

Summary of Consolidated Financial Statements for the Six Months (1st Half) Ended September 30, 2016

[Prepared under Japanese GAAP, UNAUDITED]

NISSIN FOODS HOLDINGS CO., LTD.

Stock code: 2897

Stock exchange listing: Tokyo

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Representative: Koki Ando, Representative Director, President and CEO

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Scheduled date of filing of quarterly report: November 10, 2016 (Japanese only)

Scheduled date of dividend payment: November 29, 2016

Preparation of supplementary documents: Yes

Holding of financial results meeting: Yes (Briefing session for institutional investors and analysts) (Japanese only)

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

1. Consolidated Financial Results for the Six Months of the FY2017 (April 1, 2016–September 30, 2016)

(1) Operating Results

(% figures represent year-on-year changes)

Six Months of	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY2017	235,844	+8.2	11,735	- 5.3	13,768	-14.4	12,215	+12.9
FY2016	217,942	+7.9	12,398	+31.8	16,088	+21.6	10,817	+33.2

Note: Comprehensive income: Six months of FY2017: minus ¥17,845 million (-%) Six months of FY2016: ¥6,629 million (down 24.3%)

Six Months of	Net income attributable to owners of parent per share (basic)	Net income attributable to owners of parent per share (diluted)
	(¥)	(¥)
FY2017	112.99	112.42
FY2016	98.13	97.63

(2) Financial Position

As of	Total assets	Total equity	Ratio of equity attributable to owners of parent to total assets
	(¥ million)	(¥ million)	(%)
September 30, 2016	507,847	351,524	66.9
March 31, 2016	553,068	371,688	65.1

Reference: Equity attributable to owners of parent as of September 30, 2016: ¥339,512 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	—	40.00	—	—	—
FY2017 (Fct.)	—	—	—	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)	(%)	(¥)
FY2017	500,000	+6.8	27,800	+5.3	31,500	+2.5	22,500	-16.3	207.99

Note: Modifications to the forecast published most recently: Yes

Notes

(1) Changes in principal subsidiaries during the six 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:

Six months of FY2017 117,463,685 shares

FY2016 117,463,685 shares

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

Six months of FY2017 9,286,119 shares

FY2016 9,438,151 shares

3) Average number of shares outstanding during the period of:

Six months of FY2017 108,106,536 shares

Six months of FY2016 110,236,485 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 Six Months Results

(1) Qualitative Information Concerning Consolidated Business Results

During the six months under review, the Japanese economy continued a moderate recovery, mainly reflecting continued improvement in employment and income conditions. Uncertainty remains, including the yen's appreciation and the business slowdown in emerging countries, offset against the expected effects of government economic measures.

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)

	Six Months of FY2016	Six Months of FY2017	Year on year	
			Amount	%
Net sales	217,942	235,844	+17,901	+8.2
Operating income	12,398	11,735	-662	-5.3
Ordinary income	16,088	13,768	-2,320	-14.4
Net income attributable to owners of parent	10,817	12,215	+1,397	+12.9

The following is an overview of performance by reportable segment:

Net sales by reportable segment (¥ million)

	Net sales		Year on year	
	Six Months of FY2016	Six Months of FY2017	Amount	%
Nissin Food Products	101,643	105,215	+3,571	+3.5
Myojo Foods	20,010	20,080	+70	+0.4
Chilled and frozen foods	30,030	30,560	+529	+1.8
The Americas	18,075	27,560	+9,484	+52.5
China	20,504	17,458	-3,045	-14.9
Other* ¹	27,678	34,969	+7,291	+26.3
Consolidated	217,942	235,844	+17,901	+8.2

Segment operating income by reportable segment (¥ million)

	Segment operating income or loss		Year on year	
	Six Months of FY2016	Six Months of FY2017	Amount	%
Nissin Food Products	10,312	10,752	+439	+4.3
Myojo Foods	1,158	728	-429	-37.1
Chilled and frozen foods	403	1,078	+674	+167.4
The Americas	218	745	+527	+241.2
China	1,856	1,817	-39	-2.1
Other* ¹	(255)	2,278	+2,534	—
Total	13,694	17,401	+3,707	+27.1
Reconciliations	(1,295)	(5,665)	-4,369	—
Consolidated	12,398	11,735	-662	-5.3

*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.

CUP NOODLE RICH, the first premium version of *CUP NOODLE* featuring deluxe soup that is completely new to the product line, and *CUP NOODLE BIG 'Nazoniku' Nikumori Pepper Shouyu* with pork mince called “Nazoniku” and ten times the usual volume of regular *CUP NOODLE* contributed to sales, in addition to the continuous strong sales of the *CUP NOODLE* series, 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, because 40th anniversary gift promotion and website promotion that used revived “U.F.O. Kamen Yakisoban,” a self-created hero character with giant U.F.O. helmet, attracted a great deal of attention.

(ii) Myojo Foods

Looking at sales of Myojo Foods Co., Ltd., sales of the *Myojo Charumera* series kept growing both in bag and cup-type noodles. 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

At Nissin Chilled Foods Co., Ltd., Hiyahi Chuka (cold noodles) series, which are mainstay products in summer season, grew steadily. Sales of Nissin Chilled Foods Co., Ltd. increased year on year due to continued favorable sales of its core brands, *Gyoretsu-no-Dekiru-Mise-no-Ramen* and *Futomen Yakisoba*, and a new product *Mazemen*.

Nissin Frozen Foods Co., Ltd. saw increased sales mainly led by pasta products and ramen products. In the pasta products, the *Reito NISSIN Mochitto Nama Pasta* series, featured by sticky texture, including “Creamy Bolognese with minced beef and maitake mushroom” continued to show healthy sales. 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. Additionally wheat noodle packed with precooked ingredients and Okonomiyaki also showed favorable sales and contributed to its overall sales.

(iv) The Americas

The Group aimed to become less susceptible to the effects of price competition in the Americas. It is working to introduce products that meet market demand and to ensure the sales and operating income of existing brands. For instance, *CUP NOODLES* have been renewed in the U.S. and Brazil both in September 2016. In addition, Nissin Foods do Brasil Ltda. (formerly “Nissin-Ajinomoto Alimentos Ltda.”), which has become a consolidated subsidiary since 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 geographical 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 penetrated 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 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 (from April 1, 2016 to March 31, 2017), which were announced on May 12, 2016, have been revised. Please refer to “Announcement of Differences between the Consolidated Forecasts and Results for the First Half of Fiscal Year Ending March 31, 2017, and the Revision of Full-year Forecasts,” which was announced on November 10, 2016 for details.

Details of Notes

(1) Changes in principal subsidiaries during the six 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 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 six 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, 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 six months under review decreased by 1,650 million yen, and each of operating income, ordinary income, and income before tax and other adjustments increased by 1,437 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.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(¥ million)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	87,110	58,583
Notes and accounts receivable-trade	61,391	60,402
Marketable securities	3,804	4,306
Merchandise and finished goods	12,444	13,833
Raw materials and supplies	14,724	15,001
Others	11,796	13,635
Less: Allowance for doubtful receivables	(347)	(322)
Total current assets	190,923	165,440
Fixed assets		
Tangible fixed assets		
Land	52,694	52,565
Others, net	116,191	121,725
Total tangible fixed assets	168,886	174,290
Intangible fixed assets		
Goodwill	28,549	27,485
Others	13,740	13,291
Total intangible fixed assets	42,290	40,776
Investments and other assets		
Investments in securities	145,246	121,779
Net defined benefit asset	202	285
Others	5,894	5,424
Less: Allowance for doubtful accounts	(374)	(149)
Total investments and other assets	150,968	127,339
Total fixed assets	362,145	342,407
Total assets	553,068	507,847

(¥ million)

As of March 31, 2016

As of September 30, 2016

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	51,324	48,389
Short-term borrowings	18,457	3,056
Accrued payables	31,301	29,768
Accrued income taxes	7,262	6,860
Others	22,539	22,726
Total current liabilities	130,885	110,800
Long-term liabilities		
Long-term debt	13,041	15,200
Net defined benefit liability	7,987	7,707
Others	29,465	22,614
Total long-term liabilities	50,494	45,522
Total liabilities	181,380	156,323
Equity		
Shareholders' equity		
Common stock	25,122	25,122
Capital surplus	48,177	49,615
Retained earnings	293,803	301,161
Less: Treasury stock, at cost	(35,836)	(35,259)
Total shareholders' equity	331,267	340,639
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	43,172	22,645
Deferred gain (loss) on derivatives under hedge accounting	(261)	(282)
Land revaluation reserve	(6,379)	(6,405)
Foreign currency translation adjustments	(4,576)	(15,429)
Accumulated adjustments of retirement benefit plans	(3,178)	(1,655)
Total accumulated other comprehensive income	28,774	(1,127)
Stock acquisition rights	1,859	1,628
Non-controlling interests	9,786	10,383
Total equity	371,688	351,524
Total liabilities and equity	553,068	507,847

2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(¥ million)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	217,942	235,844
Cost of sales	121,625	129,581
Gross profit	96,317	106,262
Selling, general and administrative expenses	83,919	94,526
Operating income	12,398	11,735
Non-operating income		
Interest income	391	417
Dividend income	799	907
Gain on sales of marketable securities	802	1,024
Equity in earnings of associates	1,502	647
Others	585	396
Total non-operating income	4,080	3,392
Non-operating expenses		
Interest expense	141	193
Foreign exchange loss	133	951
Others	115	214
Total non-operating expenses	390	1,360
Ordinary income	16,088	13,768
Extraordinary gains		
Gain on sales of fixed assets	33	22
Gain on sales of investments in securities	912	6,828
Others	-	35
Total extraordinary gains	946	6,887
Extraordinary losses		
Loss on disposal of fixed assets	155	103
Impairment loss	-	546
Bad debt expenses	508	-
Loss due to a fire	-	480
Loss on valuation of investment in subsidiaries and affiliates	-	408
Settlement payout due to contract change	-	536
Others	15	28
Total extraordinary losses	679	2,102
Income before income taxes	16,354	18,552
Income taxes	5,488	6,185
Net income	10,866	12,367
Net income attributable to non-controlling interests	48	151
Net income attributable to owners of parent	10,817	12,215

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net income	10,866	12,367
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(1,786)	(20,790)
Deferred gain (loss) on derivatives under hedge accounting	(55)	(21)
Land revaluation reserve	-	(25)
Foreign currency translation adjustments	(1,659)	(9,033)
Adjustments for retirement benefit plans	(590)	1,580
Share of other comprehensive income in associates	(146)	(1,922)
Total other comprehensive income	(4,237)	(30,212)
Comprehensive income	6,629	(17,845)
(Breakdown)		
Comprehensive income attributable to owners of parent	6,726	(17,686)
Comprehensive income attributable to non-controlling interests	(97)	(158)

3. Notes to Consolidated Quarterly Financial Statements

(Going concern assumption)

There was no applicable factor.

(Notes on material changes in Shareholders' equity's state)

There was no applicable factor.

Segment Information

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

Six months ended September 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	101,643	20,010	30,030	18,075	20,504	190,264	27,678	217,942	-	217,942
Intersegment sales	1,505	2,802	655	0	54	5,018	12,595	17,614	(17,614)	-
Total	103,149	22,812	30,686	18,076	20,558	195,282	40,273	235,556	(17,614)	217,942
Segment income (loss)	10,312	1,158	403	218	1,856	13,949	(255)	13,694	(1,295)	12,398

(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 ¥1,295 million, consisting of ¥934 million from retirement benefit expenses, minus ¥221 million from the amortization of goodwill, ¥43 million from elimination of intersegment transactions and minus ¥2,051 million from group expenses.
- *3. Segment income is reconciled to operating income in the quarterly consolidated statement of income.

Six months ended September 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	105,215	20,080	30,560	27,560	17,458	200,874	34,969	235,844	-	235,844
Intersegment sales	473	2,919	756	1	161	4,314	14,013	18,327	(18,327)	-
Total	105,689	23,000	31,317	27,561	17,620	205,188	48,983	254,172	(18,327)	235,844
Segment income (loss)	10,752	728	1,078	745	1,817	15,122	2,278	17,401	(5,665)	11,735

(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 ¥5,665 million, consisting of minus ¥2,187 million from retirement benefit expenses, minus ¥985 million from the amortization of goodwill, minus ¥161 million from elimination of intersegment transactions and minus ¥2,330 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 six months under review increased 714 million yen in Nissin Food Products, 293 million yen in Myojo Foods, 98 million yen in Chilled and Frozen Foods, and 330 million yen in Other.