation was paid to this firm for any other work.

2) Outline of Personal, Financial, Business and Other Interests Between the Company and its Outside Directors and between the Company and its Outside Corporate Auditors

Outside director Mikio Sasaki is Chairman and Director of Mitsubishi Corporation. Outside director Uichiro Niwa is Chairman and CEO of ITOCHU Corporation. Nissin sells its products to and purchases raw materials from both companies. All such dealings are on the respective accounts of each company, and are in no way connected to the personal interests of either outside director.

No business interests exist between outside corporate auditor Toru Horinouchi and Nissin. Outside corporate auditor Hiroshi Takano is a lawyer, and no standing advisory contract exists between him and Nissin.

3) Initiatives to Strengthen Corporate Governance Over the Past Fiscal Year

- A. In June 2004, Nissin revised its corporate auditing standards and is performing audits in strict accordance with the revised standards.
- B. Nissin undertook timely and fair information disclosure as part of its efforts to disclose management information and ensure transparency. It prepares presentation materials for the settlement of accounts and makes them publicly available on its web site to disclose corporate information to its shareholders and investors as swiftly and accurately as possible.

(7) Information Concerning Parent Company

Not applicable.

2. Results of Operations and Financial Position

(1) Results of Operations

Overview of the Fiscal Year

During the fiscal year, robust private capital investment and exports to the People's Republic of China (P.R.C.) and other growing Asian economies supported a moderate recovery in the Japanese economy. Against the backdrop of this recovery, an upturn in hiring and improved corporate profits gradually began to show signs of an impact on personal consumption. However, uncertainty arose during the second half of the period due to factors such as steeply rising crude oil prices and slowing growth in overseas economies, suggesting that deflation will continue to persist for some time to come.

Throughout the food industry, weather had a large influence on demand. The unusually hot summer substantially boosted sales of summer products such as beer and frozen desserts, while sales of fresh seafood fell sharply. The warm winter resulted in poor sales for nabemono (one-pot dishes cooked at the table) ingredients and similar products.

The domestic instant noodle market was also greatly affected by the weather. Sales got off to a favorable start in the first quarter, but the pace slowed from July due to the intense heat. Industry sales for July and August were particularly hard hit, falling more than 10 percent compared to the same period in the previous fiscal year. However, sales recovered during the main selling season in November and December, increasing substantially compared to the same period in the previous fiscal year and offsetting the drop in summer sales.

Under these conditions, Nissin continued to aggressively conduct sales promotions and marketing measures from the consumer's point of view. Nissin began a new campaign for mainstay brand Cup Noodle with the catchphrase "NO BORDER." In addition, marketing activities for long-selling brand Chicken Ramen, including a limited version of Donburi with Chicken Ramen, received enthusiastic consumer response. Consumer support for the use of 100 percent Hokkaido-grown wheat in Nissin-no-Ramenyasan, and aggressive advertising and sales promotions for Nissin-no-Donbei also helped to increase sales.

In overseas markets, total worldwide demand for instant noodles reached 65.3 billion servings in 2003 (according to a survey by the International Ramen Manufacturers Association : IRMA). The market continues to expand, primarily in Asia and the Americas. Sales competition with other companies in these regions is severe, but Nissin worked to expand its market presence. In particular, Nissin worked to increase its market share for instant noodles in the P.R.C. through product development and sales expansion in interior regions, and in North America by establishing new sales channels and reducing costs through the introduction of high-speed production lines.

(Consolidated basis; ¥ million)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2005	316,972	28,962	33,183	16,611
Year ended March 31, 2004	320,032	23,203	25,620	14,050
Year-on-year change (%)	(1.0)	24.8	29.5	18.2

As a result of the above, net sales for the fiscal year decreased 1.0 percent compared with the previous year to ¥316,972 million due to the influence of weather and a stronger yen compared to the previous fiscal year.

Operating income increased 24.8 percent to ¥28,962 million because of a year-on-year decrease in expenses related to retirement benefits that are expensed as a lump sum in the year after they occur. Ordinary income increased 29.5 percent to ¥33,183 million and net income increased 18.2 percent to ¥16,611 million.

Information by Business Category

Business category	Consolidated net sales (¥ million)	Year-on-year change (%)
Pillow-type instant noodles	44,023	(3.3)
Cup-type instant noodles	203,688	0.2
Chilled and frozen foods	39,858	0.4
Others	29,401	(6.6)
Total	316,972	(1.0)

Pillow-type Instant Noodles

Because of a shift in demand from pillow-type to cup-type noodles, the domestic market for pillow-type instant noodles has remained flat over the past few years. Sales of the long-selling product Chicken Ramen remained stable, although its sales failed to reach the record annual sales volume achieved in the previous fiscal year. In addition, sales of Nissin-no-Ramenyasan, renewed with 100 percent Hokkaido-grown wheat, increased, but overall sales decreased significantly due to the influence of the weather.

In overseas markets, sales declined due to a decrease in sales in Asian markets and the appreciation of the yen compared with the previous fiscal year. As a result, sales of pillow-type instant noodles declined 3.3 percent to ¥44,023 million.

Cup-type Instant Noodles

Increased sales of core products and sales of two new products, Cup Noodle Pork and Cup Noodle Kimchi, contributed to growth in sales of the mainstay Cup Noodle series, for which Nissin conducted a campaign with the catchphrase “NO BORDER.” Sales of Nissin GooTa, a mainstay product series among higher-priced cup-type instant noodles, remained stable despite a decline following phenomenal sales growth in the previous fiscal year. Sales were also driven by Nissin-no-Donbei, made with a new soup stock, and Nissin Menshokunin, with improved noodle resilience to keep noodles from going limp. Similar to the situation for pillow-type instant noodles, however, domestic sales of cup-type noodles were flat due to the influence of the weather.

In overseas markets, sales grew in Asia and North America despite the stronger yen. As a result, sales of cup-type instant noodles increased 0.2 percent compared with the previous fiscal year to ¥203,688 million.

Chilled and Frozen Foods

In chilled foods, the hot summer boosted sales of products served chilled, such as of Hiyashi Chuka and Nissin Ryanmen, but also caused sales of Nissin Yakisoba and Nissin-no-Ramenyasan to decline. As a result, sales of chilled foods decreased 2.2 percent compared with the previous fiscal year to ¥14,856 million.

In frozen foods, domestic sales grew, supported by large sales increases for Reito Nissin GooTa, Reito Nissin Spa-O, and Reito Nissin-no-Donbei, all of which have cup-type instant noodle counterparts. In overseas markets, however, sales on a yen base declined due to factors including foreign currency exchange rates. Total net sales of frozen foods increased 2.0 percent compared with the previous fiscal year to ¥25,002 million.

As a result, sales of chilled and frozen foods increased 0.4 percent compared with the previous fiscal year to ¥39,858 million.

Others

In the confectionery sector, Coconut Sable and other snacks sold well. Sales of the cereal Ciscorn Big were also solid.

In the beverages sector, sales of Pilkul, which has received approval from Japan’s Ministry of Health, Labour and Welfare as a Food for Specified Health Use, continued to grow steadily amid rising health consciousness. Fruits & Vitamins was also well received.

However, because sales of raw materials and ingredients declined, sales for this category decreased 6.6 percent compared with the previous fiscal year to ¥29,401 million.

Outlook for the Fiscal Year Ending March 31, 2006

The Japanese economy has been recovering moderately against a background of improving corporate profits. However, Nissin is taking a cautious view of market trends in light of uncertainty regarding the steeply rising price of crude oil and the condition of the P.R.C. economy. Deflationary conditions will likely persist in Japan, and personal consumption is forecast to be cautious for some time.

Under these circumstances, Nissin will continue to vitalize its established brands and develop and market new products that meet diverse customer needs while diligently maintaining food safety, its primary mission as a food manufacturer.

Nissin will vitalize its existing brands by focusing on Chicken Ramen and Cup Noodle, long-selling brands combining safety and reliability. Based on this, it will develop new markets by launching new products that appeal to consumers who are conscious of health and beauty under a concept of “tasty and wholesome.”

Under the Nissin Inspection Standards for Food Safety (NISFS), the Food Safety Research Institute will ensure product safety by further developing strict quality control systems by directing the introduction and maintenance of food safety and hygiene programs for Nissin’s four company plants and at the plants of the companies with which we partner in production activities.

Overseas, Nissin will continue to focus on developing the expanding P.R.C. market while identifying and developing untapped markets for instant noodles such as Russia.

For the fiscal year ending March 31, 2006, Nissin is projecting sales growth in its core domestic instant noodle and secondary chilled products and frozen products businesses, as well as in Asia, centered on Hong Kong, and in North America and Europe. Consequently, Nissin projects net sales of ¥328.0 billion (a year-on-year increase of 3.5 percent), operating income of ¥32.0 billion (a year-on-year increase of 10.5 percent), ordinary income of ¥36.0 billion (a year-on-year increase of 8.5 percent), and net income of ¥17.0 billion (a year-on-year increase of 2.3 percent).

Projected exchange rates for major currencies relevant to the results of overseas subsidiaries are ¥104.00 to US\$1.00, ¥13.00 to HK\$1.00, and ¥13.00 to 1 yuan.

(2)Financial Position

Cash and cash equivalents (hereinafter referred to as “cash”) as of March 31, 2005 totaled to ¥66,326 million, a decrease of ¥5,813 million from the end of the previous fiscal year. Although operating activities provided net cash as a result of income before taxes and minority interests of ¥27,072 million, investing activities used net cash for reasons such as the purchase of bonds.

Cash Flows from Operating Activities

Net cash provided by operating activities increased by ¥30,259 million. Net income before income taxes and minority interests totaling ¥27,072 million and depreciation and amortization totaling ¥6,674 million were among the positive factors that contributed cash. Factors that reduced cash included cash paid for income taxes totaling ¥7,457 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥30,348 million. Investments in securities for efficient fund management and investments in the P.R.C., including capital participation in Hebei Hualong F&N Industry Group Co., Ltd., reduced cash.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥5,708 million. The primary use of cash was cash dividends paid totaling ¥3,702 million.

Trends in Nissin’s cash flow indicators are as follows:

		Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Shareholders’ equity ratio	%	70.5	70.4	71.1	71.5
Shareholders’ equity ratio on a market value basis	%	92.4	91.5	95.4	95.9
Debt repayment period	Years	0.3	0.2	0.2	0.1
Interest coverage ratio		178.9	471.5	412.6	688.7

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.

(3) Business and Other Risks

Factors having the potential to significantly affect investors' decisions are as follows. Forward-looking statements contained herein are based on information and conditions at the time this report was submitted.

Nissin is aware of these risks, and takes measures to mitigate and respond to them should they occur.

1) Dependence on Specific Customers

Nissin's main customers are Mitsubishi Corporation, ITOCHU Corporation and Toshoku Ltd. These customers account for 79.7 percent of total sales. Nissin relies on these specific customers because concentrating business dealings with highly reliable trading companies reduces credit management expenditures and credit risk. However, business failure of one or more of its distributors could make it difficult for Nissin to collect its accounts receivable, exerting a material impact on Nissin's financial position.

2) Stability of Supply and Price Increases for Raw Materials

Nissin's main raw materials are wheat flour, palm oil and other agricultural commodities, as well as petrochemical products used in packaging materials. Political instability or international incidents in countries where these materials originate, international incidents and poor harvests resulting from abnormal weather could cause raw material prices to rise, and therefore have the potential to materially affect Nissin's business results.

3) Risks of Brand Value Decline

Nissin's mainstay brands, including Chicken Ramen and Cup Noodle, have long received consumer support because of their strong technological and product offerings. Nissin places importance on establishing and protecting these brands. Every year, however, many new products are launched in the instant noodle market. Revolutionary technological innovations by Nissin's competitors in the future have the potential to exert an impact on the value of Nissin's brands.

4) Food Safety Issues

Nissin's primary mission is to provide consumers with safe foods they can trust. However, consumers have become increasingly demanding with respect to food safety in recent years because of issues such as the bovine spongiform encephalopathy (BSE) scare, residual pesticides and the spread of avian influenza. Nissin has established its Food Safety Research Institute, and is working to further reinforce its quality control systems. However, consequences of unforeseeable future events or rumors, whether or not directly involving Nissin's products, that could damage product image therefore have the potential to exert a material effect on Nissin's financial position and business results.

5) Risks of Natural Disasters

Nissin's plants are located in Ibaraki, Shizuoka, Shiga and Yamaguchi Prefectures. In any of these regions, the occurrence of natural disasters, such as large-scale earthquakes or wind and flood damage due to typhoons or other causes, that damage these plants could necessitate shutdowns, reduce production capabilities or increase required outlays for repair, and therefore have the potential to exert a material impact on Nissin's production system, financial position and business results.

6) Product Liability Risks

As a food manufacturer, Nissin undertakes its production activities under strict quality control standards that it developed to ensure the provision of safe food products that consumers can trust. Moreover, its Food Safety Research Institute is working to ensure the safety of raw materials and ingredients and enhance quality control systems at all plants. Nissin maintains product liability insurance to mitigate the financial effects of product liability claims should they arise. However, product liability cases that damage Nissin's reputation or in which the amount of damages awarded exceeds the amount of insurance held, such as those involving forced recalls, could reduce demand for Nissin's products and therefore have the potential to exert a material effect on Nissin's financial position and business results.

7) Risks of Overseas Subsidiaries

Following a policy of in-market production and sales, Nissin currently manufactures instant noodles and other products in eight countries besides Japan. All plants are operated by local subsidiaries. Local political instability, international conflicts, events jeopardizing food safety and local governmental restrictions that affect Nissin's production capabilities therefore have the potential to exert a material effect on Nissin's financial position and business results.

8) Risks Related to Retirement Benefits Accounting

Nissin calculates retirement benefit costs and liabilities based on assumptions set using the discount rate and other actuarial calculations, and the expected rate of return on pension assets. In the event that actual results differ from the assumptions, or the assumptions change, actuarial differences are expensed as a lump sum in the following fiscal year.

Recent declines in the discount rate and the rate of return on pension assets have resulted in an increase in Nissin's retirement benefit costs. Further continued decline in the discount rate and the rate of return on pension assets in the future would increase Nissin's pension costs and therefore has the potential to exert a material effect on Nissin's financial position and business results.

9) Risks of Declining Market Values on Marketable Securities

To manage capital efficiently, Nissin invests in marketable securities in a manner that protects principal. However, a decline in market prices due to worsening market conditions in the future or poor results of businesses in which Nissin invests could oblige Nissin to declare a loss from devaluation of investment securities. Future market conditions therefore have the potential to exert a material effect on Nissin's financial position and business results.

10) Information System Risks

Nissin uses a computer system to manage production, sales, administration and other tasks. It takes all possible measures to keep the system free of damage from computer virus infections and hacking and to prevent leakage of internal information. However, viral infections, unauthorized access or other events made possible by unforeseeable technologies have the potential to damage Nissin's information system or cause leakage of internal information, and therefore have the potential to exert a material effect on Nissin's financial position and business results.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2005		As of March 31, 2004		Increase (decrease)
ASSETS					
I Current assets	133,147	36.9%	138,368	40.3%	(5,220)
Cash and deposits	60,957		72,024		
Notes and accounts receivable - trade	38,890		39,774		
Marketable securities	13,127		6,496		
Inventories	12,355		11,922		
Deferred tax assets	6,100		5,763		
Other current assets	2,054		2,766		
Allowance for doubtful receivables	(338)		(379)		
II Fixed assets	227,957	63.1	205,276	59.7	22,680
Tangible fixed assets:	75,332	20.9	81,243	23.6	(5,910)
Buildings and structures	27,138		29,850		
Machinery, equipment and carriers	15,982		18,762		
Tools and fixtures	1,319		1,248		
Land	28,545		29,010		
Construction in progress	349		377		
Other tangible fixed assets	1,995		1,993		
Intangible fixed assets	771	0.2	813	0.2	(42)
Investments and other assets:	151,853	42.0	123,219	35.9	28,634
Investment securities	129,960		109,945		
Investment in capital	12,610		6,075		
Long-term loans	215		246		
Deferred tax assets	4,239		4,315		
Deferred tax assets related to revaluation of land	1,594		1,481		
Other investments and other assets	3,396		1,156		
Allowance for doubtful receivables	(162)		(2)		
Total assets	361,104	100.0%	343,644	100.0%	17,459

(Millions of yen)

	As of March 31, 2005		As of March 31, 2004		Increase (decrease)
LIABILITIES					
I Current liabilities	76,816	21.2%	76,349	22.2%	466
Notes and accounts payable - trade	33,682		34,299		
Short-term borrowings	3,038		5,117		
Accrued payables	19,498		21,210		
Accrued income taxes	7,565		3,398		
Other current liabilities	13,031		12,324		
II Long-term liabilities	19,414	5.4	16,175	4.7	3,238
Accrued employees' retirement benefits	13,580		14,223		
Accrued directors' retirement benefits	5,517		1,640		
Other long-term liabilities	316		311		
Total liabilities	96,230	26.6	92,525	26.9	3,704
MINORITY INTERESTS					
Minority interests	6,735	1.9	6,680	2.0	55
SHAREHOLDERS' EQUITY					
I Common stock	25,122	7.0	25,122	7.3	—
II Additional paid-in capital	48,370	13.4	48,370	14.1	0
III Retained earnings	193,926	53.7	180,876	52.6	13,049
IV Adjustment due to revaluation of land	(2,359)	(0.7)	(2,192)	(0.6)	(166)
V Unrealized gain on securities	6,114	1.7	4,631	1.3	1,482
VI Translation adjustment account	(3,282)	(0.8)	(2,622)	(0.8)	(659)
VII Treasury stock	(9,753)	(2.8)	(9,747)	(2.8)	(6)
Total shareholders' equity	258,138	71.5	244,439	71.1	13,699
Total liabilities, minority interests and shareholders' equity	361,104	100.0%	343,644	100.0%	17,459

(2) Consolidated Statements of Income

(Millions of yen)

	Year Ended March 31, 2005		Year Ended March 31, 2004		Increase (decrease)
I Net sales	316,972	100.0%	320,032	100.0%	(3,060)
II Cost of sales	156,876	49.5	161,978	50.6	(5,102)
Gross profit	160,095	50.5	158,053	49.4	2,042
III Selling, general and administrative expenses	131,133	41.4	134,850	42.1	(3,717)
Operating income	28,962	9.1	23,203	7.3	5,759
IV Non-operating income	4,454	1.4	3,668	1.1	786
Interest income	1,335		1,081		
Dividends received	1,202		764		
Gain on sales of securities	374		980		
Equity in earnings of affiliates	427		317		
Foreign exchange gain	593		—		
Other non-operating income	520		524		
V Non-operating expenses	234	0.0	1,250	0.4	(1,016)
Interest expenses	43		53		
Loss on sales of securities	25		5		
Evaluation loss on securities	3		33		
Foreign exchange loss	—		768		
Non-operating taxes	101		115		
Other non-operating expenses	59		273		
Ordinary income	33,183	10.5	25,620	8.0	7,562
VI Extraordinary gains	294	0.1	256	0.1	38
Gain on sales of fixed assets	75		2		
Gain on sale of stock of affiliates	—		112		
Reimbursement of previous-term special retirement benefits	138		—		
Gain from collection of written-off receivables	0		122		
Reimbursement of allowance for doubtful receivables	—		18		
Other extraordinary gains	80		—		
VII Extraordinary losses	6,405	2.0	1,171	0.4	5,233
Loss on sales of fixed assets	8		187		
Loss on disposal of fixed assets	304		423		
Evaluation loss on investment securities	112		14		
Evaluation loss on investment in affiliates	1,075		—		
Loss on liquidation of affiliate	608		—		
Provision for directors' retirement benefits	3,569		—		
Loss on prior year adjustments	557		—		
Evaluation loss on golf club membership rights	0		7		
Bad debt loss	84		31		
Special retirement benefits	—		421		
Other extraordinary losses	85		86		
Income before income taxes and minority interests	27,072	8.6	24,705	7.7	2,366
Corporate, inhabitant's and enterprise taxes	11,629	3.7	8,901	2.8	2,728
Adjustment to corporate taxes, etc.	(1,385)	(0.4)	1,535	0.5	(2,921)
Minority interests	216	0.1	217	0.0	(1)
Net income	16,611	5.2	14,050	4.4	2,561

(3) Consolidated Statements of Retained Earnings

(Millions of yen)

	Year Ended March 31, 2005	Year Ended March 31, 2004
ADDITIONAL PAID-IN CAPITAL		
I Additional paid-in capital at the beginning of the year	48,370	48,370
	0	0
II Increase in capital surplus	0	0
Gain on disposal of treasury stock		
III Additional paid-in capital at the end of the year	48,370	48,370
RETAINED EARNINGS		
I Retained earnings at the beginning of the year	180,876	175,365
II Increase in retained earnings	16,778	14,050
Net income	16,611	14,050
Reversal of adjustment due to revaluation of land	166	—
III Decrease in retained earnings	3,729	8,539
Cash dividends paid	3,702	3,702
Bonuses to directors	27	60
Decrease due to increase in consolidated subsidiaries	—	271
Reversal of adjustment due to revaluation of land	—	4,505
IV Retained earnings at the end of the year	193,926	180,876

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year Ended March 31, 2005	Year Ended March 31, 2004
I Cash flows from operating activities		
Income before income taxes and minority interests	27,072	24,705
Depreciation and amortization	6,674	7,078
Increase (decrease) in allowance for doubtful receivables	122	36
Increase (decrease) in accrued employees' retirement benefits	(643)	4,455
Increase (decrease) in accrued directors' retirement benefits	3,877	—
Interest and dividend income	(2,538)	(1,846)
Interest expenses	43	53
Foreign currency exchange (gain) loss	1	156
Equity in earnings of affiliates	(427)	(317)
Loss on disposal and sales of property, plant and equipment	237	608
Gain on sales of marketable and investment securities and others	(349)	(1,087)
Devaluation of marketable and investment securities and others	1,192	47
Devaluation of golf club membership rights	0	7
Gain from collection of written-off receivables	(0)	(122)
(Increase) decrease in notes and accounts receivable	559	(2,982)
(Increase) decrease in inventories	(501)	(366)
Increase (decrease) in notes and accounts payable	(497)	(994)
Increase (decrease) in accrued consumption tax	(424)	478
Bonuses to directors	(27)	(60)
Others	705	2,229
Subtotal	35,077	32,078
Cash received from interest and dividend income	2,683	2,092
Cash paid for interest expenses	(43)	(53)
Collection of written-off receivables	0	—
Cash paid for income taxes	(7,457)	(11,903)
Net cash provided by operating activities	30,259	22,213
II Cash flows from investing activities		
Payment of funds into time deposits	(2,000)	(2,498)
Proceeds from redemption of time deposits	353	190
Payment for purchases of marketable securities	(1,000)	(6,000)
Proceeds from sales and redemption of marketable securities	3,789	16,803
Payment for purchases of property, plant and equipment and others	(3,061)	(7,364)
Proceeds from sales of property, plant and equipment and others	1,501	4,190
Payment for purchases of investment securities	(38,005)	(57,345)
Proceeds from sales and redemption of investment securities	8,307	31,546
Payment for purchases of additional shares of consolidated subsidiaries and others	(265)	—
Payment for loans	—	(2)
Proceeds from loans	31	27
Net cash used in investing activities	(30,348)	(20,453)
III Cash flows from financing activities		
Proceeds from short-term borrowings	—	433
Repayment of short-term borrowings	(2,071)	(533)
Proceeds from issuance of long-term debt	86	10
Repurchase of treasury stocks less sales	(8)	(7)
Cash dividends paid	(3,702)	(3,702)
Payment for dividends to minority shareholders	(13)	(13)
Net cash used in financing activities	(5,708)	(3,813)
IV Effect of exchange rate changes on cash and cash equivalents	(16)	(1,375)
V Increase (decrease) in cash and cash equivalents	(5,813)	(3,428)
VI Cash and cash equivalents at the beginning of the year	72,140	73,882
VII Increase in cash and cash equivalents due to consolidation of additional subsidiaries	—	1,686
VIII Cash and cash equivalents at the end of the year	66,326	72,140