Disclaimer: This document is a translation of the Japanese original. The Japanese original has been disclosed in Japan in accordance with Japanese accounting standards and the Financial Instruments and Exchange Act. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document. In the case that there is any discrepancy between the Japanese original and this document, the Japanese original is assumed to be correct.

Summary of Financial Statements for the Second Quarter of Fiscal 2017 [Japanese Standards]

October 27, 2016

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
Code: 2002
URL: http://www.nisshin.com
Representative: Hiroshi Oeda, Representative Director and President
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Date to submit the Quarterly Securities Report: November 11, 2016
Date to start distributing dividends: December 2, 2016
Supplementary documents for this summary of financial statements: Yes
Results briefing for financial results: Yes (for analysts and institutional investors)

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Second Quarter of Fiscal 2017 (April 1, 2016 to September 30, 2016)

(1) Consolidated Business Results

(The percentages indicate the rates of increase or decrease compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of Fiscal 2017	271,259	(1.9)	11,495	10.5	14,121	10.3	10,147	21.6
First six months of Fiscal 2016	276,410	11.9	10,404	21.0	12,798	16.8	8,343	16.3

(Note) Comprehensive income: First six months of Fiscal 2017 ¥4,374 million (down 7.8%)
First six months of Fiscal 2016 ¥4,743 million (down 66.1%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First six months of Fiscal 2017	33.63	33.59
First six months of Fiscal 2016	27.69	27.64

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2016	533,278	386,455	70.2
March 31, 2016	550,305	386,485	67.8

(Reference) Equity capital: September 30, 2016: ¥374,601 million March 31, 2016: ¥373,375 million

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	—	12.00	—	12.00	24.00
Fiscal 2017	—	13.00			
Fiscal 2017 (forecast)			—	13.00	26.00

(Note) Revision to the latest forecast of dividends: None

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	535,000	(3.9)	24,500	3.1	28,800	2.5	19,200	9.3	63.62

(Note) Revision to the latest forecast of business results: Yes

* Notes

(1) Changes in important subsidiaries during the period under review (changes in specified subsidiaries involving a change in the scope of consolidation): None

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “Matters Concerning Summary Information (Notes)” on page 7 of the Attachment.

(3) Changes in accounting policies, changes in accounting estimates and revisions restated

1) Changes in accounting policies associated with the revisions of accounting standards, etc.: Yes
2) Changes in accounting policies other than the above: None
3) Changes in accounting estimates: None
4) Revisions restated: None

Note: For details, please refer to “Matters Concerning Summary Information (Notes)” on page 7 of the Attachment.

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	As of September 30, 2016	304,357,891	As of March 31, 2016	304,357,891
2) Number of treasury shares	As of September 30, 2016	2,526,609	As of March 31, 2016	2,674,306
3) Average number of shares outstanding	First six months of Fiscal 2017	301,754,088	First six months of Fiscal 2016	301,384,719

* Status of execution of the quarterly review of financial statements

Because this Summary of Financial Statements is not subject to the review of quarterly financial statements under the Financial Instruments and Exchange Act, the procedures for said review are not completed at the time of disclosing this summary.

* Statement regarding the proper use of financial forecasts and other special remarks

(1) The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized. For details of assumptions for financial forecasts and other related matters, please refer to “Forecast of Consolidated Business Results and Other Forward-looking Information” on page 6 of the Attachment.
(2) Supplementary materials for this report can be found on the Company’s website.
(3) On October 31, 2016, the Company plans to hold an earnings briefing for analysts and institutional investors. Materials from this briefing are scheduled to be posted to the Company’s website after the briefing concludes.

Contents of the Attachment

1. Qualitative Information for the Period under Review

(1) Business Performance

[Overview of the Period under Review]

During the first six months of the fiscal year ending March 31, 2017, the Japanese economy showed signs of a modest recovery, and while consumer spending has steadied, it is still somewhat lackluster. Meanwhile, global economic uncertainty continues due to economic slowdown in China and other emerging markets, the exit of the United Kingdom from the EU and other issues.

Under these conditions, the Group launched initiatives under a new medium-term management plan, dubbed “NNI-120 II,” first announced in May 2015 and scheduled to conclude in fiscal 2021 (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. In September of this year, for the purposes of reallocating the business portfolio, which is a key challenge in the new medium-term management plan, the Group transferred all of its shares of Daisen Ham Co., Ltd. (a consolidated subsidiary).

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 enhance 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 advertising and promotional activities.

As a result, consolidated net sales for the first six months of the fiscal year ending March 31, 2017, decreased 1.9% year on year to ¥271,259 million, despite results from the newly consolidated prepared dishes and other prepared foods subsidiary acquired in January 2016, mainly reflecting falling raw wheat prices and the effects of foreign currency exchange rates for overseas businesses against a strengthening yen. In terms of profits, while bran prices were weak, due to measures to improve profitability, including cost reduction efforts, and consolidated results from the new subsidiary, operating income was ¥11,495 million, up 10.5% year on year. Ordinary income increased by 10.3% to ¥14,121 million, and profit attributable to owners of parent rose by 21.6% to ¥10,147 million.

[Business Overview by Segment]

1) Flour Milling Segment

In the flour milling business, despite continued belt-tightening among consumers and a challenging market environment, shipments of commercial wheat flour in Japan matched the previous year due to aggressive sales expansion measures and progress in attracting new customers.

Also in July 2016, the Company revised its commercial wheat flour prices in response to the government’s decision to change the prices of five classes of imported wheat. On average, the Government’s price for imported wheat declined 7.1% in April 2016.

From the perspectives of production and distribution, we advanced measures to enhance productivity, notably by concentrating 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 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, in a first for food companies in Japan, the Tsurumi Plant was accredited with the new "(※) JFS-E-C" certification for food safety management systems thanks to its strong promotion of food safety measures, among other efforts.

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 raw wheat prices and the effect of foreign currency exchange rates for overseas businesses against a strengthening yen. To meet growing demand on the west coast of North America, construction is moving forward to boost by 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant, located on the outskirts of Vancouver. The plant is scheduled to begin operations in autumn 2017, and is marking steady progress toward that goal. Furthermore, in October 2016, the Saginaw Plant (Texas) for Miller Milling Company, LLC made a decision to add a new line for an additional 70% in production capacity, which is slated for completion at the beginning of 2019.

As a result, net sales of the Flour Milling Segment decreased 9% year on year to ¥119,934 million. Operating income, meanwhile, rose 11.9% to ¥4,335 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, we expanded the lineup of our strong-selling bottle-type flour series designed to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, and conducted sales promotion measures—most notably TV commercials—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. In the prepared dishes and other prepared foods business, we have developed and are steadily expanding a comprehensive 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 a year earlier despite continued belt-tightening among consumers. This outcome reflected the impact of brisk growth in shipments of household-use prepared mixes, pastas, prepared dishes and other prepared foods, as well as benefits from the consolidation of Joyous Foods Co., Ltd. in January 2016.

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 revised prices for its household-use wheat flour and commercial prepared mix products.

In the overseas business, sales were lower as competition in the Southeast Asian market intensified. 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 on a par with the previous year.

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

As a result, net sales of the Processed Food Segment increased 6.0% from the same period of the previous fiscal year to ¥130,327 million. Operating income increased 7.7% to ¥5,889 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 same period of 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 3.2% to ¥20,997 million, and operating income increased 7% to ¥1,114 million.

(2) Financial Position

The status of assets, liabilities and net assets on a consolidated basis at the end of the period under review was as follows.

Current assets decreased ¥7,020 million from the previous fiscal year-end to ¥226,378 million, due largely to an increase in cash and deposits, and decreases in notes and accounts receivable – trade and short-term investment securities, etc. Noncurrent assets decreased ¥10,006 million to ¥306,900 million, primarily due to decreases in property, plant and equipment and intangible assets. As a result, total assets decreased ¥17,027 million from the previous fiscal year-end to ¥533,278 million. Meanwhile, current liabilities shrank ¥17,432 million to ¥89,370 million, mainly reflecting decreases in notes and accounts payable – trade and short-term loans payable. Noncurrent liabilities increased ¥434 million to ¥57,452 million. As a result, total liabilities declined ¥16,997 million from the previous fiscal year-end to ¥146,822 million. Net assets decreased ¥29 million to ¥386,455 million, including an increase due to profit attributable to owners of parent for the period, a decrease due to the payment of dividends and a decrease in accumulated other comprehensive income.

The Company's consolidated cash flows for the period under review were as follows.

Net cash provided by (used in) operating activities

An increase in cash and cash equivalents mainly due to profit before income taxes of ¥16,569 million and depreciation and amortization of ¥8,062 million surpassed a decrease in cash and cash equivalents from factors such as the payment of income taxes. This led to net cash provided by operating activities of ¥14,647 million for the period under review.

Net cash provided by (used in) investing activities

¥7,117 million was used for the purchase of property, plant, and equipment and intangible assets, but proceeds from repayment and maturity of time deposits with terms exceeding three months and short-term investment securities exceeded payments and purchases for these items by ¥1,443 million, and in addition, there were increases in cash and cash equivalents through revenue of ¥3,097 million from the sale of subsidiary shares and ¥2,713 million from proceeds from redemption of stocks of subsidiaries and affiliates, leading to net cash provided by investing activities of ¥1,551 million.

Adding net cash provided by investing activities to net cash provided by operating activities, free cash flow came to an inflow of ¥16,198 million.

Net cash provided by (used in) financing activities

To distribute profits to shareholders, the Company paid dividends of ¥3,621 million. Additionally, repayment of short-term loans payable surpassed proceeds from short-term loans payable and long-term loans payable by ¥2,433 million, leading to net cash used in financing activities of ¥6,470 million.

As a result, consolidated cash and cash equivalents at the end of the second quarter of the fiscal year ending March 31, 2017 increased ¥7,534 million from the previous year-end to ¥80,495 million. This was due in part to a reduction in funds stemming from the effect of exchange rate change on cash and cash equivalents.

(3) Forecast of Consolidated Business Results and Other Forward-looking Information

The Japanese economy is facing concerns over its future, including worsening performance among export-driven companies due to factors such as instability overseas and the yen's continuing appreciation. Similarly, the Group's business environment is projected to remain adverse due, in part, to the continued preference for lower-priced options among consumers in Japan. Under these circumstances, the Group will continue to fulfill our mission to secure the stable supply of safe and reliable wheat flour and other staple foods. Through steady implementation of strategies formulated under our new medium-term management plan, "NNI-120 II," we are committed to working in every business to develop new products and pursue advertising and other sales promotion measures designed from the customer's perspective, along with productivity enhancements and other cost-reduction efforts. At the same time, we will promote expansion in overseas business.

Furthermore, industries related to the Company are also likely to be impacted by negotiations for the Trans-Pacific Partnership (TPP) trade agreement largely agreed upon in October 2015, which will require that we continue to pay close attention to trends and respond appropriately.

Also, the Company announced a revision of its commercial wheat flour prices in response to the government's decision to lower the prices of five classes of imported wheat by 7.9% on average from October 2016.

Taking into account falling prices of raw wheat, foreign currency exchange rates for overseas businesses against a strengthening yen, and the deconsolidation of a subsidiary, consolidated net sales for the fiscal year ending March 31, 2017 are forecast to decline 3.9% year on year to ¥535,000 million. Despite weak bran prices, operating income is projected to climb 3.1% to ¥24,500 million due to improved profitability from cost reduction measures. Ordinary income is expected to increase 2.5% to ¥28,800 million, and profit attributable to owners of parent is expected to increase 9.3% year on year to ¥19,200 million. These forecasts have been revised from the initial projections released on May 12, 2016.

Revisions to Forecast of Consolidated Business Results for the Year Ending March 31, 2017
(April 1, 2016 to March 31, 2017)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	560,000	24,300	28,300	18,700	61.99
Revised forecast (B)	535,000	24,500	28,800	19,200	63.62
Change (B-A)	(25,000)	200	500	500	–
% change	(4.5)	0.8	1.8	2.7	–
(Reference) Actual consolidated results for the fiscal year ended March 31, 2016	556,701	23,769	28,099	17,561	58.25

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, in line with initial projections, the Company plans to pay an interim dividend of ¥13, up ¥1 from the previous fiscal year, and a full-year dividend of ¥26 per share, up ¥2 from the previous fiscal year. This is set to result in an actual dividend increase for a fourth consecutive year.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Important Subsidiaries during the Period under Review

[Changes in specified subsidiaries involving a change in the scope of consolidation]

There are no applicable matters to be reported.

However, while it is not considered a change in specified subsidiaries, the Company sold all of the shares of its former consolidated subsidiary Daisen Ham Co., Ltd., held by its consolidated subsidiaries, in September 2016, causing it to be excluded from the scope of consolidation.

(2) Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements

Tax expenses are calculated in accordance with Paragraph 12, "Method for Using the Statutory Effective Tax Rate," of the Practical Guidelines on Tax-Effect Accounting for Preparation of Interim Financial Statements, pursuant to the provision of Paragraph 19 of the Guidance on the Accounting Standard for Quarterly Financial Reporting.

The amount of "Income taxes – deferred" is included in "Total income taxes."

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Revisions Restated

[Changes in accounting policies]

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 first quarter of the current fiscal year. The subsequent result is a switch from the declining-balance method to the straight-line method for depreciation and amortization pertaining to equipment for buildings and structures purchased after April 1, 2016.

These monetary effects had a negligible impact on financial performance for the second quarter of the fiscal year ending March 31, 2017.

(4) Additional Information

[Changes in accounting period of consolidated subsidiary]

For more accurate disclosure in consolidated financial statements, from the first quarter of the current fiscal year, the fiscal accounting date of December 31 for consolidated subsidiary Joyous Foods Co., Ltd. has been changed to March 31.

In line with this decision, income/loss for the period beginning with the merger date for the subsidiary, January 29, 2016, through March 31, 2016 has been adjusted within changes in retained earnings, and changes in cash and cash equivalents are shown as "Changes in Cash and Cash Equivalents due to the Change in Fiscal Accounting Period for Consolidated Subsidiaries" in the Quarterly Consolidated Statements of Cash Flows.

[Implementation guidance on recoverability of deferred tax assets]

From the first quarter of the current fiscal year, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2016 (As of March 31, 2016)	Fiscal 2017 Second Quarter (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	61,665	76,290
Notes and accounts receivable – trade	72,871	65,348
Short-term investment securities	13,790	5,082
Inventories	72,038	66,924
Other	13,242	12,918
Allowance for doubtful accounts	(210)	(185)
Total current assets	233,398	226,378
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	56,657	55,773
Machinery, equipment and vehicles, net	43,079	39,714
Land	42,152	41,025
Other, net	9,450	6,899
Total property, plant and equipment	151,339	143,412
Intangible assets		
Goodwill	8,610	6,854
Other	9,879	8,119
Total intangible assets	18,489	14,974
Investments and other assets		
Investment securities	140,347	141,928
Other	6,854	6,704
Allowance for doubtful accounts	(124)	(120)
Total investments and other assets	147,077	148,513
Total noncurrent assets	316,907	306,900
Total assets	550,305	533,278

(Millions of yen)

	Fiscal 2016 (As of March 31, 2016)	Fiscal 2017 Second Quarter (As of September 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	51,348	42,718
Short-term loans payable	15,219	9,938
Income taxes payable	5,227	4,961
Provision	238	140
Accrued expenses	18,534	17,266
Other	16,233	14,345
Total current liabilities	106,802	89,370
Noncurrent liabilities		
Long-term loans payable	4,386	4,444
Provision	1,521	1,586
Net defined benefit liability	21,892	20,846
Deferred tax liabilities	22,621	23,955
Other	6,595	6,620
Total noncurrent liabilities	57,017	57,452
Total liabilities	163,820	146,822
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,834	12,861
Retained earnings	281,324	287,770
Treasury stock	(2,289)	(2,160)
Total shareholders' equity	308,987	315,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55,974	59,021
Deferred gains or losses on hedges	(301)	(205)
Foreign currency translation adjustment	9,859	1,261
Remeasurements of defined benefit plans	(1,144)	(1,067)
Total accumulated other comprehensive income	64,387	59,011
Subscription rights to shares	147	154
Non-controlling interests	12,962	11,699
Total net assets	386,485	386,455
Total liabilities and net assets	550,305	533,278

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

[Quarterly Consolidated Statements of Income]

(Millions of yen)

	First six months of Fiscal 2016 (April 1, 2015 to September 30, 2015)	First six months of Fiscal 2017 (April 1, 2016 to September 30, 2016)
Net sales	276,410	271,259
Cost of sales	200,775	192,050
Gross profit	75,634	79,209
Selling, general and administrative expenses	65,229	67,713
Operating income	10,404	11,495
Non-operating income		
Interest income	102	81
Dividends income	1,304	1,317
Equity in earnings of affiliates	761	1,217
Other	376	318
Total non-operating income	2,545	2,935
Non-operating expenses		
Interest expenses	86	107
Foreign exchange losses	–	154
Other	65	47
Total non-operating expenses	151	308
Ordinary income	12,798	14,121
Extraordinary income		
Gain on sales of noncurrent assets	–	366
Gain on sales of investment securities	6	375
Gain on sales of stocks of subsidiaries and affiliates	–	1,862
Total extraordinary income	6	2,604
Extraordinary losses		
Loss on retirement of noncurrent assets	209	157
Total extraordinary losses	209	157
Profit before income taxes	12,595	16,569
Total income taxes	3,838	5,805
Profit	8,756	10,763
Profit attributable to non-controlling interests	412	616
Profit attributable to owners of parent	8,343	10,147

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First six months of Fiscal 2016 (April 1, 2015 to September 30, 2015)	First six months of Fiscal 2017 (April 1, 2016 to September 30, 2016)
Profit	8,756	10,763
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,714)	3,016
Deferred gains or losses on hedges	(180)	58
Foreign currency translation adjustment	(257)	(9,359)
Remeasurements of defined benefit plans	128	101
Share of other comprehensive income of affiliates accounted for by the equity method	10	(207)
Total other comprehensive income (loss)	(4,012)	(6,389)
Comprehensive income	4,743	4,374
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,488	4,771
Comprehensive income attributable to non-controlling interests	254	(397)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of Fiscal 2016 (April 1, 2015 to September 30, 2015)	First six months of Fiscal 2017 (April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Profit before income taxes	12,595	16,569
Depreciation and amortization	8,230	8,062
Amortization of goodwill	576	619
Increase (decrease) in retirement benefit liability	(117)	(429)
Interest and dividends income	(1,406)	(1,398)
Interest expenses	86	107
Equity in (earnings) losses of affiliates	(761)	(1,217)
Loss (gain) on sales of investment securities	(6)	(375)
Loss (gain) on sales of stocks of subsidiaries and affiliates	–	(1,862)
Decrease (increase) in notes and accounts receivable – trade	6,158	4,830
Decrease (increase) in inventories	1,775	1,831
Increase (decrease) in notes and accounts payable – trade	(9,160)	(6,539)
Other, net	(3,268)	(445)
Subtotal	14,700	19,753
Interest and dividends income received	2,140	1,944
Interest expenses paid	(88)	(71)
Income taxes paid	(4,000)	(6,979)
Net cash provided by operating activities	12,751	14,647
Cash flows from investing activities		
Payments into time deposits	(5,622)	(288)
Proceeds from withdrawal of time deposits	8,448	1,765
Purchase of short-term investment securities	(1,089)	(957)
Proceeds from sales of short-term investment securities	1,178	924
Purchase of property, plant and equipment and intangible assets	(9,900)	(7,117)
Proceeds from sales of property, plant and equipment and intangible assets	(97)	608
Purchase of investment securities	(19)	(20)
Proceeds from sales of investment securities	29	815
Proceeds from redemption of stocks of subsidiaries and affiliates	–	2,713
Proceeds from sales of stocks of subsidiaries resulting in change in scope of consolidation	–	3,097
Other, net	9	10
Net cash provided by (used in) investing activities	(7,063)	1,551
Cash flows from financing activities		
Increase in short-term loans payable	119	400
Decrease in short-term loans payable	(3,571)	(4,070)
Proceeds from long-term loans payable	–	1,236
Proceeds from sales of treasury stock	283	156
Purchase of treasury stock	(3)	(0)
Cash dividends paid	(3,616)	(3,621)
Other, net	(88)	(571)
Net cash provided by (used in) financing activities	(6,875)	(6,470)
Effect of exchange rate change on cash and cash equivalents	(266)	(1,665)
Net increase (decrease) in cash and cash equivalents	(1,454)	8,062
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	58,442	80,495

(4) Notes on Quarterly Consolidated Financial Statements

[Notes on the Premise of a Going Concern]

There are no applicable matters to be reported.

[Notes on a Significant Change in Shareholders' Equity]

There are no applicable matters to be reported.

[Segment Information, etc.]

[Segment information]

I. First six months of Fiscal 2016 (April 1, 2015 to September 30, 2015)

1. Information about net sales, profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	131,805	122,922	254,728	21,681	276,410	–	276,410
Intersegment sales and transfers	9,074	251	9,326	2,565	11,892	(11,892)	–
Total	140,880	123,174	264,054	24,247	288,302	(11,892)	276,410
Segment income	3,875	5,468	9,344	1,042	10,386	18	10,404

Notes: 1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
2. Segment income adjustment refers to intersegment transaction eliminations and other.
3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

2. Information about goodwill by reporting segment

(Material changes in goodwill)

From the first quarter under review, the Company has applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21; September 13, 2013) and other accounting standards. The reduction in goodwill resulting from this change was ¥1,252 million in the Flour Milling Segment.

II. First six months of Fiscal 2017 (April 1, 2016 to September 30, 2016)

Information about net sales, profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	119,934	130,327	250,262	20,997	271,259	–	271,259
Intersegment sales and transfers	8,626	239	8,866	1,270	10,137	(10,137)	–
Total	128,561	130,567	259,128	22,268	281,396	(10,137)	271,259
Segment income	4,335	5,889	10,224	1,114	11,338	156	11,495

Notes: 1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
2. Segment income adjustment refers to intersegment transaction eliminations and other.
3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

[M&A Activity]

(Business Divestiture)

1. Summary of Business Divestiture

(1) Name of Receiver of Divested Business
Air Water Inc.

(2) Content of Divested Business
Daisen Ham Co., Ltd. (Business: 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) Gains (or losses) from transfer
Gain on sales of stocks of subsidiaries and affiliates ¥1,862 million

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

Current Assets	¥3,634 million
Noncurrent Assets	¥2,426 million
Total Assets	¥6,060 million
Current Liabilities	¥2,308 million
Noncurrent 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 special income labeled "Gain on sales of stocks of subsidiaries and affiliates."

3. Reporting Segment that Contained the Divested Business
Processed Food

4. Summarized profit and loss for divested business as accounted for in the Quarterly Consolidated Statements of Income

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