Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

Summary of Consolidated Financial Statements for the Year Ended March 31, 2005

May 12, 2005

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
Securities Code: 2002 and Osaka Securities Exchange
URL: http://www.nisshin.com. Location of head office: Tokyo
Representative: Hiroshi Hasegawa, President
Contact: Hiroyuki Mori, Executive Officer, General Manager of Public Communications Group, General Administration Division
Tel.: +81-3-5282-6650
Date of board meeting to approve results: May 12, 2005
U.S. GAAP: Not adopted

1. Consolidated Financial Results for the Year Ended March 31, 2005 (April 1, 2004 to March 31, 2005)

Figures shown are rounded down to the nearest million yen.

(1) Consolidated Business Results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2005	416,222	(4.1)	22,896	5.2	25,120	9.7
2004	434,125	7.9	21,756	22.9	22,893	14.8

	Net income		Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to assets	Ordinary income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
2005	13,597	17.5	58.06	58.00	5.8	6.9	6.0
2004	11,575	9.5	49.16	49.16	5.2	6.8	5.3

Notes: 1. Equity in earnings of subsidiaries and affiliated companies: FY2005: ¥1,011 million; FY2004: ¥840 million
2. Average number of outstanding shares during the year (consolidated): FY2005: 231,210,789; FY2004: 232,615,679
3. Changes in accounting principles:: None
4. Percentages for net sales, operating income, ordinary income, and net income represent the changes from the previous period..

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2005	372,968	241,282	64.7	1,042.92
2004	359,820	230,555	64.1	996.59

Note: Number of shares outstanding at year-end (consolidated): FY2005: 231,187,493; FY2004: 231,205,226

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2005	21,567	(17,590)	(4,317)	54,047
2004	20,999	(7,931)	(7,549)	54,154

(4) Scope of Consolidation and Equity Method
Number of consolidated subsidiaries: 37
Number of non-consolidated subsidiaries accounted for by the equity method: 2
Number of affiliates accounted for by the equity method: 8

(5) Changes in the Scope of Consolidation and Equity Method
Newly consolidated subsidiaries: None Subsidiaries excluded from the scope of consolidation: None
Companies newly accounted for by the equity method: None Companies excluded from the scope of the equity method: None

2. Forecasts of Consolidated Business Results for the Year Ending March 31, 2006

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Mid-term	210,000	11,000	5,600
Full year	435,000	25,500	13,300

Expected net income per share (year-end): ¥51.62

In the meeting of the Board of Directors held on May 12, 2005, it was decided to undertake a 1.1 for 1 common stock split on November 18, 2005 (the dividend settlement date will be October 1, 2005). The expected net income per share is calculated based on the number of shares issued and outstanding after the stock split.
Note: Please refer to pages 16-19 of this statement regarding assumptions for the above forecasts and other related subjects.

I. Business Group Performance

Nisshin Seifun Group consists of 48 subsidiaries and 15 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. The business operations are grouped by business segment.

(1) Flour Milling Division

Nisshin Flour Milling Inc., a consolidated subsidiary, produces 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 flour-based commercial ingredients. It purchases 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.

Rogers Foods Ltd. in Canada and Nisshin-STC Flour Milling Co., Ltd. in Thailand, both consolidated subsidiaries, produce flour and sell it in the North American and Southeast Asian markets, respectively. Four Leaves Pte. Ltd., an affiliate accounted for by the equity method, operates bakeries, primarily in Singapore.

(2) Processed Food Division

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

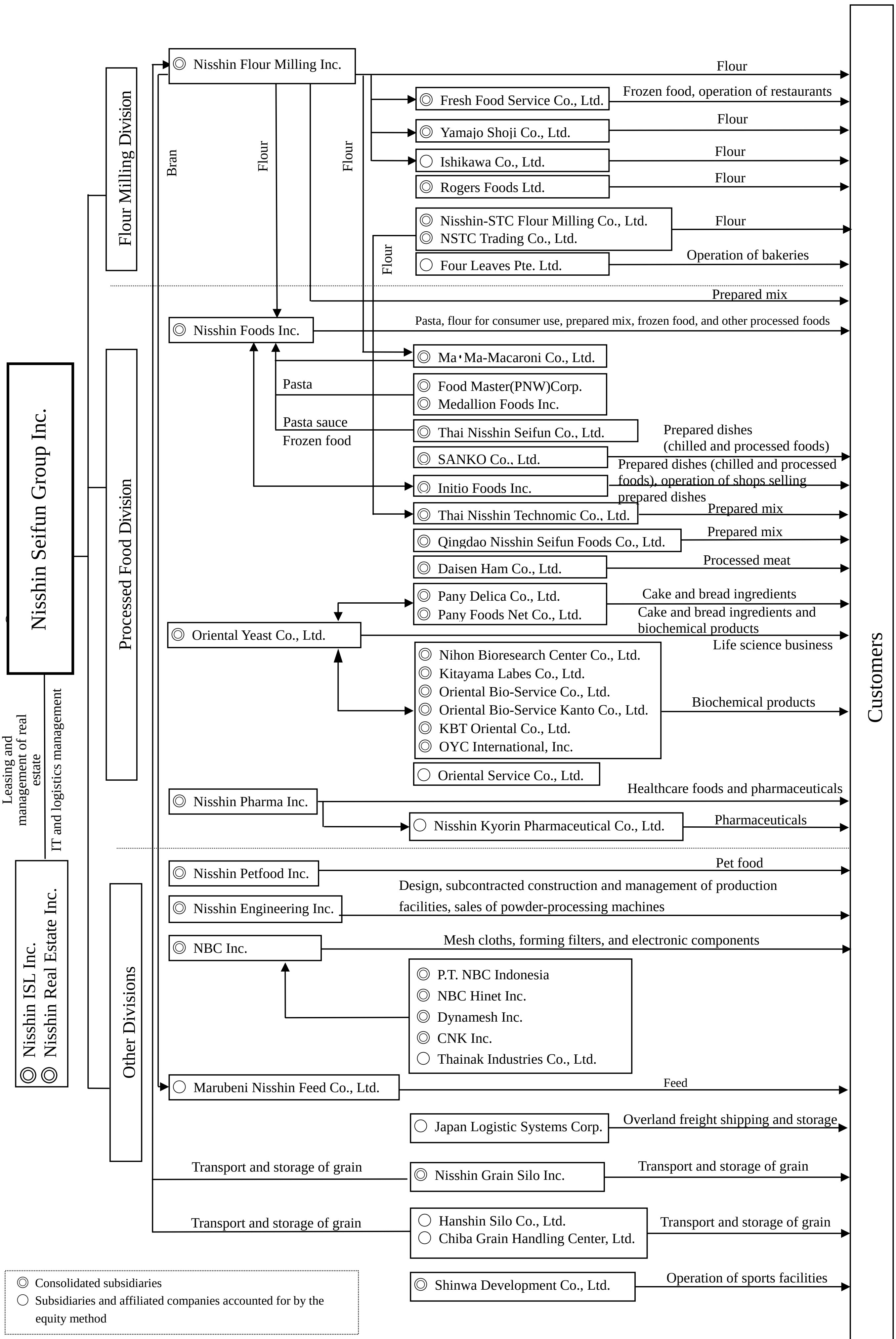
Oriental Yeast Co., Ltd., a consolidated subsidiary, manufactures and sells cake and bread ingredients and biochemical products, as well as operating a life science business.

Nisshin Pharma Inc., a consolidated subsidiary, manufactures and sells healthcare foods and pharmaceuticals. Nisshin Kyorin Pharmaceutical Co., Ltd., an affiliate accounted for by the equity method, manufactures and sells pharmaceuticals.

(3) Other Divisions

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 Inc., a consolidated subsidiary, manufactures and sells mesh cloths, forming filters, and electronic components. 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., a consolidated subsidiary, and Hanshin Silo Co., Ltd. and Chiba Grain Handling Center, Ltd., affiliates 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 Inc.
Flour Milling Division
Processed Food Division
Other Divisions
Customers
◎ Nisshin ISL Inc.
◎ Nisshin Real Estate Inc.
IT and logistics management
Leasing and management of real estate
◎ Nisshin Flour Milling Inc.
Bran
Flour
Flour
Flour
◎ Fresh Food Service Co., Ltd.
Frozen food, operation of restaurants
◎ Yamajo Shoji Co., Ltd.
Flour
○ Ishikawa Co., Ltd.
Flour
◎ Rogers Foods Ltd.
Flour
◎ Nisshin-STC Flour Milling Co., Ltd.
◎ NSTC Trading Co., Ltd.
Flour
○ Four Leaves Pte. Ltd.
Operation of bakeries
Flour
Prepared mix
◎ Nisshin Foods Inc.
Pasta, flour for consumer use, prepared mix, frozen food, and other processed foods
◎ Ma・Ma-Macaroni Co., Ltd.
Pasta
◎ Food Master(PNW)Corp.
◎ Medallion Foods Inc.
Pasta sauce
Frozen food
◎ Thai Nisshin Seifun Co., Ltd.
Prepared dishes (chilled and processed foods)
◎ SANKO Co., Ltd.
Prepared dishes (chilled and processed foods), operation of shops selling prepared dishes
◎ Initio Foods Inc.
◎ Thai Nisshin Technomic Co., Ltd.
Prepared mix
◎ Qingdao Nisshin Seifun Foods Co., Ltd.
Prepared mix
◎ Daisen Ham Co., Ltd.
Processed meat
◎ Pany Delica Co., Ltd.
◎ Pany Foods Net Co., Ltd.
Cake and bread ingredients
◎ Oriental Yeast Co., Ltd.
Cake and bread ingredients and biochemical products
Life science business
◎ Nihon Bioresearch Center Co., Ltd.
◎ Kitayama Labes Co., Ltd.
◎ Oriental Bio-Service Co., Ltd.
◎ Oriental Bio-Service Kanto Co., Ltd.
◎ KBT Oriental Co., Ltd.
◎ OYC International, Inc.
Biochemical products
○ Oriental Service Co., Ltd.
◎ Nisshin Pharma Inc.
Healthcare foods and pharmaceuticals
○ Nisshin Kyorin Pharmaceutical Co., Ltd.
Pharmaceuticals
◎ Nisshin Petfood Inc.
Pet food
◎ Nisshin Engineering Inc.
Design, subcontracted construction and management of production facilities, sales of powder-processing machines
◎ NBC Inc.
Mesh cloths, forming filters, and electronic components
◎ P.T. NBC Indonesia
◎ NBC Hinet Inc.
◎ Dynamesh Inc.
◎ CNK Inc.
○ Thainak Industries Co., Ltd.
○ Marubeni Nisshin Feed Co., Ltd.
Feed
○ Japan Logistic Systems Corp.
Overland freight shipping and storage
Transport and storage of grain
◎ Nisshin Grain Silo Inc.
Transport and storage of grain
Transport and storage of grain
○ Hanshin Silo Co., Ltd.
○ Chiba Grain Handling Center, Ltd.
Transport and storage of grain
◎ Shinwa Development Co., Ltd.
Operation of sports facilities
◎ Consolidated subsidiaries
○ Subsidiaries and affiliated companies accounted for by the equity method

Subsidiaries and Affiliates

Name	Location	Paid-in capital	Main business
Consolidated subsidiaries		Millions of yen	
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	13,000	Production and sales of flour and prepared mix
Nisshin Foods Inc.	Chiyoda-ku, Tokyo	5,000	Sales of pasta, 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
Sanko Co., Ltd.	Higashinari-ku, Osaka	989	Production and sales of chilled and prepared dishes
Initio Foods Inc.	Chiyoda-ku, Tokyo	450	Production and sales of chilled and prepared dishes Operation of stores selling chilled prepared dishes
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	2,550	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 Inc.	Hino-shi, Tokyo	1,992	Manufacturing and sales of mesh cloths, forming filters, and electronic components
27 other consolidated subsidiaries			
Subsidiaries and affiliated companies 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
8 other companies			

Notes: 1. Nisshin Flour Milling, Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma, Inc., NBC Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are special-purpose subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are included in the 27 other consolidated subsidiaries.

2. The following companies are listed on stock exchanges in Japan:

Subsidiaries: Oriental Yeast Co., Ltd. (Second Section of the Tokyo Stock Exchange)

NBC Inc. (Second Section of the Tokyo Stock Exchange)

Affiliated companies accounted for by the equity method: Japan Logistic Systems Corp. (JASDAQ)

II. Business Policies

(1) Basic Business Policy

Recognizing the changes that are occurring as the Japanese economy increasingly operates in accordance with global standards, Nisshin Seifun Group Inc. (“the Company”) espouses two corporate philosophies: “the basis of business is built on trust” and “in tune with the changing climate.” In combination with the principle “to contribute to a healthy and fruitful life for all,” these philosophies have formed the foundation for the Company to achieve continued growth and expansion of its businesses. In addition, the Company 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 enterprise value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses with growth potential. At the same time, the Company promotes internal reform so that it can fulfill its corporate social responsibilities in terms of legal and regulatory compliance, food safety and environmental protection. Nisshin Seifun Group is fully committed to gaining the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

(2) Policy on Profit Distribution

The Company aims to meet the expectations of shareholders to distribute profits, based on the current and future profitability of the business and the financial position. For the year ended March 31, 2005, the Company plans to raise returns to shareholders by increasing the dividend by ¥3 per share. This would result in total dividends for the year of ¥14 per share. The Company plans to submit to the Ordinary General Meeting of Shareholders a proposal to pay a final dividend of ¥8.50 per share. If approved, this would represent the third successive annual hike in dividend levels. In addition, the Company plans to undertake a 1.1 for 1 common stock split on November 18, 2005.

With the aim of raising future enterprise value, the Company prioritizes the use of retained earnings for strategic investments in areas of growth opportunity. The Company adopts a dynamic posture on shareholder returns so that return on capital is maximized from a long-term perspective.

Furthermore, the Company also operates a system of special privileges for shareholders designed to increase familiarity with the products of Nisshin Seifun Group growth businesses. Under this system, shareholders may request the delivery of supplement-enhanced foods made by Nisshin Pharma.

(3) Policy on Reduction in Minimum Share-Trading Unit

The Company recognizes that reduction of the minimum investment that is required to trade in its shares is an effective means of boosting liquidity and increasing the number of private investors. Based on an examination of market trends and the current distribution of such units, on May 12, 2005 the Board of Directors resolved to reduce the minimum share-trading unit for shares of the Company from 1,000 to 500. This measure will become effective on October 3, 2005.

(4) Medium-to-Long-Term Business Strategy and Target Indicators

The Nisshin Seifun Group significantly exceeded the profit targets that the Company had previously established for the year ended March 31, 2005 in its first medium-term business plan. The Company has formulated a second medium-term business plan covering the three fiscal years from April 2005 to March 2008, and has initiated measures to achieve the performance targets established therein.

The core theme of the second medium-term business plan is growth. The aim of the plan is to ensure that all Nisshin Seifun Group businesses are on a sustainable growth trajectory by the end of the three-year period. In terms of basic strategy, the plan calls for feasible measures to be drawn up in each business area from a growth-oriented perspective. In particular, the Company has identified overseas operations as well as prepared dishes and other prepared foods as the main engines of growth. In addition, ahead of the anticipated deregulation of the wheat market, the Company plans to progress with ongoing initiatives to strengthen the base of operations in flour milling and in processed foods. The plan envisages more specific linkages between R&D activities and each business so that product innovation becomes the key driving force behind strategic business development. It also specifies the study of new cost-reduction initiatives based on fresh concepts to ensure that the Company is less sensitive to the various risks to growth. Through the implementation of such strategies, the Company aims to achieve sustained growth in earnings per share (EPS) over the long term, while also raising sales, ordinary income, after-tax profit and return on equity (ROE: defined as net income divided by shareholders' equity). In doing so, the Company hopes to maximize the long-term value of the Nisshin Seifun Group. Performance targets for the final year of the plan (to March 2008) are net sales of ¥465.0 billion, ordinary income of ¥29.0 billion, net income of ¥15.0 billion, and ROE of 6.0%.

(5) Prospective Challenges

The Company plans to invest in three areas as core businesses: flour milling ("the best in the world"); processed food ("a growth business"); and healthcare and biotechnology business ("good prospects for the future"). Including other operations, the basic goal remains to ensure the competitive survival of the Nisshin Seifun Group as a whole.

1) Segmental Overview of Business Strategy

The strategy in the flour milling business is to further enhance relationship marketing and reinforce marketing policies to develop entirely new market segments, with the ultimate aim of increasing market share. Ahead of the anticipated deregulation of the wheat market, the Company hopes to develop a dominant competitive position in the Japanese market. Plans are in hand to boost production efficiency and to raise manufacturing productivity through the closure of the Kobe Plant and the installation of state-of-the-art flour milling equipment on two new production lines at the Higashi-Nada Plant. These lines are due to commence operations in the spring of 2008.

In the processed foods business, the Company completely updated its range of home pasta products in August 2004 to enhance its lineup of leading products in this market segment. Besides ongoing efforts to bolster the cost-competitiveness of its product ranges, the Company has expanded further into processed food segments spanning all temperature ranges, from frozen foods to chilled foods and other prepared dishes. These efforts are helping drive the growth of the Nisshin Seifun Group. In the chilled foods sector, the Company plans to accelerate the growth of operations in prepared dishes and other prepared foods through the merger in October 2005 of subsidiaries Initio Foods and SANKO. This move will serve to integrate production, management and sales resources amid a focus on developing a multi-channel approach that targets department stores and large retail chains, in addition to opening stores in roadside locations to sell chilled dishes directly to consumers.

With an aging Japanese society and generally heightened awareness of health issues, the Company continues to channel resources into the development of healthcare and biotech-related operations, which possess considerable growth potential. The goal in this sector is to develop these businesses to the point where they provide a third source of core earnings, on a par with flour milling and processed foods. The two main companies in these operations are Oriental Yeast and Nisshin Pharma.

Oriental Yeast aims to become a leader in the development of original yeast-based technology, an area with almost infinite possibilities. The firm is developing new products and technologies to support enhanced longevity and health. These efforts are also exploiting synergies within the Nisshin Seifun Group, in terms of joint product development and sales initiatives, spanning operations in flour milling, processed foods and healthcare foods. In particular, Oriental Yeast forms the nucleus of the Nisshin Seifun Group’s biotech research strategy, which is expected to yield results across a variety of fields.

Nisshin Pharma, meanwhile, is developing a strong presence in the expanding healthcare foods sector, as a manufacturer distinguished by its proprietary technologies centering on coenzyme Q_{10}. Focusing on research into new ingredients and the development of original products, the firm continues to develop new sales channels and build up its production capabilities to establish an unrivalled position.

In other operations, which include pet food, engineering and mesh cloths, the Company aims to develop a significant presence within each industry, either through self growth or through a strategy based on internal and external alliances.

2) Global Development Strategy

To accelerate progress and build operational scale as quickly as possible, the Company is focusing international business development efforts primarily in three regions in addition to Japan: the west coast of North America, Southeast Asia, and China. International operations are managed as a single unit to ensure a cohesive Nisshin Seifun Group business strategy across the entire Pacific Rim, utilizing functional divisions between each base to exploit maximum synergy. Steady expansion through the development of operating bases in the Pacific Rim region continued in the year under review as a new flour milling plant owned by Canadian subsidiary Rogers Foods began operations in December 2004. In China, which has huge potential as a consumer market, in 2002 the Company set up Qingdao Nisshin Seifun Foods to manufacture and sell prepared mix. In October 2005, Nisshin Seifun Group member firm NBC plans to establish a sales subsidiary in Shanghai. The Company is also setting up a new internal department in June 2005 to coordinate aggressive business development in China. Besides working to expand trade between China and Nisshin Seifun Group member firms based in Japan and overseas markets, the Company aims to pursue new business opportunities that leverage core strengths in the flour milling and processed foods sectors.

3) R&D Strategy and Total Low-Cost Operations Drive

The development of next-generation products and new business models to complement and drive the growth of existing businesses is another important goal for the Nisshin Seifun Group. Rather than aim just to upgrade products, the ongoing theme of new product development (NPD) programs is to focus maximal effort on developing innovative, high-value-added products to win the support of customers and underpin sustained business expansion. The Company recognizes that such items are the key to generating continuous growth. New products launched in the year ended March 31, 2005 made a substantial contribution to growth across all sectors, particularly in the core businesses of flour milling, processed foods and healthcare foods.

Besides NPD, another critical objective is to realize low costs throughout the Company’s operations, from purchasing and production to sales and distribution, as a fundamental means of increasing profitability. As a result of a systematic and sustained focus on reducing operational costs across the entire Nisshin Seifun Group, the Company has already exceeded initial performance goals in this area. Cost-reduction initiatives are now focused on reviewing processes and systems to engineer reforms across the entire value chain from novel perspectives. The Company also continues to make investments where necessary to boost productivity and efficiency.

4) Wheat Policy Reforms

The outcome of the World Trade Organization (WTO) negotiations on agriculture (framework agreement achieved in July 2004), as well as bilateral free trade agreements (FTAs) and economic partnership agreements (EPAs), could potentially have a significant impact on Nisshin Seifun Group’s flour milling and processed foods interests, and on the industry as a whole. In Japan, the Ministry of Agriculture, Forestry and Fisheries continues to review its basic policies on wheat. In view of the substantial premium of the government-controlled selling price over international prices for wheat, Company policy is to support the implementation of successive reductions in this price to reduce the gap on an ongoing basis. At the same time, the Company plans to increase the pace of structural reforms and its global business development program in order 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 been active in fulfilling its responsibilities as a corporate citizen, with the aim of retaining its status as a corporate entity that plays an essential role in society. To this end, the Company established a committee to study and develop Group operating companies’ basic attitudes as well as their actions with regard to all their stakeholders. In addition, the Company and all Group operating companies have focused on developing enhanced compliance procedures to ensure all business activities are legal and appropriate. Other specific programs – all of which are ongoing – include the strengthening of quality control systems to improve traceability and quality assurance (QA) procedures from a consumer perspective, alongside a range of environmental protection measures such as reduction of wastes and carbon dioxide emissions. The Nisshin Seifun Group has received plaudits from independent evaluation organizations, media-related institutions and other bodies for the actions taken to fulfill corporate social responsibilities. The Company plans to continue such actions going forward.

(6) Corporate Governance Policies and Implementation Status

(Basic policy on corporate governance)

The Nisshin Seifun Group aims to build and maintain an effective functional management structure that promotes accelerated decision-making. Other goals of corporate governance are to raise operational efficiency while seeking to clarify management responsibilities.

The organizational structure and systems of the Nisshin Seifun Group are designed to strengthen corporate governance functions and promote efficient management. The Company has adopted a holding company structure, under which holding company Nisshin Seifun Group Inc. oversees and evaluates the actions of operating companies with the interests of shareholders in mind. The Board of Directors is organized along functional lines to promote swifter and more effective decision-making. The statutory functions of the auditors have been reinforced and are augmented by systematic, specialized internal audits covering areas such as environmental protection, quality control and facilities.

(Implementation status of corporate governance measures)

1) Corporate governance institutions and internal control systems

The Company has adopted the statutory auditor system specified in the Japanese Commercial Code. Currently, ten directors are appointed, each with tenure of one year. An executive officer system has been adopted for the execution of business functions. Under the auditing system adopted for the Nisshin Seifun Group, the Company assigns auditors to audit the performance of Nisshin Seifun Group operating companies. The results of these audits are reported to the Board of Auditors. The Company has also established internal control systems under which the Internal Auditing Office organizes environmental and other audits in conjunction with specialist personnel. All four of the Company’s auditors are external auditors. One of the external auditors is an attorney who acts as the Company’s legal counsel. One of the external auditors was an employee of the Company until June 1994.

2) Risk management systems

To ensure that the Company fulfills its social responsibilities, the Nisshin Seifun Group has formulated the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines.” The Company undertakes group-wide training and other educational activities to ensure that all employees understand and abide by this code of conduct. Various specialist audits, such as environmental audits, are undertaken as a further check of the code’s effectiveness. The Company has also established a “Compliance Hotline System” that allows employees to make contact directly with external legal counsel or internal departments on compliance-related matters.

Separately, the Nisshin Seifun Group has established the “Nisshin Seifun Group Risk Management Rules” to prevent crisis occurrence and ensure that appropriate actions are taken in the event of any such crisis. The Company has set up the Risk Management Committee, whose job is to identify and clarify potential crises based on a sound grasp of the underlying risks and to formulate suitable crisis-response measures. All Nisshin Seifun Group employees are obliged to report any crisis situation to the Company call center so that the information can be relayed swiftly to senior management. The system aims to ensure that any damage caused is minimal due to prompt initial action.

3) Internal audits, independent financial audits and auditor oversight

Within its internal control systems, the Nisshin Seifun Group has established the Internal Auditing Office to oversee internal audits. Specialist personnel assist with audits covering areas such as quality control, environmental protection and facilities. Currently, the Internal Auditing Office employs three staff and the specialist personnel teams comprise six people for QC audits, seven people for facility audits and five people for environmental audits. In addition, all Nisshin Seifun Group operating companies appoint some of their own personnel to undertake internal QC audits in parallel with the centrally organized QC audits by specialist personnel.

All four auditors sit on the Board of Auditors. In line with auditing plans formulated by the Board of Auditors, auditors attend all meetings of the Board of Directors and other important business meetings. Auditors also maintain separate, regular channels of communication with representative directors. These activities facilitate the general auditing oversight of the business. Two of the auditors are designated full-time auditors, and their duties include acting as auditors for the various Nisshin Seifun Group operating companies. Each operating company also appoints one dedicated full-time auditor to undertake its own auditing.

Company auditors share audit results with the Internal Auditing Office. Operating company auditors and the teams consisting of specialist auditing personnel also report their audit results both to the Internal Auditing Office and to the Company auditors. In addition, the Company auditors and the operating company auditors hold regular separate meetings to review group audit case studies. These meetings provide a forum to exchange opinions and to share and discuss issues, thereby contributing to higher internal audit quality across the Nisshin Seifun Group.

The Company has an independent auditing contract with Ernst & Young ShinNihon. The Company auditors and the operating company auditors hold regular meetings with the independent auditors to review financial audit plans and results. These meetings also provide a forum for any explanations of specific audit items and to exchange information.

Further details of the independent auditing personnel are given below.

- Certified Public Accountants leading the independent financial audit
  Representative and engagement partner Eisei Kaneda
  Representative and engagement partner Masato Tsukahara
  Representative and engagement partner Shoji Hoshino
- Independent auditing firm
  Ernst & Young ShinNihon
- Continuous involvement with independent audits of the Company
  Eisei Kaneda: 9 years
- Composition of support staff in auditing team (including audits of consolidated subsidiaries)
  CPAs: 18 Assistant accountants: 20

4) Remuneration of executives and auditors

The aggregate amounts of financial remuneration paid to Company directors and auditors were as specified below. The Board of Directors does not currently contain any external directors.

Directors:	Ten (10)	¥145 million
Auditors:	Four (4)	¥35 million

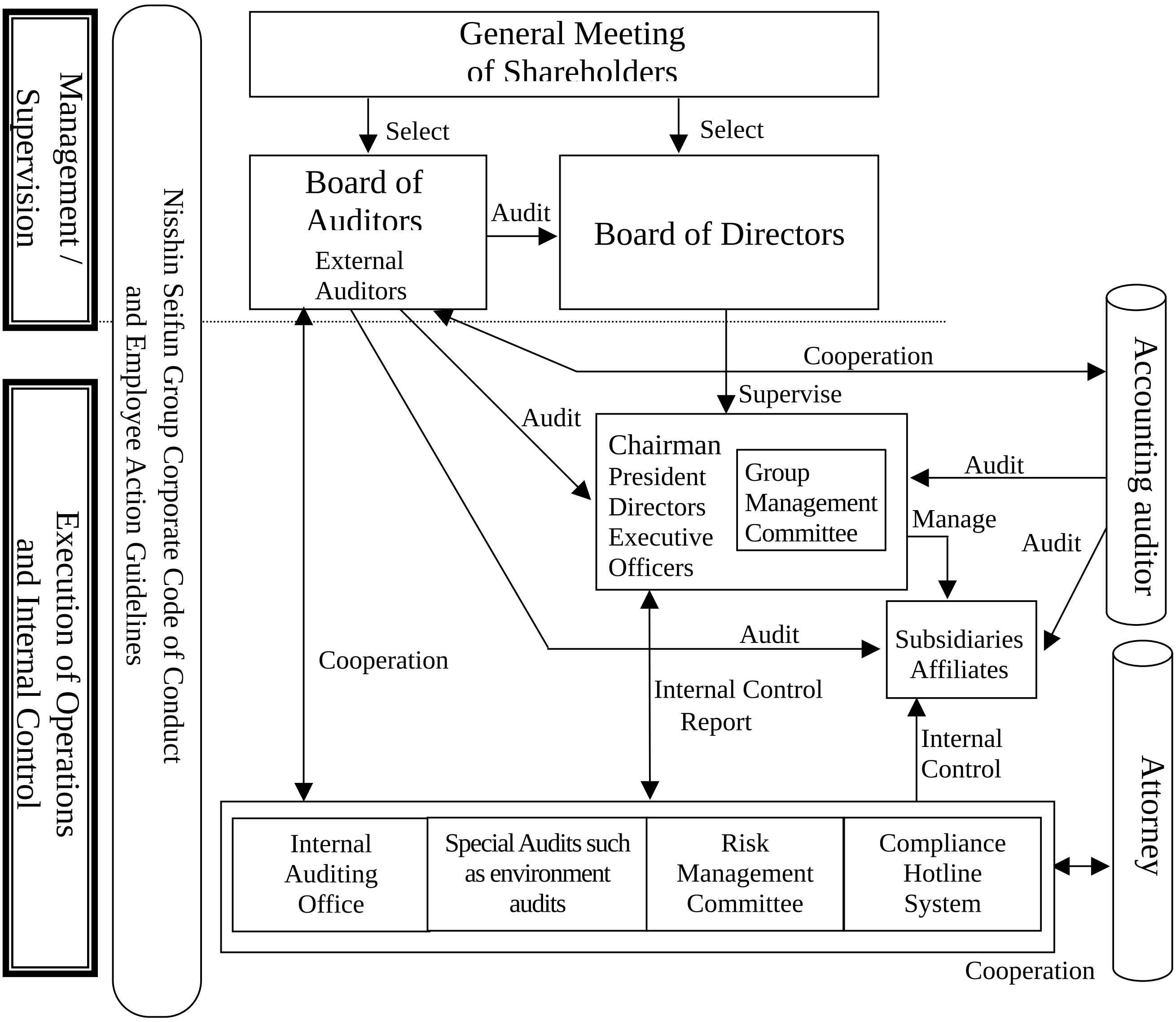
In addition to these sums, directors received bonuses totaling ¥45 million in respect of the appropriation of retained earnings from the previous year. A lump-sum retirement allowance of ¥40 million was also paid to one director.

Payments made to the independent auditors (Ernst & Young ShinNihon) were as specified below (including audits of consolidated subsidiaries).

	Millions of yen Amount
Payments for certified auditing services*	112
Payments for other services	1
Total	113

* As stipulated in Article 2 Section 1 of the Certified Public Accountant Law.

The diagram below sets out the supervision and internal control structure of the Nisshin Seifun Group



(7) Matters Concerning the Parent Company

There are no materially significant matters concerning the parent company, therefore this information has been omitted.

III. Review of Operations & Financial Position

A. Review of Operations

1. Business Overview (Fiscal Year Ended March 31, 2005)

Core Nisshin Seifun Group operating companies Nisshin Flour Milling and Nisshin Foods generated higher sales volumes as a result of aggressive promotional activities and the development of new sales channels. Nisshin Pharma also posted good results due to higher domestic shipment volumes of coenzyme Q_{10}, while Nisshin Engineering recorded high levels of orders. Efforts at cost cutting were also successful. Unusual weather conditions, both in Japan and other markets, and a series of major natural disasters were a significant feature of the year – although the Company was able to minimize the direct impact on business. Consolidated net sales declined 4.1% compared with the previous year to ¥416,222 million. This result reflected the conversion of the feed business into an equity-method affiliate in October 2003. Even after absorbing the effects of changes due to the feed business conversion and accounting treatment for enterprise tax, ordinary income rose 9.7% year-on-year to ¥25,120 million, setting a new record high for the second consecutive year. Net income of ¥13,597 million (up 17.5%) also represented a new record high.

[Business Overview by Segment]

(1) Flour Milling Division

An unusually hot summer and unpredictable weather after the fall depressed consumption of bread, noodles, and cakes. Reacting to market changes, Nisshin Flour Milling continued to promote sales through a relationship marketing-based approach. Together with a concerted sales expansion strategy, this resulted in year-on-year flour shipment gains. The company also tried to boost flour demand by releasing value-added items such as *Hokusui* (launched in fall 2004), a local flour for making soft noodles derived from wheat grown in the Hokkaido region.

On the production side, the company focused on meeting the diverse needs of customers alongside the achievement of low-cost operations. In another move designed to boost international competitiveness, the company decided to raise manufacturing productivity through the closure of the Kobe Plant and the installation of state-of-the-art flour milling equipment on two new production lines at the Higashi-Nada Plant. This new capacity is due to come on stream in the spring of 2008. Elsewhere, the company continued a campaign focused on cleanliness and safety involving the distribution and export trade. These moves helped to strengthen food safety controls, not only on the production side of flour milling operations, but also throughout distribution and storage operations.

Overseas business development efforts centered on the December 2004 completion of a new state-of-the-art flour milling plant near Vancouver by Canadian subsidiary Rogers Foods. This facility is now operating normally.

The price of bran, a by-product of the milling process, continued to rise appreciably due to booming domestic demand for feed.

Segment sales advanced 1.2% over the previous year to ¥154,888 million and operating income increased 8.1% to ¥10,972 million.

(2) Processed Food Division

Nisshin Foods posted increased shipments of the *Ma-Ma Two-Minute Al Dentino* series of pasta dishes, introduced in spring 2004. Other product categories that generated volume growth over the previous year included pasta, dried noodles, coating flours used to make tempura or other deep-fried dishes, and frozen foods for home cooking. Last fall, Nisshin Foods completely upgraded the consumer-oriented *Ma･Ma* pasta range through the adoption of higher quality durum semolina as the main ingredient. In February 2005, the company followed this up with the launch of 14 brand new products and four updated product lines in room-temperature foods. In frozen foods, the company also introduced seven new products and three updated product lines, mostly frozen pasta varieties. In prepared dishes and other foods, in December 2004 basic and applied R&D functions for prepared dishes were centralized into the Prepared Dishes Research Office, having previously been divided between separate operations. This move promises to accelerate progress in product development. In the same product categories, in March 2005 Nisshin Foods subsidiary Initio Foods also opened two new stores in urban roadside locations. This retail chain, called “Hakki” (meaning “eight seasons” in Japanese) marks a new initiative to boost consumer sales.

Although the processed food division of Oriental Yeast achieved higher shipments of yeast, shipments of flour paste and other ingredients for baking bread and similar products declined amid high summer temperatures. The company’s biotechnology-related division posted higher sales of diagnostic reagents, although shipments of cell-culture products declined.

Nisshin Pharma posted higher domestic shipments of its leading product coenzyme Q_{10}, due mainly to increased awareness of its benefits within Japan and the launch of a water-soluble formulation. Sales of coenzyme Q_{10} as both an ingredient and an end product generated steady growth as the company also focused on the development of other new materials and products.

Segment sales grew by 0.8% over the previous year to ¥218,529 million, while operating income increased 10.2% to ¥7,982 million.

(3) Other Divisions

Nisshin Petfood generated higher shipments of cat food and the newly-launched smaller bags of new *RUN Meal Mix* dog food. In March 2005, in cat food, the company also introduced 12 brand new products and eight updated product lines, targeting in particular the market for tasty, health-conscious pet food.

Nisshin Engineering posted higher sales than in the previous year, and also recorded a substantial increase in the year-end level of outstanding orders. In October 2004, the company established a new development facility for powder-processing equipment in Kamifukuoka. This operation was also instrumental in growing the business.

NBC achieved higher shipments of its mainstay range of mesh cloths for screen-printing applications both in Japan and overseas markets, and also generated growth in shipments of mesh cloths for use as industrial materials. At the same time, the company focused on reinforcing cost-competitiveness.

Segment sales fell 33.3% on a year-on-year basis to ¥42,804 million, due primarily to the effect of the conversion of the feed business into an equity-method affiliate. Operating income rose 0.5% to ¥5,034 million.

2. Business Outlook (Fiscal Year Ending March 31, 2006)

The Company has formulated a second medium-term business plan whose core theme is growth. The year ending March 31, 2006 is the first year of the plan, and the Company has initiated measures to achieve performance targets. In particular, the Company has identified overseas operations as well as prepared dishes and other prepared foods as the main engines of growth. Ahead of the anticipated deregulation of the wheat market, the Company plans to progress with ongoing initiatives to strengthen the base of operations in flour milling and in processed foods. Other areas of focus include efforts to strengthen R&D, QC and QA systems to support the creation of innovative products and technologies, together with cost-reduction initiatives based on fresh concepts.

(1) Flour Milling Division

Japan suffers from a low birth rate, and the population continues to age even as it levels off and begins to decline in absolute terms. All these factors work against any consistently strong growth in total flour consumption in Japan. Nisshin Flour Milling expects competition between companies to intensify further amid such underlying demand trends. As customers assess ongoing market changes, the company's strategy for expanding shipment volumes of flour is to concentrate on a solution-based sales approach by developing innovative proposals for new products and promotions. At the same time, the company plans to make maximal use of the So Shoku Club, an IT-based interactive communication system connecting Nisshin Flour Milling to its customers. On the production side, in pursuit of higher profits, the company plans to continue seeking enhanced efficiency by consolidating capacity in large, coastally situated plants while seeking to reduce costs, including in distribution, purchasing and sales operations. Nisshin Flour Milling also plans to redouble efforts to upgrade QC standards and systems in the areas of flour distribution and storage.

The overseas development strategy centers on operations on the west coast of North America, capitalizing on the new state-of-the-art flour milling plant managed by Rogers Foods. The company will also concentrate on raising its market share in Thailand through subsidiary Nisshin-STC Flour Milling.

(2) Processed Food Division

Nisshin Foods continues to face challenging conditions as competition between firms intensifies relentlessly in the processed food industry. One countermeasure will be to develop and launch a continuous stream of new items to satisfy customers' requirements for reliable, safe and healthy products; another will be to focus on the planning and execution of aggressive sales and promotional activities, centering on a special golden anniversary campaign for the *Ma*‘*Ma* pasta brand. The company also plans to upgrade its QA and QC systems further. In prepared foods, which represent a rare growth field in the food industry, the Nisshin Seifun Group aims to expand its presence significantly through subsidiary Initio Foods. Plans call for aggressive expansion through the development of novel business models involving the supply of freshly prepared dishes and operating systems. In addition to opening roadside stores around the Tokyo Metropolitan area, in August 2005 the company will bring online a production facility supplying the Kanto region. The Company also plans to accelerate the growth of its operations in prepared dishes and other prepared foods through the merger in October 2005 of Initio Foods with SANKO, another subsidiary.

In the processed food division of Oriental Yeast the plan is to expand sales further using a combination of new product proposals tailored to customer requirements with clearly targeted sales activities. Investment in strategic businesses will also continue at the company's biotechnology-related division with the aim of generating growth and exploiting synergies through close cooperation with other Nisshin Seifun Group companies.

With demand for coenzyme Q_{10} expected to continue growing, Nisshin Pharma plans to expand its lineup of related water-soluble products under the *Aqua Q_{10}* brand. Another major focus will be the introduction of a new range of coenzyme Q_{10} products that feature enhanced absorption capacity, which will be supplied for the retail market under the *Q10 Life* brand. These initiatives are part of an overall strategy to achieve a clear differentiation of the company's coenzyme Q_{10} products and thereby expand sales. At the same time, Nisshin Pharma also plans to focus on the development of new materials and products other than coenzyme Q_{10}.

(3) Other Divisions

Nisshin Petfood plans to generate further gains in market share through the introduction of new product lines carefully tailored to the market, while also seeking out new sales channels. In April 2005, the company introduced new mail-order multi-balanced dog food varieties supplemented with coenzyme Q_{10}. The new product lines are partly made to order, catering to dogs according to size, age and physical condition.

Nisshin Engineering aims to maintain order levels at least on a par with the year ended March 2005. The company aims to boost sales by focusing both on powder-processing services and on sales of related equipment.

NBC plans to expand revenues of its products that use mesh technology, centering on mesh cloths for screen-printing applications through the launch of products tailored to high-value-added market segments.

Overall, the Company expects competition to intensify and general business conditions to become more challenging as markets in Japan and overseas are subjected to the forces of globalization. In response, the strategy is to focus on the development and introduction of novel, high-value-added products that will gain the strong support of customers, while also devoting efforts to reducing costs as much as possible.

For the year ending March 2006, the Company forecasts net sales of ¥435.0 billion (up 4.5% year-on-year), ordinary income of ¥25.5 billion (up 1.5%) and net income of ¥13.3 billion (down 2.2%).

B. Financial Position

1. Overview (Fiscal Year Ended March 31, 2005)

Cash flow from operating activities

Net cash provided by operating activities amounted to ¥21,567 million. This represented an increase of ¥567 million compared with the previous fiscal year, when operating cash flow equaled ¥20,999 million. The principal contributory factor was higher operating income.

Cash flow from investing activities

Net cash used in investing activities amounted to ¥17,590 million, mainly reflecting capital investments totaling ¥16,052 million. This represented an increase of ¥9,658 million compared with the previous fiscal year, when cash outflow equaled ¥7,931 million. The components of the additional outflow were loss of income accompanying the conversion of Oriental Yeast into a consolidated subsidiary and a rise in the value of securities with maturities exceeding three months.

Free cash flow, defined as the sum of cash flow provided by operating and investing activities, totaled ¥3,977 million in the year ended March 31, 2005.

Cash flow from financing activities

Net cash used in financing activities amounted to ¥4,317 million, due mainly to the payment of dividends. This represented a decrease of ¥3,232 million compared with the previous fiscal year, when cash outflow equaled ¥7,549 million. This principally reflected a decline in debt repayment levels.

As of March 31, 2005, consolidated cash and cash equivalents totaled ¥54,047 million, a decline of ¥107 million from the previous fiscal year-end.

2. Outlook (Fiscal Year Ending March 31, 2006)

The Company forecasts net income of ¥13,300 million in the year ending March 31, 2006. The Company expects this cash inflow to be offset by capital spending levels in excess of depreciation and increased returns to shareholders in the form of a higher dividend. As a result, consolidated cash and cash equivalents at March 31, 2006 are forecast to remain around the same level as a year earlier.

3. Cash-Flow Indicators

The main cash-flow indicators for the Nisshin Seifun Group are shown in the table below.

	Fiscal year ended March 31, 2002	Fiscal year ended March 31, 2003	Fiscal year ended March 31, 2004	Fiscal year ended March 31, 2005
Shareholders' equity ratio (%)	63.2	66.8	64.1	64.7
Market value-based shareholders' equity ratio (%)	52.9	62.2	65.4	70.7
Debt repayment period (years)	1.1	0.9	0.5	0.5
Interest coverage ratio (times)	41.4	39.7	84.7	110.1

* Shareholders' equity ratio = Shareholders' equity / Total assets
Market-value-based equity ratio = Market capitalization / Total assets
Debt-repayment period = 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.

Forward-Looking Statements

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.

C. 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 Consolidated Financial Statements (May 12, 2005).

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, shipment levels of the Company's major products are subject to economic trends, primarily in Japan. Price erosion for these products is also a possibility under a prevailing deflationary environment. Other risks include losses caused by the failure of investment or business partners due to deterioration in economic conditions.

2) Wheat policy reforms and international trade discussions

Although the Nisshin Seifun Group has undertaken structural reforms of its flour milling and processed food operations to build a strong earnings base, these businesses remain subject to risk due to international negotiations by the Japanese government on agricultural issues. Talks are ongoing with the WTO and with various countries regarding free-trade agreements. The government is also reviewing its internal and trade policies with regard to wheat. Policy changes affecting the handling of wheat (including policies governing the government purchase, stockpiling and sale of wheat) imply serious ramifications for the domestic flour industry and the markets for secondary processed products, and could potentially lead to industry restructuring alongside major changes in methods of wheat procurement.

3) Product safety

While the Nisshin Seifun Group continues to upgrade efforts to improve its product quality assurance systems, 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. On the material procurement side, the Nisshin Seifun Group is also exposed to similar risks associated with diseases such as bovine spongiform encephalopathy (BSE) and avian influenza.

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 deflationary pressures and the possibility of future wheat market deregulation. Nevertheless, the Company remains exposed to the risk of significant changes in raw material prices, possibly resulting in an unavoidable sharp rise in purchasing costs.

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

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 foods. The operational performance and financial position of overseas operations may also vary due to changes in the value of the yen. In flour milling operations, 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. Management, maintenance and repair systems are also in place to minimize any injury to personnel or damage to facilities in the event of natural disasters such as earthquakes or storms. However, events beyond the scope of the Company’s projections could lead to damage or to the interruption of product supplies to customers. In particular, due to the high concentration of sales of Nisshin Seifun Group products in Tokyo and the surrounding metropolitan area, a major disaster affecting this region could have a negative impact on the Company’s operating performance.

10) Retirement benefits and pension liabilities

Calculations of Nisshin Seifun Group retirement benefits and pension liabilities are based on actuarial assumptions (such as the discount rate) and an expected rate of return on pension plan assets. There could be a material impact on the Company’s operating performance and financial position if actual results are significantly different from initial assumptions.

11) 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.

12) 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 that could result in higher costs.

13) 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.

14) Environmental management

The environmental impact of Nisshin Seifun Group businesses is relatively low compared to other industries. Nevertheless, the Company continues to make assiduous efforts to improve the environmental profile of Nisshin Seifun Group 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.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets—As of March 31, 2005 and 2004

(Millions of yen)

	2004	2005	Change
Assets:			
Current assets:			
Cash on hand and in banks	29,173	54,065	24,892
Notes and accounts receivable	55,238	59,468	4,229
Marketable securities	28,301	6,783	(21,518)
Inventories	33,858	38,580	4,722
Deferred tax assets	5,378	4,517	(861)
Other current assets	6,584	7,146	561
Allowance for doubtful accounts	(245)	(211)	34
Total current assets	**158,289**	**170,349**	**12,060**
Fixed assets:			
Tangible fixed assets			
Buildings and structures	42,280	42,407	126
Machinery and equipment	33,028	32,741	(287)
Land	29,249	29,729	479
Construction in progress	1,454	1,152	(302)
Other tangible fixed assets	2,855	2,830	(25)
	108,868	108,860	(8)
Intangible fixed assets	7,439	9,124	1,684
Investments and other assets:			
Investment in securities			
Long-term loans	77,272	77,262	(10)
Deferred tax assets	390	261	(129)
Other investments and other assets	4,278	4,099	(178)
Allowance for doubtful accounts	3,847	3,641	(205)
	(566)	(630)	(63)
Total investments and other assets			
	85,222	84,634	(587)
Total fixed assets			
	201,530	**202,618**	**1,088**
Total Assets	**359,820**	**372,968**	**13,148**

	2004	2005	Change
Liabilities:			
Current liabilities:			
Notes and accounts payable	22,797	28,599	5,802
Short-term debt	8,424	8,115	(309)
Accrued income taxes	5,320	3,956	(1,363)
Accrued expenses	15,108	13,623	(1,484)
Other current liabilities	12,377	13,085	708
Total current liabilities	**64,026**	**67,380**	**3,353**
Non-current liabilities:			
Bonds	77	-	(77)
Long-term debt	2,219	1,680	(539)
Deferred tax liabilities	13,401	13,014	(387)
Allowance for employees' retirement benefits	16,044	14,928	(1,115)
Allowance for directors' retirement benefits	1,145	1,192	47
Allowance for repairs	1,103	893	(210)
Guaranteed deposits received	5,708	5,701	(7)
Consolidation adjustments account	174	134	(39)
Total non-current liabilities	**39,873**	**37,545**	**(2,327)**
Total liabilities	**103,899**	**104,925**	**1,025**
Minority interests:			
Minority interests	**25,364**	**26,760**	**1,396**
Shareholders' Equity:			
Common stock	17,117	17,117	-
Capital surplus	9,446	9,452	5
Retained earnings	179,241	190,699	11,457
Unrealized holding gain (loss) on securities	27,177	26,688	(488)
Foreign currency translation adjustments	(1,012)	(1,216)	(204)
Treasury common stock	(1,414)	(1,459)	(44)
Total shareholders' equity	**230,555**	**241,282**	**10,726**
Total Liabilities, Minority Interests and Shareholders' Equity	**359,820**	**372,968**	**13,148**

(2) Consolidated Statements of Income—For the years ended March 31, 2005 and 2004

(Millions of yen)

	2004	2005	Change
Net sales	434,125	416,222	(17,902)
Cost of sales	302,079	283,455	(18,623)
Gross profit	**132,046**	132,766	720
Selling, general and administrative expenses	110,289	109,870	(418)
Operating income	**21,756**	**22,896**	**1,139**
Non-operating income:	2,442	3,358	916
Interest income	79	58	(20)
Dividend income	767	705	(62)
Equity in earnings of subsidiaries and affiliated companies	840	1,011	171
Other income	755	1,582	827
Non-operating expenses:	1,305	1,134	(171)
Interest expenses	266	197	(68)
Other expenses	1,039	937	(102)
Ordinary income	**22,893**	**25,120**	**2,227**
Extraordinary income:			
Gain on sale of fixed assets	103	120	16
Gain on sale of investments in securities	691	1,277	585
Gain on transfer of goodwill as a result of merger of the feed business	2,513	-	(2,513)
Other	57	-	(57)
	3,366	1,397	(1,968)
Extraordinary losses:			
Loss on disposal of fixed assets	735	1,185	450
Expenses related to merger of the feed business	2,218	-	(2,218)
Loss on disposal of inventories	-	194	194
Other	94	75	(19)
	3,048	1,455	(1,592)
Income before income taxes and minority interests	**23,211**	**25,062**	**1,851**
Income taxes – current	10,269	8,525	(1,743)
Income taxes – deferred	(535)	890	1,425
Minority interests	1,902	2,048	145
Net income	**11,575**	**13,597**	**2,022**

(3) Consolidated Statements of Retained Earnings—For the years ended March 31, 2005 and 2004

(Millions of yen)

	2004	2005	Change
Capital surplus:			
Capital surplus at beginning of the year	9,446	9,446	0
Increase in capital surplus	0	5	5
Proceeds from sale of treasury common stock	0	5	5
Capital surplus at end of the year	9,446	9,452	5
Retained earnings:			
Retained earnings at beginning of the year	172,189	179,241	7,051
Increase in retained earnings	11,582	14,376	2,794
Net income	11,575	13,597	2,022
Increase in retained earnings due to merger of consolidated subsidiaries	-	778	778
Increase in retained earnings due to addition of companies accounted for by the equity method	7	-	(7)
Decrease in retained earnings	4,530	2,918	(1,612)
Cash dividends paid	2,220	2,780	559
Bonuses to directors	109	138	29
Gain on sales of treasury common stock	2,088	-	(2,088)
Decrease in retained earnings due to reduction in consolidated subsidiaries	112	-	(112)
Retained earnings at end of the year	179,241	190,699	11,457

(4) Consolidated Statements of Cash Flows—For the years ended March 31, 2005 and 2004

(Millions of yen)

	2004	2005	Change
I. Cash flows from operating activities:			
Income before income taxes and minority interests	23,211	25,062	1,851
Depreciation and amortization	11,813	11,682	(131)
Decrease in allowance for retirement benefits	(1,351)	(1,067)	284
Interest and dividends income	(847)	(764)	82
Interest expenses	266	197	(68)
Equity in earnings of subsidiaries and affiliated companies	(840)	(1,011)	(171)
Gain on sales of marketable securities	(696)	(1,542)	(845)
Increase in accounts receivable	(789)	(4,201)	(3,411)
(Increase) decrease in inventories	272	(4,740)	(5,013)
Increase (decrease) in accounts payable	(668)	5,765	6,433
Other	1,238	2,181	943
Subtotal	31,608	31,563	(45)
Interest and dividends received	1,044	839	(205)
Interest paid	(247)	(195)	51
Income taxes paid	(11,406)	(10,638)	767
Net cash provided by operating activities	**20,999**	**21,567**	**567**
II. Cash flows from investing activities:			
Payments for time deposits	(19)	0	19
Payments for purchase of marketable securities	(8,999)	(7,507)	1,491
Proceeds from sales of marketable securities	8,489	4,299	(4,189)
Payments for purchases of fixed assets	(15,428)	(16,052)	(623)
Proceeds from sales of fixed assets	286	44	(241)
Payments for purchases of investments in marketable securities	(360)	(411)	(50)
Proceeds from sales of investments in marketable securities	1,013	1,712	698
Balance between payments for purchase of shares of a subsidiary accompanying the change in the scope of consolidation and the amount of cash and cash equivalents held by that company	6,601	-	(6,601)
Payments for long-term loans	(7)	(65)	(57)
Proceeds from collections of long-term loans	356	189	(167)
Other	136	199	63
Net cash used in investing activities	**(7,931)**	**(17,590)**	**(9,658)**
III. Cash flows from financing activities:			
Proceeds from short-term debt	613	248	(365)
Repayments of short-term debt	(3,361)	(713)	2,648
Proceeds from long-term debt	662	-	(662)
Repayments of long-term debt	(827)	(419)	407
Proceeds from sale of treasury common stock	14	94	80
Purchase of treasury common stock	(1,847)	(133)	1,714
Cash dividends paid	(2,220)	(2,780)	(559)
Other	(583)	(613)	(30)
Net cash used in financing activities	**(7,549)**	**(4,317)**	**3,232**
IV. Effect of exchange rate changes on cash and cash equivalents	**(129)**	**21**	**151**
V. Increase (decrease) in cash and cash equivalents	**5,389**	**(317)**	**(5,707)**
VI. Cash and cash equivalents at beginning of the year	**48,789**	**54,154**	**5,365**
VII. Increase in cash and cash equivalents due to merger of consolidated subsidiaries	**-**	**210**	**210**
VIII. Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries	**(23)**	**-**	**23**
IX. Cash and cash equivalents at end of the year	**54,154**	**54,047**	**(107)**

Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 37

- Names of principal subsidiaries: Nisshin Flour Milling Inc., Nisshin Foods Inc., Ma•Ma-Macaroni Co., Ltd., SANKO Co., Ltd., Initio Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., NBC Inc.
- Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and 10 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. Scope of the equity method

(1) Equity-method subsidiaries and affiliates: 10 (two non-consolidated subsidiaries and eight affiliates)

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

(2) The financial statements for the accounting period of the company concerned are used in the cases of those equity-method subsidiaries and affiliates 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 9 others	December 31

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:

Flour and bran are stated at the lower of cost or market, cost being determined by the retail cost method; other products are stated at the lower of cost or market, cost being determined by the periodic average method.

Raw materials are stated at cost, with cost being determined by the moving average method.

(2) Depreciation methods for material depreciable assets

a. Tangible fixed assets

Depreciation on tangible fixed assets owned by the parent company and domestic consolidated subsidiaries is computed principally by the declining balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998. Foreign consolidated subsidiaries generally use the straight-line method.

b. Intangible fixed assets

Depreciation is computed by the straight-line method. Software used in-house is depreciated over its estimated useful life (five years) based on the straight-line method.

(3) Basis of material allowances

a. Allowance for doubtful accounts

The parent 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. Allowance for employees' retirement benefits

The parent company and domestic consolidated subsidiaries provide for employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at the consolidated 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 consolidated 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.

c. Allowance for directors' retirement benefits

The parent company and 15 domestic consolidated subsidiaries provide for the payment of retirement benefits to directors (including executive officers) in accordance with internal regulations, based on projected benefits as of the fiscal year-end.

(4) Significant lease transactions

Finance leases other than those that transfer ownership of the leased assets to the lessee are accounted for using the same methods as those used for ordinary lease transactions.

(5) 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 all planned trading transactions that are denominated in foreign currencies.

c. Hedging policy

The Company employs derivative financial instruments purely to manage fluctuations in foreign currency exchange rates. Company policy prohibits the use of derivative financial instruments for trading purposes.

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.

(6) Consumption tax

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

5. Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are stated at fair value using the partial fair value method.

6. Amortization of consolidated adjustment account

Consolidated account adjustments are amortized in equal amounts over five years from the date of accrual. However, small sums are amortized on a lump-sum basis in the fiscal year in which the adjustment arises.

7. Appropriation of retained earnings

The Consolidated Statements of Retained Earnings are prepared based on the distribution of profits as determined by consolidated subsidiaries during the fiscal year in question.

8. Cash and cash equivalents

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.

<Additional information>

(Turnover tax)

In line with the report (No. 12) published by the Accounting Standards Board of Japan on February 13, 2004 on practical accounting treatments for presentation of that portion of enterprise tax that is based on business size as judged by estimates of total turnover, the Company expensed within selling, general and administrative expenses those parts of the enterprise tax for added value and capital accruing to the fiscal year ended March 31, 2005, which totaled ¥449 million.

Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

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

2. Accumulated depreciation of tangible fixed assets

FY 2004	FY 2005
¥178,477 million	¥184,991 million

3. Value of land acquired through exchange during consolidated accounting period, less accelerated depreciation

FY 2004	FY 2005
¥ – million	¥1,156 million

4. Accumulated accelerated depreciation of tangible fixed assets purchased with government subsidy

Accelerated depreciation of tangible fixed assets acquired during consolidated accounting period

FY 2004	FY 2005
¥ – million	¥103 million

Accumulated accelerated depreciation of tangible fixed assets

FY 2004	FY 2005
¥161 million	¥264 million

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

Investments in securities

FY 2004	FY 2005
¥17,041 million	¥17,864 million

6. Assets pledged as collateral

Buildings and structures

FY 2004	FY 2005
¥3,174 million	¥1,320 million

Machinery and equipment

FY 2004	FY 2005
¥843 million	¥828 million

Land

FY 2004	FY 2005
¥1,459 million	¥92 million

Investments in securities

FY 2004	FY 2005
¥7 million	¥- million

7. Warranty liabilities

FY 2004	FY 2005
¥1,121 million	¥879 million

8. Shares issued and outstanding

Common stock

FY 2004	FY 2005
233,214,044 shares	233,214,044 shares

9. Treasury common stock owned by consolidated subsidiaries, equity-method affiliates and non-consolidated subsidiaries accounted for by the equity method

Common stock

FY 2004	FY 2005
2,008,818 shares	2,026,551 shares

(Consolidated Statements of Income)

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

(Consolidated Statements of Cash Flows)

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

2. The reconciliation between year-end balance of cash and cash equivalents and amounts stated in Consolidated Statements of Cash Flows is as follows.

(Millions of yen)

	FY 2004	FY 2005
Cash on hand and in banks	29,173	54,065
Marketable securities	28,301	6,783
Total	57,475	60,849
Fixed deposits with periods greater than three months	(18)	(18)
Bonds with redemption periods greater than three months at time of purchase	(3,302)	(6,783)
Balance of cash and cash equivalents at end of year	54,154	54,047

a. Segment information

(1) Business Segment Information

Year Ended March 31, 2004

(Millions of yen)

	Flour milling	Processed food	Others	Total	Eliminations / corporate	Consolidated
I. Net Sales and Operating Income						
Net sales						
(1) Net sales to external customers	153,081	216,825	64,218	434,125	(-)	434,125
(2) Internal sales and transfers	21,170	859	3,065	25,094	(25,094)	-
Total	174,251	217,685	67,284	459,220	(25,094)	434,125
Cost and Expenses	164,105	210,441	62,273	436,821	(24,452)	412,368
Operating Income	10,145	7,243	5,010	22,399	(642)	21,756
II. Assets, Depreciation and Amortization, and Capital Expenditure:						
Assets	110,074	132,813	44,331	287,220	72,599	359,820
Depreciation and amortization	5,731	5,168	1,124	12,024	(211)	11,813
Capital expenditure	6,334	7,667	1,479	15,481	(242)	15,239

Notes:

1. Business segments were determined by considering similarities between product types.
2. Primary products for each business segment:
   - Flour milling: Flour, bran
   - Processed food: Prepared mix, flour for consumer use, pasta, pasta sauce, frozen food, chilled food, cake and bread ingredients, biochemical products, life science business, healthcare foods
   - Others: Pet food, engineering, mesh cloths, compound feed, transport and storage

   Oriental Yeast Co., Ltd., which became a consolidated subsidiary from the fiscal year ended March 31, 2004, is included in the processed food segment. The feed business is included in others since its importance decreased as a result of the merger of Nisshin Feed Inc. with Marubeni Feed Co., Ltd. For the fiscal year ended March 31, 2004, figures for others include the feed business’s net sales of ¥41,092 million, operating income of ¥1,529 million and assets of ¥14,151 million.

3. Corporate assets included in the eliminations/corporate category were ¥86,321 million. The majority of the assets are held by the parent company as surplus funds (cash and marketable securities) and investments in securities.

Year Ended March 31, 2005

(Millions of yen)

	Flour milling	Processed food	Others	Total	Eliminations / corporate	Consolidated
I. Net Sales and Operating Income						
Net sales						
(1) Net sales to external customers	154,888	218,529	42,804	416,222	(-)	416,222
(2) Internal sales and transfers	19,211	764	2,326	22,301	(22,301)	-
Total	174,099	219,294	45,130	438,524	(22,301)	416,222
Cost and Expenses	163,127	211,311	40,096	414,535	(21,209)	393,326
Operating Income	10,972	7,982	5,034	23,988	(1,092)	22,896
II. Assets, Depreciation and Amortization, and Capital Expenditure:						
Assets	112,774	132,595	53,821	299,190	73,778	372,968
Depreciation and amortization	5,601	5,377	903	11,883	(200)	11,682
Capital expenditure	7,077	6,138	1,991	15,207	(146)	15,061

Notes:

1. Business segments were determined by considering similarities between product types.
2. Primary products for each business segment:
   - Flour milling: Flour, bran
   - Processed food: Prepared mix, flour for consumer use, pasta, pasta sauce, frozen food, chilled food, cake and bread ingredients, biochemical products, life science business, healthcare foods
   - Others: Pet food, engineering, mesh cloths, compound feed, transport and storage

3. Corporate assets included in the eliminations/corporate category were ¥81,869 million. The majority of the assets are held by the parent company as surplus funds (cash and marketable securities) and investments in securities.

(2) Geographical segment information

Because both sales and assets of the domestic segment account for more than 90% of the total sales and assets of all segments, geographical segment information is omitted.

(3) Overseas sales

Because overseas sales account for less than 10% of the consolidated net sales, overseas sales are omitted.

b. Securities

1. Held-to-maturity debt securities with readily determinable market value

(Millions of yen)

	As of March 31, 2004			As of March 31, 2005		
	Carrying amount	Fair market value	Difference	Carrying amount	Fair market value	Difference
Securities carrying unrealized gains on consolidated balance sheet:						
1. Government and municipal bonds	200	200	0	-	-	-
2. Corporate bonds	802	811	8	700	704	4
3. Other	-	-	-	-	-	-
Subtotal	1,003	1,012	8	700	704	4
Securities carrying unrealized losses on consolidated balance sheet:						
1. Government and municipal bonds	-	-	-	-	-	-
2. Corporate bonds	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	1,003	1,012	8	700	704	4

2. Other securities with no readily determinable market value

(Millions of yen)

	As of March 31, 2004			As of March 31, 2005		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
Securities carrying unrealized gains on consolidated balance sheet:						
1. Equity securities	7,870	54,189	46,318	8,044	53,567	45,522
2. Debt securities:						
Government and municipal bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
Subtotal	7,870	54,189	46,318	8,044	53,567	45,522
Securities carrying unrealized losses on consolidated balance sheet:						
1. Equity securities						
2. Debt securities:	482	396	(85)	297	220	(77)
Government and municipal bonds	27,999	27,999	-	-	-	-
Corporate bonds	1,013	1,011	(1)	7,496	7,491	(5)
Other	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
Subtotal	29,494	29,407	(86)	7,794	7,711	(83)
Total	37,365	83,597	46,231	15,839	61,278	45,439

3. Other securities sold during fiscal year

(Millions of yen)

Fiscal Year Ended March 31, 2004			Fiscal Year Ended March 31, 2005		
Sales amount	Total gain on sales	Total loss on sale	Sales amount	Total gain on sales	Total loss on sale
965	685	-	1,525	1,387	-

4. Principal securities not carried at market value

(Millions of yen)

	As of March 31, 2004	As of March 31, 2005
	Carrying amount	Carrying amount
Other securities:		
Non-listed equity securities (except JASDAQ shares)	4,944	5,210

5. Projected redemption value of held-to-maturity debt securities within other securities

(Millions of yen)

	As of March 31, 2004		As of March 31, 2005	
	Within 1 year	Within 1–5 years	Within 1 year	Within 1–5 years
Debt securities:				
Government and municipal bonds	28,200	-	-	-
Corporate bonds	100	1,713	7,713	400
Other	-	-	-	-
Total	28,300	1,713	7,713	400

c. Tax effect accounting

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

(Millions of yen)

	Fiscal year ended March 31, 2005 (As of March 31, 2005)
Deferred tax assets:	
Allowance for employees' retirement benefits	8,096
Allowance for bonuses	1,734
Investments in securities	1,082
Accrued sales incentives	967
Unrealized gains on fixed assets	888
Depreciation and amortization	565
Allowance for directors' retirement benefits	495
License fees for use of trademarks	383
Accrued enterprise tax	367
Allowance for repairs	361
Other	1,982
Deferred tax assets subtotal	16,927
Offsetting of deferred tax assets and deferred tax liabilities	(8,234)
Net deferred tax assets	8,692
Valuation allowance	(76)
Total deferred tax assets	8,616
Deferred tax liabilities:	
Unrealized gains on other securities	(18,454)
Reserve for accelerated depreciation on fixed assets	(2,444)
Other	(349)
Deferred tax liabilities subtotal	(21,248)
Offsetting of deferred tax assets and deferred tax liabilities	8,234
Net deferred tax liabilities	(13,014)

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

	Fiscal year ended March 31, 2005 (As of March 31, 2005)
Statutory effective tax rate	40.6%
(Adjustments)	
Corporate income tax deductions	(3.2)
Equity in earnings of subsidiaries and affiliated companies	(1.6)
Dividend and other income not counted for tax purposes	(0.5)
Entertainment and other expenses not deductible for tax purposes	2.0
Other	0.3
Effective tax rate after application of tax effect accounting	37.6%

d. Retirement benefits

1. Outline of retirement benefit plans

The parent company and domestic consolidated subsidiaries primarily provide a tax-qualified pension plan together with a lump-sum retirement benefit plan. The parent 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, 2004 (Millions of yen)	As of March 31, 2005 (Millions of yen)
(A) Retirement benefit obligation	(53,154)	(50,453)
(B) Pension plan assets	31,850	32,610
(C) Unfunded retirement benefit obligation [(A) + (B)]	(21,303)	(17,843)
(D) Unrecognized actuarial differences	5,276	5,864
(E) Unrecognized prior service cost	-	(2,924)
(F) Net amount recorded on consolidated balance sheet [(C) + (D) + (E)]	(16,027)	(14,902)
(G) Prepaid pension costs	16	26
Accrued employees' retirement benefits [(F) – (G)]	(16,044)	(14,928)

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

2. Following downward revisions to the expected rate of return on pension plan assets and the pension benefit ratios for the tax-qualified pension plan effective January 1, 2005, the parent company and some domestic consolidated subsidiaries recognized a decrease in prior service cost.

3. Retirement benefit expense

	Fiscal Year Ended March 31, 2004 (Millions of yen)	Fiscal Year Ended March 31, 2005 (Millions of yen)
(A) Service cost	1,854	1,690
(B) Interest cost	1,268	1,200
(C) Expected return on pension plan assets	(642)	(727)
(D) Amortization of actuarial differences	633	460
(E) Amortization of prior service cost	-	(49)
(F) Retirement benefit expense [(A) + (B) + (C) + (D) + (E)]	3,114	2,575

Notes: 1. Retirement benefit expense incurred by consolidated subsidiaries that adopt simplified pension accounting methodology is recorded under "(A) Service cost."

2. In the year ended March 31, 2004, aside from retirement benefit expense noted above, the Company recorded an extraordinary loss of ¥2,029 million due to additional severance payments.

4. Assumptions used in retirement benefit obligation calculations

	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005
(A) Method adopted for periodic distribution of projected retirement benefits	Equal amounts per period	Equal amounts per period
(B) Discount rate	Principally 2.5%	Principally 2.5%
(C) Expected rate of return on pension plan assets	Principally 2.5%	Principally 2.5%
(D) Amortization period for actuarial differences*1	Principally 15 years	Principally 15 years
(E) Amortization period for prior service cost*2	-	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.

e. Per share information

(Yen)

<table>
<tr><th>Fiscal Year Ended March 31, 2004</th><th>Fiscal Year Ended March 31, 2005</th></tr>
<tr><td>Net assets per share 996.59
Net income per share 49.16
Fully diluted net income per share 49.16</td><td>Net assets per share 1,042.92
Net income per share 58.06
Fully diluted net income per share 58.00
By resolution of the meeting of the Board of Directors held on May 12, 2005, the Company plans to undertake a 1.1 for 1 common stock split on November 18, 2005.
Per share information if this stock split had been conducted at the beginning of the fiscal years ended March 31, 2004 and March 31, 2005 is as follows:

<table><tr><th>Fiscal year ended March 31, 2004</th><th>Fiscal year ended March 31, 2005</th></tr><tr><td>Net assets per share
¥905.99
Net income per share
¥44.69
Fully diluted net income per share
¥44.69</td><td>Net assets per share
¥948.11
Net income per share
¥52.79
Fully diluted net income per share
¥52.73</td></tr></table></td></tr>
</table>

(Note) The basis of calculation for net income per share and fully diluted net income per share

Item	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005
Net income, as stated on Statements of Income (millions of yen)	11,575	13,597
Main components of amounts not attributable to owners of common stock (millions of yen) Bonuses to directors	139	172
Net income associated with common stock (millions of yen)	11,435	13,425
Average number of shares of common stock during fiscal year (shares)	232,615,679	231,210,789
Main components of adjustment to net income used in calculation of fully diluted net income per share (millions of yen) Interest income (after relevant deductions of tax)	-	(9)
Adjustment to net income (millions of yen)	-	(9)
Main components of increase in number of shares of common stock used in calculation of fully diluted net income per share (shares) New share subscription rights	3,402	86,901
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	-One issue of convertible bonds issued by affiliate	-

f. Transactions with related parties

No significant transactions with related parties occurred.

g. Lease transactions and derivative transactions

Due to prior detailed disclosure using electronic processes, the Company has omitted this information in accordance with the provisions of Article 27, Paragraph 30 (6) of the Securities and Exchange Law.

h. Subsequent events

<table>
<tr><th>Fiscal year ended March 31, 2004</th><th>Fiscal year ended March 31, 2005</th></tr>
<tr><td></td><td>
(Stock split)
By resolution of the meeting of the Board of Directors held on May 12, 2005, the Company plans to undertake a 1.1 for 1 common stock split on Friday November 18, 2005, as part of efforts to increase returns to shareholders and to boost the liquidity of the Company’s shares.
(1) Increase in number of shares due to stock split
The increase shall equal 10% of the total number of shares of common stock outstanding as of the close of trading on Friday September 30, 2005. Any fractional shares thus created shall be rounded off.
(2) Method of stock split
All shareholders and beneficial owners of record as of the close of trading on Friday September 30, 2005 shall receive 1.1 shares for each registered share. Shareholders shall be paid cash in lieu of any fractional shares thus created.
(3) Initial date of reckoning for dividend purposes
The initial date of reckoning for dividend purposes for new shares created through the stock split shall be Saturday October 1, 2005.
(4) Any other matters pursuant to this stock split shall be resolved at the next meeting of the Board of Directors.

Per share information if this stock split had been conducted at the beginning of the fiscal years ended March 31, 2004 and March 31, 2005 is as follows:
<table>
<tr><th>Fiscal year ended March 31, 2004</th><th>Fiscal year ended March 31, 2005</th></tr>
<tr><td>Net assets per share
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Net income per share
¥52.79
Fully diluted net income per share
¥52.73</td></tr>
</table>
</td></tr>
</table>

V. Status of Production, Orders Received and Sales

(1) Production

Production by business segments is as follows.

(Millions of yen)

Name of business segment	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005	Change (%)
Flour milling	142,955	144,080	0.8
Processed food	110,438	108,815	(1.5)
Others	31,996	17,277	(46.0)
Total	285,391	270,173	(5.3)

Notes:

1. The above monetary values were calculated using average sales values during the period under review. Inter-segment transactions are eliminated.
2. The values listed above do not include consumption taxes.
3. Results for the others segment in the fiscal year ended March 31, 2005 are significantly less than results for the fiscal year ended March 31, 2004 due to the management merger of the feed business with Marubeni Feed Co., Ltd. in October 2003.

(2) Orders Received

The Company does not produce a significant volume based on orders and description is omitted.

(3) Sales

Sales by business segment are as follows.

(Millions of yen)

Name of business segment	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005	Change (%)
Flour milling	153,081	154,888	1.2
Processed food	216,825	218,529	0.8
Others	64,218	42,084	(33.3)
Total	434,125	416,222	(4.1)

Notes:

1. Inter-segment transactions are eliminated..
2. The values listed above do not include consumption taxes.
3. Results for the others segment in the fiscal year ended March 31, 2005 are significantly less than results for the fiscal year ended March 31, 2004 due to the management merger of the feed business with Marubeni Feed Co., Ltd. in October 2003.