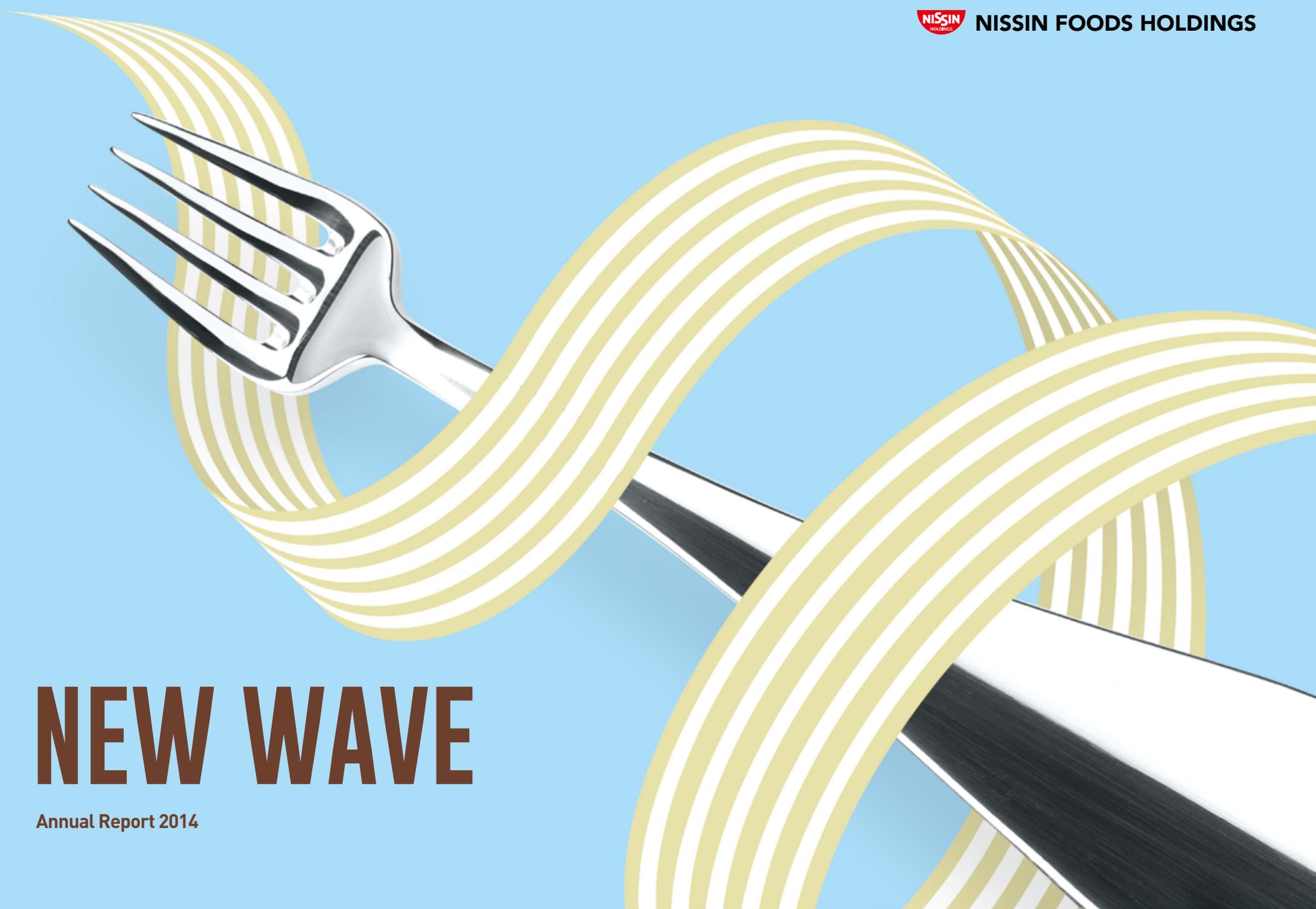




NISSIN FOODS HOLDINGS



# NEW WAVE

Annual Report 2014

# NEW VALUE

From its founding as a food products company, the NISSIN FOODS Group has sought out new possibilities in food. Today, we continue our quest for completely new product categories and bringing greater value to customers around the world.

# 1<sup>st</sup>

Our history begins in 1958 with the development of *Chicken Ramen*, the world's first instant noodles.



# No.1

Since its introduction in 1971 as the world's first cup-type instant noodles, *Cup Noodle* has maintained a powerful position as Japan's top brand of instant noodles.



# 6 Products Categories

The Group owns powerful brands in Japan in addition to instant noodles, such as chilled and frozen foods, confectionery, and beverages and continues to evolve as food manufacturer.



# 4

## Regions Outside Japan

The Group launched overseas operations in 1972 and now does business worldwide. We divide our overseas operations into four regions: the Americas, China, Asia, and EMEA\*.

\*Europe, the Middle East, and Africa





# 1,000 SKUs

This is the number of new products\* the Group introduces annually. We continue to release innovative products by applying two key strengths: technological innovation and marketing capability.

\*In Japan and overseas, including renewed products



# 2014

This year, a new research and development center started operation. As the global base for food development and food safety research, it aims to generate tremendous power in support of growth.



# NEW CHALLENGE

Chief Executive Officer  
Koki Ando

## FINANCIAL HIGHLIGHTS (¥ Billion)

- In Japan, amid an increase in demand for bag-type instant noodles driven by the increasingly popular non-fried noodles, which are just like fresh noodles, the sales of our bag-type non-fried *Nissin RAOH* series continued to perform well. The Group achieved increases in domestic sales and income as a result.
- Total worldwide demand for instant noodles exceeded 100 billion servings in 2012 and continues to grow, especially in Asia. The Group's China business achieved sharp increases in sales and income through an aggressive sales strategy for local *Cup Noodles* products in China.
- In fiscal 2014, the opening year of the current medium-term business plan, the domestic instant noodle business and operations in China drove sales and profit growth, and the Group increased both sales and income. Consolidated net sales rose by 9.1% to ¥417.6 billion (US\$4,058 million), operating income by 15.7% to ¥27.7 billion (US\$269 million), and net income by 2.2% to ¥19.3 billion (US\$187 million).

### Net Sales

¥417.6

### Operating Income

¥27.7

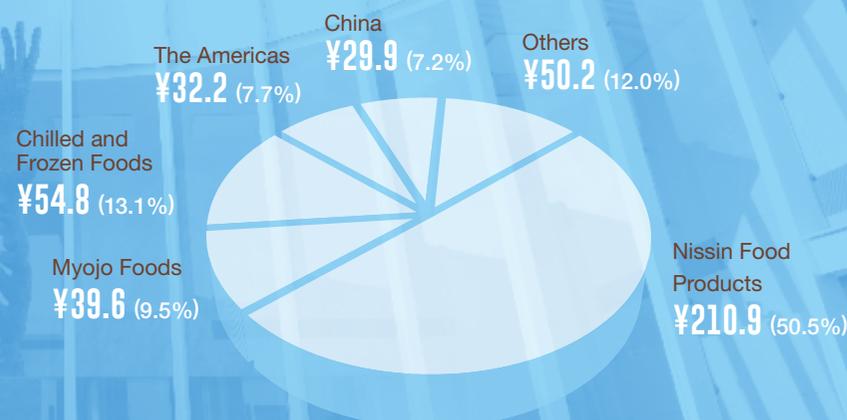
### Net Income

¥19.3

### ROE (%)

6.0

### Sales by Segment



## CEO MESSAGE

**“the WAVE”, the NISSIN FOODS Group’s new research and development center, opened in March 2014. The new research center will provide technical support for the Group’s growth strategy of speeding up development of the overseas business to evolve into a truly global company.**

### Our New Research and Development Center: “the WAVE”

In the final month of fiscal 2014 (the year ended March 31, 2014), our new research and development center, named “the WAVE”, was opened in Tokyo. We gave it this name to express our desire to spread a new wave of innovation worldwide by pioneering leading-edge food technologies.

“the WAVE” has a unique external appearance. The entrance features two cylindrical towers resembling the cutting blades of a noodle-making machine, and the exterior walls have a vast number of louvers that visually represent ramen noodles. The design symbolizes noodles being cut by cutting blades, our starting point.

Furthermore, recognizing that the land and natural environment are the source of all food ingredients, we introduced advanced environmental systems such as solar radiation control using louvers and an auxiliary power supply that uses solar panels, with the aim of creating a building that is in dialog with the external environment. About twice the size of the former General Research Institute of Food Science and Technology and Food Safety Research Institute, “the WAVE” is one of the largest food research institutes in Japan.

### Supporting the Growth Strategy with Technology

“the WAVE” houses two research facilities. The first is the NISSIN Global Innovation Center, which provides technical support for innovation, one of the key strengths of the Group. This research center has installed a hundred-meter-long test line based on the production lines at our plants. Until now, it was necessary to confirm and establish production conditions through line tests on actual production lines at the plants to prepare to mass produce trial products we had developed. The installation of a full-specification, continuous, multi-product-configurable production line within the research center will enable us to study mass production conditions in advance and shorten the time for product launch.

In addition, we have set up within the research center the Technical Development Division to perform tasks including the development of machinery and will engage in production facility design and development. In this way, we will accumulate unique expertise within the Group and work to increase the speed and efficiency of product development.

### Winning the Race for New Products and Markets

Competition to create new products is fierce in the instant noodle industry, and shortening development times is important for successfully competing in the market. It is of course critical if we are to be the first entry to the market, or to accelerate the process of developing a completely new product so as to create a new market. Not only that, a company can aim to capture market leadership by being the first to introduce a product with a clear competitive advantage over existing products in an established product category.

We have transferred the chilled and frozen foods R&D center to the new research center and have also set up R&D functions for confectioneries and beverages. Although heretofore we have developed groundbreaking products by leveraging Group synergies, such as applying noodle technologies to confectioneries, the new research center will now assume a central role in an effort to develop completely new products that fuse the Group’s various food processing technologies.

Innovation is not our sole focus. The other research facility, the NISSIN Global Food Safety Institute, is responsible for ensuring the safety essential to a food



**The Group engages in four types of R&D at “the WAVE”:** basic research, applied research, safety research, and industrial machine development.

## CEO MESSAGE

### As a food culture creator that pursues new possibilities in food, the NISSIN FOODS Group will mount a united effort to satisfy the physical and spiritual appetites of people all over the world.

products company. The institute is deploying a world-class management system relating to food safety and will centrally manage safety at our domestic and overseas production plants to ensure the safety of all Group products.

In the future, the institute will function as a global center for the transmission of information about instant noodles and a quality control tower with a powerful commitment to take responsibility for managing the safety of not only the Group's products, but all instant noodles, a product for which worldwide demand now exceeds 100 billion servings and will further increase in the coming years.

#### Aspiring to Be a Truly Global Company

We consider the current medium-term business plan (announced in April 2013) to be a turning point for the Group's development into a global company. We have designated the three-year period through fiscal 2016 as a time for up-front investment—with continued growth in the overseas business our highest priority. In fiscal 2014, the first year of the business plan, by stepping up overseas investment for

geographical expansion and in-depth business cultivation, we strengthened our position in the growing markets of China and Asia, and successfully early on in Central and South America, the Middle East, and Africa—all markets with high future potential.

In the overseas business, we are implementing an efficient strategy for growth by means of marketing approaches that are adapted to individual countries and regions, localization based on technologies nurtured in Japan, and the provision of products differentiated from the competition. This strategy has produced encouraging results, and we are confident we can achieve the fiscal 2016 target of overseas sales of ¥100.0 billion in the business plan.

Furthermore, "the WAVE", our new research and development center, will play a key role as a global innovation center in implementing the global strategy in cooperation with development sites around the world, such as our principal regional research centers in Hong Kong, the U.S., and Singapore, etc.

#### Serving for All Shareholders

The Group's management objective is to constantly strive to enhance earnings

potential, to increase corporate value, and to provide appropriate returns to our shareholders. We will engage in shareholder-oriented and ROE-oriented management to enhance our reputation as a global company.

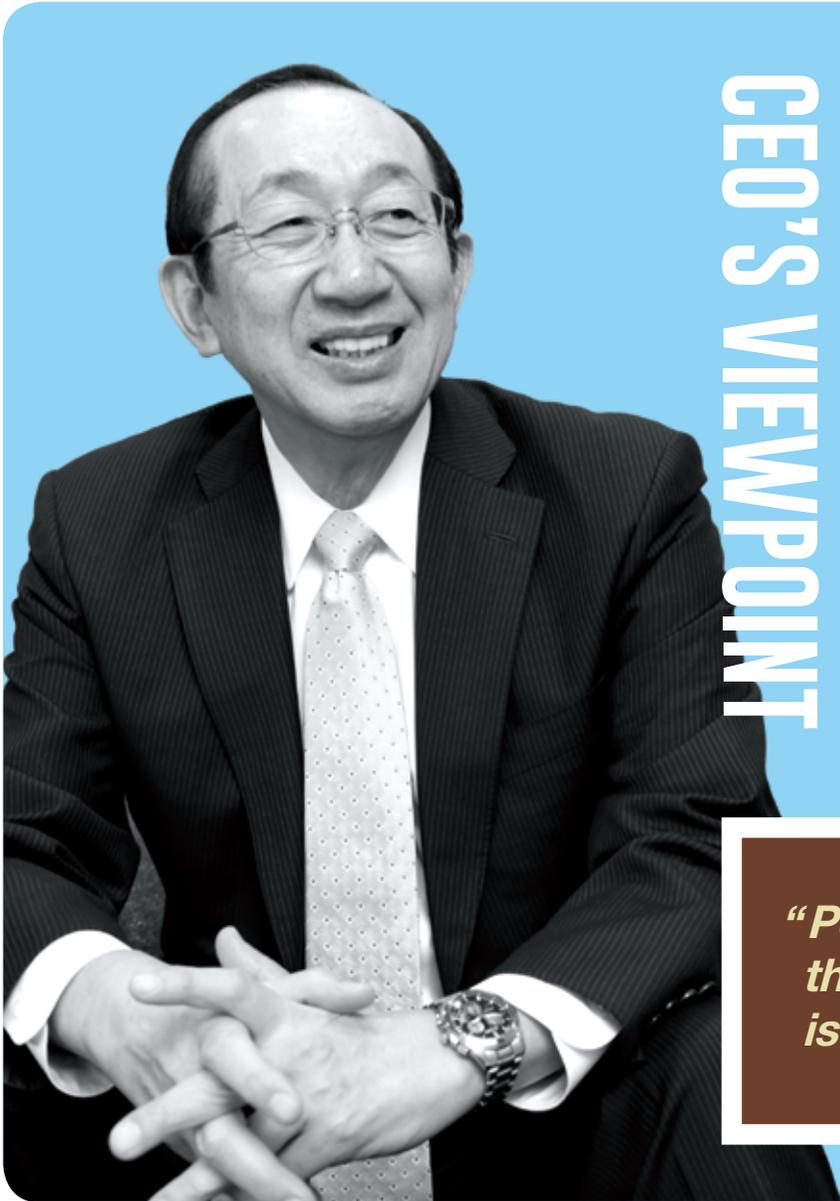
As the Japanese market matures due to population decline and the aging of society, the only path to further growth is to successfully compete in the global market. To accomplish this, we must develop a new business model that is not a mere extension of the business structure we have continuously developed since our founding.

Through the years, the Group has applied technological innovation and marketing capabilities to explore various possibilities in food and create dream-inspiring delicious tastes. These key strengths have always provided a favorable tailwind for growth. In the coming years, we will gratify people everywhere with pleasures and delights food can provide and increase shareholder value by opening up new markets around the world and working to achieve sustainable growth.

Chief Executive Officer



In China, local Cup Noodles products are highly popular, particularly among young people. In Turkey, MakarNeks instant pasta has successfully penetrated the market.



# CEO'S VIEWPOINT

## FOOD AND HEALTH

For a food products company, the pursuit of safety is a never-ending struggle. Future scientific and technological progress

in medicine, physiology, and other fields is likely to yield new knowledge about food. In fact, nowadays research on human health is constantly revealing new facts. Safety risks suddenly arise, and we are pressed to develop countermeasures. We think we will increasingly face such situations.

The Group will remove harmful substances contained in food products and modify them or replace them with safe substances. We will quickly detect new causes for concern and take preventive measures before problems occur. Our stance is that there can be no compromise in the pursuit of safety.

## FOOD SUPPLY

Since instant noodles are tasty, safe, easy to prepare, storable for long periods of time at room temperature, and inexpensive,

I think that they are an essential food for any time or circumstance. After natural disasters or other emergencies, they can be rapidly delivered where needed. In ordinary times, instant noodles add convenience and pleasure to our daily lives and help safeguard health.

According to the United Nations, the world's population will exceed nine billion in 2050, and a food supply crunch is said to be a possibility. Instant noodles, which are easy to prepare and highly energy efficient, can be just the things to be a part of the foundation of a healthy diet for large numbers of people. Our purpose and passion is to support the world's food supply.

*“Peace will come to the world when there is enough food”*

**Food is the most important thing supporting human life. The operations of NISSIN FOODS Group have grown from roots in human life.**

The NISSIN FOODS Group appoints multiple outside directors and outside audit & supervisory board members, actively reflects in management the opinions of outside experts and realizes management vitalization and transparency. The executive officer system promotes rapid decision-making and clearly segregates management oversight from business execution.

# NEW DEDICATION



Koki Ando

Susumu Nakagawa



Akihide Matsuo



Noritaka Ando



Ken Kobayashi



Tsunao Kijima



Masahiro Okafuji



Yoko Ishikura



Mitsuru Tanaka



Yukio Yokoyama



Yoshinori Miura

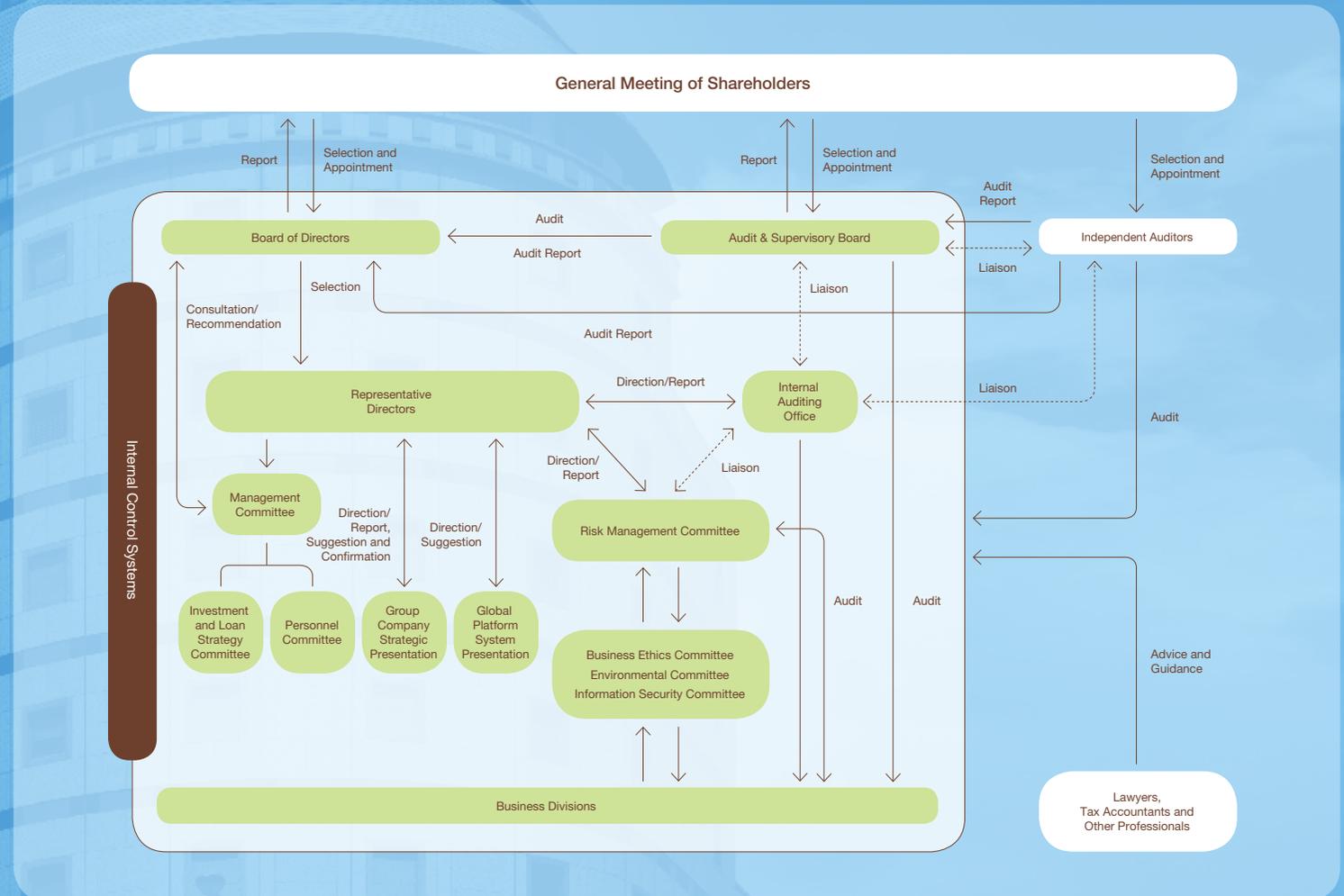


Kiyotaka Ando



# CORPORATE GOVERNANCE

The NISSIN FOODS Group engages in business so as to maximize benefits to all stakeholders and regards the enhancement and strengthening of corporate governance as one of its most important management priorities.



# CORPORATE GOVERNANCE

## Strengthening of Corporate Governance

The Group has long actively reflected in management the opinions of outside experts and is pursuing management vitalization and transparency. We first appointed independent officers in 2010 and have strengthened oversight by utilizing the knowledge and talents of outside experts. As a global compliance measure, in 2012 we revised the approval regulations to promote rapid decision-making in overseas regions. Furthermore, as part of the governance system, the representative directors of NISSIN FOODS HOLDINGS receive periodic strategy proposals at Global Platform System Presentations from each NISSIN FOODS HOLDINGS platform and at Group Company Strategic Presentations from each operating company.

## Development and Construction of Internal Control Systems

The Group considers the development, construction and appropriate operation of internal control systems to be one of its most important management priorities and is working to construct more appropriate

and efficient systems through reviews conducted when appropriate and continuous improvement of the basic policy on construction of internal control systems, first instituted in 2006. The audit & supervisory board members audit internal control systems related to overall business management to ensure their effectiveness. The audit & supervisory board members and Internal Audit Office conduct operational audits of the business divisions, audit and examine the effectiveness of internal controls and provide improvement suggestions, guidance and instructions, as necessary.

## Strengthening of Compliance

As part of internal control systems construction, we are working to establish a groupwide compliance structure. In accordance with the NISSIN FOODS Group Ethics Regulations, all of the Group's managers and employees are aware of corporate social responsibility, observe relevant laws and regulations and strive for socially ethical behavior. Furthermore, in accordance with the code of conduct in the NISSIN FOODS Group Compliance Regulations, each operating company

develops fair, equitable and transparent relationships with raw materials suppliers, subcontractors and other business partners, all the while striving to conduct business dealings in conformance with laws, regulations and fair business practices. If there has been a report of a compliance violation from an employee, we respond in accordance with the NISSIN FOODS Group Whistleblower Regulations. In March 2014 we set up a dedicated compliance promotion organization within the Legal Affairs Department and are working to strengthen the compliance structure.

To ensure the protection of personal information, we instituted the Information Security Policy and set up the Information Security Committee in June 2004. We comply with the NISSIN FOODS Group Personal Information Protection Regulations, instituted in 2008, and strive to appropriately manage personal information.

## Risk Management

We instituted the NISSIN FOODS Group Risk Management Regulations in February 2008, set up the Risk Management Committee chaired by a representative director and endeavor to avoid damage to

corporate value from various risks facing the Group. We partially amended the regulations in April 2012, clearly defining details and routes for information communication when a risk event occurs.

## Business Continuity Plan

We have launched a groupwide cross-organizational project and are actively engaging in business continuity planning. The Group believes that maintaining product supply even in times of emergency is the most important way of fulfilling the social responsibility of a food products company. Accordingly, we are developing a system that enables us to deliver products to customers even if a key Group business site ceases to function due to a large-scale natural disaster or other catastrophe by means such as continuing operations using alternative business sites. We will now test the effectiveness of our business continuity plan, identify issues and strengthen the plan by periodically conducting drills and put in place a system that enables employees to rapidly and flexibly execute unaccustomed operations.

Board of Directors

President & Representative Director

**Koki Ando**  
CEO (Chief Executive Officer)

Executive Vice President & Representative Director

**Susumu Nakagawa**  
COO (Chief Operating Officer)  
In charge of Chilled and Frozen Foods Business

Senior Managing Director & Representative Director

**Noritaka Ando**  
CSO (Chief Strategic Officer)  
In charge of Marketing  
In charge of SCM

Managing Director

**Akihide Matsuo**  
President & Representative Director,  
MYOJO FOODS CO., LTD.

Managing Director

**Tsunao Kijima**  
CBO (Chief Business Officer)

Director

**Mitsuru Tanaka**  
CDO (Chief Development Officer)  
Head of NISSIN Global Innovation Center

Director

**Yukio Yokoyama**  
CFO (Chief Financial Officer)

Director

**Yoshinori Miura**  
President & Representative Director,  
NISSIN FOOD PRODUCTS CO., LTD.

Director

**Kiyotaka Ando**  
Chief Representative, China

Outside Director

**Ken Kobayashi** \*1  
President & Chief Executive Officer,  
Mitsubishi Corp.

Outside Director

**Masahiro Okafuji** \*1  
President & Chief Executive Officer,  
ITOCHU Corp.

Independent Outside Director

**Yoko Ishikura** \*1 \*3  
Professor Emeritus,  
Hitotsubashi University

Audit & Supervisory Board Members, Executive Officers and Chief Officers

Audit & Supervisory Board Member (Full-time)

**Hideki Hattori**

Audit & Supervisory Board Member (Outside - Full-time)

**Kazuo Kanamori** \*2

Audit & Supervisory Board Member (Outside)

**Toru Horinouchi** \*2

Audit & Supervisory Board Member (Outside - Independent)

**Hiroshi Takano** \*2 \*3

Senior Executive Officer

**Toshihiro Yamada**  
CQO (Chief Quality Officer)  
Head of NISSIN Global Food Safety Institute

Executive Officers and Chief Officers

**Shigeo Kitara**  
CIO (Chief Information Officer)

**Kazuhito Kusumoto**  
CRO (Chief Resourcing Officer)

**Koji Sakai**  
General Manager,  
Technology Development Division,  
NISSIN Global Innovation Center

**Hitoshi Suzuki**  
General Manager,  
Advertising Control Division,  
Corporate Strategy Headquarters

**Kazuhiro Tadokoro**  
CHO (Chief Human Resources Officer)

**Toshimichi Fujinawa**  
Deputy Head of  
NISSIN Global Innovation Center

**Masahiro Homma**  
CLO (Chief Legal Officer)

**Jitsuro Murata**  
Deputy Head of  
SCM Headquarters

**Yasuhiro Yamada**  
Head of SCM Headquarters  
CPO (Chief Production Officer)

**Toshihiko Ijichi**  
CAO (Chief Administrative Officer)

The latest information about management personnel is available on our web site:

Notes: 1. Indicates an outside director as provided for in Article 2-15 of the Companies Act.  
2. Indicates an outside audit & supervisory board member as provided for in Article 2-16 of the Companies Act.  
3. Designated for independent director/audit & supervisory board member as specified by the Tokyo Stock Exchange and other exchanges in Japan.



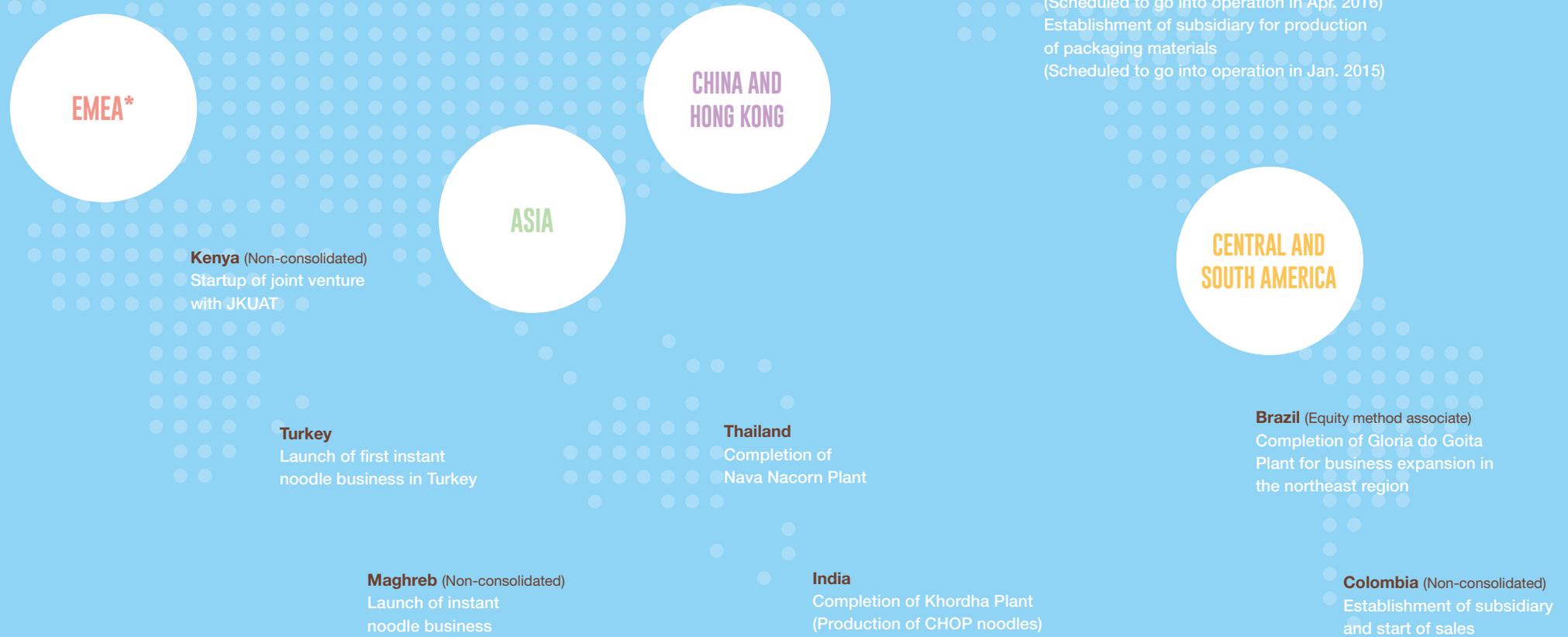
# NEW FRONTIERS

The next objective of the NISSIN FOODS Group is to compete and win globally. We will leverage technological capabilities developed in Japan to accelerate worldwide implementation of the global strategy and drive growth in the global market as the instant noodle pioneer.

# GLOBAL HIGHLIGHTS OF FISCAL 2014



To prepare for growth in the overseas business, a key objective in our current medium-term business plan, we have stepped up investment in China and Asia, markets which continue to grow, and have newly entered and gained footholds in Central and South America, the Middle East and Africa, markets with high future potential.



\* Europe, the Middle East, and Africa

## FISCAL 2015 POLICY AND INITIATIVES

# NISSIN IN THE WORLD



With local *Cup Noodles* products, which continue to sell well, at the heart of the product strategy, we will accelerate implementation of our geographical expansion strategy on the Chinese mainland. In Hong Kong, in addition to strengthening *Demae Iccho*, the top bag-type noodle brand, we will leverage the selling power and distribution network we have built to date to develop our business in the confectionery market, which we newly entered in fiscal 2014.



In Southeast Asia and India, purchasing power for consumer goods is increasing, and the instant noodle market is expanding substantially. Against that backdrop, in Thailand and Vietnam we will pursue volume expansion in the affordable price range. In India, we will actively implement an area concentration strategy for promoting cross selling between affordable-price-range and high-profit-range channels and utilize the Khurda Plant, which began operation in fiscal 2014, to pursue cost reduction and sales expansion.



In Turkey, where we got off to a solid start and gained a foothold with instant pasta, we will aim to further establish our products as regularly stocked items and increase sales. On the African continent, where we entered the markets of Kenya and Morocco in fiscal 2014, we will continue market creation efforts with a view to setting up a local production structure and expanding into the East African Community.



In the U.S., where fierce competition with rivals continues, *BIG CUP NOODLES* (spoonable noodles) sold well. We will continue to create new markets by leveraging *BIG CUP NOODLES* and strengthen the business foundation through special collaborations with major retailers. We will also continue efforts to create a market for instant noodles in Colombia, where we began operations in fiscal 2014.

# NEW FUTURE

The NISSIN FOODS Group's philosophy, EARTH FOOD CREATOR, signifies the Group's aspiration to contribute to society and the earth by gratifying people everywhere with pleasures and delights food can provide. Our mission is to support food, support life and support the future.



## QUALITY AND SAFETY

To provide products customers can enjoy with confidence and peace of mind, the NISSIN FOODS Group has established a quality assurance system that extends from farm to table, covering all operations from raw materials procurement to production, distribution and sales, by means of independent analysis and inspection systems.

### Quality Assurance System

The cornerstone of the Group's quality assurance system is the NISSIN Global Food Safety Institute. The institute develops analysis and testing methods to ensure quality from raw materials to finished products, confirms the quality of procured raw materials, conducts supplier inspections and verifies the quality control systems of Group and supplier production plants.

The NISSIN Global Food Safety Institute analyzes harmful substances that may be contained in food (such as residual agricultural chemicals, veterinary drugs, carcinogens, food allergens, food poisoning bacteria, mold fungus, heavy metals and radioactive substances) and is independently developing analysis and inspection systems to prevent contamination of food. Through these rigorous inspection systems, the institute has put in place a mechanism to ensure the use of safe raw materials.

Nissin's Analytical System for Residual Agricultural Chemicals and Veterinary Drugs (NASRAD)

NASRAD-700, the latest system for instantly analyzing residual agricultural chemicals and

veterinary drugs, can instantly analyze 545 types of residual agricultural chemicals and 188 types of veterinary drugs.

Food Automatic Analytical Systems for Residual Agricultural Chemicals (FASRAC)

To instantly analyze residual agricultural chemicals, it is necessary to extract agricultural chemicals from food. This is called "preprocessing." FASRAC, independently developed by the NISSIN Global Food Safety Institute, are the first systems in the world to automate preprocessing in residual agricultural chemicals analysis.

Nissin's Analytical Systems for Identification (NASID)

NASID determines on the basis of a profile of residual agricultural chemicals and the content of specific elements that raw materials delivered to plants are identical to retained samples whose quality has been confirmed in analysis.

Nissin's Evaluation Systems for Mammalian Genotoxicity (NESMAGET)

NESMAGET rapidly and conveniently

examines genotoxic carcinogens contained in food. NESMAGET is highly rated for a revolutionary testing method that uses human cells to evaluate DNA damage, a cause of cancer, and has received an award at an academic conference.

### Quality Survey Activities

The NISSIN Global Food Safety Institute conducts quality surveys to ensure that quality and safety assurance measures are appropriately taken at every stage from raw materials processing to finished product production.

### Quality Survey Activities of the NISSIN Global Food Safety Institute

Quality surveys from raw materials production to processing, including surveys of farms, livestock farms and fisheries

On-site inspections of manufacturing plants based on Nissin's Inspection Standards for Food Safety (NISFOS)

Quality process management at manufacturing plants in China



## DOUBLE

We have put in place a redundant quality management system consisting of quality control at the production plants and inspection of products produced at our plants at the NISSIN Global Food Safety Institute.



## ENVIRONMENTAL / SOCIAL ACTIVITIES

To contribute to a brighter, richer future, the NISSIN FOODS Group engages in activities to preserve the natural environment as well as socially beneficial activities as a responsible member of society.

### Environmental Management

The Group engages in activities to preserve the natural environment. In 2008 the Group established the NISSIN FOODS Group Environmental Charter, which sets forth fundamental principles and action guidelines that promote the practice of green management. To preserve a sustainable global environment, the Group works to reduce environmental impacts at every stage of all business activities.

We have set up the Group Environmental Council, chaired by a representative director of NISSIN HOLDINGS, for the purpose of promoting environmental preservation. The committee is developing an environmental management system for the Group by establishing a Group environmental policy and discussing environmental targets and important matters concerning environmental activities.

To promote green management throughout the Group, in fiscal 2012 we set up the Environmental Promotion Division within the Food Safety Research Institute (current name: NISSIN Global Food Safety Institute). The division inspects the status of compliance with environment-related

laws and regulations and environmental activities at the Group's plants using our independent inspection standards for environmental activities (RISEA). RISEA inspection results are fed back to the plants, and the department verifies subsequent improvement.

### Environmental Risk Management System

The Group has established independent emissions standard values that are stricter than the standards prescribed by laws and regulations concerning SOx (sulfur oxides) and NOx (nitrogen oxides), causes of air pollution, and the water pollution indices BOD (biochemical oxygen demand) and COD (chemical oxygen demand). The Group periodically monitors and measures emissions to prevent environmental accidents. We also take risk countermeasures to provide against damage to facilities and spillage of environmentally harmful substances. We conduct emergency drills at each plant in accordance with an emergency response manual and are working to strengthen and enhance the environmental risk management system.

More information on our environmental and social activities is available at our website:

### The 12<sup>th</sup> Hyakufukushi Project: "NISSIN Employee Disaster Preparation Training Project"

The Great East Japan Earthquake caused unprecedented damage and took many precious lives. One of the lessons of that fateful day was a keen realization of the importance of self-reliance and of preparing to protect oneself by one's own power. Other major earthquakes are expected to occur in Japan, and earthquake preparation measures by individuals and companies alike are an urgent necessity.

The NISSIN Employee Disaster Preparation Training Project, the 12<sup>th</sup> Hyakufukushi Project, is an employee development project whose aim is to instill in employees knowledge of crisis management and mastery of the mental attitude required in an emergency. Group employees from across Japan will gather for overnight training at the head offices to simulate experience of life at an evacuation center. The goal of the project is to train employees to protect themselves, survive together with others, and show equanimity and initiative in the face of natural disaster, such as when operating Kitchen Cars\*.



# 100

Since 2008, the Group has been implementing the Hyakufukushi Project to engage in a total of 100 social contribution activities in 50 years. Five themes guide project selection: Creation, Food, The Earth, Health, and Children.

\*Vehicles with on-board water heaters for distributing instant noodles



# ALWAYS NEW

NISSIN FOODS Group  believes that food  should be fun. To create food  that satisfies the appetite  and brings smiles  to the faces of people everywhere, we always look to the future and pursue freshness and originality.

Expect more great  things to come from us.

## CONSOLIDATED SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

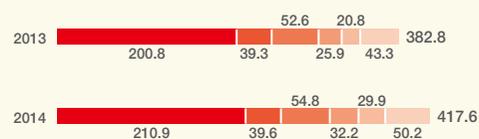
Years ended March 31,		Millions of yen (except per share information)						
		2014	2013	2012	2011	2010	2009	
<b>For the Year</b>	Net sales	¥ 417,621	¥ 382,793	¥ 380,675	¥ 374,932	¥ 371,178	¥ 362,057	
	Cost of sales	231,310	211,347	213,707	203,202	203,037	202,304	
	Gross profit	186,311	171,446	166,968	171,730	168,141	159,753	
	Selling, general and administrative expenses	158,606	147,492	140,756	137,192	140,799	136,201	
	Operating income	27,705	23,954	26,212	34,538	27,342	23,552	
	Other income (expenses)	4,020	5,439	5,408	145	3,813	(180)	
	Income before income taxes and minority interests	31,725	29,393	31,620	34,683	31,155	23,372	
	Income taxes	12,436	10,195	12,887	13,597	10,270	7,385	
	Minority interests in earnings (loss) of consolidated subsidiaries	20	343	194	330	389	96	
	Net income	19,269	18,855	18,539	20,756	20,496	15,891	
	Comprehensive income	37,410	34,884	18,541	13,239	—	—	
	<b>Per Share</b>	Net income —primary	¥ 174.83	¥ 171.12	¥ 167.97	¥ 187.56	¥ 177.02	¥ 129.98
		—diluted	174.13	170.57	167.59	187.30	176.91	—
Cash dividends		75.00	75.00	75.00	70.00	60.00	50.00	
<b>At Year-End</b>	Equity* <sup>1</sup>	3,018.82	2,782.25	2,545.31	2,454.67	2,406.26	2,287.21	
	Working capital* <sup>2</sup>	¥ 74,652	¥ 48,865	¥ 60,949	¥ 56,472	¥ 67,772	¥ 69,536	
	Property, plant and equipment, net	147,620	133,788	126,360	125,882	109,278	101,132	
	Total assets	479,470	446,132	414,717	409,749	408,410	408,729	
	Long-term liabilities	37,001	33,296	37,194	44,499	48,371	34,426	
	Equity* <sup>3</sup>	342,301	315,027	286,657	277,595	271,951	285,569	
	R&D expenses	¥ 5,313	¥ 4,321	¥ 4,385	¥ 4,081	¥ 3,807	¥ 3,477	
	Capital expenditures	27,527	21,582	18,937	30,810	18,448	17,572	
	<b>Value &amp; Performance Indicators</b>	Operating margin (%) <sup>4</sup>	6.6	6.3	6.9	9.2	7.4	6.5
		Return on assets (%) <sup>5</sup>	4.2	4.4	4.5	5.1	5.0	4.0
Return on equity (%) <sup>6</sup>		6.0	6.4	6.7	7.7	7.5	5.7	
Inventory turnover (times) <sup>7</sup>		11.5	11.5	13.4	14.1	13.7	13.5	

Notes: 1. Equity per share = (Equity - Minority interests - Stock acquisition rights) / Number of shares outstanding as of the year-end (excluding treasury stock)  
 2. Working capital = Total current assets - Total current liabilities  
 3. Equity: In compliance with the Corporate Law, from fiscal 2007, the amount of equity includes the amount of minority interests.  
 4. Operating margin = Operating income / Net sales

5. Return on assets = Net income / Average total assets  
 6. Return on equity = Net Income / (Average total equity - Average minority interests - Average stock acquisition rights)  
 7. Inventory turnover = Cost of sales / Average total inventory

### ▶ NET SALES BY SEGMENT

(Billions of yen)



■ Nissin Food Products  
 ■ Myjo Foods  
 ■ Chilled and Frozen Foods  
 ■ The Americas  
 ■ China  
 ■ Others

### ▶ OPERATING INCOME AND OPERATING MARGIN

(Billions of yen) / (%)



■ Operating income ● Operating margin

### ▶ INTEREST COVERAGE RATIO

(Times)



\* Interest coverage ratio = Operating cash flow / Interest payments

## FINANCIAL REVIEW

NISSIN FOODS HOLDINGS CO., LTD. (the “Company”) and its subsidiaries and associated companies (“associates”) operate the production and sales of instant noodles and other instant foods as their core business, to further develop their business domain in various foods, logistics and other related businesses. The scope of consolidation for fiscal 2014, the year ended March 31, 2014, covers the Company, 45 consolidated subsidiaries (26 in Japan and 19 overseas), and five associates accounted for by the equity method (collectively, the “Group”).

### INCOME ANALYSIS

#### Net Sales

Consolidated net sales of the Group for fiscal 2014 amounted to ¥417,621 million (US\$4,058 million), a 9.1% increase on the previous fiscal year’s ¥382,793 million. Among consolidated net sales, domestic net sales alone (excluding intersegment sales) increased by 4.5% year on year to ¥343,931 million (US\$3,342 million), while the share of overseas net sales also increased by 3.6 percentage point to 17.6%.

During the fiscal year under review, the Japanese economy continued to stage a recovery, driven by domestic corporate and household demand, as the policies of the government and the Bank of Japan gradually permeated the real economy. Nevertheless, there was scant room for optimism as the yen’s weakness continued to put upward pressure on raw materials prices and consumers maintained their deep-seated desire to protect their livelihood by saving money. Consumers also continued to demonstrate high sensitivity to food safety and worry-free food, so that food manufacturers were once again required to further strengthen their quality assurance systems.

Looking at the global market for instant noodles, the Group’s mainstay business, worldwide demand for instant noodles in calendar year 2013 increased by 4.1% over the previous year to 105.59 billion servings, according to the World Instant Noodles Association (WINA). In the Asian market, which accounted for 86.5% of the worldwide demand in 2013, the demand for instant noodles was 91.32 billion servings and marked a 4.1% year-on-year increase. As for the Group, the domestic instant noodle industry saw an increase in total demand for bag-type instant noodles due to the dramatic expansion of the market for fresh bag-type instant noodles. There was also a spike in demand ahead of the consumption tax hike in April 2014. For Group operations outside of Japan, the aggregate overseas sales grew, with marked contributions by the Americas and China businesses, both of which recorded increases in revenues as well as operating income. The Americas business endeavored to reinforce its business foundation in North America, while the China business improved its marketing efficiency and accelerated its strategic expansion of business areas. The Group also strengthened investments in the China and Asian markets, where the economic growth is pronounced, and proceeded with entry into the promising markets of Latin America, the Middle East and Africa.

In this environment, the Group harnessed its strong technological innovation and

marketing capabilities to develop products in line with the group philosophy of being an EARTH FOOD CREATOR and contributing to society and the earth by gratifying people everywhere with the pleasures and delights food can provide. It also sought to further enhance its brand value. The Group’s global strategy focused on emerging countries with high growth potential, and worked to strengthen competitiveness sufficient to succeed on the world stage and to develop systems capable of swiftly executing strategies.

The sales breakdown by segment (excluding intersegment sales) shows that the total sales of the Nissin Food Products and Myojo Foods segments, both of which are chiefly focused on the instant noodle business in the domestic market, amounted to ¥250,468 million (US\$2,434 million), and accounted for 60.0% of total consolidated net sales. In the Nissin Food Products segment, among its bag-type instant noodles, the growth of non-fried noodles was remarkable, and the *Nissin RAOH* series continued to sell briskly.

*Nissin-No-Donbei Nama Udon Shokkan* and *Nama Soba Shokkan* also tapped into year-end demand, and contributed to the overall sales growth. *Chicken Ramen*, which celebrated its 55th anniversary in August 2013, also sold strongly, reflecting vigorous ongoing marketing activities, including proposing new ways of serving. In cup-type instant noodles, the main product lines, such as the *Cup Noodle* series and the *Nissin-No-Donbei* series, continued to sell strongly, contributing to the overall sales increase. As for the Myojo Foods segment, in its bag-type noodles, *MYOJO KIWAMEN*, which boasts the texture and taste of fresh noodles, was rolled out across the whole of Japan and contributed to sales. In cup-type noodles, main product lines continued to perform solidly, thanks largely to the sales of variations of the *MYOJO IPPEICHAN YOMISE NO YAKISOBA* series, and consequently, the instant noodle sales increased overall.

The chilled and frozen foods segment, which comprises the production and sales of chilled and frozen food products, increased its sales compared to the previous fiscal year. Within this segment, sales of products of NISSIN CHILLED FOODS CO., LTD. exceeded the year-ago level, reflecting a solid performance from the fall, amid continued stagnant demand for chilled noodles in the market. In particular, value-added products with a strong commitment to the flavor of chilled noodles sold strongly, and sales of mainstay brands such as *Tsukemen-no-Tatsujin* grew. In NISSIN FROZEN FOODS CO., LTD., its performance remained strong, reflecting efforts to expand the line-up and improve the quality of existing

mainstay brands such as the *Reito Nissin Spa-O Premium* series. The rice products, which were improved to enhance the softness of the rice, as well as snack products, also contributed to the overall increase of sales.

In the Americas segment, the Group aimed to become less susceptible to the effect of price competition and worked to strengthen its high value-added products. *BIG CUP NOODLES*, which will be a core product in the future, was introduced as a regular product at major retailers, and contributed to sales growth. The long-selling products *Top Ramen* and *Cup Noodles* also maintained solid sales.

In the China segment, sales increased, thanks to expansion of the sales network and sales personnel, as well as brand strategy in the mainland China market where the middle-income class continues to grow. In particular, the sales of cup-type instant noodles grew due to an aggressive sales strategy for high value-added products under the *Hap Mei Do* brand. *Demae Iccho*, manufactured in Hong Kong, also continued to perform strongly.

Other business areas, which are not reported as stand-alone segments, include domestic confectionery, beverages and food service businesses, and overseas businesses in Europe and Asia. The aggregate sales of other business areas increased compared with the previous fiscal year.

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

The cost of sales for fiscal 2014 increased by 9.5% from the previous fiscal year to ¥231,310 million (US\$2,247 million), mainly due to the increase in net sales and the rise in raw materials prices. The ratio of cost of sales to net sales rose by 0.2 percentage points to 55.4%.

Selling, general and administrative (“SG&A”) expenses amounted to ¥158,606 million (US\$1,541 million). Among SG&A expenses, promotional expenses increased by 7.9% from the previous fiscal year to ¥76,154 million (US\$740 million), with a 0.2 percentage-point drop in the ratio to net sales. Advertising expenses also increased by 7.8% year on year to ¥11,854 million (US\$115 million), while the ratio to net sales slightly decreased by 0.1 percentage point. Distribution expense grew by 9.9% to ¥24,214 million (US\$235 million), with the ratio to net sales holding steady at the same level as that of the previous fiscal year.

As a result, total SG&A expenses increased by 7.5% from the previous fiscal year.

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

The increase in net sales exceeded the increases in the cost of sales and SG&A expenses, and, as a result, consolidated operating income for fiscal 2014 increased to ¥27,705 million (US\$269 million) by 15.7% from the previous fiscal year. The ratio of operating income to net sales also rose by 0.3 percentage points to 6.6%.

Net other income declined to ¥4,020 million (US\$39 million) from ¥5,439 million in the previous fiscal year. A ¥2,969 million increase in gain on sales of investments in securities and other profit-increasing effects were offset by the profit-decreasing factors, such as a ¥724 million increase in loss on impairment of fixed assets, and a ¥2,822 million loss on revaluation of investments in securities, unconsolidated subsidiaries and associates, and other recorded.

As a result of the above, income before income taxes and minority interests for fiscal 2014 amounted to ¥31,725 million (US\$308 million), up by 7.9% from the previous fiscal year. Net income resulted in a 2.2% year-on-year increase to ¥19,269 million (US\$187 million). The ratio of net income to net sales, on the other hand, slightly dropped by 0.3 percentage points to 4.6%. Net income per share increased by ¥3.71 to ¥174.83 (US\$1.70) from the previous year's ¥171.12.

#### ▶ COSTS AND EXPENSES, AND NET SALES RATIO

Years ended March 31,	Millions of yen			
	2014		2013	
	Net Sales Ratio		Net Sales Ratio	
Cost of sales	¥231,310	55.4	¥211,347	55.2
SG&A expenses	158,606	38.0	147,492	38.5
Promotional expenses	76,154	18.2	70,552	18.4
Advertising expenses	11,854	2.8	11,001	2.9
Distribution expenses	24,214	5.8	22,024	5.8
Other expenses	46,383	11.1	43,916	11.5

#### ▶ 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

Shareholders' equity = Total equity – Minority interests – Stock acquisition rights

**LIQUIDITY AND  
CAPITAL  
RESOURCES**

**Cash Flows**

Cash and cash equivalents as of March 31, 2014 stood at ¥80,201 million (US\$779 million), an increase of ¥16,186 million from the previous fiscal year-end.

Net cash provided by operating activities decreased by ¥1,831 million to ¥30,214 million (US\$294 million). Major cash-increasing factors included a ¥2,332 million increase in income before income taxes and minority interests; and a ¥2,737 million increase in loss on revaluation of marketable securities, investment securities and other. On the other hand, major cash-decreasing factors were a ¥3,404 increase in gain on sales of marketable securities, investment in securities and other; and a ¥2,918 million increase in the negative adjustment for trade notes and accounts receivable.

Net cash used in investing activities recorded a year-on-year decrease of ¥21,744 million to ¥9,507 million (US\$92 million). This significant drop was mainly attributable to a ¥8,259 million increase in proceeds from sales and redemption of marketable securities; and a ¥19,252 million increase in proceeds from sales and redemption of investments in securities.

Net cash used in financing activities decreased by ¥1,545 million to ¥8,526 million (US\$83 million). While repayment of long-term borrowings increased by ¥4,554 million, there were a ¥2,482 million net increase in short-term borrowings and a ¥3,635 million increase in proceeds from long-term borrowings.

**Assets, Liabilities and Net Assets**

Total assets as of March 31, 2014 amounted to ¥479,470 million (US\$4,659 million), up by 7.5% from the previous fiscal year-end. Return on assets (ROA) dropped by 0.2 percentage points to 4.2%, reflecting the total assets' rate of increase surpassing that of net income.

Total current assets grew by 19.2% year on year to ¥174,820 million (US\$1,699 million). This increase was attributable mainly to a ¥15,572 million increase in cash and deposits; and a ¥5,661 million increase in marketable securities due to the acquisition and reclassification of debt securities.

Net property, plant and equipment rose by 10.3% to ¥147,620 million (US\$1,434

million), reflecting the construction of a new research center and the consolidation of new overseas subsidiaries.

Investments and other assets decreased by 5.2% to ¥157,030 million (US\$1,526 million). The decrease mainly reflects a total ¥10,197 million decrease in investments in securities, investments in unconsolidated subsidiaries and associates, and other investments due to sales, redemption and reclassification of invested assets.

Total liabilities resulted in a 4.6% year-on-year increase to ¥137,169 million (US\$1,333 million). Long-term debt increased by ¥2,133 million, and deferred tax liabilities also rose by ¥3,076 million.

Total current liabilities increased by 2.4% year on year to ¥100,168 million (US\$973 million). As the growth ratio of current assets surpassed that of current liabilities, working capital as of March 31, 2014 soared by 52.8% to ¥74,652 million (US\$725 million). The current ratio also rose by 24.5 percentage points to 174.5%, from 150.0% of the previous fiscal year-end.

Total equity as of March 31, 2014 increased by 8.7% to ¥342,301 million (US\$3,326 million). Although ¥8,266 million cash dividends were paid, total equity resulted in a ¥27,274 million increase chiefly due to ¥19,269 million net income posted; a ¥5,234 million increase in unrealized gain on available-for-sale securities, and a ¥13,151 million net increase in foreign currency translation adjustments. Equity per share also rose by 8.5% from ¥2,782.25 for the previous fiscal year-end to ¥3,018.82 (US\$29.33).

**CASH FLOW HIGHLIGHTS**

	Millions of yen	
Years ended March 31,	2014	2013
Net cash provided by operating activities	¥30,214	¥ 32,045
Net cash used in investing activities	(9,507)	(31,251)
Net cash used in financing activities	(8,526)	(10,071)
Cash and cash equivalents at end of the year	¥80,201	¥ 64,015

**TOTAL ASSETS AND ROA**

(Billions of yen) / (%)



■ Total assets ○ ROA

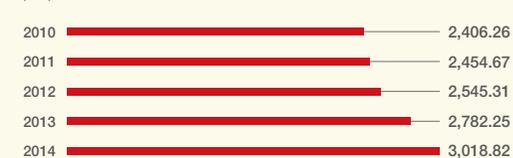
**EQUITY RATIO**

(%)



**EQUITY PER SHARE**

(Yen)



## ADDITIONAL INFORMATION

### Significant Business Agreements

#### Joint-venture agreement with Hebei Jinmailang Mianye Co., Ltd.

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 during the fiscal year ended March 31, 2005.

In order to accelerate a joint-venture with Jinmailang Group, Jinmailang Nissin Foods Co., Ltd. was established in August 2011 and asset restructuring and reorganization process were started. In April 2012, Nissin Foods Co., Ltd., a subsidiary of the Company, invested in 14.3% of the shares of Jinmailang Nissin Foods Co., Ltd. At the time of the completion of asset restructuring, Nissin Foods Co., Ltd. will acquire additional shares of Jinmailang Nissin Foods Co., Ltd. The percentage of the Company's total shareholding will be 33.4%, and the total investment is expected to reach about ¥20 billion.

### 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 of this annual report. The Company acknowledges the possibility that these risks can arise, and will make every effort to prevent such risks from appearing and 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 the past, a high incidence of disquieting developments, such as avian influenza, residual pesticides in foods, falsely labeled food products, radioactive contamination of foods, and toxic substances mixed in food products, threatened to undermine food quality and safety. The needs of consumers with regard to food safety have become more sophisticated. To enhance its ability to meet these needs, the Company established the Food Safety Research Institute in 1988 (and established "the WAVE" in 2014) and continues its endeavor to enhance its research function and strengthen its quality control system. However, the Company's financial position and financial performance could be unfavorably influenced were unusual health-related situations to arise in the future that were beyond the Company's conjecture, or if rumors

were to mar the image of the Company's products, even though such rumors were based on incidents not directly affecting the Company's products.

#### (2) Risk derived from changes in demographic trends

In Japan, the birth rate remains low, and the population is aging rapidly. Accordingly, the number of young consumers, who are the major customers of the Company, has been decreasing, and therefore the market of our products is expected to remain unchanged or otherwise decrease over the long term. In the face of such a business climate, the Company is making ever-greater efforts to develop new products that closely meet the needs of each age bracket in order to maintain and expand our customer base. However, were the decrease in population to accelerate, the overall demand in the instant noodle market would shrink, negatively affecting the Company's financial position and financial performance.

#### (3) Risk of decline in brand value

The Company's mainstay products, particularly *Chicken Ramen* and the *Cup Noodle* series, have become familiar household items for most consumers, thanks to years of accumulated technical expertise and product development activities. The Company emphasizes the establishment and enhancement 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.

#### (4) Risk of product liability

As a food manufacturer, 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 that could 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 financial performance.

#### (5) Risk of 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 prices of these raw materials fluctuate with changing market conditions. Therefore, the Company's financial performance could be adversely impacted if the prices of raw materials skyrocket, as there exist more factors than ever to boost their prices, such as political unrest or international disputes occurring in the countries that produce these raw materials, and crop failures caused by abnormal weather associated with global warming.

**(6) 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 infrastructure as well as its financial position and financial performance could suffer because, for example, an interruption in operations would reduce output and repairs to facilities and equipment would raise expenses. Furthermore, serious accidents at electric power plants caused by natural disasters could also negatively affect the Company's production infrastructure, financial position and financial performance, through lowered electricity supply, large-scale blackouts, and radioactive contamination.

**(7) Risk related to overseas operations**

The Company produces food products, including instant noodles, based on the basic policy of local production and local marketing in 17 countries. If political unrest or international disputes arise in the regions where the Company's subsidiaries and associates 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 financial performance of the subsidiaries, affiliates and/or the Company could suffer.

**(8) Risk related to information systems**

The Company uses computers to process and store information on production, sales and administration. The Company had adopted all conceivable 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 financial performance 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 an unknown computer virus getting through established safeguards.

**(9) Risk related to retirement benefit accounting**

Costs and obligations pertaining to retirement benefits are determined based on discount rates and other predetermined criteria used in actuarial calculations and on the 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. 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 financial performance.

**(10) Risk of declining market values on marketable securities**

The Company invests in marketable securities to ensure efficient application of funds, while it is the policy of the Company to maintain the integrity of principal. However, the Company's financial position and financial 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.

**(11) Risk related to the accounting for impairment of fixed assets**

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

**(12) Reliance on certain business clients**

The Company substantially relies on specific business parties for sales of products and procurement of certain raw materials. Reliance on specific trading companies for sales of products aims at reducing the effort expended on credit control and minimizing credit risk through concentration of transactions among highly creditworthy companies. Reliance on specific vendors for procurement of certain raw materials also aims at efficient and stable procurement. However, if the business activities of these sales agents were to fail and the Company had difficulty collecting accounts receivable, or if the supply of raw materials were suspended and the Company's production had to be halted, the Company's own financial position and financial performance could be negatively affected.

**(13) Exchange rate fluctuations**

The Company expands its businesses in various overseas regions. The local financial statements in each region are translated to Japanese yen for the purpose of preparing consolidated financial statements. Hence, exchange rate fluctuations may have an effect on the Group's consolidated results and financial position, even if there is no change in the value in local currencies.

**CONSOLIDATED  
BALANCE  
SHEET**

NISSIN FOODS  
HOLDINGS CO., LTD.  
and Consolidated  
Subsidiaries

As of March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 4 and 5)	¥ 79,923	¥ 64,351	\$ 776,555
Marketable securities (Notes 4, 5 and 6)	11,726	6,065	113,933
Receivables:			
Trade (Note 5)	51,299	47,073	498,436
Other	3,400	3,346	33,035
Less: Allowance for doubtful receivables	(369)	(280)	(3,585)
Inventories (Note 8)	20,959	19,351	203,644
Deferred tax assets (Note 17)	4,514	4,550	43,859
Other current assets	3,368	2,218	32,724
Total current assets	174,820	146,674	1,698,601
<b>Property, plant and equipment:</b>			
Land (Notes 7, 9, 12 and 15)	51,063	52,429	496,143
Buildings and structures (Notes 7, 9, 11 and 15)	104,853	97,504	1,018,782
Machinery, equipment and vehicles (Notes 9, 11 and 15)	144,586	133,353	1,404,839
Leased assets	1,961	1,341	19,054
Construction in progress	4,289	4,335	41,673
Other	1,529	1,473	14,855
	308,281	290,435	2,995,346
Less: Accumulated depreciation	(160,661)	(156,647)	(1,561,028)
Property, plant and equipment, net	147,620	133,788	1,434,318
<b>Investments and other assets:</b>			
Investments in securities (Notes 5 and 6)	91,888	102,062	892,810
Investments in unconsolidated subsidiaries and associates (Note 5)	45,648	44,677	443,529
Other investments (Note 5)	8,431	9,425	81,918
Long-term loans	1,915	1,665	18,607
Intangible assets:			
Goodwill	1,832	2,620	17,800
Other (Note 9)	4,478	2,057	43,510
Deferred tax assets (Note 17)	1,420	1,422	13,797
Other assets	1,745	2,083	16,954
Less: Allowance for doubtful receivables	(327)	(341)	(3,177)
Total investments and other assets	157,030	165,670	1,525,748
<b>Total assets</b>	<b>¥ 479,470</b>	<b>¥ 446,132</b>	<b>\$ 4,658,667</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings (Notes 5, 13 and 15)	¥ 3,332	¥ 1,342	\$ 32,375
Current portion of long-term debt (Notes 13, 14 and 15)	1,977	5,655	19,209
Payables (Note 5):			
Trade	43,461	43,653	422,279
Other	32,047	28,100	311,378
Accrued income taxes (Notes 5 and 17)	7,307	7,143	70,997
Other current liabilities (Note 21)	12,044	11,916	117,023
Total current liabilities	100,168	97,809	973,261
<b>Long-term liabilities:</b>			
Long-term debt (Notes 5, 13, 14 and 15)	9,974	7,841	96,910
Liability for retirement benefits (Note 16)	6,291	7,496	61,125
Deferred tax liabilities (Note 17)	15,115	12,039	146,862
Deferred tax liabilities on land revaluation (Note 12)	2,745	2,920	26,671
Other long-term liabilities	2,876	3,000	27,944
Total long-term liabilities	37,001	33,296	359,512
<b>Equity (Note 15):</b>			
Common stock:			
Authorized—500,000,000 shares; Issued—117,463,685 shares in 2014 and 2013	25,123	25,123	244,102
Capital surplus	48,416	48,416	470,424
Stock acquisition rights (Note 23)	1,180	899	11,465
Retained earnings (Notes 18 and 27)	263,585	257,068	2,561,067
Treasury stock, at cost—7,242,013 shares at March 31, 2014 and 7,271,935 shares at March 31, 2013	(21,710)	(21,798)	(210,940)
Accumulated other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities (Note 6)	17,563	12,329	170,647
Deferred gain (loss) on derivatives under hedge accounting	38	—	369
Land revaluation reserve (Note 12)	(5,898)	(6,620)	(57,307)
Foreign currency translation adjustments	5,214	(7,937)	50,661
Defined retirement benefit plans	409	—	3,974
Total	333,920	307,480	3,244,462
Minority interests	8,381	7,547	81,432
Total equity	342,301	315,027	3,325,894
<b>Total liabilities and equity</b>	<b>¥ 479,470</b>	<b>¥ 446,132</b>	<b>\$ 4,658,667</b>

See accompanying notes to consolidated financial statements.

**CONSOLIDATED  
STATEMENT OF  
INCOME**

NISSIN FOODS  
HOLDINGS CO., LTD.  
and Consolidated  
Subsidiaries

Year ended  
March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Net sales</b>	<b>¥417,621</b>	<b>¥382,793</b>	<b>\$4,057,724</b>
<b>Cost of sales</b>	<b>231,310</b>	<b>211,347</b>	<b>2,247,473</b>
Gross profit	186,311	171,446	1,810,251
<b>Selling, general and administrative expenses (Note 19)</b>	<b>158,606</b>	<b>147,492</b>	<b>1,541,061</b>
Operating income	27,705	23,954	269,190
<b>Other income (expenses):</b>			
Interest and dividend income	2,981	2,673	28,964
Gain on sales of marketable securities	494	59	4,800
Equity in earnings of associates	2,154	1,888	20,929
Interest expense	(250)	(213)	(2,429)
Foreign exchange gain (loss)	1,177	1,538	11,436
Gain on sales of fixed assets	139	348	1,351
Gain on sales of investments in securities (Note 6)	3,329	360	32,346
Subsidy income (Note 11)	—	17	—
Insurance income	24	152	233
Loss on disposal and sales of fixed assets	(948)	(395)	(9,211)
Loss on impairment of fixed assets (Note 9)	(1,999)	(1,275)	(19,423)
Loss on revaluation of investments in securities, unconsolidated subsidiaries and associates, and other (Note 10)	(2,822)	—	(27,419)
Loss from natural disaster	(45)	(236)	(437)
Loss on cancellation of manufacturing subcontract agreement	(55)	(310)	(534)
Other, net	(159)	833	(1,547)
<b>Income before income taxes and minority interests</b>	<b>31,725</b>	<b>29,393</b>	<b>308,249</b>
<b>Income taxes (Note 17):</b>			
Current	11,193	10,221	108,754
Deferred	1,243	(26)	12,078
	12,436	10,195	120,832
Net income before minority interests	19,289	19,198	187,417
<b>Minority interests in earnings (loss) of consolidated subsidiaries</b>	<b>20</b>	<b>343</b>	<b>194</b>
Net income	¥ 19,269	¥ 18,855	\$ 187,223

See accompanying notes to consolidated financial statements.

**CONSOLIDATED  
STATEMENT OF  
COMPREHENSIVE  
INCOME**

NISSIN FOODS  
HOLDINGS CO., LTD.  
and Consolidated  
Subsidiaries

Year ended  
March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Net income before minority interests</b>	<b>¥19,289</b>	<b>¥19,198</b>	<b>\$187,417</b>
<b>Other comprehensive income (loss)</b>			
Unrealized gain (loss) on available-for-sale securities	5,258	7,925	51,088
Deferred gain (loss) on derivatives under hedge accounting	38	—	369
Foreign currency translation adjustments	8,637	3,903	83,920
Share of other comprehensive income (loss) in associates	4,035	3,858	39,205
Defined retirement benefit plans	153	—	1,487
Total other comprehensive income (loss)	18,121	15,686	176,069
<b>Comprehensive income</b>	<b>37,410</b>	<b>34,884</b>	<b>363,486</b>
Total comprehensive income attributable to:			
Owners of the parent	36,788	34,371	357,442
Minority interests	622	513	6,044

See accompanying notes to consolidated financial statements.

**CONSOLIDATED  
STATEMENT OF  
CHANGES IN  
EQUITY**

NISSIN FOODS  
HOLDINGS CO., LTD.  
and Consolidated  
Subsidiaries  
Year ended  
March 31, 2014

	Millions of yen												
	Common stock	Capital surplus	Stock acquisition rights (Note 23)	Retained earnings (Notes 18 and 27)	Treasury stock	Accumulated other comprehensive income					Total	Minority interests	Total equity
						Unrealized gain (loss) on available-for- sale securities (Note 6)	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve (Note 12)	Foreign currency translation adjustments	Defined retirement benefit plans			
Balance, April 1, 2012	¥25,123	¥48,416	¥659	¥247,139	¥(21,856)	¥4,386	¥—	¥(7,275)	¥(15,509)	¥—	¥281,083	¥5,574	¥286,657
Cash dividends paid	—	—	—	(8,264)	—	—	—	—	—	—	(8,264)	—	(8,264)
Net income	—	—	—	18,855	—	—	—	—	—	—	18,855	—	18,855
Acquisition of treasury stock	—	—	—	—	(3)	—	—	—	—	—	(3)	—	(3)
Sales of treasury stock	—	(9)	—	—	61	—	—	—	—	—	52	—	52
Transfer to capital surplus	—	9	—	(9)	—	—	—	—	—	—	—	—	—
Reversal of land revaluation reserve	—	—	—	(656)	—	—	—	—	—	—	(656)	—	(656)
Other	—	—	—	3	—	—	—	—	—	—	3	—	3
Net change in the year	—	—	240	—	—	7,943	—	655	7,572	—	16,410	1,973	18,383
<b>Balance, March 31, 2013 (as previously reported)</b>	<b>¥25,123</b>	<b>¥48,416</b>	<b>¥899</b>	<b>¥257,068</b>	<b>¥(21,798)</b>	<b>¥12,329</b>	<b>¥—</b>	<b>¥(6,620)</b>	<b>¥ (7,937)</b>	<b>¥—</b>	<b>¥307,480</b>	<b>¥7,547</b>	<b>¥315,027</b>
Effect of accounting change	—	—	—	(2,095)	—	—	—	—	—	256	(1,839)	—	(1,839)
<b>Balance, March 31, 2013 (as restated)</b>	<b>25,123</b>	<b>48,416</b>	<b>899</b>	<b>254,973</b>	<b>(21,798)</b>	<b>12,329</b>	<b>—</b>	<b>(6,620)</b>	<b>(7,937)</b>	<b>256</b>	<b>305,641</b>	<b>7,547</b>	<b>313,188</b>
Cash dividends paid	—	—	—	(8,266)	—	—	—	—	—	—	(8,266)	—	(8,266)
Net income	—	—	—	19,269	—	—	—	—	—	—	19,269	—	19,269
Acquisition of treasury stock	—	—	—	—	(6)	—	—	—	—	—	(6)	—	(6)
Sales of treasury stock	—	(10)	—	—	94	—	—	—	—	—	84	—	84
Transfer to capital surplus	—	10	—	(10)	—	—	—	—	—	—	—	—	—
Reversal of land revaluation reserve	—	—	—	(722)	—	—	—	—	—	—	(722)	—	(722)
Change in scope of consolidation	—	—	—	(1,659)	—	—	—	—	—	—	(1,659)	—	(1,659)
Net change in the year	—	—	281	—	—	5,234	38	722	13,151	153	19,579	834	20,413
<b>Balance, March 31, 2014</b>	<b>¥25,123</b>	<b>¥48,416</b>	<b>¥1,180</b>	<b>¥263,585</b>	<b>¥(21,710)</b>	<b>¥17,563</b>	<b>¥38</b>	<b>¥(5,898)</b>	<b>¥ 5,214</b>	<b>¥409</b>	<b>¥333,920</b>	<b>¥8,381</b>	<b>¥342,301</b>

Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income											Total	Minority interests	Total equity
	Common stock	Capital surplus	Stock acquisition rights (Note 23)	Retained earnings (Notes 18 and 27)	Treasury stock	Unrealized gain (loss) on available-for-sale securities (Note 6)	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve (Note 12)	Foreign currency translation adjustments	Defined retirement benefit plans				
<b>Balance, March 31, 2013 (as previously reported)</b>	<b>\$244,102</b>	<b>\$470,424</b>	<b>\$ 8,735</b>	<b>\$2,497,746</b>	<b>\$(211,796)</b>	<b>\$119,792</b>	<b>\$ —</b>	<b>\$(64,322)</b>	<b>\$ (77,118)</b>	<b>\$ —</b>	<b>\$2,987,563</b>	<b>\$73,328</b>	<b>\$3,060,891</b>	
Effect of accounting change	—	—	—	(20,356)	—	—	—	—	—	2,487	(17,869)	—	(17,869)	
<b>Balance, March 31, 2013 (as restated)</b>	<b>244,102</b>	<b>470,424</b>	<b>8,735</b>	<b>2,477,390</b>	<b>(211,796)</b>	<b>119,792</b>	<b>—</b>	<b>(64,322)</b>	<b>(77,118)</b>	<b>2,487</b>	<b>2,969,694</b>	<b>73,328</b>	<b>3,043,022</b>	
Cash dividends paid	—	—	—	(80,315)	—	—	—	—	—	—	(80,315)	—	(80,315)	
Net income	—	—	—	187,223	—	—	—	—	—	—	187,223	—	187,223	
Acquisition of treasury stock	—	—	—	—	(58)	—	—	—	—	—	(58)	—	(58)	
Sales of treasury stock	—	(97)	—	—	914	—	—	—	—	—	817	—	817	
Transfer to capital surplus	—	97	—	(97)	—	—	—	—	—	—	—	—	—	
Reversal of land revaluation reserve	—	—	—	(7,015)	—	—	—	—	—	—	(7,015)	—	(7,015)	
Change in scope of consolidation	—	—	—	(16,119)	—	—	—	—	—	—	(16,119)	—	(16,119)	
Net change in the year	—	—	2,730	—	—	50,855	369	7,015	127,779	1,487	190,235	8,104	198,339	
<b>Balance, March 31, 2014</b>	<b>\$244,102</b>	<b>\$470,424</b>	<b>\$11,465</b>	<b>\$2,561,067</b>	<b>\$(210,940)</b>	<b>\$170,647</b>	<b>\$369</b>	<b>\$(57,307)</b>	<b>\$ 50,661</b>	<b>\$3,974</b>	<b>\$3,244,462</b>	<b>\$81,432</b>	<b>\$3,325,894</b>	

See accompanying notes to consolidated financial statements.

**CONSOLIDATED  
STATEMENT OF  
CASH FLOWS**

NISSIN FOODS  
HOLDINGS CO., LTD.  
and Consolidated  
Subsidiaries

Year ended  
March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Operating activities:</b>			
Income before income taxes and minority interests	¥ 31,725	¥ 29,393	\$ 308,249
Depreciation and amortization	14,517	14,345	141,051
Loss on impairment of fixed assets	1,999	1,275	19,423
Increase (decrease) in allowance for doubtful receivables	30	(2)	291
Increase (decrease) in liability for retirement benefits	(3,813)	(1,950)	(37,048)
Interest and dividend income	(2,981)	(2,673)	(28,964)
Interest expense	250	213	2,429
Foreign currency exchange (gain) loss	(216)	(1,431)	(2,099)
Equity in earnings of associates	(2,154)	(1,888)	(20,929)
Loss on disposal and sales of property, plant and equipment	809	46	7,860
Gain on sales of marketable securities, investments in securities and other	(3,823)	(419)	(37,145)
Loss on revaluation of marketable securities, investments in securities and other	2,822	85	27,419
(Increase) decrease in trade notes and accounts receivable	(2,318)	600	(22,522)
(Increase) decrease in inventories	(257)	(777)	(2,497)
Increase (decrease) in trade notes and accounts payable	(1,342)	(1,819)	(13,039)
Increase (decrease) in other payables	(507)	1,553	(4,926)
Other, net	1,539	1,458	14,954
Subtotal	36,280	38,009	352,507
Interest and dividends received	4,699	3,961	45,657
Interest paid	(250)	(213)	(2,429)
Income taxes paid	(12,184)	(11,664)	(118,383)
Income taxes refunded	1,669	1,952	16,216
<b>Net cash provided by operating activities</b>	<b>30,214</b>	<b>32,045</b>	<b>293,568</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Investing activities:</b>			
Net (increase) decrease in time deposits	991	1,629	9,629
Payments for purchases of marketable securities	(5,704)	(500)	(55,422)
Proceeds from sales and redemption of marketable securities	10,840	2,581	105,325
Payments for purchases of property, plant and equipment, and other	(21,068)	(21,078)	(204,703)
Proceeds from sales of property, plant and equipment, and other	2,283	2,149	22,182
Payments for purchases of investment in securities	(21,034)	(18,835)	(204,372)
Proceeds from sales and redemption of investments in securities	25,912	6,660	251,768
Payments for purchases of investment in subsidiaries resulting in change in scope of consolidation	—	(1,903)	—
Proceeds from sales of investment in subsidiaries	475	—	4,615
Net (increase) decrease in loans receivable	350	(185)	3,401
Other, net	(2,552)	(1,769)	(24,796)
<b>Net cash used in investing activities</b>	<b>(9,507)</b>	<b>(31,251)</b>	<b>(92,373)</b>
<b>Financing activities:</b>			
Increase (decrease) in short-term borrowings, net	2,029	(453)	19,714
Proceeds from long-term borrowings	4,034	399	39,195
Repayment of long-term borrowings	(6,195)	(1,641)	(60,192)
Net (increase) decrease in treasury stock	(7)	(3)	(68)
Cash dividends paid	(8,266)	(8,264)	(80,315)
Cash dividends paid to minority shareholders	(31)	(18)	(301)
Other, net	(90)	(91)	(874)
<b>Net cash used in financing activities</b>	<b>(8,526)</b>	<b>(10,071)</b>	<b>(82,841)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>2,822</b>	<b>1,551</b>	<b>27,419</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>15,003</b>	<b>(7,726)</b>	<b>145,773</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>64,015</b>	<b>71,741</b>	<b>621,988</b>
<b>Increase in cash and cash equivalents arising from initial consolidation of subsidiaries</b>	<b>1,183</b>	<b>—</b>	<b>11,495</b>
<b>Cash and cash equivalents at end of the year (Note 4)</b>	<b>¥ 80,201</b>	<b>¥ 64,015</b>	<b>\$ 779,256</b>

See accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries

# 01

### BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of NISSIN FOODS HOLDINGS CO., LTD. (the “Company”) and consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan and related accounting regulations prescribed in the Financial Instruments and Exchange Act of Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2013 to the 2014 presentation. Such reclassifications had no effect on consolidated net income or equity.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan and has been made at ¥102.92 = US\$1.00, the exchange rate prevailing on March 31, 2014. 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.

# 02

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly under the control or influence concept. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements by the equity method. The assets and liabilities of consolidated subsidiaries are stated at fair value as of their respective dates of acquisition. Consolidation of the remaining subsidiaries and associates would not have a material effect on the accompanying consolidated financial

statements. All significant intercompany balances and material unrealized gains from intercompany transactions have been eliminated.

The number of consolidated subsidiaries has been increased by one during the fiscal year ended March 31, 2014. Nissin Foods Vietnam Co., Ltd. and Nissin Foods (Thailand) Co., Ltd. have been included in the scope of consolidation due to the increase of their significance. Aji-no-Mingei Co., Ltd. has been excluded from the scope of consolidation after the Company sold its shares to a third party. Moreover, the Company acquired the shares of BonChi Co., Ltd. Effective for the year ended March 31, 2014, the equity method of accounting has been applied to this associate.

The Company’s consolidated subsidiaries outside Japan prepare their financial statements in accordance with International Financial Reporting Standards or accounting principles generally accepted in the United States of America. However, certain items are adjusted in the process of consolidation based on “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Accounting Standards Board of Japan (ASBJ), Practical Issues Task Force, No. 18 dated May 17, 2006).

The balance sheet date of overseas consolidated 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 as necessary.

The numbers of consolidated subsidiaries and associates accounted for by the equity method for the years ended March 31, 2014 and 2013 were as follows:

	2014	2013
Consolidated subsidiaries	45	44
Associates accounted for by the equity method	5	4

#### (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 an insignificant risk of changes in value and with maturities of three months or less from the acquisition date.

#### (c) Securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or available-for-sale

securities. Trading securities are carried at fair value and held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as available-for-sale securities are carried at fair value with any changes in unrealized gain or loss, net of the applicable income taxes, reported in a separate component of equity. Cost of securities sold is determined by the moving-average method. Non-marketable securities classified as available-for-sale securities are carried at cost based on the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

**(d) Inventories**

Finished goods and merchandise are principally stated at the lower of cost or net selling value, with cost being determined by the average method. Raw materials and supplies are principally stated at the lower of cost or net selling value, with cost being determined by the last purchase price method.

**(e) Hedging activities**

The Group manages risk of adverse fluctuations in foreign exchange and interest rates in the underlying liabilities with derivative financial instruments ("derivatives"). The derivative instruments are applied for forecasted and committed foreign currency transactions and long-term debt. For foreign currency forward contracts and interest rate swaps, the gains or losses are deferred until maturity of the hedged transactions if they meet requirements for hedge accounting, i.e., hedging purpose, high effectiveness and high correlation between the hedging instruments and the hedged items. Foreign currency options are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income.

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 does not anticipate any losses arising from credit risk, since the Group enters into these derivatives with major international financial institutions with high credit ratings to reduce the risk of counterparties' non-performance.

**(f) Property, plant and equipment (except for leased assets)**

Property, plant and equipment are stated at cost. Depreciation is computed principally by the declining-balance method. Certain consolidated subsidiaries apply the straight-line method. The straight-line method is also applied to the head office building of the Company (in Osaka). In addition, the straight-line method is applied to buildings (except for the attachments to the buildings)

acquired on or after April 1, 1998. The range of useful lives is principally from 15 to 50 years for buildings and 10 years for machinery and equipment.

**(g) Intangible assets (except for leased assets)**

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

**(h) Leased assets**

Leased assets under finance lease contracts that do not transfer ownership to the lessee and which were entered into on or after April 1, 2008 are capitalized and depreciated to a residual value of zero by the straight-line method using the term of the contract as the useful life. Leased assets under finance lease contracts that do not transfer ownership to the lessee and were entered into on or before March 31, 2008 are accounted for as operating lease transactions.

**(i) Long-lived assets**

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**(j) Liability for employees' retirement benefits**

The Company and certain domestic consolidated subsidiaries have defined benefit pension plans. The Company accounts for the liability for retirement benefits based on the defined benefit obligations and plan assets at the balance sheet date. The defined benefit obligations are attributed to periods on a benefit formula basis.

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

Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability or asset.

# 03

## CHANGES IN METHOD OF ACCOUNTING AND DISCLOSURES

### (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

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. Deferred tax assets and liabilities 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) Goodwill

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

### (n) Stock options

In accordance with "Accounting Standard for Stock Options" (ASBJ Statement No. 8, December 27, 2005), the Company and its domestic subsidiaries accounted for stock options granted to their directors, executive officers and employees on and after April 3, 2009 as expense on the date of grant based on the fair value at the grant date.

### (o) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if stock options were exercised.

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

### Changes in accounting procedures

Accounting Standard for Retirement Benefits—On May 27, 2012, ASBJ issued ASBJ Statement No. 26 "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25 "Guidance on Accounting Standard for Retirement Benefits." The Group applied the revised accounting standard from the beginning of the annual period beginning on April 1, 2013.

- (a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability or asset.
- (b) Net unrecognized actuarial gain or loss is credited or charged to income in the year following the year in which the gain or loss was incurred.
- (c) The defined benefit obligations are attributed to periods on a benefit formula basis.

The Company early applied the revised accounting standard and guidance for retirement benefits for (a), (b) and (c) above effective April 1, 2013, and changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis. The Company recorded the effect of (a) and (b) above as of April 1, 2013, in accumulated other comprehensive income, and the effect of (c) above as of April 1, 2013, in retained earnings.

As a result, liability for retirement benefits of ¥9,037 million (\$87,806 thousand) was recorded as of April 1, 2013. Also, accumulated other comprehensive income increased by ¥256 million (\$2,487 thousand) and retained earnings decreased by ¥2,095 million (\$20,356 thousand). The effect of these changes on consolidated operating income, income before income taxes and minority interests, and per share information for the year ended March 31, 2014 was immaterial.

# 04

## CASH AND CASH EQUIVALENTS

A reconciliation of cash and deposits in the consolidated balance sheet and cash and cash equivalents in the consolidated statement of cash flows at March 31, 2014 and 2013 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Cash and deposits	¥79,923	¥64,351	\$776,555
Time deposits with maturities exceeding three months	(2,969)	(3,575)	(28,848)
Marketable securities redeemable within three months	3,247	3,239	31,549
Cash and cash equivalents	¥80,201	¥64,015	\$779,256

# 05

## FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Group holds financial instruments according to its policy. Investments comprise low-risk financial assets and borrowings that are financed by banks. The Group is exposed to financial risks such as credit risk on trade receivables, foreign currency risk on trade payables, market risk on securities and interest rate risk on long-term debt. The Group manages these risks and executes derivatives in accordance with policies established and approved at a management meeting of the Company, and no derivatives are used for trading or speculative purposes.

(a) Fair value of financial instruments as of March 31, 2014 and 2013 is summarized as follows:

	Millions of yen		
	Book value	Fair value	Unrealized gain (loss)
<b>March 31, 2014</b>			
Cash and deposits	¥ 79,923	¥ 79,923	¥ —
Trade receivables	51,299	51,299	—
Marketable securities and investments	104,218	118,066	13,848
Total	¥235,440	¥249,288	¥13,848
Trade payables	¥ 43,461	¥ 43,461	¥ —
Short-term borrowings	3,332	3,332	—
Other payables	32,047	32,047	—
Accrued income taxes	7,307	7,307	—
Long-term debt	9,974	10,016	42
Total	¥ 96,121	¥ 96,163	¥ 42
Derivative transactions which do not qualify for hedge accounting	¥ —	¥ —	¥ —
Derivative transactions which qualify for hedge accounting	58	58	—
Total	¥ 58	¥ 58	¥ —

	Thousands of U.S. dollars		
	Book value	Fair value	Unrealized gain (loss)
<b>March 31, 2014</b>			
Cash and deposits	\$ 776,555	\$ 776,555	\$ —
Trade receivables	498,436	498,436	—
Marketable securities and investments	1,012,611	1,147,162	134,551
Total	\$2,287,602	\$2,422,153	\$134,551
Trade payables	\$ 422,279	\$ 422,279	\$ —
Short-term borrowings	32,375	32,375	—
Other payables	311,378	311,378	—
Accrued income taxes	70,997	70,997	—
Long-term debt	96,910	97,318	408
Total	\$ 933,939	\$ 934,347	\$ 408
Derivative transactions which do not qualify for hedge accounting	\$ —	\$ —	\$ —
Derivative transactions which qualify for hedge accounting	564	564	—
Total	\$ 564	\$ 564	\$ —

Millions of yen				
March 31, 2013	Book value	Fair value	Unrealized gain (loss)	
Cash and deposits	¥ 64,351	¥ 64,351	¥ —	
Trade receivables	47,073	47,073	—	
Marketable securities and investments	101,640	117,468	15,828	
<b>Total</b>	<b>¥213,064</b>	<b>¥228,892</b>	<b>¥15,828</b>	
Trade payables	¥ 43,653	¥ 43,653	¥ —	
Short-term borrowings	1,342	1,342	—	
Other payables	28,100	28,100	—	
Accrued income taxes	7,143	7,143	—	
Long-term debt	7,841	7,894	53	
<b>Total</b>	<b>¥ 88,079</b>	<b>¥ 88,132</b>	<b>¥ 53</b>	
Derivative transactions which do not qualify for hedge accounting	¥ —	¥ —	¥ —	
Derivative transactions which qualify for hedge accounting	—	—	—	
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>	

Notes:

1. Fair value of deposits, trade receivables and payables, short-term borrowings, accrued income taxes and other payables approximates the book value because of their short-term clearing.
2. Fair value of marketable securities and investments is quoted from market or financial institutions.
3. Fair value of long-term debt is calculated with assumed discount rate.
4. Fair value of derivatives is quoted from financial institutions and stated as net of assets and liabilities.

(b) Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2014 and 2013 is summarized as follows:

Millions of yen				
March 31, 2014	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 79,923	¥ —	¥ —	¥ —
Trade receivables	51,299	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
I. Bonds				
National government	—	—	—	—
Corporate	8,326	6,587	1,203	—
Other	—	—	—	—
II. Other	3,400	832	—	—
<b>Total</b>	<b>¥142,948</b>	<b>¥7,419</b>	<b>¥1,203</b>	<b>¥ —</b>

Thousands of U.S. dollars				
March 31, 2014	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 776,555	\$ —	\$ —	\$ —
Trade receivables	498,436	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
I. Bonds				
National government	—	—	—	—
Corporate	80,898	64,001	11,689	—
Other	—	—	—	—
II. Other	33,035	8,084	—	—
<b>Total</b>	<b>\$1,388,924</b>	<b>\$72,085</b>	<b>\$11,689</b>	<b>\$ —</b>

Millions of yen				
March 31, 2013	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 64,351	¥ —	¥ —	¥ —
Trade receivables	47,073	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
I. Bonds				
National government	—	—	—	—
Corporate	2,192	6,697	10,058	1,005
Other	482	—	—	—
II. Other	3,391	660	—	—
<b>Total</b>	<b>¥117,489</b>	<b>¥7,357</b>	<b>¥10,058</b>	<b>¥1,005</b>

# 06

## SECURITIES

(c) Carrying value of financial assets whose fair value cannot be reliably estimated at March 31, 2014 and 2013 is summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Available-for-sale securities			
Investments in unconsolidated subsidiaries and associates	¥36,514	¥36,801	\$354,780
Unlisted equity securities	697	6,703	6,772
Preferred equity securities	7,000	7,000	68,014
Investment in anonymous partnership	—	—	—
Other	¥ 9,263	¥10,084	\$ 90,002

(a) Information regarding marketable securities classified as available-for-sale securities at March 31, 2014 and 2013 is summarized as follows:

March 31, 2014	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
I. Equity securities	¥34,986	¥63,109	¥28,123
II. Bonds			
National government	—	—	—
Corporate	14,005	14,060	55
Other	—	—	—
III. Other	2,987	3,305	318
Subtotal	¥51,978	¥80,474	¥28,496
Securities whose carrying value does not exceed their acquisition cost:			
I. Equity securities	¥ 6,945	¥ 6,144	¥ (801)
II. Bonds			
National government	—	—	—
Corporate	5,106	5,068	(38)
Other	—	—	—
III. Other	3,405	3,399	(6)
Subtotal	¥15,456	¥14,611	¥ (845)
Total	¥67,434	¥95,085	¥27,651

March 31, 2014	Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
I. Equity securities	\$339,934	\$613,185	\$273,251
II. Bonds			
National government	—	—	—
Corporate	136,077	136,611	534
Other	—	—	—
III. Other	29,022	32,112	3,090
Subtotal	\$505,033	\$781,908	\$276,875
Securities whose carrying value does not exceed their acquisition cost:			
I. Equity securities	\$ 67,480	\$ 59,697	\$ (7,783)
II. Bonds			
National government	—	—	—
Corporate	49,611	49,242	(369)
Other	—	—	—
III. Other	33,084	33,026	(58)
Subtotal	\$150,175	\$141,965	\$ (8,210)
Total	\$655,208	\$923,873	\$268,665

March 31, 2013	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
I. Equity securities	¥23,402	¥46,215	¥22,813
II. Bonds			
National government	—	—	—
Corporate	17,613	17,799	186
Other	433	482	49
III. Other	4,622	5,131	509
Subtotal	¥46,070	¥69,627	¥23,557
Securities whose carrying value does not exceed their acquisition cost:			
I. Equity securities	¥19,188	¥16,673	¥ (2,515)
II. Bonds			
National government	—	—	—
Corporate	7,307	7,213	(94)
Other	—	—	—
III. Other	252	252	—
Subtotal	¥26,747	¥24,138	¥ (2,609)
Total	¥72,817	¥93,765	¥20,948

(b) Sales of investments in securities classified as available-for-sale securities for the years ended March 31, 2014 and 2013 are summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Proceeds from sales	¥6,453	¥1,748	\$62,669
Aggregate gain	2,981	419	28,964
Aggregate loss	—	—	—

## 07

### INVESTMENT PROPERTIES

The Group owns investment property such as buildings and land for rent in Tokyo and other areas. Net operating income from these properties was ¥444 million (US\$4,314 thousand) and ¥494 million for the years ended March 31, 2014 and 2013 respectively. The details of investment properties are as follows:

2014	Millions of yen	Thousands of U.S. dollars
Net book value at March 31, 2013	¥ 5,832	\$ 56,665
Net change for the year ended March 31, 2014	¥ 989	\$ 9,610
Net book value at March 31, 2014	¥ 6,821	\$ 66,275
Fair value at March 31, 2014	¥10,562	\$102,623

2013	Millions of yen
Net book value at March 31, 2012	¥5,891
Net change for the year ended March 31, 2013	¥ (59)
Net book value at March 31, 2013	¥5,832
Fair value at March 31, 2013	¥9,657

Notes:

1. Net book value represents net of accumulated depreciation.
2. Increase during the fiscal years ended March 31, 2014 and 2013 mainly consisted of acquisition of land and improvement of buildings.
3. Fair value is mainly calculated by the Company, based on the internal real estate appraisal standard.

## 08

### INVENTORIES

Inventories as of March 31, 2014 and 2013 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Merchandise and finished goods	¥10,033	¥10,022	\$ 97,484
Raw materials and supplies	10,926	9,329	106,160
Total	¥20,959	¥19,351	\$203,644

# 09

## LOSS ON IMPAIRMENT OF FIXED ASSETS

The Group recognized losses on impairment of fixed assets for the years ended March 31, 2014 and 2013 as follows:

Location	Usage	Asset type
(March 31, 2014)		
Yokohama City, Kanagawa Prefecture	Idle assets	Land, buildings, and other assets
Ritto City, Shiga Prefecture and other locations	Idle assets	Buildings, structures, machinery and equipment, and other assets
India	Business assets	Buildings, machinery and equipment, and other assets
(March 31, 2013)		
Shimonoseki City, Yamaguchi Prefecture and other locations	Idle assets	Buildings, machinery and equipment, and other assets
Shinjuku Ward, Tokyo	Idle assets	Software in progress

The Group's business assets are grouped according to manufacturing unit or usage, and the Group's idle assets are grouped on an individual asset basis.

Consequently, the Group has written down the carrying value of idle land whose fair value has declined to its net selling value based on an appraisal value determined by specialists. Also, the Group has written down the carrying value of other idle fixed assets and business assets whose fair value has declined to their respective memorandum value. As a result, the Group recorded loss on impairment of fixed assets of ¥1,999 million (US\$19,423 thousand) in the accompanying consolidated statement of income for the year ended March 31, 2014. The impairment loss for the year ended March 31, 2014 consisted of losses on buildings and structures of ¥526 million (US\$5,111 thousand), losses on machinery and equipment of ¥931 million (US\$9,046 thousand), losses on land of ¥496 million (US\$4,819 thousand) and losses on other fixed assets of ¥46 million (US\$447 thousand).

Loss on impairment of fixed assets recognized for the year ended March 31, 2013 was ¥1,275 million. This impairment loss consisted of losses on buildings and structures of ¥53 million, losses on machinery and equipment of ¥477 million, losses on software in progress of ¥744 million, and losses on other fixed assets of ¥1 million.

# 10

## LOSS ON REVALUATION OF INVESTMENTS IN SECURITIES, UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATES, AND OTHER

During the year ended March 31, 2014, the Company has recorded the loss on revaluation of investments in Jinmailang Food Co., Ltd.

# 11

## PROPERTY, PLANT AND EQUIPMENT

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The deferred gain on property, plant and equipment taxable for tax purposes in the future was ¥1,024 million (US\$9,949 thousand) and ¥1,186 million as of March 31, 2014 and 2013, respectively.

# 12

## 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 equity. The market value of the land as of March 31, 2014 and 2013 declined by ¥7,270 million (US\$70,637 thousand) and ¥7,812 million, respectively, compared with the carrying value of the land revalued as of March 31, 2002 except for a part that was impaired after the revaluation.

# 13

## SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings, which amounted to ¥3,332 million (US\$32,375 thousand) and ¥1,342 million as of March 31, 2014 and 2013, respectively, generally represent notes payable to banks. Long-term debt (excluding the current portion thereof) amounted to ¥9,974 million (US\$96,910 thousand) and ¥7,841 million as of March 31, 2014 and 2013, respectively.

The average interest rates on short-term borrowings were 2.41% and 0.73% at March 31, 2014 and 2013, respectively. The average interest rates on long-term borrowings at March 31, 2014 and 2013 were 1.10% and 1.20%, respectively.

Long-term debt at March 31, 2014 is as follows:

	Millions of yen	Thousands of U.S. dollars
Long-term borrowings at interest rates ranging from 0.18% to 8.55%	¥11,286	\$109,658
Lease obligations	665	6,461
	¥11,951	\$116,119
Current portion of long-term debt	(1,977)	(19,209)
	¥ 9,974	\$ 96,910

The aggregate annual maturities of long-term debt subsequent to March 31, 2014 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	¥ 1,977	\$ 19,209
2016	1,862	18,092
2017	2,054	19,957
2018	1,930	18,752
2019	3,272	31,792
2020 and thereafter	856	8,317
	¥11,951	\$116,119

Long-term debt at March 31, 2013 is as follows:

	Millions of yen
Long-term borrowings at interest rates ranging from 1.01% to 1.90%	¥13,171
Lease obligations	325
	¥13,496
Current portion of long-term debt	(5,655)
	¥ 7,841

The aggregate annual maturities of long-term debt subsequent to March 31, 2013 are summarized as follows:

Years ending March 31,	Millions of yen
2014	¥ 5,655
2015	1,128
2016	915
2017	1,116
2018	448
2019 and thereafter	4,234
	¥13,496

# 14

## FINANCIAL COVENANTS

A subsidiary of the Company entered into a syndicated loan agreement with three financial institutions for which Mizuho Bank, Ltd. is the arranger. The debt amounting to ¥4,100 million (\$39,837 thousand) and ¥3,600 million as of March 31, 2014 and 2013, respectively, includes the following non-consolidated financial covenants.

### As of March 31, 2014

1. The amount of equity on the balance sheet is required to be equal to or larger than 75% of equity on the balance sheet as of March 31, 2013 or as of the previous fiscal year, whichever is larger.
2. Ordinary loss for two consecutive years is not allowed.

### As of March 31, 2013

1. The amount of equity on the balance sheet is required to be equal to or larger than 75% of equity on the balance sheet as of September 30, 2008 or as of the previous fiscal year, whichever is larger.
2. Ordinary loss for two consecutive years is not allowed.

# 15

## PLEGGED ASSETS

Assets were pledged as collateral for short-term borrowings of ¥1,200 million (US\$11,660 thousand), long-term debt of ¥4,935 million (US\$47,950 thousand) and the current portion of long-term debt of ¥622 million (US\$6,044 thousand) as of March 31, 2014 and for short-term borrowings of ¥300 million, long-term debt of ¥5,857 million and the current portion of long-term debt of ¥822 million as of March 31, 2013. The assets pledged are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Land	¥ 912	¥1,009	\$ 8,861
Buildings and structures	1,088	1,268	10,571
Machinery, equipment and vehicles	800	1,076	7,773

# 16

## EMPLOYEES' RETIREMENT BENEFITS

The Company and domestic consolidated subsidiaries have defined benefit 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 following table sets forth the funded and accrued status of the plans and the amounts recognized in the accompanying consolidated balance sheets as of March 31, 2014 and 2013 for the Company's and the consolidated subsidiaries' defined benefit pension plans:

### March 31, 2014

(1) The changes in defined benefit obligation for the year ended March 31, 2014, except for (3), are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Balance at beginning of the year	¥33,386	¥33,386	\$324,388
Service cost	1,191	1,191	11,572
Interest cost	363	363	3,527
Actuarial losses	107	107	1,040
Benefits paid	(1,281)	(1,281)	(12,447)
Balance at end of the year	¥33,766	¥33,766	\$328,080

(2) The changes in plan assets for the year ended March 31, 2014, except for (3), are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Balance at beginning of the year	¥24,318	¥24,318	\$236,281
Expected return on plan assets	486	486	4,722
Actuarial gains	739	739	7,180
Contributions from the employer	3,847	3,847	37,379
Benefits paid	(1,107)	(1,107)	(10,756)
Balance at end of the year	¥28,283	¥28,283	\$274,806

(3) The changes in liability under the simplified method for the year ended March 31, 2014, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Balance at beginning of the year	¥1,012	¥1,012	\$ 9,833
Net periodic benefit costs	84	84	816
Benefits paid	(351)	(351)	(3,410)
Balance at end of the year	¥ 745	¥ 745	\$ 7,239

(4) Reconciliation between the liability recorded in the consolidated balance sheet and the balance of defined benefit obligation and plan assets as of March 31, 2014, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Funded defined benefit obligation	¥ 33,811	¥ 33,811	\$ 328,517
Plan assets	(30,957)	(30,957)	(300,787)
	¥ 2,854	¥ 2,854	\$ 27,730
Unfunded defined benefit obligation	3,374	3,374	32,783
Net liability for defined benefit obligation	6,228	6,228	60,513
Liability for retirement benefits	6,291	6,291	61,125
Asset for retirement benefits	(63)	(63)	(612)
Net liability for defined benefit obligation	¥ 6,228	¥ 6,228	\$ 60,513

(5) The components of periodic benefit costs for the year ended March 31, 2014, are as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥1,190	\$11,563
Interest cost	363	3,527
Expected return on plan assets	(486)	(4,722)
Recognized actuarial (gains) losses	(395)	(3,838)
Net periodic pension cost calculated by a simplified method	84	816
Net periodic benefit costs	¥ 756	\$ 7,346

(6) The components of other comprehensive income on defined retirement benefit plans, before tax, are as follows:

	Millions of yen	Thousands of U.S. dollars
Actuarial (gains) losses	¥(395)	\$(3,838)
Total	¥(395)	\$(3,838)

(7) Accumulated other comprehensive income on defined retirement benefit plans, before tax, is as follows:

	Millions of yen	Thousands of U.S. dollars
Unrecognized actuarial (gains) losses	¥(633)	\$(6,150)
Total	¥(633)	\$(6,150)

(8) Plan assets

(a) Components of plan assets are as follows:

Debt investments	53%
Equity investments	16%
General accounts with life insurance companies	18%
Other	13%
Total	100%

(b) Method for determining the expected rate of return on plan assets:

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) The assumptions used for the year ended March 31, 2014 were as follows:

Discount rate	Principally 1.1%
Expected rate of return on plan assets	Principally 2.0%

March 31, 2013

	Millions of yen
	2013
(a) Retirement benefit obligation (Note 2)	¥(33,673)
(b) Plan assets at fair value	26,572
(c) Unfunded retirement benefit obligation (a+b)	¥ (7,101)
(d) Unrecognized actuarial loss (gain)	(395)
(e) Liability for retirement benefits (c+d)	¥ (7,496)

Note: Certain domestic consolidated subsidiaries apply a simplified method to calculate retirement benefit obligation.

The components of retirement benefit costs for the year ended March 31, 2013 were as follows:

	Millions of yen
	2013
(a) Service cost (Notes 1 and 2)	¥ 982
(b) Interest cost	725
(c) Expected return on pension assets	(524)
(d) Amortization of actuarial loss (gain)	587
(e) Amortization of past service cost	—
(f) Total net periodic pension cost (a+b+c+d+e)	¥1,770
(g) Gain on transfer of substitutional portion of employees' pension fund	—
(h) Total (f+g)	¥1,770

Notes:

- Employee's contributions to defined benefit pension plans have been excluded.
- The components of 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 for the year ended March 31, 2013 were as follows:

Discount rate	Principally 1.9%
Expected rate of return on plan assets	Principally 2.5%

# 17

## INCOME TAXES

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporate taxes, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of 37.68% for the years ended March 31, 2014 and 2013.

Overseas consolidated subsidiaries are subject to the income taxes of the respective countries in which they operate.

The difference between the Company's statutory tax rate and the effective tax rate for the year ended March 31, 2014 is not disclosed as the difference is less than five percent of the statutory tax rate.

The effective tax rate for the year ended March 31, 2013 differs from the Company's statutory tax rate for the following reasons:

	2013
Statutory tax rate	37.68%
Entertainment expenses not deductible for income tax purposes	0.94
Loss on valuation of investments in securities	(1.39)
Equity in earnings of associates	(2.42)
Amortization of goodwill	1.33
Tax loss carryforwards recorded by consolidated subsidiaries	(1.27)
Difference in consolidated subsidiaries' applicable tax rates	(1.03)
Other	0.84
Effective tax rates	34.68%

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2014 and 2013 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>Deferred tax assets:</b>			
Unrealized losses on securities	¥ 1,934	¥ 2,111	\$ 18,791
Liability for retirement benefits	2,434	2,636	23,649
Accounts payable	2,066	2,061	20,074
Loss on impairment of fixed assets	942	1,211	9,153
Accrued bonuses	1,291	1,310	12,544
Other long-term payables	1,161	1,079	11,281
Depreciation and amortization	721	757	7,005
Tax loss carryforwards of consolidated subsidiaries	9,167	7,547	89,069
Other	729	423	7,083
Gross deferred tax assets	20,445	19,135	198,649
Less: Valuation allowance	(14,512)	(13,163)	(141,002)
Total deferred tax assets	5,933	5,972	57,647
<b>Deferred tax liabilities:</b>			
Deferred capital gain on properties	(1,731)	(1,731)	(16,819)
Unrealized gain (loss) on available-for-sale securities	(9,381)	(6,921)	(91,148)
Revaluation gain recognized upon consolidation	(3,156)	(2,680)	(30,665)
Other	(847)	(708)	(8,230)
Total deferred tax liabilities	(15,115)	(12,040)	(146,862)
Net deferred tax (liabilities) assets	¥ (9,182)	¥ (6,068)	\$ (89,215)

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 37.68% to 35.31%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥298 million (US\$2,895 thousand) and to increase deferred income taxes in the consolidated statement of income for the year then ended by the same amount.

# 18

## SHAREHOLDERS' EQUITY

The Companies Act of Japan (the "Companies Act") 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, 2014 and 2013 amounted to ¥6,280 million (US\$61,018 thousand).

Under the Companies Act, 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 years ended March 31, 2014 and 2013 are summarized as follows:

Number of shares				
				2014
	March 31, 2013	Increase	Decrease	March 31, 2014
<b>Common stock and treasury stock:</b>				
Common stock	117,463,685	—	—	117,463,685
Treasury stock	7,271,935	1,539	31,461	7,242,013

Number of shares				
				2013
	March 31, 2012	Increase	Decrease	March 31, 2013
<b>Common stock and treasury stock:</b>				
Common stock	117,463,685	—	—	117,463,685
Treasury stock	7,291,193	987	20,245	7,271,935

Dividend payments on common stock approved during the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	2014	
	Total amount of dividend	Dividend per share	Record date	Effective date

### Approved by:

General meeting of shareholders held on June 26, 2013	¥3,857 (\$37,476)	¥35 (\$0.34)	March 31, 2013	June 27, 2013
Board of Directors meeting held on October 31, 2013	¥4,409 (\$42,839)	¥40 (\$0.39)	September 30, 2013	November 26, 2013

	Millions of yen	Yen	2013	
	Total amount of dividend	Dividend per share	Record date	Effective date

### Approved by:

General meeting of shareholders held on June 28, 2012	¥3,856	¥35	March 31, 2012	June 29, 2012
Board of Directors meeting held on November 7, 2012	¥4,408	¥40	September 30, 2012	November 27, 2012

# 19

## RESEARCH AND DEVELOPMENT COSTS

Costs relating to research and development activities are charged to income as incurred. Research and development costs included in cost of sales and selling, general and administrative expenses totaled ¥5,313 million (US\$51,623 thousand) and ¥4,321 million for the years ended March 31, 2014 and 2013, respectively.

# 20

## LEASES

### (a) Finance leases

Leased assets presented in the accompanying consolidated balance sheet as of March 31, 2014 consisted of those under finance lease contracts that do not transfer ownership to the lessee and that were entered into on or after April 1, 2008, principally for vending machines for the instant noodle business.

The following pro-forma amounts represent the acquisition cost, accumulated depreciation/amortization and net book value of the property leased to the Group at March 31, 2013, which would have been reflected in the accompanying consolidated balance sheets if finance leases, without transferring the ownership to the lessee starting on or before March 31, 2008 which are currently accounted for as operating leases, had been capitalized:

Millions of yen			
	Acquisition cost	Accumulated depreciation/amortization	Net book value
2013			
Machinery and vehicles	¥167	¥162	¥5
Equipment	46	44	2
Intangible fixed assets and other	—	—	0
Total	¥213	¥206	¥7

Note: There were no finance lease properties which are accounted for as operating lease as at March 31, 2014.

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥7 million (US\$68 thousand) and ¥47 million, which were approximately equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms assuming a nil residual value for the years ended March 31, 2014 and 2013, respectively.

### (b) Operating leases

The Group has lease commitments under non-cancelable operating leases as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
As a lessor			
Due within one year	¥ 34	¥ 34	\$ 330
Due over one year	1,532	1,565	14,885
Total	¥1,566	¥1,599	\$15,215

# 21

## DERIVATIVE FINANCIAL INSTRUMENTS

As described in Note 2 (e), the Group utilizes derivatives to hedge the risk of fluctuations in foreign exchange rate and interest rate on certain liabilities. Contract amounts of outstanding derivative positions accounted for by hedge accounting as of March 31, 2014 are ¥302 million (US\$2,934 thousand) for interest rate swaps and ¥4,049 million (US\$39,341 thousand) for forward foreign exchange contracts. There was no outstanding balance of derivative contracts which does not qualify for hedge accounting at March 31, 2014 and 2013.

Disclosure of fair value information on derivatives of interest rate swaps has been omitted, because contracts of interest rate swaps are treated as part of the hedged long-term debt, thus their fair values are integrally computed with those of the hedged long-term debt. Fair value of forward foreign exchange contracts is ¥59 million (US\$573 thousand), which is measured at the quoted price obtained from the financial institution.

# 22

## AMOUNTS PER SHARE

Amounts per share at March 31, 2014 and 2013 for the years then ended were as follows:

	Yen		U.S. dollars		
	2014	2013	2014		
Equity	¥3,018.82	¥2,782.25	\$29.33		
Cash dividends applicable to the year	75.00	75.00	0.73		
			2014	2013	
	Net income (Millions of yen)	Weighted-average number of shares (Thousands of shares)	Per share (Yen)	Per share (U.S. dollars)	Per share (Yen)
Net income—basic	¥19,269	110,216	¥174.83	\$1.70	¥171.12
Stock options	—	441	—	—	—
Net income—diluted	¥19,269	110,657	¥174.13	\$1.69	¥170.57

The amounts per share of equity have been computed based on the number of shares of common stock outstanding at the year-end. Basic 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 outstanding during the year.

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

**STOCK  
OPTIONS**

Stock options as of March 31, 2014 are as follows:

No.	Date of grant	Persons granted	Number of shares for options			Yen (U.S. dollars)		Millions of yen (Thousands of U.S. dollars)
			Granted and vested	Exercised	Canceled	Fair value at grant date	Average stock price at exercise	Book value
2	June 26, 2009	12 Directors	74,300	17,100	—	¥2,325 (\$23)	¥3,880 (\$38)	¥133 (\$1,292)
3	June 26, 2009	9 Executive Officers and Employees	3,155	579	—	¥2,677 (\$26)	¥4,100 (\$40)	¥ 7 (\$ 68)
4	June 26, 2009	32 Directors of subsidiaries	11,284	4,957	—	¥2,677 (\$26)	¥4,112 (\$40)	¥ 17 (\$ 165)
6	June 29, 2010	11 Directors	73,200	14,900	—	¥2,616 (\$25)	¥3,880 (\$38)	¥153 (\$1,487)
7	June 29, 2010	10 Executive Officers and Employees	5,710	763	—	¥3,003 (\$29)	¥4,100 (\$40)	¥ 15 (\$ 146)
8	June 29, 2010	31 Directors of subsidiaries	21,329	6,769	—	¥3,003 (\$29)	¥4,113 (\$40)	¥ 44 (\$ 428)
9	June 29, 2011	8 Directors	73,200	6,300	—	¥2,141 (\$21)	¥3,880 (\$38)	¥143 (\$1,389)
10	June 29, 2011	13 Executive Officers	11,049	1,894	—	¥2,614 (\$25)	¥4,100 (\$40)	¥ 24 (\$ 233)
11	June 29, 2011	35 Directors of subsidiaries	22,677	5,226	—	¥2,614 (\$25)	¥4,136 (\$40)	¥ 46 (\$ 447)
13	June 28, 2012	8 Directors	85,900	7,500	—	¥2,244 (\$22)	¥3,880 (\$38)	¥176 (\$1,710)
14	June 28, 2012	10 Executive Officers	8,666	702	—	¥2,709 (\$26)	¥4,100 (\$40)	¥ 22 (\$ 214)
15	June 28, 2012	36 Directors of subsidiaries	26,477	4,144	—	¥2,709 (\$26)	¥4,198 (\$41)	¥ 61 (\$ 593)
16	April 1, 2013	1 Director of subsidiary	343	343	—	¥4,184 (\$41)	¥4,135 (\$40)	—
17	June 26, 2013	7 Directors	80,000	4,300	—	¥3,003 (\$29)	¥3,880 (\$38)	¥227 (\$2,206)
18	June 26, 2013	12 Executive Officers	7,990	508	—	¥3,461 (\$34)	¥4,100 (\$40)	¥ 26 (\$ 253)
19	June 26, 2013	36 Directors of subsidiaries	26,914	1,378	—	¥3,461 (\$34)	¥4,352 (\$42)	¥ 88 (\$ 855)
20	January 6, 2014	3 Directors of subsidiaries	579	579	—	¥4,439 (\$43)	¥4,405 (\$43)	—

**Notes:**

1. All stock options granted were vested.
2. The exercise period is 40 years from the grant date of each option.
3. The exercise price is ¥1 for each option.

Stock options as of March 31, 2013 are as follows:

No.	Date of grant	Persons granted	Number of shares for options			Yen		Millions of yen
			Granted and vested	Exercised	Canceled	Fair value at grant date	Average stock price at exercise	Book value
2	June 26, 2009	12 Directors	74,300	13,400	—	¥2,325	¥3,035	¥142
3	June 26, 2009	9 Executive Officers and Employees	3,155	210	—	¥2,677	—	¥ 8
4	June 26, 2009	32 Directors of subsidiaries	11,284	4,042	—	¥2,677	¥3,035	¥ 19
6	June 29, 2010	11 Directors	73,200	11,200	—	¥2,616	¥3,035	¥162
7	June 29, 2010	10 Executive Officers and Employees	5,710	121	—	¥3,003	—	¥ 17
8	June 29, 2010	31 Directors of subsidiaries	21,329	5,117	—	¥3,003	¥3,035	¥ 49
9	June 29, 2011	8 Directors	73,200	2,700	—	¥2,141	¥3,035	¥151
10	June 29, 2011	13 Executive Officers	11,049	1,275	—	¥2,614	¥3,070	¥ 26
11	June 29, 2011	35 Directors of subsidiaries	22,677	3,575	—	¥2,614	¥3,035	¥ 50
12	April 2, 2012	1 Executive Officer	1,044	1,044	—	¥3,069	¥3,070	—
13	June 28, 2012	8 Directors	85,900	3,100	—	¥2,244	¥3,035	¥186
14	June 28, 2012	10 Executive Officers	8,666	—	—	¥2,709	—	¥ 23
15	June 28, 2012	36 Directors of subsidiaries	26,477	1,751	—	¥2,709	¥3,035	¥ 67

Notes:

1. All stock options granted were vested.
2. The exercise period is 40 years from the grant date of each option.
3. The exercise price is ¥11 for each option.

The fair value of options granted as of the grant date was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	No. 16	No. 17	No. 18	No. 19	No. 20
Volatility of stock price	70.19%	21.36%	16.56%	16.56%	2.52%
Estimated remaining outstanding period	2 days	11.6 years	4.3 years	4.3 years	2 days
Estimated dividend	¥75 per share				
Risk-free interest rate	0.07%	0.99%	0.28%	0.28%	0.10%

**OTHER  
COMPREHENSIVE  
INCOME**

Other comprehensive income for the years ended March 31, 2014 and 2013 is as follows.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Unrealized gain (loss) on available-for-sale securities			
Gain (loss) arising during the year	¥10,902	¥12,139	\$105,927
Reclassification adjustments to profit or loss for the year	(2,611)	(419)	(25,369)
Amount before income tax effect	8,291	11,720	80,558
Income tax effect	(3,033)	(3,795)	(29,470)
Total	¥ 5,258	¥ 7,925	\$ 51,088
Deferred gains or losses on hedges			
Gain (loss) arising during the year	¥ 59	¥ —	\$ 573
Reclassification adjustments to profit or loss for the year	—	—	—
Amount before income tax effect	59	—	573
Income tax effect	(21)	—	(204)
Total	¥ 38	¥ —	\$ 369
Foreign currency translation adjustments			
Gain (loss) arising during the year	¥ 8,637	¥ 3,903	\$ 83,920
Reclassification adjustments to profit or loss for the year	—	—	—
Amount before income tax effect	8,637	3,903	83,920
Income tax effect	—	—	—
Total	¥ 8,637	¥ 3,903	\$ 83,920
Share of other comprehensive income (loss) in associates			
Gain (loss) arising during the year	¥ 4,035	¥ 3,858	\$ 39,205
Total	¥ 4,035	¥ 3,858	\$ 39,205
Net defined benefit liability			
Gain (loss) arising during the year	¥ 633	¥ —	\$ 6,150
Reclassification adjustments to profit or loss for the year	(395)	—	(3,838)
Amount before income tax effect	238	—	2,312
Income tax effect	(85)	—	(825)
Total	¥ 153	¥ —	\$ 1,487
Total other comprehensive income (loss)	¥18,121	¥15,686	\$176,069

**(a) Overview of reportable segments**

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the

Group. According to the operating unit strategy of the seven operating companies in Japan and four overseas business regions, the reportable segments consist of "Nissin Food Products," "Myojo Foods," "Chilled and frozen foods," "The Americas" and "China." The segments of "Nissin Food

Products," "Myojo Foods," "The Americas" and "China" are operating the business of manufacturing and selling Cup and bag-type noodles. The "Chilled and frozen foods" segment is operating the business of manufacturing and selling chilled and frozen foods.

**(b) Net sales, income or loss, assets and other items by reportable segment**

Millions of yen										
Year ended March 31, 2014	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Reconciliations	Consolidated
Net sales										
Sales to third party	¥210,906	¥39,562	¥54,790	¥32,220	¥29,904	¥367,382	¥ 50,239	¥417,621	¥ —	¥417,621
Intersegment sales	3,187	1,708	1,229	—	127	6,251	18,408	24,659	(24,659)	—
Total	214,093	41,270	56,019	32,220	30,031	373,633	68,647	442,280	(24,659)	417,621
Segment income (loss)	25,688	1,964	473	543	2,846	31,514	(576)	30,938	(3,233)	27,705
Segment assets	140,085	50,654	29,594	15,927	38,770	275,030	114,843	389,873	89,597	479,470
Other items										
Depreciation and amortization	7,225	1,062	1,139	1,316	861	11,603	2,914	14,517	—	14,517
Investments in associates	—	—	—	—	—	—	38,191	38,191	—	38,191
Capital investment	7,432	5,540	1,752	716	1,634	17,074	10,787	27,861	(387)	27,474

Thousands of U.S. dollars										
Year ended March 31, 2014	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Reconciliations	Consolidated
Net sales										
Sales to third party	\$2,049,222	\$384,396	\$532,356	\$313,059	\$290,556	\$3,569,589	\$ 488,135	\$4,057,724	\$ —	\$4,057,724
Intersegment sales	30,966	16,595	11,941	—	1,234	60,736	178,858	239,594	(239,594)	—
Total	2,080,188	400,991	544,297	313,059	291,790	3,630,325	666,993	4,297,318	(239,594)	4,057,724
Segment income (loss)	249,591	19,083	4,596	5,276	27,653	306,199	(5,597)	300,602	(31,412)	269,190
Segment assets	1,361,106	492,169	287,544	154,751	376,700	2,672,270	1,115,847	3,788,117	870,550	4,658,667
Other items										
Depreciation and amortization	70,199	10,319	11,067	12,787	8,366	112,738	28,313	141,051	—	141,051
Investments in associates	—	—	—	—	—	—	371,075	371,075	—	371,075
Capital investment	72,212	53,828	17,023	6,957	15,876	165,896	104,809	270,705	(3,760)	266,945

## Notes:

- "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages and food service business and overseas business in Europe and Asia. Aji-no-Mingei Co., Ltd. has been excluded from the scope of consolidation after the Company sold the shares to the third party.
- Operating loss under "Reconciliations" amounted to ¥3,233 million (US\$31,412 thousand), consisting of ¥677 million (US\$6,578 thousand) from retirement benefit expenses, minus ¥804 million (US\$7,812 thousand) from the amortization of goodwill, minus ¥3,328 million (US\$32,336 thousand) from group expenses and ¥222 million (US\$2,157 thousand) from elimination of intersegment transactions.
- Segment income is reconciled to operating income of consolidated statements of income.
- Segment assets under "Reconciliations" include the asset which cannot be allocated to any particular segment amounting to ¥89,597 million (US\$870,550 thousand). The amount mainly consists of ¥83,983 million (US\$816,003 thousand) of surplus investment

funds, ¥1,832 million (US\$17,800 thousand) of goodwill, and ¥3,781 million (US\$36,737 thousand) of other investments.

Millions of yen										
Year ended March 31, 2013	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Reconciliations	Consolidated
<b>Net sales</b>										
Sales to third party	¥200,841	¥39,336	¥52,565	¥25,917	¥20,848	¥339,507	¥ 43,286	¥382,793	¥ —	¥382,793
Intersegment sales	191	1,137	553	—	96	1,977	16,526	18,503	(18,503)	—
Total	201,032	40,473	53,118	25,917	20,944	341,484	59,812	401,296	(18,503)	382,793
Segment income (loss)	23,810	1,713	819	236	1,836	28,414	98	28,512	(4,558)	23,954
Segment assets	134,628	47,987	28,226	13,279	31,362	255,482	107,366	362,848	83,284	446,132
<b>Other items</b>										
Depreciation and amortization	7,624	1,050	1,249	1,011	554	11,488	2,857	14,345	—	14,345
Investments in associates	—	—	—	—	—	—	33,317	33,317	—	33,317
Capital investment	11,141	1,320	1,284	883	2,820	17,448	4,161	21,609	(27)	21,582

**Notes:**

- "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages and food service business and overseas business in Europe and Asia.
- Operating loss under "Reconciliations" amounted to ¥4,558 million, consisting of minus ¥508 million from retirement benefit expenses, minus ¥1,044 million from the amortization of goodwill, minus ¥40 million from elimination of intersegment transactions and minus ¥3,046 million from group expenses.
- Segment income is reconciled to operating income of consolidated statement of income.
- Segment assets under "Reconciliations" include the asset which cannot be allocated to any particular segment amounting to ¥83,284 million. The amount mainly consists of ¥79,635 million of surplus investment funds, ¥2,620 million of goodwill, and ¥1,030 million of other investments.

**(c) Supplemental information**

Information by product or service group

Millions of yen (Thousands of U.S. dollars)			
<b>Year ended March 31, 2014</b>	Instant noodle and associated business	Other business	Consolidated
Sales to third party	<b>¥ 364,824</b> <b>(\$3,544,733)</b>	<b>¥ 52,797</b> <b>(\$512,991)</b>	<b>¥ 417,621</b> <b>(\$4,057,724)</b>

Millions of yen			
Year ended March 31, 2013	Instant noodle and associated business	Other business	Consolidated
Sales to third party	¥ 334,653	¥ 48,140	¥ 382,793

**Notes:**

- Classification of the businesses is based on product types and characteristics.
- Major products of each business:
  - Instant noodle and associated business: bag-type instant noodles, cup-type instant noodles, chilled foods and frozen foods
  - Other business: confectioneries, beverages and the food service business

## Geographical information

Year ended March 31, 2014	Millions of yen (Thousands of U.S. dollars)			
	Japan	North America	Other areas	Consolidated
Sales to third party	¥ 343,142 (\$3,334,065)	¥ 32,263 (\$313,476)	¥ 42,216 (\$410,183)	¥ 417,621 (\$4,057,724)
Property, plant and equipment	¥ 120,612 (\$1,171,901)	¥ 8,208 (\$ 79,751)	¥ 18,800 (\$182,666)	¥ 147,620 (\$1,434,318)

Year ended March 31, 2013	Millions of yen			
	Japan	North America	Other areas	Consolidated
Sales to third party	¥328,580	¥25,971	¥28,242	¥382,793
Property, plant and equipment	¥116,078	¥ 7,575	¥10,135	¥133,788

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

## Information by major customer

Year ended March 31, 2014	Millions of yen (Thousands of U.S. dollars)	
	Sales	Main reportable segment
Mitsubishi Corporation	¥ 146,799 (\$1,426,341)	Nissin Food Products
ITOCHU Corporation	¥ 105,160 (\$1,021,764)	Nissin Food Products

Year ended March 31, 2013	Millions of yen	
	Sales	Main reportable segment
Mitsubishi Corporation	¥135,325	Nissin Food Products
ITOCHU Corporation	¥ 95,466	Nissin Food Products

Information on loss on impairment of fixed assets by reportable segment

	Millions of yen (Thousands of U.S. dollars)							
<b>Year ended March 31, 2014</b>	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Loss on impairment of fixed assets	¥ 377 (\$3,663)	¥ 353 (\$3,430)	¥ — (\$ —)	¥ — (\$ —)	¥ 27 (\$262)	¥ 1,242 (\$12,068)	¥ — (\$ —)	¥ 1,999 \$19,423

	Millions of yen							
Year ended March 31, 2013	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Loss on impairment of fixed assets	¥224	¥62	¥211	¥ —	¥33	¥745	¥ —	¥1,275

Note: "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages and food service business and overseas business in Europe and Asia.

Information on goodwill by reportable segment

	Millions of yen (Thousands of U.S. dollars)							
<b>Year ended March 31, 2014</b>	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Amortization of goodwill	¥ — (\$ —)	¥ 398 (\$3,867)	¥ 73 (\$709)	¥ 45 (\$ 437)	¥ — (\$ —)	¥ 288 (\$2,798)	¥ — (\$ —)	¥ 804 (\$ 7,811)
Balance of goodwill	¥ — (\$ —)	¥1,009 (\$9,804)	¥ — (\$ —)	¥ 136 (\$1,321)	¥ — (\$ —)	¥ 687 (\$6,675)	¥ — (\$ —)	¥ 1,832 (\$17,800)

	Millions of yen							
Year ended March 31, 2013	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Amortization of goodwill	¥ —	¥ 398	¥147	¥334	¥ —	¥165	¥ —	¥1,044
Balance of goodwill	¥ —	¥1,407	¥ 73	¥181	¥ —	¥959	¥ —	¥2,620

Note: "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages and food service business and overseas business in Europe and Asia.

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## RELATED PARTY TRANSACTIONS

The Group concluded lease contracts with related parties, whose shares are wholly owned by certain directors of the Company and their relatives. The amount of lease payments to these companies for the years ended March 31, 2014 and 2013 was ¥466 million (US\$4,528 thousand) and ¥456 million, respectively, and the outstanding balance of lease obligations and other liabilities at March 31, 2014 and 2013 was ¥93 million (US\$904 thousand) and ¥93 million, respectively.

The Group also purchased real estate from certain directors of the Company and their relatives for the amount of ¥405 million for the year ended March 31, 2013.

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## SUBSEQUENT EVENTS

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2014, was approved at a meeting of the shareholders of the Company held on June 26, 2014:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥35=US\$0.34 per share)	<b>¥3,858</b>	<b>\$37,485</b>

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of NISSIN FOODS HOLDINGS CO., LTD.:

We have audited the accompanying consolidated balance sheet of NISSIN FOODS HOLDINGS CO., LTD. and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NISSIN FOODS HOLDINGS CO., LTD. and its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*  
June 26, 2014

## CORPORATE DATA

(As of March 31, 2014)

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Fax: 81-6-6304-1288

#### Website

#### Research Institutes

NISSIN Global Innovation Center  
NISSIN Global Food Safety Institute  
FOOD SAFETY EVALUATION RESEARCH INSTITUTE CO., LTD. (Shanghai)

## HISTORY

<b>1948</b>	Chukososha Co., Ltd. established.	<b>1988</b>	Construction of Tokyo Head Office building completed. Central Research Institute begins operation.	<b>2002</b>	Food Safety Research Institute established. <i>Nissin GooTa</i> series introduced. Becomes an official supplier to the 2002 FIFA World Cup™ held in Japan and South Korea.
<b>1958</b>	<i>Chicken Ramen</i> , the world's first instant noodle product, introduced. Company name changed to Nissin Food Products Co., Ltd.	<b>1990</b>	Capital participation in Yoke Co., Ltd. (currently, NISSIN YORK CO., LTD.).	<b>2003</b>	Aggregate sales of <i>Cup Noodle</i> brand since launch in 1971 top 20 billion servings.
<b>1963</b>	Listed on the Second Section of the Tokyo and Osaka Stock Exchanges.	<b>1991</b>	Capital participation in Cisco Co., Ltd. (currently, NISSIN CISCO CO., LTD.). Bangalore Plant of Indo Nissin Foods Ltd. begins operation.	<b>2004</b>	Capital alliance with Hebei Hualong F&N Industry Group Co., Ltd. (currently, Jinmailang Nissin Foods Co., Ltd.)
<b>1970</b>	Nissin Foods (U.S.A.) Co., Inc., the Company's first overseas operation, established in Gardena, California.	<b>1992</b>	<i>Nissin Rao</i> , long-life fresh noodles, introduced.	<b>2005</b>	Nissin Foods marks a world first with <i>Space Ram</i> , noodle space rations, developed for the Space Shuttle Discovery.
<b>1971</b>	<i>Cup Noodle</i> introduced. Kanto Plant begins operation.	<b>1993</b>	Nissin Foods GmbH established in Germany. PT. NISSINMAS begins operation.	<b>2006</b>	Aggregate sales of <i>Cup Noodle</i> brand top 25 billion servings all over the world.
<b>1972</b>	Listed on the First Section of the Tokyo, Osaka and Nagoya Stock Exchanges.	<b>1994</b>	Nissin Foods (Thailand) Co., Ltd. begins operation.	<b>2007</b>	MYOJO FOODS CO., LTD. becomes a wholly owned subsidiary of Nissin Foods. FOOD SAFETY EVALUATION & RESEARCH INSTITUTE CO., LTD. begins operation in Shanghai, China.
<b>1973</b>	Shiga Plant and General Research Center begin operation.	<b>1995</b>	<i>Nissin Spa-O</i> introduced.	<b>2008</b>	The Group completes transformation to a pure holding company, effective October 1, 2008.
<b>1975</b>	Shimonoseki Plant begins operation. Nissin-Ajinomoto Alimentos Ltda. established in Sao Paulo, Brazil.	<b>1996</b>	Guangdong Shunde Nissin Foods Co., Ltd., Nissin-Universal Robina Corporation, Shizuoka Plant, and Shanghai Nissin Foods Co., Ltd. begin operation.	<b>2009</b>	Capital alliance with MAREVEN FOOD HOLDINGS LIMITED (formerly, ANGLSIDE LIMITED), a Russian instant noodle holding company.
<b>1977</b>	Construction of new headquarters completed. Main office moved to its present location in Yodogawa-ku, Osaka.	<b>1997</b>	Nissin's "hungry?" series wins the International Advertising Festival (CANNES LIONS).	<b>2011</b>	CUPNOODLES MUSEUM (officially, Momofuku Ando Instant Ramen Museum) opened in Yokohama.
<b>1983</b>	Chilled foods division begins operation.	<b>1999</b>	Share unit (minimum trading unit) reduced from 1,000 shares to 100 shares. The Momofuku Ando Instant Ramen Museum, the world's first instant noodle museum, opened in Ikeda City, Osaka.	<b>2014</b>	"the WAVE", a new global R&D center, established. Consolidated net sales exceed ¥400 billion for the first time.
<b>1984</b>	Nissin Foods Co., Ltd. established in Hong Kong.	<b>2001</b>	Consolidated net sales exceed ¥300 billion for the first time.		
<b>1986</b>	Expansion into frozen food business.				

**BUSINESS  
AREAS OF  
CONSOLIDATED  
SUBSIDIARIES  
AND ASSOCIATES**

As of March 31, 2014

Company	Capital	Business Area	Equity Ownership (%)
<b>CONSOLIDATED SUBSIDIARIES</b>			
NISSIN FOOD PRODUCTS CO., LTD.	¥5,000 million	Instant noodle manufacturing and marketing	100.0
MYOJO FOODS CO., LTD.	¥3,143 million	Instant noodle manufacturing and marketing	100.0
NISSIN CHILLED FOODS CO., LTD.	¥100 million	Chilled food manufacturing and marketing	100.0
NISSIN FROZEN FOODS CO., LTD.	¥100 million	Frozen food manufacturing and marketing	100.0
NISSIN CISCO CO., LTD.	¥2,600 million	Confectionery manufacturing and marketing	100.0
NISSIN YORK CO., LTD.	¥870 million	Beverage and dairy product manufacturing and marketing	100.0
NISSIN BUSINESS SUPPORT CO., LTD.	¥50 million	Intergroup business support	100.0
NISSIN ASSET MANAGEMENT CO., LTD.	¥50 million	Real estate and leasing management	100.0
Sapporo Nissin Co., Ltd.	¥250 million	Instant noodle manufacturing and marketing	100.0 (100.0)
Nissin Plastics Co., Ltd.	¥450 million	Container manufacturing and marketing	100.0 (100.0)
NISSIN F.D. FOODS CO., LTD.	¥100 million	Ingredient manufacturing and marketing	100.0 (100.0)
Kagawa Nissin Food Products Co., Ltd.	¥100 million	Ingredient manufacturing and marketing	100.0 (100.0)
Nissin Enterprise Corporation	¥300 million	Shipping and warehousing	100.0 (100.0)
AJINIHON CO., LTD.	¥95 million	Soup manufacturing and marketing	46.3 (46.3)
NISHINIHON MYOJO CO., LTD.	¥90 million	Instant noodle manufacturing and marketing	100.0 (100.0)
UNI-STAR CO., LTD.	¥150 million	Soup manufacturing and marketing	100.0 (100.0)
HIGASHINIHON MYOJO CO., LTD.	¥90 million	Instant noodle manufacturing and marketing	100.0 (100.0)
Saitama Nissin Food Products Co., Ltd.	¥30 million	Chilled and frozen food manufacturing and marketing	100.0 (100.0)
MYOJO FRESH CO., LTD.	¥400 million	Chilled food manufacturing and marketing	100.0 (100.0)
Shikoku Nissin Food Products Co., Ltd.	¥98 million	Frozen food manufacturing and marketing	100.0 (100.0)
Takamatsu Nissin Food Products Co., Ltd.	¥80 million	Frozen food manufacturing and marketing	100.0 (100.0)
Mie Nissin Food Products Co., Ltd.	¥100 million	Frozen food manufacturing and marketing	100.0 (100.0)
Circle Liners Co., Ltd.	¥50 million	Shipping and warehousing	100.0 (100.0)
NICKY FOODS CO., LTD.	¥60 million	Frozen food manufacturing and marketing	100.0 (100.0)
UJI KAIHATSU DEVELOPMENT CO., LTD.	¥100 million	Golf course management	98.3 (0.4)
NISSIN NETCOM CO., LTD.	¥24 million	Real estate and restaurant management	100.0

Company	Capital	Business Area	Equity Ownership (%)
<b>CONSOLIDATED SUBSIDIARIES</b>			
NISSIN FOODS (U.S.A.) CO., INC.	US\$149,706 thousand	Instant noodle manufacturing and marketing	94.4
MYOJO U.S.A., INC.	US\$5,000 thousand	Chilled food manufacturing and marketing	96.0
NISSIN FOODS DE MEXICO S.A. DE C.V.	MXN 215,191 thousand	Instant noodle manufacturing and marketing	100.0
NISSIN FOODS CO., LTD.	HK\$1,674,987 thousand	Instant noodle manufacturing and marketing	100.0
WINNER FOOD PRODUCTS LTD.	HK\$29,975 thousand	Instant noodle and frozen food manufacturing and marketing	74.0 (74.0)
MIRACLE FOODS CO., LTD.	HK\$21,000 thousand	Container manufacturing and marketing	100.0 (100.0)
NISSIN FOODS (CHINA) HOLDING CO., LTD.	US\$40,500 thousand	Invests in businesses in China	100.0 (100.0)
SHANGHAI NISSIN FOODS CO., LTD.	US\$44,000 thousand	Instant noodle manufacturing and marketing	100.0 (100.0)
GUANGDONG SHUNDE NISSIN FOODS CO., LTD.	HK\$130,000 thousand	Instant noodle manufacturing and marketing	100.0 (100.0)
ZHUHAI GOLDEN COAST WINNER FOOD PRODUCTS LTD.	HK\$84,000 thousand	Instant noodle manufacturing and marketing	70.5 (70.5)
GUANGYOUNGAN FOOD PRODUCTS (SHENZHEN) CO., LTD.	HK\$11,000 thousand	Frozen food manufacturing and marketing	100.0 (100.0)
NISSIN FOODS (ASIA) PTE. LTD.	SG\$225,303 thousand	Instant noodle manufacturing and marketing/Supervising Asian business	100.0
Indo Nissin Foods Ltd.	INR 2,650,000 thousand	Instant noodle manufacturing and marketing	97.1 (97.1)
Nissin Foods India Ltd.	INR 500 thousand	Instant noodle marketing	100.0 (100.0)
Nissin Foods Kft.	HUF 1,000,000 thousand	Instant noodle manufacturing and marketing	100.0
Nissin Foods GmbH	EUR 25 thousand	Instant noodle marketing	100.0 (99.0)
NISSIN YILDIZ GIDA SANAYI VE TICARET A.S.	TL 87,625 thousand	Pasta and instant noodle manufacturing and marketing	50.0
Nissin Foods Vietnam Co., Ltd.	US\$48,630 thousand	Instant noodle manufacturing and marketing	100.0 (100.0)
Nissin Foods (Thailand) Co., Ltd.	THB 2,140,000 thousand	Instant noodle manufacturing and marketing	100.0 (100.0)
<b>ASSOCIATES ACCOUNTED FOR BY THE EQUITY METHOD</b>			
NISSIN-AJINOMOTO ALIMENTOS LTDA.	BRL 12,688 thousand	Instant noodle manufacturing and marketing	50.0
THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED	THB 180,000 thousand	Instant noodle manufacturing and marketing	21.1
MAREVEN FOOD HOLDINGS LIMITED	RUB 398 thousand	Holding company of instant noodle businesses	33.5
Frente Co., Ltd.	¥1,090 million	Confectionery manufacturing and marketing	20.0
BonChi Co., Ltd.	¥160 million	Confectionery manufacturing and marketing	30.0

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

## INVESTOR INFORMATION

NISSIN FOODS HOLDINGS CO., LTD.  
As of March 31, 2014 (US\$1=¥102.92)

<b>Date of Establishment</b>	September 1948
<b>Number of Employees</b>	525 (parent company) 8,357 (consolidated basis)
<b>Common Stock</b>	Authorized: 500,000,000 shares Issued: 117,463,685 shares Number of Shareholders: 44,691 (Excluding owners of odd-lot shares)
<b>Paid-in Capital</b>	¥25,123 million (\$244 million)
<b>Stock Listings</b>	Tokyo Stock Exchange (Ticker Code: 2897)
<b>Independent Auditors</b>	Deloitte Touche Tohmatsu LLC
<b>Transfer Agent</b>	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo, Japan

## CONSOLIDATED PER SHARE DATA

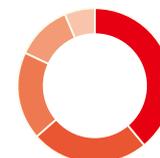
Years ended March 31,	2010	2011	2012	2013	2014
Net income per share (EPS)	¥177.02	¥187.56	¥167.97	¥171.12	<b>¥174.83</b>
Equity (book-value) per share (BPS)	¥2,406.26	¥2,454.67	¥2,545.31	¥2,782.25	<b>¥3,018.82</b>
Price earnings ratio (PER) (Times)	17.8	15.6	18.4	25.6	<b>26.6</b>
Price-to-book ratio (PBR) (Times)	1.3	1.2	1.2	1.6	<b>1.5</b>
Dividend	¥60.00	¥70.00	¥75.00	¥75.00	<b>¥75.00</b>
Payout ratio (%)	33.89	37.32	44.70	43.80	<b>42.90</b>
Share price: High	¥3,590	¥3,340	¥3,195	¥4,385	<b>¥4,735</b>
Low	¥2,610	¥2,730	¥2,812	¥2,824	<b>¥3,550</b>

Notes: 1. From the fiscal year ended March 31, 2008, number of issued shares excludes the numbers of treasury stocks at term-end.  
2. Equity per share = (Equity - Minority interests - Stock acquisition rights) / Number of shares outstanding as of the year-end (excluding treasury stock)  
3. Price earnings ratio and price-to-book ratio are calculated based on the share price at year-end.

## FURTHER INFORMATION

For further information, please contact: IR OFFICE, FINANCIAL HEADQUARTERS  
Tel: 81-3-3205-5027 Fax: 81-3-3205-5179  
Regularly updated IR information in English is also available on NISSIN FOODS HOLDINGS website at

## DISTRIBUTION OF OWNERSHIP AMONG SHAREHOLDERS



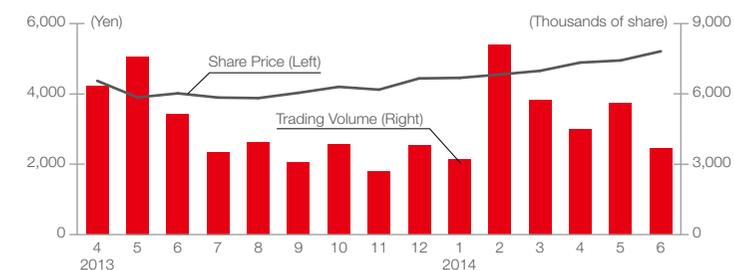
Other Corporations	39.13%
Financial Institutions	24.51%
Foreign Corporations	18.48%
Individuals and Other	11.70%
Treasury Stock	6.17%

## PRINCIPAL SHAREHOLDERS

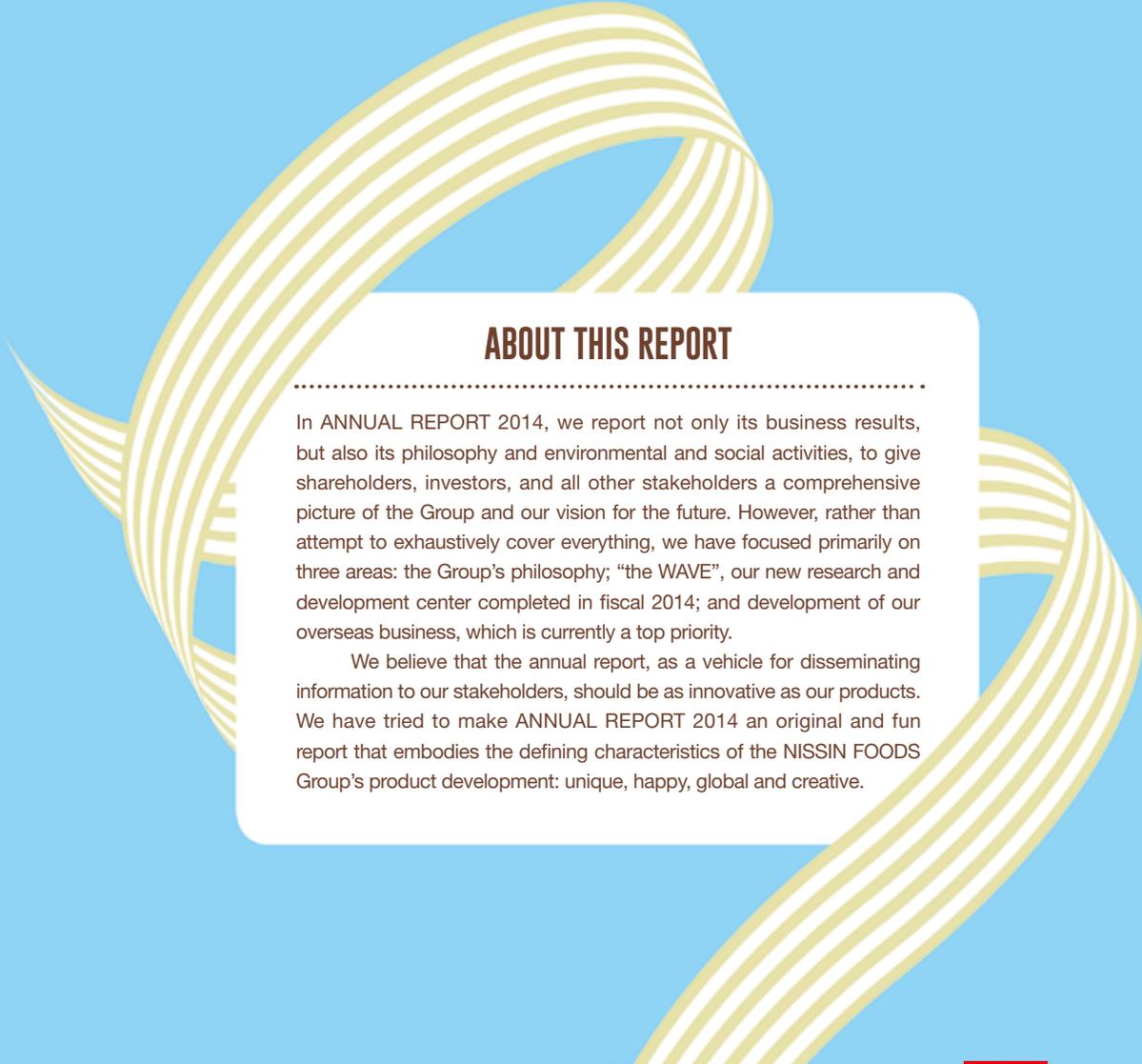
Name	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
Ando Foundation	7,904	6.72%
Mitsubishi Corp.	7,800	6.64
State Street Bank and Trust Company	7,404	6.30
ITOCHU Corp.	5,400	4.59
Ando International Y.K.	4,000	3.40
Mizuho Bank, Ltd.	3,375	2.87
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,629	2.23
Japan Trustee Services Bank, Ltd. (Account in Trust)	2,511	2.13
ONO PHARMACEUTICAL CO., LTD.	2,460	2.09
EZAKI GLICO CO., LTD.	2,361	2.00
Total	45,844	39.02

Note: In addition to the above, the Company holds 7,242,013 shares (6.16%) of treasury stock.

## SHARE PRICE RANGE AND TRADING VOLUME ON TSE



**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 exchange fluctuations.



## ABOUT THIS REPORT

In ANNUAL REPORT 2014, we report not only its business results, but also its philosophy and environmental and social activities, to give shareholders, investors, and all other stakeholders a comprehensive picture of the Group and our vision for the future. However, rather than attempt to exhaustively cover everything, we have focused primarily on three areas: the Group's philosophy; "the WAVE", our new research and development center completed in fiscal 2014; and development of our overseas business, which is currently a top priority.

We believe that the annual report, as a vehicle for disseminating information to our stakeholders, should be as innovative as our products. We have tried to make ANNUAL REPORT 2014 an original and fun report that embodies the defining characteristics of the NISSIN FOODS Group's product development: unique, happy, global and creative.



**NISSIN FOODS HOLDINGS**