168th Fiscal Term (April 1, 2011 to March 31, 2012)

Securities Report

Nisshin Seifun Group Inc.

Contents

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Part A: Company Information

[1] Company Overview

(1) Principal Business Performance Indicators

1. Consolidated business performance indicators

Fiscal term		164th	165th	166th	167th	168th
Years ended March 31		2008	2009	2010	2011	2012
Net sales	(millions of yen)	431,858	466,671	443,728	424,156	441,963
Ordinary income	(millions of yen)	22,180	24,618	29,327	27,839	26,132
Net income	(millions of yen)	11,147	13,852	16,839	14,187	13,326
Comprehensive income	(millions of yen)	—	—	—	12,503	17,962
Net assets	(millions of yen)	289,839	286,094	303,226	285,249	298,798
Total assets	(millions of yen)	381,795	370,879	396,317	389,418	431,956
Net assets per share	(yen)	1,043.53	1,034.49	1,097.72	1,121.98	1,172.72
Net income per share	(yen)	44.30	55.75	67.77	57.09	53.63
Fully diluted net income per share	(yen)	44.29	55.74	67.76	57.09	—
Equity ratio	(%)	67.9	69.3	68.8	71.6	67.5
Return on equity	(%)	4.2	5.4	6.4	5.1	4.7
Price-earnings ratio (p/e)	(times)	24.02	18.89	17.81	16.80	18.66
Cash flows from operating activities	(millions of yen)	26,498	20,072	47,484	34,856	26,078
Cash flows from investing activities	(millions of yen)	(21,934)	(10,235)	(52,393)	(16,067)	(15,244)
Cash flows from financing activities	(millions of yen)	(14,423)	(6,675)	(5,684)	(6,373)	(6,134)
Cash and cash equivalents at end of year	(millions of yen)	38,850	40,339	29,975	42,087	46,387
Number of employees [] represents the average number of part-time employees not included in the above numbers	(persons)	5,166 [1,870]	5,200 [1,774]	5,283 [1,768]	5,452 [1,825]	5,582 [1,893]

Notes:

1. Consumption taxes and other taxes are not included in net sales.
2. The Accounting Standard for Earnings per Share (Accounting Standards Board of Japan (ASBJ) Statement No. 2, released on June 30, 2010) and the Guidance on the Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, released on June

30, 2010) were retroactively applied with respect to the calculation of fully diluted net income per share for the 167th fiscal term. There was no material impact as a result of application.

3. Details of fully diluted net income per share for the 168th fiscal term have been omitted because there were no shares with a diluting effect.

2. Non-consolidated business performance indicators

Fiscal term		164th	165th	166th	167th	168th
Years ended March 31		2008	2009	2010	2011	2012
Net sales	(millions of yen)	18,644	19,006	24,437	25,034	22,886
Ordinary income	(millions of yen)	8,979	8,447	12,028	13,164	11,739
Net income	(millions of yen)	10,144	8,916	13,104	12,864	13,604
Paid-in capital	(millions of yen)	17,117	17,117	17,117	17,117	17,117
Shares issued and outstanding	(thousand shares)	251,535	251,535	251,535	251,535	251,535
Net assets	(millions of yen)	206,686	203,983	214,563	221,159	233,342
Total assets	(millions of yen)	224,043	217,275	232,592	237,180	255,029
Net assets per share	(yen)	831.93	820.58	862.95	889.22	938.09
Total dividends per share (interim dividend amount)	(yen) (yen)	18.00 (9.00)	18.00 (9.00)	22.00 (10.00)	20.00 (10.00)	20.00 (10.00)
Net income per share	(yen)	40.30	35.88	52.72	51.75	54.74
Fully diluted net income per share	(yen)	40.29	35.87	52.71	51.75	—
Equity ratio	(%)	92.2	93.9	92.2	93.2	91.4
Return on equity	(%)	4.8	4.3	6.3	5.9	6.0
Price-earnings ratio (p/e)	(times)	26.40	29.35	22.89	18.53	18.29
Dividend payout ratio	(%)	44.7	50.2	41.7	38.6	36.5
Number of employees [average number of part-time employees]	(persons)	241 [11]	256 [12]	262 [15]	276 [16]	298 [20]

Notes:

1. Consumption taxes and other taxes are not included in net sales.
2. The total dividend per share of ¥22.00 for the 166th fiscal term included a commemorative dividend of ¥2.00 to celebrate the company's 110th anniversary.
3. The Accounting Standard for Earnings per Share (Accounting Standards Board of Japan (ASBJ) Statement No. 2, released on June 30, 2010) and the Guidance on the Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, released on June 30, 2010) were retroactively applied with respect to the calculation of fully diluted net income per share for the 167th fiscal term. There was no material impact as a result of application.
4. Details of fully diluted net income per share for the 168th fiscal term have been omitted because there were no shares with a diluting effect.

(2) History

The predecessor of Nisshin Seifun Group Inc. was Tatebayashi Flour Milling Co., Ltd., a company established in 1900 to specialize in the manufacture and sales of wheat flour. In 1908, Tatebayashi Seifun bought Nisshin Flour Milling Co., Ltd., and changed its name to that of the company it acquired.

Nisshin Flour Milling Co., Ltd. expanded operations steadily through plant constructions, mergers, and acquisitions. After World War II, the company undertook extensive rationalization of its core flour milling operations and diversified its business into several areas. This process eventually created a corporate group that incorporated new businesses comprising processed food, livestock feed, pet food, pharmaceuticals and engineering.

In July 2001, the Nisshin Seifun Group adopted a holding company structure, under which the company holds all shares in each operating company covering the Group's principal business fields: flour milling, processed food, livestock feed, pet food, and pharmaceuticals.

Date	Event
October 1900	Tatebayashi Flour Milling Co., Ltd. established in Tatebayashi (Gunma Prefecture).
February 1908	Acquired Nisshin Flour Milling Co., Ltd.; company name changed to that of acquired entity.
February 1926	Construction of Tsurumi Plant completed.
1934	Nippon Bolting Cloth, Co., Ltd. (predecessor of NBC Meshtec Inc.) established.
1949	Reconstruction and expansion of plants damaged during World War II largely completed.
May 1949	Shares listed on the Tokyo Stock Exchange.
February 1961	Feed production and research operations of affiliate Nisshin Feed Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd.
September 1963	Research operations in Tokyo and Osaka consolidated into a new facility, Central Research Laboratory in Oimachi (now Fujimino), Saitama Prefecture.
July 1965	Acquired Nisshin Nagano Chemical Co., Ltd., which was renamed Nisshin Chemicals Co., Ltd.
October 1965	Prepared mix production and research operations of affiliate Nisshin Foods Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd.
December 1966	Established Nisshin-DCA Foods Inc., a joint venture with DCA Food Industries Inc. of the U.S. (later renamed Nisshin Technomic Co., Ltd. in 1997).
February 1968	Construction of food production lines within the Nagoya Plant completed.
October 1970	Nisshin Pet Food Co., Ltd. established.
April 1972	Nisshin Engineering Co., Ltd. established.
April 1978	Fresh Food Service Co., Ltd. established.
October 1987	Operations of Nisshin Foods Co., Ltd. and Nisshin Chemicals Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd. by a merger.
March 1988	Thai Nisshin Seifun Co., Ltd., a joint venture, established in Thailand; operations commenced in January 1989.
September 1989	Canadian flour milling company Rogers Foods Ltd. acquired by Nisshin Flour Milling Co., Ltd.
October 1989	Nasu Research Center established in Nasu (now Nasu Shiobara), Tochigi Prefecture, by transferring operations from Second Central Research Laboratory.
September 1990	Chiba Plant expanded to include a fourth flour milling facility (Mill D).
August 1991	Nisshin-STC Flour Milling Co., Ltd., a joint venture, established in Thailand; operations started in March 1993.
September 1994	Higashinada Plant expanded to include a third flour milling facility (Mill C).
April 1996	Nisshin Kyorin Pharmaceutical Co., Ltd., a joint venture with Kyorin Pharmaceutical Co., Ltd., commenced operations. (Nisshin Kyorin Pharmaceutical Co., Ltd., merged with Kyorin Pharmaceutical Co., Ltd., the former joint venture partner of Nisshin Pharma Inc., in October 2008.)
October 1996	Medallion Foods Inc. established in the U.S.
October 1997	Frozen food operations of Nisshin Flour Milling Co., Ltd. transferred to newly established Nisshin Foods Co., Ltd.
March 1998	Head office relocated Chiyoda-ku, Tokyo.
April 1999	Operations of Nisshin Technomic Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd. by a merger.
October 1999	Management stake in SANKO Co., Ltd. acquired by Nisshin Flour Milling Co., Ltd.
July 2001	New corporate entity created with operating companies (Nisshin Flour Milling Inc., Nisshin Foods Inc., Nisshin Feed Inc., Nisshin Petfood Inc., and Nisshin Pharma Inc.) under a holding company (Nisshin Seifun Group Inc.)
April 2002	Qingdao Nisshin Seifun Foods Co., Ltd. established in China.
October 2002	Tsurumi Plant of Nisshin Flour Milling Inc. expanded to include a seventh flour milling facility (Mill G).
April 2003	Additional shares in Oriental Yeast Co., Ltd. acquired as a consolidated subsidiary.

Date	Event
October 2003	Operations commenced at Marubeni Nisshin Feed Co., Ltd. (an equity-method affiliate), a joint venture created through the merger of Nisshin Feed Inc. with Marubeni Feed Co., Ltd.
March 2004	Initio Foods Inc. established.
December 2004	Constructed a new flour milling facility completed by Rogers Foods Ltd. in Chilliwack, British Columbia, Canada.
July 2005	Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. established in China. Started full-scale operations in April 2007.
October 2005	Initio Foods Inc. took over SANKO Co., Ltd. in a merger.
November 2005	Established Jinzhu (Yantai) Food Research and Development Co., Ltd., a joint venture with Nichirei Corporation, in China. The venture commenced operations in October 2006.
June 2007	Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. took over Qingdao Nisshin Seifun Foods Co., Ltd. in a merger.
January 2008	Thai Nisshin Technomic Co., Ltd. opened the R&D Center (Product Development Center) in Bangkok, Thailand.
February 2008	OYC Shanghai Co., Ltd. (later renamed Nisshin Seifun OYC (Shanghai) Co., Ltd. in 2011), established in China. Based in this company, a business for bakery customers was launched in April 2009, jointly by Nisshin Seifun Group Inc., Oriental Yeast Co., Ltd., Nisshin Flour Milling Inc. and Nisshin Foods Inc.
September 2008	Higashinada Plant of Nisshin Flour Milling Inc. expanded its flour milling facilities (Mills D and E).
July 2009	Tatebayashi Plant of Nisshin Foods Inc. expanded its prepared mix production line.
December 2010	Through tender offers for the shares and other methods, additionally acquired shares in consolidated subsidiaries Oriental Yeast Co., Ltd., and NBC Meshtec Inc. to obtain 100% ownership.
May 2011	Acquired additional shares in Hanshin Silo Co., Ltd., and made it a consolidated subsidiary.
June 2011	Established Eurogerm (Shanghai) Trading Co., Ltd. (an equity-method affiliate), a joint venture with Eurogerm S.A., in China.
January 2012	Oriental Yeast India Pvt. Ltd. established in India.
March 2012	Acquired U.S.-based flour milling company Miller Milling Company, LLC.

(3) Business Overview

The Nisshin Seifun Group consists of 50 subsidiaries and 16 affiliates. The following is a description of the businesses of the Group and the relationships among the subsidiaries and affiliates within their respective business segments. Business groupings are the same as those described in "Notes to the Consolidated Financial Statements of (1) Consolidated Financial Statements in [5] Financial Accounts."

1. Flour Milling Segment

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

Miller Milling Company, LLC in the U.S., Rogers Foods Ltd. in Canada and Nisshin-STC Flour Milling Co., Ltd. in Thailand, all of which are consolidated subsidiaries, produce wheat flour and sell it in the North American and Asian markets. Four Leaves Pte. Ltd., an affiliate accounted for by the equity method, operates bakeries, primarily in Singapore. Miller Milling Company, LLC became a consolidated subsidiary of the company following the purchase of an equity interest in March 2012.

2. Processed Food Segment

Nisshin Foods Inc., a consolidated subsidiary, produces and sells prepared mix and other processed food products. It sells wheat flour for household use purchased from Nisshin Flour Milling and frozen foods and other processed foods procured from companies outside the Nisshin Seifun Group. Ma•Ma-Macaroni Co., Ltd., a consolidated subsidiary, produces pasta whose primary ingredient is wheat flour produced by Nisshin Flour Milling and sells the pasta through Nisshin Foods. Initio Foods Inc., a consolidated subsidiary, produces and sells frozen and prepared foods and also directly operates concessions in stores including department stores. Daisen Ham Co., Ltd., also a consolidated subsidiary, produces and sells processed meat products.

Medallion Foods Inc., a consolidated subsidiary in the U.S., produces pasta and Thai Nisshin Seifun Co., Ltd., a consolidated subsidiary in Thailand, produces pasta sauce and frozen food products. Nisshin Foods is the primary importer and seller of these products in Japan. Thai Nisshin Technomic Co., Ltd., a consolidated subsidiary, manufactures prepared mix and sells it in Southeast Asia. Shin Nisshin Seifun Foods (Qingdao) Co., Ltd., a consolidated subsidiary in China, manufactures prepared mix and sells it in mainland China. Nisshin Seifun OYC (Shanghai) Co., Ltd., a consolidated subsidiary in China, sells commercial bakery materials, such as bakery mix and bread improvers, to bakery customers in China.

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

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

3. Others Segment

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

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

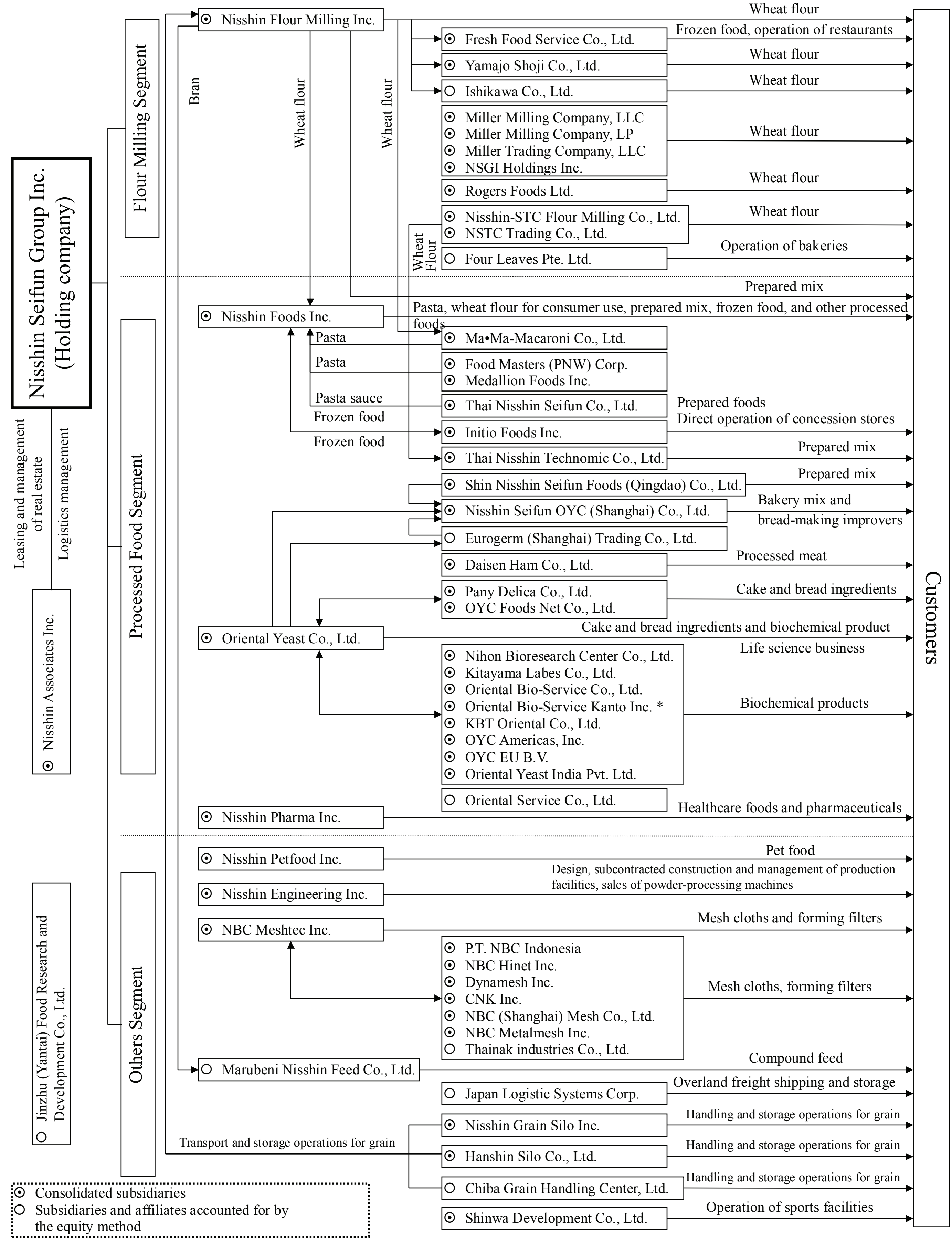
NBC Meshtec Inc., a consolidated subsidiary, manufactures and sells mesh cloths and forming filters.

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

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

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

Nisshin Seifun Group Structure



* Oriental Bio-Service Kanto Inc. was merged into Oriental Yeast Co, Ltd. on April 1, 2012.

(4) Subsidiaries and Affiliates

Name	Location	Paid-in capital (millions of yen)	Main businesses	Share of voting rights (indirect ownership) (%)	Details of relationship	
					Directors	Comments
Consolidated subsidiaries						
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	14,875	Production and sales of wheat flour and prepared mix	100.0	Concurrent 5 Temporarily transferred 2 Transferred 7	The company provides a partial loan for working capital and rents commercial land, buildings and office space
Miller Milling Company, LLC	Minnesota, U.S.	86	Production and sales of wheat flour	100.0 (100.0)	Concurrent 1 Temporarily transferred 1	None
Nisshin Foods Inc.	Chiyoda-ku, Tokyo	5,000	Sales of pasta, wheat flour for household use, frozen foods, other products Production and sales of prepared mix	100.0	Concurrent 6 Temporarily transferred 3 Transferred 3	The company rents commercial land and office space
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya-shi, Tochigi	350	Production and sales of pasta	68.1 (53.1)	Concurrent 2 Temporarily transferred 1	None
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of frozen and prepared dishes Direct operation of concessions in department stores, etc.	100.0 (63.0)	Concurrent 4 Temporarily transferred 3	The company provides partial loan for working capital and rents office space
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of cake and bread ingredients and biochemical products, life science business	100.0	Concurrent 1 Temporarily transferred 1 Transferred 4	None
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals	100.0	Concurrent 3 Temporarily transferred 3 Transferred 2	The company provides a partial loan for working capital and rents office space
Nisshin Petfood Inc.	Chiyoda-ku, Tokyo	1,315	Production and sales of pet foods	100.0	Concurrent 4 Temporarily transferred 2 Transferred 2	The company rents buildings and office space
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, subcontracted construction and management of production facilities, sales of powder-processing machines	100.0	Concurrent 3 Temporarily transferred 1 Transferred 5	The company rents office space
NBC Meshtec Inc.	Hino-shi, Tokyo	1,992	Production and sales of mesh cloths and forming filters	100.0	Concurrent 2 Transferred 3	None
35 other consolidated subsidiaries						
Subsidiaries and affiliates accounted for by the equity method						
Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of compound feed	40.0	Concurrent 2 Temporarily transferred 1 Transferred 3	The company rents commercial land and buildings
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Freight shipping and storage	25.6 (20.5)	Temporarily transferred 1	None
7 other companies						

Notes:

1. Miller Milling Company, LLC became a consolidated subsidiary of the company following the purchase of an equity interest in March 2012.
2. Nisshin Flour Milling Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., NBC Meshtec Inc., Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are specified subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are included in other consolidated subsidiaries.
3. Japan Logistic Systems Corp. also submits separate regulatory filings.
4. Figures in parentheses in the voting rights percentage column indicate shares attributable to indirect ownership.
5. Financial data for subsidiaries accounting for more than 10% of consolidated net sales (excluding any sales transactions between consolidated subsidiaries) are shown in the table below. Despite contributing more than 10% of consolidated net sales, Nisshin Flour Milling Inc. is omitted from the following table because its net sales (including any intersegment sales and transfers) account for more than 90% of the Flour Milling Segment's net sales.

(Millions of yen)

Company name	Net sales	Ordinary income	Net income	Net assets	Total assets
Nisshin Foods Inc.	123,484	5,784	2,661	26,035	51,215
Oriental Yeast Co., Ltd.	60,080	2,308	1,390	22,820	43,622

(5) Employees

1. Consolidated level

(As of March 31, 2012)

Business segment	Number of employees	
Flour Milling	1,326	[60]
Processed Food	3,185	[1,556]
Others	698	[222]
Corporate (across the Group divisions)	373	[55]
Total	5,582	[1,893]

Note:

Numbers refer to full-time employees only. Additional figures for the average numbers of part-time staff employed during the year are provided in square brackets.

2. Non-consolidated level

(As of March 31, 2012)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (yen)
298 [20]	42.2	17.8	8,962,032

Notes:

1. Numbers refer to full-time employees only. An additional figure for the average number of part-time staff employed during the year is provided in square brackets.
2. Average annual pay includes bonuses and any non-standard wages.
3. Employees of Nisshin Seifun Group Inc. are entirely included in Corporate (across the Group divisions).

3. Labor unions

Nisshin Seifun Group workers are members of in-house unions, including the Nisshin Flour Milling Workers' Union. There are no matters to report regarding labor-management relations.

[2] Review of Operations and Financial Position

(1) Review of Operations

1. Results

During the year ended March 31, 2012, the Japanese economy showed some signs of recovery owing to the demand associated with efforts for reconstruction after the Great East Japan Earthquake, but the market environment continued to be harsh due to sluggish consumer spending reflecting the extensive damage caused by the earthquake, continued deflation and fears of deceleration within the Japanese economy as a result of the European debt crisis and other issues. The company has made the utmost efforts to ensure the stable supply of wheat flour — a staple food — and various products, and has made sales promotion efforts with the aim of further strengthening ties with customers. In all of the company's business segments, cost-cutting measures continued throughout the entire process of business operations, including production and distribution. Meanwhile, in response to the government's 18% average increase in prices for five brands of imported wheat in April 2011, with a 2% increase in October, we revised our product prices.

As a result, consolidated net sales increased 4.2% year on year to ¥441,963 million for the year under review, partly due to the aforementioned revisions of product prices following the rise in the government's prices for imported wheat. Despite positive results from cost cutting efforts, profits in the Flour Milling Segment were negatively affected by a variety of factors including low prices for bran and deterioration in the wheat flour sales environment. Operating income decreased 8.8% year on year to ¥23,113 million, ordinary income declined 6.1% to ¥26,132 million, and net income decreased 6.1% to ¥13,326 million.

In addition, we acquired a 100% equity interest in the U.S.-based flour milling company Miller Milling Company, LLC in March 2012. With this initiative, we entered the U.S. flour milling market in earnest, which is an issue of considerable ongoing importance in efforts to expand our overseas business.

The following is a review of operations by business segment.

(1) Flour Milling Segment

Under severe market conditions resulting from consumer gravitation toward low prices and other factors, sales promotion activities including the introduction of distinctive new products and efforts to cultivate markets through exhibitions and workshops pushed commercial wheat flour shipments beyond the level of a year ago. In response to the government's 18% average increase in prices for five brands of imported wheat in April 2011, with a 2% increase in October, the company revised its prices for commercial wheat flour in June and December 2011.

In production and distribution, the company continued to carry out measures to enhance productivity, while making focused efforts to secure the safety and reliability of its products.

The price of bran, a by-product of the milling process, remained low throughout the period.

In overseas operations, the aggressive sales expansion efforts led to an increase in shipments from the previous year.

As a result, net sales of the Flour Milling Segment increased 6.6% from the previous year to ¥172,024 million, but operating income declined 26.0% to ¥8,000 million.

(2) Processed Food Segment

Regarding the processed food business, in response to the diversified needs of consumers, we launched new household-use products despite a severe business environment that reflected weak personal consumption. In parallel, we conducted a consumer campaign and in-store promotional activities in addition to other events. In response to the government's increase in prices of imported wheat, we made revisions to the prices of household-use wheat flour and other products. For the prepared dishes and other prepared foods business, we continued to promote efforts for sales expansion. We also maintain our commitment to the expansion of overseas businesses, especially in the growing Chinese and Southeast Asian markets. As a result, sales climbed above the previous year's level.

As for the yeast and biotechnology business, sales of the yeast business increased from the previous year, as the decline in shipments of such products as flour paste and mayonnaise was more than offset by an upswing in shipments of other products including yeast and butter cream. Sales of the biotechnology business exceeded the previous year's level due to the favorable performance of immunochemical and other products. In January 2012, we established a company in India, a market that is experiencing growth, aimed at expanding the biotechnology business and developing markets for the food business.

Sales of the healthcare foods business fell below the previous year's level as the severe market environment continued, despite aggressive promotional efforts to expand sales of consumer products by introducing new mail order products.

As a result, net sales of the Processed Food Segment increased 1.3% from the previous year to ¥227,586 million, and operating income edged up 0.1% to ¥11,865 million.

(3) Others Segment

Sales of the pet food business decreased from the previous year due to a continued harsh market environment, including poor consumption and a decline in store prices, despite sales expansion efforts including the aggressive launch of new products.

Regarding the engineering business, sales rose over the previous year's level due to favorable results in its mainstay plant engineering business. In addition, a business partnership agreement was made with Hosokawa Micron Corporation with the aim of further developing and growing business after an expansion of the machinery lineup and of orders in November 2011.

Sales of the mesh cloth business surpassed the previous year's level owing to strong sales of materials for screen-printing applications driven mainly by the growing demand for stainless mesh cloths for solar cells, as well as steady sales of industrial application products and forming filters reflecting the recovery in demand for use in automobile parts.

As a result, net sales of the Others Segment increased 11.3% to ¥42,351 million. Operating income jumped 38.4% to ¥3,305 million.

2. Cash flows

Net cash provided by (used in) operating activities

An increase in cash and cash equivalents mainly due to income before income taxes and minority interests of ¥24,361 million and depreciation and amortization of ¥13,636 million surpassed a decrease in cash and cash equivalents largely owing to the payment of income taxes and an increase in working capital resulting from the rise in the government's prices for imported wheat. This led to net cash provided by operating activities of ¥26,078 million for the period under review.

Net cash provided by (used in) investing activities

Although proceeds from the repayment and maturity of time deposits with terms exceeding three months and short-term investment securities surpassed their payments and purchases by ¥11,751 million, purchase of a 100% equity interest in Miller Milling Company, LLC totaling ¥10,578 million and other cash outflows including purchase of property, plant and equipment and intangible assets of ¥14,755 million led to net cash used in investing activities of ¥15,244 million.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an inflow of ¥10,834 million.

Net cash provided by (used in) financing activities

To distribute profits to shareholders, the company paid dividends of ¥4,971 million and undertook other spending for the period, leading to net cash used in financing activities of ¥6,134 million.

As described above, cash provided by operating activities was allocated to the purchase of a 100% equity interest in Miller Milling Company, LLC, strategic capital investment, and the payment of dividends as returns to shareholders. Moreover, cash increased as maturities and redemptions of strategic investments including time deposits with terms exceeding three months and sales of short-term investment securities undertaken to enhance the management efficiency of funds exceeded payments and purchases into these investments. At the end of the year ended March 31, 2012, consolidated cash and cash equivalents totaled ¥46,387 million, an increase of ¥4,299 million from the previous year-end.

(2) Status of Production, Orders Received and Sales

1. Production

Production values by segment during the year ended March 31, 2012 were as follows.

(Millions of yen)

Segment name	Year ended March 31, 2011	Year ended March 31, 2012	Change (%)
Flour Milling	154,509	162,539	5.2
Processed Food	118,161	120,758	2.2
Others	21,820	22,357	2.5
Total	294,491	305,655	3.8

Notes:

1. The above financial amounts use average sales prices during the year under review. Intersegment transactions have been eliminated.
2. Figures do not include consumption taxes.

2. Orders received

The company does not produce a significant volume based on orders and this item is therefore omitted.

3. Sales

Sales values by segment during the year ended March 31, 2012 were as follows.

(Millions of yen)

Segment name	Year ended March 31, 2011	Year ended March 31, 2012	Change (%)
Flour Milling	161,370	172,024	6.6
Processed Food	224,725	227,586	1.3
Others	38,060	42,351	11.3
Total	424,156	441,963	4.2

Notes:

1. Intersegment transactions have been eliminated.
2. Transactions with major business partners and the ratio of corresponding sales to total sales are shown in the table below.

(Millions of yen)

Business partner	Year ended March 31, 2011		Year ended March 31, 2012	
	Value	Proportion (%)	Value	Proportion (%)
Mitsubishi Corp.	58,916	13.9	60,372	13.7

3. Figures do not include consumption taxes.

The status of changes in the prices of major raw materials and the selling prices of major products are described in "(1) Review of Operations."

(3) Prospective Challenges

The Nisshin Seifun Group will further strengthen its core flour milling and processed food businesses. At the same time, we will proactively expand our activities in such growth fields as prepared dishes and other prepared foods, yeast and biotechnology, healthcare foods, pet foods, engineering and mesh cloths.

The Great East Japan Earthquake, which struck on March 11, 2011, is expected to have a prolonged impact. In addition, an appropriate response to nationwide power shortages and any increase in utility charges as a result of the shutdown of nuclear power generation facilities is essential. Under these circumstances, the Nisshin Seifun Group will continue to fulfill its mission of securing stable supplies of wheat flour and other staple foods for the Japanese people, and will strive to provide customers with safe products from all of its businesses.

1. Segmental overview of business strategy

To further solidify its overwhelming competitive advantage in the domestic market, the flour milling business will increasingly strengthen new product proposals and marketing initiatives to boost its market share. In addition, we broke ground on construction of a new plant in Suzaki Wharf, Chuo-ku, Fukuoka City in May 2012. When this plant comes online in February 2014, plants in Tosu and Chikugo will be closed. Through decisions like this, the flour milling business is and will continue to pursue low-cost operations by improving production system efficiency and productivity.

The processed food business will strive to accelerate the introduction of new products utilizing the company's proprietary technologies and achieve expansion in growth areas like commercial prepared mixes, while making accelerated efforts to seek a larger market share even for those items that have already attained the top share.

With an aging Japanese society and generally heightened awareness of health issues, the company continues to channel resources into development of the healthcare and biotechnology business, which is projected to grow. The goal in this sector is to develop business to the point where it provides a core business, on a par with flour milling and processed food. In particular, Oriental Yeast Co., Ltd. forms the nucleus of the Nisshin Seifun Group's biotech research strategy, which is expected to yield results across a variety of fields. In developing the healthcare foods business, we are placing emphasis on adopting a scientific approach, focusing on researching new ingredients, developing and launching original products, and implementing effective advertising and promotion measures, all in a bid to expand sales of consumer products.

In other businesses which include pet food, engineering and mesh cloths, the Group aims to develop a significant presence and growth within each industry.

2. Global development strategy

The Group seeks to achieve further growth by accelerating the expansion of its international network. We will adopt a focused approach toward the allocation of our expertise, personnel, assets and other management resources accumulated within the Group and nurture our overseas business as a pillar that is capable of driving Group growth.

Regarding existing businesses, we project a shortfall in production capacity due to the steady performance growth exhibited by Nisshin-STC Flour Milling Co., Ltd., which is engaged in flour milling operations in Thailand. As a result, we will push forward enhancement work during the year with a view to increasing production capacity by around 20%. Looking ahead, we will continue to boost sales through a variety of measures including business development in Thailand as well as the expansion of exports to surrounding countries in Southeast Asia.

Meanwhile, in the area of new business development, we purchased a 100% equity interest in Miller Milling Company, LLC, a flour milling company in the U.S. with two mills in close proximity to major consumption areas in both the eastern and western regions, in March 2012. During the year, we will boost production capacity at each mill and further expand shipments. Moreover, in the yeast and biotechnology business, we will increase sales in the biotechnology business while aggressively developing markets in the food business through our local company in India, established in January 2012.

The Nisshin Seifun Group will continue to cultivate new global businesses by undertaking investment activities that include alliances with other companies in areas where it can take full advantage of Group strengths such as flour milling and processed foods.

3. R&D strategy and cost strategy

In addition to developing new products, the Group will continue to uncover basic and core technologies in new domains. High value-added, next-generation products that are novel and unique will be developed continuously. In research, we will increase efficiency and speed in order to promote the commercialization and practical application of research results. To this end, we will identify key fields and establish research themes closely aligned with business strategies. Accordingly, the Group will increase R&D investments for the year ending March 2013.

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

4. Measures addressing wheat policy reforms

In November 2011, the Japanese government indicated its intention to enter into negotiations with related countries as a part of its efforts to participate in Trans-Pacific Partnership (TPP) discussions. While the government's future response and details regarding TPP negotiations remain unclear, we anticipate discussions will have a major impact on our flour milling and processed food businesses and on wheat-flour-related industries, in general.

Since the introduction of the market-linked wheat pricing system, the government's sales prices for imported wheat have been repeatedly revised to reflect international wheat market movements, and the Group has revised its relevant product prices accordingly. Determining shifts in operating conditions including further anticipated changes in systems, we plan to increase the pace of structural reforms and our global business development program to accelerate the evolution of the Nisshin Seifun Group into a strong, globally competitive enterprise.

5. Corporate social responsibility (CSR)

Besides making steady progress on these strategic business issues, the Nisshin Seifun Group has fulfilled its responsibilities as a corporate citizen in all its business activities, and, more than ever, aims to retain its status as a corporate entity that plays an essential role in society. To this end, the Group established a Social Committee to study and progress its basic stance and the content of its actions with regard to all its stakeholders. In addition, and as a member of society, the company will place considerable emphasis on addressing social requirements including relief and reconstruction support for areas devastated by the Great East Japan Earthquake. The Nisshin Seifun Group has positioned CSR activities as one of its top management priorities and is taking thoroughgoing steps to ensure a Group-wide commitment. This includes adhering strictly to compliance, establishing traceability and other quality assurance (QA) procedures, and engaging in environmental protection activities.

Regarding its quality assurance (QA) procedures, the Nisshin Seifun Group continues to undertake the necessary expenditure required to implement various measures aimed at ensuring the safety and high quality of its products. The CR (Consumer Relations) Office, which is charged with the responsibilities of identifying consumer mind-sets and social trends while providing timely and appropriate direction as to what actions need to be taken as a group, works closely with Group companies. In this manner, every effort is made to enhance Group customer relations.

Regarding CO_2 emission reductions to fight global warming, the Nisshin Seifun Group achieved its voluntary target of cutting its emissions by 8.6% relative to the 1990 level in both fiscal 2011 and fiscal 2012 in accordance with the Kyoto Protocol Target Achievement Plan. Going forward from the fiscal 2012, we are aware that new initiatives are required to address concerns regarding the supply of electric power. While assessing conditions, we will continue to implement all necessary measures aimed at reducing CO_2 emissions.

The Nisshin Seifun Group engages in a broad range of social contribution activities. The Group plans to open the "Nisshin Seifun (Flour Milling) Museum" in Tatebayashi City, Gunma Prefecture, where the company that is currently Nisshin Seifun Group Inc. was founded, around autumn this year. In addition to providing invaluable information and first-hand experience the milling of wheat to produce wheat flour, recognized around the world as a precious resource, this museum will contribute to the growth and development of Tatebayashi City as a major tourist attraction and educational asset. Among a host of initiatives, we are also a supporter of the United Nations World Food Programme (WFP).

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

The Nisshin Seifun Group will continue to take actions to fulfill its corporate social responsibilities.

6. Basic policies regarding control of the corporation

(1) Brief description of the basic policies

As a provider of food, the company believes that its chief responsibility, as well as a source of generating corporate value, is to provide safe food on a continuous basis. To secure and improve the company's corporate value and the common interests of the shareholders, it is essential to ensure high levels of safety and the quality of its products, as well as stable supply. If anyone without such belief made a large-scale purchase of the company's shares and behaved in ways contrary to the company's medium- to long-term business policies, such as making excessive reductions in production and/or R&D expenses only to improve short-term financial performance that would cause damage to the company's corporate value and the common interests of the shareholders. Moreover, there are other forms of stock purchase that might do harm to the company's corporate value and the common interests of the shareholders.

To take action against such harmful acts, the company believes that the advanced disclosure of sufficient information must be made, such as the management policies and business plans envisioned by a potential purchaser of the company's shares; the possible impact of the proposed acquisition on the company's shareholders, the management of the Nisshin Seifun Group and all of the Group's stakeholders; and the purchaser's views regarding corporate social responsibility, including the matter of food safety. And a reasonable length of period to review such proposal and ample capacity to negotiate with such purchaser must be also ensured.

(2) Measures that contribute to the effective utilization of the company's assets, structuring of the appropriate form of the business group and the realization of other basic policies on control of the corporation

As a pure holding company, the company is responsible for proposing management strategies for the Group, the efficient distribution of management resources and the auditing and monitoring of business activities. By optimizing the markets of each operating company, the company has guaranteed a high level of safety and quality for products, as well as ensuring a steady supply. Moreover, through the mutual strengthening of corporate value between operating companies, the corporate value of the Group as a whole has been improved. Under the above system, the Group aims to maintain and improve a high level of technological capability, including the manufacturing technology and development and analysis capabilities required to support product safety and quality, and to implement ongoing and systematic capital expenditure from a long term perspective at the same time as focusing on employee training that can ensure and improve levels of specialist skills, the introduction of ongoing auditing and instruction systems related to product quality and facilities, internal controls, and the construction and ongoing implementation of compliance systems. We will also work hard to build and maintain trust relationships with the company's stakeholders, including our customers and local society.

(3) Measures to prevent a decision on the company's financial and business policies from being controlled by a party who is deemed inappropriate according to the basic policies

The company introduced the countermeasures to large-scale acquisitions of the company's shares using a gratis allotment of subscription rights to shares (hereinafter "the Plan"), in line with Article 49 of its Articles of Incorporation and the "Renewal of the Resolution to Approve Gratis Allotments of Subscription Rights to Shares for Securing and Improving Corporate Value of the company and the Common Interests of the Shareholders," which were approved by the 168th Ordinary General Meeting of Shareholders held on June 27, 2012, with the aim of securing and improving the corporate value of the company and the common interests of the shareholders. The outline of the Plan is as follows.

1) The Board of Directors shall ask any party who attempts a Specified Acquisition to present a written Acquisition Proposal to ask for a resolution of the Board of Directors not to take countermeasures including the gratis allotment of the Subscription Rights to Shares defined in Paragraph 6 below (hereinafter "the Confirmation Resolution") against that proposal. In order to implement prompt operation of the Plan, the Board of Directors may establish a reply deadline and request the provision of additional information in respect to any parties making a proposal in connection with a Specified Acquisition. Even in this case, the reply deadline shall be set with a maximum limit of 60 business days starting from the day on which the provision of information was requested of the Proposed Acquirer by the Board of Directors and the Corporate Value Committee shall commence its deliberation and discussion upon expiry of such reply deadline."Specified Acquisition" means a) an act of purchasing the company's share certificates, etc., that would result in the holdings of 20% or more of the company's share certificates, etc. (including similar acts as specified by the Board of Directors), or b) an act of commencing a tender offer that would result in the holdings of 20% or more of the company's share certificates, etc. "Acquisition Proposal" means a document that contains the company's management policies and business plans after said acquisition, evidence used to calculate prices, proof of acquisition funds, any possible impact on the company's stakeholders and information related to Items 4) i. or vii. that is reasonably demanded by the company.
2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly submit it to the Corporate Value Committee, which is composed only of the Outside Directors and the Outside Corporate Auditors of the company.
3) The Corporate Value Committee shall investigate said Acquisition Proposal and discuss whether or not to pass a resolution (hereinafter referred to as a "Recommendation Resolution") recommending that the Board of Directors passes a Confirmation Resolution in regard to said Acquisition Proposal. The Recommendation Resolution shall be passed by a majority of all members, and the results of said Recommendation Resolution shall be disclosed. The period for such deliberation and discussion by the Corporate Value Committee shall be a maximum of 60 business days (or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as the compensation and set no upper limit to the number of shares to be purchased) upon the receipt of the Acquisition Proposal from the Board of Directors. Only when reasonable grounds exist, the period for the deliberation and discussion may be extended to a maximum of 30 business days. However, in this case, the grounds for the extension and the intended extension period will be disclosed.
4) Deliberations and discussion regarding the Recommendation Resolution by the Corporate Value Committee shall be made by faithfully forming an accurate judgment as to whether the Acquisition Proposal can satisfy the company's purposes of securing and improving corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for Acquisition Proposals that meet all of the below requirements.

Moreover, even in the case of Acquisition Proposals where some of the following criteria have not been met, a Recommendation Resolution shall be made when deemed appropriate in the light of securing and improving the corporate value of the company and the common interests of shareholders.

i. The acquisition does not fall under any of the following types of action:
   a. Buyout of the company's shares to demand that the company or its related party purchase said shares at an inflated price;
   b. Management that achieves an interest for the Proposed Acquirer, its group company or other related party to the detriment of the company, such as temporary control of the company's management for transfer of the company's material assets;
   c. Diversion of the company's assets to secure or repay debts of the Proposed Acquirer, its group company or other related party;
   d. Realization of temporary high returns to the detriment of ongoing growth of the company, such as temporary control of the company's management to decrease the assets and funds that are required for the company's business expansion, product development, etc., for years ahead; and
   e. Other types of action through which the Proposed Acquirer, its group company or other related party earns interest by unjustly causing harm to the interests of the company's stakeholders, including the company's shareholders, business partners, customers and employees.

ii. The scheme and content of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.

iii. The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders to sell their shares.

iv. The true information necessary for deliberations on the Acquisition Proposal is provided in the appropriate timing, such as upon request of the company, and sincere responses are made in other ways, by complying with the procedures specified by the Plan.

v. The period for the company to deliberate the Acquisition Proposal is secured (including deliberation and presentation of its alternative proposals to the company's shareholders). This period is specified as a maximum of 60 business days upon the receipt of the Acquisition Proposal, a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in the Japanese currency as compensation and set no upper limit to the number of shares to be purchased, or a longer period of days if required on reasonable grounds.

vi. The conditions of the acquisition contained in the Acquisition Proposal are not inappropriate or insufficient with a view to the company's corporate value or the common interests of shareholders.

vii. The Acquisition Proposal is reasonably recognized to satisfy the purposes of securing and improving the company's corporate value and the common interests of the shareholders.

5) A Confirmation Resolution of the company's Board of Directors shall be made according to the Recommendation Resolution of the Corporate Value Committee. In case the Corporate Value Committee issues the Recommendation Resolution, the Board of Directors must make the Confirmation Resolution promptly, unless there are particular reasons that are clearly against the Directors' duty of care. Countermeasures, such as a Gratis Allotment of Subscription Rights to Shares, cannot be taken against the Acquisition Proposal for which the Confirmation Resolution is made.

6) In the event that the Specified Acquirer—which is defined as a person or company that executed the Specified Acquisition and failed to obtain the Confirmation Resolution by the time such acquisition was executed—appears, the Board of Directors shall disclose the identifying of the appearance of the Specified Acquirer and issue a resolution that identifies and determines the necessary conditions for effecting a gratis allotment of Subscription Rights to Shares, including the record and effective dates for such allotment, and execute the gratis allotment of Subscription Rights to Shares after publicly announcing details of matters that have been determined. "Subscription Rights to Shares" is defined as the subscription rights to shares whose exercise is restricted for the Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer.

   In such a case that it is revealed that the ratio of holdings of the company's share certificates, etc., by the Specified Acquirer falls below 20% by the date that is specified elsewhere by the Board of Directors and which should be earlier than three business days prior to the record date for the gratis allotment, the Board of Directors can deter the effect of a gratis allotment of Subscription Rights to Shares.

7) In the case that a gratis allotment of Subscription Rights to Shares is effected, the company shall implement the gratis allotment of Subscription Rights to Shares to all shareholders, except the

company, as of the record date for the gratis allotment at a ratio of one Subscription Right to Share for every one share of the company's common stock held, and the number of shares to be issued per one Subscription Right to Share will not exceed two and be determined elsewhere by the Board of Directors. The value of assets invested to exercise one Subscription Right to Share shall be ¥1 multiplied by the number of shares to be issued per one Subscription Right to Share.

8) Exercisable Subscription Rights to Shares can be acquired by the company. For the Subscription Rights to Shares held by shareholders other than the Specified Acquirer, this is accomplished in exchange for common shares of the company of a number equal to the integral part of the number of said Subscription Rights to Shares multiplied by the number of shares to be issued per Subscription Right to Share. For other Subscription Rights to Shares, this is accomplished in exchange for Subscription Rights to Shares with restriction on transfer (restriction on the exercise of the rights by the Specified Acquirer) of the same number as the Subscription Rights to Shares that are acquired by the company.

(4) Judgment of the Board of Directors and its Reasons

The Plan complies with the basic policies described in Item (1) above, and it is carefully devised as follows to ensure its reasonability. Therefore, the Plan protects the corporate value of the company and the common interests of the shareholders and does not pursue the personal interests of the company's management.

1) The Plan received prior approval of the shareholders at the 168th Ordinary General Meeting of Shareholders on June 27, 2012, pursuant to the provision of Article 49 of the company's Articles of Incorporation.
2) The term of office of the company's Directors is one year and the timing of reelection is concurrent among all Directors. In addition, the resolution on dismissal of Directors has the same weight as that of an ordinary resolution at a General Meeting of Shareholders. Therefore, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of Directors by an ordinary resolution at a single General Meeting of Shareholders.
3) To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of Outside Directors and the Outside Corporate Auditors of the company, shall deliberate the Acquisition Proposal, under legal obligations as the management of the company, to determine if the proposal meets the purposes of securing and improving the company's corporate value and the common interests of the shareholders. It is also required that the Board of Directors makes a Confirmation Resolution upon receipt of a Recommendation Resolution to that effect from the Corporate Value Committee, unless there are particular reasons that are clearly against the Directors' duty of care.
4) To enhance the objectivity of judgment relating to the Plan, it is required that the Corporate Value Committee issues a Recommendation Resolution toward any Acquisition Proposal that satisfies all of the requirements specified in Paragraph (3) Items 4) i. to vii. above.
5) Subject to approval at the General Meeting of Shareholders, the Plan can be revised every year by a resolution of the Board of Directors. This allows the Plan to adjust itself to the development of the related laws and regulations and various other business environments surrounding the company.
6) The validity of an Approval Resolution at the General Meeting of Shareholders is three years from the date of the General Meeting of Shareholders. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including reflections on its supplementary conditions, for approval by the shareholders.
7) The Plan satisfies all of the requirements for legality (to avoid suspension of the issuance of Subscription Rights to Shares, etc.) and rationality (to gain the understanding of shareholders, investors and other stakeholders) specified in the "Securing and/or Improving Corporate Value and Common Interests of Shareholders: Takeover Defense Guidelines" released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. Moreover, the Plan is in accordance with the recommendations of the June 30, 2008 report of the Ministry of Economy, Trade and Industry's Corporate Value Study Group entitled "Takeover Defense Measures in Light of Recent Environmental Changes".

(4) Business and Other Risks

Risks that could have an impact on the business performance, share price and financial position of the Nisshin Seifun Group are outlined below.

All matters relating to the future in the section below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 27, 2012).

1. Economic conditions and industry environment

The Nisshin Seifun Group continues to work to reinforce its earnings base so as to minimize the impact of economic and industry conditions on business results. However, increased competition in the Japanese domestic market may cause shipment levels to fluctuate or prices of the company's major products to decline. Other risks include losses caused by the failure of investment or business partners.

2. Progress of WTO, TPP, FTA, EPA and wheat policy reform

The Nisshin Seifun Group has undertaken structural reforms in its flour milling and processed food businesses to strengthen itself against risks inherent to these businesses. Future developments in, the government's response to, and resulting outcomes of World Trade Organization (WTO) negotiations on agriculture, Trans-Pacific Partnership (TPP) and other Free Trade Agreements (FTAs) and Economic Partnership Agreements (EPAs) under negotiation with individual countries are expected to significantly impact wheat flour-related industries, which include the Group's flour milling and processed food businesses. In addition, our flour milling and processed food businesses remain vulnerable to risks of domestic wheat flour and flour-related secondary processing market disruption, realignment of related industries, and unanticipated changes in wheat procurement by changes in the Japanese government's domestic wheat policy. In April 2007, the Japanese government introduced a market-linked wheat pricing system. In October 2010, the government introduced a method of selling imported wheat immediately after it is imported without storing it for a specified period. Continued changes in the government's wheat policy could significantly change the handling of wheat (including policies governing the government's purchase, stockpiling and sale of wheat), which may also constitute a risk factor for the company's flour milling and processed food businesses.

3. Product safety

Growing concerns over food safety put increasing pressure on the food industry to ensure the safety of the food it supplies. The Nisshin Seifun Group continues to upgrade efforts to improve its product quality assurance systems, but group operations are exposed to a variety of safety-related risks due to external and other factors. Events beyond the scope of the company's projections could lead to product recalls or the discovery of defective items. The Nisshin Seifun Group is exposed to similarly unpredictable risks, which could result in defective items, also on the raw material procurement side.

4. Sharp increases in raw materials prices

The Nisshin Seifun Group continues to aim to develop low-cost operations to ensure that earnings are more resistant to the possibility of future wheat market deregulation. Nevertheless, the company may not be in a position to achieve cost reductions in the event of fluctuations in raw material market conditions, movements in distribution costs as a result of crude oil price hikes and increases in the prices of such raw materials as packaging. In addition, the Group's business performance could be adversely affected if a significant rise in the cost of purchasing raw materials and products due to an increase in imported wheat prices and other reasons was not offset by revisions in the selling prices of wheat flour, processed foods and other products.

5. Foreign exchange movements (principally yen-dollar, yen-euro and yen-baht)

Although the Nisshin Seifun Group uses currency forwards and other hedging tools to minimize the impact of foreign exchange movements on results, the sourcing of some raw materials and other inputs from overseas exposes some group operations to the risk of variance in purchasing costs due to currency market fluctuations, particularly in processed food. The operational performance and financial position of overseas operations may also vary due to changes in the value of the yen. In the flour milling business, the level of prices for imported bran, which vary according to foreign exchange movements, also affect the price of bran, a milling by-product.

6. Contract manufacturing

The Nisshin Seifun Group contracts out the manufacturing of some products to optimize production efficiency. Although the company makes suitable efforts to ensure that contract manufacturers adhere to the same levels of quality control and input purchase stability, the company remains exposed to the risk of the business failure of subcontractors due to circumstances beyond its control. Any such eventuality could result in higher purchasing costs or an interruption in product supply.

7. Information- and system-related risks

The Nisshin Seifun Group has established appropriate levels of management controls for its internal systems. Problems encountered with the operation of these systems have the potential to interrupt supplies to customers or to incur extra costs. Although the Nisshin Seifun Group maintains proper controls to thwart viruses and other computer-related problems and manage IT systems, any unforeseen attacks by viruses or unauthorized access to internal systems have the potential to interrupt supplies to customers. Other information- and system-related risks include the leakage of operationally sensitive data or confidential personal information, which could also result in higher costs or damage to the company's reputation.

8. Alliances with other companies

The Nisshin Seifun Group maintains alliances with other companies as part of efforts to optimize use of management resources and to maximize the benefits of technology. Disagreements with alliance partners could result in failure to realize such benefits.

9. Facility security and natural disasters

The Nisshin Seifun Group continues to work to upgrade its safety and site management systems to ensure the security of production plants and other facilities and to prevent accidents such as fires or explosions. We are implementing seismic strengthening initiatives and liquefaction countermeasures at our mainstay plants to prevent any injury to personnel or damage to facilities should such natural disasters as earthquakes, storms and floods occur. The Group is also undertaking a review of its capabilities including the additional formulation of a business continuity plan (BCP) in response to the future envisioned incidence of a major earthquake. However, events beyond the scope of the company's projections, including developments such as epidemics or pandemics of new strains of influenza, could lead to damage or to the interruption of product supplies to customers.

10. Regulatory compliance

Although the Nisshin Seifun Group continues to focus on upgrading legal and regulatory compliance, unforeseen events have the potential to result in higher costs.

11. Overseas incidents

Although the Nisshin Seifun Group makes efforts to prevent accidents at its overseas operations, the performance of these businesses is subject to various economic and political risks, and risks associated with developments such as epidemics or pandemics of new strains of influenza, that could result in higher costs.

12. Intellectual property

Ongoing efforts by the Nisshin Seifun Group to protect its intellectual property notwithstanding, the launch and sale of similar products by other firms could be potentially detrimental to the value of the company's brands. In addition, the company also faces the risk of possible future claims against it by other companies for intellectual property infringement.

13. Environmental management

The environmental impact of Nisshin Seifun Group's businesses is relatively low compared to other industries. Nevertheless, the company continues to make assiduous efforts to improve the environmental profile of the Nisshin Seifun Group's business activities in terms of environmental management systems, energy efficiency and waste reduction. Despite such efforts, events beyond the scope of the company's projections could force the company to undertake measures that result in higher costs.

14. Great East Japan Earthquake

The Great East Japan Earthquake, which struck on March 11, 2011, is expected to have major long-term impacts on Japanese society as a whole. Risks moving forward include the following:

- Anxieties concerning prolonged power shortages
- Difficulty in procuring raw materials from suppliers
- Diminished consumer confidence in the Japanese market
- Other indirect impacts of the earthquake

Should any of these risks come to fruition, they could negatively impact the Nisshin Seifun Group's business performance in terms of lower sales, reduced production capacity utilization, etc.

(5) Legal and Contractual Matters

Nisshin Seifun Group Inc. and its subsidiary Nisshin Flour Milling Inc., resolved at respective Board of Directors' meetings held on February 27, 2012 to enter into an agreement to acquire all of the equity interests in Miller Milling Company, LLC, a U.S.-based flour milling company, and its subsidiary and affiliated company as a part of efforts to further expand business. As a result, all relevant parties concluded the appropriate equity transfer agreement on February 27, 2012.

The form of equity transfer agreement is as follows.

1. Purchase of equity interests

The Nisshin Seifun Group shall purchase all of the equity interests in Miller Milling Company, LLC and its subsidiary Miller Milling Company, LP together with Miller Trading Company, LLC, the raw grain trading company of Miller Milling Company, LLC through the Nisshin Seifun Group's newly established local subsidiary in the U.S.

2. Investment ratio in the local subsidiary

Nisshin Seifun Group Inc. 20% Nisshin Flour Milling Inc. 80%

Nisshin Seifun Group Inc. and Nisshin Flour Milling Inc. purchased all of the aforementioned equity interests on March 20, 2012.

Details are as recorded in [5] Financial Accounts 1. Consolidated Financial Statements under "M&A activity."

(6) Research and Development

The Nisshin Seifun Group (the company and its consolidated subsidiaries) operates various research and development (R&D) facilities. The Research Center for Basic Science Research and Development focuses primarily on the development of basic technologies. The Research Center for Production and Technology, another centralized R&D function, focuses mainly on the development of production technology and nanotechnology, for potential application across the entire Group. Consolidated subsidiaries operate separate R&D facilities with specialized functions tailored to each business field. These subsidiaries are Nisshin Flour Milling Inc. (in the Flour Milling Segment); Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Ma•Ma-Macaroni Co., Ltd. and Daisen Ham Co., Ltd. (in the Processed Food Segment); and Nisshin Petfood Inc., Nisshin Engineering Inc. and NBC Meshtec Inc. (in the Others Segment).

R&D program goals vary widely. While all Group R&D organizations seek to identify prospective ingredients for new products and undertake basic research to create new technology, they also create new products to meet market needs and preferences and develop food preparation technologies while improving existing products, automating production systems and developing powder technologies. The Nisshin Seifun Group also actively seeks to further cooperation among Group research centers, and with other research institutions, to enhance specialist research expertise and promote adoption of the latest technical innovations. Through these efforts, the Group aggressively seeks to conduct highly effective R&D activities that generate new business opportunities.

Consolidated R&D expenditures totaled ¥5,980 million in the year ended March 31, 2012. This figure also includes ¥1,436 million in R&D spending that cannot be attributed to any particular segment. The following is an overview of the main R&D programs and results in the year under review.

1. Flour Milling Segment

R&D activities in this segment are conducted mainly at Nisshin Flour Milling Inc.'s New Product Development Center and Cereal Science Research Center of Tsukuba, in collaboration with the Research Center for Basic Science Research and Development and the Research Center for Production and Technology. Major R&D programs focus on new flour-processing technologies, grain science about wheat and wheat flour, and grain flour-processing technologies. Major achievements include the release of *Blizzard Innova*, commercial wheat flour for bread that retains its flavor and delivers an overwhelming volume of bread even when used for frozen dough, and *ECRITURE*, a commercial wheat flour for baked confectionery especially for European-type baked confectionaries.

R&D expenditures attributable to this segment totaled ¥630 million.

2. Processed Food Segment

R&D activities in this segment, which are conducted mainly at Nisshin Foods Inc.' Food Research and Development Center in collaboration with the Research Center for Basic Science Research and Development and the Research Center for Production and Technology, focus on developing new processed foods across all temperature ranges, including prepared mix products, dried noodles, pasta, boil-in-bag foods, frozen foods, prepared dishes and other prepared foods. We renewed our *Regular Pasta* and *Sauté Spaghetti* series frozen pasta for a single serving to ensure improved levels of firmness, body and chewy texture that are ideal for frozen pastas. Responding to the growing popularity of cold pasta menus, we launched the *Cool's* series, which is an easy-to-prepare frozen product where the pasta is defrosted using a microwave oven and cooled with running water and then dressed with a sauce that has been defrosted using running water. We also introduced short pasta (penne) to augment our lineup of commercial frozen foods. In applying individual quick freezing technology, just the right amount can be used when required. Oriental Yeast Co., Ltd. engaged in the research and development of new baking yeasts and other food-related products primarily at its Laboratory of Yeast & Fermentation, and biotechnology-related products at the Nagahama Institute for Biochemical Science and other institutes. Nisshin Pharma Inc.'s Health Care Research Center concentrated mainly on developing various food supplements and their ingredients. In conjunction with the University of Shizuoka, the center is conducting research into performance foods and supplements. Drawing on *WGH Pro*, a glutamine-rich peptide compound sport supplement, we released *WGH* to provide additional support to people seeking to enjoy an active sporting life. *WGH* offers a taste that is easier to drink, a new compound mix and renewed package design.

R&D expenditures attributable to this segment totaled ¥3,199 million.

3. Others Segment

Nisshin Petfood Inc. conducts R&D at its Nasu Research Center to create pet foods that address the pet’s health functioning. Major achievements include the release of the *JP-style* and *JP-style Gold* series that are designed to provide support in weight control, bone and joint health maintenance, skin and fur health maintenance in dogs according to their breed as well as the maintenance of lower urinary tract, oral health and weight control in cats. In cooperation with the company’s Research Center for Production and Technology, Nisshin Engineering Inc.’s Kamifukuoka Office conducts R&D programs on various types of machinery for powder grinding and classification and technologies for producing nano-particles using thermal plasma. In addition, NBC Meshtec Inc. conducts R&D efforts to develop new products and materials for screen-printing and industrial use.

R&D expenditures attributable to this segment totaled ¥714 million.

(7) Analysis of Financial Position, Performance and Cash Flows

All matters relating to the future in the section below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 27, 2012).

1. Significant accounting policies and estimates

The Consolidated Financial Statements of the Nisshin Seifun Group are prepared in conformity with accounting standards that are generally accepted in Japan.

In preparing the Consolidated Financial Statements, the Nisshin Seifun Group makes the following estimates and assumptions that have a material impact on the reported values of assets and liabilities as of the balance-sheet date, the disclosure of contingent liabilities, and the reported values of income and expenditure. While the company makes such estimates and assumptions based on various factors deemed rational based on the analysis of historical performance and business conditions, the uncertainties inherent in the estimation process mean that actual performance can differ from forecasts.

(1) Allowance for doubtful accounts

The Nisshin Seifun Group provides for possible losses stemming from bad debts created by monetary claims and other receivables. Estimates of irrecoverable amounts are determined by considering historical loan-loss ratios for general receivables and recoverable amounts on a case-by-case basis in instances of suspected bad debt or other dubious accounts. Additional credit-loss provisions are made in some cases following any deterioration in the financial condition of a customer that results in diminution of payment capabilities.

(2) Write-downs of investment securities

The Nisshin Seifun Group holds securities for investment purposes. Securities with a readily determinable market value are stated at fair market value and securities with no readily determinable market value are stated at cost. Investment securities with a readily determinable market value are written down if the market value of the securities falls below 50% of acquisition value. A write-down may also be made depending on the financial position of the issuer of the securities in question if the decline in market value falls between 30% and 50% of the acquisition price. Investment securities with no readily determinable market value are written down if the effective price of the securities in question falls markedly to a level significantly less than the acquisition price, unless a recovery in value is deemed probable.

Having previously written down the value of investment securities as required, the Nisshin Seifun Group currently holds no securities where such measures are deemed necessary. However, further write-downs may become necessary in the future if a fall in financial market prices or deterioration in the financial performance of companies in which the Group has invested results in unrealized losses relative to the book value or otherwise precipitates conditions under which such value is irrecoverable.

(3) Impairment of noncurrent assets

No losses for the impairment of noncurrent assets were recorded for the year under review. Such losses may arise in the future if changes in operating conditions cause the recoverable value of any Nisshin Seifun Group assets to fall significantly below book value.

(4) Deferred tax assets

The Nisshin Seifun Group estimates deferred tax assets by fully investigating forecast recoverable amounts based on projections of future taxable income and tax payments. Any changes in the amounts of deferred tax assets deemed recoverable may result in a reduction in deferred tax assets, or in an adjustment to profit if additional deferred tax assets are booked.

(5) Retirement benefit expenses and pension liabilities

Calculations of retirement benefit expenses for the Group's lump-sum retirement benefit plan and defined-benefit corporate pension plan limited to retired pension recipients, and related pension liabilities are based on actuarial assumptions. These assumptions include the discount rate, projected future remuneration levels, employee turnover and retirement rates, the mortality rate (based on the most recent statistical data), and the expected rate of return on pension plan assets. The discount rate is based on the market yield of bonds and other financial instruments with a recent rating equivalent to AA from multiple ratings agencies at the year-end, while the expected rate of return on pension plan assets is determined according to the investment policy of pension assets and the historical performance of each asset class within the pension fund portfolio. The effects of material changes in these assumptions or any differences between actual results and the assumptions are cumulative and subject to recognition on a regular basis over future periods. Hence, such changes and differences could potentially have a material effect on the future values of pension-related expenses and liabilities.

2. Analysis of financial performance in the year under review and significant factors influencing results

(1) Net sales and operating income

During the year ended March 31, 2012, the Japanese economy showed some signs of recovery owing to the demand associated with efforts for reconstruction after the Great East Japan Earthquake, but the market environment continued to be harsh due to sluggish consumer spending reflecting the extensive damage caused by the earthquake, continued deflation and fears of deceleration within the Japanese economy as a result of the European debt crisis and other issues.

Amid such conditions, in the Flour Milling Segment, sales promotion activities including the introduction of distinctive new products and efforts to cultivate markets through exhibitions and workshops pushed commercial wheat flour shipments beyond the level of a year ago, despite severe market conditions resulting from consumer gravitation toward low prices and other factors. In response to the government's 18% average increase in prices for five brands of imported wheat in April 2011, with a 2% increase in October, the company revised its prices for commercial wheat flour in June and December 2011. In terms of production and distribution, the company continued to carry out measures to enhance productivity, while making focused efforts to secure the safety and reliability of its products. The price of bran, a by-product of the milling process, remained low throughout the period. In overseas operations, the aggressive sales expansion efforts led to an increase in shipments from the previous year. As a result, net sales climbed above the previous year's level. From a profit perspective, however, earnings declined due to a variety of factors including low prices for bran and deterioration in the wheat flour sales environment.

Regarding the Processed Food Segment, we launched new household-use products despite a severe business environment that reflected weak personal consumption. In parallel, we conducted a consumer campaign and in-store promotional activities in addition to other events. In response to the government's increase in prices of imported wheat, we made revisions to the prices of household-use wheat flour and other products. For the prepared dishes and other prepared foods business, we continued to promote efforts for sales expansion. We also maintain our commitment to the expansion of overseas businesses, especially in the growing Chinese and Southeast Asian markets. As a result, sales climbed above the previous year's level. As for the yeast and biotechnology business, sales of the yeast business increased from the previous year, as the decline in shipments of such products as flour paste and mayonnaise was more than offset by an upswing in shipments of other products including yeast and butter cream. Sales of the biotechnology business exceeded the previous year's level due to the favorable performance of immunochemical and other products. In January 2012, we established a company in India, a market that is experiencing growth, aimed at expanding the biotechnology business and developing markets for the food business. Sales of the healthcare foods business fell below the previous year's level as the severe market environment continued, despite aggressive promotional efforts to expand sales of consumer products. As a result of these factors, overall net sales of the Processed Food Segment increased from the previous year. From a profit perspective, despite an upswing in sales promotion expenses and other factors, profit levels were essentially unchanged from the previous year. This was mainly due to cost-cutting efforts throughout the entire process of the company's business operations, including production and distribution.

In the Others Segment, sales of the pet food business decreased from the previous year due to a continued harsh market environment, including poor consumption and a decline in store prices, despite sales expansion efforts including the aggressive launch of new products. Regarding the engineering business, sales rose over the previous year's level due to favorable results in its mainstay plant engineering business. Sales of the mesh cloth business surpassed the previous year's level owing to strong sales of materials for screen-printing applications driven mainly by the growing demand for stainless mesh cloths for solar cells, as well as steady sales of industrial application products and forming filters reflecting the recovery in demand for use in automobile parts. Given these factors, net sales of the Others Segment increased from the previous year, and operating income also increased.

Consolidated net sales increased by ¥17,806 million, or 4.2%, from the previous year to ¥441,963 million, although the gross margin decreased 2.0 percentage points to 30.6%. Selling, general and administrative expenses decreased by ¥919 million, primarily because of cost-cutting measures in the area of advertising expenses. As a result, the operating margin decreased by 0.8 percentage point from the previous year to 5.2%, and consolidated operating income declined by ¥2,222 million, or 8.8%, to ¥23,113 million.

(2) Ordinary income

Net financial income amounted to a profit of ¥1,679 million, an increase of ¥191 million compared with the previous year. Equity in earnings of affiliates totaled ¥800 million, or a year-on-year increase of ¥209 million due mainly to the increase in income of a compound feed-related affiliate. Other miscellaneous income on a net basis amounted to ¥539 million, or a year-on-year increase of ¥114 million.

Non-operating income on a net basis amounted to ¥3,019 million, which represented a year-on-year increase of ¥514 million. Ordinary income decreased by ¥1,707 million, or 6.1%, to ¥26,132 million.

(3) Net income

Extraordinary income of ¥889 million was offset by extraordinary loss totaling ¥2,660 million, resulting in net extraordinary loss of ¥1,770 million. Income before income taxes and minority interests amounted to ¥24,361 million, a decrease of ¥1,453 million compared with the previous year. The principal components of extraordinary income included a gain on sales of noncurrent assets of ¥581 million. The major item of extraordinary loss included a loss on revision of retirement benefit plan of ¥1,290 million.

Net income for the year under review was ¥13,326 million, after the deduction of total income taxes (¥10,297 million) and minority interests in income (¥736 million) from income before income taxes and minority interests. This represented a decrease of ¥860 million, or 6.1%, compared with the previous year.

Net income per share was ¥53.63 or a decrease of ¥3.46 from the previous year. Return on equity (ROE) was 4.7%, representing a year-on-year decrease of 0.4 percentage point.

3. Business strategy status and outlook

Taking a long-term perspective focused through 2020, our 120th year of operation, we commenced our new medium-term management plan, “NNI-120, Speed, Growth and Expansion,” which covers the three-year period from April 2012 to March 2015.

With the near-future goals of achieving net sales of ¥1 trillion and a ratio of overseas sales to total net sales of at least 30%, the Nisshin Seifun Group will continuously evolve as a robust and innovative organization while realizing growth and expansion.

Under this medium-term management plan, we have positioned top-line (net sales) growth and overseas business expansion as our first order of business. In order to accomplish our established goals, we will upgrade and bolster our internal organization and proactively pursue M&As and alliances. In addition, we will engage in both the production and supply of safe and reliable products while putting in place a competitive cost structure that is more than capable of confronting the pressures imposed by imported products. In this manner, we will remain competitive in any and all environments.

Based on the Group’s basic strategies, each Group company will carry out its own individual initiatives with a greater sense of urgency. By generating growth and expansion, we will continue our efforts toward becoming a corporate group that is vigorously supported by all stakeholders including customers.

Through the implementation of such strategies, the Group aims to achieve sustained growth in earnings per share (EPS) over the long term, while also greatly raising group value through raising net sales, ordinary income, net income and return on equity (ROE: defined as net income divided by shareholders’ equity).

4. Capital financing and liquidity

In the year ended March 31, 2012, net cash provided by operating activities totaled ¥26.0 billion of which ¥10.5 billion was allocated to the purchase of a 100% equity interest in Miller Milling Company, LLC and ¥14.7 billion was allocated to strategic capital investment. The company also sought to raise returns on cash reserves allocated for future strategic investments by investing in time deposits with terms greater than three months and short-term investment securities to ensure greater security and efficiency of investments. The amount of these investments matured or redeemed exceeded the amount of those deposited or purchased by ¥11.7 billion in the year under review, which resulted in positive free cash flow of ¥10.8 billion. In terms of financing activities, dividends paid came to ¥4.9 billion representing efforts by the company to return profits to shareholders. As a result, net cash used in financing activities amounted to ¥6.1 billion. The year-end balance of cash and cash equivalents increased by ¥4.2 billion from the previous year-end to ¥46.3 billion at the end of March 2012.

Total consolidated debt amounted to ¥7.9 billion at the end of March 2012. Based on the operating cash flow and the balance of cash and cash equivalents, the Nisshin Seifun Group regards the current level of internal liquidity as ample for financing long-term business development and repayments of interest-bearing liabilities.

The Nisshin Seifun Group introduced a cash management system (CMS). Under this system the funds of consolidated subsidiaries in Japan are managed on an integrated basis in order to enhance liquidity.

5. Long-term management issues and future policies

The Nisshin Seifun Group is aware of possible medium- and long-term changes in business conditions in the flour milling and processed food industries due to fluctuations in prices of grain and other raw materials on a global basis, the anticipated deregulation of the wheat market and changes in demographic trends in Japan such as the declining birthrate, higher life expectancy, and the shrinking population. These factors could have a significant impact on Group performance.

Based on the long-term maximization of corporate value as its basic management policy, the Group operates its businesses by allocating its resources to the core flour milling and processed food businesses as well as such growth fields as prepared dishes and other prepared foods, yeast and biotechnology, healthcare foods, pet foods, engineering and mesh cloths. Continued efforts will be made to improve the profit structure of domestic operations by seeking an overwhelming share of the domestic market and exploring business fields with high growth potential. In addition, in order to achieve further growth, the Group will nurture its overseas business as a pillar to drive the Group forward. To that end, the Group will promote global expansion, and appropriately allocate management resources. To deal with raw materials and energy markets, for which significant fluctuations are expected to continue, the Group will work to reduce production and procurement costs and properly respond to changing costs to build a business base that is capable of securing profits. Also in research, we will increase efficiency and speed in order to promote the commercialization and practical application of research results. To this end, we will identify key fields and establish research themes closely aligned with business strategies. In addition to pushing forward these management strategies, we will at the same time promote self innovation while fulfilling our corporate social responsibilities in terms of enhancing our internal control systems, thorough compliance, food safety, environmental protection and social contribution. By doing so, the Group will step up efforts to gain the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

Presently, the Japanese economy faces numerous challenges including concerns surrounding the European economy and the sharp rise in energy and resource prices. In addition, anxieties concerning an increase in social security expenses and taxes as well as expectations of a period of prolonged deflation will likely lead to the continued gravitation of consumers toward lower-priced products and savings. These factors will result in a severe business environment for the Nisshin Seifun Group. Under these circumstances, we will continue to fulfill our mission of securing stable supplies of wheat flour and other staple foods for the Japanese people, and will strive to provide customers with safe products from all of our businesses.

The Nisshin Seifun Group will, with a sense of urgency, act decisively to implement the above strategic measures and, in so doing, aims to seize new opportunities and respond with precision to the changing business environment and demands of society.

[3] Facilities and Capital Expenditures

(1) Capital Expenditures

The Nisshin Seifun Group (the company and its consolidated subsidiaries) makes capital investments with the aim of raising production capacity and ensuring product safety. The following is a breakdown of capital expenditures for the year ended March 2012, based on actual expenditures.

	Year ended March 31, 2012 (millions of yen)	Year-on-year change (%)
Flour Milling	5,754	(1.7)
Processed Food	7,837	29.4
Others	1,487	68.7
Subtotal	15,079	17.9
Elimination/all companies	(324)	—
Total	14,755	18.8

Capital investments in the Flour Milling Segment were principally made to increase production capacity and improve product safety.

The company has acquired commercial land for the purpose of constructing a new Nisshin Flour Milling Inc. plant (Chuo-ku, Fukuoka City).

Capital investments in the Processed Food Segment were principally made to increase production capacity and improve product safety.

Capital investments in the Others Segment were principally made to increase production capacity.

All capital spending within the Nisshin Seifun Group during the year under review was financed internally from cash flow.

(2) Principal Facilities

The main facilities of the Nisshin Seifun Group (the company and its consolidated subsidiaries) are listed in the tables below.

1. Nisshin Seifun Group Inc. and domestic consolidated subsidiaries

(As of March 31, 2012)

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (millions of yen)					Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Other	Total	
Nisshin Flour Milling Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Flour Milling	Wheat flour production	5,610	3,244	(Note 4) 5,470 (79)	178	14,504	147 [2]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour Milling	Wheat flour production	(Note 5) 6,119	3,511	(Note 4) 1,803 (30)	125	11,559	102 [1]
Nisshin Flour Milling Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Flour Milling	Wheat flour production	1,174	1,180	(Note 4) 69 (20)	50	2,475	64 [6]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour Milling	Wheat flour production	2,391	1,656	(Note 4) 294 (43)	64	4,407	86 [3]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour Milling	Wheat flour production	1,391	812	(Note 4) 64 (31)	52	2,321	46 [0]
Nisshin Foods Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Processed Food	Prepared mix production	1,091	1,300	(Note 4) 46 (13)	37	2,476	78 [24]
Nisshin Foods Inc.	Tatebayashi Plant (Tatebayashi)	Processed Food	Prepared mix production	975	996	(Note 4) 210 (27)	49	2,232	41 [37]
Ma•Ma-Macaroni Co., Ltd.	Head Office and Utsunomiya Plant (Utsunomiya)	Processed Food	Pasta production	556	1,109	27 (23)	41	1,735	65 [216]
Ma•Ma-Macaroni Co., Ltd.	Kobe Plant (Higashinada-ku, Kobe)	Processed Food	Pasta production	265	588	393 (16)	16	1,263	46 [50]
Daisen Ham Co., Ltd.	Head Office and Yonago Plant (Yonago)	Processed Food	Production of processed meats	1,350	512	126 (26)	91	2,080	195 [219]
Oriental Yeast Co., Ltd.	Tokyo Plant (Itabashi-ku, Tokyo)	Processed Food	Yeast manufacture	871	867	0 (11)	66	1,804	47 [22]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed Food	Production of yeast and other items	1,586	1,363	169 (22) (Note 7) [5]	297	3,417	74 [29]
Oriental Yeast Co., Ltd.	Biwa Plant (Nagahama, Shiga)	Processed Food	Production of flour paste, *kansui* powder, baking powders and other items	640	454	709 (36)	38	1,843	37 [34]
Pany Delica Co., Ltd.	Head Office and Tomisato Plant (Tomisato, Chiba)	Processed Food	Production of fillings and mayonnaise	(Note 4) 1,090	(Note 4) 1,040	(Note 4) 708 (23)	(Note 4) 156	2,996	67 [15]
NBC Meshtec Inc.	Yamanashi Tsuru Plant (Tsuru)	Others	Production of mesh cloths and forming filters	1,226	579	447 (35)	182	2,436	219 [92]
NBC Meshtec Inc.	Shizuoka Kikugawa Plant (Kikugawa)	Others	Production of mesh cloths and forming filters	1,114	282	1,032 (69)	17	2,447	37 [8]
Nisshin Seifun Group Inc.	Head Office and Institutes and Laboratories (Chiyoda-ku, Tokyo, Fujimino, Saitama and others)		Office, and research and development	3,466	744	(Note 4) 10,011 (40)	1,337	15,560	276 [19]

2. Overseas subsidiaries

(As of March 31, 2012)

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (millions of yen)					Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Other	Total	
Rogers Foods Ltd.	Chilliwack Plant (Canada)	Flour Milling	Wheat flour production	664	644	115 (41)	1	1,426	24 [0]
Miller Milling Company, LLC	Winchester Plant (U.S.)	Flour Milling	Wheat flour production	(Notes 4 and 8) 567	(Notes 4 and 8) 770	(Notes 4 and 8) 76 (38)	(Notes 4 and 8) 9	(Note 8) 1,425	44 [0]
Miller Milling Company, LLC	Fresno Plant (U.S.)	Flour Milling	Wheat flour production	(Notes 4 and 8) 187	(Notes 4 and 8) 675	(Notes 4 and 8) 42 (130)	(Notes 4 and 8) 15	(Note 8) 920	28 [0]
Thai Nisshin Technomic Co., Ltd.	Head Office and Plant (Thailand)	Processed Food	Prepared mix production	354	149	(Note 4) 12 (10)	64	580	228 [0]

Notes:

1. Book values in the "Other" column refer to the total for tools, furniture and fixtures, construction in progress and lease assets.
2. There were no principal facilities that were not in operation as of March 31, 2012.
3. Numbers of employees in square brackets refer to additional part-time workers.
4. Figures refer to land owned and leased by Nisshin Seifun Group Inc. or other consolidated subsidiaries including Nisshin Associates Inc.
5. Figure includes buildings owned and leased by Nisshin Seifun Group Inc.
6. Book values in the "Total" column include lease assets as mentioned in Notes 4 and 5 above.
7. Figures in parentheses in the "Land" column refer to leased areas.
8. The allocation of acquisition costs had not been completed as of the end of the year under review. As a result, amounts have been recorded based on reasonable information readily available at that time. Details regarding M&A activity are as recorded in [5] Financial Accounts (1) Consolidated Financial Statements under "(M&A activity)."

(3) Facility Construction and Disposal Plans

Capital expenditure plans by the Nisshin Seifun Group (the company and its consolidated subsidiaries) primarily aim to raise production capacity and ensure product safety, etc.

As of March 31, 2012, funds which is planned to be allocated for the construction of facilities (actual expenditure) amounted to ¥17,000 million. Plans call for this entire sum to be financed internally from cash flows.

Plans for construction or disposal of major facilities at the end of the year ended March 31, 2012 are listed below.

1. Construction of major facilities, etc.

Company name	Location	Business segment	Facility type/purpose	Planned investment amount		Funds procurement method	Scheduled commencement / completion		Increased capacity after completion
				Total amount (millions of yen)	Amount already paid (millions of yen)		Commencement	Completion	
Nisshin Flour Milling Inc.	Chuo-ku, Fukuoka	Flour Milling	Wheat flour production	10,000	—	Internal cash flow	May, 2012	February, 2014	Raw material milling tonnage 550 tons per day

2. Disposal of major facilities, etc.

When the aforementioned new plant comes online, Nisshin Flour Milling Inc. plants in Tosu and Chikugo will be closed.

[4] Other Matters Related to Nisshin Seifun Group Inc.

(1) Share-Related Matters

1. Total number of shares, etc,

(1) Total number of shares authorized to be issued

Share type	Total number of shares authorized to be issued (shares)
Common stock	932,856,000
Total	932,856,000

(2) Total number of shares issued and outstanding

Share type	Shares issued and outstanding on March 31, 2012	Shares issued and outstanding at date of filing (June 27, 2012)	Exchanges on which stock is listed / Certified associations of financial instruments dealers to which the company is affiliated	Comments
Common stock	251,535,448	251,535,448	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section)	Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit (MTU).
Total	251,535,448	251,535,448	—	—

2. Subscription rights to shares, etc.

(1) The company has granted the subscription rights to shares detailed below in line with the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001).

<Subscription rights to shares granted on August 17, 2005>

Date of the special resolution at the General Meeting of Shareholders: June 28, 2005		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	68 (Note 1)	68 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	74,800 (Note 5)	74,800 (Note 5)
Amount payable on the exercise of the subscription rights to shares	¥1,193,500 per subscription right to shares (Notes 3 and 5)	Same as the left column.
Exercise period	July 21, 2007 – July 20, 2012	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,085 Capital increase per share: ¥543 (Note 5)	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the transfer of any subscription rights to shares.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	—	—

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,100.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the issuance of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance associated with the exercising of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event of such subscription rights to shares being inherited by a surviving entity in a merger involving the company or by a new company pursuant to a merger or acquisition, or in the event of a stock split by the company related to establishment or absorption, the company reserves the right to make appropriate adjustments to the amount paid per subscription right to shares as deemed necessary.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription rights to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise of the subscription rights to shares up to two (2) years after leaving the company or by July 20, 2009, whichever is the later date.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

(5) Other conditions shall be as stipulated in the subscription rights to shares vesting contracts concluded between the company and the holders, based on resolutions of the Board of Directors and the Ordinary General Meeting of Shareholders held on June 28, 2005.

5. Following the stock split on November 18, 2005, adjustments have been made to “total number of issuable shares,” “amount payable on the exercise of the subscription rights to shares,” and “issuance price and capital increase per share on the exercise of the subscription rights to shares.”

(2) The company has granted the subscription rights to shares detailed below in line with the provisions of the Company Law.

<Subscription rights to shares granted on August 13, 2007>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Company Law.

Date of the ordinary resolution at the General Meeting of Shareholders: June 27, 2007 Date of the resolution of the Board of Directors: July 26, 2007		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	47 (Note 1)	47 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	47,000	47,000
Amount payable on the exercise of the subscription rights to shares	¥1,197,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	July 27, 2009 – July 26, 2014	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,197 Capital increase per share: ¥599	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:
   (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the company or one of its consolidated subsidiaries at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.
   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.
   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.
   (5) Other conditions shall be as stipulated in the subscription rights to shares vesting contracts concluded between the company and the holders, based on resolutions of the Board of Directors.
5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer

Subscription rights to shares granted for the company's executive officers and certain directors of the company's consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Company Law.

Date of the special resolution at the General Meeting of Shareholders: June 27, 2007 Date of the resolution of the Board of Directors: July 26, 2007		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	107 (Note 1)	107 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	107,000	107,000
Amount payable on the exercise of the subscription rights to shares	¥1,197,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	July 27, 2009 – July 26, 2014	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,197 Capital increase per share: ¥599	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:
   (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.
   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.
   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.
   (5) Other conditions shall be as stipulated in the subscription rights to shares vesting contracts concluded between the company and the holders, based on resolutions of the Board of Directors.
5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer

<Subscription rights to shares granted on August 19, 2008>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Company Law.

Date of the ordinary resolution at the General Meeting of Shareholders: June 26, 2008 Date of the resolution of the Board of Directors: July 30, 2008		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	80 (Note 1)	80 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	80,000	80,000
Amount payable on the exercise of the subscription rights to shares	¥1,397,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 20, 2010 – July 30, 2015	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,397 Capital increase per share: ¥699	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\begin{array}{c}\text{Post-}\\\text{adjustment}\\\text{exercise}\\\text{price}\end{array} = \begin{array}{c}\text{Pre-}\\\text{adjustment}\\\text{exercise}\\\text{price}\end{array} \times \frac{\begin{array}{c}\text{Number of}\\\text{shares already}\\\text{issued}\end{array} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

(5) Other conditions shall be as stipulated in the subscription rights to shares vesting contracts concluded between the company and the holders, based on resolutions of the Board of Directors.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company's shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

Subscription rights to shares granted for the company's executive officers and certain directors of the company's consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Company Law.

Date of the special resolution at the General Meeting of Shareholders: June 26, 2008 Date of the resolution of the Board of Directors: July 30, 2008		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	168 (Note 1)	168 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	168,000	168,000
Amount payable on the exercise of the subscription rights to shares	¥1,397,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 20, 2010 – July 30, 2015	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,397 Capital increase per share: ¥699	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

(5) Other conditions shall be as stipulated in the subscription rights to shares vesting contracts concluded between the company and the holders, based on resolutions of the Board of Directors.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company's shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

<Subscription rights to shares granted on August 18, 2009>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Company Law.

Date of the ordinary resolution at the General Meeting of Shareholders: June 25, 2009 Date of the resolution of the Board of Directors: July 30, 2009		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	80 (Note 1)	80 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	80,000	80,000
Amount payable on the exercise of the subscription rights to shares	¥1,131,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 19, 2011 – August 1, 2016	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,131 Capital increase per share: ¥566	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

(5) Other conditions shall be as stipulated in the subscription rights to shares vesting contracts concluded between the company and the holders, based on resolutions of the Board of Directors.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company's shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

Subscription rights to shares granted for the company's executive officers and certain directors of the company's consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Company Law.

Date of the special resolution at the General Meeting of Shareholders: June 25, 2009 Date of the resolution of the Board of Directors: July 30, 2009		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	172 (Note 1)	170 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	172,000	170,000
Amount payable on the exercise of the subscription rights to shares	¥1,131,000 per subscription right of shares (Note 3)	Same as the left column.
Exercise period	August 19, 2011 – August 1, 2016	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,131 Capital increase per share: ¥566	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

   In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

   "Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

   Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

(5) Other conditions shall be as stipulated in the subscription rights to shares vesting contracts concluded between the company and the holders, based on resolutions of the Board of Directors.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company’s shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

< Subscription rights to shares granted on August 18, 2010>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Company Law.

Date of the ordinary resolution at the General Meeting of Shareholders: June 25, 2010 Date of the resolution of the Board of Directors: July 29, 2010		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	86 (Note 1)	86 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	86,000	86,000
Amount payable on the exercise of the subscription rights to shares	¥1,098,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 19, 2012 – August 1, 2017	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,098 Capital increase per share: ¥549	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company's shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

Subscription rights to shares granted for the company's executive officers and certain directors of the company's consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Company Law.

Date of the special resolution at the General Meeting of Shareholders: June 25, 2010 Date of the resolution of the Board of Directors: July 29, 2010		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	177 (Note 1)	177 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	177,000	177,000
Amount payable on the exercise of the subscription rights to shares	¥1,098,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 19, 2012 – August 1, 2017	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,098 Capital increase per share: ¥549	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company’s shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

< Subscription rights to shares granted on August 18, 2011>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Company Law.

Date of the ordinary resolution at the General Meeting of Shareholders: June 28, 2011 Date of the resolution of the Board of Directors: July 28, 2011		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	93 (Note 1)	93 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	93,000	93,000
Amount payable on the exercise of the subscription rights to shares	¥1,025,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 19, 2013 – August 1, 2018	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,025 Capital increase per share: ¥513	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company’s shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

Subscription rights to shares granted for the company's executive officers and certain directors of the company's consolidated subsidiaries (excluding any overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Company Law.

Date of the special resolution at the General Meeting of Shareholders: June 28, 2011 Date of the resolution of the Board of Directors: July 28, 2011		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2012)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2012)
Number of the subscription rights to shares granted	258 (Note 1)	258 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	258,000	258,000
Amount payable on the exercise of the subscription rights to shares	¥1,025,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 19, 2013 – August 1, 2018	Same as the left column.
Issuance price and capital increase per share on the exercise of the subscription rights to shares	Issuance price per share: ¥1,025 Capital increase per share: ¥513	Same as the left column.
Exercise conditions of the subscription rights to shares	(Note 4)	Same as the left column.
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.	Same as the left column.
Share settlement	—	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each subscription right to shares shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

4. The exercise conditions of the subscription rights to shares are as follows:

(1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company’s shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

3. Exercise of bonds, etc., with subscription rights to shares with an amended exercise price

There are no applicable matters to be reported.

4. Description of the rights plan

There are no applicable matters to be reported.

5. Changes in shares issued and outstanding and in capital

Date	Change in shares issued and outstanding (thousands)	Total number of shares issued and outstanding after change (thousands)	Change in paid-in capital (millions of yen)	Paid-in capital balance (millions of yen)	Change in legal capital surplus (millions of yen)	Legal capital surplus balance (millions of yen)
Mar. 14, 2008	(5,000) (Note)	251,535	—	17,117	—	9,500

Note:
By resolution of the meeting of the Board of Directors held on March 12, 2008, the company canceled 5,000,000 shares of treasury stock in line with provisions of Article 178 of the Company Law.

6. Ownership and share distribution

(As of March 31, 2012)

Category	Shareholders and ownership status (N.B. Minimum trading unit [MTU] = 500 shares)								Sub-MTU share holdings (shares)
	Government (national and local) entities	Financial institutions	Financial instruments dealers	Other institutions	Foreign institutions, etc.		Individuals and other shareholders	Total	
					Non-individual	Individuals			
Numbers of shareholders (persons)	1	100	32	321	290	3	12,294	13,041	—
Numbers of shares owned (MTUs)	12	220,274	20,351	110,046	72,159	7	77,369	500,218	1,426,448
Ratio to total shares (%)	0.00	44.04	4.07	22.00	14.42	0.00	15.47	100.00	—

Notes:
1. Treasury stock holdings of 2,995,440 shares consist of 5,990 MTUs listed under "Individuals and other shareholders" and 440 shares listed under "Sub-MTU share holdings." All of these treasury shares are listed in the shareholder register. As of March 31, 2012, total beneficial ownership of treasury stock was equivalent to 2,995,152 shares.
2. Shares nominally held under the name of Japan Securities Depository Center, Inc. account for 4 MTUs in the column marked "Other institutions" and 7 shares in the column marked "Sub-MTU share holdings."

7. Major shareholders

(As of March 31, 2012)

Name	Address	Shares owned (thousands)	Shareholding as proportion of total shares outstanding (%)
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka	16,022	6.37
Yamazaki Baking Co., Ltd.	10-1, Iwamotocho 3-chome, Chiyoda-ku, Tokyo	14,040	5.58
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	11,779	4.68
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	10,738	4.26
Mizuho Corporate Bank, Ltd.	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	9,943	3.95
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	6,982	2.77
Marubeni Corporation	4-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	5,193	2.06
Sumitomo Corporation	8-11, Harumi 1-chome, Chuo-ku, Tokyo	5,034	2.00
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	4,616	1.83
The Norinchukin Bank	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	4,489	1.78
Total	—	88,840	35.31

8. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2012)

Category	Number of shares	Number of voting rights	Comments
Shares with no voting rights	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 2,995,000	—	Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
	(Mutually held shares) Common stock 327,000	—	As above
Shares with full voting rights (other)	Common stock 246,787,000	493,574	As above
Sub-MTU (minimum trading unit) share holdings	Common stock 1,426,448	—	—
Total number of shares issued and outstanding	251,535,448	—	—
Total voting rights of all shareholders	—	493,574	—

Notes:

1. Shares nominally held under the name of Japan Securities Depository Center, Inc. (JASDEC) account for 2,000 shares of "Shares with full voting rights (other)" and 7 shares of "Sub-MTU share holdings." Total voting rights accorded to all shares held under the name of JASDEC equaled 4 as of March 31, 2012.
2. Components of "Sub-MTU share holdings" that are either treasury stock owned by the company or mutually held shares are shown below. In addition, there were 288 shares of treasury stock listed under company ownership in the register of shareholders but without any beneficial owner.

Treasury stock

Nisshin Seifun Group Inc. 440 shares

Mutually held shares

Chiba Grain Handling Center, Ltd. 129 shares

(2) Treasury stock

(As of March 31, 2012)

Shareholders' name	Shareholders' address	Shares owned under own name	Shares owned under other name	Total number of shares held	Share holding as proportion of total shares outstanding (%)
Treasury stock					
Nisshin Seifun Group Inc.	25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo	2,995,000	—	2,995,000	1.19
Mutually held shares					
Ishikawa Co., Ltd.	2-10, Shimagami-cho 1-chome, Hyogo-ku, Kobe	139,500	—	139,500	0.05
Wakaba Co., Ltd.	2-8, Mayafuto, Nada-ku, Kobe	103,000	—	103,000	0.04
Chiba Grain Handling Center, Ltd.	16, Shinminato, Mihama-ku, Chiba	79,000	—	79,000	0.03
Japan Logistic Systems Corp.	19-17, Ebara 1-chome, Shinagawa-ku, Tokyo	5,500	—	5,500	0.00
Total	—	3,322,000	—	3,322,000	1.32

9. Stock option scheme

Nisshin Seifun Group Inc. operates a stock option scheme utilizing a subscription right to shares.

Under this system, the company grants the subscription rights to shares as stock options without contribution in line with the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001) or Articles 236, 238 and 239 of the Company Law.

Details of the scheme are summarized below.

(1) Resolution at the Ordinary General Meeting of Shareholders on June 28, 2005

Under the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001), the granting of the subscription rights to shares to the directors and executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) upon especially favorable terms was authorized by a resolution at the Ordinary General Meeting of Shareholders held on June 28, 2005.

Date of authorizing resolution	June 28, 2005
Number and description of persons granted the subscription rights to shares	Directors and executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 45 persons
Share type issuable on the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	—

(2) Resolutions at the Ordinary General Meeting of Shareholders on June 27, 2007 and the meeting of the Board of Directors on July 26, 2007

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Company Law, resolutions were made at the Ordinary General Meeting of Shareholders held on June 27, 2007 and the meeting of the Board of Directors on July 26, 2007, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 27, 2007 (Ordinary General Meeting of Shareholders) and July 26, 2007 (Board of Directors)
Number and description of persons granted the subscription rights to shares.	12 directors of the company
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

b. Regarding the subscription rights to shares granted as stock options upon especially favorable terms to executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Company Law, a resolution to leave a decision on details of the subscription to the Board of Directors was made at the Ordinary General Meeting of Shareholders on June 27, 2007 and a resolution on such details was made at the meeting of the Board of Directors on July 26, 2007.

Dates of authorizing resolutions	June 27, 2007 (Ordinary General Meeting of Shareholders) and July 26, 2007 (Board of Directors)
Number and description of persons granted the subscription rights to shares	Executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 34 persons
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

(3) Resolution at the Ordinary General Meeting of Shareholders on June 26, 2008

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Company Law, resolutions were made at the Ordinary General Meeting of Shareholders held on June 26, 2008, and the meeting of the Board of Directors on July 30, 2008, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 26, 2008 (Ordinary General Meeting of Shareholders) and July 30, 2008 (Board of Directors)
Number and description of persons granted the subscription rights to shares	12 directors of the company
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

b. Regarding the subscription rights to shares granted as stock options upon especially favorable terms to executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Company Law, a resolution to leave a decision on details of the subscription to the Board of Directors was made at the Ordinary General Meeting of Shareholders on June 26, 2008, and a resolution on such details was made at the meeting of the Board of Directors on July 30, 2008.

Dates of authorizing resolutions	June 26, 2008 (Ordinary General Meeting of Shareholders) and July 30, 2008 (Board of Directors)
Number and description of persons granted the subscription rights to shares	Executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 36 persons
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

(4) Resolution at the Ordinary General Meeting of Shareholders on June 25, 2009

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Company Law, resolutions were made at the Ordinary General Meeting of Shareholders held on June 25, 2009, and the meeting of the Board of Directors on July 30, 2009, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 25, 2009 (Ordinary General Meeting of Shareholders) and July 30, 2009 (Board of Directors)
Number and description of persons granted the subscription rights to shares	12 directors of the company
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

b. Regarding the subscription rights to shares granted as stock options upon especially favorable terms to executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Company Law, a resolution to leave a decision on details of the subscription to the Board of Directors was made at the Ordinary General Meeting of Shareholders on June 25, 2009, and a resolution on such details was made at the meeting of the Board of Directors on July 30, 2009.

Dates of authorizing resolutions	June 25, 2009 (Ordinary General Meeting of Shareholders) and July 30, 2009 (Board of Directors)
Number and description of persons granted the subscription rights to shares	Executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 35 persons
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

(5) Resolution at the Ordinary General Meeting of Shareholders on June 25, 2010

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Company Law, resolutions were made at the Ordinary General Meeting of Shareholders held on June 25, 2010, and the meeting of the Board of Directors on July 29, 2010, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 25, 2010 (Ordinary General Meeting of Shareholders) and July 29, 2010 (Board of Directors)
Number and description of persons granted the subscription rights to shares	12 directors of the company
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

b. Regarding the subscription rights to shares granted as stock options upon especially favorable terms to executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Company Law, a resolution to leave a decision on details of the subscription to the Board of Directors was made at the Ordinary General Meeting of Shareholders on June 25, 2010, and a resolution on such details was made at the meeting of the Board of Directors on July 29, 2010.

Dates of authorizing resolutions	June 25, 2010 (Ordinary General Meeting of Shareholders) and July 29, 2010 (Board of Directors)
Number and description of persons granted the subscription rights to shares	Executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 36 persons
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

(6) Resolution at the Ordinary General Meeting of Shareholders on June 28, 2011

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Company Law, resolutions were made at the Ordinary General Meeting of Shareholders held on June 28, 2011, and the meeting of the Board of Directors on July 28, 2011, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 28, 2011 (Ordinary General Meeting of Shareholders) and July 28, 2011 (Board of Directors)
Number and description of persons granted the subscription rights to shares	13 directors of the company
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Status of the subscription rights to shares”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Status of the subscription rights to shares”

b. Regarding the subscription rights to shares granted as stock options upon especially favorable terms to executive officers of the company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Company Law, a resolution to leave a decision on details of the subscription to the Board of Directors was made at the Ordinary General Meeting of Shareholders on June 28, 2011, and a resolution on such details was made at the meeting of the Board of Directors on July 28, 2011.

Dates of authorizing resolutions	June 28, 2011 (Ordinary General Meeting of Shareholders) and July 28, 2011 (Board of Directors)
Number and description of persons granted the subscription rights to shares	Executive officers of the company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 52 persons
Share type issuable the exercise of the subscription rights to shares	As detailed above in “2. Subscription rights to shares, etc.”
Number of shares issuable	As above
Amount payable on the exercise of the subscription rights to shares (yen)	As above
Exercise period	As above
Exercise conditions of the subscription rights to shares	As above
Transfer conditions of the subscription rights to shares	As above
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	As detailed above in “2. Subscription rights to shares, etc.”

(7) Resolution at the Ordinary General Meeting of Shareholders on June 27, 2012

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Company Law, a resolution was made at the Ordinary General Meeting of Shareholders held on June 27, 2012, concerning the value of the remuneration and a description of the subscription rights to shares.

Date of authorizing resolution	June 27, 2012
Number and description of persons granted the subscription rights to shares.	Directors of the company (Note 1)
Share type issuable the exercise of the subscription rights to shares	Common stock
Number of shares issuable	Up to 104,000 shares
Amount payable on the exercise of the subscription rights to shares (yen)	(Note 2)
Exercise period	(Note 3)
Exercise conditions of the subscription rights to shares	(Note 4)
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)

Notes:

1. A resolution on the number of persons granted subscription rights to shares will be made at a meeting of the Board of Directors to be held after this report is filed.
2. The value of assets to be invested upon the exercise of each subscription right to shares shall equal the amount payable per share on the subscription rights to shares to exercise (hereinafter the “exercise price”) as defined below, multiplied by 1,000—the number of shares corresponding to each subscription right to shares.

   The exercise price shall equal the average of the closing prices of the company’s common stock regularly traded at the Tokyo Stock Exchange for all trading days (except any days when the closing price was not attained) of the preceding month of the month in which the grant date of the subscription rights to shares falls, multiplied by 1.025, with any fractional amounts under ¥1 thus generated rounded up.

   However, if the calculated exercise price is less than the closing price of the company’s common stock regularly traded at the Tokyo Stock Exchange on the grant date (or its nearest preceding day if the grant date ended without a closing price), the exercise price shall be the said closing price.

   In the event of a stock split or share consolidation subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

   $$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

   In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

   $$\begin{array}{c}\text{Post-}\\\text{adjustment}\\\text{exercise price}\end{array} = \begin{array}{c}\text{Pre-}\\\text{adjustment}\\\text{exercise price}\end{array} \times \frac{\begin{array}{c}\text{Number of}\\\text{shares already}\\\text{issued}\end{array} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

   “Number of shares already issued” in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, “Number of newly issued shares” in the above formula shall be taken to mean “Number of shares of treasury stock in disposal,” “Amount paid per share” shall be taken to mean “Disposal value per share” and “Share price prior to new issuance” shall be taken to mean “Share price prior to disposal.”

   Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.
3. The exercise period is from the date on which two (2) years have passed after the grant date to August 1, 2019.
4. The exercise conditions of the subscription rights to shares are as follows:

   (1) Persons granted an allotment of the subscription rights to shares (hereinafter the “ holders”) must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription rights to shares is exercised. However, the holders who are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may

the exercise of the subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such the subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) Subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) Subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offence; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company’s shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

b. Regarding the subscription rights to shares granted as stock options upon especially favorable terms to executive officers of the company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Company Law, a resolution to leave a decision on details of the subscription to the Board of Directors was made at the Ordinary General Meeting of Shareholders on June 27, 2012.

Date of authorizing resolution	June 27, 2012
Number and description of persons granted the subscription rights to shares	Executive officers of the company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries) (Note 1)
Share type issuable the exercise of the subscription rights to shares	Common stock
Number of shares issuable	Up to 217,000 shares
Amount payable on the exercise of the subscription rights to shares (yen)	(Note 2)
Exercise period	(Note 3)
Exercise conditions of the subscription rights to shares	(Note 4)
Transfer conditions of the subscription rights to shares	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Share settlement	—
Issuance of the subscription rights to shares as a result of reorganization	(Note 5)

Notes:

1. A resolution on the number of persons granted the subscription rights to shares will be made at a meeting of the Board of Directors to be held after this report is filed.
2. The value of assets to be invested upon the exercise of each subscription rights to shares shall equal the amount payable per share on the subscription rights to shares to exercise (hereinafter the "exercise price") as defined below, multiplied by 1,000—the number of shares corresponding to each subscription right to shares.

   The exercise price shall equal the average of the closing prices of the company's common stock regularly traded at the Tokyo Stock Exchange for all trading days (except any days when the closing price was not attained) of the preceding month of the month in which the grant date of the subscription rights to shares falls, multiplied by 1.025, with any fractional amounts under ¥1 thus generated rounded up.

   However, if the calculated exercise price is less than the closing price of the company's common stock regularly traded at the Tokyo Stock Exchange on the grant date (or its nearest preceding day if the grant date ended without a closing price), the exercise price shall be the said closing price.

   In the event of a stock split or share consolidation subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

   In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance or treasury stock disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

   "Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share" and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

   Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.
3. The exercise period is from the date on which two (2) years have passed after the grant date to August 1, 2019.
4. The exercise conditions of the subscription rights to shares are as follows:
   (1) Persons granted an allotment of options (hereinafter the " holders") must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription rights to shares is exercised. However, the holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise of the

subscription rights to shares up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to the dismissal of the holder from the position of director or executive officer, voluntary resignation from such post (except for reasons of illness or injury), imprisonment or worse for a criminal offence, or appointment to a directorship or senior advisory position at a company that is a direct competitor of the company or one of its subsidiaries.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the company’s shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

(2) Acquisitions of Treasury Stock

[Type of shares, etc.] Acquisitions of common stock according to Article 155-7 of the Company Law

1. Stock acquisitions by resolution of the Ordinary General Meeting of Shareholders

There are no applicable matters to be reported.

2. Stock acquisitions by resolution of the Board of Directors

There are no applicable matters to be reported.

3. Stock acquisitions not based on resolutions of the Ordinary General Meeting of Shareholders or the Board of Directors

Item	Number of shares	Total value (yen)
Treasury stock acquired in the year ended March 2012	30,160	29,462,672
Treasury stock acquired during the term	1,506	1,471,344

Note:
The treasury stock acquired during the term does not include shares acquired by purchasing sub-MTU (minimum trading unit) shares during the period from June 1, 2012, to the date of filing the original Japanese version of this report.

4. Disposals or holdings of acquired treasury stock

Item	Year ended March 2012		During the term	
	Number of shares	Total value of disposals (yen)	Number of shares	Total value of disposals (yen)
Shares of acquired treasury stock that went on offer	—	—	—	—
Treasury stock retired	—	—	—	—
Shares of acquired treasury stock involved in transfers accompanying merger, share exchange or corporate demerger	—	—	—	—
Other				
(Exercise of subscription rights to shares)	9,000	11,509,000	2,000	2,262,000
(Sale upon request of sub-MTU share holdings)	4,273	4,103,819	—	—
Shares of treasury stock held	2,995,152	—	2,994,658	—

Note:
The number of shares of treasury stock held during the term reflect neither decreases in the shares of treasury stock as a result of the exercise of the subscription rights to shares between June 1, 2012, and the filing of the original Japanese version of this report, nor increases or decreases as a result of the purchase or sale upon request of sub-MTU share holdings.

(3) Dividend Policy

The company aims to meet the expectations of shareholders to stably distribute profits, based on the current and future profitability of its business and the financial position, in addition to targeting a payout ratio of at least 30% on a consolidated basis.

In principle, the company intends to pay dividends twice a year: interim and year-end. The Company's Articles of Incorporation prescribe that matters related to the payment of dividends may be decided by the Board of Directors, as well as the General Meeting of Shareholders according to the provision of Article 459-1 of the Company Law, unless otherwise stipulated by law, and that the payment of interim dividends as provided for by Article 454-5 of the Company Law may be effected by a resolution of the Board of Directors, with the date of record for such dividends being September 30.

The ordinary annual dividend for the year ended March 31, 2012 remained unchanged from the previous year at ¥20 per share. As a result, the dividend payout ratio for the year was 37.3% on a consolidated basis (36.5% on a non-consolidated basis) and the rate of dividends to net assets was 1.7% on a consolidated basis (2.2% on a non-consolidated basis).

The company will allocate its retained earnings aggressively toward strategic investment in priority fields that offer the potential for growth and expansion outlined under its medium-term management plan, "NNI-120, Speed, Growth and Expansion." The company thereby intends to raise its corporate value in the years ahead, while maintaining a policy of flexible distribution of profits to its shareholders.

Note:
Payment of dividends for which the date of record falls during the year ended March 2012 is as follows.

Authorizing resolution	Total dividends (millions of yen)	Dividend per share (yen)
Resolution of the Board of Directors made on October 28, 2011	2,485	10
Resolution of the Ordinary General Meeting of Shareholders made on June 27, 2012	2,485	10

(4) Share Price Movements

1. Share price highs and lows in previous five years

Fiscal term	164th	165th	166th	167th	168th
Year-end	Mar. 2008	Mar. 2009	Mar. 2010	Mar. 2011	Mar. 2012
Intra-year high (yen)	1,305	1,528	1,294	1,234	1,036
Intra-year low (yen)	997	909	985	824	893

Note:
Share-price highs and lows refer to market trading of the company's shares listed on the First Section of the Tokyo Stock Exchange.

2. Share price highs and lows in the final six months of the most recent year

Month	Oct. 2011	Nov. 2011	Dec. 2011	Jan. 2012	Feb. 2012	Mar. 2012
Intra-month high (yen)	1,036	971	955	948	986	1,012
Intra-month low (yen)	954	893	912	912	915	966

Note:
Share-price highs and lows refer to market trading of the company's shares listed on the First Section of the Tokyo Stock Exchange.

(5) Directors and Auditors

Title	Position	Name	Date of birth	Abbreviated CV [Roles in parentheses signify head of function in addition to position as director or executive officer; [C] = current role]		Term of office	Share holding (thousands)
President		Hiroshi Oeda	March 12, 1957	Apr. 1980 Jun. 2008 Jun. 2008 Jun. 2009 Jun. 2010 Apr. 2011 Jul. 2011 Apr. 2012 Jun. 2012	Joined the company Executive Officer Managing Director (Operations & Planning), Nisshin Flour Milling Inc. Director Senior Managing Director (Operations & Planning), Nisshin Flour Milling Inc. President President (Corporate Planning) President, Nisshin Flour Milling Inc. [C] (Concurrent roles) President [C]	Note 3	27
Vice President	Division Executive, General Administration Division	Yasutaka Miyauchi	January 31, 1949	Apr. 1972 Jun. 2005 Jun. 2005 Jun. 2007 Jun. 2009 Jun. 2011	Joined the company Executive Officer (General Administration) Director (General Administration) Managing Director (General Administration) Vice President (General Administration) Vice President [C]	Note 3	20
Vice President		Kazuo Ikeda	September 14, 1947	Apr. 1971 Jun. 2002 Jun. 2003 Jun. 2004 Jun. 2004 Jun. 2009 Jun. 2011 Jun. 2012 Jun. 2012	Joined the company Executive Officer Managing Director, Nisshin Foods Inc. (Business Planning) Director President, Nisshin Foods Inc. (Concurrent roles) Managing Director Senior Managing Director Vice President [C] Chairman, Nisshin Foods Inc. [C] (Concurrent roles)	Note 3	29
Managing Director	Division Executive, Technology and Engineering Division	Toshio Maruo	January 12, 1950	Apr. 1972 Jun. 2007 Jun. 2008 Jun. 2011	Joined the company Managing Director, (Production) Nisshin Flour Milling Inc. Director (Technology and Engineering) Managing Director (Technology and Engineering) [C]	Note 3	18
Managing Director	Division Executive, Finance and Accounting Division	Masao Nakagawa	August 17, 1953	Apr. 1977 Jun. 2008 Jun. 2008 Jun. 2009 Nov. 2009 Sep. 2011 Jun. 2012	Joined the company Executive Officer Senior Managing Director, Nisshin Foods Inc. Senior Managing Director, Nisshin Foods Inc. (Operations & Planning) Senior Managing Director, Nisshin Foods Inc. (Operations & Planning and Business Planning) Senior Managing Director, Nisshin Foods Inc. (Business Planning) Managing Director (Finance and Accounting) [C]	Note 3	15
Director	Division Executive, Research and Development, Quality Assurance Division	Takashi Harada	February 9, 1957	Apr. 1979 Jun. 2009 Jun. 2009 Jun. 2010 Jun. 2010	Joined the company Executive Officer Director, Manager (Tsurumi Plant), Nisshin Flour Milling Inc. Director, Nisshin Flour Milling Inc. Director (R&D and Quality Assurance) [C]	Note 3	7

Title	Position	Name	Date of birth	Abbreviated CV [Roles in parentheses signify head of function in addition to position as director or executive officer; [C] = current role]		Term of office	Share holding (thousands)
Director	Division Executive, General Administration Division	Izumi Inagaki	May 19, 1950	Apr. 1975	Joined the company	Note 3	6
				Jun. 2008	Executive Officer, General Manager, Public Communications (General Administration Division)		
				Jun. 2009	Senior Executive Officer, General Manager, Public Communications (General Administration Division)		
				Jun. 2011	Director (General Administration) [C]		
Director	Division Executive, Corporate Planning Division	Michinori Takizawa	March 27, 1954	Apr. 1976	Joined the company	Note 3	11
				Jun. 2005	Executive Officer, Legal Affairs Group (General Administration Division)		
				Jun. 2006	Executive Officer, General Manager, Legal Affairs (General Administration Division)		
				Jun. 2009	Executive Officer, General Manager, Internal Control		
				Jun. 2011	Executive Officer, (Deputy General Manager, Corporate Planning Division)		
				Jul. 2011	Executive Officer (Corporate Planning Division)		
				Jun. 2012	Director (Corporate Planning Division) [C]		
Director		Toshinori Shiragami	September 29, 1950	Apr. 1973	Joined the company	Note 3	15
				Jun. 2005	Managing Director, Nisshin Pharma Inc.		
				Jun. 2007	Executive Officer		
				Jun. 2008	Director [C]		
				Jun. 2008	President, Nisshin Pharma Inc. [C]		
Director		Hiromasa Hanafusa	November 25, 1951	Aug. 1975	Joined the company	Note 3	2
				Jun. 2011	Executive Officer		
				Jun. 2011	Managing Director (Sales Division, Region), Nisshin Flour Milling Inc.		
				Apr. 2012	Managing Director (Sales Division), Nisshin Flour Milling Inc. [C]		
				Jun. 2012	Director [C]		
Director		Masashi Nakagawa	February 19, 1955	Apr. 1978	Joined Oriental Yeast Co., Ltd.	Note 3	—
				Jun. 2007	Managing Director (Food business), Oriental Yeast Co., Ltd.		
				Jun. 2009	Managing Director (Supervisor of Food Division & Bioindustry Division), Oriental Yeast Co., Ltd.		
				Jun. 2011	President, Oriental Yeast Co., Ltd. [C]		
				Jun. 2012	Director [C]		
Director		Koichi Iwasaki	September 12, 1956	Apr. 1980	Joined the company	Note 3	5
				Jun. 2010	Executive Officer		
				Jun. 2010	Managing Director, (Sales Division), Nisshin Foods Inc.		
				Jun. 2012	Director [C]		
				Jun. 2012	President, Nisshin Foods Inc. [C]		
Director		Masao Shimosaka	August 27, 1959	Apr. 1982	Joined the company	Note 3	—
				Apr. 2012	Director (Operations & Planning), Nisshin Flour Milling Inc. [C]		
				Jun. 2012	Director [C]		

Title	Position	Name	Date of birth	Abbreviated CV [Roles in parentheses signify head of function in addition to position as director or executive officer; [C] = current role]		Term of office	Share holding (thousands)
Director		Ariyoshi Okumura	February 15, 1931	Apr. 1955	Joined Industrial Bank of Japan, Limited (IBJ)	Note 3	1
				Jun. 1983	Director, IBJ		
				May 1987	Managing Director, IBJ		
				Feb. 1989	President, IBJ Asset Management Co., Ltd.		
				Jun. 1997	Director, Nippon Light Metal Co., Ltd.		
				Jul. 2000	Board Governor, International Corporate Governance Network		
				Jun. 2003	Corporate Auditor		
				Jun. 2006	Director [C]		
Director		Akio Mimura	November 2, 1940	Apr. 1963	Joined Fuji Iron & Steel Co., Ltd.	Note 3	2
				Jun. 1993	Director, Nippon Steel Corporation		
				Apr. 1997	Managing Director, Nippon Steel Corporation		
				Apr. 2000	Representative Director & Executive Vice President, Nippon Steel Corporation		
				Apr. 2003	Representative Director & President, Nippon Steel Corporation		
				Jun. 2006	Corporate Auditor		
				Apr. 2008	Representative Director & Chairman, Nippon Steel Corporation [C]		
				Jun. 2009	Director [C]		
Senior Corporate Auditor	Full-time	Takeo Ito	August 1, 1942	Apr. 1966	Joined the company	Note 4	26
				Jun. 1994	Director		
				Jun. 1998	Managing Director		
				Jun. 2005	Senior Corporate Auditor [C]		
Corporate Auditor	Full-time	Makoto Watanabe	February 23, 1949	Apr. 1972	Joined the company	Note 4	8
				Jun. 2007	Executive Officer, General Manager (Internal Control Department)		
				Jun. 2009	Corporate Auditor [C]		
Corporate Auditor		Tetsuo Kawawa	June 15, 1947	Apr. 1975	Admitted in Japan as attorney-at-law	Note 5	—
				Apr. 1996	Managing Partner, Kawawa Law Offices [C]		
				Aug. 2002	Member of Legislative Council of the Ministry of Justice (Modernization of Company Act)		
				Sep. 2002	Specially designated member of the Judicial System Research Board, Japan Federation of Bar Associations [C]		
				Jun. 2007	Corporate Auditor [C]		
Corporate Auditor		Kazuhiko Fushiya	January 26, 1944	Apr. 1967	Joined the Ministry of Finance (MOF)	Note 4	—
				Jul. 1999	Commissioner, National Tax Agency		
				Jul. 2001	Deputy Governor, National Life Finance Corporation		
				Jul. 2002	Assistant Chief Cabinet Secretary		
				Jan. 2006	Commissioner, Board of Audit of Japan		
				Feb. 2008	President, Board of Audit of Japan		
				Jan. 2009	Retired		
				Jun. 2009	Corporate Auditor [C]		

Title	Position	Name	Date of birth	Abbreviated CV [Roles in parentheses signify head of function in addition to position as director or executive officer; [C] = current role]		Term of office	Share holding (thousands)
Corporate Auditor		Satoshi Itoh	July 25, 1942	Jan. 1967	Joined Tokyo Office of Arthur Andersen & Co.	Note 6	—
				Dec. 1970	Qualified as a Certified Public Accountant in Japan		
				Sep. 1978	Partner, Arthur Andersen & Co.		
				Oct. 1993	Representative Partner, Asahi & Co (current KPMG AZSA LLC), a member firm of Arthur Andersen & Co., SC		
				Aug. 2001	Managing Partner, Itoh CPA Office [C]		
				Apr. 2002	Professor, Chuo University, Graduate School of International Accounting		
				Mar. 2007	Retirement from Chuo University		
				Jun. 2010	Corporate Auditor [C]		
Total							196

Notes:

1. Directors Ariyoshi Okumura and Akio Mimura are outside directors in accordance with Section 2, Article 15 of the Company Law.
2. Auditors Tetsuo Kawawa, Kazuhiko Fushiya and Satoshi Itoh are outside corporate auditors in accordance with Section 2, Article 16 of the Company Law.
3. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 27, 2012, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the year ending March 2013.
4. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 25, 2009, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the year ending March 2013.
5. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 28, 2011, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the year ending March 2015.
6. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 25, 2010, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the year ending March 2014.

(6) Corporate Governance and Other Matters

1. Corporate governance

This section provides an overview of corporate governance at the Nisshin Seifun Group. All data are accurate as of the date of filing the original Japanese version of this report (June 27, 2012).

(1) Corporate governance systems

(Basic policy on corporate governance)

The company views the basic purpose of corporate governance as one of ensuring the transparency of the management of the business for the benefit of shareholders and other stakeholders. To that end, the company aims to build and maintain effective functional management structures that promote accelerated decision-making. Other goals of corporate governance are to raise operational efficiency while seeking to clarify management responsibilities.

The organizational structure and systems of the Nisshin Seifun Group are designed to strengthen corporate governance functions and to promote efficient management. The company has adopted a holding company structure under which the holding company Nisshin Seifun Group Inc. oversees and evaluates the actions of operating companies with the best interests of shareholders in mind. The Board of Directors is organized along functional lines to promote swifter and more effective decision-making. The statutory functions of auditors and independent accounting auditors have been reinforced and are augmented by systematic, specialized internal audits covering areas such as facilities, safety, environmental protection and quality assurance, along with a systematic evaluation of internal control systems.

The Nisshin Seifun Group Inc. has adopted the statutory auditor system. The Corporate Auditors attend important meetings, such as the meetings of the Board of Directors, and also maintain separate, regular channels of communication with Representative Directors. These activities facilitate the general auditing oversight of the business.

(Description of the company's corporate governance systems and reasons for adopting such systems)

1) Reasons for adopting a holding company structure

The company adopts the holding company structure to enable the strategic and effective utilization of the Group's business resources, while ensuring good governance of the entire Group's management. The holding company structure enables the company to make timely and appropriate managerial decisions and to perform operations in a functional manner and with clear responsibilities.

2) Management system

The company appoints two Outside Directors, who provide opinions at meetings of the Board of Directors from an independent and third-party viewpoint. The company adopts the Executive Officer system to expedite the execution of business operations. In addition to the Board of Directors as a body for making managerial decisions and supervising operational execution, the company has the Group Management Meeting, which mainly consists of Directors and Corporate Auditors who discuss and exchange opinions as to important matters regarding the management of the Nisshin Seifun Group and the group companies. The Group Management Meeting meets twice a month, in principle, and whenever the need arises, to assist the Board of Directors in making decisions.

3) Auditing system

The company has the Board of Corporate Auditors, consisting of five Corporate Auditors. The Corporate Auditors attend important meetings, including those of the Board of Directors, and hold regular meetings with the company's Representative Directors, according to the Board's auditing standards and audit plans. Two of the Corporate Auditors work on a full-time basis and concurrently serve as the auditors of the Nisshin Seifun Group's major subsidiaries. These subsidiaries have their own full-time auditors, who attend the regular meetings of Corporate Auditors' Liaison Committee of the Nisshin Seifun Group. In addition, there are four auditor assistants to assist the auditing by the Corporate Auditors. The company and its major subsidiaries have an independent auditing contract with Ernst & Young ShinNihon LLC, which conducts audits as stipulated in the Company Law and the Financial Instruments and Exchange Law under that contract.

4) Reasons for adopting the corporate governance systems

To maximize the effect of the holding company structure, the company's Board of Directors consist of i) Directors who belong exclusively to the holding company and evaluate and oversee the actions of operating companies from the viewpoint of shareholders, ii) Directors who concurrently hold the position of managing major operating companies, being familiar with the market environment and having experienced management skills for those businesses, and iii) Outside Directors who are in a position to oversee the management of the company from an independent and third-party viewpoint and based on the accumulated experience and knowledge in their respective career fields. This organization ensures the transparency of management for all stakeholders and the responsible execution of managerial duties. The Outside Directors deliver opinions based on the accumulated experience and knowledge in their respective career fields at meetings of the Board of Directors. Their opinions are delivered from the same viewpoint as the company's shareholders and the general society surrounding the company, and such opinions are extremely important for examining the management of the company.

(Outline of a limited liability contract)

Pursuant to the provision of Article 427-1 of the Company Law, the company holds a limited liability contract with its Outside Directors and Outside Corporate Auditors to the effect that the maximum amount of liability as stipulated in Article 423-1 of the Company Law shall be the sum of the amounts stipulated in each item of Article 425-1 of the Company Law, as long as they perform their duties in good faith and without gross negligence.

(Basic policy on internal control systems and status)

The internal control systems of the company establish the hierarchical command structure and clarify authority and responsibility while putting in place management control of department heads or managers in operational departments, internal checks between departments (i.e. operations division and accounting division), as well as the following systems.

1) Systems for ensuring the compliance of the performance of directors' and employees' duties with laws and the Articles of Incorporation

(a) The company has formulated the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines. The presidents and directors of the Nisshin Seifun Group Inc. and other group companies recognize their duty to comply with said Code and Guidelines, and shall take the lead in following said rules and publicizing them to the people concerned. Said presidents and directors shall also endeavor to grasp internal and external opinion at all times, and adjust their internal systems accordingly to enhance their effectiveness, while promoting corporate ethics throughout their companies.

(b) The Social Committee shall address all Nisshin Seifun Group's corporate social responsibility (CSR) issues by discussing a comprehensive range of CSR issues, including corporate ethics and compliance, promoting practical CSR measures, providing education on CSR throughout the Group and ensuring recognition of and compliance with laws, the Articles of Incorporation and social norms.

(c) The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that could threaten the order and safety of civil society and shall take organized countermeasures in collaboration with specialized institutions.

(d) The company shall operate and maintain the Compliance Hotline, which was established as a measure for employees, etc., to directly report any acts of non-compliance so that such acts can be early detected and dealt with.

(e) Corporate auditors shall audit the performance of duties by directors, and oversee directors to verify whether they construct and operate systems for internal control in an appropriate manner.

(f) The Internal Control Department, directly supervised by representative directors, shall lead and promote efforts to enhance and operate the internal control systems of the Nisshin Seifun Group. As an independent organization, the Internal Control Department shall evaluate the internal control systems of the Nisshin Seifun Group Inc. and perform internal audits of the Group's business operations.

2) Systems for ensuring the preservation and management of information in relation to the directors' performance of their duties

The minutes of Board of Directors' meetings, request for managerial decision, and other documents and information relating to the directors' performance of their duties shall be preserved and managed appropriately as confidential information in accordance with the relevant regulations.

3) Rules and systems for managing the danger of loss

(a) For issues concerning business operations, approval and reporting procedures shall be determined according to their level of importance, impact, etc., and evaluation of such issues, including risk assessment thereof, shall be made in advance.

(b) In line with the Nisshin Seifun Group Risk Management Rules, the Risk Management Committee shall supervise the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that the Group's operating companies have appropriate control over the risks that are recognized, analyzed, and evaluated by themselves, and that no risks are left unnoticed.

(c) In line with the Nisshin Seifun Group Crisis Control Rules, any emergence of crises or fear thereof shall be reported to a specified contact within the Nisshin Seifun Group to ensure the early detection and handling of the danger of loss. Should crises occur, a countermeasures headquarters shall be immediately set up to handle them in an appropriate manner to minimize damages.

(d) The Corporate Auditors shall take the necessary measures, such as advice and recommendation, whenever they recognize the possibility that directors may bring about a significant loss or serious accidents.

4) Systems for ensuring that directors' duties are performed efficiently

(a) Because the Nisshin Seifun Group adopts the holding company system, the number of directors is kept small.

(b) The range of responsibility and authority is clarified, for example, by identifying matters to be resolved by and reported to the Board of Directors and matters of request for approval of presidents and directors in charge. This enables directors to perform their duties in a prompt and appropriate manner.

(c) The Nisshin Seifun Group clarifies its business strategies and their potential direction, according to which the Group's operating companies formulate their profit plans on a yearly basis. The term of office of directors shall be one year to clarify their responsibilities. The Board of Directors reviews business performance on a monthly basis, and discusses and implements measures to improve performance.

5) Systems for ensuring that proper business operations are conducted within the group of companies that consists of the company and its subsidiaries

(a) The Nisshin Seifun Group has adopted a holding company structure under which the holding company, Nisshin Seifun Group Inc., oversees and evaluates the actions of operating companies with the best interests of the shareholders in mind.

(b) For important issues concerning the business operations of subsidiaries, the standards, which are based on submissions for discussion or report to the Board of Directors, are determined.

(c) The Corporate Philosophy, the Basic Management Policy, the Basic Attitude toward Stakeholders, the Corporate Code of Conduct and the Employee Action Guidelines for the Nisshin Seifun Group are stipulated, and awareness of these throughout the Group is promoted.

(d) The procedures and methods for creation of the Group's financial reports, including the consolidated financial statements, are stipulated to eliminate wrongful acts and errors and ensure the reliability of such reports.

(e) The Corporate Auditors of the Nisshin Seifun Group Inc. and the Group's operating companies hold regular meetings of Corporate Auditors' Liaison Committee of the Nisshin Seifun Group to exchange opinions on audit cases, etc., and share issues to be addressed.

(f) Special audits, such as of facilities, safety, environment and quality assurance are provided for the Nisshin Seifun Group, Inc., and its subsidiaries

(g) The Internal Control Department, directly supervised by representative directors, shall lead and promote efforts to enhance and operate the internal control systems of the Nisshin Seifun Group. As an independent organization, the Internal Control Department shall evaluate the internal control systems of the Nisshin Seifun Group and perform internal audits of the Group's business operations.

(h) The subsidiaries of the Nisshin Seifun Group have their own Internal Control Committee, headed by the president, which leads efforts to enhance and operate their internal control systems and makes reports thereon.

6) Provisions concerning the individuals assisting the Corporate Auditors in performing their duties and their independence from directors

The Board of Corporate Auditors appoints auditor assistants who assist the Corporate Auditors in performing their duties. The auditor assistants assist the Corporate Auditors in performing audits under the direction of the Corporate Auditors, and personnel changes concerning the auditor assistants require the consent of the Corporate Auditors.

7) Systems for directors' and employees' reporting to Corporate Auditors and other forms of reporting to Corporate Auditors

(a) The Corporate Auditors attend the meetings of the Board of Directors and other important meetings, including meetings of the Group Management Meeting, the Credit Management Committee and the Normative Ethics Committee, and state their opinions as appropriate.

(b) The Board of Corporate Auditors may ask for reporting from the independent auditors, the Directors, the Internal Control Department and others at its meetings, whenever such necessity arises.

(c) When Directors recognize anything that could cause remarkable damage or serious accidents to their respective companies, they shall immediately report that to the Corporate Auditors.

(d) Any information obtained through the Compliance Hotline is reported immediately to the Corporate Auditors.

(e) Documents for taking over the duties of the executive managers of the company's divisions and the presidents of its subsidiaries and affiliates are submitted to the Board of Corporate Auditors.

(f) All requisitions are transmitted to the Corporate Auditors.

8) Other systems for ensuring that the audits by Corporate Auditors are conducted efficiently

The Corporate Auditors hold regular meetings with Representative Directors, and exchange opinions on prospective challenges and risks for the company, as well as the status of the environment for audits by the Corporate Auditors and other important auditing issues.

<Basic policy and status of efforts for elimination of antisocial forces>

The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that could threaten the order and safety of civil society and shall take organized countermeasures in collaboration with specialized institutions. The Group's detailed efforts to achieve this are as follows.

(a) The Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines calls for a resolute attitude to reject unreasonable demands from antisocial forces.

(b) Within the Nisshin Seifun Group Inc., an office for control of countermeasures against unreasonable demands and a person responsible for the rejection of such demands are provided to collect information about antisocial forces and to take organized countermeasures in collaboration with specialized institutions. In addition, educational opportunities on ethics and compliance are provided to have the organized countermeasures effectively in place throughout the Group.

(Status of risk management systems)

As mentioned in "Basic policy on internal control systems and status" above, the Group has risk management systems as follows.

To ensure that the company fulfills its social responsibilities, the Nisshin Seifun Group has formulated the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines. The company undertakes Group-wide training and other educational activities to ensure that all employees understand and abide by this code of conduct. Environmental and other specialist audits are undertaken as a further check of the code's effectiveness. The company has also established a Compliance Hotline System that allows employees to communicate directly with external legal counsel or internal departments regarding any compliance-related matters.

Separately, the Nisshin Seifun Group has established the Nisshin Seifun Group Risk Management Rules and the Crisis Control Rules to prevent crisis occurrence and ensure that appropriate actions are taken in the event of any such emergency, as well as to give clear definitions of risk management and crisis. The company has also set up the Risk Management Committee as a center for overseeing the efforts of risk management throughout the Nisshin Seifun Group. All Nisshin Seifun Group employees are obliged to report any crisis to the company's call center so that the information can be relayed swiftly to senior management. The system aims to ensure that any damage caused is minimal due to prompt initial action.

(2) Status of internal audits and audits by the Corporate Auditors

Within the company's internal control systems, the Internal Control Department and the expert personnel in charge of audits covering specialized areas such as facilities, safety, environmental protection and quality assurance are responsible for overseeing internal audits of the Nisshin Seifun Group companies. Currently, the Internal Control Department has a staff of 20 people and the expert personnel teams comprise nine people for facility/safety audits, seven people for environmental audits and seven people for quality assurance audits.

All five Corporate Auditors sit on the Board of Corporate Auditors and conduct financial audits in line with auditing standards and plans formulated by the Board of Corporate Auditors. Two of the auditors are full-time auditors, and their duties also include acting as auditors for major Nisshin Seifun Group subsidiaries. In addition, the Board of Corporate Auditors appoints four auditor assistants who assist the Corporate Auditors in performing their duties.

Corporate Auditor Makoto Watanabe has experience as the General Manager of the Finance Department and other positions at the company. Corporate Auditor Satoshi Itoh has the qualification of Certified Public Accountant (CPA).

Corporate Auditors share audit results with the Internal Control Department. The auditors of the major subsidiaries and the teams consisting of specialist auditing personnel also report their audit results both to the Internal Control Department and to the Corporate Auditors to aid cooperative efforts. In addition, the Corporate Auditors, the subsidiary auditors and the Internal Control Department convene regular meetings of Corporate Auditors' Liaison Committee of the Nisshin Seifun Group. These meetings provide a forum to exchange opinions, discuss issues and share related information, thereby contributing to higher internal audit quality across the Nisshin Seifun Group.

The company and its major subsidiaries have an independent auditing contract with Ernst & Young ShinNihon LLC, which conducts audits as stipulated in the Company Law and the Financial Instruments and Exchange Law under that contract. Corporate Auditors and the subsidiary auditors hold regular meetings with Ernst & Young ShinNihon LLC to review financial audit plans and results. These meetings also provide a forum to explain specific audit items and to exchange information.

Corporate Auditors also hold regular meetings with the Representative Directors and the Directors in charge of administrative and legal affairs and accounting and financial matters to exchange opinions on important auditing issues.

(3) Outside Directors and Outside Corporate Auditors

The company has two Outside Directors and three Outside Corporate Auditors.

There are no business relationships equivalent to those with the company's major business partners or customers between the company and any of the Outside Directors, the Outside Corporate Auditors and the organizations they belong to. Furthermore, they do not have vested interests in each other, and have no other relationships, such as personnel and capital.

Outside Directors Ariyoshi Okumura and Akio Mimura provide advice on and supervise the company's execution of business operations from an independent standpoint. Outside Corporate Auditors Tetsuo Kawawa, Kazuhiko Fushiya and Satoshi Itoh perform audits of the company's management from an objective and independent viewpoint.

Ariyoshi Okumura was regarded as appropriate for the position of Outside Director because his opinions are based on his many years of experience in the business world and international organizations and his leadership position in the field of corporate governance in Japan. Akio Mimura was regarded as appropriate for the position of Outside Director because his extensive experience and insight as a corporate manager were believed to enable him to provide appropriate advice on and supervision of the company's execution of business operations. Tetsuo Kawawa was regarded as appropriate for the position of Outside Corporate Auditor because his extensive knowledge and experience as an attorney at law were believed to help enhance the company's auditing systems in terms of legal compliance. Kazuhiko Fushiya was regarded as appropriate for the position of Outside Corporate Auditor because he held important positions in the Ministry of Finance and has accumulated extensive experience and possesses highly professional expertise. Satoshi Itoh was regarded as appropriate for the position of Outside Corporate Auditor because he has considerable auditing experience as a Certified Public Accountant and considerable professional knowledge on financial and accounting matters.

With respect to the independence of outside directors and outside corporate auditors, decisions have been made regarding whether there is no conflict of interest with respect to general shareholders, after taking into consideration the determination criteria relating to independence announced by the Tokyo Stock Exchange and the Osaka Securities Exchange. The determination criteria include not to hold concurrent positions of operating executives of the parent company or fellow subsidiary, not to hold concurrent positions of operating executives of a business partner or engage in major transactions with same, not to receive substantial amounts of money or financial assets other than remuneration paid by the company as a consultant and other positions and not to be a close family members of any of the aforementioned.

Contact with the Outside Directors and Outside Corporate Auditors is made through the Secretarial Section, which arranges collaborations with the company's applicable sections or departments so that necessary explanations are provided about the proposals to be presented to the Board of Directors. Based on such preparative arrangements, the Outside Directors and Outside Corporate Auditors attend meetings of the Board of Directors and express their opinions and ask questions about the matters reported and resolved at the meetings. In addition, the Outside Corporate Auditors receive reports on the status of audits from the full-time Corporate Auditors at meetings of the Board of Corporate Auditors, as well as attending regular meetings with Ernst & Young ShinNihon LLC.

(4) Remuneration of executives

a. Total amounts of remuneration paid to the company's executives are as specified below.

Category of executives	Total amounts of remuneration (millions of yen)	Total amounts by category of remuneration (millions of yen)			Number of eligible executives
		Basic remuneration	Stock options	Bonuses	
Directors (excluding Outside Directors)	281	196	15	70	12
Corporate Auditors (excluding Outside Corporate Auditors)	35	35	—	—	2
Outside executives	48	46	2	—	5

b. The total amounts of remuneration paid to individual executives of the company

This information is not disclosed because there were no individual executives who received remuneration of ¥100 million or more.

c. The amounts of remuneration for executives and the policy and method of determining such amounts

By a resolution at the 162nd Ordinary General Meeting of Shareholders held on June 28, 2006, the company set the maximum annual amounts of remuneration for Directors and Corporate Auditors at ¥350 million and ¥90 million, respectively. The amounts of remuneration for individual Directors and Corporate Auditors are determined by the Board of Directors and the Board of Corporate Auditors, respectively. The remuneration for the company's executives consists of a fixed basic portion according to his/her position and a variable performance-based portion.

(5) Status of stocks held

a. Stocks for investment held for any purpose other than pure investment

Number of such stocks held: 52

Total of the carrying value: ¥47,297 million

b. Holding classification, issuer, number of shares owned, carrying value, and purposes for ownership of the stocks for investment held for any purpose other than pure investment

(Previous year)

Specific stocks for investment

Issuer	Number of shares owned	Carrying value (millions of yen)	Purposes for ownership
Yamazaki Baking Co., Ltd.	9,962,343	9,514	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Sumitomo Corporation	4,180,244	4,857	As above
NISSIN FOODS HOLDINGS CO., LTD.	1,264,982	3,684	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Mitsubishi Corporation	1,538,474	3,396	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Mitsubishi UFJ Financial Group, Inc.	4,727,150	1,942	There is a relationship of financial transactions between the Group and the issuer’s group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Marubeni Corporation	3,135,511	1,843	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Sumitomo Mitsui Financial Group, Inc.	564,394	1,574	There is a relationship of financial transactions between the Group and the issuer’s group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Nichirei Corporation	3,216,500	1,128	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
KYORIN Holdings, Inc.	754,000	1,080	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Eurogerm S.A.	634,580	1,050	This stock ownership is designed to solidify the business alliance concerning bread improvers and others in Asia between the Group and the issuer.
Hosokawa Micron Corporation	2,500,000	925	This stock ownership is designed to construct a cooperative relationship concerning powder-processing machines and other businesses between the Group and the issuer.
Nisshinbo Holdings Inc.	1,139,800	910	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
The Gunma Bank, Ltd.	1,507,620	691	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
SURUGA Bank, Ltd.	833,910	622	As above
The Sumitomo Trust & Banking Co., Ltd. (Note)	1,288,817	608	As above
Kikkoman Corporation	660,486	541	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).

Issuer	Number of shares owned	Carrying value (millions of yen)	Purposes for ownership
The Hyakugo Bank, Ltd.	1,360,013	486	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Oriental Land Co., Ltd.	30,000	217	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Mizuho Financial Group, Inc.	1,310,780	199	There is a relationship of financial transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
The Awa Bank, Ltd.	371,865	178	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Tokio Marine Holdings, Inc.	59,770	142	There is a relationship of insurance transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
The Nisshin OilliO Group, Ltd.	254,100	106	The Group and the issuer (including its group companies) have a relationship of purchasing materials and others, and this stock ownership is designed to maintain and expand such business relationship.
NKSJ Holdings, Inc.	173,250	98	There is a relationship of insurance transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
The 77 Bank, Ltd.	212,608	93	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
YAMAE HISANO Co., Ltd.	82,286.972	76	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
The Hyakujushi Bank, Ltd.	220,496	67	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
The Chiba Bank, Ltd.	127,338	63	As above
MARUHACHI WAREHOUSE COMPANY LTD.	201,600	33	This ownership is designed for the Group to get information about the trends in the logistics industry through the issuer and reinforce its relationships for distribution.
The Dai-ichi Life Insurance Company, Limited	230	31	There is a relationship of insurance transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Sojitz Corporation	123,527	20	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).

Note:
The Sumitomo Trust & Banking Co., Ltd. has become a wholly-owned subsidiary of Sumitomo Mitsui Trust Holdings, Inc., on April 1, 2011.

Stocks subject to deemed holding

Issuer	Number of shares owned	Carrying value (millions of yen)	Purposes for deemed holding
Mitsubishi Corporation	1,500,000	3,312	Instructions for the exercise of voting rights
Yamazaki Baking Co., Ltd.	1,100,000	1,050	As above
Sumitomo Mitsui Financial Group, Inc.	110,000	306	As above

(Current year)

Specific stocks for investment

Issuer	Number of shares owned	Carrying value (millions of yen)	Purposes for ownership
Yamazaki Baking Co., Ltd.	11,062,343	12,644	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Mitsubishi Corporation	3,038,474	5,967	As above
Sumitomo Corporation	4,180,244	5,129	As above
NISSIN FOODS HOLDINGS CO., LTD.	1,264,982	3,917	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Mitsubishi UFJ Financial Group, Inc.	4,727,150	2,004	There is a relationship of financial transactions between the Group and the issuer’s group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Marubeni Corporation	3,135,511	1,887	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Sumitomo Mitsui Financial Group, Inc.	674,394	1,884	There is a relationship of financial transactions between the Group and the issuer’s group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Nichirei Corporation	3,216,500	1,267	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Hosokawa Micron Corporation	2,500,000	1,177	This stock ownership is designed to solidify the business alliance concerning the powder-processing machine and plant engineering businesses between the Group and the issuer.
KYORIN Holdings, Inc.	754,000	1,158	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Eurogerm S.A.	634,580	1,148	This stock ownership is designed to solidify the business alliance concerning bread improvers and others in Asia between the Group and the issuer.
NIPPON EXPRESS CO., LTD.	3,208,000	1,042	There is a relationship of logistics transactions between the Group and the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions.
SHIMIZU CORPORATION	2,947,000	978	There is a contract relationship of construction and maintenance transactions between the Group and the issuer, and this stock ownership is designed to maintain and expand such business transactions.
Nisshinbo Holdings Inc.	1,139,800	901	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
The Gunma Bank, Ltd.	1,507,620	676	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
SURUGA Bank, Ltd.	833,910	674	As above
Kikkoman Corporation	660,486	615	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Sumitomo Mitsui Trust Holdings, Inc.	1,920,337	535	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
The Hyakugo Bank, Ltd.	1,360,013	515	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.

Issuer	Number of shares owned	Carrying value (millions of yen)	Purposes for ownership
HAKUHODO DY HOLDINGS INCORPORATED	73,460	377	This ownership is designed to effectively engage in advertising and promotion activities of the Group through group companies of the issuer.
DENTSU INC.	130,400	339	This ownership is designed to effectively engage in advertising and promotion activities of the Group through the issuer (including group companies).
Oriental Land Co., Ltd.	30,000	259	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
The Awa Bank, Ltd.	371,865	193	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Mizuho Financial Group, Inc.	1,311,693	181	There is a relationship of financial transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Tokio Marine Holdings, Inc.	59,770	134	There is a relationship of insurance transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
The Nisshin OilliO Group, Ltd.	254,100	88	The Group and the issuer (including its group companies) have a relationship of purchasing materials and others, and this stock ownership is designed to maintain and expand such business relationship.
The Hyakujushi Bank, Ltd.	220,496	87	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
NKSJ Holdings, Inc.	43,312	83	There is a relationship of insurance transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
YAMAE HISANO Co., Ltd.	83,679.582	82	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
The 77 Bank, Ltd.	212,608	78	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.

c. The total amounts of stocks held solely for pure investment carried on the balance sheets for the years ended March 31, 2011 and 2012, as well as the total amounts of dividends income associated with such stocks, and gains and losses on sale and revaluation of such stocks

There are no applicable matters to be reported.

(6) Certified Public Accountants who lead the accounting audit

The company and its major subsidiaries have an independent auditing contract with Ernst & Young ShinNihon LLC, which conducts audits as stipulated in the Company Law and the Financial Instruments and Exchange Law under that contract. The Certified Public Accountants who lead the independent audit of the accounts for the company are Shoji Hoshino, Masayuki Aida and Tomoka Nemoto. The support staff for the auditing team (including audits of consolidated subsidiaries) consists of 10 CPAs and 20 assistant accountants and others.

Ernst & Young ShinNihon LLC conducts personnel rotation to ensure that the staff's continuous involvement with the financial audits of the same company does not last longer than five years, according to its internal regulations, which are compliant with the code of ethics of the Japanese Institute of Certified Public Accountants.

(7) The quorum of Directors

The company's Articles of Incorporation prescribe that the company's quorum of Directors be not more than 15.

(8) Requirements for a resolution on the appointment of Directors

The company's Articles of Incorporation prescribe that a resolution on the appointment of Directors be adopted by a majority of the voting rights of shareholders attending the General Meeting of Shareholders who collectively hold one-third or more of all voting rights, and that cumulative voting not be applied to pass a resolution on the appointment of Directors.

(9) The bodies that make a decision on the payment of dividends, etc.

To enable the company to maintain a dynamic capital stance, the company's Articles of Incorporation prescribe that matters specified in all items of Article 459-1 of the Company Law, including those related to the payment of dividends, may be decided by the Board of Directors, as well as the General Meeting of Shareholders, unless otherwise stipulated by law.

(10) The body that makes a decision on the payment of interim dividends

To enable the expeditious return of profits to shareholders, the company's Articles of Incorporation prescribe that the payment of interim dividends as stipulated in Article 454-5 of the Company Law, for which the date of record is September 30 each year, may be enabled by a resolution of the Board of Directors.

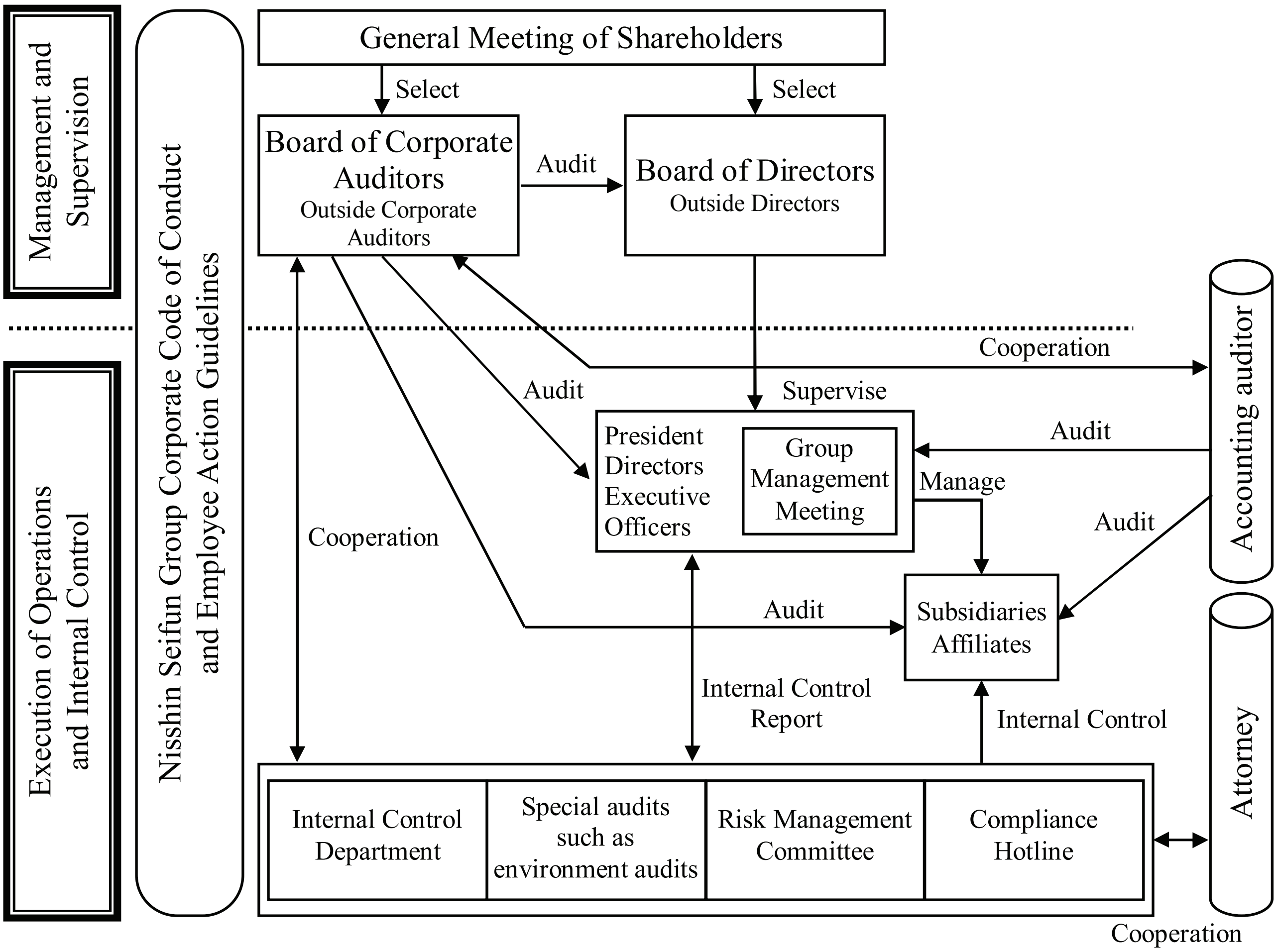
(11) Requirements for a special resolution by the General Meeting of Shareholders

To ensure the integrity of deliberation on matters for special resolution at the General Meeting of Shareholders as defined in Article 309-2 of the Company Law, the company's Articles of Incorporation prescribe that such special resolution be adopted by two-thirds or more of the voting rights of shareholders attending the General Meeting of Shareholders who collectively hold one-third or more of all voting rights.

(12) Exemption from liabilities for directors and auditors

To ensure that the directors and auditors perform their expected roles in an appropriate manner by limiting the liabilities they assume to a reasonable range, the company's Articles of Incorporation prescribe that company directors (including former ones) and auditors (including former ones) may be exempt from the liabilities for damages as defined in Article 423-1 of the Company Law to a statutorily acceptable degree by a resolution of the Board of Directors in accordance with Article 426-1 of said Act.

The diagram below sets out the structure of the Nisshin Seifun Group for management/supervision, execution of operations, and internal control.



2. Audit fee, etc.

(1) Payments made to the Certified Public Accountants and others involved in the audits of the company and its consolidated subsidiaries

Category	Year ended March 31, 2011		Year ended March 31, 2012	
	Payments for certified auditing services (millions of yen)	Payments for services other than certified auditing (millions of yen)	Payments for certified auditing services (millions of yen)	Payments for services other than certified auditing (millions of yen)
The company	50	—	54	—
Consolidated subsidiaries	127	—	111	1
Total	178	—	166	1

(2) Other important payments

(For the year ended March 31, 2011 and year ended March 31, 2012)

There are no applicable matters to be reported.

(3) Services other than certified auditing provided by the Certified Public Accountants and others to the company

(For the year ended March 31, 2011)

There are no applicable matters to be reported.

(For the year ended March 31, 2012)

Consolidated subsidiaries entrust “translation services” to the accounting auditor, which is a service outside the services stipulated under Article 2-1 of the Certified Public Accountants Law, (non-audit services).

(4) Policy for determining the audit fee

There is no applicable policy, but the audit fee is basically determined according to the scale of the companies audited and the number of days required for the audit, etc.

[5] Financial Accounts

1. Basis of presentation for consolidated and non-consolidated financial statements

(1) The company's consolidated financial statements are prepared in conformity with regulations issued by the Ministry of Finance in 1976 (Ministerial Ordinance No. 28) governing the terminology, form and presentation methods for consolidated financial accounts.

(2) The non-consolidated financial statements are prepared in conformity with regulations issued by the Ministry of Finance in 1963 (Ministerial Ordinance No. 59) governing the terminology, form and presentation methods for financial accounts.

2. Independent auditing of financial statements

Pursuant to the provisions of Article 193-2, Section 1, of the Financial Instruments and Exchange Law, the company arranged for the auditing firm Ernst & Young ShinNihon LLC to conduct independent audits of the consolidated and non-consolidated financial accounts of the company for the year under review (April 1, 2011 to March 31, 2012; the 168th fiscal term).

Note: Only the Japanese original of this report has been audited.

3. Particular efforts to secure the appropriateness of the consolidated financial statements and other financial reports

The company conducts efforts to secure the appropriateness of the consolidated financial statements and other financial reports. Specifically, the company endeavors to acquire information that would ensure a good understanding of the corporate accounting standards and keep itself updated on any changes in the accounting standards by participating in the Financial Accounting Standards Foundation and educational opportunities provided by said Foundation, accounting firms and other institutions, as well as subscribing to accounting journals. In addition, the president of each consolidated subsidiary shall sign and seal a written oath to declare the appropriateness of the subsidiary's non-consolidated financial reports that constitute basic information for the preparation of the company's consolidated financial statements after it is duly confirmed by the subsidiary's managers of the accounting and other related departments, and submit it to the president of the company. As to such financial reports prepared within the company, the responsible accounting managers and managers of other related departments shall sign and seal a written oath to declare their appropriateness upon due confirmation thereof, and submit it to the president of the company.

(1) Consolidated Financial Statements, etc.

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)		Year ended March 31, 2012 (As of March 31, 2012)	
Assets				
Current assets				
Cash and deposits		57,938	Note 5	59,020
Notes and accounts receivable – trade		57,919	Notes 5, 7	65,015
Short-term investment securities		24,744		16,141
Inventories	Note 1	43,059	Notes 1, 5	62,283
Deferred tax assets		5,692		4,938
Other		6,182	Note 5	6,225
Allowance for doubtful accounts		(323)		(194)
Total current assets		195,213		213,431
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net	Notes 2, 3, 5	43,253	Notes 2, 3, 5	45,329
Machinery, equipment and vehicles, net	Notes 2, 3, 5	28,438	Notes 2, 3, 5	28,816
Land	Note 5	34,098	Note 5	35,704
Construction in progress		1,658	Note 5	2,645
Other, net	Notes 2, 5	3,007	Notes 2, 5	2,873
Total property, plant and equipment		110,456		115,370
Intangible assets				
Goodwill		—		9,044
Other		3,756		3,754
Total intangible assets		3,756		12,798
Investments and other assets				
Investment securities	Note 4	69,597	Note 4	80,378
Long-term loans receivable		54		50
Deferred tax assets		3,250		3,590
Other	Note 4	7,241	Note 4	6,497
Allowance for doubtful accounts		(153)		(161)
Total investments and other assets		79,991		90,355
Total noncurrent assets		194,204		218,525
Total assets		389,418		431,956

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)		Year ended March 31, 2012 (As of March 31, 2012)	
Liabilities				
Current liabilities				
Notes and accounts payable – trade		36,634	Note 7	50,003
Short-term loans payable	Note 5	2,866	Note 5	5,813
Income taxes payable		4,992		5,442
Accrued expenses		15,418		15,692
Other		14,517		15,335
Total current liabilities		74,429		92,287
Noncurrent liabilities				
Long-term loans payable		145	Note 5	2,117
Deferred tax liabilities		11,371		11,814
Provision for retirement benefits		9,360		18,420
Provision for directors' retirement benefits		400		371
Provision for repairs		1,570		1,452
Long-term deposits received		5,492		5,554
Other		1,398		1,139
Total noncurrent liabilities		29,739		40,869
Total liabilities		104,168		133,157
Net assets				
Shareholders' equity				
Capital stock		17,117		17,117
Capital surplus		9,450		9,453
Retained earnings		239,380		247,736
Treasury stock		(3,171)		(3,186)
Total shareholders' equity		262,776		271,120
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		18,205		22,776
Deferred gains or losses on hedges		99		170
Foreign currency translation adjustment		(2,281)		(2,677)
Total accumulated other comprehensive income		16,023		20,269
Subscription rights to shares		138		188
Minority interests		6,311		7,220
Total net assets		285,249		298,798
Total liabilities and net assets		389,418		431,956

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Net sales		424,156		441,963
Cost of sales	Notes 1, 2	285,700	Notes 1, 2	306,649
Gross profit		138,455		135,313
Selling, general and administrative expenses	Notes 2, 3	113,120	Notes 2, 3	112,200
Operating income		25,335		23,113
Non-operating income				
Interest income		215		217
Dividends income		1,344		1,545
Equity in earnings of affiliates		591		800
Rent income		342		335
Other		373		494
Total non-operating income		2,866		3,394
Non-operating expenses				
Interest expenses		71		83
Foreign exchange losses		89		64
Expenses concerning quality assurance		—		50
Other		201		176
Total non-operating expenses		362		375
Ordinary income		27,839		26,132
Extraordinary income				
Gain on sales of noncurrent assets	Note 4	1,193	Note 4	581
Gain on sales of investment securities		24		13
Gain on negative goodwill		2,643		—
Gain on liquidation of subsidiaries and affiliates		203		—
Insurance income		—		239
Other		53		54
Total extraordinary income		4,117		889
Extraordinary losses				
Loss on retirement of noncurrent assets	Note 5	574	Note 5	421
Loss on valuation of investment securities		1,440		100
Impairment loss	Note 6	3,090	Note 6	462
Loss on earthquake disaster		972		—
Loss on revision of retirement benefit plan		—		1,290
Expenses for improving production systems		—		228
Other		65		156
Total extraordinary losses		6,142		2,660
Income before income taxes and minority interests		25,815		24,361
Income taxes – current		10,889		9,468
Income taxes – deferred		(441)		829
Total income taxes		10,448		10,297
Income before minority interests		15,367		14,063
Minority interests in income		1,179		736
Net income		14,187		13,326

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Income before minority interests	15,367	14,063
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,148)	4,561
Deferred gains or losses on hedges	(12)	80
Foreign currency translation adjustment	(598)	(672)
Share of other comprehensive income of affiliates accounted for using equity method	(103)	(71)
Total other comprehensive income	(2,863)	Note 1 3,898
Comprehensive income	12,503	17,962
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,495	17,573
Comprehensive income attributable to minority interests	1,008	389

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of the period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	17,117	17,117
Capital surplus		
Balance at the beginning of the period	9,448	9,450
Changes of items during the period		
Disposal of treasury stock	1	3
Total changes of items during the period	1	3
Balance at the end of the period	9,450	9,453
Retained earnings		
Balance at the beginning of the period	230,661	239,380
Changes of items during the period		
Dividends from surplus	(5,468)	(4,971)
Net income	14,187	13,326
Total changes of items during the period	8,719	8,355
Balance at the end of the period	239,380	247,736
Treasury stock		
Balance at the beginning of the period	(3,187)	(3,171)
Changes of items during the period		
Purchase of treasury stock	(81)	(29)
Disposal of treasury stock	97	14
Total changes of items during the period	15	(15)
Balance at the end of the period	(3,171)	(3,186)
Total shareholders' equity		
Balance at the beginning of the period	254,040	262,776
Changes of items during the period		
Dividends from surplus	(5,468)	(4,971)
Net income	14,187	13,326
Purchase of treasury stock	(81)	(29)
Disposal of treasury stock	98	17
Total changes of items during the period	8,736	8,344
Balance at the end of the period	262,776	271,120

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	20,303	18,205
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,097)	4,571
Total changes of items during the period	(2,097)	4,571
Balance at the end of the period	18,205	22,776
Deferred gains or losses on hedges		
Balance at the beginning of the period	105	99
Changes of items during the period		
Net changes of items other than shareholders' equity	(5)	71
Total changes of items during the period	(5)	71
Balance at the end of the period	99	170
Foreign currency translation adjustment		
Balance at the beginning of the period	(1,693)	(2,281)
Changes of items during the period		
Net changes of items other than shareholders' equity	(588)	(396)
Total changes of items during the period	(588)	(396)
Balance at the end of the period	(2,281)	(2,677)
Total accumulated other comprehensive income		
Balance at the beginning of the period	18,715	16,023
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,692)	4,246
Total changes of items during the period	(2,692)	4,246
Balance at the end of the period	16,023	20,269
Subscription rights to shares		
Balance at the beginning of the period	83	138
Changes of items during the period		
Net changes of items other than shareholders' equity	55	49
Total changes of items during the period	55	49
Balance at the end of the period	138	188
Minority interests		
Balance at the beginning of the period	30,388	6,311
Changes of items during the period		
Net changes of items other than shareholders' equity	(24,076)	908
Total changes of items during the period	(24,076)	908
Balance at the end of the period	6,311	7,220
Total net assets		
Balance at the beginning of the period	303,226	285,249
Changes of items during the period		
Dividends from surplus	(5,468)	(4,971)
Net income	14,187	13,326
Purchase of treasury stock	(81)	(29)
Disposal of treasury stock	98	17
Net changes of items other than shareholders' equity	(26,713)	5,204
Total changes of items during the period	(17,977)	13,548
Balance at the end of the period	285,249	298,798

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	25,815	24,361
Depreciation and amortization	13,681	13,636
Impairment loss	3,090	462
Increase (decrease) in provision for retirement benefits	248	5,021
Decrease (increase) in prepaid pension costs	(796)	820
Interest and dividends income	(1,559)	(1,763)
Interest expenses	71	83
Equity in (earnings) losses of affiliates	(591)	(800)
Loss (gain) on sales of investment securities	(24)	(13)
Gain on negative goodwill	(2,643)	—
Decrease (increase) in notes and accounts receivable – trade	(1,562)	(5,940)
Decrease (increase) in inventories	(5,736)	(16,727)
Increase (decrease) in notes and accounts payable – trade	14,430	12,893
Other, net	2,191	923
Subtotal	46,615	32,958
Interest and dividends income received	1,959	1,984
Interest expenses paid	(75)	(85)
Income taxes paid	(13,643)	(8,778)
Net cash provided by (used in) operating activities	34,856	26,078
Net cash provided by (used in) investing activities		
Payments into time deposits	(71,602)	(45,625)
Proceeds from withdrawal of time deposits	92,192	46,379
Purchase of short-term investment securities	(23,645)	(15,176)
Proceeds from sales of short-term investment securities	21,916	26,174
Purchase of property, plant and equipment and intangible assets	(12,425)	(14,755)
Proceeds from sales of property, plant and equipment and intangible assets	1,466	521
Purchase of investment securities	(2,319)	(2,653)
Proceeds from sales of investment securities	74	31
Purchase of stocks of subsidiaries and affiliates	(21,881)	(0)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	Note 2 (10,578)
Payments of long-term loans receivable	(6)	(4)
Collections of long-term loans receivable	21	8
Other, net	141	434
Net cash provided by (used in) investing activities	(16,067)	(15,244)
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	(105)	(396)
Repayment of long-term loans payable	(13)	—
Proceeds from sales of treasury stock	98	17
Purchase of treasury stock	(81)	(29)
Cash dividends paid	(5,468)	(4,971)
Other, net	(803)	(755)
Net cash provided by (used in) financing activities	(6,373)	(6,134)
Effect of exchange rate change on cash and cash equivalents	(302)	(400)
Net increase (decrease) in cash and cash equivalents	12,112	4,299
Cash and cash equivalents at beginning of period	29,975	42,087
Cash and cash equivalents at end of period	Note 1 42,087	Note 1 46,387

Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation
   (1) Consolidated subsidiaries: 45
   - Names of principal subsidiaries: Nisshin Flour Milling Inc., Miller Milling Company, LLC, Nisshin Foods Inc.,
     Ma・Ma-Macaroni Co., Ltd., Initio Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., NBC Meshtec Inc.
   - Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and four other companies are not consolidated. The assets, net sales, net income and retained earnings of each non-consolidated subsidiary are small, and the aggregate effect on the consolidated financial statements is immaterial.

   (2) Changes in the scope of consolidation
   (New) 6 companies
   - Effective from the year under review, the company newly acquired equity interests in Miller Milling Company, LLC and three other companies, and newly established Oriental Yeast India Pvt. Ltd. Accordingly, each company was included in the scope of consolidation of the company.
   - The company acquired additional shares of Hanshin Silo Co., Ltd., an affiliate accounted for by the equity method, up to the previous year. Accordingly, Hanshin Silo was included in the scope of consolidation of the company.

2. Scope of the equity method
   (1) Subsidiaries and affiliates accounted for by the equity method: 9 (one non-consolidated subsidiary and eight affiliates)
   - Names of principal subsidiaries and affiliates accounted for by the equity method: Marubeni Nisshin Feed Co., Ltd., Japan Logistic Systems Corp.
   - The contributions to consolidated net income and consolidated retained earnings of each of the four non-consolidated subsidiaries and eight affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.

   (2) Changes in the scope of the equity method
   (New) 1 company
   - Effective from the year under review, Eurogerm (Shanghai) Trading Co., Ltd., which was established as a joint-venture company with Eurogerm S.A., was included in the scope of the equity method.

   (Excluded) 1 company
   - Effective from the year under review, Hanshin Silo Co., Ltd. became a consolidated subsidiary and was accordingly excluded from the scope of the equity method.

   (3) The financial statements for the accounting period of the company concerned are used in the cases of those subsidiaries and affiliates accounted for by the equity method whose accounting period differs from the consolidated accounting period.

3. Accounting periods of consolidated subsidiaries
   The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary's year-end and the consolidated year-end.

Company name	Year-end
Rogers Foods Ltd.	January 31
Thai Nisshin Seifun Co., Ltd. and 12 others	December 31

The financial statements for the accounting period ended December 31, 2011 of Miller Milling Company, LLC and three other companies have been used after making the necessary adjustments for material transactions that occurred up to the March 2012 acquisition of equity interests. The financial statements as of the February 2012 payment of equity investment of Oriental Yeast India Pvt. Ltd. have also been used. As a result, these companies are not included in the number of companies listed above.

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

a. Securities

Held-to-maturity debt securities are stated at amortized cost.

Other securities

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

b. Derivatives

Derivative financial instruments are stated at fair market value.

c. Inventories

Wheat flour and bran are stated at cost, with cost being determined by the retail cost method, with balance sheet values reflecting write downs for decreased profitability; other products are stated at cost, with cost being determined by the periodic average method, with balance sheet values reflecting write downs for decreased profitability.

Raw materials are stated at cost, with cost being determined by the first-in, first-out method, and balance sheet values reflecting write downs for decreased profitability.

(2) Depreciation methods for material depreciable assets

a. Property, plant and equipment (excluding lease assets)

The company and domestic consolidated subsidiaries mainly apply the declining balance method. However, for buildings acquired on or after April 1, 1998 (excluding building fixtures), they apply the straight-line method.

Foreign consolidated subsidiaries mainly apply the straight-line method.

b. Intangible assets (excluding lease assets)

Depreciation is computed by the straight-line method. Software used in-house is depreciated over its estimated useful life (within five years) based on the straight-line method.

c. Lease assets

Depreciation on lease assets relating to finance leases that do not transfer ownership is computed by the straight-line method over the lease term, which is deemed as the asset's useful life, with a residual value of zero.

However, for the finance lease transactions that do not transfer ownership for which the inception of the lease falls prior to the first year of the implementation of ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" (revised on March 30, 2007), that is, on or before March 31, 2008, the company applies the accounting method that is similar to that of ordinary rental transactions.

(3) Basis of material allowances

a. Allowance for doubtful accounts

The company and domestic consolidated subsidiaries provide for possible credit losses stemming from trade notes and accounts receivable. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts. Specific claims are generally deemed irrecoverable in the case of foreign consolidated subsidiaries.

b. Provision for retirement benefits

The company and domestic consolidated subsidiaries provide for employees and already retired pension recipients based on the estimated amounts of projected benefit obligation and the market value of the pension plan assets at the year-end.

Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the year-end.

Actuarial differences are amortized on a straight-line basis from the following year over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated year-end.

(Additional Information)

The company and some of its consolidated subsidiaries traditionally provided a tax-qualified pension plan and a lump-sum retirement benefit plan. As of October 1, 2011, however, a lump-sum retirement benefit plan, a defined-contribution pension plan and a defined-benefit corporate pension plan limited to already retired pension recipients have been adopted instead of the aforementioned plans.

c. Provision for directors' retirement benefits

Ten domestic consolidated subsidiaries provide for the payment of retirement benefits to directors in accordance with internal regulations, based on projected benefits as of the year-end.

(4) Significant hedging transactions

a. Basis of accounting

Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any financial claims denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.

b. Hedging methods

The company uses derivative transactions (including forward exchange contracts and currency call options) to hedge currency risk exposure for any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.

c. Hedging policy

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

d. Hedging evaluation

Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the company's hedging approach enables exchange rate fluctuations to be offset completely. Hence, the company considers its hedging method to be highly effective.

(5) Goodwill amortization and amortization periods

Goodwill is amortized using the straight-line method over a period of mainly 10 years beginning with the day on which it is realized. However, when the amount of goodwill is immaterial, it is amortized in total in the year it is realized.

(6) Cash and cash equivalents in the Consolidated Statements of Cash Flows

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

(7) Consumption tax

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

Changes in Accounting Policy

Effective from April 1, 2011, the company applied the Accounting Standard for Earnings per Share (ASBJ Statement No. 2, released on June 30, 2010) and the Guidance on Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, released on June 30, 2010).

We have changed the method of calculating diluted earnings per share. By the new method, the stock options—for which the vesting date comes after a certain period of service—are evaluated by including a portion of the estimated market value of the stock options that is relative to the future services given to the company in the amount of money to be paid in if the stock options are exercised.

There was no effect of this application during the period under review.

Additional Information

Effective from April 1, 2011, the company applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, released on December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, released on December 4, 2009).

Notes to Consolidated Financial Statements
(Consolidated balance sheets)

1. Components of inventories are as follows.

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Merchandise and finished goods	¥21,897 million	¥24,917 million
Work in process	¥2,602 million	¥3,061 million
Raw materials and supplies	¥18,559 million	¥34,304 million

2. Accumulated depreciation of property, plant and equipment

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
	¥225,819 million	¥235,187 million

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

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Accumulated reduction entry of property, plant and equipment	¥359 million	¥359 million

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

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Investment securities	¥16,416 million	¥15,995 million
Others	¥125 million	¥164 million
[Investments in joint ventures included in the above]	[¥125 million]	[¥164 million]

5. Assets pledged as collateral
Assets pledged as collateral are as follows.

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Notes and accounts receivable – trade	¥— million	¥1,134 million
Inventories	¥— million	¥2,737 million
Buildings and structures	¥1,324 million	¥2,081 million
Machinery, equipment and vehicles	¥592 million	¥2,057 million
Other	¥124 million	¥771 million
Total	¥2,041 million	¥8,783 million

Secured debts are as follows.

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Short-term loans payable	¥200 million	¥2,874 million
Long-term loans payable	¥— million	¥1,582 million
Total	¥200 million	¥4,456 million

6. Warranty liabilities

Target of warranty	Type of liability	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
[Employee housing loans]	Borrowings from financial institution	¥123 million	¥83 million
[Subsidiary]			
Hanshin Silo Co., Ltd.	Borrowings from financial institution	¥480 million	¥— million
[Client-related]			
Nihon-Bio Co., Ltd.	Borrowings from financial institution	¥164 million	¥122 million
Total		¥768 million	¥206 million

7. Notes with maturity dates as of the year-end are settled on subsequent clearance dates. As the year-end fell on a holiday for financial institutions, notes with maturity dates as of the year-end were included in the following accounting line items.

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Notes receivable	¥— million	¥379 million
Notes payable	¥— million	¥0 million

(Consolidated statements of income)

1. The value of inventories at the year-end represents the value after written down of the book value according to a decrease in profitability, and the following loss on revaluation of inventories is included in the cost of sales.

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
¥338 million	¥262 million

2. R&D expenditures included in general and administrative expenses and manufacturing costs for the year ended March 2011 and 2012:

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
¥5,866 million	¥5,980 million

3. Major components of selling, general and administrative expenses are as follows.

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Sales fare	¥25,645 million	¥26,227 million
Promotion expenses	¥34,640 million	¥34,518 million
Salaries	¥12,811 million	¥12,933 million
Bonuses and allowance	¥9,636 million	¥9,590 million
Retirement benefit expenses	¥1,295 million	¥1,590 million

4. Gain on sales of noncurrent assets
Year ended March 31, 2011 (April 1, 2010 to March 31, 2011) and Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
This figure mainly reflects gains on the sale of land.

5. Loss on retirement of noncurrent assets
   Year ended March 31, 2011 (April 1, 2010 to March 31, 2011) and Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
   This figure mainly reflects losses on the disposal of machinery and equipment.

6. Impairment loss
   Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
   The Nisshin Seifun Group has recorded for the following asset impairment losses for the year ended March 31, 2011.

Location	Purpose	Type
Kumagaya city, Saitama, etc.	Assets for business operations (Processed Food business)	Buildings and structures, Machinery, equipment and vehicles, Land, etc.
Kobe city, Hyogo, etc.	Assets for lease	Buildings and structures, Land
Sasayama city, Hyogo, etc.	Idle assets	Buildings and structures, Land

The Nisshin Seifun Group determines asset groupings based on the smallest unit producing cash flow that is largely independent from cash flows for other assets or asset groups.

The assets for business operations and for lease shown above have recoverable values that are below their book values, so the book values have been written down to recoverable values. The amounts of the write-downs (the assets for business operations ¥2,410 million, assets for lease ¥475 million) have been recorded as impairment losses under extraordinary losses. Impairment losses on assets for business operations include ¥1,293 million for buildings and structures, ¥324 million for machinery, equipment and vehicles, ¥499 million for land, and ¥292 million for other. Impairment losses on assets for lease include ¥158 million for buildings and structures and ¥316 million for land.

For the idle assets shown above, market values have declined significantly, so book values were written down to recoverable values and impairment losses of ¥204 million were recorded under extraordinary losses. Impairment losses on idle assets include ¥1 million for buildings and structures and ¥202 million for land.

Recoverable values for the asset groups shown above were measured based on either value-in-use (at a discount rate of 5%) or net selling price (values based on real estate appraisals, etc.).

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
There are no applicable matters to be reported.

(Consolidated statements of comprehensive income)

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

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

Valuation difference on available-for-sale securities	
Gain during the period	¥4,640 million
Reclassification adjustment	¥(6) million
Before tax effect adjustment	¥4,634 million
Tax effect	¥(73) million
Valuation difference on available-for-sale securities	¥4,561 million
Deferred gains or losses on hedges	
Gain during the period	¥144 million
Reclassification adjustment	¥(21) million
Before tax effect adjustment	¥122 million
Tax effect	¥(42) million
Deferred gains or losses on hedges	¥80 million
Foreign currency translation adjustment	
Loss during the period	¥(672) million
Share of other comprehensive income of affiliates accounted for by the equity method	
Loss during the period	¥(71) million
Total other comprehensive income	¥3,898 million

(Consolidated statements of changes in net assets)

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Issued shares Common stock	251,535	—	—	251,535
Treasury stock Common stock	3,059	77	91	3,045

Notes:
1. Portion of the increase in common stock accounted for by treasury stock:
   77 thousand shares, as result of repurchasing sub-MTU (minimum trading unit) shares
2. Portion of the decrease in common stock accounted for by treasury stock:
   10 thousand shares, as result of selling sub-MTU shares, and
   81 thousand shares, as result of exercise of stock options

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

Category	Composition of the subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at the end of the year (millions of yen)
			At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	—					138
Total		—					138

3. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 25, 2010.

- Dividends on common stock:
  - i) Total dividends to be paid ¥2,982 million
  - ii) Dividend per share ¥12
  - iii) Record date March 31, 2010
  - iv) Effective date June 28, 2010

The following resolution was made at the meeting of the Board of Directors held on October 29, 2010.

- Dividends on common stock:
  - i) Total dividends to be paid ¥2,485 million
  - ii) Dividend per share ¥10
  - iii) Record date September 30, 2010
  - iv) Effective date December 3, 2010

(2) Dividends for which the record date came during the year ended March 31, 2011, but for which the effective date will come after said period

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 28, 2011.

- Dividends on common stock:
  - i) Total dividends to be paid ¥2,485 million
  - ii) Source of dividends Retained earnings
  - iii) Dividend per share ¥10
  - iv) Record date March 31, 2011
  - v) Effective date June 29, 2011

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Issued shares Common stock	251,535	—	—	251,535
Treasury stock Common stock	3,045	30	13	3,062

Notes:
1. Portion of the increase in common stock accounted for by treasury stock:
   30 thousand shares, as result of repurchasing sub-MTU (minimum trading unit) shares.
2. Portion of the decrease in common stock accounted for by treasury stock:
   4 thousand shares, as result of selling sub-MTU shares, and
   9 thousand shares, as result of exercise of stock options

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

Category	Composition of the subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at the end of the year (millions of yen)
			At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	—					188
Total		—					188

3. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 28, 2011.

- Dividends on common stock:
  - i) Total dividends to be paid ¥2,485 million
  - ii) Dividend per share ¥10
  - iii) Record date March 31, 2011
  - iv) Effective date June 29, 2011

The following resolution was made at the meeting of the Board of Directors held on October 28, 2011.

- Dividends on common stock:
  - i) Total dividends to be paid ¥2,485 million
  - ii) Dividend per share ¥10
  - iii) Record date September 30, 2011
  - iv) Effective date December 5, 2011

(2) Dividends for which the record date came during the year ended March 31, 2012, but for which the effective date will come after said period

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 27, 2012.

- Dividends on common stock:
  - i) Total dividends to be paid ¥2,485 million
  - ii) Source of dividends Retained earnings
  - iii) Dividend per share ¥10
  - iv) Record date March 31, 2012
  - v) Effective date June 28, 2012

(Consolidated statements of cash flows)

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

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Cash and deposits	¥57,938 million	¥59,020 million
Short-term investment securities	¥24,744 million	¥16,141 million
Total	¥82,682 million	¥75,161 million
Time deposits with maturities of more than three months	(¥26,799) million	(¥26,042) million
Debt securities with maturities of more than three months	(¥13,795) million	(¥2,732) million
Cash and cash equivalents at the end of period	¥42,087 million	¥46,387 million

2. Breakdown of main assets and liabilities of companies that became consolidated subsidiaries as a result of the purchase of shares

   Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

   A breakdown of the assets and liabilities of Miller Milling Company, LLC, Miller Milling Company, LP and Miller Trading Company, LLC at the time of consolidation as well as the acquisition costs of equity interests and net payments for purchase is presented as follows.

Current assets	¥4,404 million
Noncurrent assets	¥2,482 million
Goodwill	¥8,947 million
Current liabilities	(¥3,528) million
Noncurrent liabilities	(¥1,582) million
Acquisition costs of new consolidated subsidiary equity interests	¥10,722 million
Payable portion	(¥128) million
Cash and cash equivalents	(¥15) million
Payment for the purchase of equity interests	(¥10,578) million

(Leases)

1. Finance leases (for the lessee)

   Finance leases other than those that transfer ownership:

   (1) Details of the lease assets

   a. Property, plant and equipment: mainly information system equipment (tools, furniture and fixtures)

   b. Intangible assets: software

   (2) Depreciation of the lease assets

   Depreciation of the lease assets is as described in "4. Significant accounting policies (2) Depreciation methods for material depreciable assets" under the Basis of Presentation of Consolidated Financial Statements.

However, the company continued to apply the accounting method similar to that of ordinary rental transactions for the finance leases that do not transfer ownership for which the inception of the lease falls prior to March 31, 2008, and details of such leases are as follows.

1) The acquisition cost, accumulated depreciation, accumulated impairment loss and net book value at the year-end for the lease assets on an "as if capitalized" basis were as follows:

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net book value
Machinery, equipment and vehicles	1,925	1,421	132	370
Other	1,421	1,158	48	214
Total	3,347	2,580	181	585

(Millions of yen)

	Year ended March 31, 2012 (As of March 31, 2012)			
	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

2) Outstanding obligations under finance leases at the year-end were as follows:

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Outstanding obligations under finance leases at the year-end		
Due within one year	375	211
Due after one year	348	136
Total	723	348
Balance of accumulated impairment loss on lease assets	137	70

The values of the acquisition cost of lease assets and of outstanding obligations under finance leases both include the imputed interest expense portion, since the year-end balance of finance lease obligations represented a small proportion of property, plant and equipment.

3) Lease payments, reversal of accumulated impairment loss on lease assets, depreciation expense and impairment loss:

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Lease payments	509	374
Reversal of accumulated impairment loss on lease assets	43	66
Depreciation expense	466	308
Impairment loss	181	—

4) Depreciation method for lease assets:

Depreciation on lease assets is computed by the straight-line method over the lease term, which is deemed as the asset's useful life, with a residual value of zero.

2. Operating leases

Future minimum lease commitments under noncancelable operating leases

(Lessee)

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Due within one year	56	64
Due after one year	90	93
Total	147	157

(Lessor)

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Due within one year	112	107
Due after one year	742	574
Total	855	682

(Financial instruments)

1. Status of Financial Instruments

(1) Policies on financial instruments

The Group observes a fund management policy that standby funds for future strategic investments and temporary surplus funds shall be managed in the form of time deposits with a fixed yield of interest and securities, and it shall not manage these funds to gain marginal gains in trades or for speculative purposes. As for fund procurement, the Group complies with the policy of financing with the most appropriate means, such as bank borrowings for short-term financial requirements, and bank borrowings, the issuance of corporate bonds and an increase in capital for long-term financial requirements, while taking into account market conditions and other factors.

The Group acquires and holds, in principle, investment securities for shares of the counterparties with which the Group has business or capital alliance relationships.

The Group utilizes derivative financial instruments to hedge its exposure to various risks described below and abides by a policy of not using them separately to gain marginal gains in trades or for speculative purposes.

(2) Description of financial instruments, related risks and risk management system

Cash and deposits are mainly managed as time deposits, and securities are mainly operated in the form of bonds. Both cash and deposits and securities are exposed to the credit risk of the relevant depository or issuer and the fluctuation risk of market prices. These risks are intended to be minimized and diversified using internal regulations at the respective Group companies by limiting such items as the target assets of fund management, the depository or the issuer, the period for management and the upper limit for management at each depository or issuer.

Notes and accounts receivable – trade as operating receivables are exposed to the credit risk of the respective customers. To cope with this risk, the Group conducts maturity management and balance management by counterparty in accordance with the internal regulations at the respective Group companies and has established a system for periodically measuring the creditworthiness of major counterparties to quickly determine and mitigate any concerns on the collection of claims that might be caused by deteriorated financial conditions at a counterparty.

Investment securities, which primarily consist of the shares relating to business or capital alliance relationships with the counterparties, are exposed to the risk of market price fluctuations. The Group has established a system of periodically measuring their market value.

Although notes and accounts payable – trade as operating payables are exposed to liquidity risk, most of them have a maturity for payment within one year. The Group therefore manages them mainly by making each Group company prepare a cash-flow projection.

As for derivative transactions, the Group uses forward foreign exchange contracts, currency options and the like to hedge against the adverse impact of future fluctuations in foreign currency exchange rates on specific foreign currency denominated assets and liabilities including notes and accounts receivable – trade and notes and accounts payable – trade. Meanwhile, some foreign consolidated subsidiaries use commodity futures and other financial instruments targeting wheat to hedge against the risk of future fluctuations in the market for wheat and other risks. These derivative transactions often entail a general market risk due to the fluctuation of rates. To reduce the exposure to market risk, derivative transactions beyond the targeted, real demand are forbidden by the internal regulations of each Group company, and the regulations set forth a certain percentage of allowable derivative transactions against the total relevant underlying trading amounts. Currency options are limited only to buying call options (long position) in accordance with the respective internal regulations. These transactions are traded by the Finance and Accounting Division mainly based on the instructions given by the governing department of the operating company that might suffer from the exchange-rate fluctuation risk. At several consolidated subsidiaries, they are traded by the department in charge of financial affairs at each company mainly based on the instructions given by the governing department. In managing the derivative transactions, the aforementioned Finance and Accounting Division of the company or the department in charge of financial affairs at each company receives a notice of position balances on derivative transactions every month from the correspondent bank, checks how these balances agree with performance figures and reports the monitored results to the Division Executive of the Finance and Accounting Division of the company or the director of the department in charge of financial affairs and the responsible director of the governing department. The Group believes that the risk that counterparty to its derivative transactions could default is almost insignificant as the Group enters into derivative transactions only with financial institutions of high caliber.

(3) Supplemental explanation on the market value of financial instruments, etc.

The market value of financial instruments includes the value reasonably calculated for those without market value, in addition to the value based on the market price. As several variable factors are incorporated in calculating the market value, the resulting amount may vary depending on the different preconditions employed. The contract amounts, etc., regarding derivative transactions in "2. Market Value of Financial Instruments, etc.," are not necessarily indicative of the market risk with regard to derivative transactions.

2. Market Value of Financial Instruments, etc.

Carrying values in the consolidated balance sheets, market values and the unrealized gains (losses) are presented as follows. Assets and liabilities, for which it is deemed difficult to measure the market value, are not included in the following table. (Refer to Note 2.)

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Carrying value	Market value	Unrealized gains (losses)
(1) Cash and deposits	57,938	57,938	—
(2) Notes and accounts receivable – trade	57,919	57,919	—
(3) Short-term investment securities and investment securities			
1) Held-to-maturity securities	2,000	2,000	—
2) Other securities	71,026	71,026	—
Total assets	188,884	188,884	—
(1) Notes and accounts payable – trade	36,634	36,634	—
Total liabilities	36,634	36,634	—
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	7	7	—
2) Transactions for which hedge accounting has been adopted	114	114	—
Total derivative transactions	121	121	—

* Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Carrying value	Market value	Unrealized gains (losses)
(1) Cash and deposits	59,020	59,020	—
(2) Notes and accounts receivable – trade	65,015	65,015	—
(3) Short-term investment securities and investment securities			
1) Held-to-maturity securities	1,000	1,000	—
2) Other securities	74,710	74,710	—
Total assets	199,747	199,747	—
(1) Notes and accounts payable – trade	50,003	50,003	—
Total liabilities	50,003	50,003	—
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	10	10	—
2) Transactions for which hedge accounting has been adopted	227	227	—
Total derivative transactions	237	237	—

* Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

Note 1: Calculation method of the market value of financial instruments and matters relating to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable – trade

As these assets are settled within a short time, the market value thereof is almost equal to the carrying value. Accordingly, the calculation of the market value of these assets is based on the carrying value concerned.

(3) Short-term investment securities and investment securities

The calculation of the market value of stocks is based on the prices traded at the stock exchange. The calculation of the market value of bonds is based on the prices traded at the stock exchange or the prices presented by the correspondent financial institution. Refer to the "Securities" under Notes to the Consolidated Financial Statements with regard to the noteworthy matters regarding securities held by holding purpose.

Liabilities

(1) Notes and accounts payable – trade

As these liabilities are settled within a short time, the market value is almost equal to the carrying value. Accordingly, the calculation of the market value of these liabilities is based on the carrying value concerned.

Derivative transactions

Refer to the "Derivatives" under Notes to the Consolidated Financial Statements.

Note 2: Carrying value of financial instruments for which it is deemed difficult to measure the market value

(Millions of yen)

Classification	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Unlisted stocks	18,773	18,332

The above unlisted stocks have no market prices and relevant future cash flows cannot be easily estimated due to the anticipated huge estimation cost, and it is therefore deemed difficult to measure their market value. Accordingly, they are not included in (3) Short-term investment securities and investment securities.

Note 3: Redemption schedule for monetary receivables and securities with maturity dates after the consolidated closing date (March 31)

Year ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	57,938	—
Notes and accounts receivable – trade	57,919	—
Short-term investment securities and investment securities		
Held-to-maturity securities	2,000	—
Other securities with maturity dates	22,749	—
Total	140,607	—

Year ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	59,020	—
Notes and accounts receivable – trade	65,015	—
Short-term investment securities and investment securities		
Held-to-maturity securities	1,000	—
Other securities with maturity dates	15,148	—
Total	140,185	—

(Securities)

1. Debt securities classified as held-to-maturity securities
   Year ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

	Item	Carrying value	Market value	Unrealized gains (losses)
Securities whose market value exceeds their carrying value	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	—	—	—
Securities whose market value does not exceed their carrying value	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	2,000	2,000	—
	Subtotal	2,000	2,000	—
Total		2,000	2,000	—

Year ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

	Item	Carrying value	Market value	Unrealized gains (losses)
Securities whose market value exceeds their carrying value	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	—	—	—
Securities whose market value does not exceed their carrying value	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	1,000	1,000	—
	Subtotal	1,000	1,000	—
Total		1,000	1,000	—

2. Short-term investment securities classified as other securities
Year ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	42,187	10,537	31,649
	(2) Bonds:			
	a. Government and municipal bonds	—	—	—
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	42,187	10,537	31,649
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	6,094	6,811	(716)
	(2) Bonds:			
	a. Government and municipal bonds	22,744	22,746	(1)
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	28,839	29,557	(718)
Total		71,026	40,095	30,931

Note:
The above “other securities” do not include unlisted stocks with a carrying value of ¥4,899 million because they have no market value and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current market value.

Year ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	55,178	19,020	36,158
	(2) Bonds:			
	a. Government and municipal bonds	1,898	1,898	0
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	57,077	20,918	36,158
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	4,390	4,982	(591)
	(2) Bonds:			
	a. Government and municipal bonds	12,242	12,242	(0)
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	1,000	1,000	—
	Subtotal	17,633	18,225	(592)
Total		74,710	39,144	35,566

Note:
The above “other securities” do not include unlisted stocks with a carrying value of ¥4,813 million because they have no market value and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current market value.

3. Sale of short-term investment securities classified as other securities

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	74	24	—

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	32	13	(0)

4. Securities for which write downs were recorded

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Other securities were written down ¥1,440 million.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

Other securities were written down ¥91 million.

(Derivative transactions)

1. Derivative transactions for which hedge accounting is not adopted
   (1) Currency-related
   Year ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

Classification	Type of transactions		Contract amounts	Portion due after one year	Market value	Unrealized gains (losses)
Market transactions	Currency futures:					
	Buy:	Canadian dollar	467	—	7	7
Non-market transactions	Forward foreign exchange contracts:					
	Sell:	U.S. dollar	148	—	(1)	(1)
	Buy:	U.S. dollar	439	—	(1)	(1)
		Euro	23	—	0	0
		Yen	1	—	0	0
Total			1,080	—	5	5

Note:
Calculation of market value is based on the closing prices of the relevant futures markets and the prices and other information presented by associated financial institutions and others.

Year ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

Classification	Type of transactions		Contract amounts	Portion due after one year	Market value	Unrealized gains (losses)
Market transactions	Currency futures:					
	Buy:	Canadian dollar	283	—	5	5
Non-market transactions	Forward foreign exchange contracts:					
	Sell:	U.S. dollar	178	—	(8)	(8)
	Buy:	U.S. dollar	178	—	4	4
		Euro	6	—	(0)	(0)
		Yen	0	—	0	0
Total			646	—	1	1

Note:
Calculation of market value is based on the closing prices of the relevant futures markets and the prices and other information presented by associated financial institutions and others.

(2) Commodity-related

Year ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

Classification	Type of transactions	Contract amounts	Portion due after one year	Market value	Unrealized gains (losses)
Market transactions	Commodity futures:				
	Sell: Wheat	7	—	(0)	(0)
	Buy: Wheat	188	—	2	2
Total		195	—	1	1

Note:
Calculation of market value is based on the closing prices of the relevant futures markets.

Year ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

Classification	Type of transactions	Contract amounts	Portion due after one year	Market value	Unrealized gains (losses)
Market transactions	Commodity futures:				
	Sell: Wheat	1,170	—	72	72
	Buy: Wheat	1,418	—	(31)	(31)
	Options:				
	Sell put:				
	Wheat	19	—	14	5
Total		2,608	—	55	46

Note:
Calculation of market value is based on the closing prices of the relevant futures markets.

(3) Interest rate-related

Year ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

Classification	Type of transactions	Contract amounts	Portion due after one year	Market value	Unrealized gains (losses)
Non-market transaction	Interest rate swap transaction:				
	Pay fixed / receive floating	3,104	—	(46)	(46)
Total		3,104	—	(46)	(46)

Note:
Calculation of market value is based on the prices and other information presented by associated financial institutions and others.

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related

Year ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

Method of hedge accounting	Type of transactions		Major hedged items	Contract amounts	Portion due after one year	Market value
Deferral hedge accounting	Forward foreign exchange contracts:		Accounts payable			
	Buy:	U.S. dollar		2,965	—	46
		Thai baht		1,340	—	25
		Euro		338	—	18
		Canadian dollar		70	—	2
	Options:					
	Purchase call:					
		U.S. dollar		11	—	20
Appropriation treatment	Forward foreign exchange contracts:		Accounts payable			
	Buy:	U.S. dollar		78	—	—
		Euro		227	—	—
Total				5,031	—	114

Notes:

1. Calculation of market value is based on the prices and other information presented by associated financial institutions and others.
2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts payable to be hedged, the market value of those is included in the market value of the relevant accounts payable.

Year ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

Method of hedge accounting	Type of transactions		Major hedged items	Contract amounts	Portion due after one year	Market value
Deferral hedge accounting	Forward foreign exchange contracts:		Anticipated foreign currency transactions			
	Sell:	U.S. dollar		405	—	8
	Forward foreign exchange contracts:		Accounts payable			
	Buy:	U.S. dollar		2,091	—	125
		Thai baht		933	—	69
		Euro		351	—	20
	Options:		Accounts payable			
	Purchase call:					
		U.S. dollar		1	—	3
Appropriation treatment	Forward foreign exchange contracts:		Accounts payable			
	Buy:	U.S. dollar		54	—	—
Total				3,839	—	227

Notes:

1. Calculation of market value is based on the prices and other information presented by associated financial institutions and others.
2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts payable to be hedged, the market value of those is included in the market value of the relevant accounts payable.

(Retirement benefits)

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Outline of retirement benefit plans

   The company and domestic consolidated subsidiaries primarily provide a tax-qualified pension plan together with a lump-sum retirement benefit plan. The company and some domestic consolidated subsidiaries have also established a retirement benefit trust. In some cases, employees leaving the company may receive an additional severance payment beyond that computed on the basis of the actuarial retirement benefit calculated using the relevant accounting standard.

2. Retirement benefit obligation

	As of March 31, 2011 (Millions of yen)
(A) Retirement benefit obligation	(45,290)
(B) Market value of plan assets	36,718
(C) Unfunded retirement benefit obligation [(A) + (B)]	(8,571)
(D) Unrecognized actuarial loss	5,768
(E) Unrecognized prior service cost	(1,734)
(F) Net amount recorded on the consolidated balance sheets [(C) + (D) + (E)]	(4,537)
(G) Prepaid pension cost	4,823
(H) Provision for retirement benefits [(F) – (G)]	(9,360)

Note:
Certain subsidiaries adopt a simplified method for calculating the retirement benefit obligation.

3. Retirement benefit expenses

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011) (Millions of yen)
(A) Service cost	1,756
(B) Interest cost	1,031
(C) Expected return on plan assets	(868)
(D) Amortization of actuarial loss	621
(E) Amortization of prior service cost	(198)
(F) Net retirement benefit expenses [(A) + (B) + (C) + (D) + (E)]	2,344

Note:
The retirement benefit expenses incurred by the consolidated subsidiaries that adopt simplified method are recorded under "(A) Service cost."

4. Assumptions used in retirement benefit obligation calculations

(A) Method adopted for periodic distribution of projected retirement benefits	Equal amounts per period
(B) Discount rate	Principally 2.5%
(C) Expected rate of return on plan assets	Principally 2.5%
(D) Amortization period of actuarial difference*1	Principally 15 years
(E) Amortization period of prior service cost*2	15 years

Notes:
1. Actuarial differences are amortized on a straight-line basis from the following year based on the average remaining service period of employees expected to receive pension benefits as of the consolidated year-end.
2. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated year-end.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Outline of retirement benefit plans

The company and its consolidated subsidiaries provide for a lump-sum retirement benefit plan and a defined-contribution pension plan. In addition, the company and some of its consolidated subsidiaries provide for a defined-benefit corporate pension plan limited to already retired pension recipients. Moreover, employees leaving the company may in some cases receive an additional severance payment beyond that computed on the basis of the actuarial retirement benefit calculated using the relevant accounting standard.

The company and certain of its consolidated subsidiaries transferred to a lump-sum retirement benefit plan, a defined-contribution pension plan and a defined-benefit corporate pension plan limited to already retired pension recipients from a tax-qualified pension plan and a lump-sum retirement benefit plan in October 2011.

Regarding the accounting treatment of these transfers as well as other consolidated subsidiary retirement benefit plan transfers, the Guidance on Accounting for Transfers between Retirement Benefit Plans (ASBJ Guidance No. 1, released on January 31, 2002) has been applied and a loss on revisions to retirement benefit plans of ¥1,290 million recorded for the year under review.

2. Retirement benefit obligation

	As of March 31, 2012
	(Millions of yen)
(A) Retirement benefit obligation	(31,936)
(B) Market value of plan assets	13,711
(C) Unfunded retirement benefit obligation [(A) + (B)]	(18,224)
(D) Unrecognized actuarial loss	6,360
(E) Unrecognized prior service cost	(2,552)
(F) Net amount recorded on the consolidated balance sheets [(C) + (D) + (E)]	(14,417)
(G) Prepaid pension cost	4,002
(H) Provision for retirement benefits [(F) – (G)]	(18,420)

Notes:

1. Certain subsidiaries adopt a simplified method for calculating the retirement benefit obligation.
2. Plan assets pertain to a defined-benefit corporate pension plan limited to already retired pension recipients.
3. The effect of the company and its consolidated subsidiaries shifting to a lump-sum retirement benefit plan, a defined-contribution pension plan and a defined-benefit corporate pension plan limited to already retired pension recipients from a tax-qualified pension plan and a lump-sum retirement benefit plan is presented as follows.

	(Millions of yen)
Decrease of retirement benefit obligation	14,105
Unrecognized actuarial loss	(4,500)
Unrecognized prior service cost	460
Decrease of market value of plan assets	(20,546)
Decrease of prepaid pension cost	1,778
Increase of provision for retirement benefits	(8,702)

3. Retirement benefit expenses

	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012) (Millions of yen)
(A) Service cost	1,471
(B) Interest cost	768
(C) Expected return on plan assets	(340)
(D) Amortization of actuarial loss	660
(E) Amortization of prior service cost	(221)
(F) Net retirement benefit expenses [(A) + (B) + (C) + (D) + (E)]	2,337
(G) Loss on the transfer to a defined-contribution pension plan	1,290
(H) Other	375
Total	4,003

Notes:

1. The retirement benefit expenses incurred by the consolidated subsidiaries that adopt simplified method are recorded under "(A) Service cost."
2. (H) Other is the amount of contribution payment to a defined contribution pension.

4. Assumptions used in retirement benefit obligation calculations

(A) Method adopted for periodic distribution of projected retirement benefits	Equal amounts per period
(B) Discount rate	Principally 1.7%
(C) Expected rate of return on plan assets	Principally 1.2%
(D) Amortization period of actuarial difference*1	Principally 15 years
(E) Amortization period of prior service cost*2	Principally 15 years

Notes:

1. Actuarial differences are amortized on a straight-line basis from the following year based on the average remaining service period of employees expected to receive pension benefits as of the consolidated year-end.
2. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated year-end.

(Stock options)

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. The account and the amount of expenses concerning stock options recorded for the year:
   Selling, general and administrative expenses ¥57 million

2. Description and changes in the size of stock options
   (1) Description of stock options

	2003 Plan	2004 Plan	2005 Plan	2007 Plan
Category and number of grantees	10 directors and 13 executive officers (Note 1) of the company and 29 directors of consolidated subsidiaries	10 directors and 12 executive officers (Note 1) of the company and 25 directors of consolidated subsidiaries	9 directors and 10 executive officers (Note 1) of the company and 26 directors of consolidated subsidiaries	12 directors and 11 executive officers (Note 1) of the company and 23 directors of consolidated subsidiaries
Number of shares granted by stock type	290,400 shares of common stock (Note 2)	269,500 shares of common stock (Note 2)	258,500 shares of common stock (Note 2)	250,000 shares of common stock
Grant date	July 23, 2003	July 26, 2004	August 17, 2005	August 13, 2007
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 16, 2005 – July 15, 2010	July 17, 2006 – July 16, 2011	July 21, 2007 – July 20, 2012	July 27, 2009 – July 26, 2014

Notes:
1. These executive officers include those who concurrently serve as directors of consolidated subsidiaries.
2. The company undertook a 1.1-for-1 common stock split on November 18, 2005. These figures concerning the number of shares in the above table reflect this stock split.

	2008 Plan	2009 Plan	2010 Plan
Category and number of grantees	12 directors and 12 executive officers (Note 1) of the company and 24 directors of consolidated subsidiaries	12 directors and 12 executive officers (Note 1) of the company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers (Note 1) of the company and 24 directors of consolidated subsidiaries
Number of shares granted by stock type	266,000 shares of common stock	256,000 shares of common stock	263,000 shares of common stock
Grant date	August 19, 2008	August 18, 2009	August 18, 2010
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 20, 2010 – July 30, 2015	August 19, 2011 – August 1, 2016	August 19, 2012 – August 1, 2017

Note:
1. These executive officers include those who concurrently serve as directors of consolidated subsidiaries.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the year ended March 31, 2011. The number of stock options is translated into the number of shares.

1. Number of stock options

	2003 Plan (Note)	2004 Plan (Note)	2005 Plan (Note)	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Non-vested (shares):							
Outstanding at the end of the previous year	—	—	—	—	266,000	256,000	—
Granted during the year	—	—	—	—	—	—	263,000
Forfeited during the year	—	—	—	—	—	—	—
Vested during the year	—	—	—	—	266,000	—	—
Outstanding at the end of the year	—	—	—	—	—	256,000	263,000
Vested (shares):							
Outstanding at the end of the previous year	13,200	73,700	144,100	225,000	—	—	—
Vested during the year	—	—	—	—	266,000	—	—
Exercised during the year	13,200	39,600	15,400	—	13,000	—	—
Forfeited during the year	—	—	—	—	—	—	—
Outstanding at the end of the year	—	34,100	128,700	225,000	253,000	—	—

Note:
The company undertook a 1.1-for-1 common stock split on November 18, 2005. These figures concerning the number of shares in the above table reflect this stock split.

2. Per share prices

(Yen)

	2003 Plan	2004 Plan	2005 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Exercise price	811	999	1,085	1,197	1,397	1,131	1,098
Average stock price upon exercise	1,094	1,077	1,045	—	1,043	—	—
Fair value per share at grant date	—	—	—	102	201	232	216

3. Method for estimating per share fair value of stock options

The per share fair value of the 2010 Plan granted during the year ended March 31, 2011 was estimated as follows.

1) Technique of estimation used: Black-Scholes method

2) Basic factors taken into account for the estimation:

	2010 Plan
Expected volatility of the share price (Note 1)	29.3%
Expected remaining life of the option (Note 2)	4 years and 6 months
Expected dividend (Note 3)	¥22 per share
Risk-free interest rate (Note 4)	0.25%

Notes:

1. The volatility of the share price for the expected life of the option is estimated by drawing upon the actual share prices in the period of 4 years and 6 months from February 2006 to August 2010.
2. Because it is difficult to make a reasonable estimation based on the past result of options exercised, the expected life of the options is estimated based on the assumption that the options are exercised at the midway point of the exercise period.
3. Estimation of the expected dividend is based on the dividend payment for the year ended March 31, 2010.
4. Risk-free interest rate is the yield on government bonds for the period that corresponds to the expected remaining life of the options.

4. Method for estimating the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of stock options vested only reflects the number of options that have actually expired.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. The account and the amount of expenses concerning stock options recorded for the year:
   Selling, general and administrative expenses ¥59 million

2. The amount recorded as profit owing to the non-exercise of rights resulting in forfeiture.
   ¥7 million

3. Description and changes in the size of stock options
   (1) Description of stock options

	2004 Plan	2005 Plan	2007 Plan	2008 Plan
Category and number of grantees	10 directors and 12 executive officers (Note 1) of the company and 25 directors of consolidated subsidiaries	9 directors and 10 executive officers (Note 1) of the company and 26 directors of consolidated subsidiaries	12 directors and 11 executive officers (Note 1) of the company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers (Note 1) of the company and 24 directors of consolidated subsidiaries
Number of shares granted by stock type	269,500 shares of common stock (Note 2)	258,500 shares of common stock (Note 2)	250,000 shares of common stock	266,000 shares of common stock
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

Notes:
1. These executive officers include those who concurrently serve as directors of consolidated subsidiaries.
2. The company undertook a 1.1-for-1 common stock split on November 18, 2005. These figures concerning the number of shares in the above table reflect this stock split.

	2009 Plan	2010 Plan	2011 Plan
Category and number of grantees	12 directors and 12 executive officers (Note 1) of the company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers (Note 1) of the company and 24 directors of consolidated subsidiaries	13 directors and 10 executive officers (Note 1) of the company and 42 directors of consolidated subsidiaries
Number of shares granted by stock type	256,000 shares of common stock	263,000 shares of common stock	351,000 shares of common stock
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

Note:
1. These executive officers include those who concurrently serve as directors of consolidated subsidiaries.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the year ended March 31, 2012. The number of stock options is translated into the number of shares.

1. Number of stock options

	2004 Plan (Note)	2005 Plan (Note)	2007 Plan	2008 Plan	2009 Plan	2010 Plan	2011 Plan
Non-vested (shares):							
Outstanding at the end of the previous year	—	—	—	—	256,000	263,000	—
Granted during the year	—	—	—	—	—	—	351,000
Forfeited during the year	—	—	—	—	—	—	—
Vested during the year	—	—	—	—	256,000	—	—
Outstanding at the end of the year	—	—	—	—	—	263,000	351,000
Vested (shares):							
Outstanding at the end of the previous year	34,100	128,700	225,000	253,000	—	—	—
Vested during the year	—	—	—	—	256,000	—	—
Exercised during the year	—	—	—	5,000	4,000	—	—
Forfeited during the year	34,100	53,900	71,000	—	—	—	—
Outstanding at the end of the year	—	74,800	154,000	248,000	252,000	—	—

Note:

The company undertook a 1.1-for-1 common stock split on November 18, 2005. These figures concerning the number of shares in the above table reflect this stock split.

2. Per share prices

(Yen)

	2004 Plan	2005 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	2011 Plan
Exercise price	999	1,085	1,197	1,397	1,131	1,098	1,025
Average stock price upon exercise	—	—	—	1,001	964	—	—
Fair value per share at grant date	—	—	102	201	232	216	169

4. Method for estimating per share fair value of stock options

The per share fair value of the 2011 Plan granted during the year ended March 31, 2012 was estimated as follows.

1) Technique of estimation used: Black-Scholes method

2) Basic factors taken into account for the estimation:

	2011 Plan
Expected volatility of the share price (Note 1)	29.6%
Expected remaining life of the option (Note 2)	4 years and 6 months
Expected dividend (Note 3)	¥20 per share
Risk-free interest rate (Note 4)	0.33%

Notes:

1. The volatility of the share price for the expected life of the option is estimated by drawing upon the actual share prices in the period of 4 years and 6 months from February 2007 to August 2011.
2. Because it is difficult to make a reasonable estimation based on the past result of options exercised, the expected life of the options is estimated based on the assumption that the options are exercised at the midway point of the exercise period.
3. Estimation of the expected dividend is based on the dividend payment for the year ended March 31, 2011.
4. Risk-free interest rate is the yield on government bonds for the period that corresponds to the expected remaining life of the options.

5. Method for estimating the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of stock options vested only reflects the number of options that have actually expired.

(Tax effect accounting)

1. The principal components of deferred tax assets and deferred tax liabilities are as follows.

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Deferred tax assets:		
Provision for retirement benefits	4,430	5,110
Provision for bonuses	1,872	1,748
Accrued sales incentives	1,271	1,089
Investment securities, etc.	1,187	1,066
Impairment loss on noncurrent assets	1,114	1,053
Unrealized gains (losses) on noncurrent assets	1,021	1,020
Provision for repairs	636	527
Inventories	560	496
Accrued enterprise tax	437	432
Depreciation	592	318
Unrealized gains (losses) on inventories	237	266
Other	2,387	2,437
Gross deferred tax assets	15,750	15,569
Amount offset by deferred tax liabilities	(4,049)	(4,584)
Net deferred tax assets	11,701	10,985
Valuation allowance	(2,758)	(2,455)
Deferred tax assets, net	8,943	8,529
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(12,553)	(12,629)
Reserve for advanced depreciation of noncurrent assets	(2,603)	(2,336)
Securities returned from employee retirement benefits trust	—	(1,118)
Other	(264)	(317)
Gross deferred tax liabilities	(15,421)	(16,402)
Amount offset by deferred tax assets	4,049	4,584
Deferred tax liabilities, net	(11,372)	(11,818)

2. The reconciliation between the statutory effective tax rate and the actual effective tax rate when there is a major difference between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is as follows.

   As of March 31, 2011 and 2012, the reconciliation between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is not shown, because the difference between the statutory and actual effective tax rates was less than five hundredths of the statutory rate.

3. Revisions to the amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rates

   Following the promulgation of the Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Conditions (Act No. 114 of 2011) and the Act on Special Measures for Securing the Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of 2011), the corporate tax rate will be reduced while a special corporate tax for reconstruction will be imposed. As a result, the effective tax rates used for the calculation of deferred tax assets and deferred tax liabilities will be 37.9% for temporary differences as of the end of the year under review expected to be used up to the year ending March 31, 2015, and 35.5% for years beginning on or after April 1, 2015. Due to these changes in tax rates, the amount of deferred tax liabilities (the amount after deducting the amount of deferred tax assets) as of the end of the year under review decreased ¥991 million. Income taxes – deferred charged as an expense for the year under review increased ¥822 million.

(M&A activity)

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Business acquisition)

1. Names and business activities of the companies acquired, rationale for acquisition, date of acquisition, legal form of acquired business, names of the companies after acquisition, percentage of voting rights acquired and rationale behind determining the companies to be acquired

(1) Names and business activities of the companies to be acquired

1) Miller Milling Company, LLC Manufacture and sale of wheat flour and semolina

2) Miller Milling Company, LP Management of the assets of Miller Milling Company, LLC

3) Miller Trading Company, LLC Trading of the raw grain of 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, 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 Miller Milling Company 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 Miller Milling Company'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. 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) Rationale behind determining the companies to be acquired

The Nisshin Seifun 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 costs and their details of the companies to be acquired

Compensation for the acquisition	¥10,164 million
Direct costs for acquisition	¥558 million
Acquisition costs	¥10,722 million

4. Amount of goodwill that arose, reason and amortization method and period

(1) Amount of goodwill that arose

¥8,947 million

(2) Reason

The goodwill is attributable to the rational estimation of excess earnings power anticipated by future business development.

(3) Amortization method and period

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

5. Amounts of assets received and liabilities undertaken on the date of acquisition and their breakdown

Current assets	¥4,404 million
Noncurrent assets	¥2,482 million
Total assets	¥6,886 million
Current liabilities	¥3,528 million
Noncurrent liabilities	¥1,582 million
Total liabilities	¥5,111 million

Note:

The amount of goodwill identified in 4. (1) above is not included in asset and liability amounts.

6. Allocation of acquisition costs

The allocation of acquisition costs had not been completed as of the end of the year under review. 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 year under review on the assumption that the acquisition was completed on the commencement date of the consolidated 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 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.

(Segment information, etc.)

[Segment information]

1. Outline of reportable segment

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

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

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

   Flour Milling: Wheat flour, bran

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

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

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

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

   Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	161,370	224,725	386,095	38,060	424,156	—	424,156
Intersegment sales and transfers	18,868	485	19,354	2,990	22,345	(22,345)	—
Total	180,239	225,211	405,450	41,051	446,501	(22,345)	424,156
Segment income	10,810	11,848	22,659	2,387	25,046	288	25,335
Segment assets	117,592	132,920	250,512	56,544	307,057	82,361	389,418
Other items							
Depreciation	6,881	5,530	12,411	1,568	13,979	(298)	13,681
Investment for affiliates accounted for by the equity method	1,609	177	1,787	14,262	16,049	—	16,049
Increase in property, plant and equipment and intangible assets	6,026	6,972	12,999	953	13,953	(348)	13,605

Notes:

1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, transport and storage businesses.
2. Segment income adjustment refers to intersegment transaction eliminations.
   The adjustment in segment assets includes the Group's assets (¥90,701 million): mainly, the company's surplus operating cash (cash and deposits and short-term investment securities) and investment securities.
3. Segment income has been adjusted for the operating income appearing in the consolidated financial statements.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	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	6,488	5,673	12,162	1,794	13,956	(319)	13,636
Investment for affiliates accounted for by the 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

Notes:

1. Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, transport and storage businesses.
2. Segment income adjustment refers to intersegment transaction eliminations.
   The adjustment in segment assets includes the Group’s assets (¥96,764 million): mainly, the company’s surplus operating cash (cash and deposits and short-term investment securities) and investment securities.
3. Segment income has been adjusted for the operating income appearing in the consolidated financial statements.

[Related information]

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Information by geographic segment

(1) Net sales

Sales to external customers in Japan comprise over 90% of net sales reported on the consolidated statements of income, so this information has been omitted.

(2) Property, plant and equipment

Property, plant and equipment located in Japan comprise over 90% of property, plant and equipment reported on the consolidated balance sheets, so this information has been omitted.

2. Information by major customer

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	¥58,916 million	Flour milling, Processed food, Others

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Information by geographic segment

(1) Net sales

Sales to external customers in Japan comprise over 90% of net sales reported on the consolidated statements of income, so this information has been omitted.

(2) Property, plant and equipment

Property, plant and equipment located in Japan comprise over 90% of property, plant and equipment reported on the consolidated balance sheets, so this information has been omitted.

2. Information by major customer

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	¥60,372 million	Flour milling, Processed food, Others

[Noncurrent asset impairment losses by reportable segment]

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

	Processed food
Impairment loss	¥3,090 million

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

There are no applicable matters to be reported.

[Amortization of goodwill and unamortized balance by reportable segment]

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

There are no applicable matters to be reported.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Flour milling	Others	Total
Amortization for the year under review	—	24	24
Balance at end of the year under review	8,947	97	9,044

[Gain on negative goodwill by reportable segment]

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Consolidated subsidiaries Oriental Yeast Co., Ltd. (Processed Food Segment) and NBC Meshtec Inc. (Others Segment) were made into wholly owned subsidiaries and gains on negative goodwill were recorded as a result. Gains on negative goodwill related to the Processed Food Segment came to ¥175 million. Gains on negative goodwill related to the Others Segment came to ¥2,467 million.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

There are no applicable matters to be reported.

[Business transactions with related parties]

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Business transactions with related parties and notes concerning the parent company and significant affiliates:

There are no applicable matters to be reported.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

Business transactions with related parties and notes concerning the parent company and significant affiliates:

There are no applicable matters to be reported.

(Per share information)

(Yen)

Item	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Net assets per share	1,121.98	1,172.72
Net income per share	57.09	53.63
Fully diluted net income per share	57.09	—

Notes

1. The basis of calculation for net assets per share

Item	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Total net assets, as stated on the consolidated balance sheets (millions of yen)	285,249	298,798
Net assets associated with common stock (millions of yen)	278,799	291,390
Major components of the difference (millions of yen):		
Subscription rights to shares	138	188
Minority interests	6,311	7,220
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,045,423	3,062,310
Number of common stock shares used in the calculation of net assets per share (shares)	248,490,025	248,473,138

2. Fully diluted net income per share data for the year ended March 31, 2012 has not been disclosed, because there were no potential shares of common stock that had a dilutive effect.

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

Item	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Net income, as stated on the consolidated statements of income (millions of yen)	14,187	13,326
Amount not attributable to owners of common stock (millions of yen)	—	—
Net income associated with common stock (millions of yen)	14,187	13,326
Average number of shares of common stock during the year (shares)	248,497,650	248,482,146
Adjustment to net income (millions of yen)	—	—
Main components of increase in number of shares of common stock used in calculation of fully diluted net income per share (shares): Subscription rights to shares	3,770	—
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	• Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 28, 2005 (118 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (79 subscription rights to shares) (146 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (88 subscription rights to shares) (178 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2009 (84 subscription rights to shares) (172 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2010 (86 subscription rights to shares) (177 subscription rights to shares)	• Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 25, 2004 (31 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 28, 2005 (117 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (79 subscription rights to shares) (146 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (80 subscription rights to shares) (173 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2009 (84 subscription rights to shares) (172 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2010 (86 subscription rights to shares) (177 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 28, 2011 (93 subscription rights to shares) (258 subscription rights to shares)

(Changes in accounting policy)

Effective from April 1, 2011, the company applied the Accounting Standard for Earnings per Share (ASBJ Statement No. 2, released on June 30, 2010) and the Guidance on Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, released on June 30, 2010).

We have changed the method of calculating diluted earnings per share. By the new method, the stock options—for which the vesting date comes after a certain period of service—are evaluated by including a portion of the estimated market value of the stock options that is relative to the future services given to the company in the amount of money to be paid in if the stock options are exercised.

There was no effect of this application during the period under review.

(Notable subsequent events)

There are no applicable matters to be reported.

(5) Supplementary Consolidated Data

[Debentures]

There are no applicable matters to be reported.

[Borrowings]

Category	Balance at the beginning of the year [April 1, 2011] (millions of yen)	Balance at the end of the year [March 31, 2012] (millions of yen)	Average interest rate (%)	Repayment dates
Short-term loans payable	2,760	5,001	1.8668	—
Current portion of long-term loans payable	106	812	3.0753	—
Current portion of lease obligation	395	462	—	—
Long-term loans payable (excluding current portion)	145	2,117	2.8017	2013 – 2027
Lease obligation (excluding current portion)	883	675	—	2013 – 2018
Other interest-bearing liabilities	—	—	—	—
Total	4,292	9,068	—	—

Notes:

1. Components of long-term loans payable (excluding current portion) and lease obligation (excluding current portion) with repayments scheduled within five years after March 31, 2012 are detailed in the table below.

(Millions of yen)

	Within 1–2 years	Within 2–3 years	Within 3–4 years	Within 4–5 years
Long-term loans payable	349	334	1,397	15
Lease obligation	395	172	83	16

2. Average interest rates are computed as the weighted average interest rate on debt outstanding at the year-end. Average interest rates on lease obligations are not provided because the lease obligations stated on the consolidated balance sheet represent the amounts that do not deduct interest equivalents from total lease payments.
3. The Group (Nisshin Seifun Group Inc. and its consolidated subsidiaries) has entered into commitment line agreement with its principal financial institutions in order to ensure efficient procurement of working capital.

The total amount of commitment line agreements	¥21,174 million	
Balance outstanding as of March 31, 2012	¥2,224 million	
Credit facility fees for year ended March 31, 2012	¥15 million	(Amount included in "Other" category within non-operating expenses)

[Asset Retirement Obligations]

There are no applicable matters to be reported.

2. Others

Quarterly financial information for the year ended March 31, 2012

(Millions of yen)

(Cumulative period)	First Quarter (April 1, 2011 to June 30, 2011)	Second Quarter (April 1, 2011 to September 30, 2011)	Third Quarter (April 1, 2011 to December 31, 2011)	Fourth Quarter (April 1, 2011 to March 31, 2012)
Net sales	108,570	214,587	329,627	441,963
Income before income taxes and minority interests	7,804	11,451	19,256	24,361
Net income	4,552	6,677	10,905	13,326
Net income per share (yen)	18.32	26.87	43.89	53.63

(Fiscal period)	First Quarter (April 1, 2011 to June 30, 2011)	Second Quarter (July 1, 2011 to September 30, 2011)	Third Quarter (October 1, 2011 to December 31, 2011)	Fourth Quarter (January 1, 2012 to March 31, 2012)
Net income per share (yen)	18.32	8.55	17.02	9.74

(2) Non-consolidated Financial Statements, etc.

1. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)		Year ended March 31, 2012 (As of March 31, 2012)	
Assets				
Current assets				
Cash and deposits		24,335		28,610
Accounts receivable – trade		193		218
Short-term investment securities		20,999		12,997
Prepaid expenses		96		108
Deferred tax assets		554		497
Income taxes receivable		2,771		2,448
Other		441		1,131
Total current assets		49,391		46,012
Noncurrent assets				
Property, plant and equipment				
Buildings, net	Note 1	7,719	Note 1	7,383
Structures, net	Note 1	719	Note 1	694
Machinery and equipment, net	Note 1	592	Note 1	745
Vehicles, net	Note 1	2	Note 1	1
Tools, furniture and fixtures, net	Note 1	350	Note 1	377
Land		12,355		13,915
Lease assets, net	Note 1	421	Note 1	357
Construction in progress		230		711
Total property, plant and equipment		22,391		24,187
Intangible assets				
Leasehold right		411		391
Software		239		195
Lease assets		46		31
Other		63		62
Total intangible assets		761		680
Investments and other assets				
Investment securities		37,313		47,297
Stocks of subsidiaries and affiliates		115,424		117,536
Investments in capital		317		317
Investments in capital of subsidiaries and affiliates		532		547
Long-term loans receivable from employees		40		37
Long-term loans receivable from subsidiaries and affiliates		9,296		17,701
Long-term prepaid expenses		1,369		368
Other		365		366
Allowance for doubtful accounts		(24)		(24)
Total investments and other assets		164,636		184,148
Total noncurrent assets		187,789		209,016
Total assets		237,180		255,029

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)		Year ended March 31, 2012 (As of March 31, 2012)
Liabilities			
Current liabilities			
Current portion of long-term loans payable	3		3
Lease obligations	162		185
Accounts payable – other	313		885
Accrued expenses	1,684		1,838
Deposits received	2,614	Note 2	3,623
Provision for directors' bonuses	75		70
Other	48		41
Total current liabilities	4,902		6,647
Noncurrent liabilities			
Long-term loans payable	36		33
Lease obligations	305		203
Deferred tax liabilities	9,835		10,608
Provision for retirement benefits	845		4,133
Other	95		60
Total noncurrent liabilities	11,118		15,039
Total liabilities	16,020		21,686
Net assets			
Shareholders' equity			
Capital stock	17,117		17,117
Capital surplus			
Legal capital surplus	9,500		9,500
Other capital surplus	3		7
Total capital surpluses	9,503		9,507
Retained earnings			
Legal retained earnings	4,379		4,379
Other retained earnings			
Reserve for dividends	2,000		2,000
Reserve for advanced depreciation of noncurrent assets	1,385		1,969
Reserve for special account for advanced depreciation of noncurrent assets	496		171
General reserve	133,770		140,770
Retained earnings brought forward	40,539		41,914
Total retained earnings	182,571		191,204
Treasury stock	(3,163)		(3,179)
Total shareholders' equity	206,028		214,650
Valuation and translation adjustment			
Valuation difference on available-for-sale securities	14,992		18,503
Total valuation and translation adjustment	14,992		18,503
Subscription rights to shares	138		188
Total net assets	221,159		233,342
Total liabilities and net assets	237,180		255,029

(2) Non-consolidated Statements of Income

(Millions of yen)

		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Operating revenue	Note 1	25,034	Note 1	22,886
Operating expenses	Notes 2, 3	12,991	Notes 2, 3	12,473
Operating income		12,042		10,412
Non-operating income				
Interest income	Note 1	253	Note 1	275
Interest on securities		31		26
Dividends income		878		1,042
Other		36		42
Total non-operating income		1,198		1,387
Non-operating expenses				
Interest expenses		5		5
Commitment fees		10		10
Foreign exchange losses		58		43
Other		1		1
Total non-operating expenses		77		61
Ordinary income		13,164		11,739
Extraordinary income				
Gain on sales of noncurrent assets	Note 4	1,190	Note 4	372
Gain on revision of retirement benefit plan		—		2,421
Other		—		19
Total extraordinary income		1,190		2,812
Extraordinary loss				
Loss on retirement of noncurrent assets	Note 5	53	Note 5	36
Loss on valuation of investment securities		1,355		—
Loss on earthquake disaster		38		—
Total extraordinary loss		1,448		36
Income before income taxes		12,906		14,514
Income taxes – current		16		16
Income taxes – deferred		26		894
Total income taxes		42		910
Net income		12,864		13,604

(3) Non-consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of the period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	17,117	17,117
Capital surplus		
Legal capital surplus		
Balance at the beginning of the period	9,500	9,500
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	9,500	9,500
Other capital surplus		
Balance at the beginning of the period	2	3
Changes of items during the period		
Disposal of treasury stock	1	3
Total changes of items during the period	1	3
Balance at the end of the period	3	7
Total capital surplus		
Balance at the beginning of the period	9,502	9,503
Changes of items during the period		
Disposal of treasury stock	1	3
Total changes of items during the period	1	3
Balance at the end of the period	9,503	9,507
Retained earnings		
Legal retained earnings		
Balance at the beginning of the period	4,379	4,379
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	4,379	4,379
Other retained earnings		
Reserve for dividends		
Balance at the beginning of the period	2,000	2,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	2,000	2,000
Reserve for advanced depreciation of noncurrent assets		
Balance at the beginning of the period	1,417	1,385
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	—	613
Reversal of reserve for advanced depreciation of noncurrent assets	(32)	(30)
Total changes of items during the period	(32)	583
Balance at the end of the period	1,385	1,969

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Reserve for special account for advanced depreciation of noncurrent assets		
Balance at the beginning of the period	—	496
Changes of items during the period		
Provision of reserve for special account for advanced depreciation of noncurrent assets	496	171
Reversal of reserve for special account for advanced depreciation of noncurrent assets	—	(496)
Total changes of items during the period	496	(325)
Balance at the end of the period	496	171
General reserve		
Balance at the beginning of the period	126,770	133,770
Changes of items during the period		
Provision of general reserve	7,000	7,000
Total changes of items during the period	7,000	7,000
Balance at the end of the period	133,770	140,770
Retained earnings brought forward		
Balance at the beginning of the period	40,608	40,539
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	—	(613)
Reversal of reserve for advanced depreciation of noncurrent assets	32	30
Provision of reserve for special account for advanced depreciation of noncurrent assets	(496)	(171)
Reversal of reserve for special account for advanced depreciation of noncurrent assets	—	496
Provision of general reserve	(7,000)	(7,000)
Dividends from surplus	(5,468)	(4,971)
Net income	12,864	13,604
Total changes of items during the period	(68)	1,375
Balance at the end of the period	40,539	41,914
Total retained earnings		
Balance at the beginning of the period	175,175	182,571
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	—	—
Reversal of reserve for advanced depreciation of noncurrent assets	—	—
Provision of reserve for special account for advanced depreciation of noncurrent assets	—	—
Reversal of reserve for special account for advanced depreciation of noncurrent assets	—	—
Provision of general reserve	—	—
Dividends from surplus	(5,468)	(4,971)
Net income	12,864	13,604
Total changes of items during the period	7,395	8,633
Balance at the end of the period	182,571	191,204

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Treasury stock		
Balance at the beginning of thet period	(3,179)	(3,163)
Changes of items during the period		
Purchase of treasury stock	(81)	(29)
Disposal of treasury stock	97	14
Total changes of items during the period	15	(15)
Balance at the end of the period	(3,163)	(3,179)
Total shareholders' equity		
Balance at the beginning of the period	198,616	206,028
Changes of items during the period		
Dividends from surplus	(5,468)	(4,971)
Net income	12,864	13,604
Purchase of treasury stock	(81)	(29)
Disposal of treasury stock	98	17
Total changes of items during the period	7,412	8,621
Balance at the end of the period	206,028	214,650
Valuation and translation adjustment		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	15,863	14,992
Changes of items during the period		
Net changes of items other than shareholders' equity	(871)	3,510
Total changes of items during the period	(871)	3,510
Balance at the end of the period	14,992	18,503
Total valuation and translation adjustment		
Balance at the beginning of the period	15,863	14,992
Changes of items during the period		
Net changes of items other than shareholders' equity	(871)	3,510
Total changes of items during the period	(871)	3,510
Balance at the end of the period	14,992	18,503
Subscription rights to shares		
Balance at the beginning of the period	83	138
Changes of items during the period		
Net changes of items other than shareholders' equity	55	49
Total changes of items during the period	55	49
Balance at the end of the period	138	188
Total net assets		
Balance at the beginning of the period	214,563	221,159
Changes of items during the period		
Dividends from surplus	(5,468)	(4,971)
Net income	12,864	13,604
Purchase of treasury stock	(81)	(29)
Disposal of treasury stock	98	17
Net changes of items other than shareholders' equity	(815)	3,560
Total changes of items during the period	6,596	12,182
Balance at the end of the period	221,159	233,342

Significant Accounting Policies

1. Valuation standards and methodology for securities
   (1) Held-to-maturity securities are stated at amortized cost.
   (2) Equity in subsidiaries and affiliates is stated at cost, with cost being determined by the moving average method.
   (3) Other securities:

   Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

   Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

2. Valuation standards and methodology for derivatives

   Derivative financial instruments are stated at fair market value.

3. Depreciation methods for noncurrent assets
   (1) Depreciation on property, plant and equipment (excluding lease assets) is computed principally by the declining balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998.
   (2) Depreciation on intangible assets (excluding lease assets) is computed by the straight-line method. Software used in-house is depreciated over its estimated useful life (five years) based on the straight-line method.
   (3) Lease assets

   Depreciation on lease assets relating to finance leases that do not transfer ownership is computed by the straight-line method over the lease term, which is deemed as the asset's useful life, with a residual value of zero.

   However, for the finance lease transactions that do not transfer ownership for which the inception of the lease falls prior to the first year of the implementation of ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" (revised on March 30, 2007), that is, on or before March 31, 2008, the company applies the accounting method that is similar to that of ordinary rental transactions.

4. Basis of material allowances
   (1) Allowance for doubtful accounts:

   Provision is made for possible credit losses stemming from notes and accounts receivable – trade. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts.

   (2) Provision for directors' bonuses:

   Provision is made for directors' bonuses based on the estimated amounts of payment at the end of the year.

   (3) Provision for retirement benefits:

   Provision is made for employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at the end of the year.

   Prior service cost is amortized as incurred on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits.

   Actuarial differences are amortized as incurred on a straight-line basis from the following year over a period equaling the average remaining service period of employees expected to receive pension benefits.

   (Additional information)

   The company traditionally provided for a tax-qualified pension plan and a lump-sum retirement benefit plan. As of October 1, 2011, however, a lump-sum retirement benefit plan, a defined-contribution pension plan and a defined-benefit corporate pension plan limited to already retired pension recipients have been adopted instead of the aforementioned plans.

5. Significant hedging transactions

(1) Basis of accounting:

Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any financial claims denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.

(2) Hedging methods:

The company uses derivative transactions (including forward exchange contracts and currency purchase call options) to hedge currency risk exposure for all monetary claims/liabilities and planned trading transactions that are denominated in foreign currencies.

(3) Hedging policy:

The company employs derivative financial instruments purely to manage fluctuations in foreign currency exchange rates. The company policy prohibits the use of derivative financial instruments for trading purposes.

(4) Hedging evaluation:

Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the company's hedging approach enables exchange rate fluctuations to be offset completely. Hence, the company considers its hedging method to be highly effective.

6. Consumption tax

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

Changes in Accounting Policy

Effective from April 1, 2011, the company applied the Accounting Standard for Earnings per Share (ASBJ Statement No. 2, released on June 30, 2010) and the Guidance on Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, released on June 30, 2010).

We have changed the method of calculating diluted earnings per share. By the new method, the stock options—for which the vesting date comes after a certain period of service—are evaluated by including a portion of the estimated market value of the stock options that is relative to the future services given to the company in the amount of money to be paid in if the stock options are exercised.

There was no effect of this application during the period under review.

Additional Information

Effective from April 1, 2011, the company applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, released on December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, released on December 4, 2009).

Notes to Non-consolidated Financial Statements
(Non-consolidated balance sheets)

1. Accumulated depreciation of property, plant and equipment

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
	¥15,940 million	¥16,734 million

2. Major assets and liabilities to subsidiaries and affiliates
   Other than those items separately stated, items included in each accounting line item are presented as follows.

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Deposits received	¥2,277 million	¥3,234 million

3. Warranty liabilities
   Warranty liabilities are provided for debts undertaken from financial institutions by employees.

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
	¥123 million	¥83 million

(Non-consolidated statements of income)

1. Principal transactions with subsidiaries and affiliates are as follows.

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Operating revenue	¥24,877 million	¥22,726 million
Interest income	¥160 million	¥220 million

2. Total R&D expenditures:

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
R&D spending contained in operating expenses	¥1,923 million	¥2,084 million

3. Major components of operating expenses are as follows. All of the operating expenses are categorized as general and administrative expenses.

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Salaries	¥1,682 million	¥1,767 million
Bonuses and allowance	¥1,465 million	¥1,439 million
Retirement benefit expenses	¥271 million	¥337 million
Research study expenses	¥2,094 million	¥2,281 million
Advertising expenses	¥1,849 million	¥1,685 million
Rent expenses	¥1,049 million	¥1,042 million
Depreciation	¥802 million	¥772 million
Commission fee	¥1,024 million	¥776 million
Other	¥2,751 million	¥2,371 million

4. Gain on sales of noncurrent assets
   Year ended March 31, 2011 (April 1, 2010 to March 31, 2011) and Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
   This figure mainly reflects gains on the sale of land.

5. Loss on retirement of noncurrent assets
   Year ended March 31, 2011 (April 1, 2010 to March 31, 2011) and Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
   This figure mainly reflects losses on disposal of buildings, and machinery and equipment.

(Non-consolidated statements of changes in net assets)

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Type and number of treasury stock

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Common stock	2,992	77	91	2,978

Notes:

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

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Type and number of treasury stock

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Common stock	2,978	30	13	2,995

Notes:

1. Portion of the increase in common stock accounted for by treasury stock:
   30 thousand shares, as a result of repurchasing sub-MTU shares
2. Portion of the decrease in common stock accounted for by treasury stock:
   4 thousand shares, as a result of selling sub-MTU shares, and
   9 thousand shares, as a result of exercise of stock options

(Leases)

1. Finance leases (for the lessee)

   Finance leases other than those that transfer ownership:

   (1) Details of the lease assets

      a. Property, plant and equipment: mainly information system equipment (tools, furniture and fixtures)

      b. Intangible assets: software

   (2) Depreciation of the lease assets

      Depreciation of the lease assets is as described in "3. Depreciation methods for noncurrent assets" under Significant Accounting Policies.

   However, the company continued to apply the accounting method similar to that of ordinary rental transactions for the finance leases that do not transfer ownership for which the inception of the lease falls prior to March 31, 2008, and details of such leases are as follows.

   1) The acquisition cost, accumulated depreciation and net book value at the year-end for the lease assets on an "as if capitalized" basis were as follows:

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)		
	Acquisition cost	Accumulated depreciation	Net book value
Vehicles	3	3	0
Tools, furniture and fixtures	186	134	52
Other	19	13	6
Total	209	151	58

(Millions of yen)

	Year ended March 31, 2012 (As of March 31, 2012)		
	Acquisition cost	Accumulated depreciation	Net book value
Vehicles	3	3	—
Tools, furniture and fixtures	129	99	30
Other	19	17	2
Total	152	120	32

   2) Outstanding obligations under finance leases at the year-end were as follows:

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Outstanding obligations under finance leases at the year-end		
Due within one year	26	17
Due after one year	32	14
Total	58	32

The values of the acquisition cost of lease assets and of outstanding obligations under finance leases both include the imputed interest expense portion, since the year-end balance of finance lease obligations represented a small proportion of property, plant and equipment.

3) Lease payments and depreciation expense:

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Lease payments	38	26
Depreciation expense	38	26

4) Depreciation method for lease assets:

Depreciation on lease assets is computed by the straight-line method over the lease term, which is deemed as the asset's useful life, with a residual value of zero.

2. Operating leases

Minimum lease commitments under noncancelable operating leases

(Lessee)

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Due within one year	—	13
Due after one year	—	36
Total	—	50

(Lessor)

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Due within one year	49	45
Due after one year	623	517
Total	673	562

(Securities)

Equity securities in subsidiaries and affiliates
Year ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

Type	Carrying value	Market value	Unrealized gains (losses)
Equity securities in subsidiaries	—	—	—
Equity securities in affiliates	200	152	(47)
Total	200	152	(47)

Year ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

Type	Carrying value	Market value	Unrealized gains (losses)
Equity securities in subsidiaries	—	—	—
Equity securities in affiliates	200	168	(32)
Total	200	168	(32)

Note: Carrying value of equity securities in subsidiaries and affiliates for which the market value is not readily determinable

(Millions of yen)

Type	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Equity securities in subsidiaries	109,387	111,500
Equity securities in affiliates	5,835	5,835

These equity securities are not included in "Equity securities in subsidiaries and affiliates" above because they do not have market value and considerable cost would be required to estimate their future cash flows; therefore, their market value is regarded to be not readily determinable.

(Tax effect accounting)

1. The principal components of deferred tax assets and deferred tax liabilities are as follows.

(Millions of yen)

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Deferred tax assets:		
Provision for retirement benefits	1,314	1,345
Investment securities, etc.	680	595
Provision for bonuses	241	221
Other	706	826
Gross deferred tax assets	2,943	2,988
Amount offset by deferred tax liabilities	(1,698)	(1,887)
Net deferred tax assets	1,244	1,100
Valuation allowance	(690)	(603)
Deferred tax assets, net	554	497
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(10,247)	(10,184)
Reserve for advanced depreciation of noncurrent assets and other	(1,286)	(1,193)
Securities returned from employee retirement benefits trust	—	(1,118)
Gross deferred tax liabilities	(11,534)	(12,496)
Amount offset by deferred tax assets	1,698	1,887
Deferred tax liabilities, net	(9,835)	(10,608)

2. The reconciliation between the statutory effective tax rate and the actual effective tax rate when there is a major difference between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is as follows.

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Statutory effective tax rate	40.6%	40.6%
(Adjustments)		
Dividend income and other items excluded from gross revenue	(45.5)%	(34.9)%
Entertainment expenses and other items not qualifying for deduction	0.7%	0.6%
Valuation allowance	4.2%	(0.0)%
Impact of changes in tax rates	—	(0.1)%
Other	0.3%	0.1%
Actual effective tax rate after adoption of tax-effect accounting	0.3%	6.3%

3. Revisions to the amounts of deferred tax assets and deferred tax liabilities resulting from a change in income taxes

   Following the promulgation of the Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Conditions (Act No. 114 of 2011) and the Act on Special Measures for Securing the Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of 2011), the corporate tax rate will be reduced while a special corporate tax for reconstruction will be imposed. As a result, the effective tax rates used for the calculation of deferred tax assets and deferred tax liabilities will be 37.9% for temporary differences as of the end of the year under review expected to be used up to the year ending March 31, 2015, and 35.5% for years beginning on or after April 1, 2015. Due to these changes in tax rates, the amount of deferred tax liabilities (the amount after deducting the amount of deferred tax assets) as of the end of the year under review decreased ¥1,480 million. Income taxes – deferred charged as an expense for the year under review decreased ¥17 million.

(M&A activity)

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Business acquisition)

This information is identical to that provided in the notes to consolidated financial statements under "M&A activity." Therefore, it is omitted here.

(Per share information)

(Yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Net assets per share	889.22	938.09
Net income per share	51.75	54.74
Fully diluted net income per share	51.75	—

Notes

1. The basis of calculation for net assets per share

	Year ended March 31, 2011 (As of March 31, 2011)	Year ended March 31, 2012 (As of March 31, 2012)
Total net assets, as stated on the non-consolidated balance sheets (millions of yen)	221,159	233,342
Net assets associated with common stock (millions of yen)	221,021	233,154
Major components of the difference (millions of yen): Subscription rights to shares	138	188
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	2,978,265	2,995,152
Number of common stock shares used in the calculation of net assets per share (shares)	248,557,183	248,540,296

2. Fully diluted net income per share data for year ended March 31, 2012 has not been disclosed, because there were no potential shares of common stock that had a dilutive effect.

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

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Net income, as stated on the non-consolidated statements of income (millions of yen)	12,864	13,604
Amount not attributable to owners of common stock (millions of yen)	—	—
Net income associated with common stock (millions of yen)	12,864	13,604
Average number of shares of common stock during the year (shares)	248,564,808	248,549,304
Adjustment to net income (millions of yen)	—	—
Main components of increase in number of shares of common stock used in calculation of fully diluted net income per share (shares): Subscription rights to shares	3,770	—
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	• Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 28, 2005 (118 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (79 subscription rights to shares) (146 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (88 subscription rights to shares) (178 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2009 (84 subscription rights to shares) (172 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2010 (86 subscription rights to shares) (177 subscription rights to shares)	• Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 25, 2004 (31 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 28, 2005 (117 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (79 subscription rights to shares) (146 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (80 subscription rights to shares) (173 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2009 (84 subscription rights to shares) (172 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2010 (86 subscription rights to shares) (177 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 28, 2011 (93 subscription rights to shares) (258 subscription rights to shares)

(Changes in accounting policy)

Effective from April 1, 2011, the company applied the Accounting Standard for Earnings per Share (ASBJ Statement No. 2, released on June 30, 2010) and the Guidance on Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, released on June 30, 2010).

We have changed the method of calculating diluted earnings per share. By the new method, the stock options—for which the vesting date comes after a certain period of service—are evaluated by including a portion of the estimated market value of the stock options that is relative to the future services given to the company in the amount of money to be paid in if the stock options are exercised.

There was no effect of this application during the period under review.

(Notable subsequent events)

There are no applicable matters to be reported.

(4) Supplementary Data

1. Securities-related data

Equity securities holdings

Name			Number of shares owned	Carrying value (millions of yen)
Investment securities	Other securities	Yamazaki Baking Co., Ltd.	11,062,343	12,644
		Mitsubishi Corporation	3,038,474	5,967
		Sumitomo Corporation	4,180,244	5,129
		NISSIN FOODS HOLDINGS CO., LTD.	1,264,982	3,917
		Mitsubishi UFJ Financial Group, Inc.	4,727,150	2,004
		Marubeni Corporation	3,135,511	1,887
		Sumitomo Mitsui Financial Group, Inc.	674,394	1,884
		Nichirei Corporation	3,216,500	1,267
		Hosokawa Micron Corporation	2,500,000	1,177
		KYORIN Holdings, Inc.	754,000	1,158
		Eurogerm S.A.	634,580	1,148
		NIPPON EXPRESS CO., LTD.	3,208,000	1,042
		SHIMIZU CORPORATION	2,947,000	978
		Nisshinbo Holdings Inc.	1,139,800	901
		The Gunma Bank, Ltd.	1,507,620	676
		SURUGA Bank, Ltd.	833,910	674
		Kikkoman Corporation	660,486	615
		Mizuho Financial Group, Inc. The 11th Class 11 Preferred Stock	1,000,000	584
		Sumitomo Mitsui Trust Holdings, Inc.	1,920,337	535
		The Hyakugo Bank, Ltd.	1,360,013	515
		Tobu Tower Sky Tree Co., Ltd.	10,000	500
		HAKUHODO DY HOLDINGS INCORPORATED	73,460	377
		DENTSU INC.	130,400	339
		Oriental Land Co., Ltd.	30,000	259
		The Awa Bank, Ltd.	371,865	193
		Mizuho Financial Group, Inc.	1,311,693	181
		Others (26 companies)	1,484,382	733
Total			53,177,144	47,297

Debt securities holdings

Name			Total par value (millions of yen)	Carrying value (millions of yen)
Short-term investment securities	Other securities	Treasury bill No. 267	3,000	2,999
		Treasury bill No. 252	2,000	1,999
		Treasury bill No. 264	2,000	1,999
		Treasury bill No. 248	1,000	999
		Treasury bill No. 187	1,000	999
		Treasury bill No. 261	1,000	999
		Treasury bill No. 265	1,000	999
		Treasury bill No. 269	1,000	999
Total			12,000	11,997

Other

Classification and name			Number of investment units	Carrying value (millions of yen)
Short-term investment securities	Other securities	Negotiable deposit	—	1,000
Total			—	1,000

2. Property, plant and equipment

(Millions of yen)

Asset type	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year	Accumulated depreciation at the end of the year	Depreciation during the year	Balance at the end of the year
Property, plant and equipment:							
Buildings	18,828	132	101	18,859	11,476	457	7,383
Structures	1,584	61	18	1,626	932	84	694
Machinery and equipment	1,778	372	143	2,006	1,261	165	745
Vehicles	14	0	0	14	12	1	1
Tools, furniture and fixtures	2,806	252	102	2,955	2,577	210	377
Land	12,355	1,566	5	13,915	—	—	13,915
Lease assets	734	97	—	832	474	160	357
Construction in progress	230	2,907	2,425	711	—	—	711
Total property, plant and equipment	38,331	5,389	2,798	40,922	16,734	1,079	24,187
Intangible assets:							
Leasehold rights	411	9	29	391	—	—	391
Software	442	32	39	434	238	76	195
Lease assets	73	—	—	73	42	14	31
Other	81	—	2	79	17	1	62
Total intangible assets	1,008	41	71	978	298	92	680
Long-term prepaid expenses	65	9	5	70	56	17	13

Notes:

1. The increase in construction in progress during the year under review is mainly attributable to the acquisition of commercial land for the purpose of constructing a new plant (Chuo-ku, Fukuoka City) by Nisshin Flour Milling Inc.
2. Depreciation expenses of ¥398 million related to the Research Center for Basic Science Research and Development, QE Center and Research Center for Production and Technology is included in marketing and research costs.
3. The prepaid pension costs of ¥354 million outstanding at the end of the year under review are excluded from long-term prepaid expenses.

3. Other reserves

(Millions of yen)

Category	Balance at the beginning of the year	Increase during the year	Decrease during the year (target use)	Decrease during the year (other)	Balance at the end of the year
Allowance for doubtful accounts	24	—	—	—	24
Provision for directors' bonuses	75	70	75	—	70

2. Principal assets and liabilities

(1) Assets

a. Cash and deposits

Classification		Amount (millions of yen)
Cash		—
Deposits	Current account deposits	919
	Ordinary bank deposits	690
	Time deposits	27,000
	Subtotal	28,610
Total		28,610

b. Receivables

Counterparty	Amount (millions of yen)	Summary
Nisshin Flour Milling Inc.	85	Fees for contracted services, etc.
Nisshin Foods Inc.	83	Fees for contracted services, etc.
Nisshin Engineering Inc.	16	Fees for contracted services, etc.
Other	34	Fees for contracted services, etc.
Total	218	

The table below summarizes various data on the generation and recovery of receivables.

Balance at the beginning of the year (millions of yen) [A]	Generated during the year (millions of yen) [B]	Recovered during the year (millions of yen) [C]	Balance at the end of the year (millions of yen) [D]	Recovery rate (%) $\frac{[C]}{[A] + [B]} \times 100$	Period of outstanding receivables (days) $\frac{([A] + [D]) \times 0.5}{[B] / 366}$
193	11,351	11,326	218	98.1	6.6

Note:
Although consumption taxes are excluded from other figures in the company's accounts, the figure above for receivables generated during the year includes consumption taxes.

c. Equity in subsidiaries and affiliates

Name	Amount (millions of yen)
Nisshin Flour Milling Inc.	39,026
Nisshin Foods Inc.	22,516
Oriental Yeast Co., Ltd.	17,430
Nisshin Associates Inc.	12,781
NBC Meshtec Inc.	7,436
Others	18,345
Total	117,536

d. Long-term loans receivable from subsidiaries and affiliates

Name	Amount (millions of yen)
Nisshin Flour Milling Inc.	14,402
Shinwa Development Co., Ltd.	1,100
Nisshin Pharma Inc.	808
Others	1,391
Total	17,701

3. Others

There are no applicable matters to be reported.

[6] Stock-related Administration

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date (final dividend)	March 31
Record date (interim dividend)	September 30 March 31
Minimum trading unit (MTU)	500 shares
Purchase and sale of sub-MTU share holdings	
Handling office (main)	(Special account) The Chuo Mitsui Trust & Banking Company, Ltd. (Head Office) 33-1, Shiba 3-chome, Minato-ku, Tokyo JAPAN
Custodian of shareholder register	(Special account) The Chuo Mitsui Trust & Banking Company, Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo JAPAN
Handling locations	—
Share purchase/ sale commissions	Commission rates for purchase or sale of sub-MTU shares vary depending on the value per MTU (see below). For MTU values of ¥1,000,000 or less 1.150% For MTU values above ¥1,000,000 up to ¥5,000,000 0.900% For MTU values above ¥5,000,000 up to ¥10,000,000 0.700% For MTU values above ¥10,000,000 up to ¥30,000,000 0.575% For MTU values above ¥30,000,000 up to ¥50,000,000 0.375% (Commissions are rounded down to the nearest ¥1). The minimum value per MTU is set at ¥2,500.
Method of public notice	Public notice of the company shall be given by electronic means; provided, however, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the Nikkei newspaper. The electronic public notice is presented on the company's Web site at http://www.nisshin.com.
Shareholder privileges	All shareholders of record as of March 31 with holdings of at least 500 shares are entitled to receive complimentary supplies of Nisshin Seifun Group products.

Notes:

1. According to the Company's Articles of Incorporation, sub-MTU shareholders do not have any rights except for those listed in Article 189-2 of the Company Law, the right of claim, the right to be allotted the shares and/or subscription rights to shares offered according to the number of shares held and the right to ask for sale of sub-MTU shares (top-up purchase) as stipulated in Article 166-1 of the Company Law.
2. Effective April 1, 2012, The Chuo Mitsui Trust and Banking Co., Ltd., the custodian of Nisshin Seifun Group Inc.'s shareholders register and transfer account management institution, merged with Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Co., Ltd. changing its name to Sumitomo Mitsui Trust Bank, Limited. As a result, details of changes in the company name, address and other pertinent information are presented as follows.

Handling office	Stock Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo JAPAN
Custodian of shareholder register	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo JAPAN
(Special account)	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo JAPAN

[7] Corporate Reference Data

(1) Information on the Parent Company of Nisshin Seifun Group Inc.

Nisshin Seifun Group Inc. has no parent company as stipulated in Article 24-7, Item 1, of the Financial Instruments and Exchange Law.

(2) Other Reference Data

The following publications were issued by the company (in Japanese) between the start of the year under review and the submittal of the Japanese version of this Securities Report.

(1)	Securities Report (including supplementary documentation) and Confirmation Letters	For the 167th fiscal term	Covering the period: April 1, 2010 to March 31, 2011	Submitted to Director, Kanto Local Finance Bureau: June 28, 2011
(2)	Internal Control Report (including supplementary documentation)			Submitted to Director, Kanto Local Finance Bureau: June 28, 2011
(3)	Quarterly Reports and Confirmation Letters	For the first quarter of the 168th fiscal term	Covering the period: April 1, 2011 to June 30, 2011	Submitted to Director, Kanto Local Finance Bureau: August 10, 2011
		For the second quarter of the 168th fiscal term	Covering the period: July 1, 2011 to September 30, 2011	Submitted to Director, Kanto Local Finance Bureau: November 11, 2011
		For the third quarter of the 168th fiscal term	Covering the period: October 1, 2011 to December 31, 2011	Submitted to Director, Kanto Local Finance Bureau: February 13, 2012
(4)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and supplementary documentation			Submitted to Director, Kanto Local Finance Bureau: June 28, 2011
(5)	Amendments to Shelf Registration Statement			Submitted to Director, Kanto Local Finance Bureau: June 29, 2011 July 28, 2011 August 10, 2011 August 18, 2011 November 11, 2011 February 13, 2012
(6)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 9-2, "(Results of the exercise of voting rights at the Ordinary General Meeting of Shareholders)" of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: June 29, 2011
(7)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 2-2, "Issuance of Subscription Rights to Shares to the company's Directors" of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: July 28, 2011
(8)	Amendment to Extraordinary Report	Amendment to the above (7) extraordinary report submitted on July 28, 2011, regarding the "Issuance of Subscription Rights to Shares to the company's Directors"		Submitted to Director, Kanto Local Finance Bureau: August 18, 2011
(9)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 2-2, "Issuance of Subscription Rights to Shares to Some of the company's Executive Officers and the Directors of Consolidated Subsidiaries" of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: July 28, 2011
(10)	Amendment to Extraordinary Report	Amendment to the above (9) extraordinary report submitted on July 28, 2011, regarding the "Issuance of Subscription Rights to Shares to Some of the company's Executive Officers and the Directors of Consolidated Subsidiaries"		Submitted to Director, Kanto Local Finance Bureau: August 18, 2011

Part B: Information on Corporate Guarantor for Nisshin Seifun Group Inc.

There are no applicable matters to be reported.