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Independent Auditor's Report

The Board of Directors
Nisshin Seifun Group Inc.

We have audited the accompanying consolidated financial statements of Nisshin Seifun Group Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nisshin Seifun Group Inc. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 26, 2013

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

As of March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	**2013**	2012	**2013**
Current Assets:			
Cash and deposits (Notes 19 and 21)	¥ 56,722	¥ 59,020	$ 603,111
Notes and accounts receivable – trade (Notes 4, 7 and 19)	65,393	65,015	695,303
Short-term investment securities (Notes 19 and 21)	19,433	16,141	206,631
Inventories (Notes 5 and 7)	61,904	62,283	658,213
Deferred tax assets (Note 15)	5,501	4,938	58,493
Other	9,723	6,225	103,382
Allowance for doubtful accounts	(210)	(194)	(2,239)
Total current assets	218,468	213,431	2,322,894
Property, Plant and Equipment (Notes 6, 7 and 16):			
Land	36,152	35,704	384,393
Buildings and structures, net	44,651	45,329	474,762
Machinery, equipment and vehicles, net	29,608	28,816	314,819
Construction in progress	7,735	2,645	82,252
Other, net	2,827	2,873	30,066
Property, plant and equipment, net	120,975	115,370	1,286,291
Intangible Assets:			
Goodwill	4,373	9,044	46,507
Other	8,372	3,754	89,025
Total intangible assets	12,746	12,798	135,531
Investments and Other Assets:			
Investment securities (Notes 19 and 20)	100,643	80,378	1,070,104
Long-term loans receivable	38	50	406
Deferred tax assets (Note 15)	3,219	3,590	34,237
Other	5,911	6,497	62,855
Allowance for doubtful accounts	(152)	(161)	(1,621)
Total investments and other assets	109,660	90,355	1,165,982
Total assets	¥ 461,851	¥ 431,956	$ 4,910,698

LIABILITIES AND NET ASSETS	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 3) 2013
Current Liabilities:			
Notes and accounts payable – trade (Notes 4 and 19)	¥ 56,309	¥ 50,003	$ 598,719
Short-term loans payable (Note 7)	5,260	5,813	55,933
Income taxes payable (Note 15)	4,844	5,442	51,506
Accrued expenses	16,072	15,692	170,891
Other	16,988	15,335	180,628
Total current liabilities	99,474	92,287	1,057,677
Noncurrent Liabilities:			
Long-term loans payable (Note 7)	3,207	2,117	34,103
Deferred tax liabilities (Note 15)	14,619	11,814	155,442
Provision for retirement benefits (Note 8)	18,925	18,420	201,228
Provision for directors' retirement benefits	139	371	1,485
Provision for repairs	1,559	1,452	16,586
Long-term deposits received	5,485	5,554	58,324
Other	1,003	1,139	10,666
Total noncurrent liabilities	44,940	40,869	477,835
Commitments and Contingent Liabilities (Notes 16 and 17)			
Net Assets (Notes 9, 10 and 11):			
Shareholders' equity:			
Capital stock: authorized – 932,856,000 shares			
Issued – 251,535,448 shares in 2013 and 2012	17,117	17,117	182,008
Capital surplus	9,460	9,453	100,588
Retained earnings	256,453	247,736	2,726,783
Less: Treasury stock			
3,064,504 shares in 2013 and 3,062,310 shares in 2012	(3,188)	(3,186)	(33,899)
Total shareholders' equity	279,843	271,120	2,975,480
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	29,894	22,776	317,857
Deferred gains on hedges	148	170	1,577
Foreign currency translation adjustment	(833)	(2,677)	(8,863)
Total accumulated other comprehensive income	29,209	20,269	310,571
Subscription rights to shares	232	188	2,469
Minority interests	8,150	7,220	86,666
Total net assets	317,436	298,798	3,375,186
Total liabilities and net assets	¥ 461,851	¥ 431,956	$ 4,910,698

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Net Sales	**¥ 455,566**	¥ 441,963	**$ 4,843,872**
Cost of Sales (Notes 5 and 13)	**316,141**	306,649	**3,361,420**
Gross Profit	**139,424**	135,313	**1,482,452**
Selling, General and Administrative Expenses (Notes 9, 12 and 13)	**117,684**	112,200	**1,251,295**
Operating Income	**21,740**	23,113	**231,157**
Non-operating Income (Expenses):			
Interest income	**192**	217	**2,047**
Interest expenses	**(138)**	(83)	**(1,472)**
Dividends income	**1,629**	1,545	**17,327**
Equity in earnings of affiliates	**598**	800	**6,360**
Rent income	**331**	335	**3,528**
Gain on sales of noncurrent assets	**187**	581	**1,990**
Gain on sales of investment securities	**39**	13	**425**
Gain on sales of investments in capital of subsidiaries and affiliates	**47**	-	**510**
Insurance income	**-**	239	**-**
Foreign exchange losses	**-**	(64)	**-**
Expenses concerning quality assurance	**-**	(50)	**-**
Loss on retirement of noncurrent assets	**(524)**	(421)	**(5,582)**
Impairment loss (Note 14)	**(1,764)**	(462)	**(18,757)**
Loss on revision of retirement benefit plan (Note 8)	**-**	(1,290)	**-**
Expenses for improving production systems	**-**	(228)	**-**
Other, net	**98**	115	**1,051**
Total non-operating income, net	**698**	1,248	**7,427**
Income before Income Taxes and Minority Interests	**22,438**	24,361	**238,584**
Income Taxes (Note 15):			
Income taxes – current	**9,331**	9,468	**99,223**
Income taxes – deferred	**(1,301)**	829	**(13,837)**
Total income taxes	**8,030**	10,297	**85,386**
Income before Minority Interests	**14,408**	14,063	**153,199**
Minority Interests in Income	**719**	736	**7,652**
Net Income	**¥ 13,688**	¥ 13,326	**$ 145,547**

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2013 and 2012

	Millions of yen				Thousands of U.S. dollars (Note 3)	
	2013		2012		**2013**	
Income before Minority Interests	¥	**14,408**	¥	14,063	$	**153,199**
Other Comprehensive Income (Note 24):						
Valuation difference on available-for-sale securities		**7,074**		4,561		**75,220**
Deferred gains on hedges		**3**		80		**37**
Foreign currency translation adjustment		**2,294**		(672)		**24,401**
Share of other comprehensive income of affiliates accounted for using equity method		**164**		(71)		**1,744**
Total other comprehensive income		**9,536**		3,898		**101,402**
Comprehensive Income	¥	**23,945**	¥	17,962	$	**254,600**
Comprehensive Income Attributable to:						
Owners of the parent	¥	**22,628**	¥	17,573	$	**240,597**
Minority interests		**1,317**		389		**14,003**

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2013 and 2012

	Millions of yen									
	Shareholders' equity				Accumulated other comprehensive income					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for sale securities	Deferred gains on hedges	Foreign currency translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2011	¥ 17,117	¥ 9,450	¥ 239,380	¥ (3,171)	¥ 18,205	¥ 99	¥ (2,281)	¥ 138	¥ 6,311	¥ 285,249
Changes of items during the period:										
Dividends from surplus			(4,971)							(4,971)
Net income			13,326							13,326
Purchase of treasury stock				(29)						(29)
Disposal of treasury stock		3		14						17
Net changes of items other than shareholders' equity					4,571	71	(396)	49	908	5,204
Total changes of items during the period	-	3	8,355	(15)	4,571	71	(396)	49	908	13,548
Balance at March 31, 2012	17,117	9,453	247,736	(3,186)	22,776	170	(2,677)	188	7,220	298,798
Changes of items during the period:										
Dividends from surplus			(4,970)							(4,970)
Net income			13,688							13,688
Purchase of treasury stock				(30)						(30)
Disposal of treasury stock		6		29						36
Net changes of items other than shareholders' equity					7,117	(22)	1,844	43	930	9,914
Total changes of items during the period	-	6	8,717	(1)	7,117	(22)	1,844	43	930	18,637
Balance at March 31, 2013	¥17,117	¥ 9,460	¥ 256,453	¥ (3,188)	¥ 29,894	¥ 148	¥ (833)	¥ 232	¥ 8,150	¥ 317,436

	Thousands of U.S. dollars (Note 3)									
	Shareholders' equity				Accumulated other comprehensive income					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2012	$ 182,008	$ 100,516	$ 2,634,089	$ (33,886)	$ 242,177	$ 1,816	$ (28,473)	$ 2,003	$ 76,770	$ 3,177,022
Changes of items during the period:										
Dividends from surplus			(52,853)							(52,853)
Net income			145,547							145,547
Purchase of treasury stock				(327)						(327)
Disposal of treasury stock		71		314						385
Net changes of items other than shareholders' equity					75,680	(239)	19,609	466	9,896	105,413
Total changes of items during the period	-	71	92,694	(14)	75,680	(239)	19,609	466	9,896	198,164
Balance at March 31, 2013	$ 182,008	$ 100,588	$ 2,726,783	$ (33,899)	$ 317,857	$ 1,577	$ (8,863)	$ 2,469	$ 86,666	$ 3,375,186

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 22,438	¥ 24,361	$ 238,584
Depreciation and amortization	13,749	13,636	146,195
Impairment loss	1,764	462	18,757
Amortization of goodwill	330	24	3,514
Increase in provision for retirement benefits	494	5,021	5,258
Decrease in prepaid pension costs	430	820	4,580
Interest and dividends income	(1,822)	(1,763)	(19,374)
Interest expenses	138	83	1,472
Equity in earnings of affiliates	(598)	(800)	(6,360)
Gain on sales of investment securities	(38)	(13)	(406)
Decrease (increase) in notes and accounts receivable – trade	67	(5,940)	722
Decrease (increase) in inventories	943	(16,727)	10,031
Increase in notes and accounts payable – trade	6,183	12,893	65,752
Other	251	899	2,675
Subtotal	44,335	32,958	471,400
Interest and dividends income received	2,214	1,984	23,544
Interest expenses paid	(166)	(85)	(1,771)
Income taxes paid	(11,903)	(8,778)	(126,562)
Net cash provided by operating activities	34,479	26,078	366,611,
Cash Flows from Investing Activities:			
Payments into time deposits	(32,060)	(45,625)	(340,888)
Proceeds from withdrawal of time deposits	40,042	46,379	425,759
Purchase of short-term investment securities	(17,964)	(15,176)	(191,009)
Proceeds from sales of short-term investment securities	15,984	26,174	169,952
Purchase of property, plant and equipment and intangible assets	(17,407)	(14,755)	(185,091)
Proceeds from sales of property, plant and equipment and intangible assets	396	521	4,215
Purchase of investment securities	(1,657)	(2,653)	(17,623)
Proceeds from sales of investment securities	200	31	2,130
Purchase of stocks of subsidiaries and affiliates	(7,700)	(0)	(81,875)
Payments for transfer of business	(3,564)	-	(37,903)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(235)	(10,578)	(2,502)
Payments of long-term loans receivable	(8)	(4)	(88)
Collection of long-term loans receivable	20	8	222
Other, net	100	434	1,069
Net cash used in investing activities	(23,854)	(15,244)	(253,633)
Cash Flows from Financing Activities:			
Increase in short-term loans payable	41	-	442
Decrease in short-term loans payable	(384)	(396)	(4,085)
Proceeds from long-term loans payable	2,932	-	31,182
Repayment of long-term loans payable	(1,523)	-	(16,201)
Proceeds from sales of treasury stock	36	17	385
Purchase of treasury stock	(30)	(29)	(327)
Cash dividends paid	(4,970)	(4,971)	(52,853)
Other, net	(688)	(755)	(7,316)
Net cash used in financing activities	(4,587)	(6,134)	(48,772)

Effect of Exchange Rate Change on Cash and Cash Equivalents	823	(400)	8,760
Net Increase in Cash and Cash Equivalents	6,862	4,299	72,967
Cash and Cash Equivalents at Beginning of Period	46,387	42,087	493,218
Cash and Cash Equivalents at End of Period (Note 21)	¥ 53,249	¥ 46,387	$ 566,185

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

For the Years Ended March 31, 2013 and 2012

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

Nisshin Seifun Group Inc. (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

(b) Principles of Consolidation and Accounting for Investment in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries (together, the "Group"). As of March 31, 2013, the number of consolidated subsidiaries was 45.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated and accounted for by the equity method are stated at cost as adjusted for equity in undistributed earnings and losses from the date of acquisition. As of March 31, 2013, the number of subsidiaries and affiliates accounted for by the equity method was 10.

Differences between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies which are accounted for by the equity method have been amortized by the straight-line method for a period of mainly 10 years. However, immaterial goodwill is charged to income in the year of acquisition.

1. Summary of Significant Accounting Policies (continued)

(c) Translation of Foreign Currency Accounts

Current and non-current receivables and payables denominated in foreign currencies are translated at current rates of exchange prevailing at the balance sheet date and the resulting exchange gains or losses are recognized in earnings. Financial statements of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates in effect at the balance sheet date, with the exceptions that the components of net assets excluding minority interests are translated at their historical rates and that statement of income items are translated at the average rates of exchange in effect during the year.

Translation adjustments resulting from translation of foreign currency financial statements are presented as foreign currency translation adjustments and minority interests in the accompanying consolidated balance sheets.

(d) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include short-term investment securities, time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

Reconciliations between cash in the consolidated balance sheets and cash equivalents in the consolidated statements of cash flows are presented in Note 21.

(e) Inventories

Inventories are stated at the lower of cost or market.

For finished goods, cost for flour and bran is determined by the retail cost method and cost for other products is principally determined by the periodic average method. For raw materials, cost is principally determined by first-in-first-out method.

(f) Allowance for Doubtful Accounts

The Company and its domestic consolidated subsidiaries provide allowance for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period, plus an estimated uncollectible amount based on an analysis of certain individual accounts, including claims in bankruptcy.

Overseas consolidated subsidiaries provide allowance for doubtful accounts based on an estimate of uncollectible amounts for specific accounts.

1. **Summary of Significant Accounting Policies (continued)**

(g) Depreciation and Amortization (excluding leased assets)

Property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation of property, plant and equipment is principally computed by the declining-balance method for the Company and its domestic consolidated subsidiaries (excluding buildings acquired on or after April 1, 1998), and by the straight-line method for overseas consolidated subsidiaries over the estimated useful lives of the respective assets. Depreciation of buildings acquired on or after April 1, 1998 is computed by the straight-line method for the Company and its domestic consolidated subsidiaries.

(A change in accounting policies which is difficult to distinguish from a change in accounting estimates)
Effective the year ended March 31, 2013, the Company and its domestic consolidated subsidiaries have changed their depreciation method of property, plant and equipment acquired on or after April 1, 2012, according to the amendment to the Corporation Tax Law of Japan. The effects of this change on the net income for the year ended March 31, 2013 were immaterial.

Amortization of intangible assets is computed by the straight-line method. Software for internal use is carried at cost less accumulated amortization, which is calculated by the straight-line method over its estimated useful life (within five years).

(h) Leases

All finance lease transactions are capitalized to recognize leased assets and lease obligations in the balance sheets and depreciated by the straight-line method over the lease period, with no residual value.

Finance leases that are not deemed to transfer ownership of leased assets to the lessee which had been entered into on or before March 31, 2008 are accounted for in manner similar to operating lease transactions.

(i) Investment Securities

Securities other than those of subsidiaries and affiliates are classified into two categories: held-to-maturity or available-for-sale securities.

Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost. Securities classified as available-for-sale securities with fair market value are reported at fair value with unrealized gains and losses, net of the applicable taxes, reported in a separate component of net assets. Cost of available-for-sale securities with fair market value sold is determined by the moving-average method.

Securities classified as available-for-sale securities without fair market value are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

1. Summary of Significant Accounting Policies (continued)

(j) Provision for Retirement Benefits

Provision for employees' and retired pension recipients' retirement benefits is provided based on the projected benefit obligation and the fair value of plan assets at the balance sheet date.

Prior service cost is amortized by the straight-line method over a period equal to the average remaining years of service of the participants of the plans.

Actuarial gain or loss is amortized primarily by the straight-line method over a period equal to the average remaining years of service of the participants of the plans from the year following the year in which the gain or loss is recognized.

(k) Provision for Directors' Retirement Benefits

As of March 31, 2013, eight of the Company's domestic consolidated subsidiaries provide an accrual for the necessary payments for directors' retirement benefits based on the projected benefits to be paid at the year end in accordance with internal policies.

(l) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability method is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred income taxes are measured by applying currently enacted tax laws to the temporary differences.

(m) Distributions of Retained Earnings

Distributions of retained earnings are reflected in the accompanying consolidated financial statements for the following fiscal year upon shareholders' approval.

(n) Derivatives

The Group uses forward exchange contracts and currency option contracts as a means of hedging exposure to risks arising from fluctuation in foreign currencies. Certain overseas consolidated subsidiaries use commodity futures and options on wheat solely for the purpose of mitigating future risks arising from fluctuation in commodity prices. The Group does not enter into derivatives transactions for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: derivatives are carried at fair value with any changes in unrealized gains or losses charged or credited to income; however, for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. In addition, if forward exchange contracts qualify for hedge accounting, the related hedged items such as foreign currency receivables and payables are translated at the corresponding contracted rates.

(o) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

2. Accounting Standards Issued but Not yet Effective

On May 17, 2012, the Accounting Standards Board of Japan ("ASBJ") issued "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25), which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidance, being followed by partial amendments from time to time through 2009.

(1) Overview
The accounting standard for retirement benefits has been revised from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on how unrecognized actuarial gains or losses and prior service costs should be accounted for and how projected benefit obligations and service costs should be determined, and enhancement of disclosures.
(2) Expected effective date
The Company expects to apply this standard and the guidance from the end of the year beginning April 1, 2013.
(3) Effects of the application
The Company is currently evaluating the effects of the application of this standard and the guidance on the consolidated financial statements.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥94.05 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2013.

The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Notes Maturing at End of Year

The Group settles notes based on the notes' clearing dates at the end of the fiscal year. Because March 31, 2013 and 2012, the end of the fiscal years, coincided with bank holidays, the following accounts at March 31, 2013 and 2012 included the matured notes:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Notes and accounts receivable – trade	**¥ 339**	¥ 379	**$ 3,614**
Notes and accounts payable – trade	**1**	0	**17**

5. Inventories

Inventories at March 31, 2013 and 2012 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Merchandise and finished goods	¥ 24,316	¥ 24,917	$ 258,546
Work in process	3,592	3,061	38,200
Raw materials and supplies	33,996	34,304	361,467
Total	¥ 61,904	¥ 62,283	$ 658,213

Revaluation loss on inventories of ¥231 million ($2,460 thousand) and ¥262 million based on the lower of cost or market method was deducted from the carrying amounts of inventories at March 31, 2013 and 2012, respectively.

6. Property, Plant and Equipment

Accumulated depreciation of property, plant and equipment at March 31, 2013 and 2012 amounted to ¥244,383 million ($2,598,443 thousand) and ¥235,187 million, respectively. Accumulated reduction entry of property, plant and equipment purchased using funds from a government subsidy amounted to ¥357 million ($3,806 thousand) and ¥359 million at March 31, 2013 and 2012, respectively.

7. Short-Term and Long-Term Loans Payable

Short-term and long-term loans payable as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Short-term loans payable with average interest rate of 0.8047% at March 31, 2013	¥ 4,768	¥ 5,001	$ 50,703
Current portion of long-term loans payable with average interest rate of 1.7191% at March 31, 2013	491	812	5,229
Current portion of lease obligations	433	462	4,612
Total short-term loans payable	5,694	6,275	60,545
Long-term loans payable at March 31, 2013 with average interest rate of 1.6058%, less current portion, due from 2014 to 2027	3,207	2,117	34,103
Long-term lease obligations at March 31, 2013, due from 2014 to 2019	424	675	4,517
Total long-term loans payable	3,632	2,792	38,620
Total	¥ 9,326	¥ 9,068	$ 99,165

* Average interest rates of loans payable represent the weighted-average rates for the outstanding balances at March 31, 2013.

* Disclosure of average interest rates of lease obligations has been omitted because the amounts of lease obligations recorded on consolidated balance sheet at March 31, 2013 were calculated based on inclusive-of-interest method.

7. Short-Term and Long-Term Loans Payable (continued)

The annual maturities of long-term loans payable within 5 years of March 31, 2013, excluding the current portion, are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	¥ 688	$ 7,323
2016	607	6,462
2017	515	5,484
2018	503	5,356

The annual maturities of long-term lease obligations within 5 years of March 31, 2013 excluding the current portion are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	¥ 210	$ 2,240
2016	122	1,301
2017	53	567
2018	35	380

The Group has entered into certain line-of-credit agreements with major financial institutions amounting to ¥15,395 million ($163,698 thousand) and ¥21,174 million at March 31, 2013 and 2012, respectively.

Loans payable outstanding under these line-of-credit agreements amounted to ¥865 million ($9,206 thousand) and ¥2,224 million at March 31, 2013 and 2012, respectively.

Administrative expenses related to these line-of-credit agreements amounted to ¥18 million ($199 thousand) and ¥15 million for the years ended March 31, 2013 and 2012, respectively.

The carrying amounts of assets pledged as collateral at March 31, 2013 and 2012 for short-term loans payable of ¥200 million ($2,127 thousand) and ¥2,874 million, respectively, and long-term loans payable of nil and ¥1,582 million, respectively, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Notes and accounts receivable – trade	¥ -	¥ 1,134	$ -
Inventories	-	2,737	-
Buildings and structures	1,260	2,081	13,403
Machinery, equipment and vehicles	520	2,057	5,535
Investment securities (Note)	3,766	-	40,052
Other	117	771	1,254
Total	¥ 5,665	¥ 8,783	$ 60,244

Note: This is pledged as third party mortgage to collateralize loans payable of an affiliate of the Company.

8. Provision for Employees' Retirement Benefits

The Company and domestic consolidated subsidiaries have funded lump-sum retirement plans and defined contribution pension plans. The Company and certain domestic consolidated subsidiaries also have defined benefit corporate pension plans limited for retired pension recipients.

Besides these retirement benefits, certain employees may be entitled to additional special retirement benefits based on the conditions under which termination occurs.

Effective October 2011, tax-qualified pension plans and lump-sum retirement plans of the Company and certain consolidated subsidiaries transitioned to lump-sum retirement plans, defined contribution pension plans, and defined benefit corporate pension plans limited for retired pension recipients. For accounting purposes, this transition is treated as prescribed in the "Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1, issued on January 31, 2002). Due to this transition, "Loss on Revision of Retirement Benefit Plan" of ¥1,290 million is recognized for the year ended March 31, 2012.

The allowance for employees' retirement benefits at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Projected benefit obligation	**¥ (30,581)**	¥ (31,936)	**$ (325,164)**
Fair value of plan assets	**12,056**	13,711	**128,195**
Unrecognized actuarial loss	**5,479**	6,360	**58,257**
Unrecognized prior service cost	**(2,307)**	(2,552)	**(24,536)**
Less: Prepaid pension cost	**3,572**	4,002	**37,981**
Allowance for employees' retirement benefits	**¥ (18,925)**	¥ (18,420)	**$ (201,228)**

* Certain subsidiaries apply the simplified method to calculate benefit obligations.
* Fair value of plan assets for the year ended March 31, 2013 pertains to defined benefit corporate pension plans limited for retired pension recipients.

The effect of transition from tax-qualified pension plans and lump-sum retirement plans of the Company and certain consolidated subsidiaries to lump-sum retirement plans, defined contribution pension plans, and defined benefit corporate pension plans limited for retired pension recipients for the year ended March 31, 2012 are summarized as follows:

	Millions of yen
	2012
Decrease in projected benefit obligation	¥ 14,105
Unrecognized actuarial loss	(4,500)
Unrecognized prior service cost	460
Decrease in fair value of plan assets	(20,546)
Decrease in prepaid pension cost	1,778
Net increase in allowance for employees' retirement benefits	¥ (8,702)

8. Provision for Employees' Retirement Benefits (continued)

The components of retirement benefit costs for the years ended March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service cost	¥ 1,151	¥ 1,471	$ 12,246
Interest cost	510	768	5,432
Expected return on plan assets	(137)	(340)	(1,458)
Amortization of actuarial loss	667	660	7,097
Amortization of prior service cost	(245)	(221)	(2,608)
Net retirement benefit costs	1,947	2,337	20,710
Loss on revision of retirement benefit plan	-	1,290	-
Other	716	375	7,620
Total	¥ 2,664	¥ 4,003	$ 28,330

* Retirement benefit costs incurred by consolidated subsidiaries that apply the simplified method are recorded as service cost.
* Other is comprised of premium payments for defined contribution pension plans.

The assumptions used in the above computations for the years ended March 31, 2013 and 2012 are set forth as follows:

		2013		2012
Discount rate	Principally	1.7%	Principally	1.7%
Expected rate of return on plan assets	Principally	1.0%	Principally	1.2%
Amortization period of actuarial difference	Principally	15 years	Principally	15 years
Amortization period of prior service cost	Principally	15 years	Principally	15 years

9. Stock Option Plans

Stock option expenses included in "Selling, General and Administrative Expenses" in the accompanying consolidated statements of income for the years ended March 31, 2013 and 2012 amounted to ¥58 million ($626 thousand) and ¥59 million, respectively. Gain on forfeiture of unexercised stock options for the years ended March 31, 2013 and 2012 amounted to ¥9 million ($99 thousand) and ¥7 million, respectively.

At March 31, 2013, the Company and consolidated subsidiaries had the following stock option plans:

	2005 Plan	2007 Plan	2008 Plan	2009 Plan
Grantees	9 directors and 10 executive officers of the Company and 26 directors of consolidated subsidiaries	12 directors and 11 executive officers of the Company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries	12 directors and 12 executive officers of the Company and 23 directors of consolidated subsidiaries
Type of stock	Common Stock	Common Stock	Common stock	Common stock
Number of shares granted	258,500 shares	250,000 shares	266,000 shares	256,000 shares
Grant date	August 17, 2005	August 13, 2007	August 19, 2008	August 18, 2009
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 21, 2007-July 20, 2012	July 27, 2009-July 26, 2014	August 20, 2010-July 30, 2015	August 19, 2011-August 1, 2016

	2005 Plan	2007 Plan	2008 Plan	2009 Plan
Non-Vested (number of shares)				
Outstanding at beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Vested during the year	-	-	-	-
Outstanding at end of the year	-	-	-	-
Vested (number of shares)				
Outstanding at beginning of the year	74,800	154,000	248,000	252,000
Vested during the year	-	-	-	-
Exercised during the year	-	-	-	3,000
Forfeited during the year	74,800	5,000	44,000	-
Outstanding at end of the year	-	149,000	204,000	249,000
Exercise price (Yen)	¥1,085	¥1,197	¥1,397	¥1,131
Exercise price (U.S. dollars)	$11.54	$12.73	$14.85	$12.03
Weighted-average market price upon exercise (Yen)	-	-	-	¥898
Weighted-average market price upon exercise (U.S. dollars)	-	-	-	$9.55
Fair value as of grant date (Yen)	-	¥102	¥201	¥232
Fair value as of grant date (U.S. dollars)	-	$1.08	$2.14	$2.47

9. Stock Option Plans (continued)

	2010 Plan	2011 Plan	2012 Plan
Grantees	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries	13 directors and 10 executive officers of the Company and 42 directors of consolidated subsidiaries	15 directors and 9 executive officers of the Company and 35 directors of consolidated subsidiaries
Type of stock	Common stock	Common stock	Common stock
Number of shares granted	263,000 shares	351,000 shares	321,000 shares
Grant date	August 18, 2010	August 18, 2011	August 16, 2012
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 19, 2012- August 1, 2017	August 19, 2013- August 1, 2018	August 17, 2014- August 1, 2019

	2010 Plan	2011 Plan	2012 Plan
Non-Vested (number of shares)			
Outstanding at beginning of the year	263,000	351,000	-
Granted during the year	-	-	321,000
Forfeited during the year	-	-	-
Vested during the year	263,000	-	-
Outstanding at end of the year	-	351,000	321,000
Vested (number of shares)			
Outstanding at beginning of the year	-	-	-
Granted during the year	263,000	-	-
Exercised during the year	23,000	-	-
Forfeited during the year	-	-	-
Outstanding at end of the year	240,000	-	-
Exercise price (Yen)	¥1,098	¥1,025	¥958
Exercise price (U.S. dollars)	$11.67	$10.90	$10.19
Weighted-average market price upon exercise (Yen)	¥1,126	-	-
Weighted-average market price upon exercise (U.S. dollars)	$11.97	-	-
Fair value as of grant date (Yen)	¥216	¥169	¥184
Fair value as of grant date (U.S. dollars)	$2.30	$1.80	$1.96

The fair value of options granted as of the grant date was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	2012 Plan
Expected volatility *1 (%)	29.1
Expected remaining period *2 (years)	4.5
Expected dividends per share *3 (yen)	¥20
Expected dividends per share *3 (U.S. dollars)	$0.21
Risk free interest rate *4 (%)	0.17

*1 Expected volatility is estimated based on the actual stock price in the period from February 2008 to August 2012.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividends per share refer to the annual amount for the year ended March 31, 2012.

9. Stock Option Plans (continued)

*4 Risk free interest rate represents the interest rate of government bonds whose remaining period corresponds to the expected remaining period of the above stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested numbers is based on actual forfeitures in prior periods.

At March 31, 2012, the Company and consolidated subsidiaries had the following stock option plans:

	2004 Plan	2005 Plan	2007 Plan	2008 Plan
Grantees	10 directors and 12 executive officers of the Company and 25 directors of consolidated subsidiaries	9 directors and 10 executive officers of the Company and 26 directors of consolidated subsidiaries	12 directors and 11 executive officers of the Company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries
Type of stock	Common Stock	Common Stock	Common Stock	Common stock
Number of shares granted	269,500 shares	258,500 shares	250,000 shares	266,000 shares
Grant date	July 26, 2004	August 17, 2005	August 13, 2007	August 19, 2008
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 17, 2006-July 16, 2011	July 21, 2007-July 20, 2012	July 27, 2009-July 26, 2014	August 20, 2010-July 30, 2015

	2004 Plan	2005 Plan	2007 Plan	2008 Plan
Non-Vested (number of shares)				
Outstanding at beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Vested during the year	-	-	-	-
Outstanding at end of the year	-	-	-	-
Vested (number of shares)				
Outstanding at beginning of the year	34,100	128,700	225,000	253,000
Vested during the year	-	-	-	-
Exercised during the year	-	-	-	5,000
Forfeited during the year	34,100	53,900	71,000	-
Outstanding at end of the year	-	74,800	154,000	248,000
Exercise price (Yen)	¥999	¥1,085	¥1,197	¥1,397
Weighted-average market price upon exercise (Yen)	-	-	-	¥1,001
Fair value as of grant date (Yen)	-	-	¥102	¥201

	2009 Plan	2010 Plan	2011 Plan
Grantees	12 directors and 12 executive officers of the Company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries	13 directors and 10 executive officers of the Company and 42 directors of consolidated subsidiaries
Type of stock	Common stock	Common stock	Common stock
Number of shares granted	256,000 shares	263,000 shares	351,000 shares
Grant date	August 18, 2009	August 18, 2010	August 18, 2011
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 19, 2011-August 1, 2016	August 19, 2012-August 1, 2017	August 19, 2013-August 1, 2018

9. Stock Option Plans (continued)

	2009 Plan	2010 Plan	2011 Plan
Non-Vested (number of shares)			
Outstanding at beginning of the year	256,000	263,000	-
Granted during the year	-	-	351,000
Forfeited during the year	-	-	-
Vested during the year	256,000	-	-
Outstanding at end of the year	-	263,000	351,000
Vested (number of shares)			
Outstanding at beginning of the year	-	-	-
Granted during the year	256,000	-	-
Exercised during the year	4,000	-	-
Forfeited during the year	-	-	-
Outstanding at end of the year	252,000	-	-
Exercise price (Yen)	¥1,131	¥1,098	¥1,025
Weighted-average market price upon exercise (Yen)	¥964	-	-
Fair value as of grant date (Yen)	¥232	¥216	¥169

The fair value of options granted as of the grant date was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	2011 Plan
Expected volatility *1 (%)	29.6
Expected remaining period *2 (years)	4.5
Expected dividends per share *3 (yen)	¥20
Risk free interest rate *4 (%)	0.33

*1 Expected volatility is estimated based on the actual stock price in the period from February 2007 to August 2011.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividends per share refer to the annual amount for the year ended March 31, 2011.

*4 Risk free interest rate represents the interest rate of government bonds whose remaining period corresponds to the expected remaining period of the above stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested numbers is based on actual forfeitures in prior periods.

10. Shareholders' Equity

The Companies Act of Japan (the "Act") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

11. Supplemental Information for Consolidated Statements of Changes in Net Assets

(a) Type and number of outstanding shares

	Thousands of shares			
	Year ended March 31, 2013			
Types of shares	Balance at Beginning of Year	Increase in Shares during the Year	Decrease in Shares during the Year	Balance at Year End
Issued stock: Common stock	**251,535**	**-**	**-**	**251,535**
Treasury stock: Common stock	**3,062**	**30**	**27**	**3,064**

1. Treasury stock increased due to a repurchase of odd-lot shares of less than one unit (30 thousand shares).
2. Treasury stock decreased due to (a) a disposal of odd-lot shares of less than one unit (1 thousand shares) and (b) exercise of stock options (26 thousand shares).

	Thousands of shares			
	Year ended March 31, 2012			
Types of Shares	Balance at Beginning of Year	Increase in Shares during the Year	Decrease in Shares during the Year	Balance at Year End
Issued stock: Common stock	251,535	-	-	251,535
Treasury stock: Common stock	3,045	30	13	3,062

1. Treasury stock increased due to a repurchase of odd-lot shares of less than one unit (30 thousand shares).
2. Treasury stock decreased due to (a) a disposal of odd-lot shares of less than one unit (4 thousand shares) and (b) exercise of stock options (9 thousand shares).

(b) Subscription rights to shares

		Balance at March 31, 2013	
Category	Details of Options	Millions of yen	Thousands of U.S. dollars
Supplying company	Subscription rights to shares as stock options	**¥ 232**	**$ 2,469**
(Parent Company)	Total	**¥ 232**	**$ 2,469**

		Balance at March 31, 2012
Category	Details of Options	Millions of yen
Supplying company	Subscription rights to shares as stock options	¥ 188
(Parent Company)	Total	¥ 188

11. Supplemental Information for Consolidated Statements of Changes in Net Assets (continued)

(c) Dividends

(1) Dividends paid to shareholders

Year ended March 31, 2013

Date of Approval	Resolution Approved by	Type of Shares	Amount		Amount per Share		Recording Date	Effective Date
			(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 27, 2012	**Annual general meeting of shareholders**	**Common stock**	**¥2,485**	**$ 26,426**	**¥10**	**$ 0.11**	**March 31, 2012**	**June 28, 2012**
October 30, 2012	**Board of directors**	**Common stock**	**¥2,485**	**$ 26,426**	**¥10**	**$ 0.11**	**September 30, 2012**	**December 7, 2012**

Year ended March 31, 2012

Date of Approval	Resolution Approved by	Type of Shares	Amount	Amount per Share	Recording Date	Effective Date
			(Millions of yen)	(Yen)		
June 28, 2011	Annual general meeting of shareholders	Common stock	¥2,485	¥10	March 31, 2011	June 29, 2011
October 28, 2011	Board of directors	Common stock	¥2,485	¥10	September 30, 2011	December 5, 2011

(2) Dividends with a cut-off date during the fiscal year but an effective date subsequent to the fiscal year

Year ended March 31, 2013

Date of Approval	Resolution Approved by	Type of Shares	Source of Dividends	Amount		Amount per Share		Cut-off Date	Effective Date
				(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 26, 2013	**Annual general meeting of shareholders**	**Common stock**	**Retained earnings**	**¥ 2,485**	**$ 26,426**	**¥ 10**	**$ 0.11**	**March 31, 2013**	**June 27, 2013**

Year ended March 31, 2012

Date of Approval	Resolution Approved by	Type of Shares	Source of Dividends	Amount	Amount per Share	Cut-off Date	Effective Date
				(Millions of yen)	(Yen)		
June 27, 2012	Annual general meeting of shareholders	Common stock	Retained earnings	¥ 2,485	¥ 10	March 31, 2012	June 28, 2012

12. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Freight	**¥ 26,389**	¥ 26,227	**$ 280,595**
Sales promotion and sales incentives	**38,240**	34,518	**406,600**
Employees' salaries	**13,193**	12,933	**140,286**
Employees' bonuses and benefits	**9,647**	9,590	**102,574**
Retirement benefits	**1,524**	1,590	**16,207**
Other	**28,688**	27,340	**305,033**
Total	**¥117,684**	¥112,200	**$ 1,251,295**

13. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs were ¥6,008 million ($63,883 thousand) and ¥5,980 million for the years ended March 31, 2013 and 2012, respectively.

14. Impairment Loss

The Group recognized impairment loss on the following assets for the year ended March 31, 2013:

Location	Type of assets	Item
Tosu-shi, Saga	Business property (Flour milling segment)	Building and structures, machinery, equipment and vehicles, and others
Chikugo-shi, Fukuoka	Business property (Flour milling segment)	Building and structures, machinery, equipment and vehicles, and others

The Group classifies assets based on minimum units that generate cash flows essentially independent from the cash flows of other assets or groups of assets.

The group is currently constructing a new plant in Fukuoka city in order to improve productivity in flour milling business. The new plant is scheduled to be in operation in February 2014, and operations at plants above mentioned will be terminated. For business property, the book values of such assets were written down to the amounts deemed recoverable since the book value exceeded recoverable value from such assets, resulting in impairment loss of ¥1,764 million ($18,757 thousand). Impairment loss on business property consists of ¥1,064 million ($11,319 thousand) for buildings and structures, ¥413 million ($4,395 thousand) for machinery, equipment and vehicles and ¥286 million ($3,044 thousand) for others.

The recoverable value of these assets for the Group was estimated based on the usage value (discount rate used in the calculation was 4%).

No impairment loss was recognized for the year ended March 31, 2012.

15. Income Taxes

Income taxes applicable to the Group consist of corporate tax, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 37.9% and 40.6% for the years ended March 31, 2013 and 2012, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Deferred tax assets:			
Provision for employees' retirement benefits	**¥ 5,429**	¥ 5,110	**$ 57,731**
Provision for bonuses	**1,679**	1,748	**17,853**
Impairment loss	**1,486**	1,053	**15,807**
Accrued sales incentives	**1,340**	1,089	**14,249**
Investment securities	**1,020**	1,066	**10,852**
Unrealized gain on noncurrent assets	**993**	1,020	**10,564**
Loss carryforward	**970**	752	**10,317**
Provision for repairs	**566**	527	**6,024**
Inventories	**545**	496	**5,800**
Accrued business office taxes	**421**	432	**4,478**
Depreciation and amortization	**287**	318	**3,055**
Unrealized gain on inventories	**240**	266	**2,556**
Other	**1,591**	1,685	**16,921**
Gross deferred tax assets	**16,572**	15,569	**176,208**
Valuation allowance	**(2,116)**	(2,455)	**(22,509)**
Amount offset by deferred tax liabilities	**(5,734)**	(4,584)	**(60,969)**
Deferred tax assets, net	**¥ 8,721**	¥ 8,529	**$ 92,730**

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥ (16,516)**	¥ (12,629)	**$ (175,610)**
Reserve for reduction entry of noncurrent assets	**(2,248)**	(2,336)	**(23,912)**
Securities returned from employee retirement benefit trust	**(1,118)**	(1,118)	**(11,895)**
Other	**(472)**	(317)	**(5,024)**
Gross deferred tax liabilities	**(20,356)**	(16,402)	**(216,442)**
Amount offset by deferred tax assets	**5,734**	4,584	**60,969**
Deferred tax liabilities, net	**¥ (14,622)**	¥ (11,818)	**$ (155,473)**

Disclosure of the reconciliation between the statutory and effective tax rates for the year ended March 31, 2013 is as follows:

	Year ended March 31
	2013
Statutory tax rate	37.9%
Non-taxable dividend income and others	(1.8)
Non-deductible expenses	2.1
Tax credits	(1.0)
Valuation allowance	(0.3)
Equity in earnings of affiliates	(1.0)
Other	(0.1)
Effective tax rate	35.8%

15. Income Taxes (continued)

Disclosure of the reconciliation for the year ended March 31, 2012 has been omitted as the difference was less than 5% of the statutory tax rate.

16. Leases

The Group primarily leases information system equipment and software.

The following *pro forma* amounts represent the acquisition cost, accumulated depreciation and net book value of the leased assets at March 31, 2013 and 2012. Finance leases which had been entered into on or before March 31, 2008 and which do not transfer ownership of the leased property to the lessee are currently accounted for as operating leases:

	2013							
	Millions of yen				Thousands of U.S. dollars			
	Acquisition Cost	Accumulated Depreciation	Accumulated Impairment Loss	Net Book Value	Acquisition Cost	Accumulated Depreciation	Accumulated Impairment Loss	Net Book Value
Machinery, equipment and vehicles	¥ 1,284	¥ 1,070	¥ 126	¥ 87	$ 13,655	$ 11,383	$ 1,340	$ 931
Other	509	488	4	16	5,420	5,194	49	176
Total	¥ 1,793	¥ 1,559	¥ 130	¥ 104	$ 19,074	$ 16,577	$ 1,390	$ 1,108

	2012			
	Millions of yen			
	Acquisition Cost	Accumulated Depreciation	Accumulated Impairment Loss	Net Book Value
Machinery, equipment and vehicles	¥ 1,696	¥ 1,374	¥ 131	¥ 190
Other	1,180	1,049	45	85
Total	¥ 2,876	¥ 2,423	¥ 177	¥ 276

The future minimum lease commitments under finance leases subsequent to March 31, 2013 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 89	$ 950
Due after one year	47	505
Total	¥ 136	$ 1,455

The balances of accumulated impairment loss on leased assets as of and for the years ended March 31, 2013 and 2012 were ¥32 million ($347 thousand) and ¥70 million, respectively. The reversal of accumulated impairment loss on leased assets for the years ended March 31, 2013 and 2012 were ¥38 million ($404 thousand) and ¥66 million, respectively.

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥211 million ($2,245 thousand) and ¥374 million for the years ended March 31, 2013 and 2012, respectively. These lease payments were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms with a zero residual value.

16. Leases (continued)

The future minimum lease commitments under noncancellable operating leases subsequent to March 31, 2013 are summarized as follows:

(As Lessee)

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 108	$ 1,149
Due after one year	186	1,985
Total	¥ 294	$ 3,133

(As Lessor)

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 102	$ 1,087
Due after one year	472	5,024
Total	¥ 574	$ 6,111

17. Contingent Liabilities

At March 31, 2013 and 2012, the Company was contingently liable as a guarantor of loan obligations to financial institutions for one client and others as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Employee housing loans receivable	¥ 60	¥ 83	$ 641
Nihon-Bio Co., Ltd. (client-related)	-	122	-
	¥ 60	¥ 206	$ 641

18. Per Share Data

	2013	2012	2013
Net income per share:			
Basic	¥ 55.09	¥ 53.63	$ 0.59
Diluted	-	-	-
Net assets per share	¥ 1,243.82	¥ 1,172.72	$ 13.23

Diluted net income per share for the years ended March 31, 2013 and 2012 is not disclosed, as there are no dilutive securities for the years ended March 31, 2013 and 2012.

Basic net income per share is computed by dividing net income available for distribution to common shareholders by the weighted-average number of shares of common stock outstanding for the year, retroactively adjusted for stock splits.

With respect to the computation of diluted net income per share, both net income and the weighted-average number of shares of common stock outstanding are adjusted assuming the exercise of rights relevant to potentially issuable shares.

Net assets per share are computed by dividing the net assets excluding subscription rights to shares and minority interests by the number of shares of common stock outstanding at the year end.

18. Per Share Data (continued)

The bases for calculating basic and diluted net income per share are as follows:

	2013	2012
Net income available for distribution to common shareholders	¥ 13,688 million ($145,547 thousand)	¥ 13,326 million
Weighted average number of shares for basic net income	248,469,704 shares	248,482,146 shares
Increase in shares of common stock		
Exercise of warrants	-	-
Number of shares for diluted net income	-	-
Summary of potentially issuable shares that do not have a dilutive effect on net income per share	104 and 217 subscription rights to shares approved by the annual general meeting of shareholders at June 27, 2012 93 and 258 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2011 86 and 177 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2010 80 and 172 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2009 80 and 168 subscription rights to shares approved by the annual general meeting of shareholders at June 26, 2008 47 and 107 subscription rights to shares approved by the annual general meeting of shareholders at June 27, 2007 68 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2005 Preferred stock issued by affiliates under equity method: TOKATU FOODS CO., LTD. type-B preferred stock (54,275 shares issued)	93 and 258 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2011 86 and 177 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2010 84 and 172 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2009 80 and 173 subscription rights to shares approved by the annual general meeting of shareholders at June 26, 2008 79 and 146 subscription rights to shares approved by the annual general meeting of shareholders at June 27, 2007 117 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2005 31 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2004

The bases for calculating net assets per share are as follows:

	2013	2012	2013
Total net assets	¥ 317,436 million	¥ 298,798 million	$ 3,375,186 thousand
Amounts deducted from total net assets			
Subscription rights to shares	232 million	188 million	2,469 thousand
Minority interests	8,150 million	7,220 million	86,666 thousand
Net assets attributable to shares of common stock	309,053 million	291,390 million	3,286,051 thousand
Number of shares of common stock used in the calculation of net assets per share	248,470,944 shares	248,473,138 shares	

19. Financial Instruments

(a) Overview

(1) Investment policy of financial instruments

The Group mainly operates funds for future strategic investments and manages temporary surpluses by secured time deposits and short-term investment securities. The Group does not operate these funds for trading or speculative purposes. The Group obtains financing through bank borrowings for short-term financial requirements and bank loans, bond issuance and capital increases for long-term financial requirements, considering market conditions and other factors. Investment securities principally consist of equity securities of companies in which a business relationship has been established or capital alliances.
Derivative transactions are only utilized to hedge the following risks, and it is a policy not to enter into derivative transactions for trading or speculative purposes.

(2) Types of financial instruments and related risk and risk management

Cash and deposits are mainly time deposits and short-term investment securities are mainly debt securities. These are exposed to credit risk and market fluctuation risk. The Group minimizes and diversifies these risks according to internal rules that state certain specified limits.

Notes and accounts receivable - trade are exposed to credit risk. Each company in the Group follows internal rules and monitors credit conditions of customers periodically and manages the due date and balance per each customer.

Investment securities are mainly equity securities of companies in which a business relationship has been established or capital alliances and exposed to market fluctuation risk. The Group reviews fair values of these securities periodically.

Notes and accounts payable - trade are exposed to liquidity risk, however, most of them are due within one year and the Group manages the risk by preparing cash management plans.

(3) Supplemental information on market value of financial instruments

As well as the values based on market prices, market values of financial instruments include values, which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied. Also, for the contract amount and others regarding derivative transactions described in Note 22, the contract amount itself does not indicate market risk related to derivative transactions.

19. Financial Instruments (continued)

(b) Market value of financial instruments
Carrying value on the consolidated balance sheets as of March 31, 2013 and 2012, market value and differences are as follows. The financial instruments whose market value is extremely difficult to determine are not included below.

	2013					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Value	Market Value	Difference	Carrying Value	Market Value	Difference
Cash and deposits	¥ 56,722	¥ 56,722	¥ -	$ 603,111	$ 603,111	$ -
Notes and accounts receivable - trade	65,393	65,393	-	695,303	695,303	-
Short-term investment securities and investment securities:						
Other securities	91,504	91,504	-	972,932	972,932	-
Total assets	¥213,619	¥213,619	¥ -	$2,271,345	$2,271,345	$ -
Notes and accounts payable - trade	56,309	56,309	-	598,719	598,719	-
Total liabilities	¥ 56,309	¥ 56,309	¥ -	$ 598,719	$ 598,719	$ -
Derivative transactions: (*)						
Hedge accounting not applied	(14)	(14)	-	(158)	(158)	-
Hedge accounting applied	236	236	-	2,513	2,513	-
Total derivative transactions	¥ 221	¥ 221	¥ -	$ 2,356	$ 2,356	$ -

	2012		
	Millions of yen		
	Carrying Value	Market Value	Difference
Cash and deposits	¥ 59,020	¥ 59,020	¥ -
Notes and accounts receivable - trade	65,015	65,015	-
Short-term investment securities and investment securities:			
Held-to-maturity securities	1,000	1,000	-
Other securities	74,710	74,710	-
Total assets	¥199,747	¥199,747	¥ -
Notes and accounts payable - trade	50,003	50,003	-
Total liabilities	¥ 50,003	¥ 50,003	¥ -
Derivative transactions: (*)			
Hedge accounting not applied	10	10	-
Hedge accounting applied	227	227	-
Total derivative transactions	¥ 237	¥ 237	¥ -

(*) Net assets and liabilities arising from derivative transactions are presented on a net basis with liabilities shown in parenthesis.

19. Financial Instruments (continued)

Note 1: Valuation method for financial instruments and information of investment securities are as follows:

Assets:

Cash and deposits and Notes and accounts receivable - trade

The carrying value is deemed as the market value since these are scheduled to be settled in a short period of time.

Short-term investment securities and investment securities

Market value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or the price provided by the correspondent financial institutions.

Liabilities:

Notes and accounts payable – trade

The carrying value is deemed as the market value since these are scheduled to be settled in a short period of time.

Derivative transactions:

Please refer to Note 22.

Note 2: Unlisted equity securities of ¥25,981 million ($276,252 thousand) and ¥18,332 million whose market values are extremely difficult to determine as of March 31, 2013 and 2012, respectively, are not included in the above tables.

(c) The redemption schedule for financial instruments and securities with maturities as of March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
	Due in One Year or Less	Due in One Year or Less	Due in One Year or Less
Cash and deposits	**¥ 56,722**	¥ 59,020	**$ 603,111**
Notes and accounts receivable - trade	**65,393**	65,015	**695,303**
Short-term investment securities and investment securities:			
Held-to-maturity securities	**-**	1,000	**-**
Other securities	**19,443**	15,148	**206,733**
Total	**¥ 141,559**	¥ 140,185	**$1,505,146**

20. Investment Securities

Investments in unconsolidated subsidiaries and affiliates included in "Investment securities" as of March 31, 2013 and 2012 amounted to ¥23,810 million ($253,167 thousand) and ¥15,995 million, respectively.

There are no held-to-maturity securities at March 31, 2013.

Securities other than those of subsidiaries and affiliates classified as held-to-maturity securities at March 31, 2012 are summarized as follows:

(a) Information regarding held-to-maturity securities with fair market value

	2012		
	Millions of yen		
	Carrying Value	Market Value	Unrealized Gains (Losses)
Securities whose market value exceeds their carrying value:			
Government and municipal bonds	¥ -	¥ -	¥ -
Corporate bonds	-	-	-
Other	-	-	-
Subtotal	-	-	-
Securities whose market value does not exceed their carrying value:			
Government and municipal bonds	-	-	-
Corporate bonds	-	-	-
Other	1,000	1,000	-
Subtotal	1,000	1,000	-
Total	¥ 1,000	¥ 1,000	¥ -

(b) Information regarding available-for-sale securities with fair market value

	2013					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥ 69,422	¥ 22,207	¥ 47,214	$ 738,147	$ 236,129	$ 502,018
Bonds:						
Government and municipal bonds	3,999	3,999	0	42,526	42,526	0
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	73,422	26,207	47,214	780,674	278,655	502,018
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	2,647	3,327	(679)	28,153	35,378	(7,225)
Bonds:						
Government and municipal bonds	15,434	15,434	(0)	164,105	164,112	(7)
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	18,081	18,762	(680)	192,258	199,490	(7,232)
Total	¥ 91,504	¥ 44,969	¥ 46,534	$ 972,932	$ 478,145	$ 494,786

20. Investment Securities (continued)

	2012		
	Millions of yen		
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 55,178	¥ 19,020	¥ 36,158
Bonds:			
Government and municipal bonds	1,898	1,898	0
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	57,077	20,918	36,158
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	4,390	4,982	(591)
Bonds:			
Government and municipal bonds	12,242	12,242	(0)
Corporate bonds	-	-	-
Other	-	-	-
Other	1,000	1,000	-
Subtotal	17,633	18,225	(592)
Total	¥ 74,710	¥ 39,144	¥ 35,566

(c) Sale of securities classified as available-for-sale securities

Information regarding the sale of securities classified as available-for-sale securities for the years ended March 31, 2013 and 2012 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Proceeds from sales	**¥ 200**	¥ 32	**$ 2,135**
Aggregate gains on sales	**39**	13	**425**
Aggregate losses on sales	**(1)**	(0)	**(19)**

(d) Impairment loss

Impairment loss recognized on available-for-sale securities for the years ended March 31, 2013 and 2012 are ¥4 million ($46 thousand) and ¥91 million, respectively.

21. Cash and Cash Equivalents

(1) Cash and deposits on the accompanying consolidated balance sheets and cash and cash equivalents on the accompanying consolidated statements of cash flows are reconciled as of March 31, 2013 and 2012 as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Cash and deposits	**¥ 56,722**	¥ 59,020	**$ 603,111**
Short-term investment securities	**19,433**	16,141	**206,631**
Total	**76,156**	75,161	**809,742**
Time deposits with maturities of more than three months	**(18,065)**	(26,042)	**(192,080)**
Debt securities with maturities of more than three months	**(4,841)**	(2,732)	**(51,477)**
Cash and cash equivalents	**¥ 53,249**	¥ 46,387	**$ 566,185**

(2) Assets and liabilities of newly consolidated subsidiaries by acquisition of shares

(a) During the year ended March 31, 2013 the Company paid ¥235 million ($2,502 thousand), which consists of the unpaid balance of ¥128 million ($1,368 thousand) and additional costs of ¥106 million ($1,134 thousand) for the acquisition of equity interests of Miller Milling Company, LLC, Miller Milling Company, LP and Miller Trading Company, LLC, which were newly consolidated in the year ended March 31, 2012.

(b) Major Components of assets and liabilities of Miller Milling Company, LLC, Miller Milling Company, LP and Miller Trading Company, LLC, which were newly consolidated by the acquisition of equity interests by the Company and details of the difference between the acquisition costs and net payment at the time of consolidation for the year ended March 31, 2012 are as follows:

	Millions of yen
	2012
Current assets	¥ 4,404
Noncurrent assets	2,482
Goodwill	8,947
Current liabilities	(3,528)
Noncurrent liabilities	(1,582)
Acquisition costs of shares	10,722
Unpaid balance	(128)
Cash and cash equivalents	(15)
Net payment for the acquisition of equity interests	¥ (10,578)

21. Cash and Cash Equivalents (continued)

(3) Assets and liabilities increased by transfer of business
Major Components of assets and liabilities by the transfer of flour milling business division in New Zealand from Goodman Fielder New Zealand Ltd., which was acquired by Champion Flour Milling Ltd., which was newly established and details of the difference between the transfer costs of the business and net payment for the year ended March 31, 2013 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Current assets	¥ 1,076	$ 11,441
Noncurrent assets	2,466	26,229
Goodwill	263	2,807
Current liabilities	(37)	(399)
Noncurrent liabilities	(13)	(144)
Transfer of business costs	3,755	39,934
Unpaid balance	(190)	(2,031)
Cash and cash equivalents	-	-
Net payment for the transfer of business	¥ (3,564)	$ (37,903)

22. Derivatives

Derivative transactions for which hedge accounting is not applied at March 31, 2013 and 2012 are as follows:

	2013							
	Millions of yen				Thousands of U.S. dollars			
	Contract Amount and Others	Due after One Year	Market Value	Unrealized Gain (Loss)	Contract Amount and Others	Due after One Year	Market Value	Unrealized Gain (Loss)
Foreign currency option:								
Buy:								
Canadian dollars	¥ 446	¥ -	¥ 0	¥ 0	$ 4,746	$ -	$ 0	$ 0
Forward exchange contracts:								
Sell:								
U.S. dollars	¥ 207	¥ -	¥ (23)	¥ (23)	$ 2,203	$ -	$ (245)	$ (245)
Euro	11	-	(0)	(0)	119	-	(0)	(0)
Buy:								
U.S. dollars	596	-	(3)	(3)	6,340	-	(37)	(37)
Euro	53	-	(0)	(0)	569	-	(11)	(11)
Japanese yen	1	-	(0)	(0)	16	-	(1)	(1)
Total	¥ 1,316	¥ -	¥ (27)	¥ (27)	$13,993	$ -	$ (294)	$ (294)
Commodity futures:								
Sell:								
Wheat	¥ 1,252	¥ -	¥ 65	¥ 65	$ 13,316	$ -	$ 695	$ 695
Buy:								
Wheat	1,701	-	(65)	(65)	18,095	-	(694)	(694)
Commodity options:								
Sell put:								
Wheat	8	-	12	(3)	94	-	133	(38)
Sell call:								
Wheat	0	-	0	0	9	-	0	8
Buy call:								
Wheat	1	-	0	(1)	19	-	3	(16)
Total	¥ 2,965	¥ -	¥ 12	¥ (4)	$ 31,533	$ -	$ 136	$ (46)

22. Derivatives (continued)

	2012			
	Millions of yen			
	Contract Amount and Others	Due after One Year	Market Value	Unrealized Gain (Loss)
Foreign currency option:				
Buy:				
Canadian dollars	¥ 283	¥ -	¥ 5	¥ 5
Forward exchange contracts:				
Sell:				
U.S. dollars	¥ 178	¥ -	¥ (8)	¥ (8)
Buy:				
U.S. dollars	178	-	4	4
Euro	6	-	(0)	(0)
Japanese yen	0	-	0	0
Total	¥ 646	¥ -	¥ 1	¥ 1
Commodity futures:				
Sell:				
Wheat	¥ 1,170	¥ -	¥ 72	¥ 72
Buy:				
Wheat	1,418	-	(31)	(31)
Commodity options:				
Sell put:				
Wheat	19	-	14	5
Total	¥ 2,608	¥ -	¥ 55	¥ 46
Interest rate swaps:				
Pay fixed / receive floating	¥ 3,104	¥ -	¥ (46)	¥ (46)
Total	¥ 3,104	¥ -	¥ (46)	¥ (46)

* Fair value of derivative transactions is stated based on the quoted market price and the price presented by the counterparty financial institutions.

22. Derivatives (continued)

Derivative transactions for which hedge accounting is applied at March 31, 2013 and 2012 are as follows:

		2013					
		Millions of yen			Thousands of U.S. dollars		
	Hedged Item	Contract Amount and Others	Due after One Year	Market Value	Contract Amount and Others	Due after One Year	Market Value
Benchmark method							
Forward exchange contracts:							
Sell:							
U.S. dollars	Anticipated foreign currency transactions	¥ 238	¥ -	¥ (2)	$ 2,537	$ -	$ (31)
Buy:							
U.S. dollars	Accounts payables	2,908	-	123	30,928	-	1,311
Thai baht		1,565	-	93	16,643	-	997
Euro		636	-	13	6,773		143
Canadian dollars		53	-	1	570	-	11
Currency options:							
Purchase call:							
U.S. dollars	Accounts payables	¥ 2	¥ -	¥ 7	$ 27	$ -	$ 83
Allocation method							
Forward exchange contracts:							
Buy:							
U.S. dollars	Accounts payables	¥ 78	¥ -	¥ -	$ 838	$ -	$ -
		¥ 5,484	¥ -	¥ 236	$ 58,316	$ -	$ 2,513

		2012		
		Millions of yen		
	Hedged Item	Contract Amount and Others	Due after One Year	Market Value
Benchmark method				
Forward exchange contracts:				
Sell:				
U.S. dollars	Anticipated foreign currency transactions	¥ 405	¥ -	¥ 8
Buy:				
U.S. dollars	Accounts payables	2,091	-	125
Thai baht		933	-	69
Euro		351	-	20
Currency options:				
Purchase call:				
U.S. dollars	Accounts payables	¥ 1	¥ -	¥ 3
Allocation method				
Forward exchange contracts:				
Buy:				
U.S. dollars	Accounts payables	¥ 54	¥ -	¥ -
		¥ 3,839	¥ -	¥ 227

23. M&A Activity

For the year ended March 31, 2013

<Business combination by the acquisition>

1. Outline of the transaction

(1) Name and business of acquired company:

Goodman Fielder New Zealand Ltd.: Flour milling business (Manufacturing and selling flour)

(2) Name of the company after acquisition

Champion Flour Milling Ltd.

(3) Rationale for M&A activity

Flour milling division of Goodman Fielder ("Champion Flour Milling Ltd."), the acquired business, is the largest miller with 55% of the market share in New Zealand. It owns one plant on each of North and Southern islands, purchases raw wheat from New Zealand and Australia, and supplies a wide variety of products such as flour, mixes, bakery related products and others throughout New Zealand. The Company aims to further expand operating base of Champion Flour Milling Ltd. with the know-how of secondary processing technology and new demand attraction which have been cultivated in Japan.

Also, this acquisition is a part of middle-term management plan of the Group which aims to expand new oversea business as a new opportunity to grow. The Company aims to expand its global operational presence in flour milling business and believes it meaningful to engage in raw material procurement, collect wheat-related information, strengthen relationships with wheat suppliers and grain dealers by dealing with business in Oceania, the second largest producer of wheat to Japan, behind North America.

(4) Date of acquisition

February 22, 2013

(5) Legal form of acquisition

Business acquired through the payment of cash

2. The period for which acquired business results are included in consolidated financial statements

The balance sheets as of February 22, 2013, the business acquisition date, were consolidated.

3. Acquisition cost details

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Compensation for the acquisition	¥ 3,491	$ 37,127
Direct costs for acquisition	263	2,807
Total acquisition cost	¥ 3,755	$ 39,934

4. Amount, reasons, amortization method and period of goodwill

(1) Amount of goodwill

¥263 million ($2,807 thousand)

(2) Reasons

The incidence of goodwill is attributable to the excess of acquisition costs over assets acquired and liabilities undertaken. The allocation of acquisition costs had not been completed as of March 31, 2013. As a result, calculation has been undertaken on a provisional basis in accordance with readily available information at that time.

(3) Amortization method and period

Amortized using the straight-line method over a period of 5 years

23. M&A Activity (continued)

5. Details of the assets acquired and the liabilities undertaken at the acquisition date

	Millions of yen		Thousands of U.S. dollars	
	2013		2013	
Current assets	¥	1,076	$	11,441
Noncurrent assets		2,466		26,229
Total assets	¥	3,542	$	37,670
Current liabilities	¥	37	$	399
Noncurrent liabilities		13		144
Total liabilities	¥	51	$	543

6. Allocation of acquisition costs

Identification of assets and liabilities and calculation of market prices were in progress and the allocation of acquisition costs had not been completed as of March 31, 2013. As a result, accounting treatment has been undertaken on a provisional basis in accordance with readily available information at that time.

7. The impact of estimated amounts on the consolidated statements of income for the fiscal year under review on the assumption that the acquisition was completed on the commencement date of the consolidated fiscal year, and calculation methods

Estimated difference between net sales calculated on the assumption that the business acquisition was completed on the commencement date of the fiscal year and net sales recorded on the Company's consolidated statements of income was approximately ¥10,000 million ($106,326 thousand). Estimated difference between net income was not presented because it was difficult to estimate due to an acquisition of a division. This note has not been certified by way of audit.

(Completion of allocation of acquisition costs)

For the year ended March 31, 2012, the accounting treatment for acquisition of Miller Milling Company, LLC and other two entities was undertaken on a provisional basis based on paragraph 69 of the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, revised 2008). The allocation of acquisition costs were completed during the year ended March 31, 2013.

1. Acquisition cost details

	Millions of yen		Thousands of U.S. dollars	
	2013		2013	
Compensation for the acquisition	¥	10,742	$	114,220
Direct costs for acquisition		664		7,068
Total acquisition cost	¥	11,407	$	121,288

2. Amount, reasons, amortization method and period of goodwill

(1) Amount of goodwill

¥4,238 million ($45,061 thousand)

(2) Reasons

The incidence of 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 10 years

23. M&A Activity (continued)

3. Matters related to allocation of acquisition costs

(1) Details of the assets acquired and the liabilities undertaken at the acquisition date

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Current assets	¥ 3,400	$ 36,152
Noncurrent assets	7,787	82,803
Total assets	¥ 11,187	$ 118,955
Current liabilities	¥ 2,436	$ 25,902
Noncurrent liabilities	1,582	16,826
Total liabilities	¥ 4,018	$ 42,728

(2) Amount allocated to intangible assets, type, amortization method and period

Customer-related assets : ¥4,448 million ($47,300 thousand)

Amortization method and period : Amortized using the straight-line method over a period of 10 years

For the year ended March 31, 2012

<Business combination by the acquisition>

1. Outline of the transaction

(1) Name and business of acquired companies:

Miller Milling Company, LLC: Manufacturing and distribution of wheat flour

Miller Milling Company, LP: Asset management for Miller Milling Company, LLC

Miller Trading Company, LLC: Raw grains trading for Miller Milling Company, LLC

(2) Rationale for M&A activity

The Company has long had the expansion of its overseas business as a top priority in order to sustain the continued growth of the Group. Through the acquisition, the Company decided to launch the Group into the U. S. flour milling market, the largest flour milling market in the developed world.

Miller Milling Company ("MMC"), which is the 9th largest miller in the U.S., (*) owns two durum/hard wheat milling facilities strategically located in areas close to large flour/semolina consumption regions in the Eastern and Western United States. The acquisition of MMC will enable the Company to take advantage of the highly experienced and technical capabilities of Miller Milling that operates its core business centered on durum semolina, bakery flour and tortilla flour products. The Company plans to further expand its presence in the U.S. by expanding MMC's existing operations as a part of the Group organization into new markets. Toward that goal, the company will utilize the Group's outstanding product development, techniques and capabilities to supply wheat flour that is consistent in quality.

The acquisition of Miller Milling is not the Group's first foray into the North American market; the Group had already entered the North American market in the form of its subsidiary, Rogers Foods Ltd., a wheat-flour and prepared mix manufacturer in British Columbia, Canada. The company is confident that its acquisition of Miller Milling Company will realize synergies both with Rogers Foods and other Group companies that will serve to greatly accelerate the expansion of its presence in the U.S. market.

In addition to the expansion of its business presence in North America, the Company is excited about the opportunity for the Group to gain valuable wheat-related know-how from its new operations in the U.S. market, which is the largest supplier of wheat to Japan, and substantial experience in the U.S. wheat and wheat-flour business under free trade.

23. M&A Activity (continued)

Through this experience, the Group will obtain significant benefits and capabilities for further expanding its flour milling operations in the global market.

(*) Source: Grain & Milling Annual 2011 published by Sosland Publishing Co.

(3) Date of acquisition
March 20, 2012

(4) Legal form of acquisition
Equity interests acquired through the payment of cash

(5) Names of the companies after acquisition
1) Miller Milling Company, LLC
2) Miller Milling Company, LP
3) Miller Trading Company, LLC

(6) Percentage of voting rights acquired
100%

(7) Principal reason for determining the companies to be acquired
The Group acquired a 100% equity interest in each company through the payment of cash.

2. The period for which acquired company results are included in consolidated financial statements

The balance sheets as of December 31, 2011 have been consolidated after undertaking adjustments for material transactions that occurred up to the share acquisition date in March 2012.

3. Acquisition cost details

	Millions of yen
	2012
Compensation for the acquisition	¥ 10,164
Direct costs for acquisition	558
Total acquisition cost	¥ 10,722

4. Amount, reasons, amortization method and period of goodwill

(1) Amount of goodwill
¥8,947 million

(2) Reasons
The incidence of 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 10 years

23. M&A Activity (continued)

5. Details of the assets acquired and the liabilities undertaken at the acquisition date

	Millions of yen
	2012
Current assets	¥ 4,404
Noncurrent assets	2,482
Total assets	¥ 6,886
Current liabilities	¥ 3,528
Noncurrent liabilities	1,582
Total liabilities	¥ 5,111

6. Allocation of acquisition costs

The allocation of acquisition costs had not been completed as of the end of the fiscal year. As a result, accounting treatment has been undertaken on a provisional basis in accordance with readily available information at that time.

7. The impact of estimated amounts on the consolidated statements of income for the fiscal year under review on the assumption that the acquisition was completed on the commencement date of the consolidated fiscal year, and calculation methods

Net sales: ¥17,789 million
Net income: ¥148 million

(Calculation methods for estimated amounts)
The impact of estimated amounts is the difference between net sales and net income calculated on the assumption that the acquisition was completed on the commencement date of the consolidated fiscal year and net sales and net income recorded on the company's consolidated statements of income. This note has not been certified by way of audit.

24. Comprehensive Income

Reclassification adjustments and income tax effects attributable to other comprehensive income for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Valuation difference on available-for-sale securities:			
Gains arising during the year	**¥ 10,969**	¥ 4,640	**$ 116,630**
Reclassification adjustments	**(0)**	(6)	**(4)**
Before income tax effects	**10,968**	4,634	**116,626**
Income tax effects	**(3,893)**	(73)	**(41,402)**
Total	**7,074**	4,561	**75,220**
Deferred gains on hedges:			
Gains arising during the year	**21**	144	**226**
Reclassification adjustments	**(13)**	(21)	**(140)**
Before income tax effects	**8**	122	**86**
Income tax effects	**(4)**	(42)	**(48)**
Total	**3**	80	**37**
Foreign currency translation adjustment:			
Adjustments arising during the year	**2,294**	(672)	**24,401**
Share of other comprehensive income in subsidiaries and affiliates accounted for using equity method:			
Adjustments arising during the year	**164**	(71)	**1,744**
Total other comprehensive income	**¥ 9,536**	¥ 3,898	**$ 101,402**

25. Related Party Transactions

Related party transactions for the year ended March 31, 2013 are as follows:

Category	Related party	Location	Capital	Details of business	Ownership (Owned) ratio (%)	Relationship
Affiliates	TOKATU FOODS CO., LTD.	Kohoku ward, Yokohama-shi, Kanagawa	¥100 million ($1,063 thousand)	Food manufacturing and sales	(Own) Direct 49.00	Concurrent officers and temporary assignment

Details of transaction	Transaction amount
Collateral deposit (Note)	¥10,000 million ($106,326 thousand)

Note: The Company provided shares of TOKATU FOODS CO., LTD. as third party mortgage to collateralize loans payable from financial institutions of TOKATU FOODS CO., LTD. Transaction amount shows outstanding balance of the loans payable as of March 31, 2013.

There were no related party transactions for the year ended March 31, 2012.

26. Segment Information

1. Overview of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular consideration by the Company's Board of Directors are being performed in order to decide how resources should be allocated among the Group and evaluate operating results. The Company, as a holding company, develops and determines group strategy, allocates management resources, and evaluates operations by business segments of "Flour Milling", "Processed Food" and other business which are classified by products and services. Therefore, the Group's reportable segment comprises of "Flour Milling" and "Processed Food".

Primary products for each business segment are summarized as follows:

Flour Milling .... Flour, bran
Processed Food .... Prepared mix, flour for consumer use, pasta, pasta sauce, frozen food, chilled food, cake and bread ingredients, biochemical products, life science business, healthcare foods

2. Method of calculating net sales, income, assets and other items by reportable segment

Accounting policies of the reportable segments are consistent to those described in Note 1. "Summary of Significant Accounting Policies". Income by reportable segment is based on operating income. Intersegment transactions are based on prevailing market price.

26. Segment Information (continued)

3. Net sales, income, assets and other items by reportable segment

	Millions of yen						
	2013						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	¥ 179,127	¥ 232,867	¥ 411,995	¥ 43,570	¥ 455,566	¥ -	¥ 455,566
Intersegment sales and transfers	18,241	469	18,711	4,394	23,105	(23,105)	-
Total	197,369	233,336	430,706	47,965	478,672	(23,105)	455,566
Segment income	¥ 8,504	¥ 10,411	¥ 18,915	¥ 2,915	¥ 21,831	¥ (91)	¥ 21,740
Segment assets	¥ 159,052	¥ 145,839	¥ 304,892	¥ 62,270	¥ 367,162	¥ 94,688	¥ 461,851
Other items:							
Depreciation and amortization	¥ 6,337	¥ 6,044	¥ 12,381	¥ 1,641	¥ 14,023	¥ (274)	¥ 13,749
Investment in associates accounted for using equity method	1,893	7,579	9,472	14,162	23,635	-	23,635
Increase in property, plant and equipment and intangible assets	9,637	6,398	16,036	1,652	17,689	(485)	17,203

	Millions of yen						
	2012						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	¥ 172,024	¥ 227,586	¥ 399,611	¥ 42,351	¥ 441,963	¥ -	¥ 441,963
Intersegment sales and transfers	19,380	455	19,835	4,286	24,121	(24,121)	-
Total	191,405	228,041	419,447	46,637	466,084	(24,121)	441,963
Segment income	¥ 8,000	¥ 11,865	¥ 19,865	¥ 3,305	¥ 23,171	¥ (57)	¥ 23,113
Segment assets	¥ 141,190	¥ 140,323	¥ 281,513	¥ 64,410	¥ 345,923	¥ 86,032	¥ 431,956
Other items:							
Depreciation and amortization	¥ 6,488	¥ 5,673	¥ 12,162	¥ 1,794	¥ 13,956	¥ (319)	¥ 13,636
Investment in associates accounted for using equity method	1,702	204	1,906	13,895	15,802	-	15,802
Increase in property, plant and equipment and intangible assets	5,704	7,825	13,530	1,431	14,961	(352)	14,608

	Thousand of U.S. dollars						
	2013						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	$1,904,559	$ 2,475,999	$4,380,598	$ 463,275	$4,843,872	$ -	$4,843,872
Intersegment sales and transfers	193,960	4,990	198,949	46,727	245,676	(245,676)	-
Total	2,098,558	2,480,988	4,579,547	510,002	5,089,549	(245,676)	4,843,872
Segment income	$ 90,422	$ 110,702	$ 201,123	$ 31,003	$ 232,126	$ (969)	$ 231,157
Segment assets	$1,691,148	$ 1,550,661	$3,241,809	$ 662,096	$3,903,905	$1,006,793	$4,910,698
Other items:							
Depreciation and amortization	$ 67,379	$ 64,274	$ 131,653	$ 17,458	$ 149,111	$ (2,916)	$ 146,195
Investment in associates accounted for using equity method	20,133	80,589	100,722	150,588	251,310	-	251,310
Increase in property, plant and equipment and intangible assets	102,469	68,038	170,507	17,574	188,081	(5,166)	182,915

1. The "Other" incorporates operations not included in reportable segments, including pet food, engineering, mesh cloths, handling and storage.

26. Segment Information (continued)

2. Adjustments of segment income (loss) refer to elimination of intersegment transactions. Adjustments of segment assets amounted to ¥105,067 million ($1,117,147 thousand) and ¥96,764 million for the years ended March 31, 2013 and 2012, respectively, consisted primarily of the Company's surplus funds (cash and deposits and short-term investment securities) and investment securities.

3. Segment income (loss) is adjusted to operating income on the consolidated statements of income.

4. Geographic information

(1) Sales

Geographic information about sales has been omitted since sales to external customers in Japan constituted more than 90% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

2013					
Millions of yen			Thousands of U.S. dollars		
Japan	Other areas	Total	Japan	Other areas	Total
¥ 108,177	**¥ 12,798**	**¥ 120,975**	**$ 1,150,211**	**$ 136,080**	**$ 1,286,291**

Geographic information about property, plant and equipment for the year ended March 31, 2012 has been omitted since property, plant and equipment in Japan constituted more than 90% of property, plant and equipment on the consolidated balance sheet as of March 31, 2012.

5. Information about major customers

	2013		
	Name of the related segment	Millions of yen	Thousands of U.S. dollars
Mitsubishi Corporation	**Flour Milling, Processed Foods and Other**	**¥ 58,627**	**$ 623,361**

	2012	
	Name of the related segment	Millions of yen
Mitsubishi Corporation	Flour Milling, Processed Foods and Other	¥ 60,372

6. Information on impairment loss by reportable segment

		2013	
	Name of the related segment	Millions of yen	Thousands of U.S. dollars
Impairment loss	**Flour Milling**	**¥ 1,764**	**$ 18,757**

No impairment loss was recognized for the year ended March 31, 2012.

26. Segment Information (continued)

7. Information about amortization and unamortized balance of goodwill by reportable segment

	2013					
	Millions of yen			Thousands of U.S. dollars		
	Flour Milling	Other	Total	Flour Milling	Other	Total
Amortization	¥ 306	¥ 24	¥ 330	$ 3,256	$ 258	$ 3,514
Unamortized balance	4,301	72	4,373	45,732	774	46,507

	2012		
	Millions of yen		
	Flour Milling	Other	Total
Amortization	¥ -	¥ 24	¥ 24
Unamortized balance	8,947	97	9,044