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Summary of Financial Statements for the First Quarter of Fiscal 2014 [Japanese Standards]

July 30, 2013

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
 Code: 2002
 URL: <http://www.nisshin.com>
 Representative: Hiroshi Oeda, Representative Director and President
 Contact: Yukio Tsujitake, General Manager, Public Communications Department (General Administration Division)
 Tel.: +81-3-5282-6650
 Date to submit the Quarterly Securities Report: August 13, 2013
 Date to start distributing dividends: —
 Supplementary documents for this summary of financial statements: Yes
 Results briefing for financial results: None

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the First Quarter of Fiscal 2014 (April 1, 2013 to June 30, 2013)

(1) Consolidated Business Results

(The percentages indicate the rates of increase or decrease compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months of Fiscal 2014	118,078	6.6	5,474	6.2	6,677	6.3	4,221	9.0
First three months of Fiscal 2013	110,750	2.0	5,156	(24.1)	6,279	(19.7)	3,871	(15.0)

(Note) Comprehensive income: First three months of Fiscal 2014: ¥7,064 million (up 492.9%)

First three months of Fiscal 2013: ¥1,191 million (down 74.5%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three months of Fiscal 2014	16.99	16.98
First three months of Fiscal 2013	15.58	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2013	450,462	321,459	69.4
March 31, 2013	461,851	317,436	66.9

(Reference) Equity capital: June 30, 2013: ¥312,819 million March 31, 2013: ¥309,053 million

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2013	—	10.00	—	10.00	20.00
Fiscal 2014	—	—	—	—	—
Fiscal 2014 (forecast)	—	10.00	—	10.00	20.00

(Note) Revision to the latest forecast of dividends: None

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year, the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	238,000	7.3	10,300	3.9	11,700	2.0	6,900	1.0	27.77
Full year	490,000	7.6	23,700	9.0	26,300	6.3	16,000	16.9	64.39

(Note) Revision to the latest forecast of business results: None

* Notes

(1) Changes in important subsidiaries during the period under review (changes in specified subsidiaries involving a change in the scope of consolidation): None

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to "Matters Concerning Summary Information (Notes)" on page 5 of the Attachment.

(3) Changes in accounting policies, changes in accounting estimates and revisions restated

1) Changes in accounting policies associated with the revisions of accounting standards, etc.: None

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: None

4) Revisions restated: None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	As of June 30, 2013	251,535,448	As of March 31, 2013	251,535,448
2) Number of treasury shares	As of June 30, 2013	3,046,695	As of March 31, 2013	3,064,504
3) Average number of shares outstanding	First three months of Fiscal 2014	248,477,891	First three months of Fiscal 2013	248,472,679

* Status of execution of the quarterly review of financial statements

Because this Summary of Financial Statements is not subject to the review of quarterly financial statements under the Financial Instruments and Exchange Act, the procedures for said review are not completed at the time of disclosing this summary.

* Statement regarding the proper use of financial forecasts and other special remarks

The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized. For details of assumptions for financial forecasts and other related matters, please refer to "Forecast of Consolidated Business Results and Other Forward-looking Information" on page 4 of the Attachment.

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1. Qualitative Information for the Period under Review

(1) Business Performance

[Overview of the Period under Review]

During the first three months of the fiscal year ending March 31, 2014, signs of a turnaround in the business climate emerged in several sectors, spurred by government-backed fiscal and monetary measures. However, the surrounding business environment for the Company remained challenging, primarily due to rising prices for imported raw materials caused by a depreciating yen, as well as an increase in utility charges and the continued preference for lower-priced options among consumers. Under these conditions, the Company moved to accelerate measures outlined in “NNI-120, Speed, Growth and Expansion,” a medium-term management plan which positions top-line (net sales) and overseas business expansion as priority strategies. Along with aggressive promotional efforts in each of its businesses, the Company established a local subsidiary near Ho Chi Minh City in Vietnam in June, and will build a production plant for cooked and processed foods scheduled to commence operation in the fall of 2014, as part of overseas expansion efforts. Meanwhile, the Company revised its wheat flour prices in response to the government’s decision to raise the prices of five brands of imported wheat. On average, the price of imported wheat rose by 9.7% in April 2013.

As a result, consolidated net sales for the first three months of the fiscal year ending March 31, 2014 increased 6.6% year on year to ¥118,078 million. In addition to growth in shipments in the Flour Milling Segment and Processed Food Segment, sales were lifted by effects from the consolidation of overseas subsidiaries acquired via M&A. In terms of profits, operating income rose by 6.2% to ¥5,474 million, ordinary income increased by 6.3% to ¥6,677 million, and net income rose by 9.0% to ¥4,221 million. Along with increased shipments and Company-wide efforts to curb costs, profits benefited from firm growth in bran prices in the Flour Milling Segment.

[Business Overview by Segment]

1) Flour Milling Segment

In the flour milling business, we continued to promote value-added services that provide total solutions to enhance relationships with customers. In response to the government’s decision to raise the prices of five brands of imported wheat in April 2013, which lifted the price of imported wheat on average by 9.7%, we revised our prices for commercial wheat flour in June. Meanwhile, domestic commercial wheat flour shipments were higher than a year earlier – the result of aggressive promotional efforts and demand fluctuation accompanying price revisions for wheat flour.

From the perspectives of production and distribution, we continued to carry out measures to enhance productivity and reduce fixed and other costs.

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

In the overseas business, sales increased year on year, reflecting effects from the consolidation of two companies acquired via M&A activity – Miller Milling Company, LLC in the U.S. and Champion Flour Milling Ltd. in New Zealand. Sales growth was also stimulated by steady growth in shipments at Nisshin-STC Flour Milling Co., Ltd. in Thailand, where we increased production capacity in January 2013.

As a result, net sales of the Flour Milling Segment increased 11.2% from the same period of

the previous fiscal year to ¥48,296 million, and operating income rose 16.3% to ¥2,450 million.

2) Processed Food Segment

In the processed food business, sales of both household- and commercial-use products rose over the same period of the previous fiscal year. Growth was spurred by the launch of new products to address needs arising from an increase in eating alone and demand for meals that are easy to prepare. Another factor was aggressive sales promotion measures including proposals, through various websites, for new ways to enjoy food. Sales of prepared dishes and other prepared foods business advanced from the same period of the previous fiscal year as a result of active sales expansion measures. Sales of the overseas business increased from the same period a year earlier, owing to aggressive product proposals aimed at obtaining new customers, mainly in the ever-growing Chinese and Southeast Asian markets. Meanwhile, we established a new company, Vietnam Nisshin Seifun Co., Ltd., near Ho Chi Minh City in Vietnam in June, and will build a production plant for cooked and processed foods scheduled to commence operation in the fall of 2014.

In the yeast business, sales increased compared to a year earlier despite flat growth in yeast shipments year on year, mainly as a result of growth in sales of fillings from utilization of a new production plant that began operating last February. Sales in the biotechnology business decreased compared with the same period a year ago, largely due to weak demand for testing services.

In the healthcare foods business, sales increased year on year due to brisk sales of consumer products via the Nisshin Pharma Inc.'s mail-order sales channel, in addition to growth in shipments of raw materials for pharmaceuticals.

As a result, net sales of the Processed Food Segment increased 3.7% from the same period of the previous fiscal year to ¥60,374 million, and operating income rose 4.4% to ¥2,567 million.

3) Others Segment

Sales in the pet food business were lower overall year on year, with performance from robust growth in shipments of premium lines of pet food unable to counter an adverse business environment characterized by struggling market growth.

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

In the mesh cloths business, sales surpassed the same period of the previous fiscal year's level mainly owing to growth in sales of forming filters on the back of a recovery in the automobile industry.

As a result, net sales of the Others Segment increased 3.2% to ¥9,407 million, but operating income declined 19.2% to ¥448 million.

(2) Financial Position

The status of assets, liabilities and net assets on a consolidated basis at the end of the period under review was as follows.

Current assets decreased ¥12,612 million from the previous fiscal year-end to ¥205,855 million, as an increase in short-term investment securities was more than offset by decreases in cash and deposits, inventories, etc. Noncurrent assets increased ¥1,223 million to ¥244,606 million, primarily due to increases in property, plant and equipment. As a result, total assets decreased

¥11,388 million from the previous fiscal year-end to ¥450,462 million. Meanwhile, current liabilities shrank ¥14,872 million to ¥84,601 million, mainly reflecting a decrease in notes and accounts payable – trade. Noncurrent liabilities decreased ¥539 million to ¥44,401 million, primarily due to a decline in deferred tax liabilities. As a result, total liabilities declined ¥15,411 million from the previous fiscal year-end to ¥129,003 million. Net assets increased ¥4,023 million to ¥321,459 million, chiefly reflecting an increase due to net income for the period, a decrease due to the payment of dividends and an increase in accumulated other comprehensive income.

(3) Forecast of Consolidated Business Results and Other Forward-looking Information

For the Japanese economy, bright spots have begun to emerge in certain sectors, particularly as expectation grows that government measures will prove effective in lifting the country out of deflationary conditions. Nevertheless, the business environment surrounding the Nisshin Seifun Group is likely to remain severe. In addition to the yen's depreciation serving as a backdrop for rising prices for raw materials, coupled with an increase in utility charges and other factors leading to higher costs, Japan's national consumption tax is scheduled to increase in April 2014. Under these conditions, we will continue our mission to stably supply our customers with safe and reliable products from all of our businesses, and will aggressively enact strategic measures formulated in line with "NNI-120, Speed, Growth and Expansion," our medium-term management plan for pursuing both top-line (net sales) and overseas businesses expansion.

Considering the aforementioned situations, we are leaving our business performance forecasts for the fiscal year ending March 31, 2014, unchanged from those previously announced: net sales of ¥490,000 million, or a year-on-year increase of 7.6%; operating income of ¥23,700 million, or a 9.0% increase; ordinary income of ¥26,300 million, or a 6.3% increase; and net income of ¥16,000 million, or a 16.9% increase.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Important Subsidiaries during the Period under Review

[Changes in specified subsidiaries involving a change in the scope of consolidation]

There are no applicable matters to be reported.

(2) Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements

Tax expenses are calculated in accordance with Paragraph 12, “Method for Using the Statutory Effective Tax Rate,” of the Practical Guidelines on Tax-Effect Accounting for Preparation of Interim Financial Statements, pursuant to the provision of Paragraph 19 of the Guidance on the Accounting Standard for Quarterly Financial Reporting.

The amount of “Income taxes – deferred” is included in “Total income taxes.”

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2013 (As of March 31, 2013)	Fiscal 2014 First Quarter (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	56,722	27,169
Notes and accounts receivable – trade	65,393	68,033
Short-term investment securities	19,433	37,278
Inventories	61,904	56,825
Other	15,224	16,764
Allowance for doubtful accounts	(210)	(215)
Total current assets	218,468	205,855
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	44,651	45,832
Machinery, equipment and vehicles, net	29,608	31,180
Land	36,152	36,316
Other, net	10,563	9,725
Total property, plant and equipment	120,975	123,054
Intangible assets		
Goodwill	4,373	4,541
Other	8,372	8,358
Total intangible assets	12,746	12,900
Investments and other assets		
Investment securities	100,643	100,031
Other	9,169	8,766
Allowance for doubtful accounts	(152)	(146)
Total investments and other assets	109,660	108,651
Total noncurrent assets	243,382	244,606
Total assets	461,851	450,462

(Millions of yen)

	Fiscal 2013 (As of March 31, 2013)	Fiscal 2014 First Quarter (As of June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	56,309	41,870
Short-term loans payable	5,260	6,426
Income taxes payable	4,844	2,384
Provision	238	70
Accrued expenses	16,072	13,331
Other	16,749	20,518
Total current liabilities	99,474	84,601
Noncurrent liabilities		
Long-term loans payable	3,207	3,270
Provision		
Provision for retirement benefits	18,925	18,935
Other provision	1,713	1,653
Total provision	20,638	20,589
Deferred tax liabilities	14,619	14,090
Other	6,474	6,451
Total noncurrent liabilities	44,940	44,401
Total liabilities	144,414	129,003
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	9,460	9,466
Retained earnings	256,453	258,189
Treasury stock	(3,188)	(3,170)
Total shareholders' equity	279,843	281,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,894	29,169
Deferred gains or losses on hedges	148	120
Foreign currency translation adjustment	(833)	1,925
Total accumulated other comprehensive income	29,209	31,214
Subscription rights to shares	232	241
Minority interests	8,150	8,399
Total net assets	317,436	321,459
Total liabilities and net assets	461,851	450,462

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

[Quarterly Consolidated Statements of Income]

(Millions of yen)

	First three months of Fiscal 2013 (April 1, 2012 to June 30, 2012)	First three months of Fiscal 2014 (April 1, 2013 to June 30, 2013)
Net sales	110,750	118,078
Cost of sales	76,706	81,966
Gross profit	34,043	36,111
Selling, general and administrative expenses	28,887	30,637
Operating income	5,156	5,474
Non-operating income		
Interest income	42	46
Dividends income	765	806
Equity in earnings of affiliates	214	135
Other	213	272
Total non-operating income	1,235	1,261
Non-operating expenses		
Interest expenses	16	33
Foreign exchange losses	67	–
Other	28	25
Total non-operating expenses	112	58
Ordinary income	6,279	6,677
Extraordinary income		
Gain on sales of noncurrent assets	95	3
Gain on sales of investment securities	39	–
Gain on negative goodwill	–	263
Other	11	–
Total extraordinary income	146	267
Extraordinary losses		
Loss on retirement of noncurrent assets	122	108
Acquisition related expenses	–	83
Litigation expenses	–	77
Other	6	–
Total extraordinary losses	128	270
Income before income taxes and minority interests	6,296	6,674
Total income taxes	2,285	2,232
Income before minority interests	4,011	4,442
Minority interests in income	139	220
Net income	3,871	4,221

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First three months of Fiscal 2013 (April 1, 2012 to June 30, 2012)	First three months of Fiscal 2014 (April 1, 2013 to June 30, 2013)
Income before minority interests	4,011	4,442
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,763)	(731)
Deferred gains or losses on hedges	(152)	(31)
Foreign currency translation adjustment	1,080	3,269
Share of other comprehensive income of affiliates accounted for by the equity method	16	115
Total other comprehensive income	(2,819)	2,622
Comprehensive income	1,191	7,064
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	730	6,227
Comprehensive income attributable to minority interests	461	837

(3) Notes on Quarterly Consolidated Financial Statements

[Notes on the Premise of a Going Concern]

There are no applicable matters to be reported.

[Notes on a Significant Change in Shareholders' Equity]

There are no applicable matters to be reported.

[Segment Information, etc.]

[Segment information]

I. First three months of Fiscal 2013 (April 1, 2012 to June 30, 2012)

Information about net sales, profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	43,428	58,204	101,632	9,117	110,750	–	110,750
Intersegment sales and transfers	4,708	112	4,820	887	5,708	(5,708)	–
Total	48,136	58,316	106,453	10,004	116,458	(5,708)	110,750
Segment income	2,105	2,460	4,566	554	5,121	35	5,156

Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.

2. Segment income adjustment refers to intersegment transaction eliminations and other.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

II. First three months of Fiscal 2014 (April 1, 2013 to June 30, 2013)

Information about net sales, profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	48,296	60,374	108,671	9,407	118,078	–	118,078
Intersegment sales and transfers	5,003	123	5,126	1,179	6,306	(6,306)	–
Total	53,299	60,498	113,798	10,586	124,384	(6,306)	118,078
Segment income	2,450	2,567	5,017	448	5,466	7	5,474

Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.

2. Segment income adjustment refers to intersegment transaction eliminations and other.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.