

SAVORING NEW CHALLENGE

ANNUAL REPORT 2007 Year ended March 31,2007



DRIVING FURTHER FOR OUR CUSTOMERS

Nissin Foods was first off the tee, with the world's original instant noodles in 1958. In 1971, Nissin Foods leapt further ahead, with the world's first cup-type noodles—combining soup, toppings and noodles in a single container for storage, preparation and serving. We continue to out-distance the competition not only in innovation, but also in our quest for the ultimate in food safety and customer enjoyment. And we communicate this in a simple message for the whole world that tells about the basic wholesome goodness and fun of instant noodles.

In 2007, Nissin Foods **savors the challenge** of surpassing itself in **food safety**, **customer enjoyment** and **global appeal**.

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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 fluctuations.



FINANCIAL HIGHLIGHTS

| | Millions of yen | | | Thousands of U.S. dollars*1 | Percent change |
|---|-----------------|-----------|-----------|--------------------------------|-------------------|
| | 2007 | 2006 | 2005 | 2007 | (%) |
| (Years ended March 31) | | | | | |
| FOR THE YEAR | | | | | |
| Net sales | ¥ 358,238 | ¥ 321,700 | ¥ 316,973 | \$ 3,034,629 | 11.4 |
| Operating income | 33,735 | 31,979 | 28,963 | 285,769 | 5.5 |
| Net income | 18,969 | 15,389 | 16,612 | 160,686 | 23.3 |
| AT YEAR-END | | | | | |
| Total assets | ¥ 410,407 | ¥ 366,801 | ¥ 361,105 | \$ 3,476,552 | 11.9 |
| Net assets *2 | 288,476 | 263,199 | 258,139 | 2,443,676 | 9.6 |
| PER SHARE | | | | | |
| | Yen | | | U.S. dollars | Percent change |
| Net income | ¥ 156.12 | ¥ 125.09 | ¥ 134.36 | \$ 1.32 | 24.8 |
| Cash dividends applicable to earnings of the year | 50.00 | 30.00 | 30.00 | 0.42 | 66.7 |
| Net assets | 2,304.40 | 2,167.81 | 2,091.16 | 19.52 | 6.3 |
| VALUE & PERFORMANCE INDICATORS | | | | | |
| Operating margin (%) *3 | 9.4 | 9.9 | 9.1 | | |
| Return on assets (%) *4 | 4.9 | 4.2 | 4.7 | | |
| Return on equity (%) *5 | 7.0 | 5.9 | 6.6 | | |
| Inventory turnover (Times) *6 | 12.9 | 12.6 | 12.9 | | |

Notes:

1. U.S. dollar amounts represent translations of yen, for convenience only, at US\$1 = ¥118.05, the approximate rate prevailing on March 31, 2007.
2. Net assets = In compliance with the Corporate Law, from fiscal 2007, the amount of net assets includes the amount of minority interests (¥6,725 million).
3. Operating margin = Operating income/Net sales
4. Return on assets = Net income/Average total assets
5. Return on equity = Net income/Average total net assets
6. Inventory turnover = Cost of sales/Average total inventory

BASIC DATA

INSTANT NOODLE MARKET PROFILE

(Calendar year 2005)

| | Annual demand for instant noodles total *1 (Millions of servings) | Population *2 (Millions) | Units per capita (Servings) |
|------------------|---|-----------------------------|--------------------------------|
| Asia | 75,150 | 3,160 | 23.8 |
| North America *3 | 4,080 | 329 | 12.4 |
| Latin America | 2,280 | 310 | 7.4 |
| Europe *4 | 500 | 253 | 2.0 |
| Others | 3,650 | — | — |
| Total | 85,660 | — | — |

Notes:

1. Source: 2005, International Ramen Manufacturers Association
[recently renamed World Instant Noodle Association (WINA)]
2. Source: 2007, World Economic Information Services
3. U.S.A., Canada
4. Excluding Russia

NISSIN FOODS CONSOLIDATED SALES

BY CATEGORY

(Years ended March 31)

| (Millions of yen) | 2007 | 2006 | 2005 |
|-----------------------------|----------|----------|----------|
| Instant Noodles | | | |
| Pillow-type Instant Noodles | ¥ 57,871 | ¥ 48,919 | ¥ 44,023 |
| Cup-type Instant Noodles | 226,315 | 204,864 | 203,689 |
| Chilled and Frozen Foods | 41,282 | 40,727 | 39,859 |
| Other Business | 32,770 | 27,190 | 29,402 |
| Total | 358,238 | 321,700 | 316,973 |

NISSIN FOODS CONSOLIDATED SALES

BY GEOGRAPHIC AREA (Excluding Intersegment Sales)

(Years ended March 31)

| (Millions of yen) | 2007 | 2006 | 2005 |
|-------------------|-----------|-----------|-----------|
| Japan | ¥ 303,718 | ¥ 269,765 | ¥ 273,936 |
| North America | 30,505 | 29,903 | 23,911 |
| Others | 24,015 | 22,032 | 19,126 |
| Total | 358,238 | 321,700 | 316,973 |



FOOD SAFETY

GOING THE EXTRA DISTANCE FOR CUSTOMER WELL-BEING, THROUGH STRICT INGREDIENT SOURCING, TECHNICAL INNOVATION AND ADVANCED PRODUCT QUALITY ASSURANCE.

We believe in honoring our customers' concerns about every aspect of food safety, from the purity of raw materials to the method of manufacture. We are continually working to strengthen our quality control systems, and we have gained the ISO 9001 certification of international quality control and quality assurance standards at our four domestic plants, the Food Safety Research Institute, 19 group companies (including MYOJO FOODS Co., Ltd.) in Japan, and our 10 related overseas companies.



MAINTAINING A GLOBAL STANDARD OF QUALITY, SAFETY AND GOODNESS

FOOD SAFETY EVALUATION & RESEARCH INSTITUTE CO., LTD. (Nissin Shanghai Food Safety Research Institute) opened in March 2007 to monitor raw materials for quality, purity and traceability prior to manufacturing or export. The Institute will also raise the quality of raw materials by providing process management and technical guidance to suppliers in China.



CUSTOMER ENJOYMENT

“FUN TO EAT” IS A MAJOR APPEAL OF INSTANT NOODLES. WE PACK MAXIMUM POWER INTO NUTRITION, FLAVOR AND ENJOYMENT IN EVERY BITE.

Beyond the essentials of safety, nutrition and flavor, a major appeal of instant noodles has always been how fun they are to eat. That is why we go to extra lengths to make the last bite as memorable as the first. To assure lasting customer enjoyment, Nissin Foods works constantly to develop new needs by creating novel product categories that make meals more convenient and enjoyable.



ENSURING GREATER CUSTOMER ENJOYMENT FOR FUTURE GENERATIONS

Sustainable manufacturing and merchandising is serious business, but that does not mean it should not be fun for the customer. Our new *Cup Noodle Refill* system combines minimal-packaging noodle packs with a sturdy, reusable and user-customizable serving cup—meaning higher resource savings and more fun.

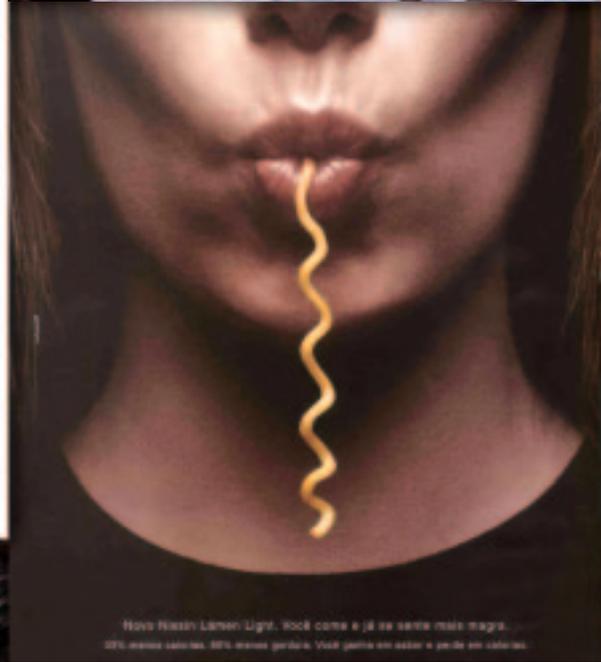


GLOBAL APPEAL

**WE COMPETE BY PLAYING TO LOCAL CONDITIONS,
DEVELOPING NEW FLAVORS AND VARIETIES AND
FINDING FRESH WAYS TO PRESENT THEM.**

In 36 years of global marketing, we have learned to tie in the seemingly universal appeal of noodles with refinements and unique varieties to suit local taste and culture, and that extends to our advertising. Utilizing the knowledge gained through global marketing, we are aggressively expanding our activities in overseas consumer markets with high growth prospects.

Right: Sample advertising from around the world



OUR GLOBAL NETWORK ENCOMPASSES 54 COMPANIES IN 11 COUNTRIES



Nissin Foods has steadily expanded its international presence since the establishment of Nissin Foods (U.S.A.) Co., Inc. in 1970. Our founder Momofuku Ando was inspired to create the world's first cup-type instant noodle, *Cup Noodle*, during a U.S. tour with Nissin Foods (U.S.A.) promoting *Chicken Ramen*. With its convenience, *Cup Noodle* has become a source of enjoyment.





PRESIDENT Koki Ando

TO OUR SHAREHOLDERS:

Nissin Foods has always sought challenge, beginning with how to make, and then how to market a product nobody had heard of. In the past year, we faced the challenge of global growth, food safety, product innovation and building synergy with major new companies. We savor the challenge ahead.

In the year ended March 31, 2007, Nissin Foods achieved consolidated net sales of ¥358,238 million (US\$3,035 million), an increase of 11.4% over the previous year. Reasons include the acquisition of MYOJO FOODS as a subsidiary. Operating income was also higher, with a 5.5% increase to ¥33,735 million (US\$286 million), in part because of a major reduction in retirement benefit expenses. A reduction in asset impairment losses helped to lift net income by 23.3% year on year to ¥18,969 million (US\$161 million).

RECOGNITION AS A "WORLD FOOD"

True recognition of instant noodles as a "world food" came with the adoption of a Codex Alimentarius standard in July 2006 under the Joint FAO/WHO Food Standards Programme. Instant noodles offer a highly efficient way to obtain a balanced mix of the basic food groups—protein, fat and carbohydrates (PFC). Another advantage is flexibility. Instant noodles can be modified to suit the flavor preferences in every country. As consumers become more affluent, their preferences become more diverse. Our continuing challenge is to respond to these changing needs by supplying tailor-made noodles.

ENHANCING BRAND VALUE

Nissin Foods has many long-selling products. In the current year we celebrated the 35th anniversary of *Cup Noodle* and the 30th anniversary of *Nissin-no-Donbei* and *Nissin Yakisoba U.F.O.* by launching limited-edition commemorative products. These initiatives attracted widespread interest from retailers and consumers. They also contributed to sales growth.

MYOJO FOODS, which recently joined the Nissin Group, has also built long-selling brands and will help to strengthen our brand business. This acquisition has also given us a foothold in the food service business, and we anticipate important synergy benefits on many levels, including procurement, production and distribution.

35th



Cup Noodle

Launched in 1971, *Cup Noodle* (as it is still known in Japan) has grown to be the largest and most recognized instant noodle brand in the world.

30th



Nissin-no-Donbei

The 30th anniversary edition of *Nissin-no-Donbei*, a popular variation featuring thicker, udon-style noodles, stimulated consumer interest and increased sales.

30th



Nissin Yakisoba U.F.O.

The 30th anniversary edition of *Nissin Yakisoba U.F.O.*, that features a rich sauce in place of soup, was another big hit with consumers, who enjoy its authentic flavor.

When companies with different cultures merge, the result is sometimes called a “hybrid.” Just as the DNA of hybrids combines the strengths of both parents, we aim to build the Nissin Group into one of the world’s leading integrated noodle manufacturers by integrating the best from our respective management systems.

SAVORING NEW CHALLENGE

Nissin’s corporate image is now represented by Michelle Wie, a young woman who has gained international fame as a professional golfer. Our new slogan is “Oishii, no sono saki e” (“Savoring new challenge”). These words express our determination to go beyond the basic criterion of delicious flavor to provide value that also encompasses safety, security, health, the environment and fun.

Our first new product under this concept is the *Cup Noodle Refill* series of environment-friendly products. The volume of the noodles has been compressed to about 80% compared with conventional products to avoid wasteful packaging, and the hard plastic cup is reusable.

We also expect health to be a major focus of consumer demand. For example, products containing psyllium, which is made from the seed husk of the Indian plantago, are rich in natural edible fiber and are beneficial for the digestive system. Our psyllium-based products have been certified by the Japanese Ministry of Health, Labour and Welfare as Foods for Specified Health Use, and we will continue to develop related nutrients and ingredients.

Another new product is *Nissin Chin*, which was launched in May. This product requires no water and can be prepared simply by heating in a microwave oven.

OVERSEAS ACTIVITIES

Our North American operations unfortunately showed a larger loss than predicted because of higher raw material costs, especially in the United States. However, there was substantial growth in sales of high-priced items, such as *CHOW MEIN*, *Noodle Soup* and *Souper Meal*, which make a substantial contribution to earnings, and we expect profitability to improve.

In China, the world’s largest market for instant noodles, we recorded strong sales of both pillow-type and cup-type products in Hong Kong. We aim to strengthen our presence in urban areas, especially Shanghai, by developing high-quality products targeted toward the large affluent populations in these areas.

In Thailand, we increased our shareholding in the country’s biggest manufacturer of noodles, THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED, by 20%. THAI PRESIDENT FOODS is now an affiliated company and will contribute to consolidated earnings from the year to March 2008 onwards.

FOOD SAFETY OUR GREATEST PRIORITY

As a food manufacturer, we recognize that food safety must be our first priority at all times. Our Food Safety Research Institute in Japan has developed its own testing systems for residual agricultural chemicals and veterinary pharmaceuticals and uses these systems to ensure the safety of raw materials. Our plants in Japan and the Food Safety Research Institute have been accredited under ISO 9001, the international quality management standard, and our overseas plants also have quality management systems based on the same standard. In March 2007 we opened the Nissin Shanghai

PRESIDENT'S LETTER



When companies with different cultures merge, the result is sometimes called a 'hybrid.' Just as the DNA of hybrids combines the strengths of both parents, we aim to build the Nissin Group into one of the world's leading integrated noodle manufacturers by integrating the best from our respective management systems.



Food Safety Research Institute in China. This new facility has further enhanced the efficiency of safety systems, since we are now able to check imported materials in both China and Japan.

OUR ENVIRONMENTAL MISSION

We aim to achieve harmonious coexistence with the natural environment by considering environmental protection and resource conservation in our business activities. Specific initiatives have focused on the reduction of CO₂ emissions from our main plants. We have also implemented a "zero waste" program designed to reduce plant waste volumes to negligible levels. In addition, 19 of our plants in Japan and overseas have been accredited under ISO 14001, the international standard for environmental management systems.

The environment will remain a key focus in our future activities. Goals include the development of biodegradable packaging that will break down in the soil.

IMPROVING CORPORATE VALUE—TRANSPARENT MANAGEMENT AND HUMAN RESOURCE DEVELOPMENT

Nissin Foods regards the maintenance of high standards of objectivity and transparency as one of its most important management priorities. Internal checks and balances have been further enhanced through the establishment of systems that allow all employees to access corporate data on a day-to-day basis. We have also adopted internal ethical rules to guide individual employees in their activities. Our corporate culture encourages internal competition while also emphasizing the effective sharing of internal resources. We aim to maximize employee motivation by achieving a healthy balance between cooperation and competition.

CONSIDERATION FOR ALL STAKEHOLDERS

Our top management priorities are to provide appropriate returns to shareholders and increase the corporate value of Nissin Foods. We already have a non-consolidated dividend payout ratio guideline of 30%, and from the current year, the same target will be applied to the consolidated ratio. On this basis, we plan to pay an annual dividend of ¥50 (US\$0.42).

We remain determined to live up to the trust and expectations of all stakeholders by developing our brand business as the core of a business structure capable of adapting to any change, and by increasing our efforts to build our global business activities.

We should like to take this opportunity to express our sincere gratitude for the support of our shareholders, investors, suppliers and customers. We look forward to your continuing support and guidance in the future.

PRESIDENT Koki Ando

A handwritten signature in black ink that reads "Koki Ando". The signature is written in a cursive, slightly slanted style.

Momofuku Ando, my father and founder of Nissin Foods, passed away on January 5, 2007. However, his legacy lives on in the corporate DNA of the Nissin Foods Group in the form of his founding principles, which can be loosely translated as "People can only be content when there is enough food," and "Creating foods to serve society."

A TRIBUTE TO OUR FOUNDER



Momofuku Ando, founder of Nissin Foods, passed away on January 5, 2007 at the age of 96. His funeral on February 27 was held in a space-themed setting that evoked the mysteries of the cosmos, in honor of his passion for space that culminated in the development of *Space Ram*, the first noodles to be consumed in space. The funeral committee was chaired by Yasuhiro Nakasone, a former prime minister of Japan, and the funeral was attended by over 6,500 people from the political and business worlds, including former prime minister Junichiro Koizumi.

In 1958, Momofuku Ando founded Nissin Foods after inventing *Chicken Ramen*, the world's first instant noodle product. His achievement brought a revolution in culinary culture. In 1971, he developed *Cup Noodle*, the world's first cup-type noodle product. That seed sown by Momofuku Ando has grown into an industry that supplies 85.7 billion servings annually to consumers throughout the world. In the editorial in its January 9, 2007 edition, the *New York Times* expressed appreciation for the achievements of "Mr. Noodles," who it said deserved an eternal place in the pantheon of human achievement. The entire Nissin Foods organization is united in its determination to follow the wishes of our late founder by continuing to develop innovative food products.

REMEMBERING MOMOFUKU ANDO

1958

Momofuku Ando invents *Chicken Ramen*, the world's first instant noodle product. He founds Nissin Food Products Co., Ltd.

1964

Momofuku Ando becomes the first president of the Japan Ramen Industry Association (now the Japan Convenience Foods Industry Association). He was chairman from 1989.

1971

Momofuku Ando invents *Cup Noodle*, the world's first cup-type noodle product, and is elected Chairman of the Overseas Trade Conference by Product.

1981

Momofuku Ando is appointed chairman and representative director of Nissin Food Products Co., Ltd.

“ A real idea can be put into practical use and guarantee success. ”



THE DEVELOPMENT OF INSTANT NOODLES

The technology developed by Momofuku Ando in a humble shed behind his home involved rapidly drying noodles through flash-frying in oil. This method became the basis for all instant noodle production. The ultimate instant noodle product is *Cup Noodle*, a revolutionary concept in which a single container serves as packaging, cooking vessel and serving dish. These two inventions by Momofuku Ando revolutionized culinary culture on a global scale.



CONTRIBUTING TO INDUSTRY DEVELOPMENT

In 1964, Momofuku Ando established the Japan Convenience Foods Industry Association to promote the growth of the instant noodle industry. Through the Association, he contributed to guidelines for fair competition and product quality, including the establishment of food certification standards for instant ramen under the Japanese Agricultural Standards (JAS). He was also a very early pioneer of manufacturing date labeling. In 1997, he was elected as the inaugural president of the International Ramen Manufacturers Association (IRMA, now the World Instant Noodle Association, or WINA).

1983

Momofuku Ando establishes and becomes chairman of the Nissin Sports Advancement Foundation (now the Ando Foundation).

1996

The Shokusokai (Food Innovation Society) is established with Momofuku Ando as senior advisor.

1997

Momofuku Ando is elected as the inaugural president of the International Ramen Manufacturers Association (IRMA, now the World Instant Noodle Association, or WINA).

2005

Momofuku Ando becomes Founder and Chairman of Nissin Food Products Co., Ltd.



“Stunning products will sell because they will create their own sales channels.”



CONTRIBUTIONS TO YOUTH DEVELOPMENT AND CULINARY CULTURE

Momofuku Ando believed that food and sports were the two fundamental requirements for good health. In 1983, he personally endowed the Nissin Sports Advancement Foundation (now the Ando Foundation). The Foundation has contributed to the healthy development of young people by supporting athletics and outdoor activities. The Foundation also runs the Shokusokai, or Food Innovation Society, which encourages venture businesses and food innovation by presenting an annual award named after Momofuku Ando in recognition of creative achievements by food scientists.



DEVELOPMENT OF RAMEN FOR SPACE

Another of Momofuku Ando's achievements was the development of *Space Ram*, the first noodles to be consumed in space. After NASA's stringent quality and safety check, the product was carried into space by Japanese astronaut Soichi Noguchi aboard the Space Shuttle Discovery in July 2005. *Space Ram* are based on technology developed by Nissin Foods over many years, including systems to prevent the noodles and soup from escaping in zero gravity. Having spread throughout the world, instant noodles have now carried the ideals of our founder into space.

MYOJO FOODS CO., LTD. JOINS THE NISSIN FOODS GROUP

Between November 16 and December 14, 2006, Nissin Foods implemented a friendly takeover bid for MYOJO FOODS Co., Ltd. On March 31, 2007, MYOJO FOODS became a wholly owned subsidiary of Nissin Foods through the exchange of Nissin Foods shares for MYOJO FOODS shares owned by shareholders who did not accept the takeover bid.



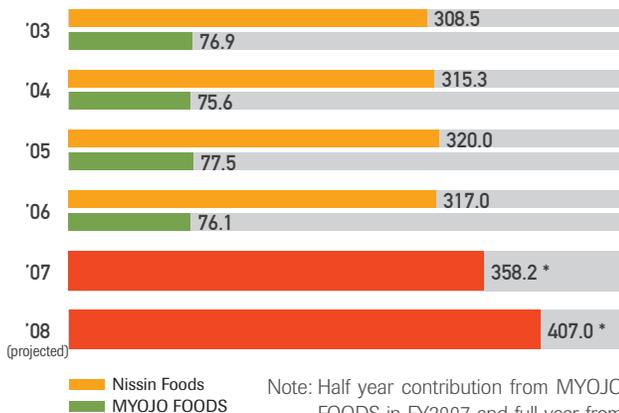
The capital tie-up between Nissin Foods and MYOJO FOODS is expected to produce many synergy benefits for both companies, including improved governance, increased effectiveness in initiatives relating to overseas expansion, environment protection and food safety, and efficiency improvements in the areas of production, distribution and procurement. The two companies aim to maintain their respective strengths by continuing to compete in marketing and sales. We believe that by sharing management resources, we can maximize the shareholder value of the Nissin Group.

The market for consumer noodle products has been traditionally divided into several segments, including instant noodles, chilled

noodles, frozen noodles, cooked noodles and dried noodles. Boundaries between these segments are now disappearing, as is the dividing line between the consumer noodle market and the restaurant business. Nissin Foods is preparing for this new era by becoming a truly integrated noodle manufacturer capable of responding to the increasingly diverse needs of consumers. The first step along that path was the capital tie-up with MYOJO FOODS, which has advantages different from those enjoyed by Nissin Foods and is involved in product categories that Nissin Foods has not previously targeted.

COMBINING STABLE EARNING STREAMS

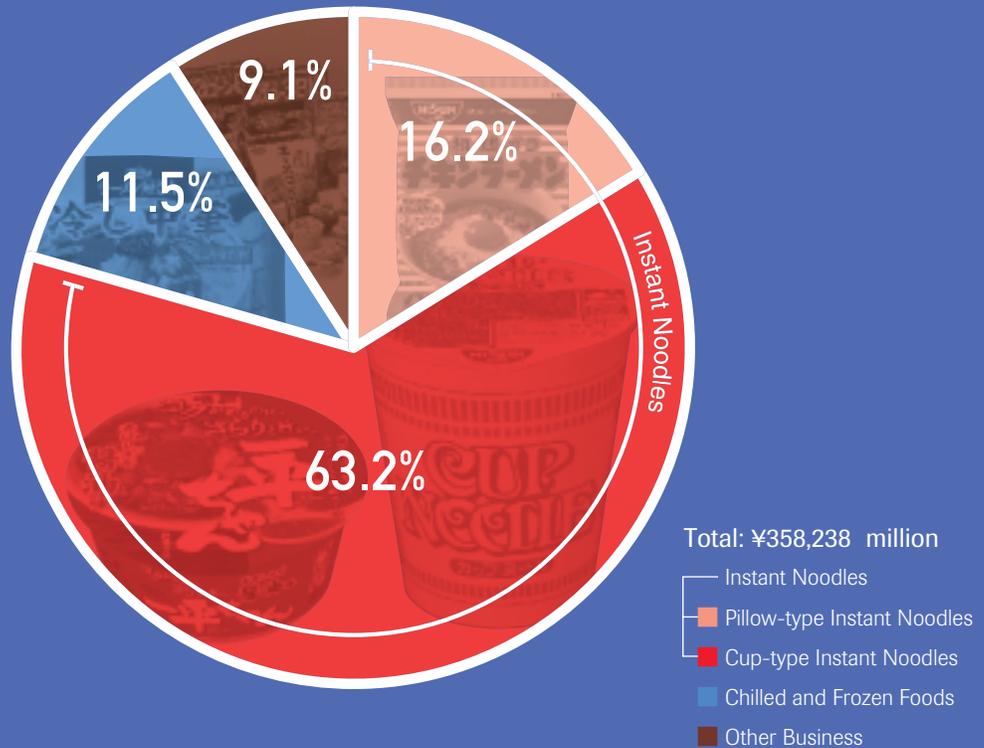
(Proforma sales data, billions of yen)



Hironobu Nagano (left), President of MYOJO FOODS, and Koki Ando (right), President of Nissin Foods, meet on November 15, 2006.

REVIEW OF OPERATIONS

Nissin Foods' Consolidated Sales by Category
(Year ended March 31, 2007)



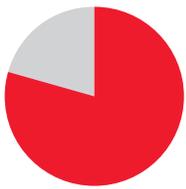
In the year ended March 31, 2007, net sales increased by 11.4% year on year to ¥358,238 million (US\$3,035 million). This substantial growth resulted in part from the addition of MYOJO FOODS to the consolidation. A reduction in retirement benefit expenses helped to lift operating income by 5.5% to ¥33,735 million (US\$286 million). Net income increased by 23.3% to ¥18,969 million (US\$161 million), thanks to a reduction in extraordinary losses.

The Group's instant noodle category, comprising pillow-type and cup-type products, brought in 79.4% of net sales. While strengthening its other lines, Nissin Foods continues to develop and supply instant noodle products that reflect consumer preferences and needs.

INSTANT NOODLES

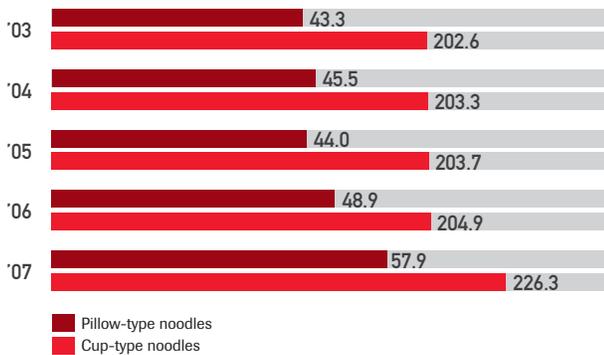
Pillow-type and cup-type instant noodles are Nissin Foods' mainstay product categories and account for around 80% of its consolidated net sales. Products supplied to consumers by Nissin Foods today include long-selling lines, such as *Chicken Ramen* (a favorite for almost half-a-century), *Cup Noodle* (the world's first cup-type product), *Nissin-no-Donbei* and *Nissin Yakisoba U.F.O.*

CONSOLIDATED SALES



79.4%

CONSOLIDATED SALES (Billions of yen)



■ Pillow-type noodles
■ Cup-type noodles

> REVIEW OF PERFORMANCE

The Japanese instant noodle market faces structural change from such factors as a shrinking youth market caused by a falling birthrate and demographic aging. Diversification of the retail sector, the growth of cut-price selling, and growing competition from non-noodle convenience food products are also changing the market. As the originator of instant noodles, Nissin Foods is adapting to this environment by emphasizing food safety and reliability. Our goal is to provide great taste and a solid assurance of safety, reliability and dependability.

The noodle industry is affected by the continuing diversification of consumer needs. In the year under review, we enhanced our ability to satisfy these changing needs by acquiring MYOJO FOODS Co., Ltd. as a consolidated subsidiary. This move gives us an even better ability to supply attractive products to meet the needs of a wide spectrum of consumers in Japan and overseas.

Sales promotion efforts for the year ended March 2007 centered on mainstay products. Marketing events included summer and spring launches of limited-edition commemorative products to mark the 35th anniversary of *Cup Noodle* and the 30th anniversaries of *Nissin-no-Donbei* and *Nissin Yakisoba U.F.O.* We also launched the new *Cup Noodle Refill* series of environment-friendly products and began to promote ideas for new food enjoyment styles and scenarios. At the same time, we implemented aggressive marketing strategies designed to maintain and enhance the value of our brands. Despite the negative impact of mild winter weather, these initiatives, combined with the contribution made by MYOJO FOODS' acquisition, allowed us to achieve increased sales of noodles in both the pillow-type and cup-type categories.

PILLOW-TYPE INSTANT NOODLES

To boost sales of our mainstay *Chicken Ramen* range, we launched a limited-edition set consisting of *Chicken Ramen* and a



Cup Noodle



Nissin-no-Donbei
Niku Udon



IPPEI-CHAN



CHUKAZANMAI

white bowl with a lid by ceramics maker Tachikichi. Unfortunately, the hoped for sales recovery did not materialize, and sales were below the previous year's level. However, with the addition of products manufactured by MYOJO FOODS, including CHARUMERA and CHUKAZANMAI, sales of pillow-type products rose by 18.3% year on year to ¥57,871 million (US\$490 million).

CUP-TYPE INSTANT NOODLES

We adjusted sales promotion expenditure with the aim of enhancing the value of the Cup Noodle brand. Sales were marginally lower year on year. In the Nissin-no-Donbei category, we extended sales of Nissin-no-Donbei Niku Udon into eastern Japan from its original launch in the western region. Also popular were 30th anniversary versions of Nissin-no-Donbei Natsu no Karakuchi Umakara Chanpon Udon and Nissin-no-Donbei Dokkan Kitsune Udon Yuzukosho Fumi and an updated version of Nissin-no-Donbei Kakiage Tempura Udon. Sales were similar to the previous year's level. Sales growth came from a 30th anniversary edition of Nissin Yakisoba U.F.O. Gochujang Sauce and Nissin Yakisoba U.F.O. Amakara Garlic Sauce Kyabetsu Oiri. Overall sales were moderately higher than the previous year's total.

Nissin Menshokunin, a non-fried noodle product developed in response to consumer demand, and Nissin Deka-O, which features an extra-large portion, were popular throughout the year. Health-conscious consumers flocked to low-calorie Nissin Yasai Soup Noodle, introduced in the current year. This segment gained additional domestic market revenues from the addition of MYOJO FOODS products, including IPPEI-CHAN, IPPEI-CHAN YOMISE NO YAKISOBA and MOCHI! TO WAN-TAN MEN.

Total sales of cup-type instant noodle products reached ¥226,315 million (US\$1,917 million), a year-on-year increase of 10.5%.



Nissin Deka-O



MOCHI! TO WAN-TAN MEN

> FUTURE DIRECTION

Our business environment will continue to be heavily influenced by demographic changes and the diversification of consumer preferences. One of our key strengths in this situation is a full product line-up, which is now largely complete, following the addition of the MYOJO FOODS range, but we must not become complacent. We will continue to introduce high-value added products and products with a health emphasis. Specifically, we will push for higher sales of our mainstay products, including Chicken Ramen, Cup Noodle and CHARUMERA, while using our technology to develop attractive, high-value products that appeal to consumers. Our aim is to create new demand, build a reliable long-term growth track, and generate stable, long-term cash flows.

We are strengthening our marketing potential with "category top management" that establishes order-made categories based on comprehensive collaboration between marketing and distribution for rapid adaptation to changes in consumer values.

> NEW PRODUCTS

In March 2007, we launched the Cup Noodle Refill series of environment-friendly products, based on an original concept combining the fun of eating with consideration for the environment. We are now selling the Cup-Noodle Seafood Noodle Refill and the Cup Noodle Refill Starter Pack that includes an original Refill series cup and two refills, in Tokyo and nine Kanto region cities, and by mail order.

In May 2007, we introduced Nissin Chin, a box-type microwavable noodle product that does not require hot water. Designed to combine great taste, fashionability, fun and convenience, Nissin Chin was developed as a new concept in cup-type instant noodles aimed at the growing preference for gourmet foods and a trend toward solo eating. Though it can be cooked simply by placing it in a microwave oven, Nissin Chin provides the satisfying texture of fresh noodles. Based on advanced Nissin Foods' technology, this new concept in take-out food allows consumers to enjoy real noodle flavor anytime, anywhere.

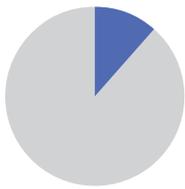


Nissin Chin

CHILLED AND FROZEN FOODS

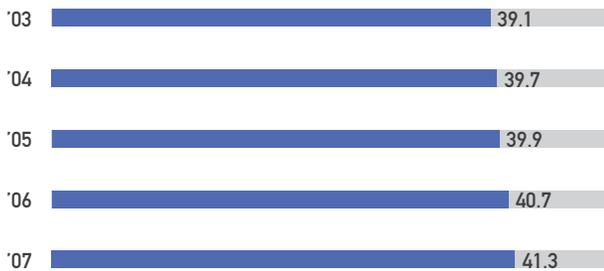
Nissin Foods develops and sells both chilled and frozen foods. Our products are based on clearly defined concepts and are designed to combine simplicity of preparation with excellent taste. Our products offer superior cost performance and are enjoyed by consumers in a wide spectrum of age groups.

CONSOLIDATED SALES



11.5%

CONSOLIDATED SALES (Billions of yen)



> REVIEW OF PERFORMANCE

During fiscal 2007, ending March 2007, abnormal weather patterns caused a decline in total demand for chilled noodles in the domestic market. Despite this, Nissin Foods was able to increase its sales of chilled foods by 16.8% to ¥16,130 million (US\$137 million), thanks to robust sales of the mainstay *Nissin Yakisoba* range, strong contributions from Japanese-style products that included *Nissin Yakiudon* and *Nissin-no-Donbei*, and the addition of products manufactured by MYOJO FOODS.

In the frozen food segment, we exploited our advanced freezing technology to create products with high added value, such as *Reito Nissin Spa-O*, which can be prepared simply in a microwave oven, and *Reito Nissin GooTa*, a noodle product with premium toppings. While these products sold strongly throughout the year, overall results were affected by the sale of a North American subsidiary. As a consequence, total sales of frozen foods declined by 6.6% to ¥25,152 million (US\$213 million).

Total sales of chilled and frozen foods were 1.4% above the previous year's level at ¥41,282 million (US\$350 million).

> FUTURE DIRECTION CHILLED FOODS

In fiscal 2007, we aim to enhance the added value and competitiveness of our products by focusing on quality and cost reductions at all stages, from development and production through to distribution. In our marketing activities, we will aim for a good balance between sales and income.

FROZEN FOODS

Our goal for fiscal 2007 is to strengthen our positioning in the frozen noodle market, including *Reito Nissin Spa-O* and *Reito Nissin GooTa*, by making effective use of brand assets based on our core competences.



Gyoetsu-no-Dekiru-Mise-no-Ramen



Frozen version of Nissin GooTa



Nissin Yakiudon



Frozen version of Nissin Spa-O



Nissin Yakisoba

OTHER BUSINESS

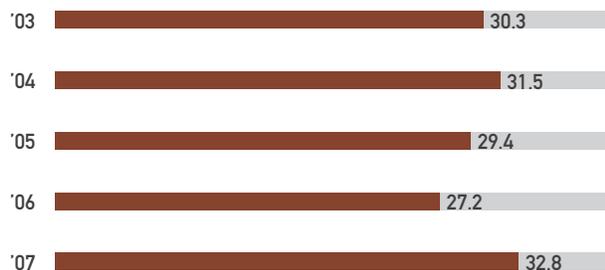
In this segment, Nissin Foods manufactures and sells cereal foods, confectionery and dairy products through group companies. We are also diversifying into related business areas, such as the manufacture and sale of containers, and distribution.

CONSOLIDATED SALES



9.1%

CONSOLIDATED SALES (Billions of yen)



> REVIEW OF PERFORMANCE

Our marketing strategy was based on the development of a richly varied range of products for health-conscious consumers. Core products, such as the lactobacillus beverage *Pilkul*, which has been approved as a Food for Specified Health Use, and *Tokachi Nomu Yogurt*, continued to sell well. New products included *Pilkul Calorie 1/2* (not classed as a Food for Specified Health Use), which combines good taste with reduced calories, and *Shokubutsusei Nyusankin Ringo*, a lactobacillus beverage. We also expanded our range of soft drinks and other products for sale in convenience stores.

In the confectionery category, the launch of a grape-flavored version of the *Ciscorn Big* cereal range for a limited period was reflected in sustained growth and a double-digit year-on-year increase in sales. Other successful new products included sable cookies in coconut, butter and sesame flavors. The addition of the restaurant operations of MYOJO FOODS to this segment also contributed. Sales in this segment increased by 20.5% year on year to ¥32,770 million (US\$278 million).

> FUTURE DIRECTION

Our product strategy for this segment focuses on the enjoyment of food under the concept of "food and health." We aim to meet consumer expectations by creating new value based on enhanced competitiveness and collaboration across all of our value chains. Within the Nissin Group, we have strengthened collaboration among our product development, manufacturing and marketing organizations. The result is a highly competitive business structure capable of achieving revolutionary advances in product development and marketing activities. We have identified health foods as a priority area, and we have established a new Health Food Marketing Department to strengthen our business base in this market.



Tokachi Nomu Yogurt



Pilkul Calorie 1/2



Shokubutsusei Nyusankin Ringo

Cereal, confectionery and dairy products



OVERSEAS OPERATIONS

Since the establishment of Nissin Foods (U.S.A.) Co., Inc. in 1970, Nissin Foods has continually worked to popularize instant noodles in international markets. Overseas, the Nissin Foods Group includes 30 companies in 10 countries.

In fiscal 2007, our overseas sales increased by 5.0% year on year to ¥54,520 million (US\$462 million), excluding inter-segment sales (see "Information by geographic area." P.52). Factors contributing to the increase included higher sales volumes in North America, sales expansion in Hong Kong, and the effects of a weaker yen.

> THE AMERICAS

U.S.A.

In volume terms, sales increased by 13% year on year, reflecting robust sales of our mainstay *Top Ramen* and *Cup Noodles* series, as well as the contribution from the high-added-value lines *CHOW MEIN* and *Souper Meal* series. We anticipate continuing challenges in our business environment, including substantial increases in the prices of raw materials and distribution costs. Our strategy in this environment calls for the ongoing development of products that offer enhanced added-value and for further improvement in our income structure through changes to our production, procurement, and distribution systems.

MEXICO

Our income structure improved dramatically following the start of full-scale local production by Nissin Foods de Mexico S.A. de C.V., which eliminated the risk of exchange rate fluctuations and brought substantial reductions in distribution costs. We will continue to strengthen our income structure through further improvements in the efficiency of production and sales operations. Market expansion strategies include the expected sales of our mainstay *Cup Noodles* series and the introduction of products offering new ideas.



European
Cup Noodles



Indian
Cup Noodles and
Top Ramen



Thai
Cup Noodles and
YAKISOBA



Philippine
Cup Noodles and
Pancit Canton

BRAZIL

We are actively expanding into new product areas in Brazil, and in fiscal 2007, we launched the three-product *Pasta Pronta* series, with the aim of displaying and selling our products in the pasta sections of stores as well as the noodle sections. Annual demand in the Brazilian market is 1.4 billion servings. Though competition continues to intensify, Nissin-Ajinomoto Alimentos Ltda., a joint venture between Nissin Foods and Ajinomoto Co., Inc., has a market share of approximately 60%.

> EUROPE

The start-up of full-scale production operations by Nissin Foods Kft. in Hungary has strengthened our capacity to achieve full coverage of Europe by expanding our presence in the rapidly growing markets of Eastern and Central Europe. We plan to expand our business base in readiness for this new era by aggressively introducing new products.



**U.S. Cup Noodles
and CHOW MEIN**



**Mexican
Cup Noodles**



**Brazilian
Cup Noodles**



**Indonesian
Cup Noodles and
Top Ramen**



**Hong Kong
Cup Noodles**

> ASIA

PEOPLE'S REPUBLIC OF CHINA

The Chinese market for instant noodles continues to show steady growth, with demand expanding from 21.2 billion servings in 2001 to 44.3 billion in 2005 (source: WINA [formerly IRMA]).

Nissin Foods supplies products mainly to northern and north-eastern China through a Chinese joint venture, Nissin Hualong Foods Co., Ltd. (Jinmailang Foods Co., Ltd. until January 2007). In fiscal 2007, Nissin Hualong Foods sold a total of 7.2 billion servings in China.

Also with subsidiaries in Shanghai and Guangdong, we are working to raise our profile and market share in China through marketing and R&D, and by supplying high-quality foods, including new products. China is our most important market, and a priority for business structure development. The Nissin and Winner Groups have a 75% share of the instant noodle market in Hong Kong, and both sales and income from this business continue to show strong growth.

INDIA

Noodles are a relatively new addition to the diets of Indians. However, the use of processed foods is expanding in this nation of 1.1 billion people, and there is potential for major expansion of the instant noodle market. Indo Nissin Foods Ltd. has already achieved substantial sales growth through marketing strategies designed to expand the range of purchasers. It has focused in particular on low-priced instant noodles costing 5 rupees (around ¥14) per serving, as well as pillow-type *MUG SMOODLES*, which can be prepared simply by adding hot water.

INDONESIA

Indonesia is a major market with yearly instant noodle demand of 14.0 billion servings. Though competition is extremely fierce, PT. NISSINMAS was able to expand its sales by 10% year on year. Its mainstay is a low-priced instant noodle flavored with *baso sapi* (beef ball soup). As a manufacturer of *halal* products, NISSINMAS is developing export markets among the Muslim populations of many countries, including Singapore, in addition to its sales in Indonesia.

THAILAND

Demand for cup noodles has expanded dramatically in Thailand due to convenience stores. Nissin Foods (Thailand) Co., Ltd. is differentiating itself through new products such as the *YAKISOBA* series in Japanese sauce and Thai curry flavors, and an extra-large *KING CUP* version with a creamy seafood flavor.

THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED, Thailand's leading manufacturer of instant noodles, became an affiliated company, with 20% Nissin Foods ownership. Its "*Mama*" brand holds over a 50% market share, or 1.2 billion servings in 2006. PRESIDENT FOODS' version of *tom yam kung* (spicy shrimp) noodles is the most popular in Thailand.

THE PHILIPPINES

The *Cup Noodle* seafood flavors developed in Japan have been extremely popular in the Philippines, and products based on these flavors account for over 30% of the total sales of Nissin-Universal Robina Corporation. Pillow-type products make up 94% of the Philippine instant noodle market. Nissin has expanded its market share by introducing new products. These include *Nissin Sotanghon*, a pillow-type version of *harusame* (bean-starch vermicelli), in response to a growing consumer preference for healthy foods, and *Nissin Pancit Canton*, a new *yakisoba* product.

QUALITY AND SAFETY

As a food manufacturer dedicated to quality and safety, Nissin Foods is determined to supply only products that merit the confidence of consumers. We implement this philosophy by working from various perspectives to ensure food safety under a unique quality assurance structure centering on the Food Safety Research Institute. Safety is a unifying theme in every process from product development through to production in our plants, and every system is designed to support intensive quality assurance programs.

FOOD SAFETY RESEARCH INSTITUTE

We established the Food Safety Research Institute in June 2002. It applies scientific methods to ensure the quality and safety of products supplied to consumers. It plays an important role at every level: safety checks at the product development level, including the development of new inspection and analysis methods, quality testing of raw materials procured from suppliers, inspection of suppliers' facilities, and the management of quality assurance systems in Nissin Group production facilities.

Another important task for the Food Safety Research Institute is the provision of the information needed by management to make decisions relating to food safety, which is our most important social responsibility. The Institute is independent of other organizational units and reports directly to the President.

We have further strengthened our raw material quality management systems in China with the establishment of the Nissin Shanghai Food Safety Research Institute, which became fully operational in May 2007.

FOOD SAFETY AUDITS

All processes are subject to safety audits under Nissin's Inspection Standards for Food Safety (NISFOS). This system, which was formulated by the Food Safety Research Institute in April 2004, covers food safety management systems, general countermeasures against hazardous substances, manufacturing standards, facility maintenance, and sanitation in plants that supply Nissin Foods with raw materials. Assessments are carried out objectively using audit checklists, and results from inspections in the five categories are quantified under a points system. If a plant receives a low score, Nissin Foods provides guidance on remedial measures.

ANALYSIS OF RESIDUAL AGRICULTURAL CHEMICALS AND VETERINARY PHARMACEUTICALS

In November 2001, the Food Safety Research Institute developed a system that could simultaneously analyze 60 types of agricultural chemicals and began to accumulate data through this system. This work resulted in the development of the NASRAD-550 detection system for residual agricultural chemicals and veterinary pharmaceuticals.

The NASRAD-550 system consists of three high-speed analysis systems: NASRAC-450, which can analyze around 450 chemical substances in general agricultural products, the NASRAC-G250, which can detect approximately 250 different substances in cereals,



and the NASVED-100, which is designed to detect about 100 animal feed additives and veterinary pharmaceuticals in livestock and marine products.

DETECTION METHOD FOR CARCINOGENIC

In June 2003, the Food Safety Research Institute established Nissin Food’s Evaluation Systems for Mammalian GenoToxicity (NESMAGET) and filed a patent application. The indicator for this simplified mutagen detection method is the expression of a DNA repair gene (p53R2).

Initially the test used human breast cancer cells, but the method was subsequently expanded, and now uses human cell cultures from the liver, lungs, digestive system and other organs, to encompass the various routes through which chemicals are absorbed into the body. The result is a technology that can be used to assess a broad spectrum of effects on internal organs. The method is also likely to be effective in detecting serious DNA damage (double-strand breakage), which is invariably associated with the onset of cancer. This research finding was presented at the annual meeting of the Pharmaceutical Society of Japan in March 2007.

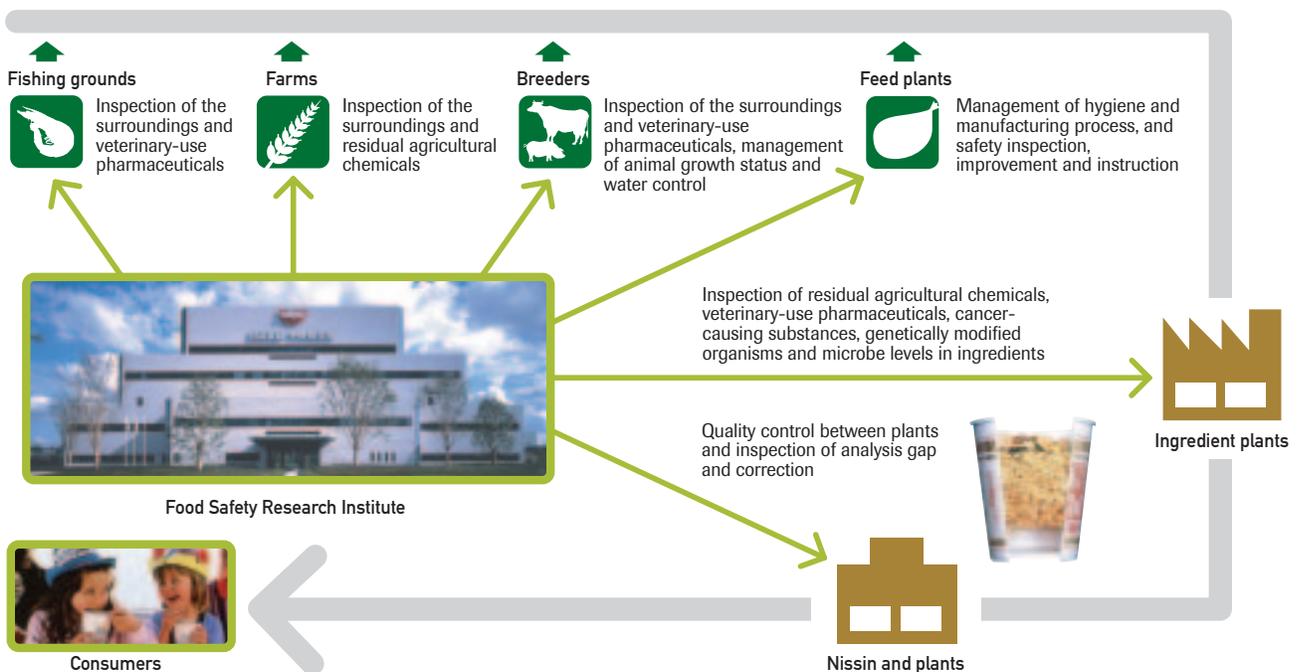
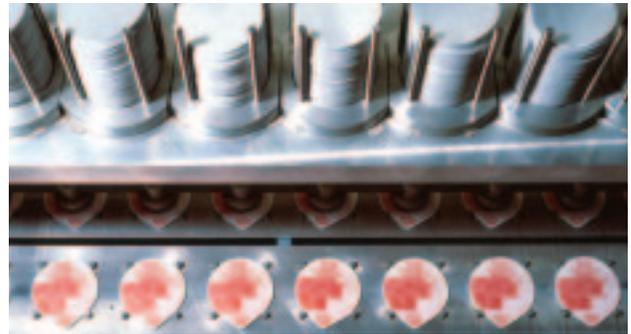
DEVELOPMENT OF AN ALLERGEN DETECTION METHOD

In January 2006, the Food Safety Research Institute introduced a method for detecting 12 of the 20 substances for which allergy

labeling is recommended. This method is based on the amplification of substances in the 12 ingredients that include specific DNA arrays. It is now being used to ascertain whether these substances are contained in food products. A patent application is currently pending. In May 2006 a licensee of the technology began to provide contract testing services for some of the substances for food manufacturers and other companies.

ALLERGEN LABELING

Since April 2001, allergy labeling has been compulsory for eggs, milk, buckwheat, wheat, and peanuts—all of which are classed as “specified ingredients” that have the potential to cause allergic reactions when consumed. Labeling is recommended for another 20 ingredients. Nissin Foods lists ingredients in both categories on its packaging if any are used in its products.



ENVIRONMENTAL ACTIVITIES

Nissin Foods aims to promote harmonious coexistence with the natural environment by working to protect the environment and conserve resources through its business activities. To date, we have achieved certification under the ISO 14001 environmental management standard at 19 sites in Japan and overseas. We also publish environmental accounts as a way of quantifying and monitoring the cost of environmental protection.

HARMONIOUS COEXISTENCE

The Environmental Charter adopted by Nissin Foods in March 1999 was a declaration of our commitment to environmental protection and resource conservation in the context of our business activities, to harmonious coexistence with society, and to the improvement of the global environment. Since then, we have continuously sought to contribute to the realization of a sustainable, recycling-based society through activities that include resource and energy conservation and waste reduction.

One of the ways in which we are reducing the environmental footprint of our business activities is through the achievement of certification under the ISO 14001 standard. We have also estab-

lished an Environmental Committee and task-specific action teams made up of representatives from various organizational units. In addition, we are continuously implementing and improving our environment-related systems and initiatives, including environmental audits, environment-related educational programs, environmental risk countermeasures, and emergency drills.

CONSIDERING THE ENVIRONMENT IN ALL PROCESSES

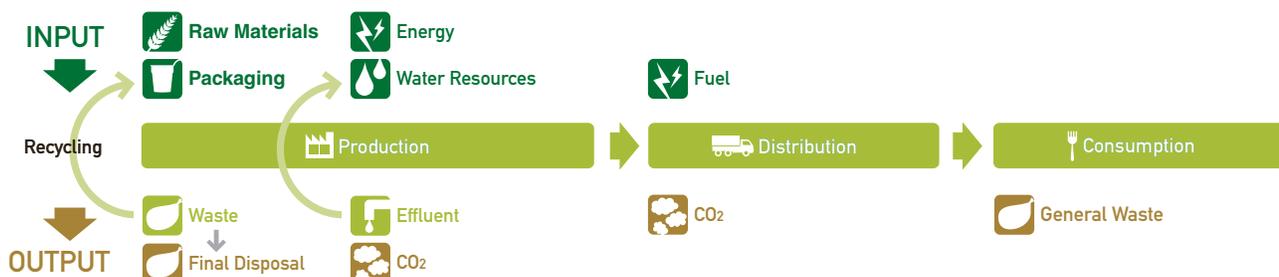
Specific environmental initiatives in fiscal 2007, ending March 2007, include zero-emission activities designed to reduce the volume of waste from plants to zero. We have succeeded in recycling 98.5% of byproducts and waste from four domestic plants directly operated by Nissin Foods and Sapporo Nissin's plant. We have also reduced CO₂ emissions by using natural gas instead of fuel oil in boilers at our main production sites in Japan.

We consider the environment in all facets of our business activities, including efforts to reduce the volume of containers and packaging used, the rationalization of materials procurement, and the reduction of environmental loads resulting from distribution activities. Nissin Foods is also an active participant in Team Minus 6%, a private sector global warming prevention campaign launched under the auspices of the government's Global Warming Prevention Headquarters, which was established under the provisions of the Kyoto Protocol.

NISSIN FOODS ENVIRONMENTAL CHARTER — CODE OF CONDUCT

1. We will comply with all environment-related laws, regulations and agreements and all applicable international standards. We will show proper consideration for the environment in our activities in other countries as well as in Japan.
2. We will develop environmentally sound products through prior assessments of the environmental impact at each stage, from the procurement of raw materials through to production, distribution, consumption and disposal.
3. Our first priority in relation to the raw materials, additives, containers, packaging materials and other items used in our products will be the protection of human health and safety.
4. We will strive to conserve energy and resources by reducing and recycling waste products.
5. We will actively participate in efforts to create social frameworks for environmental protection and foster awareness and understanding.
6. As a good corporate citizen, we will work to achieve harmonious coexistence with local communities and support environmental protection activities beyond our corporate organization. We will also support voluntary activities by employees.
7. We will inform all executives and employees about this Environmental Charter and publish it within and beyond the Nissin Foods organization.

PROCESS FLOW



CORPORATE GOVERNANCE

The mission of Nissin Foods is to maximize the interests of all stakeholders, including shareholders, consumers, employees and communities, by supplying safe, high-quality foods and enhancing corporate governance.

BASIC STANCE ON GOVERNANCE

Corporate governance demands highly objective and transparent management. For many years we have appointed outside directors and consulted outside experts to energize business and maintain management transparency. In June 1998, we introduced an executive officer system to speed up decision-making and create a clear line between governance and executive functions.

The 15-member Board of Directors—eleven directors (two outside), and four corporate auditors (two outside) meets monthly, with special meetings as necessary. The Board makes important business decisions including defining basic management policies, and also supervises director activities.

The Board of Directors is advised by two committees of full-time directors and standing corporate auditors. The Management Committee meets twice monthly to discuss matters to be decided by the Board, and those matters delegated to it by the Board. The Investment and Loan Strategy Committee meets monthly to discuss and conduct preliminary assessments of important matters.

The Executive Committee meets every month and consists of full-time directors, standing corporate auditors and executive offi-

cers. It applies management policies issued by the Board of Directors. Executive officers implement operations in their units according to directives from the Board of Directors, and report the results to the Executive Committee.

Nissin Foods is a company with auditors. The four-member Board of Corporate Auditors has two outside auditors. The corporate auditors adopt audit policies and plans, and discuss audit activities. The Board of Corporate Auditors meets on alternate months, with special meetings convened when needed.

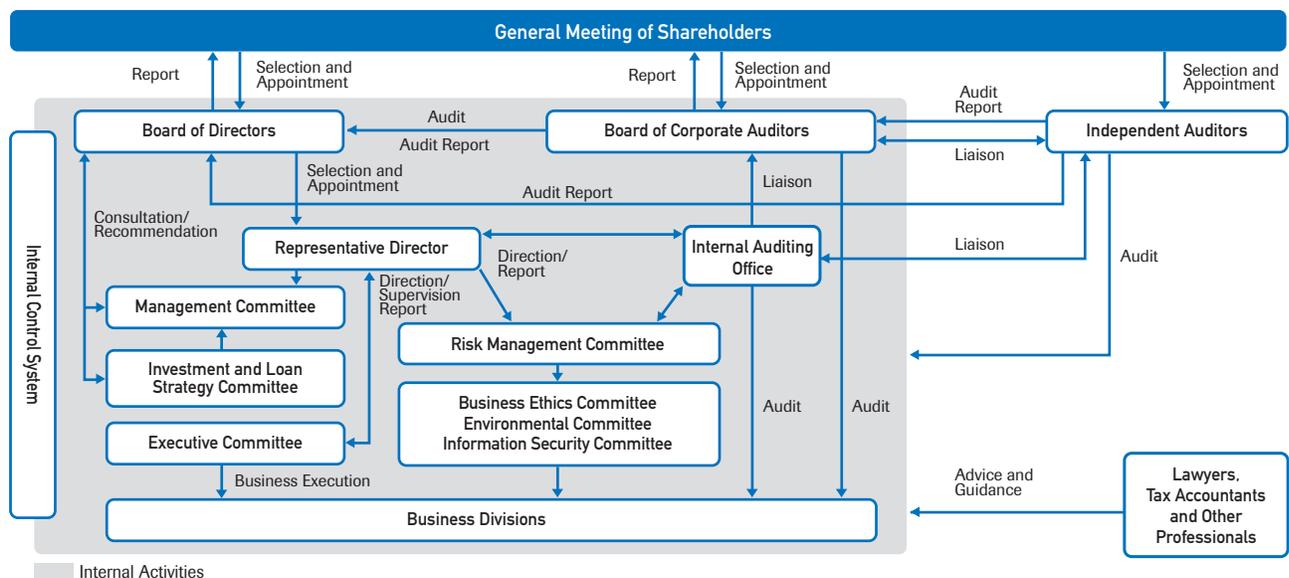
Since 2006, a reserve auditor is retained for two years in case of a vacant outside auditor position.

STATUS OF INTERNAL CONTROL SYSTEMS

The smooth operation of internal control systems is a critical management task. The entire company is working to achieve this under the policy on internal control systems development, adopted by the Board of Directors in May 2006.

The corporate auditors monitor internal control system effectiveness in all areas. Along with the Internal Auditing Office they also audit and verify the operations of individual business departments through operational audits. If necessary, they provide remedial measure guidance.

We are also developing internal control systems for financial reporting, as required under Japan's new Law on Sales of Financial Products. We will establish systems that provide checks and balances within and between organizational units, in all business areas.



BOARD OF DIRECTORS AND OFFICERS (As of June 28, 2007)



From left: Yoshinori Miura, Takahisa Yanagida, Taiji Matsumura, Akihide Matsuo, Koki Ando, Susumu Nakagawa, Takayuki Naruto, Ken Sasahara, Osamu Tetsubayashi, Hironobu Nagano

President & Representative Director

Koki Ando

Senior Managing Director & Representative Director

Susumu Nakagawa
In Charge of Sales

Managing Directors

Akihide Matsuo
General Manager of Corporate Production Planning Division and in Charge of Corporate Purchasing

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

Directors

Taiji Matsumura
General Manager of Central Research Institute

Ken Sasahara
General Manager of International Division

Takahisa Yanagida
General Manager of Financial Division and in Charge of Corporate Strategy & Management

Osamu Tetsubayashi
General Manager of Personnel Division

Yoshinori Miura
General Manager of Sales Division

Hironobu Nagano *
President of MYOJO FOODS Co., Ltd.

Yorihiko Kojima *
President & CEO, Mitsubishi Corp.

Eizo Kobayashi *
President & CEO, ITOCHU Corp.

Note: Non-executive director

Standing Corporate Auditors

Yuichi Terada
Syunsaku Makizono

Corporate Auditors

Toru Horinouchi
Hiroshi Takano

Corporate Executive Officers

Masami Nishio
General Manager of Corporate Management 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 Corporate Communications Division

Masafumi Miyata
General Manager of CVS Sales Division

Katsumi Tomomasa
General Manager of Tokyo Sales Division

Takashi Hirota
General Manager of Marketing Division

Hiroki Morimoto
General Manager of Sales Planning & Control Division

Koji Sakai
General Manager of Technical Engineering Division

Mitsuru Tanaka
Deputy General Manager of Central Research Institute

FINANCIAL SECTION

Nissin Food Products Co., Ltd.

Consolidated Six-Year Summary of Selected Financial Data

| Years ended March 31 | Millions of yen (except per share information) | | | | | |
|---|---|-----------|-----------|-----------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| For the year | | | | | | |
| Net sales | ¥ 358,238 | ¥ 321,700 | ¥ 316,973 | ¥ 320,033 | ¥ 315,279 | ¥ 308,463 |
| Cost of sales | 175,296 | 158,209 | 156,877 | 161,979 | 160,258 | 157,663 |
| Gross profit | 182,942 | 163,491 | 160,096 | 158,054 | 155,021 | 150,800 |
| Selling, general and administrative expenses | 149,207 | 131,512 | 131,133 | 134,851 | 128,621 | 125,984 |
| Operating income | 33,735 | 31,979 | 28,963 | 23,203 | 26,400 | 24,816 |
| Other income (expenses) | (157) | (2,167) | (1,891) | 1,502 | (880) | (4,741) |
| Income before income taxes and minority interests | 33,578 | 29,812 | 27,072 | 24,705 | 25,520 | 20,075 |
| Income taxes | 14,547 | 14,469 | 10,244 | 10,437 | 10,901 | 7,613 |
| Minority interests in earnings of consolidated subsidiaries | 62 | (46) | 216 | 217 | 197 | 526 |
| Net income | 18,969 | 15,389 | 16,612 | 14,051 | 14,422 | 11,936 |
| Per share | | | | | | |
| Net income | ¥ 156.12 | ¥ 125.09 | ¥ 134.36 | ¥ 113.61 | ¥ 115.65 | ¥ 93.91 |
| Cash dividends | 50.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 |
| Net assets *1 | 2,304.40 | 2,167.81 | 2,091.16 | 1,980.14 | 1,892.89 | 1,835.03 |
| At year-end | | | | | | |
| Working capital *2 | ¥ 63,703 | ¥ 82,404 | ¥ 56,332 | ¥ 62,017 | ¥ 60,044 | ¥ 71,086 |
| Property, plant and equipment, net | 93,634 | 69,019 | 75,332 | 81,243 | 87,537 | 82,444 |
| Total assets | 410,407 | 366,801 | 361,105 | 343,645 | 331,994 | 326,913 |
| Long-term liabilities | 26,094 | 18,975 | 19,414 | 16,175 | 11,739 | 11,118 |
| Net assets *3 | 288,476 | 263,199 | 258,139 | 244,439 | 233,708 | 230,582 |
| R&D expenses | ¥ 3,164 | ¥ 2,727 | ¥ 2,697 | ¥ 2,762 | ¥ 2,757 | ¥ 2,579 |
| Capital expenditures | 6,152 | 3,517 | 3,251 | 6,766 | 6,965 | 6,312 |
| Value & performance indicators | | | | | | |
| Operating margin (%) *4 | 9.4 | 9.9 | 9.1 | 7.3 | 8.4 | 8.0 |
| Return on assets (%) *5 | 4.9 | 4.2 | 4.7 | 4.2 | 4.4 | 3.7 |
| Return on equity (%) *6 | 7.0 | 5.9 | 6.6 | 5.9 | 6.2 | 5.2 |
| Inventory turnover (times) *7 | 12.9 | 12.6 | 12.9 | 13.6 | 13.6 | 14.1 |

Notes: 1. Net assets per share = (Net assets - minority interests) / number of shares outstanding as of the year end (excluding treasury stocks)

2. Working capital = Total current assets - Total current liabilities

3. Net assets: In compliance with the Corporate Law, from fiscal 2007, the amount of net assets includes the amount of minority interests (¥6,725 million). For year prior to 2007, minority interests are not included in net assets.

4. Operating margin = Operating income / Net sales

5. Return on assets = Net income / Average total assets

6. Return on equity = Net income / Average total net assets

7. Inventory turnover = Cost of sales / Average total inventory

FINANCIAL REVIEW

The scope of consolidation for this review of fiscal 2007, ended March 31, 2007, covers Nissin Food Products Co., Ltd. (the "Company"), 33 consolidated subsidiaries-18 in Japan and 15 overseas and two affiliate companies accounted for by the equity method (together, the "Group").

INCOME ANALYSIS

Net Income

Consolidated net sales of the Group for fiscal 2007 grew by 11.4% from ¥321,700 million in the previous fiscal year to ¥358,238 million (US\$3,035 million) in the year under review. The biggest contribution to this increase was made by the newly consolidated subsidiary MYOJO FOODS CO., LTD. ("MYOJO FOODS").

Net sales in Japan, excluding intersegment sales, increased by 12.6% from ¥269,765 million in the previous fiscal year to ¥303,718 million (US\$2,573 million). The contribution from Japan to total consolidated net sales rose by 0.9 percentage point to 84.8%.

The domestic instant noodle industry was faced with changing customer demographics, such as the decrease in the number of young consumers as the birth rate declines and the population ages. It also faced loss leader discounting by large retailers and a severe competition from neighboring business sectors. Each instant noodle manufacturer tried hard to stay ahead by raising its market share through efforts to develop and launch new products that better meet customer needs.

In the face of this business environment, the Company rededicated itself to its fundamental business policy of supplying safe and reliable products that earn the trust of consumers. The Company went all out to ensure the safety of raw materials through its own inspection systems capable of detecting residual pesticides and chemicals contained in animal products. During the current fiscal year, to better meet diversifying customer needs, the Company acquired MYOJO FOODS and included it among its consolidated subsidiaries, thereby becoming better able to supply attractive products to satisfy broader customer needs, both in Japan and overseas. On top of this, the Company launched an environment-

friendly refill product dubbed *Cup Noodle Refill*, introducing a new style and food scene.

On the sales front, the Company focused on its mainstay products, such as *Cup Noodle*, which marked its 35th anniversary, and *Nissin-no-Donbei* and *Nissin Yakisoba U.F.O.*, both marking their 30th anniversaries. There was some downward sales pressure from factors that included a warm winter and a sales strategy to maintain and enhance the Nissin brand value. Despite this, the Company saw increased domestic sales of both pillow-type instant noodles and cup-type instant noodles, contributed by the inclusion of MYOJO FOODS in consolidation.

In chilled and frozen foods, the Company grew its sales in chilled noodle products *Nissin Yakiudon*, easy-to-prepare, microwave-and-serve frozen products *Reito Nissin Spa O*, and premium-grade ingredient frozen products *Reito Nissin GooTa*. The Company registered increased sales in chilled and frozen foods, driven in part by the sales of products of MYOJO FOODS, which joined the Company as a consolidated subsidiary starting from the current fiscal year.

Looking at the global market for instant noodles, we anticipate continuous growth in the aggregate demand. According to the International Ramen Manufacturers Association (IRMA) (recently renamed the World Instant Noodle Association (WINA)), the average annual growth rate of product consumption has been 13% since 2000, and the aggregate demand for instant noodles, which was 85.7 billion servings in calendar year 2005, is expected to reach 100 billion servings in 2009. The overseas businesses of the Company continued to focus on market development in the major markets, particularly in North America and in the People's Republic of China (PRC). In the North America market, reflecting stable growth in the aggregate con-

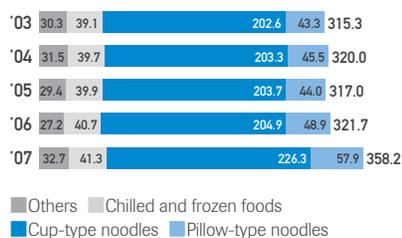
SALES BY GEOGRAPHIC AREA

(excluding intersegment sales)
(Billions of yen)



NET SALES BY CATEGORY

(Billions of yen)



sumption of instant noodles, as well as customers' strong support throughout the year for premium-priced lines, like *CHOW MEIN* and the *Souper Meal* series, the number of servings sold during calendar year 2006 surged ahead. In the PRC market, the Hong Kong area, in particular, showed strong growth. It recorded a 1% year-on-year increase in the aggregate number of servings of pillow-type and cup-type instant noodles sold, as well as a 4% increase in the sales amount. As a result, total sales in North America and other areas, excluding intersegment sales, increased by 5.0% from the previous year to ¥54,520 million (US\$462 million). The breakdown shows the sales in North America as ¥30,505 million (US\$258 million), a 2.0% year-on-year increase, and the sales in other areas as ¥24,015 million (US\$203 million), a 9.0% year-on-year increase.

Analysis of net sales by business segment show that the Company's mainstay business, comprising instant noodles and associated business, (pillow-type instant noodles, cup-type instant noodles and chilled and frozen foods) excluding intersegment sales, amounted to ¥325,468 million (US\$2,757 million) and accounted for 90.9% of total net sales.

Net sales of the Other Business segment, on the other hand, was ¥32,770 million (US\$278 million), which was 9.1% of the total net sales.

Breaking down the results for instant noodles and associated business, pillow-type instant noodles experienced a decrease in sales of mainstay products such as *Chicken Ramen* and *Nissin-no-Ramenyasan* in comparison with the previous year's performance. However, the Japanese domestic market registered an increase in net sales that was largely attributable to new contributions from MYOJO FOODS' products. Sales of existing cup-type instant noodle mainstay products, were negatively influenced by a warm winter in Japan and by the Company's decision to pursue a sales strategy that maintains and enhances brand value. On the other hand, sales of *Nissin Menshokunin* non-fried noodles, which captured consumer attention, and *Nissin Deka-O*, which features a larger serving of noodles, continued to be strong throughout the year. Also, *Nissin Yasai Soup Noodle*, a low-calorie product launched during the year under

review, received strong support from health- and diet-conscious consumers, and sales remained consistently high. The addition of MYOJO FOODS' product lines also contributed to the sales increase in the domestic market.

Looking at overseas markets, existing products recorded buoyant sales, especially in the United States. In particular, sales of premium-priced products developed for sale in the United States grew remarkably. (Please refer to Review of Operation on P. 15-19 for details of performance by product category.)

Cost of Sales and Selling, General and Administrative Expenses

Although cost of sales increased by 10.8% year on year to ¥175,296 million (US\$1,485 million), paralleling the growth in net sales, the cost of sales ratio slightly improved from 49.2% in the previous fiscal year to 48.9%, mainly due to a decline in expenses relating to retirement benefits.

Selling, general and administrative expenses amounted to ¥149,207 million (US\$1,264 million), resulting in a 13.5% increase from the previous fiscal year's ¥131,512 million. The ratio of SG&A expenses to net sales also rose by 0.8 percentage point to 41.7%. These increases are attributable to the growth in variable expenses such as promotional and distribution expenses. Among SG&A items, promotional expenses increased by 16.6% compared with the previous fiscal year to ¥87,209 million, and the ratio to net sales rose by 1.1 percentage point to 24.3%. Distribution expenses, as well, grew by 16.6% year on year to ¥20,305 million, with a 0.3 percentage point rise in the ratio to net sales. On the other hand, while advertising expenses (fixed expenses) edged up by 0.8% from the previous fiscal year to ¥12,423 million, their ratio to net sales dropped by 0.3 percentage point.

Operating Income, Other Income (Expenses) and Net Income

The increase in net sales and the improvement in the cost of sales ratio largely absorbed the negative effect brought by the rise in SG&A expenses (which increased in both amount and in the ratio to net sales). As a result, consolidated operating income for fiscal 2007 grew to ¥33,735 million (US\$286 million), a 5.5% increase on the previous

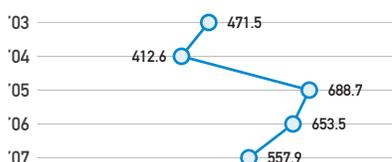
OPERATING INCOME AND OPERATING MARGIN

(Billions of yen)



INTEREST COVERAGE RATIO

(Times)



*Interest coverage ratio = operating cash flow/interest payments

Costs and Expenses, and Net Sales Ratio

| Year ended March 31, 2007 and 2006 | Millions of yen | | | |
|------------------------------------|-----------------|-----------------|----------|-----------------|
| | 2007 | | 2006 | |
| | | Net Sales Ratio | | Net Sales Ratio |
| Cost of sales | ¥175,296 | 48.9% | ¥158,209 | 49.2% |
| SG&A expenses | 149,207 | 41.7 | 131,512 | 40.9 |
| Promotional expenses | 87,209 | 24.3 | 74,781 | 23.2 |
| Advertising expenses | 12,423 | 3.5 | 12,328 | 3.8 |
| Distribution expenses | 20,305 | 5.7 | 17,418 | 5.4 |
| Other expenses | 29,270 | 8.2 | 26,985 | 8.5 |

fiscal year's ¥31,979 million. However, due to a rise in the ratio of SG&A expenses to net sales, the operating margin declined by 0.5 percentage point to 9.4%.

Net other expenses showed a sizable decrease of ¥2,010 million, from ¥2,167 million in the previous fiscal year to ¥157 million (US\$1 million). Among other income items, gain on sales of marketable securities decreased by ¥2,969 million to ¥104 million (US\$1 million). However, this decrease in income was offset by decreases in expenses. One such expense was loss on impairment of fixed assets, which was initially posted in the previous year in accordance with newly adopted accounting standards, and decreased by ¥4,503 million to

¥1,129 million (US\$10 million). Another large decrease was in loss on revaluation of investments in companies in the PRC, which decreased by ¥1,178 million to ¥1,379 million (US\$12 million).

As a result, income before income taxes and minority interests amounted to ¥33,578 million (US\$284 million), a 12.6% increase from ¥29,812 million in the previous fiscal year.

Net income was ¥18,969 million (US\$161 million), marking a 23.3% increase from the previous fiscal year's ¥15,389 million. The ratio of net income to net sales rose by 0.5 percentage point year on year from 4.8% to 5.3%. Net income per share rose by ¥31.03, from ¥125.09 in the previous fiscal year to ¥156.12 (US\$1.32).

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

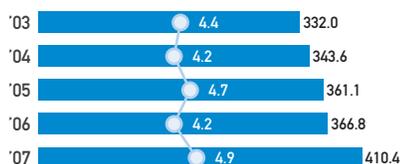
Cash and cash equivalents as of March 31, 2007 stood at ¥76,695 million (US\$650 million), an increase of ¥15,125 million from the ¥61,570 million recorded in the previous fiscal year.

Net cash provided by operating activities increased by ¥338 million to ¥26,974 million (US\$228 million) from the previous year's ¥26,636 million. Major cash in-flow items included a ¥3,766 million

increase in income before income taxes and minority interests and a ¥2,760 million decrease in gain on sales of marketable securities and investments in securities and others. Another item affecting cash in-flow was a ¥464 million (US\$4 million) increase from accrued retirement benefits to directors and statutory auditors, reversing a decrease of ¥3,718 million in the previous fiscal year. On the other hand, major cash out-flows included a ¥4,503 million decrease in loss on impair-

TOTAL ASSETS AND ROA

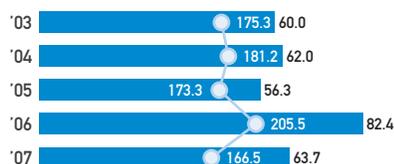
(Billions of yen) / (%)



■ Total assets ○ ROA

WORKING CAPITAL AND CURRENT RATIO

(Billions of yen) / (%)



■ Working capital ○ Current ratio

Working capital = Total current assets - Total current liabilities
Current ratio = Total current assets / Total current liabilities

SHAREHOLDERS' EQUITY AND ROE

(Billions of yen) / (%)



■ Shareholders' equity ○ ROE

ment of fixed assets, a ¥1,944 million decrease in loss on valuation of marketable securities and investments in securities and others, a ¥3,390 million decrease in decrease in accrued retirement benefits to employees and trade notes and accounts receivable—which moved from a decrease of ¥2,052 million to an increase of ¥1,746 million (US\$15 million) in the year under review.

Net cash used in investing activities decreased by ¥15,297 million year on year, from ¥20,068 million to ¥4,771 million (US\$40 million). This decrease was mainly due to sales of securities and decreased purchases of securities in order to secure financing for a takeover bid for shares of MYOJO FOODS. As a result of the takeover bid, ¥23,763 million (US\$201 million) was recorded as payment for purchases of additional shares of consolidated subsidiaries and others. On the

other hand, proceeds from sales and redemption of marketable securities increased by ¥31,355 million and payment for purchases of marketable securities decreased by ¥26,073 million.

Other major in-flow factors included a ¥18,688 million decrease in payment for purchases of investments in securities, and an additional major out-flow factor was a ¥37,780 million decrease in proceeds from sales and redemption of investments in securities.

Net cash used in financing activities dropped by ¥5,519 million year on year from ¥12,940 million to ¥7,421 million (US\$63 million). This large decrease was mainly due to repurchase of treasury stocks, which amounted to ¥205 million (US\$2 million) in net proceeds in the year under review, compared with a ¥6,925 million net payment in the previous fiscal year.

Cash Flow Highlights

| Year ended March 31 | Millions of yen | | |
|--|-----------------|----------|----------|
| | 2007 | 2006 | 2005 |
| Net cash provided by operating activities | ¥26,974 | ¥26,636 | ¥30,259 |
| Net cash used in investing activities | (4,771) | (20,068) | (30,348) |
| Net cash used in financing activities | (7,421) | (12,940) | (5,709) |
| Cash and cash equivalents at end of the year | ¥76,695 | ¥61,570 | ¥66,326 |

Assets, Liabilities and Net Assets

Total assets as of March 31, 2007 amounted to ¥410,407 million (US\$3,477 million), a 11.9% rise from ¥366,801 million in the previous fiscal year. Return on assets (ROA) also rose by 0.7 percentage point to 4.9% from 4.2% in the previous fiscal year, reflecting the fact that net income grew faster than total assets.

Total current assets declined moderately by 0.6% from ¥160,496 million in the previous year to ¥159,540 million (US\$1,351 million). Mainly due to the acquisition of MYOJO FOODS, both cash and deposits and the trade account increased by ¥16,573 million and ¥15,703 million, respectively. However, marketable securities decreased by ¥35,377 million as the company sold off holdings in

order to secure financing for the purchase of MYOJO FOODS shares.

Net property, plant and equipment jumped from ¥69,019 million to ¥93,634 million (US\$793 million), a 35.7% year-on-year increase that was mainly due to acquisition of MYOJO FOODS.

Investments and other assets increased by 11.2% from ¥136,841 million in the previous fiscal year to ¥152,210 million (US\$1,289 million). This increase was caused mainly by a ¥16,649 million increase in investments in securities. Intangible fixed assets increased to ¥5,023 million (US\$43 million), mainly due to ¥4,352 million (US\$37 million) in goodwill.

Total liabilities recorded a sizable increase of 25.6% year on year, from ¥97,067 million to ¥121,931 million (US\$1,033 million). Among

EQUITY RATIO

(%)



NET ASSETS PER SHARE

(Yen)



liabilities, total current liabilities increased by 22.7% to ¥95,837 million (US\$812 million), mainly due to acquisition of MYOJO FOODS, which brought a ¥8,658 million increase in the trade account and a ¥ 8,602 million increase in other payables. As a result of the increase in total current liabilities exceeding the increase in current assets, working capital declined by 22.7% to ¥63,703 million (US\$540 million) from ¥82,404 million in the previous fiscal year. The current ratio, as well, dropped from 205.5% to 166.5%.

Total net assets amounted to ¥288,476 million (US\$2,444 million). This amount now includes minority interests (a separate item in the consolidated balance sheet in the previous year) in accordance with

“Accounting Standard for Presentation of Net Assets in the Balance Sheet,” which was newly adopted from fiscal 2007. Therefore, the amount for fiscal 2007 corresponding to the previous year’s total shareholders’ equity of ¥263,199 million, was ¥281,751 million, an increase of 7.0% year on year. This increase was mainly contributed by a ¥12,756 million increase in retained earnings due to posting of net income.

As a result of the increase in total net assets (less minority interests), net assets per share increased by 6.3% from ¥2,167.81 in the previous year to ¥2,304.40. Return on equity (ROE) rose by 1.1 percentage points from 5.9% to 7.0%, reflecting a large increase in net income.

ADDITIONAL INFORMATION

Significant Business Agreements

(1) With regard to the Company’s capital participation in Hebei Hualong F&N Industry Group Co., Ltd., a major manufacturer of instant noodles and flour in the PRC (hereafter “Hebei Hualong”), 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. (now renamed Jinmailang Foods Co., Ltd.), and Hebei Nissin Hualong Paper Products Co., Ltd. (now renamed Hebei Jinmailang Paper Products Co., Ltd.) Through capital increases subscribed by its Hong Kong-based subsidiary, Nissin Foods Co., Ltd., the Company had acquired 14.9% of registered equity in each newly established company as of March 31, 2005.

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

(2) On November 15, 2006, the board of directors of the Company resolved to make a takeover bid for the shares of MYOJO FOODS and to form a capital and business alliance with MYOJO FOODS. In accordance with this resolution, the Company signed on the same day a memorandum, which provides the said takeover bid and alliance.

On February 6, 2007, the board of directors of the Company resolved to acquire the shares of MYOJO FOODS by way of share exchange to make MYOJO FOODS a wholly owned subsidiary of the Company. In accordance with this resolution, the Company concluded the share exchange contract.

Details of the takeover bid and the share exchange are described in Note 21 (Business Combination and Other) of the consolidated financial statements.

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 risks can arise and will make every effort to prevent such risks from appearing and will address resulting situations if such risks do appear.

(1) 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 bovine spongiform encephalopathy, the problem of residual pesticides in foods and avian influenza, have threatened to undermine food safety. The needs of consumers in regard to food safety have become more sophisticated. To enhance its ability to meet this need, the Company established the Food Safety Research Institute and continues to strengthen its quality control system. 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 conjecture, or if rumors mar the image of the Company’s products, even though such rumors were based on incidents not directly affecting the Company’s products.

(2) Reduced 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 activities. The Company emphasizes the establishment and protection of its brands. However, new products flood the instant noodle market every year, and the relative brand value of the Company’s products could decline if another company were to achieve a revolutionary breakthrough in instant noodle development.

(3) 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, the Food Safety Research Institute studies ways to ensure the safety of raw materials and strives 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, and therefore 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.

(4) Increases in Prices of Raw Materials

The primary raw materials used for the Company's products are agricultural commodities, such as flour and palm oil, and petroleum-based items for packaging and wrappers. 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 of crop failures caused by abnormal weather and other reasons.

(5) Risk of Natural Disasters

The Company has manufacturing facilities both in Japan and overseas. 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) Subsidiary and Affiliate Risks

The Company's overseas operations comprise local production and local marketing companies, which produce food products including instant noodles, and are run by subsidiaries and affiliates. If political unrest or international disputes arise in the regions where the Company's subsidiaries and affiliates 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.

(7) Risk Related to Information Systems

The Company uses computers to process and store information on production, sales and administration. The Company 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 per-

formance could be adversely affected if the Company's systems were damaged and/or if data were leaked outside the organization, due to illegal access to the systems by unauthorized individuals through technologies that the Company has not envisioned, or unknown computer virus getting through established safeguards.

(8) Risk Related to Retirement Benefits Accounting

Costs and obligations pertaining to retirement benefits are determined based on discount rates and other predetermined criteria used in actuarial calculations, and expected rate of return on pension assets. If actual results differ from predetermined criteria, or if predetermined criteria are amended, the actuarial difference is charged to the income of the fiscal year following the one in which the difference occurred. Although the actual return on pension assets has shown its trend of recovery, if a decline in discount rates and/or returns on the pension assets persists, 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 the accounting for impairment.

(10) Risk Related to Accounting for Impairment of Fixed Assets

The Company owns various tangible fixed assets for the purpose of its businesses. These fixed assets could face in the future a substantial decline in their fair value and/or the future cash flows they were to generate, and thus would have the possibility of impairment loss recognition in conformity with accounting for impairment of fixed assets. Such circumstances could negatively affect the Company's financial position and its fiscal performance.

(11) Reliance on Certain Business Clients

Mitsubishi Corporation and ITOCHU Corporation are the primary buyers of the Company's products. 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.

Nissin Food Products Co., Ltd.
Consolidated Balance Sheets
As of March 31, 2007 and 2006

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|------------------|------------------|---------------------------------------|
| | 2007 | 2006 | 2007 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and deposits (Notes 4 and 19) | ¥ 61,689 | ¥ 45,116 | \$ 522,567 |
| Marketable securities (Note 7) | 21,618 | 56,995 | 183,126 |
| Receivables: | | | |
| Trade | 53,358 | 37,655 | 451,995 |
| Other | 1,828 | 1,356 | 15,485 |
| Less: Allowance for doubtful receivables | (259) | (259) | (2,194) |
| Inventories (Note 8) | 14,489 | 12,709 | 122,736 |
| Deferred income taxes (Note 12) | 6,128 | 6,390 | 51,910 |
| Other current assets | 689 | 534 | 5,836 |
| Total current assets | 159,540 | 160,496 | 1,351,461 |
| Property, plant and equipment: | | | |
| Land (Note 9) | 43,835 | 25,882 | 371,326 |
| Buildings and structures | 80,097 | 65,622 | 678,501 |
| Machinery, equipment and vehicles | 88,896 | 81,705 | 753,037 |
| Construction in progress | 1,837 | 720 | 15,561 |
| Other | 617 | 585 | 5,226 |
| | 215,282 | 174,514 | 1,823,651 |
| Less: Accumulated depreciation | (121,648) | (105,495) | (1,030,479) |
| Property, plant and equipment, net | 93,634 | 69,019 | 793,172 |
| Intangible fixed assets: | | | |
| Goodwill | 4,352 | — | 36,866 |
| Other | 671 | 445 | 5,684 |
| Total intangible fixed assets | 5,023 | 445 | 42,550 |
| Investments and other assets: | | | |
| Investments in securities (Note 7) | 137,143 | 120,494 | 1,161,737 |
| Other investments | 8,507 | 10,043 | 72,063 |
| Long-term loans | 488 | 181 | 4,133 |
| Deferred income taxes (Note 12) | 271 | 275 | 2,296 |
| Other assets | 5,849 | 6,017 | 49,547 |
| Less: Allowance for doubtful receivables | (48) | (169) | (407) |
| Total investments and other assets | 152,210 | 136,841 | 1,289,369 |
| Total assets | ¥ 410,407 | ¥ 366,801 | \$ 3,476,552 |

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|-----------|---------------------------------------|
| | 2007 | 2006 | 2007 |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Short-term borrowings (Note 10) | ¥ 3,791 | ¥ 2,854 | \$ 32,113 |
| Payables: | | | |
| Trade | 43,325 | 34,667 | 367,006 |
| Other | 28,709 | 20,107 | 243,194 |
| Accrued income taxes (Note 12) | 7,890 | 8,186 | 66,836 |
| Other current liabilities | 12,122 | 12,278 | 102,685 |
| Total current liabilities | 95,837 | 78,092 | 811,834 |
| Long-term liabilities: | | | |
| Deferred income taxes on land revaluation (Note 9) | 3,511 | 3,511 | 29,742 |
| Accrued retirement benefits to employees (Note 11) | 8,946 | 11,660 | 75,781 |
| Accrued retirement benefits to directors and statutory auditors | 2,264 | 1,800 | 19,178 |
| Deferred income taxes (Note 12) | 10,561 | 1,871 | 89,462 |
| Other long-term liabilities | 812 | 133 | 6,879 |
| Total long-term liabilities | 26,094 | 18,975 | 221,042 |
| Net assets: | | | |
| I Shareholders' equity (Note 13) | | | |
| Common stock: | | | |
| Authorized—500,000,000 shares; | | | |
| Issued—127,463,685 shares at March 31, 2007 and 2006 | 25,123 | 25,123 | 212,817 |
| Capital surplus | 49,754 | 48,385 | 421,465 |
| Retained earnings (Note 22) | 216,553 | 203,797 | 1,834,418 |
| Less: Treasury stock, at cost—5,197,203 shares at March 31, 2007 and 6,061,522 shares at March 31, 2006 | (14,319) | (16,679) | (121,296) |
| II Valuation, translation adjustments and other: | | | |
| Net unrealized holding gain on securities (Note 7) | 10,921 | 9,899 | 92,511 |
| Land revaluation reserve (Note 9) | (7,533) | (7,568) | (63,812) |
| Translation adjustments | 1,252 | 242 | 10,606 |
| III Minority interests | | | |
| Total net assets | 288,476 | 269,734 | 2,443,676 |
| Contingent liability (Note 19) | | | |
| Total liabilities and net assets | ¥ 410,407 | ¥ 366,801 | \$ 3,476,552 |

See accompanying notes to consolidated financial statements.

Nissin Food Products Co., Ltd.
Consolidated Statements of Income
For the years ended March 31, 2007, 2006 and 2005

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|-----------|-----------|---------------------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| Net sales | ¥ 358,238 | ¥ 321,700 | ¥ 316,973 | \$ 3,034,629 |
| Cost of sales (Note 14) | 175,296 | 158,209 | 156,877 | 1,484,930 |
| Gross profit | 182,942 | 163,491 | 160,096 | 1,549,699 |
| Selling, general and administrative expenses (Note 14) | 149,207 | 131,512 | 131,133 | 1,263,930 |
| Operating income | 33,735 | 31,979 | 28,963 | 285,769 |
| Other income (expenses) (Note 15): | | | | |
| Interest and dividend income | 3,112 | 3,065 | 2,538 | 26,362 |
| Interest expense | (48) | (41) | (44) | (407) |
| Equity in earnings of affiliates | 476 | 485 | 427 | 4,032 |
| Loss on impairment of fixed assets (Notes 3 and 15(a)) | (1,129) | (5,632) | — | (9,564) |
| Loss on devaluation of investments in securities | (8) | (425) | (112) | (68) |
| Loss on revaluation of investments (Note 15(b)) | (1,379) | (2,557) | — | (11,681) |
| Provision for accrued retirement benefits to directors and statutory auditors (Note 15(c)) | — | — | (3,569) | — |
| Gain on sales of marketable securities | 104 | 3,073 | 375 | 881 |
| Gain on sales of investments in securities | 573 | 194 | — | 4,854 |
| Other, net | (1,858) | (329) | (1,506) | (15,739) |
| Income before income taxes and minority interests | 33,578 | 29,812 | 27,072 | 284,439 |
| Income taxes (Note 12): | | | | |
| Current | 11,018 | 11,569 | 11,629 | 93,334 |
| Deferred | 3,529 | 2,900 | (1,385) | 29,894 |
| | 14,547 | 14,469 | 10,244 | 123,228 |
| Income before minority interests | 19,031 | 15,343 | 16,828 | 161,211 |
| Minority interests in earnings (loss) of consolidated subsidiaries | 62 | (46) | 216 | 525 |
| Net income | ¥ 18,969 | ¥ 15,389 | ¥ 16,612 | \$ 160,686 |

See accompanying notes to consolidated financial statements.

Nissin Food Products Co., Ltd.
Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2007, 2006 and 2005

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|--|------------------|------------------|------------------|---------------------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| Common stock: | | | | |
| Balance at beginning and end of the year | ¥ 25,123 | ¥ 25,123 | ¥ 25,123 | \$ 212,817 |
| Capital surplus: | | | | |
| Balance at beginning of the year | ¥ 48,385 | ¥ 48,370 | ¥ 48,370 | \$ 409,869 |
| Add: | | | | |
| Merger reserve | 1,369 | 15 | — | 11,596 |
| Balance at end of the year | ¥ 49,754 | ¥ 48,385 | ¥ 48,370 | 421,465 |
| Retained earnings: | | | | |
| Balance at beginning of the year | ¥ 203,797 | ¥ 193,927 | ¥ 180,877 | \$ 1,726,362 |
| Add: | | | | |
| Net income | 18,969 | 15,389 | 16,612 | 160,686 |
| Reversal of land revaluation reserve due to adjustment to deferred tax assets | — | 61 | 167 | — |
| Other | 88 | — | — | 745 |
| Deduct: | | | | |
| Cash dividends paid | (6,071) | (5,553) | (3,702) | (51,427) |
| Bonuses to directors | (22) | (27) | (27) | (186) |
| Other | (208) | — | — | (1,762) |
| Balance at end of the year | ¥ 216,553 | ¥ 203,797 | ¥ 193,927 | \$ 1,834,418 |
| Treasury stock, at cost: | | | | |
| Balance at beginning of the year | ¥ (16,679) | ¥ (9,754) | ¥ (9,747) | \$ (141,288) |
| Net change during the year | 2,360 | (6,925) | (7) | 19,992 |
| Balance at end of the year | ¥ (14,319) | ¥ (16,679) | ¥ (9,754) | \$ (121,296) |
| Net unrealized holding gain on securities: | | | | |
| Balance at beginning of the year | ¥ 9,899 | ¥ 6,114 | ¥ 4,631 | \$ 83,854 |
| Net change during the year | 1,022 | 3,785 | 1,483 | 8,657 |
| Balance at end of the year | ¥ 10,921 | ¥ 9,899 | ¥ 6,114 | \$ 92,511 |
| Land revaluation reserve (Note 9): | | | | |
| Balance at beginning of the year | ¥ (7,568) | ¥ (2,359) | ¥ (2,192) | \$ (64,108) |
| Net change during the year | 35 | (5,209) | (167) | 296 |
| Balance at end of the year | ¥ (7,533) | ¥ (7,568) | ¥ (2,359) | \$ (63,812) |
| Translation adjustments: | | | | |
| Balance at beginning of the year | ¥ 242 | ¥ (3,282) | ¥ (2,623) | \$ 2,050 |
| Net change during the year | 1,010 | 3,524 | (659) | 8,556 |
| Balance at end of the year | ¥ 1,252 | ¥ 242 | ¥ (3,282) | \$ 10,606 |
| Minority interests: | | | | |
| Balance at beginning of the year | ¥ 6,535 | ¥ 6,736 | ¥ 6,680 | \$ 55,358 |
| Net change during the year | 190 | (201) | (56) | 1,609 |
| Balance at end of the year | ¥ 6,725 | ¥ 6,535 | ¥ 6,736 | \$ 56,967 |
| Total net assets | ¥ 288,476 | ¥ 269,734 | ¥ 264,875 | \$ 2,443,676 |

See accompanying notes to consolidated financial statements.

Nissin Food Products Co., Ltd.
Consolidated Statements of Cash Flows
For the years ended March 31, 2007, 2006 and 2005

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|-----------------|-----------------|---------------------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| Cash flows from operating activities: | | | | |
| Income before income taxes and minority interests | ¥ 33,578 | ¥ 29,812 | ¥ 27,072 | \$ 284,439 |
| Depreciation and amortization | 6,188 | 5,977 | 6,675 | 52,418 |
| Loss on impairment of fixed assets | 1,129 | 5,632 | — | 9,564 |
| (Decrease) increase in allowance for doubtful receivables | (174) | (93) | 122 | (1,474) |
| (Decrease) in accrued retirement benefits to employees | (5,534) | (2,144) | (644) | (46,878) |
| Increase (decrease) in accrued retirement benefits to directors and statutory auditors | 464 | (3,718) | 3,877 | 3,930 |
| Interest and dividend income | (3,112) | (3,065) | (2,538) | (26,362) |
| Interest expense | 48 | 41 | 44 | 407 |
| Foreign currency exchange (gain) loss | (84) | (103) | 1 | (712) |
| Equity in earnings of affiliates | (476) | (485) | (427) | (4,032) |
| Loss on disposal and sales of property, plant and equipment | 358 | 280 | 238 | 3,032 |
| Gain on sales of marketable securities and investments in securities and other | (319) | (3,079) | (349) | (2,702) |
| Loss on valuation of marketable securities and investments in securities and other | 1,847 | 3,791 | 1,192 | 15,646 |
| (Increase) decrease in trade notes and accounts receivable | (1,746) | 2,052 | 560 | (14,790) |
| (Increase) decrease in inventories | (223) | 322 | (502) | (1,889) |
| (Decrease) increase in trade notes and accounts payable | (39) | 233 | (497) | (330) |
| Increase in other payables | 1,981 | — | — | 16,781 |
| (Decrease) increase in accrued consumption taxes | (183) | 156 | (424) | (1,550) |
| Bonuses to directors | (22) | (27) | (27) | (186) |
| Other, net | 1,372 | (644) | 704 | 11,622 |
| Subtotal | 35,053 | 34,938 | 35,077 | 296,934 |
| Interest and dividends received | 3,170 | 2,740 | 2,683 | 26,853 |
| Interest paid | (44) | (41) | (44) | (373) |
| Collection of receivables written-off | — | — | 1 | — |
| Income taxes paid | (11,205) | (11,001) | (7,458) | (94,918) |
| Net cash provided by operating activities | 26,974 | 26,636 | 30,259 | 228,496 |
| Cash flows from investing activities: | | | | |
| Decrease (increase) in time deposits | 738 | (2,615) | (1,646) | 6,252 |
| Payments for purchases of marketable securities | (4,991) | (31,064) | (1,000) | (42,279) |
| Proceeds from sales and redemption of marketable securities | 43,808 | 12,453 | 3,790 | 371,097 |
| Payments for purchases of property, plant and equipment and other | (5,539) | (3,125) | (3,062) | (46,921) |
| Proceeds from sales of property, plant and equipment and other | 16 | 50 | 1,502 | 136 |
| Payments for purchases of investments in securities | (27,146) | (45,834) | (38,006) | (229,954) |
| Proceeds from sales and redemption of investments in securities | 12,253 | 50,033 | 8,308 | 103,795 |
| Payments for purchases of additional shares of consolidated subsidiaries and others | (23,763) | — | (265) | (201,296) |
| (Increase) decrease in loans receivable | (147) | 34 | 31 | (1,245) |
| Net cash used in investing activities | (4,771) | (20,068) | (30,348) | (40,415) |
| Cash flows from financing activities: | | | | |
| Proceeds from short-term borrowings | 434 | 839 | — | 3,676 |
| Repayment of short-term borrowings | (990) | (1,204) | (2,071) | (8,386) |
| Proceeds from issuance of long-term debt | — | — | 87 | — |
| Repayment of long-term debt | (306) | (84) | — | (2,592) |
| Net decrease (increase) in treasury stocks | 205 | (6,925) | (9) | 1,737 |
| Cash dividends paid | (6,070) | (5,553) | (3,702) | (51,419) |
| Cash dividends paid to minority shareholders | (694) | (13) | (14) | (5,879) |
| Net cash used in financing activities | (7,421) | (12,940) | (5,709) | (62,863) |
| Effect of exchange rate changes on cash and cash equivalents | 91 | 1,500 | (16) | 771 |
| Net increase (decrease) in cash and cash equivalents | 14,873 | (4,872) | (5,814) | 125,989 |
| Cash and cash equivalents at beginning of the year | 61,570 | 66,326 | 72,140 | 521,559 |
| Increase in cash and cash equivalents arising from initial consolidation of subsidiaries | 252 | 110 | — | 2,134 |
| Increase in cash and cash equivalents resulting from merger of a consolidated subsidiary with an unconsolidated subsidiary | — | 6 | — | — |
| Cash and cash equivalents at end of the year (Note 4) | ¥ 76,695 | ¥ 61,570 | ¥ 66,326 | \$ 649,682 |

See accompanying notes to consolidated financial statements.

1. Basis of Preparation

The accompanying consolidated financial statements of Nissin Food Products Co., Ltd. (the "Company") and consolidated subsidiaries (collectively, the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The translation of yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan and has been made at ¥118.05 = U.S.\$1.00, the exchange rate prevailing on March 31, 2007. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

Certain amounts in the consolidated balance sheet as of March 31, 2006 have been reclassified to conform to the 2007 presentation. These reclassifications had no effect on consolidated net income.

2. Summary of Significant Accounting Policies

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

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. The assets and liabilities of the newly consolidated subsidiaries are stated at fair value as of their respective dates of acquisition.

The balance sheet date of overseas subsidiaries is December 31. Any significant differences in intercompany accounts and transactions arising from intervening intercompany transactions during the period from January 1 through March 31 have been adjusted, if necessary.

The fiscal years of MYOJO FOODS CO., LTD. and eight other subsidiaries end on September 30. For these subsidiaries, the *pro-forma* financial statements prepared as of March 31 are used in preparation of the consolidated financial statements.

The differences between the cost and the underlying net equity in the net assets at the dates of acquisition of the consolidated subsidiaries and companies accounted for by the equity method have been amortized by the straight-line method over periods not exceeding 20 years. Minor differences have been charged to and credited to income as incurred.

The number of consolidated subsidiaries and affiliates accounted for by the equity method for the years ended March 31, 2007, 2006 and 2005 are as follows:

| | 2007 | 2006 | 2005 |
|---|------|------|------|
| Consolidated subsidiaries | 33 | 23 | 22 |
| Affiliates accounted for by the equity method | 2 | 1 | 1 |

(b) Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents comprise cash on 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.

(c) Securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving average method. Non-marketable securities classified as other securities are carried at cost based on the moving average method.

(d) Inventories

Finished goods and merchandise are principally stated at cost by the periodic average method. Raw materials and supplies are principally stated at cost by the last purchase price method.

(e) Hedging activities

Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates.

(f) Property, plant and equipment

Depreciation is computed principally by the declining-balance method over the useful lives of the respective assets in conformity with the Corporation Tax Law of Japan. Certain consolidated subsidiaries apply the straight-line method. The straight-line method is also applied to the head office building of the Company (Osaka) and the buildings and structures of the Central Research Institute. In addition, the straight-line method is applied to buildings (except for the attachments to the buildings) acquired on or after April 1, 1998.

(g) Impairment of fixed assets

Effective the year ended March 31, 2006, the Group adopted an accounting standard for the impairment of fixed assets that requires that tangible and intangible fixed assets be carried at cost less depreciation and be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group is required to recognize an impairment loss in its statement of income if certain indicators of asset impairment exist and if the book value of an asset exceeds the undiscounted sum of its future cash flows. The standard states that impairment losses are to be measured as the excess of the book value over the higher of (1) the fair market value of the asset, net of disposition costs, or (2) the present value of future cash flows arising from ongoing utilization of the asset and from its disposal after use. The standard covers land, factories, buildings and other forms of property, plant and equipment as well as intangible assets. The future cash flows have been discounted by 3%. Fixed assets are to be grouped at the lowest levels for which there are identifiable cash flows that are independent of the cash flows from other groups of assets.

As a result of the adoption of this accounting standard loss on impairment of fixed assets in the amount of ¥1,129 million (US\$9,564 thousand) for the year ended March 31, 2007 and ¥5,632 million for the year ended March 31, 2006 was recognized. Income before income taxes and minority interests was also decreased by the same amount from the amount that would have been recorded under the previous method.

(h) Intangible assets

Intangible assets are amortized by the straight-line method. Purchased software is amortized by the straight-line method over a five-year period, the estimated useful life used by the Group.

(i) Accrued retirement benefits to employees

Accrued retirement benefits to employees have been provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for net unrecognized actuarial gain or loss and unrecognized prior service cost. The estimated benefit is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Net unrecognized actuarial gain or loss is charged or credited to income in the year following the year in which the gain or loss was incurred.

Effective April 1, 2005, the Company adopted “Partial Amendments to the Accounting Standard for Retirement Benefits” (Financial Accounting Standard No. 3 of March 16, 2005) and “Application Guidelines for Partial Amendment to Accounting Standard for Retirement Benefits” (Application Guidelines for Financial Accounting Standard No. 7 of March 16, 2005). The effects of the adoption of these standards on operating income and income before income taxes and minority interests for the years ended March 31, 2007 and 2006 were not material.

(j) Accrued retirement benefits to directors and statutory auditors

Subject to approval at a shareholders’ meeting, directors and statutory auditors of the Company were entitled to lump-sum payments under unfunded retirement benefit plans. The provision for retirement benefits for directors and statutory auditors has been made at an estimated amount based on the Company’s internal rules.

(k) Allowance for doubtful receivables

The allowance for doubtful receivables is calculated based on the historical experience with bad debts and an estimate of certain uncollectible amounts determined after an analysis of specific individual doubtful receivables.

(l) Income taxes

Deferred income taxes are provided for temporary differences between the balances of assets and liabilities reported for financial reporting purposes and the corresponding balances for tax reporting purposes.

(m) Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized by the straight-line method over a certain period reasonably determined for each investment on a case-by-case basis, but no longer than 20 years, or charged to income as incurred if the amount is deemed to be immaterial.

(n) Leases

Finance leases other than those which transfer the ownership of the leased property to the lessee are accounted for as operating leases.

(o) Appropriation of retained earnings

Under the Corporation Law of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period, therefore, do not reflect such appropriations.

3. Changes in Method of Accounting

(a) Accounting standard for presentation of net assets in the balance sheet

Effective the year ended March 31, 2007, “Accounting Standard for Presentation of Net Assets in the Balance Sheet” and “Guidance on Accounting Standard for Presentation of Net

Assets in the Balance Sheet” have been adopted. The amount corresponding to total shareholders’ equity at March 31, 2007 under the previous method of presentation is ¥281,751 million (US\$2,836,709 thousand). In addition, effective the year ended March 31, 2007, the Company has been required to prepare con-

solidated statements of changes in net assets. In this connection, the previously reported consolidated balance sheet as of March 31, 2006 and consolidated statements of shareholders' equity for the years ended March 31, 2006 and 2005 have been restated to conform to the presentation and disclosure of the consolidated financial statements for the year ended March 31, 2007.

Through March 31, 2006, the Company voluntarily prepared the consolidated statements of shareholders' equity for the convenience of readers outside Japan.

- (b) Accounting standards for business combinations and business divestitures Effective the year ended March 31, 2007, "Accounting Standard for Business Combinations," "Accounting Standard for Business Divestitures," and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"

have been adopted.

- (c) Since "Deferred income taxes," which had been included in "Other long-term liabilities" until the year ended March 31, 2006, exceeded 1/100 of total liabilities and net assets, it has been shown as a separate component of "Long-term liabilities" effective the year ended March 31, 2007. "Deferred income taxes" included in "Other long-term liabilities" at March 31, 2006 amounted to ¥1,871 million.
- (d) Since "Goodwill," which had been included in "Intangible fixed assets" until the year ended March 31, 2006, exceeded 1/100 of total assets, it has been shown as a separate component of "Intangible fixed assets" effective the fiscal year ended March 31, 2007. "Goodwill" included in "Intangible fixed assets" at March 31, 2006 amounted to ¥142 million.

4. Cash and Cash Equivalents

A reconciliation of cash and deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows at March 31, 2007 and 2006 is as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | 2007 | 2006 | 2007 |
| Cash and deposits | ¥ 61,689 | ¥ 45,116 | \$ 522,567 |
| Time deposits with maturities exceeding three months | (3,580) | (2,645) | (30,326) |
| Marketable securities redeemable within three months | 18,586 | 19,099 | 157,441 |
| Cash and cash equivalents | ¥ 76,695 | ¥ 61,570 | \$ 649,682 |

5. Acquisitions of Newly Consolidated Subsidiaries

During the year ended March 31, 2007, the Company acquired MYOJO FOODS CO., LTD. whose assets and liabilities, cost of shares acquired and payments for the acquisition of shares are summarized as follows:

MYOJO FOODS CO., LTD.

And its 8 subsidiaries

| | Millions of yen | Thousands of U.S. dollars |
|------------------------------------|-----------------|---------------------------|
| Current assets | ¥ 26,279 | \$ 222,609 |
| Fixed assets | 33,928 | 287,404 |
| Goodwill | 3,693 | 31,283 |
| Current liabilities | (17,206) | (145,752) |
| Non-current liabilities | (9,752) | (82,609) |
| Minority interests | (4,256) | (36,052) |
| Cost of acquired shares | 32,686 | 276,883 |
| Cash and cash equivalents | (9,428) | (79,865) |
| Payments for acquisition of shares | ¥ 23,258 | \$ 197,018 |

6. Significant Non-cash Transaction

Allotment of treasury stock related to a share exchange

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------------------|-----------------|---------------------------|
| Decrease in treasury stock | ¥2,310 | \$ 19,568 |
| Gain on allotment of treasury stock | 1,338 | 11,334 |
| | 3,648 | 30,902 |

In addition to the above acquisition cost of the shares, costs related to the acquisition of shares incurred amounted to ¥104 million (US\$881 thousand).

7. Securities

(a) Information regarding marketable securities classified as other securities at March 31, 2007 and 2006 is summarized as follows:

| | Millions of yen | | | Thousands of U.S. dollars | | |
|--|-------------------|----------------|------------------------|---------------------------|----------------|------------------------|
| | Acquisition costs | Carrying value | Unrealized gain (loss) | Acquisition costs | Carrying value | Unrealized gain (loss) |
| March 31, 2007 | | | | | | |
| Securities whose carrying value exceeds their acquisition costs: | | | | | | |
| I. Equity securities | ¥ 32,221 | ¥ 54,771 | ¥ 22,550 | \$ 272,944 | \$ 463,964 | \$ 191,020 |
| II. Bonds | | | | | | |
| National government | 397 | 398 | 1 | 3,363 | 3,371 | 8 |
| Corporate | 6,783 | 6,811 | 28 | 57,459 | 57,697 | 238 |
| Other | 2,819 | 2,844 | 25 | 23,879 | 24,091 | 212 |
| III. Other | 992 | 1,013 | 21 | 8,403 | 8,581 | 178 |
| Subtotal | ¥ 43,212 | ¥ 65,837 | ¥ 22,625 | \$ 366,048 | \$ 557,704 | \$ 191,656 |
| Securities whose carrying value does not exceed their acquisition costs: | | | | | | |
| I. Equity securities | ¥ 7,605 | ¥ 7,233 | ¥ (372) | \$ 64,422 | \$ 61,271 | \$ (3,151) |
| II. Bonds | | | | | | |
| National government | 11,893 | 11,884 | (9) | 100,746 | 100,669 | (77) |
| Corporate | 47,828 | 46,895 | (933) | 405,150 | 397,247 | (7,903) |
| Other | 102 | 98 | (4) | 864 | 830 | (34) |
| III. Other | — | — | — | — | — | — |
| Subtotal | ¥ 67,428 | ¥ 66,110 | ¥ (1,318) | \$ 571,182 | \$ 560,017 | \$ (11,165) |
| Total | ¥ 110,640 | ¥ 131,947 | ¥ 21,307 | \$ 937,230 | \$ 1,117,721 | \$ 180,491 |

| March 31, 2006 | Millions of yen | | |
|--|-------------------|----------------|------------------------|
| | Acquisition costs | Carrying value | Unrealized gain (loss) |
| Securities whose carrying value exceeds their acquisition costs: | | | |
| I. Equity securities | ¥ 26,550 | ¥ 45,548 | ¥ 18,998 |
| II. Bonds | | | |
| National government | — | — | — |
| Corporate | 7,602 | 7,620 | 18 |
| Other | — | — | — |
| III. Other | 113 | 130 | 17 |
| Subtotal | ¥ 34,265 | ¥ 53,298 | ¥ 19,033 |
| Securities whose carrying value does not exceed their acquisition costs: | | | |
| I. Equity securities | ¥ 9,396 | ¥ 8,734 | ¥ (662) |
| II. Bonds | | | |
| National government | 21,077 | 21,051 | (26) |
| Corporate | 58,002 | 56,361 | (1,641) |
| Other | 102 | 96 | (6) |
| III. Other | 880 | 879 | (1) |
| Subtotal | ¥ 89,457 | ¥ 87,121 | ¥ (2,336) |
| Total | ¥ 123,722 | ¥ 140,419 | ¥ 16,697 |

(b) Sales of investments in securities classified as other securities for the years ended March 31, 2007, 2006 and 2005 are summarized as follows:

| March 31. | Millions of yen | | | Thousands of U.S. dollars |
|---------------------|-----------------|----------|---------|---------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| Proceeds from sales | ¥ 26,802 | ¥ 43,206 | ¥ 8,179 | \$ 227,039 |
| Aggregate gain | 615 | 3,267 | 375 | 5,210 |
| Aggregate loss | 39 | 188 | 25 | 330 |

(c) The carrying value of principal non-marketable other securities at March 31, 2007 and 2006 is summarized as follows:

| March 31. | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
| | 2007 | 2006 | 2007 |
| Other securities | | | |
| Unlisted equity securities | ¥ 3,585 | ¥ 3,486 | \$ 30,368 |
| Beneficial interests in trade receivable trust | 1,000 | 6,499 | 8,471 |
| Jointly-operated designated money trust | 3,000 | 7,000 | 25,413 |
| Commercial paper | 3,995 | 6,241 | 33,842 |
| Preferred equity securities | 11,000 | 11,000 | 93,181 |
| Other | 483 | 510 | 4,091 |

(d) The redemption schedule for securities with maturity dates classified as other securities as of March 31, 2007 is summarized as follows:

| | Millions of yen | | | |
|---------------------|---------------------|---------------------------------------|--|---------------------|
| | Due within one year | Due after one year through five years | Due after five years through ten years | Due after ten years |
| I. Bonds | | | | |
| National government | ¥ 11,090 | ¥ 1,193 | ¥ — | ¥ — |
| Corporate | 1,501 | 29,275 | 11,379 | 10,465 |
| Other | — | 2,942 | — | — |
| II. Other | 9,027 | 437 | — | — |
| Total | ¥ 21,618 | ¥ 33,847 | ¥ 11,379 | ¥ 10,465 |

| | Thousands of U.S. dollars | | | |
|---------------------|---------------------------|---------------------------------------|--|---------------------|
| | Due within one year | Due after one year through five years | Due after five years through ten years | Due after ten years |
| I. Bonds | | | | |
| National government | \$ 93,943 | \$ 10,106 | \$ — | \$ — |
| Corporate | 12,715 | 247,988 | 96,391 | 88,649 |
| Other | — | 24,922 | — | — |
| II. Other | 76,468 | 3,701 | — | — |
| Total | \$ 183,126 | \$ 286,717 | \$ 96,391 | \$ 88,649 |

8. Inventories

Inventories as of March 31, 2007 and 2006 are summarized as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------|-----------------|----------|---------------------------|
| | 2007 | 2006 | 2007 |
| Finished goods and merchandise | ¥ 8,447 | ¥ 7,500 | \$ 71,554 |
| Raw materials and supplies | 6,042 | 5,209 | 51,182 |
| Total | ¥ 14,489 | ¥ 12,709 | \$ 122,736 |

9. Land Revaluation Reserve

Based on the Land Revaluation Law and the Amended Land Revaluation Law, the Company revalued the land it holds for use in the course of ongoing operations at March 31, 2002. The resulting land revaluation difference represents an unrealized devaluation of land and has been debited directly, net of income taxes, under "Land revaluation reserve" in net assets. There was no effect on the statement of income. Deferred income taxes on land revaluation were shown in the accounts up to the year ended March 31, 2005.

Analysis indicated that there was an opportunity to recover these deferred tax assets in the years ended March 31, 2006 and there after, and the amount was not therefore liquidated and shown in the accounts as Land revaluation reserve.

The market value of the land as of March 31, 2007 and 2006 declined by ¥6,922 million (US\$58,636 thousand) and ¥6,522 million respectively compared with the carrying value of the land revalued as of March 31, 2002.

10. Short-term Borrowings

Short-term borrowings, which amounted to ¥3,791 million (US\$32,113 thousand) and ¥2,854 million as of March 31, 2007 and 2006, respectively, generally represent notes payable to banks.

The average interest rates on these borrowings were 1.31% and 0.955% at March 31, 2007 and 2006, respectively.

11. Accrued Retirement Benefits to Employees

The Company and domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The Company converted its tax qualified pension plans to welfare pension fund plans in 1989.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets at March 31, 2007 and 2006 for the Company's and the consolidated subsidiaries' defined benefit plans:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|------------|---------------------------|
| | 2007 | 2006 | 2007 |
| (a) Retirement benefit obligation (Note 2) | ¥ (42,359) | ¥ (38,481) | \$ (358,822) |
| (b) Plan assets at fair value | 34,696 | 31,682 | 293,909 |
| (c) Unfunded retirement benefit obligation (a+b) | (7,663) | (6,799) | (64,913) |
| (d) Unrecognized actuarial gain | (1,016) | (4,637) | (8,607) |
| (e) Accrued retirement benefits to employees, net (c+d) | (8,679) | (11,436) | (73,520) |
| (f) Prepaid pension cost | 267 | 224 | 2,261 |
| (g) Accrued retirement benefits for employees (e-f) | (8,946) | (11,660) | (75,781) |

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

2. Domestic consolidated subsidiaries apply a simplified method to calculate retirement benefit obligation.

The components of retirement benefit costs for the years ended March 31, 2007, 2006 and 2005 were as follows:

| | Millions of yen | | | Thousands of U.S. dollars |
|---|-----------------|---------|---------|---------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| (a) Service cost (Notes 1 and 2) | ¥ 1,566 | ¥ 1,201 | ¥ 1,760 | \$ 13,266 |
| (b) Interest cost | 913 | 841 | 801 | 7,734 |
| (c) Expected return on pension assets | (727) | (540) | (454) | (6,159) |
| (d) Amortization of actuarial (gain) loss | (4,641) | (668) | 584 | (39,314) |
| Total net periodic pension cost | (2,889) | 834 | 2,691 | (24,473) |

Notes: 1. Employees' contributions to the welfare pension fund have been excluded.

2. Retirement benefit costs of certain domestic consolidated subsidiaries, which have been calculated by a simplified method are included in service cost in the above table.

The assumptions used in accounting for the above plans were a discount rate that was principally 2.5% and an expected rate of return on plan assets of 2.5% for the years ended March 31, 2007, 2006 and 2005.

12. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporate taxes, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 40.33% for the years ended March 31, 2007 and 2006. Overseas subsidiaries are subject to

the income taxes of the respective countries in which they operate.

The effective tax rates for the years ended March 31, 2007 and 2006 differ from the Company's statutory tax rate for the following reasons:

| | 2007 | 2006 |
|--|--------|--------|
| Statutory tax rate | 40.33% | 40.33% |
| Corporate tax credit | (1.10) | (1.48) |
| Equity in earnings of an affiliate | (0.57) | (0.66) |
| Loss on revaluation of investments in affiliates | — | 6.28 |
| Tax loss carryforward recorded by consolidated subsidiaries | 4.19 | — |
| Loss on impairment of fixed assets | — | 5.93 |
| Difference in consolidated subsidiaries' applicable tax rate | 0.12 | (1.76) |
| Other | 0.35 | (0.11) |
| Effective tax rates | 43.32 | 48.53 |

Reconciliation of the statutory tax rate to the effective tax rate for the year ended March 31, 2005, has not been presented, since the difference was less than five percent of the statutory tax rate. The tax effects of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2007 and 2006 are presented below:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|------------------------------|
| | 2007 | 2006 | 2007 |
| Deferred tax assets: | | | |
| Unrealized losses on securities | ¥ 7,261 | ¥ 6,084 | \$ 61,508 |
| Accrued retirement benefits to employees | 3,733 | 4,701 | 31,622 |
| Accounts payable | 3,943 | 3,263 | 33,401 |
| Loss on impairment of fixed assets | 1,534 | 1,208 | 12,994 |
| Accrued retirement benefits to directors and statutory auditors | 825 | 726 | 6,989 |
| Accrued bonuses | 1,165 | 1,134 | 9,869 |
| Allowance for doubtful receivables | — | 1,062 | — |
| Depreciation and amortization | 1,052 | 627 | 8,911 |
| Tax loss carryforwards of consolidated subsidiaries | 7,751 | 6,080 | 65,659 |
| Other | 1,738 | 1,318 | 14,723 |
| Gross deferred tax assets | 29,002 | 26,203 | 245,676 |
| Less: valuation allowance | (16,177) | (12,196) | (137,035) |
| Total deferred tax assets | 12,825 | 14,007 | 108,641 |
| Deferred tax liabilities: | | | |
| Deferred capital gain on properties | (2,287) | (1,984) | (19,373) |
| Unrealized holding gain on securities | (7,657) | (6,746) | (64,862) |
| Revaluation gain recognized upon consolidation | (5,852) | — | (49,573) |
| Other | (1,191) | (483) | (10,089) |
| Total deferred tax liabilities | (16,987) | (9,213) | (143,897) |
| Net deferred tax (liabilities) assets | ¥ (4,162) | ¥ 4,794 | \$ (35,256) |

13. Shareholders' Equity

The new Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings at March 31, 2007 and 2006 amounted to ¥6,280 million (US\$53,198 thousand).

Under the Law, upon the issuance and sale of new shares of capital stock, the entire amount of the proceeds is required to be accounted for as capital stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as additional paid-in capital included in capital surplus.

Movements in issued common stock and treasury stock for the year ended March 31, 2007 are summarized as follows:

| | Number of shares | | | March 31, 2007 |
|---|------------------|----------|----------|----------------|
| | March 31, 2006 | Increase | Decrease | |
| 2007 | | | | |
| Common stock and treasury stock: | | | | |
| Common stock | 127,463,685 | — | — | 127,463,685 |
| Treasury stock | 60,615 | 9 | 8,652 | 51,922 |

14. Research and Development Expenses

Expenses relating to research and development activities are charged to income as incurred. Research and development expenses included in cost of sales and selling, general and administrative

expenses totaled ¥3,164 million (US\$26,802 thousand), ¥2,727 million and ¥2,697 million for the years ended March 31, 2007, 2006 and 2005, respectively.

15. Other Income (Expenses)

(a) Loss on impairment of fixed assets

The Group recognized loss on impairment of fixed assets for the year ended March 31, 2007 as follows:

| Location | Usage | Asset type |
|---|-----------------|------------------------------------|
| Hanyu City, Saitama Prefecture | Business assets | Buildings, machinery and equipment |
| Toride City, Ibaraki Prefecture and two other locations | Idle assets | Buildings, machinery and equipment |
| MYOJO FOODSERVICE CO., LTD. and three other companies | Business assets | Buildings, machinery and equipment |

The Group groups fixed assets by manufacturing unit or usage. The Group also groups idle fixed assets individually.

Consequently, the Group has written down the carrying value of operating fixed assets whose profitability declined and idle fixed assets whose fair value declined values to their respective net recoverable value or reminder price and the Group recorded loss on impairment of fixed assets of ¥1,129 million (US\$9,564 thousand) in the consolidated statement of income for the year ended March 31, 2007. This impairment loss consisted of losses on buildings and structures of ¥504 million (US\$4,269 thousand), machinery, equipment and vehicles of ¥555 million (US\$4,702 thousand), tools and fixtures of ¥6 million (US\$51 thousand), land of ¥43 million (US\$364 thousand) and intangible fixed assets of ¥21 million (US\$178 thousand).

The recoverable value of the fixed assets presented in the above table has been measured primarily at net realizable value based on appraisals conducted by real estate appraisers for the significant assets and tax assessment value after reasonable adjustments for other assets.

(b) Loss on revaluation of investments

Loss on revaluation of investments recognized in the consolidated statement of income for the year ended March 31, 2007 represented revaluation losses on investments in Jinmailang Foods Co., Ltd. (previously Nissin Hualong Foods Co., Ltd.) and Hebei Jinmailang Paper Products Co., Ltd. (previously Heibai Nissin Hualong Paper Products Co., Ltd.)

(c) Provision for accrued retirement benefits to directors and statutory auditors

Provision for accrued retirement benefits to directors and statutory auditors represented an additional provision due to the revision of the internal rules for retirement benefits to directors, which was made during the year ended March 31, 2005.

16. Leases

The following *pro-forma* amounts represent the acquisition cost, accumulated depreciation and net book value of the property leased to the Group at March 31, 2007 and 2006, which would have been reflected

in the consolidated balance sheets if finance leases accounted for as operating leases had been capitalized:

| | Millions of yen | | | Thousands of U.S. dollars | | |
|-----------------------------------|------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|
| | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost | Accumulated depreciation | Net book value |
| 2007 | | | | | | |
| Machinery and vehicles | ¥ 1,327 | ¥ 660 | ¥ 667 | \$ 11,241 | \$ 5,591 | \$ 5,650 |
| Equipment | 620 | 384 | 236 | 5,252 | 3,253 | 1,999 |
| Intangible fixed assets and other | 102 | 22 | 80 | 864 | 186 | 678 |
| Total | ¥ 2,049 | ¥ 1,066 | ¥ 983 | \$ 17,357 | \$ 9,030 | \$ 8,327 |

| | Millions of yen | | |
|-------------|------------------|--------------------------|----------------|
| | Acquisition cost | Accumulated depreciation | Net book value |
| 2006 | | | |
| Machinery | ¥ 1,259 | ¥ 662 | ¥ 597 |
| Equipment | 448 | 265 | 183 |
| Total | ¥ 1,707 | ¥ 927 | ¥ 780 |

Future minimum lease payments subsequent to March 31, 2007 for finance leases accounted for as operating leases are summarized as follows:

| Year ending March 31, | Millions of yen | Thousands of U.S. dollars |
|-----------------------|-----------------|---------------------------|
| 2008 | ¥ 355 | \$ 3,007 |
| 2009 and thereafter | 628 | 5,320 |
| Total | ¥ 983 | \$ 8,327 |

Note: The acquisition cost and future minimum lease payments under finance leases presented in the above tables include the imputed interest expense.

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥367 million (US\$3,109 thousand), ¥338 million and ¥346 million, which were approximately equal to the depreciation of

the leased assets computed by the straight-line method over the respective lease terms assuming nil residual value for the years ended March 31, 2007, 2006 and 2005, respectively.

17. Derivative Financial Instruments

The Group utilizes forward foreign exchange contracts to manage risk arising from adverse fluctuations in foreign currency exchange rates. The Group does not enter into derivatives contracts for speculative or short-term trading purposes.

The Group has established policies which were approved at a management meeting of the Company. In accordance with these policies, the Financial Division controls and executes the forward foreign exchange contracts. An evaluation of hedge effectiveness has been omitted since the significant conditions of the hedging instruments

and hedged items were the same and the risk of changes in cash flows was completely avoided.

The Group enters into forward foreign exchange contracts with financial institutions with high credit ratings to reduce the risk of credit loss in the event of non-performance by the counterparties to the contracts.

Disclosure of fair value information on derivatives has been omitted because all open positions qualified for hedge accounting at March 31, 2007 and 2006.

18. Amounts per Share

Amounts per share at March 31, 2007, 2006 and 2005 and for the years then ended were as follows:

| | Yen | | | U.S. dollars |
|---------------------------------------|-----------|-----------|-----------|--------------|
| | 2007 | 2006 | 2005 | 2007 |
| Net assets | ¥2,304.40 | ¥2,167.81 | ¥2,091.16 | \$19.52 |
| Net income | | | | |
| Basic | 156.12 | 125.09 | 134.36 | 1.32 |
| Cash dividends applicable to the year | 50.00 | 30.00 | 30.00 | 0.42 |

The amounts per share of net assets have been computed based on the net assets available for distribution to shareholders of common stock and the number of shares of common stock outstanding at the year end. Net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstand-

ing during the year. Diluted net income per share has not been presented because there were no potentially dilutive shares at March 31, 2007, 2006 and 2005.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

19. Contingent Liability

In the year ended March 31, 2007, for workers' compensation of Camino Real Foods, Inc., which was formerly a consolidated subsidiary, a debt guarantee with a maximum obligation of US\$762,900

(¥90 million) has been arranged with a financial institution. Also, a total of ¥90 million of cash in hand and on deposit was pledged as collateral for the said workers' compensation as of March 31, 2007.

20. Segment Information

The Group classifies its business into two segments principally based on product types and characteristics: the instant noodle and associated business and other business. The instant noodle and associated business includes pillow-type instant noodles, cup-type instant noodles, chilled foods and frozen foods. Other business includes confectionary, beverages and food service business.

The following tables present the business and geographic segment information and the overseas sales of the Group for the years ended March 31, 2007, 2006 and 2005:

(a) Information by business segment

| Year ended March 31, 2007 | Millions of yen | | | |
|--|--|----------------|--------------|--------------|
| | Instant noodle and associated business | Other business | Eliminations | Consolidated |
| I. Sales and operating income | | | | |
| Sales to third parties | ¥ 325,468 | ¥ 32,770 | ¥ — | ¥ 358,238 |
| Intersegment sales | — | 6,091 | (6,091) | — |
| Total | 325,468 | 38,861 | (6,091) | 358,238 |
| Operating expenses | 293,115 | 36,609 | (5,221) | 324,503 |
| Operating income | ¥ 32,353 | ¥ 2,252 | ¥ (870) | ¥ 33,735 |
| II. Assets, depreciation and amortization, loss on impairment of fixed assets and capital investment | | | | |
| Assets | ¥ 375,446 | ¥ 31,824 | ¥ 3,137 | ¥ 410,407 |
| Depreciation and amortization | 5,338 | 850 | — | 6,188 |
| Loss on impairment of fixed assets | 973 | 156 | — | 1,129 |
| Capital investment | 5,051 | 1,096 | — | 6,147 |

| Year ended March 31, 2007 | Thousands of U.S. dollars | | | |
|--|--|----------------|--------------|--------------|
| | Instant noodle and associated business | Other business | Eliminations | Consolidated |
| I. Sales and operating income | | | | |
| Sales to third parties | \$ 2,757,035 | \$ 277,594 | \$ — | \$ 3,034,629 |
| Intersegment sales | — | 51,597 | (51,597) | — |
| Total | 2,757,035 | 329,191 | (51,597) | 3,034,629 |
| Operating expenses | 2,482,973 | 310,114 | (44,227) | 2,748,860 |
| Operating income | \$ 274,062 | \$ 19,077 | \$ (7,370) | \$ 285,769 |
| II. Assets, depreciation and amortization, loss on impairment of fixed assets and capital investment | | | | |
| Assets | \$ 3,180,398 | \$ 269,581 | \$ 26,573 | \$ 3,476,552 |
| Depreciation and amortization | 45,218 | 7,200 | — | 52,418 |
| Loss on impairment of fixed assets | 8,242 | 1,322 | — | 9,564 |
| Capital investment | 42,787 | 9,284 | — | 52,071 |

| Year ended March 31, 2006 | Millions of yen | | | |
|--|--|----------------|--------------|--------------|
| | Instant noodle and associated business | Other business | Eliminations | Consolidated |
| I. Sales and operating income | | | | |
| Sales to third parties | ¥ 294,510 | ¥ 27,190 | ¥ — | ¥ 321,700 |
| Intersegment sales | 7 | 5,586 | (5,593) | — |
| Total | 294,517 | 32,776 | (5,593) | 321,700 |
| Operating expenses | 264,428 | 30,886 | (5,593) | 289,721 |
| Operating income | ¥ 30,089 | ¥ 1,890 | ¥ — | ¥ 31,979 |
| II. Assets, depreciation and amortization, loss on impairment of fixed assets and capital investment | | | | |
| Assets | ¥ 350,864 | ¥ 17,137 | ¥ (1,200) | ¥ 366,801 |
| Depreciation and amortization | 5,476 | 501 | — | 5,977 |
| Loss on impairment of fixed assets | 760 | 4,872 | — | 5,632 |
| Capital investment | 3,120 | 397 | — | 3,517 |

Note: Business segment information for the year ended March 31, 2005 has not been shown since instant noodle and associated business accounted for more than 90% of consolidated net sales, consolidated operating income and consolidated total assets.

(b) Information by geographic area

| | Millions of yen | | | | |
|--------------------------------------|-----------------|---------------|-------------|--------------|--------------|
| | Japan | North America | Other areas | Eliminations | Consolidated |
| Year ended March 31, 2007 | | | | | |
| I. Sales and operating income (loss) | | | | | |
| Sales to third parties | ¥ 303,718 | ¥ 30,505 | ¥ 24,015 | ¥ — | ¥ 358,238 |
| Intersegment sales | 1,277 | — | 656 | (1,933) | — |
| Total | 304,995 | 30,505 | 24,671 | (1,933) | 358,238 |
| Operating expenses | 270,749 | 32,770 | 22,434 | (1,450) | 324,503 |
| Operating income (loss) | ¥ 34,246 | ¥ (2,265) | ¥ 2,237 | ¥ (483) | ¥ 33,735 |
| II. Assets | ¥ 382,317 | ¥ 16,805 | ¥ 31,499 | ¥ (20,214) | ¥ 410,407 |

| | Thousands of U.S. dollars | | | | |
|--------------------------------------|---------------------------|---------------|-------------|--------------|--------------|
| | Japan | North America | Other areas | Eliminations | Consolidated |
| Year ended March 31, 2007 | | | | | |
| I. Sales and operating income (loss) | | | | | |
| Sales to third parties | \$ 2,572,791 | \$ 258,407 | \$ 203,431 | \$ — | \$ 3,034,629 |
| Intersegment sales | 10,817 | — | 5,557 | (16,374) | — |
| Total | 2,583,608 | 258,407 | 208,988 | (16,374) | 3,034,629 |
| Operating expenses | 2,293,511 | 277,594 | 190,038 | (12,282) | 2,748,860 |
| Operating income (loss) | \$ 290,097 | \$ (19,187) | \$ 18,950 | \$ (4,092) | \$ 285,769 |
| II. Assets | \$ 3,238,602 | \$ 142,355 | \$ 266,828 | \$ (171,233) | \$ 3,476,552 |

| | Millions of yen | | | | |
|--------------------------------------|-----------------|---------------|-------------|--------------|--------------|
| | Japan | North America | Other areas | Eliminations | Consolidated |
| Year ended March 31, 2006 | | | | | |
| I. Sales and operating income (loss) | | | | | |
| Sales to third parties | ¥ 269,765 | ¥ 29,903 | ¥ 22,032 | ¥ — | ¥ 321,700 |
| Intersegment sales | 1,172 | — | 394 | (1,566) | — |
| Total | 270,937 | 29,903 | 22,426 | (1,566) | 321,700 |
| Operating expenses | 240,279 | 30,367 | 20,548 | (1,473) | 289,721 |
| Operating income (loss) | ¥ 30,658 | ¥ (464) | ¥ 1,878 | ¥ (93) | ¥ 31,979 |
| II. Assets | ¥ 344,531 | ¥ 16,188 | ¥ 28,794 | ¥ (22,712) | ¥ 366,801 |

| | Millions of yen | | | | |
|--------------------------------------|-----------------|---------------|-------------|--------------|--------------|
| | Japan | North America | Other areas | Eliminations | Consolidated |
| Year ended March 31, 2005 | | | | | |
| I. Sales and operating income (loss) | | | | | |
| Sales to third parties | ¥ 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 (loss) | ¥ 28,416 | ¥ (979) | ¥ 799 | ¥ 727 | ¥ 28,963 |
| II. Assets | ¥ 342,079 | ¥ 15,356 | ¥ 25,754 | ¥ (22,084) | ¥ 361,105 |

(c) Overseas sales

Overseas sales, which include export sales of the Company and its domestic subsidiaries and sales (other than exports to Japan) of the

overseas consolidated subsidiaries, for the years ended March 31, 2007, 2006 and 2005 are summarized as follows:

| Year ended March 31, 2007 | Millions of yen | | | Thousands of U.S. dollars | | |
|--|-----------------|-------------|----------|---------------------------|-------------|------------|
| | North America | Other areas | Total | North America | Other areas | Total |
| Overseas sales | ¥ 30,831 | ¥ 25,075 | ¥ 55,906 | \$ 261,169 | \$ 212,410 | \$ 473,579 |
| Consolidated sales | — | — | 358,238 | | | 3,034,629 |
| Overseas sales as a percentage of consolidated sales | 8.6% | 7.0% | 15.6% | | | |

| Year ended March 31, 2006 | Millions of yen | | |
|--|-----------------|-------------|----------|
| | North America | Other areas | Total |
| Overseas sales | ¥ 30,226 | ¥ 22,471 | ¥ 52,697 |
| Consolidated sales | — | — | 321,700 |
| Overseas sales as a percentage of consolidated sales | 9.4% | 7.0% | 16.4% |

| Year ended March 31, 2005 | Millions of yen | | |
|--|-----------------|-------------|----------|
| | North America | Other areas | Total |
| Overseas sales | ¥ 24,177 | ¥ 19,553 | ¥ 43,730 |
| Consolidated sales | — | — | 316,973 |
| Overseas sales as a percentage of consolidated sales | 7.6% | 6.2% | 13.8% |

- Notes: 1. Classification of the above countries or regions is based on geographical proximity.
2. Principal countries classified in the above regions
North America: U.S.A. and Mexico
Other areas: China and Germany
3. Overseas sales represent the sum total of sales to the overseas market outside Japan by the Company and its consolidated subsidiaries.
(Sales between consolidated subsidiaries are not included.)

21. Business Combination and Other

(Application of purchase method and transactions under common control)

1. Summary of business combination

- (1) Name of acquired entity.....MYOJO FOODS CO., LTD.
- (2) Major businesses of the acquired entity.....Instant noodle business and food service business
- (3) Major reasons for business combination
 1. To provide maximum support to MYOJO FOODS CO., LTD. so that it is able to maintain and develop its management policy from medium- and long-term viewpoints.
 2. To realize enhancement of corporate values of both the Company and MYOJO FOODS CO., LTD. by creating synergy through the business alliance, such as supplying attractive products that meet the needs of a broader range of consumers, including those overseas.
- (4) Business combination date.....December 22, 2006
- (5) Legal form of business combination
Establishment of a wholly-owned subsidiary through a takeover bid for shares and a share exchange
- (6) Name of the entity after business combination.....Nissin Food Products Co., Ltd.
- (7) Percentage of voting rights acquired.....100%

2. Period for which the operating results of the acquired entity were included in the consolidated financial statements

From October 1, 2006 to March 31, 2007

3. Details of acquisition cost of the acquired entity

(1) Takeover bid for shares

1. Details of acquisition cost

Acquisition cost of shares: ¥31,985 million (US\$270,945 thousand)

Total acquisition cost: ¥32,686 million (US\$276,883 thousand)

(2) Share exchange

1. Summary of accounting treatment applied

Upon the said share exchange, the Company allotted 838,623 shares of common stock held in treasury on March 31, 2007.

Accordingly, capital surplus increased by ¥1,338 million (US\$11,334 thousand).

2. Acquisition cost

¥3,752 million (US\$31,783 thousand) (including ¥104 million (US\$881 thousand) of direct expenses for the share exchange)

3. Share exchange ratio

0.195 shares of the Company allotted to one share of MYOJO FOODS CO., LTD.

4. Method of calculation

In order to calculate the fair value of shares of the Company and of MYOJO FOODS CO., LTD., the Company adopted several methods, including the market share price averaging method, which is considered highly objective as a share value calculation method for listed companies, and the DCF (discounted cash flow) method, which is generally adopted, while referring to the takeover bid price. MYOJO FOODS CO., LTD. adopted the market share price averaging method and the DCF method. After discussions based on the results of application of these methods of calculation, as well as referring to the takeover bid price, the Company and MYOJO FOODS CO., LTD. agreed on the share exchange ratio stated in 3, above.

5. Number of shares issued

838,623 shares

6. Valuation amount

¥4,350 per share (US\$36.8) (same as to the closing price on the Tokyo Stock Exchange of the day prior to the day when the share exchange contract was concluded)

4. Amount of goodwill incurred, causes of goodwill method of amortization and period

(1) Amount of goodwill incurred

Incurred from takeover bid: ¥3,693 million (US\$31,283 thousand)

Incurred from share exchange: ¥ 286 million (US\$ 2,423 thousand)

(2) Causes of goodwill

Goodwill incurred in relation to the future profitability of MYOJO FOODS CO., LTD. expected as a result of its business development.

(3) Amortization method and period

Goodwill is amortized by the straight-line method over 10 years.

5. Amounts and details of assets acquired and liabilities assumed on the business combination date

Assets: ¥60,207 million (US\$510,013 thousand) (current assets ¥26,279 million (US\$222,609 thousand),
fixed assets ¥33,928 million (US\$287,404 thousand))

Liabilities: ¥26,958 million (US\$228,361 thousand) (current liabilities ¥17,206 million (US\$145,752 thousand),
long-term liabilities ¥9,752 million (US\$82,609 thousand))

* Other than the above, ¥4,256 million of minority interests were also acquired on the business combination date.

6. Estimated impact on the consolidated statement of income for the current fiscal year if the business combination was assumed to have been completed at the beginning of the current fiscal year

Net sales: ¥397.2 billion (US\$3,365 million)

Operating income: ¥34.7 billion (US\$ 294 million)

Net income: ¥19.2 billion (US\$ 163 million)

Net income per share: ¥158.23 (US\$1.34)

*The above estimated amounts, after adjustments for amortization of goodwill and other, are calculated based on the assumption that the takeover bid and the share exchange had been conducted and that MYOJO FOODS CO., LTD. had become a wholly-owned subsidiary at the beginning of the current fiscal year (April 1, 2006). Note that these four estimates have not been certified by auditors.

22. Subsequent Event

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2007, was approved at a meeting of the shareholders of the Company held on June 28, 2007:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Cash dividends (¥15 = US\$0.13 per share) | ¥ 1,834 | \$ 15,536 |

 **ERNST & YOUNG SHINNIHON**

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Report of Independent Auditors

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, 2007 and 2006, and the related consolidated statements of income, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2007, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissin Food Products Co., Ltd. and consolidated subsidiaries at March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2007 in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 2 (g), effective the year ended March 31, 2006, the Company and consolidated subsidiaries adopted an accounting standard for the impairment of fixed assets.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young Shin Nihon

June 28, 2007

Business Areas of Consolidated Subsidiaries and Affiliates

(As of March 31, 2007)

| Company | Capital | Business Area | Equity Ownership (%) |
|---|------------------------|---|----------------------|
| Consolidated Subsidiaries | | | |
| Sapporo Nissin Co., Ltd. | ¥250 million | Cup- and pillow-type noodle manufacturing and marketing | 100.0 |
| Nissin F.D. Foods Co., Ltd. | ¥100 million | Freeze-dried food manufacturing and marketing | 100.0 (20.0) |
| Nissin Plastics Co., Ltd. | ¥450 million | Container manufacturing and marketing | 100.0 |
| Nissin Frozen Foods Co., Ltd. | ¥98 million | Frozen food manufacturing and marketing | 100.0 |
| Gran Foods Co., Ltd. | ¥80 million | Frozen food manufacturing and marketing | 100.0 (100.0) |
| Fine Foods Corporation | ¥100 million | Cup-type noodle topping manufacturing and marketing | 100.0 (100.0) |
| Nissin York Co., Ltd. | ¥870 million | Beverage and dairy product manufacturing and marketing | 72.8 |
| Nissin Enterprise Corporation | ¥300 million | Shipping and warehousing | 100.0 |
| Nissin Cisco Co., Ltd. ⁽²⁾ | ¥2,600 million | Confectionery manufacturing and marketing | 80.0 |
| Uji Kaihatsu Development Co., Ltd. | ¥850 million | Golf course management | 70.7 (5.7) |
| Ajinihon Co., Ltd. ⁽¹⁾ | ¥95 million | Soup manufacturing and marketing | 46.4 |
| MYOJO FOODS CO., LTD. ⁽²⁾ | ¥3,143 million | Cup- and pillow- type noodle manufacturing and marketing | 100.0 |
| MYOJO FOODSERVICE CO., LTD. | ¥365 million | Food service | 74.0 (74.0) |
| NISHINIHON MYOJO CO., LTD. | ¥90 million | Cup- and pillow- type noodle manufacturing and marketing | 100.0 (100.0) |
| UNI-STAR CO., LTD. | ¥150 million | Soup manufacturing and marketing | 100.0 (100.0) |
| MYOJO FRESH CO., LTD. | ¥400 million | Chilled food manufacturing and marketing | 100.0 (100.0) |
| MYOJO SUPPLY SERVICE. CO., LTD. | ¥90 million | Contracted manufacturing | 100.0 (100.0) |
| GENBU CO., LTD. | ¥10 million | Food service | 100.0 (100.0) |
| Nissin Foods (U.S.A.) Co., Inc. ⁽²⁾ | US\$83,500 thousand | Cup- and pillow-type noodle manufacturing and marketing | 90.0 |
| Nissin Foods de Mexico S.A. de C.V. | MXN 143,731 thousand | Cup-type noodle manufacturing and marketing | 100.0 |
| Nissin Foods Kft. | HUF 1,000,000 thousand | Cup- and pillow-type noodle manufacturing and marketing | 100.0 |
| Nissin Foods GmbH | EUR 25 thousand | Cup- and pillow-type noodle marketing | 100.0 (99.0) |
| Nissin Foods Co., Ltd. ⁽²⁾ | HK\$671,600 thousand | Cup- and pillow-type noodle manufacturing and marketing | 100.0 |
| Miracle Foods Co., Ltd. | HK\$21,000 thousand | Container manufacturing and marketing | 100.0 (100.0) |
| Guangdong Shunde Nissin Foods Co., Ltd. | HK\$130,000 thousand | Cup- and pillow-type noodle manufacturing and marketing | 100.0 (100.0) |
| Winner Food Products Ltd. | HK\$29,975 thousand | Cup- and pillow-type noodle and frozen food manufacturing and marketing | 74.0 |
| Zhuhai Golden Coast Winner Food Products Ltd. | HK\$84,000 thousand | Cup- and pillow-type noodle manufacturing and marketing | 70.5 (70.5) |
| Guangyoungnan Food Products (Shenzhen) Co., Ltd. | HK\$11,000 thousand | Frozen food manufacturing and marketing | 100.0 (100.0) |
| Shanghai Nissin Foods Co., Ltd. ⁽²⁾ | US\$25,000 thousand | Cup- and pillow-type noodle manufacturing and marketing | 100.0 (100.0) |
| Nissin Foods (China) Holding Co., Ltd. ⁽²⁾ | US\$40,500 thousand | Invests in businesses in the PRC | 100.0 (100.0) |
| Indo Nissin Foods Ltd. | INR 697,500 thousand | Cup- and pillow-type noodle manufacturing and marketing | 74.8 |
| MYOJO U.S.A., INC. | US\$5,000 thousand | Chilled food manufacturing and marketing | 96.0 (96.0) |
| MYOJO FOODS CO. (S) PTE. LTD. | SG\$1,000 thousand | Cup- and pillow- type noodle manufacturing and marketing | 100.0 (100.0) |
| Affiliates Accounted for by the Equity Method | | | |
| Nissin-Ajinomoto Alimentos Ltda. | BRL 12,688 thousand | Cup- and pillow-type noodle manufacturing and marketing | 50.0 |
| THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED | THB 180,000 thousand | Cup- and pillow- type noodle manufacturing and marketing | 20.1 |

Notes: 1. While the equity ownership is less than 50%, Nissin Foods substantially controls the company as a consolidated subsidiary.

2. Special subsidiaries

3. The figures in () of equity ownership show percentage of indirect ownership.

WORLDWIDE NETWORK

[Americas]

Nissin Foods (U.S.A.) Co., Inc.

(Corporate Office & 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

MYOJO U.S.A., INC.

6220 Prescott Court, Chino, CA 91710 U.S.A.

Telephone: 1-909-464-1411 Fax: 1-909-464-1415

Nissin Foods de Mexico S.A. de C.V.

(Corporate Office & Plant)

Av. de las Partidas S/N

Fracc. Industrial Cerrillo II

Ierma, edo. de Mexico 52000 Mexico

Telephone: 52-728-282-8950 Fax: 52-728-285-0703

(Sales Office)

Georgia 120 Despacho 3A.

Col. Napoles Deleg. Benito Juarez

Mexico D.F., C.P. 03810 Mexico

Telephone: 52-55-5543-2364 Fax: 52-55-5543-8807

Nissin-Ajinomoto Alimentos Ltda.

(Head Office)

Rua Alves Guimaraes, 1297

Jardim America CEP 05410-926

Sao Paulo, SP Capital Brazil

Telephone: 55-11-3094-5900 Fax: 55-11-3094-5901

(Ibiuna Plant)

Rodovia Bunjiro Nakao, Km 57 - Bairro Votorantim,

Caixa Postal No. 57, Ibiúna - 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

MYOJO FOODS CO. (S) PTE. LTD.

16 Chin Bee Road, Jurong Town, Singapore 619826

Telephone: 65-6-2652447 Fax: 65-6-2652753

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

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

Jinmailang 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

WORLDWIDE NETWORK

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Minhang District, Shanghai, 200241 The People's Republic of China
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(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

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

(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

THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED

304 TF Buildings, Srinakarin Rd., Huamark, Bangkok,
Bangkok 10240, Thailand
Telephone: 66-2-374-4730 Fax: 66-2-374-7743

[Europe]

Nissin Foods Kft.

H-6000 Kecskemet, Buzakalasz ut20., Hungary
Telephone: 36-76-485-702 Fax: 36-76-485-704

Nissin Foods GmbH

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

CORPORATE DATA

Nissin Food Products Co., Ltd. (Parent company)

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), Chugoku (Hiroshima),
Shikoku (Takamatsu), Kyushu (Fukuoka)

Local Offices

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

Plants

Kanto, Shizuoka, Shiga, Shimonoseki

Research Institutes

Central Research Institute, Food Safety Research Institute

(As of March 31, 2007)

History

| | |
|-------------|--|
| 1948 | Chukososha Co., Ltd., established. |
| 1958 | <i>Chicken Ramen</i> , the world's first instant noodle product, introduced; Company name changed to Nissin Food Products Co., Ltd. |
| 1963 | Listed on the Second Section of the Tokyo and Osaka Stock Exchanges. |
| 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 begins operation. |
| 1972 | Listed on the First Section of the Tokyo, Osaka and Nagoya Stock Exchanges. |
| 1973 | Shiga Plant and General Research Center begin operation. |
| 1975 | Shimonoseki Plant begins 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. |
| 1984 | Nissin Foods Co., Ltd., established in Hong Kong. |
| 1988 | Construction of Tokyo Head Office building completed; Central Research Institute begins operation. |
| 1990 | Capital participation in Yoke Co., Ltd. (now Nissin York Co., Ltd.). |
| 1991 | Capital participation in Cisco Co., Ltd. (now Nissin Cisco Co., Ltd.). Bangalore Plant of Indo Nissin Foods Ltd. begins operation. |
| 1992 | Long-life fresh noodles developed; <i>Nissin Rao</i> introduced. |
| 1993 | Nissin Foods Kft. established in Germany; PT. NISSINMAS begins operation. |
| 1994 | Nissin Foods (Thailand) Co., Ltd. begins operation. |
| 1995 | <i>Nissin Spa-O</i> introduced. |
| 1996 | Guangdong Shunde Nissin Foods Co., Ltd., Nissin-Universal Robina Corporation, Shizuoka Plant, and Shanghai Nissin Foods Co., Ltd. begin operation. |
| 1997 | Nissin's "hungry?" series win the International Advertising Festival (CANNES LIONS). |
| 1999 | Share unit (minimum trading unit) reduced from 1,000 shares to 100 shares. The Momofuku Ando Instant Ramen Museum in Ikeda City, Osaka Prefecture, the world's first instant noodle museum, opened. |
| 2001 | Consolidated net sales exceeded ¥300 billion for the first time; contracted as official supplier to the 2002 FIFA World Cup™. |
| 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 marks a world first with its <i>Space Ram</i> , developed for the space shuttle Discovery. |
| 2006 | Aggregate sales of <i>Cup Noodle</i> brand 25 billion servings in the world. |
| 2007 | MYOJO FOODS becomes a wholly owned subsidiary of Nissin Foods; Nissin Shanghai Food Safety Research Institute begins operation. |

INVESTOR INFORMATION (PARENT COMPANY)

As of March 31, 2007 (US\$1=¥118.05)

Date of Establishment

September 1948

Number of Employees

6,955 (consolidated basis)
1,378 (parent company)

Common Stock

Authorized: 500,000,000 shares
Issued: 127,463,685 shares
Number of Shareholders: 20,394
(Excluding owners of odd-lot shares)

Paid-in Capital

¥25,123 million (\$213 million)

Stock Listings

Tokyo and Osaka stock exchanges

Ticker Code

2897

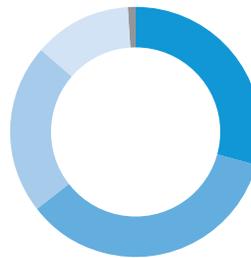
Independent Auditors

Ernst & Young ShinNihon

Transfer Agent

Mizuho Trust & Banking Co., Ltd.
2-1, Yaesu 1-chome, Chuo-ku, Tokyo, Japan

Distribution of Ownership among Shareholders*



| | |
|------------------------|--------|
| Financial Institutions | 29.26% |
| Other Corporations | 35.18% |
| Foreign Corporations | 21.92% |
| Individuals and Other | 12.64% |
| Securities Companies | 1.00% |

Principal Shareholders

| Name | Number of Shares Held (Thousands) | Percentage of Total Shares Outstanding |
|--|-----------------------------------|--|
| Steel Partners Japan Strategic Fund (Offshore), LP | 12,150 | 9.53% |
| Ando Foundation | 7,904 | 6.20 |
| Mitsubishi Corp. | 6,400 | 5.02 |
| ITOCHU Corporation | 6,400 | 5.02 |
| Ando International Y.K. | 4,100 | 3.22 |
| Mizuho Corporate Bank, Ltd. | 4,000 | 3.14 |
| Japan Trustee Services Bank, Ltd. (trust account) | 3,673 | 2.88 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 3,650 | 2.86 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 3,400 | 2.67 |
| ONO PHARMACEUTICAL CO., LTD. | 2,460 | 1.93 |

Note: In addition to the above, the Company holds 5,197,200 shares of treasury stock.

Per Share Data (Years ended March 31)

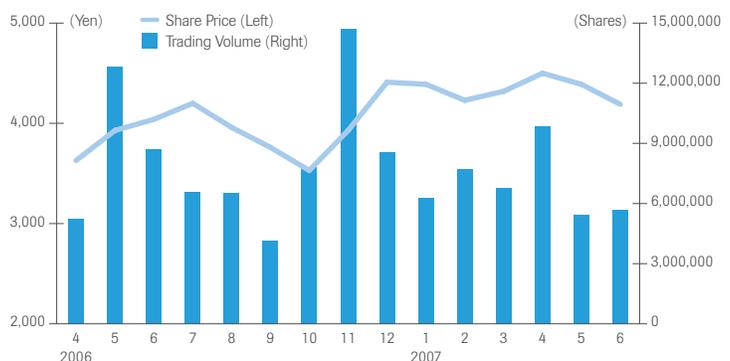
| | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| EPS (Earnings Per Share) (Yen) | ¥ 99.67 | ¥ 101.61 | ¥ 114.38 | ¥ 130.23 | ¥ 150.93 |
| BPS (Book-value Per Share) (Yen) | ¥1,770.26 | ¥1,867.97 | ¥1,964.30 | ¥2,012.48 | ¥2,139.30 |
| PER (Price Earnings Ratio)* (Times) | 24.7 | 26.1 | 24.5 | 28.0 | 28.6 |
| PBR (Price Book-value Ratio)* (Times) | 1.4 | 1.4 | 1.4 | 1.8 | 2.0 |
| Dividend (Yen) | 30.00 | 30.00 | 30.00 | 30.00 | 50.00 |
| Payout Ratio (%) | 30.1 | 29.5 | 26.2 | 23.0 | 33.1 |

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:
Corporate Communications Division (Tokyo Head Office)
Tel.: 81-3-3205-5252 Fax: 81-3-3205-5259
Regularly updated IR information in English is also available on Nissin Foods' web site at <http://www.nissinfoods.co.jp>

Share Price Range and Trading Volume on Tokyo Stock Exchange





28-1, 6-chome, Shinjuku, Shinjuku-ku, Tokyo 160-8524, Japan

Telephone : 81-3-3205-5111

Fax : 81-3-3205-5059

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