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173rd Fiscal Term (April 1, 2016 to March 31, 2017)

Securities Report

Nisshin Seifun Group Inc.

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Report Data

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Fiscal period	April 1, 2016 to March 31, 2017 (173rd fiscal term)
Company name	NISSHIN SEIFUN GROUP INC.
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Administrative contact	Eiichi Suzuki (General Manager, Accounting Department, Finance and Accounting Division)
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		169th	170th	171st	172nd	173rd
Years ended March 31		2013	2014	2015	2016	2017
Net sales	(millions of yen)	455,566	495,930	526,144	556,701	532,040
Ordinary profit	(millions of yen)	24,742	25,579	25,544	28,099	30,329
Profit attributable to owners of parent	(millions of yen)	13,688	15,098	16,036	17,561	19,466
Comprehensive income	(millions of yen)	23,945	23,936	50,988	14,140	28,457
Net assets	(millions of yen)	317,436	334,092	378,715	386,485	406,805
Total assets	(millions of yen)	461,851	471,039	549,307	550,305	557,568
Net assets per share	(yen)	1,027.95	1,079.82	1,218.49	1,237.64	1,303.45
Net income per share	(yen)	45.53	50.21	53.28	58.25	64.50
Fully diluted net income per share	(yen)	—	50.19	53.22	58.15	64.43
Equity ratio	(%)	66.9	68.9	66.8	67.8	70.6
Return on equity	(%)	4.6	4.8	4.6	4.8	5.1
Price-earnings ratio (p/e)	(times)	23.22	20.53	26.54	30.71	25.75
Cash flows from operating activities	(millions of yen)	34,479	25,058	25,107	35,839	35,361
Cash flows from investing activities	(millions of yen)	(23,854)	(1,797)	(43,636)	(12,201)	(5,240)
Cash flows from financing activities	(millions of yen)	(4,587)	(5,072)	4,331	(9,446)	(11,470)
Cash and cash equivalents at end of year	(millions of yen)	53,249	72,685	59,897	72,960	90,837
Number of employees [average number of part-time employees]	(persons)	5,765 [1,883]	5,650 [1,940]	6,146 [2,073]	6,440 [2,501]	6,324 [2,089]

Notes:

- Consumption taxes and other taxes are not included in net sales.
- 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 169th fiscal term.
- Fully diluted net income per share data for the 169th fiscal term have not been disclosed because there were no potential shares of common stock that had a dilutive effect.

2. Non-consolidated business performance indicators

Fiscal term		169th	170th	171st	172nd	173rd
Years ended March 31		2013	2014	2015	2016	2017
Net sales	(millions of yen)	32,418	20,597	16,744	18,924	25,221
Ordinary profit	(millions of yen)	20,981	10,067	6,536	8,402	14,509
Profit	(millions of yen)	20,980	10,274	6,811	8,154	14,608
Paid-in capital	(millions of yen)	17,117	17,117	17,117	17,117	17,117
Shares issued and outstanding	(thousand shares)	251,535	276,688	304,357	304,357	304,357
Net assets	(millions of yen)	254,095	260,754	279,540	279,581	295,461
Total assets	(millions of yen)	278,192	284,844	311,028	310,672	330,223
Net assets per share	(yen)	844.15	865.87	927.06	926.00	977.56
Total dividends per share (interim dividend amount)	(yen) (yen)	20.00 (10.00)	20.00 (10.00)	22.00 (10.00)	24.00 (12.00)	26.00 (13.00)
Net income per share	(yen)	69.77	34.16	22.63	27.04	48.39
Fully diluted net income per share	(yen)	—	34.14	22.60	27.00	48.34
Equity ratio	(%)	91.3	91.5	89.8	89.9	89.4
Return on equity	(%)	8.6	4.0	2.5	2.9	5.1
Price-earnings ratio (p/e)	(times)	15.15	30.18	62.48	66.16	34.33
Dividend payout ratio	(%)	23.7	50.8	93.2	88.8	53.7
Number of employees [average number of part-time employees]	(persons)	299 [22]	305 [24]	298 [27]	296 [29]	297 [30]

Notes:

- Consumption taxes and other taxes are not included in net sales.
- 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 169th 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.
- Fully diluted net income per share data for the 169th fiscal term 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 47 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. Joyous Foods Co., Ltd., a consolidated subsidiary, produces and sells processed 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.

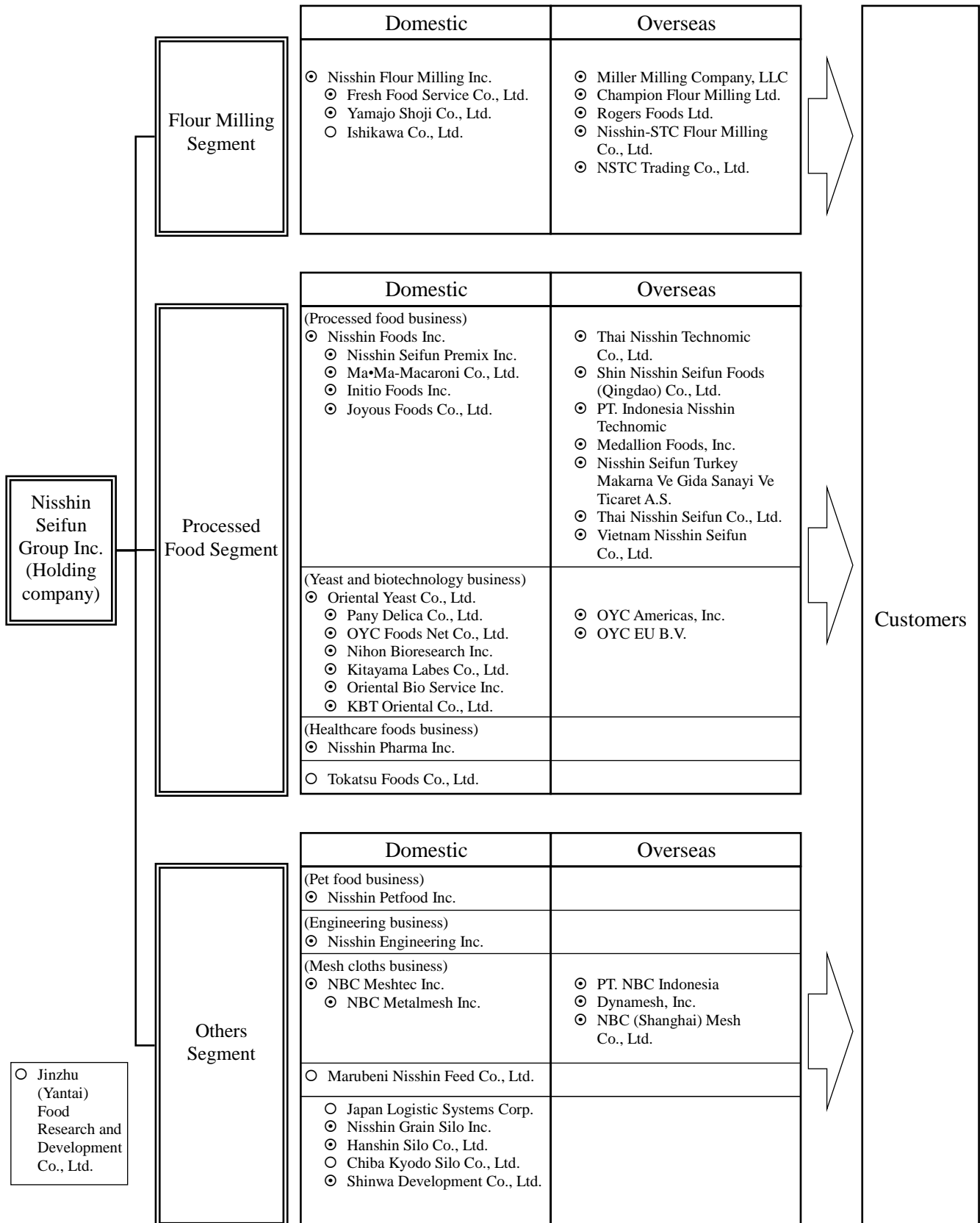
NBC Meshtec Inc., a consolidated subsidiary, manufactures and sells mesh cloths and forming filters.

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 following diagram illustrates the structure of the Nisshin Seifun Group.

Nisshin Seifun Group Structure



⊙ 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 6 Temporarily transferred 2 Transferred 4	The Company provides a partial loan for working capital, etc. 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 3	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 5	The Company provides a partial loan for working capital, etc. 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)	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	68.2 (53.2)	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 1 Temporarily transferred 2	The Company provides partial loan for working capital and rents office space
Joyous Foods Co., Ltd.	Kodama-gun, Saitama	50	Production and sales of processed noodles, etc.	65.1	Temporarily transferred 2	None
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, etc.
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 3	The Company provides a partial loan for working capital, etc. 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, etc.
34 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 <i>bento</i> 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 (20.6)	Concurrent 1 Transferred 1 Temporarily transferred 1	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. Japan Logistic Systems Corp. also submits separate regulatory filings.
3. Figures in parentheses in the percentage of voting rights column indicate shares attributable to indirect ownership.

4. 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 profit	Profit	Net assets	Total assets
Nisshin Flour Milling, Inc.	170,100	7,837	5,785	71,429	139,448
Miller Milling Company, LLC	54,348	1,613	971	36,097	45,819
Nisshin Foods Inc.	132,642	5,779	4,358	30,383	59,841
Oriental Yeast Co., Ltd.	62,729	4,423	4,183	17,826	36,792

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, 2017)

Business segment	Number of employees	
Flour Milling	1,555	[114]
Processed Food	3,593	[1,573]
Others	810	[333]
Corporate (across the Group divisions)	366	[70]
Total	6,324	[2,089]

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, 2017)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (yen)
297 [30]	42.0	16.9	8,423,219

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, 2017, the Japanese economy continued to show signs of a modest recovery, as well as improved business confidence in the corporate sector. Consumption, however, continued to lack in strength, the result primarily of persistent belt-tightening behavior among consumers. Meanwhile, global economic uncertainty continued to mount, particularly in light of the outcome of the United States presidential election and subsequent actions by the new administration, and evolving steps by the United Kingdom to exit from the EU.

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 continued efforts to ensure cost competitiveness and strengthen its business structure both domestically and abroad. In the flour milling business, these efforts focused on consolidating production at large-scale plants located near ports, and in the processed food business on building an optimal production framework globally. Elsewhere, the Group pursued initiatives to boost brand value, primarily through sports sponsorship, and conducted proactive advertising and promotional activities. In September 2016, in a move to optimize the business portfolio, the Group transferred all of its shares of Daisen Ham Co., Ltd. (a consolidated subsidiary).

With respect to operating results, consolidated net sales for the fiscal year ended March 31, 2017, despite the inclusion of net sales from a newly consolidated prepared dishes and other prepared foods subsidiary acquired in January 2016, decreased 4.4% year on year to ¥532,040 million, mainly reflecting lower product prices due to falling raw wheat prices and the effects of foreign currency exchange rates for overseas businesses against a strengthening yen. In terms of profits, due to measures to improve profitability, including cost reduction efforts, and consolidated results from the new subsidiary, operating profit was ¥25,511 million, up 7.3% year on year. Ordinary profit increased by 7.9% to ¥30,329 million, and profit attributable to owners of parent rose by 10.8% to ¥19,466 million. Both ordinary profit and profit attributable to owners of parent reached record-high levels.

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 paid a full-year dividend of ¥26 per share, up ¥2 from the previous fiscal year, in line with initial projections.

The following is a review of operations by business segment.

1) Flour Milling Segment

In the flour milling business, amid an adverse market environment marked mainly by ongoing belt-tightening behavior among consumers, the Company continued to promote aggressive sales expansion measures to attract new customers, with shipments of commercial wheat flour in Japan holding largely flat against the previous year. Also in July 2016 and January 2017, the Company revised its commercial wheat flour prices in response to the government’s decision to change the prices of five classes of imported wheat. On average, the Government’s price for imported wheat declined 7.1% in April 2016, and by 7.9% in October 2016.

From the perspectives of production and distribution, we advanced measures to enhance productivity, notably by consolidating production at large-scale plants located near ports in Japan, and carried out measures to reduce fixed and other costs. We also completed construction to increase holding capacity by roughly 25% at a raw wheat silo at the Tsurumi Plant in June 2016, and strengthened our structure for securing, storing and stably supplying raw wheat greater than ever before in response to demand. Also, we actively promoted food safety by such measures as becoming the first Japanese food company to obtain the new JFS-E-C* certification for food management systems for the Tsurumi Plant in September 2016, followed by the Chita Plant in December 2016.

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

In the overseas business, sales were lower year on year, despite increased shipments overall thanks to aggressive sales expansion, mainly reflecting lower product prices due to falling raw wheat prices and the effects of foreign currency exchange rates against a strengthening yen. Furthermore, construction is moving forward to boost by approximately 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.’s Chilliwack Plant, scheduled to begin enhanced operations in autumn 2017. Construction is also underway to boost by approximately 70% the production capacity of the U.S. subsidiary Miller Milling Company, LLC’s Saginaw Plant, which is expected to begin enhanced operations in early 2019.

As a result, net sales of the Flour Milling Segment decreased 11.0% year on year to ¥233,618 million. Operating profit, meanwhile, increased 6.3% to ¥9,823 million.

* JFS-E-C

This is a new standard, related to food safety management systems developed in Japan, published in July 2016 by the Japan Food Safety Management Association (JFSM).

2) Processed Food Segment

In the processed food business, for household-use products, in addition to expanding the lineup of our strong-selling bottle-type products designed to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, we conducted sales promotion measures—notably TV commercials and co-sponsored events—among other proactive initiatives designed to stimulate consumption. In commercial-use products, we launched new products tailored to customer needs and aggressively carried out proposal activities geared toward garnering new customers. Also, in response to lower prices for commercial wheat flour due to the government's decision to revise the prices of imported wheat, the Company in August 2016 and February 2017 revised prices for its household-use wheat flour and commercial prepared mix products. In the prepared dishes and other prepared foods business, we have developed and are steadily expanding a comprehensive prepared dishes and other prepared foods business that can provide wide-ranging categories of products. As a result, sales in the processed food business were higher overall compared to the previous fiscal year despite effects from the exclusion of Daisen Ham Co., Ltd. from the scope of consolidation. This outcome reflected the impact of brisk growth in shipments of pastas, prepared dishes and other prepared foods, as well as benefits from the consolidation of Joyous Foods Co., Ltd. in January 2016.

In the overseas business, sales were lower as the effects of foreign currency exchange rates against a strengthening yen outpaced year-on-year growth in shipments. Elsewhere, operations are running smoothly at a production plant for pasta sauces and other cooked and processed foods in Vietnam and a pasta plant in Turkey. Both sites were built as part of efforts to develop a globally optimized, cost-competitive production framework.

In the yeast and biotechnology business, sales were lower than the previous year, as we narrowed the product range in a bid to boost profitability.

In the healthcare foods business, sales were lower year on year, reflecting sluggish shipments of raw materials for pharmaceuticals, as well as lower sales prices, despite brisk sales of consumer products driven by promotion of marketing measures.

As a result, net sales of the Processed Food Segment increased 3.3% from the previous fiscal year to ¥254,944 million. Operating profit increased 8.0% to ¥12,426 million.

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 promotion measures including the aggressive launch of new products and TV commercials and campaigns, resulting in higher sales compared to the previous fiscal year.

In the engineering business, sales decreased year on year, mainly due to struggling growth in orders for projects in the mainstay plant engineering business.

In the mesh cloths business, sales were down from last year, reflecting sluggishness for screen-printing materials.

As a result, net sales of the Others Segment decreased 8.5% year on year to ¥43,478 million, and operating profit decreased 6.2% to ¥2,956 million.

2. Cash flows

Net cash provided by (used in) operating activities

Net cash provided by operating activities was ¥35,361 million for the fiscal year under review. An increase in cash and cash equivalents mainly due to profit before income taxes of ¥31,189 million and depreciation of ¥16,132 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 ¥3,206 million in proceeds from sales of shares of subsidiaries, ¥2,713 million in proceeds from redemption of shares of subsidiaries and associates, and proceeds from sales of property, plant and equipment and intangible assets, ¥13,549 million for the purchase of property, plant and equipment and intangible assets, including wheat flour production line expansion at the Chilliwack Plant of Rogers Food Ltd. and other factors led to net cash used in investing activities of ¥5,240 million.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an inflow of ¥30,121 million.

Net cash provided by (used in) financing activities

To distribute profits to shareholders, the Company paid dividends of ¥7,546 million. In addition, repayment of long-term loans payable and short-term loans payable surpassed proceeds from long-term loans payable and short-term loans payable by ¥3,492 million, leading to net cash used in financing activities of ¥11,470 million.

As described above, cash provided by operating activities and from the sale of subsidiary shares was allocated to strategic capital investment and the payment of dividends as returns to shareholders. At the end of the fiscal year ended March 31, 2017, consolidated cash and cash equivalents totaled ¥90,837 million, an increase of ¥17,877 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, 2017 are as follows.

(Millions of yen)

Segment name	Year ended March 31, 2016	Year ended March 31, 2017	Change (%)
Flour Milling	253,844	226,748	(10.7)
Processed Food	130,459	136,927	5.0
Others	24,790	25,041	1.0
Total	409,093	388,717	(5.0)

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, 2017 are as follows.

(Millions of yen)

Segment name	Year ended March 31, 2016	Year ended March 31, 2017	Change (%)
Flour Milling	262,463	233,618	(11.0)
Processed Food	246,703	254,944	3.3
Others	47,534	43,478	(8.5)
Total	556,701	532,040	(4.4)

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, 2016		Year ended March 31, 2017	
	Value	Proportion (%)	Value	Proportion (%)
Mitsubishi Corp.	62,617	11.2	62,097	11.7

3. Figures do not include consumption taxes.

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

(3) Management Policies, Management Environment and Issues to be Addressed

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, 2017).

1. Basic management policies

The Nisshin Seifun Group espouses two corporate philosophies: “the basis of business is built on trust” and “in tune with the changing business climate.” In combination with the principle “to contribute to a healthy and fruitful life for all,” these philosophies have formed the foundation for the Group to achieve continued growth and expansion of its businesses. In addition, the Group has adopted “Delivering Good Health and Reliability” as its corporate slogan. This expresses the commitment that every Nisshin Seifun Group member firm should strive to deliver products and services that contribute positively to health and build consumer trust.

Based on this philosophy, in its role as the holding company of the Nisshin Seifun Group, the Company specifies long-term maximization of corporate value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses with growth potential.

The Group also promotes internal reform while fulfilling its corporate social responsibilities in terms of enhancing its internal control systems, legal and regulatory compliance, food safety, environmental protection and social contribution. The Nisshin Seifun Group is fully committed to gaining the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

2. Medium- to long-term management strategies, target management indicators

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 profit 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 in the distribution of profits to shareholders, and raised its baseline payout ratio 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.

3. Management environment and issues to be addressed

The business environment surrounding Japan’s food industry is changing drastically, including fluctuating exchange rates and prices of cereal and natural resources against a backdrop of volatile world affairs, market contraction as the country’s population declines, and growing concern over labor shortage. In addition, the future of the Trans-Pacific Partnership (TPP), for which a negotiated agreement was largely reached in October 2015, remains uncertain due to the announcement made by the U.S. of its plan to withdraw from such partnership. However, global competition is anticipated to accelerate depending on the outcome of international trade negotiations such as 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 delivering safe and reliable products in each business. At the same time, we will move quickly to implement the strategies contained in our new medium-term management plan to pursue business growth by further utilizing our comprehensive group-wide capabilities by strengthening cooperation among our operating companies in Japan as well as overseas.

(1) Domestic business strategies

Regarding the flour milling business, we will develop products that accurately capture customer needs and promote value-added services that offer total solutions to customers, further strengthening customer relationships. Continuing on from the consolidation of production bases to large-scale plants located near ports as part of measures to strengthen cost competitiveness, construction to increase raw wheat silo capacity by approximately 25% at the Tsurumi Plant was completed in June 2016. In such ways, we continue our efforts to stably supply safe and reliable products.

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 undertake the task of optimizing our business portfolio through efforts toward greater expansion in the growth fields of the prepared dishes and other prepared foods business and the frozen food product business.

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 are committed to achieving independent growth in local markets via sales expansion measures that leverage the Group's strengths in flour milling technology and proposal capabilities. Furthermore, construction is moving forward to boost by approximately 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant, scheduled to begin enhanced operations in autumn 2017. Construction is also underway to boost by approximately 70% the production capacity of the U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant, which is expected to begin enhanced operations in early 2019. We are moving to expand our business foundations across North America by strengthening our supply systems. We will also focus on further expansion of the business foundations developed to date in 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 optimal 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 adopts 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, from a customer perspective, 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. We will examine and promote enhanced efficiency through practical use of automation technology to address issues caused by labor shortage.

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

The future of the TPP, for which a negotiated agreement was largely reached in October 2015, remains uncertain due to the announcement made by the U.S. of its plan to withdraw from such partnership. On the other hand, the trend for negotiating free trade agreements remains active, such as Japan-EU EPA and Regional Comprehensive Economic Partnership (RCEP), as well as the U.S. seeking to negotiate a Japan-U.S. bilateral trade framework. Under the circumstances, in the event that the international trade negotiations progress rapidly, changes in demand for wheat and related products, as a result of the reduced border import control mechanisms, are 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 corporate social responsibilities (CSR) as a corporate citizen in all its business activities and retains its status as a corporate entity that plays an increasingly essential role in society. To this end, the Group established a Social Committee to put its "Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines" into practice and to promote initiatives to facilitate the implementation.

The Group has positioned promoting CSR activities such as enhancing compliance, establishing quality assurance systems, conducting environmental conservation, and implementing internal control systems to the fullest extent, as one of its top management priorities and is taking thoroughgoing steps to ensure a Group-wide commitment.

With respect to compliance, the Group complies with relevant laws and regulations, social norm and corporate internal rules and regulations, and strives to develop and expand its businesses while being engaged in fair and open competition. 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 through extensive maintenance of its internal control systems group-wide. These systems are monitored by a dedicated department to maintain their integrity and seek further improvements.

Furthermore, the Group, as a member of society, is widely involved in activities contributing to society. We are engaged in supporting reconstruction of the earthquake-affected areas, and making regional contributions through the Nisshin Seifun (Flour Milling) Museum as a regional tourism resource and an educational asset.

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

4. 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, 2017).

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 and wheat policy reform

The Nisshin Seifun Group has carried out structural reforms aimed at building a robust Group structure.

With the United States indicating that it will withdraw from the Trans-Pacific Partnership (TPP), for which agreement had largely been reached in October 2015, the fate of this agreement is now uncertain. Nevertheless, the tide in favor of increased trade liberalization continues, as evidenced by the Japan-Europe EPA, as well as bilateral negotiations currently requested by the U.S. In the event that international trade negotiations move forward rapidly, this is expected to lower border import control mechanisms for wheat and wheat-related products, leading to volatility in demand that could impact wheat flour-related industries, including the Company's flour milling and processed food businesses.

In addition, following a review by the government of its wheat policy, etc., our flour milling and processed food businesses remain subject to possible risks generated by: changes to the status quo of the Japanese government's trade strategy, including the management procedures (purchase, stockpiling and sale, etc.) of wheat; domestic flour and flour-related secondary processing market disruptions; and the realignment of related industries.

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 and other diseases, 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, as well as constraints on business activities due to terrorism or the outbreak of civil unrest, and risks associated with developments such as epidemics or pandemics of new strains of influenza and other diseases, that could result in a downturn in the overseas business, thus hampering business continuation efforts.

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 July 26, 2016, the Company's Board of Directors passed a resolution authorizing the transfer of all shares in Daisen Ham Co., Ltd. held by consolidated subsidiaries Nisshin Foods Inc., Oriental Yeast Co., Ltd., and Nisshin Associates Inc. to Air Water Inc. On July 28, 2016, Nisshin Foods Inc., Oriental Yeast Co., Ltd. and Nisshin Associates Co., Ltd. completed the signing of a share transfer contract with Air Water Inc.

Based on this contract, the transfer was conducted on September 20, 2016.

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."

(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 ¥5,648 million in the fiscal year ended March 31, 2017.

This figure also includes ¥1,025 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 *Menmuso*, a commercial-use Chinese noodle flour that features solid noodle elasticity, a distinctly cohesive texture, and more gradual noodle sogginess compared to typical flour.

R&D expenditures attributable to the Flour Milling 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 Komugi-ko Tamago Irazu Raku Age Panko*. This new panko crumb product for household use, the fourth in our line of bottle-type products, can be sprinkled directly onto meats and other ingredients when frying, simplifying fried food preparation by eliminating the need for flour, eggs or other ingredients. 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 health foods and the development of functional food ingredients through alliances with government and academic institutions. Major achievements include the recognition in human clinical trials of the effectiveness of an onion-derived substance (allin) in improving the symptoms of male menopause.

R&D expenditures attributable to the Processed Food Segment totaled ¥3,325 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, and the *JP Style Dietetics* series of domestically produced therapeutic foods sold through animal hospitals across Japan. 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 the Others Segment totaled ¥669 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, 2017).

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 non-current assets

No losses for the impairment of non-current 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 profit

During the fiscal year ended March 31, 2017, the Japanese economy continued to show signs of a modest recovery, as well as improved business confidence in the corporate sector. Consumption, however, continued to lack in strength, the result primarily of persistent belt-tightening behavior among consumers. Meanwhile, global economic uncertainty continued to mount, particularly in light of the outcome of the United States presidential election and subsequent actions by the new administration, and evolving steps by the United Kingdom to exit from the EU.

Under these conditions, in the flour milling business, amid an adverse market environment marked mainly by ongoing belt-tightening behavior among consumers, the Company continued to promote aggressive sales expansion measures to attract new customers, with shipments of commercial wheat flour in Japan holding largely flat against the previous year. Also in July 2016 and January 2017, the Company revised its commercial wheat flour prices in response to the government's decision to change the prices of five classes of imported wheat. On average, the Government's price for imported wheat declined 7.1% in April 2016, and by 7.9% in October 2016. From the perspectives of production and distribution, we advanced measures to enhance productivity, notably by consolidating production at large-scale plants located near ports in Japan, and carried out measures to reduce fixed and other costs. We also completed construction to increase holding capacity by roughly 25% at a raw wheat silo at the Tsurumi Plant in June 2016, and strengthened our structure for securing, storing and stably supplying raw wheat greater than ever before in response to demand. Also, we actively promoted food safety by such measures as becoming the first Japanese food company to obtain the new JFS-E-C certification for food management systems for the Tsurumi Plant in September 2016, followed by the Chita Plant in December 2016. The price of bran, a byproduct of the milling process, was weaker throughout the period. In the overseas business, sales were lower year on year, despite increased shipments overall thanks to aggressive sales expansion, mainly reflecting lower product prices due to falling raw wheat prices and the effects of foreign currency exchange rates against a strengthening yen. Furthermore, construction is moving forward to boost by approximately 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant, scheduled to begin enhanced operations in autumn 2017. Construction is also underway to boost by approximately 70% the production capacity of the U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant, which is expected to begin enhanced operations in early 2019. As a result, Flour Milling Segment sales declined, while profits increased.

In the processed food business, for household-use products, in addition to expanding the lineup of our strong-selling bottle-type products designed to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, we conducted sales promotion measures—notably TV commercials and co-sponsored events—among other proactive initiatives designed to stimulate consumption. In commercial-use products, we launched new products tailored to customer needs and aggressively carried out proposal activities geared toward garnering new customers. Also, in response to lower prices for commercial wheat flour due to the government's decision to revise the prices of imported wheat, the Company in August 2016 and February 2017 revised prices for its household-use wheat flour and commercial prepared mix products. In the prepared dishes and other prepared foods business, we have developed and are steadily expanding a comprehensive prepared dishes and other prepared foods business that can provide wide-ranging categories of products. As a result, sales in the processed food business were higher overall compared to the previous fiscal year despite effects from the exclusion of Daisen Ham Co., Ltd. from the scope of consolidation. This outcome reflected the impact of brisk growth in shipments of pastas, prepared dishes and other prepared foods, as well as benefits from the consolidation of Joyous Foods Co., Ltd. in January 2016. In the overseas business, sales were lower as the effects of foreign currency exchange rates against a strengthening yen outpaced year-on-year growth in shipments. Elsewhere, operations are running smoothly at a production plant for pasta sauces and other cooked and processed foods in Vietnam and a pasta plant in Turkey. Both sites were built as part of efforts to develop a globally optimized, cost-competitive production framework. In the yeast and biotechnology business, sales were lower than the previous year, as we narrowed the product range in a bid to boost profitability. In the healthcare foods business, sales were lower year on year, reflecting sluggish shipments of raw materials for pharmaceuticals, as well as lower sales prices, despite brisk sales of consumer products driven by promotion of marketing measures. As a result, both sales and profits increased in the Processed Food Segment.

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 promotion measures including the aggressive launch of new products and TV commercials and campaigns, resulting in higher sales compared to the previous fiscal year. In the engineering business, sales decreased year on year, mainly due to struggling growth in orders for projects in the mainstay plant engineering business. In the mesh cloths business, sales were down from last year, reflecting sluggishness for screen-printing materials. As a result, the Others Segment reported both lower sales and lower earnings.

Consolidated net sales decreased by ¥24,660 million, or 4.4%, from the previous fiscal year to ¥532,040 million, and the gross margin increased by 2.0 percentage points from the previous fiscal year to 29.7 percentage points. Selling, general and administrative expenses increased by ¥1,787 million, primarily because of the new consolidation of Joyous Foods Co., Ltd.

As a result, consolidated operating profit increased by ¥1,741 million, or 7.3%, to ¥25,511 million, and the operating margin increased by 0.5 percentage point from the previous fiscal year to 4.8 percentage points.

2) Ordinary profit

Net financial income amounted to ¥2,351 million, an increase of ¥17 million compared with the previous fiscal year. Equity in earnings of affiliates totaled ¥1,960 million, or a year-on-year increase of ¥514 million. Other miscellaneous income on a net basis amounted to ¥506 million, or a year-on-year decrease of ¥43 million.

Non-operating income on a net basis amounted to ¥4,817 million, which represented a year-on-year increase of ¥488 million. Ordinary profit increased by ¥2,230 million, or 7.9%, to ¥30,329 million.

3) Profit attributable to owners of parent

Extraordinary income of ¥2,669 million was offset by extraordinary losses totaling ¥1,809 million, resulting in net extraordinary income of ¥860 million. Profit before income taxes amounted to ¥31,189 million, an increase of ¥3,727 million compared with the previous fiscal year. The principal components of extraordinary income included a gain on sales of shares of subsidiaries and associates of ¥1,880 million. The principal components of extraordinary losses included an impairment loss of ¥958 million.

Profit attributable to owners of parent for the fiscal year under review was ¥19,466 million, after the deduction of total income taxes (¥10,426 million) and profit attributable to non-controlling interests (¥1,296 million) from profit before income taxes. This represented an increase of ¥1,905 million, or 10.8%, compared with the previous fiscal year.

Net income per share was ¥64.50 or an increase of ¥6.25 from the previous fiscal year. Return on equity (ROE) was 5.1%, representing a year-on-year increase of 0.3 percentage point.

3. Capital financing and liquidity

In the fiscal year ended March 31, 2017, in addition to net cash provided by operating activities of ¥35.3 billion, cash was provided by proceeds from sales of shares of subsidiaries (¥3.2 billion) and proceeds from redemption of shares of associates (¥2.7 billion). Of this cash, ¥13.5 billion was used for the purchase of property, plant and equipment and intangible assets. This included purchases associated with the construction of a wheat flour production line to boost capacity at the Chilliwack Plant of Rogers Foods Ltd. This resulted in free cash flow of ¥30.1 billion. In financing activities, dividends paid came to ¥7.5 billion, representing efforts by the Company to return profits to shareholders. Repayments of short-term and long-term loans payable exceeded proceeds from long-term and short-term loans payable by ¥3.4 billion. As a result of this and other factors, net cash used in financing activities amounted to ¥11.4 billion. As a result, the year-end balance of cash and cash equivalents increased by ¥17.8 billion compared with the previous fiscal year-end to ¥90.8 billion at the end of March 2017.

Total consolidated debt amounted to ¥14.7 billion at the end of March 2017. 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, as a policy, 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.

[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, 2017, based on actual expenditures.

	Year ended March 31, 2017 (millions of yen)	Year-on-year change (%)
Flour Milling	7,762	(3.1)
Processed Food	4,934	(25.2)
Others	1,060	(30.6)
Subtotal	13,757	(14.7)
Elimination/common-use	(208)	—
Total	13,549	(12.8)

Capital investments in the Flour Milling Segment were focused primarily on construction of a new wheat flour production line at the Chilliwack Plant of Rogers Foods Ltd., 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. During the fiscal year ended March 31, 2017, the Company reported ¥958 million in impairment losses. For more details regarding impairment losses, see “Consolidated Statements of Income” under “Notes to the Consolidated Financial Statements” of “(1) Consolidated Financial Statements, etc.” in “[5] Financial Accounts.”

(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, 2017)

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	4,642	2,485	5,594 (81)	318	13,040	123 [2]
Nisshin Flour Milling Inc.	Fukuoka Plant (Chuo-ku, Fukuoka)	Flour Milling	Wheat flour production	3,459	2,760	2,520 (19)	104	8,844	42 [0]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour Milling	Wheat flour production	4,718	1,587	1,803 (30)	183	8,292	84 [1]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour Milling	Wheat flour production	1,962	1,054	294 (43)	97	3,409	72 [1]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour Milling	Wheat flour production	3,703	2,494	68 (33)	211	6,478	55 [2]
Nisshin Flour Milling Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Flour Milling	Wheat flour production	838	466	69 (20)	75	1,449	36 [3]
Nisshin Foods Inc.	Tatebayashi Plant (Tatebayashi)	Processed Food	Prepared mix production	930	846	193 (27)	64	2,034	38 [40]
Nisshin Seifun Premix Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Processed Food	Prepared mix production	923	534	47 (13)	48	1,554	59 [16]
Ma•Ma-Macaroni Co., Ltd.	Head Office and Utsunomiya Plant (Utsunomiya)	Processed Food	Pasta production	587	1,231	27 (23)	62	1,908	62 [241]
Ma•Ma-Macaroni Co., Ltd.	Kobe Plant (Higashinada-ku, Kobe)	Processed Food	Production of frozen foods	1,497	957	393 (16)	71	2,919	31 [95]
Joyous Foods Co., Ltd.	Kodama Plant (Kamiasatomachi, Kodama-gun, Saitama)	Processed Food	Production of processed noodles	813	631	1,060 (85)	308	2,812	36 [164]
Joyous Foods Co., Ltd.	Kyoto Plant (Kumiyamacho, Kuse-gun, Kyoto)	Processed Food	Production of processed noodles	478	711	779 (16)	256	2,225	34 [196]
Oriental Yeast Co., Ltd.	Tokyo Plant (Itabashi-ku, Tokyo)	Processed Food	Yeast manufacture	846	810	0 (11)	54	1,712	50 [21]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed Food	Production of yeast and other items	1,276	798	169 (22) (Note 4) [5]	71	2,316	69 [23]
Oriental Yeast Co., Ltd.	Biwa Plant (Nagahama, Shiga)	Processed Food	Production of flour paste, kansui powder, baking powders and other items	747	460	709 (36)	26	1,944	36 [21]
Pany Delica Co., Ltd.	Head Office and Tomisato Plant (Tomisato, Chiba)	Processed Food	Production of fillings and mayonnaise	821	401	708 (23)	39	1,971	65 [29]
NBC Meshtec Inc.	Yamanashi Tsuru Plant (Tsuru)	Others	Production of mesh cloths and forming filters	1,037	1,103	447 (35)	180	2,769	229 [100]

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	911	182	1,032 (69)	14	2,142	38 [13]
Nisshin Seifun Group Inc.	Head Office and Institutes and Laboratories (Chiyoda-ku, Tokyo, Fujimino, Saitama and others)		Office, and research and development	3,331	530	10,011 (40)	997	14,871	280 [33]

2. Overseas subsidiaries

(As of March 31, 2017)

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	770	388	108 (41)	2,246	3,515	37 [0]
Miller Milling Company, LLC	Winchester Plant (U.S.)	Flour Milling	Wheat flour production	1,998	2,983	94 (38)	221	5,297	46 [2]
Miller Milling Company, LLC	Fresno Plant (U.S.)	Flour Milling	Wheat flour production	444	1,600	248 (130)	100	2,393	32 [3]
Miller Milling Company, LLC	Los Angeles Plant (U.S.)	Flour Milling	Wheat flour production	1,083	611	794 (23)	36	2,526	37 [6]
Miller Milling Company, LLC	Oakland Plant (U.S.)	Flour Milling	Wheat flour production	961	1,881	1,511 (51)	52	4,406	41 [0]
Miller Milling Company, LLC	Saginaw Plant (U.S.)	Flour Milling	Wheat flour production	446	1,299	75 (23)	36	1,857	34 [1]
Miller Milling Company, LLC	New Prague Plant (U.S.)	Flour Milling	Wheat flour production	495	263	25 (25)	37	822	49 [1]
Champion Flour Milling Ltd.	Christchurch Plant (New Zealand)	Flour Milling	Wheat flour production	579	290	624 (15)	75	1,570	60 [4]
Thai Nisshin Technomic Co., Ltd.	Head Office and a plant (Thailand)	Processed Food	Prepared mix production	299	99	16 (10)	55	470	233 [0]
Vietnam Nisshin Seifun Co., Ltd.	Head Office and a plant (Vietnam)	Processed Food	Pasta sauce production	558	669	— (Note 4) [32]	169	1,396	356 [0]
Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S.	Head Office and a plant (Turkey)	Processed Food	Pasta production	(Note 5) 173	964	(Note 5) — [22]	23	1,161	112 [6]

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, 2017.
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, 2017, funds which are planned to be allocated for the construction of facilities (actual expenditure) amounted to ¥18,000 million. Plans call for this entire sum to be mainly financed internally from cash flows.

Plans for construction or disposal of major facilities at the end of the fiscal year ended March 31, 2017 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	
Rogers Foods Ltd. Chilliwack Plant	Chilliwack, British Columbia, Canada	Flour Milling	Wheat flour production	3,400	2,089	Internal cash flow and loans	October, 2015	Fall 2017	Raw material milling tonnage 250 tons per day
Miller Milling Company, LLC Saginaw Plant	Texas, U.S.	Flour Milling	Wheat flour production	6,800	–	Internal cash flow and loans	March, 2017	Early 2019	Raw material milling tonnage 600 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, 2017	Shares issued and outstanding at date of filing (June 28, 2017)	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, 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	5 (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	6,050 (Note 6)	6,050 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,210.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	29 (Note 1)	19 (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	35,090 (Note 6)	22,990 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,210.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

“Number of shares already issued” in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, “Number of newly issued shares” in the above formula shall be taken to mean “Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	10 (Note 1)	10 (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	12,100 (Note 6)	12,100 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,210.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	48 (Note 1)	46 (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	58,080 (Note 6)	55,660 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,210.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	16 (Note 1)	16 (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	19,360 (Note 6)	19,360 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,210.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	36 (Note 1)	32 (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)	38,720 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,210.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	56 (Note 1)	49 (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	67,760 (Note 6)	59,290 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,210.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	126 (Note 1)	114 (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	152,460 (Note 6)	137,940 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,210.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	74 (Note 1)	74 (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	81,400 (Note 6)	81,400 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,100.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	177 (Note 1)	177 (Note 1)
Of the above, number of the treasury subscription rights to shares	—	—
Share type issuable on the exercise of the subscription rights to shares	Common stock (Note 2)	Same as the left column.
Total number of issuable shares on the exercise of the subscription rights to shares	194,700 (Note 6)	194,700 (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:

- The number of shares corresponding to each subscription right to shares shall equal 1,100.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
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:

- The number of shares corresponding to each subscription right to shares shall equal 1,000.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- The exercise conditions of the subscription rights to shares are as follows:
 - 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, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
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:

- The number of shares corresponding to each subscription right to shares shall equal 1,000.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- The exercise conditions of the subscription rights to shares are as follows:
 - 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 on August 15, 2016>

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, 2016 Date of the resolution of the Board of Directors: July 26, 2016		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
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	¥1,753,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 16, 2018 – August 1, 2023	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: ¥1,753 Capital increase per share: ¥877	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:

- The number of shares corresponding to each subscription right to shares shall equal 1,000.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- The exercise conditions of the subscription rights to shares are as follows:
 - 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 28, 2016 Date of the resolution of the Board of Directors: July 26, 2016		
	Subscription rights to shares outstanding at the most recent year-end (March 31, 2017)	Subscription rights to shares outstanding at the last month-end prior to filing (May 31, 2017)
Number of the subscription rights to shares granted	228 (Note 1)	228 (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	228,000	228,000
Amount payable on the exercise of the subscription rights to shares	¥1,753,000 per subscription right to shares (Note 3)	Same as the left column.
Exercise period	August 16, 2018 – August 1, 2023	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: ¥1,753 Capital increase per share: ¥877	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:

- The number of shares corresponding to each subscription right to shares shall equal 1,000.
- 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.
- 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 shares disposals at less than market price (excluding any share issuance or treasury shares 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.

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

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares 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.

- 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:

- On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock.
- 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, 2017)

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)	—	98	26	353	445	7	19,394	20,323	—
Numbers of shares held (MTUs)	—	1,373,900	74,938	706,815	456,287	46	427,044	3,039,030	454,891
Ratio to total shares (%)	—	45.21	2.47	23.26	15.01	0.00	14.05	100.00	—

Notes:

- Treasury shares holdings of 2,293,422 shares consist of 22,933 MTUs listed under “Individuals and other shareholders” and 122 shares listed under “Sub-MTU share holdings.” All of these treasury shares are listed in the shareholder register. As of March 31, 2017, total beneficial ownership of treasury shares was equivalent to 2,293,075 shares.
- 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, 2017)

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	24,325	7.99
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	12,251	4.02
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	—	116,106	38.14

Notes:

1. The Large Shareholding Report (Report of Changes) made available to the public on October 21, 2016, contained the information listed below regarding shares held by Mizuho Bank, Ltd. and two joint shareholder companies as of October 14, 2016. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2017), these companies were omitted from the list of major shareholders.

The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as proportion of total shares outstanding (%)
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	11,310	3.72
Mizuho Trust & Banking Co., Ltd.	2-1, Yaesu 1-chome, Chuo-ku, Tokyo	350	0.12
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	11,188	3.68
Total	—	22,849	7.51

2. The Large Shareholding Report (Report of Changes) made available to the public on April 6, 2017, contained the information listed below regarding shares held by Sumitomo Mitsui Trust Bank, Limited and two joint shareholder companies as of March 31, 2017. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2017), these companies were omitted from the list of major shareholders.

The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as proportion of total shares outstanding (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	8,779	2.88
Sumitomo Mitsui Trust Asset Management Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	483	0.16
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	7,481	2.46
Total	—	16,744	5.50

8. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2017)

Category	Number of shares	Number of voting rights	Comments
Shares with no voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 2,293,000	—	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	—	
Shares with full voting rights (other)	Common stock 301,338,800	3,013,388	As above
Sub-MTU (minimum trading unit) share holdings	Common stock 454,891	—	—
Total number of shares issued and outstanding	304,357,891	—	—
Total voting rights of all shareholders	—	3,013,388	—

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 shares owned by the Company and mutually held shares shown below.

Treasury shares

Nisshin Seifun Group Inc. 75 shares

Mutually held shares

Japan Logistic Systems Corp. 55 shares

Chiba Kyodo Silo Co., Ltd. 45 shares

(2) Treasury shares

(As of March 31, 2017)

Shareholders' name	Shareholders' address	Number of shares held under own name	Number of shares held under other name	Total number of shares held	Shareholding as proportion of total shares outstanding (%)
Treasury shares					
Nisshin Seifun Group Inc.	25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo	2,293,000	—	2,293,000	0.75
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	—	2,564,200	—	2,564,200	0.84

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, 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.”

(2) 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.”

(3) 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.”

(4) 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.”

(5) 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.”

(6) 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.”

(7) 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, resolutions were made at the Ordinary General Meeting of Shareholders held on June 28, 2016, and the meeting of the Board of Directors on July 26, 2016, concerning the value of the remuneration and a description of the subscription rights to shares.

Date of authorizing resolution	June 28, 2016 (Ordinary General Meeting of Shareholders) and July 26, 2016 (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 28, 2016, and a resolution on such details was made at the meeting of the Board of Directors on July 26, 2016.

Dates of authorizing resolutions	June 28, 2016 (Ordinary General Meeting of Shareholders) and July 26, 2016 (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 47 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.”

10. Employee Shareholding System

On May 12, 2017, the Board of Directors passed a resolution to adopt a new stock-based remuneration plan (hereinafter, “the new plan”) available to the Company’s directors and executive officers, and the directors of principal subsidiaries (hereinafter, “eligible directors and others”). On June 28, 2017, the Ordinary General Meeting of Shareholders passed a resolution authorizing the adoption of this new plan for the Company’s directors. The adoption of this new plan for the directors of principal subsidiaries is subject to approval by the individual General Meetings of Shareholders of the respective subsidiaries.

1. Overview of the New Plan

For eligible directors and others, the new plan serves as an incentive plan designed to provide recipients with benefits on an annual basis through compensation consisting of Company shares (the “share granting portion”) and cash for tax purposes (the “monetary payment portion”). The number of Company shares granted is calculated based on a set formula derived from the stock remuneration base amount set out according to the positions and other factors of the eligible directors and others. The Company shares are acquired through a trust (hereinafter, “the trust”) established by the Company, using the amount of money that the Company and its principal subsidiaries will contribute, and are vested with eligible directors and others through the trust.

For Company shares delivered annually to the eligible directors and others through this new plan, a transfer restriction period (i.e., period prohibiting the transfer, establishment of security interests and other treatment) is to be established based on share delivery regulations for 3 years from the date of delivery. For eligible directors and others, this restriction will heighten their desire to contribute to improvement in corporate value over the medium to long term, while raising management awareness from the viewpoint of shareholders through shared interest in profit with shareholders.

2. Trust Contract

- Trust type: Specified, individually operated trust of money other than money trust
- Trust purpose: Incentive benefit for eligible directors and others
- Settlor: Nisshin Seifun Group Inc.
- Trustee: Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries: Individuals qualifying as beneficiaries among eligible directors and others
- Trust administrator: Third party with no conflict of interest with the Company or its principal subsidiaries (certified public accountant)
- Trust contract date: May 16, 2017
- Trust period: From May 16, 2017 to July 31, 2020 (forecast)
- Launch date for plan: July 1, 2017 (forecast)
- Handling of voting rights: Not exercisable
- Type of shares for acquisition: Common shares of the Company
- Monetary value of trust: ¥550 million (forecast) (incl. trust remuneration and expenses)
- Share acquisition period: Amounts below are the maximum purchasable amount of Company shares for each period
 - FY2017: approx. ¥160 million (forecast)
From July 6, 2017 (forecast) to July 20, 2017 (forecast)
 - FY2018: approx. ¥190 million (forecast)
From July 6, 2018 (forecast) to July 20, 2018 (forecast)
 - FY2019: approx. ¥190 million (forecast)
From July 5, 2019 (forecast) to July 19, 2019 (forecast)
- Share purchase method: Purchase via stock market
- Rights holder: Nisshin Seifun Group Inc.
- Residual assets: Residual assets receivable by the Company, as the rights holder, are to be within the scope of funds used for trust preparation, after deduction of funds for the purchase of shares from trust funds.

3. Upper Limit of Total Number of Shares Scheduled for Acquisition by Eligible Directors and Others

The total number of Company shares granted to eligible directors and others as the share granting portion based on this new plan is 800,000 shares for consecutive three-year period.

4. Scope of Individuals Eligible for Beneficiary Rights and Other Rights Under This New Plan

Individuals from among eligible directors and others who meet qualifying beneficiary criteria

(2) Acquisitions of Treasury Shares

[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

Item	Number of shares	Total value (yen)
Resolution of the Board of Directors (May 12, 2017) (Acquisition period: May 17, 2017 to November 31, 2017. However, this excludes July 3, 2017 to July 20, 2017 and a period of five days prior to the end of financial accounting periods (including quarterly accounting periods.)	7,000,000	10,000,000,000
Acquisition of treasury shares prior to the fiscal year under review	—	—
Acquisition of treasury shares during the fiscal year under review	—	—
Total remaining shares with voting rights and total value	—	—
Ratio of unexercised shares as of March 31, 2017 (%)	—	—
Acquisition of treasury shares during the fiscal year under review	609,700	1,130,929,400
Ratio of unexercised shares as of date of filing	91.29	88.69

Note:

“Acquisition of treasury shares during the fiscal year under review” and “Ratio of unexercised shares as of date of filing” do not include shares acquired from June 1, 2017 through the date of filing of this securities report.

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 shares acquired in the year ended March 31, 2017	1,239	2,042,012
Treasury shares acquired during the term	418	716,952

Note:

The treasury shares acquired during the term does not include shares acquired by purchasing sub-MTU (minimum trading unit) shares during the period from June 1, 2017, to the date of filing the original Japanese version of this report.

4. Disposals or holdings of acquired treasury shares

Item	Year ended March 31, 2017		During the term	
	Number of shares	Total value of disposals (yen)	Number of shares	Total value of disposals (yen)
Shares of acquired treasury shares that went on offer	—	—	—	—
Treasury shares retired	—	—	—	—
Shares of acquired treasury shares involved in transfers accompanying merger, share exchange or corporate demerger	—	—	—	—
Other (Exercise of subscription rights to shares)	301,180	286,796,180	42,350	40,150,220
(Sale upon request of sub-MTU share holdings)	0	0	79	131,535
Shares of treasury shares held	2,293,075	—	2,860,764	—

Notes:

1. The number of treasury shares retired during the term reflects neither the exercise of the subscription rights to shares between June 1, 2017 and the filing of this report, nor the sale upon request of sub-MTU share holdings.

2. The number of treasury shares held during the term reflect neither the exercise of the subscription rights to shares between June 1, 2017 and the filing of this report, nor 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.

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 ¥26 per share, an increase of ¥2 from the previous fiscal year. Since there was no adjustment made to the dividend per share following a stock splits in the fiscal year ended March 31, 2014, effectively increasing dividends for the year, there has effectively been an actual increase in dividends for four consecutive terms. As a result, the dividend payout ratio for the fiscal year was 40.3% on a consolidated basis (53.7% on a non-consolidated basis) and the rate of dividends to net assets was 2.0% on a consolidated basis (2.7% 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's policy is to adopt a more aggressive posture on dividends, and 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, 2017 is as follows.

Authorizing resolution	Total dividends (millions of yen)	Dividend per share (yen)
Resolution of the Board of Directors made on October 27, 2016	3,924	13
Resolution of the Ordinary General Meeting of Shareholders made on June 28, 2017	3,926	13

(4) Share Price Movements

1. Share price highs and lows in previous five years

Fiscal term	169th	170th	171st	172nd	173rd
Year-end	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017
Intra-year high (yen)	1,355	1,368 □ 1,157	1,352 □ 1,484	2,056	1,895
Intra-year low (yen)	855	1,030 □ 939	1,101 □ 987	1,365	1,444

Notes:

- Share-price highs and lows refer to market trading of the Company's shares listed on the First Section of the Tokyo Stock Exchange.
- On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Figures marked "□" for the 170th fiscal term denote highest and lowest ex-rights share price after the rights-off due to the stock split.
- On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Figures marked "□" for the 171st 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. 2016	Nov. 2016	Dec. 2016	Jan. 2017	Feb. 2017	Mar. 2017
Intra-month high (yen)	1,648	1,622	1,775	1,784	1,727	1,767
Intra-month low (yen)	1,516	1,467	1,591	1,678	1,640	1,660

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: 20, Female: – (percentage of female officers -%)]

Title	Position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Representative Director and President		Nobuki Kemmoku	February 13, 1961	Apr. 1984 Sep. 2011 Jun. 2012 Jun. 2013 Jun. 2013 Apr. 2015 Jun. 2015 Apr. 2017 Apr. 2017	Joined the Company Managing Director, Nisshin Flour Milling Inc. Executive Officer Director Senior Managing Director, Nisshin Flour Milling Inc. Director and President, Nisshin Flour Milling Inc. Managing Director Director and President (to the present) Director and Chairman, Nisshin Flour Milling Inc. (to the present)	Note 3	32
Representative Director and Vice President	In charge of Corporate Planning Division and Finance and Accounting Division	Masao Nakagawa	August 17, 1953	Apr. 1977 Jun. 2003 Jun. 2006 Jun. 2008 Jun. 2008 Jun. 2012 Jun. 2015 Apr. 2017	Joined the Company Group Manager, Accounting Group (Finance and Accounting Division) General Manager, Accounting Department (Finance and Accounting Division) Executive Officer Senior Managing Director, Nisshin Foods Inc. Managing Director and Division Executive (Finance and Accounting Division) Senior Managing Director and Division Executive (Finance and Accounting Division) Director and Vice President (In charge of Corporate Planning Division and Finance and Accounting Division) (to the present)	Note 3	37
Representative Director and Vice President	In charge of General Administration Division	Michinori Takizawa	March 27, 1954	Apr. 1976 Jul. 2001 Jun. 2005 Jun. 2006 Jun. 2009 Jul. 2011 Jun. 2012 Jun. 2013 Jun. 2015 Apr. 2017 Jun. 2017	Joined the Company Group Manager, Legal Affairs Group (General Administration Division) Executive Officer and Group Manager, Legal Affairs Group (General Administration Division) Executive Officer and General Manager, Legal Affairs Department (General Administration Division) Executive Officer and General Manager, Internal Control Department Executive Officer and Division Executive (Corporate Planning Division) Director and Division Executive (Corporate Planning Division) Managing Director and Division Executive (General Administration Division) Senior Managing Director and Division Executive (General Administration Division) Director, Vice President and Division Executive (General Administration Division) Director and Vice President (In charge of General Administration Division) (to the present)	Note 3	37

Title	Position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Managing Director	Division Executive, R&D and Quality Assurance Division	Takashi Harada	February 9, 1957	Apr. 1979 Jun. 2008 Jun. 2009 Jun. 2009 Jun. 2010 Jun. 2015 Jan. 2016	Joined the Company Manager (Tsurumi Plant), Nisshin Flour Milling Inc. Executive Officer Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc. Director and Division Executive (R&D and Quality Assurance Division) Managing Director and Division Executive (R&D and Quality Assurance Division) Managing Director, Division Executive (R&D and Quality Assurance Division) and General Manager (R&D Promotion Department) (to the present)	Note 3	24
Managing Director	Division Executive, Finance and Accounting Division	Akira Mori	December 16, 1956	Apr. 1979 Jun. 2010 Jun. 2012 Jun. 2013 Jun. 2015 Apr. 2017	Joined the Company General Manager, Finance Department (Finance and Accounting Division) Executive Officer and General Manager, Finance Department (Finance and Accounting Division) Director and Division Executive (Corporate Planning Division) Managing Director and Division Executive (Corporate Planning Division) Managing Director and Division Executive (Finance and Accounting Division) (to the present)	Note 3	15
Director	Division Executive, Technology and Engineering Division	Satoshi Odaka	November 18, 1958	Apr. 1983 Jun. 2007 Apr. 2012 Jun. 2012 Jun. 2015	Joined the Company General Manager, Technology and Engineering Department (Technology and Engineering Division) Director and Division Executive (Production Division), Nisshin Flour Milling Inc. Executive Officer Director and Division Executive (Technology and Engineering Division) (to the present)	Note 3	14
Director	Division Executive, Corporate Planning Division	Masashi Koike	August 6, 1957	Apr. 1980 Jun. 2009 Jun. 2013 Jul. 2013 Apr. 2017 Jun. 2017	Joined the Company General Manager, Legal Affairs Department (General Administration Division) Executive Officer and General Manager, Legal Affairs Department (General Administration Division) Executive Officer and Deputy Division Executive (Corporate Planning Division) Executive Officer and Division Executive (Corporate Planning Division) Director and Division Executive (Corporate Planning Division) (to the present)	Note 3	7

Title	Position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Director	Division Executive, General Administration Division	Naoto Masujima	September 11, 1960	Apr. 1983 Jun. 2009 Dec. 2012 Jul. 2013 Jun. 2014 Jun. 2015 Jun. 2016 Jun. 2017	Joined the Company General Manager, Investor Relations Office (Corporate Planning Division) General Manager, GS (Overseas Business Development) (Corporate Planning Division) General Manager, GS (Globalization) (Corporate Planning Division) Executive Officer, GS (Globalization) (Corporate Planning Division), and General Manager, China Business Development Office (Corporate Planning Division) Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc. Managing Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc. Director and Division Executive (General Administration Division) (to the present)	Note 3	12
Director		Masashi Nakagawa	February 19, 1955	Apr. 1978 Jun. 2003 Jun. 2005 Jun. 2007 Jun. 2009 Jun. 2011 Jun. 2012	Joined Oriental Yeast Co., Ltd. Director and General Manager, Life Science Department (Bio Business Division), Oriental Yeast Co., Ltd. Director and Division Executive (Bio Business Division), Oriental Yeast Co., Ltd. Managing Director and Division Executive (Food Business Division), Oriental Yeast Co., Ltd. Managing Director (In charge of Operations & Planning Division), Oriental Yeast Co., Ltd. Director and President, Oriental Yeast Co., Ltd. (to the present) Director (to the present)	Note 3	35
Director		Takao Yamada	September 27, 1960	Apr. 1983 Jun. 2011 Jun. 2012 Jun. 2013 Jun. 2013 Apr. 2015 Apr. 2017	Joined the Company Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc. Executive Officer Director (to the present) Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc. Senior Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc. Director and President, Nisshin Flour Milling Inc. (to the present)	Note 3	15
Director		Kiyoshi Sato	August 19, 1956	Apr. 1979 Jun. 2008 Feb. 2010 Jun. 2014 Jun. 2014	Joined the Company Director and General Manager, Business Development Department, Nisshin Pharma Inc. Director, Division Executive (Research and Development Division) and General Manager, Business Development Department, Nisshin Pharma Inc. Director (to the present) Director and President, Nisshin Pharma Inc. (to the present)	Note 3	25

Title	Position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Director		Yuji Koike	January 16, 1960	Apr. 1983 Sep. 2011 Jun. 2012 Apr. 2014 Jun. 2014 Jun. 2014 Jun. 2017 Jun. 2017	Joined the Company General Manager, Retail Product Sales Department (Sales Division), Nisshin Foods Inc. General Manager, Kansai Sales Department, Nisshin Foods Inc. General Manager, Sales Control, Nisshin Foods Inc. Executive Officer Director and President, Nisshin Petfood Inc. Director (to the present) Director and President, Nisshin Foods Inc. (to the present)	Note 3	9
Director		Kenji Takihara	February 3, 1966	Apr. 1988 Jun. 2009 Nov. 2009 Jun. 2010 Jun. 2013 Jun. 2016 Jun. 2017	Joined the Company Group Leader, Operations & Planning Group (Operations & Planning Division), Nisshin Flour Milling Inc. Group Leader, Operations & Planning Group (Operations & Planning Division) and Group Leader, Overseas Business Group (Operations & Planning Division), Nisshin Flour Milling Inc. Group Leader, Operations & Planning Group (Operations & Planning Division), Nisshin Flour Milling Inc. Director and Division Executive (Operations & Planning Division), Nisshin Flour Milling Inc. (to the present) Executive Officer Director (to the present)	Note 3	24
Director		Akio Mimura	November 2, 1940	Apr. 1963 Jun. 1993 Apr. 1997 Apr. 2000 Apr. 2003 Jun. 2006 Apr. 2008 Jun. 2009 Oct. 2012 Jun. 2013 Nov. 2013	Joined Fuji Iron & Steel Co., Ltd. Director, Nippon Steel Corporation Managing Director, Nippon Steel Corporation Representative Director and Executive Vice President, Nippon Steel Corporation Representative Director and President, Nippon Steel Corporation Audit & Supervisory Board Member Representative Director and Chairman, Nippon Steel Corporation Director (to the present) Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation Senior Advisor, Nippon Steel & Sumitomo Metal Corporation Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation (to the present)	Note 3	26
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 Retired from Board of Audit of Japan Audit & Supervisory Board Member Director (to the present)	Note 3	—

Title	Position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Audit & Supervisory Board Member	Full-time	Yukihiro Kumazawa	July 24, 1955	Apr. 1979 Jun. 2011 Jun. 2014 Jun. 2017	Joined the Company Assistant General Manager, Internal Control Department General Manager, Internal Control Department Audit & Supervisory Board Member (to the present)	Note 4	2
Audit & Supervisory Board Member	Full-time	Kazuya Yoshinare	August 30, 1954	Apr. 1977 Sep. 2005 Jun. 2006 Jun. 2011 Jun. 2014	Joined the Company Group Manager, General Affairs Group (General Administration Division) General Manager, General Affairs Department (General Administration Division) General Manager, Internal Control Department Audit & Supervisory Board Member (to the present)	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 (to the present) 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 (to the present)	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 (to the present) Professor, Chuo University, Chuo Graduate School of International Accounting Retired from Chuo University, Chuo Graduate School of International Accounting Audit & Supervisory Board Member (to the present)	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 from Mizuho Trust & Banking Co., Ltd. Audit & Supervisory Board Member (to the present)	Note 6	—
Total							338

Notes:

- Directors Akio Mimura and Kazuhiko Fushiya are Outside Directors.
- Audit & Supervisory Board Members Tetsuo Kawawa, Satoshi Ito and Motoo Nagai are Outside Audit & Supervisory Board Members.
- The term of office began when elected at the Ordinary General Meeting of Shareholders on June 28, 2017, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2018.
- The term of office began when elected at the Ordinary General Meeting of Shareholders on June 28, 2017, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2021.
- 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.
- 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, 2017).

(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 Act 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 20 people and the expert personnel teams comprise seven people for facility/safety audits, five people for environmental audits and seven 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 Act 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.

In light of the Company's aims of achieving sustainable growth and improving medium- to long-term corporate value, 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. Similarly, 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)	328	218	22	87	12
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	27	27	—	—	2
Outside executives	48	46	2	—	5

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

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

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

On June 28, 2017, the 173rd Ordinary General Meeting of Shareholders passed a resolution authorizing the adoption of a new plan of remuneration (hereinafter, "the new plan") for the Company's directors. In order that remuneration of Directors of the Company functions as a healthy incentive for sustainable growth with adoption of this plan, it is the Company's policy that remuneration should comprise one or several of the following components: (i) fixed remuneration based on seniority role or position (basic remuneration); (ii) variable remuneration reflecting business performance (bonus); and (iii) stock-based remuneration with the objective of promoting management that focuses on shareholder value. No new issuance of new share subscription rights as stock options is scheduled to take place with the adoption of this new plan.

For details regarding this new plan, refer to "[4] Other Matters Related to Nisshin Seifun Group Inc., 1 Share-Related Matters, (10) Employee Shareholding System." Based on the new plan, the total number of the Company's shares deliverable to Directors of the Company as stock-based portion of remuneration is capped at 350,000 shares for any consecutive three fiscal years. Additionally, based on the new plan, the total amount of the Company's contribution to the trust for these shares and the total amount of the monetary benefit portion payable is capped at ¥300 million for every consecutive three fiscal-year period for the portion of the Company's salary pool for Directors.

By a resolution at the 173rd Ordinary General Meeting of Shareholders held on June 28, 2017, 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) at ¥400 million. Also, 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 Audit & Supervisory Board Members at ¥90 million.

Regarding its approach to remuneration for Directors, the Company's policy is to task the deliberation of this matter to a committee comprised of Independent Outside Directors and Audit & Supervisory Board members in order to enhance independence and objectivity in the functioning of the Board of Directors. The amounts of remuneration for individual Directors and Audit & Supervisory Board Members are determined by resolution of the Board of Directors and deliberation by the Audit & Supervisory Board members, respectively.

(5) Status of stocks held

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

Number of such stocks held: 48

Total of the carrying value: ¥91,562 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	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.

Issuer	Number of shares held	Carrying value (millions of yen)	Purposes for ownership
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.
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.	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. ^(Note)	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)

Sompo Japan Nipponkoa Holdings, Inc. changed the company name to Sompo Holdings, Inc. on October 1, 2016.

(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	25,535	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	8,157	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	7,555	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).
Nichirei Corporation ^(Note 1)	2,719,750	7,434	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 Corporation	4,180,244	6,331	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Mitsubishi UFJ Financial Group, Inc.	4,227,150	3,135	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.
SHIMIZU CORPORATION	2,947,000	3,037	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.
Sumitomo Mitsui Financial Group, Inc.	674,394	2,887	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.
Kikkoman Corporation	660,486	2,260	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	2,248	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	2,198	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	2,171	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.
Hosokawa Micron Corporation	2,500,000	2,138	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.
Suruga Bank, Ltd.	833,910	2,045	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.
Nippon Express Co., Ltd.	3,208,000	1,917	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.
Eurogerm S.A.	634,580	1,884	This stock ownership is designed to solidify the business alliance concerning bread improvers and others in Asia between the Group and the issuer.
KYORIN Holdings, Inc.	754,000	1,823	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.

Issuer	Number of shares held	Carrying value (millions of yen)	Purposes for ownership
Nisshinbo Holdings Inc.	1,139,800	1,324	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).
Mizuho Financial Group, Inc.	4,846,513	1,020	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	1,009	This ownership is designed to effectively engage in advertising and promotion activities of the Group through group companies of the issuer.
The Gunma Bank, Ltd.	1,507,620	947	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	805	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. ^(Note 2)	192,033	772	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	635	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Tokio Marine Holdings, Inc.	59,770	296	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	286	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.	40,000	255	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).
Sompo Holdings, Inc.	43,312	185	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	158	The Group and the issuer (including its group companies) have a relationship of purchasing materials and others, and this stock ownership is designed to maintain and expand such business relationship.
The 77 Bank, Ltd.	212,608	109	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.

(Notes)

1. Nichirei Corporation executed a 2-for-1 reverse stock split of common shares on October 1, 2016.
2. Sumitomo Mitsui Trust Holdings, Inc. executed a 10-for-1 reverse stock split of common shares on October 1, 2016.

- c. The total amounts of stocks held solely for pure investment carried on the balance sheets for the fiscal years ended March 31, 2016 and 2017, as well as the total amounts of dividend 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 Act under that contract. The Certified Public Accountants who lead the independent audit of the accounts for the Company are Masayuki Aida and Tomoka Nemoto. The support staff for the auditing team (including audits of consolidated subsidiaries) consists of 24 CPAs and 17 others.

Please note that the Company's independent accounting auditor, Ernst & Young ShinNihon LLC, has concluded its contract and resigned with the conclusion of the 173rd Ordinary General Meeting of Shareholders. Accordingly, the Company has newly retained the services of Deloitte Touche Tohmatsu LLC.

(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.

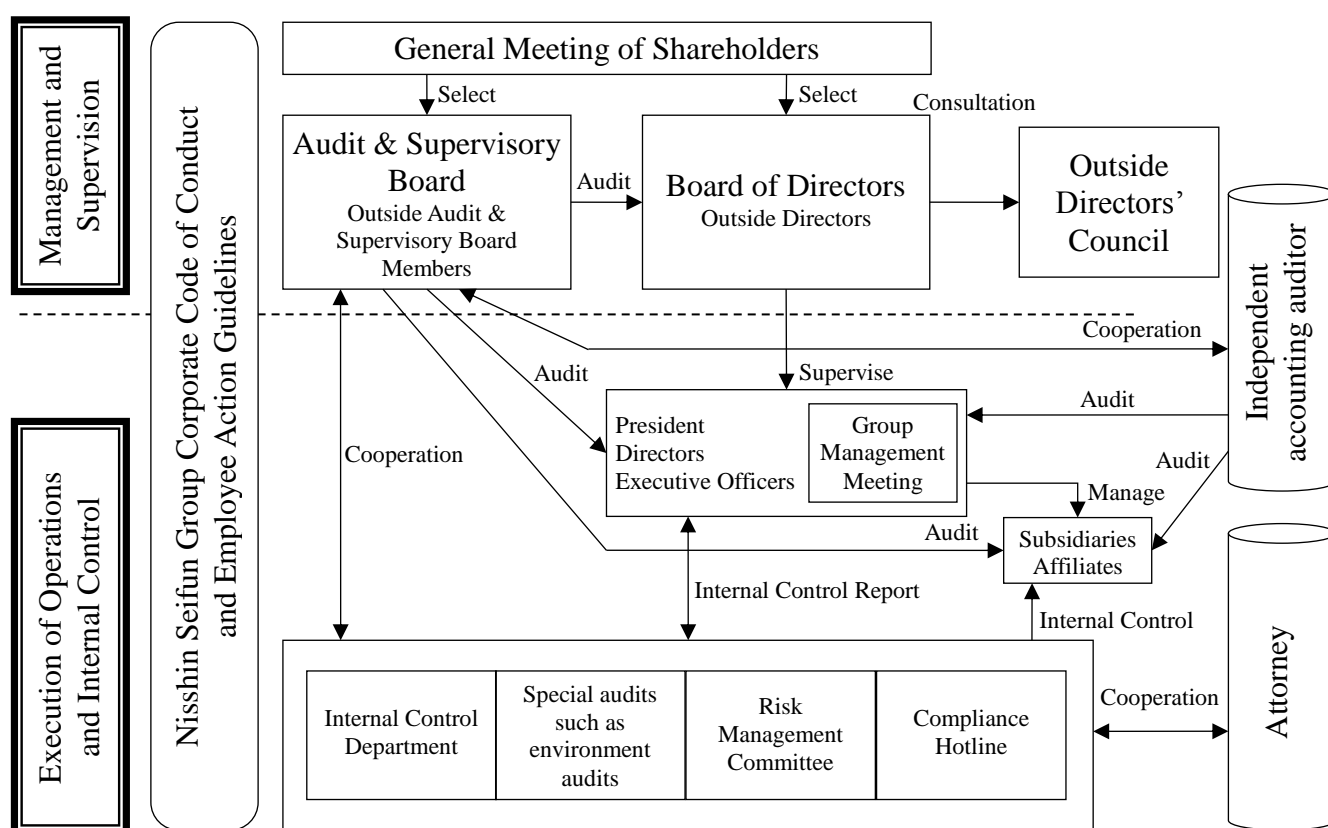
(11) Requirements for a special resolution by the General Meeting of Shareholders

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, 2016		Year ended March 31, 2017	
	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	54	0	55	—
Consolidated subsidiaries	110	6	118	3
Total	165	6	173	3

(2) Other important payments

(For the year ended March 31, 2016 and year ended March 31, 2017)

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, 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).

(For the year ended March 31, 2017)

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 Act, 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, 2016 to March 31, 2017; the 173rd 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, 2016 (As of March 31, 2016)		Year ended March 31, 2017 (As of March 31, 2017)	
Assets				
Current assets				
Cash and deposits		61,665		85,458
Notes and accounts receivable – trade		72,871		69,584
Securities		13,790		7,094
Inventories	Note 1	72,038	Note 1	64,012
Deferred tax assets		5,127		4,685
Other		8,115		8,221
Allowance for doubtful accounts		(210)		(197)
Total current assets		233,398		238,858
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	Notes 2, 3	56,657	Notes 2, 3	55,441
Machinery, equipment and vehicles, net	Notes 2, 3	43,079	Notes 2, 3	39,296
Land		42,152		41,447
Construction in progress	Note 3	5,222		4,587
Other, net	Note 2	4,227	Note 2	4,066
Total property, plant and equipment		151,339		144,840
Intangible assets				
Goodwill		8,610		7,050
Other		9,879		8,039
Total intangible assets		18,489		15,089
Investments and other assets				
Investment securities	Note 4	140,347	Note 4	151,963
Net defined benefit asset		214		205
Deferred tax assets		3,841		3,541
Other	Note 4	2,798	Note 4	3,191
Allowance for doubtful accounts		(124)		(122)
Total investments and other assets		147,077		158,779
Total non-current assets		316,907		318,709
Total assets		550,305		557,568

(Millions of yen)

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	51,348	40,320
Short-term loans payable	15,219	9,745
Income taxes payable	5,227	5,437
Accrued expenses	18,534	18,265
Other	16,472	16,065
Total current liabilities	106,802	89,833
Non-current liabilities		
Long-term loans payable	4,386	4,967
Deferred tax liabilities	22,621	26,687
Provision for repairs	1,480	1,509
Net defined benefit liability	21,892	20,881
Long-term deposits received	5,385	5,401
Other	1,250	1,481
Total non-current liabilities	57,017	60,928
Total liabilities	163,820	150,762
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,834	12,898
Retained earnings	281,324	293,165
Treasury shares	(2,289)	(2,026)
Total shareholders' equity	308,987	321,154
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55,974	65,475
Deferred gains or losses on hedges	(301)	93
Foreign currency translation adjustment	9,859	7,836
Remeasurements of defined benefit plans	(1,144)	(939)
Total accumulated other comprehensive income	64,387	72,466
Subscription rights to shares	147	175
Non-controlling interests	12,962	13,009
Total net assets	386,485	406,805
Total liabilities and net assets	550,305	557,568

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	
Net sales		556,701		532,040
Cost of sales	Notes 1, 2	402,218	Notes 1, 2	374,028
Gross profit		154,483		158,012
Selling, general and administrative expenses	Notes 2, 3	130,713	Notes 2, 3	132,500
Operating profit		23,769		25,511
Non-operating income				
Interest income		201		160
Dividend income		2,303		2,393
Share of profit of entities accounted for using equity method		1,446		1,960
Rent income		308		285
Other		355		319
Total non-operating income		4,615		5,119
Non-operating expenses				
Interest expenses		172		202
Other		113		98
Total non-operating expenses		285		301
Ordinary profit		28,099		30,329
Extraordinary income				
Gain on sales of non-current assets	Note 4	113	Note 4	387
Gain on sales of investment securities		7		401
Gain on sales of shares of subsidiaries and associates		—	Note 5	1,880
Total extraordinary income		121		2,669
Extraordinary losses				
Loss on retirement of non-current assets	Note 6	757	Note 6	527
Impairment loss		—	Note 7	958
Loss on restructuring of production system		—	Note 8	323
Total extraordinary losses		757		1,809
Profit before income taxes		27,462		31,189
Income taxes – current		8,496		9,924
Income taxes – deferred		534		501
Total income taxes		9,031		10,426
Profit		18,431		20,763
Profit attributable to non-controlling interests		869		1,296
Profit attributable to owners of parent		17,561		19,466

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Profit	18,431	20,763
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,290)	9,459
Deferred gains or losses on hedges	(365)	358
Foreign currency translation adjustment	(2,764)	(2,311)
Remeasurements of defined benefit plans	303	225
Share of other comprehensive income of affiliates accounted for by the equity method	(174)	(36)
Total other comprehensive income	Note 1 (4,290)	Note 1 7,694
Comprehensive income	14,140	28,457
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,092	27,545
Comprehensive income attributable to non-controlling interests	48	912

(3) Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	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 shares				(6)	(6)
Disposal of treasury shares		80		375	456
Change in ownership interest of parent due to transactions with non-controlling interests		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 shares								(6)
Disposal of treasury shares								456
Change in ownership interest of parent due to transactions with non-controlling interests								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

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

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

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	
Net cash provided by (used in) operating activities				
Profit before income taxes		27,462		31,189
Depreciation		16,816		16,132
Impairment loss		—		958
Amortization of goodwill		1,157		1,195
Increase (decrease) in retirement benefit liability		100		(400)
Decrease (increase) in retirement benefit asset		(183)		8
Interest and dividend income		(2,505)		(2,553)
Interest expenses		172		202
Equity in (earnings) losses of affiliates		(1,446)		(1,960)
Loss (gain) on sales of investment securities		(5)		(401)
Loss (gain) on sales of shares of subsidiaries and associates		—		(1,880)
Decrease (increase) in notes and accounts receivable – trade		3,116		1,636
Decrease (increase) in inventories		3,828		6,255
Increase (decrease) in notes and accounts payable – trade		(7,992)		(9,272)
Other, net		(527)		2,701
Subtotal		39,993		43,811
Interest and dividend income received		3,244		3,109
Interest expenses paid		(192)		(161)
Income taxes paid		(7,205)		(11,397)
Net cash provided by (used in) operating activities		35,839		35,361
Net cash provided by (used in) investing activities				
Payments into time deposits		(10,804)		(1,820)
Proceeds from withdrawal of time deposits		16,326		2,530
Purchase of securities		(2,109)		(1,842)
Proceeds from sales of securities		2,166		1,816
Purchase of property, plant and equipment and intangible assets		(15,534)		(13,549)
Proceeds from sales of property, plant and equipment and intangible assets		(161)		767
Purchase of investment securities		(229)		(37)
Proceeds from sales of investment securities		32		853
Purchase of shares of subsidiaries and associates		(164)		(17)
Proceeds from redemption of shares of subsidiaries and associates		—		2,713
Purchase of shares of subsidiaries resulting in change in scope of consolidation	Note 2	(1,733)		—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation		—	Note 3	3,206
Other, net		9		138
Net cash provided by (used in) investing activities		(12,201)		(5,240)
Net cash provided by (used in) financing activities				
Increase in short-term loans payable		60		400
Decrease in short-term loans payable		(3,599)		(5,841)
Proceeds from long-term loans payable		1,130		1,951
Repayment of long-term loans payable		—		(2)
Proceeds from sales of treasury shares		456		327
Purchase of treasury shares		(6)		(2)
Cash dividends paid		(7,235)		(7,546)
Other, net		(253)		(757)
Net cash provided by (used in) financing activities		(9,446)		(11,470)
Effect of exchange rate change on cash and cash equivalents		(1,128)		(246)
Net increase (decrease) in cash and cash equivalents		13,062		18,404
Cash and cash equivalents at beginning of period		59,897		72,960
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries		—		(527)
Cash and cash equivalents at end of period	Note 1	72,960	Note 1	90,837

[Notes to the Consolidated Financial Statements]

[Basis of Presentation of Consolidated Financial Statements]

1. Scope of consolidation

(1) Consolidated subsidiaries: 47 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., Joyous Foods Co., Ltd., 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

- During the fiscal year under review, consolidated subsidiary Daisen Ham Co., Ltd. was removed from the scope of consolidation following the sale of all shares in the former subsidiary held by the Company's consolidated subsidiaries on September 20, 2016. Statements of income and statements of cash flows through the recognized date of the sale (September 30, 2016) have been consolidated. The Company also included another newly established company within the scope of consolidation and, following the sale of shares, removed one additional company from the scope of consolidation.

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

For more accurate disclosure in the consolidated financial statements, consolidated subsidiary Joyous Foods Co., Ltd. changed its accounting period from an end date of December 31 to March 31. Accompanying this change in accounting period, income from Joyous Foods Co., Ltd. from the date of merger on January 29, 2016 through March 31, 2016 has been adjusted as a change in retained earnings. Any change in cash and cash equivalents is presented under "Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries" under the consolidated statements of cash flows.

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) and building fixtures and structures acquired on or after April 1, 2016, 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) Accounting treatment of consumption tax

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

[Changes in Accounting Policies]

(Application of Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Reform)

In accordance with revisions to corporate tax law in Japan, the Company has applied the “Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Reform” (PITF No. 32, June 17, 2016) from the fiscal year ended March 31, 2017. The subsequent result is a switch from the declining-balance method to the straight-line method for depreciation pertaining to building fixtures and structures purchased after April 1, 2016.

These monetary effects had a negligible impact on financial performance for the fiscal year ended March 31, 2017.

[Additional Information]

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) from the fiscal year ended March 31, 2017.

[Consolidated Balance Sheets]

1. Components of inventories are as follows.

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Merchandise and finished goods	¥27,547 million	¥24,993 million
Work in process	¥4,601 million	¥3,757 million
Raw materials and supplies	¥39,890 million	¥35,261 million

2. Accumulated depreciation of property, plant and equipment

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
	¥266,506 million	¥268,847 million

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

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Reduction entry of property, plant and equipment purchased during the year under review	¥29 million	¥1 million
Accumulated reduction entry of property, plant and equipment	¥351 million	¥352 million

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

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Investment securities	¥26,827 million	¥25,443 million
Others	¥173 million	¥160 million
[Investments in joint ventures included in the above]	[¥173 million]	[¥160 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, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
	¥552 million	¥840 million

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

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
	¥5,580 million	¥5,648 million

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

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Sales freight expenses	¥33,198 million	¥35,161 million
Promotion expenses	¥40,359 million	¥40,576 million
Salaries	¥14,398 million	¥14,190 million
Bonuses and allowance	¥10,369 million	¥10,455 million
Retirement benefit expenses	¥1,463 million	¥1,346 million

4. Gain on sales of non-current assets

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

This figure mainly reflects gains on the sale of leasehold rights.

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

This figure mainly reflects gains on the sale of land.

5. Gain on sales of shares of subsidiaries and associates

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

This figure mainly reflects gains on the sale of shares of Daisen Ham Co., Ltd.

6. Loss on retirement of non-current assets

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016) and Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

This figure mainly reflects losses on the disposal of machinery and equipment.

7. Impairment losses

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Impairment losses were posted for the asset groups below during the fiscal year ended March 31, 2017.

Location	Application	Type
Ueda, Nagano Prefecture	Manufacturing facility for raw materials for pharmaceuticals	Buildings and structures, machinery, equipment and vehicles, others
Yokohama, Kanagawa Prefecture, and others	Assets scheduled for disposal (company housing/dormitory)	Buildings and structures

The Nisshin Seifun Group categorizes assets based on the smallest unit that largely generates cash flows independently from the cash flows of other assets and asset groups.

For the manufacturing facility for raw materials for pharmaceuticals, due to changes in the market environment, the recoverable value of this asset fell below the book value. In light of this reduction in recoverable value to the book value, the Company posted an extraordinary loss of ¥785 million as an impairment loss reflecting this decrease. The breakdown of the impairment loss includes ¥275 million for buildings and structures, ¥482 million for machinery, equipment and vehicles, and other items totaling ¥27 million. The recoverable value is measured based on the useable value (discount rate of 6.6%).

Due to their immaterial impact, impairment losses other than those listed above have been omitted.

8. Loss on restructuring of production system

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

This consists of expenses related to production system restructuring in the Processed Food Segment.

[Consolidated Statements of Comprehensive Income]

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

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Valuation difference on available-for-sale securities		
Gain in the current period	¥(3,796) million	¥13,681 million
Reclassification adjustment	¥(2) million	¥(154) million
Before tax effect adjustment	¥(3,798) million	¥13,527 million
Tax effect	¥2,508 million	¥(4,068) million
Valuation difference on available-for-sale securities	¥(1,290) million	¥9,459 million
Deferred gains or losses on hedges		
Gain (Loss) in the current period	¥(467) million	¥528 million
Reclassification adjustment	¥(66) million	¥(15) million
Before tax effect adjustment	¥(534) million	¥513 million
Tax effect	¥169 million	¥(154) million
Deferred gains or losses on hedges	¥(365) million	¥358 million
Foreign currency translation adjustment		
Gain in the current period	¥(2,764) million	¥(2,311) million
Remeasurements of defined benefit plans		
Gain in the current period	¥98 million	¥(51) million
Reclassification adjustment	¥364 million	¥280 million
Before tax effect adjustment	¥463 million	¥229 million
Tax effect	¥(159) million	¥(4) million
Remeasurements of defined benefit plans	¥303 million	¥225 million
Share of other comprehensive income of affiliates accounted for by the equity method		
Gain in the current period	¥(174) million	¥(36) million
Total other comprehensive income	¥(4,290) million	¥7,694 million

[Consolidated Statements of Changes in Net Assets]

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

1. Type and number of issued shares and treasury shares

(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 shares				
Common stock	3,098	3	427	2,674

Notes:

1. Portion of the increase in common stock accounted for by treasury shares:
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 shares:
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

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

1. Type and number of issued shares and treasury shares

(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 shares Common stock	2,674	1	301	2,374

Notes:

1. Portion of the increase in common stock accounted for by treasury shares:
1 thousand shares, as result of repurchasing sub-MTU (minimum trading unit) shares
2. Portion of the decrease in common stock accounted for by treasury shares:
301 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			—			175
Total				—			175

3. Dividends

(1) Dividends paid

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) Dividend per share ¥12
 - iii) Record date March 31, 2016
 - iv) Effective date June 29, 2016

The following resolution was made at the meeting of the Board of Directors held on October 27, 2016.

- Dividends on common stock:
 - i) Total dividends to be paid ¥3,924 million
 - ii) Dividend per share ¥13
 - iii) Record date September 30, 2016
 - iv) Effective date December 2, 2016

(2) Dividends for which the record date came during the year ended March 31, 2017, 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, 2017.

- Dividends on common stock:
 - i) Total dividends to be paid ¥3,926 million
 - ii) Source of dividends Retained earnings
 - iii) Dividend per share ¥13
 - iv) Record date March 31, 2017
 - v) Effective date June 29, 2017

[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, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Cash and deposits	¥61,665 million	¥85,458 million
Securities	¥13,790 million	¥7,094 million
Total	¥75,455 million	¥92,553 million
Time deposits with maturities of more than three months	¥(1,536) million	¥(745) million
Debt securities with maturities of more than three months	¥(959) million	¥(970) million
Cash and cash equivalents at end of period	¥72,960 million	¥90,837 million

2. 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
Non-current assets	¥4,839 million
Goodwill	¥683 million
Current liabilities	¥(3,660) million
Non-current 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

3. Major breakdown of assets and liabilities of former consolidated subsidiary resulting from sale of shares

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

A breakdown of assets and liabilities for former consolidated subsidiary Daisen Ham Co., Ltd., removed from the scope of consolidation due to the sale of shares, along with details regarding the share sales price and related proceeds (net) from the sale are presented as follows.

Current assets	¥3,634 million
Non-current assets	¥2,426 million
Current liabilities	¥(2,308) million
Non-current liabilities	¥(615) million
Non-controlling interests	¥(463) million
Other	¥(50) million
Gain on sales of shares of subsidiaries and associates	¥1,862 million
Share sales price	¥4,484 million
Cash and cash equivalents	¥(1,387) million
Proceeds from sale of shares	¥3,097 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, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Due within one year	320	293
Due after one year	831	603
Total	1,151	897

(Lessor)

(Millions of yen)

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Due within one year	45	45
Due after one year	337	292
Total	382	337

[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, 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) 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.

Year ended March 31, 2017 (As of March 31, 2017)

(Millions of yen)

	Carrying value	Fair value	Unrealized gains (losses)
(1) Cash and deposits	85,458	85,458	—
(2) Notes and accounts receivable – trade	69,584	69,584	—
(3) Securities and investment securities			
Other securities	129,734	129,734	—
Total assets	284,777	284,777	—
(1) Notes and accounts payable – trade	40,320	40,320	—
Total liabilities	40,320	40,320	—
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	14	14	—
2) Transactions for which hedge accounting has been adopted	140	140	—
Total derivative transactions	154	154	—

* 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) 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, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Unlisted stocks	28,514	26,577

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) 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, 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	—
Securities and investment securities		
Other securities with maturity dates	12,696	—
Total	147,234	—

Year ended March 31, 2017 (As of March 31, 2017)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	85,458	—
Notes and accounts receivable – trade	69,584	—
Securities and investment securities		
Other securities with maturity dates	7,105	—
Total	162,148	—

[Securities]

1. Securities classified as other securities

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.

Year ended March 31, 2017 (As of March 31, 2017)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	122,623	28,767	93,855
	(2) Bonds:			
	a. Government and municipal bonds	323	323	0
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	122,947	29,091	93,855
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	16	18	(1)
	(2) Bonds:			
	a. Government and municipal bonds	6,770	6,771	(1)
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	6,787	6,789	(2)
Total		129,734	35,881	93,853

Note:

The above “other securities” do not include unlisted stocks with a carrying value of ¥3,879 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 securities classified as other securities

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)

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	853	401	—

[Derivative Transactions]

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related

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

(Millions of yen)

Classification	Type of transactions	Contract amounts	Portion due	Fair value	Unrealized gains (losses)
			after one year		
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.

Year ended March 31, 2017 (As of March 31, 2017)

(Millions of yen)

Classification	Type of transactions	Contract amounts	Portion due	Fair value	Unrealized gains (losses)
			after one year		
Market transactions	Currency futures:				
	Buy: Canadian dollar	1,403	—	28	28
Non-market transactions	Forward foreign exchange contracts:				
	Sell: U.S. dollar	342	—	(4)	(4)
	Euro	40	—	0	0
	Buy: U.S. dollar	777	—	15	15
	Euro	42	—	(0)	(0)
Yen	2	—	(0)	(0)	
Total		2,607	—	38	38

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, 2016 (As of March 31, 2016)

(Millions of yen)

Classification	Type of transactions	Contract amounts	Fair value		Unrealized gains (losses)
				Portion due after one year	
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.

Year ended March 31, 2017 (As of March 31, 2017)

(Millions of yen)

Classification	Type of transactions	Contract amounts	Fair value		Unrealized gains (losses)
				Portion due after one year	
Market transactions	Commodity futures:				
	Sell: Wheat	3,671	5	(2)	(2)
	Buy: Wheat	3,555	216	(45)	(45)
	Options:				
	Sell put: Wheat	12	—	18	(6)
	Sell call: Wheat	5	—	0	4
	Buy call: Wheat	20	—	4	(16)
Total		7,265	222	(24)	(66)

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, 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: Sell: U.S. dollar	Anticipated foreign currency transactions	994	—	(56)
	Forward foreign exchange contracts: Buy: U.S. dollar	Accounts payable	6,080	—	(263)
	Thai baht		1,366	—	(56)
	Australian dollar		7	—	(0)
	Euro		975	—	10
	Swiss franc		103	—	(7)
Options: Buy call: U.S. dollar	Accounts payable	2	—	0	
Appropriation treatment	Forward foreign exchange contracts: Sell: U.S. dollar	Accounts receivable	125	—	—
	Forward foreign exchange contracts: Buy: U.S. dollar	Accounts payable	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.

Year ended March 31, 2017 (As of March 31, 2017)

(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: Sell: U.S. dollar	Anticipated foreign currency transactions	799	—	2
	Forward foreign exchange contracts: Buy: U.S. dollar	Accounts payable	3,862	—	88
	Thai baht		1,178	—	47
Euro	639		—	2	
Appropriation treatment	Forward foreign exchange contracts: Sell: U.S. dollar	Accounts receivable	73	—	—
	Forward foreign exchange contracts: Buy: U.S. dollar	Accounts payable	175	—	—
	Euro		0	—	—
Total			6,729	—	140

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, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Retirement benefit obligation at beginning of year	¥30,376 million	¥29,623 million
Service cost	¥1,276 million	¥1,266 million
Interest expense	¥189 million	¥185 million
Actuarial loss	¥1 million	¥(13) million
Retirement benefits payable	¥(2,868) million	¥(3,000) million
Decrease due to exclusion from consolidation	—	¥(600) million
Increase/decrease due to changes in accounting period	—	¥(3) million
System changes	—	¥(171) million
Other	¥(13) million	¥7 million
Increase accompanying new additions to the scope of consolidation	¥660 million	—
Retirement benefit obligation at end of the year	¥29,623 million	¥27,294 million

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

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Pension assets at beginning of year	¥8,986 million	¥7,945 million
Expected return on plan assets	¥89 million	¥96 million
Actuarial gain	¥100 million	¥(64) million
Retirement benefits payable	¥(1,506) million	¥(1,416) million
Employer contribution	—	¥57 million
Increase/decrease due to changes in accounting period	—	¥(0) million
Increase accompanying new additions to the scope of consolidation	¥275 million	—
Pension assets at end of year	¥7,945 million	¥6,618 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, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Retirement benefit obligation for funded plans	¥7,945 million	¥6,562 million
Pension assets	¥(7,945) million	¥(6,618) million
	¥(0) million	¥(55) million
Retirement benefit obligation for unfunded plans	¥21,678 million	¥20,731 million
Net obligation and assets posted on consolidated balance sheet	¥21,678 million	¥20,675 million
Net defined benefit liability	¥21,892 million	¥20,881 million
Net defined benefit assets	¥(214) million	¥(205) million
Net liability and assets posted on consolidated balance sheet	¥21,678 million	¥20,675 million

(4) Retirement benefit expenses and detailed breakdown

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Service cost	¥1,276 million	¥1,266 million
Interest expense	¥189 million	¥185 million
Expected return on plan assets	¥(89) million	¥(96) million
Amortization of actuarial loss	¥610 million	¥526 million
Amortization of prior service cost	¥(245) million	¥(245) million
Retirement benefit expenses related to defined-contribution pension plan	¥1,741 million	¥1,636 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, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Prior service cost	¥(245) million	¥(245) million
Actuarial gain	¥708 million	¥474 million
Total	¥463 million	¥229 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, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Unrecognized prior service cost	¥(1,571) million	¥(1,326) million
Unrecognized actuarial loss	¥3,126 million	¥2,651 million
Total	¥1,554 million	¥1,325 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, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Regular accounts	48%	50%
Bonds	47%	45%
Other	5%	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, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
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 ¥819 million for the year ended March 31, 2016 and ¥834 million for the year ended March 31, 2017.

[Stock Options]

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

(Millions of yen)

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Selling, general and administrative expenses	54	74

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

(Millions of yen)

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
22	4

3. Description and changes in the size of stock options

(1) Description of stock options

	2009 Plan	2010 Plan	2011 Plan	2012 Plan
Category and number of grantees	12 directors and 12 executive officers (Note 1) of the Company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers (Note 1) of the Company and 24 directors of consolidated subsidiaries	13 directors and 10 executive officers (Note 1) of the Company and 42 directors of consolidated subsidiaries	15 directors and 9 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries
Number of shares granted by stock type	309,760 shares of common stock (Note 2)	318,230 shares of common stock (Note 2)	424,710 shares of common stock (Note 2)	388,410 shares of common stock (Note 2)
Grant date	August 18, 2009	August 18, 2010	August 18, 2011	August 16, 2012
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	August 19, 2011 – August 1, 2016	August 19, 2012 – August 1, 2017	August 19, 2013 – August 1, 2018	August 17, 2014 – August 1, 2019

	2013 Plan	2014 Plan	2015 Plan	2016 Plan
Category and number of grantees	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	14 directors and 11 executive officers (Note 1) of the Company and 36 directors of consolidated subsidiaries
Number of shares granted by stock type	373,890 shares of common stock (Note 2)	337,700 shares of common stock (Note 3)	326,000 shares of common stock	339,000 shares of common stock
Grant date	August 20, 2013	August 19, 2014	August 19, 2015	August 15, 2016
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	August 21, 2015 – August 3, 2020	August 20, 2016 – August 2, 2021	August 20, 2017 – August 1, 2022	August 16, 2018 – August 1, 2023

Notes:

- These executive officers of the Company include those who concurrently serve as directors of consolidated subsidiaries.
- 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.
- 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, 2017. The number of stock options is translated into the number of shares.

1. Number of stock options

	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	2016 Plan
Non-vested (shares):								
Outstanding at the end of the previous year	—	—	—	—	—	337,700	326,000	—
Granted during the year	—	—	—	—	—	—	—	339,000
Forfeited during the year	—	—	—	—	—	—	—	—
Vested during the year	—	—	—	—	—	337,700	—	—
Outstanding at the end of the year	—	—	—	—	—	—	326,000	339,000
Vested (shares):								
Outstanding at the end of the previous year	49,610	58,080	112,530	141,570	296,450	—	—	—
Vested during the year	—	—	—	—	—	337,700	—	—
Exercised during the year	31,460	16,940	42,350	72,600	76,230	61,600	—	—
Forfeited during the year	18,150	—	—	6,050	—	—	—	—
Outstanding at the end of the year	—	41,140	70,180	62,920	220,220	276,100	—	—

Notes:

- 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.
- 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)

	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	2016 Plan
Exercise price	936	909	848	792	1,012	1,159	1,748	1,753
Average stock price upon exercise	1,735	1,702	1,646	1,655	1,679	1,654	—	—
Fair value per share at grant date	192	179	140	152	101	122	266	220

Notes:

- 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.
- 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 2016 Plan granted during the fiscal year ended March 31, 2017 is estimated as follows.

- 1) Technique of estimation used: Black-Scholes method
- 2) Basic factors taken into account for the estimation

	2016 Plan
Expected volatility of the share price (Note 1)	24.2%
Expected remaining life of the option (Note 2)	4 years and 6 months
Expected dividend (Note 3)	¥24 per share
Risk-free interest rate (Note 4)	-0.19%

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 2012 to August 2016.
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, 2016.
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.

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
(Millions of yen)		
Deferred tax assets:		
Net defined benefit liability	6,433	6,166
Intangible assets	1,532	1,846
Investment securities, etc.	1,670	1,368
Provision for bonuses	1,376	1,359
Accrued sales incentives	1,215	1,158
Unrealized gains (losses) on non-current assets	1,141	1,071
Impairment loss on non-current assets	573	807
Inventories	571	715
Provision for repairs	451	460
Accrued enterprise tax	415	445
Net operating loss carry forwards	955	291
Depreciation	278	259
Unrealized gains (losses) on inventories	177	201
Other	1,859	1,789
Gross deferred tax assets	18,652	17,942
Amount offset by deferred tax liabilities	(6,874)	(6,859)
Net deferred tax assets	11,777	11,083
Valuation allowance	(2,808)	(2,856)
Deferred tax assets, net	8,969	8,227
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(24,288)	(28,357)
Reserve for advanced depreciation of non-current assets	(1,792)	(1,731)
Short-fall of depreciation	(1,238)	(1,221)
Securities returned from employee retirement benefits trust	(964)	(964)
Other	(1,215)	(1,578)
Gross deferred tax liabilities	(29,499)	(33,853)
Amount offset by deferred tax assets	6,874	6,859
Deferred tax liabilities, net	(22,624)	(26,994)

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, 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.

Year ended March 31, 2017 (As of March 31, 2017)

Statutory effective tax rate	30.8%
(Adjustments)	
Non-taxable permanent differences such as dividend income	(0.8)%
Non-deductible permanent differences such as entertainment expenses	1.0%
Income tax deductions	(1.1)%
Effect of exclusion from consolidation	2.9%
Equity in earnings of affiliates	(1.9)%
Valuation allowance	0.8%
Other	1.7%
<hr/>	
Actual effective tax rate after adoption of tax effect accounting	33.4%

[M&A Activity]

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
Non-current assets	¥4,839 million
Total assets	¥9,043 million
Current liabilities	¥3,660 million
Non-current 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 profit	¥289 million
Ordinary profit	¥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.

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Business Divestiture)

1. Overview of business divestiture

(1) Name of receiver of divested business

Air Water Inc.

(2) Content of divested business

Daisen Ham Co., Ltd. (Business lines: Manufacturing and sales of processed meat products)

(3) Main reason for business divestiture

The Group is taking several measures toward management challenges for a “restructured earnings foundation” that places emphasis on the bottom line as laid out in the new medium-term management plan “NNI-120 II” announced in May 2015, and is continuing to examine a restructuring of the business portfolio as one of those measures.

On this occasion, the Company transferred all shares of Daisen Ham Co., Ltd. held by its consolidated subsidiaries, Nisshin Foods Inc., Oriental Yeast Co., Ltd., and Nisshin Associates Inc. to Air Water Inc.

Agriculture and foods are key industries for Air Water Inc., which has as its subsidiary Saveur SS Inc., a company engaged in the processed meat industry. Daisen Ham Co., Ltd. will become a key company within the Air Water Group, improving its value as a company and its outlook for sustainable growth into the future.

(4) Date of divestiture

September 20, 2016

(5) Other matters concerning the summary of transaction, including legal framework

Consideration for transfer of shares will be cash or other assets only.

2. Summary of accounting measures taken

(1) Gain (or losses) from transfer

Gain on sales of shares of subsidiaries and associates ¥1,862 million

(2) Appropriate carrying value and details of assets and liabilities related to transferred business

Current assets	¥3,634 million
Non-current assets	¥2,426 million
Total assets	¥6,060 million
Current liabilities	¥2,308 million
Non-current liabilities	¥615 million
Total liabilities	¥2,924 million

(3) Accounting

The difference in the sale price for the shares of Daisen Ham Co., Ltd. and its consolidated carrying value were accounted for as extraordinary income labeled “Gain on sales of shares of subsidiaries and associates.”

3. Reporting segment that contained divested business

Processed Food Segment

4. Summarized profit and loss for divested business as accounted for in the consolidated statements of income

Net sales	¥3,887 million
Operating profit	¥22 million
Ordinary profit	¥30 million
Profit attributable to owners of parent	¥6 million

[Segment Information, etc.]

[Segment information]

1. Outline of reportable segment

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

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

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

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

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

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

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

Year ended March 31, 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 profit	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:

- Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
- Segment profit 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 securities) and investment securities.
- Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	233,618	254,944	488,562	43,478	532,040	—	532,040
Intersegment sales and transfers	16,910	426	17,336	2,951	20,288	(20,288)	—
Total	250,528	255,370	505,899	46,429	552,329	(20,288)	532,040
Segment profit	9,823	12,426	22,250	2,956	25,206	304	25,511
Segment assets	200,279	161,119	361,399	61,803	423,203	134,365	557,568
Other items							
Depreciation	8,791	6,070	14,861	1,552	16,414	(281)	16,132
Investment for affiliates accounted for by the equity method	2,764	6,234	8,998	16,175	25,173	—	25,173
Increase in property, plant and equipment and intangible assets	6,973	4,784	11,757	1,102	12,860	(170)	12,689

Notes:

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

[Related information]

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.

(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

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

1. Information by geographic segment

(1) Net sales

(Millions of yen)

Japan	U.S.	Other regions	Total
440,836	59,999	31,205	532,040

Note:

Net sales are classified based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other regions	Total
113,691	18,475	12,673	144,840

2. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	62,097	Flour milling, Processed food, Others

[Impairment loss of non-current assets by reportable segment]

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

There are no applicable matters to be reported.

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Processed Food	Corporate/Eliminations	Total
Impairment loss	785	173	958

Note: Figures for "Corporate/Eliminations" are impairment losses pertaining to Group-wide assets not attributable to any individual segment.

[Amortization of goodwill and unamortized balance by reportable segment]

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

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Flour Milling	Processed Food	Total
Amortization for the year under review	1,024	170	1,195
Balance at the end of the year under review	6,565	484	7,050

[Business transactions with related parties]

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.

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

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 ^(Note 2)	(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 ^(Note 3)	(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 28, 2011; June 26, 2013 and June 26, 2014, 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. Appointed as Special Advisor on June 28, 2017.
3. Appointed as Full-time Advisor on June 28, 2017.

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, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net assets per share	1,237.64	1,303.45
Net income per share	58.25	64.50
Fully diluted net income per share	58.15	64.43

2. The basis of calculation for net assets per share

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Total net assets, as stated on the consolidated balance sheets (millions of yen)	386,485	406,805
Net assets associated with common stock (millions of yen)	373,375	393,620
Major components of the difference (millions of yen):		
Subscription rights to shares	147	175
Non-controlling interests	12,962	13,009
Number of shares of common stock issued and outstanding (shares)	304,357,891	304,357,891
Number of treasury shares of common stock (shares)	2,674,306	2,374,365
Number of shares of common stock used in the calculation of net assets per share (shares)	301,683,585	301,983,526

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

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Profit attributable to owners of parent, as stated on the consolidated statements of income (millions of yen)	17,561	19,466
Amount not attributable to owners of common stock (millions of yen)	—	—
Profit attributable to owners of parent associated with common stock (millions of yen)	17,561	19,466
Average number of shares of common stock during the year (shares)	301,478,316	301,822,349
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	520,362	330,488
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	<ul style="list-style-type: none"> • 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) 	<ul style="list-style-type: none"> • Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 25, 2015 (111 subscription rights to shares) (215 subscription rights to shares) • Date of resolution at the General Meeting of Shareholders: June 28, 2016 (111 subscription rights to shares) (228 subscription rights to shares)

[Material Subsequent Events]

(Purchase of treasury shares)

Pursuant to Article 459-1 of the Companies Act and Article 45 of its Articles of Incorporation, the Company decided the following matters concerning the purchase of treasury shares at a meeting of the Board of Directors convened on May 12, 2017.

1. Rationale for treasury share purchase

The aim of the purchase is to further enhance shareholder returns and allow for flexible capital policies in response to changes in the operating environment.

2. Items Related to the Purchase

- (1) Type of shares for purchase: Shares of common stock
- (2) Number of shares purchasable: 7 million shares (upper limit)
Percentage of shares issued and outstanding (excluding treasury shares): 2.32%
- (3) Total value of share purchase: ¥10 billion (upper limit)
- (4) Purchase period: May 17, 2017 to November 30, 2017
(Excludes period between July 3, 2017 to July 20, 2017 and the period between five business days prior to the end of the accounting period and the final day of the accounting period (including quarterly accounting periods).)
- (5) Purchase method: Market purchase via trust method

(Reference) Treasury Shares Ownership as of March 31, 2017	
Shares issued and outstanding (excluding treasury shares):	302,064,816 shares
Treasury shares (owned by the Company):	2,293,075 shares

(5) Supplementary Consolidated Data

[Debentures]

There are no applicable matters to be reported.

[Borrowings]

Category	Balance at the beginning of the year [April 1, 2016] (millions of yen)	Balance at the end of the year [March 31, 2017] (millions of yen)	Average interest rate (%)	Repayment dates
Short-term loans payable	13,917	8,408	0.8922	—
Current portion of long-term loans payable	1,301	1,336	1.2415	—
Current portion of lease obligation	347	354	—	—
Long-term loans payable (excluding current portion)	4,386	4,967	2.0737	2018 – 2028
Lease obligation (excluding current portion)	929	767	—	2018 – 2031
Other interest-bearing liabilities	—	—	—	—
Total	20,884	15,834	—	—

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, 2017 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	1,196	951	448	298
Lease obligation	305	187	123	80

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 ¥29,157 million

Balance outstanding as of March 31, 2017 ¥5,706 million

Credit facility fees for year ended March 31, 2017 ¥19 million (Amount included in “Other” category within non-operating expenses)

[Asset Retirement Obligations]

The balance of asset retirement obligations at the beginning and at the end of the fiscal year ended March 31, 2017 was less than 1/100th of the balance of liabilities and net assets at the beginning and at the end of the fiscal year ended March 31, 2017. Consequently, pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements, this information has been omitted.

2. Others

Quarterly financial information for the year ended March 31, 2017

(Millions of yen)

(Cumulative period)	First Quarter (April 1, 2016 to June 30, 2016)	Second Quarter (April 1, 2016 to September 30, 2016)	Third Quarter (April 1, 2016 to December 31, 2016)	Fourth Quarter (April 1, 2016 to March 31, 2017)
Net sales	135,923	271,259	406,514	532,040
Profit before income taxes	7,584	16,569	25,394	31,189
Profit attributable to owners of parent	5,252	10,147	15,746	19,466
Net income per share (yen)	17.41	33.63	52.18	64.50

(Fiscal period)	First Quarter (April 1, 2016 to June 30, 2016)	Second Quarter (July 1, 2016 to September 30, 2016)	Third Quarter (October 1, 2016 to December 31, 2016)	Fourth Quarter (January 1, 2017 to March 31, 2017)
Net income per share (yen)	17.41	16.22	18.55	12.32

(2) Non-consolidated Financial Statements, etc.

1. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	24,201	41,530
Accounts receivable – trade	Note 1 235	Note 1 228
Securities	6,000	—
Prepaid expenses	174	167
Deferred tax assets	423	396
Income taxes receivable	1,557	2,964
Other	Note 1 479	Note 1 532
Total current assets	33,071	45,819
Non-current assets		
Property, plant and equipment		
Buildings, net	6,587	6,202
Structures, net	560	511
Machinery and equipment, net	509	532
Vehicles, net	7	3
Tools, furniture and fixtures, net	371	427
Land	15,227	15,227
Lease assets, net	674	554
Construction in progress	127	89
Total property, plant and equipment	24,066	23,549
Intangible assets		
Leasehold right	398	143
Software	75	92
Lease assets	148	108
Other	59	59
Total intangible assets	682	404
Investments and other assets		
Investment securities	79,441	91,562
Stocks of subsidiaries and affiliates	132,364	129,770
Investments in capital	317	317
Investments in capital of subsidiaries and affiliates	666	666
Long-term loans receivable from subsidiaries and affiliates	Note 1 39,652	Note 1 37,743
Other	435	414
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	252,851	260,449
Total non-current assets	277,600	284,403
Total assets	310,672	330,223

(Millions of yen)

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Lease obligations	197	198
Accounts payable – other	Note 1 207	312
Accrued expenses	Note 1 1,561	Note 1 1,528
Deposits received	Note 1 6,465	Note 1 6,608
Provision for directors' bonuses	81	87
Other	44	42
Total current liabilities	8,557	8,777
Non-current liabilities		
Lease obligations	450	300
Deferred tax liabilities	18,230	21,883
Provision for retirement benefits	3,780	3,584
Other	70	216
Total non-current liabilities	22,533	25,984
Total liabilities	31,090	34,761
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus		
Legal capital surplus	9,500	9,500
Other capital surplus	205	268
Total capital surpluses	9,705	9,768
Retained earnings		
Legal retained earnings	4,379	4,379
Other retained earnings		
Reserve for dividends	2,000	2,000
Reserve for advanced depreciation of non-current assets	2,197	2,160
Reserve for special account for advanced depreciation of non-current assets	16	—
General reserve	170,770	170,770
Retained earnings brought forward	35,048	42,164
Total retained earnings	214,412	221,475
Treasury shares	(2,281)	(2,018)
Total shareholders' equity	238,953	246,342
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	40,481	48,943
Total valuation and translation adjustment	40,481	48,943
Subscription rights to shares	147	175
Total net assets	279,581	295,461
Total liabilities and net assets	310,672	330,223

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	
Operating revenue	Note 1	18,924	Note 1	25,221
Operating expenses	Notes 1, 2	12,416	Notes 1, 2	12,572
Operating profit		6,508		12,648
Non-operating income				
Interest income	Note 1	488	Note 1	391
Dividend income		1,380		1,467
Other	Note 1	64	Note 1	29
Total non-operating income		1,933		1,888
Non-operating expenses				
Interest expenses	Note 1	11	Note 1	11
Other		27		16
Total non-operating expenses		39		27
Ordinary profit		8,402		14,509
Extraordinary income				
Gain on sales of non-current assets		30		354
Gain on sales of investment securities		—		14
Total extraordinary income		30		368
Extraordinary losses				
Loss on retirement of non-current assets		83		50
Impairment loss		—		173
Total extraordinary losses		83		223
Profit before income taxes		8,349		14,654
Income taxes – current		161		26
Income taxes – deferred		32		19
Total income taxes		194		45
Profit		8,154		14,608

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

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

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced depreciation of non-current 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									
Reversal of reserve for advanced depreciation of non-current assets							(33)		
Provision of reserve for special account for advanced depreciation of non-current assets								16	
Adjustment to reserve due to change in tax rate							50		
Dividends from surplus									
Profit									
Purchase of treasury shares									
Disposal of treasury shares			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 shares	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							
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									
Reversal of reserve for advanced depreciation of non-current assets	33	—		—					—
Provision of reserve for special account for advanced depreciation of non-current assets	(16)	—		—					—
Adjustment to reserve due to change in tax rate	(50)	—		—					—
Dividends from surplus	(7,235)	(7,235)		(7,235)					(7,235)
Profit	8,154	8,154		8,154					8,154
Purchase of treasury shares			(6)	(6)					(6)
Disposal of treasury shares			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

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced depreciation of non-current assets	General reserve
Balance at the beginning of current period	17,117	9,500	205	9,705	4,379	2,000	2,197	16	170,770
Changes of items during the period									
Reversal of reserve for advanced depreciation of non-current assets							(36)		
Reversal of reserve for special account for advanced depreciation of non-current assets								(16)	
Dividends from surplus									
Profit									
Purchase of treasury shares									
Disposal of treasury shares			62	62					
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	62	62	—	—	(36)	(16)	—
Balance at the end of current period	17,117	9,500	268	9,768	4,379	2,000	2,160	—	170,770

	Shareholders' equity				Valuation and translation adjustment		Subscription rights to shares	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustment		
	Other retained earnings	Total retained earnings						
Balance at the beginning of current period	35,048	214,412	(2,281)	238,953	40,481	40,481	147	279,581
Changes of items during the period								
Reversal of reserve for advanced depreciation of non-current assets	36	—		—				—
Reversal of reserve for special account for advanced depreciation of non-current assets	16	—		—				—
Dividends from surplus	(7,546)	(7,546)		(7,546)				(7,546)
Profit	14,608	14,608		14,608				14,608
Purchase of treasury shares			(2)	(2)				(2)
Disposal of treasury shares			265	327				327
Net changes of items other than shareholders' equity					8,462	8,462	28	8,491
Total changes of items during the period	7,116	7,062	263	7,388	8,462	8,462	28	15,880
Balance at the end of current period	42,164	221,475	(2,018)	246,342	48,943	48,943	175	295,461

[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 non-current 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) and building fixtures and structures acquired on or after April 1, 2016, 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.

[Changes in Accounting Policies]

(Application of Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Reform)

In accordance with revisions to corporate tax law in Japan, the Company has applied the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Reform" (PITF No. 32, June 17, 2016) from the fiscal year ended March 31, 2017. The subsequent result is a switch from the declining-balance method to the straight-line method for depreciation pertaining to building fixtures and structures purchased after April 1, 2016.

These monetary effects had a negligible impact on financial performance for the fiscal year ended March 31, 2017.

[Additional Information]

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the fiscal year ended March 31, 2017.

[Non-consolidated Balance Sheets]

1. Monetary claims and obligations to affiliates

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Short-term claims	¥456 million	¥543 million
Long-term claims	¥39,652 million	¥37,743 million
Short-term obligations	¥6,154 million	¥6,291 million

[Non-consolidated Statements of Income]

1. Transaction balance with affiliates

	Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Transaction balance from operating transactions		
Operating revenue	¥18,849 million	¥25,147 million
Operating expenses	¥842 million	¥817 million
Transaction balance from non-operating transactions	¥506 million	¥427 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, 2016 (April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Salaries	¥1,778 million	¥1,788 million
Bonuses and allowance	¥1,462 million	¥1,496 million
Retirement benefit expenses	¥231 million	¥162 million
Research study expenses	¥2,138 million	¥2,147 million
Advertising expenses	¥1,789 million	¥1,903 million
Depreciation	¥698 million	¥677 million
Other	¥4,317 million	¥4,396 million

[Securities]

Equity securities in subsidiaries and affiliates

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

Year ended March 31, 2017 (As of March 31, 2017)

(Millions of yen)

Type	Carrying value	Fair value	Unrealized gains (losses)
Equity securities in subsidiaries	—	—	—
Equity securities in affiliates	200	217	16
Total	200	217	16

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, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Equity securities in subsidiaries	119,721	119,841
Equity securities in affiliates	12,442	9,728

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.

	Year ended March 31, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
(Millions of yen)		
Deferred tax assets:		
Provision for retirement benefits	1,157	1,096
Investment securities, etc.	809	531
Provision for bonuses	154	161
Other	291	359
Gross deferred tax assets	2,412	2,148
Amount offset by deferred tax liabilities	(1,138)	(1,122)
Net deferred tax assets	1,274	1,026
Valuation allowance	(850)	(629)
Deferred tax assets, net	423	396
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(17,428)	(21,088)
Securities returned from employee retirement benefits trust	(964)	(964)
Reserve for advanced depreciation of non-current assets and other	(976)	(952)
Gross deferred tax liabilities	(19,369)	(23,005)
Amount offset by deferred tax assets	1,138	1,122
Deferred tax liabilities, net	(18,230)	(21,883)

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, 2016 (As of March 31, 2016)	Year ended March 31, 2017 (As of March 31, 2017)
Statutory effective tax rate	33.0%	30.8%
(Adjustments)		
Dividend income and other items excluded from gross revenue	(31.1)%	(29.7)%
Entertainment expenses and other items not qualifying for deduction	0.7%	0.6%
Valuation allowance	0.1%	(1.5)%
Effect of tax rate change	(0.3)%	—
Other	(0.1)%	0.1%
Actual effective tax rate after adoption of tax effect accounting	2.3%	0.3%

[Material Subsequent Events]

(Purchase of treasury shares)

Pursuant to Article 459-1 of the Companies Act and Article 45 of its Articles of Incorporation, the Company decided the following matters concerning the purchase of treasury shares at a meeting of the Board of Directors convened on May 12, 2017.

1. Rationale for treasury share purchase

The aim of the purchase is to further enhance shareholder returns and allow for flexible capital policies in response to changes in the operating environment.

2. Items Related to the Purchase

- | | |
|------------------------------------|---|
| (1) Type of shares for purchase: | Shares of common stock |
| (2) Number of shares purchasable: | 7 million shares (upper limit)
Percentage of shares issued and outstanding (excluding treasury shares): 2.32% |
| (3) Total value of share purchase: | ¥10 billion (upper limit) |
| (4) Purchase period: | May 17, 2017 to November 30, 2017
(Excludes period between July 3, 2017 to July 20, 2017 and the period between five business days prior to the end of the accounting period and the final day of the accounting period (including quarterly accounting periods).) |
| (5) Purchase method: | Market purchase via trust method |

(Reference) Treasury Shares Ownership as of March 31, 2017	
Shares issued and outstanding (excluding treasury shares):	302,064,816 shares
Treasury shares (owned by the Company):	2,293,075 shares

(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	6,587	159	199 (172)	344	6,202	12,932
	Structures	560	10	1 (1)	57	511	1,210
	Machinery and equipment	509	193	48	121	532	1,431
	Vehicles	7	—	2	2	3	14
	Tools, furniture and fixtures	371	226	3	166	427	2,566
	Land	15,227	—	0	—	15,227	—
	Lease assets	674	86	—	207	554	544
	Construction in progress	127	602	641	—	89	—
	Total	24,066	1,279	896 (173)	900	23,549	18,699
Intangible assets	Leasehold rights	398	—	254	—	143	—
	Software	75	50	0	32	92	—
	Lease assets	148	—	—	40	108	—
	Other	59	0	—	0	59	—
	Total	682	51	255	73	404	—

Notes:

1. Figures in parentheses under “Decrease during the year” denote impairment losses during the fiscal year ended March 31, 2017.
2. Depreciation expenses of ¥296 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	25	—	—	25
Provision for directors' bonuses	81	87	81	87

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). <table style="margin-left: 40px; border: none;"> <tr> <td>For MTU values of ¥1,000,000 or less</td> <td style="text-align: right;">1.150%</td> </tr> <tr> <td>For MTU values above ¥1,000,000 up to ¥5,000,000</td> <td style="text-align: right;">0.900%</td> </tr> <tr> <td>For MTU values above ¥5,000,000 up to ¥10,000,000</td> <td style="text-align: right;">0.700%</td> </tr> <tr> <td>For MTU values above ¥10,000,000 up to ¥30,000,000</td> <td style="text-align: right;">0.575%</td> </tr> <tr> <td>For MTU values above ¥30,000,000 up to ¥50,000,000</td> <td style="text-align: right;">0.375%</td> </tr> </table> (Commissions are rounded down to the nearest ¥1). The minimum value per MTU is set at ¥2,500.	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%
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%										
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 Act.

(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 172nd fiscal term	Covering the period: April 1, 2015 to March 31, 2016	Submitted to Director, Kanto Local Finance Bureau: June 28, 2016
(2) Amendment to Securities Report and Confirmation Letters	For the 170th fiscal term	Covering the period: April 1, 2013 to March 31, 2014	Submitted to Director, Kanto Local Finance Bureau: May 12, 2016
	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 28, 2016
(4) Quarterly Reports and Confirmation Letters	For the first quarter of the 173rd fiscal term	Covering the period: April 1, 2016 to June 30, 2016	Submitted to Director, Kanto Local Finance Bureau: August 10, 2016
	For the second quarter of the 173rd fiscal term	Covering the period: July 1, 2016 to September 30, 2016	Submitted to Director, Kanto Local Finance Bureau: November 11, 2016
	For the third quarter of the 173rd fiscal term	Covering the period: October 1, 2016 to December 31, 2016	Submitted to Director, Kanto Local Finance Bureau: February 13, 2017
(5) Shelf Registration Statement (share certificates, debenture bonds, etc.) and supplementary documentation			Submitted to Director, Kanto Local Finance Bureau: June 28, 2016
(6) Amendments to Shelf Registration Statement			Submitted to Director, Kanto Local Finance Bureau: June 29, 2016 July 26, 2016 August 15, 2016 January 31, 2017 May 12, 2017
(7) Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 9-2, "Outcome of the Exercise of Voting Rights at General Meetings of Shareholders" of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: June 29, 2016
(8) 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 26, 2016
(9) Amendment to Extraordinary Report	Amendment to the above (8) extraordinary report submitted on July 26, 2016, regarding the "Issuance of Subscription Rights to Shares to the Company's Directors"		Submitted to Director, Kanto Local Finance Bureau: August 15, 2016

(10) 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 26, 2016
(11) Amendment to Extraordinary Report	Amendment to the above (10) extraordinary report submitted on July 26, 2016, 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 15, 2016
(12) Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 9, “Change in Representative Director” of the Cabinet Office Regulations, regarding the disclosure of corporate information	Submitted to Director, Kanto Local Finance Bureau: January 31, 2017
(13) Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 9-4, “Change in Accounting Auditor” of the Cabinet Office Regulations, regarding the disclosure of corporate information	Submitted to Director, Kanto Local Finance Bureau: May 12, 2017
(14) Treasury Shares Purchasing Report		Submitted to Director, Kanto Local Finance Bureau: June 5, 2017

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

There are no applicable matters to be reported.