MATTERS DISCLOSED ON THE INTERNET
RELATED TO THE
CONVOCATION NOTICE OF
THE 172nd ORDINARY GENERAL MEETING OF SHAREHOLDERS

Consolidated Statement of Changes in Net Assets

Notes to the Consolidated Financial Statements

Non-Consolidated Statement of Changes in Net Assets

Notes to the Non-consolidated Financial Statements

(from April 1, 2015 to March 31, 2016)

Nisshin Seifun Group Inc.

We provide shareholders with the Consolidated Statement of Changes in Net Assets, the Notes to the Consolidated Financial Statements, the Non-consolidated Statement of Changes in Net Assets, 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.

Consolidated Statement of Changes in Net Assets

(For the Year Ended March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	17,117	9,571	275,194	(2,659)	299,224
Cumulative effects of changes in accounting policies		3,173	(4,196)		(1,023)
Balance at the beginning of current period reflecting changes in accounting policies	17,117	12,744	270,997	(2,659)	298,200
Changes of items during the period					
Dividends from surplus			(7,235)		(7,235)
Profit attributable to owners of parent			17,561		17,561
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		80		375	456
Changes in treasury shares of parent arising from transactions with non-controlling shareholders		9			9
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	90	10,326	369	10,786
Balance at the end of current period	17,117	12,834	281,324	(2,289)	308,987

	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of current period	57,298	118	11,911	(1,471)	67,857	179	11,454	378,715
Cumulative effects of changes in accounting policies								(1,023)
Balance at the beginning of current period reflecting changes in accounting policies	57,298	118	11,911	(1,471)	67,857	179	11,454	377,692
Changes of items during the period								
Dividends from surplus								(7,235)
Profit attributable to owners of parent								17,561
Purchase of treasury stock								(6)
Disposal of treasury stock								456
Changes in treasury shares of parent arising from transactions with non-controlling shareholders								9
Net changes of items other than shareholders' equity	(1,324)	(420)	(2,052)	327	(3,469)	(32)	1,508	(1,993)
Total changes of items during the period	(1,324)	(420)	(2,052)	327	(3,469)	(32)	1,508	8,792
Balance at the end of current period	55,974	(301)	9,859	(1,144)	64,387	147	12,962	386,485

Notes to the Consolidated Financial Statements

I. Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 48 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, profit/loss 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

- Following a new acquisition of shares by the Company, Joyous Foods Co., Ltd. is included within the scope of consolidation from the fiscal year under review.

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 profit/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) 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 obligation, 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 Standards for Business Combinations)

From the fiscal year ended March 31, 2016, the Company has applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21; September 13, 2013; herein, "the business combinations accounting standard"), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22; September 13, 2013; herein, "the consolidated financial statements accounting standard"), and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7; September 13, 2013; herein, "the business divestitures accounting standard"). The accounting standards reflect a switch in methodology with respect to the posting to capital surplus of differences arising from changes in equity in a subsidiary by the parent company in cases in which control continues, and the posting of acquisition-related expenses as expenses for the consolidated fiscal year in which they are incurred. For business combinations occurring after the start of the fiscal year, the Company has switched to a method in which revisions to the distribution of the cost of the acquisition due to decisions regarding temporary accounting treatment are reflected in the consolidated financial statements applicable to the period in which the date of the business combination falls. Additionally, the Company has made changes in the presentation of net income, etc. and the presentation of minority interests to non-controlling interests.

Regarding application of the abovementioned accounting standards, pursuant to pass-through handling procedures stipulated in Article 58-2 (3) of the business combinations accounting standard, Article 44-5 (3) of the consolidated financial statements accounting standard, and Article 57-4 (3) of the business divestitures accounting standard, the cumulative monetary effect at the beginning of the fiscal year arising from the retroactive application of the new accounting policies to all past periods are added or subtracted from capital surplus and retained earnings.

As a result, at the beginning of the fiscal year ended March 31, 2016, goodwill declined by ¥1,252 million, while capital surplus increased by ¥3,173 million. In parallel, retained earnings declined by ¥4,196 million. These monetary effects had a negligible impact on financial performance for the fiscal year ended March 31, 2016.

Reflecting the cumulative monetary impact on net assets at the beginning of the fiscal year under review, the starting balance of capital surplus in the Consolidated Statements of Changes in Net Assets increased by ¥3,173 million, while the starting balance of retained earnings declined by ¥4,196 million.

III. Notes to the Consolidated Balance Sheet

1. Assets pledged as collateral

Buildings and structures:	¥1,097 million
Machinery, equipment and vehicles:	¥507 million
Other:	¥127 million

The above assets are pledged as collateral against the short-term loans payable totaling ¥100 million.

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

Reduction entry of property, plant and equipment purchased during the year under review:	¥29 million
Accumulated reduction entry of property, plant and equipment:	¥351 million

3. Accumulated depreciation of property, plant and equipment: ¥266,506 million

4. Components of inventories

Merchandise and finished goods:	¥27,547 million
Work in process:	¥4,601 million
Raw materials and supplies:	¥39,890 million

IV. 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 25, 2015.

- Dividends on common stock

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

The following resolution was made at the meeting of the Board of Directors held on October 29, 2015.

- Dividends on common stock

[1] Total dividends to be paid:	¥3,619 million
[2] Dividend per share:	¥12
[3] Record date:	September 30, 2015
[4] Effective date:	December 4, 2015

(2) Dividends for which the record date came during the fiscal year ended March 31, 2016, 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 28, 2016.

- Dividends on common stock

[1] Total dividends to be paid:	¥3,621 million
[2] Source of dividends:	Retained earnings
[3] Dividend per share:	¥12
[4] Record date:	March 31, 2016
[5] Effective date:	June 29, 2016

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)

7-1st subscription rights to shares (August 18, 2009)	Common stock	15,730 shares
7-2nd subscription rights to shares (August 18, 2009)	Common stock	33,880 shares
8-1st subscription rights to shares (August 18, 2010)	Common stock	14,520 shares
8-2nd subscription rights to shares (August 18, 2010)	Common stock	43,560 shares
9-1st subscription rights to shares (August 18, 2011)	Common stock	30,250 shares
9-2nd subscription rights to shares (August 18, 2011)	Common stock	82,280 shares
10-1st subscription rights to shares (August 16, 2012)	Common stock	43,560 shares
10-2nd subscription rights to shares (August 16, 2012)	Common stock	98,010 shares
11-1st subscription rights to shares (August 20, 2013)	Common stock	87,120 shares
11-2nd subscription rights to shares (August 20, 2013)	Common stock	209,330 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, the Group has a policy for retaining stocks when such retaining contributes to medium- to long-term improvement in corporate value and is reasonable in terms of facilitating and strengthening business tie-ups and joint businesses or building and strengthening long-term and stable business relationships.

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.

Investment securities are stocks related to business or capital tie-ups and the like with business partners, which are exposed to the risk of market price fluctuation. Thus, systems have been established to regularly determine actual market value, and with respect to principal stocks retained, to verify yearly at the Board of Directors the rationality of retaining stocks over a medium-to-long-term period considering return as well as risk, after examining their trading situations, revenue and financial conditions, shareholder returns, creditworthiness, and other factors.

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, 2016 (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	61,665	61,665	—
(2) Notes and accounts receivable – trade	72,871	72,871	—
(3) Short-term investment securities and investment securities			
Other securities	122,905	122,905	—
(4) Notes and accounts payable – trade	(51,348)	(51,348)	—
(5) Derivative transactions (*2)	(692)	(692)	—

(*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 ¥28,514 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 assets per share	¥1,237.64
2. Profit per share	¥58.25

VII. 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

[1] Name and business of the acquired company

Name: Joyous Foods Co., Ltd.

Business: Production and sale mainly of processed noodles

[2] Rationale for M&A activity

The Company has positioned prepared dishes and other prepared foods as a growth field, and is taking steps to groom it into one of the Group’s core business operations. In December 2012, the Company entered a capital tie-up with Tokatsu Foods Co., Ltd., a supplier of bento boxes, seasoned rice balls and prepared dishes primarily to convenience stores. However, the Company determined that joining with Tokatsu Foods Co., Ltd. to acquire shares in Joyous Foods Co., Ltd. is vital to spurring even greater expansion in the prepared dishes and other prepared foods businesses.

[3] Date of acquisition

January 29, 2016

[4] Legal form of M&A activity

Acquisition of shares through cash payment and shareholder allotment

[5] Name after M&A activity

Joyous Foods Co., Ltd.

[6] Percentage of voting rights acquired

65.1%

[7] Main basis for deciding upon the acquired company

The Company was able to obtain majority voting rights via the cash acquisition of shares and capital raising with shareholder allotment.

(2) The period for which acquired company’s business results are included in the consolidated financial statements

Only balance sheets as of January 29, 2016, the date of M&A activity, have been consolidated.

(3) Breakdown of acquisition cost for the acquired company and each type of payment

Shares acquired via share transfer	Cash and deposits	¥0 million
Shares acquired via shareholder allotment	Cash and deposits	¥3,255 million
Acquisition cost		¥3,255 million

(4) Content and amount of main acquisition-related expenses

Advisory expenses, etc. ¥129 million

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

[1] Amount of goodwill that arose

¥683 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 four years

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

Current assets	¥4,204 million
Noncurrent assets	¥4,839 million
Total assets	¥9,043 million
Current liabilities	¥3,660 million
Noncurrent liabilities	¥1,433 million
Total liabilities	¥5,094 million

(Note) The amount of goodwill identified in “(5) [1] Goodwill” above is not included in asset amount.

(7) 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	¥17,056 million
Operating income	¥289 million
Ordinary income	¥314 million
Profit attributable to owners of parent	¥76 million

(Method for calculating estimates)

The estimated amount is the difference between net sales and income data calculated with the assumption that the business combination was completed on the first day of the fiscal year under review and net sales and income data as stated in the consolidated statements of income. 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 passage in the Diet of the “Law Revision of a Portion of the Income Tax Law” (2016 Law No. 15) and the “Law Revising of a Portion of the Local Tax Law” (2016 Law No. 13) on March 29, 2016, the corporate tax rate in Japan was lowered from the fiscal year beginning April 1, 2016. Consequently, the effective tax rate used for the calculation of deferred tax assets and liabilities will be changed from 32.2%, which was used for the calculation in the previous fiscal year, to 30.8% for the temporary differences expected to be eliminated in the fiscal year beginning April 1, 2016 and the fiscal year beginning April 1, 2017, and to 30.6% for the temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2018 or in the following years.

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 ¥892 million, while total income taxes, posted as an expense for the fiscal year under review, increased by ¥373 million.

Non-consolidated Statement of Changes in Net Assets

(For the Year Ended March 31, 2016)

(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 the beginning of current period	17,117	9,500	124	9,624	4,379	2,000
Changes of items during the period						
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						
Adjustment to reserve due to change in tax rate						
Dividends from surplus						
Profit						
Purchase of treasury stock						
Disposal of treasury stock			80	80		
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	80	80	—	—
Balance at the end of current period	17,117	9,500	205	9,705	4,379	2,000

	Shareholders’ equity				
	Retained earnings				
	Other retained earnings				Total 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	
Balance at the beginning of current period	2,180	—	170,770	34,162	213,492
Changes of items during the period					
Provision of reserve for advanced depreciation of noncurrent assets					—
Reversal of reserve for advanced depreciation of noncurrent assets	(33)			33	—
Provision of reserve for special account for advanced depreciation of noncurrent assets		16		(16)	—
Reversal of reserve for special account for advanced depreciation of noncurrent assets					—
Adjustment to reserve due to change in tax rate	50			(50)	—
Dividends from surplus				(7,235)	(7,235)
Profit				8,154	8,154
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders’ equity					
Total changes of items during the period	16	16	—	885	919
Balance at the end of current period	2,197	16	170,770	35,048	214,412

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	(2,651)	237,583	41,775	2	41,777	179	279,540
Changes of items during the period							
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		—					—
Adjustment to reserve due to change in tax rate		—					—
Dividends from surplus		(7,235)					(7,235)
Profit		8,154					8,154
Purchase of treasury stock	(6)	(6)					(6)
Disposal of treasury stock	375	456					456
Net changes of items other than shareholders' equity			(1,294)	(2)	(1,296)	(32)	(1,329)
Total changes of items during the period	369	1,369	(1,294)	(2)	(1,296)	(32)	40
Balance at the end of current period	(2,281)	238,953	40,481	—	40,481	147	279,581

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 the Non-consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment	¥18,853 million
2. Monetary claims and liabilities to affiliated companies	
Short-term monetary claims	¥456 million
Long-term monetary claims	¥39,652 million
Short-term monetary liabilities	¥6,154 million

III. Notes to the Non-consolidated Statement of Income

Transactions with affiliated companies

Operating transactions	
Operating revenues	¥18,849 million
Operating expenses	¥842 million
Transactions other than operating transactions	¥506 million

IV. 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	2,593,016 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	
Provision for retirement benefits	1,157
Investment securities	809
Provision for bonuses	154
Other	291
Gross deferred tax assets	2,412
Amount offset by deferred tax liabilities	(1,138)
Deferred tax assets, net	1,274
Valuation allowance	(850)
Total deferred tax assets	423
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(17,428)
Reserve for advanced depreciation of noncurrent assets and other	(976)
Retirement benefit trust repayment securities	(964)
Gross deferred tax liabilities	(19,369)
Amount offset by deferred tax assets	1,138
Deferred tax liabilities, net	(18,230)

(Additional information)

In accordance with the passage in the Diet of the “Law Revision of a Portion of the Income Tax Law” (2016 Law No. 15) and the “Law Revising of a Portion of the Local Tax Law” (2016 Law No. 13) on March 29, 2016, the corporate tax rate in Japan was lowered from the fiscal year beginning April 1, 2016. Consequently, the effective tax rate used for the calculation of deferred tax assets and liabilities will be changed from 32.2%, which was used for the calculation in the previous fiscal year, to 30.8% for the temporary differences expected to be eliminated in the fiscal year beginning April 1, 2016 and the fiscal year beginning April 1, 2017, and to 30.6% for the temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2018 or in the following years.

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 ¥933 million, while total income taxes, posted as an expense for the fiscal year under review, decreased by ¥22 million.

VI. 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)	¥4,818 million	—	—
Subsidiary	Joyous Foods Co., Ltd.	Direct ownership (65.1%)	—	Underwrite of rights issue (Note 2)	¥3,255 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 Joyous Foods Co., Ltd.

Directors, Major Individual Shareholders, etc.

Attribute	Name of company, etc., or individual	Percentage of Voting Rights, etc. Held (Individual’s stake)	Transactions with Related Party	Nature of Transactions	Transaction Value	Item	Year-end Balance
Director and his/her close relative	Hiroshi Oeda	Direct ownership (0.0%)	Representative Director and President of the Company	Exercise of subscription rights to shares (Note 1)	¥12 million	—	—
Director and his/her close relative	Kazuo Ikeda	Direct ownership (0.0%)	Director and Vice President of the Company	Exercise of subscription rights to shares (Note 1)	¥11 million	—	—

Transaction conditions and methods used to determine conditions

Note 1: This refers to the exercise during the fiscal year under review of stock options granted by the resolutions of the Ordinary General Meeting of Shareholders held on June 25, 2010, June 27, 2012, and June 26, 2013. The “Transaction Value” represents the amount determined by multiplying the number of shares granted by the exercise of the stock options during the fiscal year under review by the exercise price.

VII. Notes to Per Share Information

1. Net asset per share ¥926.00
2. Profit per share ¥27.04

VIII. Other Notes

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