



NISSIN ODYSSEY

Annual Report 2016

IGNITION

Once we created the instant noodle business, there was no going back. The drive to be original that helped us get our start remains at the core of the NISSIN FOODS Group today, and it's been the key to securing a dominant share of the Japanese instant noodle market. However, steady domestic market leadership is not our end goal. Rather we see it as the launching point for what we will achieve next.





PROPULSION

Wherever we go we want to deliver an international shared experience. So the promotion of *CUP NOODLES* as a global brand will go hand in hand with our regional strategies. We chose *CUP NOODLES* because of its high profitability and its popularity with a young and steadily growing middle class. Add to that the fact that it embodies the unbeatably high level of our technological know-how and safety assurance, and we think this one little product has what it takes to go a long way.

MISSION

While keeping our sights on the worldwide market, we have sharpened our global strategy to concentrate on the areas with the most potential for rapid sales growth. Our next prime locations are Brazil, Russia, India, and China (BRICs). The BRIC nations account for approximately half of the world demand* in instant noodles, and they will likely see a future increase in customers who want the quick, safe, affordable, delicious, and long shelf-life food options that we provide. We plan to increase our market shares in these countries by tailoring our sales strategies to the needs of each.

*World Instant Noodles Association (WINA)
URL: <http://instantnoodles.org/en/index.html>



A large satellite with multiple solar panels is shown in space. A cylindrical container of 'Chips & Queso' is attached to the satellite's structure. The container is white with red and yellow branding. The satellite is positioned diagonally across the frame, with the container in the foreground.

PROLOGUE

CONNECTION

We believe the quality of our products can speak for itself. With every new generation we simply need to find the best way to introduce those products to consumers. To reach recent generations, and expand our domestic market, we have significantly increased our presence on social media. Shifting the target of our brand communication has already resulted in an increase in sales and positive reactions among the Group's next generation of customers.

IMAGINATION

While pursuing global status brings great opportunities, it also forces us to constantly consider who we are and how we interact with those around us. We adapt to change through imagining what no one else does, but we cannot do that in a vacuum.

Our Group philosophy, signified by “EARTH FOOD CREATOR,” calls us to keep looking to customers to inspire products that fulfill the needs of their diverse lifestyles. It also prompts us to consider the responsibilities of a global brand, and how to fulfill increasing expectations in the transformative years to come.



The challenge of space exploration

is that it compels people to think beyond what they know; it inspires those who want to test creative limits.

The Group grew from a similar scenario. In 1958, our founder's invention of *Chicken Ramen*, the world's first instant noodles, was the unimagined solution to a problem. Next came *CUP NOODLE*, the world's first cup-type instant noodles that could be cooked and served in their packaging. Our inventive spirit directly met the demands of space with *Space Ram*, the first instant noodles that could be consumed in orbit.

Back on earth, originality remains our starting point for any new endeavor. From the most influential decisions to the smallest product adjustments, we are always seeking where one step further will take us.

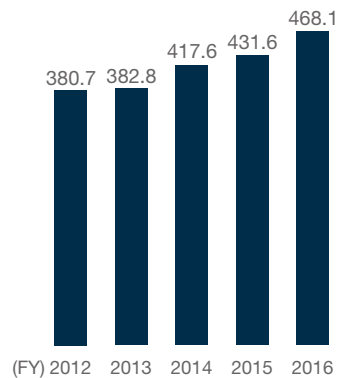
CONTENTS

FINANCIAL PERFORMANCE

Net Sales

(Billions of yen)

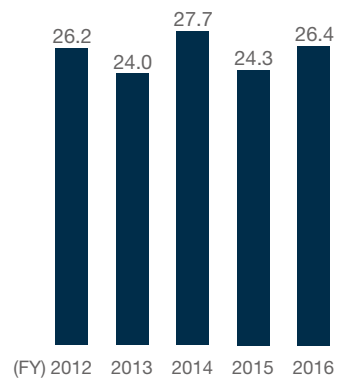
■ Net sales



Operating Income

(Billions of yen)

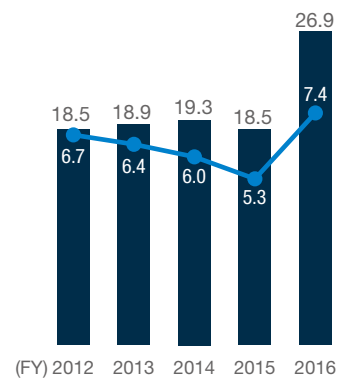
■ Operating income



Net Income Attributable to Owners of Parent *1 Return on Equity

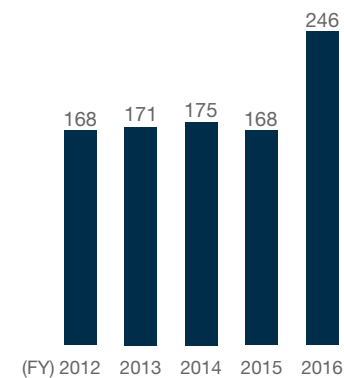
(Billions of yen)

■ Net income attributable to owners of parent
● Return on equity (%)



EPS

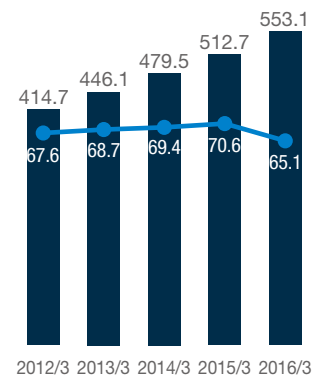
(Yen)



Total Assets Equity Ratio

(Billions of yen)

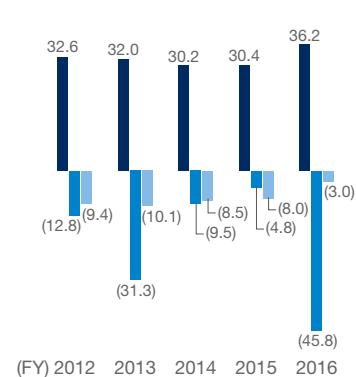
■ Total assets
● Equity ratio (%)



Cash Flows

(Billions of yen)

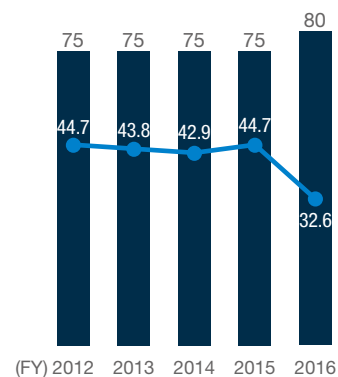
■ Cash flows from operating activities
■ Cash flows from investing activities
■ Cash flows from financing activities



Cash Dividends per Share Payout Ratio

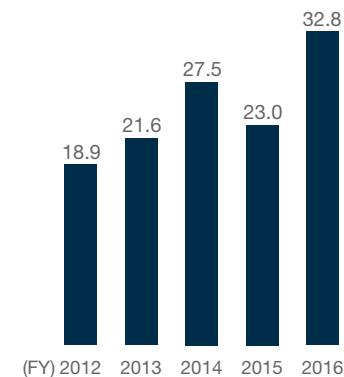
(Yen)

■ Cash dividends per share
● Payout ratio (%)



Capital Expenditures

(Billions of yen)

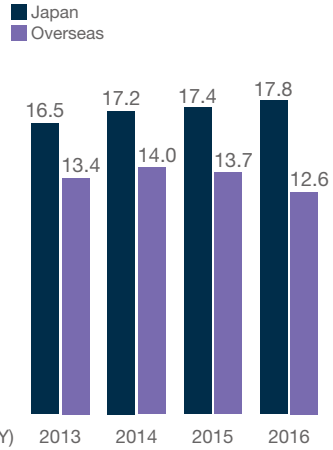


*1 "Net income attributable to owners of parent" under Japanese accounting standards, "profit attributable to owners of the parent" under IFRS standards

NON-FINANCIAL PERFORMANCE

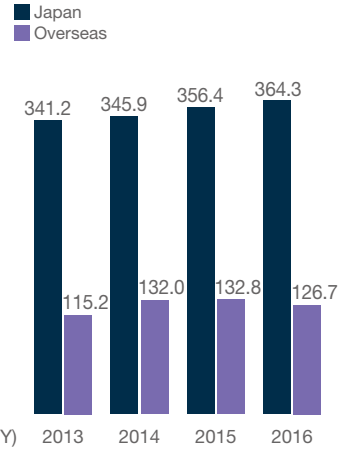
CO₂ Emissions

(10,000 t-CO₂)



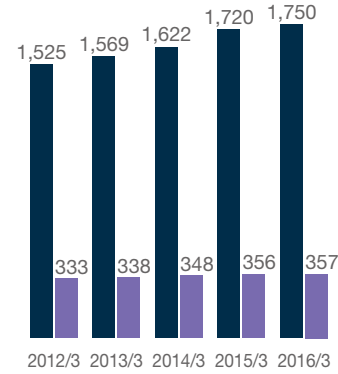
Water Use

(10,000 m³)



Number of Employees *1 Number of Female Employees

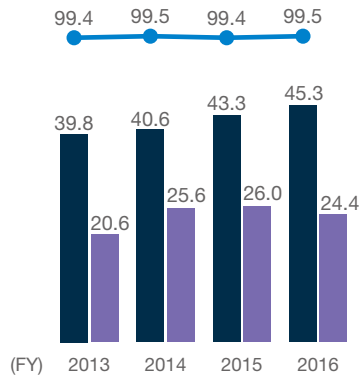
■ Number of employees
■ Number of female employees



Waste Generated Recycling Rate (Japan)

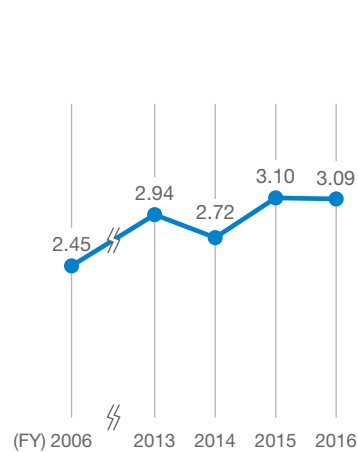
(1,000 t)

■ Japan ■ Overseas ● Recycling rate (%)



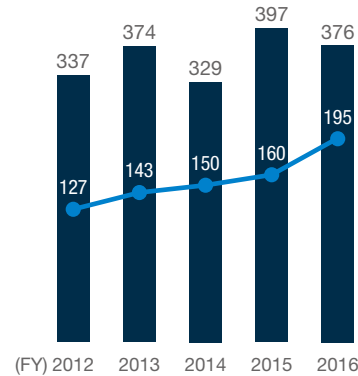
Change in Eco-efficiency (Japan) *2

(%)



NISSIN Global Food Safety Institute Quality Survey Activities (Worldwide)

■ Activity days
● Total number of inspections



*1 The numbers are calculated based on data from NISSIN FOODS HOLDINGS, NISSIN FOOD PRODUCTS, NISSIN CHILLED FOODS, NISSIN FROZEN FOODS, and NISSIN BUSINESS SUPPORT PLUS.

*2 Eco-efficiency refers to the volume of business activity per environmental impact and is used as a guideline for reducing environmental impacts through improvements in technology and economic efficiency (as defined by the Ministry of the Environment's Environmental Accounting Guidebook).

The NISSIN FOODS Group has calculated environmental efficiency using the formula below.

$$\text{Environmental-efficiency} = \frac{\text{Production weight (t)}}{\text{CO}_2 \text{ emissions (t-CO}_2\text{)}}$$

• Data is from the factories of NISSIN FOOD PRODUCTS (Kanto, Shizuoka, Shiga, Shimonoseki), Sapporo Nissin, Ajinohon.

LAYING OUR GLOBAL PLANS ON THE TABLE



Koki Ando

President & Representative Director
CEO (Chief Executive Officer)

One could describe as an “odyssey” our passage from a garden tool shed to ¥468.1 billion in worldwide sales as the inventor of instant noodles, but that is nothing compared to the course we have set before us now.

In the next phase of our journey, seeking out the opportunities and rewards of global-scale competition, we will apply the unique thinking and dedication that have made us the leader in Japan’s instant noodle market. This is because we are a company that thrives on challenges, and aiming big will once more bring out the best in us. Here, then is a preview of our future path to becoming a global innovator.

Previous Medium-Term Business Plan: Review of Numerical Targets (Billions of yen)

	FY2013	FY2016			
		Plan	Results	Change	Achieved
Net sales	¥382.8	¥450.0	¥468.1	+18.1	✓
(Overseas)	¥53.5	¥98.5	¥100.9	+2.4	✓
Operating income	¥24.0	¥31.0	¥26.4	-4.6	✗
Net income attributable to owners of parent*1	¥18.9	¥23.0	¥26.9	+3.9	✓
Operating income margin	6.3%	6.9%	5.6%	-1.3pt	✗
ROE	6.4%	7.2%	7.4%	+0.2pt	✓

FY2021 KPIs and Financial Targets (Billions of yen except adjusted EPS)

	FY2016	FY2021	
		Results Japanese accounting standards	Targets IFRS standards
Earning power through operations	Net sales	¥468.1	¥550.0
	Adjusted operating income*3	¥24.7	¥47.5
Value in capital markets	Market capitalization*2	¥570.0	¥1,000.0
	Net income attributable to owners of parent*1	¥26.9	¥33.0
	ROE	7.4%	8% or higher
	Adjusted EPS*4	¥196	¥330

Adjusted EPS: CAGR 10% or higher
Payout ratio: 40% or higher on average for the five-year period

Prologue: Medium-Term Business Plan 2016

To achieve growth overseas, in our previous medium-term business plan, we actively invested in order to pursue a global position for the NISSIN FOODS Group. Although we faced a difficult business environment in Japan during the three-year period of the plan (which began in 2012), because of factors such as the sharp yen depreciation and soaring raw material prices, we decisively implemented across-the-board price revisions and were able to absorb cost increases.

Factors that contributed greatly to the achievement of our strong business results were solid performance from the instant noodle business in Japan, good

results in China, where sales of *CUP NOODLES* were strong, and the consolidation of NISSIN FOODS DO BRASIL LTDA. as a wholly owned subsidiary. As a result, we achieved our targets for net sales, the overseas sales ratio, net income attributable to owners of parent*1, and ROE. Net sales in particular reached a record high.

Although we achieved the targets for key performance indicators (KPIs) that contribute to the enhancement of “Corporate value in the capital market,” we fell short of our targets for operating income and operating income margin, measures of “Earning power centered on core businesses.” There are two major reasons for this. The first is that, for the purpose of enhancing the global management platform support structure,

we brought forward systems investment and invested in human resources to support global management. The second is that it is taking longer than expected to achieve profitability in the Asia segment (which excludes China) where we have actively invested.

Since the experience gained during the three-year period of the previous business plan has enabled us to more clearly identify regions where we can leverage the Group’s strengths and expect early profit expansion, I consider these three years to have been a period of investment for future breakthroughs.

Destination: Market Capitalization of ¥1 Trillion

Under Medium-Term Business Plan 2021, positioned as a waypoint to realizing the Group vision of embodiment of an “EARTH FOOD CREATOR,” we established a clear theme: “Gain a strong global reputation.” We aim to realize market capitalization*2 of ¥1 trillion by increasing earning power centered on core businesses and focusing on corporate value in the capital market.

Market capitalization is not something we can change by ourselves, as it is a barometer of investor expectations of future growth. What we can do is to capture investor attention by delivering on healthy KPI targets, specifically, net

Key Strategy Themes to Achieve Our Targets



income attributable to owners of parent of ¥33.0 billion, adjusted operating income*³ of ¥47.5 billion, adjusted EPS*⁴ of ¥330 (requiring by default a CAGR of 10% or higher), and ROE of 8% or higher (IFRS basis). Whenever appropriate, we also intend to support the achievement of these goals with active pursuit of M&A.

Strategy: Globalization of CUP NOODLES

The first of five strategies for achieving the KPIs is to promote global branding of CUP NOODLES. We will improve overseas profitability by selling CUP NOODLES, a high value-added product that enables us to leverage our strengths, to young people in their teens and twenties who

enjoy a certain standard of living.

The second strategy is to focus enterprise resources on BRIC countries, identified as priority markets in the medium-term business plan. These countries account for approximately half of world-wide demand for instant noodles.

China is the world's largest market for instant noodles. Although we currently do business mainly in coastal areas such as Guangdong and Shanghai, potential for further growth remains through expansion of the sales area to other urban centers and surrounding regions.

India is the world's 8th-largest market. Although the market has temporarily stagnated as a result of spreading anxiety among consumers caused by a safety issue that occurred in 2015 at a competitor, we will boost sales of CUP

NOODLES to the rapidly expanding middle class, mainly in eight large cities.

We are the overwhelming market share leader in Brazil, the world's 10th-largest market. We intend to sell high value-added CUP NOODLES based on our strong sales foundation.

In Russia, the world's 11th-largest market, our joint venture MAREVEN FOOD HOLDINGS LIMITED is the market share leader. We will seek further growth by boosting technological cooperation and strengthening the support structure.

Strategy: Toning Up the Group's Core Operations

The third strategy is laying stronger foundations for our domestic profit. Japan

faces the problems of a declining birth-rate and aging population; yet, I think that NISSIN FOOD PRODUCTS, which delivered a strong performance in fiscal 2016, can grow here, too, by continuing to appropriately target customer segments and providing new value. To reliably achieve growth, we will invest to bring higher levels of sophistication to our factories in order to further strengthen food safety and increase productivity. In this way, we plan to realize a profit base that is stable over the long term.

The fourth strategy is to establish secondary pillars of revenue and profits in addition to instant noodles by injecting technologies cultivated in the instant noodle business into the confectioneries and cereals business, and the chilled and frozen food and lactobacillus drinks

As captain of our new odyssey I pledge the full dedication of employees to the realization of the Group vision: the embodiment of an “EARTH FOOD CREATOR.”

business, because there are strong affinities between the technologies for these businesses.

The fifth strategy is to increase and empower the management personnel who will make it possible to execute these strategies, and accelerate global management. If we successfully follow the five strategies above, we can achieve the KPIs in the business plan.

Credo: **Corporate Governance** **Appropriate for a Global Company**

Global companies are required to appropriately consider and respond to ESG (environment, social, and governance) issues. In the area of governance, NISSIN FOODS HOLDINGS has

decreased the number of inside directors from nine to three, increased the number of outside directors from four to five, and in so doing increased the number of independent outside directors from two to three. In this way, we will further strengthen the oversight function of management and increase the speed of decision-making while substantially incorporating the views of the outside directors, who comprise a majority of the Board of Directors.

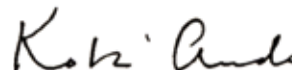
In terms of social issues, securing food safety is the first priority for a food company, and the Group will continue to follow the most rigorous and disciplined approach to ensuring the safety of our products.

To address environmental issues, we have established medium-term environ-

mental targets to be achieved by fiscal 2021. In managing our business activities, we will place even greater emphasis on energy conservation, global warming mitigation measures, resource conservation and resource recycling measures, and strengthening of the environmental management system.

As captain of our new odyssey, I pledge the full dedication of employees to the realization of the Group vision: the embodiment of an “EARTH FOOD CREATOR.” We will actively undertake business activities to steadily achieve our objectives during the period of the medium-term business plan.

Chief Executive Officer



*1 “Net income attributable to owners of parent” under Japanese accounting standards, “profit attributable to owners of the parent” under IFRS standards

*2 Market capitalization = Share price × Issued shares at end of year (after deduction of treasury shares)

*3 Adjusted operating income = Operating income – Impact of retirement benefit accounting

*4 Adjusted EPS = Adjusted NOPAT*5 / Average issued shares for the period (after deduction of treasury shares)

*5 Adjusted NOPAT = Adjusted operating income + Equity method gains or losses + Amortization of goodwill (including equity-method affiliates) – Net income attributable to non-controlling interests

WEIGHING THE INGREDIENTS FOR HIGHER RETURNS

Achieved: Greater Value and Efficiency

In the recently concluded Medium-Term Business Plan 2016, the Group set a total capital expenditure and business investment budget of ¥115.0 billion and established targets of a payout ratio of 40% or higher and ROE of more than 7% during the period of the plan. In actuality, the consolidation of NISSIN FOODS DO BRASIL LTDA. as a wholly owned subsidiary, among other factors, resulted in a greater than planned total capital expenditure and a business investment of ¥124.4 billion. We covered the additional expenses with bank debt financing. That investment, however, will become one of the core drivers for

achieving Medium-Term Business Plan 2021, and we are confident that it will lead to enhancement of the Group's corporate value. We have also incorporated ERP software as a component of our IT infrastructure.

Our dividend payout ratio in fiscal 2016 was less than 40% because of a one-time increase in extraordinary income, but the average payout ratio during the period of the previous medium-term business plan cleared our goal of 40%. In addition, we attained a total shareholder return ratio of 85.2% for fiscal 2016 because of share repurchases. We also achieved ROE of 7.4%, which was above our target.



Yukio Yokoyama
Director
CFO (Chief Financial Officer)

A Stronger Global Base for Future Returns

In May 2016, we announced Medium-Term Business Plan 2021. During the coming five years, we will concentrate more than ever on boosting profitability and emphasize increasing EPS and ROE in management, while we expand our business.

With regard to capital expenditure, we will pursue well-balanced investments that continue to reflect appropriate consideration of the rate and timing of return on investment. To realize sustained growth in Japan, we plan capital expenditures to further augment plant sophistication—part of a worldwide investment of approximately ¥150.0 billion.

At the same time, we anticipate investments as high as ¥100.0 billion related to mergers and acquisitions involving companies not only in the instant noodle business, but also ones with brand power and the potential to provide synergies with our existing businesses.

With regard to shareholder returns, we have set a target payout ratio of 40% or higher on average during the period of the new medium-term business plan and will consider making expeditious share repurchases, according to the financial and management environment. We will look into funding any portion of cash needed for these measures by utilizing various forms of financing, while striving for Adjusted EPS*1 CAGR of 10% or higher and ROE of at least 8%.

An Aggressive Start

In fiscal 2017, the first year of the new medium-term business plan, the Group will dash off the start line. We aim to achieve consolidated net sales of ¥500.0 billion, a record high for the Group, and to increase operating income by ¥0.6 billion to ¥27.0 billion. We expect a ¥4.9 billion decrease in net income attributable to owners of parent*3 to ¥22.0 billion mainly due to the non-recurrence of a one-time extraordinary gain recorded in fiscal 2016.

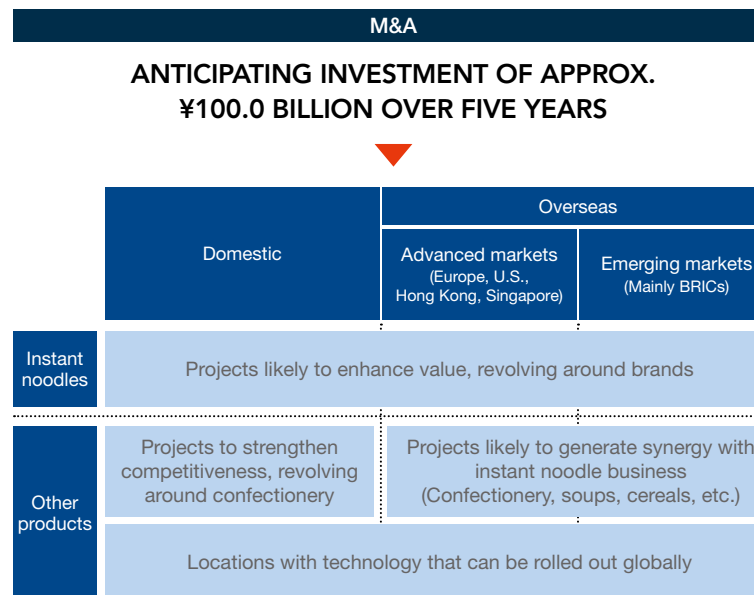
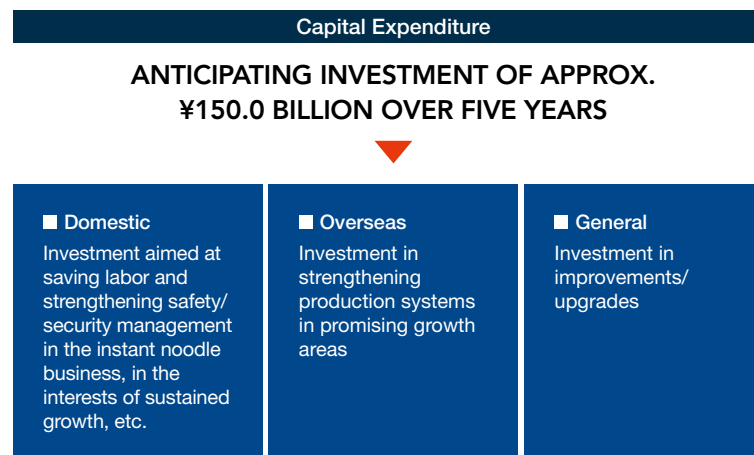
In the coming five years, NISSIN FOODS HOLDINGS will transform as we work toward gaining a strong global reputation. As our first step, we are making efforts to elevate our accounting methods to global standards. We have switched to the straight-line depreciation method, under Japanese accounting standards, as part of adopting IFRS within the period of the new medium-term business plan. To help navigate the turbulent waters of change to come, I will vigorously push ahead with further sustained enhancement of corporate value in my role as a business partner to the CEO and the compass of business management for the Group.

*1 Adjusted EPS = Adjusted NOPAT*2 / Average issued shares for the period (after deduction of treasury shares)

*2 Adjusted NOPAT = Adjusted operating income + Equity method gains or losses + Amortization of goodwill (including equity-method affiliates) – Net income attributable to non-controlling interests

*3 “Net income attributable to owners of parent” under Japanese accounting standards, “profit attributable to owners of the parent” under IFRS standards

Capital Expenditure and Business Investment



FOCUS:
CREATIVITY ON
THE BOIL

INSIDE STORIES



FOCUS
Menu
CREATIVITY ON THE BOIL

01

#NISSIN

Noritaka Ando

Executive Vice President & Representative Director
COO (Chief Operating Officer)
President & Representative Director,
NISSIN FOOD PRODUCTS CO., LTD.

02

VARIETY IS SPICE

Fusako Znaiden

Executive Officer
CMO (Chief Marketing Officer)

03

SCORING IN BRAZIL

Takashi Asano

President,
NISSIN FOODS DO BRASIL LTDA.

01

#NISSIN

A New Approach to a New Target

Japan's population peaked in 2008 and has been declining since. In this environment, NISSIN FOOD PRODUCTS developed two key concepts for achieving further growth. The first is "To Become a Century Brand Company," which refers to maximizing the value of our current instant noodle business. The second is "Beyond Instant Foods," which refers to the creation of values and new core drivers that are currently non-existent.

To Become a Century Brand Company

For NISSIN FOOD PRODUCTS to become a Century Brand Company, we must uphold our brand image as an innovator and keep the ability to deliver high profitability—even a full 100 years after our foundation. To achieve these goals, we need to not only engage with our current loyal customers, but also win over the Millennials. Recently, the consumption rate of our products among Millennials has been on the rise as a result of successful communication through social media marketing to strengthen the

brand's ties with the generation considered "digital natives." Subsequently, we will aim for further growth in the domestic instant noodle market by appealing also to women and seniors, who are generally current non-users.

Beyond Instant Foods

The other key concept, "Beyond Instant Foods," refers to products that overturn conventional notions and understanding. Until now, we have focused on the instant noodle category in our mission to provide the world with new values. From now on, we will aim to bring innovation to the food industry by committing to create new values in categories, not only instant noodles. Our definition of innovation is to create values that have sufficient impact to transform the prevalent food culture and affect that of future generations. We intend to deliver these values globally.

NISSIN FOOD PRODUCTS will continue to support growth overseas and contribute to enhance the Group's corporate value by continuously earning stable, long-term profits in the domestic market.



Noritaka Ando

Executive Vice President &
Representative Director
COO (Chief Operating Officer)
President & Representative
Director, NISSIN FOOD
PRODUCTS CO., LTD.

02

VARIETY IS SPICE

Zeroing in on Latent User Needs

When I joined NISSIN FOOD PRODUCTS, I was convinced that the fact that in Japan few women eat cup-type noodles in comparison to men represents a major opportunity to create a new market at a time when total domestic demand is static.

For *CUP NOODLE*, our leading brand, we developed a new product line that reflects meticulous attention to calories, flavor, package design, and even noodle length, and launched *Cup Noodle Light Plus* to capture the interest of female consumers. As we hoped, *Cup Noodle Light Plus* became an unprecedented hit product.

Values Diversity Gives Rise to Innovation

Innovation to continuously create unprecedented new value is the core driver of the Group's growth. To take this innovation to the next level, it is essential we have

unique global concepts that emerge from all manner and types of values. For this reason, in 2015 we established the Diversity Committee to promote diversity within the Group. We believe that if we can introduce various values and points of view through diversity, those values will lead to new ideas and even greater innovation,

and the Group's competitiveness will increase as a result. We intend to further utilize a diverse workforce made up of people chosen irrespective of gender, age, nationality, LGBT orientation, or disabilities; make breakthroughs through innovation; and move forward with globalization.



Fusako Znaiden
Executive Officer
CMO (Chief Marketing Officer)

FOCUS: CREATIVITY ON THE BOIL



03 SCORING IN BRAZIL

São Paulo, Brazil—An instant noodle powerhouse confirms release of a product that will drastically expand the cup-type instant noodle market. NISSIN FOODS DO BRASIL LTDA. is launching a high value-added *CUP NOODLES* around October 2016, with completely modified noodles, soup, and visual ingredients.

This new version comes in a paper cup, which enables the product to be microwavable, and has well-designed, user-friendly packaging that does not feel as hot when held as the previous product. NISSIN FOODS DO BRASIL LTDA. has high expectations for the new product, signaled by plans for a significant promotional campaign.

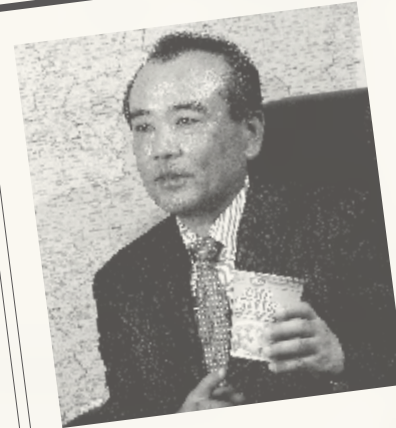
NISSIN FOODS HOLDINGS, which previously ran a joint venture instant noodle business with Ajinomoto Co., Inc., dissolved it in October 2015 and made the local operation a wholly owned subsidiary with the aim of further developing the business in Brazil by speeding up management decision-making and accelerating sales growth for *CUP NOODLES*.

Brazil has a population of 200 million*¹, and is the world's 10th-largest market for instant noodles, with a total annual demand for 2.3 billion servings*². The Group's market share is 64%. For these reasons, Brazil is one of the priority overseas regions in the Group's Medium-Term Business Plan 2021.

Bag-type noodles dominate the Brazilian market, with cup-type noodles accounting for only 3% of instant noodle sales. However, the proportion of cup-type noodles sold tends to increase as income level rises. In Brazil, where per-capita GDP exceeds U.S.\$8,000*¹ and women's roles in society are advancing, it is increasingly

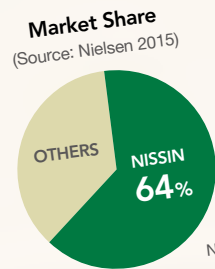
probable that demand for easy-to-prepare, easily portable cup-type noodles will increase.

Although economic conditions in Brazil remain unfavorable in 2016, following a 3.8% year-on-year decline in the actual rate of GDP growth*³ and an inflation rate of 10.7%*³ in 2015, NISSIN FOODS DO BRASIL LTDA. plans to satisfy the Brazilian people by expanding sales of *CUP NOODLES*, the most delicious cup-type instant noodles ever offered in Brazil.

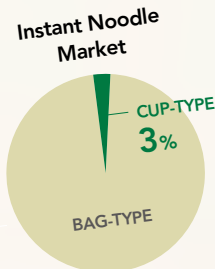


Takashi Asano
President,
NISSIN FOODS DO BRASIL LTDA.

*¹ International Monetary Fund World Economic Outlook Database (April 2016)
*² World Instant Noodles Association (WINA)
*³ Brazilian Institute of Geography and Statistics (IBGE)



Note: Unit basis



Nissin Lámen

CUP NOODLES

SALES AND OPERATING INCOME BY SEGMENT

Sales by Segment

(Billions of yen)

	Business	FY2015	FY2016	FY2016 vs FY2015	FY2017 Plan
■ NISSIN FOOD PRODUCTS	Instant Noodles	215.8	223.6	3.6%	228.3
■ MYOJO FOODS	Instant Noodles	39.2	41.6	6.2%	42.9
■ NISSIN CHILLED FOODS	Chilled	56.6	59.8	5.6%	60.5
■ NISSIN FROZEN FOODS	Frozen				
■ NISSIN CISCO *1	Confectionery	34.3	38.6	12.5%	49.0
■ NISSIN YORK *1	Beverage				
■ Bonchi *1,2	Confectionery	—	—	—	
■ Domestic Others *1,2,3		3.0	3.5	19.7%	3.1
Domestic Total		348.8	367.1	5.3%	383.8
■ The Americas *4	Instant Noodles	35.7	48.3	35.1%	60.0
■ China	Instant Noodles	34.5	40.9	18.5%	42.1
■ Asia *1,5	Instant Noodles	7.8	7.2	-8.0%	8.9
■ EMEA *1,3	Instant Noodles	4.7	4.6	-2.1%	5.2
Overseas Total		82.8	100.9	22.0%	116.2
Group Total		431.6	468.1	8.5%	500.0

Operating Income by Segment

(Billions of yen)

	Business	FY2015	FY2016	FY2016 vs FY2015	FY2017 Plan
■ NISSIN FOOD PRODUCTS	Instant Noodles	23.6	24.0	1.4%	26.7
■ MYOJO FOODS	Instant Noodles	1.4	1.4	-3.6%	2.1
■ NISSIN CHILLED FOODS	Chilled	(0.2)	0.7	—	1.3
■ NISSIN FROZEN FOODS	Frozen				
■ NISSIN CISCO *1	Confectionery	1.3	1.3	-1.3%	2.7
■ NISSIN YORK *1	Beverage				
■ Bonchi *1,2	Confectionery	—	—	—	
■ Domestic Others *1,2,3		(0.1)	(0.2)	—	1.4
Domestic Total		26.1	27.2	4.0%	34.1
■ The Americas *4	Instant Noodles	0.7	1.1	60.1%	2.3
■ China	Instant Noodles	3.3	4.1	26.4%	3.5
■ Asia *1,5	Instant Noodles	(2.2)	(2.0)	—	(1.6)
■ EMEA *1,3	Instant Noodles	(0.1)	(0.4)	—	0.1
Overseas Total		1.6	2.8	76.0%	4.3
	Retirement benefit accounting *6	1.1	1.7	58.1%	(4.5)
	Amortization of goodwill and elimination of intersegment transactions *6	(0.6)	(1.2)	—	(2.2)
	Group expenses *6	(3.9)	(4.1)	—	(4.7)
Group Total		24.3	26.4	8.6%	27.0

*1 These are included in "Others" in "Segment Information" on page 62 and 63.

*2 Bonchi Co., Ltd. has been consolidated and included in the Confectionery and Beverage segment from the first quarter of fiscal 2017.

*3 "Domestic Others" includes NISSIN FOODS HOLDINGS and NISSIN ASSET MANAGEMENT, etc.

*4 Brazil has been consolidated and included in the Americas segment from the third quarter of fiscal 2016.

*5 Indonesia has been consolidated and included in the Asia segment from the first quarter of fiscal 2017.

*6 These are included in "Reconciliations" in Summary of Consolidated Financial Statements.

DOMESTIC BUSINESS HIGHLIGHTS



Note: Relative product sizes are not to scale.

NISSIN FOOD PRODUCTS

NISSIN FOOD PRODUCTS invented *Chicken Ramen*, the world's first instant noodles, and *CUP NOODLE*, the world's first cup-type instant noodles. As the NISSIN FOODS Group's core operating company, it is steadily contributing to Group sales and profits until the overseas business gains momentum. In fiscal 2016, sales of long-selling brands such as *CUP NOODLE* were robust, and net sales reached a record ¥223.6 billion, up 3.6% from the previous year. Operating income rose 1.4% to ¥24.0 billion. Due to higher raw materials prices and higher expenses, in part due to new enterprise resource planning (ERP) software, we revised prices and profit increased as sales stayed strong.

MYOJO FOODS

MYOJO FOODS is actively advertising to build brand value and is developing and cultivating a reduced-carbohydrate noodle series as a new-concept product. To secure sustained growth, the company reorganized the Saitama No. 2 Plant, improving productivity and increasing safety and security. In fiscal 2016, sales of mainstay brands increased significantly, and net sales increased 6.2% year on year to ¥41.7 billion. Operating income decreased 3.6% to ¥1.4 billion, reflecting factors including higher advertising expenses, despite the contribution from the sales increase, improvement in the cost of sales ratio, and production efficiency improvement resulting from the building of a new plant.

NISSIN CHILLED FOODS NISSIN FROZEN FOODS

Amid demand contraction in Japan's chilled noodle market, NISSIN CHILLED FOODS sales rose year on year as a result of focusing on high unit price chilled noodles aimed at growing numbers of consumers who seek genuine products.

To increase sales in the domestic frozen noodles market, where affordable products are prevalent, NISSIN FROZEN FOODS strengthened mid-price frozen spaghetti offerings and a specialty, frozen ramen, concentrating on the convenience store sales channel, which is currently bolstering frozen food offerings. As a result, sales in this segment rose 5.6% year on year to ¥59.8 billion, and operating income increased ¥0.9 billion to ¥0.7 billion.

NISSIN CISCO NISSIN YORK

In the confectionery business, NISSIN CISCO has seen a rapid increase in sales of granola during the past few years at a time of substantial growth in total demand. To cope with the sales increase, in July 2015 the company augmented its granola production lines.

In the beverage business, NISSIN YORK met the needs of health-conscious consumers with its lactobacillus drinks and increased sales of yogurt drinks by expanding the flavor selection and increasing store coverage.

As a result, net sales increased 12.5% year on year to ¥38.6 billion, while operating income declined 1.3% to ¥1.3 billion. Bonchi Co., Ltd. will become a consolidated subsidiary in fiscal 2017.

OVERSEAS BUSINESS HIGHLIGHTS



Note: Relative product sizes are not to scale.

THE AMERICAS

In the U.S., we introduced high value-added products to activate the market and worked to secure sales and profits from existing brands. In Mexico, sales increased year on year as sales volume recovered following a decline in fiscal 2015 due to the impact of higher retail prices as a result of tax system revision (introduction of the Special Tax on Production and Services).

Thanks in part to a substantial contribution from the consolidation of NISSIN FOODS DO BRASIL LTDA* in the third quarter of fiscal 2016, net sales in the Americas segment increased 35.1% year on year to ¥48.3 billion, and operating income rose 60.1% to ¥1.1 billion.

*Former name: NISSIN-AJINOMOTO ALIMENTOS LTDA.

CHINA

In China, as major instant noodle manufacturers experienced declining sales in the mainland market, we grew sales by targeting students and white-collar workers while expanding our sales area, mainly along the coast, and promoting sales of the new *CUP NOODLES BIG*. We also revised prices in South China in October 2015 and worked to ensure penetration of the revised prices. We maintained the sales level in the Hong Kong area, despite economic stagnation in Hong Kong caused by a decline in the number of mainland tourists.

As a result, net sales in the China segment increased 18.5% to ¥40.9 billion, partly due to the impact of exchange rates. Operating income rose 26.4% to ¥4.1 billion.

ASIA

In Asia, operations in Singapore, Thailand, India and Vietnam are consolidated in the financial statements. In response to a product recall by the leading instant noodles manufacturer in India, we conducted a voluntary recall of *Top Ramen* for consumer assurance, rather than for safety. Consequently, overall net sales decreased 8.0% to ¥7.2 billion, and operating loss was ¥2.0 billion. Nevertheless, since sales in India are showing signs of rapid recovery and Asia is a region where future growth can be expected, we consider our current activities in the region a form of upfront investment and aim to achieve profitability in the future. The operation in Indonesia will become a consolidated subsidiary in fiscal 2017.

EMEA

In the EMEA region, we are engaging in activities with a view to expand into new markets, mainly in the European region, where we are building a stable earnings base. In Turkey, which is included in this region, we are experiencing rough going despite developing the *MakarNeks* instant pasta line with the introduction of cup-type noodles in addition to bag-type noodles, and by advertising. In Europe, we are making marketing investments in *Soba* yakisoba noodles and *CUP NOODLES* to increase brand value. As a result, net sales in the EMEA segment decreased 2.1% year on year to ¥4.6 billion, and operating loss was ¥0.4 billion.

BOARD OF
DIRECTORS



BOARD OF DIRECTORS

As of June 28, 2016



Koki Ando

President & Representative Director
CEO (Chief Executive Officer)



Noritaka Ando

Executive Vice President &
Representative Director
COO (Chief Operating Officer)
President & Representative
Director, NISSIN FOOD
PRODUCTS CO., LTD.



Yukio Yokoyama

Director
CFO (Chief Financial Officer)



Ken Kobayashi *1

Outside Director
Chairman of the Board,
Mitsubishi Corporation



Masahiro Okafuji *1

Outside Director
President & Chief Executive
Officer,
ITOCHU Corporation



Yoko Ishikura *1 *2

Outside Director
Professor Emeritus,
Hitotsubashi University



Isao Karube *1 *2

Outside Director
President, Tokyo University of
Technology



Masato Mizuno *1 *2

Outside Director
Chairman, Mizuno Corporation

*1 Indicates an outside director as provided for in Article 2-15 of the Companies Act.

*2 Designated for independent director as specified by the Tokyo Stock Exchange and other exchanges in Japan.

STRENGTHENING OF THE GOVERNANCE STRUCTURE

In June 2016, NISSIN FOODS HOLDINGS put in place a governance structure in which outside directors comprise the majority of the Board of Directors for the purpose of clearly segregating management oversight and execution, strengthening the oversight function of the Board of Directors. We also reduced the number of directors from thirteen to eight. Furthermore, in November 2015, we established the Management Advisory Committee, an advisory body to the Board of Directors comprising a majority of independent officers, to ensure propriety in the nomination and remuneration of directors, and other matters.

AUDIT & SUPERVISORY BOARD MEMBERS, EXECUTIVE OFFICERS AND CHIEF OFFICERS

As of April 11, 2017

Audit & Supervisory Members



Hideki Hattori

Audit & Supervisory
Board Member (Full-time)



Kazuo Kanamori *3 *4

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



Chisugi Mukai *3 *4

Audit & Supervisory
Board Member (Outside / Independent)

*3 Indicates an outside corporate auditor as provided for in Article 2-16 of the Companies Act.

*4 Designated for independent director as specified by the Tokyo Stock Exchange and other exchanges in Japan.

Senior Executive Officer

Akihide Matsuo

President & Representative Director,
MYOJO FOODS CO., LTD.

Managing Executive Officers

Tsunao Kijima

In charge of U.S.A. and Premier Foods

Mitsuru Tanaka

CDO (Chief Development Officer)
Head of NISSIN Global Innovation Center
Head of NISSIN Global Food Safety Institute

Yoshinori Miura

CBO (Chief Business Officer)
Chairperson & Representative Director,
NISSIN FOOD PRODUCTS CO., LTD.

Managing Officer (Non-executive)

Kiyotaka Ando

Executive Officers

Toshihiko Ijichi

President & Representative Director,
NISSIN CHILLED FOODS CO., LTD.

Narihiko Uemura

CCO (Chief Communication Officer)

Tetsuro Ohba

Deputy Head of
NISSIN Global Food Safety Institute

Shigeo Kitara

CIO (Chief Information Officer)

Akira Sato

President & Representative Director,
KOIKE-YA Inc.

Other

Katsuhiko Kiyofuji

CAO (Chief Administrative Officer)

Hitoshi Suzuki

General Manager,
Advertising Division

Fusako Znaiden

CMO (Chief Marketing Officer)

Kazuhiro Tadokoro

CHO (Chief Human Resources Officer)

Yuji Tabeta

President & Representative Director,
NISSIN FROZEN FOODS CO., LTD.

Akihiro Toyotome

President & Representative Director,
NISSIN CISCO CO., LTD.

Toshio Nakai

CRO (Chief Resourcing Officer)

Toshimichi Fujinawa

Deputy Head of
NISSIN Global Innovation Center

Masahiro Homma

CLO (Chief Legal Officer)

Kenji Maeda

President & Representative Director,
NISSIN YORK CO., LTD.

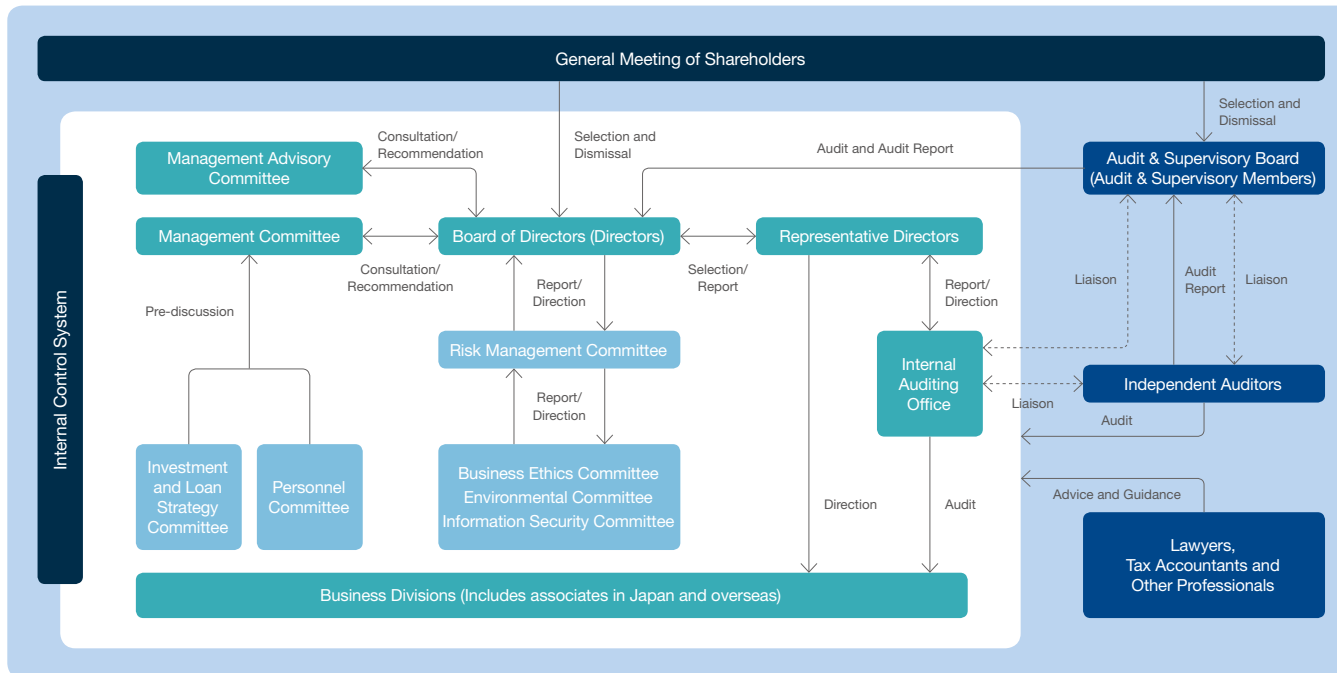
Yasuhiro Yamada

CPO (Chief Production Officer),
In charge of SCM

CORPORATE GOVERNANCE

The NISSIN FOODS Group engages in business so as to provide safe, worry-free food products and maximize benefits to all stakeholders—including shareholders, consumers, employees, business partners, and local communities and residents. The Group regards the enhancement and strengthening of corporate governance as one of its most important management priorities and strives to practice highly objective and transparent management.

Corporate Governance Structure



Corporate Governance Structure

NISSIN FOODS HOLDINGS has long appointed multiple outside directors and outside Audit & Supervisory Board members, and actively involved the opinions of outside experts in management, to realize management vitalization and transparency. Since June 1998, we have employed an executive officer system to promote rapid decision-making and clearly separate management oversight from business execution.

In addition, as a company with an Audit & Supervisory Board governance structure, we have strengthened the system in which our three appointed Audit & Supervisory Board members monitor the execution of duties by directors. We strive to further enhance corporate governance by assigning several full-time staff members to assist with auditing duties, by enhancing the Internal Auditing Office to collaborate with the Audit & Supervisory Board and increase audit efficiency, and by strengthening internal control systems.

Holding of Board of Directors Meetings

NISSIN FOODS HOLDINGS holds regular meetings of the Board of Directors ten times a year and extraordinary meetings as necessary, all of which are attended by directors and Audit & Supervisory Board members. At Board of Directors meetings, important matters are discussed and decided in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations.

To improve management efficiency, the Management Committee, consisting of the inside directors, senior managing executive officers, managing executive officers, the managing officer and full-time Audit & Supervisory Board members, meets twice a month to deliberate beforehand any matters to be resolved by the Board of Directors.

Self-Assessment of the Board of Directors

Based on the individual assessments and opinions of the directors and Audit & Supervisory Board members on matters such as the present state and operation of the Board of Directors, NISSIN FOODS HOLDINGS has determined that effectiveness of the Board of Directors as a whole has been adequately ensured. We came to this assessment following a review of analyzed findings

by the Management Advisory Committee and deliberation by the Board of Directors, and we will continuously assess the effectiveness of the Board while making improvements in the assessment framework and assessment method and striving to further increase effectiveness.

State of Development of Internal Control Systems

NISSIN FOODS HOLDINGS considers the development, construction and appropriate operation of internal control systems to be one of its most important management priorities, and we are implementing groupwide internal control systems initiatives. To ensure the effectiveness of internal controls, the Audit & Supervisory Board members audit internal control systems related to overall business management, and the Audit & Supervisory Board members and Internal Audit Office conduct operational audits of the business divisions, auditing and verifying the effectiveness of controls and providing improvement suggestions, guidance, and instructions as necessary.

Criteria for the Selection of Candidates for Director

NISSIN FOODS HOLDINGS selects as candidates for director persons who have a wealth of experience, keen insights, and a high level of professional expertise for the Group's business development in Japan and overseas. We take into consideration the balance of knowledge, experience, and abilities of the Board of Directors as a whole, the diversity in expertise and gender, and what is the most appropriate number of directors for the Board.

We select candidates for inside director positions from among the president and CEO, executive vice president and COO, and officers in charge of Group management: executive officers, chief officers, operating company presidents, and chief representatives.

We select as candidates for outside director persons satisfying the criteria in the Companies Act who are corporate executives, academics, or other persons with keen insights and a high level of professional expertise in Japanese or international economics, finance, and industry, corporate strategy, marketing, advanced research, or other fields; who are capable of checking the legality of management and the appropriateness of decision-making in business execution

by the Board of Directors; and who are capable of providing advice at Board of Directors Meetings and other occasions that contributes to business activities that enhance corporate value.

Candidates are determined by the Board of Directors following deliberation and verification of their appropriateness by the Management Advisory Committee, an advisory body to the Board of Directors comprising a majority of independent officers.

Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for directors consists of basic remuneration paid according to position and role importance within the total amount resolved at the general meeting of shareholders and compensation-type stock options for the purpose of increasing motivation and incentive to contribute to sustained improvement of business performance and enhancement of corporate value over the medium to long term. However, in view of the nature of their duties, remuneration for outside directors is not linked to business performance and consists only of basic remuneration paid according to position. Remuneration is determined by the Board of Directors following deliberation and verification of its appropriateness by the Management Advisory Committee.

The remuneration for Audit & Supervisory Board members is determined through discussion by the Audit & Supervisory Board. In view of the nature of auditing work, remuneration for Audit & Supervisory Board members is not linked to business performance and consists only of basic remuneration paid according to position.

The Functions and Roles of Outside Directors and Outside Audit & Supervisory Board Members in Corporate Governance

The outside directors ask appropriate questions and express opinions during discussions of agenda items at meetings of the Board of Directors and vitalize Board meetings by expressing their views concerning the domestic and overseas economic, financial, and industrial situation and perform a management oversight role. The outside Audit & Supervisory Board members regularly attend Board of Directors meetings and monitor the directors' status of execution of duties by expressing opinions from a fair and objective viewpoint.

VIEWPOINT FROM AN INDEPENDENT OUTSIDE DIRECTOR

Outside Director **Isao Karube**



I assumed the office of outside director of NISSIN FOODS HOLDINGS in June 2015. Heralded in Japan as “year one of corporate governance,” 2015 was a year in which Japanese corporations were expected, more than ever, to strengthen their governance. However, continuing scandals at Japanese companies and other issues have clearly shown that companies have not reached the point of winning stakeholder confidence in the effectiveness of corporate governance.

In these circumstances, in November 2015, NISSIN FOODS HOLDINGS established the Management Advisory Committee, an advisory body to the Board of Directors comprising a majority of independent officers, as well as the Liaison Conference of Independent Outside

Directors and Audit & Supervisory Board Members, in order to further strengthen information sharing with independent outside directors. In June 2016, the number of directors overall was decreased from thirteen to eight, while the number of independent outside directors was increased from two to three. This resulted in an increase of all outside directors from four to five, so that they make up the majority. This attitude shows how committed NISSIN FOODS HOLDINGS is to further reflecting the views of outside directors in management and practicing highly objective and transparent management. In my role as an outside director, I am called on to offer advice that draws on my management experience gained as a university president, knowledge of

advanced research, and extensive international experience. I constantly and actively convey my views and advice to executive management.

In May 2016, NISSIN FOODS HOLDINGS established a new medium-term business plan. As the Group accelerates its overseas business development, they are likely to be increasingly required to make important management decisions. In addition, for them to reach their goal of achieving recognition as a global company, it will likely require even further transparency and effectiveness. From a third-party perspective, I will monitor the propriety of management strategies and whether those strategies are being appropriately executed, and strive to contribute to medium- and long-term increases in corporate value.

RISK MANAGEMENT

NISSIN FOODS HOLDINGS has instituted the Risk Management Committee, chaired by the Executive Vice President & Representative Director/COO, as an organization over the Business Ethics Committee, Environmental Committee, and Information Security Committee. The Risk Management Committee prevents, discovers, manages, and responds to various risks pertaining to NISSIN FOODS HOLDINGS and its subsidiaries.

Risks that have the potential to significantly influence the decisions of investors are presented here. Forward-looking statements provided herein represent management's judgment as of March 31, 2016. The Group recognizes that risk events may occur and undertakes to prevent the occurrence of risk events and to respond if a risk event occurs.

Risk Factors

(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.

RISK MANAGEMENT

(3) Risk of Decline in Brand Value

The Company's mainstay products, particularly *Chicken Ramen* and the *CUP NOODLES* 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. 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.

RISK MANAGEMENT

(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.

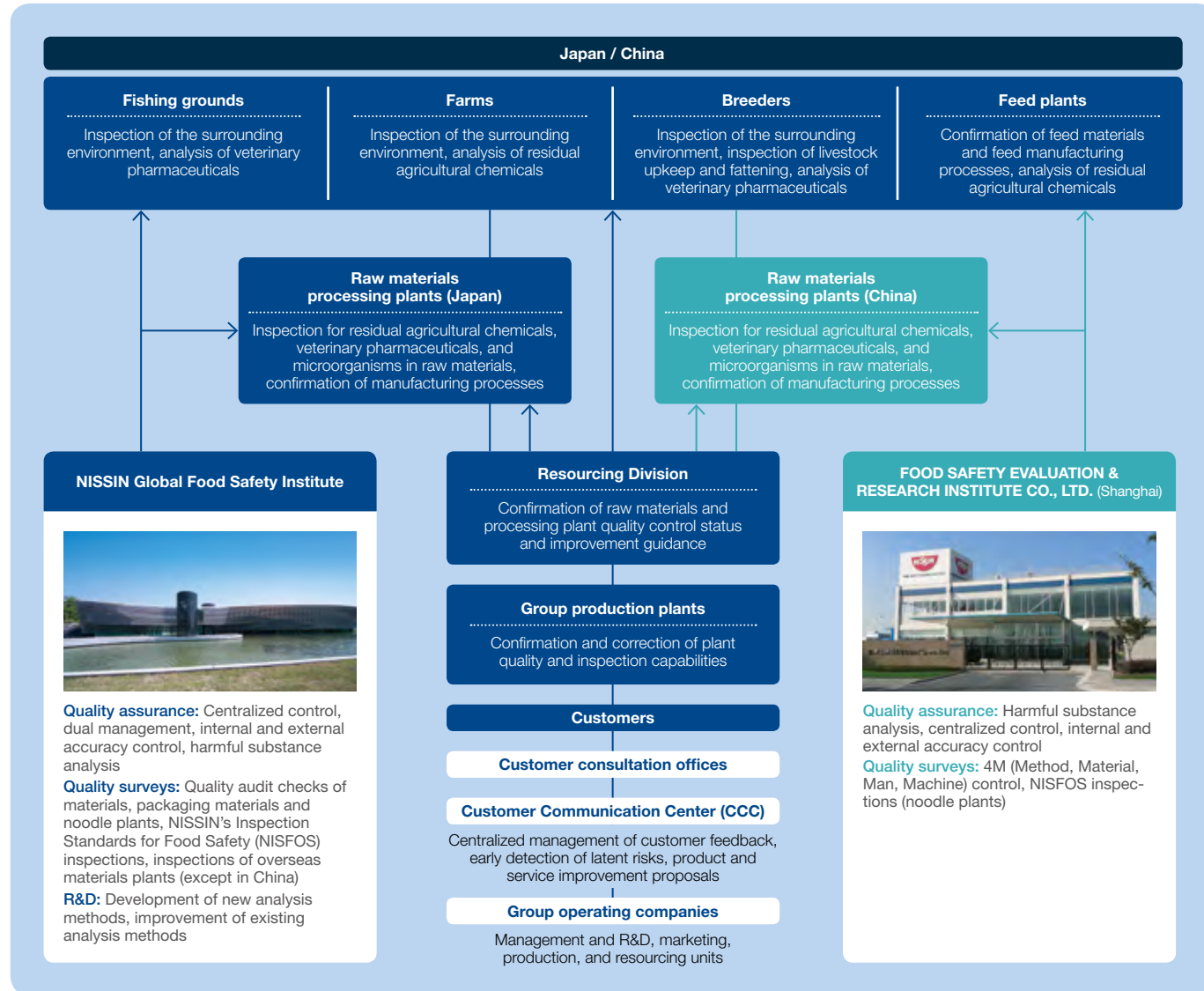
(13) Exchange Rate Fluctuations

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.

QUALITY ASSURANCE

For a food products company, product safety is the foundation for business growth. To provide customers with products they can enjoy with confidence and peace of mind and, as a result, ensure the sustained growth of the Group, the NISSIN Global Food Safety Institute plays a central role in establishing independent analysis and inspection systems and a quality assurance system. This rock-solid quality assurance system will support the future global growth of the Group.

Quality Control System



QUALITY ASSURANCE

NISSIN Global Food Safety Institute

The NISSIN Global Food Safety Institute is responsible for quality assurance, from raw materials to finished products, throughout the Group. The institute analyzes harmful substances that may be contained in food (such as residual agricultural chemicals, veterinary pharmaceuticals, carcinogens, food allergens, mycotoxins, heavy metals, and radioactive substances) and ensures quality through quality surveys at every stage from raw materials production and processing to final production and periodic inspections of finished products. Furthermore, the institute develops analysis methods for new harmful substances and updates existing analysis methods and equipment as well to shorten analysis periods and improve accuracy. It has also set up the Food Identification Group whose sole responsibility is scientific testing of foreign matter and strange taste and odors reported by customers. Through these rigorous quality control systems, the institute has put in place a mechanism to provide safe products to our customers.

The Group has instituted a dual quality management system in Japan consisting of quality control of products at each production plant and inspection of those products at the NISSIN Global Food Safety Institute. The institute also

inspects room-temperature products produced overseas.

In August 2015, the Kyurito Building opened at the NISSIN Global Food Safety Institute. Progress in science and technology can lead to the discovery of new harmful substances in food products. This requires a rapid response capability, and the Kyurito Building is a research facility whose mission is to be first to detect scientific risks pertaining to new food products and contribute to customers' peace of mind by preparing for future eventualities. Completion of the Kyurito Building has enabled the Group to engage in leading-edge research activities concerning food safety.

Quality Assurance in Procurement

The NISSIN FOODS HOLDINGS' Resourcing Division conducts quality surveys extending to raw material suppliers and manufacturing processes at contract manufacturers, confirming the status of quality control and providing guidance for improvement.

In 2015, a unit that specializes in quality control was set up within the Resourcing Division to further strengthen the quality control system for procured items. The unit conducts supplier inspections using its own checklist, offers guidance, and also regularly conducts workshops within the division. In

April 2015, the Resourcing Division began implementation of an independently prepared Raw Materials Manufacturing Plant Checklist covering a total of 32 items related to laws and ordinances, facilities, raw materials and water, manufacturing processes, product inspection, hygiene management, and other quality-related matters. In March 2015, a Global Purchase Meeting attended by procurement personnel of overseas operating companies was held for the purpose of sharing the checklist contents.

Universal Design Initiatives

There are individual differences in human color perception, and text may be difficult to read due to text color, color combinations, or contrast. To enable customers to enjoy our products with peace of mind regardless of age, physique, or physical ability, the Group has adopted the Universal Design concept to ensure that ingredient lists, preparation methods, and other information on labels is easy to read.

Products That Meet the Needs of Health-Conscious Customers

The Group is developing products that meet the needs of health-conscious customers, such as products with reduced calories, reduced salt, and low carbohydrates and products containing healthy

dietary fiber and nutrients. In March 2015, the Health Science Research Division was established within the NISSIN Global Innovation Center to analyze the functions of food from the perspectives of nutrition, palate, and biological regulation functions and to conduct leading-edge research that leads to the creation of delicious, original products.

HUMAN RESOURCES

The Group, which aspires to make the leap to a global company, is strengthening and developing human resources as it accelerates overseas business expansion. To create products that people enjoy while fulfilling our responsibility as a company involved with food, we will provide support for improvement of employee skills and abilities.

Developing Global Talent

The Group has made developing and strengthening its global management talent one of the key strategies in the new medium-term business plan, aimed at achieving recognition as a global company. We will increase the number of management personnel and accelerate global management through a two-fold approach involving human resource development within the Group and external recruiting.

Human Resource Development Measures

The Group pursues a multi-faceted approach, and we have instituted the following three selective training programs specifically for the purpose of developing employees capable of succeeding in the global business field.

- **Global Challenge Pass Program**

This program supports the success in the global business field of young employees, actively assisting employees who meet certain criteria and wish to challenge themselves in the global business field by conferring to them priority in internal selection of overseas trainees.

- **Overseas Trainee Program**

This program accelerates the acquisition of practical experience by dispatching young employees to overseas business sites for a one-year period to promote their growth as global management personnel. In fiscal 2016, ten young employees, internally selected, were dispatched to fill posts (in the U.S., Brazil, Mexico, Indonesia, India, Shanghai, Hong Kong, and Zhuhai).

- **Global SAMURAI Academy**

This is an in-house university that trains the personnel who will constitute the core of the Group's management, from young employees to managers. The program contains management skills, logical thinking, foreign languages, cross-cultural understanding, liberal arts, and other subjects. In fiscal 2016, specialized training to develop female leaders was added to the program.



New employee orientation

Fair Employment Practices that Respect Human Rights

When hiring people, the Group respects fundamental human rights and follows fair hiring practices in accordance with a manual that ensures that applicants are placed at no advantage or disadvantage because of nationality, gender, ethnicity, marital status, or other criteria. We have prepared interview questions to ensure that matters relating to protected human rights are avoided in interviews. We also rigorously follow fair employment practices to ensure that discrimination does not occur in subsequent promotion or advancement.

HUMAN RESOURCES

Promoting the Success of Women

NISSIN FOODS HOLDINGS promotes the success of female employees and is increasing recruitment of women. We participate in the Keidanren's (Japan Business Federation) Voluntary Action Plan on Promotion of Women to Managerial and Board Positions and aim to increase the ratio of female managers to 15% by 2025.

We established the Diversity Committee in fiscal 2016 as one of the initiatives linked to furthering female employees in the workplace, and are creating an environment to make workplaces in which women can thrive.



**NISSIN
DIVERSITY**

Active Hiring of Foreign Nationals

Two non-Japanese were appointed as the presidents of INDO NISSIN FOODS PRIVATE LTD. in January 2014 and NISSIN FOODS (U.S.A.) CO., INC. in April 2015. We actively recruit foreign-national university graduates and seek to hire talented people regardless of nationality. We hired 31 foreign nationals in fiscal 2016.

Health Promotion and Workplace Safety Initiatives

The Group emphasizes employee health management and promotion and implements a variety of initiatives to foster mental and physical well-being. We strive to prevent disease and promote employee health by engaging in meticulous health management activities. In conformance with the Industrial Safety and Health Act, we endeavor to ensure workplace safety and health and maintain an employee-friendly work environment. The Group convenes monthly meetings of the Health and Safety Committee and is working to create a pleasant and comfortable environment for employees.

OPENING OF KABUTERIA*, AN EMPLOYEE CAFETERIA LINKED TO THE SHARE PRICE

KABUTERIA opened at the NISSIN FOODS HOLDINGS Head Office in March 2016 as a new style of employee cafeteria that combines a “creative garage” interior design (inspired by the shed in which Momofuku Ando created instant noodles) with a share price-linked event concept in which aspects of the cafeteria’s menu change according to the rise or fall of the NISSIN FOODS HOLDINGS stock. The

purpose of KABUTERIA is to promote the generation of new ideas through creative thinking by individual employees and promote actions that reflect awareness of corporate value enhancement and the share price. The photos of corporate officers in Annual Report 2016 were all taken at KABUTERIA.

* The name KABUTERIA is derived from kabu (Japanese for stock) + cafeteria.



ENVIRONMENTAL / SOCIAL ACTIVITIES

The Group will continue to diligently pursue appropriate activities for ensuring harmonious coexistence with society and fulfilling our corporate social responsibility, giving due consideration to the future sustainability of the global environment and social systems.

Establishment of Medium-Term Environmental Targets

In 2008, the Group established the Group Environmental Charter, which sets forth fundamental principles and action guidelines for green management. We are working to reduce environmental impacts at every stage of all business activities to preserve a sustainable global environment. In fiscal 2016, we established medium-term environmental targets to be achieved by fiscal 2021. By updating these medium-term environ-

mental targets every five years, we will continuously review our environmental strategy and engage in wide-ranging environmental initiatives, including measures to curb global warming.

Establishment of Environmental Management

The Group has set up the Environmental Committee for the purpose of promoting environmental conservation. The committee, chaired by a representative director of NISSIN FOODS HOLDINGS,

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. Working groups made up of divisional representatives in charge of environmental activities also hold meetings as necessary. In addition, the Environmental Promotion Division plays a central role in holding the NISSIN FOODS Group Environmental Activities Promotion Conference attended by environmental managers of Group companies for the purpose of sharing information on matters such as the status of implementation of environmental activities at Group plants. We also promote the adoption of the ISO 14001 Environmental Management System and carry out environmental conservation activities that fit the specific nature of each of our places of business.

Greenhouse Gas Reduction and Energy Conservation Initiatives

Since fiscal 2007 the Group has been converting the boiler fuel used at plants from heavy oil to natural gas. We are also striving to reduce environmental impacts in production by reducing energy loss in production processes.

Resource Conservation and Reduction of Water Use

Each Group plant works to reduce water use in manufacturing and endeavors to reuse water by means such as cleaning facilities with water used in cooling manufacturing processes. We have implemented initiatives to achieve zero emissions since fiscal 2002 and strive to promote recycling and reduce waste.

Medium-Term Environmental Targets

ENERGY CONSERVATION AND GLOBAL WARMING MITIGATION MEASURES

- Greenhouse gas (CO₂) emissions from business activities

30% reduction*¹

RESOURCE CONSERVATION AND RESOURCE RECYCLING MEASURES

- Recycling rate

Maintain at **99.5%** or higher

STRENGTHENING OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

- ISO 14001 certification rate at Group plants
- Upgrading of environmental resource manager qualifications (Eco Test pass rate)

100%^{*2} **100%**^{*3}

*1 Reduction target per unit of output at domestic business sites subject to reporting (fiscal 2006 comparison)

*2 Certification rate at plants subject to inspection (at the time of target setting)

*3 Including alternative qualifications, such as environmental planner certification

CONSOLIDATED SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Years ended March 31,

Millions of yen (except per share information)

		2016	2015	2014	2013	2012	2011
For the Year	Net sales	¥ 468,084	¥ 431,575	¥ 417,621	¥ 382,793	¥ 380,675	¥ 374,932
	Cost of sales	260,496	242,916	231,310	211,347	213,707	203,202
	Gross profit	207,588	188,659	186,311	171,446	166,968	171,730
	Selling, general and administrative expenses	181,188	164,358	158,606	147,492	140,756	137,192
	Operating income	26,400	24,301	27,705	23,954	26,212	34,538
	Other income (expenses)	10,579	4,714	4,020	5,439	5,408	145
	Income before income taxes and noncontrolling interests	36,979	29,015	31,725	29,393	31,620	34,683
	Income taxes	10,092	10,296	12,436	10,195	12,887	13,597
	Net income attributable to noncontrolling interests	2	214	20	343	194	330
	Net income attributable to owners of the parent	26,885	18,505	19,269	18,855	18,539	20,756
Comprehensive income	19,606	37,956	37,410	34,884	18,541	13,239	
Per Share	Net income attributable to owners of the parent per share—primary	¥ 245.52	¥ 167.88	¥ 174.83	¥ 171.12	¥ 167.97	¥ 187.56
	—diluted	244.22	167.10	174.13	170.57	167.59	187.30
	Cash dividends	80.00	75.00	75.00	75.00	75.00	70.00
	Equity*1	3,332.94	3,282.02	3,018.82	2,782.25	2,545.31	2,454.67
At Year-End	Working capital*2	¥ 60,039	¥ 98,481	¥ 74,652	¥ 48,865	¥ 60,949	¥ 56,472
	Property, plant and equipment, net	168,886	147,249	147,620	133,788	126,360	125,882
	Total assets	553,069	512,744	479,470	446,132	414,717	409,749
	Long-term liabilities	50,495	39,864	37,001	33,296	37,194	44,499
	Equity*3	371,689	369,853	342,301	315,027	286,657	277,595
	R&D expenses	¥ 7,183	¥ 6,431	¥ 5,313	¥ 4,321	¥ 4,385	¥ 4,081
	Capital expenditures	32,786	22,960	27,527	21,582	18,937	30,810
Value & Performance Indicators	Operating margin (%)*4	5.6	5.6	6.6	6.3	6.9	9.2
	Return on assets (%)*5	5.0	3.7	4.2	4.4	4.5	5.1
	Return on equity (%)*6	7.4	5.3	6.0	6.4	6.7	7.7
	Inventory turnover (times)*7	10.4	11.0	11.5	11.5	13.4	14.1

*1 Equity per share = (Equity - Noncontrolling 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 noncontrolling interests.

*4 Operating margin = Operating income / Net sales

*5 Return on assets = Net income attributable to owners of the parent / Average total assets

*6 Return on equity = Net Income attributable to owners of the parent / (Average total equity - Average noncontrolling interests - Average stock acquisition rights)

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

CONSOLIDATED BALANCE SHEET

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries
As of March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
ASSETS			
Current assets:			
Cash and deposits (Notes 5 and 6)	¥ 87,110	¥ 94,365	\$ 773,074
Marketable securities (Notes 5, 6 and 7)	3,804	19,153	33,759
Receivables:			
Trade (Note 6)	61,391	54,491	544,826
Other	3,406	3,348	30,227
Less: Allowance for doubtful receivables	(347)	(422)	(3,080)
Inventories (Note 9)	27,169	23,068	241,116
Deferred tax assets (Note 17)	5,657	4,688	50,204
Other current assets	2,734	2,817	24,265
Total current assets	190,924	201,508	1,694,391
Property, plant and equipment:			
Land (Notes 8, 10, 12 and 15)	52,694	51,098	467,643
Buildings and structures (Notes 8, 10, 11 and 15)	119,110	106,655	1,057,064
Machinery, equipment and vehicles (Notes 10, 11 and 15)	166,171	150,877	1,474,716
Leased assets	2,395	2,177	21,255
Construction in progress	12,072	5,912	107,135
Other	1,545	1,528	13,712
	353,987	318,247	3,141,525
Less: Accumulated depreciation	(185,101)	(170,998)	(1,642,714)
Property, plant and equipment, net	168,886	147,249	1,498,811
Investments and other assets:			
Investments in securities (Notes 6 and 7)	113,004	99,973	1,002,875
Investments in unconsolidated subsidiaries and associates (Note 6)	32,958	41,139	292,492
Other investments (Note 6)	68	9,622	603
Long-term loans	1,236	2,004	10,969
Intangible assets:			
Goodwill (Note 10)	28,550	702	253,372
Other (Note 10)	13,740	7,511	121,938
Asset for retirement benefits (Note 16)	202	269	1,793
Deferred tax assets (Note 17)	793	950	7,038
Other assets	3,082	2,139	27,353
Less: Allowance for doubtful receivables	(374)	(322)	(3,319)
Total investments and other assets	193,259	163,987	1,715,114
Total assets	¥ 553,069	¥ 512,744	\$ 4,908,316

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings (Notes 6, 13 and 15)	¥ 18,457	¥ 3,870	\$ 163,800
Current portion of long-term debt (Notes 13, 14 and 15)	2,299	1,944	20,403
Payables (Note 6):			
Trade	51,324	44,897	455,485
Other	36,209	32,569	321,344
Accrued income taxes (Notes 6 and 17)	7,263	5,164	64,457
Other current liabilities (Note 21)	15,333	14,583	136,076
Total current liabilities	130,885	103,027	1,161,565
Long-term liabilities:			
Long-term debt (Notes 6, 13, 14 and 15)	13,498	9,893	119,791
Liability for retirement benefits (Note 16)	7,987	3,395	70,882
Deferred tax liabilities (Note 17)	24,022	21,347	213,188
Deferred tax liabilities on land revaluation (Note 12)	2,081	2,455	18,468
Other long-term liabilities	2,907	2,774	25,798
Total long-term liabilities	50,495	39,864	448,127
Equity (Note 18):			
Common stock:			
Authorized—500,000,000 shares;			
Issued—117,463,685 shares in 2016 and 2015	25,123	25,123	222,959
Capital surplus	48,178	48,417	427,565
Stock acquisition rights (Note 23)	1,860	1,518	16,507
Retained earnings (Notes 18 and 27)	293,803	273,319	2,607,410
Treasury stock, at cost—9,438,151 shares at March 31, 2016 and 7,231,787 shares at March 31, 2015	(35,836)	(21,684)	(318,033)
Accumulated other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities (Note 7)	43,172	35,103	383,138
Deferred gain (loss) on derivatives under hedge accounting	(262)	58	(2,325)
Land revaluation reserve (Note 12)	(6,380)	(5,739)	(56,621)
Foreign currency translation adjustments	(4,577)	6,017	(40,619)
Defined retirement benefit plans	(3,179)	1,170	(28,213)
Total	361,902	363,302	3,211,768
Noncontrolling interests	9,787	6,551	86,856
Total equity	371,689	369,853	3,298,624
Total liabilities and equity	¥ 553,069	¥ 512,744	\$ 4,908,316

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Net sales	¥468,084	¥431,575	\$4,154,100
Cost of sales	260,496	242,916	2,311,821
Gross profit	207,588	188,659	1,842,279
Selling, general and administrative expenses (Note 19)	181,188	164,358	1,607,987
Operating income	26,400	24,301	234,292
Other income (expenses):			
Interest and dividend income	2,344	2,765	20,802
Gain on sales of marketable securities (Note 7)	803	—	7,126
Equity in earnings of associates	2,782	2,929	24,689
Interest expense	(343)	(247)	(3,044)
Tax and dues	—	(53)	—
Foreign exchange gain (loss)	(1,384)	2,486	(12,283)
Loss on investments in partnership	(394)	—	(3,497)
Gain on sales of fixed assets	228	385	2,023
Gain on sales of investments in securities (Note 7)	5,128	2,505	45,509
Gain on step acquisitions (Note 27)	6,641	—	58,937
Gain on bargain purchase	206	—	1,828
Loss on disposal and sales of fixed assets	(395)	(575)	(3,506)
Loss on impairment of fixed assets (Note 10)	(1,093)	(5,058)	(9,700)
Loss on sales of investments in capital	(1,317)	—	(11,688)
Bad debts expense	(734)	—	(6,514)
Loss on revaluation of investments in securities, unconsolidated subsidiaries and associates, and other	(629)	(720)	(5,582)
Effect of change to the standard method of accounting for the projected benefit obligation	(736)	—	(6,532)
Loss on cancellation of manufacturing subcontract agreement	—	(333)	—
Other, net	(528)	630	(4,683)
Income before income taxes	36,979	29,015	328,177
Income taxes (Note 17):			
Current	11,212	10,491	99,503
Deferred	(1,120)	(195)	(9,940)
	10,092	10,296	89,563
Net income	26,887	18,719	238,614
Net income attributable to noncontrolling interests	2	214	18
Net income attributable to owners of the parent	¥ 26,885	¥ 18,505	\$ 238,596

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Net income	¥26,887	¥18,719	\$238,614
Other comprehensive income (loss)			
Unrealized gain (loss) on available-for-sale securities	8,008	16,479	71,069
Deferred gain (loss) on derivatives under hedge accounting	(319)	20	(2,831)
Land revaluation reserve	46	159	408
Foreign currency translation adjustments	(6,011)	8,046	(53,346)
Share of other comprehensive income (loss) in associates	(4,663)	(6,238)	(41,383)
Defined retirement benefit plans	(4,342)	771	(38,534)
Total other comprehensive income (loss)	(7,281)	19,237	(64,617)
Comprehensive Income	19,606	37,956	173,997
Total comprehensive income attributable to:			
Owners of the parent	19,738	37,799	175,168
Noncontrolling interests	(132)	157	(1,171)

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, 2016

	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	Noncontrolling interests	Total equity
						Unrealized gain (loss) on available-for-sale securities (Note 7)	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve (Note 12)	Foreign currency translation adjustments	Defined retirement benefit plans			
Balance, March 31, 2014	¥25,123	¥48,416	¥1,180	¥263,585	¥(21,710)	¥17,563	¥ 38	¥(5,898)	¥ 5,214	¥ 409	¥333,920	¥8,381	¥342,301
Cash dividends paid	—	—	—	(8,267)	—	—	—	—	—	—	(8,267)	—	(8,267)
Net income attributable to owners of the parent	—	—	—	18,505	—	—	—	—	—	—	18,505	—	18,505
Acquisition of treasury stock	—	—	—	—	(10)	—	—	—	—	—	(10)	—	(10)
Sales of treasury stock	—	1	—	—	36	—	—	—	—	—	37	—	37
Reversal of land revaluation reserve	—	—	—	85	—	—	—	—	—	—	85	—	85
Change in scope of consolidation	—	—	—	(726)	—	—	—	—	—	—	(726)	—	(726)
Adjustments due to change in accounting period of consolidated subsidiaries	—	—	—	40	—	—	—	—	—	—	40	—	40
Adjustments due to change in accounting period of associates accounted for by the equity method	—	—	—	128	—	—	—	—	—	—	128	—	128
Other	—	—	—	(31)	—	—	—	—	—	—	(31)	—	(31)
Net change in the year	—	—	338	—	—	17,540	20	159	803	761	19,621	(1,830)	17,791
Balance, March 31, 2015	¥25,123	¥48,417	¥1,518	¥273,319	¥(21,684)	¥35,103	¥ 58	¥(5,739)	¥ 6,017	¥ 1,170	¥363,302	¥6,551	¥369,853
Cash dividends paid	—	—	—	(8,268)	—	—	—	—	—	—	(8,268)	—	(8,268)
Net income attributable to owners of the parent	—	—	—	26,885	—	—	—	—	—	—	26,885	—	26,885
Acquisition of treasury stock	—	—	—	—	(14,180)	—	—	—	—	—	(14,180)	—	(14,180)
Sales of treasury stock	—	5	—	—	28	—	—	—	—	—	33	—	33
Reversal of land revaluation reserve	—	—	—	687	—	—	—	—	—	—	687	—	687
Change in scope of consolidation	—	—	—	22	—	—	—	—	—	—	22	—	22
Adjustments due to change in accounting period of consolidated subsidiaries	—	—	—	1,158	—	—	—	—	—	—	1,158	—	1,158
Change in equity related to transaction with noncontrolling shareholders	—	(244)	—	—	—	—	—	—	—	—	(244)	—	(244)
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Net change in the year	—	—	342	—	—	8,069	(320)	(641)	(10,594)	(4,349)	(7,493)	3,236	(4,257)
Balance, March 31, 2016	¥25,123	¥48,178	¥1,860	¥293,803	¥(35,836)	¥43,172	¥(262)	¥(6,380)	¥ (4,577)	¥(3,179)	¥361,902	¥9,787	¥371,689

Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income										Total	Noncontrolling 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 7)	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve (Note 12)	Foreign currency translation adjustments	Defined retirement benefit plans			
Balance, March 31, 2015	\$222,959	\$429,686	\$13,472	\$2,425,621	\$(192,439)	\$311,528	\$ 515	\$(50,932)	\$ 53,399	\$ 10,383	\$3,224,192	\$58,138	\$3,282,330
Cash dividends paid	—	—	—	(73,376)	—	—	—	—	—	—	(73,376)	—	(73,376)
Net income attributable to owners of the parent	—	—	—	238,596	—	—	—	—	—	—	238,596	—	238,596
Acquisition of treasury stock	—	—	—	—	(125,842)	—	—	—	—	—	(125,842)	—	(125,842)
Sales of treasury stock	—	44	—	—	248	—	—	—	—	—	292	—	292
Transfer to capital surplus	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of land revaluation reserve	—	—	—	6,097	—	—	—	—	—	—	6,097	—	6,097
Change in scope of consolidation	—	—	—	195	—	—	—	—	—	—	195	—	195
Adjustments due to change in accounting period of consolidated subsidiaries	—	—	—	10,277	—	—	—	—	—	—	10,277	—	10,277
Change in equity related to transaction with noncontrolling shareholders	—	(2,165)	—	—	—	—	—	—	—	—	(2,165)	—	(2,165)
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Net change in the year	—	—	3,035	—	—	71,610	(2,840)	(5,689)	(94,018)	(38,596)	(66,498)	28,718	(37,780)
Balance, March 31, 2016	\$222,959	\$427,565	\$16,507	\$2,607,410	\$(318,033)	\$383,138	\$(2,325)	\$(56,621)	\$(40,619)	\$(28,213)	\$3,211,768	\$86,856	\$3,298,624

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Operating activities:			
Income before income taxes	¥ 36,979	¥ 29,015	\$ 328,177
Depreciation and amortization	17,499	15,440	155,298
Loss on impairment of fixed assets	1,093	5,058	9,700
Increase (decrease) in allowance for doubtful receivables	(130)	41	(1,154)
Increase (decrease) in liability for retirement benefits	(1,769)	(1,792)	(15,699)
Interest and dividend income	(2,344)	(2,765)	(20,802)
Interest expense	343	247	3,044
Foreign currency exchange (gain) loss	1,642	(2,359)	14,572
Equity in earnings of associates	(2,782)	(2,929)	(24,689)
Gain on step acquisitions	(6,641)	—	(58,937)
Loss on disposal and sales of property, plant and equipment	166	190	1,473
Gain on sales of marketable securities, investments in securities and other	(4,614)	(2,505)	(40,948)
Loss on revaluation of marketable securities, investments in securities and other	1,023	720	9,079
(Increase) decrease in trade notes and accounts receivable	(4,902)	(2,588)	(43,504)
(Increase) decrease in inventories	(2,594)	(1,264)	(23,021)
Increase (decrease) in trade notes and accounts payable	4,824	566	42,812
Increase (decrease) in other payables	2,275	1,751	20,190
Other, net	1,604	101	14,235
Subtotal	41,672	36,927	369,826
Interest and dividends received	4,550	6,087	40,380
Interest paid	(343)	(247)	(3,044)
Income taxes paid	(10,580)	(13,641)	(93,894)
Income taxes refunded	885	1,228	7,854
Net cash provided by operating activities	36,184	30,354	321,122

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Investing activities:			
Net (increase) decrease in time deposits	4,707	(2,963)	41,773
Payments for purchases of marketable securities	(0)	(0)	(0)
Proceeds from sales and redemption of marketable securities	800	8,402	7,100
Payments for purchases of property, plant and equipment, and other	(32,510)	(19,951)	(288,516)
Proceeds from sales of property, plant and equipment, and other	1,811	1,829	16,072
Payments for purchases of investment in securities	(11,761)	(16,244)	(104,375)
Proceeds from sales and redemption of investments in securities	21,816	27,579	193,610
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(30,365)	—	(269,480)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	584	—	5,183
Net (increase) decrease in loans receivable	388	1	3,443
Other, net	(1,230)	(3,494)	(10,916)
Net cash used in investing activities	(45,760)	(4,841)	(406,106)
Financing activities:			
Increase in short-term borrowings, net	14,800	654	131,345
Proceeds from long-term borrowings	4,491	2,366	39,856
Repayment of long-term borrowings	(2,006)	(2,624)	(17,803)
Proceeds from share issuance to noncontrolling shareholders	1,665	—	14,776
Net (increase) decrease in treasury stock	(14,180)	(10)	(125,843)
Cash dividends paid	(8,268)	(8,267)	(73,376)
Dividends paid to noncontrolling interests	(12)	(12)	(106)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	750	—	6,656
Other, net	(251)	(129)	(2,227)
Net cash used in financing activities	(3,011)	(8,022)	(26,722)
Effect of exchange rate changes on cash and cash equivalents	(4,884)	5,063	(43,344)
Net increase (decrease) in cash and cash equivalents	(17,471)	22,554	(155,050)
Cash and cash equivalents at beginning of the year	105,897	80,201	939,803
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	135	2,574	1,198
Increase in cash and cash equivalents arising from change in accounting period of subsidiaries	128	568	1,136
Cash and cash equivalents at end of the year (Note 5)	¥ 88,689	¥105,897	\$ 787,087

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, 2015 to the 2016 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 ¥112.68 = U.S.\$1.00, the exchange rate prevailing on March 31, 2016. 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 and indirectly under the control and influence concepts. 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, transactions and material unrealized gains from intercompany transactions have

been eliminated in consolidation.

The number of consolidated subsidiaries has increased by five during the fiscal year ended March 31, 2016. Due to the establishment of new companies or the increased importance of existing companies, Zhejiang Nissin Foods Co., Ltd., Nissin Foods (H.K.) Co., Ltd., Nissin Foods Singapore Pte. Ltd. and Nissin Technology Alimentos Brasil Do Ltda. have been included in the scope of consolidation. Moreover, Bonchi Co., Ltd. and Nissin Foods Do Brasil Ltda. (formerly "Nissin-Ajinomoto Alimentos Do Ltda.") changed into consolidated subsidiaries from equity method affiliates through additional stock acquisition. Nissin Business Support Co., Ltd. has been excluded from the scope of consolidation because it has been merged with the Company.

The Company's consolidated subsidiaries outside Japan prepare their financial statements in accordance with accounting principles generally accepted in other countries, including accounting principles generally accepted in the United States (USGAAP) and International Financial Reporting Standards (IFRS).

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, Practical Issues Task Force, No. 18 dated May 17, 2006).

The balance sheet date of 22 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.

To increase the appropriateness of consolidated accounting information, the provisional settlement of account has been made on March 31 for 11 subsidiaries whose account closing date is December 31, including Nissin Foods Co., Ltd. and Winner Food Products Ltd. in China due to the change of accounting period and profit and loss which occurred from January 1, 2015 to March 31, 2015, have resulted in "adjustments due to change in accounting period of consolidated subsidiaries" on Consolidate Statement of Changes in Equity.

The numbers of consolidated subsidiaries and associates accounted for by the equity method for the years ended March 31, 2016 and 2015 were as follows:

	2016	2015
Consolidated subsidiaries	54	49
Associates accounted for by the equity method	4	5

(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 weighted-average method. Raw materials and supplies are principally stated at the lower of cost or net selling value, with cost being determined by the weighted-average 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 to 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 are depreciated to a residual value of zero by the straight-line method using the term of the contract as the useful life.

(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 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 consolidated 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 has 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 [Accounting Standards Board of Japan] 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 attributable 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

(a) Change in inventory valuation method

The Company and certain consolidated subsidiaries in Japan previously used the last purchase price method as the primary method for evaluating the raw materials and supplies in its inventory. However, this has been changed to the weighted-average method from the current consolidated fiscal year. The purpose of this change in the inventory evaluation method is to realize more appropriate calculation of periodic income and loss upon the restructuring of the Company's enterprise system.

The new system was launched at the start of the current consolidated fiscal year, and for this reason some of the inventory receipt and delivery records from previous consolidated fiscal years were inaccessible. Therefore, it is impossible to calculate the cumulative impact of retrospectively applying the weighted-average method. Accordingly, the book value of raw materials and supplies for the previous consolidated fiscal year have been used as the beginning balance of the current consolidated fiscal year, and the weighted-average method is applied from the current consolidated fiscal year onwards.

The impact of this change was immaterial.

(b) Application of the Accounting Standard for Business Combination, etc.

ASBJ Statement No. 21

"Accounting Standard for Business Combinations" (September 13, 2013)

ASBJ Statement No. 22

"Accounting Standard for Consolidated Financial Statements" (September 13, 2013)

ASBJ Statement No. 7

"Accounting Standard for Business Divestitures" (September 13, 2013)

ASBJ Statement No. 2

"Accounting Standard for Earnings Per Share" (September 13, 2013)

ASBJ Guidance No. 10

"Guidance on Accounting Standards for Business

Combinations and Business Divestitures" (September 13, 2013)

ASBJ Guidance No. 4

"Guidance on Accounting Standard for Earnings Per Share" (September 13, 2013)

Major accounting changes are as follows:

(a) *Transactions with noncontrolling interest*—A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's

ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

- (b) *Presentation of the consolidated balance sheet*—In the consolidated balance sheet, “minority interest” under the previous accounting standard is changed to “noncontrolling interest” under the revised accounting standard.
- (c) *Presentation of the consolidated statement of income*—In the consolidated statement of income, “income before minority interest” under the previous accounting standard is changed to “net income” under the revised accounting standard, and “net income” under the previous accounting standard is changed to “net income attributable to owners of the parent” under the revised accounting standard.
- (d) *Provisional accounting treatments for a business combination*—If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.
- (e) *Acquisition-related costs*—Acquisition-related costs are costs, such as advisory fees or professional fees that an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is

permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company applied the revised accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs above, effective April 1, 2015, and (d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs were applied prospectively.

In the consolidated statement of cash flows for the year ended March 31, 2016, cash flows for purchases or sales of ownership interests in a subsidiary without a change in consolidation scope are presented under financing activities, and cash flows for acquisition-related costs are presented under operating activities.

As a result, operating income and income before income taxes for the year ended March 31, 2016 increased by ¥244 million (U.S.\$2,165 thousand) and capital surplus at March 31, 2016 decreased by ¥244 million (U.S.\$2,165 thousand).

In addition, basic net income per share and diluted net income per share for the year ended March 31, 2016 increased by ¥2.23 (U.S.\$0.02) and ¥2.22 (U.S.\$0.02), respectively.

04 | DISCLOSURE OF NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Tax Effect Accounting—On December 28, 2015, the ASBJ issued ASBJ Guidance No. 26, “Guidance on Recoverability of Deferred Tax Assets,” which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants.

While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company’s classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

The Company expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and is in the process of measuring the effects of applying the new guidance in future applicable periods.

05 | CASH AND CASH EQUIVALENTS

(a) 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, 2016 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash and deposits	¥87,110	¥ 94,365	\$773,074
Time deposits with maturities exceeding three months	(1,822)	(6,767)	(16,170)
Marketable securities redeemable within three months	3,401	18,299	30,183
Cash and cash equivalents	¥88,689	¥105,897	\$787,087

(b) Principal assets and liabilities of a company that became a consolidated subsidiary due to acquisition of stock

Assets and liabilities at the time Nissin Foods Do Brasil Ltda. became a consolidated subsidiary as a result of the acquisition of stock as well as the relationship between the acquisition price paid for the stock and expenditures (net) for the acquisition are presented below.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 5,467	\$ 48,518
Fixed assets	15,460	137,203
Current liabilities	(3,815)	(33,857)
Long-term liabilities	(3,015)	(26,757)
Amount of goodwill	28,935	256,789
Cost of acquisition	43,032	381,896
Carrying value under the equity method	(3,891)	(34,531)
Gain on step acquisitions	(6,641)	(58,937)
Cash paid for the acquisition of additional shares	32,500	288,428
Foreign currency translation adjustments	155	1,375
Cash and cash equivalents	(2,290)	(20,323)
Expenditure for the acquisition	30,365	269,480

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, 2016 and 2015 is summarized as follows:

Millions of yen			
March 31, 2016	Book value	Fair value	Unrealized gain (loss)
Cash and deposits	¥ 87,110	¥ 87,110	¥ —
Trade receivables	61,391	61,391	—
Marketable securities and investments	129,200	140,468	11,268
Total	¥277,701	¥288,969	¥11,268
Trade payables	¥ 51,324	¥ 51,324	¥ —
Short-term borrowings	18,457	18,457	—
Other payables	36,209	36,209	—
Accrued income taxes	7,263	7,263	—
Long-term debt	15,797	15,865	68
Total	¥129,050	¥129,118	¥ 68
Derivative transactions which do not qualify for hedge accounting	¥ —	¥ —	¥ —
Derivative transactions which qualify for hedge accounting	(378)	(378)	—
Total	¥ (378)	¥ (378)	¥ —

Thousands of U.S. dollars			
March 31, 2016	Book value	Fair value	Unrealized gain (loss)
Cash and deposits	\$ 773,074	\$ 773,074	\$ —
Trade receivables	544,826	544,826	—
Marketable securities and investments	1,146,610	1,246,610	100,000
Total	\$2,464,510	\$2,564,510	\$100,000
Trade payables	\$ 455,485	\$ 455,485	\$ —
Short-term borrowings	163,800	163,800	—
Other payables	321,344	321,344	—
Accrued income taxes	64,457	64,457	—
Long-term debt	140,194	140,796	602
Total	\$1,145,280	\$1,145,882	\$ 602
Derivative transactions which do not qualify for hedge accounting	\$ —	\$ —	\$ —
Derivative transactions which qualify for hedge accounting	(3,355)	(3,355)	—
Total	\$ (3,355)	\$ (3,355)	\$ —

Millions of yen			
March 31, 2015	Book value	Fair value	Unrealized gain (loss)
Cash and deposits	¥ 94,365	¥ 94,365	¥ —
Trade receivables	54,491	54,491	—
Marketable securities and investments	131,148	145,148	14,000
Total	¥280,004	¥294,004	¥ 14,000
Trade payables	¥ 44,897	¥ 44,897	¥ —
Short-term borrowings	3,870	3,870	—
Other payables	32,569	32,569	—
Accrued income taxes	5,164	5,164	—
Long-term debt	9,893	9,931	38
Total	¥ 96,393	¥ 96,431	¥ 38
Derivative transactions which do not qualify for hedge accounting	¥ —	¥ —	¥ —
Derivative transactions which qualify for hedge accounting	86	86	—
Total	¥ 86	¥ 86	¥ —

Notes:

1. Fair value of deposits, trade receivables and payables, short-term borrowings, other payables and accrued income taxes 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 at the 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, 2016 and 2015 is summarized as follows:

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
March 31, 2016				
Cash and deposits	¥ 87,110	¥ —	¥ —	¥ —
Trade receivables	61,391	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
1. Bonds				
National government	—	—	—	—
Corporate	352	1,008	2,674	50
Other	—	—	—	—
2. Other	3,453	734	—	—
Total	¥152,306	¥1,742	¥2,674	¥50

	Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
March 31, 2016				
Cash and deposits	\$ 773,074	\$ —	\$ —	\$ —
Trade receivables	544,826	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
1. Bonds				
National government	—	—	—	—
Corporate	3,124	8,946	23,731	44
Other	—	—	—	—
2. Other	30,644	6,514	—	—
Total	\$1,351,668	\$15,460	\$23,731	\$44

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
March 31, 2015				
Cash and deposits	¥ 94,365	¥ —	¥ —	¥ —
Trade receivables	54,491	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
1. Bonds				
National government	—	—	—	—
Corporate	803	1,364	2,581	—
Other	—	—	—	—
2. Other	18,387	1,172	—	—
Total	¥168,046	¥2,536	¥2,581	¥ —

(c) Carrying value of financial assets whose fair value cannot be reliably estimated at March 31, 2016 and 2015 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
March 31,			
Available-for-sale securities			
Investments in unconsolidated subsidiaries and associates	¥19,186	¥27,197	\$170,270
Unlisted equity securities	646	749	5,733
Preferred equity securities	—	—	—
Investment in anonymous partnership	—	—	—
Other	803	10,793	7,126

07 | SECURITIES

(a) Information regarding marketable securities classified as available-for-sale securities at March 31, 2016 and 2015 is summarized as follows:

March 31, 2016	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Equity securities	¥34,653	¥ 95,950	¥61,297
(2) Bonds			
National government	—	—	—
Corporate	1,709	1,713	4
Other	—	—	—
(3) Other	3,350	3,462	112
Subtotal	¥39,712	¥101,125	¥61,413
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity securities	¥ 2,221	¥ 2,050	¥ (171)
(2) Bonds			
National government	—	—	—
Corporate	2,393	2,370	(23)
Other	—	—	—
(3) Other	10,085	9,882	(203)
Subtotal	¥14,699	¥ 14,302	¥ (397)
Total	¥54,411	¥115,427	¥61,016

March 31, 2016	Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Equity securities	\$307,535	\$ 851,526	\$543,991
(2) Bonds			
National government	—	—	—
Corporate	15,167	15,202	35
Other	—	—	—
(3) Other	29,730	30,725	995
Subtotal	\$352,432	\$ 897,453	\$545,021
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity securities	\$ 19,711	\$ 18,193	\$ (1,518)
(2) Bonds			
National government	—	—	—
Corporate	21,237	21,033	(204)
Other	—	—	—
(3) Other	89,501	87,700	(1,801)
Subtotal	\$130,449	\$ 126,926	\$ (3,523)
Total	\$482,881	\$1,024,379	\$541,498

08 | 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 ¥516 million (U.S.\$4,579 thousand) and ¥470 million for the years ended March 31, 2016 and 2015, respectively. The details of investment properties are as follows:

	Millions of yen	Thousands of U.S. dollars
2016		
Net book value at March 31, 2015	¥ 6,091	\$54,056
Net change for the year ended March 31, 2016	¥ (933)	\$ (8,280)
Net book value at March 31, 2016	¥ 5,158	\$45,776
Fair value at March 31, 2016	¥10,334	\$91,711

Notes:

1. Net book value represents net of accumulated depreciation.
2. Decrease during the fiscal year ended March 31, 2016 mainly consists of sales of land.
3. Fair value is mainly calculated by the Company based on the internal real estate appraisal standard.

	Millions of yen
2015	
Net book value at March 31, 2014	¥6,821
Net change for the year ended March 31, 2015	¥ (730)
Net book value at March 31, 2015	¥6,091
Fair value at March 31, 2015	¥9,990

Notes:

1. Net book value represents net of accumulated depreciation.
2. Decrease during the fiscal year ended March 31, 2015 mainly consists of sales of land.
3. Fair value is mainly calculated by the Company based on the internal real estate appraisal standard.

09 | INVENTORIES

Inventories as of March 31, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Merchandise and finished goods	¥12,445	¥12,015	\$110,446
Raw materials and supplies	14,724	11,053	130,670
Total	¥27,169	¥23,068	\$241,116

	Millions of yen		
March 31, 2015	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Equity securities	¥35,483	¥ 84,571	¥49,088
(2) Bonds			
National government	—	—	—
Corporate	1,651	1,660	9
Other	—	—	—
(3) Other	5,011	6,550	1,539
Subtotal	¥42,145	¥ 92,781	¥50,636
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity securities	¥ 3,041	¥ 2,949	¥ (92)
(2) Bonds			
National government	—	—	—
Corporate	3,112	3,088	(24)
Other	—	—	—
(3) Other	18,390	18,387	(3)
Subtotal	¥24,543	¥ 24,424	¥ (119)
Total	¥66,688	¥117,205	¥50,517

(b) Sales of investments in securities classified as available-for-sale securities for the years ended March 31, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2016	2015	2016
Proceeds from sales	¥12,446	¥6,037	\$110,454
Aggregate gain	5,931	2,505	52,636
Aggregate loss	—	—	—

10 | LOSS ON IMPAIRMENT OF FIXED ASSETS

The Group recognized losses on impairment of fixed assets for the years ended March 31, 2016 and 2015 as follows:

Location	Usage	Asset type	Millions of yen	Thousands of U.S. dollars
(March 31, 2016)				
		Buildings	¥ 138	\$1,225
Hanyu City, Saitama Prefecture	Idle assets	Machinery and equipment	229	2,032
		Other assets	159	1,411
Nabari City, Mie Prefecture	Business assets	Machinery and equipment	555	4,926
		Other assets	¥ 12	\$ 106
(March 31, 2015)				
Adachi-Ward, Tokyo Prefecture	Idle assets	Land	¥ 65	
		Buildings	548	
Iizuka City, Fukuoka Prefecture and other locations	Idle assets	Machinery and equipment	463	
		Other assets	59	
Hong Kong	—	Trademark	289	
		Buildings	290	
Vietnam	Business assets	Machinery and equipment	741	
		Other assets	52	
		Buildings	1,059	
Thailand	Business assets	Machinery and equipment	966	
		Other assets	61	
Turkey	—	Goodwill	¥ 465	

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

The book values of the relevant assets were reduced to their net realizable values when it was determined that it was not possible that the book values of such assets would be recovered due to a downturn in profitability.

As a result, the Group recorded loss on impairment of fixed assets of ¥1,093 million (U.S.\$9,700 thousand) and ¥5,058 million in the accompanying consolidated statement of income for the years ended March 31, 2016 and 2015, respectively.

The recoverable value of said assets is valued by memorandum value.

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 ¥994 million (U.S.\$8,821 thousand) and ¥1,003 million as of March 31, 2016 and 2015, 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, 2016 and 2015 declined by ¥5,950 million (U.S.\$52,804 thousand) and ¥5,882 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 ¥18,457 million (U.S.\$163,800 thousand) and ¥3,870 million as of March 31, 2016 and 2015, respectively, generally represent notes payable to banks. Long-term debt (excluding the current portion thereof amounted to ¥13,498 million (U.S.\$119,791 thousand) and ¥9,893 million as of March 31, 2016 and 2015, respectively.

The average interest rates on short-term borrowings were 1.09% and 3.51% at March 31, 2016 and 2015, respectively. The average interest rates on long-term borrowings were 0.92% and 1.10% at March 31, 2016 and 2015, respectively.

Long-term debt at March 31, 2016 is as follows:

	Millions of yen	Thousands of U.S. dollars
Long-term borrowings at interest rates ranging from 0.30% to 11.77%	¥15,153	\$134,478
Lease obligations	644	5,716
	¥15,797	\$140,194
Current portion of long-term debt	(2,299)	(20,403)
	¥13,498	\$119,791

The aggregate annual maturities of long-term debt subsequent to March 31, 2016 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 2,299	\$ 20,403
2018	5,569	49,423
2019	2,372	21,051
2020	2,211	19,622
2021	1,073	9,523
2022 and thereafter	2,273	20,172
	¥15,797	\$140,194

Long-term debt at March 31, 2015 is as follows:

	Millions of yen
Long-term borrowings at interest rates ranging from 0.48% to 9.65%	¥11,251
Lease obligations	586
	¥11,837
Current portion of long-term debt	(1,944)
	¥ 9,893

The aggregate annual maturities of long-term debt subsequent to March 31, 2015 are summarized as follows:

Years ending March 31,	Millions of yen
2016	¥ 1,944
2017	2,128
2018	2,007
2019	3,485
2020	1,376
2021 and thereafter	897
	¥11,837

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 ¥3,600 million (U.S.\$31,949 thousand) and ¥3,900 million as of March 31, 2016 and 2015, respectively, includes the following nonconsolidated financial covenants.

As of March 31, 2016

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, 2015

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.

15 | PLEDGED ASSETS

Assets were pledged as collateral for short-term borrowings of ¥1,250 million (U.S.\$11,093 thousand), long-term debt of ¥8,270 million (U.S.\$73,394 thousand) and the current portion of long-term debt of ¥1,212 million (U.S.\$10,756 thousand) as of March 31, 2016 and for short-term borrowings of ¥1,200 million, long-term debt of ¥5,112 million and the current portion of long-term debt of ¥622 million as of March 31, 2015. The assets pledged are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Land	¥1,903	¥916	\$16,889
Buildings and structures	1,526	996	13,543
Machinery, equipment and vehicles	443	590	3,931

16 | EMPLOYEES' RETIREMENT BENEFITS

The Company and domestic consolidated subsidiaries have defined benefit pension plans, including corporate certain pension fund plans, employees' pension fund plans and lump-sum payment plans.

Some of the Company's consolidated subsidiaries adopt the simplified valuation method to evaluate projected benefit obligations.

Some foreign subsidiaries have defined benefit pension fund plans and defined contribution pension fund plans.

The following tables set forth the funded and accrued status of the plans and the amounts recognized in the accompanying consolidated balance sheets as of March 31, 2016 and 2015 for the Company's and the consolidated subsidiaries' defined benefit pension plans.

(1) The changes in defined benefit obligation for the years ended March 31, 2016 and 2015, except (3), are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of the year	¥33,637	¥33,766	\$298,518
Service cost	1,260	1,222	11,182
Interest cost	366	368	3,248
Actuarial losses	4,031	(55)	35,774
Benefits paid	(1,615)	(1,664)	(14,332)
The amount of transfer with the changes from simplified method to the standard method	1,696	—	15,051
Balance at end of the year	¥39,375	¥33,637	\$349,441

(2) The changes in plan assets for the years ended March 31, 2016 and 2015, except for (3), are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of the year	¥30,900	¥28,283	\$274,228
Expected return on plan assets	618	566	5,485
Actuarial gains (losses)	(593)	1,682	(5,263)
Contributions from the employer	1,598	1,755	14,182
Benefits paid	(1,397)	(1,386)	(12,398)
The amount of transfer with the changes from simplified method to the standard method	913	—	8,102
Balance at end of the year	¥32,039	¥30,900	\$284,336

(3) The changes in liability and asset under the simplified method for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of the year (net)	¥ 390	¥ 746	\$ 3,461
Net periodic benefit costs	278	(28)	2,467
Benefits paid	(206)	(328)	(1,828)
The amount of transfer with the changes from simplified method to the standard method	(46)	—	(408)
Changes in the scope of consolidation	34	—	302
Balance at end of the year (net)	¥ 450	¥ 390	\$ 3,994

(4) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2016 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Funded defined benefit obligation	¥ 39,346	¥ 34,380	\$ 349,184
Plan assets	(34,045)	(33,911)	(302,139)
	¥ 5,301	¥ 469	\$ 47,045
Unfunded defined benefit obligation	2,484	2,657	22,044
Net liability for defined benefit obligation	7,785	3,126	69,089
Liability for retirement benefit	7,987	3,395	70,882
Asset for retirement benefit	(202)	(269)	(1,793)
Net liability for defined benefit obligation	¥ 7,785	¥ 3,126	\$ 69,089

(5) The components of net periodic benefit costs for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥ 1,260	¥1,222	\$ 11,182
Interest cost	366	368	3,248
Expected return on plan assets	(618)	(566)	(5,485)
Recognized actuarial (gains) losses	(1,736)	(633)	(15,406)
Net periodic pension cost calculated by the simplified method	275	(28)	2,441
Net periodic benefit costs	¥ (453)	¥ 363	\$ (4,020)

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Actuarial (gains) losses	¥6,362	¥(1,104)	\$56,461
Total	¥6,362	¥(1,104)	\$56,461

17 | INCOME TAXES

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized actuarial (gains) losses	¥4,625	¥(1,737)	\$41,045
Total	¥4,625	¥(1,737)	\$41,045

(8) Plan assets

(a) Components of plan assets as of March 31, 2016 and 2015 are as follows:

	2016	2015
Debt investments	41%	51%
Equity investments	21%	17%
General accounts with life insurance companies	19%	17%
Other	19%	15%
Total	100%	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 years ended March 31, 2016 and 2015 are as follows:

	2016	2015
Discount rate	Principally 0.2%	Principally 1.1%
Expected rate of return on plan assets	Principally 2.0%	2.0%

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 33.06% in 2016 and 35.31% in 2015.

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

Reconciliation of the statutory tax rate and the effective tax rate for the period ended March 31, 2016 is as follows:

	2016
Statutory tax rate	33.06%
Amortization of goodwill	0.84
Equity in earnings of associates	(2.49)
Gain on step acquisitions	(5.94)
Changes in valuation allowance	3.35
Corporate tax credit	(2.69)
Difference in consolidated subsidiaries' applicable tax rates	(0.43)
Effect of tax rate reduction	0.37
Other	1.22
Effective tax rates	27.29%

The difference between the Company's statutory tax rate and the effective tax rate for the year ended March 31, 2015 is not disclosed as the difference is less than 5% of the statutory tax rate.

18 | SHAREHOLDERS' EQUITY

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Unrealized losses on securities	¥ 835	¥ 1,191	\$ 7,410
Liability for retirement benefits	2,650	1,067	23,518
Accounts payable	2,520	2,204	22,364
Loss on impairment of fixed assets	721	633	6,399
Accrued bonuses	1,457	1,145	12,930
Other long-term payables	1,186	1,160	10,525
Depreciation and amortization	856	739	7,597
Tax loss carryforwards of consolidated subsidiaries	9,203	9,417	81,674
Other	3,914	2,556	34,736
Gross deferred tax assets	23,342	20,112	207,153
Less: Valuation allowance	(12,947)	(13,259)	(114,901)
Total deferred tax assets	10,395	6,853	92,252
Deferred tax liabilities:			
Deferred capital gain on properties	(1,601)	(1,583)	(14,208)
Unrealized gain (loss) on available-for-sale securities	(18,140)	(15,805)	(160,987)
Revaluation gain recognized upon consolidation	(7,198)	(4,789)	(63,880)
Other	(1,028)	(384)	(9,123)
Total deferred tax liabilities	(27,967)	(22,561)	(248,198)
Net deferred tax (liabilities) assets	¥(17,572)	¥(15,708)	\$(155,946)

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2016, to approximately 30.86% and for the fiscal year beginning on or after April 1, 2018, to approximately 30.62%.

The effect of these changes was to increase deferred tax assets, net of deferred tax liabilities, by ¥793 million (U.S.\$7,038 thousand), unrealized gain on available-for-sale securities by ¥1,016 million (U.S.\$9,017 thousand), deferred gain on derivatives under hedge accounting by ¥8 million (U.S.\$71 thousand), remeasurement of defined retirement benefit plans by ¥76 million (U.S.\$674 thousand) and land revaluation reserve by ¥46 million (U.S.\$408 thousand), with a decrease by the same amount in related deferred tax liability in the consolidated balance sheet as of March 31, 2016, and to decrease income taxes—deferred in the consolidated statement of income for the year then ended by ¥138 million (U.S.\$1,225 thousand).

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 or the legal reserve, until the sum of the capital reserve or 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, 2016 and 2015 amounted to ¥6,280 million (U.S.\$55,733 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, 2016 and 2015 are summarized as follows:

	Number of shares			
	March 31, 2015	Increase	Decrease	March 31, 2016
Common stock and treasury stock:				
Common stock	117,463,685	—	—	117,463,685
Treasury stock	7,231,787	2,215,791	9,427	9,438,151

	Number of shares			
	March 31, 2014	Increase	Decrease	March 31, 2015
Common stock and treasury stock:				
Common stock	117,463,685	—	—	117,463,685
Treasury stock	7,242,013	1,776	12,002	7,231,787

Dividend payments on common stock approved during the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	2016	
	Total amount of dividend	Dividend per share	Record date	Effective date
Approved by:				
General meeting of shareholders held on June 25, 2015	¥ 3,858 (\$34,239)	¥ 35 (\$0.31)	March 31, 2015	June 26, 2015
Board of Directors' meeting held on November 12, 2015	¥ 4,410 (\$39,137)	¥ 40 (\$0.35)	September 30, 2015	November 26, 2015

	Millions of yen	Yen	2015	
	Total amount of dividend	Dividend per share	Record date	Effective date
Approved by:				
General meeting of shareholders held on June 26, 2014	¥3,858	¥35	March 31, 2014	June 27, 2014
Board of Directors' meeting held on October 30, 2014	¥4,409	¥40	September 30, 2014	November 26, 2014

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 ¥7,183 million (U.S.\$63,747 thousand) and ¥6,431 million for the years ended March 31, 2016 and 2015, respectively.

20 | LEASES

(a) Finance leases

Leased assets presented in the accompanying consolidated balance sheet as of March 31, 2016 consisted of those under finance lease contracts that do not transfer ownership to the lessee and that were principally for vending machines for the instant noodle business.

(b) Operating leases

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
As a lessee			
Due within one year	¥145	¥125	\$1,287
Due over one year	313	458	2,778
Total	¥458	¥583	\$4,065

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
As a lessor			
Due within one year	¥ 34	¥ 34	\$ 302
Due over one year	1,464	1,498	12,992
Total	¥1,498	¥1,532	\$13,294

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, 2016 and 2015 are ¥930 million (U.S.\$8,253 thousand) and ¥1,016 million, respectively, for interest rate swaps and ¥8,403 million (U.S.\$74,574 thousand) and ¥4,579 million, respectively, for forward foreign exchange contracts.

There was no outstanding balance of derivative contracts that do not qualify for hedge accounting at March 31, 2016 and 2015.

Disclosure of fair value information related to interest rate swaps has been omitted, because interest rate swap contracts 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 as of March 31, 2016 and 2015 is negative ¥378 million (negative U.S.\$3,355 thousand) and ¥86 million, respectively, which is measured at the quoted price obtained from financial institutions.

22 | AMOUNTS PER SHARE

Amounts per share for the years ended March 31, 2016 and 2015 are as follows:

	Yen		U.S. dollars	
	2016	2015	2016	
Equity	¥3,332.94	¥3,282.02	\$29.58	
Cash dividends applicable to the year	80.00	75.00	0.71	

	2016		2015		
	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	¥26,885	109,500	¥245.52	\$2.18	¥167.88
Stock options	—	583	—	—	—
Net income—diluted	¥26,885	110,083	¥244.22	\$2.17	¥167.10

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 as of March 31, 2016 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	Outstanding	Fair value at grant date	Average stock price at exercise	Book value
2	June 26, 2009	12 Directors	74,300	17,100	57,200	¥2,325 (\$21)	—	¥133 (\$1,180)
3	June 26, 2009	9 Executive Officers and Employees	3,155	1,752	1,403	¥2,677 (\$24)	¥5,590 (\$50)	¥ 4 (\$ 35)
4	June 26, 2009	32 Directors of subsidiaries	11,284	5,621	5,663	¥2,677 (\$24)	¥5,440 (\$48)	¥ 15 (\$ 133)
6	June 29, 2010	11 Directors	73,200	14,900	58,300	¥2,616 (\$23)	—	¥153 (\$1,358)
7	June 29, 2010	10 Executive Officers and Employees	5,710	2,878	2,832	¥3,003 (\$27)	¥5,590 (\$50)	¥ 9 (\$ 80)
8	June 29, 2010	31 Directors of subsidiaries	21,329	8,035	13,294	¥3,003 (\$27)	¥5,440 (\$48)	¥ 40 (\$ 355)
9	June 29, 2011	8 Directors	73,200	6,300	66,900	¥2,141 (\$19)	—	¥143 (\$1,269)
10	June 29, 2011	13 Executive Officers	11,049	5,403	5,646	¥2,614 (\$23)	¥5,590 (\$50)	¥ 15 (\$ 133)
11	June 29, 2011	35 Directors of subsidiaries	22,677	6,007	16,670	¥2,614 (\$23)	¥5,437 (\$48)	¥ 44 (\$ 390)
13	June 28, 2012	8 Directors	85,900	7,500	78,400	¥2,244 (\$20)	—	¥176 (\$1,562)
14	June 28, 2012	10 Executive Officers	8,666	3,890	4,776	¥2,709 (\$24)	¥5,590 (\$50)	¥ 13 (\$ 115)
15	June 28, 2012	36 Directors of subsidiaries	26,477	5,190	21,287	¥2,709 (\$24)	¥5,443 (\$48)	¥ 58 (\$ 515)
17	June 26, 2013	7 Directors	80,000	4,300	75,700	¥3,003 (\$27)	—	¥227 (\$2,015)
18	June 26, 2013	12 Executive Officers	7,990	2,741	5,249	¥3,461 (\$31)	¥5,590 (\$50)	¥ 18 (\$ 160)
19	June 26, 2013	36 Directors of subsidiaries	26,914	2,991	23,923	¥3,461 (\$31)	¥5,439 (\$48)	¥ 83 (\$ 737)
21	June 26, 2014	7 Directors	56,500	—	56,500	¥4,323 (\$38)	—	¥244 (\$2,165)
22	June 26, 2014	14 Executive Officers and Employees	7,179	1,655	5,524	¥4,805 (\$43)	¥5,590 (\$50)	¥ 27 (\$ 240)
23	June 26, 2014	37 Directors of subsidiaries	19,837	984	18,853	¥4,805 (\$43)	¥5,402 (\$48)	¥ 91 (\$ 808)
24	June 25, 2015	8 Directors	52,300	—	52,300	¥4,692 (\$42)	—	¥245 (\$2,174)
25	June 25, 2015	16 Executive Officers and Employees	7,284	494	6,790	¥5,162 (\$46)	¥5,590 (\$50)	¥ 35 (\$ 311)
26	June 25, 2015	43 Directors of subsidiaries	17,141	562	16,579	¥5,162 (\$46)	¥5,402 (\$48)	¥ 86 (\$ 763)
27	March 31, 2016	1 Executive Officer	621	—	621	¥5,289 (\$47)	—	¥ 3 (\$ 27)

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, 2015 are as follows:

No.	Date of grant	Persons granted	Number of shares for options			Yen		Millions of yen
			Granted and vested	Exercised	Outstanding	Fair value at grant date	Average stock price at exercise	Book value
2	June 26, 2009	12 Directors	74,300	17,100	57,200	¥2,325	—	¥133
3	June 26, 2009	9 Executive Officers and Employees	3,155	1,361	1,794	¥2,677	¥5,378	¥ 5
4	June 26, 2009	32 Directors of subsidiaries	11,284	5,422	5,862	¥2,677	¥5,766	¥ 16
6	June 29, 2010	11 Directors	73,200	14,900	58,300	¥2,616	—	¥153
7	June 29, 2010	10 Executive Officers and Employees	5,710	2,160	3,550	¥3,003	¥5,379	¥ 11
8	June 29, 2010	31 Directors of subsidiaries	21,329	7,626	13,703	¥3,003	¥5,767	¥ 41
9	June 29, 2011	8 Directors	73,200	6,300	66,900	¥2,141	—	¥143
10	June 29, 2011	13 Executive Officers	11,049	4,708	6,341	¥2,614	¥5,230	¥ 17
11	June 29, 2011	35 Directors of subsidiaries	22,677	5,428	17,249	¥2,614	¥5,100	¥ 45
13	June 28, 2012	8 Directors	85,900	7,500	78,400	¥2,244	—	¥176
14	June 28, 2012	10 Executive Officers	8,666	3,055	5,611	¥2,709	¥5,273	¥ 15
15	June 28, 2012	36 Directors of subsidiaries	26,477	4,373	22,104	¥2,709	¥5,100	¥ 60
17	June 26, 2013	7 Directors	80,000	4,300	75,700	¥3,003	—	¥227
18	June 26, 2013	12 Executive Officers	7,990	1,936	6,054	¥3,461	¥5,378	¥ 21
19	June 26, 2013	36 Directors of subsidiaries	26,914	1,599	25,315	¥3,461	¥5,100	¥ 88
21	June 26, 2014	7 Directors	56,500	—	56,500	¥4,323	—	¥244
22	June 26, 2014	14 Executive Officers and Employees	7,179	1,059	6,120	¥4,805	¥5,380	¥ 29
23	June 26, 2014	37 Directors of subsidiaries	19,837	120	19,717	¥4,805	¥5,100	¥ 95

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.

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. 24	No. 25	No. 26	No. 27
Volatility of stock price	22.62%	19.35%	19.35%	10.83%
Estimated remaining outstanding period	10.5 years	3.5 years	3.5 years	0.0 years
Estimated dividend	¥75 per share	¥75 per share	¥75 per share	¥75 per share
Risk-free interest rate	0.48%	0.03%	0.03%	(0.05)%

24 | OTHER COMPREHENSIVE INCOME

Other comprehensive income for the years ended March 31, 2016 and 2015 is as follows.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrealized gain (loss) on available-for-sale securities			
Gain (loss) arising during the year	¥16,335	¥25,264	\$144,968
Reclassification adjustments to profit or loss for the year	(5,919)	(2,364)	(52,529)
Amount before income tax effect	10,416	22,900	92,439
Income tax effect	(2,408)	(6,421)	(21,370)
Total	¥ 8,008	¥16,479	\$ 71,069
Deferred gain (loss) on derivatives under hedge accounting			
Gain (loss) arising during the year	¥ (344)	¥ 86	\$ (3,053)
Reclassification adjustments to profit or loss for the year	(121)	(58)	(1,074)
Amount before income tax effect	(465)	28	(4,127)
Income tax effect	146	(8)	1,296
Total	¥ (319)	¥ 20	\$ (2,831)
Land revaluation reserve			
Income tax effect	46	159	408
Total	¥ 46	¥ 159	\$ 408
Foreign currency translation adjustments			
Gain (loss) arising during the year	¥ (6,011)	¥ 8,046	\$ (53,346)
Total	¥ (6,011)	¥ 8,046	\$ (53,346)
Share of other comprehensive income (loss) in associates			
Gain (loss) arising during the year	¥ (4,663)	¥ (6,238)	\$ (41,383)
Total	¥ (4,663)	¥ (6,238)	\$ (41,383)
Defined retirement benefit plans			
Gain (loss) arising during the year	¥ (4,625)	¥ 1,737	\$ (41,045)
Reclassification adjustments to profit or loss for the year	(1,737)	(633)	(15,416)
Amount before income tax effect	(6,362)	1,104	(56,461)
Income tax effect	2,020	(333)	17,927
Total	¥ (4,342)	¥ 771	\$ (38,534)
Total other comprehensive income (loss)	¥ (7,281)	¥19,237	\$ (64,617)

25 | SEGMENT INFORMATION

(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 six 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 segments

Millions of yen

Year ended March 31, 2016	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Reconciliations	Consolidated
Net sales										
Sales to third party	¥223,612	¥41,609	¥59,810	¥48,281	¥40,884	¥414,196	¥53,888	¥468,084	¥ —	¥468,084
Intersegment sales	1,899	6,155	1,555	2	106	9,717	26,806	36,523	(36,523)	—
Total	225,511	47,764	61,365	48,283	40,990	423,913	80,694	504,607	(36,523)	468,084
Segment income (loss)	23,967	1,373	716	1,060	4,143	31,259	(1,272)	29,987	(3,587)	26,400
Segment assets	157,075	48,907	28,714	39,245	56,993	330,934	117,140	448,074	104,995	553,069
Other items										
Depreciation and amortization	6,739	1,908	1,057	1,968	1,238	12,910	4,589	17,499	—	17,499
Investments in associates	—	—	—	—	—	—	28,250	28,250	—	28,250
Capital investment	9,599	4,724	1,192	2,520	7,560	25,595	7,213	32,808	(22)	32,786

Thousands of U.S. dollars

Year ended March 31, 2016	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Reconciliations	Consolidated
Net sales										
Sales to third party	\$1,984,487	\$369,267	\$530,795	\$428,479	\$362,833	\$3,675,861	\$ 478,239	\$4,154,100	\$ —	\$4,154,100
Intersegment sales	16,853	54,624	13,800	18	941	86,236	237,895	324,131	(324,131)	—
Total	2,001,340	423,891	544,595	428,497	363,774	3,762,097	716,134	4,478,231	(324,131)	4,154,100
Segment income (loss)	212,700	12,185	6,354	9,407	36,768	277,414	(11,289)	266,125	(31,833)	234,292
Segment assets	1,393,992	434,034	254,828	348,287	505,795	2,936,936	1,039,582	3,976,518	931,798	4,908,316
Other items										
Depreciation and amortization	59,806	16,933	9,381	17,465	10,987	114,572	40,726	155,298	—	155,298
Investments in associates	—	—	—	—	—	—	250,710	250,710	—	250,710
Capital investment	85,188	41,924	10,579	22,364	67,093	227,148	64,013	291,161	(195)	290,966

Notes:

- "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages and overseas business in Europe and Asia.
- Segment loss under "Reconciliations" amounted to ¥3,587 million (U.S.\$31,833 thousand), consisting of ¥1,737 million (U.S.\$15,415 thousand) from retirement benefit expenses, negative ¥1,144 million (U.S.\$10,153 thousand) from the amortization of goodwill, negative ¥4,104 million (U.S.\$36,422 thousand) from group expenses and negative ¥76 million (U.S.\$673 thousand) from elimination of intersegment transactions.
- Segment income is reconciled to operating income of consolidated statements of income.
- Segment assets under "Reconciliations" include assets that cannot be allocated to any particular segment amounting to ¥104,995 million (U.S.\$931,798 thousand). The amount mainly consists of ¥74,057 million (U.S.\$657,233 thousand) of surplus investment funds, ¥28,550 million (U.S.\$253,372 thousand) of goodwill, and ¥2,388 million (U.S.\$21,193 thousand) of other investments.

Millions of yen

Year ended March 31, 2015	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Reconciliations	Consolidated
Net sales										
Sales to third party	¥215,761	¥39,191	¥56,627	¥35,745	¥34,509	¥381,833	¥ 49,742	¥431,575	¥ —	¥431,575
Intersegment sales	3,017	4,758	1,594	2	107	9,478	20,508	29,986	(29,986)	—
Total	218,778	43,949	58,221	35,747	34,616	391,311	70,250	461,561	(29,986)	431,575
Segment income (loss)	23,637	1,425	(204)	662	3,277	28,797	(1,091)	27,706	(3,405)	24,301
Segment assets	147,221	48,724	29,004	18,334	52,869	296,152	116,303	412,455	100,289	512,744
Other items										
Depreciation and amortization	6,734	1,558	1,174	1,431	1,090	11,987	3,453	15,440	—	15,440
Investments in associates	—	—	—	—	—	—	34,019	34,019	—	34,019
Capital investment	6,880	3,289	828	1,575	2,966	15,538	7,436	22,974	(14)	22,960

Notes:

1. "Others" consists of the operating segments not included in reportable segments. It includes domestic confectionery, beverages and overseas business in Europe and Asia.
2. Segment loss under "Reconciliations" amounted to ¥3,405 million, consisting of ¥1,099 million from retirement benefit expenses, negative ¥666 million from the amortization of goodwill, negative ¥3,901 million from group expenses and ¥63 million from elimination of intersegment transactions.
3. Segment income is reconciled to operating income of consolidated statements of income.
4. Segment assets under "Reconciliations" include assets that cannot be allocated to any particular segment amounting to ¥100,289 million. The amount mainly consists of ¥94,832 million of surplus investment funds, ¥702 million of goodwill, and ¥4,755 million of other investments.

(c) Supplemental information

Information by product or service group

Millions of yen
(Thousands of U.S. dollars)

Year ended March 31, 2016	Instant noodle and associated business	Other business	Consolidated
Sales to third party	¥ 410,449 (\$3,642,607)	¥ 57,635 (\$511,493)	¥ 468,084 (\$4,154,100)

Millions of yen

Year ended March 31, 2015	Instant noodle and associated business	Other business	Consolidated
Sales to third party	¥380,045	¥51,530	¥431,575

Notes:

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

Geographical information

Year ended March 31, 2016	Millions of yen (Thousands of U.S. dollars)			
	Japan	North America	Other areas	Consolidated
Sales to third party	¥ 366,724 (\$3,254,562)	¥ 48,299 (\$428,639)	¥ 53,061 (\$470,899)	¥ 468,084 (\$4,154,100)
Property, plant and equipment	¥ 129,318 (\$1,147,657)	¥ 16,775 (\$148,873)	¥ 22,793 (\$202,281)	¥ 168,886 (\$1,498,811)

Year ended March 31, 2015	Millions of yen			
	Japan	North America	Other areas	Consolidated
Sales to third party	¥348,181	¥35,805	¥47,589	¥431,575
Property, plant and equipment	¥120,241	¥ 8,810	¥18,198	¥147,249

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

Information by major customer

Year ended March 31, 2016	Millions of yen (Thousands of U.S. dollars)	
	Sales	Main reportable segment
Mitsubishi Corporation	¥ 182,076 (\$1,615,868)	Nissin Food Products
ITOCHU Corporation	¥ 141,735 (\$1,257,854)	Nissin Food Products

Year ended March 31, 2015	Millions of yen	
	Sales	Main reportable segment
Mitsubishi Corporation	¥168,180	Nissin Food Products
ITOCHU Corporation	¥123,594	Nissin Food Products

Information on loss on impairment of fixed assets by reportable segment

	Millions of yen (Thousands of U.S. dollars)							
Year ended March 31, 2016	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Loss on impairment of fixed assets	¥ 152 (\$1,349)	¥ 169 (\$1,500)	¥ 567 (\$5,032)	¥— (\$—)	¥— (\$—)	¥ 205 (\$1,819)	¥— (\$—)	¥1,093 (\$9,700)

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

	Millions of yen							
Year ended March 31, 2015	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Loss on impairment of fixed assets	¥137	¥658	¥141	¥—	¥405	¥3,717	¥—	¥5,058

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)							
Year ended March 31, 2016	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Amortization of goodwill	¥— (\$—)	¥ 398 (\$3,532)	¥— (\$—)	¥ 746 (\$ 6,621)	¥— (\$—)	¥— (\$—)	¥— (\$—)	¥ 1,144 (\$ 10,153)
Balance of goodwill	¥— (\$—)	¥ 213 (\$1,890)	¥— (\$—)	¥ 28,337 (\$251,482)	¥— (\$—)	¥— (\$—)	¥— (\$—)	¥ 28,550 (\$253,372)

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

	Millions of yen							
Year ended March 31, 2015	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Amortization of goodwill	¥—	¥398	¥—	¥45	¥—	¥223	¥—	¥666
Balance of goodwill	¥—	¥611	¥—	¥91	¥—	¥—	¥—	¥702

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.

26 | 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, 2016 and 2015 was ¥417 million (U.S.\$3,701 thousand) and ¥374 million, respectively, and the outstanding balance of lease obligations and other liabilities at March 31, 2016 and 2015 was ¥76 million (U.S.\$674 thousand) and ¥75 million, respectively.

The Group's subsidiary, Nissin Foods Company Limited, agrees to issue new ordinary shares to related parties, whose shares are subscribed to Mr. Kiyotaka Ando, director of the Company and his relatives.

The amount of subscription payments to the companies at March 31, 2016 was ¥639 million (U.S.\$5,671 thousand).

27 | BUSINESS COMBINATIONS

Business combination by acquisition

1. Summary of transaction

- (1) Name of acquired entity: Nissin-Ajinomoto Alimentos Do Ltda.
Major business of the acquired entity: Manufacture and sale of instant noodles
- (2) Business combination date: October 30, 2015
- (3) Legal form of business combination: Acquisition of entity for cash
- (4) Name of the entity after business combination: Nissin Foods Do Brasil Ltda.
- (5) Overview of transaction: The business combination was conducted to promote the further growth of business in Brazil, South America and to strengthen the operating base in Brazil.
- (6) Change in the ratio of voting rights after the acquisition:
Ratio of voting rights held before the business combination: 50%
Ratio of additional voting rights acquired on the date of the business combination: 50%
Ratio of voting rights after the acquisition: 100%
- (7) Basis for determining the acquirer: It is based on the fact that a subsidiary of the Company acquired the outstanding equity not previously held by the Company for cash.

2. The consolidated financial statements include the results of the acquired company for the period from October 1, 2015 to March 31, 2016. However, the results of the acquired company as an equity method affiliate for the period from April 1 to September 30 were included in the consolidated financial statements.

3. Cost of acquisition of the acquired company and breakdown of the consideration

	Millions of yen	Thousands of U.S. dollars
Market value of the equity held before the business combination at the date of the business combination	¥10,532	\$ 93,468
Cash paid for the acquisition of additional shares	32,500	288,428
Cost of acquisition	43,032	381,896

4. Difference between the cost of the acquisition of the acquired company and the sum of the acquisition costs for transactions that have led to the acquisition of the company
Gain on step acquisitions: ¥6,641 million (U.S.\$58,937 thousand)

5. Content and amount of major acquisition-related expenses

- Compensation and fees, etc. for financial advisory: ¥7 million (U.S.\$62 thousand)
- Compensation and fees, etc. to the lawyer: ¥13 million (U.S.\$115 thousand)

6. Goodwill incurred, the reasons for the goodwill, the method for amortizing goodwill, and the period for the amortization of goodwill

- (1) Amount of goodwill:
917 million Brazilian real (¥28,935 million/U.S.\$256,789 thousand)
The tentative amount stated in the previous financial statements was revised due to the settlement of accounting transactions.
- (2) Reason for goodwill:
Goodwill was incurred in association with the expected excess earnings power after the business combination.
- (3) Method and period for the amortization of goodwill
Straight-line method over 20 years

7. Amount and breakdown of assets acquired and liabilities assumed on the date of the business combination

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 5,467	\$ 48,518
Fixed assets	15,460	137,203
Total assets	20,927	185,721
Current liabilities	3,815	33,857
Long-term liabilities	3,015	26,757
Total liabilities	6,830	60,614

8. Estimated amount of the impact of the business combination on the consolidated statement of income on the assumption that it has been completed on the commencement date of the consolidated fiscal year and its calculation method (unaudited)

Net sales: ¥13,442 million (U.S.\$119,294 thousand)

Operating income: ¥25 million (U.S.\$222 thousand)

Ordinary loss: ¥250 million (U.S.\$2,219 thousand)

Net loss attributable to owners of the parent: ¥584 million (U.S.\$5,183 thousand)

(Calculation method of amount of impact)

The difference between the following matters is regarded as the estimated amount of the impact.

- Net sales and profits and losses calculated on the assumption that the business combination has been completed on the commencement date of the consolidated fiscal year.
- Net sales and profits and losses on the consolidated statement of income of the acquired company.

28 | 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, 2016, was approved at the meeting of the shareholders of the Company held on June 28, 2016:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥40=U.S.\$0.35 per share)	¥4,321	\$38,348

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, 2016, 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, 2016, 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.


June 28, 2016

Member of
Deloitte Touche Tohmatsu Limited

BUSINESS AREAS OF CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

As of March 31, 2016

Company	Capital	Business Area	Equity Ownership (%)
CONSOLIDATED SUBSIDIARIES			
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 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)
AJINIHOH CO., LTD.	¥95 million	Soup manufacturing and marketing	47.5 (47.5)
NISHINIHOH 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)
HIGASHINIHOH 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)
SAGAMI 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
Bonchi Co., Ltd.	¥160 million	Confectionery manufacturing and marketing	50.1
NISSIN FOODS (U.S.A.) CO., INC.	U.S.\$149,706 thousand	Instant noodle manufacturing and marketing	94.4
MYOJO U.S.A., INC.	U.S.\$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 DE COLOMBIA S.A.S.	COP 5,748 million	Instant noodle marketing	100.0
NISSIN TECHNOLOGY ALIMENTOS DO BRASIL LTDA.	BRL 1,038,577 thousand	Technological support of food manufacturing	100.0
NISSIN FOODS DO BRASIL LTDA.	BRL 12,688 thousand	Instant noodle manufacturing and marketing	100.0 (50.0)

Company	Capital	Business Area	Equity Ownership (%)
CONSOLIDATED SUBSIDIARIES			
NISSIN FOODS CO., LTD.	HK\$2,030,685 thousand	Instant noodle manufacturing and marketing	98.5
WINNER FOOD PRODUCTS LTD.	HK\$29,975 thousand	Instant noodle and frozen food manufacturing and marketing	98.5 (98.5)
NISSIN FOODS (HK) MANAGEMENT CO., LTD.	HK\$200	Intergroup business support	98.5 (98.5)
NISSIN FOODS (CHINA) HOLDING CO., LTD.	CNY 1,443,797 thousand	Invests in businesses in China	98.5 (98.5)
SHANGHAI NISSIN FOODS CO., LTD.	U.S.\$44,000 thousand	Instant noodle manufacturing and marketing	98.5 (98.5)
GUANGDONG SHUNDE NISSIN FOODS CO., LTD.	HK\$130,000 thousand	Instant noodle manufacturing and marketing	98.5 (98.5)
DONGGUAN NISSIN PACKAGE CO., LTD.	CNY 147,000 thousand	Instant noodle package manufacturing	98.5 (98.5)
Nissin Koikeya Foods (China & HK) Co., Ltd.	HK\$10,000 thousand	Confectionery marketing	65.0 (65.0)
FUJIAN NISSIN FOODS CO., LTD.	CNY 235,000 thousand	Instant noodle manufacturing and marketing	98.5 (98.5)
ZHUHAI GOLDEN COAST WINNER FOOD PRODUCTS LTD.	HK\$84,000 thousand	Instant noodle manufacturing and marketing	69.4 (69.4)
GUANGYOUGNAN FOOD PRODUCTS (SHENZHEN) CO., LTD.	HK\$11,000 thousand	Frozen food manufacturing and marketing	98.5 (98.5)
ZHEJIANG NISSIN FOODS CO., LTD.	CNY 245,000 thousand	Instant noodle manufacturing and marketing	98.5 (98.5)
NISSIN FOODS (H.K.) CO., LTD.	HK\$10,000 thousand	Instant noodle marketing	98.5 (98.5)
NISSIN FOODS (ASIA) PTE. LTD.	SG\$272,959 thousand	Supervising Asian business	100.0
NISSIN FOODS SINGAPORE PTE. LTD.	SG\$20,989 thousand	Instant noodle manufacturing and marketing	66.0 (66.0)
INDO NISSIN FOODS PRIVATE LTD.	INR 2,650,000 thousand	Instant noodle manufacturing and marketing	99.4 (99.4)
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.	TRY 99,625 thousand	Pasta and instant noodle manufacturing and marketing	50.0
NISSIN FOODS VIETNAM CO., LTD.	U.S.\$54,330 thousand	Instant noodle manufacturing and marketing	100.0 (100.0)
NISSIN FOODS (THAILAND) CO., LTD.	THB 2,618,672 thousand	Instant noodle manufacturing and marketing	66.0 (66.0)
ASSOCIATES ACCOUNTED FOR BY THE EQUITY METHOD			
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
NISSIN-UNIVERSAL ROBINA CORP.	PHP 189,000 thousand	Instant noodle manufacturing and marketing	49.0
Frente Co., Ltd.	¥2,269 million	Confectionery manufacturing and marketing	34.5

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

INVESTOR INFORMATION

NISSIN FOODS HOLDINGS CO., LTD.
As of March 31, 2016 (U.S.\$1=¥112.68)

Date of Establishment	September 1948
Number of Employees	681 (parent company) 11,200 (consolidated basis)
Common Stock	Authorized: 500,000,000 shares Issued: 117,463,685 shares Number of Shareholders: 49,824 (Excluding owners of odd-lot shares)
Paid-in Capital	¥25,123 million (\$223 million)
Stock Listings	Tokyo Stock Exchange (Ticker Code: 2897)
Independent Auditors	Deloitte Touche Tohmatsu LLC
Transfer Agent	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo, Japan

CONSOLIDATED PER SHARE DATA

Years ended March 31,	2012	2013	2014	2015	2016
Net income attributable to owners of parent per share (EPS)	¥167.97	¥171.12	¥174.83	¥167.88	¥245.52
Equity (book-value) per share (BPS)	¥2,545.31	¥2,782.25	¥3,018.82	¥3,282.02	¥3,332.94
Price earnings ratio (PER) (Times)	18.4	25.6	26.6	35.2	21.5
Price-to-book ratio (PBR) (Times)	1.2	1.6	1.5	1.8	1.6
Dividend	¥75.00	¥75.00	¥75.00	¥75.00	¥80.00
Payout ratio (%)	44.70	43.80	42.90	44.67	32.58
Share price: High	¥3,195	¥4,385	¥4,735	¥6,620	¥6,620
Low	¥2,812	¥2,824	¥3,550	¥4,510	¥5,110

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-to-book ratio are calculated based on the share price at year-end.

FURTHER INFORMATION

For further information, please contact: IR OFFICE, Finance Platform
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 http://nissin.com/en_jp/ir/

DISTRIBUTION OF OWNERSHIP AMONG SHAREHOLDERS



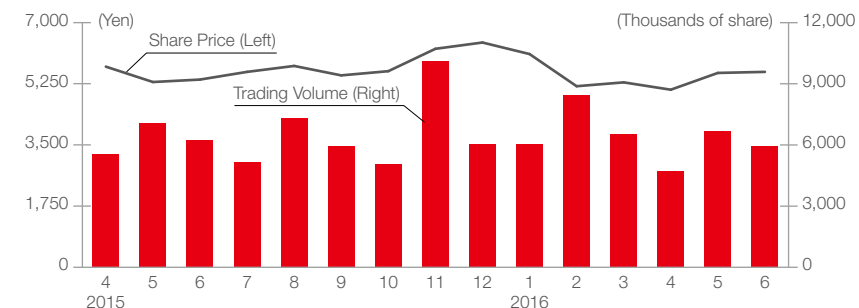
Other Corporations	36.68%
Financial Institutions	25.97%
Foreign Corporations	17.19%
Individuals and Other	12.12%
Treasury Stock	8.04%

PRINCIPAL SHAREHOLDERS

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
Ando Foundation	7,904	6.72%
Mitsubishi Corporation	7,800	6.64
ITOCHU Corporation	5,400	4.59
State Street Bank and Trust Company	4,445	3.78
Ando International Y.K.	3,946	3.35
Mizuho Bank, Ltd.	3,375	2.87
Japan Trustee Services Bank, Ltd. (Account in Trust)	3,080	2.62
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,629	2.23
The Master Trust Bank of Japan, Ltd. (Account in Trust)	2,560	2.17
ONO PHARMACEUTICAL CO., LTD.	2,460	2.09
Total	43,599	37.11

Note: In addition to the above, the Company holds 9,438,151 shares of treasury stock.

SHARE PRICE RANGE AND TRADING VOLUME ON TSE





About this Report

In keeping with the “integrated thinking” concept advocated by the International Integrated Reporting Committee (IIRC), to give shareholders, investors, and all other stakeholders a comprehensive picture of the NISSIN FOODS Group and our vision for the future, in ANNUAL REPORT 2016 we report not only the Group’s business results and other financial information, but also non-financial information such as the Group philosophy, governance, risk information, food safety measures, human resource initiatives, and environmental and social activities.

We have also tried to express in this report four attributes that we traditionally value as a Group: unique, happy, global, and creative.

Forward-looking Statement

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.



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Website

Research Institutes

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