

# Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2015

[Prepared under Japanese GAAP, UNAUDITED]

NISSIN FOODS HOLDINGS CO., LTD.

Stock code: 2897

Stock exchange listing: Tokyo

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Scheduled date of filing of quarterly report: August 7, 2015 (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) (Japanese only)

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

## 1. Consolidated Financial Results for the First Quarter of the Fiscal 2016 (April 1, 2015–June 30, 2015)

### (1) Operating Results

(% figures represent year-on-year changes)

First Quarter of	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal 2016	104,936	6.6	5,603	10.9	8,342	25.2	5,439	34.7
Fiscal 2015	98,396	3.7	5,050	(14.9)	6,664	(18.9)	4,037	(23.2)

Note: Comprehensive income: 1<sup>st</sup> Q of Fiscal 2016: ¥8,755 million (286.1%) 1<sup>st</sup> Q of Fiscal 2015: ¥2,267 million (down 82.4%)

First Quarter of	Net income attributable to owners of parent per share (basic)	Net income attributable to owners of parent per share (diluted)
	(¥)	(¥)
Fiscal 2016	49.34	49.10
Fiscal 2015	36.63	36.47

### (2) Financial Position

As of	Total assets	Total equity	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(%)
June 30, 2015	517,679	376,662	71.1
Mar. 31, 2015	512,743	369,852	70.6

Reference: Equity attributable to owners of parent as of June 30, 2015: ¥367,973 million, as of Mar. 31, 2015: ¥361,783million

## 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 2015	—	40.00	—	35.00	75.00
Fiscal 2016 (Forecast)	—	40.00	—	40.00	80.00

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

## 3. Forecasts of Consolidated Results for the Fiscal 2016 (April 1, 2015–March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income attributable to owners of parent per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	
1st Half of FY 2016	222,000	9.9	9,400	(0.0)	12,000	(9.3)	8,000	(1.5)	72.57
FY 2016	468,000	8.4	24,500	0.8	30,000	(9.0)	20,000	8.1	181.43

Note: Modifications to the forecast published most recently: None

## Notes

(1) Changes in principal subsidiaries during the First Quarter of Fiscal 2016 (changes in specified subsidiaries that resulted in changes in scope of consolidation): Yes

-Newly consolidated: Zhejiang Nissin Foods Co., Ltd.

Note: Refer to “Changes in principal subsidiaries during the First Quarter of Fiscal Year 2016” 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: Yes

2) Changes other than 1): Yes

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 2016	117,463,685 shares
FY 2015	117,463,685 shares

2) Number of shares of treasury stock outstanding as of the end of:

First Quarter of Fiscal 2016	7,229,928 shares
FY 2015	7,231,787 shares

3) Average number of shares outstanding during the period:

First Quarter of Fiscal 2016	110,232,449 shares
First Quarter of Fiscal 2015	110,223,825 shares

### \*Notes for the implementation status of audit process

This Summary of Consolidated Financial Statements is not subject to the audit process under the Financial Instruments and Exchange Act. As of the day of the disclosure of this release, the audit procedures under the Financial Instruments and Exchange Act had 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. Refer to “Explanation Concerning Consolidated Forecasts” on page 4 of this material for further information.

## Qualitative Information Concerning Quarterly Results

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

During the quarter under review, the Japanese economy continued to stage a gradual recovery, with employment and income improving and consumer spending showing signs of a rebound. However, there is an increased risk of a downturn in the overseas economy due to slackening growth of the Chinese economy and financial instability in Europe.

In the food industry worldwide, there was heightened awareness of food, and domestically, factors such as higher raw materials prices caused by a weaker yen led to a rise in the price of certain products.

In this environment, the Nissin Foods Group (the "Group") worked to strengthen its profit base by reflecting price revisions in the market through effective introductions of new products and renewal of existing products which are based on its strengths in technological innovation and marketing, after the price revisions executed in the previous fiscal year.

In regards to food safety, the Group positions it as its most important management issue, and is thoroughly checking the safety of its products and raw materials, while at the same time working to strengthen its quality control system.

The Group also pursued a global strategy that focuses on emerging countries with high potential for growth, and worked to build a robust corporate base to enable an immediate response to changes in the management environment, with the overall aim being to maximize its group-wide synergy.

The following is an overview of consolidated results:

Consolidated results (¥ million)

	First Quarter of Fiscal 2015	First Quarter of Fiscal 2016	Year on year	
			Amount	%
Net sales	98,396	104,936	+6,540	+6.6
Operating income	5,050	5,603	+552	+10.9
Ordinary income	6,664	8,342	+1,678	+25.2
Net income attributable to owners of parent	4,037	5,439	+1,401	+34.7

The following is an overview of performance by reportable segment:

Net sales in reported segments (¥ million)

	Net sales		Year on year	
	First Quarter of Fiscal 2015	First Quarter of Fiscal 2016	Amount	%
Nissin Food Products	46,148	48,478	+2,329	+5.0
Myojo Foods	9,242	9,878	+635	+6.9
Chilled and frozen foods	13,647	14,807	+1,159	+8.5
The Americas	7,463	8,029	+566	+7.6
China	8,808	9,654	+846	+9.6
Other* <sup>1</sup>	13,086	14,088	+1,002	+7.7
Total	98,396	104,936	+6,540	+6.6

Segment income in reported segments (¥ million)

	Segment income or loss		Year on year	
	First Quarter of Fiscal 2015	First Quarter of Fiscal 2016	Amount	%
Nissin Food Products	4,408	4,556	+147	+3.3
Myojo Foods	241	824	+583	+241.9
Chilled and frozen foods	55	259	+203	+367.6
The Americas	37	(195)	-232	—
China	1,101	851	-250	-22.7
Other* <sup>1</sup>	173	(40)	-213	—
Total	6,017	6,255	+238	+4.0
Reconciliations	(967)	(652)	+314	—
Consolidated	5,050	5,603	+552	+10.9

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

\*1: "Other" for IQ FY2015 includes business segments not included in reportable segments such as domestic confectionary, beverages, Europe and Asia.

(i) Nissin Food Products

Sales of NISSIN FOOD PRODUCTS were higher than the level a year-ago as sales of cup-type instant noodles increased greatly year on year, partially offset by a decrease in bag-type instant noodles as the growth of non-fried bag-type instant noodles products stagnated.

In bag-type instant noodles, the *Nissin-no-Ramen-ya-san* series, which offer a special soup made from ingredients, some of which are sourced in Hokkaido, were renewed in March and performed well. In cup-type instant noodles, the *Cup Noodles* series, which were renewed in April and based on the concept of “Plentiful ingredients!”, and the newly released *Cup Noodles Light Plus*, which is filling but low in calories, both enjoyed good sales. Sales of the *Nissin-no-Donbei* series, a long-seller, also contributed to the increased sales.

The segment as a whole saw an increase in sales due to the reasons mentioned above, and in operating income due to the increased sales and an effect from price revisions.

(ii) Myojo Foods

Looking at sales of the bag-type instant noodles of MYOJO FOODS, the *MYOJO CHARUMERA* series continued a strong sales growth, but this was not enough to offset declines in sales due to streamlining of its product variety to improve productivity and profitability. Meanwhile, cup-type instant noodles saw an increase in sales, with the *MYOJO IPPEICHAN YOMISE NO YAKISOBA* series, which celebrated its 20th anniversary in February 2015, selling extremely well and the overall segment sales also increased. Operating income grew year on year due to factors such as increased sales, an improved cost of goods sold ratio, and an improved efficiency in production led by a new factory.

(iii) Chilled and frozen foods

Sales of NISSIN CHILLED FOODS increased year on year, with strong sales of its Hiyashi Chuka series (cold noodles) in response to warm weather in May along with strong sales of its ramen series centered on *Gyoretsu-no-Dekiru-Mise-no-Ramen* and its *Futomen Yakisoba*, which had a new Okonomi sauce flavor added to its product lineup.

NISSIN FROZEN FOODS saw increased sales mainly led by ramen products packed with precooked ingredients and yakisoba products. In ramen products packed with precooked ingredients, the *Lajao Tan Tan Men* in the *Reito NISSIN GooTa* series and *Reito Nissin Shirunashi Tan Tan Men Big* sold well, while in the yakisoba products the *Reito Nissin Chuka Shanghai Yakisoba* exhibited healthy sales. Sales of spaghetti products increased year on year due to the renewal of products and other factors. In regards to operating income, higher raw materials prices had an impact, but the increase in sales was larger and led to growth in operating income year on year.

(iv) The Americas

In the Americas, the Group aimed to become less susceptible to the effects of price competition. In the U.S., it is working to introduce products that meet market demand and to ensure the sales and operating income of existing brands. In Mexico, while the previous fiscal year saw sales volume decline due to the impact of higher retail prices as a result of the enforcement of the Special Tax on Production and Services (IEPS), sales recovered this fiscal year to increase year on year. The segment as a whole saw an increase in sales due to factors such as the weaker yen. Operating income decreased due to an increase in general expenses and other factors.

(v) China

In China, the Group is working to expand its sales area in Mainland China (north, northeast, and southwest areas) as well as strengthen its *Cup Noodles* brand. The newly introduced *Big Cup Noodles* showed healthy sales, and segment sales increased year on year helped in part by exchange rates. The fiscal year-end was changed from this consolidated fiscal year, resulting in a year-on-year decline in operating income. However, when compared with the same months of the previous fiscal year, operating income increased.

## (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 2016, which were announced on May 14, 2015 in the Summary of Consolidated Financial Statements for the Fiscal 2015 remain 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 2016 (changes in specified subsidiaries that resulted in changes in scope of consolidation)

Newly established Zhejiang Nissin Foods Co., Ltd. has been included in our consolidated basis since this first quarter. Nissin-Universal Robina Corporation has been included in our equity method affiliates on account of their increased importance to our group.

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

NISSIN FOODS HOLDINGS (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 then multiplying the income before income taxes by the said estimated effective tax rate.

- (3) Changes in significant accounting policy, procedure and presentation methods for consolidated financial statements:

### (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 valuating the raw materials and supplies in its inventory. However, this has been changed to the gross average method from the first quarter under review. The purpose of this change in inventory evaluation method is to realize a 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 fiscal quarter under review, and for this reason some of the inventory receipt and delivery records from previous consolidated fiscal years were inaccessible, making it impossible to calculate the cumulative impact of retrospectively applying the gross average method. Thus, the book value of raw materials and supplies for the previous consolidated fiscal year have been used as the beginning balance of the current fiscal year, and the gross average method is applied from the fiscal quarter under review and onwards.

The impact of this change is insubstantial.

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

The Accounting Standard for Business Combination (ASBJ Statement No.21 of September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 of September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013), and others have been applied from the first quarter under review. The difference due to the change in equity interest in subsidiaries that continued to be controlled was recorded as capital surplus. Also, the costs related to acquisition were recorded as expenses for the consolidated fiscal year in which they were incurred. In addition, for business combinations implemented after the beginning of the first quarter under review, the review of the appropriation of the acquisition cost upon settlement of temporary account processing is reflected in the consolidated quarterly financial statements for the consolidated fiscal quarter period during which business combinations were implemented. Furthermore, the net income and other statements have been changed accordingly, and minority interest has been changed to non-controlling interests. To reflect these changes, the Company has revised the financial statements for the first quarter of the previous consolidated fiscal year and the previous consolidated fiscal year.

The Accounting Standard for Business Combinations etc. are applied from the beginning of the first quarter under review in line with the transitional treatment provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

The impact of this change is limited to the above changes in statements.

### (4) Additional Information

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

To increase the appropriateness of consolidated accounting information, the provisional results as of March 31, the consolidated account closing date, of eleven subsidiaries whose account closing date is December 31, including NISSIN FOODS CO., LTD. and WINNER FOOD PRODUCTS LTD. in China, are consolidated from the first quarter of the fiscal year under review

The effect of this change in the fiscal period on the profits and losses of the above consolidated subsidiaries between January 1, 2015 and March 31, 2015 were adjusted as an increase/decrease in retained earnings.

# Consolidated Financial Statements

## 1. Consolidated Balance Sheets

(¥ million)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	94,365	110,212
Notes and accounts receivable-trade	54,491	49,750
Marketable securities	19,153	3,947
Merchandise and finished goods	12,015	13,651
Raw materials and supplies	11,053	12,152
Other	10,852	12,286
Less: Allowance for doubtful receivables	(422)	(403)
Total current assets	201,507	201,596
Fixed assets		
Tangible fixed assets		
Land	51,097	51,050
Other, net	96,151	99,043
Total tangible fixed assets	147,249	150,093
Intangible fixed assets		
Goodwill	701	591
Other	7,511	7,670
Total intangible fixed assets	8,212	8,261
Investments and other assets		
Investments in securities	135,441	137,215
Net defined benefit asset	268	268
Other	20,385	20,275
Less: Allowance for doubtful accounts	(322)	(30)
Total investments and other assets	155,773	157,728
Total fixed assets	311,236	316,082
Total assets	512,743	517,679

(¥ million)

	As of March 31, 2015	As of June 30, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable—trade	44,896	45,667
Short-term borrowings	3,870	3,161
Accrued payables	27,085	25,929
Accrued income taxes	5,163	3,911
Others	22,010	18,640
<b>Total current liabilities</b>	<b>103,027</b>	<b>97,310</b>
<b>Long-term liabilities</b>		
Long-term debt	9,461	12,779
Net defined benefit liability	3,394	3,144
Others	27,008	27,781
<b>Total long-term liabilities</b>	<b>39,863</b>	<b>43,706</b>
<b>Total liabilities</b>	<b>142,891</b>	<b>141,017</b>
<b>Equity</b>		
<b>Shareholders' equity</b>		
Common stock	25,122	25,122
Capital surplus	48,417	48,419
Retained earnings	273,319	276,057
Less: Treasury stock, at cost	(21,684)	(21,679)
<b>Total shareholders' equity</b>	<b>325,175</b>	<b>327,920</b>
<b>Accumulated other comprehensive income (loss)</b>		
Unrealized gain (loss) on available-for-sale securities	35,102	37,501
Deferred gain (loss) on derivatives under hedge accounting	57	75
Land revaluation reserve	(5,739)	(5,739)
Foreign currency translation adjustments	6,016	7,341
Remeasurements of defined benefit plans	1,169	874
<b>Total accumulated other comprehensive income (loss)</b>	<b>36,608</b>	<b>40,053</b>
Stock acquisition rights	1,518	1,881
Non-controlling interests	6,551	6,807
<b>Total equity</b>	<b>369,852</b>	<b>376,662</b>
<b>Total liabilities and equity</b>	<b>512,743</b>	<b>517,679</b>

**2. Consolidated Statements of Income and Comprehensive Income**  
(Consolidated Statements of Income)

(¥ million)

	<b>Three months ended June 30, 2014</b>	<b>Three months ended June 30, 2015</b>
Net sales	98,396	104,936
Cost of sales	55,439	58,486
Gross profit	42,957	46,450
Selling, general and administrative expenses	37,906	40,847
Operating income	5,050	5,603
Non-operating income		
Interest income	212	186
Dividend income	882	715
Gain on sales of marketable securities	—	802
Equity in earnings of associates	643	636
Foreign exchange gain	—	364
Other non-operating income	131	183
Total non-operating income	1,870	2,889
Non-operating expenses		
Interest expense	56	95
Foreign exchange loss	108	—
Taxes and dues	53	—
Other non-operating expenses	39	54
Total non-operating expenses	257	150
Ordinary income	6,664	8,342
Extraordinary gains		
Gain on sales of fixed assets	37	6
Gain on sales of investments in securities	629	901
Other extraordinary gains	3	—
Total extraordinary gains	670	907
Extraordinary losses		
Loss on disposal of fixed assets	54	84
Bad debt expense	—	508
Other extraordinary losses	27	9
Total extraordinary losses	81	601
Income before income taxes	7,253	8,648
Income taxes	3,155	3,230
Net income	4,097	5,418
Net income (loss) attributable to non-controlling interests	59	(20)
Net income attributable to owners of parent	4,037	5,439

(Consolidated Statements of Comprehensive Income)

(¥ million)

	<b>Three months ended June 30, 2014</b>	<b>Three months ended June 30, 2015</b>
Net income	4,097	5,418
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	2,347	2,383
Deferred gain (loss) on derivatives under hedge accounting	(48)	17
Foreign currency translation adjustments	(1,519)	701
Defined retirement benefit plans	(102)	(295)
Share of other comprehensive income (loss) in associates	(2,506)	529
Total other comprehensive income (loss)	(1,829)	3,337
Comprehensive income	2,267	8,755
(Breakdown)		
Comprehensive income attributable to owners of parent	2,302	8,883
Comprehensive income attributable to non-controlling interests	(34)	(127)

### 3. Segment Information

Net sales and income or loss by reportable segment:

#### Three months ended June 30, 2014

(¥ million)

	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.

#### Three months ended June 30, 2015

(¥ million)

	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	48,478	9,878	14,807	8,029	9,654	90,848	14,088	104,936	—	104,936
Intersegment sales	940	1,612	277	0	31	2,862	5,969	8,832	(8,832)	—
Total	49,418	11,491	15,085	8,030	9,685	93,711	20,058	113,769	(8,832)	104,936
Segment income (loss)	4,556	824	259	(195)	851	6,296	(40)	6,255	(652)	5,603

**(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 ¥652 million, consisting of ¥466 million from retirement benefit expenses, minus ¥110 million from the amortization of goodwill, ¥17 million from elimination of intersegment transactions and minus ¥1,025 million from group expenses.

\*3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.