MATTERS DISCLOSED ON THE INTERNET
RELATED TO THE
CONVOCATION NOTICE OF
THE 171st ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notes to the Consolidated Financial Statements

Notes to the Non-consolidated Financial Statements

(from April 1, 2014 to March 31, 2015)

Nisshin Seifun Group Inc.

We provide shareholders with the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements, posted on the Company' website (http://www.nisshin.com), in accordance with laws and regulations and Article 15 of the Company's Articles of Incorporation.

Notes to the Consolidated Financial Statements

I. Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 47 companies

- Names of principal subsidiaries: Nisshin Flour Milling Inc., Miller Milling Company, LLC, Champion Flour Milling Ltd., 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., NBC Meshtec Inc.
- Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and other companies are not consolidated. The assets, net sales, net income and retained earnings of each non-consolidated subsidiary are small, and the aggregate effect on the consolidated financial statements is immaterial.

(2) Changes in the scope of consolidation

- Effective from the fiscal year under review, Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. was newly established and included in the scope of consolidation of the Company.

2. Scope of the equity method

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

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

(2) Changes in the scope of the equity method

- During the fiscal year under review, one affiliate was removed from the roster of equity-method affiliates due to liquidation.

(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 fiscal year-end of each of these companies is within three months of the consolidated fiscal year-end, the current financial statements at the fiscal 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 fiscal year-end and the consolidated fiscal year-end.

Company name	Year-end
Rogers Foods Ltd.	January 31
Thai Nisshin Seifun Co., Ltd. and 19 others	December 31

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

[1] Securities:

Held-to-maturity debt securities are 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 mainly 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 mainly 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 by the first-in, first-out 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):

The Company and domestic consolidated subsidiaries mainly apply the declining balance method. However, for buildings acquired on or after April 1, 1998 (excluding building fixtures), they apply the straight-line method.

Foreign consolidated subsidiaries mainly apply the straight-line method.

[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:

Lease 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.

(3) Basis of material allowances

Allowance for doubtful accounts:

The Company and domestic consolidated subsidiaries provide for possible credit losses stemming from monetary receivables. 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.

(4) Accounting treatment of retirement benefits

Regarding its retirement benefit asset and liability, in order to maintain retirement benefits for employees leaving the Company and already retired pension recipients, the Company subtracts retirement benefit asset from its retirement benefit obligation, based on estimates as of the end of the fiscal year under review.

[1] Imputation method for retirement benefit estimates

In calculating retirement benefit liability, the method for imputing the applicable period until the end of the fiscal year under review for the estimated retirement benefit is determined by the benefit calculation standard.

[2] Treatment method for actuarial differences and expenses related to prior service cost

Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees (mainly 15 years) 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 (mainly 15 years) expected to receive pension benefits as of the consolidated fiscal year-end.

(5) 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, obligations or similar items denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.

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

Hedged items: Any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.

[3] The Company employs derivative financial instruments only for the aforementioned transactions purely to manage fluctuations 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.

(6) Goodwill amortization and amortization periods

Goodwill is amortized using the straight-line method over a period of mainly 10 years beginning with 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.

(7) Consumption tax

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

II. Notes to Changes in Accounting Policy

(Application of Accounting Standard for Retirement Benefits, etc.)

From the fiscal year under review, the Company has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; herein, "the retirement benefit accounting standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015; herein, "the retirement benefit guidance") in line with content stipulated in paragraph 35 of the retirement benefit accounting standard and stipulated in paragraph 67 of the retirement benefit guidance. Subsequently, the Company has revised its method for calculating retirement benefit liability and service costs. For determining the appropriate attributable period for estimated retirement benefits, the Company has changed from the period straight-line standard to a benefit formula standard. In parallel, the Company has also changed the method for determining the discount rate from one based on the average remaining period of service to the use now of a single weighted average discount rate that reflects the period for the estimated payment of retirement benefits and the monetary amount applicable to each such period.

Application of the retirement benefit accounting standard is handled in line with the transitional process stipulated in paragraph 37 of the retirement benefit accounting standard. Consequently, at the beginning of the fiscal year under review, the Company added or subtracted any impact from this change in the calculation of retirement benefit liability and service cost to retained earnings.

As a result of this accounting change, at the beginning of the fiscal year under review, the Company's retirement benefit asset decreased by ¥487 million, while its retirement benefit liability increased by ¥2,568 million; at the same time, retained earnings decreased by ¥1,950 million. These impacts had a negligible effect on income for the fiscal year under review.

III. Notes to the Consolidated Balance Sheet

1. Assets pledged as collateral

Buildings and structures (Note 1):	¥1,134 million
Machinery, equipment and vehicles (Note 1):	¥489 million
Investment securities (Note 2):	¥5,324 million
Other (Note 1):	¥124 million

Note 1: These assets are pledged as collateral against the short-term loans payable totaling ¥100 million.

Note 2: In order to secure loans payable of ¥6,600 million for affiliates, investment securities (maximum set at ¥3,000 million) were pledged as a third-party guarantee.

2. Reduction entry of property, plant and equipment purchased with government subsidy and others

Accumulated reduction entry of property, plant and equipment: ¥368 million

3. Accumulated depreciation of property, plant and equipment: ¥258,809 million

4. Components of inventories

Merchandise and finished goods:	¥27,903 million
Work in process:	¥4,614 million
Raw materials and supplies:	¥43,749 million

IV. Notes to the Consolidated Statement of Income

Litigation Settlement

The Company has paid a settlement to former shareholders of the Company's U.S.-based subsidiary Miller Milling Company, LLC following a settlement reached in a lawsuit pertaining to asset valuation at the time of the subsidiary's acquisition.

V. Notes to the Consolidated Statement of Change in Net Assets

1. Type and number of issued shares at the end of the year

Common stock: 304,357,891shares

2. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 26, 2014.

- Dividends on common stock

[1] Total dividends to be paid:	¥2,734 million
[2] Dividend per share:	¥10
[3] Record date:	March 31, 2014
[4] Effective date:	June 27, 2014

The following resolution was made at the meeting of the Board of Directors held on October 30, 2014.

- Dividends on common stock

[1] Total dividends to be paid:	¥2,737 million
[2] Dividend per share:	¥10
[3] Record date:	September 30, 2014
[4] Effective date:	December 5, 2014

(2) Dividends for which the record date came during the fiscal year ended March 31, 2015, but for which the effective date will come after said period

The following resolution will be proposed at the Ordinary General Meeting of Shareholders to be held on June 25, 2015.

- Dividends on common stock

[1] Total dividends to be paid:	¥3,616 million
[2] Source of dividends:	Retained earnings
[3] Dividend per share:	¥12
[4] Record date:	March 31, 2015
[5] Effective date:	June 26, 2015

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)

6-1st subscription rights to shares (August 19, 2008)	Common stock	25,410 shares
6-2nd subscription rights to shares (August 19, 2008)	Common stock	89,540 shares
7-1st subscription rights to shares (August 18, 2009)	Common stock	26,620 shares
7-2nd subscription rights to shares (August 18, 2009)	Common stock	108,900 shares
8-1st subscription rights to shares (August 18, 2010)	Common stock	32,670 shares
8-2nd subscription rights to shares (August 18, 2010)	Common stock	107,690 shares
9-1st subscription rights to shares (August 18, 2011)	Common stock	64,130 shares
9-2nd subscription rights to shares (August 18, 2011)	Common stock	177,870 shares
10-1st subscription rights to shares (August 16, 2012)	Common stock	50,820 shares
10-2nd subscription rights to shares (August 16, 2012)	Common stock	163,350 shares

VI. 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 notes and accounts receivable – trade, 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.

Notes and accounts payable – trade 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 accounts receivable – trade and notes and accounts payable – trade, 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 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, 2015 (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	42,584	42,584	—
(2) Notes and accounts receivable – trade	74,688	74,688	—
(3) Short-term investment securities and investment securities			
Other securities	137,652	137,652	—
(4) Notes and accounts payable – trade	(57,561)	(57,561)	—
(5) Derivative transactions (*2)	(19)	(19)	—

(*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, short-term investment 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) Derivative transactions

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 receivable and accounts payable, and the market value of the hedged accounts receivable and accounts payable includes the values of the corresponding accounts receivable and accounts payable.

Note 2: Financial instruments whose market values are deemed to be highly difficult to determine

Unlisted securities (book value ¥28,431 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.

VII. Notes to Per Share Information

1. Net assets per share	¥1,218.49
2. Net income per share	¥53.28

Note: On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Accordingly, net income per share is calculated by deeming the stock split to have occurred at the beginning of the consolidated fiscal year ended March 31, 2015.

VIII. Other Notes

1. All amounts have been rounded down to the nearest million yen.
2. Notes to M&A activity

(Business acquisition)

(1) Overview of M&A activity

On April 24, 2014, subsidiary Miller Milling Company, LLC signed an asset transfer agreement for the acquisition of four flour milling plants in the United States from Cargill, Inc., Horizon Milling, LLC and ConAgra Foods Food Ingredients Company, Inc. (Los Angeles Plant, Oakland Plant, Saginaw Plant and New Prague Plant), as well as the inventories of the plants as of the asset transfer date. The plants were officially acquired on May 25, 2014.

*Los Angeles Plant was acquired from Cargill, Inc. and Horizon Milling, LLC. The other three plants were acquired from ConAgra Foods Food Ingredients Company, Inc.

[1] Rationale for M&A activity

The United States is the largest flour milling market in the developed world. The Company advanced into this market with the purchase of Miller Milling Company, LLC in March 2012. In the United States, the Group will further expand its business scope by leveraging the advantages of its flour milling business, namely strengths in outstanding product development, technologies and capabilities to supply wheat flour that is consistent in quality.

Also, this acquisition will vastly increase the purchasing volume of raw materials by Miller Milling Company, LLC, and will diversify the type, variety, and production location of wheat that it handles. This development, in turn, will make available a broader range of raw material information and acquisition of expertise than ever before. This is especially meaningful given the Group’s aspirations for the development of the flour milling business in the global market.

[2] Date of acquisition

May 25, 2014

(2) The period for which acquired businesses results are included in consolidated financial statements

From May 25, 2014 to December 31, 2014

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

Compensation for the acquisition	¥21,645 million
Direct costs for acquisition	¥541 million
Acquisition costs	¥22,187 million

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

[1] Amount of goodwill that arose

¥4,932 million

[2] Reasons for incidence

The 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

(5) Amount of assets received and liabilities undertaken on the date of the business combination and their breakdown

Current assets	¥4,427 million
Noncurrent assets	¥12,827 million
Total assets	¥17,254 million

(Note) The amount of goodwill identified in “(4) [1] Goodwill” above is not included in asset amount.

(6) Estimated amount and calculation method for hypothetical impact on Consolidated Statement of Income for the fiscal year under review assuming business combination was completed on the first day of the fiscal year under review

Net sales	¥13.0 billion

(Method for calculating estimates)

The estimated amount is the difference between net sales calculated with the assumption that the business combination was completed on the first day of the fiscal year under review and net sales as stated in the Consolidated Statement of Income. Due to its negligible impact on income, this amount was omitted. This note was not certified via audit.

3. Additional information

(Revision of deferred tax assets and deferred tax liabilities following corporate tax rate changes)

In accordance with the announcement on March 31, 2015 of the “Law Revision a Portion of the Income Tax Law” (2015 Law No. 9) and the “Law Revising a Portion of the Local Tax Law” (2015 Law No. 2), the corporate tax rate in Japan was lowered from the fiscal year beginning April 1, 2015. Consequently, the effective tax rate used for the calculation of deferred tax assets and liabilities, accounting for temporary actuarial differences expected to dissipate during the fiscal year beginning April 1, 2015, declined from its previous 35.5% to 33.0%; accounting for temporary actuarial differences expected to dissipate after the fiscal year beginning April 1, 2016, the effective tax rate will decline further to 32.2%.

Due to this change in tax rate, the monetary value of deferred tax liabilities (i.e., the monetary value after deduction of deferred tax assets) as of the end of the fiscal year under review decreased by ¥2,038 million, while total income taxes, posted as an expense for the fiscal year under review, increased by ¥695 million.

Notes to the Non-consolidated Financial Statements

I. Significant Accounting Policies

1. Valuation standards and methodology 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 (excluding lease assets) 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.

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:

Lease 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.

3. Basis of material allowances

Provision for directors' bonuses:

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

Provision for retirement benefits:

Provision is made for employees' and already retired pension recipients' retirement benefits based on the estimated amounts of retirement benefit obligation and the fair value of the pension plan assets at the fiscal year-end.

[1] Imputation method for retirement benefit estimates

In calculating retirement benefit liability, the method for imputing the applicable period until the end of the fiscal year under review for the estimated retirement benefit is determined by the benefit calculation standard.

[2] Treatment method for actuarial differences and expenses related to prior service cost

Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees (15 years) 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 (15 years) expected to receive pension benefits as of the fiscal year-end.

4. Other significant matters regarding basis of presentation of non-consolidated financial statements

(1) Accounting treatment of retirement benefits

Unsettled amounts of unrecognized actuarial differences and unrecognized prior service cost relating to retirement benefits are accounted for in a different method from that applied to account for those in the consolidated financial statements.

(2) Consumption tax

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

II. Notes to Changes in Accounting Policy

(Application of Accounting Standard for Retirement Benefits, etc.)

From the fiscal year under review, the Company has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; herein, "the retirement benefit accounting standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015). Subsequently, the Company has revised its method for calculating retirement benefit liability and service costs. For determining the appropriate attributable period for estimated retirement benefits, the Company has changed from the period straight-line standard to a benefit formula standard. In parallel, the Company has also changed the method for determining the discount rate from one based on the average remaining period of service to the use now of a single weighted average discount rate that reflects the period for the estimated payment of retirement benefits and the monetary amount applicable to each such period.

Application of the retirement benefit accounting standard is handled in line with the transitional process stipulated in paragraph 37 of the retirement benefit accounting standard. Consequently, at the beginning of the fiscal year under review, the Company added or subtracted any impact from this change in the calculation of retirement benefit liability and service cost to retained earnings.

As a result of this accounting change, at the beginning of the fiscal year under review, the Company's prepaid pension costs decreased by ¥205 million, while its provision for retirement benefits increased by ¥361 million; at the same time, retained earnings decreased by ¥365 million. These impacts had a negligible effect on income for the fiscal year under review.

III. Notes to the Non-consolidated Balance Sheet

1. Assets pledged as collateral

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

Note: In order to secure loans payable of ¥6,600 million for affiliates, investment securities (maximum set at ¥3,000 million) were pledged as a third-party guarantee.

2. Accumulated depreciation of property, plant and equipment	¥18,459 million
3. Monetary claims and liabilities to affiliated companies	
Short-term monetary claims	¥547 million
Long-term monetary claims	¥38,973 million
Short-term monetary liabilities	¥4,406 million

IV. Notes to the Non-consolidated Statement of Income

Transactions with affiliated companies	
Operating transactions	
Operating revenues	¥16,580 million
Operating expenses	¥828 million
Transactions other than operating transactions	¥628 million

V. Notes to the Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as at the fiscal year-end.	
Common stock	3,016,787 shares

VI. 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	
Provision for retirement benefits	1,292
Investment securities	850
Provision for bonuses	165
Loss carried forward	43
Other	235
Gross deferred tax assets	2,587
Amount offset by deferred tax liabilities	(1,277)
Deferred tax assets, net	1,309
Valuation allowance	(883)
Total deferred tax assets	426
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(19,396)
Reserve for advanced depreciation of noncurrent assets	(1,036)
Retirement benefit trust repayment securities	(1,014)
Gross deferred tax liabilities	(21,447)
Amount offset by deferred tax assets	1,277
Deferred tax liabilities, net	(20,170)

(Additional information)

In accordance with the announcement on March 31, 2015 of the "Law Revision a Portion of the Income Tax Law" (2015 Law No. 9) and the "Law Revising a Portion of the Local Tax Law" (2015 Law No. 2), the corporate tax rate in Japan was lowered from the fiscal year beginning April 1, 2015. Consequently, the effective tax rate used for the calculation of deferred tax assets and liabilities, accounting for temporary actuarial differences expected to dissipate during the fiscal year beginning April 1, 2015, declined from its previous 35.5% to 33.0%; accounting for temporary actuarial differences expected to dissipate after the fiscal year beginning April 1, 2016, the effective tax rate will decline further to 32.2%.

Due to this change in tax rate, the monetary value of deferred tax liabilities (i.e., the monetary value after deduction of deferred tax assets) as of the end of the fiscal year under review decreased by ¥2,033 million, while total income taxes, posted as an expense for the fiscal year under review, decreased by ¥45 million.

VII. Notes to Related Party Transactions

Subsidiaries, Affiliated Companies, etc.

Attribute	Name of Company, etc.	Percentage of Voting Rights, etc. Held (Company stake)	Transactions with 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, etc., leasing of commercial land, etc.	Receipt of license fee for trademark, etc. (Note 1)	¥4,815 million	—	—
Subsidiary	NSGI Holdings Inc.	Direct ownership (20.0%) Indirect ownership (80.0%)	—	Underwrite of rights issue (Note 2)	¥3,655 million	—	—
Affiliate	Tokatsu Foods Co., Ltd.	Direct ownership (49.0%)	—	Pledge of collateral (Note 3)	¥6,600 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: The Company underwrote a rights issue made by NSGI Holdings Inc.

Note 3: 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 a third-party guarantee with the maximum being set at ¥3,000 million. 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 ¥927.06
2. Net income per share ¥22.63

Note: On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Accordingly, net income per share is calculated by deeming the stock split to have occurred at the beginning of the fiscal year ended March 31, 2015.

IX. Other Notes

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