



# PLAYING A GOOD GAME

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PROLOGUE

# THE POWER OF FUN

The power to be gained from fun should not be underestimated. In the way a video game can open up worlds of discovery, fun can give people the push to make new lifestyle choices. Products like our *CUP-NOODLES* allow anyone quick access to somewhere fun outside of everyday life. We want the consumer's experience to result in a moment of inspiration to try something new or a bit out of the ordinary. With more moments like that, who knows what might happen.



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## PROLOGUE



To us, the globalization of *CUP NOODLES* means more than worldwide availability. It also represents the potential to change food cultures and support all kinds of lifestyles in countries around the world. This means moving past any remaining barriers and venturing into unexplored territory. Our dedication to innovation and to offering original products will continue to guide us as we make *CUP NOODLES* an even stronger global brand.

# ON TO NEW WORLDS



PROLOGUE

# BETTER, FASTER, SMARTER

As a pioneer in the development of instant noodles, we have a responsibility to continue leading this field. At our planned “smart factory” in Japan, we will combine our proprietary technologies with elements like AI, industrial IoT and robotics. We will then be able to create even higher quality products while freeing workers from repetitive labor and improving our cost and energy efficiency. This gives us the flexibility as needed to adapt to any labor shortages due to the declining population in Japan and rising labor costs worldwide. Uniting our technological strong points in one strategy will help us win in more diverse global markets.

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PROLOGUE

# NO HAZARD ALLOWED

Providing our customers with the highest quality products is a never-ending quest because the definition of safe becomes more exacting every day. Rather than wait for problems to arise, we try to eliminate any chance of hazard from the start. In addition to providing safe food products, we take into consideration the health and wellness aspects of everything we produce. In order to deliver true peace of mind to our customers we have worked toward even more nutritionally balanced *CUP NOODLES*.



# THE HARDER THE GAME, THE BETTER WE PLAY.



History and common sense alike show us that new, unexplored routes only emerge from strong decisions. Our founder certainly believed that, and as a result he succeeded in inventing the world's first instant noodles in 1958.

Years later, we are developing *CUP NOODLES* into a world brand. Though this is by no means a simple undertaking, we are on this path because we believe *CUP NOODLES* has global potential. Dedicated to following that potential, we will reach higher and further than ever before.

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# WINNING AT THE “FUTURE” GAME

Instant noodles are one of the few foods that can become truly globalized. NISSIN FOODS Group’s market capitalization target of ¥1 trillion in fiscal 2021 requires that stakeholders collectively support and also share in our dream of growth. The strategy we must follow to reach this goal has already been formulated, and now, our task is clear.

## Koki Ando

President & Representative Director  
CEO (Chief Executive Officer)



### Global Branding of CUP NOODLES: the Key Pillar of Medium-Term Business Plan 2021

The Group delivered strong business performance in Japan and overseas in the fiscal year ended March 31, 2017 (fiscal 2017), getting off to a solid start in the first year of the medium-term business plan. I think that a key factor contributing to the favorable results is that the management support structure, consisting of 12 chief officers who support the Group's 25 profit centers (operating companies), has worked well. Under this structure, instituted in 2008, the chief officers propose technologies and information as possible solutions to problems the operating companies face, while the companies consider all proposals but only implement those they consider effective. The smooth functioning of this process has contributed to profitability improvement.

We have set out five strategies to achieve the targets in Medium-Term Business Plan 2021, with the global branding of CUP NOODLES as the key strategic pillar. I want to make CUP NOODLES a global brand. Although there are not many food products in the world capable of

being globalized, I think that CUP NOODLES has that potential.

As was the case in Japan in the past, popularization of instant noodles in a country begins with inexpensive bag-type noodles, and once personal income, GDP, and other measures of wealth exceed a certain level and lifestyles become prosperous, consumer needs tend to shift to comparatively higher priced, but more convenient cup-type noodles.

Currently, bag-type noodles account for some 80% of the world demand (World Instant Noodles Association) for instant noodles and they have reached nearly every available market. I believe that consumer demand will soon shift toward cup-type noodles. In other words, we have reached the stage where the Group, which has advanced technological expertise in cup-type noodles, can finally demonstrate its true capabilities globally.

In terms of progress on the globalization of CUP NOODLES, in September 2016 we launched a new CUP NOODLES in Brazil that was developed with exacting attention to detail in design characteristics, functionality, and product contents in order to build up the market for cup-type noodles. We are also increasing food sampling opportunities for customers in Brazil to

### FY2021 KPIs and Financial Targets

(Billions of yen except adjusted EPS)

		FY2017	FY2021	
		Results Japanese accounting standards	Reference Japanese accounting standards	Targets IFRS standards
Earning power through operations	Net sales	¥495.7	¥600.0	¥550.0
	Adjusted operating income*1	¥32.9	¥40.0	¥47.5
Value in capital markets	Market capitalization*2	¥640.0		¥1,000.0
	Net income attributable to owners of parent*3	¥23.6		¥33.0
	ROE	6.7%		8% or higher
	Adjusted EPS*4	¥253		¥330

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

\*1 Adjusted operating income = Operating income – Impact of retirement benefit accounting

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

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

\*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

try to foster a culture of cup-type noodles, and have had a positive response from the market, mainly in large cities. In India, we have begun selling CUP NOODLES in eight major metropolitan areas, where some 100 million people are concentrated. We have also introduced new CUP NOODLES products in Thailand, Indonesia, Vietnam, the U.S., and Europe, and these efforts have begun to produce results.

In order to achieve our fiscal 2021 target of increasing the overseas sales volume of CUP NOODLES by 50%

from the fiscal 2016 level, we still have some challenges to face, but I think that the seeds of opportunity we have sown have begun to sprout.

With regard to other strategy themes in the medium-term business plan, to establish a second pillar of revenue and profits we will aim for sales of ¥100 billion from the confectionery business and combined sales of ¥100 billion from the chilled and frozen foods businesses and beverage business.

We will also further develop and

## CEO MESSAGE

strengthen human resources for global management.

### Food Safety and Security and ESG Initiatives

In recent years, measures to address ESG (environment, social, governance) issues have become a requirement worldwide, and it is extremely important for the Group, which seeks recognition as a global company, to make ESG the foundation of management.

Ever since its founding, the Group has recognized that food safety is tied to the very life of a food products company and has made the pursuit of safety the highest management priority. Over the years, we have established food safety management systems through measures such as the introduction of pharmaceutical-level safety standards in product quality management.

A sense of security is just as important as safety, and any anxiety at all felt by consumers is enough to disqualify a food product. This is because anxiety can become a “mental hazard” that will destroy the enjoyment of eating and experiencing the deliciousness of food. In 2016, NISSIN FOODS (U.S.A.) CO., INC.

began an initiative to eliminate a mental hazard by offering products with lower sodium content, no added MSG, and no artificial flavors.

Also, I think that noodles, compared to rice or bread, can deliver the most nutrients to the stomach because it is possible to modify instant noodles in response to changes in consumer needs by incorporating functional ingredients into the noodles while maintaining their appearance and texture.

In the area of governance, in June 2016, we reviewed the composition of the Board of Directors and further strengthened the Board’s oversight function. I feel that as a result, deliberation at meetings of the Board of Directors has been further invigorated. However, no matter how strong a company’s governance system may be, if top management lacks sound management thinking, the company will collapse. As CEO, I intend to manage the Group with decency and a sense of justice.

To achieve our medium-term environmental targets by fiscal 2021, we will press ahead with energy conservation and global warming mitigation measures, resource conservation and recycling measures, and strengthening of the environmental management system.

### Being What the World Needs Us to Be

I want the Group to forever remain the kind of organization the world needs us to be. That is my true desire. To do that, the Group must first continue to provide products needed by consumers around the world and contribute to the world’s food culture. It is also

essential that we think from the perspective of not only consumers, but all stakeholders, including shareholders and investors, local communities, as well as about our effect on the global environment. We must take responsibility for all impacts our corporate activities have on society, and contribute to the sustainability of the planet through our business activities.

### KEY STRATEGY THEMES TO ACHIEVE OUR TARGETS



## Towards Market Capitalization of ¥1 Trillion

One KPI target in Medium-Term Business Plan 2021 is market capitalization of ¥1 trillion in fiscal 2021. The reason I attach importance to market capitalization is that corporate value is an extension of expectations for improvement in a company's profitability and I believe that profitability improvement is proof that a company engages in high value-added businesses. That in turn is also a barometer of social contributions, which can bring happiness to all stakeholders, including investors.

The market capitalization target is a collective undertaking that cannot be achieved unless all stakeholders support our strategy and share in our dream of growth. The program we should implement has been formulated and our task is clear. I consider this the final stage of the Group's second founding period and will work single-mindedly to achieve our target.

Chief Executive Officer

*Kazuo Aonuma*

## CUP NOODLES: HIGH POTENTIAL AS A GLOBAL BRAND



Targeting overseas  
CUP NOODLES  
sales (units) in FY2021:

**UP 50%**  
(compared to FY2016)



## CFO MESSAGE

## Yukio Yokoyama

Director  
CFO (Chief Financial Officer)



# ACHIEVING A RECORD SCORE

## Financial Performance in Fiscal 2017

Fiscal 2017 was the first year of Medium-Term Business Plan 2021. The Group successfully got off to a strong start with the plan by actively pursuing business expansion aimed at achieving our targets. In Japan, sales of mainstay brands in the instant noodle business grew briskly and business performance overseas was strong thanks to consolidation of the subsidiary in Brazil and progress with profit improvement in Asia. As a result, consolidated net sales reached a record high, increasing ¥27.6 billion year on year to ¥495.7 billion, and operating income increased ¥2.2 billion to ¥28.6 billion. Adjusted operating income\*<sup>1</sup>, an important KPI in the current business plan, rose ¥8.2 billion year on year to ¥32.9 billion. While net income attributable to owners of parent\*<sup>2</sup> declined by ¥3.3 billion to ¥23.6 billion, the decrease is attributable to the recording of ¥6.6 billion in gain on the step acquisition of the Brazilian operation as an extraordinary gain in the previous fiscal year. If

this temporary factor is excluded, we had increased profits. ROE was 6.7%, and we will steadily increase ROE to achieve the 8% target in fiscal 2021.

## Capital Policies and Shareholder Returns

During the term of Medium-Term Business Plan 2021, we have planned for capital investments of ¥150.0 billion. Our policy under the plan is to actively invest for the purpose of raising labor productivity and strengthening safety management and security measures for quality assurance in the instant noodle business in Japan and strengthening production systems in promising growth areas overseas.

We made capital investments of ¥36.3 billion in fiscal 2017. Construction of the Kansai plant of NISSIN FOOD PRODUCTS (total investment of ¥57.5 billion), our next-generation smart factory in Japan, began in early fiscal 2018, and capital investment is expected to expand from ¥65.0 billion to ¥75.0 billion. The investment budget (capital

## CFO MESSAGE

investment, business investment, etc.) during the medium-term plan is designed to exceed the operating cash flow and, after sufficiently securing resources for dividends and taking into consideration the financial market conditions, we will also consider borrowing to cover the shortage of funds. We will sell strategic shareholdings, as appropriate, taking into account market trends and short-term capital requirements.

With regard to shareholder returns, maintaining a shareholder-oriented perspective, we will retain a target payout ratio of 40% or higher on average during the term of the medium-term business plan. Although the payout ratio varies slightly from year to year, we plan to achieve the target while increasing dividends.

Full-year cash dividends per share for fiscal 2017 were ¥85, reflecting a ¥5 dividend increase in the second half, and we plan to increase full-year cash dividends by ¥5 to ¥90 per share in fiscal 2018. We will continue to flexibly undertake share repurchases, taking into account the business and operating environment.

### Fiscal 2018 Plan and Beyond

The Group considers fiscal 2018, the

second year of the medium-term business plan, as a time for further solidifying the foundation for growth and further promoting the global branding of *CUP NOODLES* as the cornerstone of the strategy for overseas sales growth. The operations in

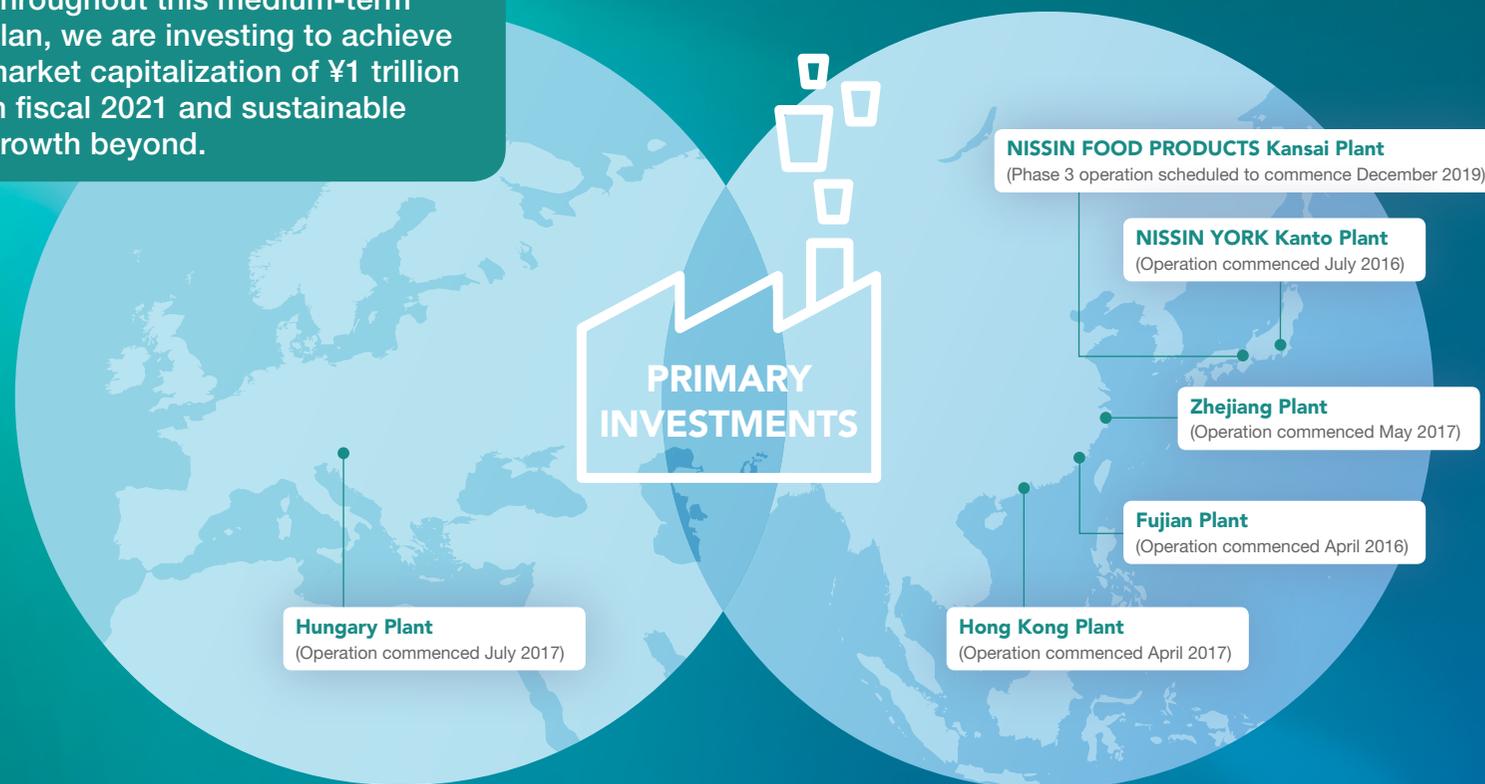
Japan will serve as the source of profits to support overseas growth.

As a good business partner to the CEO, I will occasionally stand on the front line and sometimes serve from behind the lines, and I will do my best to achieve the medium-term targets.

\*1 Adjusted operating income =  
Operating income - Impact of retirement benefit accounting

\*2 "Net income attributable to owners of parent" under Japanese accounting standards is equivalent to "profit attributable to owners of the parent" under IFRS standards

Throughout this medium-term plan, we are investing to achieve market capitalization of ¥1 trillion in fiscal 2021 and sustainable growth beyond.



Player 01

Player 02

COMPETING AGAINST CONVENTION

THE CONSUMER PICKS THE GAME

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

Al Multari  
President & Representative Director,  
NISSIN FOODS (U.S.A.) CO., INC.

NO ARTIFICIAL FLAVORS  
ADDED  
MSG+

# PLAYER PERSPECTIVES



# COMPETING AGAINST CONVENTION

NISSIN FOOD PRODUCTS has two key concepts. The first is “To Become a Century Brand Company,” which refers to maximizing the value that currently exists. The second is “Beyond Instant Foods,” which refers to the creation of values and new core drivers that are currently non-existent.

## To Be a Century Brand Company

By Century Brand Company, we mean a company capable of sustaining strong brand power that maintains a level of high consumption even 100 years after the launch of a brand. To achieve this, NISSIN FOOD PRODUCTS has identified three strategic target user groups: young people, who are the next generation of users; women, who are infrequent users; and seniors, whose use is declining. We emphasize brand communication as a means of reaching out to young people. The nature of communication has definitely changed along with the development of

social media. We are accumulating a lot of knowledge on how to best utilize social media’s unique characteristics, ensuring that our key brands maintain a strong presence on social media, and promoting brand empathy and loyalty among young people. I believe that NISSIN FOOD PRODUCTS has world-class capabilities in digital marketing.

We aim to stimulate new demand among women and seniors by providing products with unique concepts that appeal not only to their manifest needs but also to needs that are unmet.

We are also paying close attention to e-commerce, which only continues to increase in prominence, and are focusing on strengthening this sales channel. We are stepping up engagement with major e-commerce websites, along with having renewed our Group e-commerce



## Noritaka Ando

Executive Vice President &  
Representative Director  
COO (Chief Operating Officer)

President & Representative Director,  
NISSIN FOOD PRODUCTS CO., LTD. (JAPAN)



## FOCUS 1

website in fiscal 2017. The renewal greatly enhanced consumer convenience and added functions to make the website a community hub for fans of our brands.

In fiscal 2017, we successfully implemented a series of initiatives, *CUP NOODLE* and other key brands drove overall sales, and we got off to an excellent start in the first year of the medium-term business plan. There has been no change in our basic marketing policy for fiscal 2018. We will use various approaches to the three strategic target user groups while maintaining high profitability by steadily growing our key brands. We will also work to invigorate the bag-type noodle market, which has been contracting for a long time, by proposing new value.

At the same time, we will build a new factory as an investment to strengthen the business foundation for the future. This next-generation “smart factory” will allow us the flexibility to adapt to any labor shortages stemming from the declining population in Japan and the rising cost of labor around the world by utilizing AI, industrial IoT technology, and robotics, while strengthening safety management and security measures for quality assurance. The new factory will be a tremendous asset for ensuring our sustained, long-term growth as a Century Brand Company. In addition, we intend to contribute to profitability and food safety

improvement for the NISSIN FOODS Group as a whole by deploying expertise cultivated at the new plant in other plants not only in Japan, but also eventually around the world.

### Beyond Instant Foods

Under the other key concept, “Beyond Instant Foods,” we aim to overturn the conventional notions about instant food products and create new markets by providing new value. I want NISSIN FOOD PRODUCTS to remain a company that continuously transforms the prevalent food culture and shapes that of future generations. I believe that this is the way to realize the Group vision of the embodiment of an “EARTH FOOD CREATOR” and build the solid foundation required for our role of supporting the long-term growth of the entire Group as its core operating company.

## HOW TO COOK UP AN APPEALING JAPANESE MARKET

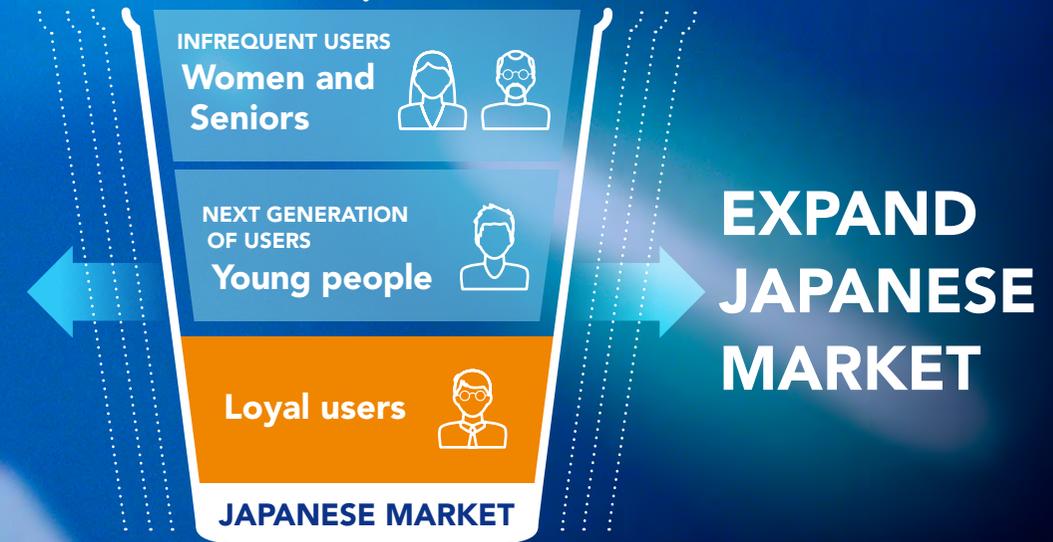
### 01

Add spice to the market



### 02

Pour in answers for the future business foundation





# THE CONSUMER PICKS THE GAME

Our story in the United States started in 1970, when Momofuku Ando planted roots in California selling *TOP RAMEN*—the first instant noodle product in America. This was quickly followed-up with the introduction of *CUP NOODLES* in 1973.

Our products were perfectly positioned to appeal to people's busy lifestyles—a hot, delicious meal that is easy to prepare and provides a great value. *CUP NOODLES* and *TOP RAMEN* continued to enjoy growth over the years, through recessions and times of prosperity. However, since 2014, the instant noodle industry has been seeing slight declines in consumption year over year.

One reason for declining demand is consumers seeking to introduce healthier foods into their diet. Trends include reduced sodium, cleaner labeling, and organic ingredients across all food categories affecting nearly all packaged foods.

In order to better address consumer demand, NISSIN FOODS (U.S.A.) CO., INC. initiated a reformulation of our flagship brand, *CUP NOODLES*. Before making any changes, we asked hundreds of loyal consumers what improvements they wanted to see. The answer: reduce sodium, remove added MSG, and take out artificial flavors. Our team successfully delivered on all these attributes while preserving the great taste and keeping the same low price.

So what happened when the beloved *CUP NOODLES* announced its first-ever major recipe change since it was introduced to the U.S. market over 40 years ago? It became big news that generated over

700 million media impressions and received overwhelmingly positive response from the media, consumers, and retailers alike, resulting in increased sales and market share.

The *CUP NOODLES* new recipe was the start of our journey to improve the nutritional profile of all our products based on changing consumer preferences. However, what is equally impressive is the NISSIN FOODS HOLDINGS' focus on becoming a truly global organization. The success of this launch is a testament to this not only through the Group's commitment to building stronger global brands but also by supporting local management to grow their businesses.

The team in the United States feels strongly that we are on the right path, both nationally and globally. The support and resources dedicated to our success here has been tremendous. With this continued support from NISSIN FOODS HOLDINGS, we are all confident in our ability to contribute to the Group's overall growth for years to come.

## NEW CUP NOODLES FEATURES

- More than 20% less sodium content in the three best-selling flavors, and a reduction of approximately 15% in sodium content across all flavors
- No added MSG (but contains small amounts of naturally occurring glutamates in ingredients such as soy sauce, tomato and red chili pepper)
- Replaced artificial flavors with natural ingredients such as turmeric, paprika and lime



### Al Multari

President & Representative Director,  
NISSIN FOODS (U.S.A.) CO., INC.

## SALES AND OPERATING INCOME BY SEGMENT

### Sales by Segment

(Billions of yen)

	Business	FY2016	FY2017	FY2017 vs FY2016	FY2018 Plan
■ NISSIN FOOD PRODUCTS	Instant Noodles	223.6	228.6	2.2%	231.3
■ MYOJO FOODS	Instant Noodles	41.6	40.6	-2.4%	42.0
■ NISSIN CHILLED FOODS	Chilled	59.8	61.8	3.3%	63.5
■ NISSIN FROZEN FOODS	Frozen				
■ NISSIN CISCO *1	Confectionery	38.6			
■ NISSIN YORK *1	Beverage		51.0	32.2%	53.7
■ Bonchi *1,2	Confectionery	—			
■ Domestic Others *1,2,3		3.5	3.7	6.0%	4.0
Domestic Total		367.1	385.7	5.1%	394.5
■ The Americas *4	Instant Noodles	48.3	60.4	25.1%	67.0
■ China	Instant Noodles	40.9	36.0	-12.0%	41.0
■ Asia *1,5	Instant Noodles	7.2	9.0	25.4%	12.0
■ EMEA *1,3	Instant Noodles	4.6	4.6	0.2%	5.5
Overseas Total		100.9	110.0	9.0%	125.5
Group Total		468.1	495.7	5.9%	520.0

### Operating Income by Segment

(Billions of yen)

	Business	FY2016	FY2017	FY2017 vs FY2016	FY2018 Plan
■ NISSIN FOOD PRODUCTS	Instant Noodles	24.0	27.7	15.5%	28.0
■ MYOJO FOODS	Instant Noodles	1.4	1.8	30.0%	1.9
■ NISSIN CHILLED FOODS	Chilled	0.7	1.9	170.2%	1.9
■ NISSIN FROZEN FOODS	Frozen				
■ NISSIN CISCO *1	Confectionery	1.3			
■ NISSIN YORK *1	Beverage		2.6	98.8%	2.9
■ Bonchi *1,2	Confectionery	—			
■ Domestic Others *1,2,3		(0.2)	1.5	—	0.9
Domestic Total		27.2	35.4	30.5%	35.7
■ The Americas *4	Instant Noodles	1.1	2.3	117.8%	2.5
■ China	Instant Noodles	4.1	3.4	-17.8%	3.7
■ Asia *1,5	Instant Noodles	(2.0)	(1.4)	—	(1.3)
■ EMEA *1,3	Instant Noodles	(0.4)	0	—	0.1
Overseas Total		2.8	4.3	52.2%	5.1
Retirement benefit accounting *6		1.7	(4.3)	—	0.6
Amortization of goodwill and elimination of intersegment transactions *6		(1.2)	(2.2)	—	(2.7)
Group expenses *6		(4.1)	(4.7)	—	(4.7)
Group Total		26.4	28.6	8.4%	34.0

\*1 These are included in "Others" in "Segment Information" on page 60 and 61.

\*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, the company that invented *Chicken Ramen*, the world's first instant noodles, and *CUP NOODLE*, the world's first cup-type instant noodles, plays a leading role in the NISSIN FOODS Group as a growth driver. In fiscal 2017, thanks to strong sales of *CUP NOODLE* and other mainstay cup-type noodles, net sales reached ¥228.6 billion, up 2.2% from the previous year. Operating income rose 15.5% to ¥27.7 billion due to the strong sales along with improvement in the cost of sales ratio, efficient use of advertising expenses, and a change in the depreciation method.

### MYOJO FOODS

MYOJO FOODS is working to strengthen its mainstay brands and cultivate and establish new-concept products such as a reduced-carbohydrate noodle series targeting health-conscious consumers. In fiscal 2017, although sales of mainstay bag-type noodles once again increased from the previous year, net sales decreased 2.4% to ¥40.6 billion due to a year-on-year decrease in sales of mainstay cup-type noodles. Despite the sales decrease, operating income increased 30.0% to ¥1.8 billion, reflecting factors including a change in the depreciation method and progress with production efficiency improvement.

### NISSIN CHILLED FOODS

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

The domestic frozen food market is expanding, with strong brands showing striking growth. At NISSIN FROZEN FOODS, thanks to an increase in the number of products with brand power strong enough to generate sales of more than ¥1 billion per item, productivity has greatly improved and profitability has sharply increased.

Segment net sales rose 3.3% year on year to ¥61.8 billion, and operating income increased 170.2% to ¥1.9 billion.

### NISSIN FROZEN FOODS

### NISSIN CISCO

In the confectionery and cereal business, profitability is improving due to the consolidation of Bonchi Co., Ltd. in fiscal 2017 and improving profitability at NISSIN CISCO resulting from product renewal and premium positioning of granola.

Sales in the beverage business increased year on year on strong sales of lactobacillus drinks and yogurt drinks. To meet anticipated further increases in demand for lactobacillus drinks and yogurt drinks, NISSIN YORK completed construction of the Kanto New Plant, increasing production capacity by approximately 1.5 times.

Segment net sales increased 32.2% year on year to ¥51.0 billion, and operating income rose 98.8% to ¥2.6 billion.

### NISSIN YORK

### Bonchi

## OVERSEAS BUSINESS HIGHLIGHTS



Note: Relative product sizes are not to scale.

## THE AMERICAS

In the U.S., sales increased in a stagnant market, boosted by a product renewal to align *CUP NOODLES* with the health consciousness of consumers. In Brazil, we launched new *CUP NOODLES* in addition to existing bag-type noodles. We are now actively holding food samplings for customers to expand the market for cup-type noodles.

Thanks in part to the full-year contribution from NISSIN FOODS DO BRASIL LTDA,\* consolidated in the third quarter of fiscal 2016, net sales in the Americas segment increased 25.1% year on year to ¥60.4 billion, and operating income rose 117.8% to ¥2.3 billion.

\*Former name: NISSIN-AJINOMOTO ALIMENTOS LTDA.

## CHINA

In China, where the mainland market demand for instant noodles is showing signs of bottoming out, we are expanding our sales area and working to strengthen the *CUP NOODLES* brand, targeting mainly students and white-collar workers. We will establish a management system rooted in the local market and aim for further business expansion. Sales in the Hong Kong area declined due to the impact of controlling shipments because of a change of distributor.

As a result, net sales in the China segment decreased 12.0% to ¥36.0 billion, partly due to the impact of exchange rates. Operating income fell 17.8% to ¥3.4 billion.

## ASIA

In Asia, operations in India, Singapore, Thailand, Indonesia and Vietnam are consolidated in the financial statements. Swift recovery from the voluntary recall in India in fiscal 2016, streamlining of the operation in Vietnam, and development of the *CUP NOODLES* business in Thailand are progressing favorably.

Consequently, overall net sales increased 25.4% to ¥9.0 billion, and operating loss was ¥1.4 billion. Since 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 near future. The operation in Indonesia became a consolidated subsidiary in fiscal 2017.

## EMEA

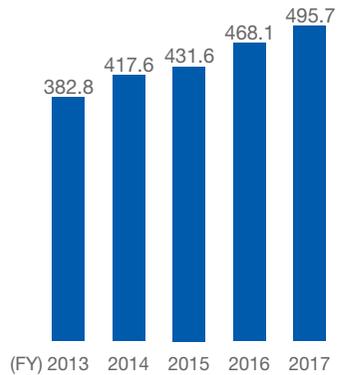
In the EMEA region, we are engaging in activities with a view to expanding into new markets, mainly in the European region, where we have established a stable earnings base. In Europe, sales of Soba yakisoba noodles and *CUP NOODLES* are steadily developing and driving overall sales. In Turkey, which is included in this region, we have introduced new bag-type *NISSIN NOODLES* into the ramen market, which it is expanding, in addition to MakarNeks instant pasta and are aiming for improvement in business performance.

Overall net sales in the EMEA segment increased slightly year on year to ¥4.6 billion, and profitability was achieved.

# FINANCIAL PERFORMANCE

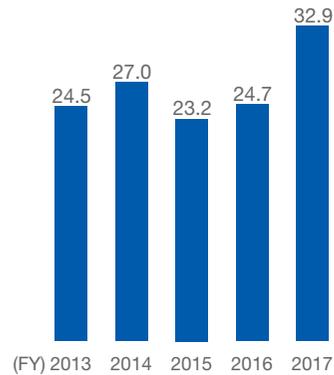
## Net Sales

(Billions of yen)



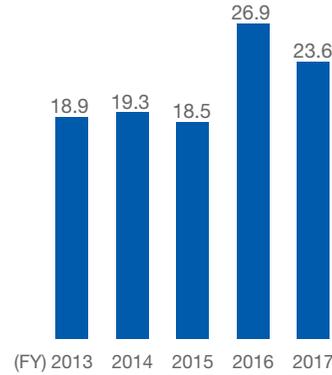
## Adjusted Operating Income

(Billions of yen)



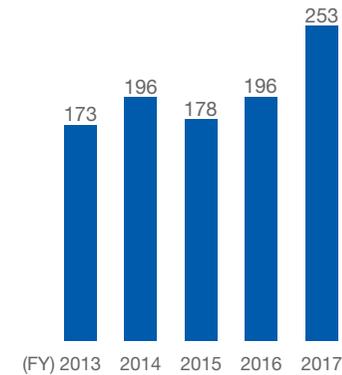
## Net Income Attributable to Owners of Parent\*

(Billions of yen)



## Adjusted EPS

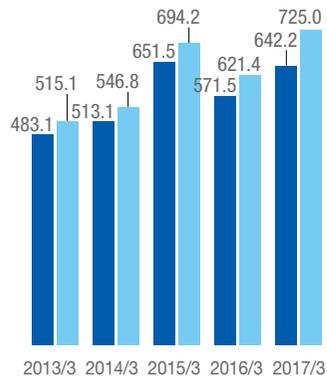
(Yen)



## Market Capitalization

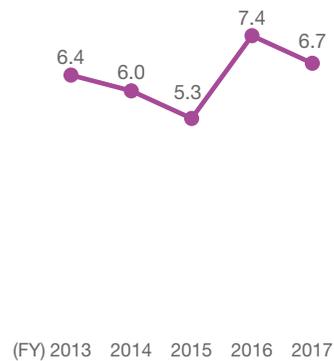
(Billions of yen)

■ After deduction of treasury shares  
■ Market base



## ROE

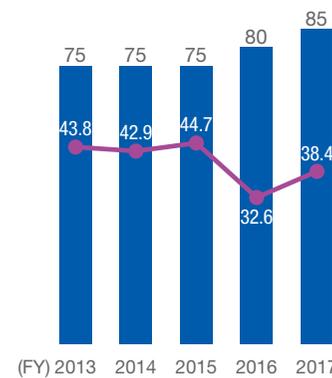
(%)



## Cash Dividends per Share Payout Ratio

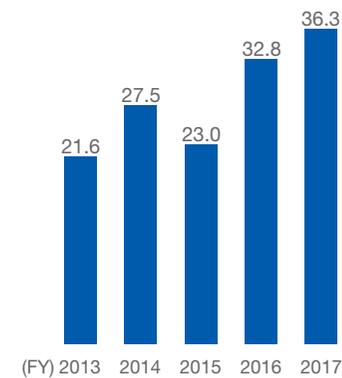
(Yen)

■ Cash dividends per share  
● Payout ratio (%)



## Capital Expenditures

(Billions of yen)

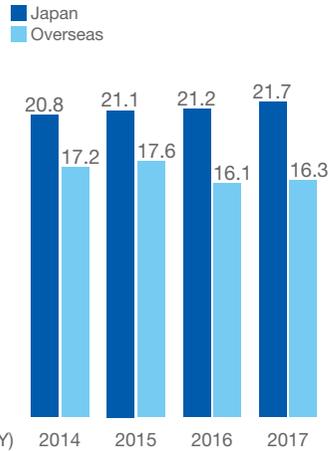


\* "Net income attributable to owners of parent" under Japanese accounting standards, "profit attributable to owners of the parent" under IFRS standards

# NON-FINANCIAL PERFORMANCE

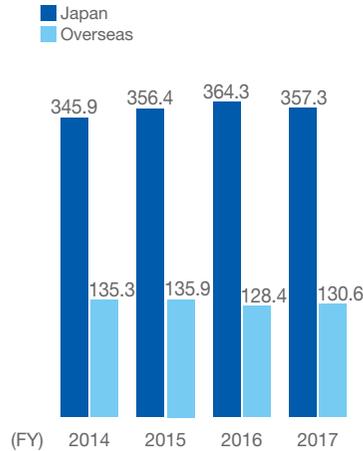
## CO<sub>2</sub> Emissions\*1

(10,000 t-CO<sub>2</sub>)



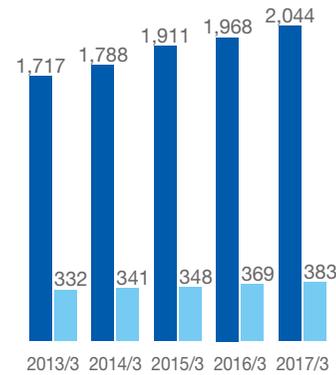
## Water Use

(10,000 m<sup>3</sup>)



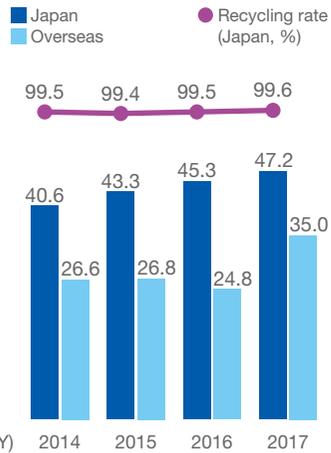
## Number of Employees\*2 Number of Female Employees

■ Number of employees  
■ Number of female employees



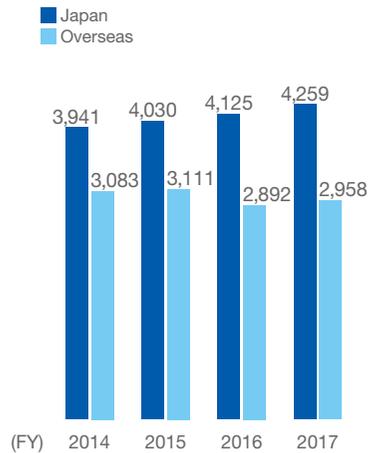
## Waste Emissions/Recycling rate

(1,000 t)



## Energy Consumption

(TJ)



## NISSIN Global Food Safety Institute Quality Survey Activities (Worldwide)

■ Activity days  
● Total number of inspections



\*1 CO<sub>2</sub> emissions data does not include data for UNI-STAR and SAGAMI FRESH.

CO<sub>2</sub> emissions from production division are calculated according to the Act on Promotion of Global Warming Counter Measures. Calculation methods: CO<sub>2</sub> emissions are based on figures disclosed by electric power companies (emission coefficients for the previous fiscal year). Logistics-related emissions were calculated according to the provisions of the Act on the Rational Use of Energy.

Because the figures have been rounded up or down, grand totals may not exactly match the sum of totals for individual companies, and the sum of percentages may not add up to 100%.

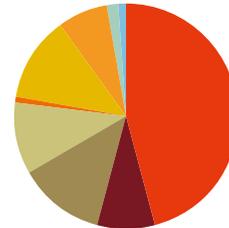
\*2 The numbers are calculated based on data from NISSIN FOODS HOLDINGS, NISSIN FOOD PRODUCTS, NISSIN CHILLED FOODS, and NISSIN FROZEN FOODS.

# NISSIN HISTORY

## FOUNDER'S SPIRIT

- 食足世平** | Peace will come to the world when there is enough food
- 食創為世** | Create foods to serve society
- 美健賢食** | Eat wisely for beauty and health
- 食為聖職** | Food related jobs are sacred profession

## NET SALES RATIO BY BUSINESS SEGMENTS (FY2017)



NISSIN FOOD PRODUCTS	46.1%
MYOJO FOODS	8.2%
Chilled and Frozen Foods	12.5%
Confectionery and Beverage	10.3%
Domestic Others	0.7%
The Americas	12.2%
China	7.3%
Asia	1.8%
EMEA	0.9%

- Global Development
- Domestic Business Expansion



**1958**  
Introduction of *Chicken Ramen*, the world's first instant noodles



**1971**  
Introduction of *CUP NOODLE*, the world's first cup-type instant noodles

Net sales  
(Billions of yen)



Note: Net sales figures since FY1978 are consolidated.

**1988**  
Start of business in India

**1984**  
Start of business in Hong Kong

**1980**  
Start of business in Singapore

**1988**  
Completion of Chuo Research Center

**1986**  
Expansion into the frozen foods business

**1983**  
Expansion into the chilled foods business

**1994**  
Start of business in Thailand

**1994**  
Start of business in China

**1993**  
Start of business in Germany

**1992**  
Start of business in Indonesia

**1991**  
Expansion into the confectionery business

**1990**  
Expansion into the beverage business

**2005**  
Completion of the FOOD SAFETY EVALUATION & RESEARCH INSTITUTE CO., LTD. in China

**2005**  
Start of business in Mexico

**2008**  
NISSIN FOODS Group transitions to a holding company structure

**2006**  
Acquisition of an equity stake in MYOJO FOODS CO., LTD.

**2002**  
Completion of the Food Safety Research Institute

**2016**  
Worldwide sales of *CUP NOODLES*, sold in more than **80 countries** around the world, reach **40 billion servings**

**2015**  
Brazil business becomes wholly owned

**2011**  
Start of business in Vietnam

**2014**  
Completion of "the WAVE", a new research and development center

# BOARD OF DIRECTORS



# BOARD OF DIRECTORS

As of June 28, 2017



**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. (Japan)



**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.

# AUDIT & SUPERVISORY BOARD MEMBERS, EXECUTIVE OFFICERS AND CHIEF OFFICERS

As of June 28, 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 Managing 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.

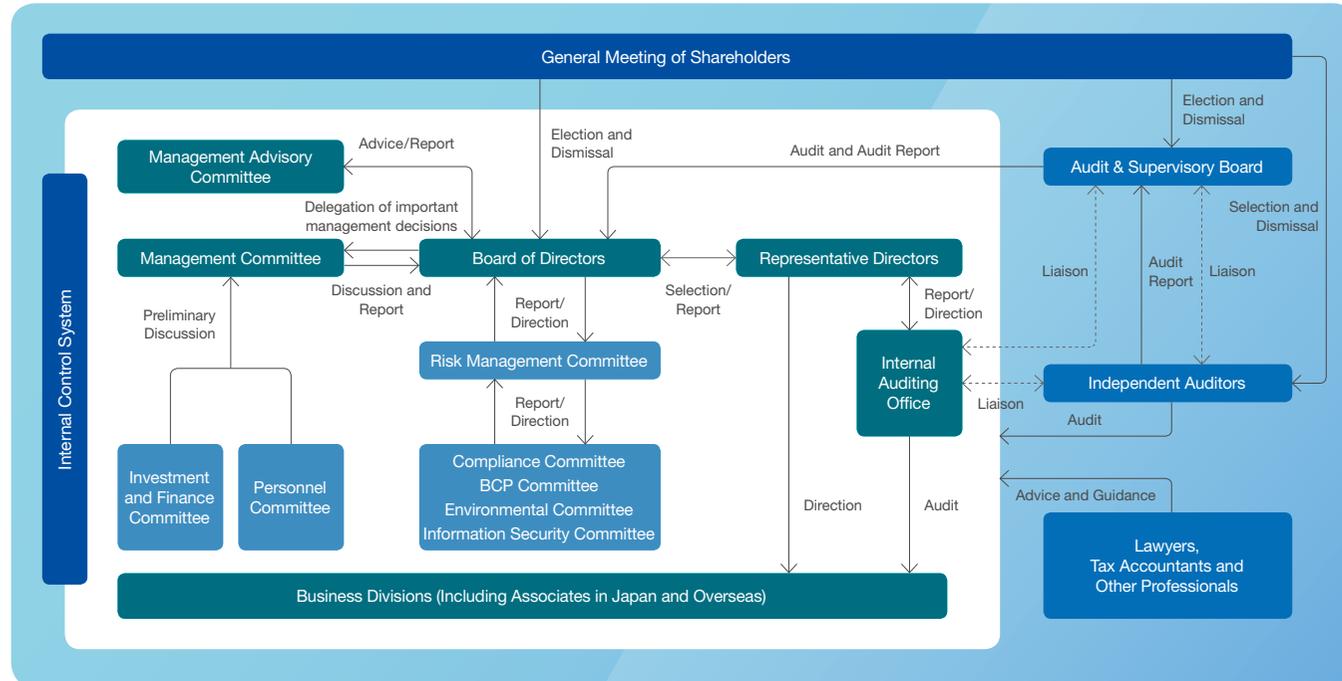
### Yasuhiro Yamada

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 fiscal 2017, NISSIN FOODS HOLDINGS reorganized the Board of Directors by decreasing the number of inside directors by six to three and increasing the number of outside directors by one to five so that they comprise the majority for the purpose of strengthening management oversight and ensuring speedy decision-making.

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 (two of which are outside 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

## CORPORATE GOVERNANCE

efficiency, and by strengthening internal control systems.

### Holding of Board of Directors Meetings

NISSIN FOODS HOLDINGS held regular meetings of the Board of Directors ten times in fiscal 2017 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

In continuation from 2016, NISSIN FOODS HOLDINGS determined that the effectiveness of the Board of Directors as a whole has been adequately ensured for 2017. This determination

was 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. 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. We established our internal control systems in fiscal 2007 and review their basic policies when appropriate, working to make more appropriate and efficient systems through continuous improvement. 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 such as 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, which comprises a majority of independent officers and meets three times a year.

### 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.

## CORPORATE GOVERNANCE

neration 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  
**Masato Mizuno**



Japan's Corporate Governance Code went into effect in 2015. Since being appointed as an outside director of NISSIN FOODS HOLDINGS on June 28, 2016, I have participated in governance to ensure that the Company is soundly managed. I am gratified and proud that the Company diligently carries out its corporate social responsibilities in all areas, namely, corporate governance, legal compliance, internal control, crisis management, environmental conservation, stakeholder satisfaction, shareholder satisfaction, information disclosure, and social contribution activities. Also, the Company, as a food manufacturer, emphasizes safety and security management and makes every possible effort to ensure that consumers are able to enjoy food with confidence

and peace of mind through new product development, development of production systems, including manufacturing technologies, and active overseas business development.

I am interested in the natural sciences, environmental conservation, and sustainability. I previously studied sustainability and have been involved with sustainability issues as part of my work. While humanity has developed civilization and increased the convenience of daily life, a large scale production and consumption of fossil fuel has filled the atmosphere with exhaust containing the greenhouse gas carbon dioxide. This has given rise to justifiable fear of climate change resulting from global warming and necessitated measures to ensure

sustainability worldwide. For this reason, I have taken particular care to examine whether the principle of sustainability has been applied across the many business operations of the Company. As a result, I have confirmed that consideration is being given to sustainability in all operations, including product planning and development, marketing, manufacturing, sales, and distribution.

I intend to continue to fulfill my duty as an outside director to ensure that NISSIN FOODS HOLDINGS fully recognizes the purpose of introduction of the Corporate Governance Code and that sound management is practiced in all elements of management.

## 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 Compliance Committee, BCP Committee, Environmental Committee, and Information Security Committee. The Risk Management Committee prevents, discovers, manages, and responds to various risks pertaining to the Company 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, 2017. 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

## RISK MANAGEMENT

in population to accelerate, the overall demand in the instant noodle market would shrink, negatively affecting the Company's financial position and financial performance.

### (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 associ-

ates 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.

### (9) Risk Related to Retirement Benefit Accounting

Costs and obligations pertaining to retirement benefits are determined based

## RISK MANAGEMENT

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.

## STRENGTHENING OF COMPLIANCE MANAGEMENT SYSTEMS

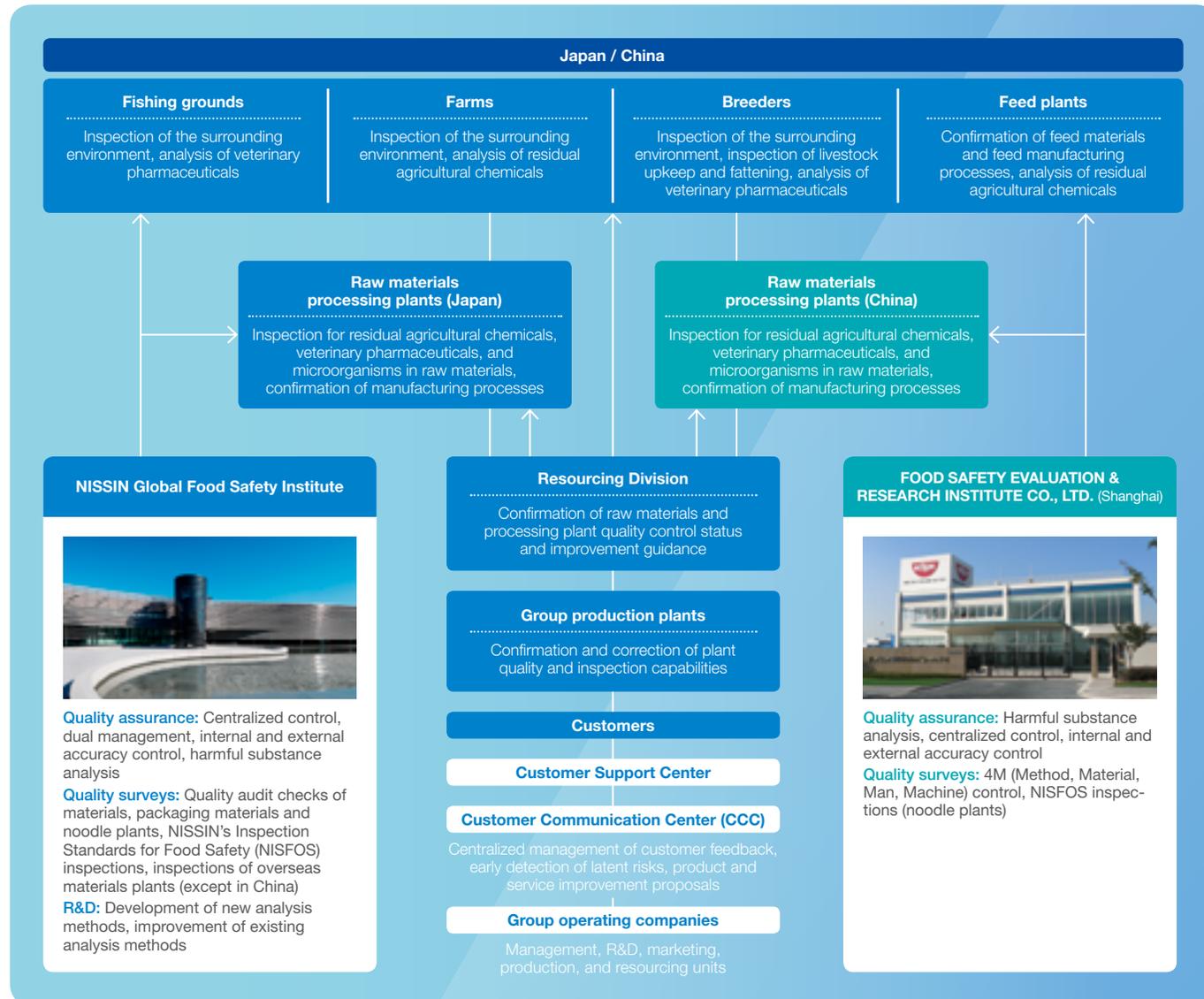
To remain a company that rewards the trust of stakeholders and society, the Group considers compliance an important management priority and is strengthening its compliance management systems. In accordance with the NISSIN FOODS Group Ethics Rules, all of the Group's executives and employees recognize corporate social responsibility, comply with relevant laws and regulations, and make effort to behave in line with social ethics. For instance, the Group conducts employee training to prevent bribery and corruption and shares compliance violation case studies with Group employees. We are strengthening management systems to prevent bribery, corruption, and other compliance violations by assigning a manager in charge of compliance in each main division of the Company and each Group company and holding quarterly meetings of the Compliance Committee. If detected suspicious violation is reported from an employee we respond as necessary, including taking legal measures, in accordance with the NISSIN FOODS Group Compliance Rules.

To promote globalization, we are entering markets in developed countries, as well as in emerging countries where legal systems may be less developed. To ensure fair business practices no matter the country, the Group will provide education and prepare rules to prevent bribery, corruption, and other compliance violations.

# QUALITY ASSURANCE

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 continue to support the 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 raw materials for harmful substances (such as residual agricultural chemicals, veterinary drugs, carcinogens, mycotoxins, heavy metals, and pathogenic microorganisms), radioactive substances, and genetically modified agricultural products. It ensures overall quality through quality confirmation at every stage from raw materials production and processing to product completion, regular inspections of the nutrient composition of products, and inspections for allergen contamination and microorganisms. Furthermore, the institute is updating existing analysis methods and equipment with the aim of developing analysis methods for new harmful substances, shortening analysis periods, and improving accuracy. It has also set up a food appraisal group whose sole responsibility is scientific testing of foreign matter, off-flavors, and off-odors reported by customers. Through these rigorous quality assurance systems, the institute ensures the provision of safe products to our customers.

In 2016, to improve quality assurance systems globally, the institute strength-

ened systems by beginning confirmation of nutrition labeling and allergen content testing of overseas products and having overseas inspectors participate in the SARFAPS\* scientific testing proficiency evaluation system.

\*SARFAPS (Food Safety Research Institute's Food Analysis Proficiency System)

### Quality Assurance in Procurement

Rigorous quality control of materials is necessary for ensuring product safety. The NISSIN FOODS HOLDINGS' Resourcing Division conducts on-site inspections extending to manufacturing processes at raw materials suppliers and contract manufacturers, confirming the status of management and providing guidance for improvement. In fiscal 2016, a quality group that specializes in quality control was set up within the Resourcing Division to strengthen the quality control system for procured items, and the division began conducting supplier inspections using the 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 and providing guidance for improvement. In 2016, the division began having suppliers per-

form self-assessments using the checklist ahead of meetings, using the assessment results in discussions for improvement. For use overseas, the division is adapting the Raw Materials Manufacturing Plant Checklist to the circumstances of individual countries and preparing multilanguage versions in Chinese, English, Spanish, and Portuguese (planned) in addition to Japanese. The checklist content is shared at the Global Purchase Meeting, which has been held since fiscal 2015 and is attended by procurement personnel of overseas operating companies.

### Measures to prevent contamination by foreign matter

As a measure to prevent contamination by foreign matter, NISSIN FOOD PRODUCTS is mechanizing to the fullest extent delivery inspections at plants for materials for which automated discrimination of foreign matter is possible. The company installed color sorters in 2015 for use in inspections of certain materials and is promoting their introduction at some materials manufacturers in an effort to improve quality. Four plants directly controlled by NISSIN FOOD PRODUCTS (Kanto, Shizuoka, Shiga, Shimonoseki) have installed filters at the intake openings of the silos to prevent entry of foreign matter at the time of flour delivery.

### Assurance of water safety

We test water used in manufacturing processes at plants to confirm its safety. The NISSIN Global Food Safety Institute was among the first to introduce a high-accuracy radionuclide discrimination and analysis system after the Great East Japan Earthquake and continues today to conduct periodic tests of the tap water, groundwater, and products at the Group's production plants and supplier plants in the Kanto region and neighboring prefectures

### Products for Health-Conscious Customers

The Group is developing products that meet the needs of health-conscious customers for reduced calories, reduced salt, low carbohydrates, and healthful dietary fiber and nutrients. The Health Science Research Division, newly established within the NISSIN Global Innovation Center in March 2015, analyzes the functions of food from the aspects of nutrients, taste, and physiological functions and conducts leading-edge research that leads to the creation of delicious, creative products.

## HUMAN RESOURCES

The Group, which aspires to become a global company, is strengthening and developing human resources as it accelerates overseas business expansion. For the Group to create products that people enjoy, each individual employee must be living a fulfilling life. To that end, we assist employees in improving their skills, abilities, and health and create workplace environments where individuals are empowered to work autonomously.

### Developing Global Talent

The Group has made developing and strengthening management talent to support global growth one of the key strategies in the 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 measures within the Group and external recruiting of management personnel knowledgeable about local markets.

### Human Resource Development Measures

The Group pursues a multifaceted Human Resources development approach, and we have instituted the following three selective training programs specifically for the purpose of

developing employees capable of succeeding in global business.

#### ||| Global Challenge Path Program

This system was established to help young employees to succeed when working overseas and encourage them to take up global challenges by giving priority in recruitment to young candidates who meet certain criteria for the program that dispatches employees for overseas OJT training.

#### ||| 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 2017 we expanded eligibility to include employees of our R&D center, “the WAVE,” and employees were selected to fill a total of 13 overseas posts.

#### ||| Global SAMURAI Academy

This is an in-house university that trains the personnel who are expected to constitute the core of the Group’s management, from junior employees through executives. Participants study management skills, logical thinking, foreign languages, cross-cultural understanding, liberal arts, and other subjects according to their rank. In fiscal 2016, we added specialized training to develop female leaders. The program also includes mechanisms to support systematic, long-term personal development. For example, after the completion of their training, Academy graduates continue to plan their careers through participation in Career Action Meetings.

#### Active Hiring of Non-Japanese Nationals

To pursue global business expansion,

we actively recruit talented people regardless of nationality, including foreign-national university graduates. To facilitate the recruitment of diverse human resources from overseas as well as Japan, we also accept new graduates from overseas universities in October in addition to accepting domestic graduates in spring.

#### 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 also rigorously follow fair employment practices to ensure that discrimination does not occur in subsequent promotion or advancement.

## HUMAN RESOURCES

### More Active Roles for Women

The Group participates in the Keidanren's (Japan Business Federation) Voluntary Action Plan on Promotion of Women to Managerial and Board Positions and promotes the success of female employees. We established the Diversity Committee in fiscal 2016 and are creating workplace environments where women can thrive.



**NISSIN  
DIVERSITY**

### Achievement of Work-Life Balance

To help employees achieve a healthy work-life balance and as a new approach to innovation in work, the Group is working to realize workplaces where employees do not work long overtime hours. We encourage employees to actively utilize the work-at-home program, flextime program, and paid leave and are striving to provide workplace environments that enhance employees' work and home lives.



### Health Promotion and Workplace Safety Initiatives

The Group has made employee health management a strategic management focus. We strive to prevent disease and promote employee health by conducting regular health checks, health checks for lifestyle-related disease prevention for employees age 35 and over, and CAT scans and colorectal cancer screening for those at the manager level. In addition, to enable Group employees and their families to lead healthy lives in peace of mind, since fiscal 2004 we have operated the NISSIN FOODS Group Health Support Room, a dedicated facility for consultation on health, medical care, care for sick or aging family members, child care, and mental health. In collaboration with industrial physicians, we are developing a system to provide timely advice as a basis for preventive care, support for returning to work after illness, and prevention of recurrences.

### NISSIN FOODS HOLDINGS THE MOST POPULAR COMPANY FOR PROSPECTIVE EMPLOYEES; TWO AWARDS IN HONG KONG AND CHINA

- Awarded by one of the world's leading recruitment companies, the Randstad Awards are given to companies selected as the most attractive employers. NISSIN FOODS HOLDINGS (NISSIN FOOD PRODUCTS) was ranked No. 1 among Japanese companies in the 2017 Randstad Awards. The Company has been in the top 10 ranking in each of the six years since the awards were established in 2012. After being placed 7th last year, we surged into first place out of the 220 companies considered in Japan.
- In Hong Kong and China, we won the Asia-Pacific region award in the Employer of Choice Awards 2016 presented by Job Market, a recruitment magazine affiliated with Sing Tao News Corporation. The award was in recognition of our initiatives toward business development and the improvement of employee motivation through efforts in such areas as personnel systems, education and training, and welfare. We also won an award for excellence in the Southern China section of the 2017 Top Human Resources Management Awards presented by the human resource service company 51job, Inc.



## 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 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 Group holds 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.

### Environmental Risk Management Structure

The Group regularly monitors and measures emissions of air pollutants, such as sulfur oxides (SOx) and nitrogen oxides (NOx), and indicators of water contamination, such as biological oxygen demand (BOD) and chemical oxygen demand (COD) using its own standards, which are more rigorous than those stipulated in regulations and ordinances. We also implement risk countermeasures, including the preparation of emergency response manuals, in readiness for various contingencies, such as damage to facilities and spillage of environmental pollutants.

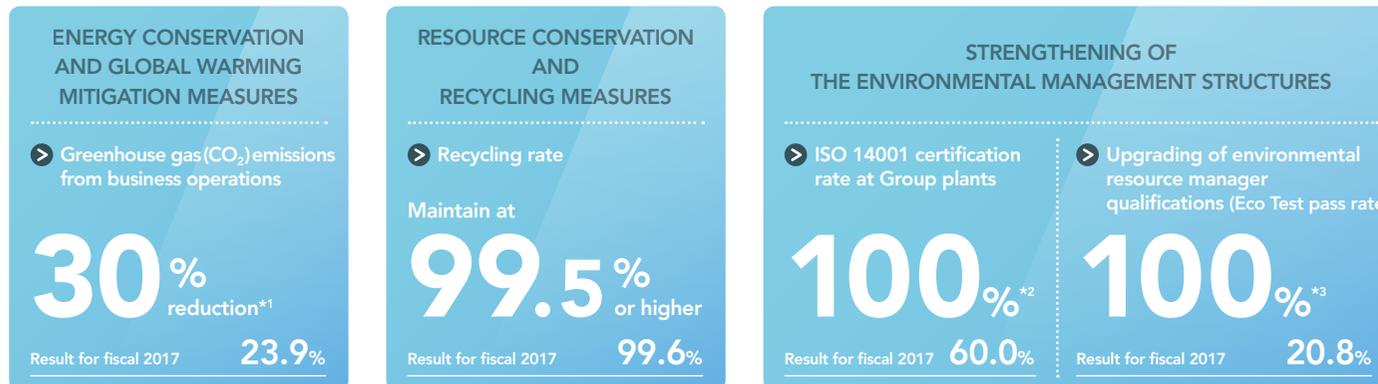
### Greenhouse Gas Reduction and Energy Conservation Initiatives

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 losses 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 for Fiscal 2021



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

\*2 Certification rate at domestic and international 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)					
		2017	2016	2015	2014	2013	2012
<b>For the Year</b>	Net sales	¥ 495,716	¥ 468,084	¥ 431,575	¥ 417,621	¥ 382,793	¥ 380,675
	Cost of sales	270,220	260,496	242,916	231,310	211,347	213,707
	Gross profit	225,496	207,588	188,659	186,311	171,446	166,968
	Selling, general and administrative expenses	196,878	181,188	164,358	158,606	147,492	140,756
	Operating income	28,618	26,400	24,301	27,705	23,954	26,212
	Other income (expenses)	6,900	10,579	4,714	4,020	5,439	5,408
	Income before income taxes and noncontrolling interests	35,518	36,979	29,015	31,725	29,393	31,620
	Income taxes	11,789	10,092	10,296	12,436	10,195	12,887
	Net income attributable to noncontrolling interests	171	2	214	20	343	194
	Net income attributable to owners of the parent	23,558	26,885	18,505	19,269	18,855	18,539
Comprehensive income	10,991	19,606	37,956	37,410	34,884	18,541	
<b>Per Share</b>	Net income attributable to owners of the parent per share—primary	¥ 221.33	¥ 245.52	¥ 167.88	¥ 174.83	¥ 171.12	¥ 167.97
	—diluted	220.25	244.22	167.10	174.13	170.57	167.59
	Cash dividends	85.00	80.00	75.00	75.00	75.00	75.00
	Equity*1	3,276.55	3,332.94	3,282.02	3,018.82	2,782.25	2,545.31
<b>At Year-End</b>	Working capital*2	¥ 42,040	¥ 60,039	¥ 98,481	¥ 74,652	¥ 48,865	¥ 60,949
	Property, plant and equipment, net	188,014	168,886	147,249	147,620	133,788	126,360
	Total assets	537,181	553,069	512,744	479,470	446,132	414,717
	Long-term liabilities	47,815	50,495	39,864	37,001	33,296	37,194
	Equity*3	353,518	371,689	369,853	342,301	315,027	286,657
	R&D expenses	¥ 7,650	¥ 7,183	¥ 6,431	¥ 5,313	¥ 4,321	¥ 4,385
	Capital expenditures	36,340	32,786	22,960	27,527	21,582	18,937
<b>Value &amp; Performance Indicators</b>	Operating margin (%)*4	5.8	5.6	5.6	6.6	6.3	6.9
	Return on assets (%)*5	4.3	5.0	3.7	4.2	4.4	4.5
	Return on equity (%)*6	6.7	7.4	5.3	6.0	6.4	6.7
	Inventory turnover (times)*7	9.6	10.4	11.0	11.5	11.5	13.4

\*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, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 4 and 5)	¥ 70,920	¥ 87,110	\$ 632,142
Marketable securities (Notes 4, 5 and 6)	1,156	3,804	10,304
Receivables:			
Trade (Note 5)	65,290	61,391	581,959
Other	2,656	3,406	23,674
Less: Allowance for doubtful receivables	(385)	(347)	(3,432)
Inventories (Note 8)	28,907	27,169	257,661
Deferred tax assets (Note 16)	5,150	5,657	45,904
Other current assets	4,194	2,734	37,384
Total current assets	177,888	190,924	1,585,596
<b>Property, plant and equipment:</b>			
Land (Notes 7, 9, 11 and 14)	52,748	52,694	470,166
Buildings and structures (Notes 7, 9, 10 and 14)	132,123	119,110	1,177,672
Machinery, equipment and vehicles (Notes 9, 10 and 14)	177,377	166,171	1,581,041
Leased assets	4,728	2,395	42,143
Construction in progress	14,489	12,072	129,147
Other	1,550	1,545	13,816
	383,015	353,987	3,413,985
Less: Accumulated depreciation	(195,001)	(185,101)	(1,738,132)
Property, plant and equipment, net	188,014	168,886	1,675,853
<b>Investments and other assets:</b>			
Investments in securities (Notes 5 and 6)	89,201	113,004	795,089
Investments in unconsolidated subsidiaries and associates (Note 5)	31,650	32,958	282,111
Other investments (Note 5)	68	68	606
Long-term loans	918	1,236	8,183
Intangible assets:			
Goodwill (Note 9)	30,465	28,550	271,548
Other (Note 9)	13,606	13,740	121,276
Asset for retirement benefits (Note 15)	336	202	2,995
Deferred tax assets (Note 16)	2,120	793	18,897
Other assets	3,047	3,082	27,159
Less: Allowance for doubtful receivables	(132)	(374)	(1,177)
Total investments and other assets	171,279	193,259	1,526,687
<b>Total assets</b>	<b>¥ 537,181</b>	<b>¥ 553,069</b>	<b>\$ 4,788,136</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings (Notes 5, 12 and 14)	¥ 18,450	¥ 18,457	\$ 164,453
Current portion of long-term debt (Notes 12, 13 and 14)	2,994	2,299	26,687
Payables (Note 5):			
Trade	51,705	51,324	460,870
Other	39,215	36,209	349,541
Accrued income taxes (Notes 5 and 16)	7,927	7,263	70,657
Other current liabilities	15,557	15,333	138,666
Total current liabilities	135,848	130,885	1,210,874
<b>Long-term liabilities:</b>			
Long-term debt (Notes 5, 12, 13 and 14)	18,731	13,498	166,958
Liability for retirement benefits (Note 15)	7,346	7,987	65,478
Deferred tax liabilities (Note 16)	16,629	24,022	148,222
Deferred tax liabilities on land revaluation (Note 11)	2,002	2,081	17,845
Other long-term liabilities	3,107	2,907	27,694
Total long-term liabilities	47,815	50,495	426,197
<b>Equity (Note 17):</b>			
Common stock:			
Authorized—500,000,000 shares;	25,123	25,123	223,933
Issued—117,463,685 shares in 2017 and 2016	49,824	48,178	444,104
Capital surplus	1,627	1,860	14,502
Stock acquisition rights (Note 21)	308,074	293,803	2,746,002
Retained earnings (Notes 17 and 25)			
Treasury stock, at cost—13,373,235 shares at March 31, 2017 and 9,438,151 shares at March 31, 2016	(58,191)	(35,836)	(518,683)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities (Note 6)	23,794	43,172	212,087
Deferred loss on derivatives under hedge accounting	—	(262)	—
Land revaluation reserve (Note 11)	(6,382)	(6,380)	(56,886)
Foreign currency translation adjustments	(1,404)	(4,577)	(12,514)
Defined retirement benefit plans	219	(3,179)	1,952
Total	342,684	361,902	3,054,497
Noncontrolling interests	10,834	9,787	96,568
Total equity	353,518	371,689	3,151,065
<b>Total liabilities and equity</b>	<b>¥ 537,181</b>	<b>¥ 553,069</b>	<b>\$ 4,788,136</b>

## CONSOLIDATED STATEMENT OF INCOME

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>Net sales</b>	<b>¥495,716</b>	¥468,084	<b>\$4,418,540</b>
<b>Cost of sales</b>	<b>270,220</b>	260,496	<b>2,408,593</b>
Gross profit	<b>225,496</b>	207,588	<b>2,009,947</b>
<b>Selling, general and administrative expenses (Note 18)</b>	<b>196,878</b>	181,188	<b>1,754,862</b>
Operating income	<b>28,618</b>	26,400	<b>255,085</b>
<b>Other income (expenses):</b>			
Interest and dividend income	<b>2,217</b>	2,344	<b>19,761</b>
Gain on sales of marketable securities (Note 6)	<b>1,332</b>	803	<b>11,873</b>
Equity in earnings of associates	<b>1,687</b>	2,782	<b>15,037</b>
Interest expense	<b>(357)</b>	(343)	<b>(3,182)</b>
Foreign exchange loss	<b>(774)</b>	(1,384)	<b>(6,899)</b>
Commission fee	<b>(276)</b>	—	<b>(2,460)</b>
Gain (loss) on investments in partnerships	<b>63</b>	(394)	<b>562</b>
Gain on sales of fixed assets	<b>142</b>	228	<b>1,266</b>
Gain on sales of investments in securities (Note 6)	<b>6,835</b>	5,128	<b>60,923</b>
Gain on step acquisitions	<b>—</b>	6,641	<b>—</b>
Insurance Income	<b>284</b>	—	<b>2,531</b>
Gain on bargain purchases	<b>—</b>	206	<b>—</b>
Loss on disposal and sales of fixed assets	<b>(743)</b>	(395)	<b>(6,623)</b>
Loss on impairment of fixed assets (Note 9)	<b>(977)</b>	(1,093)	<b>(8,708)</b>
Loss on sales of investments in capital	<b>—</b>	(1,317)	<b>—</b>
Bad debts expense	<b>—</b>	(734)	<b>—</b>
Loss on revaluation of investments in securities, unconsolidated subsidiaries and associates, and other	<b>(1,161)</b>	(629)	<b>(10,348)</b>
Effect of change to the standard method of accounting for the projected benefit obligation	<b>—</b>	(736)	<b>—</b>
Loss due to a fire	<b>(511)</b>	—	<b>(4,555)</b>
Settlement payout due to contract change	<b>(585)</b>	—	<b>(5,214)</b>
Loss associated with factory closure	<b>(610)</b>	—	<b>(5,437)</b>
Other, net	<b>334</b>	(528)	<b>2,976</b>
<b>Income before income taxes</b>	<b>35,518</b>	36,979	<b>316,588</b>
<b>Income taxes (Note 16):</b>			
Current	<b>12,819</b>	11,212	<b>114,262</b>
Deferred	<b>(1,030)</b>	(1,120)	<b>(9,181)</b>
	<b>11,789</b>	10,092	<b>105,081</b>
<b>Net income</b>	<b>23,729</b>	26,887	<b>211,507</b>
<b>Net income attributable to noncontrolling interests</b>	<b>171</b>	2	<b>1,524</b>
<b>Net income attributable to owners of the parent</b>	<b>¥ 23,558</b>	¥ 26,885	<b>\$ 209,983</b>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>Net income</b>	<b>¥ 23,729</b>	¥26,887	<b>\$ 211,507</b>
<b>Other comprehensive income (loss)</b>			
Unrealized gain (loss) on available-for-sale securities	<b>(19,942)</b>	8,008	<b>(177,752)</b>
Deferred gain (loss) on derivatives under hedge accounting	<b>262</b>	(319)	<b>2,335</b>
Land revaluation reserve	<b>53</b>	46	<b>473</b>
Foreign currency translation adjustments	<b>2,313</b>	(6,011)	<b>20,617</b>
Share of other comprehensive income (loss) in associates	<b>1,128</b>	(4,663)	<b>10,054</b>
Defined retirement benefit plans	<b>3,448</b>	(4,342)	<b>30,734</b>
Total other comprehensive income (loss)	<b>(12,738)</b>	(7,281)	<b>(113,539)</b>
<b>Comprehensive Income</b>	<b>¥ 10,991</b>	¥19,606	<b>\$ 97,968</b>
Total comprehensive income attributable to:			
Owners of the parent	<b>¥ 11,066</b>	¥19,738	<b>\$ 98,636</b>
Noncontrolling interests	<b>(75)</b>	(132)	<b>(668)</b>

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, 2017

	Millions of yen												
	Common stock	Capital surplus	Stock acquisition rights (Note 21)	Retained earnings (Note 17)	Treasury stock	Accumulated other comprehensive income					Total	Noncontrolling interests	Total equity
						Unrealized gain (loss) on available-for-sale securities (Note 6)	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve (Note 11)	Foreign currency translation adjustments	Defined retirement benefit plans			
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
Transfer to capital surplus	—	—	—	—	—	—	—	—	—	—	—	—	—
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)
Net change in the year	—	—	342	—	—	8,069	(320)	(641)	(10,594)	(4,349)	(7,493)	3,236	(4,257)
<b>Balance, March 31, 2016</b>	<b>¥25,123</b>	<b>¥48,178</b>	<b>¥1,860</b>	<b>¥293,803</b>	<b>¥(35,836)</b>	<b>¥ 43,172</b>	<b>¥(262)</b>	<b>¥(6,380)</b>	<b>¥ (4,577)</b>	<b>¥(3,179)</b>	<b>¥361,902</b>	<b>¥ 9,787</b>	<b>¥371,689</b>
Cash dividends paid	—	—	—	(8,648)	—	—	—	—	—	—	(8,648)	—	(8,648)
Net income attributable to owners of the parent	—	—	—	23,558	—	—	—	—	—	—	23,558	—	23,558
Acquisition of treasury stock	—	—	—	—	(22,939)	—	—	—	—	—	(22,939)	—	(22,939)
Sales of treasury stock	—	(85)	—	—	584	—	—	—	—	—	499	—	499
Transfer to capital surplus	—	79	—	(79)	—	—	—	—	—	—	—	—	—
Reversal of land revaluation reserve	—	—	—	56	—	—	—	—	—	—	56	—	56
Change in scope of consolidation	—	—	—	(228)	—	—	—	—	—	—	(228)	—	(228)
Adjustments due to change in accounting period of consolidated subsidiaries	—	—	—	(388)	—	—	—	—	—	—	(388)	—	(388)
Change in equity related to transaction with noncontrolling shareholders	—	1,652	—	—	—	—	—	—	—	—	1,652	—	1,652
Net change in the year	—	—	(233)	—	—	(19,378)	262	(2)	3,173	3,398	(12,780)	1,047	(11,733)
<b>Balance, March 31, 2017</b>	<b>¥25,123</b>	<b>¥49,824</b>	<b>¥1,627</b>	<b>¥308,074</b>	<b>¥(58,191)</b>	<b>¥ 23,794</b>	<b>¥ —</b>	<b>¥(6,382)</b>	<b>¥ (1,404)</b>	<b>¥ 219</b>	<b>¥342,684</b>	<b>¥10,834</b>	<b>¥353,518</b>

Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income											Noncontrolling interests	Total equity
	Common stock	Capital surplus	Stock acquisition rights (Note 21)	Retained earnings (Note 17)	Treasury stock	Unrealized gain (loss) on available-for-sale securities (Note 6)	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve (Note 11)	Foreign currency translation adjustments	Defined retirement benefit plans	Total		
<b>Balance, March 31, 2016</b>	<b>\$223,933</b>	<b>\$429,432</b>	<b>\$16,579</b>	<b>\$2,618,798</b>	<b>\$(319,422)</b>	<b>\$ 384,811</b>	<b>\$(2,335)</b>	<b>\$(56,868)</b>	<b>\$(40,797)</b>	<b>\$(28,336)</b>	<b>\$3,225,795</b>	<b>\$87,236</b>	<b>\$3,313,031</b>
Cash dividends paid	—	—	—	(77,084)	—	—	—	—	—	—	(77,084)	—	(77,084)
Net income attributable to owners of the parent	—	—	—	209,983	—	—	—	—	—	—	209,983	—	209,983
Acquisition of treasury stock	—	—	—	—	(204,466)	—	—	—	—	—	(204,466)	—	(204,466)
Sales of treasury stock	—	(757)	—	—	5,205	—	—	—	—	—	4,448	—	4,448
Transfer to capital surplus	—	704	—	(704)	—	—	—	—	—	—	—	—	—
Reversal of land revaluation reserve	—	—	—	499	—	—	—	—	—	—	499	—	499
Change in scope of consolidation	—	—	—	(2,032)	—	—	—	—	—	—	(2,032)	—	(2,032)
Adjustments due to change in accounting period of consolidated subsidiaries	—	—	—	(3,458)	—	—	—	—	—	—	(3,458)	—	(3,458)
Change in equity related to transactions with noncontrolling shareholders	—	14,725	—	—	—	—	—	—	—	—	14,725	—	14,725
Net change in the year	—	—	(2,077)	—	—	(172,724)	2,335	(18)	28,283	30,288	(113,913)	9,332	(104,581)
<b>Balance, March 31, 2017</b>	<b>\$223,933</b>	<b>\$444,104</b>	<b>\$14,502</b>	<b>\$2,746,002</b>	<b>\$(518,683)</b>	<b>\$ 212,087</b>	<b>\$ —</b>	<b>\$(56,886)</b>	<b>\$(12,514)</b>	<b>\$ 1,952</b>	<b>\$3,054,497</b>	<b>\$96,568</b>	<b>\$3,151,065</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

NISSIN FOODS HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>Operating activities:</b>			
Income before income taxes	¥ 35,518	¥ 36,979	\$ 316,588
Depreciation and amortization	15,400	17,499	137,267
Loss on impairment of fixed assets	977	1,093	8,708
Decrease in allowance for doubtful receivables	(207)	(130)	(1,845)
Increase (decrease) in liability for retirement benefits	4,403	(1,769)	39,246
Interest and dividend income	(2,217)	(2,344)	(19,761)
Interest expense	357	343	3,182
Foreign exchange loss	1,471	1,642	13,112
Equity in earnings of associates	(1,687)	(2,782)	(15,037)
Gain on step acquisitions	—	(6,641)	—
Loss on disposal and sales of property, plant and equipment	602	166	5,366
Gain on sales of marketable securities, investments in securities and other	(8,143)	(4,614)	(72,582)
Loss on revaluation of marketable securities, investments in securities and other	1,073	1,023	9,564
Increase in trade notes and accounts receivable	(3,746)	(4,902)	(33,390)
Increase in inventories	(1,513)	(2,594)	(13,486)
Increase in trade notes and accounts payable	244	4,824	2,175
Increase in other payables	1,637	2,275	14,591
Other, net	(2,472)	1,604	(22,034)
Subtotal	41,697	41,672	371,664
Interest and dividends received	4,114	4,550	36,670
Interest paid	(357)	(343)	(3,182)
Income taxes paid	(12,882)	(10,580)	(114,823)
Income taxes refunded	579	885	5,161
<b>Net cash provided by operating activities</b>	<b>33,151</b>	<b>36,184</b>	<b>295,490</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>Investing activities:</b>			
Net (increase) decrease in time deposits	(1,590)	4,707	(14,172)
Payments for purchases of marketable securities	(0)	(0)	(0)
Proceeds from sales and redemption of marketable securities	350	800	3,120
Payments for purchases of property, plant and equipment, and other	(30,723)	(32,510)	(273,848)
Proceeds from sales of property, plant and equipment, and other	1,472	1,811	13,120
Payments for purchases of investment in securities	(18,331)	(11,761)	(163,393)
Proceeds from sales and redemption of investments in securities	20,034	21,816	178,572
Purchase of interests of subsidiaries resulting in change in scope of consolidation	—	(30,365)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(436)	—	(3,886)
Proceeds from purchase of share of subsidiaries resulting in change in scope of consolidation	—	584	—
Net decrease in loans receivable	314	388	2,799
Other, net	(904)	(1,230)	(8,058)
<b>Net cash used in investing activities</b>	<b>(29,814)</b>	<b>(45,760)</b>	<b>(265,746)</b>
<b>Financing activities:</b>			
Increase in short-term borrowings, net	(342)	14,800	(3,049)
Proceeds from long-term borrowings	6,098	4,491	54,354
Repayment of long-term borrowings	(2,919)	(2,006)	(26,018)
Proceeds from share issuance to noncontrolling shareholders	2,455	1,665	21,882
Net increase in treasury stock	(22,939)	(14,180)	(204,466)
Cash dividends paid	(8,648)	(8,268)	(77,084)
Dividends paid to noncontrolling interests	(32)	(12)	(285)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	710	750	6,329
Other, net	(438)	(251)	(3,903)
<b>Net cash used in financing activities</b>	<b>(26,055)</b>	<b>(3,011)</b>	<b>(232,240)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,360</b>	<b>(4,884)</b>	<b>12,123</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(21,358)</b>	<b>(17,471)</b>	<b>(190,373)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>88,689</b>	<b>105,897</b>	<b>790,525</b>
<b>Increase in cash and cash equivalents arising from initial consolidation of subsidiaries</b>	<b>212</b>	<b>135</b>	<b>1,889</b>
<b>Increase in cash and cash equivalents arising from change in accounting period of subsidiaries</b>	<b>20</b>	<b>128</b>	<b>178</b>
<b>Cash and cash equivalents at end of the year (Note 4)</b>	<b>¥ 67,563</b>	<b>¥ 88,689</b>	<b>\$ 602,219</b>

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 its 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 ("IFRS").

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, 2016 to the 2017 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 ¥112.19 = U.S.\$1.00, the exchange rate prevailing on March 31, 2017. 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 or 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 two during the fiscal year ended March 31, 2017. Due to the new acquisition of stock or the increased material significance of existing companies, MC Marketing & Sales (Hong Kong) LTD., and PT. Nissin Foods Indonesia have been included in the scope of consolidation.

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 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).

The balance sheet date of 23 overseas consolidated subsidiaries is December 31. The provisional settlement of accounts has been made on March 31 for 11 subsidiaries whose account closing date is December 31, including Nissin Foods Co., Ltd., Winner Food Products Ltd. and Nissin Foods de Mexico S.A. de C.V. 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.

The numbers of consolidated subsidiaries and associates accounted for by the equity method for the years ended March 31, 2017 and 2016 were as follows:

	2017	2016
Consolidated subsidiaries	56	54
Associates accounted for by the equity method	4	4

**(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. 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 straight-line method. 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.

**(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.

The Company applied ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," effective April 1, 2016. There was no impact from this guidance for the year ended March 31, 2017.

**(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 or 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.

## 03 | CHANGES IN METHOD OF ACCOUNTING AND DISCLOSURES

**Changes in accounting policy****Change of the method of depreciating tangible fixed assets**

The method of depreciating tangible fixed assets (excluding leased assets) of the Company and its consolidated subsidiaries in Japan was primarily the declining-balance method. Starting from the current period, 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 Business 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 and its consolidated domestic subsidiaries, 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, depreciation expenses for the fiscal year decreased by ¥3,712 million (U.S.\$33,087 thousand), operating income and income before taxes increased by ¥3,493 million (U.S.\$31,135 thousand) from the amounts based on the conventional method.

## 04 | CASH AND CASH EQUIVALENTS

A reconciliation between cash and deposits in the consolidated balance sheet and cash and cash equivalents in the consolidated statement of cash flows at March 31, 2017 and 2016 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Cash and deposits	¥70,920	¥87,110	\$632,142
Time deposits with maturities exceeding three months	(3,457)	(1,822)	(30,814)
Marketable securities redeemable within three months	100	3,401	891
Cash and cash equivalents	¥67,563	¥88,689	\$602,219

## 05 | FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Group holds financial instruments according to its policy. Financial instruments 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, 2017 and 2016 is summarized as follows:

Millions of yen			
March 31, 2017	Book value	Fair value	Unrealized gain (loss)
Cash and deposits	¥ 70,920	¥ 70,920	¥ —
Trade receivables	65,290	65,290	—
Marketable securities and investments	103,788	125,356	21,568
<b>Total</b>	<b>¥239,998</b>	<b>¥261,566</b>	<b>¥21,568</b>
Trade payables	¥ 51,705	¥ 51,705	¥ —
Short-term borrowings	18,450	18,450	—
Other payables	39,215	39,215	—
Accrued income taxes	7,927	7,927	—
Long-term debt	21,725	21,785	60
<b>Total</b>	<b>¥139,022</b>	<b>¥139,082</b>	<b>¥ 60</b>
Derivative transactions which do not qualify for hedge accounting	¥ —	¥ —	¥ —
Derivative transactions which qualify for hedge accounting	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>

Thousands of U.S. dollars			
March 31, 2017	Book value	Fair value	Unrealized gain (loss)
Cash and deposits	\$ 632,142	\$ 632,142	\$ —
Trade receivables	581,959	581,959	—
Marketable securities and investments	925,109	1,117,354	192,245
<b>Total</b>	<b>\$2,139,210</b>	<b>\$2,331,455</b>	<b>\$192,245</b>
Trade payables	\$ 460,870	\$ 460,870	\$ —
Short-term borrowings	164,453	164,453	—
Other payables	349,541	349,541	—
Accrued income taxes	70,657	70,657	—
Long-term debt	193,645	194,180	535
<b>Total</b>	<b>\$1,239,166</b>	<b>\$1,239,701</b>	<b>\$ 535</b>
Derivative transactions which do not qualify for hedge accounting	\$ —	\$ —	\$ —
Derivative transactions which qualify for hedge accounting	—	—	—
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

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
<b>Total</b>	<b>¥277,701</b>	<b>¥288,969</b>	<b>¥11,268</b>
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
<b>Total</b>	<b>¥129,050</b>	<b>¥129,118</b>	<b>¥ 68</b>
Derivative transactions which do not qualify for hedge accounting	¥ —	¥ —	¥ —
Derivative transactions which qualify for hedge accounting	(378)	(378)	—
<b>Total</b>	<b>¥ (378)</b>	<b>¥ (378)</b>	<b>¥ —</b>

#### 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, 2017 and 2016 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
<b>March 31, 2017</b>				
Cash and deposits	¥ 70,920	¥ —	¥ —	¥ —
Trade receivables	65,290	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
1. Bonds				
National government	—	—	—	—
Corporate	1,004	—	3,113	50
Other	—	—	—	—
2. Other	152	674	—	—
<b>Total</b>	<b>¥137,366</b>	<b>¥674</b>	<b>¥3,113</b>	<b>¥50</b>

	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
<b>March 31, 2017</b>				
Cash and deposits	\$ 632,142	\$ —	\$ —	\$ —
Trade receivables	581,959	—	—	—
Securities with maturity dates classified as available-for-sale securities:				
1. Bonds				
National government	—	—	—	—
Corporate	8,949	—	27,748	446
Other	—	—	—	—
2. Other	1,355	6,008	—	—
<b>Total</b>	<b>\$1,224,405</b>	<b>\$6,008</b>	<b>\$27,748</b>	<b>\$446</b>

	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	—	—
<b>Total</b>	<b>¥152,306</b>	<b>¥1,742</b>	<b>¥2,674</b>	<b>¥50</b>

(c) Carrying value of financial assets whose fair value cannot be reliably estimated at March 31, 2017 and 2016 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
March 31,			
Available-for-sale securities			
Investments in unconsolidated subsidiaries and associates	¥16,921	¥19,186	\$150,824
Unlisted equity securities	625	646	5,571
Preferred equity securities	—	—	—
Investment in anonymous partnership	—	—	—
Other	741	803	6,605

# 06 | SECURITIES

(a) Information regarding marketable securities classified as available-for-sale securities at March 31, 2017 and 2016 is summarized as follows:

March 31, 2017	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Equity securities	¥30,315	¥68,609	¥38,294
(2) Bonds			
National government	—	—	—
Corporate	1,752	1,754	2
Other	—	—	—
(3) Other	5,408	6,020	612
Subtotal	¥37,475	¥76,383	¥38,908
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity securities	¥16,886	¥10,163	¥ (6,723)
(2) Bonds			
National government	—	—	—
Corporate	2,428	2,412	(16)
Other	—	—	—
(3) Other	100	100	(0)
Subtotal	¥19,414	¥12,675	¥ (6,739)
Total	¥56,889	¥89,058	¥32,169

March 31, 2017	Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
(1) Equity securities	\$270,211	\$611,543	\$341,332
(2) Bonds			
National government	—	—	—
Corporate	15,616	15,634	18
Other	—	—	—
(3) Other	48,204	53,659	5,455
Subtotal	\$334,031	\$680,836	\$346,805
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity securities	\$150,513	\$ 90,588	\$ (59,925)
(2) Bonds			
National government	—	—	—
Corporate	21,642	21,499	(143)
Other	—	—	—
(3) Other	891	891	(0)
Subtotal	\$173,046	\$112,978	\$ (60,068)
Total	\$507,077	\$793,814	\$286,737

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

(b) Sales of investments in securities classified as available-for-sale securities for the years ended March 31, 2017 and 2016 are summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Proceeds from sales	¥21,505	¥12,446	\$191,684
Aggregate gain	8,167	5,931	72,796
Aggregate loss	—	—	—

(c) The impairment losses on investments in unconsolidated subsidiaries and associates for the year ended March 31, 2017 are ¥1,073 million (U.S.\$9,564 thousand).

## 07 | 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 ¥547 million (U.S.\$4,876 thousand) and ¥516 million for the years ended March 31, 2017 and 2016, respectively. The details of investment properties are as follows:

2017	Millions of yen	Thousands of U.S. dollars
Net book value at March 31, 2016	¥5,158	\$45,976
Net change for the year ended March 31, 2017	¥ (334)	\$ (2,978)
Net book value at March 31, 2017	¥4,824	\$42,998
Fair value at March 31, 2017	¥9,971	\$88,876

### Notes:

1. Net book value represents net of accumulated depreciation.
2. Decrease during the fiscal year ended March 31, 2017 mainly consists of sales of land.
3. Fair value is mainly calculated by the Company based on its internal policies and procedures.

2016	Millions of yen
Net book value at March 31, 2015	¥ 6,091
Net change for the year ended March 31, 2016	¥ (933)
Net book value at March 31, 2016	¥ 5,158
Fair value at March 31, 2016	¥10,334

### 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 its internal policies and procedures.

## 08 | INVENTORIES

Inventories as of March 31, 2017 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Merchandise and finished goods	¥12,697	¥12,445	\$113,174
Raw materials and supplies	16,210	14,724	144,487
Total	¥28,907	¥27,169	\$257,661

## 09 | LOSS ON IMPAIRMENT OF FIXED ASSETS

The Group recognized losses on impairment of fixed assets for the years ended March 31, 2017 and 2016 as follows:

Location	Usage	Asset type	Millions of yen	Thousands of U.S. dollars
			Impairment loss	Impairment loss
<b>(March 31, 2017)</b>				
Shimonoseki City, Yamaguchi Prefecture	Idle assets	Buildings	¥ 84	\$ 749
		Machinery and equipment	37	330
China	Idle assets	Machinery and equipment	336	2,995
		Other assets	39	347
Hong Kong	Idle assets	Machinery and equipment	190	1,693
Indonesia		Goodwill	¥291	\$2,594
<b>(March 31, 2016)</b>				
Hanyu City, Saitama Prefecture	Idle assets	Buildings	¥138	
		Machinery and equipment	229	
		Other assets	159	
Nabari City, Mie Prefecture	Business assets	Machinery and equipment	555	
		Other assets	¥ 12	

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 ¥977 million (U.S.\$8,708 thousand) and ¥1,093 million in the accompanying consolidated statement of income for the years ended March 31, 2017 and 2016, respectively.

The recoverable value of the said business and idle assets are valued by the memorandum value. The Group has written down book value of goodwill whose entire balance of the remaining unamortized amounts to zero.

## 10 | 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 ¥1,530 million (U.S.\$13,638 thousand) and ¥994 million as of March 31, 2017 and 2016, respectively.

## 11 | 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, 2017 and 2016 declined by ¥5,805 million (U.S.\$51,743 thousand) and ¥5,950 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.

## 12 | SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings, which amounted to ¥18,450 million (U.S.\$164,453 thousand) and ¥18,457 million as of March 31, 2017 and 2016, respectively, generally represent notes payable to banks. Long-term debt (excluding the current portion thereof) amounted to ¥18,731 million (U.S.\$166,958 thousand) and ¥13,498 million as of March 31, 2017 and 2016, respectively.

The average interest rates on short-term borrowings were 0.75% and 1.09% at March 31, 2017 and 2016, respectively. The average interest rates on long-term borrowings were 0.90% and 0.92% at March 31, 2017 and 2016, respectively.

Long-term debt at March 31, 2017 is as follows:

	Millions of yen	Thousands of U.S. dollars
Long-term borrowings at interest rates ranging from 0.19% to 14.10%	¥18,412	\$164,115
Lease obligations	3,313	\$29,530
Subtotal	¥21,725	\$193,645
Current portion of long-term debt	(2,994)	(26,687)
Total	¥18,731	\$166,958

The aggregate annual maturities of long-term debt subsequent to March 31, 2017 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2018	¥ 2,994	\$ 26,687
2019	5,675	50,584
2020	3,473	30,956
2021	2,229	19,868
2022	1,785	15,911
2023 and thereafter	5,569	49,639
Total	¥21,725	\$193,645

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

	Millions of yen
Long-term borrowings at interest rates ranging from 0.30% to 11.77%	¥15,153
Lease obligations	644
Subtotal	¥15,797
Current portion of long-term debt	(2,299)
Total	¥13,498

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

Years ending March 31,	Millions of yen
2017	¥ 2,299
2018	5,569
2019	2,372
2020	2,211
2021	1,073
2022 and thereafter	2,273
Total	¥15,797

## 13 | 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 ¥3,400 million (U.S.\$30,306 thousand) and ¥3,600 million as of March 31, 2017 and 2016, respectively, includes the following nonconsolidated financial covenants.

### As of March 31, 2017

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, 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.

## 14 | PLEDGED ASSETS

Assets were pledged as collateral for short-term borrowings of ¥1,200 million (U.S.\$10,696 thousand), long-term debt of ¥8,780 million (U.S.\$78,260 thousand) and the current portion of long-term debt of ¥1,132 million (U.S.\$10,090 thousand) as of March 31, 2017 and for short-term borrowings of ¥1,250 million, long-term debt of ¥8,270 million and the current portion of long-term debt of ¥1,212 million as of March 31, 2016. The assets pledged are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Land	¥1,903	¥1,903	\$16,962
Buildings and structures	1,426	1,526	12,711
Machinery, equipment and vehicles	332	443	2,959

## 15 | 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, 2017 and 2016 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, 2017 and 2016, except (3), are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at beginning of the year	¥39,375	¥33,637	\$350,967
Service cost	1,549	1,260	13,807
Interest cost	91	366	811
Actuarial (gains) losses	(25)	4,031	(223)
Benefits paid	(1,621)	(1,615)	(14,449)
The amount of transfer with the changes from simplified method to the standard method	—	1,696	—
Changes in the scope of consolidation	132	—	1,177
Balance at end of the year	¥39,501	¥39,375	\$352,090

(2) The changes in plan assets for the years ended March 31, 2017 and 2016, except for (3), are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at beginning of the year	¥32,039	¥30,900	\$285,578
Expected return on plan assets	641	618	5,714
Actuarial gains (losses)	403	(593)	3,592
Contributions from the employer	1,234	1,598	10,999
Benefits paid	(1,406)	(1,397)	(12,532)
The amount of transfer with the changes from simplified method to the standard method	—	913	—
Balance at end of the year	¥32,911	¥32,039	\$293,351

(3) The changes in the liability and asset under the simplified method for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at beginning of the year (net)	¥ 449	¥ 390	\$ 4,002
Net periodic benefit costs	87	278	776
Benefits paid	(116)	(206)	(1,034)
The amount of transfer with the changes from simplified method to the standard method	—	(46)	—
Changes in the scope of consolidation	—	34	—
Balance at end of the year (net)	¥ 420	¥ 450	\$ 3,744

(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, 2017 and 2016 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Funded defined benefit obligation	¥ 39,694	¥ 39,346	\$ 353,811
Plan assets	(35,276)	(34,045)	(314,431)
Total	¥ 4,418	¥ 5,301	\$ 39,380
Unfunded defined benefit obligation	2,592	2,484	23,103
Net liability for defined benefit obligation	7,010	7,785	62,483
Liability for retirement benefit	7,346	7,987	65,478
Asset for retirement benefit	(336)	(202)	(2,995)
Net liability for defined benefit obligation	¥ 7,010	¥ 7,785	\$ 62,483

(5) The components of net periodic benefit costs for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Service cost	¥1,549	¥ 1,260	\$13,807
Interest cost	91	366	811
Expected return on plan assets	(641)	(618)	(5,714)
Recognized actuarial (gains) losses	4,625	(1,736)	41,225
Net periodic pension cost calculated by the simplified method	87	275	776
Net periodic benefit costs	¥5,711	¥ (453)	\$50,905

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Actuarial (gains) losses	¥(5,044)	¥6,362	\$(44,959)
Total	¥(5,044)	¥6,362	\$(44,959)

(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, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Unrecognized actuarial (gains) losses	¥(420)	¥4,625	\$(3,744)
Total	¥(420)	¥4,625	\$(3,744)

(8) Plan assets

(a) Components of plan assets as of March 31, 2017 and 2016 are as follows:

	2017	2016
Debt investments	34%	41%
Equity investments	22%	21%
General accounts with life insurance companies	19%	19%
Other	25%	19%
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, 2017 and 2016 are as follows:

	2017	2016
Discount rate	Principally 0.2%	Principally 0.2%
Expected rate of return on plan assets	Principally 2.0%	Principally 2.0%

## 16 | INCOME TAXES

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 30.86% in 2017 and 33.06% in 2016.

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 years ended March 31, 2017 and 2016 are as follows:

	2017	2016
Statutory tax rate	30.86%	33.06%
Amortization of goodwill	1.63	0.84
Equity in earnings of associates	(1.47)	(2.49)
Gain on step acquisitions		(5.94)
Changes in valuation allowance	5.34	3.35
Corporate tax credit	(1.85)	(2.69)
Difference in consolidated subsidiaries' applicable tax rates	0.72	(0.43)
Effect of tax rate reduction		0.37
Dividend and other permanently non-taxable income	(1.22)	(1.26)
Other	(0.82)	2.48
Effective tax rates	33.19%	27.29%

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
<b>Deferred tax assets:</b>			
Unrealized losses on securities	¥ 1,548	¥ 835	\$ 13,798
Liability for retirement benefits	2,192	2,650	19,538
Accounts payable	2,315	2,520	20,635
Loss on impairment of fixed assets	799	721	7,122
Accrued bonuses	1,244	1,457	11,088
Other long-term payables	1,082	1,186	9,644
Depreciation and amortization	715	856	6,373
Tax loss carryforwards of consolidated subsidiaries	10,112	9,203	90,133
Other	6,854	3,914	61,093
Gross deferred tax assets	26,861	23,342	239,424
Less: Valuation allowance	(14,843)	(12,947)	(132,302)
Total deferred tax assets	12,018	10,395	107,122
<b>Deferred tax liabilities:</b>			
Deferred capital gain on properties	(1,604)	(1,601)	(14,297)
Unrealized gain (loss) on available-for-sale securities	(9,296)	(18,140)	(82,860)
Revaluation gain recognized upon consolidation	(7,448)	(7,198)	(66,387)
Other	(3,029)	(1,028)	(26,999)
Total deferred tax liabilities	(21,377)	(27,967)	(190,543)
Net deferred tax (liabilities) assets	¥ (9,359)	¥(17,572)	\$ (83,421)

## 17 | SHAREHOLDERS' EQUITY

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, 2017 and 2016 amounted to ¥6,280 million (U.S.\$55,976 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, 2017 and 2016 are summarized as follows:

	Number of shares			
	March 31, 2016	Increase	Decrease	March 31, 2017
<b>Common stock and treasury stock:</b>				
Common stock	117,463,685	—	—	117,463,685
Treasury stock	9,438,151	4,088,919	153,835	13,373,235
	Number of shares			
	March 31, 2015	Increase	Decrease	March 31, 2016
<b>Common stock and treasury stock:</b>				
Common stock	117,463,685	—	—	117,463,685
Treasury stock	7,231,787	2,215,791	9,427	9,438,151

Dividend payments on common stock approved during the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)		
			<b>2017</b>	
	Total amount of dividend	Dividend per share	Record date	Effective date
<b>Approved by:</b>				
General meeting of shareholders held on June 28, 2016	¥ 4,321 (\$38,515)	¥ 40 (\$0.36)	March 31, 2016	June 29, 2016
Board of Directors' meeting held on November 10, 2016	¥ 4,327 (\$38,568)	¥ 40 (\$0.36)	September 30, 2016	November 29, 2016

	Millions of yen	Yen		
			<b>2016</b>	
	Total amount of dividend	Dividend per share	Record date	Effective date
<b>Approved by:</b>				
General meeting of shareholders held on June 25, 2015	¥3,858	¥35	March 31, 2015	June 26, 2015
Board of Directors' meeting held on November 12, 2015	¥4,410	¥40	September 30, 2015	November 26, 2015

## 18 | 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 ¥7,650 million (U.S.\$68,188 thousand) and ¥7,183 million for the years ended March 31, 2017 and 2016, respectively.

## 19 | LEASES

### (a) Finance leases

Leased assets presented in the accompanying consolidated balance sheet as of March 31, 2017 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
	2017	2016	2017
<b>As a lessee</b>			
Due within one year	¥144	¥145	\$1,284
Due over one year	169	313	1,506
Total	¥313	¥458	\$2,790

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
<b>As a lessor</b>			
Due within one year	¥ 33	¥ 34	\$ 294
Due over one year	1,431	1,464	12,755
Total	¥1,464	¥1,498	\$13,049

## 20 | AMOUNTS PER SHARE

Amounts per share for the years ended March 31, 2017 and 2016 are as follows:

	Yen		U.S. dollars
	2017	2016	2017
Equity	<b>¥3,276.55</b>	¥3,332.94	<b>\$29.21</b>
Cash dividends applicable to the year	<b>85.00</b>	80.00	<b>0.76</b>

	Net income (Millions of yen)	Weighted- average number of shares (Thousands of shares)	2017			2016
			Per share (Yen)	Per share (U.S. dollars)	Per share (Yen)	
Net income—basic	<b>¥23,558</b>	<b>106,439</b>	<b>¥221.33</b>	<b>\$1.97</b>	¥245.52	
Stock Options	—	<b>522</b>	—	—	—	
Net income—diluted	<b>¥23,558</b>	<b>106,961</b>	<b>¥220.25</b>	<b>\$1.96</b>	¥244.22	

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.

# 21 | STOCK OPTIONS

Stock options as of March 31, 2017 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	31,500	42,800	¥2,325 (\$21)	¥5,605 (\$50)	¥100 (\$ 891)
3	June 26, 2009	9 Executive Officers and Employees	3,155	1,752	1,403	¥2,677 (\$24)	—	¥ 4 (\$ 36)
4	June 26, 2009	32 Directors of subsidiaries	11,284	5,929	5,355	¥2,677 (\$24)	¥5,810 (\$52)	¥ 14 (\$ 125)
6	June 29, 2010	11 Directors	73,200	29,900	43,300	¥2,616 (\$23)	¥5,604 (\$50)	¥113 (\$1,007)
7	June 29, 2010	10 Executive Officers and Employees	5,710	2,934	2,776	¥3,003 (\$27)	¥5,810 (\$52)	¥ 8 (\$ 71)
8	June 29, 2010	31 Directors of subsidiaries	21,329	9,026	12,303	¥3,003 (\$27)	¥5,500 (\$49)	¥ 37 (\$ 330)
9	June 29, 2011	8 Directors	73,200	24,600	48,600	¥2,141 (\$19)	¥5,607 (\$50)	¥104 (\$ 927)
10	June 29, 2011	13 Executive Officers	11,049	7,247	3,802	¥2,614 (\$23)	¥5,330 (\$48)	¥ 10 (\$ 89)
11	June 29, 2011	35 Directors of subsidiaries	22,677	6,470	16,207	¥2,614 (\$23)	¥5,160 (\$46)	¥ 42 (\$ 374)
13	June 28, 2012	8 Directors	85,900	29,700	56,200	¥2,244 (\$20)	¥5,607 (\$50)	¥126 (\$1,123)
14	June 28, 2012	10 Executive Officers	8,666	5,440	3,226	¥2,709 (\$24)	¥5,160 (\$46)	¥ 9 (\$ 80)
15	June 28, 2012	36 Directors of subsidiaries	26,477	5,897	20,580	¥2,709 (\$24)	¥5,271 (\$47)	¥ 56 (\$ 499)
17	June 26, 2013	7 Directors	80,000	25,800	54,200	¥3,003 (\$27)	¥5,607 (\$50)	¥163 (\$1,453)
18	June 26, 2013	12 Executive Officers	7,990	4,236	3,754	¥3,461 (\$31)	¥5,160 (\$46)	¥ 13 (\$ 116)
19	June 26, 2013	36 Directors of subsidiaries	26,914	4,660	22,254	¥3,461 (\$31)	¥5,471 (\$49)	¥ 77 (\$ 686)
21	June 26, 2014	7 Directors	56,500	18,100	38,400	¥4,323 (\$39)	¥5,603 (\$50)	¥166 (\$1,480)
22	June 26, 2014	14 Executive Officers and Employees	7,179	2,759	4,420	¥4,805 (\$43)	¥5,160 (\$46)	¥ 21 (\$ 187)
23	June 26, 2014	37 Directors of subsidiaries	19,837	1,987	17,850	¥4,805 (\$43)	¥5,441 (\$48)	¥ 86 (\$ 767)
24	June 25, 2015	8 Directors	52,300	18,500	33,800	¥4,692 (\$42)	¥5,600 (\$50)	¥159 (\$1,417)
25	June 25, 2015	16 Executive Officers and Employees	7,284	1,766	5,518	¥5,162 (\$46)	¥5,257 (\$47)	¥ 28 (\$ 250)
26	June 25, 2015	43 Directors of subsidiaries	17,141	1,021	16,120	¥5,162 (\$46)	¥5,399 (\$48)	¥ 83 (\$ 740)
27	March 31, 2016	1 Executive Officer	621	621	—	¥5,289 (\$47)	¥5,160 (\$46)	—
28	June 28, 2016	7 Directors	39,500	12,500	27,000	¥4,830 (\$43)	¥5,604 (\$50)	¥130 (\$1,159)
29	June 28, 2016	12 Executive Officers	4,249	—	4,249	¥5,322 (\$47)	—	¥ 23 (\$ 205)
30	June 28, 2016	17 Directors of subsidiaries	9,627	—	9,627	¥5,322 (\$47)	—	¥ 51 (\$ 455)
31	March 31, 2017	1 Executive Officer	294	—	294	¥6,302 (\$56)	—	¥ 2 (\$ 18)
32	March 31, 2017	1 Director of subsidiary	227	—	227	¥6,308 (\$56)	—	¥ 1 (\$ 9)

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, 2016 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	1,752	1,403	2,677	5,590	4
4	June 26, 2009	32 Directors of subsidiaries	11,284	5,621	5,663	2,677	5,440	15
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	2,878	2,832	3,003	5,590	9
8	June 29, 2010	31 Directors of subsidiaries	21,329	8,035	13,294	3,003	5,440	40
9	June 29, 2011	8 Directors	73,200	6,300	66,900	2,141	—	143
10	June 29, 2011	13 Executive Officers	11,049	5,403	5,646	2,614	5,590	15
11	June 29, 2011	35 Directors of subsidiaries	22,677	6,007	16,670	2,614	5,437	44
13	June 28, 2012	8 Directors	85,900	7,500	78,400	2,244	—	176
14	June 28, 2012	10 Executive Officers	8,666	3,890	4,776	2,709	5,590	13
15	June 28, 2012	36 Directors of subsidiaries	26,477	5,190	21,287	2,709	5,443	58
17	June 26, 2013	7 Directors	80,000	4,300	75,700	3,003	—	227
18	June 26, 2013	12 Executive Officers	7,990	2,741	5,249	3,461	5,590	18
19	June 26, 2013	36 Directors of subsidiaries	26,914	2,991	23,923	3,461	5,439	83
21	June 26, 2014	7 Directors	56,500	—	56,500	4,323	—	244
22	June 26, 2014	14 Executive Officers and Employees	7,179	1,655	5,524	4,805	5,590	27
23	June 26, 2014	37 Directors of subsidiaries	19,837	984	18,853	4,805	5,402	91
24	June 25, 2015	8 Directors	52,300	—	52,300	4,692	—	245
25	June 25, 2015	16 Executive Officers and Employees	7,284	494	6,790	5,162	5,590	35
26	June 25, 2015	43 Directors of subsidiaries	17,141	562	16,579	5,162	5,402	86
27	March 31, 2016	1 Executive Officer	621	—	621	5,289	—	3

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. 28	No. 29	No. 30	No. 31	No. 32
Volatility of stock price	23.90%	25.16%	25.16%	12.26%	18.66%
Estimated remaining outstanding period	9.8 years	3.0 years	3.0 years	0.0 years	0.0 years
Estimated dividend	¥80 per share				
Risk-free interest rate	-0.21%	-0.29%	-0.29%	-0.26%	-0.26%

## 22 | OTHER COMPREHENSIVE INCOME

Other comprehensive income for the years ended March 31, 2017 and 2016 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Unrealized gain (loss) on available-for-sale securities			
Gain (loss) arising during the year	¥(20,722)	¥16,335	\$(184,705)
Reclassification adjustments to profit or loss for the year	(8,143)	(5,919)	(72,582)
Amount before income tax effect	(28,865)	10,416	(257,287)
Income tax effect	8,923	(2,408)	79,535
Total	¥(19,942)	¥ 8,008	\$(177,752)
Deferred gain (loss) on derivatives under hedge accounting			
Gain (loss) arising during the year	¥ (342)	¥ (344)	\$ (3,048)
Reclassification adjustments to profit or loss for the year	721	(121)	6,426
Amount before income tax effect	379	(465)	3,378
Income tax effect	(117)	146	(1,043)
Total	¥ 262	¥ (319)	\$ 2,335
Land revaluation reserve			
Income tax effect	53	46	473
Total	¥ 53	¥ 46	\$ 473
Foreign currency translation adjustments			
Gain (loss) arising during the year	¥ 2,313	¥ (6,011)	\$ 20,617
Total	¥ 2,313	¥ (6,011)	\$ 20,617
Share of other comprehensive income (loss) in associates			
Gain (loss) arising during the year	¥ 1,128	¥ (4,663)	\$ 10,054
Total	¥ 1,128	¥ (4,663)	\$ 10,054
Defined retirement benefit plans			
Gain (loss) arising during the year	¥ 420	¥ (4,625)	\$ 3,744
Reclassification adjustments to profit or loss for the year	4,624	(1,737)	41,216
Amount before income tax effect	5,044	(6,362)	44,960
Income tax effect	(1,596)	2,020	(14,226)
Total	¥ 3,448	¥ (4,342)	\$ 30,734
Total other comprehensive income (loss)	¥(12,738)	¥ (7,281)	\$(113,539)

## 23 | 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.

As discussed in Note 3, the Company and its domestic consolidated subsidiaries changed their depreciation method for tangible fixed assets (excluding lease assets) from the

declining-balance method to the straight-line method. As a result of this change, compared to the conventional method, the segment income of "Nissin Foods Products" increased by ¥1,727 million (U.S.\$15,394 thousand), "Myojo Foods" increased by ¥690 million (U.S.\$6,150 thousand), "Chilled and frozen foods" increased by ¥242 million (U.S.\$2,157 thousand), and "Nissin Foods Products" increased by ¥834 million (U.S.\$7,434 thousand), respectively.

### b) Net sales, income or loss, assets and other items by reportable segments

	Millions of yen									
Year ended March 31, 2017	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Reconciliations	Consolidated
Net sales										
Sales to third party	¥228,561	¥40,612	¥61,794	¥60,420	¥35,987	¥427,374	¥68,342	¥495,716	¥ —	¥495,716
Intersegment sales	874	6,133	1,638	1	187	8,833	28,051	36,884	(36,884)	—
Total	229,435	46,745	63,432	60,421	36,174	436,207	96,393	532,600	(36,884)	495,716
Segment income	27,683	1,785	1,933	2,309	3,406	37,116	2,639	39,755	(11,137)	28,618
Segment assets	166,678	49,242	29,969	44,616	50,564	341,069	129,266	470,335	66,846	537,181
Other items										
Depreciation and amortization	5,300	1,393	679	2,262	1,321	10,955	4,445	15,400	—	15,400
Investments in associates	—	—	—	—	—	—	29,375	29,375	—	29,375
Capital investment	9,639	1,874	1,413	4,220	6,040	23,186	13,157	36,343	(3)	36,340

Thousands of U.S. dollars

Year ended March 31, 2017	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Recon- ciliations	Consolidated
<b>Net sales</b>										
Sales to third party	\$2,037,267	\$361,993	\$550,798	\$538,551	\$320,768	\$3,809,377	\$609,163	\$4,418,540	\$ —	\$4,418,540
Intersegment sales	7,790	54,666	14,600	9	1,667	78,732	250,032	328,764	(328,764)	—
Total	2,045,057	416,659	565,398	538,560	322,435	3,888,109	859,195	4,747,304	(328,764)	4,418,540
Segment income (loss)	246,751	15,911	17,230	20,581	30,359	330,832	23,522	354,354	(99,269)	255,085
Segment assets	1,485,676	438,916	267,127	397,683	450,700	3,040,102	1,152,206	4,192,308	595,828	4,788,136
<b>Other items</b>										
Depreciation and amortization	47,242	12,416	6,052	20,162	11,775	97,647	39,620	137,267	—	137,267
Investments in associates	—	—	—	—	—	—	261,833	261,833	—	261,833
Capital investment	85,916	16,704	12,595	37,615	53,837	206,667	117,275	323,942	(27)	323,915

## 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 negative ¥11,137 million (U.S.\$99,269 thousand), consisting of negative ¥4,276 million (U.S.\$38,114 thousand) from retirement benefit expenses, negative ¥1,872 million (U.S.\$16,686 thousand) from the amortization of goodwill, negative ¥328 million (U.S.\$2,924 thousand) from elimination of intersegment transactions and negative ¥4,662 million (U.S.\$41,555 thousand) from group expenses.
- Segment income is reconciled to operating income of consolidated statement of income.
- Segment assets under "Reconciliations" include assets that cannot be allocated to any particular segment amounting to ¥66,846 million (U.S.\$595,829 thousand). The amount mainly consists of ¥34,365 million (U.S.\$306,311 thousand) of surplus investment funds, ¥30,465 million (U.S.\$271,548 thousand) of goodwill, and ¥2,016 million (U.S.\$17,970 thousand) of other investments.

Millions of yen

Year ended March 31, 2016	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Subtotal	Others	Total	Recon- ciliations	Consolidated
<b>Net sales</b>										
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
<b>Other items</b>										
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

## 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, consisting of ¥1,737 million from retirement benefit expenses, negative ¥1,144 million from the amortization of goodwill, negative ¥4,104 million from group expenses and negative ¥76 million from elimination of intersegment transactions.
- Segment income is reconciled to operating income of consolidated statement of income.
- Segment assets under "Reconciliations" include assets that cannot be allocated to any particular segment amounting to ¥104,995 million. The amount mainly consists of ¥74,057 million of surplus investment funds, ¥28,550 million of goodwill, and ¥2,388 million of other investments.

**(c) Supplemental information**

Information by product or service group

Year ended March 31, 2017	Millions of yen (Thousands of U.S. dollars)		
	Instant noodle and associated business	Other business	Consolidated
Sales to third party	¥ 426,239 (\$3,799,260)	¥ 69,477 (\$619,280)	¥ 495,716 (\$4,418,540)

Year ended March 31, 2016	Millions of yen		
	Instant noodle and associated business	Other business	Consolidated
Sales to third party	¥410,449	¥57,635	¥468,084

Notes:

1. Classification of the businesses is based on product types and characteristics.

2. Major products of each business:

(1) Instant noodle and associated businesses: bag-type instant noodles, cup-type instant noodles, chilled foods and frozen foods

(2) Other businesses: confectioneries and beverages businesses

## Geographical information

Year ended March 31, 2017	Millions of yen (Thousands of U.S. dollars)			
	Japan	The Americas	Other areas	Consolidated
Sales to third party	¥ 385,304 (\$3,434,388)	¥ 60,435 (\$538,684)	¥ 49,977 (\$445,468)	¥ 495,716 (\$4,418,540)
Property, plant and equipment	¥ 140,373 (\$1,251,208)	¥ 19,687 (\$175,479)	¥ 27,954 (\$249,166)	¥ 188,014 (\$1,675,853)

Year ended March 31, 2016	Millions of yen			
	Japan	The Americas	Other areas	Consolidated
Sales to third party	¥366,724	¥48,299	¥53,061	¥468,084
Property, plant and equipment	¥129,318	¥16,775	¥22,793	¥168,886

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

## Information by major customer

	Millions of yen (Thousands of U.S. dollars)		Millions of yen	
	2017		2016	
	Sales	Main reportable segment	Sales	Main reportable segment
Mitsubishi Corporation	¥ 180,969 (\$1,613,058)	Nissin Food Products	¥182,076	Nissin Food Products
ITOCHU Corporation	¥ 138,731 (\$1,236,572)	Nissin Food Products	¥141,735	Nissin Food Products

## Information on loss on impairment of fixed assets by reportable segment

	Millions of yen (Thousands of U.S. dollars)							
<b>Year ended March 31, 2017</b>	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Loss on impairment of fixed assets	¥ 86 (\$766)	¥ 35 (\$312)	¥— (\$—)	¥— (\$—)	¥ 565 (\$5,036)	¥ 291 (\$2,594)	¥— (\$—)	¥ 977 (\$8,708)

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, 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	¥169	¥567	¥—	¥—	¥205	¥—	¥1,093

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)							
<b>Year ended March 31, 2017</b>	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Amortization of goodwill	¥— (\$—)	¥ 213 (\$1,899)	¥— (\$—)	¥ 1,555 (\$13,860)	¥ 7 (\$62)	¥ 97 (\$865)	¥— (\$—)	¥ 1,872 (\$16,686)
Balance of goodwill	¥— (\$—)	¥— (\$—)	¥— (\$—)	¥ 30,020 (\$267,582)	¥ 445 (\$3,966)	¥— (\$—)	¥— (\$—)	¥ 30,465 (\$271,548)

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, 2016	Nissin Food Products	Myojo Foods	Chilled and frozen foods	The Americas	China	Others	Eliminations or corporate	Consolidated
Amortization of goodwill	¥—	¥398	¥—	¥ 746	¥—	¥—	¥—	¥ 1,144
Balance of goodwill	¥—	¥213	¥—	¥28,337	¥—	¥—	¥—	¥28,550

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.

## 24 | 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, 2017 and 2016 was ¥464 million (U.S.\$4,136 thousand) and ¥414 million, respectively, and the outstanding balance of lease obligations and other liabilities at March 31, 2017 and 2016 was ¥75 million (U.S.\$669 thousand) and ¥76 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.

## 25 | SUBSEQUENT EVENTS

(a) 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, 2017, was approved at shareholders' meeting of the Company held on June 28, 2017:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥45=U.S.\$0.40 per share)	<b>¥4,684</b>	<b>\$41,751</b>

(b) Application for Listing of a consolidated subsidiary

1. Content and Purpose of this application

At the regular Board of Directors meeting held on May 12, 2017, NISSIN FOODS Group approved the submission of an application for the listing of Nissin Foods Company Limited, its consolidated subsidiary incorporated in Hong Kong ("Hong Kong Nissin"), on the Main Board of the Hong Kong Stock Exchange and such application was submitted to the Hong Kong Stock Exchange on May 12, 2017. The purpose of the listing is to enable Hong Kong Nissin to root deeper in the local area, and to enlarge its presence as a listed company in the Chinese market in anticipation of sustained growth in exceptionally large Chinese market.

### 2. Outline of Hong Kong Nissin

1	Company name	Nissin Foods Company Limited
2	Location	Hong Kong Special Administrative Region of the People's Republic of China
3	Title and name of representative	Kiyotaka Ando, Executive Director, Chairman of the Board and Chief Executive Officer
4	Business	Production and sales of instant noodles, and control of the Company's China business
5	Capital	2,030 million Hong Kong dollar
6	Established	October 19, 1984
7	Major shareholder and its shareholding	NISSIN FOODS HOLDINGS CO., LTD. 98.5%



Deloitte Touche Tohmatsu LLC  
Shinagawa Intercity  
2-15-3, Konan  
Minato-ku, Tokyo 108-6221  
Japan  
Tel:+81 (3) 6720 8200  
Fax:+81 (3) 6720 8205  
www.deloitte.com/jp/en

## 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 (the "Company") as of March 31, 2017, 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, 2017, 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.

### Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, the Company changed its depreciation method for tangible fixed assets (excluding lease assets) from the declining-balance method to the straight-line method. Our opinion is not modified in respect of this matter.

### 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.

*Deloitte Touche Tohmatsu LLC*  
June 28, 2017

Member of  
Deloitte Touche Tohmatsu Limited

**BUSINESS AREAS OF CONSOLIDATED SUBSIDIARIES AND ASSOCIATES**

As of March 31, 2017

Company	Capital	Business Area	Equity Ownership (%)
<b>CONSOLIDATED SUBSIDIARIES</b>			
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	Cereals and 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	49.4 (49.4)
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 27,388 thousand	Instant noodle manufacturing and marketing	100.0 (23.2)

Company	Capital	Business Area	Equity Ownership (%)
<b>CONSOLIDATED SUBSIDIARIES</b>			
NISSIN FOODS CO., LTD.	HK\$2,030,685 thousand	Instant noodle manufacturing and marketing/Supervising Chinese business	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 and marketing	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 350,000 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)
MC Marketing & Sales (Hong Kong) LTD.	HK\$1 thousand	Food marketing	50.2 (50.2)
NISSIN FOODS (ASIA) PTE. LTD.	SG\$289,281 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 3,459,080 thousand	Instant noodle manufacturing and marketing	65.6 (65.6)
NISSIN FOODS INDIA LTD.	INR 500 thousand	Instant noodle marketing	65.6 (65.6)
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	Instant noodle manufacturing and marketing	50.0
NISSIN FOODS VIETNAM CO., LTD.	U.S.\$59,430 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)
PT. NISSIN FOODS INDONESIA	IDR 306,155 million	Instant noodle manufacturing and marketing	66.0 (51.8)
<b>ASSOCIATES ACCOUNTED FOR BY THE EQUITY METHOD</b>			
THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED	THB 180,000 thousand	Instant noodle manufacturing and marketing	21.3
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 (49.0)
KOIKE-YA Inc.	¥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, 2017 (U.S.\$1=¥112.19)

<b>Date of Establishment</b>	September 1948
<b>Number of Employees</b>	717 (parent company) 11,710 (consolidated basis)
<b>Common Stock</b>	Authorized: 500,000,000 shares Issued: 117,463,685 shares Number of Shareholders: 48,491 (Excluding owners of odd-lot shares)
<b>Paid-in Capital</b>	¥25,123 million (\$224 million)
<b>Stock Listings</b>	Tokyo Stock Exchange (Ticker Code: 2897)
<b>Independent Auditors</b>	Deloitte Touche Tohmatsu LLC
<b>Transfer Agent</b>	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo, Japan

## CONSOLIDATED PER SHARE DATA

Years ended March 31,	2013	2014	2015	2016	2017
Net income attributable to owners of parent per share (EPS)	¥171.12	¥174.83	¥167.88	¥245.52	<b>¥221.33</b>
Equity (book-value) per share (BPS)	¥2,782.25	¥3,018.82	¥3,282.02	¥3,332.94	<b>¥3,276.55</b>
Price earnings ratio (PER) (Times)	25.6	26.6	35.2	21.5	<b>27.9</b>
Price-to-book ratio (PBR) (Times)	1.6	1.5	1.8	1.6	<b>1.9</b>
Dividend	¥75.00	¥75.00	¥75.00	¥80.00	<b>¥85.00</b>
Payout ratio (%)	43.80	42.90	44.70	32.60	<b>38.40</b>
Share price: High	¥4,385	¥4,735	¥6,620	¥6,620	<b>¥6,580</b>
Low	¥2,824	¥3,550	¥4,510	¥5,110	<b>¥4,950</b>

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/](http://nissin.com/en_jp/ir/)

## DISTRIBUTION OF OWNERSHIP AMONG SHAREHOLDERS



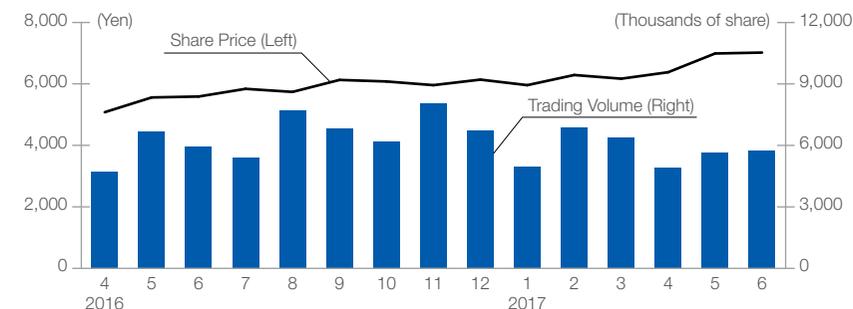
Other Corporations	34.07%
Financial Institutions	26.04%
Foreign Corporations	16.43%
Individuals and Other	12.06%
Treasury Stock	11.40%

## PRINCIPAL SHAREHOLDERS

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
Ando Foundation	7,904	6.73%
Mitsubishi Corporation	7,800	6.64
ITOCHU Corporation	5,400	4.60
Ando International Y.K.	3,946	3.36
State Street Bank and Trust Company	3,729	3.17
Mizuho Bank, Ltd.	3,375	2.87
Japan Trustee Services Bank, Ltd. (Account in Trust)	3,296	2.81
The Master Trust Bank of Japan, Ltd. (Account in Trust)	3,139	2.67
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,274	1.94
STATE STREET BANK WEST CLIENT - TREATY 505234	1,690	1.44
Total	42,553	36.23

Note: In addition to the above, the Company holds 13,373,200 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 2017 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.



**NISSIN FOODS HOLDINGS CO., LTD.**

#### Head Office

28-1, 6-chome, Shinjuku, Shinjuku-ku  
Tokyo 160-8524, Japan  
Telephone: 81-3-3205-5111  
Fax: 81-3-3205-5059

#### Osaka Head Office

1-1, 4-chome, Nishinakajima, Yodogawa-ku  
Osaka 532-8524, Japan  
Telephone: 81-6-6305-7711  
Fax: 81-6-6304-1288

#### Website

#### Research Institutes

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