MATTERS DISCLOSED ON THE INTERNET RELATED TO THE CONVOCATION NOTICE OF THE 173rd 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, 2016 to March 31, 2017)

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's website (http://www.nisshin.com/english/shareholders/meeting), 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 Fiscal Year Ended March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	12,834	281,324	(2,289)	308,987
Changes of items during the period					
Dividends from surplus			(7,546)		(7,546)
Profit attributable to owners of parent			19,466		19,466
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		62		265	327
Change of fiscal term of consolidated subsidiaries			(80)		(80)
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	63	11,840	263	12,167
Balance at the end of current period	17,117	12,898	293,165	(2,026)	321,154

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	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			
Balance at the beginning of current period	55,974	(301)	9,859	(1,144)	64,387	147	12,962	386,485
Changes of items during the period								
Dividends from surplus								(7,546)
Profit attributable to owners of parent								19,466
Purchase of treasury shares								(2)
Disposal of treasury shares								327
Change of fiscal term of consolidated subsidiaries								(80)
Change in ownership interest of parent due to transactions with non-controlling interests								0
Net changes of items other than shareholders' equity	9,501	395	(2,023)	204	8,078	28	46	8,153
Total changes of items during the period	9,501	395	(2,023)	204	8,078	28	46	20,320
Balance at the end of current period	65,475	93	7,836	(939)	72,466	175	13,009	406,805

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., Joyous Foods Co., Ltd., 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) Important changes in scope of consolidation

- During the fiscal year ended March 31, 2017, the Company sold all of the shares of its former consolidated subsidiary Daisen Ham Co., Ltd., held by its consolidated subsidiaries, on September 20, 2016, causing it to be excluded from the scope of consolidation. Statements of income of the former subsidiary are consolidated through the recognized date of sale (September 30, 2016). The Company also added one newly established company to and, following the sale of shares, removed one additional company from the scope of consolidation.

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

For more accurate disclosure in the consolidated financial statements, consolidated subsidiary Joyous Foods Co., Ltd. changed its accounting period from an end date of December 31 to March 31.
Accompanying this change in accounting period, income from Joyous Foods Co., Ltd. from the date of merger on January 29, 2016 through March 31, 2016 has been adjusted as a change in retained earnings.

4. 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 leased assets):

The Company and domestic consolidated subsidiaries mainly apply the declining balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016.

Foreign consolidated subsidiaries mainly apply the straight-line method.

[2] Intangible assets (excluding leased 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] Leased 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.

(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 receivables 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 ended March 31, 2017.

[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 ended March 31, 2017 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 fiscal 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 Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Reform)

In accordance with revisions to corporate tax law in Japan, the Company has applied the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Reform" (PITF No. 32, June 17, 2016) from the fiscal year ended March 31, 2017. The subsequent result is a switch from the declining-balance method to the straight-line method for depreciation pertaining to building fixtures and structures purchased after April 1, 2016.

These monetary effects had a negligible impact on financial performance for the fiscal year ended March 31, 2017.

III. Notes to the Consolidated Balance Sheet

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

Reduction entry of property, plant and equipment purchased during the fiscal year ended March 31, 2017:	¥1 million
Accumulated reduction entry of property, plant and equipment:	¥352 million

2. Accumulated depreciation of property, plant and equipment: ¥268,847 million
3. Components of inventories

Merchandise and finished goods:	¥24,993 million
Work in process:	¥3,757 million
Raw materials and supplies:	¥35,261 million

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

1. Class and number of issued shares at the end of the fiscal year

Common stock:	304,357,891 shares

2. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 28, 2016.

- Dividends on common stock

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

The following resolution was made at the meeting of the Board of Directors held on October 27, 2016.

- Dividends on common stock

[1] Total dividends to be paid:	¥3,924 million
[2] Dividend per share:	¥13
[3] Record date:	September 30, 2016
[4] Effective date:	December 2, 2016

(2) Dividends for which the record date came during the fiscal year ended March 31, 2017, 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, 2017.

- Dividends on common stock

[1] Total dividends to be paid:	¥3,926 million
[2] Source of dividends:	Retained earnings
[3] Dividend per share:	¥13
[4] Record date:	March 31, 2017
[5] Effective date:	June 29, 2017

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)

8-1st subscription rights to shares (August 18, 2010)	Common stock	6,050 shares
8-2nd subscription rights to shares (August 18, 2010)	Common stock	35,090 shares
9-1st subscription rights to shares (August 18, 2011)	Common stock	12,100 shares
9-2nd subscription rights to shares (August 18, 2011)	Common stock	58,080 shares
10-1st subscription rights to shares (August 16, 2012)	Common stock	19,360 shares
10-2nd subscription rights to shares (August 16, 2012)	Common stock	43,560 shares
11-1st subscription rights to shares (August 20, 2013)	Common stock	67,760 shares
11-2nd subscription rights to shares (August 20, 2013)	Common stock	152,460 shares
12-1st subscription rights to shares (August 19, 2014)	Common stock	81,400 shares
12-2nd subscription rights to shares (August 19, 2014)	Common stock	194,700 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, etc. 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, 2017 (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	85,458	85,458	—
(2) Notes and accounts receivable – trade	69,584	69,584	—
(3) Securities and investment securities			
Other securities			
(4) Notes and accounts payable – trade	129,734	129,734	—
(5) Derivative transactions (*2)	(40,320)	(40,320)	—
	154	154	—

(*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, 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) 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 ¥26,577 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) Securities and investment securities.

VI. Notes to Per Share Information

1. Net assets per share ¥1,303.45
2. Profit per share ¥64.50

VII. Other Notes

1. All amounts have been rounded down to the nearest million yen.
2. Notes to Impairment losses

Impairment losses were posted for the asset groups below during the fiscal year ended March 31, 2017.

Location	Application	Type
Ueda, Nagano Prefecture	manufacturing facility for raw materials for pharmaceuticals	Buildings and structures, machinery, equipment and vehicles, others
Yokohama, Kanagawa Prefecture, and others	Assets scheduled for disposal (company housing/dormitory)	Buildings and structures

The Nisshin Seifun Group categorizes assets based on the smallest unit that largely generates cash flows independently from the cash flows of other assets and asset groups.

For the manufacturing facility for raw materials for pharmaceuticals, due to changes in the market environment, the recoverable value of this asset fell below the book value. In light of this reduction in recoverable value to the book value, the Company posted an extraordinary loss of ¥785 million as an impairment loss reflecting this decrease. The breakdown of the impairment loss includes ¥275 million for buildings and structures, ¥482 million for machinery, equipment and vehicles, and other items totaling ¥27 million. The recoverable value is measured based on the useable value (discount rate of 6.6%).

Due to their immaterial impact, impairment losses other than those listed above have been omitted.

3. Notes to M&A activity

(Business Divestiture)

(1) Overview of Business Divestiture

[1] Name of Receiver of Divested Business

Air Water Inc.

[2] Content of Divested Business

Daisen Ham Co., Ltd. (Business lines: Manufacturing and sales of processed meat products)

[3] Main Reason for Business Divestiture

The Group is taking several measures toward management challenges for a “restructured earnings foundation” that places emphasis on the bottom line as laid out in the new medium-term management plan “NNI-120 II” announced in May 2015, and is continuing to examine a restructuring of the business portfolio as one of those measures.

On this occasion, the Company transferred all shares of Daisen Ham Co., Ltd. held by its consolidated subsidiaries, Nisshin Foods Inc., Oriental Yeast Co., Ltd., and Nisshin Associates Inc. to Air Water Inc.

Agriculture and foods are key industries for Air Water Inc., which has as its subsidiary Saveur SS Inc., a company engaged in the processed meat industry. Daisen Ham Co., Ltd. will become a key company within the Air Water Group, improving its value as a company and its outlook for sustainable growth into the future.

[4] Date of Divestiture

September 20, 2016

[5] Other Matters Concerning the Summary of Transaction, Including Legal Framework

Consideration for transfer of shares will be cash or other assets only

(2) Summary of Accounting Measures Taken

[1] Gain (or losses) from transfer

Gain on sales of shares of subsidiaries and associates ¥1,862 million

[2] Appropriate carrying value and details of assets and liabilities related to transferred business

Current assets: ¥3,634 million
Non-current assets: ¥2,426 million
Total assets: ¥6,060 million
Current liabilities: ¥2,308 million
Non-current liabilities: ¥615 million
Total liabilities: ¥2,924 million

[3] Accounting

The difference in the sale price for the shares of Daisen Ham Co., Ltd. and its consolidated carrying value were accounted for as extraordinary income labeled “Gain on sales of shares of subsidiaries and associates.”

(3) Reporting Segment that Contained Divested Business

Processed Food Segment

(4) Summarized Profit and Loss for Divested Business as Accounted for in the Consolidated Statements of Income

Net sales:	¥3,887 million
Operating profit:	¥22 million
Ordinary profit:	¥30 million
Profit attributable to owners of parent:	¥6 million

Non-consolidated Statement of Changes in Net Assets

(For the Fiscal Year Ended March 31, 2017)

(Millions of yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
						Other retained earnings
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for dividends
Balance at the beginning of current period	17,117	9,500	205	9,705	4,379	2,000
Changes of items during the period						
Reversal of reserve for advanced depreciation of non-current assets						
Reversal of reserve for special account for advanced depreciation of non-current assets						
Dividends from surplus						
Profit						
Purchase of treasury shares						
Disposal of treasury shares			62	62		
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	62	62	—	—
Balance at the end of current period	17,117	9,500	268	9,768	4,379	2,000

	Shareholders' equity				
	Retained earnings				
	Other retained earnings				
	Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	2,197	16	170,770	35,048	214,412
Changes of items during the period					
Reversal of reserve for advanced depreciation of non-current assets	(36)			36	—
Reversal of reserve for special account for advanced depreciation of non-current assets		(16)		16	—
Dividends from surplus				(7,546)	(7,546)
Profit				14,608	14,608
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during the period	(36)	(16)	—	7,116	7,062
Balance at the end of current period	2,160	—	170,770	42,164	221,475

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	(2,281)	238,953	40,481	40,481	147	279,581
Changes of items during the period						
Reversal of reserve for advanced depreciation of non-current assets		—				—
Reversal of reserve for special account for advanced depreciation of non-current assets		—				—
Dividends from surplus		(7,546)				(7,546)
Profit		14,608				14,608
Purchase of treasury shares	(2)	(2)				(2)
Disposal of treasury shares	265	327				327
Net changes of items other than shareholders' equity			8,462	8,462	28	8,491
Total changes of items during the period	263	7,388	8,462	8,462	28	15,880
Balance at the end of current period	(2,018)	246,342	48,943	48,943	175	295,461

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 non-current assets

Property, plant and equipment (excluding leased assets):

Depreciation on property, plant and equipment (excluding leased 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 and building fixtures and structures acquired on or after April 1, 2016.

Intangible assets (excluding leased assets):

Depreciation on intangible assets (excluding leased 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.

Leased 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.

3. Basis of material allowances

Provision for directors' bonuses:

Provision is made for directors' bonuses based on the estimated amounts during the fiscal year ended March 31, 2017.

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 ended March 31, 2017 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 Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Reform)

In accordance with revisions to corporate tax law in Japan, the Company has applied the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Reform" (PITF No. 32, June 17, 2016) from the fiscal year ended March 31, 2017. The subsequent result is a switch from the declining-balance method to the straight-line method for depreciation pertaining to building fixtures and structures purchased after April 1, 2016.

These monetary effects had a negligible impact on financial performance for the fiscal year ended March 31, 2017.

III. Notes to the Non-consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment	¥18,699 million
2. Monetary claims and liabilities to affiliated companies	
Short-term monetary claims	¥543 million
Long-term monetary claims	¥37,743 million
Short-term monetary liabilities	¥6,291 million

IV. Notes to the Non-consolidated Statement of Income

Transactions with affiliated companies	
Operating transactions	
Operating revenues	¥25,147 million
Operating expenses	¥817 million
Transactions other than operating transactions	¥427 million

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

Class and number of treasury shares as at the fiscal year-end	
Common stock	2,293,075 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	1,096
Investment securities	531
Provision for bonuses	161
Other	359
Gross deferred tax assets	2,148
Amount offset by deferred tax liabilities	(1,122)
Deferred tax assets, net	1,026
Valuation allowance	(629)
Total deferred tax assets	396
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(21,088)
Retirement benefit trust repayment securities	(964)
Reserve for advanced depreciation of non-current assets	(952)
Gross deferred tax liabilities	(23,005)
Amount offset by deferred tax assets	1,122
Deferred tax liabilities, net	(21,883)

VII. Notes to Related Party Transactions

Subsidiaries, Affiliated Companies, etc.

Attribute	Name of Company, etc.	Percentage of Voting Rights, etc. Held (Stake in Company)	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)	¥4,847 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.

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 (Note 2)	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 (Note 3)	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 ended March 31, 2017 of stock options granted by the resolutions of the Ordinary General Meeting of Shareholders held on June 28, 2011, June 26, 2013, and June 26, 2014. 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 ended March 31, 2017 by the exercise price.

Note 2: As of April 1, 2017, he took office as Director and Executive Adviser of the Company.

Note 3: As of April 1, 2017, he became Director from his former position as Director and Vice President of the Company.

VIII. Notes to Per Share Information

1. Net asset per share ¥977.56
2. Profit per share ¥48.39

IX. Other Notes

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