Summary of Financial Statements for the Year Ended March 31, 2018 [Japanese Standards]

May 14, 2018

Listed Company Name: Nisshin Seifun Group Inc. — Registered on Tokyo Stock Exchange
Code: 2002 — URL: http://www.nisshin.com
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Date to hold the Ordinary General Meeting of Shareholders to approve results: June 27, 2018
Date to start distributing dividends: June 28, 2018
Date to submit the Securities Report: June 27, 2018
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, 2018 (April 1, 2017 to March 31, 2018)

(1) Consolidated Business Results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2018	540,094	1.5	27,200	6.6	31,800	4.8	21,339	9.6
Fiscal 2017	532,040	(4.4)	25,511	7.3	30,329	7.9	19,466	10.8

(Note) Comprehensive income: Fiscal 2018: ¥25,148 million (down 11.6%)
Fiscal 2017: ¥28,457 million (up 101.3 %)

	Earnings per share	Fully diluted earnings per share	Return on shareholders' equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal 2018	71.47	71.40	5.4	5.5	5.0
Fiscal 2017	64.50	64.43	5.1	5.5	4.8

(Reference) Equity in earnings of affiliates: Fiscal 2018: ¥1,771 million Fiscal 2017: ¥1,960 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2018	593,493	413,794	67.3	1,344.68
March 31, 2017	557,568	406,805	70.6	1,303.45

(Reference) Equity capital: Fiscal 2018: ¥399,278 million Fiscal 2017: ¥393,620 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 2018	42,869	(18,067)	(18,593)	98,461
Fiscal 2017	35,361	(5,240)	(11,470)	90,837

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 2017	—	13.00	—	13.00	26.00	7,851	40.3	2.0
Fiscal 2018	—	14.00	—	15.00	29.00	8,617	40.6	2.2
Fiscal 2019 (forecast)	—	16.00	—	16.00	32.00		43.2	

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(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 profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	285,000	8.7	13,300	1.5	15,700	0.7	10,600	0.4	35.70
Full year	565,000	4.6	27,500	1.1	32,000	0.6	22,000	3.1	74.09

* Notes

(1) Changes in important subsidiaries during the fiscal year ended March 31, 2018 (changes in specified subsidiaries involving a change in the scope of consolidation): None

(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.: None
2) Changes in accounting policies other than the above: None
3) Changes in accounting estimates: None
4) Revisions restated: None

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

1) Number of shares issued and outstanding (including treasury shares)	As of March 31, 2018	304,357,891	As of March 31, 2017	304,357,891
2) Number of treasury shares	As of March 31, 2018	7,426,065	As of March 31, 2017	2,374,365
3) Average number of shares outstanding	Fiscal 2018	298,575,490	Fiscal 2017	301,822,349

* Audits by certified public accountants or independent account auditors are not required for earnings reports.

* 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 refer to “1. Review of Business Performance (4) Outlook” on page 5 of the Attachment.

(2) Supplementary materials for this report and results briefing materials (Japanese version only) can be found on the Company’s website.

ATTACHMENT

Contents

I. Review of Business Performance

(1) Business Performance

During the fiscal year ended March 31, 2018, the Japanese economy recovered modestly, primarily atop improvement in corporate earnings and the country's employment and personal income picture, coupled with an increase in capital expenditures. Nevertheless, various causes for concern were evident, including labor shortages, continued belt-tightening behavior among consumers and sociopolitical instability abroad.

Under these conditions, the Group promoted a medium-term management plan, dubbed "NNI-120 II," with an emphasis on restructuring the earnings foundation in core businesses, achieving solid profit growth, and a more proactive stance to shareholder returns. Guided by the plan, the Group moved with speed to execute growth strategies in each business, including pursuing products and services offering higher added value and sales expansion, greater cost competitiveness in tandem with safety and reliability, and strategic investments in growth fields.

With respect to operating results, consolidated net sales for the fiscal year ended March 31, 2018, increased 1.5% year on year to ¥540,094 million despite the effects of exclusion of a subsidiary from the scope of consolidation in the previous year following the transfer of its shares to another entity,. This result mainly reflected growth in shipments of prepared dishes and other prepared foods in the Processed Food Segment, along with orders for large-scale construction projects in the engineering business. In terms of profits, due to growth in shipments of high-value-added products matched to consumer needs and measures to improve profitability, including cost reduction efforts, operating profit was ¥27,200 million, up 6.6% year on year. Ordinary profit increased by 4.8% to ¥31,800 million, and profit attributable to owners of parent rose by 9.6% to ¥21,339 million. All profit items ended the year at record-high levels.

In step with a more proactive approach to shareholder returns, the Company purchased treasury shares during the fiscal year, with an upper limit of ¥10,000 million.

With respect to dividends, one of the basic policies of the 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 ¥29 per share, up ¥3 from the previous fiscal year.

Focusing on the future, the Group in May 2018 formulated a long-term vision called "NNI 'Compass for the Future' —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change," taking into account anticipated structural changes driven by highly complex and rapid shifts in society for the next 10 to 20 years. The Group launched new initiatives in accordance with the long-term vision.

[Business Overview by Segment]

1) Flour Milling Segment

In the flour milling business, we made progress in attracting new customers by conducting aggressive sales expansion measures in an adverse market environment characterized by continued belt-tightening behavior among consumers. As a result, shipments of commercial wheat flour in Japan increased year on year. Also in June 2017, and again in December 2017, 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 4.6% in April 2017 and 3.6% in October 2017.

From the perspectives of production and distribution, we continued to proactively advance measures to enhance product safety, alongside steps to boost productivity and reduce fixed costs.

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

In the overseas business, sales were up year on year, reflecting increased shipments thanks to aggressive sales expansion. In terms of profits, conditions were challenging, mainly due to sales competition encountered in the North America region. In Canada, construction concluded in October 2017 to boost by approximately 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant. Elsewhere, construction to boost by approximately 70% the production capacity of U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant is on track and scheduled to conclude in early 2019. Additionally, in March 2018, Thai subsidiary Nisshin-STC Flour Milling Co., Ltd. moved to meet growing wheat flour demand by purchasing a milling plant, effectively increasing production capacity to 2.3 times its previous level.

As a result, net sales of the Flour Milling Segment increased 0.5% year on year to ¥234,799 million. Operating profit, meanwhile, increased 1.4% to ¥9,957 million, as cost reductions in Japan and the response to strategic outlays made in the previous fiscal year offset the impact on performance from competition in the overseas business.

2) Processed Food Segment

In the processed food business, for household-use products, in addition to efforts to enhance the lineup and sales of our strong-selling bottle-type products designed to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, we implemented initiatives designed to stimulate consumption, including event co-sponsorship and leveraging digital marketing. In commercial-use products, we launched new products tailored to customer needs and carried out proposal activities geared toward garnering new customers. Also, in response to revised prices for commercial wheat flour due to the government's decision to revise the prices of imported wheat, the Company in July 2017 and in January 2018 revised prices for its household-use wheat flour and commercial prepared mix products, etc. In the prepared dishes and other prepared foods business, we have developed and are steadily expanding a comprehensive prepared dishes and other prepared foods business that can provide full lineups across wide-ranging categories of products. We also took steps last year to augment production capacity at a prepared noodle production site in western Japan, and completed construction of the new Nagoya Plant. However, sales in the processed food business were lower overall year on year, mainly due to effects from the exclusion of a subsidiary from the scope of consolidation in the previous fiscal year following the transfer of its shares to another entity. This was despite brisk growth in shipments of pastas, pasta sauces, prepared dishes and other prepared foods and frozen foods.

In the overseas business, sales in the prepared mix business were higher year on year. Elsewhere, operations are running smoothly at a production plant for pasta sauces and other cooked and processed foods in Vietnam and a pasta plant in Turkey. Both sites were built as part of efforts to develop a globally optimized, cost-competitive production framework.

In the yeast and biotechnology business, sales in the yeast business were higher year on year, the result of brisk shipments mainly of fillings. Similarly, sales in the biotechnology business were higher, primarily from an increase in shipments of raw materials for diagnostic pharmaceuticals. On a related note, construction is moving apace on a yeast plant in India being developed by overseas subsidiary Oriental Yeast India Pvt. Ltd., with a scheduled completion date of summer 2020.

In the healthcare foods business, sales were higher year on year, reflecting growth in shipments of raw materials for pharmaceuticals.

As a result, net sales of the Processed Food Segment decreased 0.4% year on year to ¥254,000 million. Operating profit increased 8.4% to ¥13,473 million, as growth in shipments of high-value-added products tailored to consumer needs and cost reduction efforts offset expenses incurred in the launch of the new Nagoya Plant in the prepared dishes and other prepared foods business.

3) Others Segment

In the pet food business, sales were higher year on year, reflecting the aggressive launch of new products and the execution of campaigns and other sales expansion efforts.

In the engineering business, sales increased year on year, mainly due to orders for large-scale construction projects in the mainstay plant engineering business.

In the mesh cloths business, sales were up from a year earlier, reflecting strong shipments of screen printing materials for solar panels and molded plastic products primarily for automotive components.

As a result, net sales of the Others Segment increased 18.0% year on year to ¥51,295 million, and operating profit increased 22.2% to ¥3,613 million, primarily atop improved plant construction profitability in the engineering business.

(2) Financial Position

The status of assets, liabilities and net assets on a consolidated basis at the end of the fiscal year ended March 31, 2018, was as follows.

Current assets increased ¥26,583 million from the previous fiscal year-end to ¥265,442 million, due largely to increases in notes and accounts receivable — trade and inventories. Non-current assets increased ¥9,342 million to ¥328,051 million, primarily due to increases in property, plant and equipment and investment securities. As a result, total assets increased ¥35,925 million from the previous fiscal year-end to ¥593,493 million. Meanwhile, current liabilities rose ¥24,424 million to ¥114,258 million, mainly reflecting increases in notes and accounts payable – trade. Non-current liabilities increased ¥4,512 million to ¥65,441 million, primarily due to an increase in deferred tax liabilities. As a result, total liabilities increased ¥28,936 million from the previous fiscal year-end to ¥179,699 million. Net assets increased ¥6,988 million to ¥413,794 million, including an increase due to profit attributable to owners of parent for the year, a decrease due to the payment of dividends, a decrease due to the purchase of treasury shares, and an increase in accumulated other comprehensive income.

(3) Cash Flows

1) Overview of the Fiscal Year Ended March 31, 2018

The status of consolidated cash flows for the fiscal year ended March 31, 2018, was as follows.

Net cash provided by (used in) operating activities

Net cash provided by operating activities was ¥42,869 million for the fiscal year ended March 31, 2018. An increase in cash and cash equivalents mainly due to profit before income taxes of ¥32,430 million and depreciation and amortization of ¥15,509 million exceeded a decrease in cash and cash equivalents largely owing to the payment of income taxes.

Net cash provided by (used in) investing activities

Net cash used in investing activities was ¥18,067 million, mainly the result of ¥19,704 million for the purchase of property, plant and equipment and intangible assets, including for the construction of a yeast plant at Oriental Yeast India Pvt. Ltd. and the construction of a new production line at the Saginaw Plant of Miller Milling Company, LLC.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an inflow of ¥24,802 million.

Net cash provided by (used in) financing activities

To distribute profits to shareholders, the Company paid dividends of ¥8,088 million. In addition, the Company used cash of ¥10,164 million for the purchase of treasury shares, including ¥9,999 million for the purchase of 5,334,900 shares authorized by resolution of the Board of Directors on May 12, 2017. Consequently, net cash used in financing activities was ¥18,593 million.

As described above, cash provided by operating activities was allocated to strategic capital investment, the payment of dividends as returns to shareholders and the purchase of treasury shares. At the end of the fiscal year ended March 31, 2018, consolidated cash and cash equivalents totaled ¥98,461 million, an increase of ¥7,624 million from the previous fiscal year-end.

2) Cash-flow Indicators

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

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Equity ratio (%)	66.8	67.8	70.6	67.3
Market value–based equity ratio (%)	77.5	98.1	90.0	105.5
Ratio of interest-bearing debt to operating cash flow (years)	0.8	0.5	0.4	0.4
Interest coverage ratio (times)	136.1	185.9	218.8	197.2

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 shares) 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.

(4) Outlook

1) Outlook for the Fiscal Year Ending March 31, 2019

With the “NNI-120 II” management plan, set to conclude in the fiscal year ending March 31, 2021, as a milestone, the entire Group is working together to achieve the objectives outlined in the Group’s newly formulated long-term vision, "NNI ‘Compass for the Future’ —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change."

Consolidated net sales for the fiscal year ending March 31, 2019 are forecast to rise 4.6% year on year to ¥565,000 million, operating profit is projected to climb 1.1% to ¥27,500 million, and ordinary profit is expected to increase 0.6% to ¥32,000 million, while profit attributable to owners of parent is expected to increase 3.1% from the fiscal year ended March 31, 2018 to ¥22,000 million.

2) Cash Flow Outlook for the Next Fiscal Year

Regarding cash flow in the fiscal year ending March 31, 2019, the increase in capital from profit attributable to owners of parent of ¥22,000 million and other sources will be used primarily for strategic investments and the return of profits to shareholders through the payment of dividends (representing a real increase for a sixth consecutive term). Consequently, cash and cash equivalents as of March 31, 2019 are expected to be largely unchanged from levels as of the end of the fiscal year ended March 31, 2018.

(5) Basic Policy on Profit Distribution and Dividends for Fiscal 2018 and Fiscal 2019

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 payment of dividends based on a targeted payout ratio of at least 40% on a consolidated basis.

As a further return of profits to shareholders, the Company plans to pay a full-year dividend of ¥29 per share, an increase of ¥3 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 ¥15 per share. As a result, dividends paid are expected to increase for the fifth consecutive term since the fiscal year ended March 31, 2014, the year in which the total dividends paid were increased instead of making adjustment to the dividend per share following the stock splits.

Furthermore, in the fiscal year ended March 31, 2018, we repurchased 5,334,900 treasury shares at a cost of ¥9,999 million, in order to enhance return of profits and improve capital efficiency.

The Group has set out its long-term vision, "NNI ‘Compass for the Future’ —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change." We will focus on enhancing the stable distribution of profits from a long-term perspective to shareholders who share with us “the values created down through the generations since the establishment of the Company,” based on the policy concerning the long-term vision. More precisely, we aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner, taking into account cash flows and demand for funds for strategic investments.

For the fiscal year ending March 31, 2019, the Company, in line with the aforementioned policy of profit distribution, plans to increase the dividend per share by ¥3 from the fiscal year ended March 31, 2018 to pay an annual dividend of ¥32 per share. This will culminate in a projected actual dividend increase for a sixth consecutive term.

Furthermore, the Company has established a system of providing special privileges to shareholders who own 500 shares or more of the Company’s stock as at March 31.

(6) Medium- to Long-term Management Strategies and Target Indicators

The Group has set out its long-term vision, “NNI ‘Compass for the Future’ —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change,” taking into account anticipated structural changes driven by highly complex and rapid shifts in society for the next 10 to 20 years. With this long-term vision as our compass for the future, we will press ahead with New Nisshin Innovation activities based on the ongoing medium-term management plan, “NNI-120 II,” as a milestone, which is scheduled to conclude in the fiscal year ending March 31, 2021 and targets net sales of ¥750 billion, operating profit of ¥30 billion, and earnings per share (EPS) of ¥80.

As for long-term vision, we will build a system that demonstrates the Group’s “comprehensive capabilities” toward our goal to realize our future grand design. At the same time, we take this opportunity to emphasize “customer-oriented policy,” implement growth strategies based on the pillars of “remodeling existing businesses” and “enhancing the Group business portfolio,” and further reinforce management functions that support the aforesaid initiatives. Furthermore, we will work to further raise the profit level and establish “a solid and firm position in the domestic food industry” as “a globally-operating company that assists ‘healthy lifestyles’ and plays a critical role in building ‘the food infrastructure’ of the future.”

Furthermore, we will focus on enhancing the stable distribution of profits from a long-term perspective to shareholders who share with us “the values created through generations since the establishment of the Company.” We aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner, taking into account cash flows and demand for funds for strategic investments.

The Group will execute these strategies developed to realize the long-term vision so as to achieve further growth in earnings per share (EPS) through efforts in both profit growth and capital policy planning. We also strive to improve our return on equity (ROE) and ensure ROE exceeds capital cost, while striking a balance between capital efficiency and financial stability.

We will further strengthen the link between “the realization of corporate philosophy” and “the maximization of corporate value” by pursuing management in a manner that develops a strong link between our business strategies and contributions to environment (E) and society (S), which are associated with business sustainability, while enhancing governance (G), which serves as a discipline to improve corporate value. We are challenging ourselves to develop a corporate group that enjoys ongoing active support from all stakeholders.

II. 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.

III. Consolidated Financial Statements and Related Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2017 (As of March 31, 2017)	Fiscal 2018 (As of March 31, 2018)
Assets		
Current assets		
Cash and deposits	85,458	91,635
Notes and accounts receivable – trade	69,584	79,676
Securities	7,094	7,857
Inventories	64,012	71,882
Deferred tax assets	4,685	4,690
Other	8,221	9,892
Allowance for doubtful accounts	(197)	(193)
Total current assets	238,858	265,442
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	55,441	55,979
Machinery, equipment and vehicles, net	39,296	38,700
Land	41,447	42,208
Construction in progress	4,587	10,337
Other, net	4,066	3,716
Total property, plant and equipment	144,840	150,942
Intangible assets		
Goodwill	7,050	5,623
Other	8,039	6,786
Total intangible assets	15,089	12,409
Investments and other assets		
Investment securities	151,963	158,211
Net defined benefit asset	205	238
Deferred tax assets	3,541	3,045
Other	3,191	3,329
Allowance for doubtful accounts	(122)	(125)
Total investments and other assets	158,779	164,699
Total non-current assets	318,709	328,051
Total assets	557,568	593,493

(Millions of yen)

	Fiscal 2017 (As of March 31, 2017)	Fiscal 2018 (As of March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	40,320	58,492
Short-term loans payable	9,745	7,892
Income taxes payable	5,437	4,397
Accrued expenses	18,265	19,291
Other	16,065	24,184
Total current liabilities	89,833	114,258
Non-current liabilities		
Long-term loans payable	4,967	7,194
Deferred tax liabilities	26,687	29,097
Provision for repairs	1,509	1,159
Net defined benefit liability	20,881	20,782
Long-term deposits received	5,401	5,402
Other	1,481	1,804
Total non-current liabilities	60,928	65,441
Total liabilities	150,762	179,699
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,898	12,894
Retained earnings	293,165	306,415
Treasury shares	(2,026)	(11,695)
Total shareholders' equity	321,154	324,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,475	69,467
Deferred gains or losses on hedges	93	(473)
Foreign currency translation adjustment	7,836	6,352
Remeasurements of defined benefit plans	(939)	(800)
Total accumulated other comprehensive income	72,466	74,546
Subscription rights to shares	175	189
Non-controlling interests	13,009	14,327
Total net assets	406,805	413,794
Total liabilities and net assets	557,568	593,493

(2) Consolidated Statements of Income and Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	Fiscal 2017 (April 1, 2016 to March 31, 2017)	Fiscal 2018 (April 1, 2017 to March 31, 2018)
Net sales	532,040	540,094
Cost of sales	374,028	378,742
Gross profit	158,012	161,352
Selling, general and administrative expenses	132,500	134,152
Operating profit	25,511	27,200
Non-operating income		
Interest income	160	305
Dividend income	2,393	2,412
Share of profit of entities accounted for using equity method	1,960	1,771
Rent income	285	284
Other	319	311
Total non-operating income	5,119	5,084
Non-operating expenses		
Interest expenses	202	221
Foreign exchange losses	–	52
Share issuance cost	–	54
Other	98	156
Total non-operating expenses	301	485
Ordinary profit	30,329	31,800
Extraordinary income		
Gain on sales of non-current assets	387	1,007
Gain on sales of investment securities	401	357
Gain on sales of shares of subsidiaries and associates	1,880	–
Total extraordinary income	2,669	1,365
Extraordinary losses		
Loss on retirement of non-current assets	527	605
Impairment loss	958	129
Loss on restructuring of production system	323	–
Total extraordinary losses	1,809	734
Profit before income taxes	31,189	32,430
Income taxes – current	9,924	8,664
Income taxes – deferred	501	1,096
Total income taxes	10,426	9,760
Profit	20,763	22,669
Profit attributable to non-controlling interests	1,296	1,330
Profit attributable to owners of parent	19,466	21,339

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Fiscal 2017 (April 1, 2016 to March 31, 2017)	Fiscal 2018 (April 1, 2017 to March 31, 2018)
Profit	20,763	22,669
Other comprehensive income		
Valuation difference on available-for-sale securities	9,459	3,945
Deferred gains or losses on hedges	358	(570)
Foreign currency translation adjustment	(2,311)	(1,118)
Remeasurements of defined benefit plans	225	109
Share of other comprehensive income of affiliates accounted for by the equity method	(36)	111
Total other comprehensive income	7,694	2,478
Comprehensive income	28,457	25,148
(Breakdown)		
Comprehensive income attributable to owners of parent	27,545	23,419
Comprehensive income attributable to non-controlling interests	912	1,728

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

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

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

Fiscal 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	12,898	293,165	(2,026)	321,154
Changes of items during the period					
Dividends from surplus			(8,088)		(8,088)
Profit attributable to owners of parent			21,339		21,339
Purchase of treasury shares				(10,164)	(10,164)
Disposal of treasury shares		(3)		495	491
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(3)	13,250	(9,669)	3,577
Balance at the end of current period	17,117	12,894	306,415	(11,695)	324,732

	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	65,475	93	7,836	(939)	72,466	175	13,009	406,805
Changes of items during the period								
Dividends from surplus								(8,088)
Profit attributable to owners of parent								21,339
Purchase of treasury shares								(10,164)
Disposal of treasury shares								491
Change in ownership interest of parent due to transactions with non-controlling interests								0
Net changes of items other than shareholders' equity	3,991	(567)	(1,483)	138	2,079	13	1,318	3,411
Total changes of items during the period	3,991	(567)	(1,483)	138	2,079	13	1,318	6,988
Balance at the end of current period	69,467	(473)	6,352	(800)	74,546	189	14,327	413,794

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2017 (April 1, 2016 to March 31, 2017)	Fiscal 2018 (April 1, 2017 to March 31, 2018)
Net cash provided by (used in) operating activities		
Profit before income taxes	31,189	32,430
Depreciation and amortization	16,132	15,509
Impairment loss	958	129
Amortization of goodwill	1,195	1,224
Increase (decrease) in net defined benefit liability	(400)	(110)
Decrease (increase) in net defined benefit asset	8	(32)
Interest and dividend income	(2,553)	(2,717)
Interest expenses	202	221
Share of (profit) loss of entities accounted for using equity method	(1,960)	(1,771)
Loss (gain) on sales of investment securities	(401)	(357)
Loss (gain) on sales of shares of subsidiaries and associates	(1,880)	–
Decrease (increase) in notes and accounts receivable – trade	1,636	(10,217)
Decrease (increase) in inventories	6,255	(8,010)
Increase (decrease) in notes and accounts payable – trade	(9,272)	18,185
Other, net	2,701	5,607
Subtotal	43,811	50,092
Interest and dividends income received	3,109	3,704
Interest expenses paid	(161)	(217)
Income taxes paid	(11,397)	(10,710)
Net cash provided by (used in) operating activities	35,361	42,869
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,820)	(4,369)
Proceeds from withdrawal of time deposits	2,530	5,128
Purchase of securities	(1,842)	(2,955)
Proceeds from sales of securities	1,816	2,970
Purchase of property, plant, and equipment and intangible assets	(13,549)	(19,704)
Proceeds from sales of property, plant, and equipment and intangible assets	767	898
Purchase of investment securities	(37)	(625)
Proceeds from sales of investment securities	853	858
Purchase of shares of subsidiaries and associates	(17)	(54)
Proceeds from sales of shares of subsidiaries and associates	–	122
Proceeds from redemption of shares of subsidiaries and associates	2,713	–
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	3,206	–
Other, net	138	(334)
Net cash provided by (used in) investing activities	(5,240)	(18,067)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	400	–
Decrease in short-term loans payable	(5,841)	(3,253)
Proceeds from long-term loans payable	1,951	3,369
Repayments of long-term loans payable	(2)	–
Proceeds from sales of treasury shares	327	339
Purchase of treasury shares	(2)	(10,164)
Cash dividends paid	(7,546)	(8,088)
Other, net	(757)	(795)
Net cash provided by (used in) financing activities	(11,470)	(18,593)
Effect of exchange rate changes on cash and cash equivalents	(246)	1,415
Net increase (decrease) in cash and cash equivalents	18,404	7,624
Cash and cash equivalents at beginning of period	72,960	90,837
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	(527)	–
Cash and cash equivalents at end of period	90,837	98,461

(5) Notes to the Consolidated Financial Statements

[Going Concern Considerations]

There are no applicable matters to be reported.

[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, prepared 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 adopted for use in the preparation of the consolidated financial statements. Segment profit figures are the same as operating profit 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, 2017 (April 1, 2016 to March 31, 2017)

(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	233,618	254,944	488,562	43,478	532,040	–	532,040
Intersegment sales and transfers	16,910	426	17,336	2,951	20,288	(20,288)	–
Total	250,528	255,370	505,899	46,429	552,329	(20,288)	532,040
Segment profit	9,823	12,426	22,250	2,956	25,206	304	25,511
Segment assets	200,279	161,119	361,399	61,803	423,203	134,365	557,568
Other items							
Depreciation and amortization	8,791	6,070	14,861	1,552	16,414	(281)	16,132
Investment for affiliates accounted for by the equity method	2,764	6,234	8,998	16,175	25,173	–	25,173
Increase in property, plant and equipment and intangible assets	6,973	4,784	11,757	1,102	12,860	(170)	12,689

Notes:

1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
2. Segment profit adjustment refers to intersegment transaction eliminations.
   The adjustment in segment assets includes the Group's assets (¥144,439 million): mainly, the Company's surplus operating cash (cash and deposits and securities) and investment securities.
3. Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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	234,799	254,000	488,799	51,295	540,094	–	540,094
Intersegment sales and transfers	15,958	406	16,365	2,675	19,040	(19,040)	–
Total	250,758	254,406	505,164	53,970	559,135	(19,040)	540,094
Segment profit	9,957	13,473	23,430	3,613	27,044	155	27,200
Segment assets	211,235	177,116	388,352	74,108	462,460	131,033	593,493
Other items							
Depreciation and amortization	8,607	5,579	14,186	1,577	15,764	(255)	15,509
Investment for affiliates accounted for by the equity method	2,965	6,760	9,725	16,258	25,983	–	25,983
Increase in property, plant and equipment and intangible assets	11,660	8,783	20,443	1,157	21,601	(116)	21,484

Notes:

1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
2. Segment profit adjustment refers to intersegment transaction eliminations.

   The adjustment in segment assets includes the Group's assets (¥141,859 million): mainly, the Company's surplus operating cash (cash and deposits and securities) and investment securities.
3. Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

[Per Share Information]

(Yen)

	Fiscal 2017 (April 1, 2016 to March 31, 2017)	Fiscal 2018 (April 1, 2017 to March 31, 2018)
Net assets per share	1,303.45	1,344.68
Earnings per share	64.50	71.47
Fully diluted earnings per share	64.43	71.40

Notes

1. The basis of calculation for net assets per share

	Fiscal 2017 (As of March 31, 2017)	Fiscal 2018 (As of March 31, 2018)
Total net assets, as stated on the consolidated balance sheets (millions of yen)	406,805	413,794
Net assets associated with common stock (millions of yen)	393,620	399,278
Major components of the difference (millions of yen):		
Subscription rights to shares	175	189
Non-controlling interests	13,009	14,327
Number of shares of common stock issued and outstanding (shares)	304,357,891	304,357,891
Number of treasury shares of common stock (shares)	2,374,365	7,426,065
Number of shares of common stock used in the calculation of net assets per share (shares)	301,983,526	296,931,826

2. The basis of calculation for earnings per share and fully diluted earnings per share

	Fiscal 2017 (April 1, 2016 to March 31, 2017)	Fiscal 2018 (April 1, 2017 to March 31, 2018)
Profit attributable to owners of parent, as stated on the consolidated statements of income (millions of yen)	19,466	21,339
Amount not attributable to owners of common stock (millions of yen)	—	—
Profit attributable to owners of parent associated with common stock (millions of yen)	19,466	21,339
Average number of shares of common stock during the fiscal year (shares)	301,822,349	298,575,490
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 earnings per share (shares): Subscription rights to shares	 330,488	 307,190
Details of shares not included in calculation of fully diluted earnings per share due to non-dilutive effect	• 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) Date of resolution at the General Meeting of Shareholders: June 28, 2016 (111 subscription rights to shares) (228 subscription rights to shares)	—

Note:

When calculating net assets per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded from the number of shares of common stock issued and outstanding at the end of the fiscal year.

As of March 31, 2018, 4,000 Company shares were held in the aforementioned trust.

Furthermore, when calculating earnings per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded when calculating the average number of shares of common stock during the fiscal year. For the fiscal year ended March 31, 2018, the average number of shares of common stock for Company shares held in the aforementioned trust was 22,246 shares.

[Material Subsequent Events]

There are no applicable matters to be reported.