Summary of Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2009 (Fiscal 2009)

November 13, 2008

Stock exchange listing: Tokyo, Osaka

NISSIN FOODS HOLDINGS CO., LTD.
Code number: 2897 URL: http://www.nissinfoods-holdings.co.jp/
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Filing date of quarterly report: Nov. 13, 2008 Start Date of dividend payment: Nov. 27, 2008

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

1. Consolidated Financial Results for the First Half of the Fiscal 2009 (Apr. 1, 2008–Sept. 30, 2008)

(1) Operating Results (For the six months ended September 30, 2008)

(% figures represent changes from the previous year first half.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal 2009 first half	174,412	—	11,526	—	13,754	—	5,716	—
Fiscal 2008 first half	189,734	24.4	11,320	(19.7)	14,496	(10.8)	5,478	(42.1)

	Net income per share (primary)	Net income per share (diluted)
	¥	¥
Fiscal 2009 first half	46.76	—
Fiscal 2008 first half	44.81	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥ million
As of Sept. 30, 2008	396,982	287,582	70.9	2,301.11
As of Mar. 31, 2008	392,694	288,844	71.9	2,310.36

Reference:
Equity: First Half of the Fiscal Year Ending March 31, 2009: ¥281,330 million
Fiscal year ended March 31, 2008: ¥282,466 million

2. Details of Dividends

	Cash dividend per share				
(Record date)	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	¥	¥	¥	¥	¥
Fiscal 2008	—	25.00	—	25.00	50.00
Fiscal 2009	—	25.00	——	——	——
Fiscal 2009 (Forecasts)	——	——	—	25.00	50.00

Note: Modifications in dividend forecasts during the second quarter: None

3. Forecasts of Consolidated Results for the Fiscal 2009 (Apr. 1, 2008–Mar. 31, 2009)

(% figures represent year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million
Fiscal year ending Mar. 31, 2009	370,000	(4.0)	20,000	(27.7)	25,500	(22.3)	18,000	32.4	147.23

Note: Modifications in forecasts of consolidated results during the second quarter: Yes

4. Others

(1) Changes in principal subsidiaries during the second quarter (changes in specified subsidiaries which resulted in changes in scope of consolidation): None

Newly consolidated: None Excluded from consolidation: None

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

(3) Changes in accounting principles, procedures and disclosures for quarterly consolidated financial statements
1) Changes derived from revisions of accounting standards: Yes
2) Changes other than 1: None

(4) The number of shares outstanding (ordinary stocks)
1) The number of shares outstanding as of the end of the period (including treasury stocks)
Fiscal 2009 second quarter 127,463,685 shares Fiscal 2008 127,463,685 shares
2) The number of treasury stocks outstanding as of the end of the period
Fiscal 2009 second quarter 5,205,019 shares Fiscal 2008 5,202,867 shares
3) Average number of shares outstanding in each period
Fiscal 2009 first half 122,259,657 shares Fiscal 2008 first half 122,263,346 shares

* Notes for proper use of the forecasts and other remarks

1. Forecasts of consolidated results announced on May 13, 2008 were revised on November 13, 2008. For more detail, please refer to "3. Qualitative Information on the Project of Consolidated Results" in Qualitative Information and Financial Statements on page 3.
2. Forecasts contain forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ depending on a number of factors including but not limited to potential risks and uncertainties. For the assumptions and other issues related to the above forecasts please refer to page 3 of the attached materials.
3. From the current fiscal year ending March 31, 2009, "Accounting Standard for Quarterly Financial Statements" (Financial Accounting Standard No. 12) and its application guideline (Financial Accounting Standard Application Guideline No. 14) are being applied. In addition, quarterly consolidated financial statements are prepared in accordance with the Regulations Concerning Terminology, Forms and Method of Preparation of Quarterly Financial Statements.

Qualitative Information and Consolidated Financial Statements

1. Qualitative Information on the Consolidated Operating Results

The business environment surrounding the domestic instant noodle industry has become even bleaker, affected not only by the chronic issue of decreasing number of heavy users due to the declined birth rates and an aging population, but also by rising production costs brought by soaring prices of wheat and other raw materials. In addition, worldwide distrust of the safety of foods and edibles has spread, while food-related scandals have been reported one after another in Japan, resulting in collapsing trust of food products among consumers. The Group, as well, made the headlines in October 2008 when it was reported that traces of an insect repellent were detected from some of the products of our subsidiaries.

As regards this incident, we have conducted a thorough investigation and confirmed that there was no possibility of such chemicals being mixed into those products at the production process. Our Food Safety Research Institute has also confirmed that those products are capable of absorbing smells of insect repellents, insecticides, detergents and other materials with strong odors through their packaging, if such materials are placed next to those products. The Company is determined to further improve our products so that customers can enjoy our products without food-safety concern.

Sales performance for the six months ended September 30, 2008 was highlighted by the 50th anniversary of *Chicken Ramen*, the first instant noodle in the world. To celebrate its anniversary during the second fiscal quarter, *Chicken Ramen* was renewed with the creation of more convenient "double egg pockets," and the roll-out of "Reproduction Edition (5 servings in the packs)" and "the 50th Anniversary Memorial Set." The Group made utmost efforts to market these products. In addition, the open-price *Hyoban-ya* product series introduced by MYOJO FOODS CO., LTD. ("MYOJO FOODS") captured the price-conscious mood of consumers to mark a sizable sales growth. On the other hand, the Group refrained from frequent discount advertisements of mainstay products in order to support their new higher price levels. As a result, the overall sales quantity of pillow-type instant noodles decreased, and the sales amount for the six-month period under review decreased by 9.3% to ¥29,247 million from the same period of the previous fiscal year.

Regarding cup-type instant noodles, under the marketing policies aiming at solicitation for brand value and support of new prices, the Group strived to enhance the value of mainstay brands, measures for which included replacement of containers for the *Cup Noodle* series to ECO cups. These policies were well-accepted by convenience stores, with the result that sales in those stores remained strong, even after the retail price revision. However, at volume retailers, for which the major sales tactic is mainly bargain sales, the sales quantity decreased, due to lower frequency of discount ads for our products such as pillow-type instant noodles. On the other hand, price-conscious customers welcomed our open-price product series such as *Soup Noodle*, which increased in sales. The Group also actively undertook development and marketing of products in cooperation with retailers. We also continued, since last fiscal year, with efforts for sales expansion of the microwavable noodle products *Nissin Chin* series and *Nissin Spa-O for Microwave* series. Although these initiatives resulted in increases in overall sales quantities, intense heat in the summer decelerated the recovery, leading to a year-on-year decrease in sales quantity for the six-month period under review.

More significant than the sales quantity decline was the sales unit-price drop, due to a change in the product mix, with higher ratios of open-price product series that do not require marketing expenses and of new products co-developed with retailers. As a result, net sales of cup-type instant noodles for the six-month period ended September 30, 2008 declined by 11.4% to ¥102,459 million from the same period of the previous fiscal year. On the other hand, the product-mix change also greatly reduced marketing expenses, such as promotional expenses, to increase operating income.

Regarding chilled and frozen foods, the chilled products *Tsukemen no Tatsujin* series and *Nissin Yaki-Udon* series, and the new frozen products *Reito Nissin Spa-O Carbonara with Egg of soft-boiled style* recorded strong sales. Consequently, aggregate net sales of the chilled and frozen foods category were ¥22,821 million, a 2.7% increase year on year.

As for the other business segment, continuing steady sales of the lactobacillus drink *Pilkul* and the breakfast cereal *Ciscorn BIG* contributed to a 1.2% net sales increase to ¥19,884 million for the six-month period under review.

As a result of the above, total net sales of the six-month period ended September 30, 2008 amounted to ¥174,412 million, an 8.1% decrease from the same period of the previous fiscal year. On the other hand, operating income increased by 1.8% to ¥11,526 million, in spite of an increase in retirement benefit expenses and rises in prices of major raw materials. The downward effect of the retail price revision was minimized by many factors, such as increasing the product value of mainstay brands through improved quality, increased sales of open-price products, operating policies that included enhancement of co-developed products and a synergy effect brought by MYOJO FOODS through higher efficiencies in the production system and material procurement. However, ordinary income was ¥13,754 million, a 5.1% year-on-year drop, mainly due to foreign exchange losses. Net income for the six-month period ended September 30, 2008, reflecting absence of loss on impairment of fixed assets, increased by 4.4% from the same period of the previous fiscal year to ¥5,716 million.

Analysis by business segment shows that net sales and operating income of instant noodle and associated business were ¥154,527 million and ¥10,284 million, respectively, while those of other business were ¥19,884 million and ¥1,498 million, respectively. The ratios of year-on-year change in above are shown solely for reference.

2. Qualitative Information on the Consolidated Financial Position

(1) Assets, Liabilities and Net Assets

Consolidated total assets as of September 30, 2008 increased by ¥4,287 million from the previous fiscal year end to ¥396,982 million, mainly due to increases in tangible fixed assets and investments in securities.

Consolidated total liabilities also increased by ¥5,548 million to ¥109,399 million. Increases in trade notes and accounts payable, short-term borrowings and accrued retirement benefits to employees outweighed a decrease of accrued payables.

Net assets as of September 30, 2008 declined by ¥1,261 million from the previous fiscal year end to ¥287,582 million, as a result of fluctuations in retained earnings, net unrealized holding gain on securities and translation adjustments.

The equity ratio as of September 30, 2008 declined slightly to 70.9% from 71.9% as of the previous fiscal year end.

(2) Cash Flows

Cash and cash equivalents as of September 30, 2008 stood at ¥64,059 million, a ¥14,714 million decrease from the previous fiscal year end.

- Cash Flows from Operating Activities
  Net cash provided by operating activities amounted to ¥12,937 million. Major cash in-flows included ¥12,241 million of income before income taxes and minority interests and ¥3,704 million of depreciation and amortization, while major cash out-flows were ¥6,628 million income taxes paid and ¥2,191 million of decrease in accrued payables.

- Cash Flows from Investing Activities
  Net cash used in investing activities resulted in ¥23,197 million, largely due to ¥24,913 million payments for purchases of investments in securities.

- Cash Flows from Financing Activities
  Net cash used in financing activities amounted to ¥3,652 million as a result of ¥3,056 million cash dividends paid and other factors.

3. Qualitative Information on the Forecast of Consolidated Results

The Group shifted its corporate structure to a holding company system as of October 1, 2008. Under the new management structure, we will continuously endeavor to meet various needs of our customers as well as to achieve the forecast operating results, through enhancement of product values of mainly our mainstay brand products, reinforcement of sales promotion of open-price products, expansion of high-value-added products and management with food safety always in mind.

With regret, we have modified the forecast of consolidated results for the fiscal year ending March 31, 2009 announced on May 13, 2008. The forecasted net sales total for the current fiscal year is now ¥370 billion, ¥28 billion less than the initial projection ¥398 billion. Reasons for this modification include decreased net sales for the six-month period ended September 30, 2008, as well as the negative effects anticipated from media reports in October (as discussed above) that traces of insect repellent were detected in some of the products of our consolidated subsidiaries.

As regards profits, although we anticipate downward pressure from decreased net sales and higher costs associated with upgrading of product containers, we believe that the initial forecasts for operating income, ordinary income and net income are achievable through continuous efforts of cost-cutting, through effective marketing measures and the benefits of overall rationalization.

(Millions of Yen)

Net sales	Operating income	Ordinary income	Net income
370,000	20,000	25,500	18,000

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	As of Sept. 30, 2008	As of Mar. 31, 2008
Assets		
Current assets:		
Cash and deposits	61,106	66,739
Notes and accounts receivable—trade	41,853	41,410
Marketable securities	24,616	27,230
Finished goods and merchandise	8,357	7,248
Raw materials and supplies	7,615	7,426
Other current assets	8,333	8,137
Less: Allowance for doubtful receivables	(495)	(560)
Total current assets	151,386	157,633
Fixed assets:		
Property, plant and equipment:		
Land	43,257	43,810
Other, net	52,519	49,992
Total fixed assets	95,776	93,802
Intangible fixed assets:		
Goodwill	4,644	3,863
Other	503	457
Total intangible fixed assets	5,148	4,321
Investments and other assets:		
Investments in securities	130,389	123,099
Other	14,943	13,884
Less: Allowance for doubtful receivables	(661)	(45)
Total investments and other assets	144,671	136,937
Total fixed assets	245,595	235,061
Total assets	**396,982**	**392,694**
Liabilities		
Current liabilities:		
Notes and accounts payable—trade	40,173	38,045
Short-term borrowings	4,775	2,353
Accrued payables	17,904	20,308
Accrued income taxes	6,988	6,822
Other current liabilities	14,250	13,404
Total current liabilities	84,093	80,934
Long-term liabilities:		
Accrued retirement benefits to employees	11,805	8,642
Other allowances	50	2,348
Other long-term liabilities	13,450	11,925
Total long-term liabilities	25,306	22,916
Total liabilities	**109,399**	**103,850**

(Millions of Yen)

	As of Sept. 30, 2008	As of Mar. 31, 2008
Net assets		
Shareholders' equity:		
Common stock	25,122	25,122
Capital surplus	49,755	49,754
Retained earnings	227,929	225,269
Less: Treasury stock, at cost	(14,350)	(14,342)
Total shareholders' equity	288,456	285,803
Valuation and translation adjustments:		
Net unrealized holding gain on securities	1,820	3,589
Land revaluation reserve	(7,532)	(7,532)
Translation adjustment	(1,413)	605
Total valuation and translation adjustments	(7,126)	(3,337)
Minority interests	**6,252**	**6,377**
Total net assets	**287,582**	**288,844**
Total liabilities and net assets	**396,982**	**392,694**

(2) Quarterly Consolidated Statements of Income
(For the six months ended September 30, 2008)

(Millions of Yen)

	Six months ended September 30, 2008
Net sales	**174,412**
Cost of sales	**97,381**
Gross profit	**77,031**
Selling, general and administrative expenses	**65,504**
Operating income	**11,526**
Non-operating income:	
Interest income	827
Divided income	1,060
Equity in earnings of affiliates	598
Other non-operating income	311
Total non-operating income	2,798
Non-operating expenses:	
Interest expenses	25
Foreign currency exchange loss	313
Other non-operating expenses	231
Total non-operating expenses	570
Ordinary income	**13,754**
Extraordinary gains:	
Gain on sales of fixed assets	345
Gain on sales of investments in securities	137
Other extraordinary gains	23
Total extraordinary gains	506
Extraordinary losses:	
Loss on sales of fixed assets	554
Loss on devaluation of investments in securities	1,264
Other extraordinary losses	200
Total extraordinary losses	2,019
Income before income taxes and minority interests	**12,241**
Income taxes	**6,448**
Minority interests in earnings of consolidated subsidiaries	**76**
Net income	**5,716**

(For the three months ended September 30, 2008)

(Millions of Yen)

	Three months ended September 30, 2008
Net sales	**87,555**
Cost of sales	**50,063**
Gross profit	**37,491**
Selling, general and administrative expenses	**33,136**
Operating income	**4,355**
Non-operating income:	
Interest income	523
Divided income	80
Foreign currency exchange gain	236
Equity in earnings of affiliates	347
Other non-operating income	183
Total non-operating income	1,372
Non-operating expenses:	
Interest expenses	1
Other non-operating expenses	210
Total non-operating expenses	211
Ordinary income	**5,516**
Extraordinary gains:	
Gain on sales of fixed assets	345
Other extraordinary gains	8
Total extraordinary gains	354
Extraordinary losses:	
Loss on sales of fixed assets	554
Loss on devaluation of investments in securities	214
Other extraordinary losses	115
Total extraordinary losses	884
Income before income taxes and minority interests	**4,986**
Income taxes	**2,744**
Minority interests in earnings of consolidated subsidiaries	**65**
Net income	**2,176**

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2008
Cash flows from operating activities:	
Income before income taxes and minority interests	12,241
Depreciation and amortization	3,704
Increase in accrued retirement benefits to employees	3,090
Equity in earnings of affiliates	(598)
Decrease in trade notes and accounts receivable	927
(Increase) in inventories	(995)
Increase in trade notes and accounts payable	945
(Decrease) in accrued payables	(2,191)
Other, net	97
Subtotal	17,221
Income taxes paid	(6,628)
Other, net	2,345
Net cash provided by operating activities	**12,937**
Cash flows from investing activities:	
Increase in time deposits	(2,912)
Payments for purchases of marketable securities	(2,000)
Proceeds from sales and redemption of marketable securities	3,603
Payment for purchases of property, plant and equipment	(6,538)
Proceeds from sales of property, plant and equipment	1,223
Payment for purchases of investments in securities	(24,913)
Proceeds from sales of investments in securities	10,337
Payment for purchases of additional shares of consolidated subsidiaries	(2,150)
Other, net	152
Net cash used in investing activities	**(23,197)**
Cash flows from financing activities:	
Cash dividends paid	(3,056)
Cash dividends paid to minority shareholders	(15)
Other, net	(580)
Net cash used in financing activities	**(3,652)**
Effect of exchange rate changes on cash and cash equivalents	**(802)**
Net decrease in cash and cash equivalents	**(14,714)**
Cash and cash equivalents at beginning of the period	**78,774**
Cash and cash equivalents at end of the period	**64,059**

From the current fiscal year ending March 31, 2009, “Accounting Standard for Quarterly Financial Statements” (Financial Accounting Standard No. 12) and its application guideline (Financial Accounting Standard Application Guideline No. 14) are being applied. In addition, quarterly consolidated financial statements are prepared in accordance with the Regulations Concerning Terminology, Forms and Method of Preparation of Quarterly Financial Statements.

(4) Notes regarding Going-Concern Assumptions: None

(5) Segment Information

a) Information by business segment

Six-months ended September 30, 2008

	Instant noodle and associated business (¥ million)	Other business (¥ million)	Total (¥ million)	Eliminations (¥ million)	Consolidated (¥ million)
Net sales:					
(1) Sales to third parties	154,527	19,884	174,412	—	174,412
(2) Intersegment sales	—	2,928	2,928	(2,928)	—
Total	154,527	22,813	177,341	(2,928)	174,412
Operating income	10,284	1,498	11,783	(256)	11,526

(Notes)

1. The Companies’ businesses are classified into two segments principally based on product types and characteristics.
2. Major products of each business segment:
   Instant noodle and associated business—pillow-type instant noodles, cup-type instant noodles, chilled foods, and frozen foods
   Other business—confectionery, beverages, and the food service business

b) Information by geographic segment

Six-months ended September 30, 2008

	Japan (¥ million)	North America (¥ million)	Other areas (¥ million)	Total (¥ million)	Eliminations (¥ million)	Consolidated (¥ million)
Net sales:						
(1) Sales to third parties	145,501	14,745	14,165	174,412	—	174,412
(2) Intersegment sales	665	—	230	895	(895)	—
Total	146,167	14,745	14,395	175,308	(895)	174,412
Operating income (loss)	12,424	(1,661)	1,057	11,820	(293)	11,526

(Notes)

1. Classification of the above countries or regions is based on geographical proximity.
2. Major countries and regions included in areas other than Japan:
   North America—The U.S.A. and Mexico
   Other areas—China, Germany and Hungary

c) Overseas sales

Six-months ended September 30, 2008

	North America	Other areas	Total
I. Overseas sales (¥ million)	14,891	14,456	29,348
II. Consolidated sales (¥ million)			174,412
III. Overseas sales as a percentage of consolidated sales (%)	8.5	8.3	16.8

(Notes)

1. Classification of the above countries or regions is based on geographical proximity.
2. Principal countries classified in the above regions:
   North America—The U.S.A. and Mexico
   Other areas—China and Germany
3. Overseas sales represent the sum total of sales to the overseas market outside Japan by the Company and its consolidated subsidiaries.

(6) Notes regarding Material Changes in the Amount of Shareholders’ Equity: None