

# **Nippon Flour Mills Acquires 67% of Issued Shares of Fast Foods Nagoya to Substantially Expand the Sales Area to the Chukyo Region**

Tokyo, July 11, 2006 --- Nippon Flour Mills Co., Ltd. (president: Wataru Aosaki) acquired 33% of the issued shares of Fast Foods Nagoya Co., Ltd. (president: Tsutomu Hayakawa; head office: Komaki, Aichi Prefecture), which continues its solid boxed meal and delicatessen operations in the Chubu region, from Mr. Tsutomu Hayakawa, the founder and president of the company, and 34% from Fast Foods Co., Ltd., a subsidiary of Nippon Flour Mills. Consequently, Nippon Flour Mills now holds 67% of the issued shares of Fast Foods Nagoya, and will make the company a consolidated subsidiary. This share acquisition adds the Chukyo region to the sales area for the boxed meal and delicatessen business run by the Nippon Flour Mills Group, which hitherto comprised the Tohoku, Kanto and Tokai areas. The sales area has been substantially expanded and annual sales from foodstuff for takeout food plus the boxed meal and delicatessen business total nearly 40 billion yen.

Nippon Flour Mills has been enhancing its lineup of flour products, including pasta, flour for *tempura* frying and flour for *kara-age* frying, as well as its takeout foodstuff, such as the seasoned deep-fried bean curd of OK Food Industry Co., Ltd., a company in which Nippon Flour Mills has invested. In collaboration with the boxed meal and delicatessen business, Nippon Flour Mills will focus on supplying food items to supermarkets, convenience stores and other independent businesses involved in producing and selling takeout food. The Nippon Flour Mills Group will gradually boost its takeout food business, which at present consists of the existing operations dealing with foodstuff for takeout food and the boxed meal and delicatessen business, with the aim of developing this segment into a third pillar after the flour-milling and food segments.

The details of the share acquisition are as follows.

1. Reasons for Acquisition of Shares of Fast Foods Nagoya Co., Ltd.
  - While eating habits become more diversified accompanying the increase in the number of women working outside the home and the aging of the population as the birth rate declines, the market for home-prepared meals and restaurant services has been shrinking. In this environment, the market for takeout food alone continues to grow, and has now reached about seven trillion yen in size. The share acquisition in question serves to further boost the takeout food business that Nippon Flour Mills has been cultivating since its full-fledged entry into the market in 1991.
  - By increasing its equity stake in Fast Foods Nagoya Co., Ltd. and turning it into a consolidated

subsidiary, Nippon Flower Mills has expressly demonstrated its management stance towards the subsidiary, and will be commencing boxed meal and delicatessen operations in the Chukyo area. Nippon Flour Mills also expects to enjoy the synergy stemming from the provision of a wide variety of foodstuff for the takeout food by its flour-milling, foodstuff, processed food and frozen food businesses.

## 2. Corporate Profile of Fast Foods Nagoya Co., Ltd.

(1) Company Name	Fast Foods Nagoya Co., Ltd.
(2) Established	June 1, 1999
(3) Capital	60 million yen
(4) Sales	Approximately 8 billion yen (for the fiscal year ending on March 31, 2006)
(5) Head Office	811-1 Shiroike, Honjo, Komaki, Aichi Prefecture
(6) Plants	At Komaki, Aichi Pref. and Kuwana, Mie Pref.
(7) Representative	Tsutomi Hayakawa, President (to remain in office after the capital transfer)
(8) Business	Manufacture and sale of processed rice food, cooked bread and other food products

## 3. Details of Acquisition of Shares of Fast Foods Nagoya Co., Ltd.

- Nippon Flour Mills is now the top shareholder with 67% of the issued shares of Fast Foods Nagoya Co., Ltd. after acquiring 33% from Mr. Tsutomi Hayakawa and 34% from Fast Foods Co., Ltd., a subsidiary of Nippon Flour Mills, before the end of June 2006.
- As a result, Fast Foods Nagoya Co., Ltd. will become a consolidated subsidiary of Nippon Flour Mills.



▲ Fast Foods Nagoya Co., Ltd., Kuwana Plant



▲ Line for adding toppings in Kuwana Plant