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(Securities Code: 2002)
June 4, 2013

To Those Shareholders with Voting Rights

Hiroshi Oeda
Director and President
Nisshin Seifun Group Inc.
25, Kanda-Nishiki-cho 1-chome,
Chiyoda-ku, Tokyo JAPAN

CONVOCATION NOTICE OF THE 169th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 169th Ordinary General Meeting of Shareholders of Nisshin Seifun Group Inc. (the "Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by one of the following methods. Please review the "Reference Documents for the General Meeting of Shareholders," and exercise your voting rights by 7:00 p.m. (JST), Tuesday, June 25, 2013.

[Voting in Writing (by Postal Mail)]
Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form by no later than the aforementioned deadline for the exercise of voting rights.

[Voting Electronically (via the Internet)]
Please vote for or against each of the proposals at the voting rights exercise website (http://www.web54.net) by the aforementioned deadline for the exercise of voting rights.

1. Date and Time: Wednesday, June 26, 2013 at 10:00 a.m.

2. Place: Sumitomo Fudosan Kanda Building (BELLESALLE KANDA) 2F Hall
7, Kanda-Mitoshiro-cho, Chiyoda-ku, Tokyo

3. Agenda of the Meeting:

Matters to be reported:
1. Business Report and Consolidated Financial Statements for the 169th fiscal term (from April 1, 2012 to March 31, 2013) and results of audits on the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board
2. Non-consolidated Financial Statements for the 169th fiscal term (from April 1, 2012 to March 31, 2013)

Proposals to be resolved:
- **Proposal No.1:** Dividends from Surplus
- **Proposal No.2:** Election of Fourteen (14) Directors
- **Proposal No.3:** Election of Three (3) Audit & Supervisory Board Members
- **Proposal No.4:** Determination of Amount and Nature of Remuneration of Directors in the Form of Stock Options
- **Proposal No.5:** Issuance of Subscription Rights to Shares as Stock Options

4. Matters concerning the Exercise of Voting Rights
Handling of multiple voting
(1) If you exercise your voting rights via the Internet more than once, your final vote shall be deemed valid.
(2) If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing the Voting Rights Exercise Form, the vote via the Internet shall be deemed valid.

- If you are attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
- If a proxy is attending the meeting on your behalf, the proxy shall present written proof of his/her power of representation and the Voting Rights Exercise Form at the reception desk on arrival at the meeting. You may appoint only one proxy, who shall be a shareholder of the Company with voting rights.
- Modifications, if any, to the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (http://www.nisshin.com).

Business Report

(From April 1, 2012 to March 31, 2013)

1. Overview of the Corporate Group

(1) Business Progress and Results

[1] Business Environment and Performance of the Group

The business environment in the industries in which the Nisshin Seifun Group operates has continued to be severe, reflecting the falling birthrate and aging population, increased power costs, as well as sluggish consumption due to a severe employment situation and a deflationary environment. In addition, public awareness of the safety and reliability of food has been growing further.

In this business environment, the Company, as a holding company, is focusing on resources for core businesses and growth businesses in its group operations, with its key management policy emphasizing long-term corporate value. In addition, the Nisshin Seifun Group has made further improvements and enhancements to its quality assurance systems from the consumer's point of view, in its efforts to continue to promote innovation while fulfilling its corporate social responsibility—including the enhancement of internal control systems, legal and regulatory compliance, environmental protection, and social contribution activities. The Nisshin Seifun Group is fully committed to gaining the support of all its stakeholders, including shareholders, customers, business partners, employees, and local communities.

During the fiscal year ended March 31, 2013, the environment surrounding the Company remained severe under conditions of prolonged weak consumer spending due to an uncertain outlook caused by a slowdown of overseas economies and a prolonged deflationary environment, although some segments showed signs of recovery as a result of reconstruction demand following the Great East Japan Earthquake and policy effects and other factors, after a change in government. To achieve long-term growth, under these conditions, in April 2012 the Company launched a medium-term management plan, "NNI-120, Speed, Growth and Expansion," with the priority strategies of top-line (net sales) growth and overseas business expansion, starting with aggressive measures in each business.

Miller Milling Company, LLC in the U.S., which was acquired in March 2012, and Nisshin Seifun Premix Inc., which was established in October 2012, both made steady progress. In February 2013, the Company acquired from Goodman Fielder the largest flour milling business in New Zealand and the business got off to a good start as newly established Champion Flour Milling Limited. Other steps were taken to drive growth, including an investment in Tokatsu Foods Co., Ltd., a general maker of prepared dishes.

The Company has been integrating its flour milling plants as part of efforts to strengthen future cost competitiveness. This included the start of construction of the new Fukuoka Plant in the Kyushu region in May 2012, and a decision in December to add another production line to the Chita Plant in the Chubu region.

Meanwhile, the Company revised its wheat flour prices in response to the government's increase in prices for five brands of imported wheat. On average, the price of imported wheat was reduced by 15% in April 2012 and raised by 3% in October 2012.

As a result, consolidated net sales increased 3.1% year on year to ¥455,566 million for the fiscal year under review, reflecting the effect of the consolidation of Miller Milling Company, LLC, growth in sales of prepared dishes and other prepared foods and of frozen foods, as well as the start of new shipments of raw materials for pharmaceutical and other products. Meanwhile, due to an increase in sales promotion expenses in the Processed Food Segment and other factors, operating income decreased 5.9% year on year to ¥21,740 million, ordinary income declined 5.3% to ¥24,742 million. Net income rose 2.7% to ¥13,688 million.

[2] Review of Operations of the Group

In the domestic market, the Nisshin Seifun Group has striven to further strengthen sales promotion activities in the flour milling and processed food businesses as its core businesses, increase shipments of value-added products, and enhance productivity. At the same time, the Group has engaged in efforts to promote cost reductions in all business fields, secure appropriate profits commensurate with purchasing costs, and consolidate milling plants to enhance its future cost competitiveness.

In overseas markets, the Group started a new business in New Zealand, increased the production capacity of existing businesses, etc., to aggressively implement its policy of expanding its overseas businesses.

In new product development, the Nisshin Seifun Group continues to develop high-value-added, next-generation products that are novel and unique, while also focusing on new market development.

Moreover, in order to deliver high-quality, safe products, the Nisshin Seifun Group strives for further improvement and enhancement of its quality control systems.

The following is a review of operations by business segment of the Nisshin Seifun Group.

Flour Milling Segment

In the flour milling business, market conditions were challenging due to sluggish domestic consumption of wheat flour. However, domestic commercial wheat flour shipments exceeded results of the previous year due to the promotion of value-added services that provide total solutions to customers, as well as efforts to enhance customer relationships. During the period, the government adjusted its prices for five brands of imported wheat, reducing prices on average by 15% in April 2012, and raising them on average by 3% in October 2012. In response, the Company adjusted its prices for commercial wheat flour in July and December 2012.

From the perspectives of production and distribution, we continued to carry out measures to enhance productivity and reduce fixed and other costs. Also, the Company has been integrating its flour milling plants as part of efforts to strengthen future cost competitiveness. This included the start of construction of the new Fukuoka Plant in the Kyushu region in May 2012, and a decision in December to add another production line to the Chita Plant in the Chubu region.

The price of bran, a byproduct of the milling process, remained favorable throughout the period.

In the overseas business, shipments increased compared with the previous year, reflecting the effect of the consolidation of Miller Milling Company, LLC in the U.S., which was acquired in March 2012, and efforts to boost sales at Nisshin–STC Flour Milling Co., Ltd. in Thailand, such as exports to surrounding countries. For further business expansion, in February 2013, the Company acquired the New Zealand flour milling business of Goodman Fielder, a major food company in Australia and New Zealand. The business was transferred to a newly established consolidated company called Champion Flour Milling Limited. In addition, we upgraded our production capacity by about 20% at Nisshin-STC Flour Milling Co., Ltd. in January 2013 and by about 30% at Miller Milling Company, LLC in February 2013.

As a result, net sales of the Flour Milling Segment increased 4.1% from the previous fiscal year to ¥179,127 million, and operating income rose 6.3% to ¥8,504 million.

Processed Food Segment

In the processed food business, the Company launched new household-use products to address needs arising from an increase in eating alone and growing demand for meals that are easy to prepare. It also actively worked to boost sales using TV commercials and consumer campaigns. Although shipments of household-use products stored at room temperature declined year on year, sales in the processed food business expanded on the back of a sharp rise in shipments of frozen foods and other factors. In the commercial prepared mix products business, which offers significant growth potential, the Company established a new company called Nisshin Seifun Premix Inc. in October 2012, creating a more dynamic operating system to support business expansion in Japan and overseas. Sales of the prepared dishes and other prepared foods business advanced from the previous year as a result of active sales expansion measures. In December 2012, the Company invested in Tokatsu Foods Co., Ltd., a general maker of prepared dishes, to aim at further business expansion. Sales of the overseas business increased from a year earlier owing to aggressive product proposals aimed at obtaining new customers, mainly in the ever-growing Chinese and Southeast Asian markets.

In the yeast business, shipments of yeast were flat with the previous year, and sales were steady year on year. Sales in the biotechnology business decreased compared with the year earlier, owing to weak demand in consignment production of feed and testing services and other products.

In the healthcare foods business, sales increased year on year due to the start of shipments of EPA-E, raw material for pharmaceutical products, and strong sales of consumer products. Growth in consumer products was mainly driven by the creation of a new mail-order sales channel.

As a result, net sales of the Processed Food Segment increased 2.3% from the previous fiscal year to ¥232,867 million, but operating income declined 12.3% to ¥10,411 million.

Others Segment

In the pet food business, sales decreased from a year earlier as the market environment continued to be severe mainly due to sluggish growth across the market and a drop in retail prices, despite aggressive sales promotion measures such as the release of new products to address market needs. In February 2013, we launched the domestically produced "*JP-style Dietetics*" brand to enter the therapeutic pet food market.

In the engineering business, sales increased significantly year on year. This reflected a solid performance from the mainstay plant engineering business and strong contract processing and equipment sales.

In the mesh cloths business, sales surpassed the previous year's level. Although sales of materials for screen-printing applications were below the previous year, sales of forming filters for automobile parts and others expanded.

As a result, net sales of the Others Segment increased 2.9% to ¥43,570 million, but operating income declined 11.8% to ¥2,915 million.

(2) Issues to be Addressed

The Nisshin Seifun Group will further strengthen its core flour milling and processed food businesses. At the same time, we will proactively expand our activities in such growth fields as prepared dishes and other prepared foods, yeast and biotechnology, healthcare foods, pet foods, engineering and mesh cloths.

Since it occurred in March 2011, the Great East Japan Earthquake has had an enduring effect on the entire Japanese society. During the current fiscal year, we will continue to face the need to address possible power shortages and a rise in utility charges. In addition, the government's current wheat policies might go through a significant change, depending on the progress of international trade negotiations, including the TPP (Trans-Pacific Partnership). Moreover, the rise in consumption taxes planned for April 2014 must be properly addressed. Under these circumstances, the Nisshin Seifun Group will continue to fulfill its mission of securing stable supplies of wheat flour and other staple foods for the Japanese people, and will strive to provide customers with safe products from all of its businesses.

[1] Segmental Overview of Business Strategy

Regarding the flour milling business, we will strengthen promotion of value-added services that provide total solutions to customers and realize a further increase in market share. As measures to strengthen future cost competitiveness, we will undertake to enhance productivity of domestic flour milling plants and promote concentration of production through establishment of the new flour milling plant in Fukuoka and the closing down of both the Chikugo and Tosu Plants (scheduled in 2014), expansion of lines at the Chita Plant and suspension of some lines of the Nagoya Plant (scheduled in 2015).

Regarding the processed food business, we will expand the prepared dishes and other prepared foods business by utilizing our proprietary technologies to actively bring new products to market, along with harnessing synergies such as those with Tokatsu Foods Co., Ltd. We will also expand the prepared mix business of newly established Nisshin Seifun Premix Inc. in Japan and overseas. Regarding the yeast and biotechnology business, with yeast as the source of our business, we will make efforts to develop new products and technologies which support life and the health of people. Regarding the healthcare foods business, we will promote improvement of the production system for raw materials for pharmaceutical and other products and also expand sales of consumer products and other products.

In other businesses which include pet food, engineering and mesh cloths, the Group aims to develop a significant presence and growth within each industry.

[2] Business Globalization Strategy

The Group places expansion of overseas business as one of its top priority strategies and will actively promote a business globalization strategy in the future as well.

Regarding the flour milling business, we will promote PMI (Post Merger Integration) at Miller Milling Company, LLC in the U.S. and Champion Flour Milling Limited in New Zealand, which were acquired by M&A. We will also strive to expand shipments from Miller Milling Company, LLC and Nisshin-STC Flour Milling Co., Ltd. in Thailand, each of whose production capacity has been enhanced. Regarding the processed foods, yeast and biotechnology, and mesh cloths businesses, we will promote further expansion of our overseas business through utilization of local bases.

Regarding the field of flour milling, processed foods and bakery-related businesses, we will actively promote development of new global business with a sense of speed both independently and through M&As and alliances.

[3] R&D Strategy and Cost Strategy

In addition to developing new products, the Group will continue to seek-out basic and core technologies in new domains. High value-added, next-generation products that are novel and unique will be developed continuously. In research, we will increase efficiency and speed in order to promote the commercialization and practical application of research results. To this end, we will identify key fields and establish research themes closely aligned with business strategies.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the Nisshin Seifun Group will work to reduce production and purchasing costs and build an operational foundation that is capable of securing earnings that properly reflect changing costs.

[4] Measures Addressing Wheat Policy Reforms

As for the agreement details of international trade negotiations, including the Trans-Pacific Partnership (TPP), etc., in which the Japanese government has expressed its commitment to participate, we anticipate the outcomes will have a major impact on our flour milling and processed food businesses and on wheat-flour-related industries including our flour milling and processed food businesses.

Since the introduction of the market-linked wheat pricing system, the government's sales prices for imported wheat have been repeatedly revised to reflect international wheat market movements, and the Group has revised its relevant product prices accordingly. While vigilantly monitoring conditions including anticipated systemic changes, we will plan to accelerate the evolution of the Nisshin Seifun Group into a strong, globally competitive enterprise.

[5] Corporate Social Responsibility (CSR)

The Nisshin Seifun Group has fulfilled its responsibilities as a corporate citizen in all its business activities and aims to retain its status as a corporate entity that plays an increasingly essential role in society. To this end, the Group established a Social Committee to study and develop basic attitudes and tangible actions with regard to all stakeholders.

The Nisshin Seifun Group has positioned implementation of CSR activities, such as quality assurance systems, environmental conservation and enhanced compliance through internal control, as one of its top management priorities and is taking thoroughgoing steps to ensure a Group-wide commitment.

Regarding quality assurance (QA) procedures, the CR (Consumer Relations) Office, which is charged with the responsibilities of identifying consumer mind-sets and social trends while providing timely and appropriate direction as to what actions need to be taken as a group, works closely with Group companies to actively collect relevant consumer administrative information as well as consumer opinion and their needs. In this manner, every effort is made to enhance Group customer relations.

Regarding protection of the global environment, we have always taken the initiative in working to reduce the environmental burden through resource saving, energy saving, reduction of waste and recycling, and will continue to take measures as the need arises going forward, such as responding to power-related issues.

For internal control, the Group is doing more than what is required by the Financial Instruments and Exchange Act by extensively reconstructing its internal control systems group-wide. These systems are monitored by a dedicated department (the Internal Control Department) to maintain their integrity and seek further improvements.

It is an important social mission of the Group to secure the stable supply of wheat flour and other staple foods for the Japanese people and provide safe products. Utilizing the experience from the recent earthquake disaster, we will improve our BCP for a more effective response and enhance preparation for disasters.

Further, the Nisshin Seifun Group, as a member of society, will make efforts to widen its range of social contribution activities. We will continue to support restoration of the areas affected by the Great East Japan Earthquake, make regional contributions through the Nisshin Seifun (Flour Milling) Museum, which was opened in November 2012 as a regional tourism resource and educational asset, and support the activities of the WFP (World Food Program).

The Nisshin Seifun Group will continue to strive to fulfill its corporate social responsibilities.

The Nisshin Seifun Group will steadily tackle the above challenges and ensure the further development of the Group. Our shareholders' continued support is greatly appreciated.

(3) Consolidated Business Results and Summary of Assets (Millions of yen)

Fiscal term Fiscal Years ended March 31	166th FY2010	167th FY2011	168th FY2012	169th FY2013 (Current)
Net sales	443,728	424,156	441,963	455,566
Ordinary income	29,327	27,839	26,132	24,742
Net income	16,839	14,187	13,326	13,688
Net income per share (¥)	67.77	57.09	53.63	55.09
Total assets	396,317	389,418	431,956	461,851
Net assets	303,226	285,249	298,798	317,436

(4) Capital Expenditures

The capital expenditures for the fiscal year ended March 31, 2013 increased ¥2,652 million from the previous year to ¥17,407 million, based on actual expenditures.

The principal capital expenditures were put into the expansion of production capacity and the construction of a new Nisshin Flour Milling plant in Fukuoka.

(5) Financing

The Company did not raise additional funds in terms of capital increases or bond issues during the fiscal year ended March 31, 2013.

(6) Major Subsidiaries and Acquisition

[1] Major Subsidiaries and Affiliates

Company Name	Common Stock	Share of Voting Rights	Main Businesses
(Subsidiaries)	¥ million	%	
Nisshin Flour Milling Inc.	14,875	100.0	Production and sales of wheat flour
Miller Milling Company, LLC	86	100.0	Production and sales of wheat flour
Champion Flour Milling Limited	3,491	100.0	Production and sales of wheat flour
Nisshin Foods Inc.	5,000	100.0	Sales of pasta, wheat flour for household use, frozen foods, and other products; production and sales of prepared mix products
Nisshin Seifun Premix Inc.	400	100.0	Production and sales of prepared mix products
Ma•Ma-Macaroni Co., Ltd.	350	68.1	Production and sales of pasta
Initio Foods Inc.	487	100.0	Production and sales of frozen foods and prepared dishes; direct operation of concessions in stores including department stores
Oriental Yeast Co., Ltd.	2,617	100.0	Production and sales of cake and bread ingredients and biochemical products; life science business
Nisshin Pharma Inc.	2,689	100.0	Production and sales of healthcare foods and pharmaceuticals
Nisshin Petfood Inc.	1,315	100.0	Production and sales of pet foods
Nisshin Engineering Inc.	107	100.0	Design, contracted construction and management of production; sales of machinery for powder grinding
NBC Meshtec Inc.	1,992	100.0	Manufacturing and sales of mesh cloths and forming filters
(Affiliates)			
Marubeni Nisshin Feed Co., Ltd.	5,500	40.0	Production and sales of compound feed
Tokatsu Foods Co., Ltd.	100	49.0	Production and sales of cooked foods such as bento lunch boxes and other prepared foods

Notes: 1. The Company and a subsidiary, Nisshin Flour Milling Inc., established Champion Flour Milling Limited in the fiscal year ended March 31, 2013.
2. Subsidiaries of the Company, Nisshin Foods Inc. and Nisshin Flour Milling Inc., established Nisshin Seifun Premix Inc., in the fiscal year ended March 31, 2013.
3. The Company acquired shares of Tokatsu Foods Co., Ltd., to make it an affiliate accounted for by the equity method in the fiscal year ended March 31, 2013.
4. The voting rights in Miller Milling Company, LLC, and Nisshin Seifun Premix Inc. are held by subsidiaries of the Company. In addition, the voting rights in Champion Flour Milling Limited, Ma•Ma-Macaroni Co., Ltd., and Initio Foods Inc., are held by the Company and its subsidiaries.

[2] Status of Significant Acquisition

The Company and a subsidiary, Nisshin Flour Milling Inc., established Champion Flour Milling Limited in December 2012 to perform the flour milling business in New Zealand. In February 2013, we acquired the flour milling business in New Zealand from Goodman Fielder, which is a leading food company in Australia and New Zealand.

Subsidiaries of the Company, Nisshin Foods Inc. and Nisshin Flour Milling Inc., established Nisshin Seifun Premix Inc., in October 2012 to expand business of commercial prepared mix products.

The Company acquired shares of Tokatsu Foods Co., Ltd., to make it an affiliate accounted for by the equity method in December 2012 to reinforce its foundations for the prepared dishes and other prepared foods and frozen food businesses.

(7) Principal Businesses (As of March 31, 2013)

The following is a description of the businesses and their principal products of the Nisshin Seifun Group. The Company, as the holding company, controls and manages the Group companies operating these businesses.

Business Segment	Principal Products
Flour Milling Segment	wheat flour, bran
Processed Food Segment	prepared mix products, wheat flour for household use, pasta, pasta sauce, frozen foods, chilled foods, cake and bread ingredients, biochemical products, life science business, healthcare foods
Others Segment	pet food; design, management, and contracted construction of facilities; mesh cloths

(8) Principal Offices (As of March 31, 2013)

[1] The Company Head Office (Chiyoda-ku, Tokyo)
Institutes and Laboratories (Fujimino)
Research Center for Production and Technology
Research Center for Basic Science Research and Development
QE Center

[2] Flour Milling Segment
Nisshin Flour Milling Inc. Head Office (Chiyoda-ku, Tokyo)
Cereal Science Research Center of Tsukuba (Tsukuba)
Sapporo Sales Department (Sapporo), Sendai Sales Department (Sendai),
Kanto Sales Department (Chuo-ku, Tokyo), Tokyo Sales Department (Chuo-ku, Tokyo),
Nagoya Sales Department (Nagoya), Osaka Sales Department (Osaka),
Chushikoku Sales Department (Okayama), Fukuoka Sales Department (Fukuoka)
Hakodate Plant (Hakodate), Chiba Plant (Chiba),
Tsurumi Plant (Kawasaki), Nagoya Plant (Nagoya), Chita Plant (Chita),
Higashinada Plant (Kobe), Okayama Plant (Okayama), Sakaide Plant (Sakaide),
Tosu Plant (Tosu), Chikugo Plant (Chikugo)
Miller Milling Company, LLC Head Office (Minnesota, U.S.A.)
Winchester Plant (Virginia, U.S.A.), Fresno Plant (California, U.S.A.)
Champion Flour Milling Limited Head Office (New Zealand)
Mt. Maunganui Plant (New Zealand), Christchurch Plant (New Zealand)

[3] Processed Food Segment
Nisshin Foods Inc. Head Office (Chiyoda-ku, Tokyo)
Food Research and Development Center (Chuo-ku, Tokyo)
Hokkaido Sales Department (Sapporo), Tohoku Sales Department (Sendai),
Kanto Sales Department (Saitama), Metropolitan Sales Department (Chuo-ku, Tokyo),
Wide Area Sales Department (Chiyoda-ku, Tokyo), Chubu Sales Department (Nagoya),
Kansai Sales Department (Osaka), Chushikoku Sales Department (Hiroshima),
Kyushu Sales Department (Fukuoka)
Tatebayashi Plant (Tatebayashi)
Nisshin Seifun Premix Inc. Head Office (Chuo-ku, Tokyo)
Nagoya Plant (Nagoya)
Ma•Ma-Macaroni Co., Ltd. Head Office (Utsunomiya)
Utsunomiya Plant (Utsunomiya), Kobe Plant (Kobe)
Initio Foods Inc. Head Office (Chiyoda-ku, Tokyo)
Kumagaya Plant (Kumagaya), Shiraoka Plant (Shiraoka), Higashi-Osaka Plant (Higashi-Osaka)
Oriental Yeast Co., Ltd. Head Office (Itabashi-ku, Tokyo)
Tokyo Plant (Itabashi-ku, Tokyo), Osaka Plant (Suita), Biwa Plant (Nagahama)
Nisshin Pharma Inc. Head Office (Chiyoda-ku, Tokyo)
Health Care Research Center (Fujimino)
Ueda Plant (Ueda)

[4] Others Segment
Nisshin Petfood Inc. Head Office (Chiyoda-ku, Tokyo)
Nisshin Engineering Inc. Head Office (Chuo-ku, Tokyo)
NBC Meshtec Inc. Head Office (Hino)
Yamanashi Tsuru Plant (Tsuru), Shizuoka Kikugawa Plant (Kikugawa)

(9) Employees of the Group (As of March 31, 2013)

Business Segment	Number of Employees	Year-on-Year Change
Flour Milling Segment	1,416	＋ 90
Processed Food Segment	3,208	＋ 23
Others Segment	767	＋ 69
Corporate (Across the Group divisions)	374	＋ 1
Total	5,765	＋183

(10) Major Creditors and Loan Payable (As of March 31, 2013)

There are no major creditors.

2. Outline of the Company

(1) Shares (As of March 31, 2013)

[1] Total number of shares authorized to be issued 932,856,000 shares

[2] Total number of shares issued and outstanding 251,535,448 shares (Including 2,997,634 shares of treasury stock)

[3] Number of shareholders 15,557 (Decreased by 591 from the previous term-end)

[4] Major shareholders (Top 10)

Name	Number of Shares Held	Shareholding Ratio
	(thousands)	%
Nippon Life Insurance Company	16,022	6.4
Yamazaki Baking Co., Ltd.	14,040	5.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,760	5.1
Japan Trustee Services Bank, Ltd. (Trust Account)	10,364	4.1
Mizuho Corporate Bank, Ltd.	9,943	4.0
Mitsubishi Corporation	6,982	2.8
Marubeni Corporation	5,193	2.0
Sumitomo Corporation	5,034	2.0
Sumitomo Mitsui Banking Corporation	4,616	1.8
The Norinchukin Bank	4,489	1.8

Note: Treasury stock (of 2,997,634 shares) is not included in shareholding ratio calculation.

(2) Subscription Rights to Shares

[1] Status of subscription rights to shares as of March 31, 2013

	Number of subscription rights to shares granted	Type and number of shares issuable upon exercise of subscription rights to shares	Issuance price upon exercise of subscription rights to shares	Persons granted subscription rights to shares	Amount payable upon exercise of subscription rights to shares	Exercise period
5-1st subscription rights to shares (Granted on August 13, 2007)	42	Common Stock 42,000 shares (1,000 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,197,000 per subscription right to shares	July 27, 2009 – July 26, 2014
5-2nd subscription rights to shares (Granted on August 13, 2007)	107	Common Stock 107,000 shares (1,000 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,197,000 per subscription right to shares	July 27, 2009 – July 26, 2014
6-1st subscription rights to shares (Granted on August 19, 2008)	56	Common Stock 56,000 shares (1,000 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,397,000 per subscription right to shares	August 20, 2010 – July 30, 2015
6-2nd subscription rights to shares (Granted on August 19, 2008)	148	Common Stock 148,000 shares (1,000 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,397,000 per subscription right to shares	August 20, 2010 – July 30, 2015
7-1st subscription rights to shares (Granted on August 18, 2009)	79	Common Stock 79,000 shares (1,000 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,131,000 per subscription right to shares	August 19, 2011 – August 1, 2016
7-2nd subscription rights to shares (Granted on August 18, 2009)	170	Common Stock 170,000 shares (1,000 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,131,000 per subscription right to shares	August 19, 2011 – August 1, 2016
8-1st subscription rights to shares (Granted on August 18, 2010)	76	Common Stock 76,000 shares (1,000 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,098,000 per subscription right to shares	August 19, 2012 – August 1, 2017
8-2nd subscription rights to shares (Granted on August 18, 2010)	164	Common Stock 164,000 shares (1,000 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,098,000 per subscription right to shares	August 19, 2012 – August 1, 2017
9-1st subscription rights to shares (Granted on August 18, 2011)	93	Common Stock 93,000 shares (1,000 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,025,000 per subscription right to shares	August 19, 2013 – August 1, 2018
9-2nd subscription rights to shares (Granted on August 18, 2011)	258	Common Stock 258,000 shares (1,000 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,025,000 per subscription right to shares	August 19, 2013 – August 1, 2018

	Number of subscription rights to shares granted	Type and number of shares issuable upon exercise of subscription rights to shares	Issuance price upon exercise of subscription rights to shares	Persons granted subscription rights to shares	Amount payable upon exercise of subscription rights to shares	Exercise period
10-1st subscription rights to shares (Granted on August 16, 2012)	104	Common Stock 104,000 shares (1,000 shares per subscription right to shares)	Without charge	Directors of the Company	¥958,000 per subscription right to shares	August 17, 2014 – August 1, 2019
10-2nd subscription rights to shares (Granted on August 16, 2012)	217	Common Stock 217,000 shares (1,000 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥958,000 per subscription right to shares	August 17, 2014 – August 1, 2019

Conditions for exercise of the above subscription rights to shares:

1) Persons granted subscription rights to shares (hereinafter referred to as “holders”) shall be a Director or Executive Officer of the Company or one of its consolidated subsidiaries at the time of the exercise of the rights. However, holders who are no longer a Director or Executive Officer of the Company or one of its consolidated subsidiaries may exercise the rights up until two (2) years after stepping aside or two (2) years after the commencement of the exercise period of the rights, whichever is later.
2) An heir of the holder may inherit such rights, provided the prescribed procedures are completed.
3) Subscription rights to shares may not be transferred, securitized, or otherwise disposed of under any circumstances.
4) Subscription rights to shares shall be subject to immediate forfeiture under any circumstances in which such rights shall not be exercised in consideration of the purpose of granting, including but not limited to, the dismissal of the holder from the position of Director or Executive Officer or other.

[2] Subscription rights to shares granted as remuneration for performance of duty and held by directors of the Company as of March 31, 2013

Segment	Name	Number of subscription rights to shares	Number of persons holding subscription rights to shares
Directors (excluding Outside Directors)	5-1st subscription rights to shares	10	1
	6-1st subscription rights to shares	22	3
	7-1st subscription rights to shares	22	3
	8-1st subscription rights to shares	24	4
	9-1st subscription rights to shares	44	6
	10-1st subscription rights to shares	84	12
Outside Directors	5-1st subscription rights to shares	5	1
	6-1st subscription rights to shares	5	1
	7-1st subscription rights to shares	10	2
	8-1st subscription rights to shares	10	2
	9-1st subscription rights to shares	10	2
	10-1st subscription rights to shares	10	2

The details of the above subscription rights to shares are described in [1].

[3] Subscription rights to shares granted as remuneration for performance of duty to employees during the fiscal year ended March 31, 2013.

There are no applicable matters to be reported.

(3) Members of the Boards

[1] Directors and Audit & Supervisory Board Members (As of March 31, 2013)

Title	Name	Position	Significant Positions Concurrently Held
Representative Director and President	Hiroshi Oeda		Director and President (Representative Director), Nisshin Flour Milling Inc.
Director and Vice President	Kazuo Ikeda		Director and Chairman, Nisshin Foods Inc. Director and President (Representative Director), Nisshin Seifun Premix Inc.
Managing Director	Toshio Maruo	Division Executive, Technology and Engineering Division	
Managing Director *	Masao Nakagawa	Division Executive, Finance and Accounting Division	
Director	Takashi Harada	Division Executive, Research and Development, Quality Assurance Division	
Director	Izumi Inagaki	Division Executive, General Administration Division	
Director *	Michinori Takizawa	Division Executive, Corporate Planning Division	
Director	Toshinori Shiragami		Director and President (Representative Director), Nisshin Pharma Inc.
Director *	Hiromasa Hanafusa		Managing Director, Nisshin Flour Milling Inc.
Director *	Masashi Nakagawa		Director and President (Representative Director), Oriental Yeast Co., Ltd.
Director *	Koichi Iwasaki		Director and President (Representative Director), Nisshin Foods Inc.
Director *	Masao Shimosaka		Director, Nisshin Flour Milling Inc.
Director	Ariyoshi Okumura		
Director	Akio Mimura		Director & Senior Advisor, Nippon Steel & Sumitomo Metal Corporation Outside Director, Development Bank of Japan Inc. Outside Director, Innovation Network Corporation of Japan Outside Director, Tokio Marine Holdings, Inc.
Senior Audit & Supervisory Board Member (Full-time)	Takeo Ito		
Audit & Supervisory Board Member (Full-time)	Makoto Watanabe		
Audit & Supervisory Board Member	Tetsuo Kawawa		Attorney; Managing Partner, Kawawa Law Offices Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd.
Audit & Supervisory Board Member	Kazuhiko Fushiya		Chairman, The Institute of Internal Auditors – Japan

Title	Name	Position	Significant Positions Concurrently Held
Audit & Supervisory Board Member	Satoshi Ito		Certified Public Accountant; Managing Partner, Ito Certified Public Accountant Offices Outside Audit & Supervisory Board Member, NEC Corporation Outside Audit & Supervisory Board Member, Sumitomo Mitsui Financial Group, Inc. Outside Audit & Supervisory Board Member, Sumitomo Mitsui Banking Corporation

Notes: 1. Directors Ariyoshi Okumura and Akio Mimura are Outside Directors.

2. Audit & Supervisory Board Members Tetsuo Kawawa, Kazuhiko Fushiya, and Satoshi Ito are Outside Audit & Supervisory Board Members.
3. The Company selects all of the Outside Directors and Outside Audit & Supervisory Board Members as Independent Directors and Independent Audit & Supervisory Board Members, respectively, in accordance with the rules as set forth by the Tokyo Stock Exchange and the Osaka Securities Exchange, providing the necessary notification thereto.
4. Audit & Supervisory Board Member Makoto Watanabe has experience in roles such as General Manager (Finance) for the Company, etc., and substantial knowledge of finance and accounting.
5. Audit & Supervisory Board Member Satoshi Ito, who has the qualification as a certified public accountant, has experience in and substantial knowledge of finance and accounting.
6. The following is a list of changes in the Directors of the Company and their titles and positions in the fiscal year ended March 31, 2013.
   1) As of June 27, 2012, the term of office of four (4) Directors; Akihisa Sasaki, Mikihisa Nanri, Akiya Fukada and Minoru Sayama expired and they retired from office. Directors with asterisk (*) were newly elected and took office at the 168th Ordinary General Meeting of Shareholders, held on the same day.
   2) Kazuo Ikeda took office as a Director and Vice President and Masao Nakagawa took office as a Managing Director as of June 27, 2012.
   3) Director and Vice President (Representative Director) Yasutaka Miyauchi passed away on March 13, 2013. He was in charge of the General Administration Division at that time.
7. The following is a list of changes in significant positions concurrently held in the fiscal year ended March 31, 2013.
   Director Hiroshi Oeda took office as Director and President (Representative Director) of Nisshin Flour Milling Inc. (April 1, 2012)
   Director Kazuo Ikeda retired as a Director and President (Representative Director) at Nisshin Foods Inc. and took office as Director and Chairman of Nisshin Foods Inc. (June 27, 2012) and Director and President (Representative Director) of Nisshin Seifun Premix Inc. (October 1, 2012)
   Director Koichi Iwasaki took office as Director and President (Representative Director) of Nisshin Foods Inc. (June 27, 2012).
   Director Akio Mimura resigned as a Representative Director and Chairman at Nippon Steel Corporation and took office as Director and Senior Advisor at Nippon Steel & Sumitomo Metal Corporation. (October 1, 2012)

[2] Amount of remuneration for Directors and Audit & Supervisory Board Members

Total amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year ended March 31, 2013

Directors : Nineteen (19)	¥308 million
Audit & Supervisory Board Members: Five (5)	¥61 million
Outside Directors and Outside Audit & Supervisory Board Members: Five (5)	¥48 million

(Included in the above)

Notes: 1. The above number of Directors includes five (5) Directors who retired from office during the fiscal year ended March 31, 2013.

2. The total amount of remuneration for Directors includes the subscription rights to shares granted in the form of stock options as remuneration for the fiscal year ended March 31, 2013.

[3] Outside Directors and Outside Audit & Supervisory Board Members

1. Significant positions concurrently held in other companies, etc. and relationship between the Company and said companies, etc.

As mentioned above [1], there is no significant business relationship or special relationship between the Company and the above-identified companies of concurrently held positions.

2. Principal activities in the fiscal year ended March 31, 2013

1) Director Ariyoshi Okumura

Mr. Okumura attended all meetings of the Board of Directors held in the fiscal year ended March 31, 2013. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported from an objective perspective based on his broad experience.

2) Director Akio Mimura

Mr. Mimura attended 9 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2013. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported from a managerial perspective with broad experience.

3) Audit & Supervisory Board Member Tetsuo Kawawa

Mr. Kawawa attended 11 out of 13 meetings of the Board of Directors and 10 out of 12 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2013. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported mainly from a technical perspective as an attorney.

4) Audit & Supervisory Board Member Kazuhiko Fushiya

Mr. Fushiya attended all meetings of the Board of Directors and the Audit & Supervisory Board held in the fiscal year ended March 31, 2013. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported based on experience and discernment acquired through holding important posts at the Ministry of Finance (MOF), etc.

5) Audit & Supervisory Board Member Satoshi Ito

Mr. Ito attended 10 out of 13 meetings of the Board of Directors and 10 out of 12 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2013. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported mainly from a technical perspective as a certified public accountant.

3. Outline of liability limitation agreement

The Company has concluded an agreement with each Outside Director and Outside Audit & Supervisory Board Member which limits the amount of liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof provided that the duties of each are performed in good faith and without gross negligence on the part thereof.

(4) Independent Auditor

[1] Name of the independent auditor: Ernst & Young ShinNihon LLC

[2] Compensation to the independent auditor for the fiscal year ended March 31, 2013

1. Compensation paid to the independent auditor: ¥49 million
2. Total of cash and other financial profits payable by the Company and its subsidiaries: ¥167 million

Note: The audit contract between the Company and the independent auditor does not and practically cannot separate the amount of compensation for the audit under the Companies Act from the amount of compensation for the audit under the Financial Instruments and Exchange Act. Therefore, the compensation described in the above 1 is the sum of both amounts.

[3] Content of non-audit services

The Company’s subsidiaries entrust “the service of instruction and advice on accounting matters” to the Independent Auditor, which is defined as a non-audit service in Article 2, Paragraph 1, of the Certified Public Accountants Act.

[4] Policy for decisions on dismissal or non-reappointment of independent auditor

The Company will submit a proposal of dismissal or non-reappointment of the independent auditor to the General Meeting of Shareholders, as stipulated in Article 344 of the Companies Act, in the event that the Audit & Supervisory Board dismisses the independent auditor for the reasons stipulated in Article 340 of the Companies Act, or for any other reasons deemed necessary.

3. Systems and Policies of the Company

(1) Resolution on development of systems to ensure appropriate business execution

The internal control systems of the Company are based on the establishment of a chain of command and clarification of authority and responsibility in operational departments, management control by the department heads or managers in operational departments, internal checks between departments (i.e. operations division and accounting division), as well as the following systems.

[1] Systems for ensuring the compliance of the performance of directors' and employees' duties with laws and the Articles of Incorporation

1) The Company has formulated the "Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines". The presidents and directors of the Nisshin Seifun Group Inc. and other Group companies must recognize their duty to comply with the Corporate Code of Conduct and Employee Action Guidelines and take the lead in following the rules and publicizing them to the people concerned. The presidents and directors must also endeavor to understand internal and external opinions at all times and adjust their internal systems accordingly to enhance their effectiveness, while promoting corporate ethics throughout their companies.
2) The Social Committee addresses all Nisshin Seifun Group's corporate social responsibility (CSR) issues by discussing a comprehensive range of CSR issues, including corporate ethics and compliance, promoting practical CSR measures, providing education on CSR throughout the Group, and ensuring awareness of compliance with laws, the Articles of Incorporation, and social norms.
3) The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that threaten the order and safety of civil society and takes organized countermeasures in collaboration with external specialized institutions.
4) The Company operates and maintains the Compliance Hotline System, which was established as a measure for employees, etc., to directly report any acts of non-compliance so that such acts can be detected early and dealt with.
5) Audit & Supervisory Board Members audit the performance of duties by directors, and oversee directors to verify whether they construct and operate the internal control systems in an appropriate manner.
6) The Internal Control Department, directly supervised by representative directors, leads and promotes efforts to enhance and operate the internal control systems of the Nisshin Seifun Group.
   As an independent organization, the Internal Control Department evaluates the internal control systems of the Nisshin Seifun Group, Inc. and performs internal audits of the Group's business operations.

[2] Systems for ensuring the preservation and management of information in relation to the directors' performance of their duties

The minutes of the meetings of Board of Directors, approval documents, and other documents and information relating to the performance of duties by directors are preserved and managed appropriately as confidential information in accordance with the relevant regulations.

[3] Rules and systems for managing the danger of loss

1) For issues concerning business operations, approval and reporting procedures must be determined according to their level of importance, impact, etc., and evaluation of such issues, including risk assessment thereof, are made in advance.
2) In line with the Risk Management Rules, the Risk Management Committee supervises the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that the Group's operating companies have appropriate control over the risks that are recognized, analyzed, and evaluated by themselves, and that no risks are ignored.
3) In line with the Crisis Control Rules, any emergence of crises or fear thereof are reported to a specified contact within the Nisshin Seifun Group to ensure the early detection and handling of the danger of loss. Should crises occur, countermeasures headquarters must be immediately set up to handle them in an appropriate manner to minimize damages.
4) Audit & Supervisory Board Members must take the necessary measures, such as advice and recommendation, whenever they recognize the possibility that directors may bring about significant damage or serious accidents.

[4] Systems for ensuring that the directors' duties are performed efficiently

1) Under the holding company structure, the Nisshin Seifun Group keeps the number of directors small.
2) The range of responsibility and authority is clarified, for example, by identifying matters to be resolved by and reported to the Board of Directors and matters of request for approval of presidents and directors in charge. This enables directors to perform their duties in a prompt and appropriate manner.

3) The Nisshin Seifun Group clarifies its business strategies and their potential directions, according to which the Group's operating companies formulate their profit plans on a yearly basis. The term of office of directors is set at one year to clarify their responsibilities. The Board of Directors reviews business performance on a monthly basis, and discusses and implements measures to improve performance.

[5] Systems for ensuring that proper business operations are conducted within the Nisshin Seifun Group that consists of the Company and its subsidiaries

1) The Nisshin Seifun Group has adopted a holding company structure under which the holding company, Nisshin Seifun Group Inc., oversees and evaluates the actions of operating companies with the best interests of the shareholders in mind.
2) For important issues concerning the business operations of subsidiaries, the Nisshin Seifun Group sets the standards for issues to be discussed by or reported to the Board of Directors.
3) The Corporate Principle, the Basic Management Policy, the Basic Stance toward Stakeholders, the Corporate Code of Conduct and Employee Action Guidelines of the Nisshin Seifun Group are stipulated, and awareness of them throughout the Group is promoted.
4) The procedures and methods for creation of the Group's financial reports, including the consolidated financial statements, are stipulated to eliminate wrongful acts and errors and ensure the reliability of such reports.
5) Audit & Supervisory Board Members of the Nisshin Seifun Group Inc. and the Group's operating companies hold meetings of the Audit & Supervisory Board Members' Liaison Committee of the Nisshin Seifun Group, and share issues to be addressed.
6) Special audits, such as of facilities, safety, environment and quality assurance, are provided for the Nisshin Seifun Group, Inc., and its subsidiaries.
7) The Internal Control Department, directly supervised by representative directors, leads and promotes efforts to enhance and operate the internal control systems of the Nisshin Seifun Group.
   As an independent organization, the Internal Control Department evaluates the internal control systems of the Nisshin Seifun Group, Inc. and perform internal audits of the Group's business operations.
8) Each subsidiary of the Nisshin Seifun Group Inc. establishes its own Internal Control Committee, headed by the president, which leads efforts to enhance and operate its internal control systems and makes reports thereon.

[6] Provisions concerning the employees assisting Audit & Supervisory Board Members in performing their duties and the independence of the employees from directors

The Audit & Supervisory Board appoints Audit & Supervisory Board Member assistants who assist Audit & Supervisory Board Members in performing their duties. The Audit & Supervisory Board Member assistants assist Audit & Supervisory Board Members in performing audits under the direction of Audit & Supervisory Board Members, and personnel changes concerning the Audit & Supervisory Board Member assistants require the consent of Audit & Supervisory Board Members.

[7] Systems for directors' and employees' reporting to Audit & Supervisory Board Members and other forms of reporting to Audit & Supervisory Board Members

1) Audit & Supervisory Board Members attend the meetings of the Board of Directors and other important meetings, including meetings of the Group Management Meeting, the Credit Management Committee, and the Normative Ethics Committee, and state their opinions as appropriate.
2) The Audit & Supervisory Board may ask for reporting from the independent auditors, directors, the Internal Control Department and others at its meetings as the need arises.
3) When directors recognize anything that could cause significant damage or serious accidents to their respective companies, they shall immediately report that to Audit & Supervisory Board Members.
4) Any information obtained through the Compliance Hotline is reported immediately to Audit & Supervisory Board Members.
5) Documents for taking over the duties of outgoing general managers of the Company and the presidents of its subsidiaries and affiliates are submitted to the Audit & Supervisory Board.
6) All approval documents are returned to Audit & Supervisory Board Members.

[8] Other systems for ensuring that the audits of Audit & Supervisory Board Members are conducted efficiently

Audit & Supervisory Board Members hold regular meetings with representative directors, and exchange opinions on prospective challenges and risks for the Company, as well as the status of the environment for audits by Audit & Supervisory Board Members and other important audit issues.

(2) Basic Policies Regarding Control of the Corporation

[1] Basic policies

As a provider of food, the Company believes that its chief responsibility, as well as a source of generating corporate value, is to provide safe food on a continuous basis. To secure and improve the Company's corporate value and the common interests of the shareholders, it is essential to ensure high levels of safety and the quality of its products, as well as stable supply. If anyone without such belief made a large scale purchase of the Company's shares and behaved in ways contrary to the Company's medium or long-term business policies, such as making excessive reductions in production and/or R&D expenses only to improve short-term financial performance, that would cause damage to the Company's corporate value and the common interests of the shareholders. Moreover, there are other forms of stock purchase that might do harm to the Company's corporate value and the common interests of the shareholders.

To take action against such harmful acts, the Company believes that the advanced disclosure of sufficient information must be made, such as on the management policies and business plans envisioned by a potential purchaser of the Company's shares; the possible impact of the Acquisition Proposal on the Company's shareholders, the management of the Nisshin Seifun Group and all of the Group's stakeholders; the purchaser's views regarding corporate social responsibility, including the matter of food safety; and that a reasonable time-period to review such proposal and ample capacity to negotiate with such purchaser must be ensured.

[2] Measures that contribute to the effective utilization of the Company's assets, structuring of the appropriate form of the business group and the realization of other basic policies on control of the corporation

As a pure holding company for the Nisshin Seifun Group, the Company plans management strategies for the Group, allocates its managerial resources efficiently, and audits and oversees the Group's business operations. Our operating companies optimize themselves according to the markets in which they operate, and by doing so, they secure high levels of safety and quality, as well as stable supply for their products, thus mutually improving their corporate value and, in turn, the corporate value of the entire Nisshin Seifun Group.

Under this structure, the Nisshin Seifun Group aims to secure and enhance its high levels of production technologies and capacities for development and evaluation that underpin the safety and quality of its products. The Group also makes ongoing well-planned capital investments from a long-term perspective; provides employee education to enhance employees' professional abilities; introduces audit and instructional systems as to quality assurance and production facilities on a continuous basis; builds and enhances systems for internal control and legal compliance; and endeavors to maintain trustful relations with stakeholders, including business partners or customers and local communities.

[3] Measures to prevent a decision on the Company's financial and business policies from being controlled by a party who is deemed inappropriate according to the basic policies

The Company introduced the countermeasures to large-scale acquisitions of the Company's shares using a gratis allotment of subscription rights to shares (hereinafter "the Plan"), in line with Article 49 of its Articles of Incorporation and the "Renewal of the Resolution to Approve Gratis Allotment of Subscription Rights to Shares for Securing and Improving Corporate Value of the Company and the Common Interests of the Shareholders," which was approved by the 168th Ordinary General Meeting of Shareholders held on June 27, 2012 with the aim of securing and improving the corporate value of the Company and the common interests of the shareholders. The outline of the Plan is as follows.

1) The Board of Directors shall ask any party who attempts a Specified Acquisition to present a written Acquisition Proposal to ask for a resolution of the Board of Directors not to take countermeasures including the gratis allotment of the subscription rights to shares defined in Paragraph 6) below (hereinafter "the Confirmation Resolution") against that proposal. Any party who attempts the Specified Acquisition is required to ask for the Confirmation Resolution by presenting the Acquisition Proposal in advance. In the interests of prompt implementation of the Plan, the Board of Directors may establish a reply period and request the provision of additional information in respect to any parties making a proposal to acquire shares of the Company. Even in this case, the reply period shall be set with an upper limit of within 60 business days starting from the day on which the provision of information was requested of the Proposed Acquirer by the Board of Directors and the Corporate Value Committee shall commence its deliberation and discussion upon the expiry of such reply period.

   "Specified Acquisition" means i) an act of purchasing the Company's share certificates, etc., that would result in the holding of 20% or more of the Company's share certificates, etc. (including a similar act as specified by the Board of Directors), or ii) an act of commencing a tender offer that would result in the holding of 20% or more of the Company's share certificates, etc. "Acquisition Proposal" means a document that contains post-acquisition management policies and business plans for the Company, the basis for determining the compensation for the Acquisition Proposal, possible influences on the Company's stakeholders and information related to Items 4) A) through G) below that is reasonably demanded by the Company.

2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly submit it to the Corporate Value Committee, which consists only of the Outside Directors and the Outside Audit & Supervisory Board Members of the Company.
3) The Corporate Value Committee deliberates the Acquisition Proposal and discusses whether to issue a resolution to recommend that the Board of Directors make a Confirmation Resolution regarding the Acquisition Proposal (hereinafter "the Recommendation Resolution"). The Recommendation Resolution shall be adopted by a majority vote of all of the Corporate Value Committee members, and the results of that resolution shall be disclosed. The period for such deliberation and discussion by the Corporate Value Committee shall be a maximum of 60 business days (or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as compensation and set no upper limit to the number of shares to be purchased), as a general rule, upon the receipt of the Acquisition Proposal by the Board of Directors. However, this period can be extended up to 30 business days for a reasonable reason, and in that case, such reason and the expected period of extention shall be disclosed.
4) The deliberation and discussion regarding the Recommendation Resolution by the Corporate Value Committee shall be made by faithfully forming an accurate judgment as to whether the Acquisition Proposal can satisfy the Company's purposes of securing and improving corporate value and the common interests of the shareholders. It should be noted that the Corporate Value Committee must issue a Recommendation Resolution with regard to any Acquisition Proposal that meets the requirements of Items A) through G) below, and furthermore, shall issue a Recommendation Resolution with regard to any Acquisition Proposal that, although not meeting all said requirements, is deemed suitable with a view to securing and improving corporate value and the common interests of the shareholders.
   A) The acquisition does not fall under any of the following types of action:
      (a) Buyout of the Company's shares to demand that the Company or its related party purchase said shares at an inflated price;
      (b) Management that achieves an interest for the proposed purchaser, its group company or other related party to the detriment of the Company, such as temporary control of the Company's management for transfer of the Company's material assets;
      (c) Diversion of the Company's assets to secure or repay debts of the proposed purchaser, its group company or other related party;
      (d) Realization of temporary high returns to the detriment of ongoing growth of the Company, such as temporary control of the Company's management to decrease the assets and funds that are required for the Company's business expansion, product development, etc., for years ahead; and
      (e) Other types of action through which the proposed purchaser, its group company or other related party earns interest by unjustly causing harm to the interests of the Company's stakeholders, including the Company's shareholders, business partners or customers and employees.
   B) The scheme and content, etc., of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.
   C) The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders to sell their shares.
   D) The true information necessary for deliberations on the Acquisition Proposal is provided in the appropriate timing, such as upon request of the Company, and sincere responses are made in other ways as well, by complying with the procedures specified by the Plan.
   E) The period for the Company to deliberate the Acquisition Proposal (including deliberation and presentation of its alternative proposals to the Company's shareholders)—which is specified as a maximum of 60 business days upon the receipt of the Acquisition Proposal, a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in the Japanese currency as compensation and set no upper limit to the number of shares to be purchased, or a longer period of days if required for reasonable reasons—is secured.
   F) The conditions of the acquisition proposed by the Acquisition Proposal are not insufficient or inappropriate with a view to the corporate value of the Company and the common interests of the shareholders.
   G) The Acquisition Proposal is reasonably recognized to satisfy the purposes of securing and improving the Company's corporate value and the common interests of the shareholders.

5) The Confirmation Resolution of the Company's Board of Directors shall be made according to the Recommendation Resolution of the Corporate Value Committee. If the Corporate Value Committee issues the Recommendation Resolution, the Board of Directors must make the Confirmation Resolution promptly, unless there are particular reasons that are obviously against the director's duty of care.

Countermeasures, such as the gratis allotment of subscription rights to shares, cannot be implemented against the Acquisition Proposal for which the Confirmation Resolution is made.

6) In the event that a Specified Acquirer―which is defined as a person or company that executed the Specified Acquisition and failed to obtain the Confirmation Resolution by the time such acquisition was executed―appears, the Board of Directors shall announce its appearance, issue a resolution that determines the necessary conditions for effecting a gratis allotment of subscription rights to shares, including the record and effective dates for such allotment, and execute the gratis allotment of subscription rights to shares. "Subscription Rights to Shares" is defined as the subscription rights to shares whose exercise is restricted for the Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer.
If it is revealed that the ratio of holdings of the Company's share certificates, etc., by the Specified Acquirer falls below 20% by the date that is specified elsewhere by the Board of Directors and which should be earlier than three business days prior to the record date for the gratis allotment, the Board of Directors can defer effecting a gratis allotment of Subscription Rights to Shares.
7) If a gratis allotment of Subscription Rights to Shares is effected, the Company shall implement the gratis allotment of Subscription Rights to Shares to all shareholders, except the Company, as of the record date for the gratis allotment at a ratio of one Subscription Right to Shares for every one share of the Company's common stock held, and the number of shares to be issued per one Subscription Right to Shares will not exceed two and be determined elsewhere by the Board of Directors. The value of assets invested to exercise one Subscription Right to Shares shall be ¥1 multiplied by the number of shares to be issued per one Subscription Right to Shares.
8) The unexercised Subscription Rights to Shares can be acquired by the Company. For the Subscription Rights to Shares held by shareholders other than the Specified Acquirer, this is accomplished in exchange for the Company's shares of common stock of a number equal to the integral part of the number of said Subscription Rights to Shares multiplied by the number of shares to be issued per Subscription Right to Shares. For other Subscription Rights to Shares, this is accomplished in exchange for subscription rights to shares with restriction on transfer (restriction on the exercise of the rights by the Specified Acquirer) of the same number as the Subscription Rights to Shares that are acquired by the Company.

[4] Judgment of the Board of Directors and Its Reasons

The Plan complies with the basic policies described in Item [1] above, and it is carefully devised as follows to ensure its reasonability. Therefore, the Plan protects the corporate value of the Company and the common interests of the shareholders and does not pursue the personal interests of the Company's management.

1) The Plan received prior approval of the shareholders at the 168th Ordinary General Meeting of Shareholders on June 27, 2012, pursuant to the provision of Article 49 of the Company's Articles of Incorporation.
2) The term of office of the Company's directors is one (1) year and the timing of reelection is concurrent among all directors. In addition, a resolution on dismissal of directors has the same weight as that of an ordinary resolution at a General Meeting of Shareholders. Therefore, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of directors by an ordinary resolution at a single General Meeting of Shareholders.
3) To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of the Outside Directors and the Outside Audit & Supervisory Board Members of the Company, reviews the details of the Acquisition Proposal, and then deliberates the Acquisition Proposal, under legal obligations as the management of the Company, to determine if the proposal meets the purposes of securing and improving the Company's corporate value and the common interests of the shareholders. Then, upon receiving a Recommendation Resolution from the Corporate Value Committee stating that a Confirmation Resolution must be made, the Board of Directors is also required to make the Confirmation Resolution, unless there are particular reasons that are obviously against the directors' duty of care.
4) To enhance the objectivity of judgment relating to the Plan, it is required that the Corporate Value Committee issue a Recommendation Resolution toward any Acquisition Proposal that satisfies all of the requirements specified in Items [3] 4) A) through G) above.
5) Subject to approval at the general meeting of shareholders, the Plan can be revised every year by a resolution of the Board of Directors. This allows the Plan to adjust itself to the development of the related laws and regulations and various other business environments for the Company.
6) Effective from the 168th Ordinary General Meeting of Shareholders, the validity of its approval resolution is three (3) years. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including on its supplementary conditions, for approval of the shareholders.

7) The Plan satisfies all of the requirements for legality (to avoid suspension of the issuance of subscription rights to shares, etc.) and rationality (to gain the understanding of shareholders, investors and other stakeholders) specified in the “Securing and/or Improving Corporate Value and Stakeholder Profits: Takeover Defense Guidelines” released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. In addition, the Plan also satisfies the recommendations of the report “Takeover Defense Measures in Light of Recent Environmental Changes” published by the Ministry of Economy, Trade and Industry's Corporate Value Study Group on June 30, 2008.

(3) Policy on Dividends from Surplus

The Company aims to meet the expectations of shareholders to distribute profits, taking into consideration the current and future profitability of its business and financial position, by undertaking the continuous payment of dividends based on a targeted payout ratio of at least 30% on a consolidated basis.

For the fiscal year ended March 31, 2013, the Company intends to maintain the per-share annual ordinary dividend at ¥20, the same amount paid for the previous fiscal year. Accordingly, the Company will submit to the Ordinary General Meeting of Shareholders a proposal for distribution of surplus to pay a year-end dividend of ¥10 per share.

With the aim of raising corporate value, the Company allocates retained earnings for aggressive strategic investment in priority fields that offer the potential for growth and expansion outlined under its medium-term management plan, “NNI-120, Speed, Growth and Expansion” The Company also adopts a flexible posture on shareholder returns.

Consolidated Balance Sheets

(As of March 31, 2013)

(Millions of yen)

Item	Amount	Item	Amount
(ASSETS)		**(LIABILITIES)**	
Current assets	**218,468**	**Current liabilities**	**99,474**
Cash and deposits	56,722	Notes and accounts payable-trade	56,309
Notes and accounts receivable-trade	65,393	Short-term loans payable	5,260
Short-term investment securities	19,433	Income taxes payable	4,844
Inventories	61,904	Accrued expenses	16,072
Deferred tax assets	5,501	Other	16,988
Other	9,723	**Noncurrent liabilities**	**44,940**
Allowance for doubtful accounts	(210)	Long-term loans payable	3,207
Noncurrent assets	**243,382**	Deferred tax liabilities	14,619
Property, plant and equipment	**120,975**	Provision for retirement benefits	18,925
Buildings and structures	44,651		
Machinery, equipment and vehicles	29,608	Provision for directors' retirement benefits	139
Land	36,152		
Construction in progress	7,735	Provision for repairs	1,559
Other	2,827	Long-term deposits received	5,485
Intangible assets	**12,746**	Other	1,003
Goodwill	4,373	**Total liabilities**	**144,414**
Other	8,372	**(NET ASSETS)**	
		Shareholders' equity	**279,843**
Investments and other assets	**109,660**	**Capital stock**	**17,117**
Investment securities	100,643	**Capital surplus**	**9,460**
Long-term loans receivable	38	**Retained earnings**	**256,453**
Deferred tax assets	3,219	**Treasury stock**	**(3,188)**
Other	5,911	**Accumulated other comprehensive income**	**29,209**
Allowance for doubtful accounts	(152)	**Valuation difference on available-for-sale securities**	**29,894**
		Deferred gains or losses on hedges	**148**
		Foreign currency translation adjustment	**(833)**
		Subscription rights to shares	**232**
		Minority interests	**8,150**
		Total net assets	**317,436**
Total assets	**461,851**	**Total liabilities and net assets**	**461,851**

Consolidated Statements of Income

(For the Year Ended March 31, 2013)

(Millions of yen)

Item	Amount	
Net sales		**455,566**
Cost of sales		**316,141**
Gross profit		**139,424**
Selling, general and administrative expenses		117,684
Operating income		**21,740**
Non-operating income		
Interest income	192	
Dividends income	1,629	
Equity in earnings of affiliates	598	
Rent income	331	
Other	539	3,291
Non-operating expenses		
Interest expenses	138	
Other	150	289
Ordinary income		**24,742**
Extraordinary income		
Gain on sales of noncurrent assets	187	
Gain on sales of investment securities	39	
Gain on sales of investments in capital of subsidiaries and affiliates	47	
Other	14	289
Extraordinary loss		
Loss on retirement of noncurrent assets	524	
Impairment loss	1,764	
Other	303	2,592
Income before income taxes and minority interests		**22,438**
Income taxes – current	**9,331**	
Income taxes – deferred	**(1,301)**	**8,030**
Income before minority interests		**14,408**
Minority interests in income		**719**
Net income		**13,688**

Consolidated Statements of Changes in Net Assets

(For the Year Ended March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	17,117	9,453	247,736	(3,186)	271,120
Changes of items during the consolidated fiscal year					
Dividends from surplus			(4,970)		(4,970)
Net income			13,688		13,688
Purchase of treasury stock				(30)	(30)
Disposal of treasury stock		6		29	36
Net changes of items other than shareholders' equity					
Total changes of items during the consolidated fiscal year	—	6	8,717	(1)	8,723
Balance at March 31, 2013	17,117	9,460	256,453	(3,188)	279,843

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at April 1, 2012	22,776	170	(2,677)	20,269	188	7,220	298,798
Changes of items during the consolidated fiscal year							
Dividends from surplus							(4,970)
Net income							13,688
Purchase of treasury stock							(30)
Disposal of treasury stock							36
Net changes of items other than shareholders' equity	7,117	(22)	1,844	8,939	43	930	9,914
Total changes of items during the consolidated fiscal year	7,117	(22)	1,844	8,939	43	930	18,637
Balance at March 31, 2013	29,894	148	(833)	29,209	232	8,150	317,436

Notes to the Consolidated Financial Statements

I. Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 45 companies

- Names of principal subsidiaries: Nisshin Flour Milling Inc., Miller Milling Company, LLC, Champion Flour Milling Limited, Nisshin Foods Inc., Nisshin Seifun Premix Inc., Ma•Ma-Macaroni Co., Ltd., Initio Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., and NBC Meshtec Inc.
- Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and four other companies are not consolidated. The total assets, net sales, net income, retained earnings, etc. of each of these non-consolidated subsidiaries are small, and the aggregate effect on the consolidated financial statements is immaterial.

(2) Changes in the scope of consolidation

(New) 3 companies

- Effective from the fiscal year under review, the Company newly established Nisshin Seifun Premix Inc., Champion Flour Milling Limited and one other company. Accordingly, each company was included in the scope of consolidation of the Company.

(Excluded) 3 companies

- Former consolidated subsidiary Oriental Bio Service Kanto Co., Ltd., was merged with consolidated subsidiary Oriental Yeast Co., Ltd., in April 2012 by means of an absorption-type merger with Oriental Yeast as the surviving company. In addition, former consolidated subsidiaries Miller Milling Company, LP, and Miller Trading Company, LLC, were merged with Miller Milling Company, LLC, in January 2013 by means of an absorption-type merger with Miller Milling Company, LLC, as the surviving company.

2. Scope of the equity method

(1) Subsidiaries and affiliates accounted by the equity method: 10 companies (1 non-consolidated subsidiary and 9 affiliates)

- Names of principal equity-method subsidiaries and affiliates: Marubeni Nisshin Feed Co., Ltd., Tokatsu Foods Co., Ltd., Japan Logistic Systems Corp.
- The contributions to consolidated net income and consolidated retained earnings of each of the four non-consolidated subsidiaries and six affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.

(2) Changes in the scope of the equity method

(New) 1 company

- Effective from the fiscal year under review, the Company acquired shares of Tokatsu Foods Co., Ltd. Accordingly, Tokatsu Foods Co., Ltd. was included in the scope of the equity method.

(3) The financial statements for the accounting period of the company concerned are used in the cases of those subsidiaries and affiliates accounted for by the equity method whose accounting period differs from the consolidated accounting period.

3. Accounting periods of consolidated subsidiaries

The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary's year-end and the consolidated year-end.

Company name	Year-end
Rogers Foods Ltd.	January 31
Thai Nisshin Seifun Co., Ltd. and 17 others	December 31

4. Significant accounting policies

(1) Valuation standards and methodology for material assets

[1] Securities:

Held-to-maturity debt securities: Stated at amortized cost.

Other securities:

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

[2] Derivatives:

Derivative financial instruments are stated at fair market value.

[3] Inventories:

Wheat flour and bran are stated at cost, with cost being determined principally by the retail cost method, with balance sheet values reflecting write downs for decreased profitability; other products are stated at cost, with cost being determined principally by the periodic average method, with balance sheet values reflecting write downs for decreased profitability.

Raw materials are stated at cost, with cost being determined principally by the FIFO method, and balance sheet values reflecting write downs for decreased profitability.

(2) Depreciation methods for material depreciable assets

[1] Property, plant and equipment (excluding lease assets):

Depreciation on property, plant and equipment owned by the Company and its domestic consolidated subsidiaries is computed principally by the declining balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998.

Foreign consolidated subsidiaries generally use the straight-line method.

(Changes in accounting policies)

(Changes in accounting policies that are difficult to differentiate from changes in accounting estimates)

By virtue of revisions to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries applied a new method of depreciation on property, plant and equipment acquired on or after April 1, 2012, beginning with the consolidated fiscal year ended March 31, 2013. The effect on earnings from this change was insignificant.

[2] Intangible assets (excluding lease assets):

Depreciation is computed by the straight-line method. Software used in-house is depreciated over its estimated useful life (within five years) based on the straight-line method.

[3] Lease assets:

Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

Finance lease transactions that do not transfer ownership and began prior to the year in which Accounting Standard for Lease Transactions (ASBJ Statement No. 13, revised on March 30, 2007) was first applied (on and before March 31, 2008) will continue to be accounted for in a manner similar to that for ordinary rental transactions.

(3) Basis of material allowances

[1] Allowance for doubtful accounts:

The Company and its domestic consolidated subsidiaries provide for possible credit losses stemming from trade notes and accounts receivable. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts. Specific claims are generally deemed irrecoverable in the case of foreign consolidated subsidiaries.

[2] Provision for retirement benefits:

The Company and its domestic consolidated subsidiaries provide for employees and already retired pension recipients based on the estimated amounts of retirement benefit obligation and the fair value of the pension plan assets at the fiscal year-end. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the fiscal year-end. Actuarial gain or loss is amortized on a straight-line basis principally from the following fiscal year over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

[3] Allowance for directors' retirement benefits:

Eight domestic consolidated subsidiaries provide for the payment of retirement benefits to directors in accordance with internal regulations, based on projected benefits at the consolidated fiscal year-end.

(4) Significant hedging transactions

[1] Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any monetary claims and liabilities denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.

[2] Hedging methods: Derivative transactions (forward exchange contracts and currency purchase call options)

Hedging items: Monetary claims and liabilities denominated in foreign currencies and all planned trading transactions that are denominated in foreign currencies

[3]The Company employs derivative financial instruments purely to manage fluctuation in foreign currency exchange rates.

[4] Hedging evaluation:

Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the Company's hedging approach enables exchange rate fluctuations to be offset completely. Hence, the Company considers its hedging method to be highly effective.

(5) Goodwill amortization and amortization periods

Goodwill is amortized using the straight-line method over a period of mainly 10 years beginning the day on which it is realized. However, when the amount of goodwill is immaterial, it is amortized in total in the year it is realized.

(6) Consumption tax

All accounting transactions are booked exclusive of any national or local consumption taxes.

II. Notes to the Consolidated Balance Sheets

1. Assets pledged as collateral

Buildings and structures (Note 1):	¥1,260 million
Machinery and equipment (Note 1):	¥520 million
Investment securities (Note 2):	¥3,766 million
Other (Note 1):	¥117 million

Note 1: These assets are pledged as collateral against the short-term loans payable totaling ¥200 million.

Note 2: These assets are pledged as collateral against an affiliate's loans payable totaling ¥10,000 million.

2. Advanced depreciation of property, plant and equipment purchased with government subsidy

Accumulated advanced depreciation of property, plant and equipment: ¥357 million

3. Accumulated depreciation of property, plant and equipment: ¥244,383 million

4. Warranty liabilities

Guarantee for loans (housing loans) from financial institutions for employees: ¥60 million

5. Inventory

Merchandise and finished goods:	¥24,316 million
Work in process:	¥3,592 million
Raw materials and supplies:	¥33,996 million

6. Notes with maturity dates as of the fiscal year-end are settled on subsequent clearance dates. As the fiscal year-end fell on a holiday for financial institutions, notes with maturity dates as of the fiscal year-end were included in the following accounting line items.

Notes receivable:	¥339 million
Notes payable:	¥1 million

III. Notes to the Consolidated Statements of Income

Impairment loss

The Nisshin Seifun Group's impairment loss on assets for the consolidated fiscal year ended March 31, 2013, consists of the following:

Location	Major use	Asset category
Tosu, Saga Prefecture	Business properties (Flour milling segment)	Buildings and structures; Machinery, equipment and vehicles, etc.
Chikugo, Fukuoka Prefecture	Business properties (Flour milling segment)	Buildings and structures; Machinery, equipment and vehicles, etc.

The assets of the Nisshin Seifun Group are grouped at the lowest levels for which there are identifiable cash flows that are independent from the other assets or the cash flows of other groups of assets.

The Group is currently constructing a new factory in Fukuoka City to enhance the productivity of its flour milling segment. The new factory is planned to launch operations in February 2014, which will be followed by the closure of operations at the above business properties. Because the recoverable amounts from said properties fall below their book values, the book values were reduced to their recoverable amounts, and the decreased amounts are reported as an impairment loss of ¥1,764 million under extraordinary losses. A breakdown of the impairment loss is ¥1,064 million for buildings and structures; ¥413 million for machinery, equipment and vehicles; and ¥286 million for other.

The Group used the value in use (the discount rate used for calculating the value in use is 4%) for calculating the recoverable amount.

IV. Notes to the Consolidated Statements of Changes in Net Assets

1. Class and total number of shares issued and outstanding as at the consolidated fiscal year-end

Common stock:	251,535,448 shares

2. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 27, 2012.

- Dividends on common stock

[1] Total dividends to be paid:	¥2,485 million
[2] Dividend per share:	¥10
[3] Date of record:	March 31, 2012
[4] Effective date:	June 28, 2012

The following resolution was made at the meeting of the Board of Directors held on October 30, 2012.

- Dividends on common stock

[1] Total dividends to be paid:	¥2,485 million
[2] Dividend per share:	¥10
[3] Date of record:	September 30, 2012
[4] Effective date:	December 7, 2012

(2) Dividends for which the record date came during the consolidated fiscal year under review, but for which the effective date come after said period

The following resolution will be made at the Ordinary General Meeting of Shareholders scheduled on June 26, 2013.

- Dividends on common stock

[1] Total dividends to be paid:	¥2,485 million
[2] Source of dividends:	Retained earnings
[3] Dividend per share:	¥10
[4] Date of record:	March 31, 2013
[5] Effective date:	June 27, 2013

3. Class and number of shares to be issued or transferred upon exercise of the subscription rights to shares as of the consolidated fiscal year-end (excluding those whose exercise period has not commenced)

5-1st subscription rights to shares (August 13, 2007)	Common stock	42,000 shares
5-2nd subscription rights to shares (August 13, 2007)	Common stock	107,000 shares
6-1st subscription rights to shares (August 19, 2008)	Common stock	56,000 shares
6-2nd subscription rights to shares (August 19, 2008)	Common stock	148,000 shares
7-1st subscription rights to shares (August 18, 2009)	Common stock	79,000 shares
7-2nd subscription rights to shares (August 18, 2009)	Common stock	170,000 shares
8-1st subscription rights to shares (August 18, 2010)	Common stock	76,000 shares
8-2nd subscription rights to shares (August 18, 2010)	Common stock	164,000 shares

V. Notes to Financial Instruments

1. Status of financial instruments

(1) Policy regarding financial instruments

The Group policy concerning cash holdings and temporary surplus funds for strategic investment and the like going forward dictates that such funds be used for marketable securities and time deposits with specific rates of yield and not for the purpose of securing gains from sales or speculative transactions. Furthermore, the said policy also requires that funds be secured by the most suitable method given prevailing market conditions, with loans from banks utilized for short-term financing requirements, and loans from banks, the issuance of bonds, capital increase and the like utilized for long-term financing needs.

In terms of investment securities, in principle, the Group acquires and retains stock related to business or capital tie-ups and the like with business partners.

The Group utilizes derivatives only as a hedge against the forms of risk detailed hereinafter but not for the purpose of securing gains from sales and speculative transactions.

(2) Details of financial instrument, associated risk, and risk management systems

Cash and deposits are principally used for time deposits while marketable securities generally take the form of bonds, and in both cases, therefore, the Group is exposed to the credit risk of the issuer and deposit holder and the risk of market price fluctuation. With the aim of minimizing and diversifying this risk, the internal rules of each Group company place limits on investment assets, issuers, investment periods, issuer and holder-specific investment amounts, and the like.

In terms of operating receivables in the form of trade notes and accounts receivable, the Group is exposed to the credit risk of the corresponding customers. As a countermeasure, the internal rules of each Group company establish systems for managing due dates and balances on an individual business partner basis and for regularly reassessing the financial standing of major business partners, thus ensuring that settlement concerns stemming from a worsening of the financial position of any such business partner or customer can be rapidly identified and addressed.

In terms of investment securities, which are stock related to business or capital tie-ups and the like with business partners, the Group is exposed to the risk of market price fluctuation, and systems have thus been established to regularly determine actual market value.

Trade notes and accounts payable, which constitute operating liabilities, expose the Group to liquidity risk; nevertheless, most have a payment period of no longer than one year, and each Group company deploys a number of different measures, such as the preparation of cash flow management plans and the like, in order to manage this risk.

Turning to derivative transactions, the Group utilizes forward exchange contracts, currency option transactions and the like for specific assets and liabilities denominated in foreign currencies, where this includes notes and account receivables/payables, with the aim of hedging the risk of future foreign-exchange fluctuation. Meanwhile, certain overseas consolidated subsidiaries manage the future risk of fluctuation in wheat prices, etc., using wheat futures and the like. Transactions such as these expose the Group to risk associated with general market fluctuation. As a means of minimizing such risk, each Group company acts in line with internal rules that prohibit the scale of any such dealings from exceeding actual demand, and furthermore, place limits on derivative transactions in the form of a fixed ratio of the total value thereof. It should also be noted that currency option transactions are restricted to the purchases of call options only by said internal rules. Furthermore, such transactions are executed by the Finance and Accounting Division principally in line with the instructions of the administrative divisions of operating companies with which foreign-exchange fluctuation risk is associated. At certain consolidated subsidiaries, however, the corresponding finance department executes transactions based principally on the instructions of various internal administrative divisions. In order to effectively monitor and control derivative transactions of this nature, the Group has implemented systems that require the Finance and Accounting Division and the finance departments of individual subsidiaries to obtain a derivative-transaction balance statement from banks and other similar institutions on a monthly basis, to cross-check this statement with actual balances, and among other measures, to submit a report to the Division Executive of the Finance and Accounting Division or the director in charge of the finance department and the director in charge of the administration department of each subsidiary. Furthermore, as the Group only conducts derivative transactions with financial institutions with high credit ratings, the risk of defaulting on contracts on the part of the counterparty is considered to be close to non-existent.

(3) Supplementary explanation concerning the market value of financial instruments

In the case of financial instruments with no determinable value based on market price, a fair value calculated in a reasonable manner is included. As fluctuation is factored into this calculated value, the selection of differing preconditions and the like may cause the fair value to change.

2. Market value of financial instruments

The book value, market value and difference between each for major balance sheet items as of March 31, 2013 (the balance sheet date) are presented as follows. Details of those balance sheet items whose market values are deemed highly difficult to determine are not included. (Please refer to Note 2).

(Millions of yen)

	Book value (*1)	Market value (*1)	Difference
(1) Cash and deposits	56,722	56,722	—
(2) Notes and accounts receivable-trade	65,393	65,393	—
(3) Short-term investment securities and investment securities			
Other securities	91,504	91,504	—
(4) Notes and accounts payable-trade	(56,309)	(56,309)	—
(5) Derivative transactions (*2)	221	221	—

(*1) Liabilities are shown in parentheses.

(*2) Net claims and debts resulting from derivative transactions are indicated as net amounts. Figures of total net debt are indicated in parentheses.

Note 1: Calculation method for the market values of financial instruments, marketable securities and derivative transactions.

(1) Cash and deposits, and (2) Notes and accounts receivable-trade

Given the short settlement period of the above items, the market value and book value are almost the same, and therefore, the corresponding book values are used.

(3) Short-term investment securities and investment securities
Shares are recorded at the stock-exchange price, and bonds are recorded at either the stock-exchange price or the price indicated by the transacting financial institution in question.

(4) Notes and accounts payable-trade
Given the short settlement period of the above items, the market value and book value are almost the same, and therefore, the corresponding book values are used.

(5) Derivatives
The market values of derivatives are recorded as the closing price for the corresponding futures or the price indicated by the transacting financial institution in question. It should be noted that forward exchange contracts and other foreign exchange contracts in which contracted exchange rates are applied are grouped together with hedged accounts payable, and the market value of the hedged accounts payable includes the values of the corresponding accounts payable.

Note 2: Financial instruments whose market values are deemed to be highly difficult to determine
Unlisted securities (book value ¥25,981 million) are deemed extremely difficult to value given the lack of a market value and the considerable cost that would be involved in estimating future cash flow. For this reason, these shares are not included in (3) Short-term investment securities and investment securities.

VI. Notes to Per Share Information

1. Net asset per share	¥1,243.82
2. Net income per share	¥55.09

VII. Other Notes

1. All amounts have been rounded down to the nearest million yen.
2. Notes to Business Combination

(Business combination by acquisition)

(1) Name of the company from which the business was acquired and acquired business activities, name of the company after acquisition, rationale for acquisition, date of acquisition, legal form of acquired business

[1] Name of the company from which the business was acquired and acquired business activities
Goodman Fielder New Zealand Limited   Flour milling segment (Manufacture and sale of wheat flour)

[2] Name of the company after acquisition
Champion Flour Milling Limited

[3] Main rationale for acquisition
The flour milling segment of Goodman Fielder (hereinafter “Champion Flour Milling Limited”), which we acquired, is the largest flour milling manufacturer with a share of 55% in the New Zealand market. Champion Flour Milling Limited has one factory each on the North and South islands, procures wheat from within New Zealand and Australia, and supplies a wide range of products, including wheat flour, prepared mix and bakery-based commercial ingredients, throughout New Zealand. Based on the business foundation of Champion Flour Milling Limited, the Company will apply its secondary processing technologies, including the bakery technology, and the know-how for creating new demand cultivated in Japan to further expand the businesses of Champion Flour Milling Limited.

This acquisition is also a part of the efforts under the Group’s medium-term management plan with the aim of expanding new overseas businesses by exploiting new growth opportunities. Because we seek to promote the flour milling segment in global markets, we find it extremely meaningful to gain ground in the Oceania region—the largest producer, next to North America, of wheat for Japan—to enable the procurement of raw materials in said region, the gathering of wheat-related information and the strengthening of relationships with local wheat producers and grain collection operators.

[4] Date of acquisition
February 22, 2013

[5] Legal form of acquisition
Business transfer through the payment of cash

(2) The period for which acquired business activities results are included in consolidated financial statements
The balance sheets as of February 22, 2013 which is the date of acquisition have been consolidated.

(3) Acquisition costs of business activities to be acquired and their details

Compensation for the acquisition	¥3,491 million
Direct costs for acquisition	¥263 million
Acquisition costs	¥3,755 million

(4) Amount of goodwill that arose, reasons for incidence and amortization method and period

[1] Amount of goodwill that arose
¥263 million

[2] Reasons for incidence

Because the acquisition costs exceeded the net amount of the acquisition costs allocated to the assets received and the liabilities undertaken, the excess amount was recorded as goodwill. Because the allocation of the acquisition costs had not been completed as of the end of the fiscal year under review, accounting treatment has been undertaken on a provisional basis in accordance with readily available information at that time.

[3] Amortization method and period

Amortized using the straight-line method over a period of 5 years

(5) Amounts of assets received and liabilities undertaken on the date of acquisition and their breakdown

Current assets	¥1,076 million
Noncurrent assets	¥2,466 million
Total assets	¥3,542 million
Current liabilities	¥37 million
Noncurrent liabilities	¥13 million
Total liabilities	¥51 million

Note: The amount of goodwill identified in (4) [1] above is not included in asset and liability amounts.

(6) Allocation of acquisition costs

The allocation of acquisition costs had not been completed as of the end of the fiscal year under review. As a result, accounting treatment has been undertaken on a provisional basis in accordance with readily available information at that time.

(7) The impact of estimated amounts on the consolidated statements of income for the fiscal year under review on the assumption that the acquisition was completed on the commencement date of the consolidated fiscal year, and calculation methods

The difference between net sales calculated on the assumption that the acquisition was completed on the commencement date of the consolidated fiscal year and net sales recorded on the Company's consolidated statements of income is about ¥10,000 million. For income, as the estimated amounts are difficult to calculate as it is a transfer of a business division, it has not been described. The note has not been certified by way of audit.

(Completed allocation of acquisition costs)

The accounting treatment for the Company's acquisition of equity interests in Miller Milling Company, LLC, and two other companies in the consolidated fiscal year ended March 31, 2012, was made on a provisional basis in accordance with Paragraph 69 of ASBJ Guidance No. 10, "Revised Guidance on Accounting Standard for Acquisitions and Accounting Standard for Business Divestitures." However, the allocation of the acquisition costs was completed in the consolidated fiscal year under review.

(1) Acquisition costs of the companies to be acquired and their details

Compensation for the acquisition	¥10,742 million
Direct costs for acquisition	¥664 million
Acquisition costs	¥11,407 million

(2) Amount of goodwill that arose, reasons for incidence and amortization method and period

[1] Amount of goodwill that arose

¥4,238 million

[2] Reasons for incidence

The incidence of goodwill is attributable to the rational estimation of excess earnings power anticipated by future business development.

[3] Amortization method and period

Amortized using the straight-line method over a period of 10 years

(3) Matters related to allocation of acquisition costs

[1] Amounts of assets received and liabilities undertaken on the date of acquisition and their breakdown

Current assets	¥3,400 million
Noncurrent assets	¥7,787 million
Total assets	¥11,187 million
Current liabilities	¥2,436 million
Noncurrent liabilities	¥1,582 million
Total liabilities	¥4,018 million

Note: The amount of goodwill identified in (2) [1] above is not included in asset and liability amounts.

[2] Amount allocated to intangible assets, type thereof and amortization period

Customer-related assets: ¥4,448 million

Amortization period: Amortized using the straight-line method over a period of 10 years.

Non-consolidated Balance Sheets

(As of March 31, 2013)

(Millions of yen)

Item	Amount	Item	Amount
(ASSETS)		**(LIABILITIES)**	
Current assets	**45,924**	**Current liabilities**	**6,870**
Cash and deposits	24,022	Current portion of long-term loans payable	2
Accounts receivable-trade	210	Lease obligations	171
Short-term investment securities	15,998	Accounts payable-other	181
Prepaid expenses	102	Accrued expenses	1,845
Deferred tax assets	456	Deposits received	4,564
Income taxes receivable	4,255	Provision for directors' bonuses	63
Other	878	Other	42
Noncurrent assets	**232,268**	**Noncurrent liabilities**	**17,226**
Property, plant and equipment	**23,954**	Long-term loans payable	21
Buildings	7,674	Lease obligations	109
Structures	722	Deferred tax liabilities	13,040
Machinery and equipment	621	Provision for retirement benefits	3,996
Vehicles	1		
Tools, furniture and fixtures	488	Other	59
Land	14,015	**Total liabilities**	**24,097**
Lease assets	253	**(NET ASSETS)**	
Construction in progress	175	**Shareholders' equity**	**230,666**
Intangible assets	**653**	**Capital stock**	**17,117**
Leasehold right	395	**Capital surplus**	**9,513**
Software	169	Legal capital surplus	9,500
Lease assets	27	Other capital surplus	13
Other	61	**Retained earnings**	**207,215**
Investments and other assets	**207,660**	Legal retained earnings	4,379
Investment securities	55,576	Other retained earnings	202,835
Stocks of subsidiaries and affiliates	126,018	Reserve for dividends	2,000
Investments in capital	317	Reserve for advanced depreciation of noncurrent assets	2,110
Investments in capital of subsidiaries and affiliates	488	General reserve	147,770
Long-term loans receivable from employees	24	Retained earnings brought forward	50,955
Long-term loans receivable from subsidiaries and affiliates	24,610	**Treasury stock**	**(3,180)**
Long-term prepaid expenses	287	**Valuation and translation adjustments**	**23,196**
Other	362	**Valuation difference on available-for-sale securities**	**23,196**
Allowance for doubtful accounts	(24)		
		Subscription rights to shares	**232**
		Total net assets	**254,095**
Total assets	**278,192**	**Total liabilities and net assets**	**278,192**

Non-consolidated Statements of Income

(For the Year Ended March 31, 2013)

(Millions of yen)

Item	Amount	
Operating revenue		**32,418**
Operating expenses		**13,074**
Operating income		**19,344**
Non-operating income		
Interest income	395	
Dividends income	1,164	
Other	94	1,655
Non-operating expenses		
Interest expenses	6	
Other	11	18
Ordinary income		**20,981**
Extraordinary income		
Gain on sales of noncurrent assets	42	
Other	2	44
Extraordinary loss		
Loss on retirement of noncurrent assets	45	
Loss on valuation of investments in capital of subsidiaries and affiliates	72	
Other	19	137
Income before income taxes		**20,887**
Income taxes – current	**18**	
Income taxes – deferred	**(111)**	**(93)**
Net income		**20,980**

Non-consolidated Statements of Changes in Net Assets

(For the Year Ended March 31, 2013)

(Millions of yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Reserve for dividends
Balance at April 1, 2012	17,117	9,500	7	9,507	4,379	2,000
Changes during the fiscal year						
Provision of reserve for advanced depreciation of noncurrent assets						
Reversal of reserve for advanced depreciation of noncurrent assets						
Provision of reserve for special account for advanced depreciation of noncurrent assets						
Reversal of reserve for special account for advanced depreciation of noncurrent assets						
Provision of general reserve						
Dividends from surplus						
Net income						
Purchases of treasury stock						
Disposal of treasury stock			6	6		
Net changes of items other than shareholders' equity						
Total changes of items during the fiscal year	—	—	6	6	—	—
Balance at March 31, 2013	17,117	9,500	13	9,513	4,379	2,000

	Shareholders' equity				
	Retained earnings				
	Other retained earnings				
	Reserve for advanced depreciation of noncurrent assets	Reserve for special account for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at April 1, 2012	1,969	171	140,770	41,914	191,204
Changes during the fiscal year					
Provision of reserve for advanced depreciation of noncurrent assets	177			(177)	—
Reversal of reserve for advanced depreciation of noncurrent assets	(36)			36	—
Provision of reserve for special account for advanced depreciation of noncurrent assets					—
Reversal of reserve for special account for advanced depreciation of noncurrent assets		(171)		171	—
Provision of general reserve			7,000	(7,000)	—
Dividends from surplus				(4,970)	(4,970)
Net income				20,980	20,980
Purchases of treasury stock					—
Disposal of treasury stock					—
Net changes of items other than shareholders' equity					—
Total changes of items during the fiscal year	141	(171)	7,000	9,040	16,010
Balance at March 31, 2013	2,110	—	147,770	50,955	207,215

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at April 1, 2012	(3,179)	214,650	18,503	18,503	188	233,342
Changes during the fiscal year						
Provision of reserve for advanced depreciation of noncurrent assets		—				—
Reversal of reserve for advanced depreciation of noncurrent assets		—				—
Provision of reserve for special account for advanced depreciation of noncurrent assets		—				—
Reversal of reserve for special account for advanced depreciation of noncurrent assets		—				—
Provision of general reserve		—				—
Dividends from surplus		(4,970)				(4,970)
Net income		20,980				20,980
Purchases of treasury stock	(30)	(30)				(30)
Disposal of treasury stock	29	36				36
Net changes of items other than shareholders' equity		—	4,692	4,692	43	4,736
Total changes of items during the fiscal year	(1)	16,015	4,692	4,692	43	20,752
Balance at March 31, 2013	(3,180)	230,666	23,196	23,196	232	254,095

Notes to the Non-consolidated Financial Statements

I. Significant Accounting Policies

1. Valuation standards and methods for securities

Held-to-maturity debt securities are stated at amortized cost.

Equity in subsidiaries and affiliated companies: Stated at cost determined by the moving average method.

Other securities:

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

2. Depreciation methods for fixed assets

Property, plant and equipment (excluding lease assets):

Depreciation on property, plant and equipment is computed by the declining balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998.

(Changes in accounting policies)

(Changes in accounting policies that are difficult to differentiate from changes in accounting estimates)

By virtue of revisions to the Corporation Tax Act, the Company applied a new method of depreciation on property, plant and equipment acquired on or after April 1, 2012, beginning with the fiscal year ended March 31, 2013.

The effect on earnings from this change was insignificant.

Intangible assets (excluding lease assets):

Depreciation on intangible assets (excluding lease assets) is computed by the straight-line method. Software used in-house is depreciated over its estimated useful life (five years) based on the straight-line method.

Lease assets:

Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

Finance lease transactions that do not transfer ownership and began prior to the year in which Accounting Standard for Lease Transactions (ASBJ Statement No. 13, revised on March 30, 2007) was first applied (on and before March 31, 2008) will continue to be accounted for in a manner similar to that for ordinary rental transactions.

3. Accounting standards for allowances

Allowance for Directors' bonuses:

Provision is made for directors' bonuses based on the estimated amounts during the fiscal year under review.

Allowance for employees' retirement benefits:

Provision is made for employees' retirement benefits (under lump-sum retirement benefit plan) and already retired pension recipients' retirement benefits (under defined-benefit corporate pension plan) based on the estimated amounts of retirement benefit obligation and the fair value of the pension plan assets at the fiscal year-end. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the fiscal year-end. Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees expected to receive pension benefits as of the fiscal year-end.

4. All accounting transactions are booked exclusive of any national or local consumption taxes.

II. Notes to the Non-consolidated Balance Sheets

1. Assets pledged as collateral

Stocks of subsidiaries and affiliates (Note) ¥3,897 million

Note: These assets are pledged as collateral against an affiliate's loans payable totaling ¥10,000 million.

2. Accumulated depreciation of property, plant and equipment	¥17,633 million
3. Warranty liabilities	¥60 million
4. Monetary claims and liabilities to affiliated companies	
Short-term monetary claims	¥907 million
Long-term monetary claims	¥24,610 million
Short-term monetary liabilities	¥4,213 million

III. Notes to the Non-consolidated Statements of Income

Transactions with affiliated companies	
Operating transactions	
Operating revenues	¥32,258 million
Operating expenses	¥828 million
Transactions other than operating transactions	¥525 million

IV. Notes to the Non-consolidated Statements of Changes in Net Assets

Class and number of shares of treasury stock as at the fiscal year-end.

Common stock	2,997,346 shares

V. Notes to Tax Effect Accounting

The Principal components of deferred tax assets and deferred tax liabilities are as follows.	(Millions of yen)
Deferred tax assets	
Allowance for employees' retirement benefits	1,322
Loss carried forward	678
Investment securities	618
Allowance for bonuses	217
Other	257
Gross Deferred tax assets	3,095
Amount offset by deferred tax liabilities	(2,011)
Net deferred tax assets	1,083
Valuation allowance	(626)
Total deferred tax assets	456
Deferred tax liabilities	
Unrealized holding gain on securities	(12,767)
Reserve for advanced depreciation on fixed assets	(1,165)
Retirement benefit trust repayment securities	(1,118)
Gross deferred tax liabilities	(15,051)
Amount offset by deferred tax assets	2,011
Deferred tax liabilities, net	(13,040)

VI. Notes to Property, Plant and Equipment Used under Lease Contracts

In addition to fixed assets recorded on the balance sheets, the Company uses some office equipment under the non-ownership transfer finance lease contract.

1. Acquisition cost of leased assets on an "as if capitalized" basis at the fiscal year-end	¥135 million
2. Accumulated depreciation of leased assets on an "as if capitalized" basis at the fiscal year-end	¥121 million
3. Outstanding obligations under finance leases on an "as if capitalized" basis at the fiscal year-end	¥14 million

VII. Notes to Related Party Transactions

Subsidiaries, Affiliated Companies, etc.

Attribute	Name of Company, etc.	Percentage of Voting Rights, etc. Held (Company stake)	Related Party	Nature of Transactions	Transaction Value	Item	Year-end Balance
Subsidiary	Nisshin Flour Milling Inc.	Direct ownership (100.0%)	Licensing of trademark, etc., lending of working capital, leasing of commercial land, etc.	Receipt of license fee for trademark, etc.(Note 1)	¥4,539 million	—	—
Affiliate	Tokatsu Foods Co., Ltd.	Direct ownership (49.0%)	—	Pledge of collateral (Note 2)	¥10,000 million	—	—

Transaction conditions and methods used to determine conditions

Note 1: License fee for trademark, etc. is determined by multiplying the net sales, etc. of Nisshin Flour Milling Inc. by a certain rate. No consumption tax amounts are included in the transaction value.

Note 2: In order to secure Tokatsu Foods Co., Ltd.’ s loans payable to financial institutions, the Company pledges the said affiliate’s stocks it holds as collateral. The transaction value represents the year-end balance of the collateral pledged against the loans.

VIII. Notes to Per Share Information

1. Net asset per share ¥1,021.42
2. Net income per share ¥84.42

IX. Other Notes

All amounts have been rounded down to the nearest million yen.

Reference Documents
for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Dividends from Surplus

Regarding dividends from the Company's surplus, the Company wishes to meet Shareholders' expectations with continuous dividends based on a dividend payout ratio of at least 30% on a consolidated basis, while taking into account its current and future earnings status and financial position.

The Company proposes a year-end dividend from the surplus for this fiscal year as follows below.

The annual dividend for this fiscal year, including the interim dividend, will therefore amount to ¥20 per share.

(1) Type of dividend
Cash

(2) Matters related to the allocation of dividend and total amount thereof
¥10 per share of the Company's common stock
Total amount of dividends: ¥2,485,381,020

(3) Effective date of dividend payment
June 27, 2013

Proposal No.2: Election of Fourteen (14) Directors

At the close of this Ordinary General Meeting of Shareholders, the terms of office of all fourteen Directors will expire. It is proposed that fourteen Directors be elected.

The candidates for Directors are as follows.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
1	Hiroshi Oeda (March 12, 1957)	April 1980 Joined the Company June 2009 Director April 2011 Director and President (to the present) April 2012 Director and President, Nisshin Flour Milling Inc. (to the present) [Director and President (Representative Director), Nisshin Flour Milling Inc.]	35,300 shares
2	Kazuo Ikeda (September 14, 1947)	April 1971 Joined the Company June 2004 Director Director and President, Nisshin Foods Inc. June 2009 Managing Director June 2011 Senior Managing Director June 2012 Director and Vice President (to the present) Director and Chairman, Nisshin Foods Inc. (to the present) October 2012 Director and President, Nisshin Seifun Premix Inc. (to the present) [Director and Chairman, Nisshin Foods Inc.] [Director and President (Representative Director), Nisshin Seifun Premix Inc.]	29,812 shares
3	Masao Nakagawa (August 17, 1953)	April 1977 Joined the Company June 2008 Executive Officer Senior Managing Director, Nisshin Foods Inc. June 2012 Managing Director, Division Executive (Finance and Accounting Division) and General Manager (Accounting Department) June 2013 Managing Director, Division Executive (Finance and Accounting Division) and General Manager (Finance Department) (to the present)	15,100 shares
4	Takashi Harada (February 9, 1957)	April 1979 Joined the Company June 2009 Executive Officer Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc. June 2010 Director and Division Executive (R&D and Quality Assurance Division) (to the present)	10,000 shares
5	Michinori Takizawa (March 27, 1954)	April 1976 Joined the Company July 2011 Executive Officer and Division Executive (Corporate Planning Division) June 2012 Director and Division Executive (Corporate Planning Division) June 2013 Director and Division Executive (General Administration Division) (to the present)	11,235 shares

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
6	Toshinori Shiragami (September 29, 1950)	April 1973 Joined the Company June 2005 Managing Director, Nisshin Pharma Inc. June 2007 Executive Officer June 2008 Director (to the present) Director and President, Nisshin Pharma Inc. (to the present) [Director and President (Representative Director), Nisshin Pharma Inc.]	15,100 shares
7	Masashi Nakagawa (February 19, 1955)	April 1978 Joined Oriental Yeast Co., Ltd. June 2003 Director and General Manager (Life Science Department of Bio Business Division), Oriental Yeast Co., Ltd. June 2005 Director and Division Executive (Bio Business Division), Oriental Yeast Co., Ltd. June 2007 Managing Director and Division Executive (Food Business Division), Oriental Yeast Co., Ltd. June 2009 Managing Director (In charge of Operations & Planning), Oriental Yeast Co., Ltd. June 2011 Director and President, Oriental Yeast Co., Ltd. (to the present) June 2012 Director (to the present) [Director and President (Representative Director), Oriental Yeast Co., Ltd.]	5,000 shares
8	Koichi Iwasaki (September 12, 1956)	April 1980 Joined the Company June 2007 Director and Division Executive (Sales Division), Nisshin Foods Inc. June 2010 Executive Officer Managing Director and Division Executive (Sales Division), Nisshin Foods Inc. June 2012 Director (to the present) Director and President, Nisshin Foods Inc. (to the present) [Director and President (Representative Director), Nisshin Foods Inc.]	5,000 shares
9	Ariyoshi Okumura (February 15, 1931)	April 1955 Joined Industrial Bank of Japan Limited (IBJ) June 1983 Director, IBJ May 1987 Managing Director, IBJ February 1989 Director and President, IBJ Asset Management Co., Ltd. June 1997 Director, Nippon Light Metal Co., Ltd. July 2000 Board Governor, International Corporate Governance Network June 2003 Audit & Supervisory Board Member June 2006 Director (to the present)	1,100 shares

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
10	Akio Mimura (November 2, 1940)	April 1963 Joined Fuji Iron & Steel Co., Ltd. June 1993 Director and General Manager (Sales Administration Division), Nippon Steel Corporation (NSC) June 1994 Director and General Manager (Sales Administration & Planning Division), NSC June 1995 Director and Group Executive Manager (Structurals Group), NSC April 1997 Managing Director and Group Executive Manager (Structurals Group), NSC April 1998 Managing Director and Group Executive Manager (Flat Products Group), NSC April 2000 Representative Director and Executive Vice President, NSC April 2003 Representative Director and President, NSC June 2006 Audit & Supervisory Board Member April 2008 Representative Director and Chairman, NSC (to the present) June 2009 Director (to the present) October 2012 Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation (to the present) [Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation] [Outside Director, Development Bank of Japan Inc.] [Outside Director, Innovation Network Corporation of Japan] [Outside Director, Tokio Marine Holdings, Inc.]	2,000 shares
11	Yasuhiko Ogawa (February 13, 1952)	April 1974 Joined the Company June 2007 Executive Officer Managing Director and Division Executive (Production Division), Nisshin Foods Inc. June 2012 Executive Officer and General Manager (Technology and Engineering Department of Technology and Engineering Division) (to the present)	5,011 shares
12	Akira Mouri (December 16, 1956)	April 1979 Joined the Company April 2006 Managing Director and General Manager (Accounting Department), Initio Foods Inc. June 2006 Managing Director and General Manager (Management Department), Initio Foods Inc. June 2010 General Manager (Finance Department of Finance and Accounting Division) June 2012 Executive Officer and General Manager (Finance Department of Finance and Accounting Division) June 2013 Executive Officer and Division Executive (Corporate Planning Division) (to the present)	6,000 shares

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
13	Takao Yamada (September 27, 1960)	April 1983 Joined the Company June 2008 General Manager (First Sales Department of Sales Division), Nisshin Flour Milling Inc. June 2011 Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc. (to the present) June 2012 Executive Officer (to the present) [Director, Nisshin Flour Milling Inc.]	2,600 shares
14	Nobuki Kemmoku (February 13, 1961)	April 1984 Joined the Company June 2005 Director and General Manager (Management Department), Nisshin Flour Milling Inc. June 2008 General Manager (Accounting Department of Finance and Accounting Division) September 2011 Managing Director (Management Department), Nisshin Flour Milling Inc. June 2012 Executive Officer (to the present) September 2012 Managing Director, Nisshin Flour Milling Inc. (to the present) [Managing Director, Nisshin Flour Milling Inc.]	8,500 shares

Notes: 1. No conflict of interest exists between the Company and any of the above candidates.

2. Information on candidates for Outside Director

(1) Both Mr. Ariyoshi Okumura and Mr. Akio Mimura are candidates for Outside Directors. In addition, both satisfy the requirements for Independent Directors as set forth by the Tokyo Stock Exchange and the Osaka Securities Exchange, and the Company has provided the necessary notification thereto.

(2) Concerning Mr. Ariyoshi Okumura, we ask for his re-election as an Outside Director based on his competence and his provision of valuable opinions to us derived from his experience in the business field and international organizations over many years and from his viewpoint as a pioneer in the field of Japanese corporate governance.

(3) Concerning Mr. Akio Mimura, we ask for his re-election as an Outside Director since we have been obtaining his advice and counsel for the operations and execution of the Company made possible by his rich experience and a wide range of knowledge as a corporate manager.

(4) Mr. Ariyoshi Okumura is currently an Outside Director for the Company, whose term in office will be about seven years at the time of the conclusion of this Ordinary General Meeting of Shareholders. Furthermore, he was an Outside Audit & Supervisory Board Member for the Company before his appointment as an Outside Director and so has been with the Company for about ten years since his appointment as an Outside Audit & Supervisory Board Member.

(5) Mr. Akio Mimura is currently an Outside Director for the Company, whose term in office will be about four years at the time of the conclusion of this Ordinary General Meeting of Shareholders. Furthermore, he was an Outside Audit & Supervisory Board Member for the Company before his appointment as an Outside Director and so has been with the Company for about seven years since his appointment as an Outside Audit & Supervisory Board Member.

(6) Under the provision of, Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with both Mr. Ariyoshi Okumura and Mr. Akio Mimura which limits the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1, thereof, provided that their duties are performed in good faith and without gross negligence on their part.

(7) Mr. Akio Mimura is going to retire as Director & Senior Adviser of Nippon Steel & Sumitomo Metal Corporation ("NSSMC") and assume the office of Senior Adviser of NSSMC at the time of the conclusion of the Ordinary General Meeting of Shareholders of NSSMC to be held in June 2013.

Proposal No.3: Election of Three (3) Audit & Supervisory Board Members

At the close of this Ordinary General Meeting of Shareholders, the terms of office of three Audit & Supervisory Board Members; Takeo Ito, Makoto Watanabe and Kazuhiko Fushiya will expire.

Therefore, we propose that three Audit & Supervisory Board Members be elected.

Furthermore, we have received consent from the Audit & Supervisory Board concerning this proposal.

The candidates for Audit & Supervisory Board Members are as follows.

No.	Name (Date of Birth)	Career Summary and Position in the Company [Significant Positions Concurrently Held]		Number of the Company's shares held
1	Makoto Watanabe (February 23, 1949)	April 1972 June 1998 July 2001 June 2003 June 2005 September 2005 June 2007 June 2009	Joined the Company General Manager (Finance Department) General Manager (Finance Group of Finance and Accounting Division) General Manager (General Affairs Group of General Administration Division) Executive Officer and General Manager (General Affairs Group of General Administration Division) Executive Officer and General Manager (Internal Control Preparatory Office of General Administration Division) Executive Officer and General Manager (Internal Control Department) Audit & Supervisory Board Member (to the present)	8,800 shares
2	Kazuhiko Fushiya (January 26, 1944)	April 1967 July 1996 June 1998 July 1999 July 2001 July 2002 January 2006 February 2008 January 2009 June 2009 [Chairman, The Institute of Internal Auditors, Japan]	Joined the Ministry of Finance (MOF) Director-General of the Financial Bureau, MOF Director-General of the Financial Planning Bureau, MOF Commissioner, National Tax Agency Deputy Governor, National Life Finance Corporation Assistant Chief Cabinet Secretary Commissioner, Board of Audit of Japan Commissioner (President), Board of Audit of Japan Retired Audit & Supervisory Board Member (to the present)	0 shares
3	Yasuhiko Masaki (October 16, 1956)	April 1979 June 2005 June 2009	Joined the Company General Manager (Secretary Section of General Administration) Secretariat (General Administration Division) and General Manager (Secretary Section of General Administration Division) (to the present)	2,000 shares

Notes: 1 No conflict of interest exists between the Company and any of the above candidates.

2. Information on candidate for Outside Audit & Supervisory Board Member

(1) Mr. Kazuhiko Fushiya is a candidate for Outside Audit & Supervisory Board Member. In addition, he satisfies the requirements for Independent Audit & Supervisory Board Members as set forth by the Tokyo Stock Exchange and the Osaka Securities Exchange, and the Company has provided the necessary notification thereto.

(2) Concerning Mr. Kazuhiko Fushiya, we ask for his re-election as an Outside Audit & Supervisory Board Member because he has performed audits appropriately based on his abundant experience and sophisticated expertise acquired through the important posts he has held in the Ministry of Finance and elsewhere. Although he has no experience in participating directly in corporate management, except by serving as an Outside Audit & Supervisory Board Member, we believe, for the aforementioned reasons, that he can adequately fulfill the duties of an Outside Audit & Supervisory Board Member.

(3) Mr. Kazuhiko Fushiya is currently an Outside Audit & Supervisory Board Member for the Company whose term in office will be about four years at the time of the conclusion of this Ordinary General Meeting of Shareholders.

(4) Under the provision of, Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with Mr. Kazuhiko Fushiya which limits the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that his duties are performed in good faith and without gross negligence on his part.

Proposal No.4: Determination of Amount and Nature of Remuneration of Directors in the Form of Stock Options

For the purpose of further promoting shareholder-value-oriented management, shareholders are requested to approve the allotment of subscription rights to shares to Directors of the Company as remuneration in the form of stock options capped at 37 million yen in annual amount (including the Outside Directors' portion amounting to 3.9 million yen). The amount of remuneration, etc. concerning subscription rights to shares will be calculated by multiplying the fair value of each subscription right to shares computed based on the Black-Scholes model by the number of subscription rights to shares allotted to Directors.

The aforementioned capped amount will be separate from the amount of remuneration of Directors approved at the 162nd Ordinary General Meeting of Shareholders held on June 28, 2006.

The approval of Proposal No.2 in its original form will result in the number of Directors subject to the Proposal being 14 (including 2 Outside Directors).

The details of the subscription rights to shares allotted as stock options are as follows.

1. Number of subscription rights to shares

The maximum number shall be 96 units (The number of shares per unit of stock options shall be 1,000 shares of common stock in this Company. If the number of shares has been adjusted as set forth in 2.(1), similar adjustments shall be made.)

2. Nature of subscription rights to shares

(1) Number of shares to be issued or transferred upon exercise of subscription rights to shares

The maximum number of shares shall be 96,000 shares of common stock of the Company.

If stock split (including gratis allotment, hereinafter the same) or stock consolidation is performed by the Company after the day on which subscription rights to shares are allotted (hereinafter referred to as "allotment date"), the number of shares to be issued or transferred shall be adjusted according to the following formula. However, the said adjustment shall be made only with respect to the number of shares to be issued or transferred for which subscription rights to shares have not yet been exercised at that point in time, and any fractional shares arising as a result of the adjustment shall be rounded off.

Number of shares after adjustment = Number of shares before adjustment × Stock split or consolidation ratio

Furthermore, in the event of unavoidable circumstances in which the number of shares to be issued or transferred upon the exercise of subscription rights to shares needs to be adjusted such as in cases where the Company undergoes a merger (excluding cases in which the Company ceases to exist as a result of the merger) or becomes a wholly-owning parent company through a share exchange after the allotment date, the number of shares to be issued or transferred upon the exercise of subscription rights to shares may be adjusted within reasonable bounds.

(2) Valuation method of assets invested upon exercise of subscription rights to shares

The value of assets invested upon exercise of each subscription right to shares shall be obtained by multiplying the amount to be paid per share determined as follows (hereinafter referred to as "exercise price") by the number of shares to be issued or transferred upon the exercise of each subscription right to shares set forth in 1.

The exercise price shall be equal to 1.025 times the average closing price of the Company's shares on the Tokyo Stock Exchange in regular trading on each day (excluding days on which no trading takes place) of the month preceding the month in which the allotment date falls, with fractional amounts less than one yen being rounded up to the nearest yen.

However, if the amount resulting from the calculation above is less than the closing price of the Company's shares on the Tokyo Stock Exchange in regular trading on the allotment date (if no trading takes place, then the most recent date on which trading took place), the said closing price shall be the exercise price.

If the Company performs a stock split or consolidation after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Stock split or consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposal below the market price (excluding any share issuance or treasury stock disposal associated with the exercise of subscription rights to shares) after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\begin{matrix}\text{Post-adjustment} \\ \text{exercise price}\end{matrix} = \begin{matrix}\text{Pre-adjustment} \\ \text{exercise price}\end{matrix} \times \frac{\begin{matrix}\text{Number of} \\ \text{shares already} \\ \text{issued +}\end{matrix} \dfrac{\begin{matrix}\text{Number of newly issued shares} \times \\ \text{Amount to be paid per share}\end{matrix}}{\text{Share price before new issuance}}}{\begin{matrix}\text{Number of shares already issued +} \\ \text{Number of newly issued shares}\end{matrix}}$$

In the above formula, “Number of shares already issued” shall be equal to the total number of the Company’s shares issued and outstanding, less the total number of shares of treasury stock owned by the Company. In the case of disposal of treasury stock, “Number of newly issued shares” shall be read as “Number of shares of treasury stock to be disposed,” “Amount to be paid per share” as “Disposal value per share,” and “Share price before new issuance” as “Share price before disposal.”

Furthermore, in the event of unavoidable circumstances in which the exercise price needs to be adjusted such as in cases where the Company undergoes a merger (excluding cases in which the Company ceases to exist as a result of the merger) or becomes a wholly-owning parent company through a share exchange after the allotment date, the exercise price may be adjusted within reasonable bounds.

(3) Exercise period of subscription rights to shares

Period commencing two years after the allotment date and ending August 3, 2020.

(4) Increase in common stock and legal capital surplus if shares are issued upon exercise of subscription rights to shares

In cases where shares are issued upon the exercise of subscription rights to shares, one-half of the maximum limit for the increase in common stock, etc. calculated under the provision of Article 17, Paragraph 1 of the Corporate Accounting Rules (fractional amounts less than one yen resulting from the calculation, if any, shall be rounded up to the nearest yen) shall be declared as common stock and the remainder shall be declared as legal capital surplus.

(5) Restrictions on acquisition of subscription rights to shares by transfer

Acquisition of subscription rights to shares by transfer shall require the approval of the Board of Directors.

(6) Reasons for acquisition of subscription rights to shares

If a proposal for the approval of a merger agreement under which the Company ceases to exist, a proposal for the approval of a share exchange agreement under which the Company becomes a wholly-owned subsidiary or a proposal for the approval of a share-transfer plan is approved at the General Meeting of Shareholders, the Company may acquire subscription rights to shares gratis.

(7) Conditions for exercise of subscription rights to shares

[1] Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the

"holders") shall be a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time of the exercise of the subscription rights to shares. However, the holders who are no longer a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the rights up until two years after stepping aside or two years after the commencement of the exercise period of subscription rights to shares, whichever is later.

[2] In the event of the death of the holder, the heir of the holder shall be allowed to inherit the subscription rights to shares and exercise the rights under the same terms and conditions as the holder provided that he/she finalizes the inheritance of the rights within ten months of the death of the holder and completes the procedures to change the holder with the Company within the said period. However, inheritance of the subscription rights to shares from the new holder shall not be permitted.

[3] Subscription rights to shares may not be transferred, securitized or otherwise disposed of under any circumstances.

[4] Where: a holder is dismissed from the position of Director or Executive Officer or voluntarily resigns (except for reasons of illness or disability); receives a criminal sanction no less than imprisonment; or takes office as a director or advisor of a competitor, then the exercise of the subscription rights to shares will be deemed inappropriate and said rights will be immediately forfeit.

(8) Treatment of subscription rights to shares upon reorganization

If the issuance of subscription rights to shares of the Company set forth below is stipulated in an agreement or plan, etc. made upon reorganization, the subscription rights to shares of the Company set forth below shall be issued according to the ratio at which the companies involved are reorganized.

[1] Merger (limited to cases in which the Company ceases to exist)
Joint-stock corporation (Kabushiki-kaisha) surviving after the merger or Joint-stock corporation (Kabushiki-kaisha) established as a result of the merger

[2] Absorption-type demerger (kyushu-bunkatsu)
Joint-stock corporation (Kabushiki-kaisha) inheriting all or some of the Company's rights and obligations concerning its business

[3] Incorporation-type demerger (shinsetsu-bunkatsu)
Joint-stock corporation (Kabushiki-kaisha) founded as a result of incorporation-type demerger (shinsetsu-bunkatsu).

[4] Share exchange
Joint-stock corporation (Kabushiki-kaisha) acquiring all of the Company's issued shares

[5] Share transfer
Joint-stock corporation (Kabushiki-kaisha) established through a share transfer

3. Payment of money in exchange for subscription rights to shares

No payment of money in exchange for subscription rights to shares shall be required.

4. Other matters

Other matters relating to subscription rights to shares shall be determined by resolution of the Board of Directors.

Proposal No.5: Issuance of Subscription Rights to Shares as Stock Options

Shareholders are asked to give approval for entrusting the Board of Directors of the Company with the task of determining the terms of offering subscription rights to shares granted as stock options upon especially favorable terms to Executive Officers of the Company and some Directors of its consolidated subsidiaries (excluding overseas subsidiaries) under the provisions of Articles 236, 238 and 239 of the Companies Act.

1. Reason for need to invite subscribers to subscription rights to shares under especially favorable conditions

The Company intends to grant subscription rights to shares as stock options to its Executive Officers and some Directors of its consolidated subsidiaries (excluding overseas subsidiaries), without contribution, with the aim of motivating them and raising their morale to improve the Company's business performance on a consolidated basis and further promoting shareholder-value-oriented management.

2. The nature and the maximum number of subscription rights to shares and other such terms of the offer that may be determined based on entrustment to the Board of Directors subject to the resolution of the General Meeting of Shareholders are as follows.

(1) The maximum number of subscription rights to shares

The maximum number shall be 213 units (The number of shares per unit of stock options shall be 1,000 shares of common stock in this Company. If the number of shares has been adjusted as set forth in (2) [1], similar adjustments shall be made.)

(2) Nature of subscription rights to shares

[1] Number of shares to be issued or transferred upon exercise of subscription rights to shares

The maximum number of shares shall be 213,000 shares of common stock of the Company.

If stock split (including gratis allotment, hereinafter the same) or stock consolidation is performed by the Company after the day on which subscription rights to shares are allotted (hereinafter referred to as "allotment date"), the number of shares to be issued or transferred shall be adjusted according to the following formula. However, the said adjustment shall be made only with respect to the number of shares to be issued or transferred for which subscription rights to shares have not yet been exercised at that point in time, and any fractional shares arising as a result of the adjustment shall be rounded off.

Number of shares after adjustment = Number of shares before adjustment × Stock split or consolidation ratio

Furthermore, in the event of unavoidable circumstances in which the number of shares to be issued or transferred upon the exercise of subscription rights to shares needs to be adjusted such as in cases where the Company undergoes a merger (excluding cases in which the Company ceases to exist as a result of the merger) or becomes a wholly-owning parent company through a share exchange after the allotment date, the number of shares to be issued or transferred upon the exercise of subscription rights to shares may be adjusted within reasonable bounds.

[2] Valuation method of assets invested upon exercise of subscription rights to shares

The value of assets invested upon exercise of each subscription right to shares shall be obtained by multiplying the amount to be paid per share determined as follows (hereinafter referred to as "exercise price") by the number of shares to be issued or transferred upon the exercise of each subscription right to shares set forth in (1).

The exercise price shall be equal to 1.025 times the average closing price of the Company's shares on the Tokyo Stock Exchange in regular trading on each day (excluding days on which no trading takes place) of the month preceding the month in which the allotment date falls, with fractional amounts less than one yen being rounded up to the nearest yen.

However, if the amount resulting from the calculation above is less than the closing price of the

Company's shares on the Tokyo Stock Exchange in regular trading on the allotment date (if no trading takes place, then the most recent date on which trading took place), the said closing price shall be the exercise price.

If the Company performs a stock split or consolidation after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Stock split or consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposal below the market price (excluding any share issuance or treasury stock disposal associated with the exercise of subscription rights to shares) after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\begin{array}{c}\text{Post-adjustment} \\ \text{exercise price}\end{array} = \begin{array}{c}\text{Pre-adjustment} \\ \text{exercise price}\end{array} \times \frac{\begin{array}{c}\text{Number of} \\ \text{shares already} \\ \text{issued +}\end{array} \dfrac{\begin{array}{c}\text{Number of newly issued shares} \times \\ \text{Amount to be paid per share}\end{array}}{\text{Share price before new issuance}}}{\begin{array}{c}\text{Number of shares already issued +} \\ \text{Number of newly issued shares}\end{array}}$$

In the above formula, "Number of shares already issued" shall be equal to the total number of the Company's shares issued and outstanding, less the total number of shares of treasury stock owned by the Company. In the case of disposal of treasury stock, "Number of newly issued shares" shall be read as "Number of shares of treasury stock to be disposed," "Amount to be paid per share" as "Disposal value per share," and "Share price before new issuance" as "Share price before disposal."

Furthermore, in the event of unavoidable circumstances in which the exercise price needs to be adjusted such as in cases where the Company undergoes a merger (excluding cases in which the Company ceases to exist as a result of the merger) or becomes a wholly-owning parent company through a share exchange after the allotment date, the exercise price may be adjusted within reasonable bounds.

[3] Exercise period of subscription rights to shares

Period commencing two years after the allotment date and ending August 3, 2020.

[4] Increase in common stock and legal capital surplus if shares are issued upon exercise of subscription rights to shares

In cases where shares are issued upon the exercise of subscription rights to shares, one-half of the maximum limit for the increase in common stock, etc. calculated under the provision of Article 17, Paragraph 1 of the Corporate Accounting Rules (fractional amounts less than one yen resulting from the calculation, if any, shall be rounded up to the nearest yen) shall be declared as common stock and the remainder shall be declared as legal capital surplus.

[5] Restrictions on acquisition of subscription rights to shares by transfer

Acquisition of subscription rights to shares by transfer shall require the approval of the Board of Directors.

[6] Reasons for acquisition of subscription rights to shares

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[7] Conditions for exercise of subscription rights to shares

(A) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") shall be a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time of the exercise of subscription rights to shares. However, the holders who are no longer a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the rights up until two years after stepping aside or two years after the commencement of the exercise period of subscription rights to shares, whichever is later.

(B) In the event of the death of the holder, the heir of the holder shall be allowed to inherit the subscription rights to shares and exercise the rights under the same terms and conditions as the holder provided that he/she finalizes the inheritance of the rights within ten months of the death of the holder and completes the procedures to change the holder with the Company within the said period. However, inheritance of the subscription rights to shares from the new holder shall not be permitted.

(C) Subscription rights to shares may not be transferred, securitized or otherwise disposed of under any circumstances.

(D) Where: a holder is dismissed from the position of Director or Executive Officer or voluntarily resigns (except for reasons of illness or disability); receives a criminal sanction no less than imprisonment; or takes office as a director or advisor of a competitor, then the exercise of the subscription rights to shares will be deemed inappropriate and said rights will be immediately forfeit.

[8] Treatment of subscription rights to shares upon reorganization

If the issuance of subscription rights to shares of the Company set forth below is stipulated in an agreement or plan, etc. made upon reorganization, the subscription rights to shares of the Company set forth below shall be issued according to the ratio at which the companies involved are reorganized.

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(B) Absorption-type demerger (kyushu-bunkatsu)
Joint-stock corporation (Kabushiki-kaisha) inheriting all or some of the Company's rights and obligations concerning its business

(C) Incorporation-type demerger (shinsetsu-bunkatsu)
Joint-stock corporation (Kabushiki-kaisha) founded as a result of incorporation-type demerger (shinsetsu-bunkatsu).

(D) Share exchange
Joint-stock corporation (Kabushiki-kaisha) acquiring all of the Company's issued shares

(E) Share transfer
Joint-stock corporation (Kabushiki-kaisha) established through a share transfer

(3) Payment of money in exchange for subscription rights to shares

No payment of money in exchange for subscription rights to shares shall be required.

(4) Other matters

Other matters relating to subscription rights to shares shall be determined by resolution of the Board of Directors.

End