Disclaimer: This document is a translation of the Japanese original. The Japanese original has been disclosed in Japan in accordance with Japanese accounting standards and the Financial Instruments and Exchange Act. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document. In the case that there is any discrepancy between the Japanese original and this document, the Japanese original is assumed to be correct.

Summary of Financial Statements for the Year Ended March 31, 2016 [Japanese Standards]

May 12, 2016

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: Hideki Machida, General Manager, Public Communications Department (General Administration Division)
Tel.: +81-3-5282-6650
Date to hold the Ordinary General Meeting of Shareholders to approve results: June 28, 2016
Date to start distributing dividends: June 29, 2016
Date to submit the Securities Report: June 28, 2016
Supplementary documents for this summary of financial statements: Yes
Results briefing for financial results: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated Business Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2016	556,701	5.8	23,769	16.1	28,099	10.0	17,561	9.5
Fiscal 2015	526,144	6.1	20,476	(8.1)	25,544	(0.1)	16,036	6.2

(Note) Comprehensive income: Fiscal 2016: 14,140 million (down 72.3%)
Fiscal 2015: ¥50,988 million (up 113.0%)

	Net income per share	Fully diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2016	58.25	58.15	4.8	5.1	4.3
Fiscal 2015	53.28	53.22	4.6	5.0	3.9

(Reference) Equity in earnings of affiliates: Fiscal 2016: ¥1,446 million Fiscal 2015: ¥2,104 million
(Note) On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Net income per share and fully diluted net income per share are calculated by deeming the stock split to have occurred at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2016	550,305	386,485	67.8	1,237.64
March 31, 2015	549,307	378,715	66.8	1,218.49

(Reference) Equity capital: Fiscal 2016: ¥373,375 million Fiscal 2015: ¥367,081 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2016	35,839	(12,201)	(9,446)	72,960
Fiscal 2015	25,107	(43,636)	4,331	59,897

2. Dividends

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q End	2Q End	3Q End	Year-End	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2015	—	10.00	—	12.00	—	6,353	39.6	1.8
Fiscal 2016	—	12.00	—	12.00	24.00	7,240	41.2	2.0
Fiscal 2017 (forecast)	—	13.00	—	13.00	26.00		41.9	

(Note) On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. The interim dividend for the fiscal year ended March 31, 2015 is the amount prior to this stock split. For details regarding dividends, refer to "1. Analyses of Business Performance and Financial Position – (3) Basic Policy on Profit Distribution and Dividends for Fiscal 2016 and Fiscal 2017" on page 6 of the attached materials.

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(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		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	278,000	0.6	10,800	3.8	12,900	0.8	8,700	4.3	28.84
Full year	560,000	0.6	24,300	2.2	28,300	0.7	18,700	6.5	61.99

* Notes

(1) Changes in important subsidiaries during the period under review (changes in specified subsidiaries involving a change in the scope of consolidation): Yes

New: 1 company Joyous Foods Co., Ltd.

Excluded: —

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

1) Changes in accounting policies associated with the revisions of accounting standards, etc.: Yes
2) Changes in accounting policies other than the above: None
3) Changes in accounting estimates: None
4) Revisions restated: None

Note: For details, please refer to "V. Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements [Changes in Accounting Policies]" on page 24 of the Attachment.

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

1) Number of shares issued and outstanding (including treasury shares)	As of March 31, 2016	304,357,891	As of March 31, 2015	304,357,891
2) Number of treasury shares	As of March 31, 2016	2,674,306	As of March 31, 2015	3,098,077
3) Average number of shares outstanding	Fiscal 2016	301,478,316	Fiscal 2015	300,996,604

Note: On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Number of shares issued and outstanding (common stock) is calculated as if the stock split occurred at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated Business Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2016	18,924	13.0	6,508	40.2	8,402	28.5	8,154	19.7
Fiscal 2015	16,744	(18.7)	4,641	(44.6)	6,536	(35.1)	6,811	(33.7)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal 2016	27.04	27.00
Fiscal 2015	22.63	22.60

(Note) On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Net income per share and fully diluted net income per share are calculated by deeming the stock split to have occurred at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2016	310,672	279,581	89.9	926.00
March 31, 2015	311,028	279,540	89.8	927.06

(Reference) Equity capital: Fiscal 2016: ¥279,434 million Fiscal 2015: ¥279,361 million

* Statement regarding auditing status

This summary of financial statements falls outside the audit requirements of the Financial Instruments and Exchange Act. Audits of both consolidated and non-consolidated financial statements were under way as of the time this summary was disclosed.

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

(1) 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 see pages 4 and 6 of the Attachment.

(2) Supplementary materials for this report can be found on the Company's website.

(3) On May 16, 2016, the Company plans to hold an earnings briefing for analysts and institutional investors. Materials from this briefing are scheduled to be posted to the Company's website after the briefing concludes.

ATTACHMENT

Contents

I. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

1) Overview of the Period under Review

During the fiscal year ended March 31, 2016, the Japanese economy showed signs of a modest recovery, as effects from government-backed economic policies led to improvement in corporate performance and the country's employment and personal income landscape. At the same time, uncertainty overseas continued, fueled largely by an economic slowdown in China and other developing countries. Similarly, the business environment in industries relevant to the Company remained challenging, largely reflecting a continued preference for lower-priced options among consumers and higher prices for raw materials and distribution costs. These industries are also likely to be impacted by the Trans-Pacific Partnership (TPP) trade agreement largely agreed upon in October 2015, which will require that we continue to pay close attention to trends and respond appropriately.

Under these conditions, the Group launched initiatives under a new medium-term management plan, dubbed "NNI-120 II," scheduled to conclude in the fiscal year ending March 31, 2021. Together with an emphasis on restructuring the earnings foundation in core businesses, the Group is aiming for solid profit growth through self-sustained business growth, including that of acquired businesses, and new strategic investments, while taking a more proactive stance to shareholder returns.

The Group took steps to aggressively launch and expand sales of new products in each business in a bid to energize markets, and worked to strengthen its business structure both domestically and abroad. In Japan, as seen most notably with the start of full-scale operations at the Chita Plant's (flour milling) new production line, we made advances in consolidating production at large-scale plants located near ports to reinforce our cost competitiveness. Meanwhile, frozen pasta shipments commenced following the start of operations at a new frozen food production site in Kobe. In January 2016, we opted to acquire new shares of Joyous Foods Co., Ltd. and convert it to a subsidiary in order to strengthen our prepared dishes and other prepared foods businesses. In the overseas business, along with promotion of Post Merger Integration (PMI) following the acquisition of four U.S. flour milling plants, construction is moving forward to enhance production capacity at a flour milling plant in Canada is proceeding, with increased production scheduled to begin in autumn 2017. We also marked steady progress on a range of other initiatives, including the start of operations and shipments at a pasta production site in Turkey.

As a result, consolidated net sales for the fiscal year ended March 31, 2016, increased 5.8% year on year to ¥556,701 million, mainly atop expansion in the overseas business and domestic sales growth. Overseas sales, meanwhile, exceeded ¥100,000 million, resulting in an overseas sales ratio of roughly 20%. In terms of profits, operating income was ¥23,769 million, up 16.1% year on year. Ordinary income increased by 10% to ¥28,099 million, and profit attributable to owners of parent increased by 9.5% to ¥17,561 million. The growth in profits reflected the strong performance of new products in the processed food business and brisk sales primarily in the prepared dishes and other prepared foods, yeast and biotechnology, and healthcare foods businesses, in addition to growth in the overseas business. These factors offset high prices for raw materials and higher depreciation expenses for strategic investments.

With respect to dividends, one of the basic policies of the new medium-term management plan is to maintain a payout ratio of at least 40% on a consolidated basis. Consequently, the Company plans to pay a full-year dividend of ¥24 per share, up ¥2 from the previous fiscal year, also in line with initial projections.

[Business Overview by Segment]

(1) Flour Milling Segment

In the flour milling business, shipments of commercial wheat flour in Japan increased steadily year on year, thanks to aggressive sales expansion measures, including the launch of new products tailored to customer needs. Growth came amid an adverse market environment characterized by a continued preference for lower-priced options among consumers. Also in June 2015 and January 2016, the Company revised its commercial wheat flour prices in response to the government's decision to change the prices of five classes of imported wheat. On average, the Government's price for imported wheat rose 3.0% in April 2015 and fell by 5.7% in October 2015.

From the perspectives of production and distribution, we continued to carry out measures to enhance productivity and reduce fixed and other costs. In tandem, we are moving ahead with efforts to concentrate production at large-scale plants located near ports in Japan. In the Chubu region, with the start of full-scale operations at the new production line at the Chita Plant we correspondingly suspended part of the production line at the Nagoya Plant. In the Kansai region, construction to increase holding capacity by 25% at a raw wheat silo operated by Hanshin Silo Co., Ltd., located adjacent to the Higashinada Plant, was completed in April 2015. Similarly, in the Kanto region, we are moving to increase raw wheat silo capacity by 25% at the Tsurumi Plant by June 2016.

The price of bran, a byproduct of the milling process, was weaker throughout the period.

In the overseas business, we pushed ahead with PMI efforts for four flour milling plants in the United States acquired by our U.S. subsidiary Miller Milling Company, LLC, and strengthened our sales network as we drove forward steps to identify new customers. To meet growing demand on the west coast of North America, construction is moving forward to boost by 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant, located on the outskirts of Vancouver. The plant is scheduled to begin enhanced operations in autumn 2017. Consequently, the overseas business enjoyed steady expansion, centered on the North America region.

As a result, net sales of the Flour Milling Segment increased 10.6% year on year to ¥262,463 million. Operating income, meanwhile, rose 21.5% to ¥9,244 million, mainly as robust contributions from overseas subsidiaries overcame higher depreciation expenses accompanying the start of operations of the Chita Plant's new production line.

(2) Processed Food Segment

In the processed food business, for household-use products, we launched *Nisshin Cooking Flower* and other new market-building products designed to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, and developed sales promotion measures—most notably TV commercials—and took other proactive initiatives designed to stimulate consumption. In commercial-use products, we launched new products tailored to customer needs and carried out proposal activities geared toward garnering new customers. In the prepared dishes and other prepared foods business, we pursued stronger product development capabilities to attract new customers, coupled with progress on measures to expand shipments of prepared foods to volume retailers. These actions prompted brisk growth most notably in new products for household use and prepared dishes and other prepared foods. Nevertheless, sales in the processed food business were lower overall compared to a year earlier due to a more adverse sales environment, largely reflecting belt-tightening efforts among consumers. In the overseas business, we pursued product proposals aimed at obtaining new customers, mainly in the Southeast Asian market, lifting sales higher compared to the previous fiscal year.

In July 2015 and February 2016, we instituted price revisions for household-use wheat flour and commercial prepared mix, a move largely prompted by price revisions for commercial-use wheat flour in June 2015 and January 2016.

In terms of production, we continued with additional measures to strengthen product safety. We also strengthened cost competitiveness and took steps to develop a new production framework with the aim of optimizing production sites worldwide. Shipments also commenced at a production plant for pasta sauces and other cooked and processed foods in Vietnam, a pasta plant in Turkey, and a frozen food production plant in Kobe, Japan. In a move to further strengthen foundations in the prepared dishes and other prepared foods business, we opted to acquire new shares of Joyous Foods Co., Ltd. in January 2016, converting it into a subsidiary.

In the yeast and biotechnology business, sales improved year on year, reflecting growth in shipments of raw materials in manufacturing diagnostic reagents and others mainly in the biotechnology business section.

In the healthcare foods business, sales improved year on year, reflecting brisk sales of consumer products driven by aggressive sales promotion measures, coupled with robust shipments of raw materials for pharmaceuticals.

As a result, net sales of the Processed Food Segment increased 0.7% from the previous fiscal year to ¥246,703 million. Operating income climbed 18.3% to ¥11,507 million, as strong performance of new products in the processed food business and brisk shipments in the prepared dishes and other prepared foods, yeast and biotechnology, and healthcare foods businesses, along with contributions from the overseas subsidiaries, offset an increased depreciation expense burden accompanying the start of operations at new plants.

(3) Others Segment

In the pet food business, shipments mainly of *JP Style* brand and other premium pet food were brisk chiefly due to sales expansion efforts, including the launch of new products and TV commercials, resulting in higher sales compared to the previous fiscal year.

In the engineering business, sales increased year on year due to growth in orders in the mainstay plant engineering business, mainly from the promotion of proposal-based marketing.

In the mesh cloths business, sales exceeded the previous fiscal year’s level, primarily reflecting strong shipments of mesh cloth used primarily in solar panels.

As a result, while net sales of the Others Segment increased 8.3% to ¥47,534 million, operating income declined 11.0% to ¥3,152 million, primarily due to higher personnel- and materials-related costs.

2) Business Outlook

For the Japanese economy, while signs of a modest economic recovery are emerging, including improvement in corporate performance and the employment landscape, the outlook remains a key concern, due to instability overseas caused by economic slowdown in China and elsewhere, coupled with sharp volatility in currency exchange rates. Similarly, the environment surrounding the Group is projected to remain in uncertainty due to the continued preference for lower-priced options among consumers and price movements for raw materials, among other factors. Under these circumstances, the Group will continue to fulfill our mission to secure the stable supply of safe and reliable wheat flour and other staple foods. Through steady implementation of strategies formulated under our new medium-term management plan, “NNI-120 II,” we are committed to developing new customer-centric products, as well as advancing advertising activities and other sales promotion measures alongside productivity improvements and similar cost reduction steps, all while continuing to promote overseas business expansion.

In response to the Government’s decision in April 2016 to reduce prices for five classes of imported wheat by an average of 7.1%, the Company announced revisions to its own prices for commercial wheat flour.

Considering the aforementioned factors, consolidated net sales for the fiscal year ending March 31, 2017 are forecast to rise 0.6% year on year to ¥560,000 million. From a profit perspective, operating income is projected to climb 2.2% to ¥24,300 million. Ordinary income is expected to increase 0.7% to ¥28,300 million, while profit attributable to owners of parent is expected to increase 6.5% from the fiscal year under review to ¥18,700 million.

(2) Analysis on Financial Position

1) Overview of the Period under Review

The status of assets, liabilities and net assets on a consolidated basis at the end of the fiscal year ended March 31, 2016, was as follows.

Current assets increased ¥3,593 million from the previous fiscal year-end to ¥233,398 million, due largely to an increase in cash and deposits and a decrease in short-term investment securities. Noncurrent assets decreased ¥2,596 million from the previous fiscal year-end to ¥316,907 million, primarily due to decreases in investment securities. As a result, total assets increased ¥997 million from the previous fiscal year-end to ¥550,305 million. Meanwhile, current liabilities decreased ¥5,438 million to ¥106,802 million, primarily due to decreases in notes and accounts payable – trade. Noncurrent liabilities decreased ¥1,333 million to ¥57,017 million, primarily due to decreases in deferred tax liabilities. As a result, total liabilities decreased ¥6,771 million from the previous fiscal year-end to ¥163,820 million. Net assets increased ¥7,769 million to ¥386,485 million, chiefly reflecting an increase in profit attributable to owners of parent, a decrease due to the payment of dividends and a decrease in accumulated other comprehensive income.

The status of consolidated cash flows for the fiscal year ended March 31, 2016, was as follows.

Net cash provided by (used in) operating activities

Net cash provided by operating activities was ¥35,839 million for the fiscal year under review. An increase in cash and cash equivalents mainly due to income before income taxes and minority interests of ¥27,462 million and depreciation and amortization of ¥16,816 million exceeded a decrease in cash and cash equivalents largely owing to an increase in operating capital, attributable mainly to a decrease in notes and accounts payable – trade, and the payment of income taxes.

Net cash provided by (used in) investing activities

Despite proceeds from repayment and maturity of time deposits with terms exceeding three months and short-term investment securities surpassing their payments and purchases by ¥5,579 million, ¥15,534 million for the purchase of property, plant and equipment and intangible assets, including the addition of a new production line at the Chita Plant of Nisshin Flour Milling Inc., along with expenditures of ¥1,733 million for the acquisition of shares of Joyous Foods Co., Ltd., led to net cash used in investing activities of ¥12,201 million.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an inflow of ¥ 23,638 million.

Net cash provided by (used in) financing activities

To distribute profits to shareholders, the Company paid dividends of ¥7,235 million. In addition, repayment of short-term loans payable surpassed proceeds from long-term loans payable and short-term loans payable by ¥2,408 million, leading to net cash used in financing activities of ¥9,446 million.

As described above, cash and cash equivalents carried forward and cash provided by operating activities were allocated to strategic capital investment, the acquisition of shares of Joyous Foods Co., Ltd., and the payment of dividends as returns to shareholders. At the end of the fiscal year ended March 31, 2016, consolidated cash and cash equivalents totaled ¥72,960 million, an increase of ¥13,062 million from the previous fiscal year-end.

2) Outlook for the Next Fiscal Year

Regarding cash flow in the fiscal year ending March 31, 2017, the increase in capital from net profit attributable to owners of parent of ¥18,700 million and other sources will be used primarily for strategic capital investments and the return of profits to shareholders. Cash and cash equivalents as of March 31, 2017 are expected to be largely unchanged from levels as of the end of the fiscal year under review.

3) Cash-flow Indicators

The main cash flow indicators for the Nisshin Seifun Group are as follows:

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity ratio (%)	66.9	68.9	66.8	67.8
Market value–based equity ratio (%)	68.8	65.8	77.5	98.1
Ratio of interest-bearing debt to operating cash flow (years)	0.2	0.4	0.8	0.5
Interest coverage ratio (times)	207.0	153.8	136.1	185.9

Notes:

Equity ratio = Equity capital / Total assets

Market value-based equity ratio = Market capitalization / Total assets

Ratio of interest-bearing debt to operating cash flow = Interest-bearing debt / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest expense

1. All of the above cash-flow indicators are calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of outstanding shares (excluding treasury common stock) as of the corresponding fiscal year-end.
3. Operating cash flow equals net cash provided by operating activities as stated in the consolidated statements of cash flows. Interest-bearing debt refers to bonds and debt as stated in the consolidated balance sheets. Interest expense is equal to interest payments as stated in the consolidated statements of cash flows.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2016 and Fiscal 2017

The Company aims to meet the expectations of shareholders to distribute profits, taking into consideration the current and future profitability of its business and financial position, by undertaking the continuous payment of dividends based on a targeted payout ratio of at least 40% on a consolidated basis (increased from the previous ratio of at least 30% from the fiscal year under review).

As a further return of profits to shareholders, the Company plans to pay a full-year dividend of ¥24 per share, an increase of ¥2 from the previous fiscal year. Accordingly, the Company will submit to the Ordinary General Meeting of Shareholders a proposal for the distribution of surplus to pay a year-end dividend of ¥12 per share. There was no adjustment made to the dividend per share following the stock splits conducted during the two previous fiscal years, and there was an actual increase in the total dividends paid. In addition, the year-end dividend was also increased in the previous fiscal year, resulting in a projected increase in dividends for a third consecutive term.

With the aim of raising future corporate value, the Company allocates retained earnings for aggressive strategic investment in priority fields that offer the potential for growth and expansion outlined under its new medium-term management plan, “NNI-120 II.” The Company will also adopt a more aggressive posture on dividends, and conduct the purchase of treasury stock and other shareholder return-related measures flexibly by taking into account demand for funds for strategic investments and other uses.

For the fiscal year ending March 31, 2017, the Company, in line with the aforementioned policy of profit distribution, plans to increase the dividend per share by ¥2 from the fiscal year under review to pay an annual dividend of ¥26 per share. This will culminate in a projected actual dividend increase for a fourth consecutive term.

Furthermore, the Company has established a system of providing special privileges for shareholders owning 500 shares or more of the Company stock.

II. Business Group Performance

The Nisshin Seifun Group consists of 48 consolidated subsidiaries and 10 affiliates accounted for by the equity method. The following is a description of the businesses of these Group companies by respective business segments.

(1) Flour Milling Segment

Nisshin Flour Milling Inc., a consolidated subsidiary, produces wheat flour and bran, a by-product, and sells them through sales agents. Fresh Food Service Co., Ltd., a consolidated subsidiary, primarily sells frozen foods and their ingredients and operates restaurants serving food using wheat flour-based commercial ingredients. It purchases wheat flour and other ingredients from Nisshin Flour Milling Inc. Yamajo Shoji Co., Ltd., a consolidated subsidiary, and Ishikawa Co., Ltd., an affiliate accounted for by the equity method, are Nisshin Flour Milling Inc. sales agents. Ishikawa Co., Ltd. also sells packaging materials to Nisshin Flour Milling Inc.

Miller Milling Company, LLC in the United States, Rogers Foods Ltd. in Canada and Nisshin-STC Flour Milling Co., Ltd. in Thailand, all of which are consolidated subsidiaries, produce wheat flour and sell it in the North American and Asian markets, respectively. Champion Flour Milling Ltd., a consolidated subsidiary in New Zealand, produces and sells wheat flour in New Zealand.

(2) Processed Food Segment

Nisshin Foods Inc., a consolidated subsidiary, produces and sells prepared mix and other processed food products. It sells wheat flour for household use purchased from Nisshin Flour Milling Inc. and frozen foods and other processed foods procured from companies outside the Nisshin Seifun Group. Nisshin Seifun Premix Inc., a consolidated subsidiary, produces and sells prepared mix. Ma•Ma-Macaroni Co., Ltd., a consolidated subsidiary, produces pasta and frozen foods which it sells through Nisshin Foods Inc. Initio Foods Inc., a consolidated subsidiary, produces and sells frozen and prepared foods and also directly operates concessions in stores including department stores. Daisen Ham Co., Ltd., also a consolidated subsidiary, produces and sells processed meat products. Joyous Foods Co., Ltd., a consolidated subsidiary acquired via share acquisition in January 2016, primarily produces and sells cooked noodles.

Thai Nisshin Technomic Co., Ltd., a consolidated subsidiary in Thailand, manufactures prepared mix and sells it in Southeast Asia. Shin Nisshin Seifun Foods (Qingdao) Co., Ltd., a consolidated subsidiary in China, manufactures prepared mix and sells it in mainland China. PT. Indonesia Nisshin Technomic, a consolidated subsidiary in Indonesia sells prepared mix in Southeast Asia. Medallion Foods, Inc., a consolidated subsidiary in the United States, and Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S., a consolidated subsidiary in Turkey, produce pasta, Thai Nisshin Seifun Co., Ltd., a consolidated subsidiary in Thailand, produces pasta sauce and frozen food and Vietnam Nisshin Seifun Co., Ltd., a consolidated subsidiary, produces pasta sauce. Nisshin Foods Inc. is the primary importer and seller of these products in Japan.

Oriental Yeast Co., Ltd., a consolidated subsidiary, manufactures and sells cake and bread ingredients and biochemical products, as well as operating a life science business.

Nisshin Pharma Inc., a consolidated subsidiary, manufactures and sells healthcare foods and pharmaceuticals.

Tokatsu Foods Co., Ltd., an affiliate accounted for by the equity method, produces and sells cooked foods, including *bento* lunch boxes, prepared foods and others.

(3) Others Segment

Nisshin Petfood Inc., a consolidated subsidiary, manufactures and sells pet foods.

Nisshin Engineering Inc., a consolidated subsidiary, undertakes design, contracted construction and management of production and processing facilities for grain, food products, and chemical products. In addition, it manufactures and sells powder-processing machines and engages in powder-processing, as well as engaging in contracted construction for some Nisshin Seifun Group companies.

NBC Meshtec Inc., a consolidated subsidiary, manufactures and sells mesh cloths and forming filters.

Marubeni Nisshin Feed Co., Ltd., an affiliate accounted for by the equity method, manufactures and sells compound feed.

Japan Logistic Systems Corp., an affiliate accounted for by the equity method, is engaged in overland freight shipping and storage. It ships and stores some of the Group’s products. Nisshin Grain Silo Inc. and Hanshin Silo Co., Ltd., both consolidated subsidiaries as well as Chiba Kyodo Silo Co., Ltd., an affiliate accounted for by the equity method, are engaged in handling and storage operations for grain. Shinwa Development Co., Ltd., a consolidated subsidiary, operates sports facilities.

The diagram on the following page illustrates the structure of the Nisshin Seifun Group.

Nisshin Seifun Group Structure

Nisshin Seifun Group Inc. (Holding company)

Flour Milling Segment

Domestic	Overseas

⦿ Nisshin Flour Milling Inc.
  ⦿ Fresh Food Service Co., Ltd.
  ⦿ Yamajo Shoji Co., Ltd.
  ○ Ishikawa Co., Ltd.
	⦿ Miller Milling Company, LLC
	⦿ Champion Flour Milling Ltd.
	⦿ Rogers Foods Ltd.
	⦿ Nisshin-STC Flour Milling Co., Ltd.
	⦿ NSTC Trading Co., Ltd.

Processed Food Segment

Domestic	Overseas

(Processed food business)
⦿ Nisshin Foods Inc.
  ⦿ Nisshin Seifun Premix Inc.
  ⦿ Ma•Ma-Macaroni Co., Ltd.
  ⦿ Initio Foods Inc.
  ⦿ Joyous Foods Co., Ltd.
  ⦿ Daisen Ham Co., Ltd.
	⦿ Thai Nisshin Technomic Co., Ltd.
	⦿ Shin Nisshin Seifun Foods (Qingdao) Co., Ltd.
	⦿ PT. Indonesia Nisshin Technomic
	⦿ Medallion Foods, Inc.
	⦿ Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S.
	⦿ Thai Nisshin Seifun Co., Ltd.
	⦿ Vietnam Nisshin Seifun Co., Ltd.

(Yeast and biotechnology business)
⦿ Oriental Yeast Co., Ltd.
  ⦿ Pany Delica Co., Ltd.
  ⦿ OYC Foods Net Co., Ltd.
  ⦿ Nihon Bioresearch Inc.
  ⦿ Kitayama Labes Co., Ltd.
  ⦿ Oriental Bio Service Inc.
  ⦿ KBT Oriental Co., Ltd.
	⦿ OYC Americas, Inc.
	⦿ OYC EU B.V.

(Healthcare foods business) ⦿ Nisshin Pharma Inc.	
○ Tokatsu Foods Co., Ltd.	

Others Segment

Domestic	Overseas
(Pet food business) ⦿ Nisshin Petfood Inc.	
(Engineering business) ⦿ Nisshin Engineering Inc.	
(Mesh cloths business) ⦿ NBC Meshtec Inc. ⦿ NBC Metalmesh Inc.	⦿ PT. NBC Indonesia ⦿ Dynamesh, Inc. ⦿ NBC (Shanghai) Mesh Co., Ltd.
○ Marubeni Nisshin Feed Co., Ltd.	
○ Japan Logistic Systems Corp. ⦿ Nisshin Grain Silo Inc. ⦿ Hanshin Silo Co., Ltd. ○ Chiba Kyodo Silo Co., Ltd. ⦿ Shinwa Development Co., Ltd.	

○ Jinzhu (Yantai) Food Research and Development Co., Ltd.

→ **Customers**

⦿ Consolidated subsidiaries
○ Subsidiaries and affiliates accounted for by the equity method

III. Business Policies

(1) Basic Business Policy

The Nisshin Seifun Group espouses two corporate philosophies: “the basis of business is built on trust” and “in tune with the changing business climate.” In combination with the principle “to contribute to a healthy and fruitful life for all,” these philosophies have formed the foundation for the Group to achieve continued growth and expansion of its businesses. In addition, the Group has adopted “Delivering Good Health and Reliability” as its corporate slogan. This expresses the commitment that every Nisshin Seifun Group member firm should strive to deliver products and services that contribute positively to health and build consumer trust.

Based on this philosophy, in its role as the holding company of the Nisshin Seifun Group, the Company specifies long-term maximization of corporate value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses with growth potential.

The Group also promotes internal reform while fulfilling its corporate social responsibilities in terms of enhancing its internal control systems, legal and regulatory compliance, food safety, environmental protection and social contribution. The Nisshin Seifun Group is fully committed to gaining the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

(2) Medium-to-Long-term Business Strategy and Target Indicators

The Nisshin Seifun Group is promoting a new medium-term management plan, “NNI-120 II,” set to run through the fiscal year ending March 31, 2021.

Under the new medium-term management plan, by enacting a new fundamental strategy anchored in business portfolio optimization to stimulate Group growth and restructuring the earnings base in core businesses, coupled with independent business growth, including that of acquired businesses, the Group is aiming for solid profit growth. As performance targets for the fiscal year ending March 31, 2021, the Group is aiming for net sales of ¥750 billion, operating income of ¥30 billion, and earnings per share (EPS) of ¥80. In a commitment to realizing sustainable growth, the Group will aggressively conduct forward-looking, strategic investments (M&A, capital investment). At the same time, the Group is seeking to actively boost dividends, striving in the distribution of profits to shareholders, and raised its baseline payout ratio from 30% or more to 40% or more on a consolidated basis. The Group will also flexibly purchase its own shares going forward, taking into account demand for funds for strategic investment and other uses.

In pursuing these strategies outlined in the new medium-term management plan, the Nisshin Seifun Group will aim for growth in earnings per share (EPS) in terms of both profit growth and capital policies. At the same time, while seeking the right balance between capital efficiency and financial stability, the Group will strive to maintain and raise return on equity (ROE) above capital costs. Through these actions, the Group will look to maximize its long-term value.

(3) Issues to be Addressed

Japan’s food industry is grappling with an increasingly challenging business environment, including market contraction as the country’s population declines and rising prices for raw materials. Adding to these concerns is global competition, which is projected to accelerate depending on the outcome of international trade negotiations, including the Trans-Pacific Partnership (TPP), for which a negotiated agreement was largely reached in October 2015, and economic partnership agreements (EPA).

Under these circumstances, the Nisshin Seifun Group will continue to fulfill its mission of securing stable supplies of safe and reliable wheat flour and other staple foods. At the same time, we will move quickly to implement the strategies contained in our new medium-term management plan to stimulate business growth.

1) Domestic Business Strategies

Regarding the flour milling business, while continuing efforts to stably supply products, we will develop products that accurately capture customer needs and promote value-added services that offer total solutions to customers, further strengthening customer relationships. We will continue to strengthen cost competitiveness by concentrating production at large-scale plants located near ports. In addition, with the aim of further promoting the storage and stable supply of raw wheat, we are taking steps to boost raw wheat silo capacity. Following on from completion of the raw wheat silo operated by Hanshin Silo Co., Ltd. in April 2015 in the Kansai region, silo construction is progressing steadily at the Tsurumi Plant in the Kanto region, with operations scheduled to begin in June 2016.

In the processed food business, we will pursue measures to boost brand loyalty by launching new products to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, coupled with aggressive sales promotion efforts. At the same time, we will push for greater expansion in the growth fields of prepared dishes and other prepared foods and the frozen food product businesses. In the prepared dishes and other prepared foods business, in an effort to greatly expand the “Integrated Prepared Foods Business,” we acquired new shares in Joyous Foods Co., Ltd. in January 2016, converting it into a subsidiary. We will continue to take steps going forward to groom the prepared dishes and other prepared foods business into one of the Group’s core businesses.

In the yeast, biotechnology, healthcare foods, pet food, engineering and mesh cloths businesses, our plan is to seek growth by product and technology developments that will culminate in groups of businesses with real presence in their respective industries.

2) Overseas Business Strategies

In the flour milling business, we will focus on promoting Post Merger Integration (PMI) at four flour milling plants acquired by U.S.-based subsidiary Miller Milling Company, LLC. In tandem, we are committed to achieving independent growth in the U.S. market via sales expansion measures that leverage the Group’s strengths in flour milling technology and proposal capabilities. Elsewhere, construction is moving forward to boost by 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.’s Chilliwack Plant, located on the outskirts of Vancouver, scheduled to begin enhanced operations in autumn 2017. With this move, together with U.S.-based subsidiary Miller Milling Company, LLC, we are moving to expand our business foundations across North America. We will also focus on further expansion of the business base developed to date in existing businesses in New Zealand and Thailand.

In the processed food business, we envisage further expansion of the commercial prepared mix business given projected growth in the Asian market. In terms of production, along with bolstering cost competitiveness, by utilizing our newly developed global production system as a base, we are leveraging production technology and expertise in high-level quality control cultivated by the Group over many years to pursue additional business expansion in pasta, pasta sauces and frozen foods.

Moreover, in the flour milling, processed food, and bakery-related businesses in particular, we will move with speed to promote business expansion in new domains, either through the Company's own proprietary efforts or through M&A and alliance opportunities.

3) R&D Strategies and Cost Strategies

The Group takes on the perspective of its customers in the development of new products, and is engaged in the creation of basic and core technologies in new domains. High value-added products that are novel and unique will be developed continuously. In research, we will clarify our priority research domains in order to promote the commercialization and practical application of research results. At the same time, we will establish research themes closely aligned with business strategies to increase efficiency and speed.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the Nisshin Seifun Group will work to reduce production and procurement costs and build an operational foundation that properly reflects changing costs.

4) Measures Addressing Systemic Changes in Wheat Policy, and Others

With an agreement largely reached regarding TPP negotiations in October 2015, wheat has seen the state-level trading system and non-framework tax rate currently in force upheld, and so will experience a phased reduction in the markup (gain collected by government upon import) within the existing WTO framework. Wheat flour, meanwhile, has seen the establishment of a new import framework based on state-level trade. Where secondary processed wheat flour products are concerned, the reduction or abolishment of import duties depending on product category is expected to cause border import control mechanisms to degrade, which could impact the flour milling and processed food businesses. Furthermore, the advancement of EPAs and other international trade negotiations is expected to have a profound impact on related industries. The Group will take appropriate steps to stay abreast of upcoming changes as they emerge, while continuing to develop a robust corporate structure domestically and abroad that will enable it to win out against global competition.

5) Corporate Social Responsibility (CSR)

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

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

Regarding quality assurance (QA), to ensure the delivery to customers of safe and reliable products, we are strengthening our hand in the areas of food safety and food defense. The CR (Consumer Relations) Office, which is charged with the responsibilities of identifying consumer mindsets and social trends while providing timely and appropriate direction as to what actions need to be taken, will actively collect relevant consumer administrative information as well as consumer opinion and their needs. In this manner, every effort is made to enhance Group customer relations. Furthermore, to secure the stable supply of safe and reliable wheat flour and other staple foods, we have enhanced our disaster preparations through our business continuity planning (BCP).

Regarding environmental preservation, we have always taken the initiative in working to reduce the environmental burden through energy saving, reduction of waste and responding to power-related issues.

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

Further, the Group, as a member of society, will make efforts to widen its range of social contribution activities. We will continue to support restoration of the areas affected by earthquake disasters, make regional contributions through the Nisshin Seifun (Flour Milling) Museum as a regional tourism resource and educational asset, and support the activities of the WFP (World Food Program).

In such ways, the Nisshin Seifun Group will continue to fulfill its corporate social responsibilities.

IV. Basic Policy Regarding Selection of Accounting Standards

Regarding the voluntary adoption of international financial reporting standards (IFRS), in light of a variety of available information, the Nisshin Seifun Group's policy at this time is to continue to investigate eventual adoption, with close consideration of the potential impact of the global comparability and application of financial data.

V. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2015 (As of March 31, 2015)		Fiscal 2016 (As of March 31, 2016)	
Assets				
Current assets				
Cash and deposits		42,584		61,665
Notes and accounts receivable – trade		74,688		72,871
Short-term investment securities		25,565		13,790
Inventories	*1	76,268	*1	72,038
Deferred tax assets		5,274		5,127
Other		5,630		8,115
Allowance for doubtful accounts		(208)		(210)
Total current assets		229,804		233,398
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net	*2, *3, *5	54,001	*2, *3, *5	56,657
Machinery, equipment and vehicles, net	*2, *3, *5	40,602	*2, *3, *5	43,079
Land	*5	40,497	*5	42,152
Construction in progress		9,552	*3	5,222
Other, net	*2, *5	4,048	*2, *5	4,227
Total property, plant and equipment		148,702		151,339
Intangible assets				
Goodwill		10,355		8,610
Other		11,273		9,879
Total intangible assets		21,629		18,489
Investments and other assets				
Investment securities	*4, *5	143,288	*4	140,347
Net defined benefit asset		30		214
Deferred tax assets		3,118		3,841
Other	*4	2,863	*4	2,798
Allowance for doubtful accounts		(129)		(124)
Total investments and other assets		149,170		147,077
Total noncurrent assets		319,503		316,907
Total assets		549,307		550,305

(Millions of yen)

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	57,561	51,348
Short-term loans payable	*5 17,175	*5 15,219
Income taxes payable	3,157	5,227
Accrued expenses	17,042	18,534
Other	17,303	16,472
Total current liabilities	112,240	106,802
Noncurrent liabilities		
Long-term loans payable	3,874	4,386
Deferred tax liabilities	24,837	22,621
Provision for repairs	1,473	1,480
Net defined benefit liability	21,421	21,892
Long-term deposits received	5,589	5,385
Other	1,154	1,250
Total noncurrent liabilities	58,351	57,017
Total liabilities	170,592	163,820
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	9,571	12,834
Retained earnings	275,194	281,324
Treasury stock	(2,659)	(2,289)
Total shareholders' equity	299,224	308,987
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	57,298	55,974
Deferred gains or losses on hedges	118	(301)
Foreign currency translation adjustment	11,911	9,859
Remeasurements of defined benefit plans	(1,471)	(1,144)
Total accumulated other comprehensive income	67,857	64,387
Subscription rights to shares	179	147
Non-controlling interests	11,454	12,962
Total net assets	378,715	386,485
Total liabilities and net assets	549,307	550,305

(2) Consolidated Statements of Income and Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Net sales	526,144	556,701
Cost of sales	377,729	402,218
Gross profit	148,414	154,483
Selling, general and administrative expenses	127,937	130,713
Operating income	20,476	23,769
Non-operating income		
Interest income	203	201
Dividends income	1,905	2,303
Equity in earnings of affiliates	2,104	1,446
Rent income	328	308
Other	845	355
Total non-operating income	5,388	4,615
Non-operating expenses		
Interest expenses	179	172
Other	140	113
Total non-operating expenses	320	285
Ordinary income	25,544	28,099
Extraordinary income		
Gain on sales of noncurrent assets	950	113
Gain on sales of investment securities	67	7
Gain on liquidation of investment securities	161	―
Other	44	―
Total extraordinary income	1,223	121
Extraordinary losses		
Loss on retirement of noncurrent assets	548	757
Litigation settlement	*1 732	―
Other	59	―
Total extraordinary losses	1,340	757
Profit before income taxes	25,427	27,462
Income taxes – current	6,871	8,496
Income taxes – deferred	1,684	534
Total income taxes	8,555	9,031
Profit	16,871	18,431
Profit attributable to non-controlling interests	835	869
Profit attributable to owners of parent	16,036	17,561

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Profit	16,871	18,431
Other comprehensive income		
Valuation difference on available-for-sale securities	24,990	(1,290)
Deferred gains or losses on hedges	96	(365)
Foreign currency translation adjustment	8,425	(2,764)
Remeasurements of defined benefit plans	329	303
Share of other comprehensive income of affiliates accounted for by the equity method	273	(174)
Total other comprehensive income	*1 34,116	*1 (4,290)
Comprehensive income	50,988	14,140
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	49,213	14,092
Comprehensive income attributable to non-controlling interests	1,774	48

(3) Consolidated Statements of Changes in Net Assets

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

(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	9,483	266,581	(3,088)	290,094
Cumulative effects of changes in accounting policies			(1,950)		(1,950)
Balance at the beginning of current period reflecting changes in accounting policies	17,117	9,483	264,630	(3,088)	288,144
Changes of items during the period					
Dividends from surplus			(5,472)		(5,472)
Profit attributable to owners of parent			16,036		16,036
Purchase of treasury stock				(20)	(20)
Disposal of treasury stock		87		448	536
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	87	10,563	428	11,080
Balance at the end of current period	17,117	9,571	275,194	(2,659)	299,224

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	32,253	21	4,237	(1,831)	34,680	260	9,057	334,092
Cumulative effects of changes in accounting policies								(1,950)
Balance at the beginning of current period reflecting changes in accounting policies	32,253	21	4,237	(1,831)	34,680	260	9,057	332,141
Changes of items during the period								
Dividends from surplus								(5,472)
Profit attributable to owners of parent								16,036
Purchase of treasury stock								(20)
Disposal of treasury stock								536
Net changes of items other than shareholders' equity	25,045	97	7,674	359	33,177	(80)	2,397	35,494
Total changes of items during the period	25,045	97	7,674	359	33,177	(80)	2,397	46,574
Balance at the end of current period	57,298	118	11,911	(1,471)	67,857	179	11,454	378,715

Fiscal 2016 (April 1, 2015 to 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 transaction 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					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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
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 transaction 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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Net cash provided by (used in) operating activities		
Profit before income taxes	25,427	27,462
Depreciation and amortization	14,747	16,816
Amortization of goodwill	990	1,157
Litigation settlement	732	–
Increase (decrease) in retirement benefit liability	(238)	100
Decrease (increase) in retirement benefit asset	(30)	(183)
Interest and dividends income	(2,108)	(2,505)
Interest expenses	179	172
Equity in (earnings) losses of affiliates	(2,104)	(1,446)
Loss (gain) on sales of investment securities	(67)	(5)
Decrease (increase) in notes and accounts receivable – trade	(5,955)	3,116
Decrease (increase) in inventories	(11,336)	3,828
Increase (decrease) in notes and accounts payable – trade	10,941	(7,992)
Other, net	209	(527)
Subtotal	31,385	39,993
Interest and dividends income received	2,271	3,244
Interest expenses paid	(184)	(192)
Litigation settlement paid	(732)	–
Income taxes paid	(7,633)	(7,205)
Net cash provided by (used in) operating activities	25,107	35,839
Net cash provided by (used in) investing activities		
Payments into time deposits	(21,342)	(10,804)
Proceeds from withdrawal of time deposits	14,533	16,326
Purchase of short-term investment securities	(4,382)	(2,109)
Proceeds from sales of short-term investment securities	8,400	2,166
Purchase of property, plant and equipment and intangible assets	(19,009)	(15,534)
Proceeds from sales of property, plant and equipment and intangible assets	1,314	(161)
Purchase of investment securities	(1,147)	(229)
Proceeds from sales of investment securities	147	32
Purchase of stocks of subsidiaries and affiliates	(62)	(164)
Payments for transfer of business	*2 (22,187)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*3 (1,733)
Other, net	99	9
Net cash provided by (used in) investing activities	(43,636)	(12,201)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	10,179	60
Decrease in short-term loans payable	(2,184)	(3,599)
Proceeds from long-term loans payable	950	1,130
Repayment of long-term loans payable	(2)	–
Proceeds from sales of treasury stock	536	456
Purchase of treasury stock	(20)	(6)
Cash dividends paid	(5,472)	(7,235)
Other, net	345	(253)
Net cash provided by (used in) financing activities	4,331	(9,446)
Effect of exchange rate change on cash and cash equivalents	1,409	(1,128)
Net increase (decrease) in cash and cash equivalents	(12,788)	13,062
Cash and cash equivalents at beginning of period	72,685	59,897
Cash and cash equivalents at end of period	*1 59,897	*1 72,960

(5) Notes to the Consolidated Financial Statements

[Going Concern Considerations]

There are no applicable matters to be reported.

[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

a. 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.

b. Derivatives

Derivative financial instruments are stated at fair market value.

c. 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

a. 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.

b. 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.

c. 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.

a. 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.

b. 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

a. 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.

b. 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.

c. The Company employs derivative financial instruments only for the aforementioned transactions purely to manage fluctuations in foreign currency exchange rates.

d. 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) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.

(8) Consumption tax

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

[Changes in Accounting Policies]

(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. Financial statements for the previous fiscal year have been reconfigured to reflect these changes in presentation.

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.

Within the consolidated statements of cash flows for the fiscal year under review, the Company has switched to a method whereby cash flows pertaining to the acquisition and sale of shares in a subsidiary not accompanying changes in the scope of consolidation are posted under "cash flows from financing activities"; expenses related to the acquisition of shares in a subsidiary accompanying changes in the scope of consolidation as well as cash flows pertaining to expenses arising in relation to the acquisition and sale of shares in a subsidiary not accompanying changes in the scope of consolidation are posted under "cash flows from operating activities."

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.

[Additional Information]

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

In accordance with the passage on March 29, 2016 by the Japanese legislature of the “Law Revising a Portion of the Income Tax Law” (2016 Law No. 15) and the “Law Revising a Portion of the Local Tax Law” (2016 Law No. 13), 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 declined from its previous 32.2% to 30.8% for temporary actuarial differences expected to dissipate in the fiscal years beginning April 1, 2016 and April 1, 2017. Accounting for temporary actuarial differences expected to dissipate after the fiscal year beginning April 1, 2018, the effective tax rate will be 30.6%.

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 income taxes - deferred, posted as an expense for the fiscal year under review, increased by ¥373 million.

[Consolidated Balance Sheets]

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

1. Components of inventories are as follows.

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Merchandise and finished goods	¥27,903 million	¥27,547 million
Work in process	¥4,614 million	¥4,601 million
Raw materials and supplies	¥43,749 million	¥39,890 million

2. Accumulated depreciation of property, plant and equipment

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
	¥258,809 million	¥266,506 million

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

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Reduction entry of property, plant and equipment purchased during the year under review	–	¥29 million
Accumulated reduction entry of property, plant and equipment	¥368 million	¥351 million

4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Investment securities	¥26,170 million	¥26,827 million
Others	¥180 million	¥173 million
(incl. investment in jointly controlled company)	(¥180 million)	(¥173 million)

5. Assets pledged as collateral

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Assets pledged as collateral are as follows.		
Buildings and structures	¥1,134 million	¥1,097 million
Machinery, equipment and vehicles	¥489 million	¥507 million
Investment securities[Note]	¥5,324 million	–
Other	¥124 million	¥127 million
Total	¥7,072 million	¥1,733 million

Liabilities pledged as collateral are as follows.

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Short-term loans payable	¥100 million	¥100 million

(Note) In order to secure loans payable of ¥6,600 million for affiliates, investment securities (under assets pledged as collateral) were made available for third-party guarantees (maximum ceiling of ¥3,000 million).

[Consolidated Statements of Income]

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

1. Litigation settlement

   Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

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

[Consolidated Statements of Comprehensive Income]

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

1. Amount for reclassification adjustment pertaining to other comprehensive income and tax effect

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Valuation difference on available-for-sale securities		
Gain in the current period	¥34,214 million	¥(3,796) million
Reclassification adjustment	¥(67) million	¥(2) million
Before tax effect adjustment	¥34,146 million	¥(3,798) million
Tax effect	¥(9,155) million	¥ 2,508 million
Valuation difference on available-for-sale securities	¥24,990 million	¥(1,290) million
Deferred gains or losses on hedges		
Gain (Loss) in the current period	¥99 million	¥(467) million
Reclassification adjustment	¥42 million	¥(66) million
Before tax effect adjustment	¥142 million	¥(534) million
Tax effect	¥(45) million	¥169 million
Deferred gains or losses on hedges	¥96 million	¥(365) million
Foreign currency translation adjustment		
Gain in the current period	¥8,425 million	¥(2,764) million
Remeasurements of defined benefit plans		
Gain in the current period	¥190 million	¥98 million
Reclassification adjustment	¥391 million	¥364 million
Before tax effect adjustment	¥581 million	¥463 million
Tax effect	¥(251) million	¥(159) million
Remeasurements of defined benefit plans	¥329 million	¥303 million
Share of other comprehensive income of affiliates accounted for by the equity method		
Gain in the current period	¥273 million	¥(174) million
Total other comprehensive income	¥34,116 million	¥(4,290) million

[Consolidated Statements of Changes in Net Assets]

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

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Issued shares Common stock	276,688	27,668	—	304,357
Treasury stock Common stock	3,264	320	486	3,098

Notes:

1. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock.
2. Portion of the increase in common stock accounted for by issued shares:
   27,668 thousand shares, as result of stock split
3. Portion of the increase in common stock accounted for by treasury stock:
   301 thousand shares, as result of stock split,
   18 thousand shares, as result of repurchasing sub-MTU (minimum trading unit) shares, and
   0 thousand shares, as result of portion of treasury shares (Company's own shares) belonging to the Company acquired by affiliates accounted for by the equity method
4. Portion of the decrease in common stock accounted for by treasury stock:
   0 thousand shares, as result of selling sub-MTU (minimum trading unit) shares, and
   485 thousand shares, as result of exercise of stock options

2. Subscription rights to shares and treasury subscription rights to shares

Category	Composition of subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at the end of the year (millions of yen)
			At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	—					179
Total		—					179

3. Dividends

(1) Dividends paid

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

- Dividends on common stock:

i)	Total dividends to be paid	¥2,734 million
ii)	Dividend per share	¥10
iii)	Record date	March 31, 2014
iv)	Effective date	June 27, 2014

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

- Dividends on common stock:

i)	Total dividends to be paid	¥2,737 million
ii)	Dividend per share	¥10
iii)	Record date	September 30, 2014
iv)	Effective date	December 5, 2014

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

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 25, 2015.

- Dividends on common stock:

i)	Total dividends to be paid	¥3,616 million
ii)	Source of dividends	Retained earnings
iii)	Dividend per share	¥12
iv)	Record date	March 31, 2015
v)	Effective date	June 26, 2015

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Issued shares Common stock	304,357	—	—	304,357
Treasury stock Common stock	3,098	3	427	2,674

Notes:

1. Portion of the increase in common stock accounted for by treasury stock:
   3 thousand shares, as a result of purchasing sub-MTU (minimum trading unit) shares
2. Portion of the decrease in common stock accounted for by treasury stock
   0 thousand shares, as result of selling sub-MTU (minimum trading unit) shares, and
   427 thousand shares, as result of exercise of stock options

2. Subscription rights to shares and treasury subscription rights to shares

Category	Composition of subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at the end of the year (millions of yen)
			At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	—					147
Total		—					147

3. 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:

i) Total dividends to be paid ¥3,616 million
ii) Dividend per share ¥12
iii) Record date March 31, 2015
iv) 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:

i) Total dividends to be paid ¥3,619 million
v) Dividend per share ¥12
vi) Record date September 30, 2015
vii) iv) 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:

i) Total dividends to be paid ¥3,621 million
ii) Source of dividends Retained earnings
iii) Dividend per share ¥12
iv) Record date March 31, 2016
iv) Effective date June 29, 2016

[Consolidated Statements of Cash Flows]

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

1. The reconciliation between fiscal year-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets is as follows.

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Cash and deposits	¥42,584 million	¥61,665 million
Short-term investment securities	¥25,565 million	¥13,790 million
Total	¥68,150 million	¥75,455 million
Time deposits with maturities of more than three months	¥(7,157) million	¥(1,536) million
Debt securities with maturities of more than three months	¥(1,096) million	¥(959) million
Cash and cash equivalents at end of period	¥59,897 million	¥72,960 million

2. Major breakdown of the assets and liabilities increased by transfer of business

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

A breakdown of assets and liabilities of Miller Milling Company, LLC acquired by transfer of the four U.S.-based flour milling plants, a cost of transfer of business and net payments for transfer of business (net) is presented as follows.

Current assets	¥4,427 million
Noncurrent assets	¥12,827 million
Goodwill	¥4,932 million
Cost of transfer of business	¥22,187 million
Cash and cash equivalents	–
Payments for transfer of business	¥(22,187) million

3. Major breakdown of assets and liabilities of new subsidiary resulting from acquisition of shares

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

A breakdown of assets and liabilities at the start of consolidation for Joyous Foods Co., Ltd., a new subsidiary resulting from the acquisition of shares, along with details regarding the share acquisition price and related expenditures (net) are presented as follows.

Current assets	¥4,204 million
Noncurrent assets	¥4,839 million
Goodwill	¥683million
Current liabilities	¥(3,660) million
Noncurrent liabilities	¥(1,433) million
Non-controlling interests	¥(1,378) million
Share acquisition cost	¥3,255million
Cash and cash equivalents	¥(1,521) million
Share acquisition expenditures	¥(1,733) million

[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 the prepared dishes and other prepared foods business 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 business.

   (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 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 statements 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.

[Segment Information, etc.]

[Segment information]

1. Outline of reportable segment

   The Nisshin Seifun Group's reportable segments and the other businesses are components of the Group, for which discrete financial information is available and the operating results are regularly reviewed by the Company's Board of Directors to make decisions about resources to be allocated to and assess the performance of the segments.

   The Company, as the holding company of the Group, plans and determines group strategies for, allocates resources to and assesses the performance of each of its businesses, which are classified by type of products and services in Flour Milling, Processed Food and Others.

   The Group designates the Flour Milling and Processed Food segments as its reportable segments. Major products of the reportable segments are as follows.

Flour Milling:	Wheat flour, bran
Processed Food:	Prepared mix, wheat flour for household-use, pasta, pasta sauce, frozen food, chilled food, cake and bread ingredients, biochemical products, life science business, healthcare foods

2. Calculation methods of net sales, profit (loss), assets and other items for each reportable segment

   The accounting methods used for reportable segments are largely the same as those discussed under "Basis of Presentation of Consolidated Financial Statements." Segment income figures are the same as operating income figures. Intersegment sales and transfers are based on market prices.

3. Information about net sales, profit (loss), assets and other items for each reportable segment

   Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	237,327	244,941	482,269	43,874	526,144	–	526,144
Intersegment sales and transfers	20,277	471	20,749	8,594	29,343	(29,343)	–
Total	257,605	245,413	503,018	52,469	555,487	(29,343)	526,144
Segment income	7,611	9,728	17,340	3,540	20,880	(403)	20,476
Segment assets	208,559	161,982	370,542	68,172	438,715	110,592	549,307
Other items							
Depreciation	7,999	5,663	13,663	1,346	15,010	(262)	14,747
Investment for affiliates accounted for by the equity method	2,451	8,199	10,651	15,349	26,001	–	26,001
Increase in property, plant and equipment and intangible assets	10,690	7,288	17,978	2,418	20,397	(501)	19,895

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.
   The adjustment in segment assets includes the Group's assets (¥120,520 million): mainly, the Company's surplus operating cash (cash and deposits and short-term investment securities) and investment securities.
3. Segment income has been adjusted for the operating income appearing in the consolidated statements of income.

Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016))

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	262,463	246,703	509,166	47,534	556,701	–	556,701
Intersegment sales and transfers	18,465	464	18,929	5,838	24,768	(24,768)	–
Total	280,928	247,167	528,096	53,373	581,469	(24,768)	556,701
Segment income	9,244	11,507	20,752	3,152	23,904	(134)	23,769
Segment assets	210,530	170,271	380,802	64,154	444,956	105,349	550,305
Other items							
Depreciation	9,358	6,231	15,590	1,525	17,115	(298)	16,816
Investment for affiliates accounted for by the equity method	2,577	8,579	11,157	15,330	26,487	–	26,487
Increase in property, plant and equipment and intangible assets	7,507	6,540	14,047	1,500	15,548	(578)	14,970

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.
   The adjustment in segment assets includes the Group's assets (¥116,918 million): mainly, the Company's surplus operating cash (cash and deposits and short-term investment securities) and investment securities.
3. Segment income has been adjusted for the operating income appearing in the consolidated statements of income.

[Related information]

Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

1. Information by geographic segment

(1) Net sales

(Millions of yen)

Japan	U.S.	Other regions	Total
441,378	51,043	33,722	526,144

Note: Net sales are classified based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other regions	Total
116,467	20,752	11,483	148,702

Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1. Information by geographic segment

(1) Net sales

(Millions of yen)

Japan	U.S.	Other regions	Total
447,266	74,303	35,131	556,701

Note: Net sales are classified based on customer location.

* For the fiscal year under review, figures for U.S. are disclosed since net sales in the U.S. accounted for more than 10% of net sales posted in the consolidated statements of income. Figures for the previous fiscal year are shown for comparison, although net sales in the U.S. did not exceed 10% of net sales posted in the consolidated statements of income.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other regions	Total
120,214	19,845	11,280	151,339

[Amortization of goodwill and unamortized balance by reportable segment]

Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Flour Milling	Others	Total
Amortization for the year under review	965	24	990
Balance at end of the year under review	10,331	24	10,355

Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Flour Milling	Processed Food	Others	Total
Amortization for the year under review	1,133	–	24	1,157
Balance at end of the year under review	7,926	683	–	8,610

[Per Share Information]

(Yen)

	Fiscal 2015 (April 1,2014 to March 31, 2015)	Fiscal 2016 (April 1,2015 to March 31, 2016)
Net assets per share	1,218.49	1,237.64
Net income per share	53.28	58.25
Fully diluted net income per share	53.22	58.15

Notes

1. The Company conducted a 1.1-for-1 stock split of shares of common stock on October 1, 2014. Accordingly, net income per share and fully diluted net income per share are calculated by deeming the stock split to have occurred at the beginning of the previous consolidated fiscal year.

2. The basis of calculation for net assets per share

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Total net assets, as stated on the consolidated balance sheets (millions of yen)	378,715	386,485
Net assets associated with common stock (millions of yen)	367,081	373,375
Major components of the difference (millions of yen):		
Subscription rights to shares	179	147
Non-controlling interests	11,454	12,962
Number of shares of common stock issued and outstanding (shares)	304,357,891	304,357,891
Number of treasury shares of common stock (shares)	3,098,077	2,674,306
Number of shares of common stock used in the calculation of net assets per share (shares)	301,259,814	301,683,585

3. The basis of calculation for net income per share and fully diluted net income per share

	Fiscal 2015 (April 1,2014 to March 31, 2015)	Fiscal 2016 (April 1,2015 to March 31, 2016)
Profit attributable to owners of parent, as stated on the consolidated statements of income (millions of yen)	16,036	17,561
Amount not attributable to owners of common stock (millions of yen)	—	—
Profit attributable to owners of parent associated with common stock (millions of yen)	16,036	17,561
Average number of shares of common stock during the fiscal year (shares)	300,996,604	301,478,316
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Main components of increase in number of shares of common stock used in calculation of fully diluted net income per share (shares): Subscription rights to shares	302,093	520,362
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	• Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 26, 2008 (17 subscription rights to shares) (60 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2014 (96 subscription rights to shares) (211 subscription rights to shares) • Preferred stocks issued by an affiliate accounted for by the equity method Tokatsu Foods Co., Ltd. Class B preferred stocks: (Number of shares issued and outstanding: 54,275)	• Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 25, 2015 (111 subscription rights to shares) (215 subscription rights to shares) • Preferred stocks issued by an affiliate accounted for by the equity method Tokatsu Foods Co., Ltd. Class B preferred stocks: (Number of shares issued and outstanding: 54,275)

[Material Subsequent Events]

There are no applicable matters to be reported.