

Summary of Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2011 (Fiscal 2011)

October 28, 2010

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

NISSIN FOODS HOLDINGS CO., LTD. ("the Company")

Code number: 2897

Representative: Koki Ando, President and CEO (Chief Executive Officer)

Contact: Yukio Yokoyama, CFO (Chief Financial Officer) and Director

Scheduled date of filing of quarterly report: November 10, 2010

Holding of quarterly financial results meeting: Yes (for investment analysts and institutional investors)

Stock exchange listing: Tokyo, Osaka

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Scheduled date of dividend payment: November 26, 2010

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Half of the Fiscal 2011 (April 1, 2010–September 30, 2010)

(1) Operating Results

(% figures represent year-on-year changes)

First Half of	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal 2011	175,831	(1.5)	14,379	16.0	15,268	(3.1)	9,520	(8.6)
Fiscal 2010	178,513	2.4	12,395	7.5	15,750	14.5	10,417	82.2

First Half of	Net income per share (primary)		Net income per share (diluted)	
	(¥)		(¥)	
Fiscal 2011	86.03		85.92	
Fiscal 2010	88.78		88.74	

(2) Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
Sept. 30, 2010	407,707	272,774	65.4	2,410.45
Mar. 31, 2010	408,410	271,951	65.2	2,406.26

Reference: Equity as of Sept 30, 2010: ¥266,761 million, as of March 31, 2010: ¥266,253 million

2. Details of Dividends

	Cash dividend per share				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal 2010	—	25.00	—	35.00	60.00
Fiscal 2011	—	35.00	—	—	—
(Forecast)	—	—	—	35.00	70.00

Note: Modifications in dividend forecasts during the Second Quarter of the Fiscal 2011: None

3. Forecasts of Consolidated Results for the Fiscal 2011 (April 1, 2010–March 31, 2011)

(% figures represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal 2011	390,000	5.1	34,500	26.2	38,000	15.9	22,000	7.3	198.79

4. Others

(1) Changes in principal subsidiaries during the first half of fiscal 2011 (changes in specified subsidiaries which resulted in changes in scope of consolidation): None

Newly consolidated: None Excluded from consolidation: None

(2) Application of simplified accounting methods and/or special accounting methods for quarterly consolidated financial statements: Yes

(3) Changes in significant accounting policy, procedure and presentation methods for consolidated financial statements.

1) Changes derived from revisions of accounting standards: Yes

2) Changes other than 1: Yes

(Application of accounting standard for Asset Retirement Obligations)

Effective beginning of the year ending March 31, 2011, the Company adopted "Accounting Standard for Asset Retirement Obligations" ASBJ Statement No.18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008). The effect of the adoption on consolidated operating income and income before income taxes and minority interests was immaterial.

(Change in translation of foreign currency financial statements)

While prior to April 1, 2010, the Company has translated revenue and expense accounts of consolidated foreign subsidiaries into Japanese yen at the current exchange rates as of the balance sheet date, it has translated them using the average exchange rates effective April 1, 2010. The effect of this accounting change on consolidated operating income and income before income taxes and minority interests was immaterial.

(4) The number of shares outstanding (common stock)

- 1) The number of shares outstanding as of the end of (including treasury stock)
First half of Fiscal 2011: 117,463,685 shares Fiscal 2010: 117,463,685 shares
- 2) The number of treasury stock shares outstanding as of the end of
First half of Fiscal 2011: 6,794,919 shares Fiscal 2010: 6,813,604 shares
- 3) Average number of shares outstanding for
First half of Fiscal 2011: 110,662,554 shares First half of Fiscal 2010: 117,330,700 shares

*Notes for the status of the implementation of quarterly review

The second quarterly review is now conducted on the basis of the Financial Instruments and Exchange Act on the date for the release of this quarterly report.

* Notes for proper use of forecasts and other remarks

Forecasts contain 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 potential risks and uncertainties. The assumptions and other issues related to the above forecasts are described on page 4.

1. Qualitative Information Concerning Consolidated Results

(1) Qualitative Information Concerning Consolidated Business Results

Although there were signs of a self-sustained recovery in the first half of the fiscal year under review, the Japanese economy continued to face challenging circumstances, including the sharp appreciation of the yen, concern over slowdowns in overseas economies, and high unemployment rates.

In the instant noodles industry, the core business of the Group, unit sales leveled off, reflecting the contraction of the overall Japanese food market with the declining birth rate and the lackluster economy. Extremely high temperatures until early September added to the difficult sales situation.

In this environment, the Group proposed products in response to a tripolar structure of customer' needs, which are continuing to diversify, and took steps to enhance the quality of its products. The Group also proposed products with new added value.

Net sales in the first half under review declined 1.5% year on year, to ¥175,831 million, reflecting record high temperatures in Japan and falls in sales from the previous year in the Americas and China, partly because of the sharp appreciation of the yen.

Operating income increased 16.0% year on year to ¥14,379 million, attributable primarily to a reduction in retirement benefit expenses. Ordinary income slipped 3.1% year on year, to ¥15,268 million, as a result of a foreign currency exchange loss. Net income declined 8.6%, to ¥9,520 million.

Consolidated results (Million yen)

	First half of Fiscal 2010	First half of Fiscal 2011	Year on year	
			Amount	%
Net sales	178,513	175,831	(2,681)	(1.5)
Operating income	12,395	14,379	1,983	16.0
Ordinary income	15,750	15,268	(482)	(3.1)
Net income	10,417	9,520	(896)	(8.6)

The following is an overview of performance by reportable segment:

(i) NISSIN FOOD PRODUCTS

Sales of the *Nissin Menshokunin* series, non-fry noodles having the bite firmness of fresh noodles, continued to grow sharply from the first quarter, and sales of thick noodles such as the *Nissin Futomen Doudou* series and the *Nissin-no-Donbei* series were solid. The Company launched *Cup Noodle Gohan*, an instant pot rice cooked with a microwave, in the Kinki area in August and a new *Nissin Ra-O*, a next-generation non-fry noodles line (launched initially in the Kanto, Koshinetsu, and Shizuoka areas), using a manufacturing process for thick, straight noodles combined with a three-layer noodle manufacturing method, in September. Those products making full use of the Company's technologies were well received by customers. However, with record high temperatures in July and August, the Company faced a challenging situation overall. Net sales in this segment stood at ¥87,167 million, and operating income was ¥8,194 million.

(ii) MYOJO FOODS

As special sales prices in the market declined as in the first quarter, the Company sold products at reasonable prices to maintain their brand value. The extremely hot weather meanwhile meant that the Company lost sales opportunities. For those reasons, sales of key products primarily sold at mass retailers, including *CHARUMERA* and *IPPEICHAN*, were sluggish, and sales in this segment were below the year-ago level. However, sales of *IPPEICHAN YOMISE no YAKISOBA* and *CHARUMERA* exceeded the level of a year earlier after a *Mayo-Beam Nozzle*, which adds palatability and joy, was attached to *IPPEICHAN YOMISE no YAKISOBA* in August, and the quality and package of *CHARUMELA* was changed significantly in September, 45 years after its launch.

Net sales in this segment came to ¥20,133 million. Operating income was ¥732 million, reflecting a decline in net sales.

(iii) Chilled and frozen foods

Of the products of NISSIN CHILLED FOODS CO., LTD., sales of the *Tsukemen no Tatsujin* series and *Tsumetai Tomato no Ramen* were strong as in the first quarter, and sales of *Yokote-fuu Yakisoba* and other local *yakisoba* series were solid. Sales of chilled products including the *Ryomen* series grew.

Of the products of NISSIN FROZEN FOODS CO., LTD., sales of the *Reito Nissin Spa-O Premium* series and *Reito Nissin Yokote-fuu Yakisoba*, a local *yakisoba*, were strong as in the first quarter.

As a result, net sales and operating income in this segment were ¥25,784 million and ¥1,269 million respectively.

(iv) The Americas

Sales of *Top Ramen*, *CHOW MEIN*, and *Bowl Noodles* were solid, but sales of *Cup Noodles* were weak. As a result, net sales stood at ¥13,385 million. Operating income was ¥668 million, reflecting a fall in income associated with a decline in the sales quantity of *Cup Noodles*, decreases in retail prices, and a rise in advertising expenses.

(v) China

Net sales in the China business were ¥9,135 million, reflecting strong sales of high-priced products on the one hand, and the appreciation of the yen and declines in sales of pillow-type instant noodle products and frozen foods on the other. Operating income was ¥755 million, attributable primarily to surges in the prices of raw materials and a rise in selling expenses.

Net sales and operating income in the “Other” business segment, including the confectionery business, beverage business, and restaurant business in Japan, and operations in Europe and Asia, which are not included in the reportable segments, were ¥20,225 million and ¥1,102 million, respectively.

(2) Qualitative Information Concerning the Consolidated Financial Position

(i) Assets, Liabilities, Net Assets

The financial position as of September 30, 2010 is as follows:

- Assets

Total assets declined ¥702 million from the end of the previous fiscal year, to ¥407,707 million. A decline in current assets of ¥6,602 million due to a fall in trade receivables and a decrease in investments and other assets of ¥10,104 million from a drop in investments in securities, which outweighed an increase in tangible fixed assets of ¥16,294 million as a result of investment in plant and equipment.

- Liabilities

Total liabilities fell ¥1,525 million from the end of the previous fiscal year to ¥134,933 million, attributable chiefly to a decrease in long-term liabilities of ¥1,616 million because of a decline in accrued retirement benefits to employees and other factors.

- Net Assets

Net assets rose ¥823 million from the end of the previous fiscal year to ¥272,774 million, mainly as a result of an increase in retained earnings of ¥5,605 million outweighing a decline in net unrealized holding gain on securities and foreign currency translation adjustments of ¥5,185 million.

The equity ratio was 65.4%. Net assets per share amounted to ¥2,410.45.

(ii) Cash Flows

Consolidated cash and cash equivalents (hereinafter called net cash) as of September 30, 2010 stood at ¥70,666 million, a decline of ¥2,021 million from the end of the previous fiscal year. An analysis of cash flows and factors influencing cash flows in the first half under review is provided below.

(Million yen)

	First half of Fiscal 2010	First half of Fiscal 2011	Change
Cash flows from operating activities	17,488	5,518	(11,970)
Cash flows from investing activities	1,846	(5,870)	(7,716)
Cash flows from financing activities	(19,693)	(1,086)	18,606
Effect of exchange rate changes on cash and cash equivalents	830	(605)	(1,436)
Net increase (decrease) in cash and cash equivalents	472	(2,045)	(2,517)
Cash and cash equivalents at the beginning of the period	71,491	72,688	1,196
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	631	-	(631)
Increase in cash and cash equivalents of newly merged companies	-	23	23
Cash and cash equivalents at end of the period	72,595	70,666	(1,928)

- Cash Flows from Operating Activities

Net cash provided by operating activities declined ¥11,970 million from a year ago, to ¥5,518 million, reflecting cash inflows such as income before income taxes and minority interests of ¥15,744 million and depreciation and amortization of ¥5,407 million, as well as cash outflows including income taxes paid of ¥9,405 million and a decrease in trade notes and accounts payable of ¥3,443 million.

- Cash Flows from Investing Activities

Net cash used for investing activities came to ¥5,870 million, compared with a cash inflow of ¥1,846 million in the same period of the previous fiscal year, attributable mainly to the payment for purchases of property, plant and equipment and others of ¥14,123 million and proceeds from the sale and redemption of marketable securities of ¥7,504 million.

- Cash Flows from Financing Activities

Net cash used for financing activities amounted to ¥1,086 million, a cash outflow ¥18,606 million less than the previous year, chiefly as a result of cash dividends paid of ¥3,872 million and proceeds from long-term borrowings of ¥3,370 million.

(3) Qualitative Information about Consolidated Forecasts

Since the results of the first half under review were mostly on a par with the forecast, the full-year consolidated forecast for the fiscal year ending March 31, 2011 that was announced on May 13, 2010 remains unchanged.

If the forecast needs to be changed, the revision will be announced as soon as possible.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of Yen)

	As of Sept 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	68,901	67,304
Notes and accounts receivable—trade	40,519	43,606
Marketable securities	15,482	22,653
Finished goods and merchandise	9,105	7,666
Raw materials and supplies	7,362	6,805
Other	8,273	8,074
Less: Allowance for doubtful receivables	(438)	(299)
Total current assets	<u>149,207</u>	<u>155,810</u>
Fixed assets		
Tangible fixed assets		
Land	49,734	46,946
Other, net	75,838	62,331
Total tangible fixed assets	<u>125,573</u>	<u>109,278</u>
Intangible fixed assets		
Goodwill	3,774	4,149
Other	785	701
Total intangible fixed assets	<u>4,560</u>	<u>4,850</u>
Investments and other assets		
Investments in securities	109,127	119,287
Other	19,592	19,554
Less: Allowance for doubtful accounts	(353)	(370)
Total investments and other assets	<u>128,366</u>	<u>138,471</u>
Total fixed assets	<u>258,499</u>	<u>252,600</u>
Total assets	<u>407,707</u>	<u>408,410</u>

(Millions of Yen)

	As of Sept 30, 2010	As of March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable—trade	36,876	40,400
Short-term borrowings	1,825	2,030
Accrued payables	18,449	19,240
Accrued income taxes	5,734	7,982
Other current liabilities	25,292	18,434
Total current liabilities	88,178	88,088
Long-term liabilities		
Long-term borrowings	12,832	9,869
Accrued retirement benefits to employees	19,620	22,470
Other long-term liabilities	14,301	16,031
Total long-term liabilities	46,754	48,371
Total liabilities	134,933	136,459
Net assets		
Shareholders' equity		
Common stock	25,122	25,122
Additional paid-in capital	48,416	48,416
Retained earnings	229,463	223,857
Less: Treasury stock, at cost	(20,392)	(20,448)
Total shareholders' equity	282,610	276,948
Valuation and translation adjustments and other		
Net unrealized holding gain on securities	31	3,587
Land revaluation reserve	(7,649)	(7,682)
Translation adjustments	(8,230)	(6,600)
Total valuation and translation adjustments and other	(15,848)	(10,695)
Stock options	428	204
Minority interests	5,584	5,494
Total net assets	272,774	271,951
Total liabilities and net assets	407,707	408,410

2. Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net sales	178,513	175,831
Cost of sales	98,699	95,230
Gross profit	79,814	80,601
Selling, general and administrative expenses	67,418	66,221
Operating income	12,395	14,379
Non-operating income		
Interest income	657	501
Dividend income	775	973
Gain on sales of marketable securities	872	—
Equity in earnings of affiliates	687	947
Foreign currency exchange gain	409	—
Other non-operating income	476	244
Total non-operating income	3,880	2,667
Non-operating expenses		
Interest expenses	103	98
Foreign currency exchange loss	—	1,440
Other non-operating expenses	422	239
Total non-operating expenses	525	1,778
Ordinary income	15,750	15,268
Extraordinary gains		
Reversal of allowance for doubtful accounts	120	—
Gain on sales of fixed assets	10	2
Gain on sales of investments in securities	—	848
Other extraordinary gains	4	95
Total extraordinary gains	135	946
Extraordinary losses		
Loss on disposal of fixed assets	228	51
Loss on sales of fixed assets	3	0
Loss on devaluation of investments in securities	49	325
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	67
Loss on liquidation of subsidiary	181	—
Other extraordinary losses	1	27
Total extraordinary losses	463	470
Income before income taxes and minority interests	15,422	15,744
Income taxes	4,748	6,016
Income before minority interests	—	9,727
Minority interests in earnings of consolidated subsidiaries	256	206
Net income	10,417	9,520

3. Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Cash flows from operating activities		
Income before income taxes and minority interests	15,422	15,744
Depreciation and amortization	4,279	5,407
Increase (decrease) in accrued retirement benefits to employees	3,971	(2,854)
Equity in earnings of affiliates	(687)	(947)
Decrease in trade notes and accounts receivable	4,099	2,880
(Increase) decrease in inventories	423	(2,163)
Decrease in trade notes and accounts payable	(5,604)	(3,443)
Decrease in accrued payables	(2,005)	(689)
Other, net	(2,090)	(2,244)
Subtotal	17,808	11,690
Income taxes paid	(8,032)	(9,405)
Income taxes refunded	5,057	1,522
Other, net	2,655	1,710
Net cash provided by operating activities	17,488	5,518
Cash flows from investing activities		
Net increase in time deposits	(1,541)	(3,235)
Payment for purchases of marketable securities	(0)	(0)
Proceeds from sales and redemption of marketable securities	5,502	7,504
Payment for purchases of property, plant and equipment and others	(5,820)	(14,123)
Proceeds from sales of property, plant and equipment and others	35	4
Payment for purchases of investments in securities	(13,401)	(661)
Proceeds from sales of investments in securities	18,136	4,021
Other, net	(1,065)	620
Net cash used in investing activities	1,846	(5,870)
Cash flows from financing activities		
Net decrease in short-term borrowings	(2,595)	(145)
Proceeds from long-term borrowings	5,505	3,370
Payment for purchases of treasury stocks	(18,665)	(1)
Cash dividends paid	(3,056)	(3,872)
Cash dividends paid to minority shareholders	(57)	(12)
Other, net	(823)	(424)
Net cash used in financing activities	(19,693)	(1,086)
Effect of exchange rate changes on cash and cash equivalents	830	(605)
Net increase (decrease) in cash and cash equivalents	472	(2,045)
Cash and cash equivalents at beginning of the period	71,491	72,688
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	631	—
Cash and cash equivalents of newly merged companies	—	23
Cash and cash equivalents at end of the period	72,595	70,666

4. Segment Information

Effective beginning of the year ending March 31, 2011, the Company adopted “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No. 20, March 21, 2008). As a result of adoption of these accounting standards, the format of segment information for the six months ended September 30, 2010 differs from that for the six months ended September 30, 2009.

(1) Overview of reportable segment

Reportable segment are comprised of a company and/or companies whose operating results are reviewed regularly by Board of Directors to make decisions about resources to be allocated to the segment and assess its performances and for which discrete financial information is available. Adopting a holding company structure with seven operating companies in Japan and four overseas business regions, the company classifies its reportable segment as “Nissin Food Products”, “Myojo Foods”, “Chilled and frozen foods”, “The Americas” and “China”. The business areas of reportable segments are Cup- and pillow-type noodle manufacturing and marketing for “Nissin Food Products”, “Myojo Foods”, “The America” and “China” and Chilled and frozen food manufacturing and marketing for “Chilled and frozen food”.

(2) Operating results of reportable segments

Six months ended September 30, 2010

(Millions of Yen)

	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Adjustment	Quarterly report
Net sales	87,167	20,133	25,784	13,385	9,135	155,606	20,225	175,831	—	175,831
Sales to third party	388	582	236	—	131	1,339	7,338	8,677	(8,677)	—
Intersegment sales										
Total	87,556	20,715	26,021	13,385	9,267	156,946	27,563	184,509	(8,677)	175,831
Operating income	8,194	732	1,269	668	755	11,620	1,102	12,723	1,656	14,379

(Notes)

1. “Others” are operating segments not included in reportable segments including domestic confectionary, beverages and food service business and overseas business in Europe and Asia.
2. Operating income under “Adjustment” amounted to ¥1,656 million consisted of ¥2,010 million of retirement benefit expenses, ¥375 million of amortization of goodwill and ¥21 million of the other items including elimination of intersegment transactions.

(1) Information by business segment

Six months ended September 30, 2009

(Millions of Yen)

	Instant noodle and associated business	Other business	Total	Eliminations or corporate	Consolidated
Net sales					
(1) Sales to third parties	159,438	19,074	178,513	—	178,513
(2) Intersegment sales	—	3,849	3,849	(3,849)	—
Total	159,438	22,923	182,362	(3,849)	178,513
Operating income	11,214	1,531	12,746	(350)	12,395

(Notes)

1. The Group's businesses are classified into two segments principally based on product types and characteristics.

2. Major products of each business segment:

Instant noodle and associated business—pillow-type instant noodles, cup-type instant noodles, chilled foods, and frozen foods

Other business—confectionary, beverages, and food service business

(2) Information by geographic segment

Six months ended September 30, 2009

(Millions of Yen)

	Japan	North America	Other areas	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to third parties	150,502	14,993	13,018	178,513	—	178,513
(2) Intersegment sales	674	—	—	674	(674)	—
Total	151,176	14,993	13,018	179,187	(674)	178,513
Operating income	9,655	1,516	1,553	12,724	(329)	12,395

(Notes)

1. Classification of the countries or regions is based on geographical proximity.

2. Major countries and regions included in areas other than Japan:

North America—The U.S.A. and Mexico

Other areas—China, Germany and Hungary

(3) Overseas sales

Six months ended September 30, 2009

(Millions of Yen)

	North America	Other areas	Total
I. Overseas sales	15,096	13,266	28,362
II. Consolidated sales			178,513
III. Overseas sales as a percentage of consolidated sales (%)	8.5	7.4	15.9

(Notes)

1. Classification of the countries or regions is based on geographical proximity.

2. Principal countries classified in the above regions:

North America—The U.S.A. and Mexico

Other areas—China and Germany

3. Overseas sales represent the sum total of sales to the overseas market outside Japan by the Company and its consolidated subsidiaries.

5. Notes regarding Going-Concern Assumptions: None

6. Notes regarding Material Changes in the Amount of Shareholders' Equity: None