

Summary of Consolidated Financial Statements for the Six Months (1st Half) Ended September 30, 2018

[Prepared under IFRS, UNAUDITED]

NISSIN FOODS HOLDINGS CO., LTD.

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Stock exchange listing: Tokyo

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Scheduled date of filing of Quarterly Securities Report: November 7, 2018 (in Japanese)

Scheduled date of dividend payment: November 29, 2018

Preparation of supplementary documents: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months of the FY2019 (April 1, 2018–September 30, 2018)

(1) Consolidated Operating Results

(% figures represent year-on-year changes)

Six Months of	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2019	214,662	+1.9	22,537	+20.4	23,387	+18.3	15,150	+4.2
FY 2018	210,601	—	18,721	—	19,768	—	14,538	—

Six Months of	Basic earnings per share (¥)	Diluted earnings per share (¥)
FY 2019	145.47	144.74
FY 2018	139.65	138.96

(2) Consolidated Financial Position

As of	Total assets (¥ million)	Total equity (¥ million)	Equity attributable to owners of parent (¥ million)	Equity attributable to owners of parent to total assets (%)
September 30, 2018	571,224	363,926	339,889	59.5
March 31, 2018	528,726	353,128	329,776	62.4

2. Details of Dividends

	Cash dividend per share				
	End of 1 st quarter (¥)	End of 2 nd quarter (¥)	End of 3 rd quarter (¥)	Year-end (¥)	Total (¥)
FY 2018	—	45.00	—	45.00	90.00
FY 2019	—	55.00	—	—	—
FY 2019 (Forecast)	—	—	—	55.00	110.00

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

3. Forecasts of Consolidated Financial Results for the FY 2019 (April 1, 2018–March 31, 2019)

(% figures represent changes from the previous year)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share (¥)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	
FY 2019	455,000	+3.2	36,000	+2.3	26,000	(10.8)	249.68

Note: Modifications to the forecast published most recently: None

* The percentages changes from the same period of the previous fiscal year are calculated using the figures for the result of the fiscal year ended March 31, 2018 that conform to the International Financial Reporting Standards (IFRS).

Notes:

- (1) Changes in principal subsidiaries during the six months of FY 2019 (changes in specified subsidiaries that resulted in changes in scope of consolidation): None
-Newly consolidated: None
-Excluded from consolidation: None

- (2) Changes in significant accounting policy and changes in accounting estimates:

- 1) Changes in accounting policies required by IFRS: None
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None

- (3) Number of shares outstanding (common stock)

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

Six months of FY 2019	105,700,000 shares
FY 2018	117,463,685 shares

- 2) Number of treasury shares as of the end of:

Six months of FY 2019	1,544,780 shares
FY 2018	13,329,298 shares

- 3) Average number of shares during the period:

Six months of FY 2019	104,144,596 shares
Six months of FY 2018	104,109,727 shares

* This summary of quarterly consolidated financial statements is outside the scope of review by certified public accountants or audit firms.

* Notes for proper use of forecasts and other remarks

Adoption of IFRS:

The Group has adopted IFRS starting from the first quarter of the fiscal year ending March 31, 2019. Figures for the same period of the previous fiscal year and the fiscal year ended March 31, 2018 are also presented in accordance with IFRS. For details about the differences between IFRS and Japanese GAAP with respect to financial figures, please refer to page 18 “First-time adoption.”

Disclaimer regarding appropriate use of forecasts:

Forecasts contain forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ materially depending on a number of factors including but not limited to potential risks and uncertainties. Please refer to page 4 for “(3) Explanation Concerning Consolidated Forecasts” for the conditions of assumptions for the forecast and cautions to use forecast.

1. Qualitative Information Concerning Six Months Results

The Group has adopted IFRS from the first quarter of the current consolidated fiscal year and compares and analyses figures for the first half of the previous consolidated fiscal year and the previous consolidated fiscal year by reclassifying them into IFRS.

(1) Qualitative Information Concerning Consolidated Business Results

During the six-month period under review, the global economy generally remained firm, although a sense of uncertainty heightened over the future, including concerns about the trade frictions arising from the protectionist trade policy in the United States. Against the backdrop of improvements in employment and income conditions in Europe and the United States, consumer spending remained strong and economy there continued to recover. Meanwhile, Asian economy was on a downward trend due to continuing weakness of currencies in emerging countries and China's trade friction with the United States.

In Japan, the economy continued to recover, reflecting further improvements in employment and income conditions, as corporate earnings and capital investments remained robust.

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

< Consolidated results >

(¥ Million)

	Six months of FY2018	Six months of FY2019	Year on year	
			Amount	%
Revenue	210,601	214,662	+4,060	+1.9
Operating profit	18,721	22,537	+3,816	+20.4
Profit before tax	19,768	23,387	+3,618	+18.3
Profit attributable to owners of parent	14,538	15,150	+611	+4.2

The following is an overview of performance by reportable segment:

1) NISSIN FOOD PRODUCTS

Sales of NISSIN FOOD PRODUCTS Co., Ltd. increased year on year with a rise in sales of cup-type noodle and bag-type noodle products. In cup-type noodles, sales of the *CUP NOODLE* brand significantly increased with the launch of *NISSIN FOOD 60th ANNIVERSARY CUP NOODLE* to commemorate the 60th anniversary of NISSIN FOOD PRODUCTS Co., Ltd.. Sales of the *NISSIN-NO-DONBEI* series and the *NISSIN YAKISOBA U.F.O.* series also remained strong partly due to the effect of launching new products. In bag-type noodles, *CHICKEN RAMEN AKUMA NO KIMU-RA*, which benefited from a powerful TV commercial and excellent palatability became a popular topic of conversation on social media and online news sites, contributed to sales of the *CHICKEN RAMEN* brand, which celebrated the 60th anniversary of its release, and sales of the *OWAN DE TABERU* series, which was released in September 2017, remained strong. As a result, these products contributed to the company's sales.

Consequently, Revenue was ¥ 89,550 million (+1.0%) and operating profit was ¥ 12,267 million (+2.5%) in this reportable segment.

2) MYOJO FOODS

Looking at sales of MYOJO FOODS Co., Ltd., sales of the *MYOJO IPPEICHAN YOMISE NO YAKISOBA* series, a core cup-type noodles product, remained solid, and sales of the *MYOJO UMADASHIYA* series also grew. As a result, the company registered an increase in sales. Sales of bag-type noodles also increased year on year thanks to firm sales of the *MYOJO CHUKAZANMAI* series.

Consequently, Revenue was ¥ 16,008 million (+7.0%) and operating profit was ¥ 1,257 million (+15.2%) in this reportable segment.

3) Chilled and frozen foods

At NISSIN CHILLED FOODS Co., Ltd., sales of the *FRY PAN HITOTSU DE* series whose easy preparation has

proven popular rose, although the market conditions for chilled noodles were lackluster. Meanwhile, sales of fried noodle products remained strong, mainly helped by the *FUTOMEN YAKISOBA* series, a core product. As a result, the company posted a year-on-year gain in sales. However, overall profit declined mainly due to rises in raw material and logistics costs.

NISSIN FROZEN FOODS Co., Ltd. saw steady sales, mainly in consumer products. Sales of Chinese-type noodles without soup such as *REITO NISSIN CHUKA SHIRUNASHI TAN TAN MEN* increased, and sales of Yakisoba such as *NISSIN CHUKA SHANGHAI YAKISOBA OMORI* also grew. In addition, *NISSIN SPA OH PREMIUM* continued to be strong in pasta products with precooked ingredients. As a result, the company posted a year-on-year increase in sales.

Consequently, Revenue was ¥ 27,671 million (+2.8%) and operating profit was ¥ 1,161 million (+1.6%) in this reportable segment.

4) The Americas

The Americas is working to strengthen the proposal of value-added products to create new demand and profitability by enhancing cost competitiveness, in addition to empowering existing products.

Sales of *NISSIN LAMEN*, a core product in Brazil, remained firm and sales of *CUP NOODLES* steadily increased as well. Moreover, we are moving forward with price revisions to improve profitability in the United States. Nonetheless, revenue was down due to the impact of foreign exchange on the overall segment. Profit declined in the Americas segment given the deteriorated external environment in the United States, such as the rising cost of principal raw materials and higher personnel expenses, and the persistently high cost of logistics.

Consequently, Revenue was ¥ 29,270 million (-1.2%) and operating loss was ¥ 270 million in this reportable segment.

5) China

In China, the instant noodles market has bottomed out in mainland China, and the market for high-end products is expanding. The Group has taken steps to expand its geographical sales areas and strengthen its *CUP NOODLES* brand. In this environment, sales increased year on year thanks to strong sales of cup-type noodles, mainly in the *CUP NOODLES* brand. Profit declined year on year due to an increase in depreciation and IPO related personnel costs.

Consequently, Revenue was ¥ 20,342 million (+5.4%) and operating profit was ¥ 1,743 million (-4.9%) in this reportable segment.

Revenue in “Other,” which includes business segments not included in reportable segments such as domestic confectionary, beverages, Europe and Asia was ¥ 31,819 million (+2.4%) and operating profit was ¥ 9,141 million (+163.7%).

(2) Analysis of Financial Position

Note: Refer to pages from 5 to 6 for further information.

(3) Explanation Concerning Consolidated Forecasts

The full-year forecasts of the consolidated financial results for the fiscal year ending March 2019 remain unchanged from the forecasts that were announced on May 10, 2018.

2. Condensed Consolidated Financial Statements and Significant Notes

(1) Condensed Consolidated Statements of Financial Position

(¥ Million)

	Date of transition to IFRS (As of April 1, 2017)	FY 2018 (As of March 31, 2018)	FY 2019 (As of September 30, 2018)
Assets			
Current assets			
Cash and cash equivalents	66,737	49,620	61,984
Trade and other receivables	67,101	72,538	75,631
Inventories	29,023	29,616	31,968
Income taxes receivable	244	1,567	750
Other financial assets	4,455	6,569	5,071
Other current assets	4,006	5,626	8,527
Subtotal	171,569	165,539	183,934
Assets held for sale	—	3,514	—
Total current assets	171,569	169,054	183,934
Non-current assets			
Property, plant and equipment	163,256	188,219	213,883
Goodwill and intangible assets	10,128	8,256	7,308
Investment property	10,940	7,225	7,214
Investments accounted for using the equity method	29,373	43,957	42,096
Other financial assets	92,671	97,998	101,883
Deferred tax assets	10,177	12,050	12,962
Other non-current assets	3,032	1,964	1,940
Total non-current assets	319,580	359,672	387,289
Total assets	491,149	528,726	571,224

(¥ Million)

	Date of transition to IFRS (As of April 1, 2017)	FY 2018 (As of March 31, 2018)	FY 2019 (As of September 30, 2018)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	91,845	101,762	107,983
Borrowings	20,946	6,701	27,116
Provisions	—	1,188	1,156
Accrued income taxes	6,978	5,214	8,729
Other financial liabilities	456	541	653
Other current liabilities	18,623	19,213	16,002
Subtotal	138,850	134,622	161,641
Liabilities directly related to assets held for sale	—	143	—
Total current liabilities	138,850	134,766	161,641
Non-current liabilities			
Borrowings	15,611	14,146	15,582
Other financial liabilities	3,307	2,841	4,972
Defined benefit liabilities	5,354	4,138	4,239
Provisions	328	270	252
Deferred tax liabilities	14,229	16,989	18,022
Other non-current liabilities	2,294	2,445	2,587
Total non-current liabilities	41,125	40,831	45,656
Total liabilities	179,976	175,597	207,297
Equity			
Share capital	25,122	25,122	25,122
Capital surplus	49,823	51,218	51,222
Treasury shares	(58,190)	(58,002)	(6,723)
Other components of equity	25,684	31,353	31,174
Retained earnings	257,942	280,083	239,093
Total equity attributable to owners of parent	300,382	329,776	339,889
Non-controlling interests	10,790	23,352	24,036
Total equity	311,173	353,128	363,926
Total liabilities and equity	491,149	528,726	571,224

(2) Condensed Consolidated Statements of Income and Comprehensive Income
(Condensed Consolidated Statements of Income)
(For the six months ended September 30, 2017 and 2018)

(¥ Million)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Revenue	210,601	214,662
Cost of sales	135,193	139,435
Gross profit	75,408	75,226
Selling, general and administrative expenses	59,076	60,227
Gain on investments accounted for using the equity method	1,786	1,931
Other income	1,127	6,056
Other expenses	523	448
Operating profit	18,721	22,537
Finance income	1,282	1,197
Finance costs	235	348
Profit before tax	19,768	23,387
Income tax expense	5,109	7,655
Profit	14,659	15,731
Profit attributable to		
Owners of parent	14,538	15,150
Non-controlling interests	121	581
Profit	14,659	15,731
Earnings per share (Yen)		
Basic earnings per share(Yen)	139.65	145.47
Diluted earnings per share(Yen)	138.96	144.74

(For the three months ended September 30, 2017 and 2018)

(¥ Million)

	Three months ended September 30, 2017	Three months ended September 30, 2018
Revenue	109,264	111,263
Cost of sales	70,205	72,395
Gross profit	39,058	38,867
Selling, general and administrative expenses	30,327	30,707
Gain on investments accounted for using the equity method	1,045	1,108
Other income	419	689
Other expenses	330	254
Operating profit	9,865	9,704
Finance income	427	278
Finance costs	124	62
Profit before tax	10,168	9,921
Income tax expense	1,936	2,551
Profit	8,232	7,369
Profit attributable to		
Owners of parent	8,184	6,878
Non-controlling interests	47	491
Profit	8,232	7,369
Earnings per share (Yen)		
Basic earnings per share(Yen)	78.61	66.04
Diluted earnings per share(Yen)	78.22	65.70

(Condensed Consolidated Statements of Comprehensive Income)
(For the six months ended September 30, 2017 and 2018)

(¥ Million)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	14,659	15,731
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	5,393	2,634
Remeasurements of defined benefit plans	—	—
Share of other comprehensive income of entities accounted for using the equity method	3	(91)
Total items that will not be reclassified to profit or loss	5,396	2,543
Items that are or may be reclassified to profit or loss		
Net change in debt instruments measured at fair value through other comprehensive income	2	0
Cash flow hedges	4	40
Foreign currency translation differences on foreign operations	1,570	(867)
Share of other comprehensive income of entities accounted for using the equity method	(319)	(1,982)
Total items that are or may be reclassified to profit or loss	1,257	(2,809)
Total other comprehensive income	6,654	(266)
Comprehensive income	21,314	15,465
Comprehensive income attributable to		
Owners of parent	21,188	14,691
Non-controlling interests	125	773
Comprehensive income	21,314	15,465

(For the three months ended September 30, 2017 and 2018)

(¥ Million)

	Three months ended September 30, 2017	Three months ended September 30, 2018
Profit	8,232	7,369
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	2,263	2,774
Remeasurements of defined benefit plans	—	14
Share of other comprehensive income of entities accounted for using the equity method	(59)	(70)
Total items that will not be reclassified to profit or loss	2,204	2,718
Items that are or may be reclassified to profit or loss		
Net change in debt instruments measured at fair value through other comprehensive income	1	0
Cash flow hedges	1	(4)
Foreign currency translation differences on foreign operations	1,793	507
Share of other comprehensive income of entities accounted for using the equity method	(566)	(926)
Total items that are or may be reclassified to profit or loss	1,230	(423)
Total other comprehensive income	3,434	2,294
Comprehensive income	11,666	9,664
Comprehensive income attributable to		
Owners of parent	11,607	9,122
Non-controlling interests	59	541
Comprehensive income	11,666	9,664

(3) Condensed Consolidated Statements of Changes in Equity

Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

(¥ Million)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Subscription rights to shares	Foreign currency translation differences on foreign operations	Cash flow hedges	Net change in financial instruments measured at fair value through other comprehensive income
Balance at April 1, 2017	25,122	49,823	(58,190)	1,626	—	(7)	22,531
Profit	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	1,567	4	5,393
Total comprehensive income	—	—	—	—	1,567	4	5,393
Acquisition of treasury shares	—	—	(2)	—	—	—	—
Sales of treasury shares	—	(10)	130	(119)	—	—	—
Cash dividend paid	—	—	—	—	—	—	—
Share-based payments	—	—	—	364	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	(5)	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	10	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	(1,002)
Other	—	—	—	—	—	—	—
Total transactions with owners of parent	—	(5)	127	244	—	—	(1,002)
Balance at September 30, 2017	25,122	49,818	(58,063)	1,870	1,567	(2)	26,922

Equity attributable to owners of parent						
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total equity
	Share of other comprehensive income of entities accounted for using the equity method	Total				
Balance at April 1, 2017	1,533	25,684	257,942	300,382	10,790	311,173
Profit	—	—	14,538	14,538	121	14,659
Other comprehensive income	(315)	6,650	—	6,650	4	6,654
Total comprehensive income	(315)	6,650	14,538	21,188	125	21,314
Acquisition of treasury shares	—	—	—	(2)	—	(2)
Sales of treasury shares	—	(119)	—	0	—	0
Cash dividend paid	—	—	(4,684)	(4,684)	(143)	(4,827)
Share-based payments	—	364	—	364	—	364
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	(5)	1,075	1,069
Transfer from retained earnings to capital surplus	—	—	(10)	—	—	—
Transfer from other components of equity to retained earnings	—	(1,002)	1,002	—	—	—
Other	—	—	(15)	(15)	(155)	(170)
Total transactions with owners of parent	—	(758)	(3,706)	(4,343)	776	(3,567)
Balance at September 30, 2017	1,218	31,575	268,773	317,227	11,692	328,920

Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

(¥ Million)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Subscription rights to shares	Foreign currency translation differences on foreign operations	Cash flow hedges	Net change in financial instruments measured at fair value through other comprehensive income
Balance at April 1, 2018	25,122	51,218	(58,002)	1,819	(2,922)	(41)	30,039
Profit	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	(1,053)	38	2,630
Total comprehensive income	—	—	—	—	(1,053)	38	2,630
Acquisition of treasury shares	—	—	(4)	—	—	—	—
Sales of treasury shares	—	3	93	(96)	—	—	—
Cancelation of treasury shares	—	—	51,190	—	—	—	—
Cash dividend paid	—	—	—	—	—	—	—
Share-based payments	—	—	—	401	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	(24)
Other	—	—	—	—	—	—	—
Total transactions with owners of parent	—	3	51,279	304	—	—	(24)
Balance at September 30, 2018	25,122	51,222	(6,723)	2,124	(3,975)	(3)	32,645

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total equity
	Share of other comprehensive income of entities accounted for using the equity method	Total				
Balance at April 1, 2018	2,458	31,353	280,083	329,776	23,352	353,128
Profit	—	—	15,150	15,150	581	15,731
Other comprehensive income	(2,074)	(458)	—	(458)	192	(266)
Total comprehensive income	(2,074)	(458)	15,150	14,691	773	15,465
Acquisition of treasury shares	—	—	—	(4)	—	(4)
Sales of treasury shares	—	(96)	—	—	—	—
Cancellation of treasury shares	—	—	(51,190)	—	—	—
Cash dividend paid	—	—	(4,686)	(4,686)	(626)	(5,312)
Share-based payments	—	401	—	401	—	401
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	531	531
Transfer from other components of equity to retained earnings	—	(24)	24	—	—	—
Other	—	—	(289)	(289)	6	(283)
Total transactions with owners of parent	—	279	(56,141)	(4,578)	(89)	(4,667)
Balance at September 30, 2018	384	31,174	239,093	339,889	24,036	363,926

(4) Notes to Condensed Consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Segment Information)

(1) Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to make decisions about resources to be allocated and assess its performance.

The Group employs holding company system of six operating companies in Japan and four overseas business regions as strategy platforms, 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.

(2) Segment profit and performance

The accounting method for the operating segments is the same as that applied in the first quarter and the three months ended June 30, 2018.

Reportable segments profit is on an operating profit basis. Intersegment revenue and transfers are based on market prices.

Six months ended September 30, 2017(From April 1, 2017 to September 30, 2017)

(¥ Million)

	Reportable segment						Others *1	Total	Reconciliations *2	Consolidated *3
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal				
Revenue										
Sales to third party	88,694	14,967	26,930	29,636	19,307	179,537	31,064	210,601	—	210,601
Intersegment sales	424	2,549	708	2	181	3,866	14,067	17,934	(17,934)	—
Total	89,119	17,516	27,639	29,639	19,488	183,403	45,132	228,536	(17,934)	210,601
Segment profit (Operating profit)	11,962	1,091	1,143	1,651	1,832	17,681	3,466	21,147	(2,425)	18,721
Finance income	—	—	—	—	—	—	—	—	—	1,282
Finance costs	—	—	—	—	—	—	—	—	—	235
Profit before tax	—	—	—	—	—	—	—	—	—	19,768
Other items										
Depreciation and amortization	2,874	744	392	754	930	5,696	2,600	8,297	145	8,442
Impairment	—	—	—	—	19	19	—	19	—	19
Gain on investments accounted for using the equity method	—	—	—	—	—	—	1,786	1,786	—	1,786
Capital expenditures	16,209	1,531	854	2,450	2,889	23,935	3,749	27,684	—	27,684

(Note)1. “Others” consists of the business segments not included in reportable segments such as domestic confectionery, beverages, Europe and Asia.

2. Operating profit under “Reconciliations” amounted to minus ¥ 2,425 million, consisting of minus ¥ 92 million from elimination of intersegment transactions and minus ¥ 2,333 million from group expenses.

3. Segment profit is adjusted to operating profit of condensed quarterly consolidated statements of income.

Six months ended September 30, 2018(From April 1, 2018 to September 30, 2018)

(¥ Million)

	Reportable segment						Others *1	Total	Reconciliations *2	Consolidated *3
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal				
Revenue										
Sales to third party	89,550	16,008	27,671	29,270	20,342	182,843	31,819	214,662	—	214,662
Intersegment sales	640	3,251	188	8	376	4,465	14,773	19,238	(19,238)	—
Total	90,190	19,260	27,860	29,279	20,718	187,308	46,592	233,901	(19,238)	214,662
Segment profit (loss) (Operating profit(loss))	12,267	1,257	1,161	(270)	1,743	16,159	9,141	25,300	(2,762)	22,537
Finance income	—	—	—	—	—	—	—	—	—	1,197
Finance costs	—	—	—	—	—	—	—	—	—	348
Profit before tax	—	—	—	—	—	—	—	—	—	23,387
Other items										
Depreciation and amortization	3,169	783	429	859	997	6,240	2,750	8,991	113	9,105
Impairment	—	—	—	—	—	—	—	—	—	—
Gain on investments accounted for using the equity method	—	—	—	—	—	—	1,931	1,931	—	1,931
Capital expenditures	27,043	639	1,086	1,367	1,475	31,612	3,878	35,491	—	35,491

(Note) 1. “Others” consists of the business segments not included in reportable segments such as domestic confectionery, beverages, Europe and Asia.

2. Operating profit (loss) under “Reconciliations” amounted to minus ¥ 2,762 million, consisting of minus ¥ 149 million from elimination of intersegment transactions and minus ¥ 2,613 million from group expenses.

3. Segment profit (loss) is adjusted to operating profit of condensed quarterly consolidated statements of income.

Three months ended September 30, 2017 (From July 1, 2017 to September 30, 2017)

(¥ Million)

	Reportable segment						Others *1	Total	Reconciliations *2	Consolidated *3
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal				
Revenue										
Sales to third party	45,799	7,594	13,580	16,281	10,599	93,854	15,409	109,264	—	109,264
Intersegment sales	249	1,314	359	0	154	2,078	7,259	9,338	(9,338)	—
Total	46,049	8,909	13,939	16,281	10,753	95,933	22,669	118,603	(9,338)	109,264
Segment profit (Operating profit)	6,330	463	503	578	1,168	9,044	1,983	11,027	(1,162)	9,865
Finance income	—	—	—	—	—	—	—	—	—	427
Finance costs	—	—	—	—	—	—	—	—	—	124
Profit before tax	—	—	—	—	—	—	—	—	—	10,168
Other items										
Depreciation and amortization	1,440	379	200	386	479	2,886	1,353	4,240	73	4,313
Impairment	—	—	—	—	19	19	—	19	—	19
Gain on investments accounted for using the equity method	—	—	—	—	—	—	1,045	1,045	—	1,045
Capital expenditures	5,157	624	499	1,659	1,410	9,351	979	10,330	—	10,330

(Note)1. “Others” consists of the business segments not included in reportable segments such as domestic confectionery, beverages, Europe and Asia.

2. Operating profit under “Reconciliations” amounted to minus ¥ 1,162 million, consisting of ¥ 4 million from elimination of intersegment transactions and minus ¥ 1,166 million from group expenses.

3. Segment profit is adjusted to operating profit of condensed quarterly consolidated statements of income.

Three months ended September 30, 2018 (From July 1, 2018 to September 30, 2018)

(¥ Million)

	Reportable segment						Others *1	Total	Reconciliations *2	Consolidated *3
	NISSIN FOOD PRODUCTS	MYOJO FOODS	Chilled and frozen foods	The Americas	China	Subtotal				
Revenue										
Sales to third party	46,407	7,879	14,017	16,171	11,111	95,586	15,676	111,263	—	111,263
Intersegment sales	413	1,789	98	5	124	2,431	7,650	10,081	(10,081)	—
Total	46,821	9,669	14,115	16,176	11,235	98,018	23,327	121,345	(10,081)	111,263
Segment profit (Operating profit)	6,391	505	495	41	1,329	8,762	2,271	11,034	(1,329)	9,704
Finance income	—	—	—	—	—	—	—	—	—	278
Finance costs	—	—	—	—	—	—	—	—	—	62
Profit before tax	—	—	—	—	—	—	—	—	—	9,921
Other items										
Depreciation and amortization	1,613	393	228	434	476	3,145	1,380	4,526	53	4,580
Impairment	—	—	—	—	—	—	—	—	—	—
Gain on investments accounted for using the equity method	—	—	—	—	—	—	1,108	1,108	—	1,108
Capital expenditures	10,142	325	564	741	653	12,427	2,136	14,564	—	14,564

(Note) 1. “Others” consists of the business segments not included in reportable segments such as domestic confectionery, beverages, Europe and Asia.

2. Operating profit under “Reconciliations” amounted to minus ¥ 1,329 million, consisting of minus ¥ 22 million from elimination of intersegment transactions and minus ¥ 1,306 million from group expenses.

3. Segment profit is adjusted to operating profit of condensed quarterly consolidated statements of income.

(First-time adoption)

The Group disclosed the condensed quarterly consolidated financial statements under IFRS for the first time from the first quarter of this fiscal year. The latest consolidated financial statements under Japanese GAAP are prepared for the fiscal year ended March 31, 2018, and the transition date is April 1, 2017.

(1) Exemption under IFRS 1

IFRS requires that, in principle, first-time adopters of IFRS (hereinafter “First-time adopter”) retrospectively apply the requirements of IFRS. However, IFRS 1 “First-time adoption of International Financial Reporting Standards” (hereinafter “IFRS 1”) provides exemptions that is forcefully required to apply or can be voluntarily applied to part of the requirements of IFRS. The effect of applying IFRS was adjusted in retained earnings or other component of equity at the transition date. The exemption provisions the Group has applied as at the date of transition from Japanese GAAP to IFRS are as follows:

- Business combinations

First-time adopter is allowed not to apply IFRS 3 “Business Combinations” (hereinafter “IFRS 3”) retrospectively to business combinations that occurred before the transition date. The Group chose the exemption not to retrospectively apply IFRS 3 to business combinations carried out before the transition date. Therefore, goodwill arising in business combinations prior to the transition date is recorded at the carrying amount under Japanese GAAP at the transition date. Furthermore, goodwill has been conducted impairment test at the transition date regardless of whether there was any indication of impairment.

- Deemed cost

IFRS 1 allows first-time adopters to use the fair value of property, plant and equipment, investment property and intangible assets at the transition date as its deemed cost. The Group has used the fair value of certain property, plant and equipment on the transition date as its deemed cost.

- Foreign currency translation differences on foreign operations

IFRS 1 permits that the cumulative balance of all foreign currency translation differences on foreign operations can be deemed as zero at the transition date. The Group has elected to treat all foreign currency translation differences on foreign operations as zero at the transition date.

- Share-based payment transactions

IFRS 1 encourages but not enforces to apply IFRS 2 “Share-based Payment” (hereinafter, “IFRS 2”) to share-based payments granted on or after November 7, 2002 and vested before the transition date. The Group chose not to apply IFRS 2 to share-based payments vested before the transition date.

- Leases

IFRS 1 allows first-time adopter to determine whether contracts contain a lease as of the transition date. The Group has applied the exemption and determined whether contracts contain a lease based on facts and circumstances as of the transition date.

- Designation of financial instruments recognized prior to the transition date

IFRS 1 allows first-time adopter to determine the classification of financial instruments under IFRS 9 “Financial instruments” (hereinafter “IFRS 9”) based on facts and circumstances as of the transition date, rather than facts and circumstances that exist at the time of initial recognition. In addition, IFRS 1 allows to designate equity instruments measured at fair value through other comprehensive income based on facts and circumstances as of the transition date.

The Group has determined the classification of financial instruments under IFRS 9 based on facts and circumstances as of the transition date and designate certain equity instruments measured at fair value through other comprehensive income.

- Application of transition measures of IFRS 15

IFRS 15 “Revenue from Contracts with Customers” permits first-time adopter need not to restate contracts that are completed contracts at the beginning of the first reporting period and those that were modified before the beginning of the period. The Group has applied the practical expedient not to restate contracts completed as on April 1, 2018 which is the beginning of the first reporting period and contracts changed condition before the same date.

There is no material effect due to application of the expedient to consolidated statements of financial position and consolidated income statements.

(2) Mandatory exemption under IFRS 1

IFRS 1 prohibits retrospective application of IFRS with respect to “estimates,” “derecognition of financial assets and financial liabilities,” “hedge accounting,” “non-controlling interest,” “classification and measurement of financial assets” and “impairment of financial assets.” The company applies these exemptions prospectively from transition date.

(3) Reconciliations

The reconciliations required to be disclosed at the first-time adoption of IFRS are as follows.

“Effect of changes in fiscal year” includes the effect of unifying fiscal periods of subsidiaries with that of the Company, “Reclassification” includes items that do not affect retained earnings and comprehensive income and “Differences in recognition and measurement” includes items that affect retained earnings and comprehensive income.

Reconciliation of equity at the date of transition to IFRS (April 1, 2017)

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Effect of changes in fiscal year	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets							Assets
Current assets							Current assets
Cash and deposits	70,919	(826)	(3,356)	—	66,737	(1)	Cash and cash equivalents
Notes and accounts receivable-trade							Trade and other receivables
Allowance for doubtful receivables	64,905	(270)	2,697	(229)	67,101	(2)(3)	
Marketable securities	1,155	(64)	3,364	—	4,455	(1)(4)	Other financial assets
Finished goods and merchandise							Inventories
Raw materials and supplies	28,907	(69)	—	185	29,023	(3)(5)(9)	
Others	—	—	244	—	244	(7)	Income taxes receivable
Others	6,849	59	(2,902)	—	4,006	(2)	Other current assets
Total current assets	172,737	(1,170)	46	(44)	171,569		Total current assets
Fixed assets							Non-current assets
Tangible fixed assets							
Building and structures, net							
Machinery, equipment and vehicles, net							
Tools and fixtures, net	188,013	339	(10,940)	(14,156)	163,256	(8)(9)(10)	Property, plant and equipment
Land							
Leased assets, net							
Construction in progress							
Others, net	—	—	10,940	—	10,940	(8)	Investment property
Intangible fixed assets							
Goodwill	44,070	(0)	(941)	(33,001)	10,128	(11)	Goodwill and intangible assets
Others							
Investments and other assets							
Investments in securities	121,837	1	(28,364)	(802)	92,671	(4)	Other financial assets
Investments in capital							
Long-term loans	—	—	29,373	—	29,373	(12)	Investments accounted for using the equity method
Deferred tax assets	7,270	(9)	—	2,915	10,177	(6)	Deferred tax assets
Net defined benefit asset	335	—	(335)	—	—	(13)	Other non-current assets
Others	3,046	(11)	145	(148)	3,032	(19)	
Allowance for doubtful receivables	(132)	—	132	—	—		
Total fixed assets	364,442	320	9	(45,192)	319,580		Total non-current assets
Total assets	537,180	(850)	56	(45,236)	491,149		Total assets

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Effect of changes in fiscal year	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities							Liabilities and equity
Current liabilities							Liabilities
Notes and accounts payable-trade	90,919	(364)	180	1,109	91,845	(14)	Current liabilities
Short-term borrowings	18,450	(48)	2,544	—	20,946	(15)	Trade and other payables
Lease liabilities within one year	449	(3)	—	10	456	(16)	Borrowings
Accrued income taxes	7,926	(94)	(853)	—	6,978	(17)	Other financial liabilities
Others	18,101	(22)	(1,815)	2,359	18,623	(18)	Accrued income taxes
Total current liabilities	135,847	(533)	56	3,480	138,850		Other current liabilities
Long-term liabilities							Non-current liabilities
Long term borrowings	15,867	(256)	—	—	15,611		Borrowings
Lease liabilities beyond one year	2,863	(6)	451	—	3,307	(16)	Other financial liabilities
Asset retirement obligations	55	—	272	—	328		Provisions
Deferred tax liabilities	18,631	—	—	(4,402)	14,229	(6)	Deferred tax liabilities
Liability for retirement benefits	7,346	4	—	(1,996)	5,354	(19)	Defined benefit liabilities
Others	3,051	(32)	(724)	—	2,294		Other non-current liabilities
Total long-term liabilities	47,815	(290)	—	(6,398)	41,125		Total non-current liabilities
Total liabilities	183,662	(824)	56	(2,918)	179,976		Total liabilities
Equity							Equity
Common stock	25,122	—	—	—	25,122		Share capital
Capital surplus	49,823	—	—	—	49,823		Capital surplus
Retained earnings	308,074	110	—	(50,242)	257,942	(21)	Retained earnings
Treasury stock, at cost	(58,190)	—	—	—	(58,190)		Treasury shares
Accumulated other comprehensive income	17,853	(182)	—	8,012	25,684	(20)	Other components of equity
Stock acquisition rights							
	342,684	(72)	—	(42,229)	300,382		Total equity attributable to owners of parent
Non-controlling interests	10,833	46	—	(89)	10,790		Non-controlling interests
Total equity	353,517	(26)	—	(42,318)	311,173		Total equity
Total liabilities and equity	537,180	(850)	56	(45,236)	491,149		Total liabilities and equity

Reconciliation of equity at the date of September 30, 2017

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	52,008	(1,970)	—	50,038	(1)	Cash and cash equivalents
Notes and accounts receivable-trade	67,911	3,212	(269)	70,854	(2)(3)	Trade and other receivables
Allowance for doubtful receivables						
Marketable securities	653	1,977	—	2,631	(1)(4)	Other financial assets
Finished goods and merchandise						
Raw materials and supplies	30,775	(14)	197	30,958	(3)(5)(9)	Inventories
Others	—	750	—	750	(7)	Income taxes receivable
Others	9,210	(3,881)	(409)	4,919	(2)	Other current assets
	160,559	74	(480)	160,153		Subtotal
	—	1,319	—	1,319	(9)	Assets held for sale
Total current assets	160,559	1,393	(480)	161,472		Total current assets
Fixed assets						Non- current assets
Tangible fixed assets						
Building and structures, net						
Machinery, equipment and vehicles, net						
Tools and fixtures, net	207,950	(12,408)	(14,160)	181,381	(8)(9) (10)	Property, plant and equipment
Land						
Leased assets, net						
Construction in progress						
Others	—	11,104	—	11,104	(8)	Investment property
Intangible assets						
Goodwill	42,232	(602)	(32,220)	9,409	(11)	Goodwill and intangible assets
Others						
Investments and other assets						
Investments in securities	122,856	(28,357)	(806)	93,692	(4)	Other financial assets
Investments in capital						
Long-term loans	—	29,425	437	29,862	(12)	Investments accounted for using the equity method
Deferred tax assets	7,422	—	2,751	10,173	(6)	Deferred tax assets
Net defined benefit asset	321	(321)	—	—	(13)	
Others	2,642	(410)	(144)	2,087	(19)	Other non-current assets
Allowance for doubtful receivables	(177)	177	—	—		
Total fixed assets	383,248	(1,393)	(44,143)	337,711		Total non-current assets
Total assets	543,808	—	(44,624)	499,184		Total assets

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable-trade	94,923	1,604	87	96,614	(14)	Current liabilities
Short-term borrowings	3,194	3,736	—	6,931	(15)	Trade and other receivables
Lease liabilities within one year	468	—	9	477	(16)	Borrowings
Accrued income taxes	6,440	(694)	—	5,746	(17)	Other financial liabilities
Others	19,288	(4,646)	2,362	17,003	(18)	Accrued income taxes
						Other current liabilities
Total current liabilities	124,315	—	2,459	126,774		Total other current liabilities
Long-term liabilities						Non-current liabilities
Long term debt	16,120	—	—	16,120		Borrowings
Lease liabilities beyond one year	2,707	464	—	3,171	(16)	Other financial liabilities
Asset retirement obligations	78	231	—	309		Provisions
Deferred tax liabilities	20,638	—	(4,416)	16,221	(6)	Deferred tax liabilities
Liability for retirement benefits	7,235	—	(1,770)	5,465	(19)	Defined benefit liabilities
Others	2,896	(695)	—	2,200		Other non-current liabilities
Total long-term liabilities	49,676	—	(6,186)	43,489		Total non-current liabilities
Total liabilities	173,991	—	(3,727)	170,264		Total liabilities
Equity						Equity
Common stock	25,122	—	—	25,122		Share capital
Capital surplus	49,818	—	—	49,818		Capital surplus
Retained earnings	317,596	—	(48,823)	268,773	(21)	Retained earnings
Treasury stock	(58,063)	—	—	(58,063)		Treasury shares
Accumulated other comprehensive income	23,566	—	8,009	31,575	(20)	Other components of equity
Stock acquisition rights						
	358,041	—	(40,813)	317,227		Total equity attributable to owners of parent
Non-controlling interests	11,775	—	(82)	11,692		Non-controlling interests
Total equity	369,816	—	(40,896)	328,920		Total equity
Total liabilities and equity	543,808	—	(44,624)	499,184		Total liabilities and equity

Reconciliation of equity at the date of March 31,2018

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	56,131	(6,510)	—	49,620	(1)	Cash and cash equivalents
Notes and accounts receivable-trade	68,734	4,035	(231)	72,538	(2)(3)	Trade and other receivables
Allowance for doubtful receivables						
Marketable securities	51	6,518	—	6,569	(1)(4)	Other financial assets
Finished goods and merchandise	29,432	—	184	29,616	(3)(5)(9)	Inventories
Raw materials and supplies						
Others	11,113	(5,491)	4	5,626	(2)	Income taxes receivable
	165,464	118	(42)	165,539		Other current assets
		3,514	—	3,514	(9)	Subtotal
						Assets held for sale
Total current assets	165,464	3,633	(42)	169,054		Total current assets
Fixed assets						Non-current assets
Tangible fixed assets						
Building and structures, net						
Machinery, equipment and vehicles, net	214,071	(10,739)	(15,111)	188,219	(8)(9)	Property, plant and equipment
Tools and fixtures, net					(10)	
Land						
Leased assets, net						
Construction in progress						
Others	—	7,225	—	7,225	(8)	Investment property
Intangible assets						
Goodwill	37,264	(909)	(28,099)	8,256	(11)	Goodwill and intangible assets
Others						
Investments and other assets						
Investments in securities	139,362	(41,904)	540	97,998	(4)	Other financial assets
Investments in capital						
Long-term loans	—	43,047	910	43,957	(12)	Investments accounted for using the equity method
Deferred tax assets	9,351	—	2,698	12,050	(6)	Deferred tax assets
Net defined benefit asset	405	(405)	—	—	(13)	Other non-current assets
Others	3,199	(953)	(280)	1,964	(19)	
Allowance for doubtful receivables	(1,006)	1,006	—	—		
Total fixed assets	402,647	(3,633)	(39,342)	359,672		Total non-current assets
Total assets	568,111	—	(39,385)	528,726		Total assets

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable-trade	98,844	1,787	1,130	101,762	(14)	Current liabilities
Short-term borrowings	3,235	3,465	—	6,701	(15)	Trade and other receivables
Lease liabilities within one year	481	51	8	541	(16)	Borrowings
Accrued income taxes	5,886	(671)	—	5,214	(17)	Other financial liabilities
Others	22,267	(5,822)	2,768	19,213	(18)	Accrued income taxes
	—	1,188	—	1,188		Other current liabilities
	130,715	—	3,907	134,622		Provisions
	—	143	—	143		Subtotal
						Liabilities directly related to assets held for sale
Total current liabilities	130,715	143	3,907	134,766		Total current liabilities
Long-term liabilities						Non-current liabilities
Long term debt	14,146	—	—	14,146		Borrowings
Lease liabilities beyond one year	2,523	318	—	2,841	(16)	Other financial liabilities
Asset retirement obligations	78	192	—	270		Provisions
Deferred tax liabilities	20,311	—	(3,321)	16,989	(6)	Deferred tax liabilities
Liability for retirement benefits	5,461	—	(1,323)	4,138	(19)	Defined benefit liabilities
Others	3,099	(654)	—	2,455		Other non-current liabilities
Total long-term liabilities	45,620	(143)	(4,645)	40,831		Total non-current liabilities
Total liabilities	176,335	—	(737)	175,597		Total liabilities
Equity						Equity
Common stock	25,122	—	—	25,122		Share capital
Capital surplus	51,218	—	—	51,218		Capital surplus
Retained earnings	327,996	—	(47,912)	280,083	(21)	Retained earnings
Treasury stock	(58,002)	—	—	(58,002)		Treasury shares
Accumulated other comprehensive income	21,971	—	9,382	31,353	(20)	Other components of equity
Stock acquisition rights						
	368,306	—	(38,530)	329,776		Total equity attributable to owners of parent
Non-controlling interests	23,470	—	(117)	23,352		Non-controlling interests
Total equity	391,776	—	(38,647)	353,128		Total equity
Total liabilities and equity	568,111	—	(39,385)	528,726		Total liabilities and equity

Notes on reconciliations of equity

(1) Cash and cash equivalents

(Reclassifications)

Under Japanese GAAP, the Group included short-term deposits with deposit terms exceeding three months in Cash and deposits, but under IFRS, they are reclassified to Other financial assets (Current).

Under Japanese GAAP, the Group included short-term investments with maturities of less than three months from the date of acquisition in marketable securities, but under IFRS, they are reclassified to cash and cash equivalents.

(2) Trade and other receivables

(Reclassifications)

Under Japanese GAAP, the Group included Notes and accounts receivable – trade, Allowance for doubtful receivables and other receivables in others (Current assets), but under IFRS, they are reclassified to trade and other receivables.

(3) Adjustments to trade receivables and inventories due to change in revenue recognition

(Recognition and measurement difference)

Under Japanese GAAP, revenue from certain sales of goods transactions was recognized on a shipping basis. Under IFRS, revenue is recognized at the time upon delivery, which results in an adjustment to trade and other receivables as well as inventories.

(4) Other financial assets

(Reclassifications)

Under Japanese GAAP, the Group included derivative assets in others (Current assets), but under IFRS, they are reclassified to other financial assets (Current).

Under Japanese GAAP, the Group separately presented investments in securities, investments in capital, long-term loans, allowance for doubtful receivables and others. Within this context, derivative assets were included in others (Non-current assets), but under IFRS, they are reclassified to other financial assets (Non-current).

(Recognition and measurement difference)

Under Japanese GAAP, interest-rate swaps that meet specific requirements were treated with the “exceptional method.” Under IFRS, it has been treated with principle hedge accounting and measured at fair value.

Under Japanese GAAP, non-marketable equity instruments were carried at the acquisition cost, and impairment loss was recognized as required depending on the financial condition of the issuing company. Under IFRS, these equity instruments are designated as financial assets measured at fair value through other comprehensive income, and are measured at fair value with the change recognized as other comprehensive income and reclassified to retained earnings in case of derecognition or significant decrease in fair value.

(5) Inventories

(Reclassifications)

Under Japanese GAAP, the Group presented inventories in the separate accounts of finished goods and merchandise and raw materials and supplies, but under IFRS, all the inventory accounts are presented aggregately in inventories.

(6) Deferred tax assets and deferred tax liabilities

(Recognition and measurement difference)

Amounts of deferred tax assets and deferred tax liabilities have been adjusted for reasons such as temporary differences arising from transition to IFRS from Japanese GAAP.

(7) Income taxes receivable

(Reclassifications)

Under Japanese GAAP, the Group included income taxes receivables in others (Current assets), but under IFRS, they are reclassified to income taxes receivable.

(8) Investment property

(Reclassifications)

In accordance with IFRS, Investment property is reclassified from Property, plant and equipment to be separately presented.

(9) Assets held for sale

(Reclassifications)

In accordance with IFRS, non-current assets held for sale is reclassified from Property, plant and equipment to be separately presented.

(10) Property, plant and equipment

(Recognition and measurement difference)

Under Japanese GAAP, property taxes were recorded as an expense, but under IFRS, it is included in the acquisition cost, and increases the property, plant and equipment.

The fair values of certain items of property, plant and equipment as of the date of transition to IFRS were used as their deemed cost. The fair value of the items was 19,555 million yen and the carrying amount under Japanese GAAP was 39,744 million yen.

(11) Goodwill

(Recognition and measurement difference)

The Group conducted impairment testing on cash generating units including goodwill at the date of transition to IFRS. According to the testing, the Group identified that the Brazil business is not likely to generate future cash flows as originally expected, the Group has recognized impairment loss of 33,001 million yen which is deducted from retained earnings. The recoverable amount of 18,426 million yen is measured as its value in use. The amount of value in use reflects the Group's historical experience and other external evidences, and is determined based on cash flow projections on the most recent financial budgets approved by management, using a discount rate of 14.3%.

(12) Investments accounted for using the equity method

(Reclassifications)

Under Japanese GAAP, the Group included investments accounted for using the equity method in investments in securities, but under IFRS they are separately disclosed as investments accounted for using the equity method.

(13) Other non-current assets

(Reclassifications)

Under Japanese GAAP, the Group separately presented defined benefit assets, but under IFRS, they are presented in other non-current assets.

(14) Trade and other payables

(Reclassifications)

Under Japanese GAAP, the Group separately presented notes and accounts payable-trade, accrued payables and accrued expenses in others (Current liabilities), but under IFRS, they are presented in trade and other payables.

(Recognition and measurement difference)

Under Japanese GAAP, tax levies such as property tax, etc. are recorded based on tax notification imposed by the government. Under IFRS, they are recognizing the estimated liabilities related to the payment of levies when the timing of payment obligation occurs in our company, and increase the trade and other payables.

(15) Borrowings

(Reclassifications)

Under Japanese GAAP, the Group included current portion of long-term borrowings in others (Current liabilities), but under IFRS, they are separately presented as borrowings (Current).

(16) Other financial liabilities

(Reclassifications)

Under Japanese GAAP, the Group independently presented lease liabilities within / beyond one year in Current liabilities and Long-term liabilities and financial liabilities in others, but under IFRS, they are separately reclassified to Current and Non-current other financial liabilities.

(17) Accrued income taxes

(Reclassifications)

Under Japanese GAAP, the Group included enterprise taxes of pro forma standards taxation in accrued income taxes, but under IFRS, they are reclassified to other non-current liabilities.

(18) Other current liabilities

(Reclassifications)

Under Japanese GAAP, the Group included accrued rebates in accrued payables, but under IFRS, they are reclassified to other current liabilities.

(Recognition and measurement difference)

Under Japanese GAAP, unused paid absences are not required to be recognized as liabilities. However, under IFRS, such obligations shall be recognized as liabilities. As a result, other current liabilities increase accordingly.

(19) Defined benefit assets and liabilities

(Recognition and measurement difference)

Under Japanese GAAP, actuarial gains and losses arising from defined benefit plans are recognized in other comprehensive income when incurred, and charged to income in the following year. Under IFRS, actuarial gains and losses are recognized in other comprehensive income and to be reclassified to retained earnings immediately.

As for the Company and consolidated subsidiaries which have defined benefit plans, there exist differences on the actuarial assumptions, between Japanese GAAP and IFRS. As a result, defined benefit assets and liabilities are adjusted due to the remeasurement of defined benefit plans.

(20) Other components of equity

(Recognition and measurement difference)

- 1) The Group uses the exemption provided by IFRS 1, deems the cumulative translation differences of foreign operations as zero and reclassifies all to retained earnings at the date of transition to IFRS.
- 2) Under Japanese GAAP, non-marketable equity instruments were carried at the acquisition cost, with any impairment loss was recognized as required depending on the financial condition of the issuing company. Under IFRS, these equity instruments are designated as equity instruments measured at fair value through other comprehensive income, and increase the other components of equity 270 million yen at the date of transition to IFRS.
- 3) Under Japanese GAAP, certain land is subject to the law concerning land revaluation, the difference between the Revaluation and the book value of the land are included in Land revaluation reserve as a part of the net assets. Under IFRS, it reverses the valuation differences, and increases the other components of equity 6,382 million yen at the date of transition to IFRS.
- 4) Under Japanese GAAP, interest-rate swaps that meet specific requirements were treated with the “exceptional method.” Under IFRS, it is treated with principle hedge accounting and measures them as fair value, and decreases the other components of equity 7 million yen at the date of transition to IFRS.

(21) Reconciliation of retained earnings

(¥ Million)

	Date of transition to IFRS (As of April 1, 2017)	As of September 30, 2017	As of March 31, 2018
Adjustments of trade receivables and inventories	(39)	(59)	(47)
Adjustments of goodwill and intangible assets	(32,081)	(30,734)	(29,413)
Adjustments of property, plant and equipment	(16,474)	(16,504)	(15,994)
Adjustments of unused paid absences	(1,619)	(1,622)	(1,908)
Adjustments of defined benefit assets and liabilities	1,483	1,215	1,962
Adjustments of recoverability of deferred tax assets	399	399	—
Adjustments of accumulated foreign currency translation differences on foreign operations	(1,403)	(1,403)	(1,403)
Adjustments of levies	(756)	(339)	(770)
Others	249	225	(337)
Total	(50,242)	(48,823)	(47,912)

Reconciliation of profit (loss) and comprehensive income for the period from April 1, 2017 to September 30, 2017

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	247,317	(36,679)	(36)	210,601	(1)	Revenue
Cost of sales	135,570	—	(376)	135,193	(6)	Cost of sales
Gross profit	111,747	(36,679)	340	75,408		Gross profit
Selling, general and administrative expenses	—	1,127	—	1,127	(5)	Other income
	96,406	(36,597)	(732)	59,076	(1)(2)(6)	Selling, general and administrative expenses
	—	523	—	523	(5)	Other expenses
	—	1,340	445	1,786	(3)(5)	Gain on investments accounted for using the equity method
Operating income	15,340	1,862	1,518	18,721		Operating profit
Non-operating income	4,148	(3,260)	(888)	—	(8)	
Non-operating expenses	484	(484)	—	—	(8)	
Extraordinary gains	1,040	(489)	(551)	—	(8)	
Extraordinary losses	519	(273)	(245)	—	(8)	
	—	1,282	—	1,282	(5)	Finance income
	—	235	—	235	(5)	Finance costs
Income before income taxes	19,526	(82)	324	19,768		Profit before tax
Total income taxes	5,301	(82)	(110)	5,109	(7)	Income tax expenses
Net income	14,225	—	434	14,659		Profit
Other comprehensive income						Other comprehensive income
Unrealized gain(loss) on available-for-sale securities	4,393	—	999	5,393	(8)	Items that will not be reclassified to profit or loss Net change in equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	(137)	—	137	—	(4)	Remeasurements of defined benefit plans
	—	—	3	3		Share of other comprehensive income of entities accounted for using the equity method
	4,255	—	1,140	5,396		Total items that will not be reclassified to profit or loss
	—	—	2	2		Items that are or may be reclassified to profit or loss Net change in debt instruments measured at fair value through other comprehensive income
Deferred gain(loss) on hedges	3	—	0	4		Cash flow hedges
Foreign currency translation adjustments	1,603	—	(33)	1,570		Foreign currency translation differences on foreign operations
Share of other comprehensive income (loss) of entities accounted for by the equity method	(284)	—	(34)	(319)		Share of other comprehensive income of entities accounted for using the equity method
	1,322	—	(64)	1,257		Total items that are or may be reclassified to profit or loss
Total other comprehensive income	5,578	—	1,075	6,654		Total other comprehensive income
Comprehensive income	19,803	—	1,510	21,314		Comprehensive income

Reconciliation of profit (loss) and comprehensive income for the period from July 1, 2017 to September 30, 2017

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	128,272	(18,946)	(61)	109,264	(1)	Revenue
Cost of sales	70,404	—	(198)	70,205	(6)	Cost of sales
Gross profit	57,868	(18,946)	136	39,058		Gross profit
Selling, general and administrative expenses	—	419	—	419	(5)	Other income
	49,648	(18,913)	(407)	30,327	(1)(2)(6)	Selling, general and administrative expenses
	—	330	—	330	(5)	Other expenses
	—	823	222	1,045	(3)(5)	Gain on investments accounted for using the equity method
Operating income	8,219	878	767	9,865		Operating profit
Non-operating income	2,523	(1,635)	(888)	—	(8)	
Non-operating expenses	287	(287)	—	—	(8)	
Extraordinary gains	408	(34)	(373)	—	(8)	
Extraordinary losses	351	(167)	(184)	—	(8)	
	—	427	—	427	(5)	Finance income
	—	124	—	124	(5)	Finance costs
Income before income taxes	10,512	(33)	(310)	10,168		Profit before tax
Total income taxes	2,114	(33)	(144)	1,936	(7)	Income tax expenses
Net income	8,398	—	(165)	8,232		Profit
Other comprehensive income						Other comprehensive income
Unrealized gain(loss) on available-for-sale securities	1,371	—	892	2,263	(8)	Items that will not be reclassified to profit or loss Net change in equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	(74)	—	74	—	(4)	Remeasurements of defined benefit plans
	—	—	(59)	(59)		Share of other comprehensive income of entities accounted for using the equity method
	1,296	—	907	2,204		Total items that will not be reclassified to profit or loss
Deferred gain(loss) on hedges	0	—	0	1		Items that are or may be reclassified to profit or loss Net change in debt instruments measured at fair value through other comprehensive income
Foreign currency translation adjustments	3,443	—	(1,650)	1,793		Cash flow hedges
Share of other comprehensive income (loss) of entities accounted for by the equity method	(596)	—	29	(566)		Foreign currency translation differences on foreign operations
	2,848	—	(1,618)	1,230		Share of other comprehensive income of entities accounted for using the equity method
						Total items that are or may be reclassified to profit or loss
Total other comprehensive income	4,145	—	(710)	3,434		Total other comprehensive income
Comprehensive income	12,543	—	(876)	11,666		Comprehensive income

Reconciliation of profit (loss) and comprehensive income for the fiscal year 2018

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

(¥ Million)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	516,400	(75,489)	(1)	440,909	(1)	Revenue
Cost of sales	282,271	—	565	282,837	(6)	Cost of sales
Gross profit	234,128	(75,489)	(566)	158,072		Gross profit
Selling, general and administrative expenses	—	7,448	146	7,594	(5)	Other income
	200,016	(75,338)	(955)	123,722	(1)(2)(6)	Selling, general and administrative expenses
	—	9,241	1,096	10,338	(5)	Other expenses
	—	2,680	889	3,569	(3)(5)	Gain on Investments accounted for using the equity method
Operating income	34,112	735	327	35,175		Operating profit
Non-operating income	7,855	(6,984)	(870)	—	(8)	
Non-operating expenses	1,378	(1,378)	—	—	(8)	
Extraordinary gains	6,808	(5,715)	(1,093)	—	(8)	
Extraordinary losses	9,872	(8,454)	(1,418)	—	(8)	
	—	2,568	—	2,568	(5)	Finance income
	—	590	—	590	(5)	Finance costs
Income before income taxes	37,525	(154)	(217)	37,153		Profit before tax
Total income taxes	8,406	(154)	(217)	8,035	(7)	Income tax expenses
Net income	29,118	—	(0)	29,117		Profit
Other comprehensive income						Other comprehensive income
Unrealized gain(loss) on available-for-sale securities	7,405	—	1,500	8,905	(8)	Items that will not be reclassified to profit or loss Net change in equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	881	—	179	1,060	(4)	Remeasurements of defined benefit plans
	—	—	220	220		Share of other comprehensive income of entities accounted for using the equity method
Land revaluation reserve	998	—	(998)	—		
	9,285	—	901	10,186		Total items that will not be reclassified to profit or loss
	—	—	6	6		Items that are or may be reclassified to profit or loss Net change in debt instruments measured at fair value through other comprehensive income
Deferred gain(loss) on hedges	(35)	—	1	(34)		Cash flow hedges
Foreign currency translation adjustments	(6,061)	—	3,259	(2,802)		Foreign currency translation differences on foreign operations
Share of other comprehensive income(loss) of entities accounted for by the equity method	931	—	(226)	704		Share of other comprehensive income of entities accounted for using the equity method
	(5,166)	—	3,040	(2,126)		Total items that are or may be reclassified to profit or loss
Total other comprehensive income	4,118	—	3,941	8,060		Total other comprehensive income
Comprehensive income	33,236	—	3,941	37,178		Comprehensive income

Notes on reconciliations of profit (loss) and comprehensive income

(1) Revenue

Under Japanese GAAP, the Group recognized revenue for sale of goods at the time of shipping. However, under IFRS, revenue has been recognized at the time of the delivery of goods.

In addition, under Japanese GAAP, certain rebates were presented as selling, general and administrative expenses. However, under IFRS, such rebates have been deducted from revenue.

(2) Goodwill

Under Japanese GAAP, goodwill was amortized over the reasonably estimated period. However, under IFRS, amortization of goodwill on and after the transition date was discontinued, and impairment test is performed in each period.

(3) Investments accounted for using the equity method

Under Japanese GAAP, goodwill for affiliates was amortized over a reasonably estimated period in which the benefits of the investment were expected to be realized and recognized as gain on investments accounted for using the equity method. However, under IFRS, goodwill has not been amortized on and after the transition date.

(4) Actuarial gains and losses

Under Japanese GAAP, the Group has recognized actuarial gains or losses at the time of occurrence in other comprehensive income and recognized as expenses at once in the following fiscal year. However, under IFRS, these are immediately transferred to retained earnings through other comprehensive income.

(5) Reclassification

For items presented as non-operating income, non-operating expenses, extraordinary income and extraordinary losses under Japanese GAAP, finance-related items are presented as finance income and finance costs, and the other items are presented as other income, other expenses and gain on investments accounted for using the equity method under IFRS.

(6) Unused paid absences

The Group recognized unused paid absences, not recognized under Japanese GAAP, as personnel expenses under IFRS.

(7) Income tax expenses

Under Japanese GAAP, the Group disclosed income taxes and income taxes adjustment separately. However, under IFRS, the amounts are shown in one line as income tax expenses. In connection with the adoption of IFRS, the recoverability of the entire deferred tax assets was reassessed. Furthermore, under Japanese GAAP, tax effects on the elimination of unrealized gains were calculated based on the effective tax rates of selling entities. Under IFRS, these are calculated based on effective tax rates of acquiring entities.

(8) Equity instruments

Under Japanese GAAP, gain or loss on sales of equity instruments and impairment of such instruments were recorded as profit or loss. However, under IFRS, for equity instruments designated as financial assets measured at fair value through other comprehensive income, changes in a fair value have been recognized as other comprehensive income and transferred to retained earnings when it has been derecognized.