Summary of Financial Statements for the Year Ended March 31, 2012 [Japanese Standards]

May 14, 2012

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange and Osaka Securities
Code: 2002
URL: http://www.nisshin.com
Representative: Hiroshi Oeda, President
Contact: Izumi Inagaki, Director, Division Executive, General Administration Division
General Manager, Public Communications Department (General Administration Division)
Tel.: +81-3-5282-6650
Date to hold the Ordinary General Meeting of Shareholders to approve results: June 27, 2012
Date to start distributing dividends: June 28, 2012
Date to submit the Securities Report: July 27, 2012
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 Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2012	441,963	4.2	23,113	(8.8)	26,132	(6.1)	13,326	(6.1)
Fiscal 2011	424,156	(4.4)	25,335	(4.7)	27,839	(5.1)	14,187	(15.7)

(Note) Comprehensive income: Fiscal 2012: ¥17,962 million (43.7%) Fiscal 2011: ¥12,503 million (down 43.9%)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2012	53.63	–	4.7	6.4	5.2
Fiscal 2011	57.09	57.09	5.1	7.1	6.0

(Reference) Equity in earnings of affiliates: Fiscal 2012: ¥800 million Fiscal 2011: ¥591 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2012	431,956	298,798	67.5	1,172.72
March 31, 2011	389,418	285,249	71.6	1,121.98

(Reference) Equity capital: Fiscal 2012: ¥291,390 million Fiscal 2011: ¥278,799 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2012	26,078	(15,244)	(6,134)	46,387
Fiscal 2011	34,856	(16,067)	(6,373)	42,087

2. Dividends

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q End	2Q End	3Q End	Year-End	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2011	–	10.00	–	10.00	20.00	4,971	35.0	1.8
Fiscal 2012	–	10.00	–	10.00	20.00	4,970	37.3	1.7
Fiscal 2013 (forecast)	–	10.00	–	10.00	20.00		34.0	

3. Forecasts of Consolidated Business Results for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	224,600	4.7	10,600	1.7	11,900	0.1	7,100	6.3	28.57
Full year	459,100	3.9	23,500	1.7	26,300	0.6	14,600	9.6	58.76

*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) Changes in accounting policies, changes in accounting estimates and revisions restated
1) Changes in accounting policies associated with the revision 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 (Changes in accounting policy) of "Basis of Presentation of Consolidated Financial Statements" on pages 27-30 of the Attachment.

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

1) Number of shares issued and outstanding (including treasury shares)	As of March 31, 2012	251,535,448	As of March 31, 2011	251,535,448
2) Number of treasury shares	As of March 31, 2012	3,062,310	As of March 31, 2011	3,045,423
3) Average number of shares outstanding	Fiscal 2012	248,482,146	Fiscal 2011	248,497,650

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(1) Non-consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2012	22,886	(8.6)	10,412	(13.5)	11,739	(10.8)	13,604	5.8
Fiscal 2011	25,034	2.4	12,042	12.4	13,164	9.4	12,864	(1.8)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2012	54.74	–
Fiscal 2011	51.75	51.75

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2012	255,029	233,342	91.4	938.09
March 31, 2011	237,180	221,159	93.2	889.22

(Reference) Equity capital: Fiscal 2012: ¥233,154 million Fiscal 2011: ¥221,021 million

2. Forecasts of Non-consolidated Business Results for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	26,400	51.4	19,800	76.7	20,600	76.8	20,700	75.1	83.29
Full year	31,900	39.4	18,700	79.6	20,400	73.8	20,600	51.4	82.88

*Statement regarding auditing status

This summary of financial statements falls outside the audit requirements of the Financial Instruments and Exchange Act. Audits of both consolidated and non-consolidated financial statements were under way as of the time this summary was disclosed.

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

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, see page 4 and page 7.

The company is planning to hold a results briefing for analysts and institutional investors on May 17, 2012 (Thursday). Materials distributed at that briefing will be posted on the company's homepage after the briefing.

Contents

I. Business Performance

(1) Analysis of Business Performance

1) Overview of the Period under Review

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

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

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

[Business Overview by Segment]

<u>(1) Flour Milling Segment</u>

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

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

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

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

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

(2) Processed Food Segment

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

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

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

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

(3) Others Segment

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

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

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

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

2) Business Outlook

Despite the favorable effects of such factors as reconstruction demand following the earthquake disaster, the Japanese economy faces numerous challenges including concerns surrounding the European economy and the sharp rise in energy and resource prices. In addition, anxieties concerning an increase in social security expenses and taxes as well as expectations of a period of prolonged deflation will likely continue the gravitation of consumers toward lower-priced products and savings. These factors will result in a severe business environment for the Nisshin Seifun Group. Moreover, and in the context of electric power, there is a need to secure stable supply and to address any impact on costs. Under these circumstances, we will continue to fulfill our mission of securing stable supplies of wheat flour and other staple foods for the Japanese people, and will strive to provide customers with safe products from all of our businesses. Meanwhile, in response to the government's decision to reduce the prices of five brands of imported wheat by an average of 15% in April 2012, we announced details of a revision to the price of our commercial wheat flour.

In order to ensure long-term growth, we launched our medium-term management plan, "NNI*-120, Speed, Growth and Expansion" from the current fiscal year. Expanding both our top-line (net sales) and overseas business are priority strategies positioned at the heart of the Plan. We will also implement individual strategic measures.

*NNI：New Nisshin Innovation

Considering the aforementioned factors, the impact of revisions to the price of commercial wheat flour and efforts to expand shipments in each business segment, consolidated net sales for the fiscal year ending March 31, 2013 are forecast to rise 3.9% year on year to ¥459,100 million. From a profit perspective, operating income is projected to climb 1.7% to ¥23,500 million. Ordinary income is anticipated to edge up 0.6% to ¥26,300 million, while net income is expected to increase 9.6% from the fiscal year under review to ¥14,600 million.

(1) Flour Milling Segment

In the flour milling business, we will further increase our market share by continuing with efforts to: stably supply products, develop products that accurately address customer needs, capture new customers, further strengthen customer relationships and engage in other aggressive sales promotion activities. From the production and distribution perspectives, we will implement productivity improvement and other cost-cutting measures while striving to secure earnings. As a part of efforts to enhance productivity by consolidating production at optimal locations, we commenced construction of a new plant in Suzaki Wharf, Chuo-ku, Fukuoka City in May 2012.

In addition, we will revise the price of our commercial wheat flour in July 2012 in response to the government's decision to reduce the prices of five brands of imported wheat by an average of 15% in April 2012.

In response to a projected shortfall in production capacity following steady business growth at Nisshin-STC Flour Milling Co., Ltd. in Thailand, we will engage in enhancement work during the current year with a view to increasing productivity by around 20% at Nisshin-STC Flour Milling. . Meanwhile, in connection with the acquisition of Miller Milling Company, LLC and its inclusion in the Group's scope of consolidation as a wholly owned subsidiary in March 2012, we will undertake productivity enhancement work in order to address future shipment growth. Through these and other means, we will continue to expand our overseas business.

(2) Processed Food Segment

In the processed food business, we will develop new products that respond to customers' more restrained spending patterns and diversifying values. We will also aggressively undertake advertising and promotion activities. Through these collective measures, we will work to expand sales. In addition, we will continue to promote cost-cutting measures across each of purchasing, production and distribution business processes. For the prepared dishes and other prepared foods business, we will strive to increase sales by developing and recommending new menus meeting customer needs. Overseas, we will continue to focus on business expansion in the growing Chinese and Southeast Asian markets.

As for the yeast and biotechnology business, we will continue to advance proposal-based marketing efforts and strengthen development of high-value-added products in the yeast business. At the same time, we will work to develop new markets, outside of bread making, and reinforce this strategy through the utilization of the our newest filling plant in Tomisato City, Chiba Prefecture, which came online in February 2012. In addition to actively engaging in services that support the comprehensive research and development of new drugs, the biotechnology business will work diligently to expand its business by bringing new products to market, focusing mainly on diagnostic reagents, and actively exploring potential markets through our overseas bases.

The healthcare foods business will strive to further improve productivity and strengthen its sales system, and, as a healthcare foods manufacturer distinguished by its scientific approach, search for new materials and develop new products, while seeking to expand sales of consumer products primarily by mail order.

(3) Others Segment

The pet food business will continue its efforts to become a premium pet food manufacturer and continue initiatives based on the LIFE20 program for promoting the longevity of pets. At the same time, energies will be channeled toward developing distinctive products and actively promoting their market launch.

For the engineering business, we will endeavor to expand orders for plant engineering services not only in the field of food manufacturing in which we have an advantage, but also in the non-food field. We will also pursue growth in contract processing and equipment sales.

The mesh cloth business will continue efforts aimed at strengthening its business structure through cost reduction and other measures. In addition to ramping up the pace of business development activities in such growth fields as the environment, convenience and medicine, we will concentrate on expanding sales in foreign markets.

(2) Analysis on Financial Position

1) Overview of the Period under Review

The status of assets, liabilities and net assets on a consolidated basis at the end of the year ended March 31, 2012, was as follows.

Current assets climbed ¥18,217 million from the previous fiscal year-end to ¥213,431 million. The company posted a decrease in short-term investment securities, and increases in such accounting line items as notes and accounts receivable – trade and inventories. Noncurrent assets rose ¥24,320 million to ¥218,525 million, primarily due to increases in such items as goodwill, following the acquisition of a 100% equity interest in Miller Milling Company, LLC, and investment securities. As a result, total assets stood at ¥431,956 million, up ¥42,537 million from the previous fiscal year-end. Meanwhile, current liabilities grew ¥17,858 million to ¥92,287 million reflecting increases in notes and accounts payable – trade and other items. Noncurrent liabilities amounted to ¥40,869 million, ¥11,130 million higher than the balance as of March 31, 2011, mainly due to an increase in provision for retirement benefits. Accounting for these factors, total liabilities increased ¥28,988 million from the previous fiscal year-end to ¥133,157 million. Net assets climbed ¥13,548 million year on year to ¥298,798 million. Major movements included an increase due to net income for the period, a decrease owing to the payment of dividends and an upswing in accumulated other comprehensive income.

The status of consolidated cash flows for the fiscal year ended March 31, 2012, was as follows.

Net cash provided by (used in) operating activities

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

Net cash provided by (used in) investing activities

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

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

Net cash provided by (used in) financing activities

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

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

2) Outlook for the Next Fiscal Year

The company forecasts that cash and cash equivalents as of March 31, 2013, will remain almost unchanged from those as of March 31, 2012, because the funds increased mainly due to net income of ¥14,600 million that will be used for strategic capital investment and the return of profits to shareholders.

3) Cash-flow Indicators

The main cash flow indicators for the Nisshin Seifun Group are as follows:

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity ratio (%)	69.3	68.8	71.6	67.5
Market value–based equity ratio (%)	70.5	75.7	61.2	57.6
Ratio of interest-bearing debt to operating cash flow (years)	0.2	0.1	0.1	0.3
Interest coverage ratio (times)	121.1	488.7	461.6	304.7

Notes:

Equity ratio = Equity capital / Total assets

Market value–based equity ratio = Market capitalization / Total assets

Ratio of interest-bearing debt to operating cash flow = Interest-bearing debt / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest expense

1. All of the above cash-flow indicators are calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of outstanding shares (excluding treasury common stock) as of the corresponding fiscal year-end.
3. Operating cash flow equals net cash provided by operating activities as stated in the consolidated statements of cash flows. Interest-bearing debt refers to bonds and debt as stated in the consolidated balance sheets. Interest expense is equal to interest payments as stated in the consolidated statements of cash flows.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2012 and Fiscal 2013

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 30% on a consolidated basis.

For the fiscal year ended March 31, 2012, the company intends to maintain the per-share annual ordinary dividend at ¥20, the same amount paid for the previous fiscal year. Accordingly, the company will submit to the Ordinary General Meeting of Shareholders a proposal for distribution of surplus to pay a year-end dividend of ¥10 per share.

With the aim of raising 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 medium-term management plan, “NNI-120, Speed, Growth and Expansion.” The company also adopts a flexible posture on shareholder returns.

Furthermore, the company operates a system of special privileges for shareholders. Under this system, shareholders may request the delivery of certain products of the Nisshin Seifun Group.

For the year ending March 31, 2013, the company plans to pay an annual dividend of ¥20 per share, in line with the aforementioned policy of profit distribution.

(4) Business Risks

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

All matters relating to the future in the section below are based on the current views of the Nisshin Seifun Group as of the date of publication of the Summary of Financial Statements (May 14, 2012).

1) Economic conditions and industry environment

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

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

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

3) Product safety

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

4) Sharp increases in raw materials prices

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

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

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

6) Contract manufacturing

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

7) Information- and system-related risks

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

8) Alliances with other companies

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

9) Facility security and natural disasters

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

10) Regulatory compliance

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

11) Overseas incidents

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

12) Intellectual property

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

13) Environmental management

The environmental impact of 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.

14) Great East Japan Earthquake

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

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

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

II. Business Group Performance

The Nisshin Seifun Group consists of 50 subsidiaries and 16 affiliates. The following is a description of the businesses of the Group and the relationships among the subsidiaries and affiliates within their respective business segments. Business groupings are the same as those described in "4. Consolidated Financial Statements (7) Notes to Consolidated Financial Statements [Segment information, etc.]."

(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. Yamajo Shoji Co., Ltd., a consolidated subsidiary, and Ishikawa Co., Ltd., an affiliate accounted for by the equity method, are Nisshin Flour Milling sales agents. Ishikawa also sells packaging materials to Nisshin Flour Milling.

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

(2) Processed Food Segment

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

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

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

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

(3) Others Segment

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

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

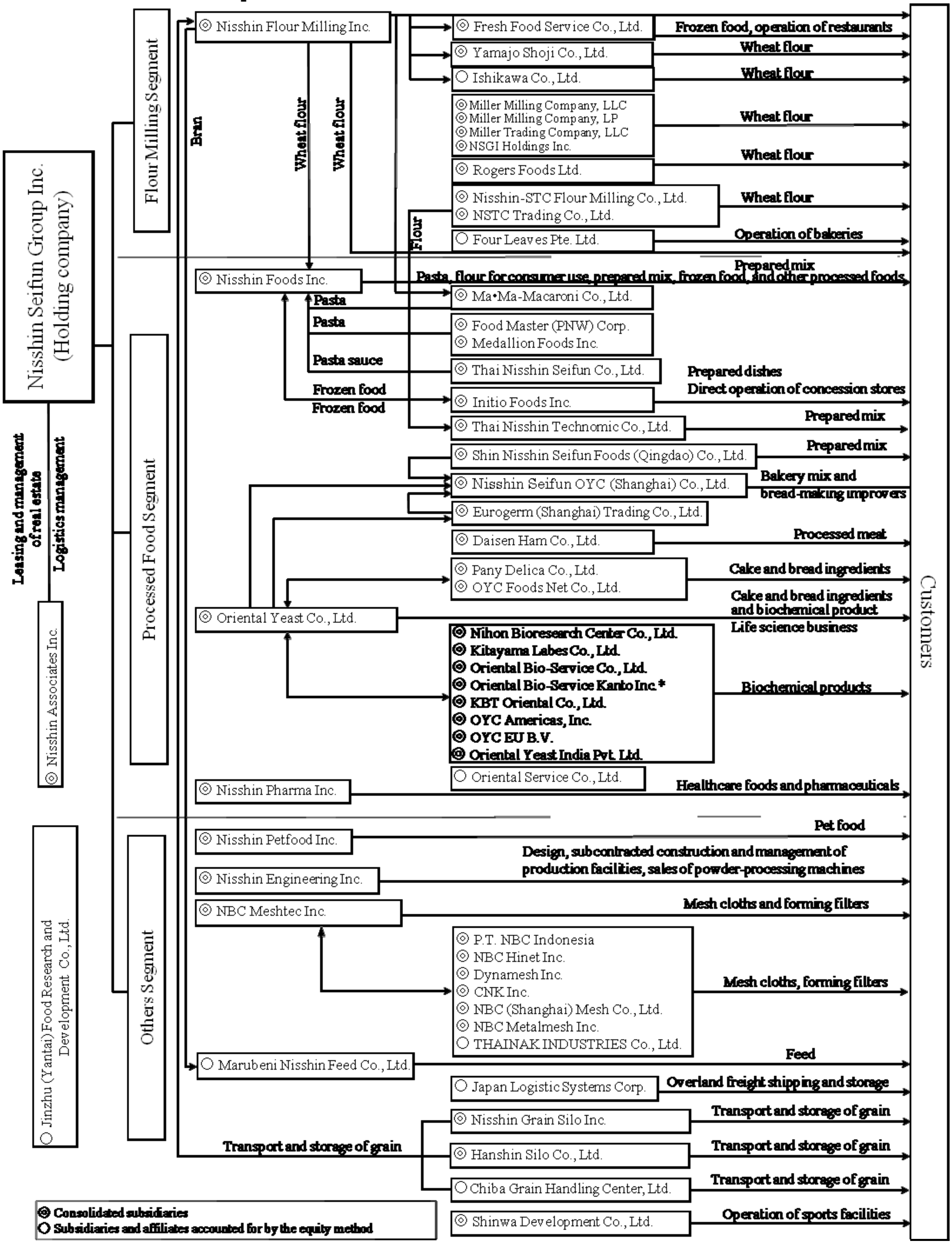
NBC Meshtec Inc., a consolidated subsidiary, manufactures and sells mesh cloths and forming filters.

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

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

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

Nisshin Seifun Group Structure



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

Subsidiaries and Affiliates

Name	Location	Paid-in capital	Main business
Consolidated subsidiaries		Millions of yen	
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	14,875	Production and sales of wheat flour and prepared mix
Miller Milling Company, LLC	Minesota, U.S.	86	Production and sales of wheat flour
Nisshin Foods Inc.	Chiyoda-ku, Tokyo	5,000	Sales of pasta, wheat flour for consumer use, frozen foods, other products Production and sales of prepared mix
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya-shi, Tochigi	350	Production and sales of pasta
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of frozen and prepared dishes Direct operation of concessions in department stores, etc.
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of cake and bread ingredients and biochemical products, life science business
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals
Nisshin Petfood Inc.	Chiyoda-ku, Tokyo	1,315	Production and sales of pet foods
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, subcontracted construction and management of production facilities, sales of powder-processing machines
NBC Meshtec Inc.	Hino-shi, Tokyo	1,992	Manufacturing and sales of mesh cloths and forming filters
35 other consolidated subsidiaries			
Subsidiaries and affiliates accounted for by the equity method			
Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of feed
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Freight shipping and storage
7 other companies			

Notes: 1. Miller Milling Company, LLC became a consolidated subsidiary of the company following the purchase of an equity interest in March 2012.

2. Nisshin Flour Milling, Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma, Inc., NBC Meshtec Inc., Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are specified subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are included in other consolidated subsidiaries.

3. The following company is listed on stock exchanges in Japan:
An affiliate accounted for by the equity method: Japan Logistic Systems Corp. (JASDAQ)

III. Business Policies

(1) Basic Business Policy

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 Business Strategy and Target Indicators

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

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

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

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

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

(3) Issues to be Addressed

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

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

1) Segmental Overview of Business Strategy

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

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

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

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

2) Global Development Strategy

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

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

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

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

3) R&D Strategy and Cost Strategy

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

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

4) Measures Addressing Wheat Policy Reforms

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

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

5) Corporate Social Responsibility (CSR)

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

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

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

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

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

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

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

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

(Millions of yen)

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

(2) Consolidated Statements of Income and Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	Fiscal 2011 (April 1, 2010 to March 31, 2011)	Fiscal 2012 (April 1, 2011 to March 31, 2012)
Net sales	424,156	441,963
Cost of sales	285,700	306,649
Gross profit	138,455	135,313
Selling, general and administrative expenses	113,120	112,200
Operating income	25,335	23,113
Non-operating income		
Interest income	215	217
Dividends income	1,344	1,545
Equity in earnings of affiliates	591	800
Rent income	342	335
Other	373	494
Total non-operating income	2,866	3,394
Non-operating expenses		
Interest expenses	71	83
Foreign exchange losses	89	64
Other	201	226
Total non-operating expenses	362	375
Ordinary income	27,839	26,132
Extraordinary income		
Gain on sales of noncurrent assets	1,193	581
Gain on sales of investment securities	24	13
Gain on negative goodwill	2,643	–
Gain on liquidation of subsidiaries and affiliates	203	–
Insurance income	–	239
Other	53	54
Total extraordinary income	4,117	889
Extraordinary losses		
Loss on retirement of noncurrent assets	574	421
Loss on valuation of investment securities	1,440	100
Impairment loss	3,090	462
Loss on earthquake disaster	972	–
Loss on revision of retirement benefit plan	–	1,290
Expenses for improving production systems	–	228
Other	65	156
Total extraordinary losses	6,142	2,660
Income before income taxes and minority interests	25,815	24,361
Income taxes – current	10,889	9,468
Income taxes – deferred	(441)	829
Total income taxes	10,448	10,297
Income before minority interests	15,367	14,063
Minority interests in income	1,179	736
Net income	14,187	13,326

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

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

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

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

(Millions of yen)

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

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

(5) Going Concern Considerations

None.

(6) Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 45

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

(2) Changes in the scope of consolidation

(New) 6 companies

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

2. Scope of the equity method

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

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

(2) Changes in the scope of the equity method

(New) 1 company

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

(Excluded) 1 company

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

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

3. Accounting periods of consolidated subsidiaries

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

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

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

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

a. Securities

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

Other securities

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the 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 by the retail cost method, with balance sheet values reflecting write downs for decreased profitability; other products are stated at cost, with cost being determined by the periodic average method, with balance sheet values reflecting write downs for decreased profitability.

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

(2) Depreciation methods for material depreciable assets

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

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

Foreign consolidated subsidiaries mainly apply the straight-line method.

b. Intangible assets (excluding leased 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.

Finance lease transactions that do not transfer ownership and began prior to the year in which the Accounting Standard for Lease Transactions Accounting Standards Board of Japan (ASBJ Statement No. 13, revised on March 30, 2007) was first applied (on March 31, 2008 or earlier) will continue to be accounted for in a manner similar to that for ordinary rental transactions.

(3) Basis of material allowances

a. Allowance for doubtful accounts

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

b. Provision for retirement benefits

The company and domestic consolidated subsidiaries provide for employees and already retired pension recipients based on the estimated amounts of projected benefit obligation and the market value of the pension plan assets at the fiscal year-end. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the 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 expected to receive pension benefits as of the consolidated fiscal year-end.

(Additional Information)

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

c. Provision for directors' retirement benefits

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

(4) Significant hedging transactions

a. Basis of accounting

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

b. Hedging methods

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

c. Hedging policy

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

d. Hedging evaluation

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

(5) Goodwill amortization and amortization periods

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

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

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

(7) Consumption tax

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

(Changes in accounting policy)

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

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

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

(Additional information)

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

(7) Notes to Consolidated Financial Statements

[Consolidated Balance Sheets]

All amounts have been rounded down to the nearest million yen.

1. Components of inventories

	Fiscal 2011	Fiscal 2012
Merchandise and finished goods	¥21,897 million	¥24,917 million
Work in process	¥2,602 million	¥3,061 million
Raw materials and supplies	¥18,559 million	¥34,304 million

2. Accumulated depreciation of property, plant and equipment

Fiscal 2011	Fiscal 2012
¥225,819 million	¥235,187 million

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

	Fiscal 2011	Fiscal 2012
Accumulated reduction entry of property, plant and equipment	¥359 million	¥359 million

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

	Fiscal 2011	Fiscal 2012
Investment securities	¥16,416 million	¥15,995 million
Others	¥125 million	¥164 million

5. Assets pledged as collateral

	Fiscal 2011	Fiscal 2012
Assets pledged as collateral		
Notes and accounts receivable – trade	–	¥1,134 million
Inventories	–	¥2,737 million
Buildings and structures	¥1,324 million	¥2,081 million
Machinery and equipment	¥592 million	¥2,057 million
Other	¥124 million	¥771 million
Secured debt		
Short-term loans payable	¥200 million	¥2,874 million
Long-term loans payable	–	¥1,582 million

6. Warranty liabilities

Fiscal 2011	Fiscal 2012
¥768 million	¥206 million

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

	Fiscal 2011	Fiscal 2012
Notes receivable	–	¥379 million
Notes payable	–	¥0 million

[Consolidated Statements of Income]

All amounts have been rounded down to the nearest million yen.

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Impairment loss

The Nisshin Seifun Group has recorded for the following asset impairment losses for the fiscal year ended March 31, 2012.

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

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

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

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

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

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

None.

[Consolidated Statements of Comprehensive Income]

All amounts have been rounded down to the nearest million yen.

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

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

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

[Consolidated Statements of Changes in Net Assets]

All amounts have been rounded down to the nearest million yen.

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

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

Notes:

1. Portion of the increase in common stock accounted for by treasury stock:
   77 thousand shares, as a result of repurchasing less-than-one unit shares
2. Portion of the decrease in common stock accounted for by treasury stock:
   10 thousand shares, as a result of selling less-than-one-unit shares, and
   81 thousand shares, as a result of the exercise of stock options

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

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

3. Dividends

(1) Dividends paid

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

- Dividends on common stock:

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

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

- Dividends on common stock:

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

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

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

- Dividends on common stock:

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

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

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

Notes:

1. Portion of the increase in common stock accounted for by treasury stock:
   30 thousand shares, as a result of repurchasing less-than-one-unit shares
2. Portion of the decrease in common stock accounted for by treasury stock:
   4 thousand shares, as a result of selling less-than-one-unit shares, and
   9 thousand shares, as a result of exercise of stock options

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

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

3. Dividends

(1) Dividends paid

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

- Dividends on common stock:

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

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

- Dividends on common stock:

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

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

The following will be proposed at the Ordinary General Meeting of Shareholders to be held on June 27, 2012.

- Dividends on common stock:

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

[Consolidated Statements of Cash Flows]

All amounts have been rounded down to the nearest million yen.

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

(Millions of yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Cash and deposits	57,938	59,020
Short-term investment securities	24,744	16,141
Total	82,682	75,161
Time deposits with maturities of more than three months	(26,799)	(26,042)
Debt securities with maturities of more than three months	(13,795)	(2,732)
Cash and cash equivalents	42,087	46,387

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

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

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

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

[Segment information, etc.]

[Segment information]

1. Outline of reportable segment

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

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

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

Flour Milling: Wheat flour, bran

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

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

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

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

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	161,370	224,725	386,095	38,060	424,156	–	424,156
Intersegment sales and transfers	18,868	485	19,354	2,990	22,345	(22,345)	–
Total	180,239	225,211	405,450	41,051	446,501	(22,345)	424,156
Segment income	10,810	11,848	22,659	2,387	25,046	288	25,335
Segment assets	117,592	132,920	250,512	56,544	307,057	82,361	389,418
Other items							
Depreciation	6,881	5,530	12,411	1,568	13,979	(298)	13,681
Investment for affiliates accounted for by the equity method	1,609	177	1,787	14,262	16,049	–	16,049
Increase in property, plant and equipment and intangible assets	6,026	6,972	12,999	953	13,953	(348)	13,605

Notes: 1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, transport and storage businesses.

2. Segment income adjustment refers to intersegment transaction eliminations.

The adjustment in segment assets includes the Group's assets (¥90,701 million): mainly, the company's surplus operating cash (cash and time deposits and short-term investment securities) and investment securities.

3. Segment income has been adjusted for the operating income appearing in the consolidated financial statements.

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	172,024	227,586	399,611	42,351	441,963	–	441,963
Intersegment sales and transfers	19,380	455	19,835	4,286	24,121	(24,121)	–
Total	191,405	228,041	419,447	46,637	466,084	(24,121)	441,963
Segment income	8,000	11,865	19,865	3,305	23,171	(57)	23,113
Segment assets	141,190	140,323	281,513	64,410	345,923	86,032	431,956
Other items							
Depreciation	6,488	5,673	12,162	1,794	13,956	(319)	13,636
Investment for affiliates accounted for by the equity method	1,702	204	1,906	13,895	15,802	–	15,802
Increase in property, plant and equipment and intangible assets	5,704	7,825	13,530	1,431	14,961	(352)	14,608

Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, transport and storage businesses.

2. Segment income adjustment refers to intersegment transaction eliminations.
The adjustment in segment assets includes the Group’s assets (¥96,764 million): mainly, the company’s surplus operating cash (cash and time deposits and securities) and investment securities.

3. Segment income has been adjusted for the operating income appearing in the consolidated financial statements.

[Related information]

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Information by geographic segment

(1) Net sales

Sales to external customers in Japan comprise over 90% of net sales reported on the consolidated statements of income, so this information has been omitted.

(2) Property, plant and equipment

Property, plant and equipment located in Japan comprise over 90% of property, plant and equipment reported on the consolidated balance sheets, so this information has been omitted.

2. Information by major customer

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	¥58,916 million	Flour Milling, Processed Food, Others

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Information by geographic segment

(1) Net sales

Sales to external customers in Japan comprise over 90% of net sales reported on the consolidated statements of income, so this information has been omitted.

(2) Property, plant and equipment

Property, plant and equipment located in Japan comprise over 90% of property, plant and equipment reported on the consolidated balance sheets, so this information has been omitted.

2. Information by major customer

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	¥60,372 million	Flour Milling, Processed Food, Others

[Noncurrent asset impairment losses by reportable segment]

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

	Processed Food
Impairment loss	¥3,090 million

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

None.

[Amortization of goodwill and unamortized balance by reportable segment]

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

None.

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Flour milling	Others	Total
Amortization for the fiscal year under review	–	24	24
Balance at end of the fiscal year under review	8,947	97	9,044

[Gains on negative goodwill by reportable segment]

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Consolidated subsidiaries Oriental Yeast Co., Ltd (Processed Food Segment) and NBC Meshtec Inc. (Others Segment) were made into wholly owned subsidiaries and gains on negative goodwill were recorded as a result. Gains on negative goodwill related to the Processed Food Segment came to ¥175 million. Gains on negative goodwill related to the Others Segment came to ¥2,467 million.

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

None.

[Tax effect accounting]

1. The principal components of deferred tax assets and deferred tax liabilities are as follows.

(Millions of yen)

	Fiscal 2012 (As of March 31, 2012)
Deferred tax assets:	
Provision for retirement benefits	5,110
Provision for bonuses	1,748
Accrued sales incentives	1,089
Investment securities, etc.	1,066
Impairment loss on noncurrent assets	1,053
Unrealized gains (losses) on noncurrent assets	1,020
Provision for repairs	527
Inventories	496
Accrued enterprise tax	432
Depreciation	318
Unrealized gains (losses) on inventories	266
Other	2,437
Gross deferred tax assets	15,569
Amount offset by deferred tax liabilities	(4,584)
Net deferred tax assets	10,985
Valuation allowance	(2,455)
Deferred tax assets, net	8,529
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(12,629)
Reserve for advanced depreciation of noncurrent assets	(2,336)
Securities returned from employee retirement benefits trust	(1,118)
Other	(317)
Gross deferred tax liabilities	(16,402)
Amount offset by deferred tax assets	4,584
Deferred tax liabilities, net	(11,818)

2. The reconciliation between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is as follows.

The reconciliation between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is not shown, because the difference between the statutory and actual effective tax rates was less than five hundredths of the statutory rate.

3. Revisions to the amounts of deferred tax assets and deferred tax liabilities resulting from a change in income taxes

Following the promulgation of the Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Conditions (Act No. 114 of 2011) and the Act on Special Measures for Securing the Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of 2011), the corporate tax rate will be reduced while a special corporate tax for reconstruction will be imposed. As a result, the effective tax rates used for the calculation of deferred tax assets and deferred tax liabilities will be 37.9% for temporary differences as of the end of the fiscal year under review expected to be used up to the fiscal year ending March 31, 2015, and 35.5% for fiscal years beginning on or after April 1, 2015. Due to these changes in tax rates, the amount of deferred tax liabilities (the amount after deducting the amount of deferred tax assets) as of the end of the fiscal year under review decreased ¥991 million. Income taxes – deferred charged as an expense for the fiscal year under review increased ¥822 million.

[Financial instruments]

1. Status of Financial Instruments

(1) Policies on financial instruments

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

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

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

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

Cash 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.

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 call options (long position) in accordance with the respective internal regulations. These transactions are traded by the Finance and Accounting Division mainly based on the instructions given by the governing department of the operating company that might suffer from the exchange-rate fluctuation risk. At several consolidated subsidiaries, they are traded by the department in charge of financial affairs at the company mainly based on the instructions given by the governing department. In managing the derivative transactions, the aforementioned Finance and Accounting Division of the company or the department in charge of financial affairs at each company receives a notice of position balances on derivative transactions every month from the correspondent bank, checks how these balances agree with performance figures and reports the monitored results to the Division Executive of the Finance and Accounting Division of the company or the director of the department in charge of financial affairs and the responsible director of the governing department. The Group believes that the risk that counterparty to its derivative transactions could default is almost insignificant as the Group enters into derivative transactions only with financial institutions of high caliber.

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

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

2. Market Value of Financial Instruments, etc.

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

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

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

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

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

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

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

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

<u>Assets</u>

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

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

(3) Short-term investment securities and investment securities

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

<u>Liabilities</u>

(1) Notes and accounts payable – trade

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

<u>Derivative transactions</u>

Refer to the Notes to [Derivative transactions].

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

(Millions of yen)

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

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

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

Fiscal Year Ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

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

Fiscal Year Ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

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

[Securities]

1. Debt securities classified as held-to-maturity securities

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

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

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

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

2. Short-term investment securities classified as other securities

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

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

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

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

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

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

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

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

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

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

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

4. Securities for which write downs were recorded

For the fiscal year under review, other securities were written down ¥91 million.

[Derivative transactions]

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related

Fiscal Year Ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

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

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

Fiscal Year Ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

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

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

(2) Commodity-related

Fiscal Year Ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

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

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

Fiscal Year Ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

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

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

(3) Interest rate-related

Fiscal Year Ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

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

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

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related

Fiscal Year Ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

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

Notes: 1. Calculation of market value is based on the prices and other information presented by associated financial institutions and others.

2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts payable to be hedged, the market value of those is included in the market value of the relevant accounts payable.

Fiscal Year Ended March 31, 2012 (As of March 31, 2012)

(Millions of yen)

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

Notes: 1. Calculation of market value is based on the prices and other information presented by associated financial institutions and others.

2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts payable to be hedged, the market value of those is included in the market value of the relevant accounts payable.

[Retirement benefits]

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Outline of retirement benefit plans

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

2. Retirement benefit obligation

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

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

3. Retirement benefit expenses

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

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

4. Assumptions used in retirement benefit obligation calculations

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

Notes:1. Actuarial differences are amortized on a straight-line basis from the following fiscal year based on the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

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

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Outline of retirement benefit plans

The company and its consolidated subsidiaries provide for a lump-sum retirement benefit plan and a defined-contribution pension plan. In addition, the company and some of its consolidated subsidiaries provide for a defined-benefit corporate pension plan limited to already retired pension recipients. Moreover, employees leaving the company may in some cases receive an additional severance payment beyond that computed on the basis of the actuarial retirement benefit calculated using the relevant accounting standard.

The company and certain of its consolidated subsidiaries transferred to a lump-sum retirement benefit plan, a defined-contribution pension plan and a defined-benefit corporate pension plan limited to already retired pension recipients from a tax-qualified pension plan and a lump-sum retirement benefit plan in October 2011.

Regarding the accounting treatment of these transfers as well as other consolidated subsidiary retirement benefit plan transfers, the Guidance on Accounting for Transfers between Retirement Benefit Plans (ASBJ Guidance No. 1, released on January 31, 2002) has been applied and a loss on revisions to retirement benefit plans of ¥1,290 million recorded for the fiscal year under review.

2. Retirement benefit obligation

	As of March 31, 2012 (Millions of yen)
(A) Project benefit obligation	(31,936)
(B) Market value of plan assets	13,711
(C) Unfunded retirement benefit obligation [(A) + (B)]	(18,224)
(D) Unrecognized actuarial loss	6,360
(E) Unrecognized prior service cost	(2,552)
(F) Net amount recorded on the consolidated balance sheets [(C) + (D) + (E)]	(14,417)
(G) Prepaid pension cost	4,002
(H) Provision for retirement benefits [(F) – (G)]	(18,420)

Note: 1. Certain subsidiaries adopt a simplified method for calculating the retirement benefit obligation.

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

3. The effect of the company and its consolidated subsidiaries shifting to a lump-sum retirement benefit plan, a defined-contribution pension plan and a defined-benefit corporate pension plan limited to already retired pension recipients from a tax-qualified pension plan and a lump-sum retirement benefit plan is presented as follows.

	(Millions of yen)
Decrease of project benefit obligation	14,105
Unrecognized actuarial loss	(4,500)
Unrecognized prior service cost	460
Decrease of market value of plan assets	(20,546)
Decrease of prepaid pension cost	1,778
Increase of provision for retirement benefits	(8,702)

3. Retirement benefit expenses

	Fiscal 2012 (Millions of yen)
(A) Service cost	1,471
(B) Interest cost	768
(C) Expected return on plan assets	(340)
(D) Amortization of actuarial loss	660
(E) Amortization of prior service cost	(221)
(F) Net retirement benefit expenses [(A) + (B) + (C) + (D) + (E)]	2,337
(G) Loss on the transfer to a defined-contribution pension plan	1,290
(H) Other	375
Total	4,003

Note: 1. The retirement benefit expenses incurred by the consolidated subsidiaries that adopt simplified method are recorded under "(A) Service cost."

2. (H) Other is the amount of contribution payment to a defined contribution pension.

4. Assumptions used in retirement benefit obligation calculations

(A) Method adopted for periodic distribution of projected retirement benefits	Equal amounts per period
(B) Discount rate	Principally 1.7%
(C) Expected rate of return on plan assets	Principally 1.2%
(D) Amortization period of actuarial differences*1	Principally 15 years
(E) Amortization period for prior service cost*2	Principally 15 years

Notes: 1. Actuarial differences are amortized on a straight-line basis from the following fiscal year based on the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

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

[M&A Activity]

Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Business acquisition)

1. Names and business activities of the companies acquired, rationale for acquisition, date of acquisition, legal form of acquired business, names of the companies after acquisition, percentage of voting rights acquired and rationale behind determining the companies to be acquired

(1) Names and business activities of the companies to be acquired

1) Miller Milling Company, LLC Manufacture and sale of wheat flour and semolina
2) Miller Milling Company, LP Management of the assets of Miller Milling Company, LLC
3) Miller Trading Company, LLC Trading of the raw grain of Miller Milling Company, LLC

(2) Rationale for business combination

The company has long had the expansion of its overseas business as a top priority in order to sustain the continued growth of the Group. Through the acquisition, the company decided to launch the Group into the U. S. flour milling market, the largest flour milling market in the developed world.

Miller Milling Company, which is the 9th largest miller in the U.S., * owns two durum/hard wheat milling facilities strategically located in areas close to large flour/semolina consumption regions in the Eastern and Western United States. The acquisition of Miller Milling Company will enable the company to take advantage of the highly experienced and technical capabilities of Miller Milling that operates its core business centered on durum semolina, bakery flour and tortilla flour products. The company plans to further expand its presence in the U.S. by expanding Miller Milling Company's existing operations as a part of the Group organization into new markets. Toward that goal, the company will utilize the Group's outstanding product development, techniques and capabilities to supply wheat flour that is consistent in quality.

The acquisition of Miller Milling is not the Group's first foray into the North American market; the Group had already entered the North American market in the form of its subsidiary, Rogers Foods Ltd., a wheat-flour and prepared mix manufacturer in British Columbia, Canada. The company is confident that its acquisition of Miller Milling Company will realize synergies both with Rogers Foods and other Group companies that will serve to greatly accelerate the expansion of its presence in the U.S. market.

In addition to the expansion of its business presence in North America, the company is excited about the opportunity for the Group to gain valuable wheat-related know-how from its new operations in the U.S. market, which is the largest supplier of wheat to Japan, and substantial experience in the U.S. wheat and wheat-flour business under free trade. Through this experience, the Group will obtain significant benefits and capabilities for further expanding its flour milling operations in the global market.

*Source: Grain & Milling Annual 2011 published by Sosland Publishing Co.

(3) Date of acquisition

March 20, 2012

(4) Legal form of acquisition

Equity interests acquired through the payment of cash

(5) Names of the companies after acquisition

1) Miller Milling Company, LLC
2) Miller Milling Company, LP
3) Miller Trading Company, LLC

(6) Percentage of voting rights acquired

100%

(7) Rationale behind determining the companies to be acquired

The Nisshin Seifun Group acquired a 100% equity interest in each company through the payment of cash.

2.The period for which acquired company results are included in consolidated financial statements
The balance sheets as of December 31, 2011 have been consolidated after undertaking adjustments for material transactions that occurred up to the share acquisition date in March 2012.

3. Acquisition costs and their details of the companies to be acquired

Compensation for the acquisition	¥10,164 million
Direct costs for acquisition	¥558 million
Acquisition costs	¥10,722 million

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

(1) Amount of goodwill that arose
¥8,947 million

(2) Reasons for incidence
The incidence of goodwill is attributable to the rational estimation of excess earnings power anticipated by future business development.

(3) Amortization method and period
Amortized using the straight-line method over a period of 10 years

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

Current assets	¥4,404 million
Noncurrent assets	¥2,482 million
Total assets	¥6,886 million
Current liabilities	¥3,528 million
Noncurrent liabilities	¥1,582 million
Total liabilities	¥5,111 million

Note: The amount of goodwill identified in 4. (1) above is not included in asset and liability amounts.

6. Allocation of acquisition costs
The allocation of acquisition costs had not been completed as of the end of the fiscal year under review. As a result, accounting treatment has been undertaken on a provisional basis in accordance with readily available information at that time.

7. The impact of estimated amounts on the consolidated statements of income for the fiscal year under review on the assumption that the business combination was completed on the commencement date of the consolidated fiscal year, and calculation methods

Net sales	¥17,789 million
Net income	¥148 million

(Calculation methods for estimated amounts)
The impact of estimated amounts is the difference between net sales and net income calculated on the assumption that the business combination was completed on the commencement date of the consolidated fiscal year and net sales and net income recorded on the company’s consolidated statements of income. This note has not been certified by way of audit.

[Per share information]

(Yen)

Item	Fiscal 2011	Fiscal 2012
Net assets per share	1,121.98	1,172.72
Net income per share	57.09	53.63
Fully diluted net income per share	57.09	–

Notes:

1. The basis of calculation for net assets per share

Item	As of March 31, 2011	As of March 31, 2012
Total net assets, as stated on the consolidated balance sheets (millions of yen)	285,249	298,798
Net assets associated with common stock (millions of yen)	278,799	291,390
Major components of the difference (millions of yen):		
Subscription rights to shares	138	188
Minority interests	6,311	7,220
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,045,423	3,062,310
Number of common stock shares used in the calculation of net assets per share (shares)	248,490,025	248,473,138

2. Fully diluted net income per share data for fiscal 2012 has not been disclosed, because there were no potential shares of common stock that had a dilutive effect.

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

Item	Fiscal 2011	Fiscal 2012
Net income, as stated on the consolidated statements of income (millions of yen)	14,187	13,326
Amounts not attributable to owners of common stock (millions of yen)	–	–
Net income associated with common stock (millions of yen)	14,187	13,326
Average number of shares of common stock during the fiscal year (shares)	248,497,650	248,482,146
Adjustment to net income (millions of yen)	–	–
Main components of increase in number of shares of common stock used in calculation of fully diluted net income per share (shares) Subscription rights to shares	3,770	–
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	・Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 28, 2005 (118 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (79 subscription rights to shares) (146 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (88 subscription rights to shares) (178 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2009 (84 subscription rights to shares) (172 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2010 (86 subscription rights to shares) (177 subscription rights to shares)	・Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 25, 2004 (31 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 28, 2005 (117 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (79 subscription rights to shares) (146 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (80 subscription rights to shares) (173 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2009 (84 subscription rights to shares) (172 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2010 (86 subscription rights to shares) (177 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 28, 2011 (93 subscription rights to shares) (258 subscription rights to shares)

(Changes in accounting policy)

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

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

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

[Notable subsequent events]

None.

V. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	24,335	28,610
Accounts receivable – trade	193	218
Short-term investment securities	20,999	12,997
Prepaid expenses	96	108
Deferred tax assets	554	497
Income taxes receivable	2,771	2,448
Other	441	1,131
Total current assets	49,391	46,012
Noncurrent assets		
Property, plant and equipment		
Buildings, net	7,719	7,383
Structures, net	719	694
Machinery and equipment, net	592	745
Vehicles, net	2	1
Tools, furniture and fixtures, net	350	377
Land	12,355	13,915
Lease assets, net	421	357
Construction in progress	230	711
Total property, plant and equipment	22,391	24,187
Intangible assets		
Leasehold right	411	391
Software	239	195
Lease assets	46	31
Other	63	62
Total intangible assets	761	680
Investments and other assets		
Investment securities	37,313	47,297
Stocks of subsidiaries and affiliates	115,424	117,536
Investments in capital	317	317
Investments in capital of subsidiaries and affiliates	532	547
Long-term loans receivable from employees	40	37
Long-term loans receivable from subsidiaries and affiliates	9,296	17,701
Long-term prepaid expenses	1,369	368
Other	365	366
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	164,636	184,148
Total noncurrent assets	187,789	209,016
Total assets	237,180	255,029

(Millions of yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	3	3
Lease obligations	162	185
Accounts payable – other	313	885
Accrued expenses	1,684	1,838
Deposits received	2,614	3,623
Provision for directors' bonuses	75	70
Other	48	41
Total current liabilities	4,902	6,647
Noncurrent liabilities		
Long-term loans payable	36	33
Lease obligations	305	203
Deferred tax liabilities	9,835	10,608
Provision for retirement benefits	845	4,133
Other	95	60
Total noncurrent liabilities	11,118	15,039
Total liabilities	16,020	21,686
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus		
Legal capital surplus	9,500	9,500
Other capital surplus	3	7
Total capital surplus	9,503	9,507
Retained earnings		
Legal retained earnings	4,379	4,379
Other retained earnings		
Reserve for dividends	2,000	2,000
Reserve for advanced depreciation of noncurrent assets	1,385	1,969
Reserve for special account for advanced depreciation of noncurrent assets	496	171
General reserve	133,770	140,770
Retained earnings brought forward	40,539	41,914
Total retained earnings	182,571	191,204
Treasury stock	(3,163)	(3,179)
Total shareholders' equity	206,028	214,650
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,992	18,503
Total valuation and translation adjustments	14,992	18,503
Subscription rights to shares	138	188
Total net assets	221,159	233,342
Total liabilities and net assets	237,180	255,029

(2) Statements of Income

(Millions of yen)

	Fiscal 2011 (April 1, 2010 to March 31, 2011)	Fiscal 2012 (April 1, 2011 to March 31, 2012)
Operating revenue	25,034	22,886
Operating expenses	12,991	12,473
Operating income	12,042	10,412
Non-operating income		
Interest income	253	275
Interest on securities	31	26
Dividends income	878	1,042
Other	36	42
Total non-operating income	1,198	1,387
Non-operating expenses		
Interest expenses	5	5
Commitment fee	10	10
Foreign exchange losses	58	43
Other	1	1
Total non-operating expenses	77	61
Ordinary income	13,164	11,739
Extraordinary income		
Gain on sales of noncurrent assets	1,190	372
Gain on revision of retirement benefit plan	–	2,421
Other	–	19
Total extraordinary income	1,190	2,812
Extraordinary losses		
Loss on retirement of noncurrent assets	53	36
Loss on valuation of investment securities	1,355	–
Loss on earthquake disaster	38	–
Total extraordinary losses	1,448	36
Income before income taxes	12,906	14,514
Income taxes – current	16	16
Income taxes – deferred	26	894
Total income taxes	42	910
Net income	12,864	13,604

(3) Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2011 (April 1, 2010 to March 31, 2011)	Fiscal 2012 (April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	17,117	17,117
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	9,500	9,500
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	9,500	9,500
Other capital surplus		
Balance at the beginning of current period	2	3
Changes of items during the period		
Disposal of treasury stock	1	3
Total changes of items during the period	1	3
Balance at the end of current period	3	7
Total capital surplus		
Balance at the beginning of current period	9,502	9,503
Changes of items during the period		
Disposal of treasury stock	1	3
Total changes of items during the period	1	3
Balance at the end of current period	9,503	9,507
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	4,379	4,379
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	4,379	4,379
Other retained earnings		
Reserve for dividends		
Balance at the beginning of current period	2,000	2,000
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	2,000	2,000
Reserve for advanced depreciation of noncurrent assets		
Balance at the beginning of current period	1,417	1,385
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	–	613
Reversal of reserve for advanced depreciation of noncurrent assets	(32)	(30)
Total changes of items during the period	(32)	583
Balance at the end of current period	1,385	1,969
Reserve for special account for advanced depreciation of noncurrent assets		
Balance at the beginning of current period	–	496
Changes of items during the period		

(Millions of yen)

	Fiscal 2011 (April 1, 2010 to March 31, 2011)	Fiscal 2012 (April 1, 2011 to March 31, 2012)
Provision of reserve for special account for advanced depreciation of noncurrent assets	496	171
Reversal of reserve for special account for advanced depreciation of noncurrent assets	–	(496)
Total changes of items during the period	496	(325)
Balance at the end of current period	496	171
General reserve		
Balance at the beginning of current period	126,770	133,770
Changes of items during the period		
Provision of general reserve	7,000	7,000
Total changes of items during the period	7,000	7,000
Balance at the end of current period	133,770	140,770
Retained earnings brought forward		
Balance at the beginning of current period	40,608	40,539
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	–	(613)
Reversal of reserve for advanced depreciation of noncurrent assets	32	30
Provision of reserve for special account for advanced depreciation of noncurrent assets	(496)	(171)
Reversal of reserve for special account for advanced depreciation of noncurrent assets	–	496
Provision of general reserve	(7,000)	(7,000)
Dividends from surplus	(5,468)	(4,971)
Net income	12,864	13,604
Total changes of items during the period	(68)	1,375
Balance at the end of current period	40,539	41,914
Total retained earnings		
Balance at the beginning of current period	175,175	182,571
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	–	–
Reversal of reserve for advanced depreciation of noncurrent assets	–	–
Provision of reserve for special account for advanced depreciation of noncurrent assets	–	–
Reversal of reserve for special account for advanced depreciation of noncurrent assets	–	–
Provision of general reserve	–	–
Dividends from surplus	(5,468)	(4,971)
Net income	12,864	13,604
Total changes of items during the period	7,395	8,633
Balance at the end of current period	182,571	191,204
Treasury stock		
Balance at the beginning of current period	(3,179)	(3,163)
Changes of items during the period		
Purchases of treasury stock	(81)	(29)
Disposal of treasury stock	97	14
Total changes of items during the period	15	(15)
Balance at the end of current period	(3,163)	(3,179)
Total shareholders’ equity		
Balance at the beginning of current period	198,616	206,028
Changes of items during the period		
Dividends from surplus	(5,468)	(4,971)
Net income	12,864	13,604

(Millions of yen)

	Fiscal 2011 (April 1, 2010 to March 31, 2011)	Fiscal 2012 (April 1, 2011 to March 31, 2012)
Purchases of treasury stock	(81)	(29)
Disposal of treasury stock	98	17
Total changes of items during the period	7,412	8,621
Balance at the end of current period	206,028	214,650
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	15,863	14,992
Changes of items during the period		
Net changes of items other than shareholders’ equity	(871)	3,510
Total changes of items during the period	(871)	3,510
Balance at the end of current period	14,992	18,503
Total valuation and translation adjustments		
Balance at the beginning of current period	15,863	14,992
Changes of items during the period		
Net changes of items other than shareholders’ equity	(871)	3,510
Total changes of items during the period	(871)	3,510
Balance at the end of current period	14,992	18,503
Subscription rights to shares		
Balance at the beginning of current period	83	138
Changes of items during the period		
Net changes of items other than shareholders’ equity	55	49
Total changes of items during the period	55	49
Balance at the end of current period	138	188
Total net assets		
Balance at the beginning of current period	214,563	221,159
Changes of items during the period		
Dividends from surplus	(5,468)	(4,971)
Net income	12,864	13,604
Purchases of treasury stock	(81)	(29)
Disposal of treasury stock	98	17
Net changes of items other than shareholders’ equity	(815)	3,560
Total changes of items during the period	6,596	12,182
Balance at the end of current period	221,159	233,342