172nd Fiscal Term (April 1, 2015 to March 31, 2016)

Securities Report

Nisshin Seifun Group Inc.

Contents

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Locations where filings are available for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

Part A: Company Information

[1] Company Overview

(1) Principal Business Performance Indicators

1. Consolidated business performance indicators

Fiscal term		168th	169th	170th	171st	172nd
Years ended March 31		2012	2013	2014	2015	2016
Net sales	(millions of yen)	441,963	455,566	495,930	526,144	556,701
Ordinary income	(millions of yen)	26,132	24,742	25,579	25,544	28,099
Profit attributable to owners of parent	(millions of yen)	13,326	13,688	15,098	16,036	17,561
Comprehensive income	(millions of yen)	17,962	23,945	23,936	50,988	14,140
Net assets	(millions of yen)	298,798	317,436	334,092	378,715	386,485
Total assets	(millions of yen)	431,956	461,851	471,039	549,307	550,305
Net assets per share	(yen)	969.19	1,027.95	1,079.82	1,218.49	1,237.64
Net income per share	(yen)	44.33	45.53	50.21	53.28	58.25
Fully diluted net income per share	(yen)	—	—	50.19	53.22	58.15
Equity ratio	(%)	67.5	66.9	68.9	66.8	67.8
Return on equity	(%)	4.7	4.6	4.8	4.6	4.8
Price-earnings ratio (p/e)	(times)	18.66	23.22	20.53	26.54	30.71
Cash flows from operating activities	(millions of yen)	26,078	34,479	25,058	25,107	35,839
Cash flows from investing activities	(millions of yen)	(15,244)	(23,854)	(1,797)	(43,636)	(12,201)
Cash flows from financing activities	(millions of yen)	(6,134)	(4,587)	(5,072)	4,331	(9,446)
Cash and cash equivalents at end of year	(millions of yen)	46,387	53,249	72,685	59,897	72,960
Number of employees [average number of part-time employees]	(persons)	5,582 [1,893]	5,765 [1,883]	5,650 [1,940]	6,146 [2,073]	6,440 [2,501]

Notes:

1. Consumption taxes and other taxes are not included in net sales.
2. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Furthermore, on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Net assets per share, net income per share and fully diluted net income per share are calculated by deeming the stock split to have occurred at the beginning of the 168th fiscal term.
3. Fully diluted net income per share data for the 168th and 169th fiscal terms have not been disclosed because there were no potential shares of common stock that had a dilutive effect.
4. The Company has applied the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), and from the fiscal year under review, "Net income" is presented as "Profit attributable to owners of parent."

2. Non-consolidated business performance indicators

Fiscal term		168th	169th	170th	171st	172nd
Years ended March 31		2012	2013	2014	2015	2016
Net sales	(millions of yen)	22,886	32,418	20,597	16,744	18,924
Ordinary income	(millions of yen)	11,739	20,981	10,067	6,536	8,402
Net income	(millions of yen)	13,604	20,980	10,274	6,811	8,154
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	276,688	304,357	304,357
Net assets	(millions of yen)	233,342	254,095	260,754	279,540	279,581
Total assets	(millions of yen)	255,029	278,192	284,844	311,028	310,672
Net assets per share	(yen)	775.28	844.15	865.87	927.06	926.00
Total dividends per share (interim dividend amount)	(yen) (yen)	20.00 (10.00)	20.00 (10.00)	20.00 (10.00)	22.00 (10.00)	24.00 (12.00)
Net income per share	(yen)	45.24	69.77	34.16	22.63	27.04
Fully diluted net income per share	(yen)	—	—	34.14	22.60	27.00
Equity ratio	(%)	91.4	91.3	91.5	89.8	89.9
Return on equity	(%)	6.0	8.6	4.0	2.5	2.9
Price-earnings ratio (p/e)	(times)	18.29	15.15	30.18	62.48	66.16
Dividend payout ratio	(%)	36.5	23.7	50.8	93.2	88.8
Number of employees [average number of part-time employees]	(persons)	298 [20]	299 [22]	305 [24]	298 [27]	296 [29]

Notes:

1. Consumption taxes and other taxes are not included in net sales.
2. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Furthermore, on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Net assets per share, net income per share and fully diluted net income per share are calculated by deeming the stock split to have occurred at the beginning of the 168th fiscal term. For its 170th fiscal term, the Company paid a total annual dividend of ¥20.00 per share, consisting of an interim dividend of ¥10.00 per share prior to the stock split of October 1, 2013 and a year-end dividend of ¥10.00 per share after the stock split. For its 171st fiscal term, the Company paid a total annual dividend of ¥22.00 per share, consisting of an interim dividend of ¥10.00 per share prior to the stock split of October 1, 2014 and a year-end dividend of ¥12.00 per share after the stock split.
3. Fully diluted net income per share data for the 168th and 169th fiscal terms have not been disclosed because there were no potential shares of common stock that had a dilutive 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, compound 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, compound feed, pet food, and pharmaceuticals.

Date	Event
October 1900	Tatebayashi Flour Milling Co., Ltd. established in Tatebayashi (Gunma).
February 1908	Acquired Nisshin Flour Milling Co., Ltd.; company name changed to that of acquired entity.
February 1926	Construction of the 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	Compound 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, the Central Research Laboratory in Oimachi (now Fujimino), Saitama.
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. in 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	The Nasu Research Center established in Nasu (now Nasu Shiobara), Tochigi, by transferring operations from Second Central Research Laboratory.
September 1990	The 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	The 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 to Chiyoda-ku, Tokyo.
April 1999	Operations of Nisshin Technomic Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd. in 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	The Tsurumi Plant of Nisshin Flour Milling Inc. expanded to include a seventh flour milling facility (Mill G).
April 2003	Acquired additional shares in Oriental Yeast Co., Ltd., making it a consolidated subsidiary.

Date	Event
October 2003	Operations commenced at Marubeni Nisshin Feed Co., Ltd. (an affiliate accounted for by the equity method), a joint venture created through the merger of Nisshin Feed Inc. with Marubeni Feed Co., Ltd.
March 2004	Initio Foods Inc. established.
December 2004	A new flour milling facility constructed 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 Office Center & Sales Office at in Thailand.
February 2008	OYC Shanghai Co., Ltd. (later renamed Nisshin Seifun OYC (Shanghai) Co., Ltd. in 2011), established in China.
September 2008	The Higashinada Plant of Nisshin Flour Milling Inc. expanded its flour milling facilities (Mills D and E).
July 2009	The 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.
January 2012	Oriental Yeast India Pvt. Ltd. established in India.
March 2012	Acquired U.S.-based flour milling company Miller Milling Company, LLC.
October 2012	Established Nisshin Seifun Premix Inc.
November 2012	Opened the Nisshin Seifun (Flour Milling) Museum in Tatebayashi, Gunma.
December 2012	Acquired shares of Tokatsu Foods Co., Ltd. (an affiliate accounted for by the equity method)
February 2013	Acquired a flour milling business in New Zealand, which was subsequently launched as Champion Flour Milling Ltd.
April 2013	Began full-scale business at PT. Indonesia Nisshin Technomic in Indonesia.
June 2013	Established Vietnam Nisshin Seifun Co., Ltd. in Vietnam; operations commenced in October 2014.
February 2014	The Fukuoka Plant of Nisshin Flour Milling Inc. came on-line.
May 2014	Miller Milling Company, LLC acquired four flour milling plants in the U.S.
June 2014	Established Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. in Turkey as a joint venture with Marubeni Corporation and Nuh’un Ankara Makarnasi Sanayi Ve Ticaret A.S.; operations commenced in May 2015.
May 2015	The Chita Plant of Nisshin Flour Milling Inc. expanded its flour milling facilities (Mill C).
May 2015	The Kobe Frozen Foods Plant of Ma•Ma-Macaroni Co., Ltd., commenced operations.
January 2016	Acquired shares of Joyous Foods Co., Ltd., and made it a consolidated subsidiary.

(3) Business Overview

The Nisshin Seifun Group consists of 48 subsidiaries and 10 affiliates accounted for by the equity method. 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, etc.” in “[5] Financial Accounts.”

Nisshin Seifun Group is a specified listed company stipulated in Article 49, Paragraph 2 of Cabinet Office Regulations pertaining to regulations regarding the trade of marketable securities. Accordingly, standards for determining the relative insignificance of material facts with respect to insider trading regulations are decided based on consolidated figures.

1. Flour Milling Segment

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

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

2. Processed Food Segment

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

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

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

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

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

3. Others Segment

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

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

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

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

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

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

Nisshin Seifun Group Structure

Nisshin Seifun Group Inc. (Holding company)

Flour Milling Segment

Domestic	Overseas

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

Processed Food Segment

Domestic	Overseas

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

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

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

Others Segment

Domestic	Overseas
(Pet food business) ⦿ Nisshin Petfood Inc.	
(Engineering business) ⦿ Nisshin Engineering Inc.	
(Mesh cloths business) ⦿ NBC Meshtec Inc. ⦿ NBC Metalmesh Inc.	⦿ PT. NBC Indonesia ⦿ Dynamesh, Inc. ⦿ NBC (Shanghai) Mesh Co., Ltd.
○ Marubeni Nisshin Feed Co., Ltd.	

○ Japan Logistic Systems Corp.
  ⦿ Nisshin Grain Silo Inc.
  ⦿ Hanshin Silo Co., Ltd.
  ○ Chiba Kyodo Silo Co., Ltd.
  ⦿ Shinwa Development Co., Ltd.	

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

Customers

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

(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	100.0	Concurrent 5 Temporarily transferred 2 Transferred 5	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 2	None
Champion Flour Milling Ltd.	Auckland, New Zealand	3,491	Production and sales of wheat flour	100.0 (75.0)	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 2 Transferred 4	The Company provides a partial loan for working capital and rents commercial land and office space
Nisshin Seifun Premix Inc.	Chuo-ku, Tokyo	400	Production and sales of prepared mix	100.0 (100.0)	Concurrent 1 Temporarily transferred 2 Transferred 1	The Company rents commercial land and office space
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya, Tochigi	350	Production and sales of pasta and frozen foods	68.1 (53.1)	Concurrent 2 Temporarily transferred 1	None
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of frozen foods and prepared dishes Direct operation of concessions in department stores, etc.	100.0 (63.0)	Concurrent 2 Temporarily transferred 2	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 3 Transferred 1	The Company provides partial loan for working capital
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals, etc.	100.0	Concurrent 4 Temporarily transferred 2 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 provides a partial loan for working capital and rents buildings and office space
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, contracted construction and management of production facilities and other facilities, sales of powder-processing machines	100.0	Concurrent 3 Temporarily transferred 2 Transferred 5	The Company rents office space
NBC Meshtec Inc.	Hino, Tokyo	1,992	Production and sales of mesh cloths and forming filters	100.0	Concurrent 1 Temporarily transferred 2 Transferred 3	The Company provides a partial loan for working capital
36 other consolidated subsidiaries						
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
Tokatsu Foods Co., Ltd.	Kohoku-ku, Yokohama, Kanagawa	100	Production and sales of such cooked foods as *bento* lunch boxes and prepared foods	49.0	Concurrent 1 Temporarily transferred 3	None
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Overland freight shipping and storage	25.6 (20.5)	Temporarily transferred 2	None
7 other companies						

Notes:

1. Nisshin Flour Milling, Inc., Champion Flour Milling Ltd., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., NBC Meshtec Inc., Nisshin-STC Flour Milling Co., Ltd., Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. and PT. NBC Indonesia are specified subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd., Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. and PT. NBC Indonesia are included in other consolidated subsidiaries.
2. Joyous Foods Co., Ltd. became a specified subsidiary via a capital increase through shareholder allocation executed on January 29, 2016. However, owing to a capital decrease executed on March 25, 2016, it is no longer a specified subsidiary.
3. Japan Logistic Systems Corp. also submits separate regulatory filings.
4. Figures in parentheses in the percentage of voting rights 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.

(Millions of yen)

Company name	Net sales	Ordinary income	Net income	Net assets	Total assets
Nisshin Flour Milling, Inc.	184,281	7,601	5,080	69,782	146,693
Miller Milling Company, LLC	67,035	920	578	36,302	51,434
Nisshin Foods Inc.	134,607	5,098	3,508	29,165	59,153
Oriental Yeast Co., Ltd.	63,738	3,822	2,576	16,145	34,865

Figures presented for Miller Milling Company, LLC, are consolidated with those of NSGI Holdings Inc., the holding company that has a 100% equity interest in Miller Milling Company, LLC.

(5) Employees

1. Consolidated level

(As of March 31, 2016)

Business segment	Number of employees	
Flour Milling	1,550	[114]
Processed Food	3,745	[1,949]
Others	776	[366]
Corporate (across the Group divisions)	369	[72]
Total	6,440	[2,501]

Note:

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

2. Non-consolidated level

(As of March 31, 2016)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (yen)
296 [29]	42.2	17.5	8,486,794

Notes:

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

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

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

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

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

The following is a review of operations by business segment.

(1) Flour Milling Segment

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

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

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

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

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

(2) Processed Food Segment

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

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

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

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

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

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

(3) Others Segment

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

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

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

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

2. Cash flows

Net cash provided by (used in) operating activities

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

Net cash provided by (used in) investing activities

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

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

Net cash provided by (used in) financing activities

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

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

(2) Status of Production, Orders Received and Sales

1. Production

Production values by segment during the fiscal year ended March 31, 2016 are as follows.

(Millions of yen)

Segment name	Year ended March 31, 2015	Year ended March 31, 2016	Change (%)
Flour Milling	226,441	253,844	12.1
Processed Food	122,638	130,459	6.4
Others	23,572	24,790	5.2
Total	372,652	409,093	9.8

Notes:

1. The above financial amounts use average sales prices during the fiscal 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 fiscal year ended March 31, 2016 are as follows.

(Millions of yen)

Segment name	Year ended March 31, 2015	Year ended March 31, 2016	Change (%)
Flour Milling	237,327	262,463	10.6
Processed Food	244,941	246,703	0.7
Others	43,874	47,534	8.3
Total	526,144	556,701	5.8

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, 2015		Year ended March 31, 2016	
	Value	Proportion (%)	Value	Proportion (%)
Mitsubishi Corp.	64,907	12.3	62,617	11.2

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) Issues to be Addressed

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

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

1. Domestic business strategies

Regarding the flour milling business, while continuing efforts to stably supply products, we will develop products that accurately capture customer needs and promote value-added services that offer total solutions to customers, further strengthening customer relationships. We will continue to strengthen cost competitiveness by concentrating production at large-scale plants located near ports. In addition, with the aim of further promoting the storage and stable supply of raw wheat, we are taking steps to boost raw wheat silo capacity. In April 2015, Hanshin Silo Co., Ltd. completed construction work to expand its raw wheat silo capacity by 25% in the Kansai region. Similarly, in the Kanto region, the Company completed construction work to expand raw wheat silo capacity by 25% at the Tsurumi Plant, with the new capacity becoming operational in June 2016.

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

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

2. Overseas business strategies

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

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

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

3. R&D strategies and cost strategies

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

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

4. Measures addressing systemic changes in wheat policy, and others

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

5. Corporate social responsibility (CSR)

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

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

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

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

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

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

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

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, such actions 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. Also, a reasonable length of time to review such proposal and ample capacity to negotiate with such purchaser must also be 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. The Group will implement ongoing and systematic capital expenditure from a long term perspective. At the same time, the Group will focus 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 171st Ordinary General Meeting of Shareholders held on June 25, 2015, 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 Audit & Supervisory Board Members 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 or 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. Furthermore, if there are reasonable grounds to exceed these respective periods, a maximum of 30 business days will additionally be allowed.

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 defer 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 171st Ordinary General Meeting of Shareholders on June 25, 2015, 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 Audit & Supervisory Board Members 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 sections below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 28, 2016).

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 international trade negotiations, including TPP and wheat policy reform

The Nisshin Seifun Group has carried out structural reforms aimed at building a robust Group structure. Based on the content of the agreement negotiated in the Trans-Pacific Partnership (TPP), although Japan's existing national trade system will be maintained, border measures in relation to wheat and wheat-related products will be lowered. Depending on the content of the system operated after the TPP agreement becomes effective and changes in demand trends accompanying the lowering of border measures, the Group anticipates impact on wheat flour-related industries, including the Group's flour milling and processed food businesses. In addition, our flour milling and processed food businesses remain vulnerable to risks related to changes in the Japanese government's current trade strategy including the management procedures (purchase, stockpiling and sale, etc.) of wheat and domestic flour and flour-related secondary processing market disruptions and realignment of related industries according to the progress of international trade negotiations other than the TPP as well as the government's domestic wheat policy review.

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 including food defense measures, but events beyond the scope of the Company's projection due to external and other factors 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 higher purchasing costs due to increases in the prices of such essential input 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 affects 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 strenuous 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 and realization of corporate acquisition benefits

The Nisshin Seifun Group forms alliances with other companies and conducts corporate acquisitions as part of efforts to optimize use of management resources, as well as to realize growth and expansion. The inability to progress as initially planned with respect to alliances or businesses post acquisition could result in the failure to realize expected 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 a downturn in the overseas business and higher costs.

12. Intellectual property

Notwithstanding ongoing efforts by the Nisshin Seifun Group to protect its intellectual property, 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 the 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.

(5) Legal and Contractual Matters

On December 22, 2015, the Company's Board of Directors passed a resolution authorizing the acquisition of shares in Joyous Foods Co., Ltd., in conjunction with Tokatsu Foods Co., Ltd., which is an affiliate of the Company. This included the purchase of existing shares from Japan Fresh Supply Co., Ltd., which is a 100% subsidiary of FamilyMart Co., Ltd. Joyous Foods Co., Ltd., is a supplier of processed noodles and other products to FamilyMart Co., Ltd. Conditional upon the execution of the aforementioned share purchase, the resolution also authorized the purchase of shares newly issued by Joyous Foods Co., Ltd., via a shareholder allotment. On December 25, 2015, the Company signed a share sale and purchase agreement with Tokatsu Foods Co., Ltd., FamilyMart Co., Ltd., Japan Fresh Supply Co., Ltd., and Joyous Foods Co., Ltd.

On January 29, 2016, the Company executed the aforementioned share acquisition. The equity interest of each company, as of the date of issue of this Securities Report is as follows.

Nisshin Seifun Group Inc.	65.1%
Tokatsu Foods Co., Ltd.	20.0%
FamilyMart Co., Ltd.	14.9% (Note)

Details of the transaction are given in "M&A Activity," under "Notes to the Consolidated Financial Statements" of "(1) Consolidated Financial Statements, etc." in "[5] Financial Accounts."

(Note)

On February 29, 2016, Japan Fresh Supply Co., Ltd., was absorbed by FamilyMart Co., Ltd., via a merger. Accompanying this merger, the position, rights and obligations of Japan Fresh Supply Co., Ltd., under the aforementioned agreement are fully assumed and continued by FamilyMart Co., Ltd.

(6) Research and Development

The Nisshin Seifun Group (the Company and its consolidated subsidiaries) operates various research and development (R&D) facilities. As part of the Company's organizational structure, the Research Center for Basic Science Research and Development focuses primarily on the research of basic technologies. The Research Center for Production and Technology focuses mainly on the development of production technology and nanotechnology for adoption in each of the Group's business operations. Consolidated subsidiaries operate separate R&D organizations 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. (in the Processed Food Segment); Nisshin Petfood Inc., Nisshin Engineering Inc., and NBC Meshtec Inc. (in the Others Segment).

R&D program goals vary widely. 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 processing technologies while improving existing products, automating production systems, and developing and applying powder and granular 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 ¥5,580 million in the fiscal year ended March 31, 2016.

This figure also includes ¥977 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 fiscal year under review.

1. Flour Milling Segment

Research in this segment is centered on the New Product Development Center and the Cereal Science Research Center of Tsukuba. These centers collaborate with the Company's Research Center for Basic Science Research and Development and the Research Center for Production and Technology to conduct R&D focused on the development of new flour-processing technologies, and grain science and grain flour-processing technologies focused on wheat and wheat flour. Major achievements include the launch of *Angelight*, a flour for commercial confectionery manufacture, and *Echord*, a flour for commercial bread baking. The characteristics of *Angelight* include a light texture, melt-in-the-mouth qualities and a moist feel. The characteristics of *Ecode* include umami and sweetness, and good melt-in-the-mouth qualities.

R&D expenditures attributable to this segment totaled ¥629 million.

2. Processed Food Segment

Led by Nisshin Foods Inc.'s Processed Foods Division, and in collaboration with the Company's Research Center for Basic Science Research and Development and the Research Center for Production and Technology, R&D in this segment is focused on developing new processed foods across all temperature ranges, including prepared mix products, dried noodles, pastas, microwavable retort pouch foods, frozen foods, prepared dishes and other prepared foods. Major achievements include the launch of *Nisshin Iroirotsukureru Karaage Flour*, a new frying flour for household use. This new product is free flowing, making it easy to shake out of a container, and can be used in a wide range of cooking beyond frying , including fried rice. The foods division of Oriental Yeast Co., Ltd. engaged in the R&D of baking yeasts and other bakery products, as well as confectionery ingredients and agents for improving quality and preservation through its Laboratory of Yeast & Fermentation and four flour-based food product development centers. The biotechnology division, meanwhile, conducted R&D through the Nagahama Institute for Biochemical Science on regenerative medicine-related products, among others. Nisshin Pharma Inc.'s Health Care Research Center concentrated mainly on developing various food supplements and the development of functional food ingredients through alliances with government and academic institutions. Major achievements include the acceptance by the Consumer Affairs Agency of *Gluco Design Capsule* as a food with functional claims, and the subsequent launch of sales of the product. The product is expected to produce the effect of moderating the rise in blood sugar levels following a meal.

R&D expenditures attributable to this segment totaled ¥3,349 million.

3. Others Segment

Nisshin Petfood Inc. conducts R&D at its Nasu Research Center that addresses the pet's health functioning and preferences. One major achievement was enhancement of the lineup of the *JP Style Wa no Kiwami* series of pet foods designed to promote health, as well as the *Kaiseki*, and *Inu no Shiawase* series created to suit pet preferences. In therapeutic foods for animal hospitals, the Company launched *JP Style Dietetics Struvite Block* for dogs, which is expected to produce the effect of preventing the formation of struvite urinary stones. In cooperation with the Company's Research Center for Production and Technology, Nisshin Engineering Inc.'s Powder-Processing Business Department 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 ¥623 million.

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

All matters relating to the future in the sections below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 28, 2016).

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 credit losses stemming from monetary claims and other receivables. Estimates of irrecoverable amounts are determined by considering historical loan-loss ratios for general receivables and on a consideration of 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 fiscal 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 benefit levels, employee turnover and retirement rates, the mortality rate (based on the most recent statistical data), and the long-term 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 or higher from multiple ratings agencies at the fiscal year-end, while the long-term 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 fiscal year under review and significant factors influencing results

(1) Net sales and operating income

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

Under these conditions, in the flour milling business, shipments of commercial wheat flour in Japan increased steadily year on year, thanks to aggressive sales expansion measures, including the launch of new products tailored to customer needs. Growth came amid an adverse market environment characterized by a continued preference for lower-priced options among consumers. Also in June 2015 and January 2016, the Company revised its commercial wheat flour prices in response to the government's decision to change the prices of five classes of imported wheat. On average, the Government's price for imported wheat rose 3.0% in April 2015 and fell by 5.7% in October 2015. From the perspectives of production and distribution, we continued to carry out measures to enhance productivity and reduce fixed and other costs. In tandem, we are moving ahead with efforts to concentrate production at large-scale plants located near ports in Japan. In the Chubu region, with the start of full-scale operations at the new production line at the Chita Plant we correspondingly suspended part of the production line at the Nagoya Plant. In the Kansai region, construction to increase holding capacity by 25% at a raw wheat silo operated by Hanshin Silo Co., Ltd., located adjacent to the Higashinada Plant, was completed in April 2015. Similarly, in the Kanto region, the Company carried out construction work to expand raw wheat silo capacity by 25% at the Tsurumi Plant. The new capacity became operational in June 2016. The price of bran, a byproduct of the milling process, was weaker throughout the period. In the overseas business, we pushed ahead with PMI efforts for four flour milling plants in the United States acquired by our U.S. subsidiary Miller Milling Company, LLC, and strengthened our sales network as we drove forward steps to identify new customers. To meet growing demand on the west coast of North America, construction is moving forward to boost by 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant, located on the outskirts of Vancouver. The plant is scheduled to begin enhanced operations in autumn 2017. Consequently, the overseas business enjoyed steady expansion, centered on the North America region. As a result, sales in the Flour Milling Segment increased compared with the previous fiscal year. Segment operating income increased, primarily reflecting robust performances by overseas subsidiaries. This increase was achieved despite an increase in depreciation expenses accompanying the commencement of operations by the new production line at the Chita Plant.

In the processed food business, for household-use products, we launched *Nisshin Cooking Flower* and other new market-building products designed to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, and developed sales promotion measures—most notably TV commercials—and took other proactive initiatives designed to stimulate consumption. In commercial-use products, we launched new products tailored to customer needs and carried out proposal activities geared toward garnering new customers. In the prepared dishes and other prepared foods business, we pursued stronger product development capabilities to attract new customers, coupled with progress on measures to expand shipments of prepared foods to volume retailers. These actions prompted brisk growth most notably in new products for household use and prepared dishes and other prepared foods. Nevertheless, sales in the processed food business were lower overall compared to a year earlier due to a more adverse sales environment, largely reflecting belt-tightening efforts among consumers. In the overseas business, we pursued product proposals aimed at obtaining new customers, mainly in the Southeast Asian market, lifting sales higher compared to the previous fiscal year. In July 2015 and February 2016, we instituted price revisions for household-use wheat flour and commercial prepared mix, a move largely prompted by price revisions for commercial-use wheat flour in June 2015 and January 2016. In terms of production, we continued with additional measures to strengthen product safety. We also strengthened cost competitiveness and took steps to develop a new production framework with the aim of optimizing production sites worldwide. Shipments also commenced at a production plant for pasta sauces and other cooked and processed foods in Vietnam, a pasta plant in Turkey, and a frozen food production plant in Kobe, Japan. In a move to further strengthen foundations in the prepared dishes and other prepared foods business, we opted to acquire new shares of Joyous Foods Co., Ltd. in January 2016, converting it into a subsidiary. In the yeast and biotechnology business, sales improved year on year, reflecting growth in shipments of raw materials in manufacturing diagnostic reagents and others mainly in the biotechnology business section. In the healthcare foods business, sales improved year on year, reflecting brisk sales of consumer products driven by aggressive sales promotion measures, coupled with robust shipments of raw materials for pharmaceuticals. As a result, sales in the Processed Food Segment increased compared with the previous fiscal year. Segment operating income increased, reflecting such factors as new products launched by the processed food business, and brisk shipments in the prepared dishes and other prepared foods, yeast and biotechnology, and healthcare foods businesses, as well as contributions by overseas subsidiaries. This increase was achieved despite an increase in depreciation expenses accompanying the commencement of operations at new plants.

In the Others Segment, in the pet food business, shipments mainly of *JP Style* brand and other premium pet food were brisk chiefly due to sales expansion efforts, including the launch of new products and TV commercials, resulting in higher sales compared to the previous fiscal year. In the engineering business, sales increased year on year due to growth in orders in the mainstay plant engineering business, mainly from the promotion of proposal-based marketing. In the mesh cloths business, sales exceeded the previous fiscal year’s level, primarily reflecting strong shipments of mesh cloth used primarily in solar panels. As a result, sales in the Others Segment increased compared with the previous fiscal year. However, segment operating income decreased, primarily due to higher personnel- and materials-related costs.

Consolidated net sales increased by ¥30,557 million, or 5.8%, from the previous fiscal year to ¥556,701 million, and the gross margin decreased by 0.5 of a percentage point from the previous fiscal year to 27.7 percentage points. Selling, general and administrative expenses increased by ¥2,775 million, primarily because of overseas business expansion. As a result, consolidated operating income increased by ¥3,293 million, or 16.1%, to ¥23,769 million, and the operating margin increased by 0.4 percentage point from the previous fiscal year to 4.3 percentage points.

(2) Ordinary income

Net financial income amounted to ¥2,333 million, an increase of ¥404 million compared with the previous fiscal year. Equity in earnings of affiliates totaled ¥1,446 million, or a year-on-year decrease of ¥658 million. Other miscellaneous income on a net basis amounted to ¥549 million, or a year-on-year decrease of ¥483 million.

Non-operating income on a net basis amounted to ¥4,329 million, which represented a year-on-year decrease of ¥738 million. Ordinary income increased by ¥2,555 million, or 10.0%, to ¥28,099 million.

(3) Profit attributable to owners of parent

Extraordinary income of ¥121 million was offset by extraordinary losses totaling ¥757 million, resulting in net extraordinary loss of ¥636 million. Profit before income taxes amounted to ¥27,462 million, an increase of ¥2,035 million compared with the previous fiscal year. The principal components of extraordinary income included a gain on sales of noncurrent assets of ¥113 million. The major item of extraordinary losses was a loss on retirement of noncurrent assets of ¥757 million.

Profit attributable to owners of parent for the fiscal year under review was ¥17,561 million, after the deduction of total income taxes (¥9,031 million) and profit attributable to non-controlling interests (¥869 million) from profit before income taxes. This represented an increase of ¥1,525 million, or 9.5%, compared with the previous fiscal year.

Net income per share was ¥58.25 or an increase of ¥4.97 from the previous fiscal year. Return on equity (ROE) was 4.8%, representing a year-on-year increase of 0.2 percentage point.

3. Business strategy status and outlook

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

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

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

4. Capital financing and liquidity

In the fiscal year ended March 31, 2016, net cash provided by operating activities totaled ¥35.8 billion. Of this cash, ¥15.5 billion was used for the purchase of property, plant and equipment and intangible assets, including a new production line at Nisshin Flour Milling Inc.'s Chita Plant and ¥1.7 billion for shares in Joyous Foods Co., Ltd. The Company also invested cash reserves allocated for future strategic investments in time deposits with terms greater than three months and short-term investment securities, focusing on greater security and efficiency of investments. In the fiscal year under review, the amount of these investments that matured or were redeemed exceeded the amount of those deposited or purchased by ¥5.5 billion, which resulted in free cash flow of ¥23.6 billion. In financing activities, dividends paid came to ¥7.2 billion, representing efforts by the Company to return profits to shareholders. Repayments of short-term loans payable exceeded proceeds from long- and short-term loans payable by ¥2.4 billion. As a result of this and other factors, net cash used in financing activities amounted to ¥9.4 billion. As a result, the year-end balance of cash and cash equivalents increased by ¥13.0 billion compared with the previous fiscal year-end to ¥72.9 billion at the end of March 2016.

Total consolidated debt amounted to ¥19.6 billion at the end of March 2016. 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.

Under the new management plan NNI-120 II, the Nisshin Seifun Group will engage proactively in strategic investment in priority fields that offer the potential for growth and expansion, while working to enhance its future corporate value. With regard to shareholder returns, the Company is taking assertive steps to increase the dividend, and will flexibly buy back shares after careful consideration of demand for funds earmarked for strategic investments. The Group will secure the needed capital for these activities from both internal and external funding sources. To secure funds internally, the Group previously introduced a cash management system (CMS), under which the funds of consolidated subsidiaries in Japan are managed on an integrated basis, coupled with current measures to extensively minimize assets. As for the external sources, the Group will procure interest-bearing debt and other funding by taking advantage of its sound financial position.

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.

Under a basic management policy of greatly increasing corporate value over the long-term, the Nisshin Seifun Group will proceed with selection and concentration of businesses to promote growth, rebuild its business portfolio, and concentrate investment of management resources in priority fields. We will restructure our stable earnings foundation in core businesses, and achieve self-sustaining growth in existing businesses in Japan and overseas (including acquired businesses). Furthermore, overseas and in Japan, we will move with speed to proactively conduct M&A and alliances, mainly in the flour milling, processed food, prepared mix, pasta and bakery-related businesses. Moreover, we will ensure and strengthen a competitive cost structure while also achieving the production and supply of safe and reliable products. In addition, we will work systematically to secure and develop key personnel from an early stage, with an eye to future growth. At the same time, as a management fundamental, we will maintain a constant awareness of capital cost, seeking to enhance medium- to long-term profitability while finding a balance between capital efficiency and financial stability to stably achieve ROE above capital cost.

In addition to pushing forward these basic 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.

Today, Japan is grappling with an increasingly challenging business environment, including market contraction as the country's population declines and rising prices for raw materials. Adding to these concerns is global competition, which is projected to accelerate depending on the outcome of international trade negotiations, including the Trans-Pacific Partnership (TPP), for which a negotiated agreement was largely reached in October 2015, and economic partnership agreements (EPA). Under these circumstances, the Nisshin Seifun Group will continue to fulfill its mission of securing stable supplies of safe and reliable wheat flour and other staple foods, and will strive to provide customers with safe and reliable products from all of its businesses. At the same time, we will move quickly to implement the strategies contained in our new medium-term management plan to stimulate business growth.

[3] Facilities and Capital Expenditures

(1) Capital Expenditures

The Nisshin Seifun Group (the Company and its consolidated subsidiaries) makes capital investment with the aim of raising production capacity and ensuring product safety. The following is a breakdown of capital expenditures for the fiscal year ended March 31, 2016, based on actual expenditures.

	Year ended March 31, 2016 (millions of yen)	Year-on-year change (%)
Flour Milling	8,007	(17.8)
Processed Food	6,596	(10.9)
Others	1,527	(34.7)
Subtotal	16,131	(17.2)
Elimination/common-use	(596)	—
Total	15,534	(18.3)

Capital investments in the Flour Milling Segment were focused on construction of a new production line at the Chita Plant by Nisshin Flour Milling Inc., as well as increasing production capacity and enhancing product safety companywide.

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 investment within the Nisshin Seifun Group during the fiscal 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, 2016)

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	4,817	2,746	5,594 (81)	284	13,443	129 [3]
Nisshin Flour Milling Inc.	Fukuoka Plant (Chuo-ku, Fukuoka)	Flour Milling	Wheat flour production	3,665	3,304	2,520 (19)	152	9,643	42 [0]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour Milling	Wheat flour production	4,949	1,860	1,803 (30)	160	8,773	88 [1]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour Milling	Wheat flour production	2,020	1,011	294 (43)	63	3,389	74 [1]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour Milling	Wheat flour production	3,883	2,898	68 (33)	166	7,017	58 [2]
Nisshin Flour Milling Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Flour Milling	Wheat flour production	865	582	69 (20)	79	1,595	40 [3]
Nisshin Foods Inc.	Tatebayashi Plant (Tatebayashi)	Processed Food	Prepared mix production	911	971	193 (27)	63	2,139	37 [37]
Nisshin Seifun Premix Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Processed Food	Prepared mix production	986	636	47 (13)	50	1,722	63 [20]
Ma•Ma-Macaroni Co., Ltd.	Head Office and Utsunomiya Plant (Utsunomiya)	Processed Food	Pasta production	617	1,278	27 (23)	74	1,998	61 [250]
Ma•Ma-Macaroni Co., Ltd.	Kobe Plant (Higashinada-ku, Kobe)	Processed Food	Production of frozen foods	1,606	1,316	393 (16)	61	3,377	33 [58]
Daisen Ham Co., Ltd.	Head Office and Yonago Plant (Yonago)	Processed Food	Production of processed meats	1,108	511	210 (35)	75	1,905	227 [295]
Joyous Foods Co., Ltd.	Kodama Plant (Kamisatomachi, Kodama-gun, Saitama)	Processed Food	Production of processed noodles	836	476	1,060 (85)	359	2,732	34 [171]
Joyous Foods Co., Ltd.	Kyoto Plant (Kumiyamacho, Kuse-gun, Kyoto)	Processed Food	Production of processed noodles	244	562	779 (16)	57	1,644	32 [206]
Oriental Yeast Co., Ltd.	Tokyo Plant (Itabashi-ku, Tokyo)	Processed Food	Yeast manufacture	880	644	0 (11)	64	1,589	50 [19]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed Food	Production of yeast and other items	1,309	834	169 (22) (Note 4) [5]	154	2,467	68 [22]
Oriental Yeast Co., Ltd.	Biwa Plant (Nagahama, Shiga)	Processed Food	Production of flour paste, *kansui* powder, baking powders and other items	648	456	709 (36)	30	1,845	35 [22]
Pany Delica Co., Ltd.	Head Office and Tomisato Plant (Tomisato, Chiba)	Processed Food	Production of fillings and mayonnaise	825	486	708 (23)	53	2,074	61 [32]
NBC Meshtec Inc.	Yamanashi Tsuru Plant (Tsuru)	Others	Production of mesh cloths and forming filters	1,057	843	447 (35)	295	2,645	224 [96]

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	
NBC Meshtec Inc.	Shizuoka Kikugawa Plant (Kikugawa)	Others	Production of mesh cloths and forming filters	955	194	1,032 (69)	96	2,278	35 [11]
Nisshin Seifun Group Inc.	Head Office and Institutes and Laboratories (Chiyoda-ku, Tokyo, Fujimino, Saitama and others)		Office, and research and development	3,377	516	10,011 (40)	1,098	15,004	276 [32]

2. Overseas subsidiaries

(As of March 31, 2016)

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	798	458	112 (41)	264	1,633	35 [0]
Miller Milling Company, LLC	Winchester Plant (U.S.A.)	Flour Milling	Wheat flour production	2,134	3,247	97 (38)	139	5,619	46 [2]
Miller Milling Company, LLC	Fresno Plant (U.S.A.)	Flour Milling	Wheat flour production	465	1,622	256 (130)	59	2,404	30 [7]
Miller Milling Company, LLC	Los Angeles Plant (U.S.A.)	Flour Milling	Wheat flour production	1,177	731	822 (23)	53	2,785	39 [5]
Miller Milling Company, LLC	Oakland Plant (U.S.A.)	Flour Milling	Wheat flour production	941	2,114	1,565 (51)	45	4,667	40 [2]
Miller Milling Company, LLC	Saginaw Plant (U.S.A.)	Flour Milling	Wheat flour production	466	1,554	78 (23)	40	2,138	34 [4]
Miller Milling Company, LLC	New Prague Plant (U.S.A.)	Flour Milling	Wheat flour production	522	328	26 (25)	48	924	48 [1]
Champion Flour Milling Ltd.	Christchurch Plant (New Zealand)	Flour Milling	Wheat flour production	594	287	637 (15)	46	1,566	54 [4]
Thai Nisshin Technomic Co., Ltd.	Head Office and a plant (Thailand)	Processed Food	Prepared mix production	341	72	16 (10)	90	522	221 [0]
Vietnam Nisshin Seifun Co., Ltd.	Head Office and a plant (Vietnam)	Processed Food	Pasta sauce production	593	816	– (Note 4) [32]	220	1,629	374 [0]
Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S.	Head Office and a plant (Turkey)	Processed Food	Pasta production	(Note 5) 222	1,283	(Note 5) – [22]	23	1,529	69 [57]

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, 2016.
3. Numbers of employees in square brackets refer to part-time workers.
4. Figures in square brackets in the "Land" column refer to areas leased from outside of consolidated companies.
5. The Company leases certain land and buildings from parties other than consolidated companies. The area of land leased is presented separately within square brackets.

(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, 2016, funds which are planned to be allocated for the construction of facilities (actual expenditure) amounted to ¥14,000 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 fiscal year ended March 31, 2016 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. Tsurumi Plant	Kawasaki-ku, Kawasaki	Flour Milling	Raw wheat silo	3,500	1,982	Internal cash flow	March, 2015	June, 2016	Raw wheat silo capacity 26,000 tons
Rogers Foods Ltd. Chilliwack Plant	Chilliwack, British Columbia, Canada	Flour Milling	Wheat flour production	3,400	289	Internal cash flow and loans	October, 2015	Fall, 2017	Raw material milling tonnage 250 tons per day

2. Disposal of major facilities, etc.

No applicable matters to report.

[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, 2016	Shares issued and outstanding at date of filing (June 28, 2016)	Exchanges on which stock is listed / Certified associations of financial instruments dealers to which the Company is affiliated	Comments
Common stock	304,357,891	304,357,891	Tokyo Stock Exchange (First Section)	Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit (MTU).
Total	304,357,891	304,357,891	—	—

2. Subscription rights to shares, etc.

The Company has granted the subscription rights to shares detailed below in line with the provisions of the Companies Act.

<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 Companies Act.

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, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	13 (Note 1)	5 (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	15,730 (Note 6)	6,050 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,132,560 per subscription right to shares (Notes 3, 6)	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: ¥936 Capital increase per share: ¥468 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

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 Companies Act.

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, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	28 (Note 1)	27 (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	33,880 (Note 6)	32,670 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,132,560 per subscription right of shares (Notes 3, 6)	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: ¥936 Capital increase per share: ¥468 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<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 Companies Act.

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, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	12 (Note 1)	7 (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	14,520 (Note 6)	8,470 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,099,890 per subscription right to shares (Notes 3, 6)	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: ¥909 Capital increase per share: ¥455 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

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 Companies Act.

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, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	36 (Note 1)	34 (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	43,560 (Note 6)	41,140 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,099,890 per subscription right to shares (Notes 3, 6)	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: ¥909 Capital increase per share: ¥455 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<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 Companies Act.

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, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	25 (Note 1)	18 (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	30,250 (Note 6)	21,780 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,026,080 per subscription right to shares (Notes 3, 6)	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: ¥848 Capital increase per share: ¥424 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

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 Companies Act.

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, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
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	82,280 (Note 6)	82,280 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,026,080 per subscription right to shares (Notes 3, 6)	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: ¥848 Capital increase per share: ¥424 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<Subscription rights to shares granted on August 16, 2012>

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

Date of the ordinary resolution at the General Meeting of Shareholders: June 27, 2012 Date of the resolution of the Board of Directors: July 26, 2012		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	36 (Note 1)	31 (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	43,560 (Note 6)	37,510 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥958,320 per subscription right to shares (Notes 3, 6)	Same as the left column.
Exercise period	August 17, 2014 – August 1, 2019	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: ¥792 Capital increase per share: ¥396 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

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 Companies Act.

Date of the special resolution at the General Meeting of Shareholders: June 27, 2012 Date of the resolution of the Board of Directors: July 26, 2012		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	81 (Note 1)	81 (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	98,010 (Note 6)	98,010 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥958,320 per subscription right to shares (Notes 3, 6)	Same as the left column.
Exercise period	August 17, 2014 – August 1, 2019	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: ¥792 Capital increase per share: ¥396 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<Subscription rights to shares granted on August 20, 2013>

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

Date of the ordinary resolution at the General Meeting of Shareholders: June 26, 2013 Date of the resolution of the Board of Directors: July 30, 2013		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	72 (Note 1)	72 (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	87,120 (Note 6)	87,120 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,224,520 per subscription right to shares (Notes 3, 6)	Same as the left column.
Exercise period	August 21, 2015 – August 3, 2020	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: ¥1,012 Capital increase per share: ¥506 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

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 Companies Act.

Date of the special resolution at the General Meeting of Shareholders: June 26, 2013 Date of the resolution of the Board of Directors: July 30, 2013		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	173 (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	209,330 (Note 6)	203,280 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,224,520 per subscription right to shares (Notes 3, 6)	Same as the left column.
Exercise period	August 21, 2015 – August 3, 2020	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: ¥1,012 Capital increase per share: ¥506 (Note 6)	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 1,210.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<Subscription rights to shares granted on August 19, 2014>

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

Date of the ordinary resolution at the General Meeting of Shareholders: June 26, 2014 Date of the resolution of the Board of Directors: July 29, 2014		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	96 (Note 1)	96 (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	105,600 (Note 6)	105,600 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,274,900 per subscription right to shares (Notes 3, 6)	Same as the left column.
Exercise period	August 20, 2016 – August 2, 2021	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: ¥1,159 Capital increase per share: ¥580 (Note 6)	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 1,100.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

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 Companies Act.

Date of the special resolution at the General Meeting of Shareholders: June 26, 2014 Date of the resolution of the Board of Directors: July 29, 2014		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	211 (Note 1)	211 (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	232,100 (Note 6)	232,100 (Note 6)
Amount payable on the exercise of the subscription rights to shares	¥1,274,900 per subscription right to shares (Notes 3, 6)	Same as the left column.
Exercise period	August 20, 2016 – August 2, 2021	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: ¥1,159 Capital increase per share: ¥580 (Note 6)	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 1,100.
2. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 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 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
6. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the total number of issuable shares on the exercise of the subscription rights to shares, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<Subscription rights to shares granted on August 19, 2015>

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

Date of the ordinary resolution at the General Meeting of Shareholders: June 25, 2015 Date of the resolution of the Board of Directors: July 30, 2015		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	111 (Note 1)	111 (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	111,000	111,000
Amount payable on the exercise of the subscription rights to shares	¥1,748,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 20, 2017 – August 1, 2022	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: ¥1,748 Capital increase per share: ¥874	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 100 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 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 Companies Act.

Date of the special resolution at the General Meeting of Shareholders: June 25, 2015 Date of the resolution of the Board of Directors: July 30, 2015		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2016)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2016)
Number of the subscription rights to shares granted	215 (Note 1)	215 (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	215,000	215,000
Amount payable on the exercise of the subscription rights to shares	¥1,748,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 20, 2017 – August 1, 2022	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: ¥1,748 Capital increase per share: ¥874	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 100 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 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)
October 1, 2013 (Note 1)	25,153	276,688	—	17,117	—	9,500
October 1, 2014 (Note 2)	27,668	304,357	—	17,117	—	9,500

Notes:

1. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock.
2. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock.

6. Ownership and share distribution

(As of March 31, 2016)

Category	Shareholders and ownership status (N.B. Minimum trading unit [MTU] = 100 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)	—	91	28	342	433	8	17,984	18,886	—
Numbers of shares held (MTUs)	—	1,318,705	53,994	704,892	534,783	84	426,402	3,038,860	471,891
Ratio to total shares (%)	—	43.39	1.78	23.20	17.60	0.00	14.03	100.00	—

Notes:

1. Treasury stock holdings of 2,593,363 shares consist of 25,933 MTUs listed under “Individuals and other shareholders” and 63 shares listed under “Sub-MTU share holdings.” All of these treasury shares are listed in the shareholder register. As of March 31, 2016, total beneficial ownership of treasury stock was equivalent to 2,593,016 shares.
2. Shares nominally held under the name of Japan Securities Depository Center, Inc. account for 24 MTUs in the column marked “Other institutions” and 27 shares in the column marked “Sub-MTU share holdings.”

7. Major shareholders

(As of March 31, 2016)

Name	Address	Number of shares held (thousands)	Shareholding as proportion of total shares outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	19,723	6.48
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka	19,387	6.37
Yamazaki Baking Co., Ltd.	10-1, Iwamotocho 3-chome, Chiyoda-ku, Tokyo	16,988	5.58
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	14,153	4.65
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	11,310	3.71
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	8,448	2.77
Marubeni Corporation	4-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	6,284	2.06
Sumitomo Corporation	8-11, Harumi 1-chome, Chuo-ku, Tokyo	6,091	2.00
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,585	1.83
The Norinchukin Bank	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	5,432	1.78
Total	—	113,406	37.26

8. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2016)

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 2,593,000	—	Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
	(Mutually held shares) Common stock 271,200	—	As above
Shares with full voting rights (other)	Common stock 301,021,800	3,010,218	As above
Sub-MTU (minimum trading unit) share holdings	Common stock 471,891	—	—
Total number of shares issued and outstanding	304,357,891	—	—
Total voting rights of all shareholders	—	3,010,218	—

Notes:

1. "Number of shares" for "Shares with full voting rights (other)" above includes 2,400 shares nominally held under the name of Japan Securities Depository Center, Inc. (JASDEC), and 300 shares listed under Company ownership in the register of shareholders but without any beneficial owner.
2. "Number of voting rights" for "Shares with full voting rights (other)" above includes 24 voting rights pertaining to shares with full voting rights nominally held under the name of Japan Securities Depository Center, Inc. (JASDEC), and 3 voting rights pertaining to shares with full voting rights listed under Company ownership in the register of shareholders but without any beneficial owner.
3. "Number of shares" for "Sub-MTU share holdings" above includes, in addition to 27 shares nominally held under the name of Japan Securities Depository Center, Inc. (JASDEC), and 47 shares listed under Company ownership in the register of shareholders but without any beneficial owner, treasury stock owned by the Company and mutually held shares shown below.

Treasury stock

Nisshin Seifun Group Inc. 16 shares

Mutually held shares

Japan Logistic Systems Corp. 55 shares

Chiba Kyodo Silo Co., Ltd. 45 shares

(2) Treasury stock

(As of March 31, 2016)

Shareholders' name	Shareholders' address	Number of shares held under own name	Number of shares held 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	2,593,000	—	2,593,000	0.85
Mutually held shares					
Ishikawa Co., Ltd.	2-10, Shimagami-cho 1-chome, Hyogo-ku, Kobe	168,900	—	168,900	0.05
Chiba Kyodo Silo Co., Ltd.	16, Shinminato, Mihama-ku, Chiba	95,700	—	95,700	0.03
Japan Logistic Systems Corp.	19-17, Ebara 1-chome, Shinagawa-ku, Tokyo	6,600	—	6,600	0.00
Total	—	2,864,200	—	2,864,200	0.94

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 236, 238 and 239 of the Companies Act.

Details of the scheme are summarized below.

(1) 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 Companies Act, 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 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	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 Companies Act, 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 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	As detailed above in “2. Subscription rights to shares, etc.”

(2) 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 Companies Act, 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 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	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 Companies Act, 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 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	As detailed above in “2. Subscription rights to shares, etc.”

(3) 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 Companies Act, 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 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	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 Companies Act, 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 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	As detailed above in “2. Subscription rights to shares, etc.”

(4) 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 Companies Act, resolutions were made at the Ordinary General Meeting of Shareholders held on June 27, 2012, and the meeting of the Board of Directors on July 26, 2012, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 27, 2012 (Ordinary General Meeting of Shareholders) and July 26, 2012 (Board of Directors)
Number and description of persons granted the subscription rights to shares	15 directors of the Company
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	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 overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Companies Act, 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, and a resolution on such details was made at the meeting of the Board of Directors on July 26, 2012.

Dates of authorizing resolutions	June 27, 2012 (Ordinary General Meeting of Shareholders) and July 26, 2012 (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 44 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	As detailed above in “2. Subscription rights to shares, etc.”

(5) Resolution at the Ordinary General Meeting of Shareholders on June 26, 2013

a. Regarding the stock options granted as a form of remuneration to directors of the Company under the provision of Article 361 of the Companies Act, resolutions were made at the Ordinary General Meeting of Shareholders held on June 26, 2013, and the meeting of the Board of Directors on July 30, 2013, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 26, 2013 (Ordinary General Meeting of Shareholders) and July 30, 2013 (Board of Directors)
Number and description of persons granted the subscription rights to shares	14 directors of the Company
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	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 overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Companies Act, 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, 2013, and a resolution on such details was made at the meeting of the Board of Directors on July 30, 2013.

Dates of authorizing resolutions	June 26, 2013 (Ordinary General Meeting of Shareholders) and July 30, 2013 (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 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	As detailed above in “2. Subscription rights to shares, etc.”

(6) Resolution at the Ordinary General Meeting of Shareholders on June 26, 2014

a. Regarding the stock options granted as a form of remuneration to directors of the Company under the provision of Article 361 of the Companies Act, resolutions were made at the Ordinary General Meeting of Shareholders held on June 26, 2014, and the meeting of the Board of Directors on July 29, 2014, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 26, 2014 (Ordinary General Meeting of Shareholders) and July 29, 2014 (Board of Directors)
Number and description of persons granted the subscription rights to shares	14 directors of the Company
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	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 overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Companies Act, 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, 2014, and a resolution on such details was made at the meeting of the Board of Directors on July 29, 2014.

Dates of authorizing resolutions	June 26, 2014 (Ordinary General Meeting of Shareholders) and July 29, 2014 (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 44 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	As detailed above in “2. Subscription rights to shares, etc.”

(7) Resolution at the Ordinary General Meeting of Shareholders on June 25, 2015

a. Regarding the stock options granted as a form of remuneration to directors of the Company under the provision of Article 361 of the Companies Act, resolutions were made at the Ordinary General Meeting of Shareholders held on June 25, 2015, and the meeting of the Board of Directors on July 30, 2015, concerning the value of the remuneration and a description of the subscription rights to shares.

Dates of authorizing resolutions	June 25, 2015 (Ordinary General Meeting of Shareholders) and July 30, 2015 (Board of Directors)
Number and description of persons granted the subscription rights to shares	14 directors of the Company
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	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 overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Companies Act, 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, 2015, and a resolution on such details was made at the meeting of the Board of Directors on July 30, 2015.

Dates of authorizing resolutions	June 25, 2015 (Ordinary General Meeting of Shareholders) and July 30, 2015 (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 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	As detailed above in “2. Subscription rights to shares, etc.”

(8) Resolution at the Ordinary General Meeting of Shareholders on June 28, 2016

a. Regarding the stock options granted as a form of remuneration to directors of the Company under the provision of Article 361 of the Companies Act, a resolution was made at the Ordinary General Meeting of Shareholders held on June 28, 2016, concerning the value of the remuneration and a description of the subscription rights to shares.

Date of authorizing resolution	June 28, 2016
Number and description of persons granted the subscription rights to shares.	Directors of the Company (Note 1)
Share type issuable on the exercise of the subscription rights to shares	Common stock
Number of shares issuable	Up to 111,000 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.

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

   "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 years have passed after the grant date to August 1, 2023.
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 exercise the subscription rights to shares up to two 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) 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 Companies Act, 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, 2016.

Date of authorizing resolution	June 28, 2016
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 on the exercise of the subscription rights to shares	Common stock
Number of shares issuable	Up to 228,000 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 years have passed after the grant date to August 1, 2023.
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 the subscription rights to shares up to two 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, Paragraph 7 of the Companies Act

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 31, 2016	3,595	6,181,203
Treasury stock acquired during the term	203	361,479

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, 2016, to the date of filing the original Japanese version of this report.

4. Disposals or holdings of acquired treasury stock

Item	Year ended March 31, 2016		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) (Sale upon request of sub-MTU share holdings)	 427,130 236	 391,650,380 381,457	 39,930 —	 35,989,030 —
Shares of treasury stock held	2,593,016	—	2,553,289	—

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, 2016, 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 distribute profits, taking into consideration the current and future profitability of its business and financial position, by undertaking the continuous payment of dividends based on a targeted payout ratio of at least 40% on a consolidated basis (increased from the previous ratio of at least 30% from the fiscal year ended March 31, 2016).

In principle, the Company intends to pay dividends twice a year: interim and fiscal 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, Paragraph 1 of the Companies Act, unless otherwise stipulated by law, and that the payment of interim dividends as provided for by Article 454, Paragraph 5 of the Companies Act may be effected by a resolution of the Board of Directors, with the date of record for such dividends being September 30.

As a further return of profits to shareholders, the Company paid a full-year dividend of ¥24 per share, an increase of ¥2 from the previous fiscal year. There was no adjustment made to the dividend per share following the stock splits conducted during the two previous fiscal years, and there was an actual increase in the total dividends paid. In addition, the year-end dividend was also increased in the previous fiscal year, resulting in a projected increase in dividends for a third consecutive term. As a result, the dividend payout ratio for the fiscal year was 41.2% on a consolidated basis (88.8% on a non-consolidated basis) and the rate of dividends to net assets was 2.0% on a consolidated basis (2.6% on a non-consolidated basis).

With the aim of raising future corporate value, the Company allocates retained earnings for aggressive strategic investment in priority fields that offer the potential for growth and expansion outlined under its new management plan, "NNI-120 II." In terms of shareholder returns, the Company will flexibly buy back shares after careful consideration of demand for funds earmarked for strategic investments.

Note:
Payment of dividends for which the date of record falls during the fiscal year ended March 31, 2016 is as follows.

Authorizing resolution	Total dividends (millions of yen)	Dividend per share (yen)
Resolution of the Board of Directors made on October 29, 2015	3,619	12
Resolution of the Ordinary General Meeting of Shareholders made on June 28, 2016	3,621	12

(4) Share Price Movements

1. Share price highs and lows in previous five years

Fiscal term	168th	169th	170th	171st	172nd
Year-end	Mar. 2012	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016
Intra-year high (yen)	1,036	1,355	1,368 ☐ 1,157	1,352 ☐ 1,484	2,056
Intra-year low (yen)	893	855	1,030 ☐ 939	1,101 ☐ 987	1,365

Notes:
1. 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. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Figures marked " for" the170th fiscal term denote highest and lowest ex-rights share price after the rights-off due to the stock split.
3. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Figures marked " for" the171st fiscal term denote highest and lowest ex-rights share price after the rights-off due to the stock split.

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

Month	Oct. 2015	Nov. 2015	Dec. 2015	Jan. 2016	Feb. 2016	Mar. 2016
Intra-month high (yen)	1,859	1,999	2,056	1,980	2,049	1,940
Intra-month low (yen)	1,662	1,801	1,867	1,682	1,791	1,785

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 Audit & Supervisory Board Members

[Male: 19, Female: – (percentage of female officers -%)]

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)
Representative Director and President		Hiroshi Oeda	March 12, 1957	Apr. 1980	Joined the Company	Note 3	79
				Jun. 2008	Executive Officer		
				Jun. 2008	Managing Director (Operations & Planning Division), Nisshin Flour Milling Inc.		
				Jun. 2009	Director		
				Jun. 2010	Senior Managing Director (Operations & Planning Division), Nisshin Flour Milling Inc.		
				Apr. 2011	Director and President [C]		
				Apr. 2012	Director and President, Nisshin Flour Milling Inc. (Concurrent roles)		
				Apr. 2015	Director and Chairman, Nisshin Flour Milling Inc. (Concurrent roles)		
Director and Vice President		Kazuo Ikeda	September 14, 1947	Apr. 1971	Joined the Company	Note 3	71
				Jun. 2002	Executive Officer		
				Jun. 2003	Managing Director (Business Planning Division), Nisshin Foods Inc.		
				Jun. 2004	Director		
				Jun. 2004	Director and President, Nisshin Foods Inc.(Concurrent roles)		
				Jun. 2009	Managing Director		
				Jun. 2011	Senior Managing Director		
				Jun. 2012	Director and Vice President [C]		
				Jun. 2012	Director and Chairman, Nisshin Foods Inc. (Concurrent roles)		
				Oct. 2012	Director and President, Nisshin Seifun Premix Inc. (Concurrent roles)		
				Jun. 2014	Director, Nisshin Foods Inc. [C]		
Senior Managing Director	Division Executive, Finance and Accounting Division	Masao Nakagawa	August 17, 1953	Apr. 1977	Joined the Company	Note 3	31
				Jun. 2006	General Manager, Accounting Department (Finance and Accounting Division)		
				Jun. 2008	Executive Officer		
				Jun. 2008	Senior Managing Director, Nisshin Foods Inc.		
				Jun. 2009	Senior Managing Director (Operations & Planning Division), Nisshin Foods Inc.		
				Nov. 2009	Senior Managing Director (Operations & Planning Division and Business Planning Division), Nisshin Foods Inc.		
				Sep. 2011	Senior Managing Director (Business Planning Division), Nisshin Foods Inc.		
				Jun. 2012	Managing Director and Division Executive (Finance and Accounting Division)		
				Jun. 2015	Senior Managing Director and Division Executive (Finance and Accounting Division) [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)
Senior Managing Director	Division Executive, General Administration Division	Michinori Takizawa	March 27, 1954	Apr. 1976	Joined the Company	Note 3	25
				Jun. 2005	Executive Officer, Legal Affairs Group (General Administration Division)		
				Jun. 2006	Executive Officer and General Manager, Legal Affairs Department (General Administration Division)		
				Jun. 2009	Executive Officer and General Manager, Internal Control Department		
				Jun. 2011	Executive Officer and Deputy General Manager (Corporate Planning Division)		
				Jul. 2011	Executive Officer and Division Executive (Corporate Planning Division)		
				Jun. 2012	Director and Division Executive (Corporate Planning Division)		
				Jun. 2013	Managing Director and Division Executive (General Administration Division)		
				Jun. 2015	Senior Managing Director and Division Executive (General Administration Division) [C]		
Managing Director	Division Executive, Research and Development, Quality Assurance Division	Takashi Harada	February 9, 1957	Apr. 1979	Joined the Company	Note 3	20
				Jun. 2009	Executive Officer		
				Jun. 2009	Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc.		
				Jun. 2010	Director and Division Executive (R&D and Quality Assurance Division)		
				Jun. 2015	Managing Director and Division Executive (R&D and Quality Assurance Division) [C]		
Managing Director	Division Executive, Corporate Planning Division	Akira Mori	December 16, 1956	Apr. 1979	Joined the Company	Note 3	15
				Apr. 2006	Managing Director and General Manager, Accounting Department, Initio Foods Inc.		
				Jun. 2006	Managing Director and General Manager, Administration Department, Initio Foods Inc.		
				Jun. 2010	General Manager, Finance Department (Finance and Accounting Division)		
				Jun. 2012	Executive Officer and General Manager, Finance Department (Finance and Accounting Division)		
				Jun. 2013	Director and Division Executive (Corporate Planning Division)		
				Jun. 2015	Managing Director and Division Executive (Corporate Planning Division) [C]		
Managing Director		Koichi Iwasaki	September 12, 1956	Apr. 1980	Joined the Company	Note 3	32
				Jun. 2010	Executive Officer		
				Jun. 2010	Managing Director (Sales Division), Nisshin Foods Inc.		
				Jun. 2012	Director		
				Jun. 2012	Director and President, Nisshin Foods Inc. [C] (Concurrent roles)		
				Jun. 2014	Managing Director [C]		
Managing Director		Nobuki Kemmoku	February 13, 1961	Apr. 1984	Joined the Company	Note 3	24
				Sep. 2011	Managing Director and General Manager, Administration Department, Nisshin Flour Milling Inc.		
				Jun. 2012	Executive Officer		
				Sep. 2012	Managing Director, Nisshin Flour Milling Inc.		
				Jun. 2013	Director		
				Jun. 2013	Senior Managing Director, Nisshin Flour Milling Inc.		
				Apr. 2015	Director and President, Nisshin Flour Milling Inc. [C] (Concurrent roles)		
				Jun. 2015	Managing Director [C]		

<table>
<tr><th>Title</th><th>Position</th><th>Name</th><th>Date of birth</th><th colspan="2">Abbreviated CV
[Roles in parentheses signify head of function in addition to position as director or executive officer;
[C] = current role]</th><th>Term of office</th><th>Share holding (thousands)</th></tr>
<tr><td rowspan="4">Director</td><td rowspan="4">Division Executive, Technology and Engineering Division</td><td rowspan="4">Satoshi Odaka</td><td rowspan="4">November 18, 1958</td><td>Apr. 1983</td><td>Joined the Company</td><td rowspan="4">Note 3</td><td rowspan="4">12</td></tr>
<tr><td>Apr. 2012</td><td>Director and Division Executive (Production Division), Nisshin Flour Milling Inc.</td></tr>
<tr><td>Jun. 2012</td><td>Executive Officer</td></tr>
<tr><td>Jun. 2015</td><td>Director and Division Executive (Technology and Engineering Division) [C]</td></tr>
<tr><td rowspan="5">Director</td><td rowspan="5"></td><td rowspan="5">Masashi Nakagawa</td><td rowspan="5">February 19, 1955</td><td>Apr. 1978</td><td>Joined Oriental Yeast Co., Ltd.</td><td rowspan="5">Note 3</td><td rowspan="5">25</td></tr>
<tr><td>Jun. 2007</td><td>Managing Director (Food Business Division), Oriental Yeast Co., Ltd.</td></tr>
<tr><td>Jun. 2009</td><td>Managing Director (In charge of Operations & Planning Division), Oriental Yeast Co., Ltd.</td></tr>
<tr><td>Jun. 2011</td><td>Director and President, Oriental Yeast Co., Ltd. [C]</td></tr>
<tr><td>Jun. 2012</td><td>Director [C]</td></tr>
<tr><td rowspan="6">Director</td><td rowspan="6"></td><td rowspan="6">Takao Yamada</td><td rowspan="6">September 27, 1960</td><td>Apr. 1983</td><td>Joined the Company</td><td rowspan="6">Note 3</td><td rowspan="6">15</td></tr>
<tr><td>Jun. 2011</td><td>Director and General Manager (Tokyo Sales Division), Nisshin Flour Milling Inc.</td></tr>
<tr><td>Jun. 2012</td><td>Executive Officer</td></tr>
<tr><td>Jun. 2013</td><td>Director [C]</td></tr>
<tr><td>Jun. 2013</td><td>Managing Director (Sales Division), Nisshin Flour Milling Inc.</td></tr>
<tr><td>Apr. 2015</td><td>Senior Managing Director (Sales Division), Nisshin Flour Milling Inc. [C]</td></tr>
<tr><td rowspan="5">Director</td><td rowspan="5"></td><td rowspan="5">Kiyoshi Sato</td><td rowspan="5">August 19, 1956</td><td>Apr. 1979</td><td>Joined the Company</td><td rowspan="5">Note 3</td><td rowspan="5">19</td></tr>
<tr><td>Jun. 2008</td><td>Director and General Manager, Business Development Department, Nisshin Pharma Inc.</td></tr>
<tr><td>Feb. 2010</td><td>Director and Division Executive, Research and Development Division, Nisshin Pharma Inc.</td></tr>
<tr><td>Jun. 2014</td><td>Director [C]</td></tr>
<tr><td>Jun. 2014</td><td>Director and President, Nisshin Pharma Inc. [C]
(Concurrent roles)</td></tr>
<tr><td rowspan="11">Director</td><td rowspan="11"></td><td rowspan="11">Akio Mimura</td><td rowspan="11">November 2, 1940</td><td>Apr. 1963</td><td>Joined Fuji Iron & Steel Co., Ltd.</td><td rowspan="11">Note 3</td><td rowspan="11">26</td></tr>
<tr><td>Jun. 1993</td><td>Director, Nippon Steel Corporation</td></tr>
<tr><td>Apr. 1997</td><td>Managing Director, Nippon Steel Corporation</td></tr>
<tr><td>Apr. 2000</td><td>Representative Director & Executive Vice President, Nippon Steel Corporation</td></tr>
<tr><td>Apr. 2003</td><td>Representative Director & President, Nippon Steel Corporation</td></tr>
<tr><td>Jun. 2006</td><td>Audit & Supervisory Board Member</td></tr>
<tr><td>Apr. 2008</td><td>Representative Director & Chairman, Nippon Steel Corporation</td></tr>
<tr><td>Jun. 2009</td><td>Director [C]</td></tr>
<tr><td>Oct. 2012</td><td>Director & Senior Advisor, Nippon Steel & Sumitomo Metal Corporation</td></tr>
<tr><td>Jun. 2013</td><td>Senior Advisor, Nippon Steel & Sumitomo Metal Corporation</td></tr>
<tr><td>Nov. 2013</td><td>Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation [C]</td></tr>
</table>

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		Kazuhiko Fushiya	January 26, 1944	Apr. 1967 Jul. 1999 Jul. 2001 Jul. 2002 Jan. 2006 Feb. 2008 Jan. 2009 Jun. 2009 Jun. 2015	Joined the Ministry of Finance (MOF) Commissioner, National Tax Agency Deputy Governor, National Life Finance Corporation Assistant Chief Cabinet Secretary Commissioner, Board of Audit of Japan President, Board of Audit of Japan Retirement from Board of Audit of Japan Audit & Supervisory Board Member Director [C]	Note 3	—
Audit & Supervisory Board Member	Full-time	Yasuhiko Masaki	October 16, 1956	Apr. 1979 Jun. 2009 Jun. 2013	Joined the Company Secretariat & General Manager, Secretarial Office (General Administration Division) Audit & Supervisory Board Member [C]	Note 4	2
Audit & Supervisory Board Member	Full-time	Kazuya Yoshinare	August 30, 1954	Apr. 1977 Jun. 2011 Jun. 2014	Joined the Company General Manager, Internal Control Department Audit & Supervisory Board Member [C]	Note 5	17
Audit & Supervisory Board Member		Tetsuo Kawawa	June 15, 1947	Apr. 1975 Apr. 1996 Aug. 2002 Sep. 2002 Jun. 2007	Admitted in Japan as attorney-at-law Managing Partner, Kawawa Law Offices [C] Member of Legislative Council of the Ministry of Justice (Modernization of Company Act) Specially designated member of the Judicial System Research Board, Japan Federation of Bar Associations Audit & Supervisory Board Member [C]	Note 6	—
Audit & Supervisory Board Member		Satoshi Ito	July 25, 1942	Jan. 1967 Dec. 1970 Sep. 1978 Oct. 1993 Aug. 2001 Apr. 2002 Mar. 2007 Jun. 2010	Joined Tokyo Office of Arthur Andersen & Co. Qualified as a Certified Public Accountant in Japan Partner, Arthur Andersen & Co. Representative Partner, Asahi & Co (current KPMG AZSA LLC), a member firm of Arthur Andersen & Co., SC Managing Partner, Ito CPA Office [C] Professor, Chuo University, Graduate School of International Accounting Retirement from Chuo University Audit & Supervisory Board Member [C]	Note 5	—
Audit & Supervisory Board Member		Motoo Nagai	March 4, 1954	Apr. 1977 Apr. 2007 Apr. 2011 Jun. 2011 Apr. 2014 Jun. 2014 Jun. 2015	Joined Industrial Bank of Japan, Limited (IBJ) Managing Executive Officer, Mizuho Corporate Bank, Ltd. Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd. Deputy President (Representative Director) and Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd. Commissioner, Mizuho Trust & Banking Co., Ltd. Retired as Commissioner, Mizuho Trust & Banking Co., Ltd. Audit & Supervisory Board Member [C]	Note 6	—
Total							419

Notes:

1. Directors Akio Mimura and Kazuhiko Fushiya are Outside Directors.
2. Audit & Supervisory Board Members Tetsuo Kawawa, Satoshi Ito and Motoo Nagai are Outside Audit & Supervisory Board Members.
3. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 28, 2016, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2017.
4. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 26, 2013, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2017.

5. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 26, 2014, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2018.
6. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 25, 2015, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2019.

(6) Corporate Governance and Other Matters

1. Corporate governance

This section provides an overview of corporate governance at the Company and the Nisshin Seifun Group. All data are accurate as of the date of filing the original Japanese version of this report (June 28, 2016).

(1) Corporate governance systems

(Basic policy on corporate governance)

The Nisshin Seifun Group espouses two corporate philosophies, “the basis of business is built on trust” and “in tune with the changing business climate.” Underpinned by a corporate principle of “to contribute to a healthy and fruitful life for all,” the Group’s mission is to stably supply safe and reliable food centering on wheat flour. Based on this corporate philosophy, the Company aims to realize sustainable growth and maximize long-term corporate value. Hence, the Company’s basic policy on corporate governance focuses on building a functional management system and maintaining accountability and transparency. The policy also emphasizes that the Company respects the position of all stakeholders, including shareholders, and promotes management that is highly transparent and carries out agile and appropriate decision-making. Under this philosophy, the Company fulfills its duties to a wide range of stakeholders, including shareholders who have entrusted us with management of the Company. In addition, the Company has defined its “basic policy on corporate governance” to realize effective governance that will lead to sustainable growth and medium- to long-term creation of corporate value.

(Description of the Company’s corporate governance systems and reasons for adopting such systems)

1) Reasons for adopting a holding company structure

The Company evaluates and supervises operating subsidiaries from the standpoint of a shareholder, and has adopted a holding company structure with the objective of executing Group management that ensures strategic utilization of management resources and effective governance. In the execution of Company operations, there is clear management accountability and the Company uses a system that promotes timely and appropriate decision-making.

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 Audit & Supervisory Board Members 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’s Audit & Supervisory Board comprises five Audit & Supervisory Board Members, who attend important Company meetings, including meetings of the Board of Directors, in accordance with the Audit Standards and Audit Plan. Two members of the Audit & Supervisory Board are appointed on a full-time basis, and hold regular meetings with the Company’s Representative Directors. These full-time Audit & Supervisory Board Members hold concurrent appointments as audit and supervisory board members of the Company’s principal subsidiaries, and carry out audits of Nisshin Seifun Group companies. Principal subsidiaries each have an audit and supervisory board, and members of these boards attend regular meetings of the Nisshin Seifun Group Audit & Supervisory Board Members’ Liaison Committee. To support the Group’s auditing structure, there are 7 Audit & Supervisory Board Member assistants to support auditing by the Audit & Supervisory Board Members. In addition, the Company appoints several employees with extensive practical business experience at the Company and have held posts above a certain level to specialist positions for auditing Group companies. The Company and its major subsidiaries have an independent auditing contract with Ernst & Young ShinNihon LLC, which conducts audits as stipulated in the Companies Act and the Financial Instruments and Exchange Law under that contract.

4) Committee structure voluntarily established in relation to the corporate governance system

The Company has an Outside Directors’ Council. This Council comprises all Outside Directors and all Outside Audit & Supervisory Board Members, and is used as a forum for members to share information. The Council also discusses and offers advice on remuneration policy for senior management (including the presidents of major operating companies) and the appointment of Representative Directors, Outside Directors and Outside Audit & Supervisory Board Members, in response to consultations from the Board of Directors.

5) Reasons for adopting the corporate governance systems

To maximize the effect of the holding company structure, the Company's Board of Directors comprises (i) directors who exclusively belong to the holding company and are responsible for functions that unify the overall Group; (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; (iii) Outside Directors who possess an independent, third-party viewpoint. We believe that this structure is suitable for promoting management that respects the standpoint of each stakeholder group, including shareholders, maintains a high degree of transparency, and carries out timely and appropriate decision-making. The Company appoints two Outside Directors, who offer opinions at Board of Directors meetings based on extensive experience and broad knowledge. 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, Paragraph 1 of the Companies Act, the Company holds a limited liability contract with its Outside Directors and Outside Audit & Supervisory Board Members to the effect that the maximum amount of liability as stipulated in Article 423, Paragraph 1 of the Companies Act shall be the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the Companies Act, 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 to ensure the duties of directors and employees of the Company and its subsidiaries are performed in compliance with law and the Articles of Incorporation

(a) The Nisshin Seifun Group has formulated the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines. The presidents and directors of the Company and its subsidiaries 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 Audit & Supervisory Board Members of the Company and its subsidiaries shall audit the performance of duties by each director, and oversee and verify whether directors construct and operate systems for internal control in an appropriate manner.

(c) The Internal Control Department, directly supervised by representative directors of the Company, shall lead 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.

(d) The Company's 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.

(e) 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.

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

2) Rules and systems for managing the danger of loss to the Company and its subsidiaries

(a) In the Nisshin Seifun Group, 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 the Nisshin Seifun Group, in line with the Nisshin Seifun Group Risk Management Rules, in parallel with evaluation and review of risks, the Company's Risk Management Committee shall supervise the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that subsidiaries have appropriate control over the risks that subsidiaries recognize, analyze, and evaluate, and that no risks are left unnoticed.

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

(d) The Audit & Supervisory Board Members of the Company and its subsidiaries shall take the necessary measures, such as advice and recommendation, whenever they recognize the possibility that each director may bring about a significant loss or serious accidents.

3) Systems for ensuring that duties of directors of the Company and its subsidiaries are performed efficiently

(a) For the Company and its subsidiaries, 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.

(b) The Nisshin Seifun Group clarifies its business strategies and their potential direction, according to which each subsidiary formulates its 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.

4) 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 Nisshin Seifun Group Inc., whereby the Company, as the holding company constantly oversees and evaluates the actions of subsidiaries with the best interests of the shareholders in mind.

(b) For important issues concerning the business operations of subsidiaries, standardized criteria determine the matters to be submitted for discussion or report to the Company's Board of Directors.

(c) The Nisshin Seifun Group "Corporate Code of Conduct and Employee Action Guidelines" stipulate and specify the Corporate Principle, the Basic Management Policy, the Basic Attitude toward Stakeholders, and the Corporate Code of Conduct and Employee Action Guidelines, 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 consolidated financial statements and other financial reporting from the Nisshin Seifun Group.

(e) The Audit & Supervisory Board Members of the Company and its subsidiaries hold regular meetings of Audit & Supervisory Board Members' Liaison Committee of the Nisshin Seifun Group to exchange opinions on audit cases, etc., and share issues to be addressed.

(f) The Company provides special audits, such as of facilities, safety, environment and quality assurance for the Nisshin Seifun Group.

(g) The Internal Control Department, directly supervised by representative directors of the Company, shall lead 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.

5) Systems for ensuring the preservation and management of information in relation to the performance of the duties of the directors of the Company

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.

6) Provisions concerning the individuals assisting the Company's Audit & Supervisory Board Members in performing their duties, their independence from directors, and ensuring the efficacy of directions given to such individuals

(a) The Audit & Supervisory Board appoints audit & supervisory board members assistants who assist the Audit & Supervisory Board Members in performing their duties. The audit & supervisory board member assistants assist the Audit & Supervisory Board Members in performing audits under the direction of the Audit & Supervisory Board Members, and personnel changes concerning the audit & supervisory board member assistants require the consent of the Audit & Supervisory Board Members.

(b) Directors pay close attention to ensuring that no unreasonable constraints exist that could potentially hinder the independence of the audit & supervisory board members assistants in the performance of their duties.

7) Systems for reporting to Audit & Supervisory Board Members of the Company by the directors and employees of the Company, the directors, auditors and employees of subsidiaries, and individuals who receive reports from these individuals

(a) The Audit & Supervisory Board Members of the Company 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 Audit & Supervisory Board of the Company may ask for reporting from the independent accounting auditors, the Directors, the Internal Control Department and others at its meetings, whenever such necessity arises.

(c) When Directors of the Company or its subsidiaries recognize anything that could cause remarkable damage or serious accidents to their respective companies, they shall immediately report that to their respective Audit & Supervisory Board Members, with subsequent reporting by the respective Audit & Supervisory Board Members to the Company’s Audit & Supervisory Board Members.

(d) The results of audits conducted by subsidiaries’ Audit & Supervisory Board Members shall also be reported to the Company’s Audit & Supervisory Board.

(e) The results of internal control system evaluations and internal audits conducted by the Company’s Internal Control Department are also reported to the Company’s Audit & Supervisory Board.

(f) The results of specialized audits, equipment and safety audits, environmental audits, and quality assurance audits, are also reported to the Company’s Audit & Supervisory Board.

(g) Any information obtained through the Compliance Hotline is reported immediately to the Audit & Supervisory Board Members of the Company.

(h) Documents for taking over the duties of the executive managers of the Company’s divisions and the presidents of its subsidiaries are submitted to the Audit & Supervisory Board of the Company.

(i) All circular requisitions of the Company and its subsidiaries are transmitted to each Audit & Supervisory Board Member.

8) System for ensuring individuals reporting to the Company’s Audit & Supervisory Board Members can do so without fear of reprisal for doing so

Individuals reporting any of the previously addressed items, including those reporting via the Compliance Hotline, will face no reprisals, through personnel systems or in any other way, for such reporting.

9) Provisions regarding policies guiding procedures for the prepayment or reimbursement of expenses incurred by the Company’s Audit & Supervisory Board Members in the execution of their duties and other expenses incurred in the execution of such duties or fulfillment of related responsibilities

Anticipated expenses incurred by the Audit & Supervisory Board Members in the execution of their duties are budgeted; expenses incurred beyond those budgeted, excluding such expenses deemed unnecessary for execution of the duties of the Audit & Supervisory Board Members, shall be dealt with immediately by the Company pursuant to Article 388 of the Companies Code.

10) Other systems for ensuring that the audits by Audit & Supervisory Board Members of the Company are conducted efficiently

The Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 calls for strict compliance with all relevant laws and social norms, while the Employee Action Guidelines call upon employees to maintain 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.

(c) Within the Nisshin Seifun Group Inc., a Normative Ethics Committee, comprised of members from Group companies, and Social Norms Committees at key subsidiaries, have been established. The committees thoroughly review each case to ensure a resolute attitude to reject unreasonable requests from antisocial forces, and to confirm that no illegal payoffs or other such actions occur.

(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 Audit & Supervisory Board Members

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 19 people and the expert personnel teams comprise five people for facility/safety audits, six people for environmental audits and six people for quality assurance audits.

All five Audit & Supervisory Board Members sit on the Audit & Supervisory Board and conduct financial audits in line with auditing standards and plans formulated by the Board of Audit & Supervisory Board Members. Two of the Audit & Supervisory Board Members are Audit & Supervisory Board Members (Full-time), and their duties also include acting as audit & supervisory board members for major Nisshin Seifun Group subsidiaries. The Company has appointed seven Audit & Supervisory Board Member assistants as staff to support the duties of Audit & Supervisory Board Members. In addition, the Company has appointed several employees with extensive practical business experience at the Company and has held posts above a certain level to specialist positions for auditing Group companies.

Audit & Supervisory Board Member Kazuya Yoshinare has experience in accounting and finance work. Audit & Supervisory Board Member Satoshi Ito has the qualification of Certified Public Accountant (CPA).

Audit & Supervisory Board Members and the Internal Control Department report mutually on the results of audits, etc., as they arise. Members of the audit and supervisory boards of principal subsidiaries and specialist auditing staff report auditing results to Audit & Supervisory Board Members and the Internal Control Department. Through this process, each of these parties works to enhance mutual cooperation. Audit & Supervisory Board Members, together with members of the audit and supervisory boards of principal subsidiaries and the Internal Control Department, regularly hold meetings of the Nisshin Seifun Group Audit & Supervisory Board Members’ Liaison Committee. At these meetings, opinions are exchanged on auditing case studies, and efforts are focused on sharing awareness of problems and raising the quality of auditing across the Group as a whole.

The Company and its major subsidiaries have an independent auditing contract with Ernst & Young ShinNihon LLC, which conducts audits as stipulated in the Companies Act and the Financial Instruments and Exchange Law under that contract. Audit & Supervisory Board Members and the Internal Control Department hold regular liaison meetings with the Company’s contracted independent auditor, Ernst & Young ShinNihon LLC, and receive reports and explanations on the audit plan and the results of audits. They also strive to maintain adequate cooperation with the independent auditor, including through the exchange of necessary information.

Audit & Supervisory Board Members 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 Audit & Supervisory Board Members

The Company has two Outside Directors and three Outside Audit & Supervisory Board Members.

There are no conflicts of interest of a personal, financial or trading nature that could affect general shareholders between the Outside Directors, Outside Members of the Audit & Supervisory Board and the Company.

Outside Directors Akio Mimura and Kazuhiko Fushiya provide appropriate advice on and supervise the Company's execution of business operations from an independent standpoint. Outside Audit & Supervisory Board Members Tetsuo Kawawa, Satoshi Ito and Motoo Nagai perform audits of the Company's management from an objective and independent viewpoint.

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. Kazuhiko Fushiya was regarded as appropriate for the position of Outside Director because he held important positions in the Ministry of Finance and has accumulated extensive experience and possesses highly professional expertise, which will 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 Audit & Supervisory Board Member 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. Satoshi Ito was regarded as appropriate for the position of Outside Audit & Supervisory Board Member because he has considerable auditing experience as a Certified Public Accountant and considerable professional knowledge on financial and accounting matters. Motoo Nagai was regarded as appropriate for the position of Outside Audit & Supervisory Board Member because his extensive experience, expansive knowledge and insight pertaining to corporate management from his career as the manager of a financial institution were considered to enable him to apply that knowledge to the Company's auditing systems.

The Secretarial Section acts as liaison for the Outside Directors and Outside Audit & Supervisory Board Members. Care is taken over the timing of the distribution of reports and reference materials for Board of Directors meetings, and where necessary supplementary information is provided. With regard to agenda items at meetings of the Board of Directors, where necessary, divisions with responsibility related to agenda items provide explanations in advance. Based on such preparative arrangements, the Outside Directors and Outside Audit & Supervisory Board Members attend meetings of the Board of Directors and express their opinions and ask questions about the matters reported and resolved at the meetings.

Outside Audit & Supervisory Board Members are assisted by Audit & Supervisory Board Member assistants in the performance of their duties. Assistants prepare reports and reference materials for Audit & Supervisory Board meetings, and in cases where explanations regarding agenda items are necessary, these are provided by Audit & Supervisory Board Members (Full-time) or assistants. At meetings of the Audit & Supervisory Board, Outside Audit & Supervisory Board Members receive reports on the auditing situation from Audit & Supervisory Board Members (Full-time). Outside Audit & Supervisory Board Members also regularly attend liaison meetings with the independent auditor.

Furthermore, pursuant to criteria concerning independence as defined by the Tokyo Stock Exchange, the Company has stipulated the following "Criteria regarding the independence of Outside Directors and Outside Audit & Supervisory Board Members" detailed below.

<Criteria regarding the independence of Outside Directors and Outside Audit & Supervisory Board Members>

To be regarded as independent, Outside Directors and Outside Audit & Supervisory Board Members of the Company must not be associated with any of the criteria stipulated below.

1) The party regards the Company as a major business partner or executive thereof, or the party is one of the Company's major business partners or an executive thereof (excluding individuals highlighted in 2) below).
   * "Party regards the Company as a major business partner" refers to parties who, in the most recent fiscal year, received payments from the Company totaling 2% of annual consolidated net sales (including functional equivalents to net sales, same herein) or ¥100 million, whichever is larger.
   * "Party is one of the Company's major business partners" refers to parties who, in the most recent fiscal year, made payments to the Company totaling at least 2% of the Company's annual consolidated net sales (in the case of financial institutions from which the Company has obtained loans, this applies only to those institutions on which the Company is so reliant for its fund procurement that they are considered indispensable and irreplaceable).
2) Consultants, accounting specialists and legal specialists who receive significant monetary sums or other assets beyond remuneration as Directors or Audit & Supervisory Board Members from the Company (this includes parties associated with organizations that receive the aforementioned assets, such as corporations, unions and professional offices).

* “Significant monetary sums or other assets” refer to monetary sums or assets (excluding remuneration for Directors and Audit & Supervisory Board Members) that, in the most recent fiscal year, accounted for at least 10% or at least ¥10 million, whichever is larger, of the party’s annual net sales.

3) Any party to which any of items (a) through (d) recently applies. However, item (c) only applies when determining the independence of Outside Audit & Supervisory Board Members.
   (a) Parties fitting either 1) or 2) above
   (b) Directors from the Company’s parent company, whether executive or non-executive
   (c) Audit & Supervisory Board Members from the Company’s parent company
   (d) Executives from the Company’s sibling companies
   * Cases for which “any of items (a) through (d) recently applies” refer to cases in which any of the reasons stated in (a) through (d) can be viewed to substantively apply currently to a given party; this suggests that at the time that the agenda for the General Meeting of Shareholders was decided by the Company’s Board of Directors, any one of items (a) through (d) applied to a party put forward as an independent candidate standing for election as either an Outside Director or an Outside Audit & Supervisory Board Member.

4) Parents or other close relatives of parties to whom any of the following (a) through (g) apply (excluding non-vital parties). However, (c) and (e) apply only to determining the independence of Outside Audit & Supervisory Board Members.
   (a) Parties fitting items 1) through 3) above
   (b) Executives from the Company’s subsidiaries
   (c) Non-executive directors from the Company’s subsidiaries
   (d) Directors from the Company’s parent company, whether executive or non-executive
   (e) Audit & Supervisory Board Members from the Company’s parent company
   (f) Executives from the Company’s sibling companies
   (g) Parties to whom (b), (c) recently apply, or parties who are an executive of the Company (when deciding the independence of Outside Audit & Supervisory Board Members, this includes non-executive directors)
   * Whether the term “non-vital” applies is determined by criteria stipulated in Article 74, Paragraph 4, Section 6 (x) of the Ordinance for Enforcement of the Companies Act; specifically, for parties to whom 1) above applies, this refers to parties of the director or general manager class of each company or partner; for parties to whom 2) above applies, this refers to certified public accounts affiliated with each relevant independent corporate auditing firm, or attorneys affiliated with each relevant law office (including so-called “associates”).
   * The term “close relatives” refers to parental-level relatives. The term “close relatives” is not applicable to parties for whom such familial relationships have been dissolved as a result of divorce or other official means.

(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)	303	206	16	81	13
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	26	26	—	—	2
Outside executives	48	46	1	—	6

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

In order that remuneration of Directors of the Company functions as a healthy incentive for sustainable growth, it is the Company’s policy that remuneration should comprise one or several of the following components: (i) fixed remuneration based on seniority (basic remuneration); (ii) variable remuneration reflecting business performance (bonus); and (iii) stock options with the objective of promoting management that focuses on shareholder value. Parties eligible to receive stock options are Directors and executive officers of the Company, and certain directors of consolidated subsidiaries of the Company (excluding overseas subsidiaries). The maximum total number of stock options that may be conferred is determined by resolution of the General Meeting of Shareholders, and parties eligible to receive stock options are conferred with the number of stock options deemed commensurate with that party’s role.

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 (consisting of a fixed basic portion according to his/her position and a variable performance-based portion) and Audit & Supervisory Board Members at ¥350 million and ¥90 million, respectively. The amounts of remuneration for individual Directors and Audit & Supervisory Board Members are determined by the Board of Directors and the Audit & Supervisory Board, respectively.

(5) Status of stocks held

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

Number of such stocks held: 49

Total of the carrying value: ¥79,441 million

b. Holding classification, issuer, number of shares held, 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 held	Carrying value (millions of yen)	Purposes for ownership
Yamazaki Baking Co., Ltd.	11,062,343	22,827	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).
NISSIN FOODS HOLDINGS CO., LTD.	1,264,982	7,663	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	3,038,474	7,409	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	5,551	As above
Nichirei Corporation	5,439,500	3,482	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.	4,227,150	3,266	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.
Sumitomo Mitsui Financial Group, Inc.	674,394	3,213	As above
SHIMIZU CORPORATION	2,947,000	2,438	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.
Kikkoman Corporation	660,486	2,426	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).
Marubeni Corporation	3,135,511	2,277	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	2,190	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.
Nippon Express Co., Ltd.	3,208,000	2,159	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.
Suruga Bank, Ltd.	833,910	2,106	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.
Kewpie Corporation	689,100	1,950	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.
Toppan Printing Co., Ltd.	1,895,000	1,713	There is a relationship of purchasing transactions for packaging materials and other products between the Group and the issuer (including its group companies), and this stock ownership is designed to maintain and strengthen the aforementioned relationship.

Issuer	Number of shares held	Carrying value (millions of yen)	Purposes for ownership
Hosokawa Micron Corporation	2,500,000	1,586	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.
Nisshinbo Holdings Inc.	1,139,800	1,348	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	1,282	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.
Eurogerm S.A.	634,580	1,211	This stock ownership is designed to solidify the business alliance concerning bread improvers and others in Asia between the Group and the issuer.
Sumitomo Mitsui Trust Holdings, Inc.	1,920,337	967	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.
Hakuhodo DY Holdings Inc.	734,600	967	This ownership is designed to effectively engage in advertising and promotion activities of the Group through group companies of the issuer.
The Hyakugo Bank, Ltd.	1,360,013	789	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.
DENTSU INC.	130,400	692	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.	10,000	360	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.	1,311,693	288	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	266	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 Awa Bank, Ltd.	371,865	262	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.
Sompo Japan Nipponkoa Holdings, Inc.	43,312	165	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	150	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 Nisshin OilliO Group, Ltd.	254,100	116	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.

(Current year)

Specific stocks for investment

Issuer	Number of shares held	Carrying value (millions of yen)	Purposes for ownership
Yamazaki Baking Co., Ltd.	11,062,343	25,513	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).
NISSIN FOODS HOLDINGS CO., LTD.	1,264,982	6,939	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	3,038,474	6,074	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	4,969	As above
Nichirei Corporation	5,439,500	4,950	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).
SHIMIZU CORPORATION	2,947,000	2,774	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.
Kikkoman Corporation	660,486	2,522	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 Financial Group, Inc.	674,394	2,382	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.
Mitsubishi UFJ Financial Group, Inc.	4,227,150	2,282	As above
Marubeni Corporation	3,135,511	1,878	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).
Toppan Printing Co., Ltd.	1,895,000	1,841	There is a relationship of purchasing transactions for packaging materials and other products between the Group and the issuer (including its group companies), and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Kewpie Corporation	689,100	1,773	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.
Nippon Express Co., Ltd.	3,208,000	1,689	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.
KYORIN Holdings, Inc.	754,000	1,642	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.
Suruga Bank, Ltd.	833,910	1,634	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.
Hosokawa Micron Corporation	2,500,000	1,384	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.
Eurogerm S.A.	634,580	1,317	This stock ownership is designed to solidify the business alliance concerning bread improvers and others in Asia between the Group and the issuer.

Issuer	Number of shares held	Carrying value (millions of yen)	Purposes for ownership
Nisshinbo Holdings Inc.	1,139,800	1,313	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).
Hakuhodo DY Holdings Inc.	734,600	943	This ownership is designed to effectively engage in advertising and promotion activities of the Group through group companies of the issuer.
Mizuho Financial Group, Inc.	4,846,513	858	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 Gunma Bank, Ltd.	1,507,620	757	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.
DENTSU INC.	130,400	725	This ownership is designed to effectively engage in advertising and promotion activities of the Group through the issuer (including group companies).
Sumitomo Mitsui Trust Holdings, Inc.	1,920,337	658	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 Hyakugo Bank, Ltd.	1,360,013	583	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.(Note)	40,000	320	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).
Tokio Marine Holdings, Inc.	59,770	236	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 Awa Bank, Ltd.	371,865	203	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.
Sompo Japan Nipponkoa Holdings, Inc.	43,312	141	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	120	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.
Maruhachi Warehouse Company Limited	201,600	87	The shareholding relationship enables the Group, through the issuer, to identify trends of the logistics industry and strengthens logistics transactions.

(Note)
Oriental Land Co., Ltd., executed a 4-for-1 stock split of common shares on April 1, 2015.

c. The total amounts of stocks held solely for pure investment carried on the balance sheets for the fiscal years ended March 31, 2015 and 2016, 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 Companies Act 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 Hiroshi Kaya and Tomoka Nemoto. The support staff for the auditing team (including audits of consolidated subsidiaries) consists of 23 CPAs and 17 others.

(7) The number of Directors

The Company's Articles of Incorporation prescribe that the number of the Company's 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, Paragraph 1 of the Companies Act, 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, Paragraph 5 of the Companies Act, for which the date of record is September 30 each year, may be enabled by a resolution of the Board of Directors.

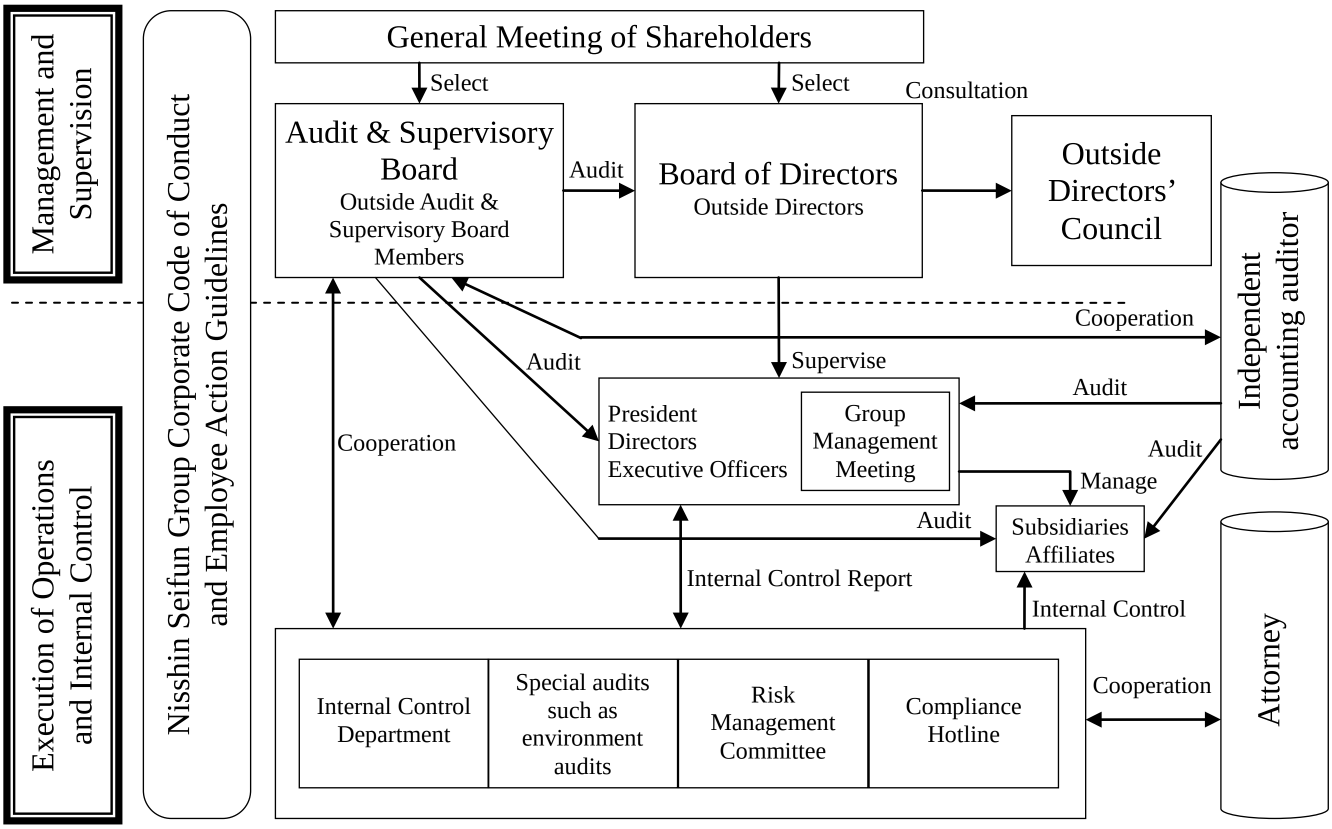
(11) Requirements for a special resolution by the General Meeting of Shareholders

To ensure the integrity of deliberation on matters for special resolution at the General Meeting of Shareholders as defined in Article 309, Paragraph 2 of the Companies Act, 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 audit & supervisory board members

To ensure that the Directors and Audit & Supervisory Board Members 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 Directors (including former ones) and Audit & Supervisory Board Members (including former ones) may be exempt from the liabilities for damages as defined in Article 423, Paragraph 1 of the Companies Act to a statutorily acceptable degree by a resolution of the Board of Directors in accordance with Article 426, Paragraph 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, 2015		Year ended March 31, 2016	
	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	55	—	54	0
Consolidated subsidiaries	110	3	110	6
Total	165	3	165	6

(2) Other important payments

(For the year ended March 31, 2015 and year ended March 31, 2016)

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, 2015)

Consolidated subsidiaries entrust "accounting guidance and advisory services" to the independent accounting auditor, which is a service outside the services stipulated under Article 2, Paragraph 1 of the Certified Public Accountants Law (non-audit services).

(For the year ended March 31, 2016)

The Company and consolidated subsidiaries entrust "accounting and internal control guidance and advisory services" to the independent accounting auditor, which is a service outside the services stipulated under Article 2, Paragraph 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 the "Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Regulation No.28, 1976).

(2) The non-consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Regulation No.59, 1963) (hereinafter, "Regulations on Financial Statements.")

As a company designated for the submission of financial statements prepared in accordance with special provision, the Company prepares its financial statements pursuant to Article 127 of the Regulations on Financial Statements.

2. Independent auditing of financial statements

Pursuant to the provisions of Article 193-2, Paragraph 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 fiscal year under review (April 1, 2015 to March 31, 2016; the 172nd 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, 2015 (As of March 31, 2015)		Year ended March 31, 2016 (As of March 31, 2016)
Assets				
Current assets				
Cash and deposits		42,584		61,665
Notes and accounts receivable – trade		74,688		72,871
Short-term investment securities		25,565		13,790
Inventories	Note 1	76,268	Note 1	72,038
Deferred tax assets		5,274		5,127
Other		5,630		8,115
Allowance for doubtful accounts		(208)		(210)
Total current assets		229,804		233,398
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net	Notes 2, 3, 5	54,001	Notes 2, 3, 5	56,657
Machinery, equipment and vehicles, net	Notes 2, 3, 5	40,602	Notes 2, 3, 5	43,079
Land	Note 5	40,497	Note 5	42,152
Construction in progress		9,552	Note 3	5,222
Other, net	Notes 2, 5	4,048	Notes 2, 5	4,227
Total property, plant and equipment		148,702		151,339
Intangible assets				
Goodwill		10,355		8,610
Other		11,273		9,879
Total intangible assets		21,629		18,489
Investments and other assets				
Investment securities	Notes 4, 5	143,288	Note 4	140,347
Net defined benefit asset		30		214
Deferred tax assets		3,118		3,841
Other	Note 4	2,863	Note 4	2,798
Allowance for doubtful accounts		(129)		(124)
Total investments and other assets		149,170		147,077
Total noncurrent assets		319,503		316,907
Total assets		549,307		550,305

(Millions of yen)

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

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	
Net sales		526,144		556,701
Cost of sales	Notes 1, 2	377,729	Notes 1, 2	402,218
Gross profit		148,414		154,483
Selling, general and administrative expenses	Notes 2, 3	127,937	Notes 2, 3	130,713
Operating income		20,476		23,769
Non-operating income				
Interest income		203		201
Dividends income		1,905		2,303
Equity in earnings of affiliates		2,104		1,446
Rent income		328		308
Other		845		355
Total non-operating income		5,388		4,615
Non-operating expenses				
Interest expenses		179		172
Other		140		113
Total non-operating expenses		320		285
Ordinary income		25,544		28,099
Extraordinary income				
Gain on sales of noncurrent assets	Note 4	950	Note 4	113
Gain on sales of investment securities		67		7
Gain on liquidation of investment securities		161		—
Other		44		—
Total extraordinary income		1,223		121
Extraordinary losses				
Loss on retirement of noncurrent assets	Note 5	548	Note 5	757
Litigation settlement	Note 6	732		—
Other		59		—
Total extraordinary losses		1,340		757
Profit before income taxes		25,427		27,462
Income taxes – current		6,871		8,496
Income taxes – deferred		1,684		534
Total income taxes		8,555		9,031
Profit		16,871		18,431
Profit attributable to non-controlling interests		835		869
Profit attributable to owners of parent		16,036		17,561

Consolidated Statements of Comprehensive Income

(Millions of yen)

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

(3) Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

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

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	32,253	21	4,237	(1,831)	34,680	260	9,057	334,092
Cumulative effects of changes in accounting policies								(1,950)
Balance at the beginning of current period reflecting changes in accounting policies	32,253	21	4,237	(1,831)	34,680	260	9,057	332,141
Changes of items during the period								
Dividends from surplus								(5,472)
Profit attributable to owners of parent								16,036
Purchase of treasury stock								(20)
Disposal of treasury stock								536
Net changes of items other than shareholders' equity	25,045	97	7,674	359	33,177	(80)	2,397	35,494
Total changes of items during the period	25,045	97	7,674	359	33,177	(80)	2,397	46,574
Balance at the end of current period	57,298	118	11,911	(1,471)	67,857	179	11,454	378,715

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

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	17,117	9,571	275,194	(2,659)	299,224
Cumulative effects of changes in accounting policies		3,173	(4,196)		(1,023)
Balance at the beginning of current period reflecting changes in accounting policies	17,117	12,744	270,997	(2,659)	298,200
Changes of items during the period					
Dividends from surplus			(7,235)		(7,235)
Profit attributable to owners of parent			17,561		17,561
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		80		375	456
Changes in treasury shares of parent arising from transaction with non-controlling shareholders		9			9
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	90	10,326	369	10,786
Balance at the end of current period	17,117	12,834	281,324	(2,289)	308,987

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	57,298	118	11,911	(1,471)	67,857	179	11,454	378,715
Cumulative effects of changes in accounting policies								(1,023)
Balance at the beginning of current period reflecting changes in accounting policies	57,298	118	11,911	(1,471)	67,857	179	11,454	377,692
Changes of items during the period								
Dividends from surplus								(7,235)
Profit attributable to owners of parent								17,561
Purchase of treasury stock								(6)
Disposal of treasury stock								456
Changes in treasury shares of parent arising from transaction with non-controlling shareholders								9
Net changes of items other than shareholders' equity	(1,324)	(420)	(2,052)	327	(3,469)	(32)	1,508	(1,993)
Total changes of items during the period	(1,324)	(420)	(2,052)	327	(3,469)	(32)	1,508	8,792
Balance at the end of current period	55,974	(301)	9,859	(1,144)	64,387	147	12,962	386,485

(4) Consolidated Statements of Cash Flows

(Millions of yen)

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

[Notes to the Consolidated Financial Statements]
[Basis of Presentation of Consolidated Financial Statements]

1. Scope of consolidation

(1) Consolidated subsidiaries: 48 companies

- Names of principal subsidiaries: Nisshin Flour Milling Inc., Miller Milling Company, LLC, Champion Flour Milling Ltd., Nisshin Foods Inc., Nisshin Seifun Premix Inc., Ma•Ma-Macaroni Co., Ltd., Initio Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., NBC Meshtec Inc.
- Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and other companies are not consolidated. The assets, net sales, profit/loss and retained earnings of each non-consolidated subsidiary are small, and the aggregate effect on the consolidated financial statements is immaterial.

(2) Changes in the scope of consolidation

- Following a new acquisition of shares by the Company, Joyous Foods Co., Ltd. is included within the scope of consolidation from the fiscal year under review.

2. Scope of the equity method

(1) Subsidiaries and affiliates accounted for by the equity method: 10 (1 non-consolidated subsidiary and 9 affiliates)

- Names of principal subsidiaries and affiliates accounted for by the equity method: Marubeni Nisshin Feed Co., Ltd., Tokatsu Foods Co., Ltd., Japan Logistic Systems Corp.
- The contributions to consolidated profit/loss, consolidated retained earnings and other consolidated financial statements of non-consolidated subsidiaries and affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.

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

3. Accounting periods of consolidated subsidiaries

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

Company name	Year-end
Rogers Foods Ltd.	January 31
Thai Nisshin Seifun Co., Ltd. and 19 others	December 31

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

a. Securities

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

Other securities

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

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

b. Derivatives

Derivative financial instruments are stated at fair market value.

c. Inventories

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

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

(2) Depreciation methods for material depreciable assets

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

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

Foreign consolidated subsidiaries mainly apply the straight-line method.

b. Intangible assets (excluding lease assets)

Depreciation is computed by the straight-line method.

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

c. Lease assets

Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

(3) Basis of material allowances

Allowance for doubtful accounts

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

(4) Accounting treatment of retirement benefits

Regarding its retirement benefit asset and liability, in order to maintain retirement benefits for employees leaving the Company and already retired pension recipients, the Company subtracts retirement benefit asset from its retirement benefit obligation, based on estimates as of the end of the fiscal year under review.

a. Imputation method for retirement benefit estimates

In calculating retirement benefit liability, the method for imputing the applicable period until the end of the fiscal year under review for the estimated retirement benefit is determined by the benefit calculation standard.

b. Treatment method for actuarial differences and expenses related to prior service cost

Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees (mainly 15 years) expected to receive pension benefits as of the fiscal year-end.

Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees (mainly 15 years) expected to receive pension benefits as of the consolidated fiscal year-end.

(5) Significant hedging transactions

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

b. Hedging methods: Derivative transactions (including forward exchange contracts and currency purchase put/call options)

Hedged items: Any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.

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

d. Hedging evaluation

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

(6) Goodwill amortization and amortization periods

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

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

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

(8) Consumption tax

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

[Changes in Accounting Policies]

(Application of Accounting Standards for Business Combinations)

From the fiscal year ended March 31, 2016, the Company has applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21; September 13, 2013; herein, "the business combinations accounting standard"), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22; September 13, 2013; herein, "the consolidated financial statements accounting standard"), and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7; September 13, 2013; herein, "the business divestitures accounting standard"). The accounting standards reflect a switch in methodology with respect to the posting to capital surplus of differences arising from changes in equity in a subsidiary by the parent company in cases in which control continues, and the posting of acquisition-related expenses as expenses for the consolidated fiscal year in which they are incurred. For business combinations occurring after the start of the fiscal year, the Company has switched to a method in which revisions to the distribution of the cost of the acquisition due to decisions regarding temporary accounting treatment are reflected in the consolidated financial statements applicable to the period in which the date of the business combination falls. Additionally, the Company has made changes in the presentation of net income, etc. and the presentation of minority interests to non-controlling interests. Financial statements for the previous fiscal year have been reconfigured to reflect these changes in presentation.

Regarding application of the abovementioned accounting standards, pursuant to pass-through handling procedures stipulated in Article 58-2 (3) of the business combinations accounting standard, Article 44-5 (3) of the consolidated financial statements accounting standard, and Article 57-4 (3) of the business divestitures accounting standard, the cumulative monetary effect at the beginning of the fiscal year arising from the retroactive application of the new accounting policies to all past periods are added or subtracted from capital surplus and retained earnings.

As a result, at the beginning of the fiscal year ended March 31, 2016 goodwill declined by ¥1,252 million, while capital surplus increased by ¥3,173 million. In parallel, retained earnings declined by ¥4,196 million. These monetary effects had a negligible impact on financial performance for the fiscal year ended March 31, 2016.

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

Reflecting the cumulative monetary impact on net assets at the beginning of the fiscal year under review, the starting balance of capital surplus in the Consolidated Statements of Changes in Net Assets increased by ¥3,173 million, while the starting balance of retained earnings declined by ¥4,196 million.

[Unapplied Accounting Standards]

- Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016)

(1) Overview

This guidance mainly carries over the content contained in the Japanese Institute of Certified Public Accountants (JICPA) Auditing Guidance No. 66, “Auditing Treatment for Judgment of Recoverability of Deferred Tax Assets,” with regard to guidance stipulated therein relating to the recoverability of deferred tax assets. Specifically, companies are classified into five categories, and the framework used for estimating the recoverable amount of deferred tax assets is carried over from the abovementioned JIPCA report in accordance with the applicable classification. With regard to the treatment in the following cases, the Company has made necessary adjustments.

a. Treatment of companies that do not fulfill the classification conditions for categories (I) to (V)

b. Classification conditions for categories (II) and (III)

c. Treatment relating to unschedulable future subtraction temporary differences for companies classified under category (II)

d. Treatment of rational estimable period of taxable income prior to addition and subtraction of future temporary differences for companies classified under category (III)

e. Treatment of cases in which companies fulfilling the classification conditions for category (IV) correspond to category (II) or category (III)

(2) Planned date of application

The standards are scheduled for application from the fiscal year beginning April 1, 2016.

(3) Effect of application of the accounting standard

The effect is currently under evaluation as of the time of preparation of the consolidated financial statements.

[Consolidated Balance Sheets]

1. Components of inventories are as follows.

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

2. Accumulated depreciation of property, plant and equipment

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

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

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

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

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Investment securities	¥26,170 million	¥26,827 million
Others	¥180 million	¥173 million
[Investments in joint ventures included in the above]	[¥180 million]	[¥173 million]

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

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Buildings and structures	¥1,134 million	¥1,097 million
Machinery, equipment and vehicles	¥489 million	¥507 million
Investment securities Note	¥5,324 million	—
Other	¥124 million	¥127 million
Total	¥7,072 million	¥1,733 million

Secured liabilities as collateral are as follows.

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

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

[Consolidated Statements of Income]

1. The value of inventories at the fiscal 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, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
	¥308 million	¥552 million

2. R&D expenditures included in general and administrative expenses and manufacturing costs

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
	¥5,467 million	¥5,580 million

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

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Sales freight expenses	¥31,015 million	¥33,198 million
Promotion expenses	¥41,632 million	¥40,359 million
Salaries	¥14,307 million	¥14,398 million
Bonuses and allowance	¥10,107 million	¥10,369 million
Retirement benefit expenses	¥1,449 million	¥1,463 million

4. Gain on sales of noncurrent assets
   Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
   This figure mainly reflects gains on the sale of land.
   Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
   This figure mainly reflects gains on the sale of leasehold rights.

5. Loss on retirement of noncurrent assets
   Year ended March 31, 2015 (April 1, 2014 to March 31, 2015) and Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
   This figure mainly reflects losses on the disposal of machinery and equipment.

6. Litigation settlement
   Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
   A litigation settlement has been paid to former shareholders of Miller Milling Company, LLC, which is a subsidiary of the Company in the U.S., in order to settle litigation related to the appraisal value of the subsidiary's assets at the timing of the acquisition.

[Consolidated Statements of Comprehensive Income]

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

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

[Consolidated Statements of Changes in Net Assets]

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

1. Type and number of issued shares and treasury stock

(Thousands of shares)

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

Notes:

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

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

Category	Composition of 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	—					179
Total		—					179

3. Dividends

(1) Dividends paid

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

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

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

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

(2) Dividends for which the record date came during the year ended March 31, 2015, 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 25, 2015.

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

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

1. Type and number of issued shares and treasury stock

(Thousands of shares)

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

Notes:

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

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

Category	Composition of 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	—					147
Total		—					147

3. Dividends

(1) Dividends paid

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

- Dividends on common stock:
  - i) Total dividends to be paid ¥3,616 million
  - ii) Dividend per share ¥12
  - iii) Record date March 31, 2015
  - iv) Effective date June 26, 2015

The following resolution was made at the meeting of the Board of Directors held on October 29, 2015.

- Dividends on common stock:
  - i) Total dividends to be paid ¥3,619 million
  - ii) Dividend per share ¥12
  - iii) Record date September 30, 2015
  - iv) Effective date December 4, 2015

(2) Dividends for which the record date came during the year ended March 31, 2016, 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, 2016.

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

[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

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Cash and deposits	¥42,584 million	¥61,665 million
Short-term investment securities	¥25,565 million	¥13,790 million
Total	¥68,150 million	¥75,455 million
Time deposits with maturities of more than three months	¥(7,157) million	¥(1,536) million
Debt securities with maturities of more than three months	¥(1,096) million	¥(959) million
Cash and cash equivalents at end of period	¥59,897 million	¥72,960 million

2. Major breakdown of the assets and liabilities increased by transfer of business
Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
A breakdown of assets and liabilities of Miller Milling Company, LLC acquired by transfer of the four U.S.-based flour milling plants, a cost of transfer of business and net payments for transfer of business (net) is presented as follows.

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

3. Major breakdown of assets and liabilities of new subsidiary resulting from acquisition of shares
Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
A breakdown of assets and liabilities at the start of consolidation for Joyous Foods Co., Ltd., a new subsidiary resulting from the acquisition of shares, along with details regarding the share acquisition price and related expenditures (net) are presented as follows.

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

2. Operating leases

   Future minimum lease commitments under non-cancelable operating leases

   (Lessee)

(Millions of yen)

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Due within one year	338	320
Due after one year	990	831
Total	1,328	1,151

(Lessor)

(Millions of yen)

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Due within one year	88	45
Due after one year	382	337
Total	470	382

[Financial Instruments]

1. Status of financial instruments

(1) Policies on financial instruments

The Group observes a fund management policy that cash reserves 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.

With regard to investment securities, it is the Company's policy to hold such shares in cases where the Company recognizes the rationality of holding shares and the contribution to the medium- to long-term corporate value of shareholdings from the perspective of making the pursuit of joint businesses and/or business alliances smoother and strengthening such relationships, and building and strengthening long-term, stable trading 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 is mainly managed as term deposits, and securities are mainly operated in the form of bonds. Both cash 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, and for principal shareholdings, confirming the trading situation, earnings and financial situation, shareholder return, and creditworthiness so that the Board of Directors can verify the rationality of medium- to long-term holding of such shares each year based on the risk and return involved.

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 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 put/call options (long position) in accordance with the respective internal regulations. These transactions are traded by the Finance and Accounting Division of the Company 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 at each company and the responsible director of the governing department. The Group believes that the risk that the 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 fair value of financial instruments, etc.

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

2. Fair value of financial instruments, etc.

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

Year ended March 31, 2015 (As of March 31, 2015)

(Millions of yen)

	Carrying value	Fair value	Unrealized gains (losses)
(1) Cash and deposits	42,584	42,584	—
(2) Notes and accounts receivable – trade	74,688	74,688	—
(3) Short-term investment securities and investment securities			
Other securities	137,652	137,652	—
Total assets	254,925	254,925	—
(1) Notes and accounts payable – trade	57,561	57,561	—
Total liabilities	57,561	57,561	—
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	(181)	(181)	—
2) Transactions for which hedge accounting has been adopted	161	161	—
Total derivative transactions	(19)	(19)	—

* 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, 2016 (As of March 31, 2016)

(Millions of yen)

	Carrying value	Fair value	Unrealized gains (losses)
(1) Cash and deposits	61,665	61,665	—
(2) Notes and accounts receivable – trade	72,871	72,871	—
(3) Short-term investment securities and investment securities			
Other securities	122,905	122,905	—
Total assets	257,443	257,443	—
(1) Notes and accounts payable – trade	51,348	51,348	—
Total liabilities	51,348	51,348	—
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	(319)	(319)	—
2) Transactions for which hedge accounting has been adopted	(372)	(372)	—
Total derivative transactions	(692)	(692)	—

* 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 fair 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 fair value thereof is almost equal to the carrying value. Accordingly, the calculation of the fair value of these assets is based on the carrying value concerned.

(3) Short-term investment securities and investment securities

The calculation of the fair value of stocks is based on the prices traded at the stock exchange. The calculation of the fair 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 Notes to [Securities] with regard to the notable matters regarding securities held by holding purpose.

Liabilities

(1) Notes and accounts payable – trade

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

Derivative transactions

Refer to the Notes to [Derivative Transactions].

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

(Millions of yen)

Classification	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Unlisted stocks	28,431	28,514

The above unlisted stocks have no market prices and relevant future cash flows cannot be easily estimated and may require excessive estimation cost, and it is therefore deemed difficult to measure their fair 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, 2015 (As of March 31, 2015)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	42,584	—
Notes and accounts receivable – trade	74,688	—
Short-term investment securities and investment securities		
Other securities with maturity dates	25,576	—
Total	142,850	—

Year ended March 31, 2016 (As of March 31, 2016)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	61,665	—
Notes and accounts receivable – trade	72,871	—
Short-term investment securities and investment securities		
Other securities with maturity dates	12,696	—
Total	147,234	—

[Securities]

1. Short-term investment securities classified as other securities

Year ended March 31, 2015 (As of March 31, 2015)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	112,033	27,880	84,152
	(2) Bonds:			
	a. Government and municipal bonds	—	—	—
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	112,033	27,880	84,152
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	52	59	(6)
	(2) Bonds:			
	a. Government and municipal bonds	8,565	8,566	(0)
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	17,000	17,000	—
	Subtotal	25,618	25,626	(7)
Total		137,652	53,506	84,145

Note:

The above “other securities” do not include unlisted stocks with a carrying value of ¥5,031 million because they have no market prices and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current fair value.

Year ended March 31, 2016 (As of March 31, 2016)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	109,058	28,706	80,351
	(2) Bonds:			
	a. Government and municipal bonds	—	—	—
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	109,058	28,706	80,351
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	57	62	(4)
	(2) Bonds:			
	a. Government and municipal bonds	6,690	6,690	(0)
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	7,100	7,100	—
	Subtotal	13,847	13,852	(5)
Total		122,905	42,559	80,346

Note:

The above “other securities” do not include unlisted stocks with a carrying value of ¥4,403 million because they have no market prices and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current fair value.

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

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

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	147	67	(0)

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

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	32	7	(1)

[Derivative Transactions]

1. Derivative transactions for which hedge accounting is not adopted

   (1) Currency-related

   Year ended March 31, 2015 (As of March 31, 2015)

(Millions of yen)

Classification	Type of transactions		Contract amounts	Portion due after one year	Fair value	Unrealized gains (losses)
Market transactions	Currency futures:					
	Buy:	Canadian dollar	1,064	—	(79)	(79)
Non-market transactions	Forward foreign exchange contracts:					
	Sell:	U.S. dollar	250	—	(5)	(5)
		Euro	57	—	0	0
	Buy:	U.S. dollar	894	—	8	8
		Euro	106	—	(3)	(3)
		Yen	2	—	(0)	(0)
Total			2,377	—	(80)	(80)

Note:

Calculation of fair 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, 2016 (As of March 31, 2016)

(Millions of yen)

Classification	Type of transactions		Contract amounts	Portion due after one year	Fair value	Unrealized gains (losses)
Market transactions	Currency futures:					
	Buy:	Canadian dollar	1,617	—	(43)	(43)
Non-market transactions	Forward foreign exchange contracts:					
	Sell:	U.S. dollar	212	—	5	5
		Euro	54	—	(0)	(0)
		Turkish lira	330	—	(9)	(9)
	Buy:	U.S. dollar	637	—	3	3
		Euro	64	—	0	0
		Yen	1	—	(0)	(0)
		Turkish lira	201	—	0	0
Total			3,120	—	(43)	(43)

Note:

Calculation of fair 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, 2015 (As of March 31, 2015)

(Millions of yen)

Classification	Type of transactions	Contract amounts	Portion due after one year	Fair value	Unrealized gains (losses)
Market transactions	Commodity futures:				
	Sell: Wheat	5,154	—	(242)	(242)
	Buy: Wheat	6,016	—	139	139
	Options:				
	Sell put:				
	Wheat	5	—	1	3
Total		11,176	—	(101)	(98)

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

Year ended March 31, 2016 (As of March 31, 2016)

(Millions of yen)

Classification	Type of transactions	Contract amounts	Portion due after one year	Fair value	Unrealized gains (losses)
Market transactions	Commodity futures:				
	Sell: Wheat	2,911	—	56	56
	Buy: Wheat	6,287	—	(318)	(318)
	Options:				
	Sell put:				
	Wheat	170	—	(14)	(14)
Total		9,370	—	(276)	(276)

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

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related

Year ended March 31, 2015 (As of March 31, 2015)

(Millions of yen)

Method of hedge accounting	Type of transactions		Major hedged items	Contract amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:		Anticipated foreign currency transactions			
	Sell:	U.S. dollar		459	—	(51)
	Forward foreign exchange contracts:		Accounts payable			
	Buy:	U.S. dollar		5,114	—	164
		Thai baht		2,031	—	100
		Australian dollar		62	—	(1)
		Euro		712	—	(49)
Appropriation treatment	Forward foreign exchange contracts:		Accounts receivable			
	Sell:	U.S. dollar		401	—	—
	Forward foreign exchange contracts:		Accounts payable			
	Buy:	U.S. dollar		42	—	—
		Thai baht		1	—	—
Total				8,826	—	161

Notes:

1. Calculation of fair 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 receivable and accounts payable to be hedged, the fair value of those is included in the fair value of the relevant accounts receivable and accounts payable.

Year ended March 31, 2016 (As of March 31, 2016)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Contract amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:	Anticipated foreign currency transactions			
	Sell: U.S. dollar		994	—	(56)
	Forward foreign exchange contracts:	Accounts payable			
	Buy: U.S. dollar		6,080	—	(263)
	Thai baht		1,366	—	(56)
	Australian dollar		7	—	(0)
	Euro		975	—	10
	Swiss franc		103	—	(7)
	Options:	Accounts payable			
	Buy call:				
	U.S. dollar		2	—	0
Appropriation treatment	Forward foreign exchange contracts:	Accounts receivable			
	Sell: U.S. dollar		125	—	—
	Forward foreign exchange contracts:	Accounts payable			
	Buy: U.S. dollar		93	—	—
	Thai baht		13	—	—
	Euro		2	—	—
Total			9,765	—	(372)

Notes:

1. Calculation of fair 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 receivable and accounts payable to be hedged, the fair value of those is included in the fair value of the relevant accounts receivable and accounts payable.

[Retirement Benefits]

1. Outline of retirement benefit plans

   The Company and its consolidated subsidiaries provide a lump-sum retirement benefit plan (unfunded plan) and a defined-contribution pension plan to meet the retirement benefits of their employees. In addition, the Company and certain consolidated subsidiaries provide for a defined-benefit corporate pension plan (funded plan) limited to already retired pension recipients. Certain consolidated subsidiaries belong to multi-employer defined-benefit pension plans. .Certain subsidiaries adopt a simplified method for calculating the retirement benefit obligation. 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.

2. Defined benefit plan (including multi-employer plans)

(1) Adjustment of balance of retirement benefit obligation at beginning and end of the year

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Retirement benefit obligation at beginning of year	¥29,011 million	¥30,376 million
Cumulative effects of changes in accounting policies	¥3,055 million	—
Retirement benefit obligation at beginning of year reflecting changes in accounting policies	¥32,067 million	¥30,376 million
Service cost	¥1,271 million	¥1,276 million
Interest cost	¥195 million	¥189 million
Actuarial loss	¥(80) million	¥1 million
Retirement benefits payable	¥(3,095) million	¥(2,868) million
Other	¥18 million	¥(13) million
Increase accompanying new additions to the scope of consolidation	—	¥660 million
Retirement benefit obligation at end of the year	¥30,376 million	¥29,623 million

(2) Adjustment of balance of pension assets at beginning and end of the year

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Pension assets at beginning of year	¥10,425 million	¥8,986 million
Expected return on plan assets	¥104 million	¥89 million
Actuarial gain	¥109 million	¥100 million
Retirement benefits payable	¥(1,653) million	¥(1,506) million
Increase accompanying new additions to the scope of consolidation	—	¥275 million
Pension assets at end of year	¥8,986 million	¥7,945 million

Note:

Plan assets mainly pertain to a defined-benefit corporate pension plan limited to already retired pension recipients.

(3) Adjustment of balance of retirement benefit obligation and pension assets at end of year and net defined benefit liability and assets posted on the consolidated balance sheet

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Retirement benefit obligation for funded plans	¥8,955 million	¥7,945 million
Pension assets	¥(8,986) million	¥(7,945) million
	¥(30) million	¥(0) million
Retirement benefit obligation for unfunded plans	¥21,421 million	¥21,678 million
Net obligation and assets posted on consolidated balance sheet	¥21,390 million	¥21,678 million
Net defined benefit liability	¥21,421 million	¥21,892 million
Net defined benefit assets	¥(30) million	¥(214) million
Net liability and assets posted on consolidated balance sheet	¥21,390 million	¥21,678 million

(4) Retirement benefit expenses and detailed breakdown

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Service cost	¥1,271 million	¥1,276 million
Interest expense	¥195 million	¥189 million
Expected return on plan assets	¥(104) million	¥(89) million
Amortization of actuarial loss	¥636 million	¥610 million
Amortization of prior service cost	¥(245) million	¥(245) million
Retirement benefit expenses related to defined-contribution pension plan	¥1,753 million	¥1,741 million

Note:
The retirement benefit expenses incurred by the consolidated subsidiaries that adopt a simplified method of calculation are posted under service cost.

(5) Adjustments related to retirement benefits

A breakdown of items (prior to tax effect deduction) posted as adjustments related to retirement benefits is as follows.

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Prior service cost	¥(245) million	¥(245) million
Actuarial gain	¥826 million	¥708 million
Total	¥581 million	¥463 million

(6) Cumulative adjustments related to retirement benefits

A breakdown of items (prior to tax effect deduction) posted as cumulative adjustments related to retirement benefits is as follows.

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Unrecognized prior service cost	¥(1,817) million	¥(1,571) million
Unrecognized actuarial loss	¥3,835 million	¥3,126 million
Total	¥2,018 million	¥1,554 million

(7) Items related to pension assets

a. Breakdown of principal pension assets

The main categories by percentage of total pension assets are as follows.

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Regular accounts	49%	48%
Bonds	48%	47%
Other	3%	5%
Total	100%	100%

b. Method for setting long-term expected rate of return

The current and projected allocation of pension assets and the current and future long-term rates of return for the diverse assets that comprise the pool of pension assets are considered when determining the long-term expected rate of return on pension assets.

(8) Basic items for calculating actuarial differences

Basics for calculating principal actuarial differences for the fiscal year under review

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Discount rate	Mainly 0.9%	Mainly 0.9%
Long-term expected rate of return on plan assets	Mainly 1.0%	Mainly 1.0%

3. Defined contribution plan

The defined contribution of the Company and its consolidated subsidiaries was ¥776 million for the year ended March 31, 2015 and ¥819 million for the year ended March 31, 2016.

[Stock Options]

1. The account and the amount of expenses concerning stock options

(Millions of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Selling, general and administrative expenses	42	54

2. The amount recorded as profit owing to the non-exercise of rights resulting in forfeiture

(Millions of yen)

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
43	22

3. Description and changes in the size of stock options

(1) Description of stock options

	2008 Plan	2009 Plan	2010 Plan	2011 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	13 directors and 10 executive officers (Note 1) of the Company and 42 directors of consolidated subsidiaries
Number of shares granted by stock type	321,860 shares of common stock (Note 2)	309,760 shares of common stock (Note 2)	318,230 shares of common stock (Note 2)	424,710 shares of common stock (Note 2)
Grant date	August 19, 2008	August 18, 2009	August 18, 2010	August 18, 2011
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	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	August 19, 2013 – August 1, 2018

	2012 Plan	2013 Plan	2014 Plan	2015 Plan
Category and number of grantees	15 directors and 9 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries	14 directors and 10 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries	14 directors and 10 executive officers (Note 1) of the Company and 34 directors of consolidated subsidiaries	14 directors and 10 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries
Number of shares granted by stock type	388,410 shares of common stock (Note 2)	373,890 shares of common stock (Note 2)	337,700 shares of common stock (Note 3)	326,000 shares of common stock
Grant date	August 16, 2012	August 20, 2013	August 19, 2014	August 19, 2015
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	August 17, 2014 – August 1, 2019	August 21, 2015 – August 3, 2020	August 20, 2016 – August 2, 2021	August 20, 2017 – August 1, 2022

Notes:

1. These executive officers of the Company include those who concurrently serve as directors of consolidated subsidiaries.
2. The Company undertook a 1.1-for-1 common stock split on October 1, 2013. The Company also conducted a 1.1-for-1 stock split of shares of common stock on October 1, 2014. These figures concerning the number of shares in the above table reflect this stock split.
3. The Company undertook a 1.1-for-1 common stock split on October 1, 2014. These figures concerning the number of shares in the above table reflect this stock split.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the fiscal year ended March 31, 2016. The number of stock options is translated into the number of shares.

1. Number of stock options

	2008 Plan (Note 1)	2009 Plan (Note 1)	2010 Plan (Note 1)	2011 Plan (Note 1)	2012 Plan (Note 1)	2013 Plan (Note 1)	2014 Plan (Note 2)	2015 Plan
Non-vested (shares):								
Outstanding at the end of the previous year	—	—	—	—	—	373,890	337,700	—
Granted during the year	—	—	—	—	—	—	—	326,000
Forfeited during the year	—	—	—	—	—	—	—	—
Vested during the year	—	—	—	—	—	373,890	—	—
Outstanding at the end of the year	—	—	—	—	—	—	337,700	326,000
Vested (shares):								
Outstanding at the end of the previous year	114,950	135,520	140,360	242,000	214,170	—	—	—
Vested during the year	—	—	—	—	—	373,890	—	—
Exercised during the year	37,510	54,450	73,810	111,320	72,600	77,440	—	—
Forfeited during the year	77,440	31,460	8,470	18,150	—	—	—	—
Outstanding at the end of the year	—	49,610	58,080	112,530	141,570	296,450	—	—

Notes:

1. The Company undertook a 1.1-for-1 common stock split on October 1, 2013, followed by another 1.1-for-1 common stock split on October 1, 2014. These figures concerning the number of shares in the above table reflect this stock split.
2. The Company undertook a 1.1-for-1 common stock split on October 1, 2014. These figures concerning the number of shares in the above table reflect this stock split.

2. Per share prices

(Yen)

	2008 Plan (Note 1)	2009 Plan (Note 1)	2010 Plan (Note 1)	2011 Plan (Note 1)	2012 Plan (Note 1)	2013 Plan (Note 1)	2014 Plan (Note 2)	2015 Plan
Exercise price	1,155	936	909	848	792	1,012	1,159	1,748
Average stock price upon exercise	1,678	1,793	1,757	1,637	1,747	1,801	—	—
Fair value per share at grant date	166	192	179	140	152	101	122	266

Notes:

1. The Company undertook a 1.1-for-1 common stock split on October 1, 2013, followed by another 1.1-for-1 common stock split on October 1, 2014. These figures concerning per share prices in the above table reflect this stock split.
2. The Company undertook a 1.1-for-1 common stock split on October 1, 2014. These figures concerning per share prices in the above table reflect this stock split.

4. Method for estimating per share fair value of stock options

The per share fair value of the 2015 Plan granted during the fiscal year ended March 31, 2016 is estimated as follows.

1) Technique of estimation used: Black-Scholes method

2) Basic factors taken into account for the estimation

	2015 Plan
Expected volatility of the share price (Note 1)	21.9%
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)	0.05%

Notes:

1. The expected volatility of the share price is estimated by drawing upon the actual share prices in the period of 4 years and 6 months from February 2011 to August 2015.
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 fiscal year ended March 31, 2015.
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, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Deferred tax assets:		
Net defined benefit liability	6,762	6,433
Investment securities, etc.	1,254	1,670
Intangible assets	526	1,532
Provision for bonuses	1,418	1,376
Accrued sales incentives	1,285	1,215
Unrealized gains (losses) on noncurrent assets	1,057	1,141
Net operating loss carry forwards	643	955
Impairment loss on noncurrent assets	656	573
Inventories	416	571
Provision for repairs	476	451
Accrued enterprise tax	259	415
Depreciation	293	278
Unrealized gains (losses) on inventories	274	177
Other	2,031	1,859
Gross deferred tax assets	17,356	18,652
Amount offset by deferred tax liabilities	(6,428)	(6,874)
Net deferred tax assets	10,928	11,777
Valuation allowance	(2,535)	(2,808)
Deferred tax assets, net	8,392	8,969
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(26,792)	(24,288)
Reserve for advanced depreciation of noncurrent assets	(1,937)	(1,792)
Short-fall of depreciation	(946)	(1,238)
Securities returned from employee retirement benefits trust	(1,014)	(964)
Other	(577)	(1,215)
Gross deferred tax liabilities	(31,269)	(29,499)
Amount offset by deferred tax assets	6,428	6,874
Deferred tax liabilities, net	(24,841)	(22,624)

[Changes in Presentation]

"Short-fall of depreciation," which was included in "Other" under deferred tax liabilities in the previous fiscal year, is reported as an independent line item from the year ended March 31, 2016, due to the increasing monetary importance of this item. Notes for the previous consolidated fiscal year have been reconfigured to reflect this change in presentation.

As a result, ¥(1,524) million reported as "Other" under deferred tax liabilities for the fiscal year ended March 31, 2015, has been reconfigured as ¥(946) million reported as " Short-fall of depreciation" and ¥ (577) million reported as "Other."

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, 2015 (As of March 31, 2015)

Statutory effective tax rate	35.5%
(Adjustments)	
Non-taxable permanent differences such as dividends income	(1.6)%
Non-deductible permanent differences such as entertainment expenses	1.4%
Income tax deductions	(1.7)%
Valuation allowance	2.7%
Equity in earnings of affiliates	(2.9)%
Other	0.2%
Actual effective tax rate after adoption of tax effect accounting	33.6%

Year ended March 31, 2016 (As of March 31, 2016)

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 deferred tax assets and liabilities following corporate tax rate changes

In accordance with the “Law Revising a Portion of the Income Tax Law” (2016 Law No. 15) and the “Law Revising a Portion of the Local Tax Law” (2016 Law No. 13), which were enacted in the Diet session on March 29, 2016, the corporate tax rate in Japan was lowered from the fiscal year beginning April 1, 2016. Consequently, the effective tax rate used for the calculation of deferred tax assets and liabilities, accounting for temporary actuarial differences expected to dissipate during the fiscal years beginning April 1, 2016 and April 1, 2017, declined from its previous32.2% to 30.8%; accounting for temporary actuarial differences expected to dissipate after the fiscal year beginning April 1, 2018, the effective tax rate will decline further to 30.6%.

Due to this change in tax rate, the monetary value of deferred tax liabilities (i.e., the monetary value after deduction of deferred tax assets) as of March 31, 2016 decreased by ¥892 million, while total income taxes, posted as an expense for the fiscal year under review, increased by ¥373 million.

[M&A Activity]

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

1. Overview of M&A activity

   On April 24, 2014, subsidiary Miller Milling Company, LLC signed an asset transfer agreement for the acquisition of four flour milling plants in the United States from Cargill, Inc., Horizon Milling, LLC and ConAgra Foods Food Ingredients Company, Inc. (Los Angeles Plant, Oakland Plant, Saginaw Plant and New Prague Plant), as well as the inventories of the plants as of the asset transfer date. The plants were officially acquired on May 25, 2014.

   * Los Angeles Plant was acquired from Cargill, Inc. and Horizon Milling, LLC. The other three plants were acquired from ConAgra Foods Food Ingredients Company, Inc.

   (1) Rationale for M&A activity

   The United States is the largest flour milling market in the developed world. The Company advanced into this market with the purchase of Miller Milling Company, LLC in March 2012. In the United States, the Group will further expand its business scope by leveraging the advantages of its flour milling business, namely strengths in outstanding product development, technologies and capabilities to supply wheat flour that is consistent in quality.

   Also, this acquisition will vastly increase the purchasing volume of raw materials by Miller Milling Company, LLC, and will diversify the type, variety, and production location of wheat that it handles. This development, in turn, will make available a broader range of raw material information and acquisition of expertise than ever before. This is especially meaningful given the Group’s aspirations for the development of the flour milling business in the global market.

   (2) Date of acquisition

   May 25, 2014

2. The period for which acquired businesses results are included in consolidated financial statements of income

   From May 25, 2014 to December 31, 2014

3. Acquisition costs and their details of the business acquired

Compensation for the acquisition	¥21,645 million
Direct costs for acquisition	¥541 million
Acquisition costs	¥22,187 million

4. Amount of goodwill that arose, reasons for incidence and amortization method and period

   (1) Amount of goodwill that arose

   ¥4,932 million

   (2) Reasons for incidence

   The goodwill is attributable to the rational estimation of excess earnings power anticipated by future business development.

   (3) Amortization method and period

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

5. Amount of assets received and liabilities undertaken on the date of the business combination and their breakdown

Current assets	¥4,427 million
Noncurrent assets	¥12,827 million
Total assets	¥17,254 million

   (Note) The amount of goodwill identified in “4. (1) Goodwill” above is not included in asset amount.

6. Estimated amount and calculation method for hypothetical impact on consolidated statements of income for the fiscal year under review assuming business combination was completed on the first day of the fiscal year under review

Net sales	¥13,000 million

   (Method for calculating estimates)

   The estimated amount is the difference between net sales calculated with the assumption that the business combination was completed on the first day of the fiscal year under review and net sales as stated in the consolidated statements of income. Due to its negligible impact on income, this amount was omitted. This note was not certified via audit.

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

1. Overview of M&A activity
   (1) Name and business of the acquired company
   Name: Joyous Foods Co., Ltd.
   Business: Production and sale mainly of processed noodles
   (2) Rationale for M&A activity
   The Company has positioned the prepared dishes and other prepared foods business as a growth field, and is taking steps to groom it into one of the Group's core business operations. In December 2012, the Company entered a capital tie-up with Tokatsu Foods Co., Ltd., a supplier of bento boxes, seasoned rice balls and prepared dishes primarily to convenience stores. However, the Company determined that joining with Tokatsu Foods Co., Ltd. to acquire shares in Joyous Foods Co., Ltd. is vital to spurring even greater expansion in the prepared dishes and other prepared foods business.
   (3) Date of acquisition
   January 29, 2016
   (4) Legal form of M&A activity
   Acquisition of shares through cash payment and shareholder allotment
   (5) Name after M&A activity
   Joyous Foods Co., Ltd.
   (6) Percentage of voting rights acquired
   65.1%
   (7) Main basis for deciding upon acquired company
   The Company was able to obtain majority voting rights via the cash acquisition of shares and capital raising with shareholder allotment.

2. The period for which acquired company's business results are included in the consolidated financial statements
   Only balance sheets as of January 29, 2016, the date of M&A activity, have been consolidated.

3. Breakdown of acquisition cost for the acquired company and each type of payment

Shares acquired via share transfer	Cash and deposits	¥0 million
Shares acquired via shareholder allotment	Cash and deposits	¥3,255 million
Acquisition costs		¥3,255 million

4. Content and amount of main acquisition-related expenses
   Advisory expenses, etc. ¥129 million

5. Amount of goodwill that arose, reasons for incidence and amortization method and period
   (1) Amount of goodwill that arose
   ¥683 million
   (2) Reasons for incidence
   The goodwill is attributable to the rational estimation of excess earnings power anticipated by future business development.
   (3) Amortization method and period
   Amortized using the straight-line method over a period of four years

6. Amount of assets received and liabilities undertaken on the date of the business combination and their breakdown

Current assets	¥4,204 million
Noncurrent assets	¥4,839 million
Total assets	¥9,043 million
Current liabilities	¥3,660 million
Noncurrent liabilities	¥1,433 million
Total liabilities	¥5,094 million

(Note) The amount of goodwill identified in "5. (1) Goodwill" above is not included in asset amount.

7. Estimated amount and calculation method for hypothetical impact on consolidated statements of income for the fiscal year under review assuming business combination was completed on the first day of the fiscal year under review

Net sales	¥17,056 million
Operating income	¥289 million
Ordinary income	¥314 million
Profit attributable to owners of parent	¥76 million

(Method for calculating estimates)

The estimated amount is the difference between net sales and income data calculated with the assumption that the business combination was completed on the first day of the fiscal year under review and net sales and income data as stated in the consolidated statements of income. This note was not certified via audit.

[Segment Information, etc.]

[Segment information]

1. Outline of reportable segment

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

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

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

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

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

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

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

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

(Millions of yen)

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

Notes:

1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
2. Segment income adjustment refers to intersegment transaction eliminations.
   The adjustment in segment assets includes the Group's assets (¥120,520 million): mainly, the Company's surplus operating cash (cash and deposits and short-term investment securities) and investment securities.
3. Segment income has been adjusted for the operating income appearing in the consolidated financial statements.

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

(Millions of yen)

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

Notes:

1. Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
2. Segment income adjustment refers to intersegment transaction eliminations.
   The adjustment in segment assets includes the Group’s assets (¥116,918 million): mainly, the Company’s surplus operating cash (cash and deposits and short-term investment securities) and investment securities.
3. Segment income has been adjusted for the operating income appearing in the consolidated financial statements.

[Related information]

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

1. Information by geographic segment

(1) Net sales

(Millions of yen)

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

Note:
Net sales are classified based on customer location.

(2) Property, plant and equipment

(Millions of yen)

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

2. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	64,907	Flour milling, Processed food, Others

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

1. Information by geographic segment

(1) Net sales

(Millions of yen)

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

Note:

Net sales are classified based on customer location.

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

(2) Property, plant and equipment

(Millions of yen)

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

2. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	62,617	Flour milling, Processed food, Others

[Amortization of goodwill and unamortized balance by reportable segment]

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

(Millions of yen)

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

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

(Millions of yen)

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

[Business transactions with related parties]

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

1. Business transactions with related parties

(1) Business transactions between the Company and related parties

a. Non-consolidated subsidiaries and affiliates of the Company

Category	Company name, etc.	Location	Paid-in capital or investment (millions of yen)	Businesses	Share of voting rights (shares owned) (%)	Relationship with related parties	Nature of transactions	Transaction value (millions of yen)	Item	Year-end balance (millions of yen)
Affiliate	Tokatsu Foods Co., Ltd.	Kohoku-ku, Yokohama, Kanagawa	100	Production and sales of such cooked foods as *bento* lunch boxes and prepared foods	(direct ownership) 49.0	Concurrent/ Temporarily transferred officers	Pledge of collateral (Note 1)	6,600	—	—

Note:

1. In order to secure Tokatsu Foods Co., Ltd.' s loans payable to financial institutions, the Company pledges the said affiliate's stocks it holds as collateral (maximum set at¥3,000 million). The transaction value represents the year-end balance of the collateral pledged against the loans.

b. Officers and major shareholders of the Company (only in the case of individuals), etc.

Category	Name of company, etc. or individual	Location	Paid-in capital or investment (millions of yen)	Businesses/position	Share of voting rights (shares owned) (%)	Relationship with related parties	Nature of transactions	Transaction value (millions of yen)	Item	Year-end balance (millions of yen)
Officers and their close relatives	Kazuo Ikeda	—	—	Director and Vice President of the Company	(shares owned) direct ownership 0.0	—	Exercise of subscription rights to shares (Note 1)	22	—	—
Officers and their close relatives	Akio Mimura	—	—	Director of the Company	(shares owned) direct ownership 0.0	—	Exercise of subscription rights to shares (Note 1)	21	—	—

Note:

1. The figure posted represents rights exercised during the fiscal year under review for stock options granted based on resolutions of the General Meeting of Shareholders held on June 26, 2008; June 25, 2009; June 25, 2010; June 28, 2011 and June 27, 2012, respectively. For the "Transaction value" the figure posted represents the number of shares granted from the exercise of rights for stock options during the fiscal year under review times the exercise price.

2. Notes concerning the parent company and significant affiliates

There are no applicable matters to be reported.

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

1. Business transactions with related parties

(1) Business transactions between the Company and related parties

Officers and major shareholders of the Company (only in the case of individuals), etc.

Category	Name of company, etc. or individual	Location	Paid-in capital or investment (millions of yen)	Businesses/position	Share of voting rights (shares owned) (%)	Relationship with related parties	Nature of transactions	Transaction value (millions of yen)	Item	Year-end balance (millions of yen)
Officers and their close relatives	Hiroshi Oeda	—	—	Representative Director and President of the Company	(shares owned) direct ownership 0.0	—	Exercise of subscription rights to shares (Note 1)	12	—	—
Officers and their close relatives	Kazuo Ikeda	—	—	Director and Vice President of the Company	(shares owned) direct ownership 0.0	—	Exercise of subscription rights to shares (Note 1)	11	—	—

Note:

1. The figure posted represents rights exercised during the fiscal year under review for stock options granted based on resolutions of the General Meeting of Shareholders held on June 25, 2010; June 27, 2012 and June 26, 2013, respectively. For the "Transaction value" the figure posted represents the number of shares granted from the exercise of rights for stock options during the fiscal year under review times the exercise price.

2. Notes concerning the parent company and significant affiliates
   There are no applicable matters to be reported.

[Per Share Information]

(Yen)

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

Note:

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

2. The basis of calculation for net assets per share

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

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

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

[Material Subsequent Events]

There are no applicable matters to be reported.

(5) Supplementary Consolidated Data

[Debentures]

There are no applicable matters to be reported.

[Borrowings]

Category	Balance at the beginning of the year [April 1, 2015] (millions of yen)	Balance at the end of the year [March 31, 2016] (millions of yen)	Average interest rate (%)	Repayment dates
Short-term loans payable	16,268	13,917	0.7938	—
Current portion of long-term loans payable	906	1,301	1.3023	—
Current portion of lease obligation	311	347	—	—
Long-term loans payable (excluding current portion)	3,874	4,386	1.5823	2017 – 2028
Lease obligation (excluding current portion)	671	929	—	2017 – 2023
Other interest-bearing liabilities	—	—	—	—
Total	22,033	20,884	—	—

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, 2016 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	1,367	1,161	779	255
Lease obligation	322	261	139	78

2. Average interest rates are computed as the weighted average interest rate on debt outstanding at the fiscal 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	¥29,677 million	
Balance outstanding as of March 31, 2016	¥10,671 million	
Credit facility fees for year ended March 31, 2016	¥17 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, 2016

(Millions of yen)

(Cumulative period)	First Quarter (April 1, 2015 to June 30, 2015)	Second Quarter (April 1, 2015 to September 30, 2015)	Third Quarter (April 1, 2015 to December 31, 2015)	Fourth Quarter (April 1, 2015 to March 31, 2016)
Net sales	139,610	276,410	419,761	556,701
Profit before income taxes	6,823	12,595	22,178	27,462
Profit attributable to owners of parent	4,630	8,343	14,695	17,561
Net income per share (yen)	15.37	27.69	48.75	58.25

(Fiscal period)	First Quarter (April 1, 2015 to June 30, 2015)	Second Quarter (July 1, 2015 to September 30, 2015)	Third Quarter (October 1, 2015 to December 31, 2015)	Fourth Quarter (January 1, 2016 to March 31, 2016)
Net income per share (yen)	15.37	12.32	21.06	9.50

(2) Non-consolidated Financial Statements, etc.

1. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

		Year ended March 31, 2015 (As of March 31, 2015)		Year ended March 31, 2016 (As of March 31, 2016)
Assets				
Current assets				
Cash and deposits		12,314		24,201
Accounts receivable – trade	Note 2	248	Note 2	235
Short-term investment securities		18,999		6,000
Prepaid expenses		161		174
Deferred tax assets		426		423
Income taxes receivable		1,105		1,557
Other	Note 2	579	Note 2	479
Total current assets		33,835		33,071
Noncurrent assets				
Property, plant and equipment				
Buildings, net		6,939		6,587
Structures, net		621		560
Machinery and equipment, net		491		509
Vehicles, net		6		7
Tools, furniture and fixtures, net		338		371
Land		15,254		15,227
Lease assets, net		695		674
Construction in progress		148		127
Total property, plant and equipment		24,497		24,066
Intangible assets				
Leasehold right		395		398
Software		91		75
Lease assets		165		148
Other		61		59
Total intangible assets		713		682
Investments and other assets				
Investment securities		82,702		79,441
Stocks of subsidiaries and affiliates	Note 1	128,961		132,364
Investments in capital		317		317
Investments in capital of subsidiaries and affiliates		666		666
Long-term loans receivable from subsidiaries and affiliates	Note 2	38,973	Note 2	39,652
Other		386		435
Allowance for doubtful accounts		(24)		(25)
Total investments and other assets		251,982		252,851
Total noncurrent assets		277,192		277,600
Total assets		311,028		310,672

(Millions of yen)

	Year ended March 31, 2015 (As of March 31, 2015)		Year ended March 31, 2016 (As of March 31, 2016)	
Liabilities				
Current liabilities				
Lease obligations		171		197
Accounts payable – other	Note 2	393	Note 2	207
Accrued expenses	Note 2	1,522	Note 2	1,561
Deposits received	Note 2	4,605	Note 2	6,465
Provision for directors’ bonuses		58		81
Other		42		44
Total current liabilities		6,793		8,557
Noncurrent liabilities				
Lease obligations		471		450
Deferred tax liabilities		20,170		18,230
Provision for retirement benefits		3,986		3,780
Other		66		70
Total noncurrent liabilities		24,694		22,533
Total liabilities		31,487		31,090
Net assets				
Shareholders’ equity				
Capital stock		17,117		17,117
Capital surplus				
Legal capital surplus		9,500		9,500
Other capital surplus		124		205
Total capital surpluses		9,624		9,705
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		2,180		2,197
Reserve for special account for advanced depreciation of noncurrent assets		—		16
General reserve		170,770		170,770
Retained earnings brought forward		34,162		35,048
Total retained earnings		213,492		214,412
Treasury stock		(2,651)		(2,281)
Total shareholders’ equity		237,583		238,953
Valuation and translation adjustment				
Valuation difference on available-for-sale securities		41,775		40,481
Deferred gains or losses on hedges		2		—
Total valuation and translation adjustment		41,777		40,481
Subscription rights to shares		179		147
Total net assets		279,540		279,581
Total liabilities and net assets		311,028		310,672

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	
Operating revenue	Note 1	16,744	Note 1	18,924
Operating expenses	Notes 1, 2	12,103	Notes 1, 2	12,416
Operating income		4,641		6,508
Non-operating income				
Interest income	Note 1	497	Note 1	488
Dividends income		1,369		1,380
Other	Note 1	55	Note 1	64
Total non-operating income		1,921		1,933
Non-operating expenses				
Interest expenses	Note 1	9	Note 1	11
Other		17		27
Total non-operating expenses		26		39
Ordinary income		6,536		8,402
Extraordinary income				
Gain on sales of noncurrent assets		948		30
Gain on sales of shares of subsidiaries and associates		44		—
Total extraordinary income		992		30
Extraordinary losses				
Loss on retirement of noncurrent assets		64		83
Other		3		—
Total extraordinary losses		67		83
Profit before income taxes		7,461		8,349
Income taxes – current		131		161
Income taxes – deferred		518		32
Total income taxes		649		194
Net income		6,811		8,154

(3) Non-consolidated Statements of Changes in Net Assets

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

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for dividends	Reserve for advanced depreciation of noncurrent assets	General reserve
Balance at the beginning of current period	17,117	9,500	37	9,537	4,379	2,000	2,076	163,770
Cumulative effects of changes in accounting policies								
Balance at the beginning of current period reflecting changes in accounting policies	17,117	9,500	37	9,537	4,379	2,000	2,076	163,770
Changes of items during the period								
Provision of reserve for advanced depreciation of noncurrent assets							72	
Reversal of reserve for advanced depreciation of noncurrent assets							(74)	
Adjustment to reserve due to change in tax rate							105	
Provision of general reserve								7,000
Dividends from surplus								
Net income								
Purchase of treasury stock								
Disposal of treasury stock			87	87				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	87	87	—	—	104	7,000
Balance at the end of current period	17,117	9,500	124	9,624	4,379	2,000	2,180	170,770

	Shareholders' equity				Valuation and translation adjustment				
	Retained earnings								
	Other retained earnings								
	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustment	Subscription rights to shares	Total net assets
Balance at the beginning of current period	40,292	212,518	(3,080)	236,093	24,401	(0)	24,401	260	260,754
Cumulative effects of changes in accounting policies	(365)	(365)		(365)					(365)
Balance at the beginning of current period reflecting changes in accounting policies	39,927	212,153	(3,080)	235,727	24,401	(0)	24,401	260	260,389
Changes of items during the period									
Provision of reserve for advanced depreciation of noncurrent assets	(72)	—		—					—
Reversal of reserve for advanced depreciation of noncurrent assets	74	—		—					—
Adjustment to reserve due to change in tax rate	(105)	—		—					—
Provision of general reserve	(7,000)	—		—					—
Dividends from surplus	(5,472)	(5,472)		(5,472)					(5,472)
Net income	6,811	6,811		6,811					6,811
Purchase of treasury stock			(20)	(20)					(20)
Disposal of treasury stock			448	536					536
Net changes of items other than shareholders' equity					17,373	2	17,376	(80)	17,295
Total changes of items during the period	(5,764)	1,339	428	1,855	17,373	2	17,376	(80)	19,151
Balance at the end of current period	34,162	213,492	(2,651)	237,583	41,775	2	41,777	179	279,540

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

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for dividends	Reserve for advanced depreciation of noncurrent assets	Reserve for special account for advanced depreciation of noncurrent assets	General reserve
Balance at the beginning of current period	17,117	9,500	124	9,624	4,379	2,000	2,180	—	170,770
Changes of items during the period									
Provision of reserve for advanced depreciation of noncurrent assets									
Reversal of reserve for advanced depreciation of noncurrent assets							(33)		
Provision of reserve for special account for advanced depreciation of noncurrent assets								16	
Reversal of reserve for special account for advanced depreciation of noncurrent assets									
Adjustment to reserve due to change in tax rate							50		
Dividends from surplus									
Net income									
Purchase of treasury stock									
Disposal of treasury stock			80	80					
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	80	80	—	—	16	16	—
Balance at the end of current period	17,117	9,500	205	9,705	4,379	2,000	2,197	16	170,770

	Shareholders' equity				Valuation and translation adjustment			Subscription rights to shares	Total net assets
	Retained earnings		Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustment		
	Other retained earnings	Total retained earnings							
	Retained earnings brought forward								
Balance at the beginning of current period	34,162	213,492	(2,651)	237,583	41,775	2	41,777	179	279,540
Changes of items during the period									
Provision of reserve for advanced depreciation of noncurrent assets		—		—					—
Reversal of reserve for advanced depreciation of noncurrent assets	33	—		—					—
Provision of reserve for special account for advanced depreciation of noncurrent assets	(16)	—		—					—
Reversal of reserve for special account for advanced depreciation of noncurrent assets		—		—					—
Adjustment to reserve due to change in tax rate	(50)	—		—					—
Dividends from surplus	(7,235)	(7,235)		(7,235)					(7,235)
Net income	8,154	8,154		8,154					8,154
Purchase of treasury stock			(6)	(6)					(6)
Disposal of treasury stock			375	456					456
Net changes of items other than shareholders' equity					(1,294)	(2)	(1,296)	(32)	(1,329)
Total changes of items during the period	885	919	369	1,369	(1,294)	(2)	(1,296)	(32)	40
Balance at the end of current period	35,048	214,412	(2,281)	238,953	40,481	—	40,481	147	279,581

[Notes to the Non-consolidated Financial Statements]

[Significant Accounting Policies]

1. Valuation standards and methodology for securities

   (1) Held-to-maturity debt 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 fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

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

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, for buildings acquired on or after April 1, 1998 (excluding building fixtures), they apply the straight-line method.

   (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 (within five years) based on the straight-line method.

   (3) Lease assets

   Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

4. Basis of material allowances

   (1) Allowance for doubtful accounts

   The Company provides for possible credit losses stemming from monetary claims and other receivables. Estimates of irrecoverable amounts are determined by considering historical loan-loss ratios for general receivables and on a consideration of recoverable amounts on a case-by-case basis in instances of suspected bad debt or other 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 fiscal year.

   (3) Provision for retirement benefits

   The Company provides 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 fiscal year-end.

   a. Imputation method for retirement benefit estimates

   In calculating retirement benefit liability, the method for imputing the applicable period until the end of the fiscal year under review for the estimated retirement benefit is determined by the benefit calculation standard.

   b. Treatment method for actuarial differences and expenses related to prior service cost

   Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees (15 years) expected to receive pension benefits as of the fiscal year-end.

   Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees (15 years) expected to receive pension benefits as of the fiscal year-end.

5. Hedging transactions

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

(2) Hedging methods: Derivative transactions (including forward exchange contracts and currency purchase put/call options)

Hedged items: Any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.

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

(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. Accounting treatment of retirement benefits

The accounting method for unrecognized actuarial losses related to retirement benefits and unsettled unrecognized prior service cost differs from the accounting method applied to these items in the consolidated financial statements.

7. Accounting treatment of consumption tax

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

[Non-consolidated Balance Sheets]

1. Assets offered as collateral

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Stocks of subsidiaries and affiliates Note	¥3,897 million	—

(Note) In order to secure loans payable of ¥6,600 million for affiliates, investment securities (maximum set at ¥3,000 million) were pledged as a third-party guarantee.

2. Monetary claims and obligations to affiliates

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Short-term claims	¥547 million	¥456 million
Long-term claims	¥38,973 million	¥39,652 million
Short-term obligations	¥4,406 million	¥6,154 million

[Non-consolidated Statements of Income]

1. Transaction balance with affiliates

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Transaction balance from operating transactions		
Operating revenue	¥16,580 million	¥18,849 million
Operating expenses	¥828 million	¥842 million
Transaction balance from non-operating transactions	¥628 million	¥506 million

2. Major components of operating expenses are as follows.
All of the operating expenses are categorized as general and administrative expenses.

	Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Salaries	¥1,725 million	¥1,778 million
Bonuses and allowance	¥1,390 million	¥1,462 million
Retirement benefit expenses	¥219 million	¥231 million
Research study expenses	¥2,151 million	¥2,138 million
Advertising expenses	¥1,662 million	¥1,789 million
Depreciation	¥723 million	¥698 million
Other	¥4,229 million	¥4,317 million

[Securities]

Equity securities in subsidiaries and affiliates

Year ended March 31, 2015 (As of March 31, 2015)

(Millions of yen)

Type	Carrying value	Fair value	Unrealized gains (losses)
Equity securities in subsidiaries	—	—	—
Equity securities in affiliates	200	212	11
Total	200	212	11

Year ended March 31, 2016 (As of March 31, 2016)

(Millions of yen)

Type	Carrying value	Fair value	Unrealized gains (losses)
Equity securities in subsidiaries	—	—	—
Equity securities in affiliates	200	215	14
Total	200	215	14

Note: Carrying value of equity securities in subsidiaries and affiliates for which the fair value is not readily determinable

(Millions of yen)

Type	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Equity securities in subsidiaries	116,317	119,721
Equity securities in affiliates	12,442	12,442

These equity securities are not included in "Equity securities in subsidiaries and affiliates" above because they do not have market price and considerable cost would be required to estimate their future cash flows; therefore, their fair 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, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Deferred tax assets:		
Provision for retirement benefits	1,292	1,157
Investment securities, etc.	850	809
Provision for bonuses	165	154
Net operating loss carry forwards	43	—
Other	235	291
Gross deferred tax assets	2,587	2,412
Amount offset by deferred tax liabilities	(1,277)	(1,138)
Net deferred tax assets	1,309	1,274
Valuation allowance	(883)	(850)
Deferred tax assets, net	426	423
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(19,396)	(17,428)
Reserve for advanced depreciation of noncurrent assets and other	(1,036)	(976)
Securities returned from employee retirement benefits trust	(1,014)	(964)
Gross deferred tax liabilities	(21,447)	(19,369)
Amount offset by deferred tax assets	1,277	1,138
Deferred tax liabilities, net	(20,170)	(18,230)

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, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Statutory effective tax rate	35.5%	33.0%
(Adjustments)		
Dividend income and other items excluded from gross revenue	(27.2)%	(31.1)%
Entertainment expenses and other items not qualifying for deduction	0.6%	0.7%
Valuation allowance	0.3%	0.1%
Effect of tax rate change	(0.6)%	(0.3)%
Other	0.1%	(0.1)%
Actual effective tax rate after adoption of tax effect accounting	8.7%	2.3%

3. Revisions to deferred tax assets and liabilities following corporate tax rate changes

In accordance with the “Law Revising a Portion of the Income Tax Law” (2016 Law No. 15) and the “Law Revising a Portion of the Local Tax Law” (2016 Law No. 13), which were enacted in the Diet session on March 29, 2016, the corporate tax rate in Japan was lowered from the fiscal year beginning April 1, 2016. Consequently, the effective tax rate used for the calculation of deferred tax assets and liabilities, accounting for temporary actuarial differences expected to dissipate during the fiscal years beginning April 1, 2016 and April 1, 2017, declined from its previous 32.2% to 30.8%; accounting for temporary actuarial differences expected to dissipate after the fiscal year beginning April 1, 2018, the effective tax rate will decline further to 30.6%.

Due to this change in tax rate, the monetary value of deferred tax liabilities (i.e., the monetary value after deduction of deferred tax assets) as of March 31, 2016 decreased by ¥933 million, while total income taxes, posted as an expense for the fiscal year under review, declined by ¥22 million.

[Material Subsequent Events]

There are no applicable matters to be reported.

(4) Supplementary Data

[Property, plant and equipment]

(Millions of yen)

Category	Asset type	Balance at the beginning of the year	Increase during the year	Decrease during the year	Depreciation during the year	Balance at the end of the year	Accumulated depreciation at the end of the year
Property, plant and equipment	Buildings	6,939	36	14	373	6,587	12,927
	Structures	621	5	3	64	560	1,177
	Machinery and equipment	491	159	16	124	509	1,464
	Vehicles	6	4	0	3	7	12
	Tools, furniture and fixtures	338	179	4	142	371	2,847
	Land	15,254	—	26	—	15,227	—
	Lease assets	695	183	8	196	674	423
	Construction in progress	148	410	431	—	127	—
	Total	24,497	978	504	904	24,066	18,853
Intangible assets	Leasehold rights	395	5	2	—	398	—
	Software	91	19	3	32	75	—
	Lease assets	165	24	—	41	148	—
	Other	61	0	1	0	59	—
	Total	713	49	7	73	682	—

Note:

Depreciation expenses of ¥280 million related to the Research Center for Basic Science Research and Development, QE Center and Research Center for Production and Technology are included in marketing and research costs.

[Other reserves]

(Millions of yen)

Category	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Allowance for doubtful accounts	24	1	—	25
Provision for directors' bonuses	58	81	58	81

2. [Major assets and liabilities]

Consolidated financial statements have been prepared, thus major assets and liabilities are omitted here.

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)	100 shares
Purchase and sale of sub-MTU share holdings	
Handling office (main)	(Special account) Stock Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo JAPAN
Custodian of shareholder register	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-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.

Note:
According to the Company’s Articles of Incorporation, sub-MTU shareholders do not have any rights except for those listed in Article 189, Paragraph 2 of the Companies Act, 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, Paragraph 1 of the Companies Act.

[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, Paragraph 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 fiscal 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 171st fiscal term	Covering the period: April 1, 2014 to March 31, 2015	Submitted to Director, Kanto Local Finance Bureau: June 25, 2015
(2)	Amendment to Securities Report 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: May 12, 2016
		For the 168th fiscal term	Covering the period: April 1, 2011 to March 31, 2012	
		For the 170th fiscal term	Covering the period: April 1, 2013 to March 31, 2014	
		For the 171st fiscal term	Covering the period: April 1, 2014 to March 31, 2015	
(3)	Internal Control Report (including supplementary documentation)			Submitted to Director, Kanto Local Finance Bureau: June 25, 2015
(4)	Quarterly Reports and Confirmation Letters	For the first quarter of the 172nd fiscal term	Covering the period: April 1, 2015 to June 30, 2015	Submitted to Director, Kanto Local Finance Bureau: August 13, 2015
		For the second quarter of the 172nd fiscal term	Covering the period: July 1, 2015 to September 30, 2015	Submitted to Director, Kanto Local Finance Bureau: November 12, 2015
		For the third quarter of the 172nd fiscal term	Covering the period: October 1, 2015 to December 31, 2015	Submitted to Director, Kanto Local Finance Bureau: February 10, 2016
(5)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and supplementary documentation			Submitted to Director, Kanto Local Finance Bureau: June 25, 2015
(6)	Amendments to Shelf Registration Statement			Submitted to Director, Kanto Local Finance Bureau: June 26, 2015 July 30, 2015 August 19, 2015 December 22, 2015 May 12, 2016
(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 30, 2015
(8)	Amendment to Extraordinary Report	Amendment to the above (7) extraordinary report submitted on July 30, 2015, regarding the “Issuance of Subscription Rights to Shares to the Company’s Directors”		Submitted to Director, Kanto Local Finance Bureau: August 19, 2015

(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 30, 2015
(10)	Amendment to Extraordinary Report	Amendment to the above (9) extraordinary report submitted on July 30, 2015, 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 19, 2015
(11)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 3, “Changes in Specified Subsidiaries, regarding the disclosure of corporate information	Submitted to Director, Kanto Local Finance Bureau: December 22, 2015

Part B: Information on Corporate Guarantor for Nisshin Seifun Group Inc.

There are no applicable matters to be reported.