

October 24, 2007

Notice of Acquisition of Shares in Tofuku Flour Mills Co.,Ltd
and Conclusion of Basic Alliance Agreement

Nippon Flour Mills Co., Ltd. (President: Wataru Aosaki) is pleased to announce that at a meeting of the Board of Director held today it adopted a resolution to acquire 11.00% of the issued shares of Tofuku Flour Mills Co., Ltd. ("Tofuku Flour") and sign a basic alliance agreement with Tofuku Flour. As a result, including the 699,000 shares already acquired, Nippon Flour Mills will hold a total of 1,799,000 shares, making it the largest shareholder with an ownership ratio of 17.99%.

In the flour milling industry, in April this year, the program whereby the government sells wheat as raw material to Japanese millers was changed for the first time in 55 years. As a result, reflecting soaring grain prices on overseas markets, the price Japanese millers pay to the government for imported wheat was raised 1.3% on average in April, and from October another hike averaging 10.0% was made. The price of wheat flour sold by millers is also being raised for the first time in 24 years. With domestic demand for wheat flour slowing against the backdrop of the low birth rate and the aging of society, in the flour milling industry competition between millers is expected to become increasingly fierce under the new wheat program, and through this share acquisition and alliance, Nippon Flour Mills and Tofuku Flour will strengthen their cooperative relationship, with a view to improving the efficiency of production, sales and distribution and increasing their competitiveness.

Details

1. Reason for share acquisition and alliance

To further strengthen Nippon Flour Mills' close relationship with Tofuku Flour and to improve the efficiency of production, sales and distribution.

2. Details of stock acquisition

- (1) Nippon Flour Mill will acquire 1,100,000 shares of Tofuku Flour stock (11.00% of issued shares) at an acquisition cost of 211,200,000 yen from Yamaoka Co., Ltd. (Head Office: 2-2-55 Nishi-Nagasu-Cho Amagasaki, Representative: Hiroaki Okabe) through a negotiated transaction.

(2) Shares held before and after acquisition

Shares held before acquisition 699,000 shares (6.99% of issued shares)

Shares held after acquisition 1,799,000 shares (17.99% of issued shares)

3. Details of alliance

Based on the relationship of mutual trust that exists between the two companies, Nippon Flour Mills and Tofuku Flour will collaborate and cooperate with each other to bring about the improvement in the efficiency of production operations, sales operations and distribution operations necessary to accelerate their business development.

4. Outline of Tofuku Flour

(1)	Corporate Name	Tofuku Flour Mills Co., Ltd.
(2)	Representative	President & Representative Director Eiichi Nogami
(3)	Head Office	4-9-20, Nanotsu Chuo-ku, Fukuoka
(4)	Date of Incorporation	October 1932
(5)	Business	Flour milling and real estate leasing
(6)	End of Fiscal Year	September
(7)	No. of Employees	53 (as of March 31, 2007)
(8)	Stated Capital	500 million yen (as of March 31, 2007)
(9)	Issued Shares	10,000,000 shares (as of March 31, 2007)
(10)	Major Shareholders and Ownership Ratios (as of March 31, 2007)	
	Yamaoka Co., Ltd.	10.80%
	Eiichi Nogami	10.26%
	Marubeni Corporation	7.60%
	Nippon Flour Mills	6.99%
	Nisshin Fire & Marine Insurance Co.,Ltd.	5.14%

5. Schedule

October 24	Date of conclusion of alliance agreement
October 24	Agreed stock transfer date
October 29	Date of delivery of shares

6. Outlook

The impact on the Nippon Flour Mills' consolidated forecast for the year ending March 2008 will be insignificant.