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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, 2014, 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, 2014, 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 4.

Ernst & Young ShinNihon LLC

June 26, 2014

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

As of March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 4)
ASSETS	**2014**	2013	**2014**
Current Assets:			
Cash and deposits (Notes 18 and 20)	¥ 49,104	¥ 56,722	$ 477,108
Notes and accounts receivable – trade (Note 18)	67,486	65,393	655,713
Short-term investment securities (Notes 18 and 20)	28,869	19,433	280,499
Inventories (Note 5)	58,484	61,904	568,247
Deferred tax assets (Note 14)	5,597	5,501	54,382
Other	7,089	9,723	68,879
Allowance for doubtful accounts	(222)	(210)	(2,157)
Total current assets	216,409	218,468	2,102,691
Property, Plant and Equipment (Notes 6 and 7):			
Land	38,143	36,152	370,608
Buildings and structures, net	49,187	44,651	477,915
Machinery, equipment and vehicles, net	35,089	29,608	340,935
Construction in progress	3,830	7,735	37,213
Other, net	2,689	2,827	26,127
Property, plant and equipment, net	128,939	120,975	1,252,808
Intangible Assets:			
Goodwill	5,008	4,373	48,659
Other	7,990	8,372	77,633
Total intangible assets	12,998	12,746	126,292
Investments and Other Assets:			
Investment securities (Notes 7, 18 and 19)	105,975	100,643	1,029,683
Net defined benefit asset (Note 8)	487	-	4,732
Deferred tax assets (Note 14)	3,808	3,219	37,000
Other	2,553	5,949	24,806
Allowance for doubtful accounts	(132)	(152)	(1,283)
Total investments and other assets	112,692	109,660	1,094,948
Total assets	¥ 471,039	¥ 461,851	$ 4,576,749

LIABILITIES AND NET ASSETS	Millions of yen 2014	2013	Thousands of U.S. dollars (Note 4) 2014
Current Liabilities:			
Notes and accounts payable – trade (Note 18)	¥ 45,785	¥ 56,309	$ 444,860
Short-term loans payable (Note 7)	6,607	5,260	64,195
Income taxes payable (Note 14)	4,481	4,844	43,539
Accrued expenses	17,725	16,072	172,221
Other	15,833	16,988	153,838
Total current liabilities	90,433	99,474	878,673
Noncurrent Liabilities:			
Long-term loans payable (Note 7)	3,367	3,207	32,715
Deferred tax liabilities (Note 14)	15,828	14,619	153,789
Provision for retirement benefits (Note 8)	-	18,925	-
Provision for repairs	1,574	1,559	15,293
Net defined benefit liability (Note 8)	19,073	-	185,319
Long-term deposits received	5,658	5,485	54,975
Other	1,011	1,142	9,823
Total noncurrent liabilities	46,514	44,940	451,943
Commitments and Contingent Liabilities (Notes 15 and 16)			
Net Assets (Notes 9, 10 and 11):			
Shareholders' equity:			
Capital stock: authorized – 932,856,000 shares Issued – 276,688,992 shares in 2014 and 251,535,448 shares in 2013	17,117	17,117	166,314
Capital surplus	9,483	9,460	92,140
Retained earnings	266,581	256,453	2,590,177
Less: Treasury stock 3,264,335 shares in 2014 and 3,064,504 shares in 2013	(3,088)	(3,188)	(30,004)
Total shareholders' equity	290,094	279,843	2,818,636
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	32,253	29,894	313,379
Deferred gains on hedges	21	148	204
Foreign currency translation adjustment	4,237	(833)	41,168
Remeasurements of defined benefit plans (Note 8)	(1,831)	-	(17,791)
Total accumulated other comprehensive income	34,680	29,209	336,961
Subscription rights to shares	260	232	2,526
Minority interests	9,057	8,150	88,000
Total net assets	334,092	317,436	3,246,133
Total liabilities and net assets	¥ 471,039	¥ 461,851	$ 4,576,749

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2014	2013	2014
Net Sales	¥ 495,930	¥ 455,566	$ 4,818,597
Cost of Sales (Notes 5 and 13)	348,619	316,141	3,387,281
Gross Profit	147,311	139,424	1,431,316
Selling, General and Administrative Expenses (Notes 9, 12 and 13)	125,036	117,684	1,214,885
Operating Income	22,274	21,740	216,421
Non-operating Income (Expenses):			
Interest income	214	192	2,079
Interest expenses	(166)	(138)	(1,613)
Dividends income	1,742	1,629	16,926
Equity in earnings of affiliates	839	598	8,152
Rent income	323	331	3,138
Gain on sales of noncurrent assets	147	187	1,428
Gain on sales of investment securities	507	39	4,926
Gain on sales of investments in capital of subsidiaries and affiliates	-	47	-
Gain on bargain purchase	285	-	2,769
Subsidy income	200	-	1,943
Loss on retirement of noncurrent assets	(712)	(524)	(6,918)
Litigation related expenses	(450)	(170)	(4,372)
Expenses for reconstructuring of production base of subsidiaries and affiliates	(183)	-	(1,778)
Impairment loss	-	(1,764)	-
Other, net	178	269	1,729
Total non-operating income, net	2,926	698	28,430
Income before Income Taxes and Minority Interests	25,201	22,438	244,860
Income Taxes (Note 14):			
Income taxes – current	9,159	9,331	88,991
Income taxes – deferred	23	(1,301)	223
Total income taxes	9,183	8,030	89,225
Income before Minority Interests	16,018	14,408	155,635
Minority Interests in Income	919	719	8,929
Net Income	¥ 15,098	¥ 13,688	$ 146,696

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2014 and 2013

	Millions of yen				Thousands of U.S. dollars (Note 4)	
	2014		2013		2014	
Income before Minority Interests	¥	**16,018**	¥	14,408	$	**155,635**
Other Comprehensive Income (Note 22):						
Valuation difference on available-for-sale securities		**2,341**		7,074		**22,746**
Deferred gains (losses) on hedges		**(137)**		3		**(1,331)**
Foreign currency translation adjustment		**5,451**		2,294		**52,963**
Share of other comprehensive income of affiliates accounted for using equity method		**262**		164		**2,546**
Total other comprehensive income		**7,918**		9,536		**76,934**
Comprehensive Income	¥	**23,936**	¥	23,945	$	**232,569**
Comprehensive Income Attributable to:						
Owners of the parent	¥	**22,401**	¥	22,628	$	**217,654**
Minority interests		**1,535**		1,317		**14,914**

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, 2014 and 2013

	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	Remeasu-rements of defined benefit plans	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 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
Changes of items during the period:											
Dividends from surplus			(4,971)								(4,971)
Net income			15,098								15,098
Purchase of treasury stock				(28)							(28)
Disposal of treasury stock		23		128							151
Net changes of items other than shareholders' equity					2,358	(127)	5,070	(1,831)	27	906	6,404
Total changes of items during the period	-	23	10,127	100	2,358	(127)	5,070	(1,831)	27	906	16,655
Balance at March 31, 2014	¥ 17,117	¥ 9,483	¥266,581	¥ (3,088)	¥ 32,253	¥ 21	¥ 4,237	¥ (1,831)	¥ 260	¥ 9,057	¥334,092

	Thousands of U.S. dollars (Note 4)										
	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	Remeasu-rements of defined benefit plans	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2013	$ 166,314	$ 91,916	$ 2,491,770	$ (30,976)	$ 290,459	$ 1,438	$ (8,094)	$ -	$ 2,254	$ 79,188	$ 3,084,298
Changes of items during the period:											
Dividends from surplus			(48,300)								(48,300)
Net income			146,696								146,696
Purchase of treasury stock				(272)							(272)
Disposal of treasury stock		223		1,244							1,467
Net changes of items other than shareholders' equity					22,911	(1,234)	49,262	(17,791)	262	8,803	62,223
Total changes of items during the period	-	223	98,397	972	22,911	(1,234)	49,262	(17,791)	262	8,803	161,825
Balance at March 31, 2014	$ 166,314	$ 92,140	$ 2,590,177	$ (30,004)	$ 313,379	$ 204	$ 41,168	$ (17,791)	$ 2,526	$ 88,000	$ 3,246,133

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2014	2013	**2014**
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	**¥ 25,201**	¥ 22,438	**$ 244,860**
Depreciation and amortization	**13,669**	13,749	**132,812**
Impairment loss	**-**	1,764	**-**
Amortization of goodwill	**637**	330	**6,189**
Increase in provision for retirement benefits	**-**	494	**-**
Increase in net defined benefit liability	**217**	-	**2,108**
Decrease in prepaid pension costs	**-**	430	**-**
Decrease in net defined benefit asset	**403**	-	**3,916**
Interest and dividends income	**(1,957)**	(1,822)	**(19,015)**
Interest expenses	**166**	138	**1,613**
Equity in earnings of affiliates	**(839)**	(598)	**(8,152)**
Gain on sales of investment securities	**(507)**	(38)	**(4,926)**
Gain on bargain purchase	**(285)**	-	**(2,769)**
(Increase) decrease in notes and accounts receivable – trade	**(1,391)**	67	**(13,515)**
Decrease in inventories	**5,027**	943	**48,844**
(Decrease) increase in notes and accounts payable – trade	**(11,089)**	6,183	**(107,744)**
Other	**967**	251	**9,396**
Subtotal	**30,220**	44,335	**293,626**
Interest and dividends income received	**2,372**	2,214	**23,047**
Interest expenses paid	**(162)**	(166)	**(1,574)**
Income taxes paid	**(7,372)**	(11,903)	**(71,628)**
Net cash provided by operating activities	**25,058**	34,479	**243,471**
Cash Flows from Investing Activities:			
Payments into time deposits	**(4,739)**	(32,060)	**(46,045)**
Proceeds from withdrawal of time deposits	**22,496**	40,042	**218,578**
Purchase of short-term investment securities	**(20,640)**	(17,964)	**(200,544)**
Proceeds from sales of short-term investment securities	**20,638**	15,984	**200,525**
Purchase of property, plant and equipment and intangible assets	**(18,636)**	(17,407)	**(181,073)**
Proceeds from sales of property, plant and equipment and intangible assets	**61**	396	**593**
Purchase of investment securities	**(1,945)**	(1,657)	**(18,898)**
Proceeds from sales of investment securities	**708**	200	**6,879**
Purchase of stocks of subsidiaries and affiliates	**(559)**	(7,700)	**(5,431)**
Payments for transfer of business	**(190)**	(3,564)	**(1,846)**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	**-**	(235)	**-**
Other, net	**1,009**	113	**9,804**
Net cash used in investing activities	**(1,797)**	(23,854)	**(17,460)**
Cash Flows from Financing Activities:			
Increase in short-term loans payable	**1,361**	41	**13,224**
Decrease in short-term loans payable	**(1,307)**	(384)	**(12,699)**
Proceeds from long-term loans payable	**309**	2,932	**3,002**
Repayment of long-term loans payable	**(6)**	(1,523)	**(58)**
Proceeds from sales of treasury stock	**151**	36	**1,467**
Purchase of treasury stock	**(28)**	(30)	**(272)**

Cash dividends paid	(4,971)	(4,970)	(48,300)
Other, net	(582)	(688)	(5,655)
Net cash used in financing activities	(5,072)	(4,587)	(49,281)
Effect of Exchange Rate Change on Cash and Cash Equivalents	1,247	823	12,116
Net Increase in Cash and Cash Equivalents	19,435	6,862	188,836
Cash and Cash Equivalents at Beginning of Period	53,249	46,387	517,382
Cash and Cash Equivalents at End of Period (Note 20)	¥ 72,685	¥ 53,249	$ 706,228

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

For the Years Ended March 31, 2014 and 2013

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, 2014, the number of consolidated subsidiaries was 46.

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, 2014, the number of subsidiaries and affiliates accounted for by the equity method was 11.

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 20.

(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.

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.

(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.

(j) Retirement Benefits

To provide for employees' and retired pension recipients' retirement benefits, the Group recorded the estimated amount of projected benefit obligation after deducting plan assets at the balance sheet date as net defined benefit asset and net defined benefit liability.

The straight-line method is used to attribute expected benefits to the period through the end of the year in calculating projected benefit obligation.

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 (mainly 15 years).

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 (mainly 15 years) from the year following the year in which the gain or loss is recognized.

1. Summary of Significant Accounting Policies (continued)

(k) 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.

(l) Distributions of Retained Earnings

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

(m) 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.

(n) Consumption Taxes

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

2. Changes in Accounting Policies and Adoption of New Accounting Standards

Accounting Standard for Retirement Benefits, etc.

Effective March 31, 2014, the Company has applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012) excluding the provisions indicated in the body text of paragraph 35 of the standard and paragraph 67 of the guidance. Consequently, projected benefit obligation after deducting plan assets is recorded as net defined benefit asset or net defined benefit liability, and unrecognized actuarial gain or loss and unrecognized prior service cost are also recorded as net defined benefit asset or net defined benefit liability.

With regard to the adoption of the standard and the guidance, the impact of these changes is included in remeasurements of defined benefit plans in accumulated other comprehensive income as of March 31, 2014 in accordance with the transitional treatment indicated in paragraph 37 of the standard.

As a result, accumulated other comprehensive income decreased by ¥1,831 million ($17,791 thousand) as of March 31, 2014.

3. Accounting Standards Issued but Not yet Effective

(a) Accounting standard for Retirement Benefits, etc

On May 17, 2012, the 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 loss 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 the revision on how projected benefit obligations and service costs should be determined from the beginning of the year ending March 31, 2015.

(3) Effects of the application
The Company is evaluating the effects at the time when the consolidated financial statements are prepared.

3. Accounting Standards Issued but Not yet Effective (continued)

(b) Accounting Standard for Business Combinations, etc.

On September 13, 2013, the ASBJ revised "Accounting Standard for Business Combinations" (ASBJ Statement No. 21), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7), "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2), "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4).

(1) Overview
These accounting standards and guidance have been revised mainly focusing on 1) treatments of changes in parent's ownership interests when the parent purchases or sells ownership interests in its subsidiaries while the parent retains its controlling interest in its subsidiaries, 2) acquisition related costs, 3) disclosure of net income and changes from minority interests to noncontrolling interests, and 4) provisional accounting procedures.

(2) Expected effective date
The Company expects to apply these standards and related guidance from the beginning of the year ending March 31, 2016. The treatment of provisional accounting procedures is expected to be applied effective for business combinations, which will occur on or after the beginning of the year ending March 31, 2016.

(3) Effects of the application
The Company is evaluating the effects at the time when the consolidated financial statements are prepared.

4. 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 ¥102.92 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014.

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.

5. Inventories

Inventories at March 31, 2014 and 2013 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Merchandise and finished goods	**¥ 26,312**	¥ 24,316	**$ 255,655**
Work in process	**3,609**	3,592	**35,066**
Raw materials and supplies	**28,561**	33,996	**277,507**
Total	**¥ 58,484**	¥ 61,904	**$ 568,247**

Revaluation loss on inventories of ¥399 million ($3,877 thousand) and ¥231 million based on the lower of cost or market method was deducted from the carrying amounts of inventories at March 31, 2014 and 2013, respectively.

6. Property, Plant and Equipment

Accumulated depreciation of property, plant and equipment at March 31, 2014 and 2013 amounted to ¥254,832 million ($2,476,020 thousand) and ¥244,383 million, respectively. Accumulated reduction entry of property, plant and equipment purchased using funds from a government subsidy amounted to ¥370 million ($3,595 thousand) and ¥357 million at March 31, 2014 and 2013, respectively.

7. Short-Term and Long-Term Loans Payable

Short-term and long-term loans payable as of March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Short-term loans payable with average interest rate of 1.5569% at March 31, 2014	¥ 5,809	¥ 4,768	$ 56,442
Current portion of long-term loans payable with average interest rate of 1.6666% at March 31, 2014	797	491	7,744
Current portion of lease obligations	242	433	2,351
Total short-term loans payable	6,849	5,694	66,547
Long-term loans payable at March 31, 2014 with average interest rate of 1.5654%, less current portion, due from 2015 to 2027	3,367	3,207	32,715
Long-term lease obligations at March 31, 2014, due from 2015 to 2019	312	424	3,031
Total long-term loans payable	3,679	3,632	35,746
Total	¥ 10,529	¥ 9,326	$ 102,303

* Average interest rates of loans payable represent the weighted-average rates for the outstanding balances at March 31, 2014.

* 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, 2014 were calculated based on inclusive-of-interest method.

The annual maturities of long-term loans payable within 5 years of March 31, 2014, excluding the current portion, are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 716	$ 6,957
2017	792	7,695
2018	781	7,588
2019	612	5,946

The annual maturities of long-term lease obligations within 5 years of March 31, 2014 excluding the current portion are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 151	$ 1,467
2017	85	826
2018	61	593
2019	13	126

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

The Group has entered into certain line-of-credit agreements with major financial institutions amounting to ¥17,900 million ($173,921 thousand) and ¥15,395 million at March 31, 2014 and 2013, respectively.

Loans payable outstanding under these line-of-credit agreements amounted to ¥2,512 million ($24,407 thousand) and ¥865 million at March 31, 2014 and 2013, respectively.

Administrative expenses related to these line-of-credit agreements amounted to ¥13 million ($126 thousand) and ¥18 million for the years ended March 31, 2014 and 2013, respectively.

The carrying amounts of assets pledged as collateral at March 31, 2014 and 2013 for short-term loans payable of ¥200 million ($1,943 thousand) are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Buildings and structures	¥ 1,211	¥ 1,260	$ 11,766
Machinery, equipment and vehicles	522	520	5,072
Investment securities (Note)	4,138	3,766	40,206
Other	113	117	1,098
Total	¥ 5,985	¥ 5,665	$ 58,152

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

8. Employees' Retirement Benefits

(For the year ended March 31, 2014)
The Group has unfunded lump-sum retirement plans and defined contribution pension plans to provide for employees' retirement benefits. The Company and certain consolidated subsidiaries also have funded defined benefit corporate pension plans limited for retired pension recipients. Certain consolidated subsidiaries apply the simplified method in computing projected benefit obligation. Besides these retirement benefits, certain employees may be entitled to additional special retirement benefits based on the conditions under which termination occurs.

Defined benefit plans

(a) The changes in projected benefit obligation during the year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of year	¥ 30,581	$ 297,134
Service cost	1,152	11,193
Interest cost	486	4,722
Actuarial gain	(155)	(1,506)
Retirement benefits paid	(3,064)	(29,771)
Other	11	107
Balance at end of year	¥ 29,011	$ 281,879

8. Employees' Retirement Benefits (continued)

(b) The changes in plan assets during the year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of year	¥ 12,056	$ 117,140
Expected return on plan assets	120	1,166
Actuarial gain	13	126
Retirement benefits paid	(1,765)	(17,149)
Balance at end of year	¥ 10,425	$ 101,292

* Fair value of plan assets for the year ended March 31, 2014 pertains to defined benefit corporate pension plans limited for retired pension recipients.

(c) Reconciliation between the balances of projected benefit obligation and plan assets and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet as of March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
Funded projected benefit obligation	¥ 9,938	$ 96,560
Plan assets at fair value	(10,425)	(101,292)
	(487)	(4,732)
Unfunded projected benefit obligation	19,073	185,319
Net liability and asset recorded on the consolidated balance sheet	18,586	180,587
Net defined benefit liability	19,073	185,319
Net defined benefit asset	(487)	(4,732)
Net liability and asset recorded on the consolidated balance sheet	¥ 18,586	$ 180,587

(d) The components of retirement benefit costs for the year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 1,152	$ 11,193
Interest cost	486	4,722
Expected return on plan assets	(120)	(1,166)
Amortization of actuarial loss	647	6,286
Amortization of prior service cost	(245)	(2,380)
Net retirement benefit costs	¥ 1,920	$ 18,655

* Retirement benefit costs incurred by consolidated subsidiaries that applied the simplified method were recorded as service cost.

(e) The components of remeasurements of defined benefit plans (before income tax effect) as of March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
Unrecognized prior service cost	¥ (2,062)	$ (20,035)
Unrecognized actuarial loss	4,662	45,297
Total	¥ 2,599	$ 25,253

8. Employees' Retirement Benefits (continued)

(f) Plan assets
(1) The components of plan assets are summarized as follows:

General account	49%
Bonds	48
Cash and deposits	3
Total	100%

(2) Expected long-term rate of return
The expected long-term rate of return on plan assets is determined by considering current and expected distribution of plan assets and long-term rate of return derived from various components of the plan assets.

(g) Principal assumptions used for the actuarial calculation for the year ended March 31, 2014 are set forth as follows:

Discount rate	Principally	1.7%
Expected long-term rate of return on plan assets	Principally	1.0%

Defined contribution plans
The required contribution amount to defined contribution plans by the Group for the year ended March 31, 2014 amounted to ¥716 million ($6,957 thousand).

(For the year ended March 31, 2013)
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.

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

	Millions of yen
Projected benefit obligation	¥ (30,581)
Fair value of plan assets	12,056
Unrecognized actuarial loss	5,479
Unrecognized prior service cost	(2,307)
Less: Prepaid pension cost	3,572
Allowance for employees' retirement benefits	¥ (18,925)

* Certain subsidiaries applied the simplified method to calculate benefit obligations.
* Fair value of plan assets pertained to defined benefit corporate pension plans limited for retired pension recipients.

8. Employees' Retirement Benefits (continued)

The components of retirement benefit costs for the year ended March 31, 2013 were summarized as follows:

	Millions of yen
Service cost	¥ 1,151
Interest cost	510
Expected return on plan assets	(137)
Amortization of actuarial loss	667
Amortization of prior service cost	(245)
Net retirement benefit costs	1,947
Other	716
Total	¥ 2,664

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

The assumptions used in the above computations for the year ended March 31, 2013 were set forth as follows:

Discount rate	Principally	1.7%
Expected rate of return on plan assets	Principally	1.0%
Amortization period of actuarial difference	Principally	15 years
Amortization period of prior service cost	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, 2014 and 2013 amounted to ¥52 million ($505 thousand) and ¥58 million, respectively. Gain on forfeiture of unexercised stock options for the years ended March 31, 2014 and 2013 amounted to ¥1 million ($10 thousand) and ¥9 million, respectively.

At March 31, 2014, the Company and consolidated subsidiaries had the following stock option plans:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Grantees	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	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	275,000 shares	292,600 shares	281,600 shares	289,300 shares
Grant date	August 13, 2007	August 19, 2008	August 18, 2009	August 18, 2010
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 27, 2009-July 26, 2014	August 20, 2010-July 30, 2015	August 19, 2011-August 1, 2016	August 19, 2012-August 1, 2017

9. Stock Option Plans (continued)

	2007 Plan	2008 Plan	2009 Plan	2010 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	163,900	224,400	273,900	264,000
Vested during the year	-	-	-	-
Exercised during the year	-	-	27,500	28,600
Forfeited during the year	2,200	4,400	2,200	-
Outstanding at end of the year	161,700	220,000	244,200	235,400
Exercise price (Yen)	¥1,089	¥1,270	¥1,029	¥999
Exercise price (U.S. dollars)	$10.58	$12.34	$10.00	$9.71
Weighted-average market price upon exercise (Yen)	-	-	¥1,072	¥1,066
Weighted-average market price upon exercise (U.S. dollars)	-	-	$10.42	$10.36
Fair value as of grant date (Yen)	¥93	¥183	¥211	¥196
Fair value as of grant date (U.S. dollars)	$0.90	$1.78	$2.05	$1.90

	2011 Plan	2012 Plan	2013 Plan
Grantees	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	14 directors and 10 executive officers of the Company and 35 directors of consolidated subsidiaries
Type of stock	Common stock	Common stock	Common stock
Number of shares granted	386,100 shares	353,100 shares	339,900 shares
Grant date	August 18, 2011	August 16, 2012	August 20, 2013
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 19, 2013- August 1, 2018	August 17, 2014- August 1, 2019	August 21, 2015- August 3, 2020

9. Stock Option Plans (continued)

	2011 Plan	2012 Plan	2013 Plan
Non-Vested (number of shares)			
Outstanding at beginning of the year	386,100	353,100	-
Granted during the year	-	-	339,900
Forfeited during the year	-	-	-
Vested during the year	386,100	-	-
Outstanding at end of the year	-	353,100	339,900
Vested (number of shares)			
Outstanding at beginning of the year	-	-	-
Granted during the year	386,100	-	-
Exercised during the year	75,900	-	-
Forfeited during the year	-	-	-
Outstanding at end of the year	310,200	-	-
Exercise price (Yen)	¥932	¥871	¥1,113
Exercise price (U.S. dollars)	$9.06	$8.46	$10.81
Weighted-average market price upon exercise (Yen)	¥1,057	-	-
Weighted-average market price upon exercise (U.S. dollars)	$10.27	-	-
Fair value as of grant date (Yen)	¥154	¥167	¥111
Fair value as of grant date (U.S. dollars)	$1.50	$1.62	$1.08

The Company carried out a stock split by the ratio of 1.1 shares per share on October 1, 2013. Number of shares and prices in the above tables are restated to reflect the stock split.

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:

	2013 Plan
Expected volatility *1 (%)	20.5
Expected remaining period *2 (years)	4.5
Expected dividends per share *3 (yen)	¥20
Expected dividends per share *3 (U.S. dollars)	$0.19
Risk free interest rate *4 (%)	0.25

*1 Expected volatility is estimated based on the actual stock price in the period from February 2009 to August 2013.

*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, 2013.

*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, 2014			
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**	**25,153**	**-**	**276,688**
Treasury stock: Common stock	**3,064**	**326**	**127**	**3,264**

1. The Company carried out a stock split by the ratio of 1.1 shares per share of common stock on October 1, 2013.
2. Issued stock increased due to the stock split (25,153 thousand shares).
3. Treasury stock increased due to (a) the stock split (301 thousand shares), (b) a repurchase of odd-lot shares of less than one unit (25 thousand shares) and (c) acquisition of treasury stock by companies which are accounted for by the equity method (0 thousand shares).
4. Treasury stock decreased due to (a) a disposal of odd-lot shares of less than one unit (0 thousand shares) and (b) exercise of stock options (126 thousand 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).

(b) Subscription rights to shares

		Balance at March 31, 2014	
Category	Details of Options	Millions of yen	Thousands of U.S. dollars
Supplying company	Subscription rights to shares as stock options	**¥ 260**	**$ 2,526**
(Parent Company)	Total	**¥ 260**	**$ 2,526**

		Balance at March 31, 2013
Category	Details of Options	Millions of yen
Supplying company	Subscription rights to shares as stock options	¥ 232
(Parent Company)	Total	¥ 232

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

(c) Dividends

(1) Dividends paid to shareholders

Year ended March 31, 2014

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 26, 2013	**Annual general meeting of shareholders**	**Common stock**	**¥2,485**	**$ 24,145**	**¥10**	**$ 0.10**	**March 31, 2013**	**June 27, 2013**
October 30, 2013	**Board of directors**	**Common stock**	**¥2,485**	**$ 24,145**	**¥10**	**$ 0.10**	**September 30, 2013**	**December 6, 2013**

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)	(Yen)		
June 27, 2012	Annual general meeting of shareholders	Common stock	¥2,485	¥10	March 31, 2012	June 28, 2012
October 30, 2012	Board of directors	Common stock	¥2,485	¥10	September 30, 2012	December 7, 2012

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

Year ended March 31, 2014

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, 2014	**Annual general meeting of shareholders**	**Common stock**	**Retained earnings**	**¥ 2,734**	**$ 26,564**	**¥ 10**	**$ 0.10**	**March 31, 2014**	**June 27, 2014**

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)	(Yen)		
June 26, 2013	Annual general meeting of shareholders	Common stock	Retained earnings	¥ 2,485	¥ 10	March 31, 2013	June 27, 2013

12. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2014 and 2013 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Freight	**¥ 28,633**	¥ 26,389	**$ 278,206**
Sales promotion and sales incentives	**42,337**	38,240	**411,358**
Employees' salaries	**13,920**	13,193	**135,251**
Employees' bonuses and benefits	**9,958**	9,647	**96,755**
Retirement benefits	**1,592**	1,524	**15,468**
Other	**28,594**	28,688	**277,827**
Total	**¥125,036**	¥117,684	**$ 1,214,885**

13. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs were ¥5,769 million ($56,053 thousand) and ¥6,008 million for the years ended March 31, 2014 and 2013, respectively.

14. 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% for the years ended March 31, 2014 and 2013.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2014 and 2013 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Deferred tax assets:			
Provision for employees' retirement benefits	¥ -	¥ 5,429	$ -
Net defined benefit liability	6,436	-	62,534
Accrued sales incentives	1,590	1,340	15,449
Provision for bonuses	1,580	1,679	15,352
Impairment loss	1,335	1,486	12,971
Investment securities	1,323	1,020	12,855
Loss carryforward	1,195	970	11,611
Unrealized gain on noncurrent assets	982	993	9,541
Provision for repairs	558	566	5,422
Inventories	482	545	4,683
Accrued business office taxes	365	421	3,546
Depreciation and amortization	288	287	2,798
Unrealized gain on inventories	239	240	2,322
Other	2,024	1,591	19,666
Gross deferred tax assets	18,405	16,572	178,828
Valuation allowance	(2,531)	(2,116)	(24,592)
Amount offset by deferred tax liabilities	(6,468)	(5,734)	(62,845)
Deferred tax assets, net	¥ 9,405	¥ 8,721	$ 91,382

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (17,642)	¥ (16,516)	$ (171,415)
Reserve for reduction entry of noncurrent assets	(2,202)	(2,248)	(21,395)
Securities returned from employee retirement benefit trust	(1,118)	(1,118)	(10,863)
Other	(1,339)	(472)	(13,010)
Gross deferred tax liabilities	(22,303)	(20,356)	(216,702)
Amount offset by deferred tax assets	6,468	5,734	62,845
Deferred tax liabilities, net	¥ (15,834)	¥ (14,622)	$ (153,848)

Disclosure of the reconciliation for the year ended March 31, 2014 has been omitted as the difference was less than 5% of the statutory tax rate.

14. Income Taxes (continued)

Disclosure of the reconciliation between the statutory and effective tax rates for the year ended March 31, 2013 was 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%

The "Act on Partial Revision of the Income Tax Act" (Act No. 10 of 2014) was promulgated and the special reconstruction surtax will no longer be imposed. Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities changed from 37.9% to 35.5% for temporary differences as of March 31, 2014, which are expected to reverse in the year ending March 31, 2015.
The effects of this change were immaterial.

15. Leases

The Group primarily leases information system equipment and software.

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. However, disclosure of the *pro forma* information have been omitted as the amounts became immaterial.

The future minimum lease commitments under noncancellable operating leases subsequent to March 31, 2014 are summarized as follows:

(As Lessee)

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 111	$ 1,079
Due after one year	142	1,380
Total	¥ 254	$ 2,468

(As Lessor)

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 109	$ 1,059
Due after one year	470	4,567
Total	¥ 580	$ 5,635

16. Contingent Liabilities

At March 31, 2014 and 2013, 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
	2014	2013	**2014**
Employee housing loans receivable	**¥ 44**	¥ 60	**$ 428**

17. Per Share Data

	2014	2013	**2014**
Net income per share:			
Basic	**¥ 55.23**	¥ 50.08	**$ 0.54**
Diluted	**55.21**	-	**0.54**
Net assets per share	**¥ 1, 187.80**	¥ 1,130.75	**$ 11.54**

The Company carried out a stock split by the ratio of 1.1 shares per share of common stock on October 1, 2013. Per share data for the year ended March 31, 2013 was restated based on the assumption that the stock split was carried out at the beginning of the year ended March 31, 2013.

Diluted net income per share for the year ended March 31, 2013 is not disclosed, as there were no dilutive securities for the year ended March 31, 2013.

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.

17. Per Share Data (continued)

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

	2014	2013
Net income available for distribution to common shareholders	¥ 15,098 million ($146,696 thousand)	¥ 13,688 million
Weighted average number of shares for basic net income	273,364,368 shares	273,316,674 shares
Increase in shares of common stock		
Subscription rights to shares	126,913 shares	-
Number of shares for diluted net income	273,491,281 shares	-
Summary of potentially issuable shares that do not have a dilutive effect on net income per share	96 and 213 subscription rights to shares approved by the annual general meeting of shareholders at June 26, 2013 56 and 148 subscription rights to shares approved by the annual general meeting of shareholders at June 26, 2008 42 and 105 subscription rights to shares approved by the annual general meeting of shareholders at June 27, 2007 Preferred stock issued by affiliates under equity method: TOKATU FOODS CO., LTD. type-B preferred stock (54,275 shares issued)	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)

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

	2014	2013	2014
Total net assets	¥ 334,092 million	¥ 317,436 million	$ 3,246,133 thousand
Amounts deducted from total net assets			
Subscription rights to shares	260 million	232 million	2,526 thousand
Minority interests	9,057 million	8,150 million	88,000 thousand
Net assets attributable to shares of common stock	324,775 million	309,053 million	3,155,606 thousand
Number of shares of common stock used in the calculation of net assets per share	273,424,657 shares	273,318,038 shares	

18. 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 fair value of financial instruments
As well as the values based on market prices, fair value of financial instruments includes 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 21, the contract amount itself does not indicate market risk related to derivative transactions.

18. Financial Instruments (continued)

(b) Fair value of financial instruments

Carrying value on the consolidated balance sheets as of March 31, 2014 and 2013, fair value and differences are as follows. The financial instruments whose fair value is extremely difficult to determine are not included below.

	2014					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Value	Fair Value	Difference	Carrying Value	Fair Value	Difference
Cash and deposits	¥ 49,104	¥ 49,104	¥ -	$ 477,108	$ 477,108	$ -
Notes and accounts receivable – trade	67,486	67,486	-	655,713	655,713	-
Short-term investment securities and investment securities:						
Other securities	105,849	105,849	-	1,028,459	1,028,459	-
Total assets	¥222,440	¥222,440	¥ -	$2,161,290	$ 2,161,290	$ -
Notes and accounts payable – trade	45,785	45,785	-	444,860	444,860	-
Total liabilities	¥ 45,785	¥ 45,785	¥ -	$ 444,860	$ 444,860	$ -
Derivative transactions: (*)						
Hedge accounting not applied	(132)	(132)	-	(1,283)	(1,283)	-
Hedge accounting applied	(15)	(15)	-	(146)	(146)	-
Total derivative transactions	¥ (148)	¥ (148)	¥ -	$ (1,438)	$ (1,438)	$ -

	2013		
	Millions of yen		
	Carrying Value	Fair Value	Difference
Cash and deposits	¥ 56,722	¥ 56,722	¥ -
Notes and accounts receivable - trade	65,393	65,393	-
Short-term investment securities and investment securities:			
Other securities	91,504	91,504	-
Total assets	¥213,619	¥213,619	¥ -
Notes and accounts payable - trade	56,309	56,309	-
Total liabilities	¥ 56,309	¥ 56,309	¥ -
Derivative transactions: (*)			
Hedge accounting not applied	(14)	(14)	-
Hedge accounting applied	236	236	-
Total derivative transactions	¥ 221	¥ 221	¥ -

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

18. 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 fair value since these are scheduled to be settled in a short period of time.

Short-term investment securities and investment securities

Fair 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 fair value since these are scheduled to be settled in a short period of time.

Derivative transactions:

Please refer to Note 21.

Note 2: Unlisted equity securities of ¥26,314 million ($255,674 thousand) and ¥25,981 million whose fair values are extremely difficult to determine as of March 31, 2014 and 2013, respectively, are not included in the above tables.

(c) The redemption schedule for financial instruments and securities with maturities as of March 31, 2014 and 2013 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
	Due in One Year or Less	Due in One Year or Less	Due in One Year or Less
Cash and deposits	**¥ 49,104**	¥ 56,722	**$ 477,108**
Notes and accounts receivable – trade	**67,486**	65,393	**655,713**
Short-term investment securities and investment securities:			
Other securities	**28,873**	19,443	**280,538**
Total	**¥ 145,465**	¥ 141,559	**$1,413,379**

19. Investment Securities

Investments in unconsolidated subsidiaries and affiliates included in "Investment securities" as of March 31, 2014 and 2013 amounted to ¥23,943 million ($232,637 thousand) and ¥23,810 million, respectively.

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

	2014					
	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	¥ 75,428	¥ 25,280	¥ 50,148	$ 732,880	$ 245,628	$487,252
Bonds:						
Government and municipal bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	75,428	25,280	50,148	732,880	245,628	487,252
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	1,551	1,698	(147)	15,070	16,498	(1,428)
Bonds:						
Government and municipal bonds	18,860	18,861	(0)	183,249	183,259	(0)
Corporate bonds	-	-	-	-	-	-
Other	4,009	4,010	(0)	38,953	38,962	(0)
Other	6,000	6,000	-	58,298	58,298	-
Subtotal	30,420	30,569	(148)	295,569	297,017	(1,438)
Total	¥105,849	¥ 55,849	¥ 49,999	$ 1,028,459	$ 542,645	$485,805

	2013		
	Millions of yen		
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 69,422	¥ 22,207	¥ 47,214
Bonds:			
Government and municipal bonds	3,999	3,999	0
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	73,422	26,207	47,214
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	2,647	3,327	(679)
Bonds:			
Government and municipal bonds	15,434	15,434	(0)
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	18,081	18,762	(680)
Total	¥ 91,504	¥ 44,969	¥ 46,534

19. Investment Securities (continued)

(b) 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, 2014 and 2013 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Proceeds from sales	**¥ 709**	¥ 200	**$ 6,889**
Aggregate gains on sales	**507**	39	**4,926**
Aggregate losses on sales	**(0)**	(1)	**(0)**

(c) Impairment loss

Impairment loss recognized on available-for-sale securities for the years ended March 31, 2014 and 2013 are ¥5 million ($49 thousand) and ¥4 million, respectively.

20. 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, 2014 and 2013 as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Cash and deposits	**¥ 49,104**	¥ 56,722	**$ 477,108**
Short-term investment securities	**28,869**	19,433	**280,499**
Total	**77,974**	76,156	**757,618**
Time deposits with maturities of more than three months	**(325)**	(18,065)	**(3,158)**
Debt securities with maturities of more than three months	**(4,963)**	(4,841)	**(48,222)**
Cash and cash equivalents	**¥ 72,685**	¥ 53,249	**$ 706,228**

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

During the year ended March 31, 2013 the Company paid ¥235 million, which consists of the unpaid balance of ¥128 million and additional costs of ¥106 million 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.

(3) Assets and liabilities increased by transfer of business

(a) During the year ended March 31, 2014 the Company paid the unpaid balance of ¥190 million ($1,846 thousand) for 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 in the year ended March 31, 2013.

20. Cash and Cash Equivalents (continued)

(b) 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 were as follows:

	Millions of yen
	2013
Current assets	¥ 1,076
Noncurrent assets	2,466
Goodwill	263
Current liabilities	(37)
Noncurrent liabilities	(13)
Transfer of business costs	3,755
Unpaid balance	(190)
Cash and cash equivalents	-
Net payment for the transfer of business	¥ (3,564)

21. Derivatives

Derivative transactions for which hedge accounting is not applied at March 31, 2014 and 2013 are as follows:

	2014							
	Millions of yen				Thousands of U.S. dollars			
	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency futures:								
Buy:								
Canadian dollars	¥ 1,082	¥ -	¥ (40)	¥ (40)	$ 10,513	$ -	$ (389)	$ (389)
Forward exchange contracts:								
Sell:								
U.S. dollars	¥ 192	¥ -	¥ (3)	¥ (3)	$ 1,866	$ -	$ (29)	$ (29)
Euro	23	-	(0)	(0)	223	-	(0)	(0)
Buy:								
U.S. dollars	913	-	20	20	8,871	-	194	194
Euro	79	-	1	1	768	-	10	10
Japanese yen	1	-	(0)	(0)	10	-	(0)	(0)
Total	¥ 2,293	¥ -	¥ (21)	¥ (21)	$ 22,279	$ -	$ (204)	$ (204)
Commodity futures:								
Sell:								
Wheat	¥ 1,499	¥ -	¥ 88	¥ 88	$ 14,565	$ -	$ 855	$ 855
Buy:								
Wheat	2,546	-	(223)	(223)	24,738	-	(2,167)	(2,167)
Commodity options:								
Sell put:								
Wheat	8	-	18	(10)	78	-	175	(97)
Sell call:								
Wheat	3	-	1	1	29	-	10	10
Buy put:								
Wheat	1	-	2	0	10	-	19	0
Buy call:								
Wheat	4	-	1	(2)	39	-	10	(19)
Total	¥ 4,064	¥ -	¥ (111)	¥ (145)	$ 39,487	$ -	$(1,079)	$(1,409)

21. Derivatives (continued)

	2013			
	Millions of yen			
	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency futures:				
Buy:				
Canadian dollars	¥ 446	¥ -	¥ 0	¥ 0
Forward exchange contracts:				
Sell:				
U.S. dollars	¥ 207	¥ -	¥ (23)	¥ (23)
Euro	11	-	(0)	(0)
Buy:				
U.S. dollars	596	-	(3)	(3)
Euro	53	-	(0)	(0)
Japanese yen	1	-	(0)	(0)
Total	¥ 1,316	¥ -	¥ (27)	¥ (27)
Commodity futures:				
Sell:				
Wheat	¥ 1,252	¥ -	¥ 65	¥ 65
Buy:				
Wheat	1,701	-	(65)	(65)
Commodity options:				
Sell put:				
Wheat	8	-	12	(3)
Sell call:				
Wheat	0	-	0	0
Buy call:				
Wheat	1	-	0	(1)
Total	¥ 2,965	¥ -	¥ 12	¥ (4)

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

21. Derivatives (continued)

Derivative transactions for which hedge accounting is applied at March 31, 2014 and 2013 are as follows:

	2014						
		Millions of yen			Thousands of U.S. dollars		
	Hedged Item	Contract Amount and Others	Due after One Year	Fair Value	Contract Amount and Others	Due after One Year	Fair Value
Benchmark method							
Forward exchange contracts:							
Sell:							
U.S. dollars	Anticipated foreign currency transactions	¥ 457	¥ -	¥ (24)	$ 4,440	$ -	$ (233)
Buy:							
U.S. dollars	Accounts payables	3,954	314	35	38,418	3,051	340
Thai baht		1,607	-	20	15,614	-	194
Australian dollars		1,560	-	(67)	15,157	-	(651)
Euro		568	-	20	5,519	-	194
Canadian dollars		2	-	0	19	-	0
Allocation method							
Forward exchange contracts:							
Buy:							
U.S. dollars	Accounts payables	¥ 87	¥ -	¥ -	$ 845	$ -	$ -
Thai baht		0	-	-	0	-	-
		¥ 8,240	¥ 314	¥ (15)	$ 80,062	$ 3,051	$ (146)

	2013			
		Millions of yen		
	Hedged Item	Contract Amount and Others	Due after One Year	Fair Value
Benchmark method				
Forward exchange contracts:				
Sell:				
U.S. dollars	Anticipated foreign currency transactions	¥ 238	¥ -	¥ (2)
Buy:				
U.S. dollars	Accounts payables	2,908	-	123
Thai baht		1,565	-	93
Euro		636	-	13
Canadian dollars		53	-	1
Currency options:				
Purchase call:				
U.S. dollars	Accounts payables	¥ 2	¥ -	¥ 7
Allocation method				
Forward exchange contracts:				
Buy:				
U.S. dollars	Accounts payables	¥ 78	¥ -	¥ -
		¥ 5,484	¥ -	¥ 236

22. Comprehensive Income

Reclassification adjustments and income tax effects attributable to other comprehensive income for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Valuation difference on available-for-sale securities:			
Gains arising during the year	**¥ 3,969**	¥ 10,969	**$ 38,564**
Reclassification adjustments	**(505)**	(0)	**(4,907)**
Before income tax effects	**3,464**	10,968	**33,657**
Income tax effects	**(1,122)**	(3,893)	**(10,902)**
Total	**2,341**	7,074	**22,746**
Deferred gains (losses) on hedges:			
Gains (losses) arising during the year	**(242)**	21	**(2,351)**
Reclassification adjustments	**28**	(13)	**272**
Before income tax effects	**(214)**	8	**(2,079)**
Income tax effects	**77**	(4)	**748**
Total	**(137)**	3	**(1,331)**
Foreign currency translation adjustment:			
Adjustments arising during the year	**5,451**	2,294	**52,963**
Share of other comprehensive income in subsidiaries and affiliates accounted for using equity method:			
Adjustments arising during the year	**262**	164	**2,546**
Total other comprehensive income	**¥ 7,918**	¥ 9,536	**$ 76,934**

23. Related Party Transactions

Related party transactions for the year ended March 31, 2014 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 ($972 thousand)	Food manufacturing and sales	(Own) Direct 49.00	Concurrent officers and temporary assignment

Details of transaction	Transaction amount
Collateral deposit (Note)	¥8,300 million ($80,645 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. Maximum amount is capped at ¥3,000 million ($29,149 thousand) from the year ended March 31, 2014. Transaction amount shows outstanding balance of the loans payable as of March 31, 2014.

23. Related Party Transactions (continued)

Related party transactions for the year ended March 31, 2013 were 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	Food manufacturing and sales	(Own) Direct 49.00	Concurrent officers and temporary assignment

Details of transaction	Transaction amount
Collateral deposit (Note)	¥10,000 million

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.

24. 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.

24. Segment Information (continued)

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

	Millions of yen						
	2014						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	¥ 207,752	¥ 243,007	¥ 450,759	¥ 45,171	¥ 495,930	¥ -	¥ 495,930
Intersegment sales and transfers	20,046	488	20,535	4,987	25,522	(25,522)	-
Total	227,798	243,496	471,294	50,158	521,453	(25,522)	495,930
Segment income	¥ 9,381	¥ 10,054	¥ 19,435	¥ 2,828	¥ 22,264	¥ 9	¥ 22,274
Segment assets	¥ 167,931	¥ 149,387	¥ 317,319	¥ 61,134	¥ 378,454	¥ 92,585	¥ 471,039
Other items:							
Depreciation and amortization	¥ 6,478	¥ 5,956	¥ 12,435	¥ 1,530	¥ 13,965	¥ (296)	¥ 13,669
Investment in associates accounted for using equity method	2,144	7,014	9,159	14,584	23,744	-	23,744
Increase in property, plant and equipment and intangible assets	11,742	6,143	17,885	796	18,682	(391)	18,290

	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

	Thousands of U.S. dollars						
	2014						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	$2,018,578	$ 2,361,125	$ 4,379,703	$ 438,894	$ 4,818,597	$ -	$ 4,818,597
Intersegment sales and transfers	194,773	4,742	199,524	48,455	247,979	(247,979)	-
Total	2,213,350	2,365,876	4,579,227	487,349	5,066,586	(247,979)	4,818,597
Segment income	$ 91,148	$ 97,688	$ 188,836	$ 27,478	$ 216,323	$ 87	$ 216,421
Segment assets	$ 1,631,665	$ 1,451,487	$ 3,083,162	$ 593,995	$ 3,677,167	$ 899,582	$ 4,576,749
Other items:							
Depreciation and amortization	$ 62,942	$ 57,870	$ 120,822	$ 14,866	$ 135,688	$ (2,876)	$ 132,812
Investment in associates accounted for using equity method	20,832	68,150	88,991	141,702	230,703	-	230,703
Increase in property, plant and equipment and intangible assets	114,089	59,687	173,776	7,734	181,520	(3,799)	177,711

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

2. Adjustments of segment income refer to elimination of intersegment transactions. Adjustments of segment assets amounted to ¥102,462 million ($995,550 thousand) and ¥105,067 million for the years ended March 31, 2014 and 2013, respectively, consisted primarily of the Company's surplus funds (cash and deposits and short-term investment securities) and investment securities.

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

4. Geographic information

(1) Sales

2014					
Millions of yen			Thousands of U.S. dollars		
Japan	Other areas	Total	Japan	Other areas	Total
¥ 437,385	**¥ 58,545**	**¥ 495,930**	**$ 4,249,757**	**$ 568,840**	**$ 4,818,597**

2013		
Millions of yen		
Japan	Other areas	Total
¥ 420,449	¥ 35,116	¥ 455,566

(2) Property, plant and equipment

2014					
Millions of yen			Thousands of U.S. dollars		
Japan	Other areas	Total	Japan	Other areas	Total
¥ 113,025	**¥ 15,914**	**¥ 128,939**	**$ 1,098,183**	**$ 154,625**	**$ 1,252,808**

2013		
Millions of yen		
Japan	Other areas	Total
¥ 108,177	¥ 12,798	¥ 120,975

5. Information about major customers

	2014		
	Name of the related segment	Millions of yen	Thousands of U.S. dollars
Mitsubishi Corporation	**Flour Milling, Processed Foods and Other**	**¥ 63,256**	**$ 614,613**

	2013	
	Name of the related segment	Millions of yen
Mitsubishi Corporation	Flour Milling, Processed Foods and Other	¥ 58,627

6. Information on impairment loss by reportable segment

No impairment loss was recognized for the year ended March 31, 2014.

		2013
	Name of the related segment	Millions of yen
Impairment loss	Flour Milling	¥ 1,764

24. Segment Information (continued)

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

	2014					
	Millions of yen			Thousands of U.S. dollars		
	Flour Milling	Other	Total	Flour Milling	Other	Total
Amortization	¥ 613	¥ 24	¥ 637	$ 5,956	$ 233	$ 6,189
Unamortized balance	4,959	48	5,008	48,183	466	48,659

	2013		
	Millions of yen		
	Flour Milling	Other	Total
Amortization	¥ 306	¥ 24	¥ 330
Unamortized balance	4,301	72	4,373

25. Subsequent events

(Acquisition of four flour milling plants in the U.S.)
On April 24, 2014, Miller Milling Company, LLC, a subsidiary of the Company, entered into an asset transfer agreement for the acquisition of four flour milling plants in the U.S. from Cargill, Inc., Horizon Milling, LLC, and ConAgra Foods Food Ingredients Company, Inc. (collectively herein, the "seller companies"), and acquired them on May 25, 2014.

1. Purpose of the acquisition
The U.S. is the largest flour milling market in the developed world. The Company advanced into this market with the purchase of Miller Milling Company, LLC in March 2012. In the U.S., the Group aims to further expand its business scope by leveraging the advantages of its flour milling business, strengths in product development and techniques and capacities to supply wheat flour that is consistent in quality.
Also, this acquisition will substantially increase the purchasing volume of raw materials by Miller Milling Company, LLC, and will diversify the type, variety, and production location of wheat that it handles. This development will make available a broader range of raw material information and acquisition of expertise. This is especially meaningful given the Group's aspirations for the development of the flour milling business in the global market.

2. Seller companies
Cargill, Inc., Horizon Milling LLC and ConAgra Foods Food Ingredients Company, Inc.

3. Assets acquired
The acquisition includes four plants in the U.S. (Los Angeles Plant, Oakland Plant, Saginaw Plant and New Prague Plant) and their respective inventories as of the asset transfer date.
* Los Angeles Plant was acquired from Cargill, Inc. and Horizon Milling, LLC. The other three plants were acquired from ConAgra Foods Food Ingredients Company, Inc.

4. Amounts of assets and liabilities acquired
Under the asset transfer formula, the transfer includes the acquisition of four plants and their respective inventories as of the date of asset transfer from the seller companies. However, a detailed breakdown and monetary amounts remain undecided at this time.
(1) The projected acquisition price for this acquisition is $215 million (approximately ¥22.1 billion, translated at ¥103 = U.S.$1). In addition, acquisition related costs are expected to occur.

25. Subsequent events (continued)

5. Date of acquisition
   May 25, 2014

(Establishment of a joint venture in Turkey)
At a meeting of the Board of Directors on January 29, 2014, the Company approved a resolution to establish a joint venture company in Ankara, Turkey, between Nisshin Foods Inc., a subsidiary of the Company, Marubeni Corporation, and Nuh'un Ankara Makarnasi Sanayi Ve Ticaret A.S., Turkey's largest pasta manufacturer. On June 10, 2014, Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. was established.

1. Purpose of the joint venture
   The purpose of the joint venture is to further strengthen the manufacturing capacity for pasta, one of the core product lines of the Group's processed foods business, in effort to further business expansion.

2. Outline of the joint venture
   (2) Company name: Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S.
   (3) Business: Production and sale of dried pasta, others
   (4) Scale: Capital stock 42.75 million Turkish lira (approximately ¥2.1 billion ($20,404 thousand))

3. Ownership ratio after acquisition

Nisshin Seifun Group Inc.	3%
Nisshin Foods Inc.	48%
Marubeni Corporation	25%
Nuh'un Ankara Makarnasi Sanayi Ve Ticaret A.S.	24%