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## **Internet Disclosure Items for Notice of the 70th Ordinary General Meeting of Shareholders**

The Company provides this document to shareholders by means of disclosure through the Company's website (<http://nissin.com/>) in accordance with the laws and regulations and Article 17 of the Company's Articles of Incorporation.

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

<Contents>

(From April 1, 2017 to March 31, 2018)

1.	Items Regarding Stock Acquisition Rights of the Company .....	1
2.	Systems and Policy of the Company.....	3
3.	Basic Policy on Control of the Company.....	10
4.	Consolidated Statement of Changes in Equity.....	13
5.	Notes to Consolidated Financial Statements.....	15
6.	Statement of Changes in Equity .....	25
7.	Notes to Non-consolidated Financial Statements .....	27

# 1. Items Regarding Stock Acquisition Rights of the Company

## (1) Status of stock acquisition rights as of the end of the fiscal year under review

Name	Exercise period	Number of stock acquisition rights	Class and number of shares	Amount paid per share (Yen)	Exercise price per share (Yen)
2nd series stock acquisition rights	From June 27, 2009 to June 26, 2049	428	Common share 42,800	2,325	1
3rd series stock acquisition rights	From June 27, 2009 to June 26, 2049	1,403	Common share 1,403	2,677	1
4th series stock acquisition rights	From June 27, 2009 to June 26, 2049	3,487	Common share 3,487	2,677	1
6th series stock acquisition rights	From June 30, 2010 to June 29, 2050	433	Common share 43,300	2,616	1
7th series stock acquisition rights	From June 30, 2010 to June 29, 2050	2,776	Common share 2,776	3,003	1
8th series stock acquisition rights	From June 30, 2010 to June 29, 2050	7,476	Common share 7,476	3,003	1
9th series stock acquisition rights	From June 30, 2011 to June 29, 2051	486	Common share 48,600	2,141	1
10th series stock acquisition rights	From June 30, 2011 to June 29, 2051	3,802	Common share 3,802	2,614	1
11th series stock acquisition rights	From June 30, 2011 to June 29, 2051	9,758	Common share 9,758	2,614	1
13th series stock acquisition rights	From June 29, 2012 to June 28, 2052	562	Common share 56,200	2,244	1
14th series stock acquisition rights	From June 29, 2012 to June 28, 2052	3,226	Common share 3,226	2,709	1
15th series stock acquisition rights	From June 29, 2012 to June 28, 2052	12,973	Common share 12,973	2,709	1
17th series stock acquisition rights	From June 27, 2013 to June 26, 2053	542	Common share 54,200	3,003	1
18th series stock acquisition rights	From June 27, 2013 to June 26, 2053	3,754	Common share 3,754	3,461	1
19th series stock acquisition rights	From June 27, 2013 to June 26, 2053	14,454	Common share 14,454	3,461	1
21st series stock acquisition rights	From June 27, 2014 to June 26, 2054	384	Common share 38,400	4,323	1
22nd series stock acquisition rights	From June 27, 2014 to June 26, 2054	4,231	Common share 4,231	4,805	1
23rd series stock acquisition rights	From June 27, 2014 to June 26, 2054	11,960	Common share 11,960	4,805	1
24th series stock acquisition rights	From June 26, 2015 to June 25, 2055	338	Common share 33,800	4,692	1
25th series stock acquisition rights	From June 26, 2015 to June 25, 2055	4,654	Common share 4,654	5,162	1
26th series stock acquisition rights	From June 26, 2015 to June 25, 2055	11,613	Common share 11,613	5,162	1
28th series stock acquisition rights	From June 29, 2016 to June 28, 2056	270	Common share 27,000	4,830	1
29th series stock acquisition rights	From June 29, 2016 to June 28, 2056	3,894	Common share 3,894	5,322	1
30th series stock acquisition rights	From June 29, 2016 to June 28, 2056	6,999	Common share 6,999	5,322	1
33rd series stock acquisition rights	From June 29, 2017 to June 28, 2057	355	Common share 35,500	6,027	1
34th series stock acquisition rights	From June 29, 2017 to June 28, 2057	11,048	Common share 11,048	6,841	1
35th series stock acquisition rights	From June 29, 2017 to June 28, 2057	9,294	Common share 9,294	6,841	1

**(2) Status of stock acquisition rights held by the officers of the Company as of the end of the fiscal year under review**

	Name	Number of stock acquisition rights	Number of holders
Director (excluding Outside Director)	2nd series stock acquisition rights	428	2
	3rd series stock acquisition rights	435	1
	6th series stock acquisition rights	433	2
	7th series stock acquisition rights	755	1
	9th series stock acquisition rights	486	3
	13th series stock acquisition rights	562	3
	17th series stock acquisition rights	542	3
	21st series stock acquisition rights	384	3
	24th series stock acquisition rights	338	3
	28th series stock acquisition rights	270	3
	33rd series stock acquisition rights	355	3

**(3) Status of stock acquisition rights issued during the fiscal year under review**

Name	Exercise period	Number of stock acquisition rights	Class and number of shares	Amount paid per share (Yen)	Exercise price per share (Yen)
33rd series stock acquisition rights	From June 29, 2017 to June 28, 2017	355	Common share 35,500	6,027	1
34th series stock acquisition rights	From June 29, 2017 to June 28, 2017	11,048	Common share 11,048	6,841	1
35th series stock acquisition rights	From June 29, 2017 to June 28, 2017	10,893	Common share 10,893	6,841	1

**(4) Breakdown of stock acquisition rights issued to employees of the Company and officers and employees of subsidiaries of the Company during the fiscal year under review**

	Name	Number	Number of individuals to whom stock acquisition rights have been issued
Employees of the Company	34th series stock acquisition rights	11,048	14
Directors of the subsidiaries of the Company	35th series stock acquisition rights	10,893	20

## **2. Systems and Policy of the Company**

NISSIN FOODS HOLDINGS CO., LTD. (hereafter referred to as the “Company”) develops systems to ensure that the Directors’ performance of their duties is complied with applicable laws and regulations and the Articles of Incorporation of the Company, and other systems necessary to ensure the appropriateness of operations (Basic Policy on Construction of Internal Control Systems) as follows.

The Board of Directors of the Company is making effort to develop more appropriate and efficient systems by conducting reviews, as appropriate, of, and making continuous improvements to, the “Basic Policy on Construction of Internal Control Systems.”

### **(1) Basic policy of business operation**

Officers and employees of the Company and its subsidiaries (hereafter collectively referred to as the “NISSIN FOODS Group”) shall make efforts to be deeply aware of corporate social responsibility, to comply with the relevant laws and regulations, and to commit acting conforming with social ethics when executing their daily duties pursuant to the “NISSIN FOODS Group Ethics Regulations” and “NISSIN FOODS Group Compliance Regulations.”

#### **(Basic Philosophy)**

- i) Objective of our work is to place customer satisfaction first and to provide products and services which bring happiness to people’s lives.
- ii) We shall make efforts to be aware of corporate social responsibility, comply with laws and regulations and fair business practice, and enhance business activities with transparency.
- iii) We shall be aware that we are corporate citizens, fostering high ethical standards and following common sense.

#### **(Code of Conduct)**

- i) Fair, just, and transparent relationships with all stakeholders including shareholders, customers, and business partners shall be maintained.
- ii) Basic human rights of all people shall be respected, and engagement in any acts that impair individual dignity shall not be made. Furthermore, discrimination of people on the basis of nationality, ethnicity, religion, sex, age, social status, and disability shall not be performed.
- iii) Efforts shall be made to create and develop products and services which prioritize health and safety of the public.
- iv) Products and services should not in any way harm the bodies and properties of consumers. Issues caused by such quality problems shall be addressed and solved promptly with good faith.
- v) Judgments and actions which are far apart from common sense due to excessive pursuit of profit in business should not be taken.
- vi) Any relationships with antisocial forces and organizations that threaten the order and security of civil society shall be severed.
- vii) Efforts shall be made to disclose corporate information. Furthermore, pursuant to the “NISSIN FOODS Group Insider Trading Management Regulations,” insider trading as well as provision of benefits and convenience to third parties using undisclosed information shall not be performed.
- viii) Information associated with trade secrets shall be strictly managed and shall not be disclosed or leaked outside the Company whether during the term or after employment.
- ix) Efforts shall be made to maintain and secure intellectual property rights, and respect the said rights of others at the same time. In addition, efforts shall be made not to infringe the said rights of others due to inattention, and it goes without saying that intentional infringement or illegal use shall not occur.
- x) Undue losses shall not be imposed on business partners from using advantageous position in business.

- xi) We shall not take advantage of our functional status in order to receive personal benefits or convenience from business partners.
- xii) Utmost attentions shall be given so that business activities will not have adverse impacts on the global environment.
- xiii) Active engagements in regional contributions shall be made through close coordination and collaborations with local societies.
- xiv) In case issues not presented here arise, all shall be judged and taken action pursuant to the basic philosophy under the “NISSIN FOODS Group Ethics Regulations.”

**(2) System ensuring the execution of duties of Directors and employees comply with the laws and regulations and the Articles of Incorporation / System ensuring the reliability of financial reporting**

- i) For the purpose of compliance with the laws and regulations and the Articles of Incorporation and the like, the Company shall develop “NISSIN FOODS Group Ethics Regulations” and “NISSIN FOODS Group Compliance Regulations” and shall ensure that officers and employees of NISSIN FOODS Group understand.
- ii) “Compliance Committee” shall be set up with Executive Vice President & Representative Director, COO serving as chairman to make efforts to have officers and employees comply with the laws and regulations, “Articles of Incorporation,” and various regulations alike. Furthermore, “Compliance Group” shall be established within the Legal Division to strengthen measures.
- iii) Each division of NISSIN FOODS Group shall consult with outside specialists including lawyers as necessary upon carrying out its duties for the purpose of avoiding risks of non-compliance with the laws and regulations, “Articles of Incorporation,” and various regulations alike.
- iv) Internal Auditing Office which is under direct control of President & Representative Director, CEO shall audit major business offices of NISSIN FOODS Group on a regular basis and confirm if the laws and regulations, “Articles of Incorporation,” and various regulations alike are being complied.
- v) The Company shall establish “NISSIN FOODS Group Internal Reporting Regulations” as a reporting system when violation of laws and regulations, “Articles of Incorporation,” and various regulations alike occur, or is about to occur, and shall ensure that officers and employees of NISSIN FOODS Group thoroughly understand. NISSIN FOODS Group shall not dismiss or treat disadvantageously the person who has made the reporting in question.
- vi) Audit & Supervisory Board Members shall audit the appropriateness of the execution of duties of Directors pursuant to “Audit & Supervisory Board Regulations,” “Audit Standards of Audit & Supervisory Board Members,” and the like.
- vii) Human resources shall be appropriately placed to develop and promote the construction and administration of internal control systems for the purpose of ensuring the reliability of financial reporting.

**(3) System relating to storage and management of information in regard to the execution of duties of Directors**

The Company shall record legal documents including minutes of General Meeting of Shareholders and Meeting of the Board of Directors and the like, in addition to important information in regard to the execution of duties of Directors such as written approvals, to paper documents or electromagnetic media. It shall appropriately store and manage the information pursuant to the laws and regulations and the “Document Management Regulations,” shall, to the extent necessary, verify the status of storage and management, respond to the request of inspection given by the Directors and Audit & Supervisory Board Members, and review the regulations as appropriate.

**(4) Regulations and other systems relating to risk management of losses**

- i) The Company shall set up a “Risk Management Committee” with Executive Vice President & Representative Director, COO serving as chairman to prevent, identify, manage, and address against various risks in regard to NISSIN FOODS Group.
- ii) NISSIN FOODS Group shall set up “Audit Standards of Food Safety” and develop a system primarily conducted by NISSIN Global Food Safety Institute to investigate and verify the safety of food products ranging from raw materials to products, based on its awareness that the most important issue is to constantly ensure safe and worry-free food products.
- iii) NISSIN FOODS Group, based on the “NISSIN FOODS Group Code of Risk Management,” shall position product accidents, BCP (Business Continuity Plan), compliance, and information security as the Group’s key risks, set up committees, and address said risks.
- iv) The Company shall set up an “Environmental Committee” as an organization to address environmental and safety risks. In the event a material accident occurs in environmental aspects, pursuant to the manual, it shall be immediately responded, stabilized, and resolved.
- v) The “Environmental Committee” shall review various manuals including “Industrial Waste Treatment Manual” as necessary and shall confirm the status of the operation on a regular basis.

**(5) System ensuring the efficiency of execution of duties of Directors / System ensuring the execution of duties of employees comply with the laws and regulations and the Articles of Incorporation**

- i) The Company shall hold “regular meetings of the Board of Directors” on a regular basis and “extraordinary meetings of the Board of Directors” as appropriate when necessary. The meetings shall consist of Directors and Audit & Supervisory Board Members who shall discuss and decide on important matters pursuant to the laws and regulations, “Articles of Incorporation,” and “Board of Directors Regulations.” Furthermore, the members of the meetings shall receive reports in regard to the execution of duties of Directors, and conduct supervision and the like. Among the eight (8) Directors, five (5) are Outside Directors, and among the three (3) Audit & Supervisory Board Members, two (2) are Outside Audit & Supervisory Board Members. Due to this, the execution of duties of Directors is supervised effectively.
- ii) The Company shall hold a meeting of the “Management Committee” twice every month in principle to improve management efficiency. The Committee consists of Directors (excluding Outside Directors), Responsible Executive Officers and Audit & Supervisory Board Members (Full-time). The Committee shall discuss matters which are to be resolved by the “Board of Directors,” and shall discuss and decide matters which authorities are delegated to the Committee by the Board of Directors pursuant to the “Approval Regulations,” as well as execute business operations.
- iii) The Company shall hold a “Group Company Strategic Presentation” every month in principle. Reports, proposals, and confirmations in regard to strategies (products, finance, human resource and the like) shall be made by the presidents of the major subsidiaries and overseas regional Chief Representatives, and status of execution of duties of subsidiaries shall be supervised.
- iv) The Company shall hold a “Chief Officer Strategy Presentation” every month in principle, and the Presentation shall consist of chief officers. Strategies shall be proposed by the chief officers, and status of execution of platform duties shall be supervised.
- v) As a preliminary discussion body of the “Board of Directors” and “Management Committee,” the Company shall hold a meeting of the “Investment and Finance Committee” every month in principle. The Committee shall consist of members summoned in principle from each platform. The Committee shall perform screenings and reviews of important investment and financing and the like in advance.
- vi) As a preliminary discussion body to the “Board of Directors” and “Management Committee,” the Company shall hold a meeting of the “Personnel Committee” every month in principle and the

Committee shall consist of chief officers and the like. Human resource strategy of the Group shall be reviewed.

- vii) The Company shall establish the “Management Advisory Committee,” an advisory body to the Board of Directors, composed of the majority of which are Independent Directors/Audit & Supervisory Board Members, to meet three times a year in principle, in order to ensure transparency and fairness in nomination, remuneration, and governance.
- viii) The Company shall establish a “Liaison Committee of Independent Outside Directors and Audit & Supervisory Board Members” comprising Independent Outside Directors and Audit & Supervisory Board Members. The Liaison Group shall meet twice a year, and the Audit & Supervisory Board Members shall ensure fulsome information sharing with Outside Directors.
- ix) The Company shall establish regulations such as “Administrative Authorities Regulations” and “Division of Responsibilities Regulations” to ensure that appropriate and efficient duties of Directors and employees are executed in order that the authority and responsibility of each officer shall be made clear.
- x) The term of office of Directors shall be one (1) year, for the purpose of clarifying their management responsibility, and allowing quick actions to be taken in response to the changes in management environment.

**(6) System ensuring the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries**

- i) “NISSIN FOODS Group Ethics Regulations” and “NISSIN FOODS Group Compliance Regulations” shall be the ethical and operational guideline for business operations in the NISSIN FOODS Group.
- ii) The department in charge in the Company shall be the contact department and shall receive reports on a regular basis in regard to business performance of the NISSIN FOODS Groups. Furthermore, important matters shall be approved by the in-house approving authorities or by the subsidiaries pursuant to the “Approval Regulations.” If matters exceed the scope of such authority, it shall be approved by the Board of Directors and the like of the Company.
- iii) Audit & Supervisory Board Members and the Internal Auditing Office shall conduct audits including periodical visiting audits to confirm if operations of NISSIN FOODS Group are complying with the laws and regulations, “Articles of Incorporation” and various regulations alike.

**(7) Matters relating to employees assisting Audit & Supervisory Board Members in the event the Audit & Supervisory Board Members request the placement of employees to assist their duties**

The Company set up an Audit & Supervisory Board Office directly under the “Audit & Supervisory Board” and placed several dedicated employees as ones to assist the duties of the Audit & Supervisory Board Members. The “Audit & Supervisory Board” has expressed its opinion that presently, assistance is sufficient.

**(8) Matters regarding independence of employees assisting the duties of Audit & Supervisory Board Members from Directors, and the procurement of effectiveness of such instruction**

- i) Matters regarding personnel such as appointment and transfers of employees assisting the duties of the Audit & Supervisory Board Members shall be decided conditional on consent from the Audit & Supervisory Board Members (Full-time) in advance. The performance management shall be conducted by the Audit & Supervisory Board Members (Full-time).
- ii) For the purpose of ensuring the effectiveness of instructions given by the Audit & Supervisory Board Members, employees assisting the duties of the Audit & Supervisory Board Members shall not additionally hold duties relating to the business execution of the Company, and shall carry out the duties under the directions of the Audit & Supervisory Board Members.

**(9) Reporting system by Directors and employees to Audit & Supervisory Board Members, and other reporting systems to Audit & Supervisory Board Members**

- i) In the event facts that may cause significant damages to the NISSIN FOODS Group are discovered, Directors of the NISSIN FOODS Group shall immediately report the facts concerned to the “Audit & Supervisory Board” of the Company.
- ii) Pursuant to the “Audit Standards of Audit & Supervisory Board Members,” in addition to matters provided under the laws and regulations, facts that may cause material impact in finance and operations of NISSIN FOODS Group, the decisions and the like shall be immediately reported by Directors and employees of NISSIN FOODS Group to the Company’s Audit & Supervisory Board Members.
- iii) In the event facts that may cause significant damages to the NISSIN FOODS Group are discovered, employees of NISSIN FOODS Group shall report the facts concerned to the Audit & Supervisory Board Members.
- iv) NISSIN FOODS Group shall not treat ones who have reported the aforementioned three items disadvantageously on the grounds that such reporting was made.
- v) If expenses necessary to request advice from lawyers, certified public accountants, and other outside specialists, to outsource investigation, analysis and other administrations for the purpose of conducting audit are requested by the Audit & Supervisory Board Members or the Audit & Supervisory Board, Directors, Executive Officers, and employees shall not refuse such requests, except in cases where the expenses under such requests are determined to be unnecessary in the execution of duties of the Audit & Supervisory Board Members.

**(10) Other systems ensuring the effectiveness of audits conducted by the Audit & Supervisory Board Members**

- i) “Regular meetings of the Audit & Supervisory Board” in which all Audit & Supervisory Board Members attend shall be held on the day before the meeting of the Board of Directors or on the day of the meeting in principle, and “extraordinary meetings of the Audit & Supervisory Board” shall be held as necessary. Ideas shall be exchanged in regard to Audit & Supervisory Board Members’ opinions and important issues upon auditing between the Audit & Supervisory Board Members and the results shall be reported on a regular basis to the “Board of Directors” as an Audit & Supervisory Board Report.
- ii) Directors and employees shall report monthly performance and financial situations on a regular basis to the “Board of Directors” and the “Management Committee” and the like. Various minutes, written approvals and other important documents relating to business operations shall be circulated to, and be read through by, the Audit & Supervisory Board Members (Full-time). Furthermore, if requested by the Audit & Supervisory Board Members, sufficient explanations shall be provided.
- iii) Audit & Supervisory Board Members, while closely working with Internal Auditing Office and Financial Auditor on a steady basis, shall hold regular meetings with them once every two (2) months in principle to exchange information, establishing a system where audits are carried out effectively by the Audit & Supervisory Board Members.

**(11) Basic concept toward elimination of antisocial forces and the status toward such elimination**

The Basic policy of NISSIN FOODS Group upon conducting corporate activities is based on the idea that “Any relationships with antisocial forces and organizations that threaten the order and security of civil society shall be severed.” The policy is stated clearly in the Code of Conduct under the “NISSIN FOODS Group Ethics Regulations” and the Company ensures that it is thoroughly understood.

The Company places General Affairs Division as its supervisory department to handle antisocial forces. The General Affairs Division plays a key role in continuously gathering information from

government bodies and outside specialized organizations, developing a system which will be able to address unexpected situations with prompt cooperation.

**(12) Report on the operational status of the systems ensuring the appropriateness of operations**

The outline of the operational status of systems ensuring the execution of duties of Directors comply with the laws and regulations and the Articles of Incorporation, and other systems ensuring the appropriateness of operations is as follows:

i) Overall Internal Control Systems

In addition to audits conducted by the Audit & Supervisory Board Members and Financial Auditor of the Company, Internal Auditing Office, which is under the direct control of President & Representative Director, CEO, is engaged in internal audits and regularly conducted audits including on-site inspections in order to confirm that Nissin Foods Group is performing its business in compliance with laws and regulations, “Articles of Incorporation” and other rules and regulations.

In addition, with the aim of enhancing audit efficiency, three parties, Internal Auditing Office, the Audit & Supervisory Board Members and Financial Auditor held six regular meetings during the fiscal year under review, and exchanged opinions regarding findings of the audit and other relevant information.

ii) Compliance

Compliance Committee held four meetings during the fiscal year under review and worked to strengthen the compliance framework of the Group. The Committee identified and evaluated compliance risks at business offices of the Company and the Group companies, provided instructions for improvement as well as education and training to facilitate the sense of compliance taking root.

In addition, the Committee made reports on the status relating reporting of compliance-related violations and on other matters to the Board of Directors.

iii) Risk Management

Through the “Risk Management Office” established in the General Affairs Division as an office for “Risk Management Committee,” we identified and evaluated risks, developed countermeasures, and checked the status of the measures taken, in order to get visibility of risks of the entire Group and manage them.

iv) Management of business of subsidiaries

The Company has obtained an approval of the Company for important matters of its subsidiaries in compliance with the “Approval Regulations.” With regard to each subsidiary’s business strategy, business conditions, financial conditions and the like, the Company regularly received reports from respective subsidiaries as necessary at the “Board of Directors” and the “Group Company Strategic Presentation.”

v) Execution of duties by Directors

- The Company held the “Regular Meetings of the Board of Directors” ten times during the fiscal year under review to determine important business matters defined in the laws and regulations, the “Articles of Incorporation” and the “Board of Directors Regulations,” and supervised execution of the duties.
- In principle, the Company held meetings of the “Management Committee” twice a month to deliberate beforehand matters to be resolved by the “Board of Directors” and other important business matters and to report on important progress of the business operations.
- The Company held four meetings of the “Management Advisory Committee,” the majority of which are Independent Directors/Audit & Supervisory Board Members, during the fiscal year under review, and discussed the nomination, remuneration, and governance. The committee ensured transparency and fairness in nomination, remuneration, and governance.

- The Company held two meetings of the “Liaison Committee of Independent Outside Directors and Audit & Supervisory Board Members” comprising Independent Outside Directors and Audit & Supervisory Board Members, during the fiscal year under review, and the Audit & Supervisory Board Members ensured fulsome information sharing with Outside Directors.
- The Company held a “Group Company Strategic Presentation” every month in principle. Reports, proposals, and confirmations in regard to strategies (products, finance, human resource and the like) were made by the presidents of the major subsidiaries and overseas regional Chief Representatives, and status of execution of duties of subsidiaries was supervised.
- The Company held a “Chief Officer Strategy Presentation” comprising chief officers every month in principle. Strategies were proposed by the chief officers, and status of execution of platform duties was supervised.
- As a preliminary discussion body of the “Board of Directors” and “Management Committee,” the Company held a meeting of the “Investment and Finance Committee” every month in principle. The committee consists of members summoned in principle from each platform. The Committee performed screenings and reviews of important investment and financing and the like in advance.
- As a preliminary discussion body to the “Board of Directors” and “Management Committee,” the Company held a meeting of the “Personnel Committee” every month in principle. The Committee consists of chief officers and the like. Human resource strategy of the Group was reviewed.

vi) Execution of duties of the Audit & Supervisory Board Members

- The meetings of the “Audit & Supervisory Board” were held eleven times during the fiscal year under review to audit duties executed by Directors.
- The Audit & Supervisory Board Members have conducted audit by attending the meetings of the “Board of Directors” and other important meetings, interviewing Directors and employees and other means including on-site inspection concerning matters to be resolved by “the Management Committee” and other important matters for corporate management.
- The Audit & Supervisory Board members, who work closely with Internal Auditing Office and Financial Auditor on a steady basis, held six regular meetings with them during the fiscal year under review to exchange information, and secured effective audits by the Audit & Supervisory Board members.

### 3. Basic Policy on Control of the Company

#### (1) Basic policy

Recognizing four phrases of the founder - “Peace will come to the world when there is enough food,” “Create foods to serve society,” “Eat wisely for beauty and health,” and “Food related jobs are sacred profession” - as enduring founding values, and guided by our Group philosophy, as signified by “EARTH FOOD CREATOR,” to contribute to society and the earth by gratifying people everywhere with the pleasures and delights food can provide, the Company will strive to embody them.

Under the previous “Medium-Term Business Plan 2016,” the Company, with the theme of “Evolution towards a global company,” made aggressive overseas investments emphasizing “expansion” in growth markets and emerging markets in particular.

As a result, while achieving substantial growth in overseas business and the targets for net sales (including those overseas) and net income, the Company did not achieve the targets for operating income and ordinary income (including profit margin), due mainly to upfront investments for expanding group functions, such as system investments, and delays in achieving profitability in regions newly entered and where businesses have been expanded (Asia and EMEA).

The Company will shift to a strategy focusing on profitability, intensively developing businesses through patterns of the Group that were successful in Japan and China particularly in those markets where we can expect to increase profits.

The Company will implement the “Medium-Term Business Plan 2021” (hereinafter referred to as the “Medium-Term Plan”) over the five years starting in the fiscal year under review. Within the Medium-Term Plan, we have put an emphasis on “earning power through operations” and “value in capital markets,” with setting “recognition as a global company” as a theme, we will intend to implement the following five strategies in order to ensure profitability.

##### i) Promoting global branding

We intend to improve profitability by accelerating overseas expansion of CUP NOODLES, as a high value-added product that makes the most of our strengths as a company, and by increasing the number of units sold overseas by 50%. We intend to pinpoint the right approach for design, flavor and promotion, based on a clearly defined target market (young people with a certain standard of living), in order to penetrate the market more efficiently and effectively.

##### ii) Focusing on priority overseas locations

We have earmarked BRICs (Brazil, Russia, India, China) as priority locations from the two key perspectives, based on market appeal (scale of instant noodle market and its growth potential) and opportunities for the Company (strength of business foundations and scope to expand market for cup-type and other value-added products over the short to medium term). We are determined to secure profit growth in these areas.

In China, we are planning to further expand our growing sales area for high-margin CUP NOODLES products. In India, we are focusing on growth in bag-type instant noodle products in urban areas and on stepping up CUP NOODLES sales to the country’s rapidly-growing population of middle-income earners. In Brazil and Russia, we are aiming to build on solid foundations as market leader to expand the market for value-added cup-type instant noodle products, so that we can secure an even larger market share and increase profits.

##### iii) Laying stronger foundations for our domestic profit base

In order to establish a business model that will be less susceptible to declining population numbers and other changes in population or consumer composition, we intend to focus more closely on the domestic market, with an emphasis on marketing, and we are also planning to invest in upgrading plants in order to save labor and improve food safety. By conducting these initiatives, we will lay stronger foundations for our instant noodle profit base in Japan, with the aim of becoming a “century brand company.”

iv) Establishing a second pillar that generates revenue and profit

We are stepping up initiatives aimed at developing our confectionary and cereal business into a second primary revenue and profit source, both in Japan and overseas. We intend to grow individual brands even further, strengthen cooperation based on technical synergy between the confectionery and cereal companies, expand overseas operations and make use of M&A to increase sales to around ¥100 billion, including equity method companies. In terms of chilled and frozen foods, and beverages, we are aiming to increase profit growth domestically, based on our efforts to establish brands throughout the previous medium-term period.

v) Developing and strengthening human resources for global management

Thanks to active investment in strengthening platforms, we have been able to establish a framework to support growth. Looking ahead to the future, we intend to step up human resource development measures within the Group, including running a selection-based in-house university program, promoting diversity, and reinforcing overseas trainee systems. In addition, we are planning to recruit from outside the Group. By combining human resource development measures within the Group and recruitment from outside the Group, we will increase management human resources in an effort to accelerate global management.

In addition to implementing strategies to achieve medium-term targets, we will take the “cereal foods” that are the starting point of every meal, enhance them with the technical and marketing prowess that we have cultivated through our instant noodle business, and pursue wider possibilities in food.

We strive to be creative and unique in our daily work, and to stand as an “EARTH FOOD CREATOR,” bringing happiness to people across the world through “food” in global areas. This passion imbues us with confidence that the Company will further increase corporate value and common interests of the shareholders.

(2) Initiatives to prevent control that is detrimental to shareholders’ interest

From the viewpoint of ensuring and enhancing the Company’s corporate value and thus the common interests of shareholders, the Company established its “Basic Policy on Control of the Company” (hereinafter referred to as the “Basic Policy”). According to the Basic Policy, as a part of efforts to prevent inappropriate persons from controlling the Company, the “Countermeasures to the Large-Scale Acquisition of the Company’s Shares (Takeover Defense Measures)” (hereinafter be referred to as the “Measures”) were approved by shareholders at the 59th Ordinary General Meeting of Shareholders of the Company held on June 28, 2007, and were introduced. Subsequently, the Measures were renewed every three years.

After the introduction of the Measures, the Company worked proactively to increase corporate value, to enhance shareholder returns, which included stock buybacks and increased dividends, and to strengthen corporate governance. Furthermore, with a focus on the changes to the management environment surrounding the Company following the introduction of the Measures in 2007, and recent trends regarding takeover defense measures, the Board of Directors and Management Advisory Committee carefully discussed about the handling of the Measures every year. As a result, from the viewpoint of ensuring and enhancing the Company’s corporate value and thus the common interests of shareholders, it was determined that the Company’s need of the Measures had declined relatively, and the Company abolished the Measures upon the resolution at the meeting of the Board of Directors held on December 6, 2017.

(3) The decision of the Board of Directors in regard to initiatives to prevent control that is detrimental to shareholders’ interest

After the abolition of the Measures, the Company will continue to work to ensure and enhance the Company’s corporate value and thus the common interests of shareholders. In addition, the Company will take appropriate measures in accordance with the Financial Instruments and Exchange Act, the

Companies Act, and other related laws and regulations such as requesting persons that attempt to make a large-scale acquisition of the Company's shares to provide necessary and adequate information for shareholders to make appropriate decisions regarding the pros and cons of the large-scale acquisition, disclosing information including the opinions of the Board of Directors, and working to secure time for shareholders to consider.

#### 4. Consolidated Statement of Changes in Equity

(Year ended March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at the beginning of the year</b>	25,122	49,823	308,074	(58,190)	324,830
<b>Total increase (decrease) during the year</b>					
Cash dividends paid			(9,369)		(9,369)
Net income attributable to owners of parent			29,104		29,104
Acquisition of treasury stock				(8)	(8)
Sales of treasury stock		(25)		196	171
Reversal of land revaluation reserve			108		108
Transfer to capital surplus from retained earnings		25	(25)		–
Adjustments due to change in accounting period of consolidated subsidiaries			104		104
Change in ownership interest of parent due to transactions with non-controlling interests		1,395			1,395
Net changes of items other than shareholders' equity					–
<b>Total increase (decrease) during the year</b>	–	1,395	19,922	187	21,504
<b>Balance at the end of the year</b>	25,122	51,218	327,996	(58,002)	346,335

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
<b>Balance at the beginning of the year</b>	23,794	–	(6,382)	(1,403)	218	16,227	1,626	10,833	353,517
<b>Total increase (decrease) during the year</b>									
Cash dividends paid									(9,369)
Net income attributable to owners of parent									29,104
Acquisition of treasury stock									(8)
Sales of treasury stock									171
Reversal of land revaluation reserve									108
Transfer to capital surplus from retained earnings									–
Adjustments due to change in accounting period of consolidated subsidiaries									104
Change in ownership interest of parent due to transactions with non-controlling interests									1,395
Net changes of items other than shareholders' equity	7,625	(35)	890	(5,464)	908	3,924	193	12,636	16,754
<b>Total increase (decrease) during the year</b>	<b>7,625</b>	<b>(35)</b>	<b>890</b>	<b>(5,464)</b>	<b>908</b>	<b>3,924</b>	<b>193</b>	<b>12,636</b>	<b>38,258</b>
<b>Balance at the end of the year</b>	<b>31,419</b>	<b>(35)</b>	<b>(5,492)</b>	<b>(6,867)</b>	<b>1,127</b>	<b>20,151</b>	<b>1,819</b>	<b>23,470</b>	<b>391,776</b>

(Note) Monetary amounts in this table are shown rounded down to the nearest unit.

## 5. Notes to Consolidated Financial Statements

### Notes to Significant Matters Related to the Basis of Preparation of the Consolidated Financial Statements

#### 1. Scope of consolidation

##### (1) Consolidated subsidiaries (56 companies)

Names of major consolidated subsidiaries

NISSIN FOOD PRODUCTS CO., LTD., MYOJO FOODS CO., LTD., NISSIN CHILLED FOODS CO., LTD., NISSIN FROZEN FOODS CO., LTD., NISSIN CISCO CO., LTD., NISSIN YORK CO., LTD., NISSIN FOODS (U.S.A.) CO., INC., NISSIN FOODS CO., LTD., NISSIN FOODS (ASIA) PTE. LTD., Nissin Foods GmbH, NISSIN YILDIZ GIDA SANAYI VE TICARET A.S. and others

##### (2) Names of major non-consolidated subsidiaries

Nissin (Shanghai) Food Safety Research & Development Co., Ltd.

(Reason for exclusion from scope of consolidation)

The non-consolidated subsidiary is small in scale and its aggregate amount of total assets, net sales, net income or loss (for the Company's equity interest), retained earnings (for the Company's equity interest) and others do not have a material effect on the Company's consolidated financial statements.

#### 2. Application of the equity method

##### (1) Non-consolidated subsidiaries and associates accounted for by the equity method (4 associates)

Thai President Foods Public Company Limited, Mareven Food Holdings Limited, KOIKE-YA Inc., and Nissin-Universal Robina Corp.

From the fiscal year under review, Nissin-Universal Robina Corp. is included within the scope of equity method because of increases in the significance.

##### (2) Non-consolidated subsidiaries (Nissin (Shanghai) Food Safety Research & Development Co., Ltd. and others) and associates (Accelerated Freeze Drying Co., Ltd. and others) not accounted for by the equity method are excluded from the scope of application of the equity method because each of them has a minimal effect on the Company's net income or loss (for the Company's equity interest), retained earnings (for the Company's equity interest) and others and they are not collectively material.

#### 3. Fiscal year-end dates of consolidated subsidiaries and related matters

Of consolidated subsidiaries, NISSIN FOODS CO., LTD., WINNER FOOD PRODUCTS LTD., NISSIN FOODS DE MEXICO S.A. DE C.V., and other 16 companies close their fiscal year on December 31. In preparing the consolidated financial statements, NISSIN FOODS CO., LTD., WINNER FOOD PRODUCTS LTD., NISSIN FOODS DE MEXICO S.A. DE C.V. prepared provisional financial results mainly as of March 31. In the other companies, the financial statements as of the fiscal year-end of each company are used, and necessary adjustments are made for major transactions that occurred between the date and March 31.

(Changes to the fiscal year-end dates of consolidated subsidiaries)

Among consolidated subsidiaries, for seven consolidated subsidiaries whose closing date or provisional closing date was December 31, including NISSIN FOODS (ASIA) PTE. LTD., previously the financial statements as of December 31 were used, and necessary adjustments were made for major transactions that occurred between the date and March 31. However, from the fiscal year under review, those companies have changed the closing date to March 31 or changed the method to perform provisional closing on March 31 in order to make more appropriate disclosure of consolidated financial statements.

Adjustments for profit and loss for the period from January 1, 2017 to March 31, 2017 due to the changes of the closing dates were made as increase or decrease of retained earnings.

#### 4. Accounting policies

##### (1) Valuation basis and method for significant assets

###### a) Marketable securities

###### Available-for-sale securities

###### Securities with available fair values

Stated at fair value based on the market price or the like on the fiscal year-end (unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined by the moving-average method).

###### Securities without available fair values

Stated at cost using the moving-average method.

###### b) Derivatives

Stated at fair value.

###### c) Inventories

###### Merchandise and finished goods

Mainly stated at cost using the gross average method (balance sheet amounts are determined by the method of writing down book value in accordance with decreased profitability).

###### Raw materials and supplies

Mainly stated at cost using the gross average method (balance sheet amounts are determined by the method of writing down book value in accordance with decreased profitability).

##### (2) Method of depreciation of significant depreciable assets

###### a) Property, plant and equipment (excluding leased assets)

Amortized using the straight line method.

The main useful lives are as follows.

Buildings	15 to 50 years
Machinery and equipment	10 years

###### b) Intangible fixed assets (excluding leased assets)

Amortized using the straight-line method.

Purchased software is amortized by the straight-line method over the expected useful life for internal use (5 years).

###### c) Leased assets

Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming that lease periods are useful lives and salvage values are zero.

##### (3) Accounting policy for significant provisions

###### Allowance for doubtful receivables

To prepare for possible losses on uncollectable receivables, mainly for general receivables, an amount is provided based on the allowance rate of grades specified by reference to the historical percentage of uncollectable and for specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

(4) Method of significant hedge accounting

a) Method of hedge accounting

Accounted for with deferred hedge accounting. However, certain payables denominated in foreign currencies with forward foreign exchange contracts are subject to appropriation if they satisfy the requirements of appropriation treatment. Certain borrowings with interest rate swaps are subject to special treatment if they satisfy the requirements of special treatment.

b) Hedging instruments and hedged items

Hedging instruments.....	Forward foreign exchange contracts and interest rate swaps
Hedged items.....	Payables and forecast transactions denominated in foreign currencies and borrowings

c) Hedging policy

Finance and Accounting Division manages and performs hedging transactions in accordance with the basic policy approved by the Company's Management Committee. The hedging instruments are used for the purpose of hedging foreign exchange fluctuation risk and interest rate fluctuation risk of hedged items.

d) Method of assessing hedge effectiveness

Hedge effectiveness is deemed to be high as critical terms are the same for the hedging instruments and hedged items, and changes in the cash flow and changes in market values are expected to be completely offset from the start of hedging activities onward.

(5) Amortization of goodwill

Goodwill is amortized on a straight-line basis over a reasonable number of years, not exceeding 20 years, which will be determined for each investment deal. However, in the case where the amount is immaterial, the whole amount may be charged to expenses when they occur.

(6) Other significant matters for preparation of the consolidated financial statements

a) Recognition of liability for retirement benefits

To prepare for retirement benefits to employees, liability for retirement benefits is provided as the difference between retirement benefit obligations and plan assets based on estimated amounts at the end of the fiscal year under review. In the calculation of retirement benefit obligations, the method used to attribute expected retirement benefits to periods up to the fiscal year under review is benefit formula basis. Actuarial gains and losses are recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gains and losses incur.

Unrecognized actuarial gains and losses are recorded in the defined retirement benefit plans in the accumulated other comprehensive income of the equity section after adjusting for tax effects.

b) Accounting policy for consumption taxes

Consumption taxes and local consumption taxes are accounted for based on the tax exclusion method.

## Notes to Consolidated Balance Sheet

### 1. Assets pledged as collateral and liabilities secured

#### (1) Assets pledged as collateral

		(Millions of yen)
Land	2,252	(312)
Buildings and structures	3,371	(609)
Machinery, equipment and vehicles	221	(221)
Total	5,846	(1,143)

#### (2) Liabilities secured

		(Millions of yen)
Short-term borrowings	900	(-)
Other current liabilities (Current portion of long-term debt)	1,556	(926)
Long-term debt	8,442	(4,704)
Total	10,898	(5,630)

Figures in parentheses above indicate mortgages of the foundation and its liabilities, which are breakdowns included in the total.

### 2. Accumulated depreciation of property, plant and equipment

¥198,334 million

3. The land for business use owned by the Company was revaluated under the “Act on Revaluation of Land” and the “Act for Partial Revision of the Act on Revaluation of Land,” and unrealized losses resulting from the revaluation were posted as “land revaluation reserve” in the equity section, after deducting the deferred tax liabilities on land revaluation.

#### Revaluation method

The value is calculated based on road rate as prescribed in Article 2, Item 4 of “Order for Enforcement of the Act on Revaluation of Land,” with reasonable adjustments being made.

#### Date of revaluation

March 31, 2002

The difference between the fair value of land at the end of fiscal year under review and its book value after revaluation

¥5,730 million

### 4. Financial covenants

Our consolidated subsidiary, NICKY FOODS CO., LTD. has entered into a syndicated loan agreement with a commitment line for co-financing from a total of three companies with Mizuho Bank, Ltd. as arranger (balance of the borrowings: ¥2,700 million). In these contracts the following financial covenants (on a non-consolidated basis) are applied and if violating any of these covenants, NICKY FOODS CO., LTD. shall be obliged to lose the benefit of time for all the loans under the contracts upon notification from the agent based on the claim by the multiple lenders, and to immediately pay the amount.

- (1) The Company shall maintain the amount of equity on the balance sheet of each fiscal year at 75% or above of the larger of the amount of equity at the end of fiscal year ended March 31, 2017 or the said amount at the end of the immediately preceding fiscal year. However, the amount of valuation losses on loans to and investments in capital of certain subsidiaries and associates in each fiscal year shall be added to equity.
- (2) The Company shall not post operating profit and loss in the statement of income for each fiscal year for two consecutive periods.
- (3) The Company shall not have net capital deficiencies with regard to equity on the balance sheet of each fiscal year.

## Notes to Consolidated Statement of Changes in Equity

### 1. Class and number of shares issued and class and number of shares of treasury stock

	Class of shares	Number of shares at beginning of fiscal year under review	Number of shares increased in fiscal year under review	Number of shares decreased in fiscal year under review	Number of shares at end of fiscal year under review
Shares issued	Common shares	117,463,685 shares	–	–	117,463,685 shares
Treasury stock	Common shares	13,373,235 shares	1,172 shares	45,109 shares	13,329,298 shares

- (Notes)
- 1,172 shares increase in the number of shares of common shares in treasury stock is due to the purchase of shares less than one unit.
  - Decrease in the number of common shares in treasury stock is due to exercise of stock options by officers and employees of the Company and officers of the Company's subsidiaries of 45,104 shares, and the sales of 5 shares less than one unit.

### 2. Dividends

#### (1) Amount of dividend payments

Resolution	Class of shares	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2017	Common shares	4,684	45	March 31, 2017	June 29, 2017
Board of Directors meeting held on November 10, 2017	Common shares	4,685	45	September 30, 2017	November 29, 2017

- (2) Of dividends whose record date belongs to the fiscal year under review, dividends that take effect in the next fiscal year

The cash dividends are planned to be proposed for resolution as follows.

Proposal for resolution	Class of shares	Total amount of dividend (Millions of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 27, 2018	Common shares	4,686	Retained earnings	45	March 31, 2018	June 28, 2018

### 3. Stock acquisition rights

Class and number of the shares subject to stock acquisition rights issued by the Company at the end of the fiscal year under review

Common shares                      506,602 shares

## Notes on Financial Instruments

### 1. Status of financial instruments

#### (1) Policy for financial instruments

The Group invests in safer financial assets in management of its funds, and fund procurement is mainly treated by bank loans. Derivative transactions are used to hedge the various risks as described in detail below, and the Group shall adhere to the policy of never conducting transactions for gaining quick profits from sales of financial instruments or for speculative purposes.

#### (2) Content and risks of financial instruments and risk management system therefor

Notes and accounts receivable-trade, which are operating receivables, are exposed to credit risks of customers. The Company follows internal policies that regulate authorization over transactions to reduce such risks. Marketable securities and investments in securities are primarily shares and bonds, and their fair values are calculated every quarter.

Notes and accounts payable-trade that are operating payables have payment dates due within one year. Some of those denominated in foreign currencies are exposed to foreign currency risk, but such risk is hedged by using forward foreign exchange contracts. Borrowings are mainly for financing related to capital investment and business investment. Interest rate swaps are used to control interest rate fluctuation risk for some of the borrowings.

In derivative transactions, forward foreign exchange contracts are used to hedge foreign exchange fluctuation risk of payables and forecast transactions denominated in foreign currencies, and interest rate swaps are used to hedge interest rate fluctuation risk of borrowings. The hedge accounting is used for forward foreign exchange contracts and interest rate swaps. For details such as the hedging instruments, hedge items, hedging policy, and the method of assessing hedge effectiveness, refer to “4. Accounting policies (4) Method of significant hedge accounting” in the Notes to Significant Matters Related to the Basis of Preparation of the Consolidated Financial Statements above.

Derivative transactions entered into by the Group have been made in accordance with internal policies that regulate the authorization. The counterparties to the Group’s derivative contracts are limited to financial institutions having a high credit rating to reduce credit risk. Operating payables and borrowings are exposed to liquidity risk. However, the Group manages the risk in accordance with internal policies that regulate the authorization over transactions through, for example, preparation of a funding plan.

#### (3) Supplementary remarks on fair value, etc. of financial instruments

The fair value of financial instruments is based on market prices or reasonably calculated value if there is no market price available. Because these calculations are based on certain assumptions, applying different assumptions may result in different fair values.

## 2. Fair value, etc. of financial instruments

Consolidated balance sheet amount, fair value, and the difference between the two values as of March 31, 2018 (the consolidated closing date for the fiscal year under review), are as shown below. Financial instruments whose fair values are deemed to be extremely difficult to determine are not included in this table (refer to Note 2).

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Cash and deposits	56,131	56,131	-
(2) Notes and accounts receivable-trade	69,133	69,133	-
(3) Marketable securities and investments in securities	121,365	142,995	21,630
Total assets	246,629	268,260	21,630
(1) Notes and accounts payable-trade	56,635	56,635	-
(2) Short-term borrowings	3,235	3,235	-
(3) Accrued payables	33,230	33,230	-
(4) Accrued income taxes	5,886	5,886	-
(5) Long-term debt	17,611	17,664	52
Total liabilities	116,599	116,652	52
Derivative transactions (*)			
i) Derivative transactions to which hedge accounting is not applied	-	-	-
ii) Derivative transactions to which hedge accounting is applied	(51)	(51)	-
Total derivative transactions	(51)	(51)	-

(\*) Assets and liabilities arising from derivative transactions are presented on a net basis. Net liability is indicated in parentheses.

### (Notes) 1. Method for calculating the fair value of financial instruments

#### Assets

#### (1) Cash and deposits and (2) notes and accounts receivable-trade

The book values are used for deposits with maturities because their fair values approximate book values. The book values are used for deposits with maturities and notes and accounts receivable-trade because these are settled in a short period of time and their fair values approximate book values.

#### (3) Marketable securities and investments in securities

Regarding shares, fair value is stated at the quoted market price of the stock exchange and, for bonds, fair value is stated at the quoted market price of the stock exchange or the price obtained from the financial institutions.

#### Liabilities

#### (1) Notes and accounts payable-trade, (2) short-term borrowings, (3) accrued payables, and (4) accrued income taxes

The book values are used because these are settled in a short period of time and their fair values approximate book values.

#### (5) Long-term debt

Some of long-term debt with floating interest rate is subject to the special treatment of interest rate swaps and the fair value is determined by discounting the principal amounts with interest of such interest rate swaps related to the loans by the reasonably estimated interest rate for similar borrowings. The Company determines the fair values of long-term debt by discounting the total amount of the principal and interest of the relevant long-term debt by the interest rates considered to be applicable to similar new loans.

#### Derivative transactions

Fair value is stated at the price obtained from the financial institutions.

2. Financial instruments whose fair value is deemed to be extremely difficult to determine

	Consolidated balance sheet amount (Millions of yen)
Unlisted stocks	16,898
Other	395
Investments in capital	715

The Company does not include these items in “Assets (3) Marketable securities and investments in securities” because they have no market prices and also the future cash flows cannot be estimated, their fair values are deemed to be extremely difficult to determine.

3. Marketable securities

Acquisition cost or amortized cost and balance sheet amounts and their differences by securities type on available-for-sale securities

	Class of shares	Acquisition cost or amortized cost (Millions of yen)	Consolidated balance sheet amount (Millions of yen)	Difference (Millions of yen)
Financial instruments where the consolidated balance sheet amount exceeds the acquisition cost	(1) Shares	28,688	79,410	50,722
	(2) Bonds			
	i) Government bonds	–	–	–
	ii) Corporate bonds	1,218	1,242	23
	iii) Other	–	–	–
	(3) Other	37	97	59
	Subtotal	29,945	80,750	50,805
Financial instruments where the consolidated balance sheet amount does not exceed the acquisition cost	(1) Shares	17,024	9,417	(7,606)
	(2) Bonds			
	i) Government bonds	–	–	–
	ii) Corporate bonds	2,969	2,962	(7)
	iii) Other	–	–	–
	(3) Other	51	51	–
	Subtotal	20,045	12,431	(7,614)
Total		49,990	93,182	43,191

## Notes on Investment and Rental Properties

### 1. Status of investment and rental properties

The Company and certain consolidated subsidiaries own rental office buildings (including land), etc. in Tokyo and other areas.

### 2. Fair values of investment and rental properties

Consolidated balance sheet amount (Millions of yen)	Fair Value (Millions of yen)
4,448	14,547

- (Notes)
1. Consolidated balance sheet amount is calculated by deducting accumulated depreciation from acquisition cost.
  2. The fair value as of the end of the fiscal year under review is the amount calculated by the Group primarily based on the Real Estate Appraisal Standards (including those adjusted using relevant indexes).

## Notes on Per Share Information

1. Total equity per share ¥3,519.36
2. Net income per share ¥279.52

## Notes on Impairment Losses

In the fiscal year under review, the Group booked impairment losses on the following asset groups.

Location	Purpose	Class	Impairment losses (Millions of yen)
Ritto City, Shiga Prefecture and other locations	Business assets and idle assets	Buildings	1,192
		Machinery and equipment	2,534
		Other assets	212
China	Business assets	Buildings	91
		Machinery and equipment	83
		Other assets	9
India	Business assets	Buildings	447
		Machinery and equipment	667
		Other assets	4
Hungary	Business assets	Buildings	102

The Group groups its business assets according to each production base or use, and idle assets according to each individual property.

In the fiscal year under review, for certain business assets and idle assets that are no longer expected to be used due to establishment of new factories accompanying the policies of improving productivity and enhancing quality control, and business assets deemed difficult to recoup the invested amount due to the decreased profitability, the book values are written down to their recoverable values and these reductions are recorded as impairment losses (¥5,346 million) under extraordinary losses.

The recoverable value of idle assets is valued at a memorandum value, in consideration of actual disposal value. Business assets are measured based on net sale value or use value.

## Notes on gain on change in ownership interest

This is due to change in ownership interest in Thai President Foods Public Company Limited, an associate accounted for using the equity method of the Company.



## 6. Statement of Changes in Equity

(Year ended March 31, 2018)

(Millions of yen)

	Shareholders' equity									
	Common stock	Capital surplus		Retained earnings						
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings					
					Reserve for reduction entry of land	Reserve for improvement of facilities	Reserve for overseas market development	Reserve for product development	General reserve	Retained earnings brought forward
<b>Balance at the beginning of the year</b>	25,122	48,370	–	6,280	2,572	200	200	300	160,300	24,868
<b>Total increase (decrease) during the year</b>										
Cash dividends paid										(9,369)
Net income										16,326
Acquisition of treasury stock										
Sales of treasury stock			(25)							
Transfer to capital surplus from retained earnings			25							(25)
Reversal of land revaluation reserve										108
Net changes of items other than shareholders' equity										
<b>Total increase (decrease) during the year</b>	–	–	–	–	–	–	–	–	–	7,039
<b>Balance at the end of the year</b>	25,122	48,370	–	6,280	2,572	200	200	300	160,300	31,907

	Shareholders' equity		Valuation and translation adjustments				Stock acquisition rights	Total equity
	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve	Total Valuation and translation adjustments		
<b>Balance at the beginning of the year</b>	<b>(58,190)</b>	<b>210,023</b>	<b>21,694</b>	<b>–</b>	<b>(6,548)</b>	<b>15,146</b>	<b>1,626</b>	<b>226,796</b>
<b>Total increase (decrease) during the year</b>								
Cash dividends paid		<b>(9,369)</b>						<b>(9,369)</b>
Net income		<b>16,326</b>						<b>16,326</b>
Acquisition of treasury stock	<b>(8)</b>	<b>(8)</b>						<b>(8)</b>
Sales of treasury stock	<b>196</b>	<b>171</b>						<b>171</b>
Transfer to capital surplus from retained earnings		<b>–</b>						<b>–</b>
Reversal of land revaluation reserve		<b>108</b>						<b>108</b>
Net changes of items other than shareholders' equity			<b>7,309</b>	<b>(36)</b>	<b>(108)</b>	<b>7,165</b>	<b>193</b>	<b>7,358</b>
<b>Total increase (decrease) during the year</b>	<b>187</b>	<b>7,227</b>	<b>7,309</b>	<b>(36)</b>	<b>(108)</b>	<b>7,165</b>	<b>193</b>	<b>14,585</b>
<b>Balance at the end of the year</b>	<b>(58,002)</b>	<b>217,250</b>	<b>29,004</b>	<b>(36)</b>	<b>(6,656)</b>	<b>22,312</b>	<b>1,819</b>	<b>241,382</b>

(Note) Monetary amounts in this table are shown rounded down to the nearest unit.

**7. Notes to Non-consolidated Financial Statements**

**Notes on Significant Accounting Policies**

1. Valuation basis and method for assets

(1) Valuation basis and method for marketable securities

a) Shares of subsidiaries and associates

Stated at cost using the moving-average method.

b) Available-for-sale securities

Securities with available fair values

Stated at fair value based on the market price or the like on the fiscal year-end (unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined by the moving-average method).

Securities without available fair values

Stated at cost using the moving-average method.

(2) Valuation basis and method for derivatives

Derivatives

Stated at fair value.

(3) Valuation basis and method for inventories

Raw materials and supplies

Mainly stated at cost using the gross average method (balance sheet amounts are determined by the method of writing down book value in accordance with decreased profitability).

2. Method of depreciation of fixed assets

(1) Property, plant and equipment (excluding leased assets)

Amortized using the straight-line method.

The main useful lives are as follows.

Buildings	15 to 50 years
Tools and fixtures	4 years

(2) Intangible fixed assets (excluding leased assets)

Amortized using the straight-line method.

Purchased software is amortized by the straight-line method over the expected useful life for internal use (5 years).

(3) Leased assets

Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming that lease periods are useful lives and salvage values are zero.

3. Accounting policy for provisions

(1) Provision for retirement benefits

To prepare for retirement benefits to employees, provision for retirement benefits is provided based on the estimated amount of retirement benefit obligations and plan assets at the end of the fiscal year under review. In the calculation of retirement benefit obligations, the method used to attribute expected retirement benefits to periods up to the fiscal year under review is benefit formula basis.

Actuarial gains and losses are recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gains and losses incur.

(2) Allowance for doubtful receivables

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided based on the allowance rate of grades specified by reference to the historical percentage of uncollectable and for specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

4. Major hedge accounting methods

(1) Method of hedge accounting

Accounted for with deferred hedge accounting. However, certain payables denominated in foreign currencies with forward exchange foreign contracts are subject to appropriation if they satisfy the requirements of appropriation treatment.

(2) Hedging instruments and hedged items

Hedging instruments..... Forward foreign exchange contracts

Hedged items ..... Payables and forecast transactions denominated in foreign currencies

(3) Hedging policy

In accordance with the basic policy approved by the Company's Management Committee, Finance and Accounting Division manages and executes transactions, and uses hedging instruments for the purpose of hedging foreign exchange fluctuation risk and interest rate fluctuation risk of hedged items.

(4) Method of assessing hedge effectiveness

Hedge effectiveness is deemed to be high as critical terms are the same for the hedging instruments and hedged items, and changes in the cash flow and changes in market values are expected to be completely offset from the start of hedging activities onward.

5. Other significant matters forming the basis of preparation of the non-consolidated financial statements

(1) Accounting method for retirement benefits

The accounting treatment method for unrecognized actuarial gain or losses related to retirement benefits is different from the treatment for the item in the consolidated financial statements.

(2) Accounting policy for consumption taxes

Consumption taxes and local consumption taxes are accounted for based on the tax exclusion method.

## Notes to Balance Sheet

### 1. Accumulated depreciation of property, plant and equipment

¥12,631 million

2. The land for business use owned by the Company was revaluated under the “Act on Revaluation of Land” and the “Act for Partial Revision of the Act on Revaluation of Land,” and unrealized losses resulting from the revaluation were posted as “land revaluation reserve” in the equity section, after deducting the deferred tax liabilities on land revaluation.

#### Revaluation method

The value is calculated based on road rate as prescribed in Article 2, Item 4 of “Order for Enforcement of the Act on Revaluation of Land,” with reasonable adjustments being made.

#### Date of revaluation

March 31, 2002

The difference between the fair value of land at the end of fiscal year under review and its book value after revaluation

¥100 million

### 3. Monetary receivables from and payables to subsidiaries and associates

(Millions of yen)

Short-term monetary receivables	34,612
Long-term monetary receivables	361
Short-term monetary payables	79,022

### 4. Guarantee obligations, etc.

#### (1) Guarantees of borrowings of consolidated subsidiaries from financial institutions

NISSIN FOODS (U.S.A.) CO., INC.	¥790 million
NISSIN YILDIZ GIDA SANAYI VE TICARET A.S.	¥282 million
Nissin Foods Kft.	¥4,634 million
INDO NISSIN FOODS PRIVATE LTD.	¥99 million

#### (2) Letter of awareness issued to financial institutions for borrowings of consolidated subsidiaries

NISSIN YORK CO., LTD.	¥5,630 million
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#### (3) Lump-sum payment trust concomitant-type debt assumption at subsidiaries and associates

¥4,677 million

- (4) The Company has provided guarantees to the Ministry of Commerce of the People’s Republic of China (formerly known as the Ministry of Foreign Trade and Economic Co-operation) with regard to direct investment carried out within China by NISSIN FOODS (CHINA) HOLDING CO., LTD. and the transfer of technology to the investment recipient party, to the effect that in the event of non-performance the Company shall act as agent.

At the present time at the end of the fiscal year under review, there are no plans for investment or technology transfer such as would raise any concerns with regard to the above-mentioned performance obligation.

## Notes to Statement of Income

### 1. Transactions with subsidiaries and associates

	(Millions of yen)
Net sales	45,041
Purchases	277
Other operating expenses	1,539
Other transactions	43

### 2. Loss on valuation of stocks of subsidiaries and affiliates

“Loss on valuation of stocks of subsidiaries and affiliates” in the fiscal year under review represents write-down of stocks of NISSIN YILDIZ GIDA SANAYI VE TICARET A.S. and NISSIN FOODS DE COLOMBIA S.A.S.

## Notes to Statement of Changes in Equity

### Class and total number of treasury stock

Class of shares	Number of shares at beginning of fiscal year under review	Number of shares increased in fiscal year under review	Number of shares decreased in fiscal year under review	Number of shares at end of fiscal year under review
Common shares	13,373,235 shares	1,172 shares	45,109 shares	13,329,298 shares

- (Notes)
- 1,172 shares increase in the number of common shares in treasury stock is due to the purchase of shares less than one unit.
  - Decrease in the number of common shares in treasury stock is due to exercise of stock options by officers and employees of the Company and officers of the Company’s subsidiaries of 45,104 shares, and the sales of 5 shares less than one unit.

## Notes on Tax Effect Accounting

### 1. Significant components of deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets	
Loss on valuation of investments in securities	8,066
Shares of subsidiaries and associates (split company)	4,604
Long-term accrued payable	1,078
Accrued bonuses	259
Accrued payables	102
Depreciation	43
Other	349
Subtotal deferred tax assets	<u>14,504</u>
Valuation allowance	<u>(8,930)</u>
Total deferred tax assets	<u>5,574</u>
Deferred tax liabilities	
Unrealized gain (loss) on available-for-sale securities	(12,397)
Reserve for reduction entry of land	<u>(1,135)</u>
Total deferred tax liabilities	<u>(13,532)</u>
Net deferred tax liabilities	<u>(7,958)</u>

### 2. Breakdown of major items that cause differences between statutory and effective tax rates and income tax burden after tax effect accounting is applied

Statutory effective tax rate (adjustment)	30.86%
Expenses not deductible permanently such as entertainment expenses	0.78%
Income not taxable permanently such as dividend income	(24.43)%
Change in valuation allowance	(3.36)%
Other	0.18%
Effective tax rate after application of tax effect accounting	<u>4.03%</u>

## Notes on Transactions with Related Parties

### 1. Subsidiaries and associates

Type	Name	Capital or investments in capital	Nature of Business or Occupation	Voting rights holding or held	Nature of relationship		Transactions	Transaction amount (Millions of yen) (Note 1)	Account title	Ending balance (Millions of yen) (Note 1)
					Interlocking of officers, etc.	Business relationship				
Subsidiary	NISSIN FOOD PRODUCTS CO., LTD.	¥5,000 million	Manufacture and sale of instant noodles	100.0% (-)	3 officers	Provision of raw materials, technology support, fund management, etc.	Fund management	(Note 2)	Deposits received	45,354
							Provision of raw materials (Note 3)	85,542	Accounts receivable-trade	22,808
							Management support fee (Note 4)	16,581	-	
Subsidiary	NISSIN CHILLED FOODS CO., LTD.	¥100 million	Manufacture and sale of chilled foods	100.0% (-)	1 officer	Provision of raw materials and fund management, etc.	Fund management	(Note 2)	Deposits received	4,193
							Provision of raw materials (Note 3)	5,620	Accounts receivable-trade	1,391
Subsidiary	NISSIN FROZEN FOODS CO., LTD.	¥100 million	Manufacture and sale of frozen foods	100.0% (-)	1 officer	Provision of raw materials and fund management, etc.	Fund management	(Note 2)	Deposits received	2,003
							Provision of raw materials (Note 3)	3,823	Accounts receivable-trade	1,099
Subsidiary	MYOJO FOODS CO., LTD.	¥3,143 million	Manufacture and sale of instant noodles	100.0% (-)	1 officer	Provision of raw materials, technology support, and fund management, etc.	Fund management	(Note 2)	Deposits received	7,168
							Provision of raw materials (Note 3)	7,523	Accounts receivable-trade	1,498
Subsidiary	NISSIN YORK CO., LTD.	¥870 million	Manufacture and sale of dairy products, etc.	100.0% (-)	1 officer	Debt guarantees, etc. on loans to Nissin York Co., LTD.	Debt guarantees (Note 5)	5,630	-	
Subsidiary	Nissin Foods Kft.	HUF1,000 million	Manufacture and sale of instant noodles	100.0% (-)	-	Debt guarantees, etc. on loans to Nissin Foods Kft.	Debt guarantees (Note 6)	4,634	-	

- (Notes)
1. Of the amounts above, the transaction amount does not include consumption taxes, and the end balance includes consumption taxes except deposits received.
  2. The Company has introduced a cash management system by which funds in the group are centrally managed and borrowed and lent among those group companies on a daily basis. Thus the transaction amounts are not recorded. The interest rates are determined by taking into account market interest rates.
  3. Transaction conditions are determined by referencing general trading conditions.
  4. Management support fee is determined through mutual discussions in consideration of the contents of a business operation.
  5. For bank loans, the Company has submitted a letter of awareness for management guidance.
  6. For bank loans, the Company has provided debt guarantees.

## 2. Officers and major individual shareholders

Type	Name	Voting rights holding or held	Relation with the party	Transactions	Transaction amount (Millions of yen) (Note 1)	Account title	Ending balance (Millions of yen)
Companies, etc. over which officer and its close family member own the majority of the voting rights	Intec Lease Co., Ltd.	-	Lease of assets, etc.	Payment of lease fees, etc. (Note 2)	94	Lease liabilities within one year	4
						Lease liabilities beyond one year	5

(Notes) 1. Of the amounts above, the transaction amount does not include consumption taxes.

2. The leasing is performed after obtaining price estimates based on general leasing operations and comparing them with those presented by other leasing companies.

### Notes on Per Share Information

1. Total equity per share	¥2,300.52
2. Net income attributable to owners of parent per share	¥156.80

### Notes on Significant Subsequent Events

(Cancellation of treasury stock)

The Company passed a resolution on matters related to cancellation of treasury stock at the meeting of the Board of Directors held on May 10, 2018, pursuant to the provisions of Article 178 of the Companies Act as follows.

(1) Reason for the cancellation of treasury stock	To enhance shareholder returns
(2) Details of the resolution of the Board of Directors on the cancellation of treasury stock	
i) Type of stock to be cancelled	Common shares of the Company
ii) Number of stock to be cancelled	11,763,685 shares
	(Ratio to total number of shares issued before cancellation: 10.01%)
iii) Date of cancellation	May 24, 2018
iv) Total number of shares issued after cancellation	105,700,000 shares

(Note) Amounts presented in this document less than one full unit have been rounded down. However, in respect of net income per share, total equity per share, and percentages, figures have been rounded to the nearest unit.