

# Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2014

[Prepared under Japanese GAAP, UNAUDITED]

## NISSIN FOODS HOLDINGS CO., LTD.

Stock code: 2897  
 Stock exchange listing: Tokyo  
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 Contact: Yukio Yokoyama, Director and CFO  
 Scheduled date of filing of quarterly report: August 7, 2014 (Japanese only)  
 Scheduled date of dividend payment: -  
 Preparation of supplementary documents: Yes  
 Holding of financial results meeting: Yes (Conference call for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the First Quarter of the Fiscal 2015 (April 1, 2014–June 30, 2014)

#### (1) Operating Results

(% figures represent year-on-year changes)

First Quarter of	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal 2015	98,396	3.7	5,050	(14.9)	6,664	(18.9)	4,037	(23.2)
Fiscal 2014	94,854	5.8	5,936	29.6	8,212	37.3	5,255	87.5

Note: Comprehensive income: 1<sup>st</sup> Q of Fiscal 2015: ¥2,267 million (down 82.4%) 1<sup>st</sup> Q of Fiscal 2014: ¥12,858 million (up 51.5%)

First Quarter of	Net income per share (primary)	Net income per share (diluted)
	(¥)	(¥)
Fiscal 2015	36.63	36.47
Fiscal 2014	47.69	47.52

#### (2) Financial Position

As of	Total assets	Net assets	Equity ratio
	(¥ million)	(¥ million)	(%)
June 30, 2014	471,691	341,248	70.3
Mar. 31, 2014	479,469	342,300	69.4

Reference: Shareholders' equity as of June 30, 2014: ¥331,380 million, as of Mar. 31, 2014: ¥332,739 million

### 2. Details of Dividends

	Cash dividend per share				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal 2014	—	40.00	—	35.00	75.00
Fiscal 2015 (Forecast)	—	—	—	—	—
	—	40.00	—	35.00	75.00

Note: Modifications to the dividend forecast published most recently: None

### 3. Forecasts of Consolidated Results for the Fiscal 2015 (April 1, 2014–March 31, 2015)

(% figures represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
First Half of Fiscal 2015	206,000	6.6	8,500	(14.7)	10,500	(22.7)	6,500	(23.9)	58.97
Fiscal 2015	440,000	5.4	26,000	(6.2)	31,000	(11.0)	20,000	3.8	181.44

Note: Modifications to the forecast published most recently: None

#### Notes

- (1) Changes in principal subsidiaries during the First Quarter of Fiscal 2015 (changes in specified subsidiaries that resulted in changes in scope of consolidation): Yes  
-Newly consolidated: Fujian Nissin Foods Co., Ltd.  
Note: Refer to “Changes in principal subsidiaries during the First Quarter of Fiscal Year 2015” on page 5 of this material for further information.  
-Excluded from consolidation: None

- (2) Application of special accounting methods for quarterly consolidated financial statements: Yes  
Note: Refer to “Application of special accounting methods for quarterly consolidated financial statements” on page 5 of this material for further information.

- (3) Changes in significant accounting policy, procedure and presentation methods for consolidated financial statements:  
1) Changes due to revisions of accounting standards: None  
2) Changes other than 1): None  
3) Changes in accounting estimates: None  
4) Retrospective restatement: None

- (4) Number of shares outstanding (common stock)
- |  |                    |  |
|--|--------------------|--|
| 1) Number of shares outstanding (including treasury stock) as of the end of: |                    |  |
| First Quarter of Fiscal 2015   | 117,463,685 shares |  |
| Fiscal 2014  | 117,463,685 shares |  |
| 2) Number of shares of treasury stock outstanding as of the end of:          |                    |  |
| First Quarter of Fiscal 2015   | 7,243,969 shares   |  |
| Fiscal 2014  | 7,242,013 shares   |  |
| 3) Average number of shares outstanding during the period:                   |                    |  |
| First Quarter of Fiscal 2015   | 110,223,825 shares |  |
| First Quarter of Fiscal 2014   | 110,204,082 shares |  |

\*Notes for the implementation status of quarterly review process

This Summary of Consolidated Financial Statements is not subject to the quarterly review process under the Financial Instruments and Exchange Act. As of the day of the disclosure of this release, the review procedures under the Financial Instruments and Exchange Act have not been completed.

\* Notes for proper use of forecasts and other remarks

Forecasts contain forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ materially depending on a number of factors including but not limited to potential risks and uncertainties. The assumptions and other issues related to the above forecasts are described on page 4.

## Qualitative Information Concerning Quarterly Results

### (1) Qualitative Information Concerning Consolidated Business Results

During the quarter under review, the Japanese economy continued to stage a steady recovery, driven by the gradual permeation of policies executed by the government and the Bank of Japan. Consumer spending showed some signs of recovery, despite remaining areas of weakness due to the reaction to the last-minute demand prior to the consumption tax hike in April.

On the other hand, with the persistent upward pressure on costs, such as higher raw materials prices and energy costs, the business environment during the first quarter of the fiscal year under review continued to be uncertain.

In this environment, the Nissin Foods Group leveraged the newly strengthened product development capabilities of its NISSIN Global Innovation Center, and focused on developing high value-added products to meet consumer needs and further enhance its brand value. The Group positions food safety as its most important management issue, and in collaboration with the newly opened NISSIN Global Food Safety Institute and NISSIN Shanghai Food Safety Research Institute in China, it continues to strengthen quality assurance systems for the products manufactured at the Group's plants in Japan and overseas. The Group also pursued a global strategy focusing on emerging countries with high growth potential, and worked to build a robust corporate base to enable an immediate response to changes in the management environment.

The following is an overview of consolidated results:

Consolidated results (Millions of yen)

	First Quarter of Fiscal 2014	First Quarter of Fiscal 2015	Year on year	
			Amount	%
Net sales	94,854	98,396	+ 3,542	+3.7
Operating income	5,936	5,050	-885	- 14.9
Ordinary income	8,212	6,664	- 1,548	- 18.9
Net income	5,255	4,037	- 1,217	- 23.2

The following is an overview of performance by reportable segment:

Net sales in reported segments (Millions of yen)

	Net sales		Year on year	
	1Q FY2014	1Q FY2015	Amount	%
Nissin Food Products	45,175	46,148	+ 972	+ 2.2
Myojo Foods	9,559	9,242	- 316	- 3.3
Chilled and frozen foods	13,058	13,647	+ 588	+ 4.5
The Americas	7,763	7,463	-300	- 3.9
China	6,649	8,808	+ 2,159	+ 32.5
Other* <sup>1</sup>	12,646	13,086	+ 439	+ 3.5
Total	94,854	98,396	+ 3,542	+ 3.7

Segment income in reported segments (Millions of yen)

	Segment income or loss		Year on year	
	1Q FY2014	1Q FY2015	Amount	%
Nissin Food Products	5,291	4,408	- 882	- 16.7
Myojo Foods	462	241	- 221	- 47.9
Chilled and frozen foods	159	55	- 103	- 65.2
The Americas	158	37	- 121	- 76.6
China	736	1,101	+ 365	+ 49.7
Other* <sup>1</sup>	57	173	+ 115	+ 200.9
Total	6,865	6,017	- 848	- 12.4
Reconciliations	(929)	(967)	-37	-
Consolidated	5,936	5,050	-885	- 14.9

Note: Segment income is reconciled to operating income of the consolidated statements of income.

\*1: "Other" for 1Q FY2015 includes business segments not included in reportable segments such as domestic confectionary, beverages, Europe and Asia. "Other" for 1Q FY2014 included food service business in addition to the businesses included in 1Q FY2015.

(i) Nissin Food Products

Turning to the sales of NISSIN FOOD PRODUCTS, in bag-type instant noodles, the growth of *Chicken Ramen* and, non-fried noodles, the *Nissin RAOH* series, continued to be strong. In particular, the launch of *Nissin RAOH Hiyashi Chuka*, which is just like fresh noodles with a full body when quickly cooled with water after boiling, tapped into demand for bag-type instant noodles in spring and summer, and contributed to sales growth.

In cup-type instant noodles, *Cup Noodles Tom Yum Goong*, which was launched in April, enjoyed good sales, and other products in the *Cup Noodles* series continued to make a significant contribution to overall sales. The renewed cup-type *Nissin RAOH* was launched under the catchphrase of “New *RAOH* launched at a more reasonable price” and also contributed to increased sales.

In addition, *Nissin Curry Meshi* was launched in our attempt to establish a new genre, the third type of curry, which is neither curry roux nor retort-packed food. It was received well, and the Rice Set Meals series also sold strongly. Although sales grew owing to the above factors, higher raw materials prices and advertising expenses for the market penetration of the new products pushed operating profit down.

(ii) Myojo Foods

Moving on to the sales of MYOJO FOODS, in bag-type noodles, the renewed *MYOJO CHARUMERA* series and *MYOJO CHUKA ZANMAI* series, both of which were mainstay brands, were launched. Reinforced marketing activities for these products contributed to a year-on-year increase in sales. In cup-type instant noodles, although *MYOJO CHARUMERA CUP* performed well, it was not enough to offset declines in sales of other products. Consequently, instant noodle sales decreased overall, and operating profit was lower than the year-ago level, impacted by an increase in raw materials costs and depreciation and amortization costs.

(iii) Chilled and frozen foods

Sales of products of NISSIN CHILLED FOODS in the first quarter of the fiscal year under review exceeded the year-ago level. In particular, the mainstay brand *Gyoretsu-no-Dekiru-Mise-no-Ramen* remained strong, and other products with distinctive characteristics of chilled foods such as *Futomen Yakisoba*, whose thick, filling noodles and rich sauce, and *Zaru Tsukemen*, with its nice smooth-textured noodles, also contributed to the increased sales.

Turning to sales of NISSIN FROZEN FOODS products, sales of spaghetti, ramen, and octopus dumplings grew. In particular, satisfyingly filling products such as *Reito NISSIN Spa-O Premium Big* series and *Reito NISSIN GooTa Shinra Tan Tan Men* were well received by consumers and grew strongly. *Reito NISSIN Mochitto Nama Pasta* series, and *Reito NISSIN Ristorante no Nama Pasta* series, which use raw pasta tagliatelle, also sold briskly, and overall sales increased. However, operating profit was below the year-ago level, mainly due to an increase in raw materials prices.

(iv) The Americas

In the Americas, the Group aimed to become less susceptible to the effect of price competition and worked to strengthen its high value-added products. In the U.S., sales grew steadily thanks to the progress made in the introduction of *BIG CUP NOODLES* as a regular product for major retailers, which will be a core product in the future. In Mexico, however, sales volume growth was stagnant due to the impact of higher retail prices as a result of the enforcement of the Special Tax on Production and Services (IEPS). Consequently, sales and operating profit decreased overall in the Americas.

(v) China

In China, both sales and income increased thanks to expansion of the marketing and sales network and sales personnel, and brand strategy in mainland China, where the middle-income class continues to grow. In particular, sales of Chinese version of *Cup Noodles “Hap Mei Do”* grew mainly in the Eastern China and Southern China areas owing to the pursuit of aggressive sales strategies including an increased number of times of food sampling that targets younger generations in large cities.

**(2) Analysis of Financial Position**

Note: Refer to pages from 6 to 7 for further information.

**(3) Explanation Concerning Consolidated Forecasts**

The first half and the full-year consolidated forecasts for the fiscal year ending March 31, 2015, which was announced on May 8, 2014 in the Summary of Consolidated Financial Statements for the Year Ended March 31, 2014 remains unchanged since our businesses for the first quarter were effectively in line with the plan.

## Details of Notes

- (1) Changes in principal subsidiaries during the First Quarter of Fiscal 2015 (changes in specified subsidiaries that resulted in changes in scope of consolidation)

Four subsidiaries, including Nissin Foods (H.K.) Management Co., Ltd., Dongguan Nissin Packaging Co., Ltd., Nissin Koikeya Foods (China & HK) Co., Ltd., and Fujian Nissin Foods Co., Ltd. have been included in our consolidated basis on account of their increased importance to our group.

- (2) Application of special accounting methods for quarterly consolidated financial statements: Yes

The Company calculates tax expenses by reasonably assuming an effective tax rate after the application of tax effect accounting for net income before income taxes of the consolidated fiscal year, including the net income before taxes of the first quarter under review, and multiplying the income before income taxes by the said estimated effective tax rate. Income taxes – deferred has been included in income taxes.

- (3) Changes in significant accounting policy, procedure and presentation methods for consolidated financial statements:  
None

- (4) Additional Information

(Changes in matters related to the fiscal periods of consolidated subsidiaries, etc.)

In order to increase the appropriateness of consolidated accounting information, the closing dates of fiscal years of two consolidated subsidiaries, Nissin Foods (U.S.A.) Co., Inc. and MYOJO U.S.A., INC., have been changed from December 31 to March 31 from the first quarter of the fiscal year under review. With respect to Nissin Foods de Mexico S.A. de C.V., a consolidated subsidiary, and Nissin-Ajinomoto Alimentos Ltda., an equity method associate, the Company has shifted to a new consolidated accounting method of provisionally settling the accounts of these subsidiaries as of March 31, the consolidated account settlement date.

The effect of these fiscal period changes on the profits and losses of the above consolidated subsidiaries and equity method associates between January 1, 2014 and March 31, 2014 were adjusted as an increase/decrease in retained earnings.

# Consolidated Financial Statements

## 1. Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2014	As of June 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	79,923	88,269
Notes and accounts receivable-trade	51,298	43,622
Marketable securities	11,725	12,724
Merchandise and finished goods	10,032	13,468
Raw materials and supplies	10,926	11,009
Other	11,282	12,093
Less: Allowance for doubtful receivables	(369)	(331)
Total current assets	174,819	180,855
Fixed assets		
Tangible fixed assets		
Land	51,063	50,491
Other, net	96,556	95,688
Total tangible fixed assets	147,620	146,180
Intangible fixed assets		
Goodwill	1,832	1,642
Other	4,477	4,939
Total intangible fixed assets	6,309	6,582
Investments and other assets		
Investments in securities	131,843	118,877
Other	19,203	19,522
Less: Allowance for doubtful accounts	(327)	(326)
Total investments and other assets	150,720	138,073
Total fixed assets	304,650	290,835
Total assets* <sup>1</sup>	479,469	471,691

\*1: Major factor(s) of the change: A decrease in investments in securities of ¥12,966 million

(Millions of Yen)

	As of March 31, 2014	As of June 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	43,461	43,999
Short-term borrowings	3,332	3,309
Accrued payables	24,536	21,487
Accrued income taxes	7,306	3,138
Other current liabilities	21,530	20,900
Total current liabilities	100,167	92,835
Long-term liabilities		
Long-term debt	9,441	9,385
Liability for retirement benefits	6,290	5,914
Other long-term liabilities	21,269	22,307
Total long-term liabilities	37,001	37,607
Total liabilities* <sup>2</sup>	137,168	130,443
<b>Equity</b>		
Shareholders' equity		
Common stock	25,122	25,122
Capital surplus	48,416	48,416
Retained earnings	263,585	263,941
Less: Treasury stock, at cost	(21,710)	(21,690)
Total shareholders' equity	315,413	315,790
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	17,562	19,925
Deferred gain (loss) on derivatives under hedge accounting	38	(10)
Land revaluation reserve	(5,898)	(5,898)
Foreign currency translation adjustments	5,214	1,266
Defined retirement benefit plans	408	306
Total accumulated other comprehensive income (loss)	17,325	15,590
Stock acquisition rights	1,180	1,532
Minority interests	8,381	8,335
Total equity* <sup>3</sup>	342,300	341,248
Total liabilities and equity	479,469	471,691

\*2: Major factor(s) of the change: A decrease in accrued payables of ¥3,049 million and a decrease in accrued income taxes of ¥4,167 million

\*3: Major factor(s) of the change: A decrease in foreign currency translation adjustments of ¥3,947 million and an increase in unrealized gain (loss) on available-for-sale securities of ¥2,363 million

## 2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of Yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	94,854	98,396
Cost of sales	52,707	55,439
Gross profit	42,146	42,957
Selling, general and administrative expenses	36,210	37,906
Operating income	5,936	5,050
Non-operating income		
Interest income	217	212
Dividend income	931	882
Gain on sales of marketable securities	267	—
Equity in earnings of associates	496	643
Foreign exchange gain	327	—
Other non-operating income	144	131
Total non-operating income	2,384	1,870
Non-operating expenses		
Interest expense	69	56
Foreign exchange loss	—	108
Taxes and dues	0	53
Other non-operating expenses	38	39
Total non-operating expenses	107	257
Ordinary income	8,212	6,664
Extraordinary gains		
Gain on sales of fixed assets	128	37
Gain on sales of investments in securities	145	629
Other extraordinary gains	0	3
Total extraordinary gains	275	670
Extraordinary losses		
Loss on disposal of fixed assets	44	54
Loss from natural disaster	28	—
Other extraordinary losses	5	27
Total extraordinary losses	78	81
Income before income taxes and minority interests	8,409	7,253
Income taxes	3,073	3,155
Income before minority interests	5,335	4,097
Minority interests in earnings of consolidated subsidiaries	80	59
Net income	5,255	4,037

## (Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net income before minority interests	5,335	4,097
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	766	2,347
Deferred gain (loss) on derivatives under hedge accounting	15	(48)
Foreign currency translation adjustments	4,022	(1,519)
Defined retirement benefit plans	191	(102)
Share of other comprehensive income (loss) in associates	2,525	(2,506)
Total other comprehensive income (loss)	7,522	(1,829)
Comprehensive income	12,858	2,267
Total comprehensive income attributable to:		
Owners of the parent	12,465	2,302
Minority interests	392	(34)

### 3. Segment Information

Net sales and income or loss by reportable segment:

#### Three months ended June 30, 2013

(Millions of Yen)

	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others *1	Total	Reconciliations *2	Consolidated *3
Net sales										
Sales to third party	45,175	9,559	13,058	7,763	6,649	82,207	12,646	94,854	—	94,854
Intersegment sales	326	295	306	—	28	956	4,041	4,997	(4,997)	—
Total	45,502	9,854	13,364	7,763	6,677	83,163	16,688	99,852	(4,997)	94,854
Segment income (loss)	5,291	462	159	158	736	6,808	57	6,865	(929)	5,936

**(Notes)**

- \*1. “Others” consists of the operating segments not included in reportable segments. It includes domestic confectionary, beverages and food service business, and overseas businesses in Europe and Asia.
- \*2. Operating loss under “Reconciliation” amounted to minus ¥929 million, consisting of ¥97 million from retirement benefit expenses, minus ¥228 million from the amortization of goodwill, ¥33 million from elimination of intersegment transactions and minus ¥832 million from group expenses.
- \*3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.

#### Three months ended June 30, 2014

(Millions of Yen)

	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others *1	Total	Reconciliations *2	Consolidated *3
Net sales										
Sales to third party	46,148	9,242	13,647	7,463	8,808	85,310	13,086	98,396	—	98,396
Intersegment sales	947	1,194	252	—	26	2,420	4,879	7,300	(7,300)	—
Total	47,095	10,437	13,899	7,463	8,835	87,730	17,966	105,697	(7,300)	98,396
Segment income (loss)	4,408	241	55	37	1,101	5,844	173	6,017	(967)	5,050

**(Notes)**

- \*1. “Others” consists of the operating segments not included in reportable segments. It includes domestic confectionary and beverages business, and overseas businesses in Europe and Asia.
- \*2. Operating loss under “Reconciliation” amounted to minus ¥967 million, consisting of ¥177 million from retirement benefit expenses, minus ¥171 million from the amortization of goodwill, ¥2 million from elimination of intersegment transactions and minus ¥975 million from group expenses.
- \*3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.