

December 3, 2008

Notice of Acquisition of Additional Shares in Tofuku Flour Mills

Nippon Flour Mills Co. Ltd. (President: Wataru Aosaki) is pleased to announce that it has acquired an additional 2.01% of the issued shares in Tofuku Flour Mills Co. Ltd. (“Tofuku Flour”). This takes the percentage of shares held by the company to 20.00%, making Tofuku Flour an affiliated company of Nippon Flour Mills (equity method).

In the flour milling industry, a market-linked system governing the prices Japanese millers pay to the government for wheat produced overseas and a simultaneous buying and selling (SBS contract) system for selected brands were introduced in April 2007. This was followed by a 10% increase in the prices Japanese millers pay to the government for the five major brands of overseas wheat in October this year (making for a total of approximately 60% over the last four terms). Amidst growing concerns over a decline in domestic demand as a result of global financial instability, competition between companies is expected to become increasingly fierce.

With this in mind, the company concluded a basic business alliance agreement with Tofuku Flour in October 2007. The acquisition of additional shares in Tofuku Flour is aimed at further strengthening the close relationship between the two companies and increasing efficiency in terms of manufacturing, sales and distribution.

Details

1. Reasons for acquisition of additional sales

To further strengthen the close relationship between Nippon Flour Mills and Tofuku Flour and increase efficiency in terms of manufacturing, sales and distribution.

2. Details of acquisition

(1) Nippon Flour Mills acquired 201,000 shares (2.01% of issued shares) in Tofuku Flour via the Tokyo Stock Exchange Trading Network System (ToSTNeT) on November 26, 2008 for a total of 13,668,000 yen.

(2) Shares held before and after acquisition

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

Shares held after acquisition: 2,000,000 (20.00% of issued shares)

3. Details of basic business alliance agreement and progress to date

The basic business alliance agreement is founded on a mutually trusting relationship between the two companies and states that Nippon Flour Mills and Tofuku Flour will collaborate or cooperate with one another to improve the efficiency of production, sales and distribution operations as necessary in order to accelerate the development of their respective businesses.

The two companies have started to explore and implement all possible measures in the fields of manufacturing, sales and distribution. In October this year, a technical advisor was assigned to Tofuku Flour.

4. Outline of Tofuku Flour

(1) Name	Tofuku Flour Mills Co. Ltd.
(2) Representative	Eiichi Nogami, President & Representative Director
(3) Head Office	4-9-20 Nanotsu, Chuo-ku, Fukuoka
(4) Established	October 1932
(5) Main business activities	Flour milling and real estate leasing
(6) End of fiscal year	September
(7) Workforce	51 employees (as of March 31, 2008)
(8) Stated capital	500 million yen (as of March 31, 2008)
(9) Issued shares	10,000,000 (as of March 31, 2008)
(10) Major shareholders and holdings (as of March 31, 2008)	
	Nippon Flour Mills Co. Ltd. 17.99%
	Eiichi Nogami 10.01%
	Marubeni Corporation 7.60%
	Nisshin Fire & Marine Insurance Co. Ltd. 5.14%
	Chuo Mitsui Trust and Banking Co. Ltd. 4.76%
	Nishi-Nippon City Bank 4.76%
	Fukuoka Bank 4.00%

5. Outlook

The impact of Nippon Flour Mills' consolidated forecast for the year ending March 2009 will be minimal.