

NO BORDER



2025

ANNUAL REPORT

Nissin Foods' Slogan in 2005 is "NO BORDER"

## Preface



1958 –  
Chicken Ramen



1971 –  
Cup Noodle



1971 –  
Top Ramen



1992 –  
Nissin Rao



2002 –  
Nissin GooTa

## Chicken Ramen launched the world's instant noodle market

Nissin Foods created the instant noodle market with its development of **Chicken Ramen**, the world's first instant noodle product, in 1958. The characteristics of instant noodles — taste, easy preparation, reasonable price, safety and hygiene, and long shelf life — make them far superior to other processed foods. In 1971, the Company established a new food market with the debut of **Cup Noodle**, the world's first cup-type instant noodle product that combined storage, preparation and serving dishes into one container. By 2003, *Cup Noodle* had grown into the biggest instant noodle brand in the world, with aggregate sales in major markets surpassing 20 billion servings.

## The top position in Japan

The domestic instant noodle business\* is where Nissin Foods holds the greatest power. The Company has captured a market share exceeding 40%. This dominant position mirrors the numerous strengths — solid brand power; innovative and unique technology and product development capabilities; safe, reliable and high-quality products; and close contact to consumers and business partners around the world — that foster new markets in the food industry, exemplified by the development of **Nissin Rao** in 1992 and high-value-added product **Nissin GooTa** in 2002.

\*Instant Noodle Production in Japan in calendar 2004 reached 5.5 billion servings, for a market value of ¥532.7 billion.

Source: Japan Convenience Foods Industry Association (<http://www.instantramen.or.jp>)

## A growing global presence

Nissin Foods established its first overseas base in the United States in 1970, and began sales of **Top Ramen** in 1971. Today the Company boasts a production network comprising 25 factories in eight countries. In addition, through the 2004 capital alliance with Hebei Hualong F&N Industry Group Co., Ltd. (current name, Nissin Hualong Foods Co., Ltd.), in the People's Republic of China (PRC), the world's largest consumer of instant noodles, the Nissin Foods Group has the prospect of holding the **No.1 global share** in servings sold firmly within its sights.

## B a s i c D a t a

### Annual Demand for Instant Noodles

(Years ended December 31)

	(Millions of servings)	
	2004 <sup>(1)</sup>	2003 <sup>(2)</sup>
Asia	61,200	56,680
North America	5,000	4,680
Latin America	1,200	1,130
Europe <sup>(3)</sup>	700	730
Others	3,000	2,030
<b>Total</b>	<b>71,100</b>	<b>65,250</b>

Notes:

1. Figures are estimated by Nissin Foods as of August 4, 2005.
2. Source: International Ramen Manufacturers Association.
3. Excluding Russia.

### Nissin Foods' Consolidated Sales by Category

(Years ended March 31)

	(Millions of yen)		
	2005	2004	2003
Instant Noodles			
Pillow-Type Noodles	¥ 44,023	¥ 45,511	¥ 43,263
Cup-Type Noodles	203,689	203,338	202,612
Chilled and Frozen Foods	39,859	39,701	39,081
Others	29,402	31,483	30,323
<b>Total</b>	<b>¥316,973</b>	<b>¥320,033</b>	<b>¥315,279</b>

### Nissin Foods' Consolidated Sales by Region (excluding intersegment sales)

(Years ended March 31)

	(Millions of yen)		
	2005	2004	2003
Japan	¥273,936	¥276,398	¥268,944
North America	23,911	23,943	26,373
Others	19,126	19,692	19,962
<b>Total</b>	<b>¥316,973</b>	<b>¥320,033</b>	<b>¥315,279</b>

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### Forward-Looking Statements

This report contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future that are based on management's estimates, assumptions and projections at the time of publication. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the domestic and international economic circumstances surrounding the Company's businesses, competitive activity, related laws and regulations, product development programs and changes in exchange rates.

# Financial Highlights

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	Percent change (%)
	2005	2004	2005	
Net sales	¥ 316,973	¥ 320,033	\$2,951,606	-1.0
Operating income	28,963	23,203	269,699	24.8
Net income	16,612	14,051	154,689	18.2

## As of March 31

	2005	2004	2005	Percent change (%)
Total assets	¥ 361,105	¥ 343,645	\$3,362,557	5.1
Shareholders' equity	258,139	244,439	2,403,753	5.6

## Per share (yen, U.S. dollars)

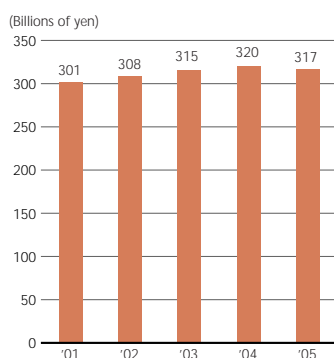
	2005	2004	2005	Percent change (%)
Net income	¥ 134.36	¥ 113.61	\$ 1.25	18.2
Cash dividends applicable to earnings of the year	30.00	30.00	0.28	—
Shareholders' equity	2,091.16	1,980.14	19.47	5.6

## Value & performance indicators

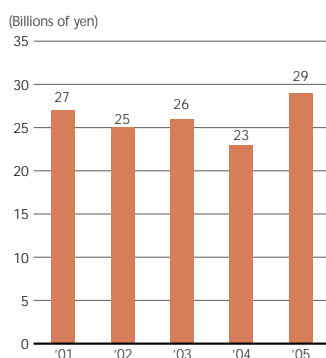
	2005	2004	2003
Operating margin (%)	9.1	7.3	8.4
Return on assets (%)	4.7	4.2	4.4
Return on equity (%)	6.6	5.9	6.2
Inventory turnover (times)	12.9	13.6	13.6

- Notes: 1. U.S. dollar amounts represent translations of yen, for convenience only, at US\$1 = ¥107.39, the approximate rate prevailing on March 31, 2005.  
2. Inventory turnover = Cost of sales / Average total inventory

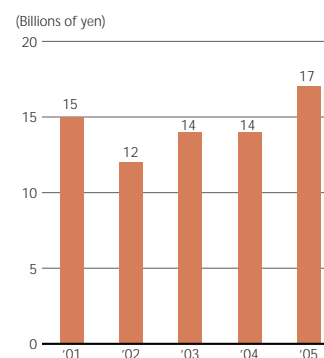
### Net Sales



### Operating Income



### Net Income



**For fiscal 2005, ended March 31, 2005, Nissin Foods recorded a 1.0% drop in consolidated net sales, to ¥316,973 million (\$2,952 million), primarily owing to the effects of unseasonal weather in Japan and a relatively high yen. Despite lower net sales, operating income jumped 24.8%, to an all-time high of ¥28,963 million (\$270 million), thanks in large part to a reduction in costs associated with retirement benefits and reduced cost of sales ratio. Net income climbed 18.2%, to ¥16,612 million (\$155 million).**

## Building stronger corporate structure amid changing conditions

A record-hot summer and the impact of yen appreciation are just the most recent factors affecting our operating environment and sales. Indeed, over the last decade or so we have had to deal with quite a few developments, including obvious changes in the natural environment, exemplified by the heightened frequency and intensity of typhoons, earthquakes, cold waves and cold summers; issues related to food safety, particularly the O-157 strain of *E. coli* bacteria and bovine spongiform encephalopathy; and the introduction of legislation in April 2004 requiring retail prices to include consumption tax.

While the hot summer certainly dampened demand for instant noodles, the fact that this food product can be stored safely at room temperature prevented the huge fluctuations that the developments noted above can have on sales. Moreover, demand for instant noodles is not influenced as much as other types of food products by economic conditions. We worked to complement this inherent feature of our business with persistent efforts to build a stronger corporate structure capable of generating stable profits even under adverse business conditions. We continue to focus on enhancing our brand power, trimming the cost of sales ratio, curbing our promotional expenses, and implementing new personnel systems, such as the Strategic Business Unit.

## New themes in product development

Our marketing efforts are guided by four objectives, which seek to enhance the value and efficiency of sales activities, raise brand value, emphasize product safety and reliability, and underpin a strategy targeting products at specific customer segments. We have also highlighted one of the 10 Golden Rules for Nissin Employers — first entry

**Koki Ando** President

Domestic  
Review

To Our Shareholders





*Nissin Kentaro*

The noodles in *Nissin Kentaro* contain nutrients — 5.5g of dietary fiber, equivalent to a head of lettuce, 227mg of calcium, equivalent to a glass of milk, and 4mg of iron, equivalent to a bunch of spinach — that the modern diet does not provide in sufficient quality.

on the market with new kinds of products; that is, to cultivate demand by launching products that anticipate consumer needs. A case in point is the October 2002 introduction of *Nissin GooTa*, a high-value-added product initially priced at ¥300 — a commensurately high price — that was successful in attracting the interest of consumers who were not satisfied with regular cup-type instant noodles.

An ongoing theme at Nissin Foods is the development of products that not only meet expectations for deliciousness but also address the evolving needs of consumers, especially women, who are concerned about health and beauty. Our efforts led to the February 2005 introduction of *Nissin Kentaro* and the May 2005 introduction of two varieties — *harusame* noodles and Vietnamese *pho* noodles — in the *Nissin Asian Noodle* series, which features nonwheat noodles.

## Japan's food safety levels among highest in the world

Japanese consumers are probably the world's most demanding in terms of product quality and safety. In addition, domestic consumers' needs are diversifying, with a growing preference toward low prices. Instant noodles already fall under Japanese Agricultural Standard, known as JAS, and if internationally recognized standards of the CODEX Alimentarius Commission are accepted in Japan in 2005, instant noodles will be evaluated under a second set of standards, which will provide double assurance to consumers anxious about food quality and safety issues.

Indeed, Nissin Foods will be able to fine-tune responses to evolving consumer requirements with a lineup of CODEX-compliant products, which will counter enthusiasm for low prices. This lineup will complement our higher-priced offerings, as well as our health- and beauty-oriented products and already well-established products.

We will certainly benefit from widespread acceptance of CODEX as a world standard, as the code will facilitate distribution of food products between countries and foster new business opportunities. The globally recognized quality and safety of Japanese food products will help the Nissin brand permeate markets all over the world.



## No. 1 in world's largest instant noodle market

Annual worldwide demand for instant noodles was estimated to be about 70.0 billion servings (calendar 2004), with the largest consumer market being the People's Republic of China (PRC), at about 30.0 billion servings (calendar 2004). Seeking to capitalize on this situation, Nissin Foods formed a capital alliance in April 2004 with Hebei Hualong F&N Industry Group Co., Ltd., a manufacturer of instant noodles with the second-largest share of the market in the PRC, and welcomed the start of operations at Nissin Hualong Foods Co., Ltd., soon after.



Gu Tang Tan Mian

With Nissin Hualong under the Nissin Foods umbrella, the Group will boast the world's largest share of the instant noodle market, not only in sales value but also in servings sold.

In December 2004, Nissin Hualong introduced *Gu Tang Tan Mian*, high-quality instant noodles jointly developed with Nissin Foods. The next step will be to strengthen connections in the PRC through the marketing channels of Nissin Hualong to distribute such Nissin-brand products as *Cup Noodle*, *UFO* and *Chao Mian Da Wang*.

We are gearing up for the activities of a Food Safety Research Institute in Shanghai which will support efforts to respond to heightened awareness of food safety issues in the PRC and reinforce quality control efforts overall.

## Efforts overseas

In North America, consumers are increasingly interested in quality rather than low prices. In response, two new types of products were introduced in the local market — *Chow Mein*, a panfried noodle product presented in a color shrink-wrapped package, in February 2004, and *Super Meal*, a big-serving packaged product, in September 2004. Both products posted solid sales.

Profits continued to improve at our U.S. subsidiary, thanks to higher sales volume attained through restructured marketing channels, including exclusive sales contracts with giant retailers, as well as through greater efficiency, achieved through the installation of high-speed instant noodle production lines and lower distribution costs.

I've already mentioned the PRC, but the other members of the so-called BRICs alliance — Brazil, Russia and India — are also promising markets for Nissin Foods as their economies expand rapidly. In Brazil, where demand for instant noodles is estimated at 1.2 billion servings, Nissin-brand products already enjoy 60% of the market. In Russia, demand stands at about 1.5 billion servings and we started test-marketing cup-type noodles *Nissin Ramen* in June 2004 to capitalize on emerging interest. In India, where demand hovers around 300 million servings, we have operated a production facility since 1990, making us well prepared to handle rising demand.



Chow Mein



Russia Ramen

## Maintaining food safety is paramount

It really goes without saying but let me emphasize it here anyway. Where food is concerned, safety is takes precedence over flavor.

In 2002, Nissin Foods set up the Food Safety Research Institute in Japan to concentrate on food safety issues and formulate environmental policy for corporate activities. The institute undertakes standard analysis of some 12,000 items related to 3,000 products every month and underpins thorough quality control through careful checks for residual pesticides, non-approved food additives and other substances.

Our commitment to food safety is further reinforced by the fact that all domestic facilities, including the Food Safety Research Institute, have acquired ISO 9001 certification. Overseas, our production facilities adhere to quality control systems based on ISO 9001 criteria.

## Maximizing corporate value for all stakeholders

At Nissin Foods, stakeholders is a term that covers shareholders and business associates, consumers and the citizens who live near our facilities, as well as employees and senior management. It is imperative for the Company to undertake activities that benefit all these stakeholders. We always ask ourselves, "Is this the best way?"

To ensure that the Company does indeed pick the best way, there are two external members of the Board of Directors who enhance the Board's ability to determine basic operating policy and execute strategic decisions.

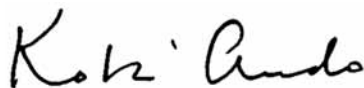
In regard to our dividend policy, we are committed to reaching a payout ratio of around 30%, on a nonconsolidated basis. Guided by this policy, we maintained dividends at ¥30 per share for fiscal 2005. Over the medium to long term, we aim to raise value still higher for stakeholders, including shareholders, as we strive to meet the expectations placed upon us and build on existing bonds of trust.

Demand for instant noodles is strong and is sure to expand still further around the world because the products are safe, tasty, storable, convenient and reasonably priced. Indeed, instant noodles have become a universal product. They have the potential to lessen the extent of food crises or famine. Some even support a healthy lifestyle.

From its vanguard position in the instant noodle industry, Nissin Foods will strive to contribute to better eating habits around the world while realizing its corporate mission and achieving management objectives.

On behalf of the Board, I would like to thank shareholders, investors and business partners for their support to date and ask for everyone's continued encouragement of our efforts.

August 1, 2005



**Koki Ando** President

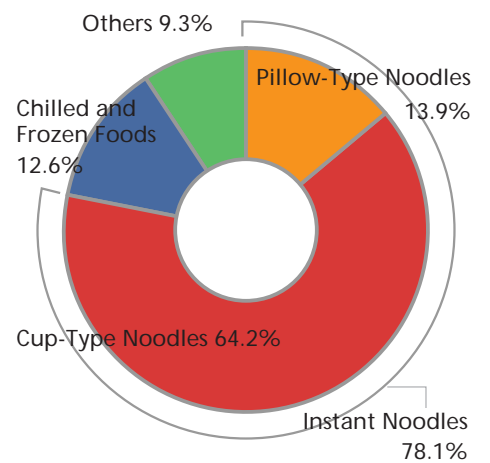


Shareholder  
Value





## Review of Operations

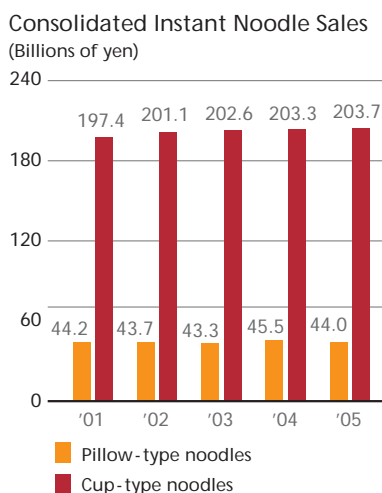


**Consolidated Net Sales by Category**  
(Year ended March 31, 2005)  
Total ¥316,973 million

# Instant Noodles



Nissin Foods' pillow and cup-type products line



## Fiscal 2005 Environment

The cornerstone of the Group's earnings structure is its instant noodle category, comprising pillow-type and cup-type products, which brings in about 78% of net sales. Of this contribution, domestic sales account for 87%.

Sales of pillow-type and cup-type instant noodles in fiscal 2005 reached ¥247,712 million, on a consolidated basis, slipping 0.5% from a year earlier.

In Japan, sales were negatively impacted by incredibly hot temperatures in July and August 2004, and sales fell 18% compared to July 2003. Fortunately, the situation corrected itself in the second half of the year, with sales greatly surpassing the results posted in the corresponding period of the previous fiscal year.

Overseas sales were hurt by yen appreciation, which eroded local-currency performances. Please refer to pages 12–15 for details of overseas operations.

The second-half improvement in sales was supported by favorable demand for new products, including the August launch of two revamped products — *Nissin-no-Donbei* and *Nissin-no-Ramenyasan*, featuring noodles made entirely with flour from 100% Hokkaido-grown wheat; the October introduction of *Soup-no-Tatsujin*;

## New Product Focus: Health and Beauty Foods

The market for foods that contribute to good health and a more beautiful complexion has doubled in the past decade. A market survey puts the size of the market at ¥1,680 billion, based on manufacturers' shipments in fiscal 2005.

Nissin Foods entered this market already in 1997 with *Nissin Psyllium Noodle*, a product approved by the Ministry of Health, Labor and Welfare for specified health use. In February 2005, the Company expanded the lineup with *Nissin Kentaro*, an instant noodle series featuring dietary fiber, calcium, iron and other essential nutrients that the diet maintained by many Japanese people today fails to provide in sufficient quantity. *Nissin Kentaro* series is delicious and nutritious, a tasty way for the domestic market to maintain healthy eating habits.

In Japan, cups of *harusame* noodles — a clear, bean-starch vermicelli — have attracted attention, particularly

among young women. The growing popularity of such products is largely because the noodles are a light meal despite creating the impression of a more substantial serving than a mere cup of soup. Demand has grown rapidly, forming a market worth about ¥17 billion, according to fiscal 2005 data.

Seeking to further capitalize on demand, in May 2005, the Company debuted the *Nissin Asian Noodle* series. This series features various nonwheat noodles, not only *harusame* noodles but also Vietnamese *pho* noodles, and offers consumers an easy way to enjoy the authentic flavors of Asia.



*Nissin Psyllium Noodle*



*Nissin Kentaro*



*Nissin Asian Noodle*

the November debut of *Nissin Yakisoba Sio UFO*; and the February addition of *Cup Noodle Kimchi* to the *Cup Noodle* series. Sales of *Nissin Menshokunin*, a nonfried noodle priced at a very consumer-friendly ¥155, exceeded the amount posted in fiscal 2004 and became a key pillar of sales in this category.

Since April 2004, retailers have been required to include the 5% consumption tax in prices displayed on all consumer products, and Nissin Foods management worried consumers might view the apparent increase in prices as rather expensive for the respective products. Thankfully, the impact was negligible, since instant noodle prices are low in comparison with consumer products in other sectors and Nissin-brand products enjoy the confidence of consumers.

In addition, Nissin Foods utilized purposely high-priced products, the Frequent Shoppers Program, and the strength of well-established brands to keep its promotional cost ratio in check.

**Frequent Shoppers Program:** The program is a preferential scheme that promotes sales while rewarding repeat customers.

### Pillow-Type Noodles

Over the past few years, demand for new products has been shifting toward cup-type noodles, which has limited expansion in the domestic pillow-type noodle market.

#### Chicken Ramen

Sales of *Chicken Ramen*, a well-established product under the Nissin brand, fell year-on-year, largely because of a substantial drop in demand during the uncharacteristically hot summer of 2004. But sales began to pick up at the end of the 2004 and should lead to a new high in fiscal 2006.

### Cup-Type Noodles

#### Cup Noodle Series

Sales of the *Cup Noodle* Series topped the amount posted in fiscal 2004, thanks in part to a heightened profile gained through the “NO BORDER” campaign launched in April 2004. Sales also benefited from



*Cup Noodle Sio*



*Cup Noodle Kimchi*

solid interest in new varieties, exemplified by *Cup Noodle Sio*, a salty version which debut in fiscal 2004, as well as the newest variety, *Cup Noodle Kimchi*, a spicy Korean pickle version which went on sale in February 2005.

#### Nissin GooTa

Since its introduction in autumn 2002, *Nissin GooTa* has attracted considerable attention in the food industry as a high-value-added product with a commensurately high price developed to counteract deflationary trends in a market where low-price strategies prevail. The Company has gradually taken the brand strategy beyond instant noodles and into the chilled foods and frozen foods businesses, a move that has reinforced interest and therefore sales of the instant noodle versions. *Nissin GooTa*, which marks its third anniversary in 2005, is now firmly positioned as a brand that typifies the success of higher-priced instant noodles.



*Nissin GooTa*

Nissin Foods revised the price of *Nissin GooTa* to ¥298, in line with a regulation effective from October 2004 that requires shelf prices to include consumption tax.

The Company also brought back a previous strategy — introducing a new variation every month — and implemented several other measures to boost sales. Unfortunately, the incredibly hot summer put a damper on demand for *Nissin GooTa*, causing sales to fall overall. Sales will probably come in around the same level in fiscal 2006.

### Fiscal 2006 Topics

Nissin Foods will strengthen its product lineups and work to enhance brand value, especially for *Chicken Ramen* and *Cup Noodle*, while emphasizing its stance on reasonable prices and product safety. Domestic Group companies will also strive to cement into consumer consciousness such products as *Men-no-Tatsujin* and *Soup-no-Tatsujin*, which fall into a new price zone of under ¥200, including tax. Furthermore, concerted efforts will be directed toward the introduction of new varieties under the *Nissin Kentaro* and *Nissin Asian Noodle* brands to cultivate latent markets.

To promote marketing strategies that prevent Nissin Foods from getting involved in price wars, management will emphasize four activities under the Frequent Shoppers Program. The first is mobile marketing, whereby consumers use their mobile phones to access product news. The second is a way to encourage consumers to try more Nissin-brand products by presenting coupons to consumers at the cash register when the cashier scans through Nissin-brand products. The third is passive tactic utilizing a point card system that gives consumers points

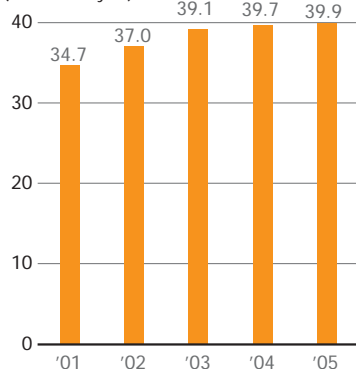
for the Nissin-brand products they purchase. The fourth is in-store merchandising, which targets repeat customers and highlights specific instant noodle products.

Nissin Foods has teamed up with supermarkets, convenience stores and grocery stores to develop exclusive products geared to the diversifying needs of the respective customer groups served by these retailers. But the Company plans to extend the scope of this strategy to encompass more retail operators and thereby carve out new marketing channels.

Review of Operations (Consolidated)

## Chilled and Frozen Foods

Consolidated Chilled and Frozen Foods Sales (Billions of yen)



Nissin Foods' chilled and frozen food products line

### Fiscal 2005 Environment

Consolidated sales of chilled and frozen foods in fiscal 2005 edged up 0.4%, to ¥39,859 million.

#### Chilled Foods

Sales of chilled foods decreased 2.2%, to ¥14,857 million, on a consolidated basis, but this comprises only sales in Japan.

The domestic chilled noodle market was valued at approximately ¥260 billion, based on fiscal 2004 shipments of 5.4 billion servings, including those for commercial use. But in fiscal 2005, extra hot summer temperatures caused overall demand to retreat 4.5% on a servings basis and 6.5% on a value basis.

In autumn 2004, Nissin Foods tried to revitalize interest in *Gyoretsu-no-Dekiru-Mise-no-Ramen*, a high-priced

brand that costs ¥400 for two servings. The Company revamped existing flavors and extended the series with several new flavors, including *Gyoretsu-no-Dekiru-Mise-no-Ramen Kogashi-Negi (Shoyu, Miso)*, featuring an envelope of grilled green onions and a choice of soy sauce- or miso-based soup, and *Gyoretsu-no-Dekiru-Mise-no-Ramen Osaka-Yasai-Dashi-Shoyu*, featuring an Osaka-style soy sauce-based vegetable soup.

The only products to actually benefit from the hot



*Gyoretsu-no-Dekiru-Mise-no-Ramen*



*Hiyashi Chuka*

summer were *Hiyashi Chuka* and *Nissin Ryanmen*, both noodle dishes with toppings in a cold dressing. Sales of these products were steady.

### Frozen Foods

Sales of frozen foods inched up 2.0%, to ¥25,002 million, on a consolidated basis, paralleling improvement in the domestic market overall. The domestic frozen foods market was valued at about ¥120 billion, based on fiscal 2003 shipments of about 2.1 billion servings.

Nissin Foods recorded favorable sales of value-added products, such as the frozen versions of *Nissin GooTa*, based on the instant noodle product that boasts a host

of ingredients, and *Nissin Spa-O*, based on a fresh noodle spaghetti with a long shelf life.

In fiscal 2006, the Company will endeavor to expand sales of the aforementioned value-added products as well as the frozen version of *Nissin Yakisoba*, pan-fried noodles with a savory sauce that enhances the eating experience. In addition, the Company will strive to enhance profitability by concentrating production at certain facilities, rationalizing distribution processes and cutting costs.

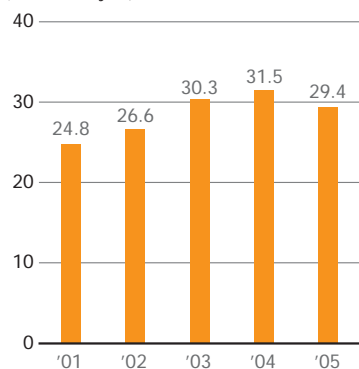


Frozen version of *Nissin GooTa*

## Review of Operations (Consolidated)

### Other Foods

Consolidated Other Foods Sales  
(Billions of yen)



Nissin Foods' other food products line

Nissin Cisco Co., Ltd., which makes and markets confectionary, recorded a 10% increase in sales. Of note, in the cereal segment, the company achieved a 10% rise in sales even though the market as a whole came in on a par with the previous fiscal year. Solid popularity of *Ciscorn Big* led to a 26% jump in sales of this boxed cereal. Sales were also enhanced by a 50% surge in sales of *Crisp Choco*, a chocolate snack series, thanks to aggressive introductions of new products in the series.

Nissin Yoke Co., Ltd., which makes and markets beverages, delivered steady improvement in sales, supported

by an 8% growth in sales of *Tokachi-Nomu-Yogurt* and a 19% improvement in sales of *Pilkul*, which is approved by Japan's Ministry of Health, Labor and Welfare as a food for specified health use. Sales of *Fruits & Vitamin* cold beverage jumped 39%, thanks to hot weather.

Unfortunately, a drop in sales of ingredients caused consolidated sales from other foods to fall 6.6%, to ¥29,402 million.

## The Americas

### Overview

The establishment of Nissin Foods (U.S.A.) Co., Inc., in 1970, marked the start of Nissin Foods' operations abroad. Today, this subsidiary uses its production facilities in Los Angeles and Pennsylvania as bases to develop business in North America, primarily the United States and Mexico, and in Latin America. In Brazil, a joint venture between parent company Nissin Foods and Ajinomoto Co., Inc., makes and markets instant noodles for distribution in the Americas.

#### USA

The U.S. retail market is characterized by the efforts of giant retailers, such as Wal-Mart Stores, Inc., as well as membership warehouse clubs and major supermarket chains, to magnify their footprints. Small retailers and wholesalers, left struggling for survival, are forced to outsource purchasing to companies specializing in multi-client mass procurement to maintain a competitive edge.

Against this backdrop, Nissin Foods (U.S.A.) achieved greater efficiency in its operations, as the benefits of high-speed instant noodle production lines installed in fiscal 2004 yielded positive results. In addition, the subsidiary improved efficiency through a review of its distribution system and implemented approaches fine-tuned to buyers' needs.

In 2004, Nissin Foods (U.S.A.) debuted two products for microwave cooking: *Chow Mein* and *Souper Meal*. The subsidiary continues to develop new types of products for the local noodle market.



U.S. Cup Noodles



Chow Mein

#### Mexico

The instant noodle market in Mexico maintained the rapid growth of the past.

Small-scale retailers comprise a large share of this market. Therefore, the Nissin Foods Group endeavors to reinforce its ties to local wholesalers and emphasizes strategies to underpin the establishment of a market that is advantageous to both manufacturers and distributors. In addition, concerted efforts are directed toward product promotions, including but not limited to advertising.

In fiscal 2005, aggressive investment in TV commercials and other means of market development widened new marketing channels and led to a higher market share for Nissin-brand products as well as increased sales.



Mexican Cup Noodles

#### Brazil

Business conditions in Brazil showed signs of recovery, and overall demand for instant noodles grew, compared with fiscal 2004. In this environment, Nissin-Ajinomoto Alimentos Ltda., worked to enhance sales of pillow-type instant noodles, which account for the bulk of local demand, as well as high-value-added cup-type noodles. Energetic promotional activities, including TV commercials and campaigns aimed at distributors and consumers, led to higher sales and income for fiscal 2005.

In March 2005, the subsidiary launched four products under the new name *Yakissoba*, in an effort to cultivate a new market.



Brazilian Cup Noodles

## People's Republic of China

The PRC, with its population of 1.3 billion people, is the world's biggest consumer of instant noodles. Overall demand for instant noodles in this country was estimated at about 30 billion servings in calendar 2004. Further expansion in demand is expected, paralleling economic development.

### Nissin Hualong Foods

In June 2004, Nissin Foods established the joint venture Nissin Hualong Foods Co., Ltd., with Hebei Hualong F&N Industry Group Co., Ltd., the second-largest maker of instant noodles in the PRC. Through prudent investment of management resources by the Company and its new joint venture, the Nissin Foods Group will surely capture the No. 1 share of the market within the next few years, in terms of servings sold. The Company will offer assistance, including the introduction of a management structure, with total investment reaching about ¥20 billion by around 2008 for a 33.4% equity stake.

A product jointly developed with Nissin Hualong Foods in fiscal 2005 was *Gu Tang Tan Mian*, high-quality instant noodles that the Company believes the local market will accept.

*Gu Tang Tan Mian* went on sale at the end of December 2004 and is enjoying solid sales.



*Gu Tang Tan Mian*

### Hong Kong

In Hong Kong, Nissin Foods is represented by consolidated subsidiaries Nissin Foods Co., Ltd., and Winner Food Products Ltd.

Although the economic situation in Hong Kong brightened in the second half of fiscal 2005, the instant noodle industry experienced a drop in demand, particularly for pillow-type instant noodles, owing to the impact of price increases in August 2004 and the absence of special procurement demand triggered in 2003 by

Severe Acute Respiratory Syndrome, commonly referred to as SARS.

According to data compiled by ACNielsen, the world's leading marketing information company, overall demand in Hong Kong reached about 320 million servings in 2004. Of this, the corporate groups headed by Hong Kong-based Nissin Foods and Winner Food Products enjoyed a composite share of about 70%.

Hong Kong-based Nissin Foods reformulated 11 items in the *Demae Itcho* series and seven items in the *Cup Noodles* series. In addition, the subsidiary vigorously promoted its products through TV commercials and campaigns to draw the interest of consumers toward Nissin-brand products.

Winner Food Products introduced two new varieties in the bowl-type *E-men* series in June 2004, as well as two new frozen products, *Yakiudon* thick noodles for pan-frying and *Chahan* fried rice.



Hong Kong Cup Noodles

### In Other Parts of the PRC

Guangdong Shunde Nissin Foods Co., Ltd., in the south, established an eight-office marketing structure to facilitate the implementation of area-specific strategies. The subsidiary — known as Guangdong Nissin within the Group — was able to improve sales volume and raise the product distribution ratio by making primary distributors aware of quarterly goals and gross profit margins on products and by putting staff involved in marketing activities on a performance-based pay system. Sales of fried noodles grew, thanks to innovative advertising schemes.

Awaiting business integration with Nissin Hualong Foods, Shanghai Nissin Foods Co., Ltd., withdrew some of its brands from the market, disengaged from advertising and promotional activities, and shelved investment in new products. As a result, sales tapered off after August 2004. But the strong appeal of Nissin-brand fried noodles pushed sales of cup-type *UFO* and pillow-type *Chao Mian Da Wang* products above the amount recorded in fiscal 2004.

In Beijing, Nissin Foods (Huabei) Co., Ltd., is already benefiting from demand indirectly linked to the Summer Olympics in this city in 2008. The subsidiary expanded sales of instant noodles, especially fried noodle products, in the Huabei district, by capitalizing on demand that grew in parallel with an increase in infrastructure projects, a rise in the number of foreign-owned supermarkets, and consolidation among state-run retailers.

Zhuhai Golden Coast Winner Food Products Ltd. continued to achieve stable profits, thanks to successful efforts to make marketing activities more efficient,

which resulted in favorable sales of *Doll Bowl Noodles*, a mainstay brand. This performance is notable because it was achieved despite downward price movement, owing to intense competition in Zhuhai — where the unemployment rate is high, especially among young people — and consumers seeking tasty but low-priced products.



UFO

Chao Mian Da Wang

Review of Overseas Operations

## Elsewhere in Asia

### India

In India, where economic growth has taken a remarkable turn and the growth rate for gross domestic product exceeded 8% in fiscal 2005, demand for processed foods, such as instant noodles,



Tricycle stand

is on the rise as the middle class takes center stage. In this environment, Indo Nissin Foods Ltd. initiated strategies aimed at capitalizing on the greater purchasing power of people in middle-income brackets. The subsidiary revamped 100g, single-serve products selling for 10 rupees into more buyer-friendly 80g single servings priced at 8 rupees. In addition, the subsidiary undertook retail sales of *Mug Noodles*, which feature broken noodles, topping ingredients and a small envelope of soup, and began selling directly to consumers from tricycle stands at beaches and parks.

### Indonesia

The cost of ingredients has gone up in Indonesia, paralleling such developments as a low rupiah and skyrocketing oil prices. In response, PT. Nissinmas applied thorough cost-cutting measures to achieve lower prices on its products and was rewarded with a 20% jump in sales volume. Of note, sales of a mainstay product, *Top*

*Ramen Baso Sapi* (beef ball flavor), surged 50% year-on-year.

In addition to its existing retail route, PT. Nissinmas diversified its marketing channels to include sales at factory cafeterias and also targeted employees in offices.

The subsidiary is also certified as a maker of halal products — items that satisfy specific Islamic religious laws and are thus acceptable for consumption by devout Muslims — and took advantage of this certification to begin exporting approved products to Islamic countries.



Indonesian Cup Noodles

### Thailand

Nissin Foods (Thailand) Co., Ltd., redesigned the packaging for *Cup Noodles* and printed a tasty-looking photograph of the noodles on the cup to boost the flavor factor. At the same time, the subsidiary highlighted the Nissin brand by making the corporate logo on the package bigger.

To raise the profile of cup-type noodles among consumers and to promote sales at smaller shops, Nissin



Thai Cup Noodles

Foods (Thailand) debuted the low-priced *OHO Cup Noodles* series, at 2 baht less than the regular mini-cup noodles. In Thai, “*oho*” means “surprisingly inexpensive”.



## The Philippines

In the Philippines, pillow-type fried noodles account for close to 50% of demand, and people here prefer to eat in small amounts many times during the day, which favors demand for mini-cup noodles. As a result, demand for pillow-type and cup-type instant noodles is booming.

### Review of Overseas Operations

## Europe

### Market Trends

In Europe, where Asian foods are currently enjoying immense popularity among consumers, the connection of local offices in the Nissin Foods Group to Japan prompted an increase in inquiries from processed food makers and distribution companies about Nissin-brand products. Local subsidiaries then introduced several Asian-flavored products, based on an analysis of market survey results and distributors' requests.

Unlike companies that import products from Asia, Nissin Foods has its own local production base. This direct presence in Europe ensures a stable supply of instant noodles to the region and, with the implementation of a quality-control system in compliance with the regional food-related laws, consumers are becoming increasingly confident in Nissin-brand products and the corporate name is attracting a higher profile.



Cup Noodles

### Business Developments

Fiscal 2005 was a year of realignment in the Group's European operations.

Competition has intensified in the instant noodle market, spurred by a growing number of discounters offering instant noodle products and an expanding selection of low-priced private brands from major distributors.

The Group needed a cost-efficient production facility in Europe to capitalize on anticipated business, so in

Consumers are also keen on the original seafood *Cup Noodles* flavor, with more than 30% of Nissin-Universal Robina Corporation's sales derived from this variety.

Since many consumers keep the plastic cups after enjoying their noodle meal, Nissin-Universal Robina introduced the *Cup Noodles Collection* series, in a limited quantity, featuring season-inspired animation on the cup.

April 2004 the Company acquired Hanwha Foods Hungary Ltd., an instant noodle business. Renamed Nissin Foods Kft. — known in-house as Nissin Hungary — and reinvigorated by an investment of capital and technology from the Company, the new member of the Group started full operations in May 2004.

As Nissin Hungary went online, Nissin Foods B.V., a subsidiary running the Group's European production facility, was closed. The overall effect left production capacity unchanged but enhanced price competitiveness.

Operational control of Nissin Foods GmbH located in Germany, a European marketing base, was relinquished by the Company and assumed by Nissin Hungary. Consolidating production and sales at a European operation has created a streamlined, more flexible operating structure.

As of May 2004, the European Union had grown to 25 member nations, extending the customer base of Nissin Foods' European operations into Central and Eastern Europe. The Group will be watching for opportunities to cultivate demand in these new markets.

Already in early summer 2004, the Company began exporting products specifically for the Russian market. To determine demand potential, Nissin Foods opted for test marketing in certain areas of major cities, such as Moscow and St. Petersburg. Information gained and lessons learned through this process will be applied to product and marketing strategies that pave the way toward full-scale sales activities in Russia and the Commonwealth of Independent States.



Nissin Ramen in Russia

## Research and Development

As the innovator of instant noodles, Nissin Foods consistently pursues the limitless possibilities of this food product. R&D activities are divided among the Central Research Institute, which focuses on instant noodles, fresh noodles, soups, performance health foods and new products; the Cryogenic Development Division, which is responsible for chilled and frozen foods, especially noodles and dim sum snacks; and the Technology Development Division, which channels efforts toward production technologies.



### Central Research Institute

The key concepts underpinning product development at Nissin Foods are authenticity, creativity and innovation. Based on these concepts, the institute researches the wheat noodles, seasonings, topping ingredients and packaging required for products, to ensure low-cost, safe and stable purchasing under the Group's global procurement system. The institute also seeks to respond to diversifying consumer preferences by cultivating new product ideas, creating new demand and revitalizing existing demand.

### Enhancing Mainstay Brands

Nissin Foods' Brand Manager System, which assigns a single individual to oversee each brand, reinforces continuous efforts to enhance the quality of products and broaden the range of products in each brand.

In fiscal 2005, Nissin Foods tested new waters with kimchi, a spicy Korean pickle, as a topping in the *Cup Noodle* series. The Company thus strengthened the brand by adding a flavor that not only capitalizes on heightened interest in Korean foods in Japan but also expands product selection.



*Nissin-no-Donbei Tokumori-Kakiage Udon*, a bowl of thick noodles with vegetable tempura topping, was well received because of the tempura piece, which was developed as a deluxe ingredient that is not only big but has an excellent consistency as well. The popularity of this product contributed to expansion of the big-serving, Japanese-flavored noodle category.

### Functional Health Foods and New Markets

Consumer preferences are evolving toward items that are safe, reliable, higher-quality, natural and healthy. To meet prevailing demand for foods that benefit health, Nissin Foods identified psyllium, a natural dietary fiber, as a healthy ingredient and applied it to the development of cup-type noodles, including *Nissin Psyllium Noodle*, as well as cereals, beverages and gelatinous snacks.

A recent success was the special three-layer noodle-making technique that carries dietary fiber into the core of the noodle where it is less likely to affect palatability. The method creates nutrient-rich noodles that still have the firm, smooth texture typically associated with noodles.

In fiscal 2005, the Company applied the new noodle-making technique to *Nissin Kentaro*, which was marketed under the banner of a health-conscious product that tastes good. The noodles contain dietary fiber, calcium and iron — three nutrients that many Japanese people do not get enough of in their regular diets.

Seeking to expand this line, Nissin Foods will actively promote applied research on various functional ingredients and subsequent commercialization of these ingredients in new products.



Shizuoka Plant

## Food Safety and Environmental Protection

### Ensuring Food Safety and Reliability

As a manufacturer of food products that may impact consumers' health, Nissin Foods places paramount importance on food safety. The Company strives to enhance quality control, a position substantiated by the fact that 35 locations — all plants, at home and abroad, as well as the facilities of the domestic affiliate and even some business associates — have secured ISO 9001 status.

The Shiga-based Food Safety Research Institute was established in June 2002, largely to maintain the safety and reliability of Nissin-brand products through scientific analysis of all the ingredients used in these products. The institute has its own inspection systems to look for bacteria linked to food poisoning, the presence of genetically modified organisms and any substance that might trigger food allergies. A proprietary system is used to scan for the presence of 300 types of residual chemicals at one time, while another simple technique simultaneously checks for 38 types of residual veterinary-use pharmaceuticals in an effort to eliminate as much residual antibiotic content as possible from Nissin-brand foods. This technique detects harmful substances, including cancer-causing substances, that are undetectable by conventional micro-organic inspection processes and could adversely impact the health of consumers if not caught.

Of note, in fiscal 2005 Nissin Foods reformulated Nissin Inspection Standards for Food Safety to strengthen the efforts of the Food Safety Inspection Division, which targets plant operations. This effort quantitatively answers the question, "To what degree is each plant

meeting food safety standards?", and objectively evaluates the overall effectiveness of the Group's food safety program.

Nissin Foods does not limit such activities to Japan. The Company is gearing up for the activities of a Food Safety Research Institute in Shanghai, which applies a system requiring PRC-grown ingredients to pass a pre-inspection for use in products exported to Japan. This process not only expedites product reliability checks but also eliminates risks impacting production and marketing plans. The Shanghai institute also conducts inspections, oversees process control at ingredient plants in the PRC and provides technological guidance to maintain higher-quality ingredients.

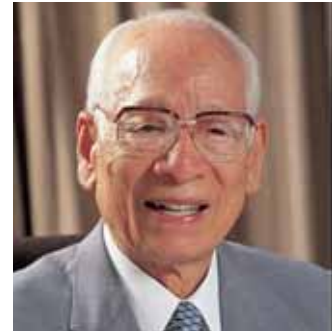
### Protecting the Environment

Based on an environmental charter established in 1999, Nissin Foods endeavors to protect the environment by developing products with reduced environmental impact and by contributing to the realization of a sustainable, recycling-oriented society. The Company's response has been quite extensive, including efforts to limit the use of containers and packaging, curb energy consumption, and cut waste, symbolized by a zero-emission campaign. In fiscal 2005, the Tokyo and Osaka head offices as well as 16 manufacturing facilities in Japan and two overseas manufacturing facilities acquired ISO 14001 certification for environmental management systems.



Nissin Foods publishes an annual Japanese-language environmental report, which is also available on the Company's web site.

# Founder Momofuku Ando: Father of an Industry



## Innovative Pioneer

The instant noodle market was launched in Japan by the 1958 invention of *Chicken Ramen* by Momofuku Ando, the founder of Nissin Foods. In 1971, he successfully brought to market *Cup Noodle*, the world's first cup-type instant noodle product. It was a completely new food product that could be eaten anytime, anywhere just by adding boiling water. This innovation inspired a new market, now a worldwide industry with demand hovering above 70 billion servings in 2004, and revolutionized eating habits around the globe.

## Criteria and Principles Behind Product Development

Mr. Ando's concept for *Chicken Ramen* was underpinned by five basic criteria — convenience, long-term storage, food safety, good taste and reasonable price — and this concept still forms the basis of product development at Nissin Foods today.

He also put forward three principles, loosely translated as "Peace will come to the world when the people have enough to eat," "Eating smart will enhance beauty and health" and "The creation of food will serve society." These principles, reinforced by an innovative spirit, laid the foundation for the business activities and product development that Nissin Foods currently pursues.

## Vision for the Industry and the Human Race

To promote instant noodle industry development, Mr. Ando founded the Instant Food Industry Association (IFIA) in 1964 and set guidelines for fair competition and product quality, including early establishment of Japan Agricultural Standard qualifications and introduction of production dates on packaging.

Seeking a forum for enhancing the quality of instant noodles, IFIA formed the International Ramen Manufacturers' Association (IRMA) in 1997 with Mr.

Ando as chairman and participation from leading companies in Japan and instant noodle manufacturers from around the world. Currently, IRMA comprises 10 instant noodle makers and one industry organization representing 10 countries.

IRMA hosted the fourth World Ramen Summit in April 2004 in Shanghai where the primary topics of discussion were CODEX standards concerning food safety and product quality.

## Space Ram

In addition, July 2005, Nissin Foods marked a world first with its *Space Ram* (space ramen), which Mr. Ando pro-



Mr. Momofuku Ando, showing *Space Ram*

moted, and which was jointly developed with the Japan Aerospace Exploration Agency (JAXA). *Space Ram* was adopted for Japanese astronaut Soichi Noguchi's voyage in the space shuttle *Discovery*, after

meeting NASA's strict quality and safety standards. *Space Ram* has distinctive innovations. For example, it was adjusted to allow dry noodle to reconstitute with water heated to 70°C (rather than 100°C), since that is what is available on the space shuttle. In addition, its viscosity was increased so astronauts would not get spattered with soup and so that the noodles and soup would stay together better in zero gravity. The flash-frying method, which was invented for *Chicken Ramen* by Mr. Ando, was used for *Space Ram*, proof that the method is safe. We can now say that Nissin Foods instant noodles are the most widely used not only in the world, but also in the universe.

Mr. Ando's ideals have been realized in various ways outside the business activities of the Company, the most important among which are the following.



Tasting corner at the Instant Ramen Museum

### Instant Ramen Museum

The Instant Ramen Museum opened in Ikeda, near Osaka, in November 1999, as a symbol of Mr. Ando's desire to emphasize the importance of invention and discovery as well as the fun side of this challenge. With rising annual visitor numbers in the past few years, the museum closed temporarily for renovation and reopened in November 2004 with expanded facilities and enhanced displays and activities.



Visitor can experience making *Chicken Ramen* from scratch at the Instant Ramen Museum.

In the museum's hands-on workshop — the only place in the world where ordinary people have the opportunity to make *Chicken Ramen* — visitors can experience the whole process, from kneading to steaming — infusing a taste, of course — and flash-frying to dry the noodles.

In the My Cup-Noodle Factory, visitors can design a cup and fill it with ingredients of their choice for a *Cup Noodle* product unlike any other in the world.

The Instant Ramen Museum is really a place of learning that provides a history of postwar food culture in Japan and it has earned high marks as an extracurricular destination for elementary school children.



My Cup-Noodle Factory at Instant Ramen Museum

As of May 2005, the museum had welcomed more than 650,000 people.

### Shokusokai

Shokusokai, established as a body within IFIA, is another of Mr. Ando's personal triumphs. The Shokusokai, translated as "food innovation society," presents an annual award named after Mr. Ando to recognize R&D activities that improve food culture through the development of unique and innovative food products.



Shokusokai award ceremony

Mr. Ando personally provided the funds to establish the Ando Foundation (formerly, the Nissin Sports Promotion Foundation). The foundation's main activities are support for the Instant Ramen Museum; administration of Shokusokai (since 2002); and sponsorship of sports, such as track and field events for elementary school pupils, and camping and outdoor events. The foundation's activities are based on the principle that food and sports are the two most important factors in leading a healthy life.

In collaboration with the foundation, Nissin Foods has supported various food- and sports-related activities that encourage healthy development in young people, with whom the future rests.

# Board of Directors

(As of June 29, 2005)



From left: Takahisa Yanagida, Ken Sasahara, Akihide Matsuo, Koki Ando, Momofuku Ando, Susumu Nakagawa, Taiji Matsumura, Yasuhiro Matsuyama and Osamu Tetsubayashi; inset from left, Seiji Toda and Takayuki Naruto

## Founder

Momofuku Ando

## President & Representative Director

Koki Ando

## Managing Director & Representative Director

Susumu Nakagawa  
In charge of Sales

## Managing Director

Akihide Matsuo  
General Manager of Corporate Production Planning Division and in charge of Corporate Planning

## Directors

Seiji Toda  
Chairman of Nissin Foods (China) Holding Co., Ltd.

Takayuki Naruto  
President of Nissin Foods (U.S.A.) Co., Inc.

Taiji Matsumura  
General Manager of Central Research Institute

Ken Sasahara  
General Manager of International Division

Yasuhiro Matsuyama  
General Manager of Sales Division

Takahisa Yanagida  
General Manager of Financial Division

Osamu Tetsubayashi  
General Manager of Marketing Division

Yorihiko Kojima\*  
President & CEO, Mitsubishi Corp.

Eizo Kobayashi\*  
President & CEO, ITOCHU Corp.

\*Non-executive director

## Standing Corporate Auditors

Hayato Togami

Yuichi Terada

## Corporate Auditors

Toru Horinouchi

Hiroshi Takano

## CORPORATE EXECUTIVE OFFICERS

Nobuyuki Akamatsu  
Deputy General Manager of Central Research Institute

Kenkichi Morishita  
General Manager of Technical Engineering Division

Toshio Shigeta  
Vice President of Nissin Foods (U.S.A.) Co., Inc.

Masahiro Sasaki  
General Manager of Personnel Division

Masami Nishio  
General Manager of Corporate Planning Division

Toshihiro Yamada  
General Manager of Food Safety Research Institute

Takashi Takahashi  
General Manager of Shizuoka Plant

Takashi Yokogoshi  
General Manager of Shiga Plant

Kazumasa Santo  
General Manager of Osaka Sales Division

Hideki Hattori  
General Manager of Advertising Division

## Consolidated Six-Year Summary of Selected Financial Data

Years ended March 31	Millions of yen (except per share information)					
	2005	2004	2003	2002	2001	2000
<b>For the year</b>						
Net sales .....	¥ 316,973	¥ 320,033	¥ 315,279	¥ 308,463	¥ 301,082	¥ 292,541
Cost of sales.....	156,877	161,979	160,258	157,663	152,652	150,055
Gross profit .....	160,096	158,054	155,021	150,800	148,430	142,486
Selling, general and administrative expenses .....	131,133	134,851	128,621	125,984	121,146	114,854
Operating income .....	28,963	23,203	26,400	24,816	27,284	27,632
Other income (expenses) .....	(1,891)	1,502	(880)	(4,741)	(2,388)	21
Income before income taxes and minority interests.....	27,072	24,705	25,520	20,075	24,896	27,653
Income taxes .....	10,244	10,437	10,901	7,613	9,810	12,094
Minority interests in earnings of consolidated subsidiaries .....	216	217	197	526	(117)	40
Net income .....	16,612	14,051	14,422	11,936	15,203	15,519
<b>Per share</b>						
Net income .....	¥ 134.36	¥ 113.61	¥ 115.65	¥ 93.91	¥ 119.32	¥ 120.39
Cash dividends .....	30.00	30.00	30.00	30.00	24.00	27.00
Shareholders' equity.....	2,091.16	1,980.14	1,892.89	1,835.03	1,812.45	1,710.88
<b>At year-end</b>						
Working capital .....	¥ 56,332	¥ 62,017	¥ 60,044	¥ 71,086	¥ 45,175	¥ 74,109
Property, plant and equipment—net.....	75,332	81,243	87,537	82,444	94,568	96,931
Total assets .....	361,105	343,645	331,994	326,913	326,196	312,076
Long-term liabilities .....	19,414	16,175	11,739	11,118	9,464	2,885
Shareholders' equity.....	258,139	244,439	233,708	230,582	230,930	217,992
R&D expenses .....	¥ 2,697	¥ 2,762	¥ 2,757	¥ 2,579	¥ 2,541	¥ 2,515
Capital expenditures.....	3,251	6,766	6,965	6,312	4,891	4,763
<b>Value &amp; performance indicators</b>						
Operating margin (%) .....	9.1	7.3	8.4	8.0	9.1	9.4
Return on assets (%) .....	4.7	4.2	4.4	3.7	4.8	5.2
Return on equity (%).....	6.6	5.9	6.2	5.2	6.8	7.3
Inventory turnover (times)* .....	12.9	13.6	13.6	14.1	14.9	15.3

\* Inventory turnover = Cost of sales/Average total inventory

# Financial Review

The scope of consolidation for this review of fiscal 2005, ended March 31, 2005, covers Nissin Food Products Co., Ltd. (the "Company"), 22 consolidated subsidiaries — 10 in Japan and 12 overseas — and one company accounted for by the equity method (together, the "Group").

## INCOME ANALYSIS

### Net Sales

The Group posted consolidated net sales of ¥316,973 million (\$2,952 million) in fiscal 2005, down 1.0% from the previous fiscal year, primarily owing to the effects of unseasonal weather in Japan and heightened yen appreciation.

Net sales in Japan, excluding intersegment sales, slipped 0.9%, to ¥273,936 million (\$2,551 million), and accounted for 86.4% of the consolidated total.

In fiscal 2005, the weather was a major obstacle to higher sales in the domestic food industry. The instant noodle market was no exception, as unseasonal temperatures in Japan adversely affected fiscal performances. The fiscal year began on a favorable note for the instant noodle industry, with steady sales in the first quarter, but from July onward, the impact of an incredibly hot summer began to take a direct toll. Demand retreated most noticeably in July and August, substantiated by a drop in sector sales of more than 10% year-on-year. On a positive note, November and December, a traditional demand period, brought in sales greatly exceeding that of the corresponding period a year earlier. This rally offset the sluggish results posted in the summer months.

Under these conditions, the Company aggressively implemented marketing strategies and sales promotions with a continuing focus on consumers. Efforts to promote the Cup Noodle series, a mainstay brand, under the catchphrase "NO BORDER" as well as sales of a limited quantity of Chicken Ramen, the Company's well-established pillow-type product, which came with a special donburi bowl, generated a hugely positive response from consumers. The Company revamped Nissin-no-Ramenyasan, a pillow-type noodle now made with flour from Hokkaido-grown wheat, and spurred consumer interest in this product line, while energetic advertising and promotional activities for Nissin-no-Donbei led to higher sales of this product line.

Unfortunately, full-year results were eroded by the effects of unseasonal weather. Sales of mainstay cup-type noodles came in on a par with the previous fiscal year, and sales of pillow-type noodles and chilled foods declined year-on-year. (Please refer to pp. 8–11 for a breakdown of domestic sales by product category.)

In overseas markets, global demand for instant noodles continued to expand. According to the International Ramen Manufacturers Association (IRMA), servings in calendar 2003 reached 65.3 billion. Asia, especially the People's Republic of China (PRC), where demand for instant noodles is highest, as well as North and South America, form the key geographical regions of instant noodle consumption.

Fiscal 2005 was another year of intense competition in these regions, but the Group worked hard to enhance its market shares in the PRC and North America. We pursued this goal through concerted product development and the expansion of sales further inland in the PRC. In North America we vigorously cultivated new marketing channels and curbed costs through the introduction of high-speed manufacturing lines.

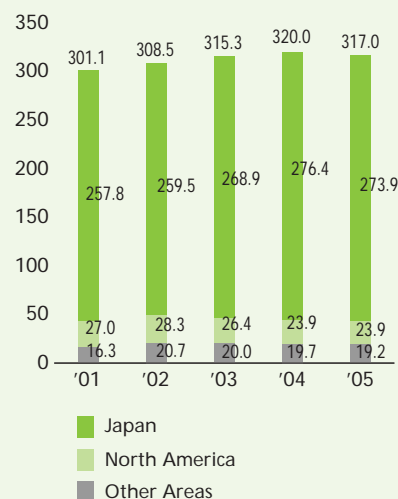
A breakdown of overseas sales by division shows that sales of pillow-type noodles retreated significantly, largely because of lower demand in Asia and the effect of yen appreciation. Sales of cup-type noodles were up in Asia and North America, even after accounting for the influence of yen appreciation.

In the end, aggregate sales from overseas operations slipped 1.4%, to ¥43,037 million (\$401 million).

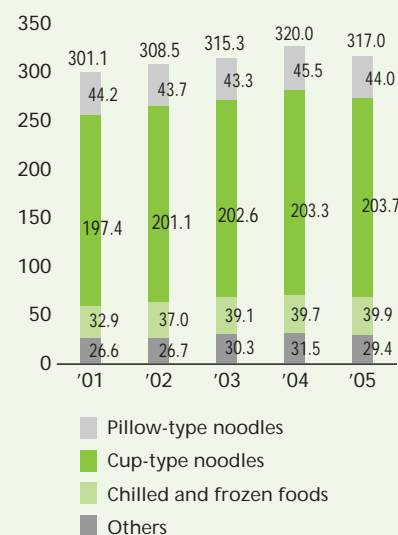
### Cost of Sales, and Selling, General and Administrative Expenses

Cost of sales decreased 3.1%, to ¥156,877 million (\$1,461 million), taking the cost of sales ratio down 1.1 percentage points, to 49.5%. This change reflects lower man-

Sales by Region  
(excluding intersegment sales)  
(Billions of yen)



Net Sales by Category  
(Billions of yen)





ufacturing costs and a year-on-year drop in costs related to retirement benefits, which are expenses as a lump-sum in the fiscal year following the one in which they occur.

Selling, general and administrative (SGA) expenses fell ¥3,718 million compared to the previous fiscal year, to ¥131,133 million (\$1,221 million). As a percentage of net sales SGA also decreased 0.7 percentage points, from 42.1% to 41.4%. This is largely due to the same reason that cost of sales went down — a year-on-year drop in costs related to retirement benefits. A breakdown of variable costs in SGA expenses shows that promotional expenses declined ¥513 million (\$5 million), although as a percentage of net sales they rose 0.1 percentage points, to 23.0%. Distribution expenses, which are also a variable cost, increased ¥302 million, but as a percentage of net sales recorded only a 0.1 percentage-point increase, to 5.5%. Advertising expenses, which are fixed expenses, declined ¥1,063 million (\$10 million) and as a percentage of net sales also decreased 0.3 percentage points, to 4.1%.

### Costs and Expenses, and Net Sales Ratio

Year ended March 31, 2005 and 2004	Millions of yen			
	2005		2004	
		Net Sales Ratio		Net Sales Ratio
Cost of sales .....	<b>¥156,877</b>	<b>49.5%</b>	¥161,979	50.6%
SGA expenses .....	<b>131,133</b>	<b>41.4</b>	134,851	42.1
Promotional expenses .....	<b>72,778</b>	<b>23.0</b>	73,291	22.9
Advertising expenses .....	<b>13,098</b>	<b>4.1</b>	14,161	4.4
Distribution expenses .....	<b>17,509</b>	<b>5.5</b>	17,207	5.4
Other expenses .....	<b>27,748</b>	<b>8.8</b>	30,192	9.4

### Operating Income, Other Income (Expenses) and Net Income

Despite lower net sales, operating income jumped 24.8% compared to the previous fiscal year, to an all-time high of ¥28,963 million (\$270 million), thanks in large part to the aforementioned reduction in costs related to retirement benefits. As a result, the operating margin improved 1.8 percentage points, to 9.1%.

Other expenses, net, was ¥1,891 million (\$18 million), compared with other income, net, of ¥1,502 million, in fiscal 2004. The year-on-year reversal came about despite an improvement of ¥1,363 million (\$13 million) in net foreign exchange gains, chiefly because the Company transferred ¥3,569 million (\$33 million) to provision for directors' retirement benefits, following revision of the rule regarding directors' retirement benefits. Also under other expenses, the Company incurred a ¥1,076 million (\$10 million) valuation loss on investments in affiliates as well as a ¥608 million (\$6 million) liquidation loss on another affiliate.

As a result, income before income taxes and minority interests climbed 9.6%, to ¥27,072 million (\$252 million). Net income expanded 18.2%, to ¥16,612 million (\$155 million). The net income to net sales ratio inched up 0.8 percentage point, to 5.2%. Net income per share rose ¥20.75, to ¥134.36 (\$1.25).

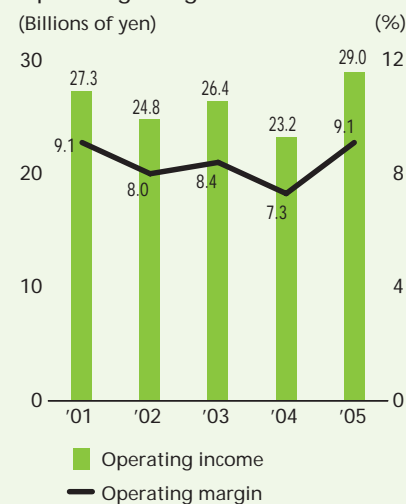
## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

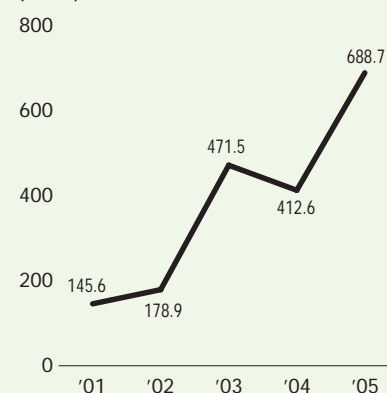
Cash and cash equivalents stood at ¥66,326 million (\$618 million) at March 31, 2005, down 8.1%, primarily because net cash used in investing activities exceeded a large increase in net cash provided by operating activities.

Net cash provided by operating activities came to ¥30,259 million (\$282 million). The major components of this year-on-year increase are higher income before income taxes and minority interests, at ¥27,072 million (\$252 million), and depreciation and amortization, at ¥6,675 million (\$62 million), and a decrease in cash paid for income taxes, at ¥7,458 million (\$69 million).

### Operating Income, and Operating Margin



### Interest Coverage Ratio



\*Interest coverage ratio = operating cash flow / interest payments

Net cash used in investing activities amounted to ¥30,348 million (\$283 million). The primary application of funds included continued acquisition of investment securities, paralleling the purchase of bonds to raise cash-management efficiency, as well as investment in such companies as Nissin Hualong Foods Co., Ltd. Also of note, the Company recorded a reduction in proceeds from sales and redemption of investment securities.

Net cash used in financing activities came to ¥5,709 million (\$53 million). The primary applications of funds included ¥3,702 million (\$34 million) to pay cash dividends and ¥2,071 million (\$19 million) for repayment of short-term borrowings.

### Cash Flow Highlights

Year ended March 31	Millions of yen		
	2005	2004	2003
Net cash provided by operating activities.....	¥ 30,259	¥ 22,213	¥ 23,028
Net cash provided by (used in) investing activities .....	(30,348)	(20,453)	(29,031)
Net cash used in financing activities .....	(5,709)	(3,813)	(10,375)
Cash and cash equivalents at the end of the year.....	¥ 66,326	¥ 72,140	¥ 73,882

### Assets, Liabilities and Shareholders' Equity

Total assets stood at ¥361,105 million (\$3,363 million) at March 31, 2005, up 5.1% year-on-year. Return on average assets (ROA) rose 0.5 percentage point, to 4.7%.

Total current assets dropped 3.8%, to ¥133,148 million (\$1,240 million). Net property, plant and equipment, declined 7.3%, to ¥75,332 million (\$701 million).

Total investments and other assets jumped 23.1%, to ¥152,625 million (\$1,421 million), owing to an increase in investment securities, including equity in such company as Nissin Hualong Foods Co., Ltd.

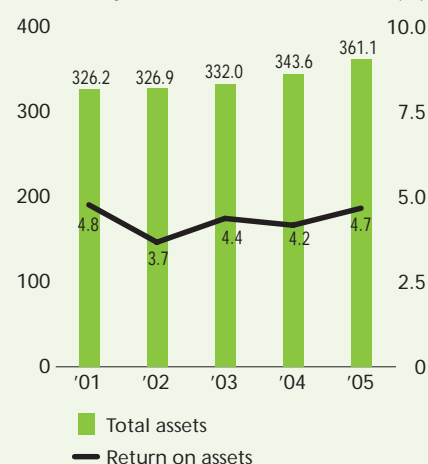
Total liabilities grew 4.0%, to ¥96,230 million (\$896 million). Of this amount, total current liabilities represented ¥76,816 million (\$715 million), edging up 0.6%. Working capital dropped 9.2%, to ¥56,332 million (\$525 million).

The current ratio moved from 181% to 173%, slipping 8 percentage points.

Total shareholders' equity reached ¥258,139 million (\$2,404 million), up 5.6%. The rise is primarily the result of a 7.2% improvement in retained earnings, to ¥193,927 million (\$1,806 million).

At March 31, 2005, shareholders' equity ratio had edged up 0.4 percentage point from a year earlier, to 71.5%, which upholds the high level that the Company has maintained for some years. Shareholders' equity per share was ¥2,091.16, up 5.6%. Return on equity (ROE) settled at 6.6%, up 0.7 percentage point year-on-year.

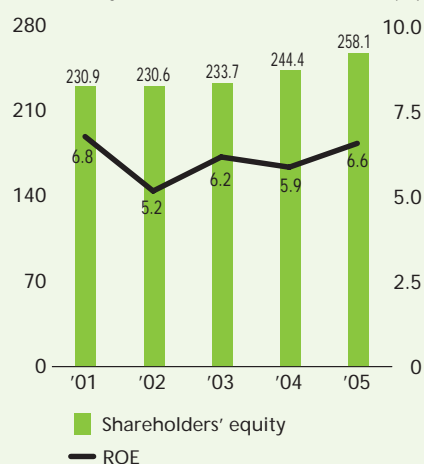
Total Assets and Return on Assets (Billions of yen) (%)



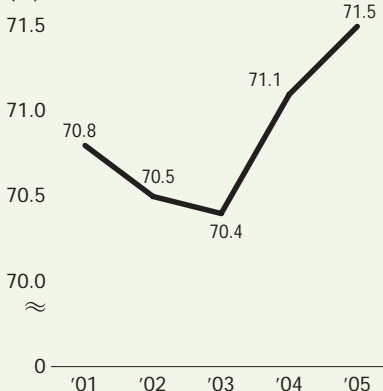
Working Capital and Current Ratio (Billions of yen) (Times)



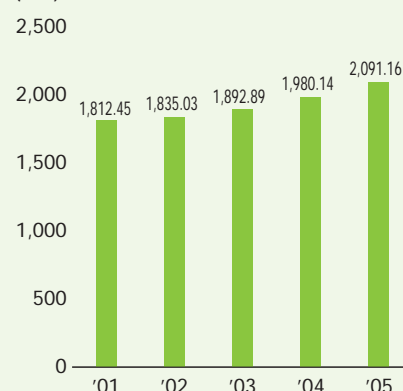
Shareholders' Equity and ROE (Billions of yen) (%)



Shareholders' Equity Ratio (%)



Shareholders' Equity per Share (Yen)



## ADDITIONAL INFORMATION

### Significant Business Agreements

With regard to the Company's capital participation in Hebei Hualong F&N Industry Group Co., Ltd., (hereafter, "Hebei Hualong"), a major manufacturer of instant noodles and flour in the PRC, which was undertaken to expand and thereby reinforce the Company's instant noodle operations in the PRC, the Company concluded on May 12, 2004, a joint venture agreement with Hebei Jinmailang Mianye Co., Ltd., the parent company of Hebei Hualong.

Hebei Jinmailang Mianye split Hebei Hualong into two new companies — Nissin Hualong Foods Co., Ltd., and Hebei Hualong Nissin Paper Goods — and through capital increases subscribed to by its Hong Kong-based subsidiary Nissin Foods Co., Ltd., the Company had as of March 31, 2005, acquired 14.9% registered equity in each newly established company.

The Company plans to eventually acquire an equity stake equivalent to 33.4% of registered equity. The investment is expected to reach about ¥20 billion.

### Dividend policy: nonconsolidated basis

The Company's key management priorities are expanding shareholder value, reinforcing profitability, and maintaining a stable dividend for shareholders with a target payout ratio of 30% on a nonconsolidated basis. Guided by this philosophy, the Company maintained dividends at ¥30 per share for fiscal 2005.

To promote greater flexibility in returning profits to shareholders, the Company partially amended its Articles of Incorporation at the regularly scheduled General Meeting of Shareholders, on June 29, 2005, and introduced an interim dividend system.

The Company takes a long-term perspective toward the use of funds retained internally and sets aside amounts that can be drawn on for capital investment, research and development, mergers and acquisitions and other applications that underpin global expansion of operations. Any surplus is used to enhance corporate value and maintain the integrity of principal through efficient application of funds.

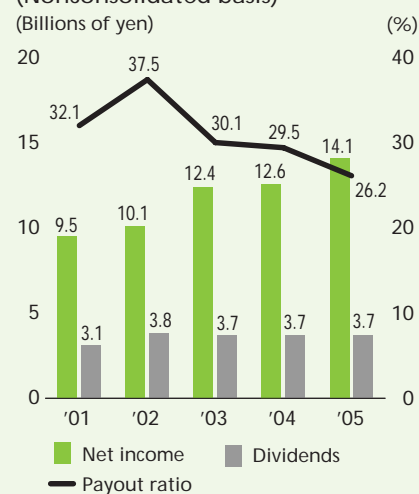
### Risk Information

Conditions that have the potential to significantly influence the decisions of investors are presented below. Any conditions with reference to the future are based on information available at the time of publication. The Company acknowledges the possibility that these risk can arise and will make every effort to prevent such risks from appearing and address resulting situations if such risks do appear.

#### (1) Reliance on Certain Business Clients

Mitsubishi Corporation, ITOCHU Corporation and Toshoku Ltd. are the primary buyers of the Company's products and together account for 79.7% of the Company's sales. Reliance on these specific business clients concentrates transactions among highly creditworthy companies and thereby reduces the effort expended on credit control and minimizes credit risk. However, the Company's own financial position could be negatively affected if the business activities of these sales agents failed because the Company would have difficulty collecting accounts receivable.

Net Income, Dividends and Payout Ratio  
(Nonconsolidated basis)



**(2) Increases in Price of Raw Materials**

The primary raw materials used to make the Company's products are agricultural commodities, such as flour and palm oil, and petroleum-based items, such as packaging and wraps. The Company's fiscal performance could be adversely impacted if political unrest or international disputes occur in the countries that produce these raw materials, or if the price of raw materials skyrockets because abnormal weather causes crop failures.

**(3) Tarnished Brand Value**

The Company's mainstay products, particularly Chicken Ramen and the Cup Noodle series, have become household items to most consumers, thanks to years of accumulated technical expertise and product development capabilities. The Company emphasizes the establishment and protection of these brands. However, new products flood the instant noodle market every year and the brand value of the Company's products could be tarnished if another company were to achieve a revolutionary breakthrough in instant noodle development.

**(4) Food Safety Issues**

The Company's basic philosophy is to provide safe foods that consumers can enjoy without worry. In recent years, a high incidence of disquieting developments, such as avian flu, bovine spongiform encephalopathy and the problem of residual pesticides in foods, have threatened to undermine food safety. The needs of consumers in regard to food safety have become more sophisticated. The Company established the Food Safety Research Institute and continues to strengthen its quality control system to enhance its ability to meet more stringent consumer standards for food safety issues.

However, the Company's financial position and fiscal performance could be unfavorably influenced if unusual health-related situations arise in the future that are beyond the Company's imagination now or if rumors, based on incidents not directly affecting the Company's products, mar the image of the Company's products simply by association.

**(5) Risk of Natural Disasters**

The Company has manufacturing facilities in Ibaraki, Shizuoka, Shiga and Yamaguchi prefectures. If a natural disaster, such as a large-scale earthquake or flooding from a typhoon, were to occur and manufacturing facilities incurred damage, the Company's production structure as well as its financial position and fiscal performance could suffer because, for example, an interruption in operations would reduce output and repairs to facilities and equipment would raise expenses.

**(6) Risk of Product Liability**

As a food maker, the Company believes its mission is to provide safe, worry-free products to consumers and therefore applies strict quality control standards to its manufacturing activities. In addition, technicians at the Food Safety Research Institute study ways to ensure the safety of raw materials and strive to reinforce quality control systems at each manufacturing facility.

The Company also endeavors to lessen the potential of product liability claims to affect its financial position. To that end, the Company is insured against product liability.

However, if an accident occurs through product liability and a situation arises wherein the Company must recall certain products, the insurance carried by the Company may not be sufficient to cover all claims. A tarnished reputation in society and a weakened corporate image could erode consumers' willingness to buy the Company's products. This situation could hurt the Company's financial position and its fiscal performance.

**(7) Subsidiary Risks**

The Company's overseas operations comprise local production and local marketing companies, which produce food products, including instant noodles, in eight countries as of March 31, 2005. These facilities are run by subsidiaries. If political unrest or international disputes arise in the regions where the Company's subsidiaries operate, or if issues threaten to undermine food safety, or if legal controls in certain countries create a situation that hinders production activities, then the financial position and fiscal performance of the Company could suffer.

**(8) Risk Related to Retirement Benefits Accounting**

Costs and obligations pertaining to retirement benefits are calculated in accordance with predetermined criteria based on actuarial computation, such as discount rates, and in accordance with the assumed investment return ratio on pension assets. If actual results differ from predetermined criteria, or if predetermined criteria are amended, the Company processes the amount in a lump-sum in the consolidated fiscal year following the one in which the difference occurred, based on actuarial computation.

In recent years, costs related to retirement benefits have grown, owing to discount rate reductions and sluggish returns on the investment of pension assets. If these conditions persist, the Company will have to carry a higher burden of pension-related costs, and this could hurt the Company's financial position and its fiscal performance.

**(9) Risk of Declining Market Values on Marketable Securities**

The Company invests in marketable securities to ensure efficient application of funds and thereby maintain the integrity of principal. However, the Company's financial position and fiscal performance could be adversely affected if worsening market conditions cause market values to decline or sluggish performances by equity investments force the Company to apply impairment loss accounting.

**(10) Risk Related to Information Systems**

The Company uses computers to process and store information on production, sales and administration. The Company has adopted all possible measures to safeguard these information systems from computer virus-induced crashes, damage by hackers, and the risk of a breach in information security. However, the Company's financial position and fiscal performance could be adversely affected if the Company's systems were damaged, if data were leaked outside the organization, if an unknown computer virus were to get through established safeguards or if technologies that the Company has not envisioned allow unauthorized individuals to gain access illegally.

# Consolidated Balance Sheets

As of March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits .....	¥ 60,957	¥ 72,024	\$ 567,623
Marketable securities (Note 4) .....	13,128	6,496	122,246
Receivables:			
Trade notes .....	148	206	1,378
Trade accounts .....	38,743	39,569	360,769
Other .....	1,409	2,084	13,120
Less: Allowance for doubtful receivables .....	(338)	(379)	(3,147)
Inventories (Note 5) .....	12,355	11,922	115,048
Deferred tax assets (Note 8) .....	6,100	5,764	56,802
Other current assets .....	646	682	6,016
<b>Total current assets .....</b>	<b>133,148</b>	<b>138,368</b>	<b>1,239,855</b>
<b>Property, plant and equipment:</b>			
Land (Note 3) .....	28,546	29,010	265,816
Buildings and structures .....	64,612	65,826	601,658
Machinery and equipment .....	78,579	81,730	731,716
Construction in progress .....	350	378	3,259
Other .....	1,995	1,994	18,577
	<b>174,082</b>	<b>178,938</b>	<b>1,621,026</b>
Less: Accumulated depreciation .....	(98,750)	(97,695)	(919,546)
<b>Property, plant and equipment—net .....</b>	<b>75,332</b>	<b>81,243</b>	<b>701,480</b>
<b>Investments and other assets:</b>			
Investment securities (Note 4) .....	135,880	109,375	1,265,295
Investments in unconsolidated subsidiaries and affiliates .....	6,692	6,647	62,315
Long-term loans to unconsolidated subsidiaries and affiliates .....	200	225	1,862
Long-term loans .....	15	21	140
Less: Allowance for doubtful receivables .....	(163)	(2)	(1,518)
Deferred tax assets (Note 8) .....	4,239	4,316	39,473
Deferred tax assets related to revaluation of land (Note 3) .....	1,594	1,482	14,843
Other assets .....	4,168	1,970	38,812
<b>Total investments and other assets .....</b>	<b>152,625</b>	<b>124,034</b>	<b>1,421,222</b>
<b>Total assets .....</b>	<b>¥361,105</b>	<b>¥343,645</b>	<b>\$3,362,557</b>

The accompanying notes to the consolidated financial statements are an integral part of these balance sheets.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings (Note 6) .....	¥ 3,038	¥ 5,118	\$ 28,289
Payables:			
Trade notes .....	837	1,196	7,794
Trade accounts .....	32,846	33,103	305,857
Other .....	20,557	21,723	191,424
Accrued expenses .....	7,325	6,762	68,209
Accrued income taxes .....	7,565	3,398	70,444
Other current liabilities .....	4,648	5,051	43,282
<b>Total current liabilities .....</b>	<b>76,816</b>	<b>76,351</b>	<b>715,299</b>
<b>Long-term liabilities:</b>			
Accrued employees' retirement benefits (Note 7).....	13,580	14,224	126,455
Accrued directors' retirement benefits .....	5,517	1,640	51,373
Other long-term liabilities .....	317	311	2,952
<b>Total long-term liabilities .....</b>	<b>19,414</b>	<b>16,175</b>	<b>180,780</b>
<b>Minority interests .....</b>	<b>6,736</b>	<b>6,680</b>	<b>62,725</b>
<b>Shareholders' equity:</b>			
Common stock			
Authorized—394,301,700 shares;			
Issued:			
March 31, 2005—127,463,685 shares			
March 31, 2004—127,463,685 shares .....	25,123	25,123	233,942
Additional paid-in capital .....	48,370	48,370	450,414
Retained earnings .....	193,927	180,877	1,805,820
Adjustment due to revaluation of land (Note 3) .....	(2,359)	(2,192)	(21,967)
Unrealized gain on securities .....	6,114	4,631	56,933
Translation adjustment account .....	(3,282)	(2,623)	(30,561)
Treasury stock, at cost—March 31, 2005—4,033,982 shares			
March 31, 2004—4,031,646 shares .....	(9,754)	(9,747)	(90,828)
<b>Total shareholders' equity .....</b>	<b>258,139</b>	<b>244,439</b>	<b>2,403,753</b>
<b>Contingent liabilities (Note 9)</b>			
<b>Total liabilities and shareholders' equity .....</b>	<b>¥361,105</b>	<b>¥343,645</b>	<b>\$3,362,557</b>

# Consolidated Statements of Income

For the years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2005
<b>Net sales</b> .....	<b>¥316,973</b>	¥320,033	¥315,279	<b>\$2,951,606</b>
<b>Cost of sales (Note 10)</b> .....	<b>156,877</b>	161,979	160,258	<b>1,460,815</b>
Gross profit.....	<b>160,096</b>	158,054	155,021	<b>1,490,791</b>
<b>Selling, general and administrative expenses (Note 10)</b> .....	<b>131,133</b>	134,851	128,621	<b>1,221,092</b>
Operating income.....	<b>28,963</b>	23,203	26,400	<b>269,699</b>
<b>Other income (expenses):</b>				
Interest and dividend income.....	<b>2,538</b>	1,846	1,684	<b>23,634</b>
Interest expenses.....	<b>(44)</b>	(54)	(49)	<b>(410)</b>
Income on equity in earnings of affiliates.....	<b>427</b>	318	291	<b>3,976</b>
Loss from devaluation of investment securities.....	<b>(112)</b>	(14)	(2,649)	<b>(1,043)</b>
Provision for directors' retirement benefits (Note 11).....	<b>(3,569)</b>	—	—	<b>(33,234)</b>
Gain on sales of investment securities.....	<b>375</b>	980	394	<b>3,492</b>
Other, net (Note 12).....	<b>(1,506)</b>	(1,574)	(551)	<b>(14,023)</b>
<b>Income before income taxes and minority interests</b> .....	<b>27,072</b>	24,705	25,520	<b>252,091</b>
<b>Income taxes:</b>				
Current.....	<b>11,629</b>	8,901	10,930	<b>108,288</b>
Deferred.....	<b>(1,385)</b>	1,536	(29)	<b>(12,897)</b>
	<b>10,244</b>	10,437	10,901	<b>95,391</b>
Income before minority interests.....	<b>16,828</b>	14,268	14,619	<b>156,700</b>
<b>Minority interests in earnings of consolidated subsidiaries</b> .....	<b>216</b>	217	197	<b>2,011</b>
Net income.....	<b>¥ 16,612</b>	¥ 14,051	¥ 14,422	<b>\$ 154,689</b>
		Yen		U.S. dollars (Note 1)
	2005	2004	2003	2005
<b>Per share of common stock:</b>				
Net income.....	<b>¥134.36</b>	¥113.61	¥115.65	<b>\$1.25</b>
Cash dividends applicable to earnings of the year.....	<b>30.00</b>	30.00	30.00	<b>0.28</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements of income.



# Consolidated Statements of Shareholders' Equity

For the years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2005
<b>Common stock:</b>				
Opening and closing balance .....	¥ 25,123	¥ 25,123	¥ 25,123	\$ 233,942
<b>Additional paid-in capital:</b>				
Opening and closing balance .....	¥ 48,370	¥ 48,370	¥ 48,370	\$ 450,414
<b>Retained earnings:</b>				
Opening balance .....	¥180,877	¥175,366	¥164,452	\$1,684,300
Add:				
Net income .....	16,612	14,051	14,422	154,689
Retained earnings from consolidation of subsidiaries at the beginning of the year .....	—	—	339	—
Reversal of adjustment due to revaluation of land .....	167	—	—	1,555
Deduct:				
Cash dividends paid .....	(3,702)	(3,702)	(3,770)	(34,473)
Bonuses to directors .....	(27)	(61)	(62)	(251)
Deduction caused by increase in number of consolidated subsidiaries .....	—	(272)	—	—
Reversal of adjustment due to revaluation of land .....	—	(4,505)	(15)	—
Closing balance .....	¥193,927	¥180,877	¥175,366	\$1,805,820
<b>Adjustment due to revaluation of land (Note 3):</b>				
Opening balance .....	¥ (2,192)	¥ (6,700)	¥ (6,559)	\$ (20,412)
Add .....	—	4,508	—	—
Deduct .....	(167)	—	(141)	(1,555)
Closing balance .....	¥ (2,359)	¥ (2,192)	¥ (6,700)	\$ (21,967)
<b>Unrealized gain on securities:</b>				
Opening balance .....	¥ 4,631	¥ 1,407	¥ 1,543	\$ 43,123
Add .....	1,483	3,224	—	13,810
Deduct .....	—	—	(136)	—
Closing balance .....	¥ 6,114	¥ 4,631	¥ 1,407	\$ 56,933
<b>Translation adjustment account:</b>				
Opening balance .....	¥ (2,623)	¥ (115)	¥ 2,049	\$ (24,425)
Add .....	—	—	—	—
Deduct .....	(659)	(2,508)	(2,164)	(6,136)
Closing balance .....	¥ (3,282)	¥ (2,623)	¥ (115)	\$ (30,561)
<b>Treasury stock, at cost—March 31, 2005—4,033,982 shares:</b>				
Opening balance .....	¥ (9,747)	¥ (9,743)	¥ (4,396)	\$ (90,763)
Add .....	—	—	—	—
Deduct .....	¥ (7)	¥ (4)	¥ (5,347)	\$ (65)
Closing balance .....	¥ (9,754)	¥ (9,747)	¥ (9,743)	\$ (90,828)
Total shareholders' equity .....	¥258,139	¥244,439	¥233,708	\$2,403,753
<b>Number of shares of common stock issued (thousands):</b>				
Opening and closing balance .....	127,464	127,464	127,464	

The accompanying notes to the consolidated financial statements are an integral part of these statements of shareholders' equity.

# Consolidated Statements of Cash Flows

For the years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2005
<b>Cash flows from operating activities:</b>				
Income before income taxes and minority interests .....	¥ 27,072	¥ 24,705	¥ 25,520	\$ 252,091
Depreciation and amortization .....	6,675	7,079	7,459	62,157
Amortization of goodwill .....	—	—	(154)	—
Increase (decrease) in allowance for doubtful accounts.....	122	37	92	1,136
Increase (decrease) in accrued employees' retirement benefits.....	(644)	4,455	641	(5,997)
Increase (decrease) in accrued directors' retirement benefits.....	3,877	—	—	36,102
Interest and dividend income .....	(2,538)	(1,846)	(1,684)	(23,634)
Gain from collection of written-off receivables .....	(1)	(123)	—	(9)
Interest expenses.....	44	54	49	410
Equity in earnings of affiliates.....	(427)	(318)	(291)	(3,976)
Loss on disposal and sales of property, plant and equipment.....	238	608	129	2,216
Gain on sales of marketable and investment securities and others ...	(349)	(1,087)	(204)	(3,250)
Foreign currency exchange (gain) loss.....	1	157	264	9
Devaluation of marketable and investment securities and others ....	1,192	48	2,868	11,100
(Increase) decrease in notes and accounts receivable .....	560	(2,982)	(208)	5,214
(Increase) decrease in inventories.....	(502)	(367)	(723)	(4,675)
Increase (decrease) in notes and accounts payable.....	(497)	(995)	1,090	(4,628)
Increase (decrease) in accrued consumption tax.....	(424)	478	81	(3,948)
Bonuses to directors.....	(27)	(61)	(62)	(251)
Other .....	705	2,237	(2,371)	6,565
Subtotal .....	35,077	32,079	32,496	326,632
Cash received from interest and dividend income.....	2,683	2,092	1,920	24,984
Cash paid for interest expenses .....	(44)	(54)	(49)	(410)
Collection of written-off receivables .....	1	—	—	9
Cash paid for income taxes .....	(7,458)	(11,904)	(11,339)	(69,448)
<b>Net cash provided by operating activities.....</b>	<b>30,259</b>	<b>22,213</b>	<b>23,028</b>	<b>281,767</b>
<b>Cash flows from investing activities:</b>				
Payment of funds into time deposits .....	(2,000)	(2,499)	(61)	(18,624)
Proceeds from redemption of time deposits .....	354	190	475	3,296
Payment for purchases of marketable securities.....	(1,000)	(6,001)	(7,001)	(9,312)
Proceeds from sales and redemption of marketable securities.....	3,790	16,804	8,469	35,292
Payment for purchases of property, plant and equipment and others.....	(3,062)	(7,364)	(6,832)	(28,513)
Proceeds from sales of property, plant and equipment and others .....	1,502	4,190	332	13,987
Payment for purchases of investment securities.....	(38,006)	(57,345)	(38,313)	(353,906)
Proceeds from sales and redemption of investment securities.....	8,308	31,547	13,866	77,363
Payment for purchases of additional shares of consolidated subsidiaries and others.....	(265)	—	(16)	(2,468)
Other .....	31	25	50	289
<b>Net cash used in investing activities.....</b>	<b>(30,348)</b>	<b>(20,453)</b>	<b>(29,031)</b>	<b>(282,596)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from short-term borrowings .....	—	434	328	—
Repayment of short-term borrowings.....	(2,071)	(534)	(2,011)	(19,285)
Proceeds from issuance of long-term debt.....	87	10	—	810
Proceeds from minority shareholdings .....	—	—	497	—
Repurchase of treasury stocks less sales.....	(9)	(7)	(5,404)	(83)
Cash dividends paid .....	(3,702)	(3,702)	(3,770)	(34,473)
Payment for dividends to minority shareholders.....	(14)	(14)	(15)	(130)
<b>Net cash used in financing activities.....</b>	<b>(5,709)</b>	<b>(3,813)</b>	<b>(10,375)</b>	<b>(53,161)</b>
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>(16)</b>	<b>(1,375)</b>	<b>(1,075)</b>	<b>(149)</b>
<b>Increase (decrease) in cash and cash equivalents .....</b>	<b>(5,814)</b>	<b>(3,428)</b>	<b>(17,453)</b>	<b>(54,139)</b>
<b>Increase in cash and cash equivalents due to consolidation of additional subsidiaries.....</b>	<b>—</b>	<b>1,686</b>	<b>213</b>	<b>—</b>
<b>Cash and cash equivalents at the beginning of the year .....</b>	<b>72,140</b>	<b>73,882</b>	<b>91,122</b>	<b>671,757</b>
<b>Cash and cash equivalents at the end of the year .....</b>	<b>¥ 66,326</b>	<b>¥ 72,140</b>	<b>¥ 73,882</b>	<b>\$ 617,618</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements of cash flows.

# Notes to Consolidated Financial Statements

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Nissin Food Products Co., Ltd. (the "Company") and its consolidated subsidiaries (together, the "Group") are an English version of those which have been filed with the Director of the Kanto Local Finance Bureau, as required by the Japanese Securities and Exchange Law, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In addition, the Notes to Consolidated Financial Statements include information that is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Accounting policies used for the original statements remain unchanged in this English version. The information disclosed and

the manner of disclosure, however, have been modified, and the consolidated statements of shareholders' equity have been added for the purpose of this annual report.

In addition to the presentation of Japanese yen figures, which are identical with those in the original statements in Japanese, the financial statements present monetary information in U.S. dollars, which has been translated at the rate of ¥107.39=US\$1, the approximate rate prevailing on March 31, 2005. It should be noted, however, that this translation is not intended to imply that the amounts shown have been or could have been converted into U.S. dollars at that rate. For comparative purposes only, the above rate has been used throughout the U.S. dollar financial statements.

## 2. Summary of Significant Accounting Policies

### (a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and its significant subsidiaries, defined as companies over which it is deemed to exercise substantial control. All significant intercompany balances and transactions have been eliminated on consolidation.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to the minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Investments in a certain affiliate (a company that is able to exert a significant influence on financial and operating policy decisions) are stated at their underlying net equity value (using the equity method), after elimination of unrealized intercompany profits.

Differences between the cost and underlying net equity of investments in consolidated subsidiaries and a company accounted for using the equity method are charged or credited to income as they occur.

Investments in unconsolidated subsidiaries and other affiliates are carried at cost, and the Company writes down investments of which the value has been permanently impaired.

The number of consolidated subsidiaries and affiliates accounted for using the equity method, for the years ended March 31, 2005, 2004 and 2003, are as follows:

	2005	2004	2003
Consolidated subsidiaries .....	22	23	24
Affiliate accounted for using the equity method .....	1	1	1

Twelve overseas subsidiaries and one overseas affiliate use December 31 as the closing date for their financial statements. Necessary adjustments were made on significant intercompany transactions that occurred from January 1, to the closing date of the consolidated financial statements. (Please refer to page 43 for company names of consolidated subsidiaries and an affiliate accounted for using the equity method.)

Nissin Foods B.V., which was a consolidated subsidiary until the previous fiscal year, has been excluded from the scope of consolidation, following the conclusion of liquidation procedures

in the fiscal year ended March 31, 2005. However, the Statement of Income of the subsidiary up to the time of liquidation has been included in the consolidated statements of income.

### (b) Consolidated statements of cash flows

For the purposes of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks and all highly liquid investments with insignificant risk of changes in value and with maturities of three months or less.

Cash and cash equivalents as of the balance sheet dates consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Cash and deposits .....	¥60,957	¥72,024	\$567,623
Time deposits with maturities exceeding three months .....	(2,030)	(2,394)	(18,903)
Marketable securities redeemable within three months .....	7,399	2,510	68,898
Cash and cash equivalents .....	¥66,326	¥72,140	\$617,618

### (c) Securities

Of marketable and investment securities, listed securities are stated at market value, based on the fair market value at the end of the period. Unrealized gain (net) is included in shareholders' equity, while any cost of sales is calculated based on the moving-average cost method.

Non-marketable securities are stated at cost or amortized cost using the moving-average cost method.

### (d) Inventories

Finished goods and purchased goods are principally valued at cost using the periodic average method. Raw materials and supplies are principally valued at cost using the recent-purchase method.

### (e) Derivative financial instruments

Derivative transactions undertaken by the Group were interest rate swaps in the fiscal year ended March 31, 2004 to avert the risk of fluctuating interest rates on investment securities, and exchange contract transactions in the fiscal years ended March 31, 2004 and 2005 to avert the risk of fluctuating exchange rates on foreign currency debt. The Group does not engage in any short-term trading to gain profits or in any speculative transactions.

Derivative transactions employ hedge accounting. The method to effectively evaluate hedging calls for identification of significant conditions for hedging method and respective target, thereby totally averting the risk of losses from fluctuation of cash flows during hedging terms.

The Company forms contract agreements with highly credit-worthy financial institutions only, to avert credit risk due to non-fulfillment of a contract by a trading party.

Derivative transactions are managed and executed by the Finance Division in accordance with the risk management policies approved by the Executive Committee, which comprises executive directors of the Company.

The same key conditions apply to hedging methods as well as hedging targets. An evaluation of effectiveness is omitted as fluctuations in cash flow during the hedging term are completely averted.

#### **(f) Property, plant and equipment**

Property, plant and equipment are principally depreciated using the declining-balance method over the useful lives of the assets, in conformity with the Corporation Tax Law. However, certain consolidated subsidiaries use the straight-line method. The straight-line method is also used for the head offices of the Company (Osaka) and the buildings and structures of the Central Research Institute. In addition, the straight-line method is used for buildings (excluding attached facilities) acquired on or after April 1, 1998.

Repair and maintenance expenditures are charged to income as incurred, although major improvements are capitalized. When properties are retired or otherwise disposed of, any resulting gain or loss is credited or charged to income.

#### **(g) Accrued employees' retirement benefits**

The Company and its domestic consolidated subsidiaries provide for employees' retirement benefits based on the projected benefit obligation and the amount of pension plan assets at the end of the fiscal year.

Actuarial differences, or unexpected gain or loss are charged to income on a lump-sum basis in the fiscal year after they occur.

#### **(h) Accrued directors' retirement benefits**

In accordance with its bylaws, the Company maintains accrued directors' retirement benefits under which it appropriates funding equal to the entire amount to be paid, at the end of the fiscal year.

#### **(i) Allowance for doubtful receivables**

The Group provides collectively a general reserve for normal and substandard receivables, applying a ratio determined based on the Group's credit loss experience and provides individually a specific reserve for doubtful receivables based on the fair value of any underlying collateral.

#### **(j) Income taxes**

Income taxes had been provided for amounts currently payable for the years. The Company and domestic subsidiaries apply the deferred tax accounting in conformity with the accounting standards in Japan. As required, deferred tax assets and liabilities are recorded based on the temporary differences between the financial statement and tax bases of assets and liabilities.

#### **(k) Leases**

In Japan, finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessee are accounted for by a method similar to that applicable to ordinary operating leases.

#### **(l) Consumption tax accounting method**

The Japanese consumption tax withheld and consumption tax paid, at a rate of 5%, are not included in any accounts in the consolidated statements of income.

#### **(m) Treasury stock**

The cost of treasury stock held by the Company is presented as a reduction of shareholders' equity in the consolidated balance sheets.

#### **(n) Appropriation of retained earnings**

Cash dividends and bonuses to directors are recorded in the financial year that a proposed appropriation is approved by the general meeting of shareholders.

#### **(o) Net income and cash dividends per share**

The computation of net income per share is based on the weighted-average number of shares of common stock outstanding during the relevant fiscal year.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

#### **Supplementary Information**

##### **Tax Based on Business Size**

In accordance with the law on amendment of local tax laws and so forth, effective April 1, 2004, enterprise tax based on business size went into effect. A domestic corporation with capital in excess of ¥100 million is subject to tax based on business size on the basis of the total amount of value added, the size of its capital and its taxable income. Based on the new accounting standard on the tax based on business size, the Company and its certain domestic consolidated subsidiaries have accounted for tax based on business size with respect to the amounts of value added and capital as a component of selling, general and administrative expenses, which amounted to ¥387 million (US\$3,604 thousand), for the fiscal year ended March 31, 2005.

### **3. Revaluation of Land**

Based on the Law Concerning Revaluation of Land and the Law Amending Parts of the Law Concerning Revaluation of Land, the Company revalued the land it holds for use in the course of ongoing operations. The resulting land revaluation difference represents an unrealized devaluation of land and is debited directly, as net of income taxes, under "Adjustment due to

revaluation of land" in shareholders' equity. There is no effect on the statement of income. Land for own-use was revalued in accordance with the law on March 31, 2002.

The market value of such land, as of March 31, 2005, declined ¥6,227 million (US\$57,985 thousand) from the book value of land revalued as of March 31, 2002.

## 4. Securities

The carrying amounts and aggregate fair values of investment securities with market value at March 31, 2005 and 2004, were as follows.

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Balance sheet amount	Unrealized gain (loss)	Acquisition cost	Balance sheet amount	Unrealized gain (loss)
<b>March 31, 2005</b>						
Where balance-sheet amounts exceed acquisition costs						
(1) Stocks .....	¥ 27,559	¥ 38,550	¥10,991	\$ 256,625	\$ 358,972	\$102,347
(2) Bonds						
National government bonds .....	300	301	1	2,794	2,803	9
Corporate bonds .....	27,253	27,416	163	253,776	255,294	1,518
Other bonds .....	5,759	5,859	100	53,627	54,558	931
(3) Other .....	3,843	5,060	1,217	35,785	47,118	11,333
Subtotal .....	¥ 64,714	¥ 77,186	¥12,472	\$ 602,607	\$ 718,745	\$116,138
Where balance-sheet amounts do not exceed acquisition costs						
(1) Stocks .....	¥ 1,103	¥ 1,028	¥ (75)	\$ 10,271	\$ 9,573	\$ (698)
(2) Bonds						
National government bonds .....	—	—	—	—	—	—
Corporate bonds .....	20,449	20,067	(382)	190,418	186,861	(3,557)
Other bonds .....	22,471	20,824	(1,647)	209,247	193,910	(15,337)
(3) Other .....	—	—	—	—	—	—
Subtotal .....	¥ 44,023	¥ 41,919	¥ (2,104)	\$ 409,936	\$ 390,344	\$ (19,592)
Total .....	¥108,737	¥119,105	¥10,368	\$1,012,543	\$1,109,089	\$ 96,546

	Millions of yen		
	Acquisition cost	Balance sheet amount	Unrealized gain (loss)
<b>March 31, 2004</b>			
Where balance-sheet amounts exceed acquisition costs			
(1) Stocks .....	¥20,319	¥28,969	¥ 8,650
(2) Bonds			
National government bonds .....	—	—	—
Corporate bonds .....	12,288	12,427	139
Other bonds .....	—	—	—
(3) Other .....	3,746	4,871	1,125
Subtotal .....	¥36,353	¥46,267	¥ 9,914
Where balance-sheet amounts do not exceed acquisition costs			
(1) Stocks .....	¥ 2,897	¥ 2,740	¥ (157)
(2) Bonds			
National government bonds .....	4,258	4,164	(94)
Corporate bonds .....	29,750	29,082	(668)
Other bonds .....	16,524	15,387	(1,137)
(3) Other .....	—	—	—
Subtotal .....	¥53,429	¥51,373	¥(2,056)
Total .....	¥89,782	¥97,640	¥ 7,858

## 5. Inventories

Inventories as of March 31, 2005 and 2004 are summarized below.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Finished goods and purchased goods .....	¥7,767	¥7,537	\$72,325
Raw materials and supplies .....	4,588	4,385	42,723

## 6. Short-term Borrowings

Short-term borrowings, which amounted to ¥3,038 million (US\$28,289 thousand) and ¥5,118 million as of March 31, 2005 and 2004, respectively, generally represent notes payable to banks.

The annual interest rates applicable to the borrowings at March 31, 2005, ranged from 0.479% to 4.696%.

## 7. Accrued Employees' Retirement Benefits

The Company and its domestic consolidated subsidiaries have two types of employee benefit plan. One is a defined benefit pension plan, i.e. a contributory pension plan and a qualified

pension plan. The other is a lump-sum retirement payment. The Company changed from a qualified pension plan to a contributory pension plan in 1989.

The Company's pensions are paid from age 60 for people with at least 20 years of service. Employees terminated with less than 20 years of service receive lump-sum payments, paid as fixed amounts that reflect final base compensation, length of service and conditions of termination.

The pension payment amounts are guaranteed for 15 years

from age 60. Pension payments will continue thereafter for the remainder of the recipient's life, at a rate of 60 percent of the original payment amount after age 75.

The following table sets forth the funded and accrued status of retirement benefits, and the accrued amounts in the consolidated balance sheets, as of March 31, 2005 and 2004.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
(a) Projected benefit obligation .....	¥(36,665)	¥(34,962)	\$(341,419)
(b) Pension assets at fair value.....	23,753	20,154	221,184
(c) Unfunded retirement benefits obligation (a+b).....	(12,912)	(14,808)	(120,235)
(d) Unrealized actuarial differences .....	(668)	584	(6,220)
(e) Accrued employees' retirement benefits (c+d) .....	¥(13,580)	¥(14,224)	\$(126,455)

Notes: 1. The above amounts include a substitutional portion of the employees' pension fund.

2. Domestic consolidated subsidiaries apply the simplified method to calculate pension benefits obligation.

The components of retirement benefit costs for the years ended March 31, 2005 and 2004, were as follows.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
(a) Service cost (Notes 1 and 2) .....	¥1,760	¥1,259	\$16,389
(b) Interest cost.....	801	824	7,459
(c) Expected return on pension assets.....	(454)	(424)	(4,228)
(d) Amortization for unrealized actuarial difference .....	584	4,799	5,438
Total net periodic pension cost .....	¥2,691	¥6,458	\$25,058

Notes: 1. Employee contributions to the employees' pension fund have been deducted.

2. Expenses for pension benefits of domestic consolidated subsidiaries, which apply the simplified method, are included.

The assumptions used to calculate retirement benefit liabilities were as follows.

(a) Method of allocation of estimated retirement benefits	Straight-line method
(b) Discount rates	2.5% for 2005 and 2004
(c) Expected rate of return on pension assets	2.5% for 2005 and 2004
(d) Amortization period for actuarial difference (Note)	1 year

Note: Actuarial difference is expensed as a lump-sum in the following fiscal year.

## 8. Deferred Tax Accounting

Composition of assets and liabilities of deferred income taxes as of March 31, 2005 and 2004, were as follows.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
<b>Deferred tax assets:</b>			
Accrued employees' retirement benefits .....	¥ 5,462	¥ 5,719	\$ 50,861
Unrealized losses on securities .....	4,604	2,622	42,872
Accounts payable .....	3,119	3,730	29,044
Accrued bonuses to employees.....	996	1,143	9,275
Accrued directors' retirement benefits.....	2,225	662	20,719
Depreciation and amortization.....	608	662	5,662
Net loss carry forward of consolidated subsidiaries .....	7,463	6,480	69,494
Other.....	2,869	1,749	26,715
Total deferred tax assets .....	27,346	22,767	254,642
Valuation allowance .....	(9,581)	(6,426)	(89,217)
Net deferred tax assets .....	17,765	16,341	165,425
<b>Deferred tax liabilities:</b>			
Deferred capital gain on properties .....	(1,985)	(1,997)	(18,484)
Unrealized gain on securities.....	(4,187)	(3,175)	(38,989)
Other.....	(1,307)	(1,140)	(12,170)
Total deferred tax liabilities .....	(7,479)	(6,312)	(69,643)
Net deferred tax assets .....	¥10,286	¥10,029	\$ 95,782

Note: Net deferred tax liabilities (current) of ¥2 million (US\$19 thousand) are included in other current liabilities, and net deferred tax liabilities (non-current) of ¥51 million (US\$475 thousand) are included in other long-term liabilities as of March 31, 2005.

An analysis of the difference between the statutory tax rate and the Group's effective tax rate for the fiscal year ended March 31, 2005

Statutory tax rate.....	40.33%
(Adjustments)	
Perpetually nondeductible expenses, such as entertainment expenses .....	0.61
Income on equity in earnings of affiliates .....	(0.64)
Loss on valuation of investments in affiliates .....	(5.91)
Valuation allowance.....	2.52
Other .....	0.93
The Group's effective income tax rate .....	37.84

## 9. Contingent Liabilities

The Group was contingently liable as a guarantor of loans to an unconsolidated subsidiary in the aggregate amount of ¥294 million (US\$2,738 thousand) and ¥394 million at March 31, 2005 and 2004, respectively.

## 10. Research and Development Expenses

Expenses relating to research and development activities are charged to income as incurred. R&D expenses, which are included in cost of sales and selling, general and administrative expenses, totaled ¥2,697 million (US\$25,114 thousand), ¥2,762 million and ¥2,757 million at March 31, 2005, 2004 and 2003, respectively.

## 11. Provision for Directors' Retirement Benefits

Provision for directors' retirement benefits was incurred due to revision of the rules regarding directors' retirement benefits.

## 12. Other, Net

Main items of other net for the years ended March 31, 2005, 2004 and 2003, were as follows.

<b>2005:</b>	Foreign exchange gains .....	¥ 594 million	(US\$5,531)
	Loss on disposal of properties .....	¥ 305 million	(US\$2,840)
	Loss on valuation of investments in affiliates.....	¥1,076 million	(US\$10,020)
	Loss on liquidation of affiliate .....	¥ 608 million	(US\$5,662)
	Loss on prior year adjustments .....	¥ 557 million	(US\$5,187)
<b>2004:</b>	Foreign exchange losses .....	¥ 769 million	
	Loss on disposal of properties .....	¥ 424 million	
	Special retirement benefits to employees.....	¥ 421 million	
<b>2003:</b>	Foreign exchange losses .....	¥ 728 million	

## 13. Subsequent Event

The following appropriations of retained earnings of the Company were approved at the general meeting of shareholders held on June 29, 2005.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥30=US\$0.28 per share) .....	¥3,704	\$34,491
Bonuses to directors .....	25	233
	¥3,729	\$34,724

## 14. Litigation

The Group is not currently engaged in major litigation.

## 15. Segment Information

### (a) Sales by business segment

The Company and its consolidated subsidiaries are engaged in the manufacturing and marketing of instant noodles and related

business. Because the composition of these activities exceeds 90% of total sales, business segment information has been omitted.

### (b) Sales by area

Year ended March 31, 2005	Millions of yen				
	Japan	North America	Other Areas	Eliminations	Consolidated
I. Sales					
Sales to outside customers .....	¥273,936	¥23,911	¥19,126	¥ —	¥316,973
Intersegment sales .....	1,109	—	173	(1,282)	—
Total .....	275,045	23,911	19,299	(1,282)	316,973
Operating expenses.....	246,629	24,890	18,500	(2,009)	288,010
Operating income .....	¥ 28,416	¥ (979)	¥ 799	¥ 727	¥ 28,963
II. Assets .....	¥342,079	¥15,356	¥25,754	¥(22,084)	¥361,105

Year ended March 31, 2005	Thousands of U.S. dollars				
	Japan	North America	Other Areas	Eliminations	Consolidated
I. Sales					
Sales to outside customers .....	\$2,550,852	\$222,656	\$178,098	\$ —	\$2,951,606
Intersegment sales .....	10,327	—	1,611	(11,938)	—
Total .....	2,561,179	222,656	179,709	(11,938)	2,951,606
Operating expenses.....	2,296,573	231,772	172,269	(18,707)	2,681,907
Operating income .....	\$ 264,606	\$ (9,116)	\$ 7,440	\$ 6,769	\$ 269,699
II. Assets .....	\$3,185,390	\$142,993	\$239,817	\$(205,643)	\$3,362,557

Year ended March 31, 2004	Millions of yen				
	Japan	North America	Other Areas	Eliminations	Consolidated
I. Sales					
Sales to outside customers .....	¥276,398	¥23,943	¥19,692	¥ —	¥320,033
Intersegment sales .....	1,373	—	—	(1,373)	—
Total .....	277,771	23,943	19,692	(1,373)	320,033
Operating expenses.....	254,114	25,222	18,872	(1,378)	296,830
Operating income .....	¥ 23,657	¥ (1,279)	¥ 820	¥ 5	¥ 23,203
II. Assets .....	¥320,187	¥17,234	¥22,213	¥(15,989)	¥343,645

Year ended March 31, 2003	Millions of yen				
	Japan	North America	Other Areas	Eliminations	Consolidated
I. Sales					
Sales to outside customers .....	¥268,944	¥26,373	¥19,962	¥ —	¥315,279
Intersegment sales .....	1,322	—	—	(1,322)	—
Total .....	270,266	26,373	19,962	(1,322)	315,279
Operating expenses.....	245,165	26,370	18,669	(1,325)	288,879
Operating income .....	¥ 25,101	¥ 3	¥ 1,293	¥ 3	¥ 26,400
II. Assets .....	¥307,310	¥18,592	¥23,273	¥(17,181)	¥331,994

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

2. Principal countries classified in the region

North America: USA and Mexico.

Other areas: PRC, Germany and the Netherlands.



(c) Overseas sales

	Millions of yen			Thousands of U.S. dollars
	North America	Other Areas	Total	Total
<b>Year ended March 31, 2005</b>				
Overseas sales .....	¥24,177	¥19,553	¥ 43,730	\$ 407,207
Consolidated sales .....	—	—	316,973	2,951,606
Ratio of overseas sales to consolidated sales .....	7.6%	6.2%	13.8%	13.8%

	Millions of yen			
	North America	Other Areas	Total	
<b>Year ended March 31, 2004</b>				
Overseas sales .....	¥24,774	¥20,902	¥ 45,676	
Consolidated sales .....	—	—	320,033	
Ratio of overseas sales to consolidated sales .....	7.8%	6.5%	14.3%	

	Millions of yen			
	North America	Other Areas	Total	
<b>Year ended March 31, 2003</b>				
Overseas sales .....	¥27,151	¥19,825	¥ 46,976	
Consolidated sales .....	—	—	315,279	
Ratio of overseas sales to consolidated sales .....	8.6%	6.3%	14.9%	

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

2. Principal countries classified in the region

North America: USA and Mexico.

Other areas: PRC and Germany.

3. Overseas sales represent the sum total of sales to the overseas market outside Japan by Nissin Food Products Co., Ltd. and its consolidated subsidiaries. (Sales between consolidated subsidiaries are not included.)

## Independent Auditors' Report

(translation)

### The Board of Directors Nissin Food Products Co., Ltd.

We have audited the accompanying consolidated balance sheets of Nissin Food Products Co., Ltd. and consolidated subsidiaries as of March 31, 2005 and 2004, the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2005, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissin Food Products Co., Ltd. and consolidated subsidiaries as of March 31, 2005 and 2004, the consolidated results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2005 in conformity with accounting principles and practices generally accepted in Japan.

Shin Nihon & Co.  
June 29, 2005

Shin Nihon & Co.

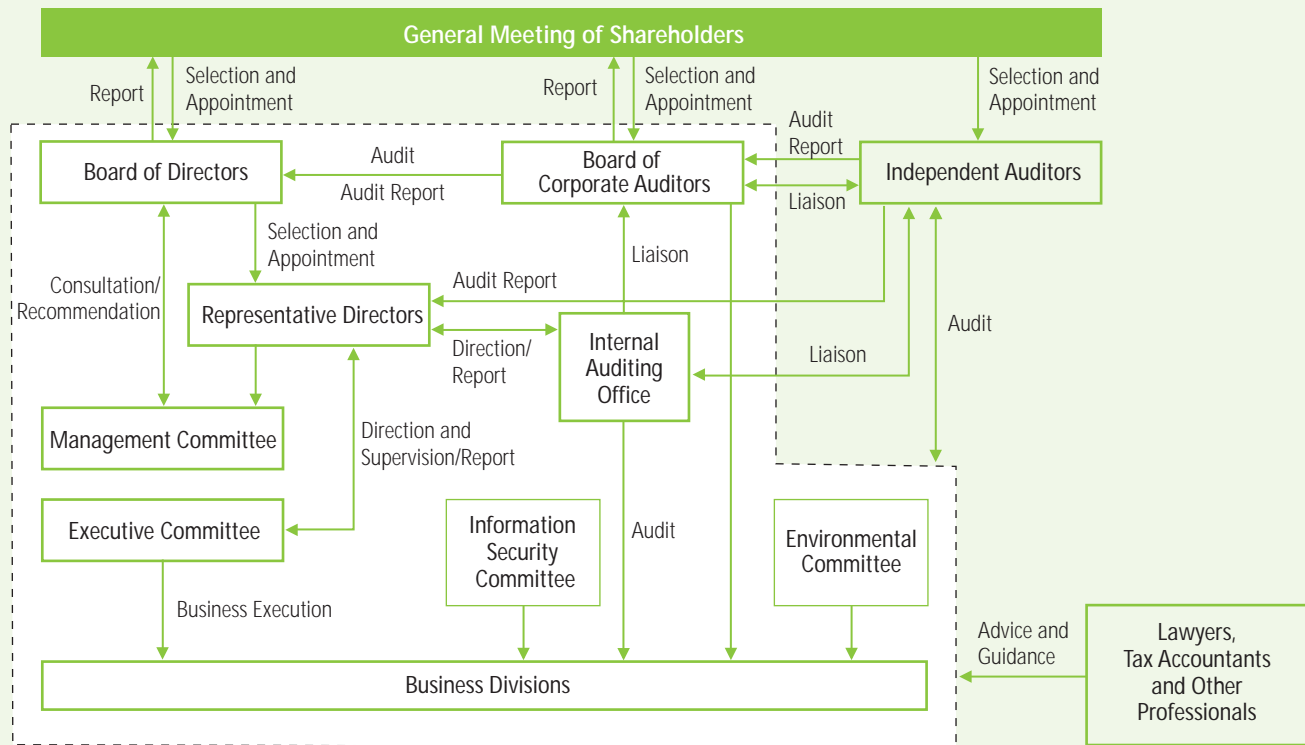
# Basic Policy Regarding Corporate Governance and Status of Implementation of Measures

Nissin Foods 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 Foods 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 Corporate Governance Issues



Note: Portions inside the dotted line are internal activities.

#### A. Composition of Company Organizations

Nissin Foods employs a corporate auditing system and has established a management organization that energizes management and accelerates decision-making. Our management organization at the end of the fiscal year ended March 31, 2005, is as follows.

The Board of Directors consists of 15 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 11 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 11 corporate executive officers. Their role is to communicate 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 Foods works companywide to build, maintain and operate internal control systems because it considers this to be a critical management task.

Nissin Foods is developing systems of internal checks on the departmental level for activities including purchasing, production, distribution, marketing and administration. At the same time, Nissin Foods 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 Foods 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 Foods has been aware of the importance of environmental 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 Foods 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 Foods places paramount importance on maintaining food safety. In April 2004, it implemented Nissin Foods 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 Foods 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 responses 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 Foods 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 Foods 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 Foods responds fairly and accurately to the issues at hand.

### D. Executive Compensation and Audit Fee

- a. During the fiscal year ended March 31, 2005, Nissin Foods 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 Foods' 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) Status of Internal Auditing and Corporate 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 Foods 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 Foods 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.

## 3) Interests between the Company, and Its Outside Directors and Outside Corporate Auditors

Outside director Yorihiro Kojima is President and CEO of Mitsubishi Corporation. Outside director Eizo Kobayashi is President and CEO of ITOCHU Corporation. Nissin Foods 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 Foods. Outside corporate auditor Hiroshi Takano is a lawyer, and no standing advisory contract exists between him and Nissin Foods.

## 4) Auditors Who Execute the Company's Audit

Shin Nihon & Co is the firm of auditors which executes the Company's audit. Auditing personnel consist of two auditors, and seven assistants (four C.P.A., and three other persons).

## 5) Initiatives to Strengthen Corporate Governance Over the Past Fiscal Year

- A. In June 2004, Nissin Foods revised its corporate auditing standards and is performing audits in strict accordance with the revised standards.
- B. Nissin Foods undertakes timely and fair information disclosure as part of its efforts to disclose management information and ensure transparency. It prepares materials for presenting its settled accounts as swiftly as possible and makes them publicly available on its Web site, together with accurate and up-to-date corporate information, for its shareholders and investors.

# Worldwide Network

## [Americas]

### ● Nissin Foods (U.S.A.) Co., Inc.

#### (Corporate Offices & Gardena Plant)

2001 West Rosecrans Avenue, Gardena, CA 90249 U.S.A.  
Telephone: 1-323-321-6453 Fax: 1-310-515-3751

#### (Lancaster Plant)

Masako Place 2901, Hempland Road, Lancaster, PA 17601 U.S.A.  
Telephone: 1-717-291-5901 Fax: 1-717-291-9737

### ● NITEC (U.S.A.) Inc.

2001 West Rosecrans Avenue, Gardena, CA 90249 U.S.A.  
Telephone: 1-310-527-5762 Fax: 1-310-715-2766

### ● Camino Real Foods, Inc.

#### (Corporate Offices & Vernon Plant)

2638 East Vernon Avenue, Vernon, CA 90058 U.S.A.  
Telephone: 1-323-585-6599 Fax: 1-323-585-5420

#### (Lancaster Plant)

2919, Hempland Road, Lancaster, PA 17601 U.S.A.  
Telephone: 1-717-399-7637 Fax: 1-717-399-8908

### ● Nissin Food Products Co., Ltd. Sucursal

#### (Mexico Branch)

Tlacoquemecatl, No. 41, 1 Piso, Ala-B, Col. Del Valle,  
Mexico, D.F. C.P. 03100 Mexico  
Telephone: 52-55-5322-4310 Fax: 52-55-5322-4319

### ● Nissin-Ajinomoto Alimentos Ltda.

#### (Head Office)

Av. Paulista 1842, Torre Norte 19 andar,  
Cerqueira César Sao Paulo, SP, Brazil CEP 01310-200  
Telephone: 55-11-3145-5900 Fax: 55-11-3145-5901

#### (Ibiuna Plant)

Rodovia Bunjiro Nakao, Km 57 - Bairro Votorantim,  
Caixa Postal No. 57, Ibiuna - SP - Brazil CEP 18 150-000  
Telephone: 55-15-3249-1100 Fax: 55-15-3249-1255

## [Asia]

### ● Nissin Foods (HK) Management Co., Ltd.

9-13, Dai Cheong Street, Tai Po Industrial Estate,  
Tai Po, N.T. Hong Kong  
Telephone: 852-3406-6888 Fax: 852-2666-5173

### ● Nissin Foods Co., Ltd.

#### (Head Office & Main Plant)

21-23, Dai Shing Street, Tai Po Industrial Estate,  
Tai Po, N.T. Hong Kong  
Telephone: 852-2665-0032 Fax: 852-2664-4189

#### (Wing On Plant)

9-13, Dai Cheong Street, Tai Po Industrial Estate,  
Tai Po, N.T. Hong Kong  
Telephone: 852-2664-6818 Fax: 852-2664-2201

#### (Singapore Branch)

31 Jurong Port Road #02-11M,  
Jurong Logistics Hub, Singapore 619115  
Telephone: 65-6-2681309 Fax: 65-6-2682758

### ● NITEC (H.K.) Ltd.

9-13, Dai Cheong Street, Tai Po Industrial Estate,  
Tai Po, N.T. Hong Kong  
Telephone: 852-2660-8418 Fax: 852-2660-8460

### ● Winner Food Products Ltd.

#### (Winner Plant)

11-13, Dai Shun Street, Tai Po Industrial Estate,  
Tai Po, N.T. Hong Kong  
Telephone: 852-2667-3766 Fax: 852-2666-5173

#### (Wintai Plant)

20, Dai Kwai Street, Tai Po Industrial Estate,  
Tai Po, N.T. Hong Kong  
Telephone: 852-2663-3992 Fax: 852-2664-7559

### ● Miracle Foods Co., Ltd.

19, Dai Shing Street, Tai Po Industrial Estate, Tai Po, N.T. Hong Kong  
Telephone: 852-2666-0812 Fax: 852-2666-0600

### ● NITEC (H.K.) Ltd.

9-13, Dai Cheong Street, Tai Po Industrial Estate, Tai Po, N.T. Hong Kong  
Telephone: 852-2660-8418 Fax: 852-2660-8460

#### (Engineer Division)

21-23, Dai Shing Street, Tai Po Industrial Estate, Tai Po, N.T. Hong Kong  
Telephone: 852-2660-7622 Fax: 852-2663-0492

### ● Nissin Foods (China) Holding Co., Ltd.

10F, Dongying Bld. 2570 Xietu Road, Xuhui District,  
Shanghai, 200030 The People's Republic of China  
Telephone: 86-21-6468-7176 Fax: 86-21-6468-3295

### ● Nissin Hualong Foods Co., Ltd.

#### (Head Office)

Hualong Food Market of Longyao, Hebei,  
055350 The People's Republic of China  
Telephone: 86-319-6598866 Fax: 86-319-6591358

#### (Beijing Office)

17F, Blue Castle International Centre, Xi Dawang Road, Chaoyang District,  
Beijing, 10026 The People's Republic of China  
Telephone: 86-10-8599-9898 Fax: 86-10-8599-9898

### ● Shanghai Nissin Foods Co., Ltd.

#### (Head Office & Plant)

No. 1, Xinqiao Zhen,  
Songjiang District, Shanghai, 201612 The People's Republic of China  
Telephone: 86-21-5764-4070 Fax: 86-21-5764-4073

#### (Shanghai Office)

11F, Dongying Bldg., 2570 Xietu Road,  
Xuhui District, Shanghai, 200030 The People's Republic of China  
Telephone: 86-21-6468-8476 Fax: 86-21-6468-3325

### ● Guangdong Shunde Nissin Foods Co., Ltd.

#### (Head Office & Plant)

13, Gang Qian Road, Beijiao Industrial Park, Beijiao County,  
Shunde District, Foshan City, Guangdong Province, 528311  
The People's Republic of China  
Telephone: 86-757-2633-0482 Fax: 86-757-2665-2778

#### (Guangzhou Office)

7th Floor, Golden Lake Building, No. 2, Dong Hu Road, West,  
Guangzhou, 510100 The People's Republic of China  
Telephone: 86-20-8384-4362 Fax: 86-20-8385-6181

### ● Nissin Foods (Huabei) Co., Ltd.

Lang Fang Economic & Technical Development Zone, Hebei 065001,  
The People's Republic of China  
Telephone: 86-316-608-8652/8651/8654/7545 Fax: 86-316-608-7505

### ● Shandong Winner Food Products Co., Ltd.

No. 86, Haiqu Mid Road, Rizhao City,  
Shandong, 276800 The People's Republic of China  
Telephone: 86-633-822-3504 Fax: 86-633-822-3504

### ● Zhuhai Golden Coast Winner Food Products Ltd.

Golden Coast Food Industry City, Zhuhai,  
Guangdong, 519040 The People's Republic of China  
Telephone: 86-756-776-4138 Fax: 86-756-776-4198

### ● Guangyongnan Food Products (Shenzhen) Co., Ltd.

3rd Floor, No. 8, Road 5, Qingshuihe,  
Shenzhen, Guangdong Province, The People's Republic of China  
Telephone: 86-755-244-5649 Fax: 86-755-244-5649

### ● Nissin-Universal Robina Corporation

#### (Head Office)

2nd Floor, CFC Administration Building,  
E. Rodriguez Jr. Ave., Bagong Ilog, Pasig City, 1600 Philippines  
Telephone: 63-2-671-7176 Fax: 63-2-671-3978

#### (Cavite Plant)

Block 7, Lot 8, First Cavite Industrial Estate,  
Bo. Langkaan, Dasmariñas Cavite, 4140 Philippines  
Telephone: 63-46-402-0662/1241 Fax: 63-46-402-0824

● **Indo Nissin Foods Ltd.**

**(Head Office)**

3rd Floor, Centenary Building, 28, M.G. Road, Bangalore 560 001, India  
Telephone: 91-80-2532-7900 Fax: 91-80-2559-9087

**(Bangalore Plant)**

Plot No. 18-A2, Jigani Industrial Area, Anekal Taluk, Bangalore,  
District-562 106 India  
Telephone: 91-8078-25265 Fax: 91-8078-25279

**(Delhi Plant)**

91 Kms, Delhi-Jaipur Road, Village Deodhai, Tehsil Bawal,  
District Rewari-123401 Haryana, India  
Telephone: 91-1284-264032 Fax: 91-1284-264032

● **Accelerated Freeze Drying Co., Ltd.**

**(Head Office)**

Amalgam House, Bristow Road,  
Willingdon Island, Cochin-682-003, Kerala, India  
Telephone: 91-484-2668680 Fax: 91-484-2668130

**(Cochin Plant)**

EP/IV/513, Ezhupunna P.O. Alleppey District-688 548, Kerala, India  
Telephone: 91-478-2872012 Fax: 91-478-2873016

**(Bangalore Plant)**

Plot No. 18-A1, Jigani Industrial Area, Anekal Taluk,  
Bangalore-562 106 Karnataka, India  
Telephone: 91-8078-25282 Fax: 91-8078-25283

● **PT. NISSINMAS**

Jl. Jababeka Raya Blok, N/1, Cikarang Bekasi, 17530 Indonesia  
Telephone: 62-21-893-4130 Fax: 62-21-893-4129

● **Nissin Foods (Thailand) Co., Ltd.**

**(Head Office & Plant)**

631 Moo 11, Sukapiban 8, Sriracha Chonburi 20280, Thailand  
Telephone: 66-38-481-351 Fax: 66-38-481-353

**(Bangkok Office)**

802 Bangkok Tower, 2170 New Petchburi Road,  
Bangkok 10320, Thailand  
Telephone: 66-2-308-0360 Fax: 66-2-308-0363

**[Europe]**

● **Nissin Foods Kft.**

H-6000 Kecskemet, Buzakalasz ut20, Hungary  
Telephone:36-76-485-703 Fax:36-76-485-704

● **NITEC (Europe) Kft.**

H-6000 Kecskemet, Buzakalasz ut20, Hungary  
Telephone:36-76-503-283 Fax:36-76-327-794

● **Nissin Foods GmbH**

Am Hohenstein 3-5  
65779 Kelkheim, Germany  
Telephone: 49-6195-6927 Fax: 49-6195-910019

**Business Areas of Consolidated Subsidiaries and Affiliate**

(As of March 31, 2005)

Company	Capital	Business Area	Equity Ownership
<b>Consolidated Subsidiaries</b>			
Sapporo Nissin Co., Ltd.	¥250 million	Cup- and pillow-type noodles manufacturing and marketing	100.0%
Nissin F.D. Foods Co., Ltd.	¥100 million	Freeze-dried foods manufacturing and marketing	100.0 <sup>(2)</sup>
Nissin Plastics Co., Ltd.	¥450 million	Container manufacturing and marketing	100.0
Nissin Frozen Foods Co., Ltd.	¥98 million	Frozen foods manufacturing and marketing	100.0
Gran Foods Co., Ltd.	¥80 million	Frozen foods manufacturing and marketing (Wholly-owned subsidiary of Nissin Frozen Foods Co., Ltd.)	100.0
Nissin Yoke Co., Ltd.	¥870 million	Beverages and dairy products manufacturing and marketing	72.8
Nissin Enterprise Corporation	¥300 million	Shipping and warehousing	100.0
Ajinihon Co., Ltd.	¥95 million	Soup manufacturing and marketing	46.4
Uji Kaihatsu Development Co., Ltd.	¥850 million	Golf course management	70.7 <sup>(3)</sup>
Nissin Cisco Co., Ltd.	¥2,600 million	Confectionery manufacturing and marketing	63.8
Nissin Foods (U.S.A.) Co., Inc.	US\$83,500 thousand	Cup- and pillow-type noodles manufacturing and marketing	90.0
Camino Real Foods, Inc.	US\$4,700 thousand	Frozen foods manufacturing and marketing	100.0
Nissin Foods GmbH	EUR 25 thousand	Cup- and pillow-type noodles marketing	100.0 <sup>(4)</sup>
Nissin Foods Co., Ltd.	HK\$575,140 thousand	Cup- and pillow-type noodles manufacturing and marketing	100.0
Miracle Foods Co., Ltd.	HK\$21,000 thousand	Container manufacturing and marketing (70%-owned subsidiary of Nissin Foods Co., Ltd.)	70.0
Guangdong Shunde Nissin Foods Co., Ltd.	HK\$130,000 thousand	Cup- and pillow-type noodles manufacturing and marketing	61.7 <sup>(5)</sup>
Winner Food Products Ltd.	HK\$29,975 thousand	Cup- and pillow-type noodles and frozen foods manufacturing and marketing	74.0
Zhuhai Golden Coast Winner Food Products Ltd.	HK\$84,000 thousand	Cup- and pillow-type noodles manufacturing and marketing (70.5%-owned subsidiary of Winner Food Products Ltd.)	70.5
Guangyoungnan Food Products (Shenzhen) Co., Ltd.	HK\$11,000 thousand	Frozen foods manufacturing and marketing (Wholly-owned subsidiary of Winner Food Products Ltd.)	100.0
Shanghai Nissin Foods Co., Ltd.	US\$25,000 thousand	Cup- and pillow-type noodles manufacturing and marketing (Wholly-owned subsidiary of Nissin Foods Co., Ltd.)	100.0
Nissin Foods (China) Holding Co., Ltd.	US\$40,500 thousand	Invests in businesses in the PRC (Wholly-owned subsidiary of Nissin Foods Co., Ltd.)	100.0
Indo Nissin Foods Ltd.	INR 597,500 thousand	Cup- and pillow-type noodles manufacturing and marketing	70.6
<b>Affiliate Accounted for Using the Equity Method</b>			
Nissin-Ajinomoto Alimentos Ltda.	BRL 12,688 thousand	Cup- and pillow-type noodles manufacturing and marketing	50.0

Notes: 1. Nissin Foods B.V., a subsidiary included in the scope of consolidated until the fiscal year ended March 31, 2004, has been excluded from consolidation in the fiscal year in review, ended March 31, 2005, following the conclusion of liquidation procedures for this company. However, items from the Statement of Income up to the time of liquidation have been included in the consolidated report of Nissin Foods.

2. Indirect equity ownership through Sapporo Nissin Co., Ltd. 20.0%.

3. Indirect equity ownership through Nissin F.D. Foods Co., Ltd. 5.7%

4. Indirect equity ownership through Nissin Foods Kft. 99.0%

5. Indirect equity ownership through Nissin Foods Co., Ltd. 50.0% and Nissin Foods (China) Holding Co., Ltd. 11.7%.

# Corporate Data

## Nissin Food Products Co., Ltd.

### Head Office

1-1, 4-chome, Nishinakajima, Yodogawa-ku  
Osaka 532-8524, Japan  
Telephone: 81-6-6305-7711  
Fax: 81-6-6304-1288  
Web Site: <http://www.nissinfoods.co.jp>

### Tokyo Head Office

28-1, 6-chome, Shinjuku, Shinjuku-ku  
Tokyo 160-8524, Japan  
Telephone: 81-3-3205-5111  
Fax: 81-3-3205-5059

### Branches

Hokkaido (Sapporo), Tohoku (Sendai),  
Chubu (Nagoya), Chushikoku (Hiroshima),  
Kyushu (Fukuoka), Mexico

### Domestic Offices

Aomori, Morioka, Akita, Koriyama, Kita-kanto,  
Chiba, Yokohama, Niigata, Nagano, Kanazawa,  
Shizuoka, Tsu, Kyoto, Osaka-minami, Kobe,  
Yonago, Okayama, Yamaguchi, Takamatsu,  
Matsuyama, Kochi, Kita-kyushu, Kumamoto,  
Kagoshima, Okinawa, Obihiro

### Plants

Kanto, Shizuoka, Shiga, Shimonoseki

### Research Institutes

Central Research Institute, Food Safety Research  
Institute

(As of April 1, 2005)

## History

1948	Chukososha Co., Ltd., established.
1958	<i>Chicken Ramen</i> , the world's first instant ramen product, introduced; Company name changed to Nissin Food Products Co., Ltd.
1963	Listed on the Second Section of the Tokyo and Osaka Stock Exchanges.
1968	<i>Demae Itcho</i> (pillow-type noodles) introduced.
1970	Nissin Foods (U.S.A.) Co., Inc., the Company's first overseas operation, established in Gardena, California.
1971	<i>Cup Noodle</i> introduced; Kanto Plant began operation.
1972	Listed on the First Section of the Tokyo, Osaka and Nagoya Stock Exchanges.
1973	Shiga Plant and General Research Center began operation.
1975	Shimonoseki Plant began operation; Nissin-Ajinomoto Alimentos Ltda. established in São Paulo, Brazil.
1977	Construction of new headquarters completed; main office moved to its present location in Yodogawa-ku, Osaka.
1978	Lancaster, Pennsylvania Plant of Nissin Foods (U.S.A.) Co., Inc., began operation.
1984	Nissin Foods Co., Ltd., established in Hong Kong.
1988	Construction of Tokyo Head Office building completed; acquired U.S. company Camino Real Foods, Inc.; Central Research Institute began operation.
1989	Acquired Hong Kong company Winner Food Products Ltd.
1990	Capital participation in Yoke Co., Ltd. (now Nissin Yoke Co., Ltd.).
1991	Capital participation in Pegui Foods Co., Ltd. (now Nissin Frozen Foods Co., Ltd.) and Cisco Co., Ltd. (now Nissin Cisco Co., Ltd.); Nissin Foods B.V. established in the Netherlands.
1992	Long-life fresh noodles developed; <i>Rao</i> introduced; P.T. NISSINMAS established in Indonesia.
1994	Zhuhai Golden Coast Winner Food Products Ltd., the Company's first production base in China, began operation in Guangdong.
1995	<i>Spa-O</i> introduced; sales of <i>Cup Noodle</i> surpassed 10 billion units.
1996	Shizuoka Plant began operation; Shanghai Nissin Noodles Foods Co., Ltd. (now Shanghai Nissin Foods Co., Ltd.) began operation.
1997	International Ramen Manufacturers Association established in Tokyo, and Momofuku Ando elected chairman.
1998	Nissin Cofco Foods Co., Ltd., began operation in Beijing.
1999	Delhi Plant of Indo Nissin Foods Ltd. began operation; The Momofuku Ando Instant Ramen Museum in Ikeda City, Osaka Prefecture, the world's first instant ramen museum, opened.
2001	Consolidated net sales exceeded ¥300 billion for the first time; contracted as official supplier to the 2002 FIFA World Cup™; Nissin Foods (China) Holding Co., Ltd., established in Shanghai.
2002	Food Safety Research Institute established; <i>Nissin GooTa</i> series introduced.
2003	Aggregate sales of <i>Cup Noodle</i> brand since launch in 1971 top 20 billion servings.
2004	Capital alliance with Hebei Hualong F&N Industry Group Co., Ltd., gives Nissin Food Group the No. 1 global share.
2005	Nissin Foods marked a world first with its <i>Space Ram</i> , developed for the space shuttle <i>Discovery</i> .

# Investor Information (Parent company)

As of March 31, 2005 (US\$1=¥107.39)

## Date of Establishment

September 1948

## Number of Employees

6,186 (consolidated basis)

1,458 (parent company)

## Common Stock

Authorized: 394,301,700 shares\*

Issued: 127,463,685 shares

Number of Shareholders: 19,885

(including 302 non-Japanese)

\* The number of authorized shares was increased to 500,000,000 shares by resolution of the General Shareholders' Meeting on June 29, 2005.

## Paid-in Capital

¥25,123 million (\$234 million)

## Stock Listings

Tokyo and Osaka stock exchanges

## Ticker Code

2897

## Independent Auditors

Shin Nihon & Co.

## Transfer Agent

Mizuho Trust & Banking Co., Ltd.

2-1, Yaesu 1-chome, Chuo-ku,

Tokyo, Japan

## Principal Stockholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
Mitsubishi Corp.	5,876	4.61%
Ando Foundation	5,630	4.42
Mizuho Corporate Bank, Ltd.	5,000	3.92
Japan Trustee Services Bank, Ltd. (trust account)	4,703	3.69
MLIEFG Non-treaty Custody Account	4,207	3.30
Ando International Y.K.	4,100	3.22
Japan Trustee Services Bank, Ltd. (Portion of ITOCHU Corporation Retirement Benefits Trust Account placed in trust by The Sumitomo Trust & Banking Co., Ltd.)	3,630	2.85
The Bank of Tokyo-Mitsubishi, Ltd.	3,085	2.42
The Chase Manhattan Bank, NA London (Standing proxy: Mizuho Corporate Bank Ltd.)	3,057	2.40
The Master Trust Bank of Japan, Ltd. (trust account)	2,769	2.17

Notes: 1. In addition to the above, the Company holds 4,007 thousand shares (3.14%) of treasury stock.

2. The Company has been sent a Report of Major Stockholder (a copy of a Notification of Change) dated March 7, 2005, from Capital Research and Management Company and four of its affiliated companies, and has received notification that their shareholdings as of March 1, 2005, total 13,311.4 thousand shares (10.44% of total shares outstanding). However, because the Company is unable to determine the actual number of shares held as of March 31, 2005, they are not included in the list of principal stockholders above.

## Stock Price (Tokyo Stock Exchange: Years ended March 31)

	FY 2001	2002	2003	2004	2005	2005
High	¥3,070	¥3,030	¥2,720	¥2,780	<b>¥2,940</b>	<b>\$27.38</b>
Low	¥2,280	¥2,285	¥2,275	¥2,375	<b>¥2,525</b>	<b>\$23.51</b>
Closing (closing price at March 31)	¥2,820	¥2,405	¥2,460	¥2,655	<b>¥2,805</b>	<b>\$26.12</b>

## Per Share Data (Years ended March 31)

	FY 2001	2002	2003	2004	2005
EPS (Earnings Per Share) (Yen)	¥ 74.72	¥ 79.05	¥ 99.67	¥ 101.61	<b>¥ 114.38</b>
BPS (Book-value Per Share) (Yen)	¥1,731.18	¥1,716.82	¥1,770.26	¥1,867.97	<b>¥1,964.30</b>
PER (Price Earnings Ratio)* (Times)	37.7	30.4	24.7	26.1	<b>24.5</b>
PBR (Price Book-value Ratio)* (Times)	1.6	1.4	1.4	1.4	<b>1.4</b>
Dividend (Yen)	24.00	30.00	30.00	30.00	<b>30.00</b>
Payout Ratio (%)	32.1	37.5	30.1	29.5	<b>26.2</b>

Notes: 1. From the fiscal year ended March 31, 2003, number of issued shares excludes the numbers of treasury stocks at term-end.

2. PER and PBR are calculated based on the stock price at year-end.

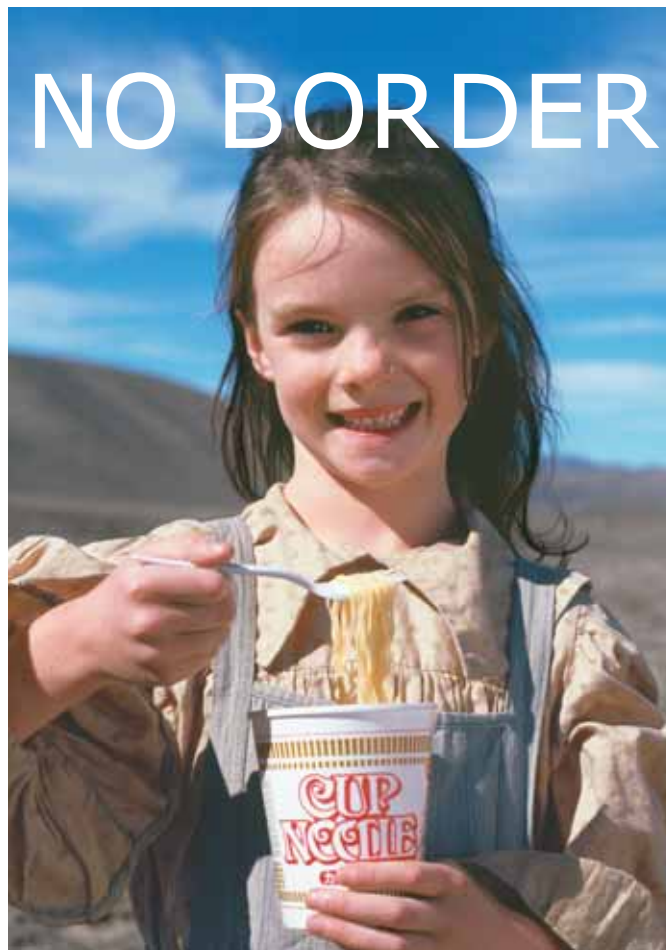
## Further Information

For further information, please contact:

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Regularly updated IR information in English is also available on Nissin Foods' web site at <http://www.nissinfoods.co.jp>



Nissin Food's slogan "NO BORDER" reflects a philosophy we hold dear; there should be no borders in people's hearts just as there are no borders to the enjoyment of tasty foods.

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