

Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2016

[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 8, 2016 (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 Three Months of the FY2017 (April 1, 2016–June 30, 2016)

(1) Operating Results

(% figures represent year-on-year changes)

Three Months of	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY2017	115,481	10.0	6,824	21.8	7,071	(15.2)	2,998	(44.9)
FY2016	104,936	6.6	5,603	10.9	8,342	25.2	5,439	34.7

Note: Comprehensive income: Three months of FY2017: minus ¥9,659 million (-%) Three months of FY2016: ¥8,755 million (up 286.1%)

Three Months of	Net income attributable to owners of parent per share (basic)	Net income attributable to owners of parent per share (diluted)
	(¥)	(¥)
FY2017	27.76	27.60
FY2016	49.34	49.10

(2) Financial Position

As of	Total assets	Total equity	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(%)
June 30, 2016	531,455	359,062	65.3
March 31, 2016	553,068	371,688	65.1

Reference: Equity attributable to owners of parent as of June 30, 2016: ¥346,778 million, as of Mar. 31, 2016: ¥360,042 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
	(¥)	(¥)	(¥)	(¥)	(¥)
FY2016	—	40.00	—	40.00	80.00
FY2017	—	—	—	—	—
FY2017 (Fct.)	—	40.00	—	40.00	80.00

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

3. Forecasts of Consolidated Results for the FY2017 (April 1, 2016–March 31, 2017)

(% figures represent changes from 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)	(%)	(¥)
1 st Half of FY2017	240,000	10.1	9,000	(27.4)	11,500	(28.5)	10,500	(2.9)	97.20
FY2017	500,000	6.8	27,000	2.3	31,000	0.9	22,000	(18.2)	203.66

Note: Modifications to the forecast published most recently: No

Notes

(1) Changes in principal subsidiaries during the three months of FY2017 (changes in specified subsidiaries that resulted in changes in scope of consolidation): None

-Newly consolidated: None

-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): Yes

3) Changes in accounting estimates: Yes

4) Retrospective restatement: None

Note: Refer to “Changes in significant accounting policy, procedure and presentation methods for consolidated financial statements:” on page 5 of this material for further information.

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock) as of the end of:

Three months of FY2017	117,463,685 shares
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FY2016	117,463,685 shares
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2) Number of shares of treasury stock outstanding as of the end of:

Three months of FY2017	9,428,284 shares
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FY2016	9,438,151 shares
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3) Average number of shares outstanding during the period of:

Three months of FY2017	108,035,401 shares
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Three months of FY2016	110,232,449 shares
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*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 3 of this material for further information.

Qualitative Information Concerning Three Months Results

(1) Qualitative Information Concerning Consolidated Business Results

During the three months under review, the Japanese economy remained at a stalemate, mainly reflecting a sense of stagnation in consumer spending, although employment and income conditions were improving. There is a growing risk of downward pressure on the Japanese economy caused by a downturn in the economies of China and other emerging Asian countries and resource-rich countries, and an increasing uncertainty in overseas economy and other reasons.

Under this environment, based on the “Medium-Term Management Plan 2021,” of which term covers five years from the fiscal year ending March 31, 2017, to realize the improvements of “Earning power through operations” and “Value in capital markets,” we are working on the strategic themes such as 1) Promoting global branding, 2) Focusing on priority overseas locations, 3) Laying stronger foundations for our domestic profit base, 4) Establishing a second pillar that generates revenue and profit, 5) Developing and strengthening human resources for global management.

The following is an overview of consolidated results:

Consolidated results

(¥ million)

	Three Months of FY2016	Three Months of FY2017	Year on year	
			Amount	%
Net sales	104,936	115,481	+10,544	+10.0
Operating income	5,603	6,824	+1,221	+21.8
Ordinary income	8,342	7,071	-1,270	-15.2
Net income attributable to owners of parent	5,439	2,998	-2,440	-44.9

The following is an overview of performance by reportable segment:

Net sales by reportable segment

(¥ million)

	Net sales		Year on year	
	Three Months of FY2016	Three Months of FY2017	Amount	%
Nissin Food Products	48,478	51,775	+3,297	+6.8
Myojo Foods	9,878	9,992	+113	+1.2
Chilled and frozen foods	14,807	14,975	+168	+1.1
The Americas	8,029	12,805	+4,775	+59.5
China	9,654	8,382	-1,271	-13.2
Other* ¹	14,088	17,549	+3,460	+24.6
Total	104,936	115,481	+10,544	+10.0

Segment operating income by reportable segment

(¥ million)

	Segment operating income or loss		Year on year	
	Three Months of FY2016	Three Months of FY2017	Amount	%
Nissin Food Products	4,556	6,146	+1,589	+34.9
Myojo Foods	824	397	-426	-51.8
Chilled and frozen foods	259	595	+335	+129.5
The Americas	(195)	642	+838	—
China	851	770	-81	-9.5
Other* ¹	(40)	1,142	+1,182	—
Total	6,255	9,694	+3,439	+55.0
Reconciliations	(652)	(2,870)	-2,217	—
Consolidated	5,603	6,824	+1,221	+21.8

*1: “Other” includes business segments not included in reportable segments such as domestic confectionary, domestic beverages, Europe and Asia.

(i) Nissin Food Products

The sales of Nissin Food Products Co., Ltd. increased year on year due to a rise in the sales of cup-type instant noodles.

In cup-type instant noodles, *CUP NOODLE RICH*, the first premium version of *CUP NOODLE* featuring deluxe soup that is completely new to the product line, contributed to sales, in addition to the continuously strong sales of the *CUP NOODLE* lines, which celebrated their 45th anniversary. Significant growth in sales of the long-selling *Nissin-no-Donbei* series, which celebrated its 40th anniversary, was led by its core product, *Nissin-no-Donbei Kitsune Udon*. The sales of the *Nissin Yakisoba U.F.O.* series, which also celebrated its 40th anniversary, were strong too, thanks to the new TV commercials on the theme of “extreme” and the promotion on the website linked to the TV commercials, which attracted a great deal of attention. In bag-type instant noodles, sales of the long-selling product *Demae Iccho*, which was renewed within the last year, continued to increase.

(ii) Myojo Foods

Looking at sales of Myojo Foods Co., Ltd., in cup-type noodles, sales of the *Myojo Ipppeichan Yomise No Yakisoba* decreased, while in bag-type noodles, sales of the *Myojo Charumera* series kept growing. Operating income decreased year on year due to factors such as increased marketing costs including promotion and advertisement expenses with an aim to strengthen brand power.

(iii) Chilled and frozen foods

Sales of Nissin Chilled Foods Co., Ltd. slightly increased year on year with steady sales growth of its core brands, *Gyoretsu-no-Dekiru-Mise-no-Ramen* and *Futomen Yakisoba*, and *Chukafu Ryanmen*, and with healthy sales of a new product *Mazemen*.

Nissin Frozen Foods Co., Ltd. saw increased sales mainly led by pasta products and ramen products, both of which are packed with precooked ingredients, and Okonomiyaki. In the pasta products, the *Reito NISSIN Mochitto Nama Pasta* series, featured by sticky texture, continued to show healthy sales, and in ramen products, the *Reito NISSIN GooTa* series centered on the *Lajao Tan Tan Men*, and Shirunashimen (noodles without soup) centered on *Reito NISSIN Chuka Shirunashi Tan Tan Men Big* increased their sales. In addition, frozen wheat noodles also showed healthy sales and contributed to segment sales.

(iv) The Americas

The Group aimed to become less susceptible to the effects of price competition in the U.S and Mexico. 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 addition, Nissin Foods do Brasil Ltda. (formerly “Nissin-Ajinomoto Alimentos Ltda.”), which has become a consolidated subsidiary from the third quarter of the previous fiscal year, contributed to the segment results. Due to the reasons above, both of the overall segment sales and operating income increased.

(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 Group implemented price revisions mainly in the south area from the end of September 2015, and continues to penetrate the new prices in the market. Segment sales decreased year on year due to factors including the effect of exchange rates, partially offset by healthy sales of *BIG CUP NOODLES* and *Made-in-Hong Kong Demae Iccho*. Segment operating income also decreased year on year due partly to the effect of foreign exchange.

(2) Analysis of Financial Position

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

(3) Explanation Concerning Consolidated Forecasts

The full-year forecasts of the consolidated financial results for the fiscal year ending March 2017 remain unchanged from the forecasts for the first half and full year that were announced on May 12, 2016. Any necessary revision of the performance forecasts will be announced promptly in the future.

Details of Notes

(1) Changes in principal subsidiaries during the three months of FY2017 (changes in specified subsidiaries that resulted in changes in scope of consolidation)

There were no transfers of principal subsidiaries.

Though not a transfer of a specified subsidiary, PT. Nissin Foods Indonesia has been added to the scope of consolidation since the first quarter under review due to an increase in its importance.

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

Nissin Foods Holdings Co., Ltd. (“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 three months 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:

(Changes in accounting policy that are difficult to distinguish from changes in accounting estimates)

(Change of the method of depreciating tangible fixed assets)

The method of depreciating tangible fixed assets (excluding lease assets) of the Company and its consolidated subsidiaries in Japan has primarily been the declining-balance method. Starting from the first quarter under review, however, it has been changed to the straight-line method. The Company examined the operation of the tangible fixed assets of the Company and its consolidated domestic subsidiaries in the development of the Medium-term Management Plan and the implementation of “investing in sophisticating plants” as the theme of the strategy, and found that the stable operation of equipment was maintained and the risk of technical obsolescence was low. The Company therefore decided that it would be more appropriate to distribute the depreciation expenses equally over the useful life of assets, and so it changed the method of depreciation to the straight-line method.

As a result, the depreciation expenses for the first quarter under review decreased by 732 million yen, and each of operating income, ordinary income, and income before tax and other adjustments increased by 535 million yen from the amounts based on the conventional method.

(4) Additional Information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 of March 28, 2016) has been applied since the first quarter under review.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(¥ million)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	87,110	65,404
Notes and accounts receivable-trade	61,391	53,530
Marketable securities	3,804	3,843
Merchandise and finished goods	12,444	14,899
Raw materials and supplies	14,724	14,179
Others	11,796	14,034
Less: Allowance for doubtful receivables	(347)	(326)
Total current assets	190,923	165,566
Fixed assets		
Tangible fixed assets		
Land	52,694	52,775
Others, net	116,191	117,448
Total tangible fixed assets	168,886	170,224
Intangible fixed assets		
Goodwill	28,549	28,792
Others	13,740	13,643
Total intangible fixed assets	42,290	42,436
Investments and other assets		
Investments in securities	145,246	147,624
Net defined benefit asset	202	202
Others	5,894	5,552
Less: Allowance for doubtful accounts	(374)	(150)
Total investments and other assets	150,968	153,228
Total fixed assets	362,145	365,889
Total assets	553,068	531,455

(¥ million)

As of March 31, 2016

As of June 30, 2016

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	51,324	48,940
Short-term borrowings	18,457	18,624
Accrued payables	31,301	28,752
Accrued income taxes	7,262	4,200
Others	22,539	21,516
Total current liabilities	130,885	122,034
Long-term liabilities		
Long-term debt	13,041	15,930
Net defined benefit liability	7,987	7,816
Others	29,465	26,611
Total long-term liabilities	50,494	50,357
Total liabilities	181,380	172,392
Equity		
Shareholders' equity		
Common stock	25,122	25,122
Capital surplus	48,177	49,411
Retained earnings	293,803	291,984
Less: Treasury stock, at cost	(35,836)	(35,799)
Total shareholders' equity	331,267	330,720
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	43,172	35,618
Deferred gain (loss) on derivatives under hedge accounting	(261)	(527)
Land revaluation reserve	(6,379)	(6,379)
Foreign currency translation adjustments	(4,576)	(10,265)
Remeasurements of defined benefit plans	(3,178)	(2,387)
Total accumulated other comprehensive income	28,774	16,058
Stock acquisition rights	1,859	2,088
Non-controlling interests	9,786	10,195
Total equity	371,688	359,062
Total liabilities and equity	553,068	531,455

2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(¥ million)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	104,936	115,481
Cost of sales	58,486	63,267
Gross profit	46,450	52,213
Selling, general and administrative expenses	40,847	45,388
Operating income	5,603	6,824
Non-operating income		
Interest income	186	193
Dividend income	715	662
Gain on sales of marketable securities	802	-
Equity in earnings of associates	636	360
Foreign exchange gain	364	-
Others	183	153
Total non-operating income	2,889	1,370
Non-operating expenses		
Interest expense	95	92
Foreign exchange loss	-	859
Others	54	170
Total non-operating expenses	150	1,123
Ordinary income	8,342	7,071
Extraordinary gains		
Gain on sales of fixed assets	6	10
Gain on sales of investments in securities	901	97
Total extraordinary gains	907	107
Extraordinary losses		
Loss on disposal of fixed assets	84	34
Bad debt expenses	508	-
Loss due to a fire	-	454
Others	9	7
Total extraordinary losses	601	495
Income before income taxes	8,648	6,683
Income taxes	3,230	3,608
Net income	5,418	3,075
Net income (loss) attributable to non-controlling interests	(20)	76
Net income attributable to owners of parent	5,439	2,998

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net income	5,418	3,075
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	2,383	(7,644)
Deferred gain (loss) on derivatives under hedge accounting	17	(265)
Foreign currency translation adjustments	701	(5,514)
Defined retirement benefit plans	(295)	790
Share of other comprehensive income in associates	529	(100)
Total other comprehensive income	3,337	(12,734)
Comprehensive income	8,755	(9,659)
(Breakdown)		
Comprehensive income attributable to owners of parent	8,883	(9,718)
Comprehensive income attributable to non-controlling interests	(127)	58

3. Notes to Consolidated Quarterly Financial Statements

(Going concern assumption)

There was no applicable factor.

(Notes on material changes in shareholdersal State)

There was no applicable factor.

Segment Information

1. Net sales and income or loss by reportable segment:

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 "Reconciliations" 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.

Three months ended June 30, 2016

(¥ 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	51,775	9,992	14,975	12,805	8,382	97,931	17,549	115,481	—	115,481
Intersegment sales	305	1,610	384	0	45	2,347	6,953	9,301	(9,301)	—
Total	52,081	11,602	15,360	12,805	8,428	100,278	24,503	124,782	(9,301)	115,481
Segment income (loss)	6,146	397	595	642	770	8,552	1,142	9,694	(2,870)	6,824

(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 "Reconciliations" amounted to minus ¥2,870 million, consisting of minus ¥1,097 million from retirement benefit expenses, minus ¥488 million from the amortization of goodwill, minus ¥119 million from elimination of intersegment transactions and minus ¥1,165 million from group expenses.
- *3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.

2. Changes in reportable segment

(Changes in the method of depreciating tangible fixed assets)

As stated in the above paragraph, "Changes in accounting policy that are difficult to distinguish from changes in accounting estimates," the method of depreciating tangible fixed assets (excluding lease assets) of the Company and its consolidated subsidiaries in Japan has primarily been the declining-balance method. In the first quarter under review, however, it has been changed to the straight-line method.

As a result, the segment profit for the first quarter under review increased 249 million yen in Nissin Food Products, 114 million yen in Myojo Foods, 34 million yen in Chilled and Frozen Foods, and 136 million yen in Other.