161st Fiscal Term (April 1, 2004 to March 31, 2005)

Securities Report

Nisshin Seifun Group Inc.

Contents

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Part A: Company Information

[1] Company Overview

(1) Principal Business Performance Indicators

1. Consolidated business performance indicators

Fiscal term		157th	158th	159th	160th	161st
Fiscal years ended March 31		2001	2002	2003	2004	2005
Net sales	(¥ million)	402,937	397,173	402,313	434,125	416,222
Ordinary income	(¥ million)	19,652	17,467	19,937	22,893	25,120
Net income	(¥ million)	11,136	9,334	10,575	11,575	13,597
Net assets	(¥ million)	186,138	215,354	211,197	230,555	241,282
Total assets	(¥ million)	294,474	340,637	316,330	359,820	372,968
Net assets per share	(¥)	762.84	904.15	904.80	996.59	1,042.92
Net income per share	(¥)	45.07	38.40	44.29	49.16	58.06
Diluted net income per share	(¥)	44.47	37.93	43.75	49.16	58.00
Shareholders' equity ratio	(%)	63.2	63.2	66.8	64.1	64.7
Return on equity	(%)	6.0	4.2	5.0	5.2	5.8
Price-earnings ratio (p/e)	(times)	20.88	19.71	19.06	20.71	19.63
Cash flows from operating activities	(¥ million)	16,141	13,068	11,050	20,999	21,567
Cash flows from investing activities	(¥ million)	(12,597)	23,110	(1,312)	(7,931)	(17,590)
Cash flows from financing activities	(¥ million)	(10,058)	(4,772)	(10,890)	(7,549)	(4,317)
Cash and cash equivalents at end of year	(¥ million)	17,763	50,066	48,789	54,154	54,047
Number of employees [average number of part-time employees]	(persons)	4,751 [1,526]	4,684 [1,582]	4,645 [1,633]	5,185 [1,805]	5,054 [1,825]

Notes:

1. Consumption taxes and other taxes are not included in net sales.
2. The decline in net sales in the 161st fiscal term mainly reflected the conversion of the feed business into an equity-method affiliate.

2. Non-consolidated business performance indicators

Fiscal term		157th	158th	159th	160th	161st
Fiscal years ended March 31		2001	2002	2003	2004	2005
Net sales	(¥ million)	317,086	86,185	15,030	17,856	19,138
Ordinary income	(¥ million)	14,349	3,080	4,503	6,950	8,946
Net income	(¥ million)	9,335	3,338	5,472	8,165	9,392
Common stock	(¥ million)	17,117	17,117	17,117	17,117	17,117
Shares issued and outstanding	(thousand shares)	244,320	238,610	235,614	233,214	233,214
Net assets	(¥ million)	164,197	181,256	172,856	187,079	192,274
Total assets	(¥ million)	229,458	220,126	199,925	222,432	210,741
Net assets per share	(¥)	672.06	760.01	739.49	807.40	829.86
Total dividends per share (interim dividend amount)	(¥) (¥)	8.00 (4.00)	8.00 (4.00)	9.00 (4.00)	11.00 (4.50)	14.00 (5.50)
Net income per share	(¥)	37.73	13.72	22.95	34.84	40.31
Diluted net income per share	(¥)	37.27	13.70	22.81	34.84	40.29
Shareholders' equity ratio	(%)	71.6	82.3	86.5	84.1	91.2
Return on equity	(%)	5.7	1.7	3.1	4.5	5.0
Price-earnings ratio (p/e)	(times)	24.94	55.17	36.78	29.22	28.28
Dividend payout ratio	(%)	21.0	57.8	38.7	31.6	34.7
Number of employees [average number of part-time employees]	(persons)	2,450 [260]	282 [21]	265 [26]	254 [26]	237 [20]

Notes:

1. Consumption taxes are not included in net sales.
2. In July 2001, all operating businesses were spun off and the Company adopted a holding company system. This resulted in a significant drop in net sales, ordinary income, and net income in the 158th fiscal term.
3. The significant year-on-year decline in net sales in the 159th fiscal term was also due to the conversion to a holding company system in July 2001.

(2) History

The predecessor of Nisshin Seifun Group Inc. (“the Company”) was Tatebayashi Flour Milling Co., Ltd., a company established in 1900 to specialize in the manufacture and sales of flour. In 1908, Tatebayashi Seifun bought Nisshin Flour Milling Co., Ltd., and changed its name to that of the company it acquired.

Nisshin Flour Milling expanded operations steadily through plant constructions, mergers, and acquisitions. After World War II, the company undertook extensive rationalization of its core flour milling operations and diversified its business into several areas. This process eventually created a corporate group that incorporated new businesses comprising processed food, livestock feed, pet food, pharmaceuticals and engineering.

In July 2001, the Nisshin Seifun Group adopted a holding company structure, under which the Company holds all shares in each operating company covering the Group’s principal business fields: flour milling, processed food, livestock feed, pet food, and pharmaceuticals.

Date	Event
October 1900	Tatebayashi Flour Milling Co., Ltd. established in Tatebayashi (Gunma Prefecture).
February 1908	Acquired Nisshin Flour Milling Co., Ltd.; company name changed to that of acquired entity.
February 1926	Construction of Tsurumi Plant completed.
1934	Nippon Bolting Cloth, Co., Ltd. (predecessor of NBC Inc.) established.
1949	Reconstruction and expansion of plants damaged during World War II largely completed.
May 1949	Shares listed on the Tokyo Stock Exchange.
February 1961	Feed production and research operations of affiliate Nisshin Feed Co., Ltd. absorbed by Nisshin Flour Milling.
September 1963	Research operations in Tokyo and Osaka consolidated into a new facility in Oimachi (Saitama Prefecture).
July 1965	Acquired Nisshin Nagano Chemical Co., Ltd., which was renamed Nisshin Chemicals Co., Ltd.
October 1965	Premix production and research operations of affiliate Nisshin Foods absorbed by Nisshin Flour Milling.
December 1966	Established Nisshin-DCA Foods Inc., a joint venture with DCA Food Industries Inc. of the U.S. (later renamed Nisshin Technomic Co., Ltd. in 1997).
February 1968	Construction of food production lines within the Nagoya Plant completed.
October 1970	Nisshin Pet Food Co., Ltd. established.
April 1972	Nisshin Engineering Co., Ltd. established.
April 1978	Fresh Food Service Co., Ltd. established.
October 1987	Operations of Nisshin Foods and Nisshin Chemicals absorbed by Nisshin Flour Milling by a merger.
March 1988	Thai Nisshin Seifun Co., Ltd., a joint venture, established in Thailand; operations commenced in January 1989.
September 1989	Canadian flour milling company Rogers Foods Ltd. acquired by Nisshin Flour Milling.
October 1989	Nasu Laboratory established in Nasu (Tochigi Prefecture) by transferring operations from Second Central Laboratory.
September 1990	Chiba Plant expanded to include a fourth flour milling facility (Mill D).
August 1991	Nisshin-STC Flour Milling Co., Ltd., a joint venture, established in Thailand; operations started in March 1993.
September 1994	Higashinada Plant expanded to include a third flour milling facility (Mill C).
April 1996	Nisshin Kyorin Pharma Co., Ltd., a joint venture with Kyorin Pharmaceutical Co., Ltd., commenced operations.
October 1996	Medallion Foods Inc. established in the United States.
October 1997	Frozen food operations of Nisshin Flour Milling transferred to newly established Nisshin Foods Co., Ltd.
March 1998	Head office relocated Chiyoda Ward, Tokyo.
April 1999	Operations of Nisshin Technomic Co., Ltd. absorbed by Nisshin Flour Milling by a merger.
October 1999	Management stake in SANKO Co., Ltd. acquired by Nisshin Flour Milling.
July 2001	New corporate entity created with operating companies (Nisshin Flour Milling, Nisshin Foods, Nisshin Feed, Nisshin Petfood, and Nisshin Pharma Inc.) under a holding company (Nisshin Seifun Group Inc.)
April 2002	Qingdao Nisshin Seifun Foods Co., Ltd. established in China.
October 2002	Tsurumi Plant of Nisshin Flour Milling expanded to include a seventh flour milling facility (Mill G).
April 2003	Additional shares in Oriental Yeast Co., Ltd. acquired as a consolidated subsidiary.
October 2003	Operations commenced at Marubeni Nisshin Feed Co., Ltd. (an equity-method affiliate), a joint venture created through the merger of Nisshin Feed with Marubeni Feed Co., Ltd.
March 2004	Initio Foods Inc. established.
December 2004	Constructed a new flour milling facility completed by Rogers Foods Ltd. in Chilliwack, British Columbia, Canada.

(3) Business Overview

The Nisshin Seifun Group consists of 48 subsidiaries and 15 affiliates. The following is a description of the group businesses and the relationships among the subsidiaries and affiliates within 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 food procured from companies outside the 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; it 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. 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.

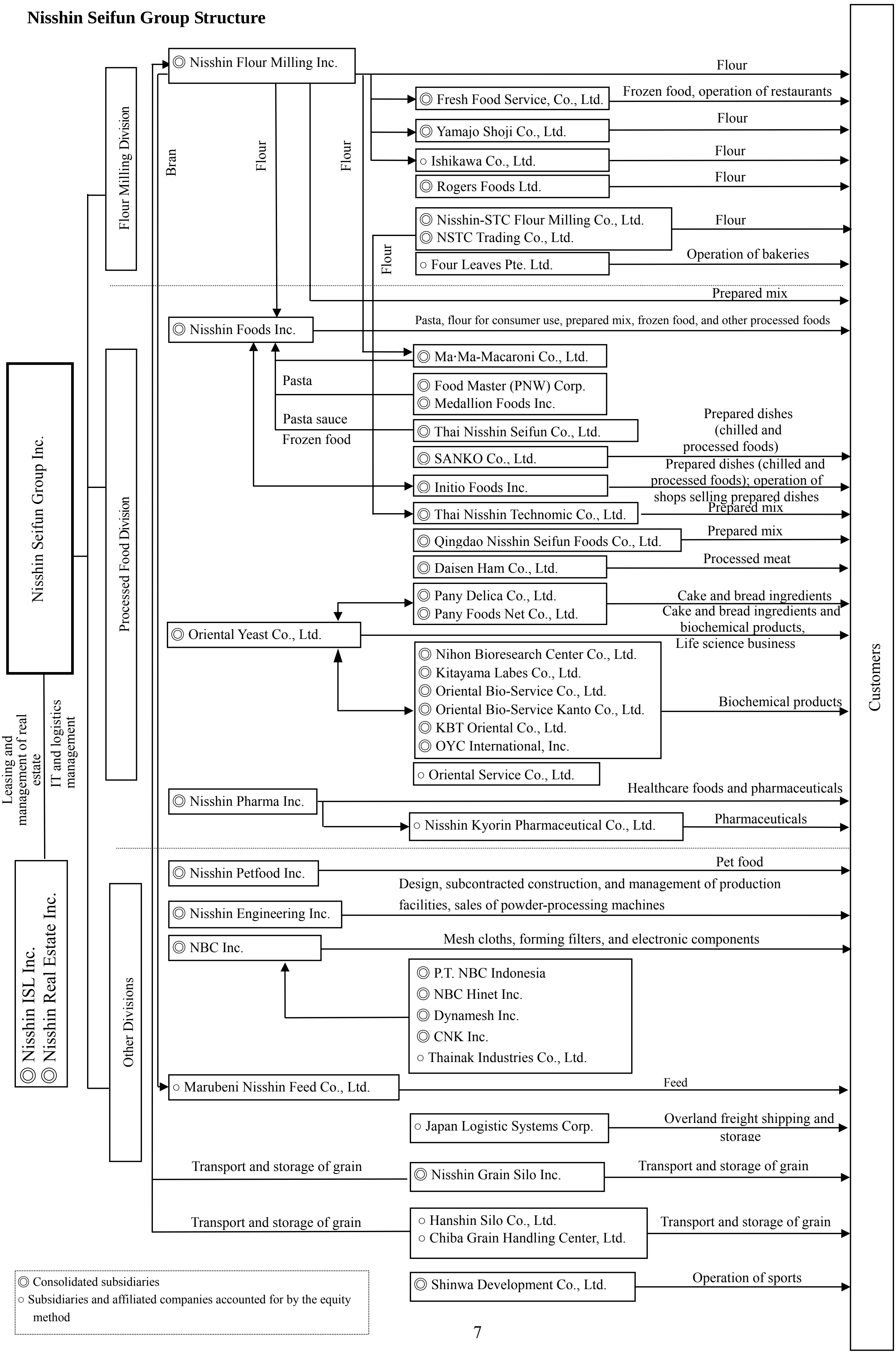
NBC Inc., a consolidated subsidiary, manufactures and sells mesh cloths, forming filters, and electronic components.

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., both 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 Structure



(4) Subsidiaries and Affiliates

Name	Location	Paid-in capital (¥ million)	Main businesses	Share of voting rights (indirect ownership) (%)	Details of relationship: Directors	Details of relationship: Comments
Consolidated subsidiaries						
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	13,000	Production and sales of flour and prepared mix	100.0	Concurrent 7 Temporarily transferred 3 Transferred 3	The Company provides partial loan for working capital and rents commercial land and office space
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	100.0	Concurrent 6 Temporarily transferred 2 Transferred 3	The Company provides partial loan for working capital and rents commercial land and office space
Ma·Ma-Macaroni Co., Ltd.	Utsunomiya-shi, Tochigi	350	Production and sales of pasta	68.0 (53.0)	Concurrent 3 Transferred 1	None
SANKO Co., Ltd.	Higashinari-ku, Osaka	989	Production and sales of chilled and prepared dishes	72.4 (62.2)	Concurrent 1 Temporarily transferred 3	The Company provides partial loan for working capital
Initio Foods Inc.	Chiyoda-ku, Tokyo	450	Production and sales of chilled and prepared dishes; operation of stores selling chilled prepared dishes	100.0 (70.0)	Temporarily transferred 3 Transferred 1	The Company provides partial loan for working capital and rents office space
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of cake and bread ingredients and biochemical products, life science business	40.7 (0.0)	Concurrent 2 Temporarily transferred 1 Transferred 3	None
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,550	Production and sales of healthcare foods and pharmaceuticals	100.0	Concurrent 3 Temporarily transferred 3 Transferred 3	The Company provides partial loan of working capital and rents office space
Nisshin Petfood Inc.	Chiyoda-ku, Tokyo	1,315	Production and sales of pet foods	100.0	Concurrent 4 Temporarily transferred 3 Transferred 2	The Company rents buildings and office space
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, subcontracted construction and management of production facilities, sales of powder-processing machines	100.0	Concurrent 2 Temporarily transferred 1 Transferred 5	The Company rents office space
NBC Inc.	Hino-shi, Tokyo	1,992	Manufacturing and sales of mesh cloths, forming filters, and electronic components	47.9 (9.9)	Concurrent 1 Transferred 3	None
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	40.0	Concurrent 2 Transfer 5	The Company rents commercial land
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Freight shipping and storage	25.6 (20.5)	Concurrent 1 Temporarily transferred 1 Transferred 1	None
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. Oriental Yeast Co., Ltd., NBC Inc., and Japan Logistic Systems Corp. also submit separate regulatory filings.
3. Oriental Yeast Co., Ltd. and NBC Inc. are both treated as subsidiaries despite equity ownership of less than 50% because the Company practically controls the management of both companies.
4. Figures in parentheses in the voting rights percentage column indicate shares attributable to indirect ownership.
5. Financial data for subsidiaries accounting for more than 10% of consolidated net sales (excluding any sales transactions between consolidated subsidiaries) are shown in the table below. Oriental Yeast Co., Ltd. is omitted from the following table despite contributing more than 10% of consolidated net sales because the company submits a separate regulatory filing.

Company name	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Net assets (¥ million)	Total assets (¥ million)
Nisshin Flour Milling Inc.	177,253	11,479	6,903	43,959	80,041
Nisshin Foods Inc.	121,662	2,352	1,293	25,129	46,724

(5) Employees

1. Consolidated level

(As of March 31, 2005)

Business segment	Number of employees
Flour milling	1,270 [100]
Processed food	2,874 [1,541]
Others	580 [153]
Corporate (across the Group divisions)	330 [31]
Total	5,054 [1,825]

Note:
Numbers refer to full-time employees only. Additional figures for the average numbers of part-time staff employed during the year are provided in square brackets.

2. Non-consolidated level

(As of March 31, 2005)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (¥)
237 [20]	41.4	17.5	9,060,966

Notes:
1. Numbers refer to full-time employees only. An additional figure for the average number of part-time staff employed during the year is provided in square brackets.
2. Average annual pay includes bonuses and any non-standard wages.

3. Labor unions

Nisshin Seifun Group workers are members of in-house unions, including the Nisshin Flour Milling Workers' Union. There are no matters to report regarding labor-management relations.

[2] Review of Operations & Financial Position

(1) Review of Operations

1. Results

Core Nisshin Seifun Group operating companies, Nisshin Flour Milling and Nisshin Foods, generated higher sales volumes because 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 to cut costs 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 their 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 this conversion and accounting treatment for enterprise tax, ordinary income rose 9.7% year on year to ¥25,120 million, setting a record high for the second consecutive year. Net income of ¥13,597 million, up 17.5%, was also a record high.

The following is a review of operations by business segment.

(1) Flour Milling Division

An unusually hot summer and unpredictable weather after the fall season 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 type of flour for making soft noodles derived from wheat grown in the Hokkaido region.

On the production side, Nisshin Flour Milling focused on meeting the diverse needs of customers alongside the achievement of low-cost operations. In another move designed to boost international competitiveness, Nisshin Flour Milling 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 Higashinada Plant. This new capacity is scheduled to come on stream in the spring of 2008. Elsewhere, Nisshin Flour Milling continued a campaign focused on cleanliness and safety involving the distribution and transportation. 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 rose 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. In fall 2004, Nisshin Foods upgraded the entire consumer-oriented *Ma·Ma* pasta range through the adoption of higher quality durum semolina as the main ingredient. In February 2005, Nisshin Foods followed this up with the launch of 14 brand new products and four updated product lines in room-temperature foods. In frozen foods, Nisshin Foods 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, Initio Foods, a subsidiary of Nisshin Foods, also opened two new stores in urban roadside locations in March 2005. This retail chain, called “Hakki” (meaning “eight seasons” in Japanese), marked 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. Oriental Yeast’s bioscience 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 Nisshin Pharma 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 rose 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 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 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 generated growth in shipments of mesh cloths for use as industrial materials. At the same time, NBC 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. Cash flows

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) Status of Production, Orders Received & Sales

1. Production

Production by business segments was as follows.

(¥ million)

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 financial amounts use average sales values during the period under review. Inter-segment transactions have been 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 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 this item is therefore omitted.

3. Sales

Sales by business segment are as follows.

(¥ million)

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. 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 merger of the feed business with Marubeni Feed Co., Ltd. in October 2003.
3. Transactions with major business partners and the ratio of corresponding sales to total sales are shown in the table below.

Business partner	Fiscal year ended March 31, 2004		Fiscal year ended March 31, 2005	
	Value (¥ million)	Proportion (%)	Value (¥ million)	Proportion (%)
Mitsubishi Corp.	54,128	12.5	53,812	12.9

Note: The values listed above do not include consumption taxes.

(3) 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 Higashinada Plant. These lines are due to commence operations in the spring of 2008.

In the processed food 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 food. 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 company 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 food, and healthcare foods. In particular, Oriental Yeast forms the nucleus of the Nisshin Seifun Group’s bioscience 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 company 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. This will be accomplished by having each operation implement its own strategies or by forming intra-Group or 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 company NBC plans to establish a sales subsidiary in Shanghai. Besides working to expand trade between China and Nisshin Seifun Group member companies based in Japan and overseas markets, the Company aims to pursue new business opportunities that leverage core strengths in the flour milling and processed food sectors.

3. R&D Strategy and Total Low-Cost Operations

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 food, 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. Because 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 food 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 operating companies' basic attitudes as well as their actions with regard to all their stakeholders. In addition, the Company and all Nisshin Seifun 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.

(4) Business Risks

Risks that could have an impact on the business performance, share price, and financial position of the Nisshin Seifun Group are outlined below. All matters relating to the future in the section below are based on the current views of the Nisshin Seifun Group as of the date of filing this document in Japanese (June 28, 2005).

1. Economic conditions and industry environment

The Nisshin Seifun Group continues to work to reinforce its earnings base 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 food. The operational performance and financial position of overseas operations may also vary due to changes in the value of the yen. In flour milling 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 companies 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.

(5) Legal & Contractual Matters

There are no significant matters to be reported under this heading.

(6) Research and Development

The Nisshin Seifun Group (the Company and its consolidated subsidiaries) operated various research and development (R&D) facilities during the year under review. The Research Center for Basic Science Research and Development and Research Center for Production and Technology, part of the Company, conduct research for all segments. Consolidated subsidiaries operate separate R&D facilities. Nisshin Flour Milling operates the New Product Development Center and the Tsukuba Laboratory. In the processed food segment, Nisshin Foods has its own Food Research and Development Center; Oriental Yeast operates the Tokyo Food Research Center and the Nagahama Institute for Biochemical Science; Nisshin Pharma operates the Health Care Research Center (recently renamed the General Research Laboratory); Ma·Ma-Macaroni also has the R&D Division, while Daisen Ham runs the Development Division. R&D facilities in other businesses include the Nasu Laboratory operated by Nisshin Petfood and the R&D Division at NBC.

In the pharmaceuticals field, the Company undertakes joint R&D activities with Kyorin Pharmaceutical Co., Ltd. All work in this area is contracted to the equity-method affiliate Nisshin Kyorin Pharmaceutical.

R&D program goals vary widely. While all R&D organizations mentioned above seek to identify new product ideas and undertake basic research to create new technology, they also create new products that meet consumer needs and preferences, and food preparation technologies; improve existing products; automates production systems; and develop powder technologies. The Nisshin Seifun Group also actively seeks to further cooperation among Group research centers and with other research institutions to expand the scope of research and accommodate rapid technical innovations. Through these efforts, the Group aggressively seeks to conduct highly effective R&D activities that generate new business opportunities.

Consolidated R&D expenditures totaled ¥5,293 million in the fiscal year ended March 31, 2005. This figure also includes ¥867 million in R&D spending that cannot be attributed to any particular segment.

The following is an overview of the main R&D programs and results in the year under review.

1. Flour milling

Efforts in this segment focus on developing new flour processing technologies, commercial products for eco-friendly businesses and flavoring additives for brewed products. These activities are conducted primarily at Nisshin Seifun's New Product Development Center and Tsukuba Laboratory, as well as the Company's Research Center for Production and Technology and Research Center for Basic Science Research and Development. Major achievements included the development of novel types of flour and bread mix. Segment R&D expenditures totaled ¥666 million.

2. Processed food

Led by the Company's Research Center for Basic Science Research and Development and Research Center for Production and Technology and Nisshin Food's Food Research and Development Center, R&D efforts in this segment focus on developing new processed food across all temperature ranges, including prepared mix products, dried noodles, pasta, boil-in-bag foods, frozen foods, and prepared side dishes. Major achievements included the development of new varieties of microwave-ready pasta, boil-in-bag pasta sauces and freshly prepared side dishes. In addition, the R&D programs led by Oriental Yeast, primarily at the Tokyo Food Research Center, focused on developing new baking yeasts. Meanwhile, the Nagahama Institute for Biochemical Science engaged in the development of diagnostic reagent materials and undertook a joint product development project with Nisshin Pharma in health food and bio-related fields. Because of these efforts, Nisshin Pharma successfully commercialized granulated beta glucan. Nisshin Pharma's Health Care Research Center largely concentrated on developing coenzyme Q_{10} products and other health foods and ingredients. Major results for the year included products containing a highly concentrated water-soluble formulation of coenzyme Q_{10}. Segment R&D expenditures totaled ¥3,281 million.

3. Other businesses

Nisshin Petfood conducted R&D on pet foods at its Nasu Laboratory. Moreover, activities conducted at the Research Center for Production and Technology on powder grinding and separation technologies helped Nisshin Engineering to develop new types of machinery, including a series of jet mills. In addition, NBC developed new products and materials for screen printing and industrial materials meeting market demand. Segment R&D expenditures totaled ¥477 million.

(7) Analysis of Financial Position and Performance

All forward-looking statements in the text below represent the best judgments of the Company based on the information that was available at the time of the filing of the Japanese version of this document (June 28, 2005).

1. Significant accounting policies and estimates

The Consolidated Financial Statements of the Nisshin Seifun Group are prepared in conformity with accounting standards that are generally accepted in Japan.

In preparing the Consolidated Financial Statements, the Nisshin Seifun Group makes the following estimates and assumptions that have a material impact on the reported values of assets and liabilities as of the balance-sheet date, the disclosure of contingent liabilities, and the reported values of income and expenditure. While the Company makes such estimates and assumptions based on various factors deemed rational based on the analysis of historical performance and business conditions, the uncertainties inherent in the estimation process mean that actual performance can differ from forecasts.

(1) Allowance for doubtful accounts

The Nisshin Seifun Group provides for possible losses stemming from bad debts created by monetary claims and other receivables. Estimates of irrecoverable amounts are determined by considering historical loan-loss ratios for general receivables and recoverable amounts on a case-by-case basis in instances of suspected bad debt or other dubious accounts. Additional credit-loss provisions are made in some cases following any deterioration in the financial condition of a customer that results in diminution of payment capabilities.

(2) Write-downs of investments in securities

The Nisshin Seifun Group holds securities for investment purposes. Securities with a readily determinable market value are stated at fair market value and securities with no readily determinable market value are stated at cost. Investments in securities with a readily determinable market value are written down if the market value of the securities falls below 50% of acquisition value. A write-down may also be made depending on the financial position of the issuer of the securities in question if the decline in market value falls between 30% and 50% of the acquisition price. Investments in securities with no readily determinable market value are written down if the effective price of the securities in question falls markedly to a level significantly less than the acquisition price, unless a recovery in value is deemed probable.

Having previously written down the value of investments in securities as required, the Nisshin Seifun Group currently holds no securities where such measures are deemed necessary. However, further write-downs may become necessary in the future if a fall in financial market prices or deterioration in the financial performance of companies in which the Group has invested results in unrealized losses relative to the book value or otherwise precipitates conditions under which such value is irrecoverable.

(3) Deferred tax assets

The Nisshin Seifun Group estimates deferred tax assets by fully investigating forecast recoverable amounts based on projections of future taxable income and tax payments.

Any changes in the amounts of deferred tax assets deemed recoverable may result in a reduction in deferred tax assets, or in an adjustment to profit if additional deferred tax assets are booked.

(4) Retirement benefit expense and pension liabilities

Calculations of retirement benefits for Nisshin Seifun Group employees and the related pension liabilities are based on actuarial assumptions. These assumptions include the discount rate, projected future remuneration levels, employee turnover and retirement rates, the mortality rate (based on the most recent statistical data), and the expected rate of return on pension plan assets. Under the pension system for employees of Nisshin Seifun Group Inc. and domestic consolidated subsidiaries, the discount rate is based on the historical market yield of long-term Japanese government bonds, while the expected rate of return on pension plan assets is determined according to the historical performance of each asset class within the pension fund portfolio. The effects of material changes in these assumptions or any differences between actual results and the assumptions would by their nature are cumulative and subject to recognition on a regular basis over future fiscal periods. Hence, such changes and differences could potentially have a material effect on the future values of pension-related expenses and liabilities.

2. Analysis of financial performance in the year under review and significant factors influencing the results

The fiscal year ended March 31, 2005 marked the final year of the Nisshin Seifun Group's first three-year medium-term business plan. The Company made a significant progress in pursuit of attaining the plan's targets.

The plan has three main goals: realizing lower costs across the board; develop next-generation products and construct new business models; and review our portfolio of businesses.

Consequently, in the fiscal year ended March 31, 2005, the Nisshin Seifun Group significantly exceeded the performance targets that had been established for the first medium-term business plan.

(1) Net sales and operating income

In the flour milling business, flour shipment levels rose year on year due to aggressive sales promotions, despite stagnated consumption caused by an unusually high summer season. Prices remained strong for bran, a by-product of the milling process. The effects of cost-reduction measures outweighed cost increases due to changes in the accounting treatment of the enterprise tax and higher expenses on implementing strategic measures. As a result, the Company posted higher revenues and profit.

In the processed food business, sales revenues rose compared with the previous year due to higher shipments of leading products such as pasta, dried noodles, tempura flour, and frozen foods for home cooking, and yeast. Shipments of coenzyme Q_{10} also rose in Japan, due mainly to higher awareness of its health benefits and the launch of a new water-soluble formulation. The effects of sustained cost-reduction measures again outweighed cost increases, owing to changes in the accounting treatment of enterprise tax and higher strategic expenses. Consequently, the Company recorded a substantially higher profit.

In other businesses, the Engineering business reported high levels of orders received and completed contracts, posting a significant increase compared with the previous year. Other positive results included higher pet food shipments due to new product launches and increased sales volumes of mesh cloths. Although the conversion of the feed business into an equity-method affiliate in October 2003 resulted in an overall decline in sales revenues in this segment, the effects were absorbed on the profit front, improving the bottom line.

As a result of the above, consolidated net sales declined by ¥17,902 million, or 4.1%, compared with the previous year to ¥416,222 million, mainly reflecting the conversion of the feed business into an equity-method affiliate in October 2003. Expanded sales of many products and cost-reduction initiatives helped to elevate the gross margin on sales to 31.9%, an improvement of 1.5 points. Selling, general, and administrative expenses fell by ¥418 million, primarily reflecting the offsetting effect of converting the feed business into an equity-method affiliate against cost increases resulting from changes in the accounting treatment of enterprise tax and higher strategic expenses such as IT and development costs. Consequently, the operating margin increased 0.5 points to 5.5%. Operating income rose by ¥1,139 million, or 5.2%, to ¥22,896 million.

(2) Ordinary income

Net financial income amounted to ¥566 million, roughly on a par with the previous year. Equity in earnings of subsidiaries and affiliated companies totaled ¥1,011 million, a year-on-year rise of ¥171 million that was mainly due to the conversion of the feed business into an equity-method affiliate. On a net basis, other miscellaneous income registered a year-on-year gain of ¥930 million, going from ¥284 million in net expense for the fiscal year ended March 2004 to ¥645 million in net income for the fiscal year ended March 2005. This change was principally attributable to improved net foreign exchange gains, gains on the sale of marketable securities and other factors.

On a net basis, non-operating income amounted to ¥2,223 million, which represented a year-on-year gain of ¥1,087 million. Ordinary income increased by ¥2,227 million, or 9.7%, to ¥25,120 million.

(3) Net income

Extraordinary income of ¥1,397 million was slightly outweighed by extraordinary losses of ¥1,455 million, resulting in a net extraordinary loss of ¥57 million. Income before income taxes and minority interests amounted to ¥25,062 million, an increase of ¥1,851 million compared with the previous year. The principal item in extraordinary income was a gain on sale of investments in securities of ¥1,277 million, while the main item in extraordinary losses was a loss on disposal of fixed assets of ¥1,185 million.

After the deduction of income taxes (¥9,416 million) and minority interests (¥2,048 million) from income before income taxes and minority interests, net income amounted to ¥13,597 million, an increase of ¥2,022 million, or 17.5%, compared with the previous year. The year-on-year decline of ¥317 million in income taxes despite higher income before income taxes and minority interests was primarily due to the effects of the changes in the accounting treatment of enterprise tax and to tax relief granted on IT investments in Japan.

Net income per share amounted to ¥58.06, a significant increase relative to the previous year of ¥8.90. Return on equity (ROE) was 5.8%, a year-on-year improvement of 0.6 points.

3. Business strategy status and outlook

Having significantly exceeded the profit targets set for the first medium-term business plan, the Nisshin Seifun Group has formulated a second medium-term business plan covering the three fiscal years from April 2005 to March 2008. The Company 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 liberalization of the wheat market, the Company plans to progress with ongoing initiatives to strengthen the base of operations in flour milling and in processed food. The plan envisages more specific linkages between R&D activities and each business to enable product innovation to become the key driving force behind strategic business development. The plan 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, net income 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%.

4. Capital financing and liquidity

On a consolidated basis, operating cash flow totaled ¥21.5 billion in the fiscal year ended March 2005. These funds were used for investment purposes, mainly in facility investments and other capital spending projects. Cash used in investing activities equaled ¥17.5 billion, resulting in a free cash flow of ¥3.9 billion. After the payment of dividends and other items, the balance of cash and cash equivalents at the end of March 2005 was ¥54.0 billion, a decline of ¥0.1 billion compared with the previous fiscal year-end.

Total consolidated debt amounted to ¥9.7 billion at the end of March 2005. Based on the operating cash flow and the balance of cash and cash equivalents, the Nisshin Seifun Group regards the current level of internal liquidity as ample for financing future business expansion.

5. Long-term management issues and future policies

With the second medium-term business plan focused on the theme of growth, for the next three years, the Company has positioned the development of overseas operations as well as prepared dishes and other prepared foods as the "main engines" of future expansion. Moreover, in anticipation of deregulation of the wheat market, measures are ongoing to strengthen the operation bases in flour milling and processed food. At the same time, the Company is promoting linkage between R&D activities and each business, while also investing for implementing new cost-reduction initiatives based on innovative concepts and enhancing productivity. All these steps aim to raise the performance of the Nisshin Seifun Group and maximize corporate value over the long term.

The Nisshin Seifun Group is concentrating management resources in three core businesses: flour milling, “the best in the world”; processed food, “a growth business”; and healthcare and biotechnology businesses, which promise “good prospects of future growth.” While aiming to boost the market share of leading products and cost competitiveness, the Company is also promoting internal reforms to thoroughly enhance its corporate social responsibility, such as food safety, environmental protection, and compliance with laws, regulations, social norms, and business ethics. These efforts reinforce the Nisshin Seifun Group’s commitment to actively earn the trust of all stakeholders, including shareholders, customers, suppliers, employees, and society.

In addition, the Nisshin Seifun Group is aware of possible medium- and long-term changes in business conditions in the flour and processed food industries due to anticipated deregulation of the wheat market and changes in demographic trends in Japan such as declining birth rates, higher life expectancy, and shrinking population. These factors may have a significant impact on Group performance.

Amid a long-term downturn in demand that currently affects several industries related to Nisshin Seifun Group operations and the increasingly fierce sales competition in Japanese food markets fueled by a surge in cheaply priced imported foods, popular interest in food safety is rising in Japan. This trend demands that restaurants and food producers reinforce and upgrade ongoing efforts to improve quality assurance systems.

The Nisshin Seifun Group aims to seize new opportunities by responding accurately and quickly to changing social trends and the operating environment by aggressively promoting the strategic measures outlined above.

[3] Facilities & Capital Expenditures

(1) Capital Expenditures

The Nisshin Seifun Group (the Company and consolidated subsidiaries) makes capital investments with the aim of raising production capacity, rationalizing and increasing the efficiency of manufacturing and logistics, and upgrading quality control to improve food safety. The following is a breakdown of capital expenditures for the fiscal year ended March 2005, based on actual expenditures.

Segment	Fiscal year ended March 2005 (¥ million)	Year-on-year change (%)
Flour milling	¥6,998	(3.8)
Processed food	7,216	3.5
Others	1,983	38.9
Subtotal	16,198	3.4
Elimination/all companies	(146)	---
Total	16,052	4.0

Capital investments in the flour milling and processed food businesses were principally made to increase production capacity, and improve quality control and IT systems. Capital investments in other businesses were largely made to increase production capacity and improve IT systems.

A project to build an enterprise resource planning (ERP) system, ongoing at the end of March 2004, was completed in March 2005.

All capital spending within the Nisshin Seifun Group during the year under review was financed internally from cash flow.

(2) Principal Facilities

The main facilities of the Nisshin Seifun Group (the Company and consolidated subsidiaries) are listed in the tables below.

1. Nisshin Seifun Group Inc. and domestic consolidated subsidiaries

(As of March 31, 2005)

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (¥ million)					Number of employees (persons)
				Buildings and structures	Machinery and equipment	Land (thousand m^2)	Other	Total	
Nisshin Flour Milling Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Flour milling	Flour production	6,604	6,096	(Note 4) 4,468 (80)	257	17,426	146 [3]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour milling	Flour production	2,288	1,968	(Note 4) 1,448 (28)	71	5,776	58 [0]
Nisshin Flour Milling Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Flour milling	Flour production	1,187	1,903	(Note 4) 69 (20)	53	3,214	62 [11]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour milling	Flour production	2,047	1,908	(Note 4) 294 (43)	75	4,325	68 [0]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour milling	Flour production	1,539	1,438	(Note 4) 64 (31)	52	3,094	45 [1]
Nisshin Foods Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Processed food	Prepared mix production	926	1,417	(Note 4) 46 (13)	36	2,427	87 [41]
Ma·Ma-Macaroni Co., Ltd.	Head Office and Utsunomiya Plant (Utsunomiya)	Processed food	Pasta production	550	955	27 (23)	36	1,570	67 [126]
Ma·Ma-Macaroni Co., Ltd.	Kobe Plant (Higashinada-ku, Kobe)	Processed food	Pasta production	295	1,336	393 (16)	27	2,053	47 [55]
Daisen Ham Co., Ltd.	Head Office and Yonago Plant (Yonago)	Processed food	Production of processed meats	1,283	621	150 (26)	62	2,118	197 [209]
Oriental Yeast Co., Ltd.	Tokyo Plant (Itabashi-ku, Tokyo)	Processed food	Yeast manufacture	775	980	0 (11)	55	1,811	59 [8]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed food	Manufacture of yeast and other items	892	1,066	169 (22) (Note 7) [5]	55	2,183	67 [7]
Oriental Yeast Co., Ltd.	Biwa Plant (Biwa-machi, Higashiazai-gun, Shiga)	Processed food	Production of flour paste, *kansui* powder, baking powders and other items	766	343	709 (36)	6	1,826	33 [2]
Nisshin Pharma Inc.	Ueda Plant (Ueda)	Other	Production of health foods, pharmaceuticals and other items	742	871	93 (33)	63	1,771	134 [11]
Nisshin Petfood Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Other	Pet food production	(Note 5) 457	585	---	12	1,055	19 [16]
NBC Inc.	Yamanashi Plant (Tsuru)	Other	Manufacture of mesh cloths and forming filters	1,470	1,042	469 (35)	235	3,217	145 [91]
Nisshin Seifun Group Inc.	Research Center for Basic Science Research and Development and two other research facilities (Oi-machi, Iruma-gun, Saitama)		Research and development	755	379	(Note 4) 70 (40)	267	1,472	84 [1]
Nisshin Seifun Group Inc.	Head Office (Chiyoda-ku, Tokyo, and others)			3,977	134	(Note 4) 9,945 (2)	443	14,501	134 [13]

2. Overseas subsidiaries

(As of March 31, 2005)

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (¥ million)					Number of employees (persons)
				Buildings and structures	Machinery and equipment	Land (thousand m^2)	Other	Total	
Rogers Foods Ltd.	Chilliwack Plant (Canada)	Flour milling	Flour production	885	1,120	146 (41)	2	2,155	8 [0]
Medallion Foods Inc.	Head Office and Plant (U.S.A.)	Processed food	Pasta production	651	385	237 (72)	8	1,282	57 [0]

Notes:

1. Book values in the “Other” column refer to the total for tools, fixtures and furnishings and construction in progress.
2. There were no principal facilities that were not in operation as of March 31, 2005.
3. Numbers of employees in square brackets refer to additional part-time workers.
4. Figures refer to land owned and leased by Nisshin Seifun Group Inc. or Nisshin Real Estate Inc.
5. Figure includes buildings owned and leased by Nisshin Seifun Group Inc.
6. Book values in the “Total” column include leased assets as mentioned in Notes 4 and 5 above.
7. Figures in parentheses in the “Land” column refer to leased areas.

(3) Facility Construction & Disposal Plans

1. Construction of major facilities

Capital expenditure plans by the Nisshin Seifun Group (the Company and consolidated subsidiaries) primarily aim to raise production capacity, rationalize and increase the efficiency of manufacturing and logistics, and upgrade quality control to improve food safety.

As of March 31, 2005, funds committed to the construction of major facilities (actual expenditure) amounted to ¥15,500 million. Plans call for this entire sum to be financed internally from cash flow.

The table below outlines the major facilities currently in planning or under construction.

Company name and site	Location	Business segment	Facility type/purpose	Planned investment		Financing method	Planned start/ completion dates		Production capacity after completion
				Total value (¥ million)	Sunk capital (¥ million)		Start	Completion	
Nisshin Flour Milling Inc. Higashinada Plant	Higashinada-ku, Kobe	Flour milling	Flour production	12,000	---	Internal cash flow	May 2005	May 2008	Raw materials processing daily capacity: 530 tons

2. Disposal of major facilities

Nisshin Flour Milling Inc. plans to close its Kobe Plant (daily capacity of raw materials processing: 390 tons) once the work on the Higashinada Plant detailed above has been completed.

[4] Other Matters Related to Nisshin Seifun Group Inc.

(1) Share-Related Matters

1. Share totals

(1) Total number of shares authorized to be issued

Share type	Total number of shares authorized to be issued (shares)
Common stock	461,672,000
Total	461,672,000

Notes:

1. In accordance with the articles of association, any share cancellations result in an equivalent reduction in the total number of shares authorized to be issued.
2. By resolution of the Ordinary General Meeting of Shareholders held on June 28, 2005, a revision to the articles of association resulted in an immediate increase of 471,184,000 in the number of shares authorized to be issued, resulting in a new total of 932,856,000 shares.

(2) Total number of shares issued and outstanding

Share type	Shares issued and outstanding on March 31, 2005	Shares issued and outstanding at date of filing (June 28, 2005)	Exchanges on which stock is listed	Comments
Common stock	233,214,044	233,214,044	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section)	The standard form of the Company share ownership confers full voting rights without restriction
Total	233,214,044	233,214,044	---	---

2. Stock options

The Company has granted the stock options detailed below in line with the provisions of Articles 280-20 and 280-21 of the Commercial Code of Japan.

(1) Options granted on July 23, 2002

Date of authorizing resolution at the General Meeting of Shareholders: June 26, 2002		
	Options outstanding at the most recent fiscal year-end (March 31, 2005)	Options outstanding at the last month-end prior to filing this report (May 31, 2005)
Number of options granted	169 (Note 1)	169 (Note 1)
Share type issuable on option exercise	Common stock	Common stock
Total number of issuable shares	169,000	169,000
Amount payable on option exercise	¥885,000 per option (Note 2)	¥885,000 per option (Note 2)
Exercise period	July 16, 2004 – July 15, 2009	July 16, 2004 – July 15, 2009
Issuance price and capital increase per share on option exercise	Issuance price: ¥885 Capital increase: ¥443	Issuance price: ¥885 Capital increase: ¥443
Option exercise conditions	(See Note 3)	Same as the left column.
Option transfer conditions	Approval of the Board of Directors is required for the transfer of any options.	Same as the left column.

Notes:

1. The number of shares corresponding to each option shall equal 1,000.
2. In the event of a stock split or share consolidation subsequent to option issuance, the amount payable on option exercise shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance associated with the exercising of stock options), the amount payable on option exercise shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares issued and outstanding, less the number of shares of treasury stock owned by the Company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."
Furthermore, in the event of such stock options being inherited by a surviving entity in a merger involving the Company or by a new company pursuant to a merger or acquisition, or in the event of a stock split by the Company related to establishment or absorption, the Company reserves the right to make appropriate adjustments to the amount paid per option as deemed necessary.

3. Conditions attached to the exercise of options are as follows:

(1) Persons granted an allotment of options (hereinafter referred to as "option holders") must be a director or executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subisidiaries and overseas subsidiaries thereof) at the time that the option is exercised. However, option holders that are no longer a director or executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subisidiaries and overseas subsidiaries thereof) may exercise options up to two (2) years after leaving the Company or by July 15, 2006, whichever is the later date.

(2) A designated successor that inherits options on the death of the option holder may own and exercise such options on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original option holder. However, another person may not inherit such options on the death of the new option holder.

(3) Options may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) Options shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the option holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offence; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.

(5) Other conditions shall be as stipulated in the option vesting contracts concluded between the Company and option holders, based on resolutions of the Board of Directors and the Ordinary General Meeting of Shareholders held on June 26, 2002.

(2) Options granted on July 23, 2003

Date of authorizing resolution at the General Meeting of Shareholders: June 26, 2003		
	Options outstanding at the most recent fiscal year-end (March 31, 2005)	Options outstanding at the last month-end prior to filing (May 31, 2005)
Number of options granted	264 (Note 1)	264 (Note 1)
Share type issuable on option exercise	Common stock	Common stock
Total number of issuable shares	264,000	264,000
Amount payable on option exercise	¥892,000 per option (Note 2)	¥892,000 per option (Note 2)
Exercise period	July 16, 2005 – July 15, 2010	July 16, 2005 – July 15, 2010
Issuance price and capital increase per share on option exercise	Issuance price: ¥892 Capital increase: ¥446	Issuance price: ¥892 Capital increase: ¥446
Option exercise conditions	(See Note 3)	Same as the left column.
Option transfer conditions	Approval of the Board of Directors is required for the transfer of any options.	Same as the left column.

Notes:

1. The number of shares corresponding to each option shall equal 1,000.
2. In the event of a stock split or share consolidation subsequent to option issuance, the amount payable on option exercise shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance associated with the exercising of stock options), the amount payable on option exercise shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the Company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event of such stock options being inherited by a surviving entity in a merger involving the Company or by a new company pursuant to a merger or acquisition, or in the event of a stock split by the Company related to establishment or absorption, the Company reserves the right to make appropriate adjustments to the amount paid per option as deemed necessary.

3. Conditions attached to the exercise of options are as follows:

(1) Persons granted an allotment of options (hereinafter referred to as "option holders") must be a director or executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subisidiaries and overseas subsidiaries thereof) at the time that the option is exercised. However, option holders that are no longer a director or executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries thereof) may exercise options up to two (2) years after leaving the Company or by July 15, 2007, whichever is the later date.

(2) A designated successor that inherits options on the death of the option holder may own and exercise such options on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original option holder. However, another person may not inherit such options on the death of the new option holder.

(3) Options may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) Options shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the option holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offence; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.

(5) Other conditions shall be as stipulated in the option vesting contracts concluded between the Company and option holders, based on resolutions of the Board of Directors and the Ordinary General Meeting of Shareholders held on June 26, 2003.

(3) Options granted on July 26, 2004

Date of authorizing resolution of general meeting of shareholders: June 25, 2004		
	Options outstanding at the most recent fiscal year-end (March 31, 2005)	Options outstanding at the last month-end prior to filing (May 31, 2005)
Number of options granted	245 (Note 1)	245 (Note 1)
Share type issuable on option exercise	Common stock	Common stock
Total number of issuable shares	245,000	245,000
Amount payable on option exercise	¥1,098,000 per option (Note 2)	¥1,098,000 per option (Note 2)
Exercise period	July 17, 2006 – July 16, 2011	July 17, 2006 – July 16, 2011
Issuance price and capital increase per share on option exercise	Issuance price: ¥1,098 Capital increase: ¥549	Issuance price: ¥1,098 Capital increase: ¥549
Option exercise conditions	(See Note 3)	Same as the left column.
Option transfer conditions	Approval of the Board of Directors is required for the transfer of any options.	Same as the left column.

Notes:

1. The number of shares corresponding to each option shall equal 1,000.
2. In the event of a stock split or share consolidation subsequent to option issuance, the amount payable on option exercise shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance associated with the exercising of stock options), the amount payable on option exercise shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the Company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event of such stock options being inherited by a surviving entity in a merger involving the Company or by a new company pursuant to a merger or acquisition, or in the event of a stock split by the Company related to establishment or absorption, the Company reserves the right to make appropriate adjustments to the amount paid per option as deemed necessary.

3. Conditions attached to the exercise of options are as follows:

(1) Persons granted an allotment of options (hereinafter referred to as "option holders") must be a director or executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries thereof) at the time that the option is exercised. However, option holders that are no longer a director or executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subisidiaries and overseas subsidiaries thereof) may exercise options up to two (2) years after leaving the Company or by July 16, 2008, whichever is the later date.

(2) A designated successor that inherits options on the death of the option holder may own and exercise such options on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original option holder. However, another person may not inherit such options on the death of the new option holder.

(3) Options may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) Options shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the option holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offence; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.

(5) Other conditions shall be as stipulated in the option vesting contracts concluded between the Company and option holders, based on resolutions of the Board of Directors and the Ordinary General Meeting of Shareholders held on June 25, 2004.

3. Changes in shares issued and outstanding and in capital

Date	Change in shares issued and outstanding (thousands)	Total number of shares issued and outstanding after change (thousands)	Change in common stock (¥ million)	Common stock balance (¥ million)	Change in capital surplus (¥ million)	Capital surplus balance (¥ million)
Aug. 24, 2000 (Note 1)	(322)	249,920	---	17,117	---	9,446
Sep. 26, 2000 (Note 1)	(4,600)	245,320	---	17,117	---	9,446
Feb. 1, 2001 (Note 2)	(1,000)	244,320	---	17,117	---	9,446
Feb. 20, 2002 (Note 3)	(5,710)	238,610	---	17,117	---	9,446
Dec. 12, 2002 (Note 4)	(2,996)	235,614	---	17,117	---	9,446
Mar. 16, 2004 (Note 5)	(2,400)	233,214	---	17,117	---	9,446

Notes:

1. By resolution of the meeting of the Board of Directors held on July 27, 2000, the Company acquired and canceled a total of 4,922,000 shares of treasury stock, in line with the articles of association and the provisions of an amendment to the Commercial Code of Japan specifying procedures for share buybacks (Article 3, Section 1).
2. By resolution of the meeting of the Board of Directors held on January 25, 2001, the Company acquired and canceled 1,000,000 shares of treasury stock, in line with the articles of association and the provisions of an amendment to the Commercial Code of Japan specifying procedures for share buybacks (Article 3, Section 1).
3. By resolution of the meeting of the Board of Directors held on February 13, 2002, the Company acquired 5,710,000 shares of treasury stock in line with a supplementary provision (Article 3, Section 4) to a partial revision of the Commercial Code of Japan (Law No. 79, 2001), and then canceled the same number of shares in line with provisions of Article 212 of the Commercial Code of Japan.
4. By resolution of the meeting of the Board of Directors held on December 11, 2002, the Company canceled 2,996,000 shares of treasury stock in line with provisions of Article 212 of the Commercial Code of Japan.
5. By resolution of the meeting of the Board of Directors held on March 15, 2004, the Company canceled 2,400,000 shares of treasury stock in line with provisions of Article 212 of the Commercial Code of Japan.

4. Ownership and share distribution

(As of March 31, 2005)

Category	Shareholders and ownership status (N.B. Minimum trading unit [MTU] = 1,000 shares)								Sub-MTU holdings (shares)
	Government (national and local) entities	Financial institutions	Securities companies	Other institutions	Foreign institutions, etc.		Individuals and other shareholders	Total	
					Non-individual	Individuals			
Numbers of shareholders (persons)	---	121	26	280	238	4	8,818	9,487	---
Numbers of shares owned (MTUs)	---	108,645	2,383	44,685	42,244	9	32,911	230,877	2,337,044
Ratio to total shares (%)	---	47.1	1.0	19.3	18.3	0.0	14.3	100.0	---

Notes:

1. Treasury stock holdings of 1,585,083 shares consist of 1,584 MTUs listed under “Individuals and other shareholders” and 1,083 shares listed under “Sub-MTU holdings.” All of these treasury shares are listed in the shareholder register. As of March 31, 2005, total beneficial ownership of treasury stock was equivalent to 1,584,821 shares.
2. Shares nominally held under the name of Japan Securities Depository Center Inc. account for 12 MTUs in the column marked “Other corporate investors” and 552 shares in the column marked “Sub-MTU holdings.”
3. By resolution of the meeting of the Board of Directors held on May 12, 2005, the number of shares per MTU was reduced from 1,000 to 500, effective October 3, 2005.

5. Major shareholders

(As of March 31, 2005)

Name	Address	Shares owned (thousands)	Shareholding as proportion of total shares outstanding (%)
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka	13,657	5.85
Yamazaki Baking Co., Ltd.	10-1, Iwamotocho 3-chome, Chiyoda-ku, Tokyo	12,764	5.47
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	11,653	4.99
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	9,769	4.18
Mizuho Corporate Bank, Ltd.	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	9,039	3.87
Mitsubishi Corporation	6-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	6,347	2.72
Mizuho Bank, Ltd.	1-5, Uchisaiwaicho 1-chome, Chiyoda-ku, Tokyo	5,276	2.26
Sumitomo Corporation	8-11, Harumi 1-chome, Chuo-ku, Tokyo	4,577	1.96
Sumitomo Mitsui Banking Corporation	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	4,172	1.78
The Norinchukin Bank	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	4,081	1.75
Total	---	81,337	34.87

6. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2005)

Category	Number of shares	Number of voting rights	Comments
Shares with no voting rights	---	---	---
Shares with restricted voting rights (treasury stock, etc.)	---	---	---
Shares with restricted voting rights (other)	---	---	---
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 1,584,000	---	Standard form of Company share ownership: confers full voting rights without restriction
	(Mutually held shares) Common stock 1,201,000	---	As above
Shares with full voting rights (other)	Common stock 228,092,000	228,092	As above
Sub-MTU share holdings	Common stock 2,337,044	---	As above
Total number of shares issued and outstanding	233,214,044	---	---
Total voting rights of all shareholders	---	228,092	---

Notes:

1. Shares nominally held under the name of Japan Securities Depository Center Inc. (JASDEC) account for 12,000 shares of "Shares with full voting rights (other)" and 552 shares of "Sub-MTU share holdings." Total voting rights accorded to all shares held under the name of JASDEC (the central depository) equaled 12 as of March 31, 2005.
2. Components of "Sub-MTU share holdings" that are either treasury stock owned by the Company or mutually held shares are shown in the table below. In addition, as of March 31, 2005, there were 262 shares of treasury stock listed under Company ownership in the register of shareholders but without any beneficial owner.

Treasury stock	
Nisshin Seifun Group Inc.	1,083 shares
Mutually held shares	
Chiba Grain Handling Center, Ltd.	936 shares
Wakaba, Co., Ltd.	915 shares
Yamajo Shoji Co., Ltd.	760 shares
Oriental Yeast Co., Ltd.	681 shares
Ishikawa Co., Ltd.	583 shares

(2) Treasury stock

(As of March 31, 2005)

Name	Address	Shares owned under own name	Shares owned under other name	Total number of shares held	Share holding as proportion of total shares outstanding (%)
Treasury stock					
Nisshin Seifun Group Inc.	25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo	1,584,000	---	1,584,000	0.67
Mutually held shares					
Oriental Yeast Co., Ltd.	6-10, Azusawa 3-chome, Itabashi-ku, Tokyo	478,000	119,000	597,000	0.25
Yamajo Shoji Co., Ltd.	1-21, Nihonbashi-Ningyocho 1-chome, Chuo-ku, Tokyo	309,000	---	309,000	0.13
Ishikawa Co., Ltd.	2-10, Shimagami-cho 1-chome, Hyogo-ku, Kobe	126,000	---	126,000	0.05
Wakaba, Co., Ltd.	2-8, Mayafuto, Nada-ku, Kobe	93,000	---	93,000	0.03
Chiba Grain Handling Center, Ltd.	16, Shinminato, Mihama-ku, Chiba	71,000	---	71,000	0.03
Japan Logistic Systems Corp.	19-17, Ebara 1-chome, Shinagawa-ku, Tokyo	5,000	---	5,000	0.00
Total	---	2,666,000	119,000	2,785,000	1.19

Note:

The 119,000 shares owned by Oriental Yeast Co., Ltd. under another name belong to the pension trust fund of the company. The name under which this share holding is registered is Mizuho Trust Retirement Benefit Trust (Oriental Yeast Account) Custodial Trustee Asset Management Services Trust (address: 8-12, Harumi 1-chome, Chuo-ku, Tokyo).

7. Stock option scheme

Nisshin Seifun Group Inc. operates a stock option scheme.

Under this system, the Company has granted stock options in line with the provisions of Articles 280-20 and 280-21 of the Commercial Code of Japan to certain directors and executive officers of the Company and its consolidated subsidiaries (with the exception of any publicly listed companies and their subsidiaries and overseas subsidiaries). Stock options have been granted free of charge with the approval of the Ordinary General Meetings of Shareholders held on June 26, 2002, June 26, 2003, June 25, 2004, and June 28, 2005.

Details of each of the four sets of stock options granted to date under this scheme are summarized below.

(1)

Date of authorizing resolution	June 26, 2002
Number and description of persons granted stock options	Directors and executive officers of the Company and its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 49 persons
Share type issuable on option exercise	As detailed above in “2. Stock options” (see p. 32)
Numbers of shares issuable	As above
Amount payable on option exercise (¥)	As above
Exercise period	As above
Option exercise conditions	As above
Option transfer conditions	As above

(2)

Date of authorizing resolution	June 26, 2003
Number and description of persons granted stock options	Directors and executive officers of the Company and its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 52 persons
Share type issuable on option exercise	As detailed above in "2. Stock options" (see p. 33)
Numbers of shares issuable	As above
Amount payable on option exercise (¥)	As above
Exercise period	As above
Option exercise conditions	As above
Option transfer conditions	As above

(3)

Date of authorizing resolution	June 25, 2004
Number and description of persons granted stock options	Directors and executive officers of the Company and its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 47 persons
Share type issuable on option exercise	As detailed above in "2. Stock options" (see p. 34)
Numbers of shares issuable	As above
Amount payable on option exercise (¥)	As above
Exercise period	As above
Option exercise conditions	As above
Option transfer conditions	As above

(4)

Date of authorizing resolution	June 28, 2005
Number and description of persons granted stock options	Certain directors and executive officers of the Company and its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) (Note 1)
Share type issuable on option exercise	Common stock
Numbers of shares issuable	Maximum of 235,000 shares per option
Amount payable on option exercise (¥)	(See Note 2)
Exercise period	July 21, 2007 – July 20, 2012
Option exercise conditions	(See Note 3)
Option transfer conditions	Approval of the Board of Directors is required for the transfer of any options.

Notes:

1. The number of persons granted options is subject to the resolution of the first meeting of the Board of Directors subsequent to the Ordinary General Meeting of Shareholders at which the relevant resolution to grant stock options was approved.
2. 2. The amount payable to exercise each option shall equal the amount paid per share multiplied by the number of shares corresponding to each option (1,000).
   The amount paid per share shall equal the average closing price of the Company's common stock on the Tokyo Stock Exchange (excluding any non-trading days) in the month prior to that containing the day on which options were granted, multiplied by 1.025 (with any fractional values below ¥1 thus generated rounded up).
   However, if this value is less than the closing price of the Company's common stock on the Tokyo Stock Exchange on the day on which the options were granted, then the amount paid per share shall be taken as that closing price (or the most recent closing price in the event that the date of option granting is not a trading day).
   In the event of a stock split or share consolidation subsequent to option issuance, the amount payable on option exercise shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{1}{\text{Split/consolidation ratio}}$$

   In addition, in the event of any new share issuance or treasury stock disposals at less than market price (excluding any share issuance associated with the exercising of stock options), the amount payable on option exercise shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated being rounded up.

$$\text{Post-adjustment amount} = \text{Pre-adjustment amount} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

   "Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury stock owned by the Company. In the case of treasury stock disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury stock in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."
   Furthermore, in the event of such stock options being inherited by a surviving entity in a merger involving the Company or by a new company pursuant to a merger or acquisition, or in the event of a stock split by the Company related to establishment or absorption, the Company reserves the right to make appropriate adjustments to the amount paid per option as deemed necessary.
3. Conditions attached to the exercise of options are as follows:
   (1) Persons granted an allotment of options (hereinafter referred to as "option holders") must be a director or executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subisidiaries and overseas subsidiaries thereof) at the time that the option is exercised. However, option holders that are no longer a director or executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subisidiaries and overseas subsidiaries thereof) may exercise options up to two (2) years after leaving the Company or by July 20, 2009, whichever is the later date.
   (2) A designated successor that inherits options on the death of the option holder may own and exercise such options on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original option holder. However, another person may not inherit such options on the death of the new option holder.
   (3) Options may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) Options shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the option holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offence; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.
   (5) Other conditions shall be as stipulated in the option vesting contracts concluded between the Company and option holders, based on resolutions of the Board of Directors and the Ordinary General Meeting of Shareholders held on June 28, 2005.

(2) Acquisitions of Treasury Stock

1. Treasury stock purchases by resolution of the Ordinary General Meeting of Shareholders or the Board of Directors

(1) Treasury stock acquisitions during the previous resolution period

Stock type: Common stock

a. Purchases by resolution of the Ordinary General Meeting of Shareholders

None.

b. Purchases from subsidiaries

None.

c. Purchases by resolution of the Board of Directors

(As of June 28, 2005)

Item	Number of shares	Total value (¥)
Board of Directors resolution (June 14, 2005)	2,000,000	2,400,000,000
Treasury stock acquisitions in the previous resolution period	340,000	372,117,000
Number and value of the outstanding portion of unacquired shares	1,660,000	2,027,883,000
Unacquired proportion (%)	83.0	84.5

Note:
The acquisition period lasts from June 15 to July 19, 2005. The unacquired proportion is high due to the small number of days elapsed.

d. Disposals of acquired treasury stock

None.

e. Treasury stock holdings

(As of June 28, 2005)

Item	Number of shares
Shares of treasury stock held	1,932,426

Note:
"Shares of treasury stock held" above includes treasury stock acquired through purchases of sub-MTU share holdings. No shares of treasury stock were acquired through the purchase of sub-MTU share holdings between June 1, 2005 and the filing of the original Japanese version of this report.

(2) Resolution for treasury stock acquisition at the most recent Ordinary General Meeting of Shareholders

None.

2. Treasury stock purchases associated with capital decreases, or cancellations of profit or retired shares in line with provisions of the articles of association

(1) Purchases of treasury stock during previous resolution period

None.

(2) Resolution for treasury stock acquisition at the most recent Ordinary General Meeting of Shareholders

None.

(3) Dividend Policy

The basic policy of the Company is to distribute profits to shareholders based on the current and future profitability of the business and the financial position.

In the fiscal year ended March 2005, having prioritized the use of retained earnings for strategic investments in areas of growth opportunity, the Company also further raised returns to shareholders by increasing the final dividend by ¥2.00 to ¥8.50 per share and the interim dividend by ¥1.00 to ¥5.50 per share. These moves increased total dividends for the year by ¥3.00 to ¥14.00 per share. This represented the third consecutive annual rise in dividend levels. The dividend payout ratio for the year was 34.7% and the return on equity was 5.0% (5.8% at the consolidated level). The dividend yield was 1.7%.

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.

To enable the Company to maintain a dynamic capital stance in the face of changing business conditions, the meeting of the Board of Directors held on June 14, 2005 approved a resolution to acquire up to 2 million shares of treasury stock for a maximum purchase value of ¥2,400 million (with a period of acquisition lasting from June 15 to July 19, 2005).

Note: The Board of Directors' resolution date for the interim dividend of the 161st fiscal term was November 11, 2004.

(4) Share Price Movements

1. Share price highs and lows in previous five fiscal years

Fiscal term	157th	158th	159th	160th	161st
Fiscal year-end	March 2001	March 2002	March 2003	March 2004	March 2005
Intra-year high (¥)	1,140	1,070	925	1,023	1,181
Intra-year low (¥)	730	662	730	776	911

Note: Share-price highs and lows refer to market trading of the Company's shares listed on the First Section of the Tokyo Stock Exchange.

2. Share price highs and lows in the final six months of the most recent fiscal year

Month	Oct. 2004	Nov. 2004	Dec. 2004	Jan. 2005	Feb. 2005	Mar. 2005
Intra-month high (¥)	1,134	1,135	1,159	1,176	1,181	1,170
Intra-month low (¥)	1,042	1,057	1,064	1,119	1,127	1,113

Note: Share-price highs and lows refer to market trading of the Company's shares listed on the First Section of the Tokyo Stock Exchange.

(5) Directors & Auditors

Title	Position	Name	Date of birth	Abbreviated CV [Roles in parentheses signify head of function in addition to position as director or executive officer; [C] = current role]	Share holding (thousands)
Chairman		Osamu Shoda	October 11, 1942	Mar. 1967 Joined the Company Jun. 1976 Director Jun. 1980 Managing Director Jun. 1984 Senior Managing Director Jun. 1986 President Jun. 1996 Corporate Auditor, Tobu Railway Co., Ltd. [C] Jun. 2004 Chairman [C]	205
President		Hiroshi Hasegawa	December 25, 1943	Apr. 1971 Joined the Company Jun. 1993 General Manager, Processed Food Sales Jun. 1996 Director (Processed Food Sales) Jun. 1997 Director (Processed Food Sales and Marketing) Jun. 1998 Director (Processed Food Sales) Jun. 1999 Managing Director (Processed Food Sales) Jun. 1999 President, Nisshin Foods (concurrent roles) Jun. 2000 Managing Director Jun. 2004 President (Corporate Planning) Jun. 2005 President [C]	5
Managing Director	Administrator, Accounting and Finance Division / Executive Manager, Corporate Planning Division	Ippei Murakami	March 3, 1945	Apr. 1967 Joined the Company Jun. 1993 Deputy General Manager, Finance Jun. 1995 Director (Planning, Finance) Jun. 1997 Director (Finance) Jun. 1998 Director Jun. 2000 Managing Director Jul. 2001 Managing Director (Finance and Accounting) Jun. 2004 Managing Director (Finance and Accounting, Corporate Planning [deputy]) Jun. 2005 Managing Director (Finance and Accounting, Corporate Planning) [C]	7
Managing Director		Ryuji Nakamura	January 25, 1945	Apr. 1967 Joined the Company Oct. 1994 General Manager, Flour Milling Operations Jun. 1995 Director (Flour Milling Operations) Jun. 1996 Director (Flour Milling Operations and Development) Jun. 1998 Director (Flour Milling Operations) Jun. 2000 Director (Distribution) Jun. 2000 Managing Director (Distribution) Jul. 2001 Managing Director [C] Jul. 2001 Senior Managing Director, Nisshin Flour Milling Jun. 2004 President, Nisshin Flour Milling [C] (concurrent roles)	10
Managing Director		Masaru Nakamura	February 25, 1945	Apr. 1968 Joined the Company Jun. 1996 General Manager, Distribution Control Jun. 1997 Director (Distribution Control) Oct. 1998 Director (Distribution) Jun. 2000 Director Jun. 2001 Executive Officer Jul. 2001 Senior Managing Director, Nisshin Pharma Jun. 2002 Director Jun. 2002 President, Nisshin Pharma [C] (Concurrent roles) Jun. 2004 Managing Director [C]	3

Title	Position	Name	Date of birth	Abbreviated CV [Roles in parentheses signify head of function in addition to position as director or executive officer; [C] = current role]		Share holding (thousands)
Director	Executive Manager, Research and Development, Quality Assurance Division	Masami Ohta	September 13, 1946	Apr. 1970 Jun. 2003 Jun. 2003	Joined the Company Executive Officer (R&D and Quality Assurance) Director (R&D and Quality Assurance) [C]	12
Director	Executive Manager, Technology and Engineering Division	Yukiyoshi Yamada	September 14, 1948	Apr. 1973 Jun. 2003 Jun. 2003	Joined the Company General Manager, Technology Director (Technology and Engineering) [C]	8
Director	Executive Manager, General Administration Division	Yasutaka Miyauchi	January 31, 1949	Apr. 1972 Jun. 2005 Jun. 2005	Joined the Company Executive Officer (General Administration, Personnel Group) Director (General Administration, Personnel Group) [C]	3
Director		Kazuo Ikeda	September 14, 1947	Apr. 1971 Jun. 2002 Jun. 2003 Jun. 2004 Jun. 2004	Joined the Company Executive Officer Managing Director, Nisshin Foods (Business Planning) Director [C] President, Nisshin Foods [C] (Concurrent roles)	7
Senior Corporate Auditor	Full-time	Takeo Ito	August 1, 1942	Apr. 1966 Jun. 1994 Jun. 1998 Jun. 2005	Joined the Company Director Managing Director Senior Corporate Auditor [C]	10
Corporate Auditor	Full-time	Kimio Ohishi	April 27, 1944	Apr. 1964 Jun. 2005 Jun. 2005	Joined the Company Advisor (General Administration Division, Internal Auditing) Corporate Auditor [C]	1
Corporate Auditor		Morio Hatakeyama	December 15, 1932	Apr. 1957 Apr. 1957 Jan. 1967 Apr. 1980 May 1989 Jun. 1999	Registered as attorney-at-law Joined Matsumoto Masao Law Office Representative Partner, Marunouchi Sogo Law Office [C] Lecturer, Legal Research and Training Institute Chairman, Committee on Judicial System Research, Japan Federation of Bar Associations Corporate Auditor [C]	5
Corporate Auditor		Ariyoshi Okumura	February 15, 1931	Apr. 1955 Jun. 1983 May 1987 Feb. 1989 Jun. 1997 Jul. 2000 Jun. 2003	Joined Industrial Bank of Japan (IBJ) Director, IBJ Managing Director, IBJ President, IBJ Asset Management Co., Ltd. Director, Nippon Light Metal Co., Ltd. Board Governor, International Corporate Governance Network Corporate Auditor [C]	1
Total						279

Note:

Corporate auditors Morio Hatakeyama and Ariyoshi Okumura are externally appointed in accordance with Section 1, Article 18 of the Law Concerning the Japanese Commercial Code and Special Treatment Under the Code for the Audit, etc. of Kabushiki Kaisha.

(6) Corporate Governance

This section provides an overview of corporate governance at the Nisshin Seifun Group. All data are accurate as of the date of filing the original Japanese version of this report (June 28, 2005).

1. 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 best 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.

2. 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, nine 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. Two of the Company’s four auditors are external auditors. One of the external auditors is an attorney who also acts as the Company’s legal counsel.

(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 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 quality control audits, eight people for facility audits and four people for environmental audits. In addition, all Nisshin Seifun Group operating companies appoint some of their own personnel to undertake internal quality control audits in parallel with the centrally organized quality control 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 to explain specific audit items and 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

Ernst & Young ShinNihon has voluntarily introduced a system of personnel rotation for staff assigned to audits ahead of the enforcement of related provisions of the Certified Public Accountant Law together with the implementation of a self-regulating system by the Japanese Institute of Certified Public Accountants. This system went into effect from the audit of the Company's accounts for the fiscal year ended March 2005.

*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

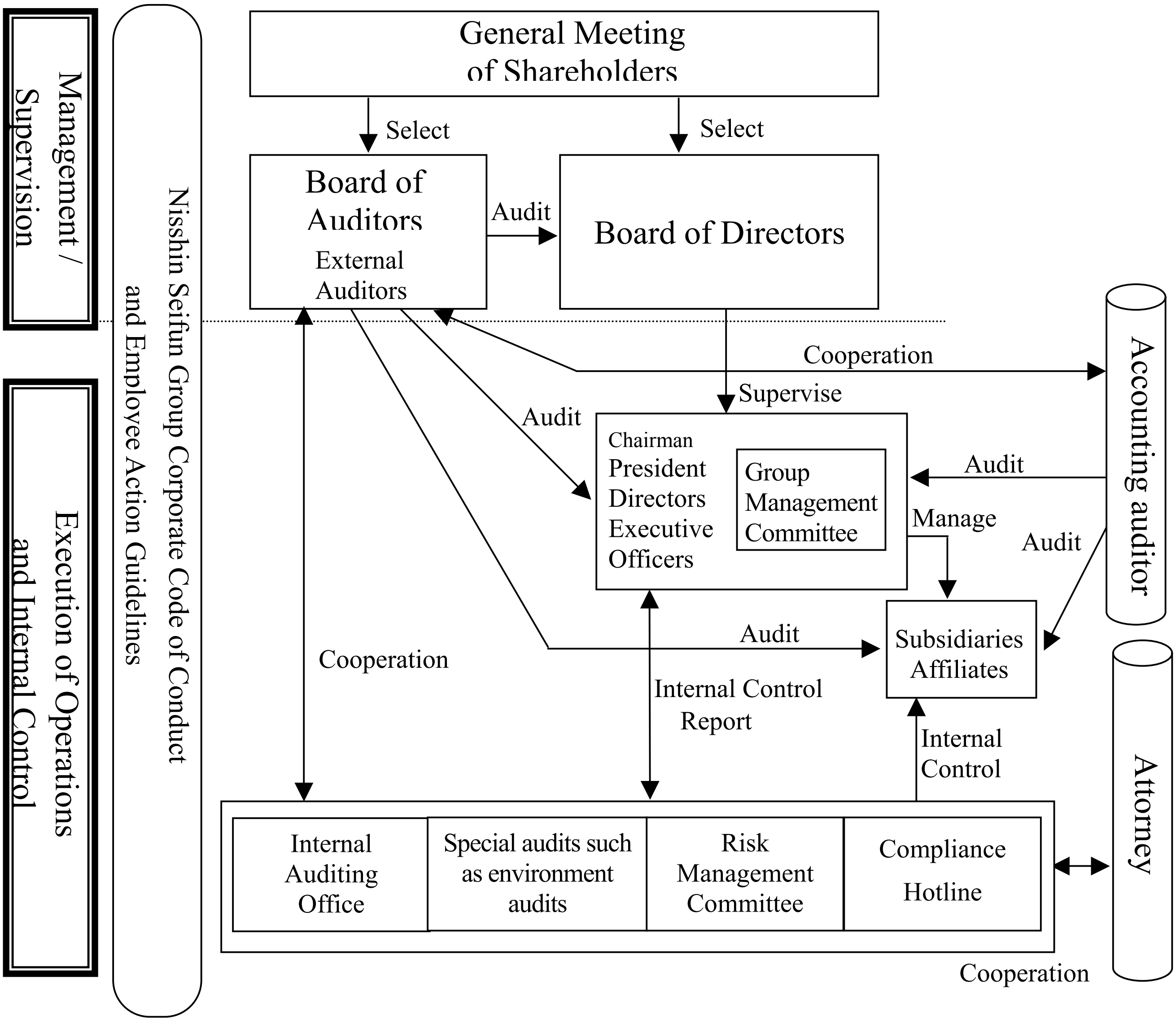
In addition to these sums, directors received bonuses totaling ¥45 million in respect of the appropriation of retained earnings from the previous year. A lump-sum retirement allowance of ¥40 million was also paid to one director.

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

	(¥ million) 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.



[5] Financial Accounts

1. Basis of presentation for consolidated and non-consolidated financial statements

(1) The Company's Consolidated Financial Statements are prepared in conformity with regulations issued by the Ministry of Finance in 1976 (Ministerial Ordinance No. 28) governing the terminology, form and presentation methods for consolidated financial accounts (hereinafter referred to as the "consolidated financial accounting rules.")

The consolidated financial accounting rules were partially revised by an ordinance issued by the Cabinet Office on January 30, 2004 (Cabinet Office Ordinance No. 5). In accordance with a proviso in Section 2 of the supplementary articles of this ordinance, the Company's Consolidated Financial Statements are prepared in conformity with the pre-revision rules.

(2) The Non-consolidated Financial Statements are prepared in conformity with regulations issued by the Ministry of Finance in 1963 (Ministerial Ordinance No. 59) governing the terminology, form and presentation methods for financial accounts (hereinafter referred to as the "non-consolidated financial accounting rules.")

The non-consolidated financial accounting rules were partially revised by an ordinance issued by the Cabinet Office on January 30, 2004 (Cabinet Office Ordinance No. 5). In accordance with a proviso in Section 2 of the supplementary articles of this ordinance, the Non-consolidated Financial Statements are prepared in conformity with the pre-revision rules.

2. Independent auditing of financial statements

In accordance with the provisions of Article 193-2 of the Securities and Exchange Law, the Company arranged for auditing firm Ernst & Young ShinNihon to conduct independent audits of the consolidated and non-consolidated financial accounts of the Company for both the consolidated fiscal year under review (April 1, 2004 to March 31, 2005; the 161st fiscal term) and the previous consolidated fiscal year (April 1, 2003 to March 31, 2004; the 160th fiscal term).

Note: Only the Japanese original of this report has been audited.

(1) Consolidated Financial Statements

1. Consolidated Financial Statements

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

Item	See Note	Fiscal year ended March 31, 2004 Amount (¥ million)	Fiscal year ended March 31, 2004 Proportion of total (%)	Fiscal year ended March 31, 2005 Amount (¥ million)	Fiscal year ended March 31, 2005 Proportion of total (%)
Assets:					
I Current assets:					
Cash on hand and in banks		29,173		54,065	
Notes and accounts receivable		55,238		59,468	
Marketable securities		28,301		6,783	
Inventories		33,858		38,580	
Deferred tax assets		5,378		4,517	
Other current assets		6,584		7,146	
Allowance for doubtful accounts		(245)		(211)	
Total current assets		158,289	44.0	170,349	45.7
II Fixed assets:					
(1) Tangible fixed assets:	1, 3				
Buildings and structures	6	42,280		42,407	
Machinery and equipment	6	33,028		32,741	
Land	2, 6	29,249		29,729	
Construction in progress		1,454		1,152	
Other tangible fixed assets		2,855		2,830	
Total tangible fixed assets		108,868	30.2	108,860	29.2
(2) Intangible fixed assets		7,439	2.1	9,124	2.4
(3) Investments and other assets:					
Investment in securities	4, 6	77,272		77,262	
Long-term loans		390		261	
Deferred tax assets		4,278		4,099	
Other investments and other assets		3,847		3,641	
Allowance for doubtful accounts		(566)		(630)	
Total investments and other assets		85,222	23.7	84,634	22.7
Total fixed assets		201,530	56.0	202,618	54.3
Total Assets		359,820	100.0	372,968	100.0

Item	See Note	Fiscal year ended March 31, 2004 Amount (¥ million)	Proportion of total (%)	Fiscal year ended March 31, 2005 Amount (¥ million)	Proportion of total (%)
Liabilities:					
I Current liabilities:					
Notes and accounts payable		22,797		28,599	
Short-term debt	6	8,424		8,115	
Accrued income taxes		5,320		3,956	
Accrued expenses		15,108		13,623	
Other current liabilities		12,377		13,085	
Total current liabilities		64,026	17.8	67,380	18.1
II Non-current liabilities:					
Bonds	6	77		-	
Long-term debt	6	2,219		1,680	
Deferred tax liabilities		13,401		13,014	
Allowance for employees' retirement benefits		16,044		14,928	
Allowance for directors' retirement benefits		1,145		1,192	
Allowance for repairs		1,103		893	
Guaranteed deposits received		5,708		5,701	
Consolidation adjustments account		174		134	
Total non-current liabilities		39,873	11.1	37,545	10.0
Total liabilities		103,899	28.9	104,925	28.1
Minority interests:					
Minority interests		25,364	7.0	26,760	7.2
Shareholders' Equity:					
I Common stock	7	17,117	4.8	17,117	4.6
II Capital surplus		9,446	2.6	9,452	2.5
II. Retained earnings		179,241	49.8	190,699	51.1
IV Unrealized holding gain (loss) on securities		27,177	7.6	26,688	7.2
V Foreign currency translation adjustments		(1,012)	(0.3)	(1,216)	(0.3)
VI Treasury common stock	8	(1,414)	(0.4)	(1,459)	(0.4)
Total shareholders' equity		230,555	64.1	241,282	64.7
Total Liabilities, Minority Interests and Shareholders' Equity		359,820	100.0	372,968	100.0

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

Item	See Note	Fiscal year ended March 31, 2004 Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2005 Amount (¥ million)		Proportion of total (%)
I Net sales			434,125	100.0		416,222	100.0
II Cost of sales	1, 2		302,079	69.6		283,455	68.1
Gross profit			132,046	30.4		132,766	31.9
II Selling, general and administrative expenses:	2						
Selling and transportation expenses		25,371			24,662		
Sales incentives		34,893			35,370		
Salaries and wages		12,993			12,759		
Bonuses and allowances		9,092			8,823		
Retirement benefit expense		1,889			1,669		
Other		26,048	110,289	25.4	26,583	109,870	26.4
Operating income			21,756	5.0		22,896	5.5
IV Non-operating income:							
Interest income		79			58		
Dividend income		767			705		
Equity in earnings of subsidiaries and affiliated companies		840			1,011		
Rent income		304			375		
Other income		450	2,442	0.6	1,207	3,358	0.8
V Non-operating expenses:							
Interest expenses		266			197		
Loss on disposal of fixed assets		245			344		
Foreign exchange losses		96			-		
Other expenses	3	697	1,305	0.3	592	1,134	0.3
Ordinary income			22,893	5.3		25,120	6.0
VI Extraordinary income:							
Gain on sale of fixed assets	4	103			120		
Gain on sale of investments in securities		691			1,277		
Gain on transfer of goodwill as a result of merger of the feed business		2,513			-		
Other		57	3,366	0.7	-	1,397	0.3

		Fiscal year ended March 31, 2004			Fiscal year ended March 31, 2005		
Item	See Note	Amount (¥ million)		Proportion of total (%)	Amount (¥ million)		Proportion of total (%)
VII Extraordinary losses:							
Loss on disposal of fixed assets	5	735			1,185		
Expenses related to merger of the feed business		2,218			-		
Loss on disposal of inventories		-			194		
Other	6	94	3,048	0.7	75	1,455	0.3
Income before income taxes and minority interests			23,211	5.3		25,062	6.0
Income taxes – current		10,269			8,525		
Income taxes – deferred		(535)	9,733	2.2	890	9,416	2.2
Minority interests			1,902	0.4		2,048	0.5
Net income			11,575	2.7		13,597	3.3

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

(¥ million)

Item	See Note	Fiscal year ended March 31, 2004 Amount (¥ million)		Fiscal year ended March 31, 2005 Amount (¥ million)	
Capital surplus:					
I Capital surplus at beginning of the year			9,446		9,446
II Increase in capital surplus					
Proceeds from sale of treasury common stock		0	0	5	5
III Capital surplus at end of the year			9,446		9,452
Retained earnings:					
I Retained earnings at beginning of the year			172,189		179,241
II Increase in retained earnings					
Net income		11,575		13,597	
Increase in retained earnings due to merger of consolidated subsidiaries		-		778	
Increase in retained earnings due to addition of companies accounted for by the equity method		7	11,582	-	14,376
III Decrease in retained earnings					
Cash dividends paid		2,220		2,780	
Bonuses to directors		109		138	
Gain on sales of treasury common stock		2,088		-	
Decrease in retained earnings due to reduction in consolidated subsidiaries		112	4,530	-	2,918
IV Retained earnings at end of the year			179,241		190,699

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

(¥ million)

Item	See Note	Fiscal year ended March 31, 2004 Amount (¥ million)	Fiscal year ended March 31, 2005 Amount (¥ million)
I Cash flows from operating activities:			
Income before income taxes and minority interests		23,211	25,062
Depreciation and amortization		11,813	11,682
Decrease in allowance for retirement benefits		(1,351)	(1,067)
Interest and dividend income		(847)	(764)
Interest expenses		266	197
Equity in earnings of subsidiaries and affiliated companies		(840)	(1,011)
Gain on sales of marketable securities		(696)	(1,542)
Increase in accounts receivable		(789)	(4,201)
(Increase) decrease in inventories		272	(4,740)
Increase (decrease) in accounts payable		(668)	5,765
Other		1,238	2,181
Subtotal		31,608	31,563
Interest and dividends received		1,044	839
Interest paid		(247)	(195)
Income taxes paid		(11,406)	(10,638)
Net cash provided by operating activities		20,999	21,567
II Cash flows from investing activities:			
Payments for time deposits		(19)	0
Payments for purchase of marketable securities		(8,999)	(7,507)
Proceeds from sales of marketable securities		8,489	4,299
Payments for purchases of fixed assets		(15,428)	(16,052)
Proceeds from sales of fixed assets		286	44
Payments for purchases of investments in marketable securities		(360)	(411)
Proceeds from sales of investments in marketable securities		1,013	1,712
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	-
Payments for long-term loans		(7)	(65)
Proceeds from collections of long-term loans		356	189
Other		136	199
Net cash used in investing activities		(7,931)	(17,590)
III Cash flows from financing activities:			
Proceeds from short-term debt		613	248
Repayments of short-term debt		(3,361)	(713)
Proceeds from long-term debt		662	-
Repayments of long-term debt		(827)	(419)
Proceeds from sale of treasury common stock		14	94
Purchase of treasury common stock		(1,847)	(133)
Cash dividends paid		(2,220)	(2,780)
Other		(583)	(613)
Net cash used in financing activities		(7,549)	(4,317)
IV Effect of exchange rate changes on cash and cash equivalents		(129)	21
V Increase (decrease) in cash and cash equivalents		5,389	(317)
VI Cash and cash equivalents at beginning of the year		48,789	54,154
VII Increase in cash and cash equivalents due to merger of consolidated subsidiaries		-	210
VIII Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries		(23)	-
IX Cash and cash equivalents at end of the year		54,154	54,047

2. Notes to the Consolidated Financial Statements

(1) Basis of presentation of Consolidated Financial Statements

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)
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 14 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.	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) Changes in scope of consolidation (New) 10 companies • Oriental Yeast Co., Ltd., an equity-method affiliate until the year ended March 2003, became a consolidated subsidiary in the year ended March 2004 after the Company increased its equity stake in the company. This move also resulted in the consolidation of Chuetsu Pany Co., Ltd. and seven other companies that are consolidated subsidiaries of Oriental Yeast Co., Ltd. Initio Foods Inc. was established in the year ended March 2004 as a consolidated subsidiary of the Company. (Excluded) 2 companies • Nisshin Feed Inc. and Nisshin Livestock Farming Co., Ltd. (a subsidiary of Nisshin Feed Inc.), both of which were consolidated subsidiaries until the year ended March 2003, were removed from the scope of consolidation in the year ended March 2004 following the business merger of Nisshin Feed Inc. with Marubeni Feed Co., Ltd. on October 1, 2003, to form Marubeni Nisshin Feed Co., Ltd.	(2) Changes in scope of consolidation ---------------
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. and Japan Logistic Systems Corp. • The contributions to consolidated net income and consolidated retained earnings of each of the 13 non-consolidated subsidiaries and eight affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.	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.

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)
(2) Changes in scope of equity method (New) 4 companies • Nisshin Feed Inc., a consolidated subsidiary until the year ended March 2003, became an equity-method affiliate in the year ended March 2004 following the business merger of Nisshin Feed Inc. with Marubeni Feed Co., Ltd. on October 1, 2003, to form Marubeni Nisshin Feed Co., Ltd. In addition, the conversion of Oriental Yeast Co., Ltd. into a consolidated subsidiary resulted in a change in the status of Oriental Service Co., Ltd. and one other company—both non-consolidated subsidiaries of Oriental Yeast Co., Ltd. accounted for by the equity method—into equity-method affiliates of the Company from the year ended March 2004. Thainak Industries Co., Ltd. became an equity-method affiliate of the Company from the year ended March 2004 due to the scale of its results becoming materially significant. (Excluded) 1 company • Due to its conversion into a consolidated subsidiary in the year ended March 2004, Oriental Yeast Co., Ltd. was removed from the scope of equity-method accounting, having previously been an equity-method affiliate until the year ended March 2003.	(2) Changes in scope of equity method ----------------
(3) The financial statements for the accounting period of the company concerned are used in the cases of those equity-method affiliates whose accounting period differs from the consolidated accounting period.	(3) Same as the left column.

<table>
<tr><th>Fiscal year ended March 31, 2004
(April 1, 2003 to March 31, 2004)</th><th>Fiscal year ended March 31, 2005
(April 1, 2004 to March 31, 2005)</th></tr>
<tr><td>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.
<table>
<tr><th>Company name</th><th>Year-end</th></tr>
<tr><td>Rogers Foods Ltd.</td><td>January 31</td></tr>
<tr><td>Thai Nisshin Seifun Co., Ltd. and 9 others</td><td>December 31</td></tr>
</table></td><td>3. Same as the left column.</td></tr>
<tr><td>4. Significant accounting policies
(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:
Products are stated principally at the lower of cost or market, cost being determined by the sales price refund 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.</td><td>4. Significant accounting policies
(1) Valuation standards and methodology for material assets
a. Securities:
Held-to-maturity debt securities are same as the left column.
Other securities:
Securities with a readily determinable market value are same as the left column.

Securities with no readily determinable market value are same as the left column.

b. Derivatives:
Same as the left column.

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 same as the left column.

(2) Depreciation methods for material depreciable assets
a. Tangible fixed assets:
Same as the left column.

b. Intangible fixed assets:
Same as the left column.

(3) Basis of material allowances
a. Allowance for doubtful accounts:
Same as the left column.</td></tr>
</table>

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)
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. 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.	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 14 domestic consolidated subsidiaries provide for the payment of retirement benefits to directors (including executive officers) in accordance with internal regulations, based on projected benefits at the 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 at 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.	(4) Significant lease transactions Same as the left column.
(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 purchase 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.	(5) Significant hedging transactions a. Basis of accounting: Same as the left column.
(6) Consumption tax All accounting transactions are booked exclusive of any national or local consumption taxes.	(6) Consumption tax Same as the left column.

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)
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. (Rationale for change in accounting policy and effects) Previously, the Company applied the full fair value method for the evaluation of the assets and liabilities of consolidated subsidiaries. Application of this method in the year ended March 2004, when a small acquisition of equity brought the assets and liabilities of an equity-method affiliate within the scope of consolidation, would have been problematic, both in terms of continuity and in terms of the Company's financial health, due to the effects of applying full market value adjustments to land holdings given continuing declines in land prices. In consideration of these issues, the Company decided that the application of the partial fair value method rather than the full fair value method in evaluating the assets and liabilities of consolidated subsidiaries would more appropriately reflect the financial position and operating results of the Nisshin Seifun Group. Compared with the application of the previous method, this change resulted in reductions at the consolidated level in operating income, ordinary income and net income of ¥76 million, ¥139 million, and ¥81 million, respectively. Consolidated balance sheet values were also affected, with the change resulting in reductions in total assets, liabilities, and minority interests of ¥2,405 million, ¥1,570 million, and ¥754 million, respectively. On a business segment basis, the effects of the change were the same as detailed above for the processed food segment only.	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.	6. Amortization of consolidated adjustment account Same as the left column.
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.	7. Appropriation of retained earnings Same as the left column.
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.	8. Cash and cash equivalents Same as the left column.

(2) Changes in presentation

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)
(Consolidated Statements of Income) "Rent income," which was included in the "Other income" category of non-operating income in the accounts for the year ended March 2003 (when it equaled ¥257 million), was listed as a separate component in the accounts for the year ended March 2004 because it exceeded 10% of the total non-operating income for that year.	---------------

(3) Additional information

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)
---------------	(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. The effect of this change was to lower operating income, ordinary income and income before income taxes and minority interests by ¥449 million in each case.

(4) Notes to the Consolidated Financial Statements

(Notes to the Consolidated Balance Sheets)

Fiscal year ended March 31, 2004	Fiscal year ended March 31, 2005
1. Accumulated depreciation of tangible fixed assets ¥178,477 million	1. Accumulated depreciation of tangible fixed assets ¥184,991 million
2. ---------------	2. Value of land acquired through exchange during consolidated accounting period, less accelerated depreciation ¥1,156 million
3. Accumulated accelerated depreciation of tangible fixed assets purchased with government subsidy Accumulated accelerated depreciation of tangible fixed assets ¥161 million	3. Accumulated accelerated depreciation of tangible fixed assets purchased with government subsidy Accelerated depreciation of tangible fixed assets acquired during the consolidated accounting period ¥103 million Accumulated accelerated depreciation of tangible fixed assets ¥264 million
4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows. Investments in securities ¥17,041 million	4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows. Investments in securities ¥17,864 million

5. Warranty liabilities (Fiscal year ended March 31, 2004)

Target of warranty	Type of liability	Amount (¥ million)
(Employee housing loans)	Borrowings from financial institution	756
(Affiliated companies)		
Hanshin Silo Co., Ltd.	Borrowings from financial institution	363
Other companies (1)		1
Subtotal		364
Total		1,121

5. Warranty liabilities (Fiscal year ended March 31, 2005)

Target of warranty	Type of liability	Amount (¥ million)
(Employee housing loans)	Borrowings from financial institution	557
(Affiliated companies)		
Hanshin Silo Co., Ltd.	Borrowings from financial institution	322
Total		879

Fiscal year ended March 31, 2004	Fiscal year ended March 31, 2005
6. Assets pledged as collateral a. The Company has pledged buildings (book value of ¥3,174 million), machinery and equipment (book value of ¥843 million) and land (book value of ¥1,459 million) as collateral against short-term debt totaling ¥497 million, long-term debt totaling ¥1,391 million and corporate bonds totaling ¥77 million. b. The Company has pledged equity securities with a book value of ¥7 million as collateral to provide bank guarantees for internal deposits of affiliated companies totaling ¥61 million.	6. Assets pledged as collateral The Company has pledged buildings (book value of ¥1,320 million), machinery and equipment (book value of ¥828 million) and land (book value of ¥92 million) as collateral against short-term debt totaling ¥436 million and long-term debt totaling ¥873 million.
7. Shares issued and outstanding Common stock 233,214,044 shares	7. Shares issued and outstanding Common stock 233,214,044 shares
8. Treasury common stock owned by consolidated subsidiaries, equity-method affiliates and non-consolidated subsidiaries accounted for by the equity method Common stock 2,008,818 shares	8. Treasury common stock owned by consolidated subsidiaries, equity-method affiliates and non-consolidated subsidiaries accounted for by the equity method Common stock 2,026,551 shares

(Notes to the Consolidated Statements of Income)

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)
1. A reduction in the value of inventories of ¥158 million due to the valuation of these assets using the lower of cost or market method resulted in a corresponding deduction to the value of inventories at the year-end.	1. A reduction in the value of inventories of ¥107 million due to the valuation of these assets using the lower of cost or market method resulted in a corresponding deduction to the value of inventories at the year-end.
2. R&D expenditure included contained in general and administrative expenses and manufacturing costs for the year ended March 2004: ¥5,617 million	2. R&D expenditure included in general and administrative expenses and manufacturing costs for the year ended March 2005: ¥5,293 million
3. This figure includes ¥58 million in allowance for doubtful accounts.	3. This figure includes ¥50 million in allowance for doubtful accounts.
4. This figure mainly reflects gains on the sale of Company-owned housing accommodation.	4. This figure mainly reflects gains on the sale of Company-owned housing accommodation.
5. This figure principally reflects losses on the sale of machinery and equipment.	5. This figure principally reflects losses on the disposal of software and other items.
6. This figure principally reflects losses on the disposal of inventories and related costs.	6. This figure principally reflects expenses associated with the consolidation of operating sites by subsidiaries and related costs.

(Notes to the Consolidated Statements of Cash Flows)

<table>
<tr><th>Fiscal year ended March 31, 2004
(April 1, 2003 to March 31, 2004)</th><th>Fiscal year ended March 31, 2005
(April 1, 2004 to March 31, 2005)</th></tr>
<tr><td>1. The reconciliation between the year-end balance of cash and cash equivalents and the amounts stated in Consolidated Balance Sheets is as follows:
<table>
<tr><td>Cash on hand and in banks</td><td>¥29,173 million</td></tr>
<tr><td>Marketable securities</td><td>¥28,301 million</td></tr>
<tr><td>Total</td><td>¥57,475 million</td></tr>
<tr><td>Fixed deposits with periods greater than three months</td><td>(¥18 million)</td></tr>
<tr><td>Bonds with redemption periods greater than three months at time of purchase</td><td>(¥3,302 million)</td></tr>
<tr><td>Cash and cash equivalents at end of year</td><td>¥54,154 million</td></tr>
</table>
2. The assets and liabilities of newly consolidated subsidiaries due to share acquisitions are outlined below.
The following is an overall breakdown of the assets and liabilities of newly consolidated subsidiaries including Oriental Yeast Co., Ltd. due to a share acquisition, and others at the time of their initial consolidation.
<table>
<tr><td>Current assets</td><td>¥21,979 million</td></tr>
<tr><td>Fixed assets</td><td>¥18,511 million</td></tr>
<tr><td>Total assets</td><td>¥40,490 million</td></tr>
<tr><td>Current liabilities</td><td>¥16,262 million</td></tr>
<tr><td>Non-current liabilities</td><td>¥4,663 million</td></tr>
<tr><td>Total liabilities</td><td>¥20,925 million</td></tr>
</table></td>
<td>1. The reconciliation between the year-end balance of cash and cash equivalents and the amounts stated in Consolidated Statements of Cash Flows is as follows:
<table>
<tr><td>Cash on hand and in banks</td><td>¥54,065 million</td></tr>
<tr><td>Marketable securities</td><td>¥6,783 million</td></tr>
<tr><td>Total</td><td>¥60,849 million</td></tr>
<tr><td>Fixed deposits with periods greater than three months</td><td>(¥18 million)</td></tr>
<tr><td>Bonds with redemption periods greater than three months at time of purchase</td><td>(¥6,783 million)</td></tr>
<tr><td>Cash and cash equivalents at end of year</td><td>¥54,047 million</td></tr>
</table>
2. ---------------</td></tr>
</table>

(Leases)

<table>
<tr><th>Fiscal year ended March 31, 2004
(April 1, 2003 to March 31, 2004)</th><th>Fiscal year ended March 31, 2005
(April 1, 2004 to March 31, 2005)</th></tr>
<tr><td>
Details on finance leases other than those that transfer ownership of the leased assets to the lessee are given below.

① The acquisition cost, accumulated depreciation and net leased property values at the year-end for the leased assets on an “as if capitalized” basis were as follows:

<table>
<tr><th></th><th>Acquisition cost (¥ million)</th><th>Accumulated depreciation (¥ million)</th><th>Net leased property (¥ million)</th></tr>
<tr><td>Machinery and equipment</td><td>2,625</td><td>1,319</td><td>1,305</td></tr>
<tr><td>Other</td><td>2,285</td><td>1,337</td><td>947</td></tr>
<tr><td>Total</td><td>4,910</td><td>2,657</td><td>2,253</td></tr>
</table>
② Outstanding obligations under finance leases at the year-end were as follows:
Due within one year ¥794 million
Due after one year ¥1,459 million
Total ¥2,253 million

The values of the acquisition cost of leased assets and of outstanding obligations under finance leases both include the imputed interest expense portion, since the year-end balance of finance lease obligations represented a small proportion of tangible fixed assets.

③ Lease payments and depreciation expense:
Lease payments ¥870 million
Depreciation expense ¥870 million

④ Calculation method for depreciation expense
Depreciation expense is computed by the straight-line method over the useful life of the leased asset with a residual value of zero.
</td><td>
Details on finance leases other than those that transfer ownership of the leased assets to the lessee are given below.

① The acquisition cost, accumulated depreciation and net leased property values at the year-end for the leased assets on an “as if capitalized” basis were as follows:

<table>
<tr><th></th><th>Acquisition cost (¥ million)</th><th>Accumulated depreciation (¥ million)</th><th>Net leased property (¥ million)</th></tr>
<tr><td>Machinery and equipment</td><td>2,745</td><td>1,454</td><td>1,291</td></tr>
<tr><td>Other</td><td>2,979</td><td>1,387</td><td>1,591</td></tr>
<tr><td>Total</td><td>5,724</td><td>2,841</td><td>2,883</td></tr>
</table>
② Outstanding obligations under finance leases at the year-end were as follows:
Due within one year ¥922 million
Due after one year ¥1,960 million
Total ¥2,883 million

The values of the acquisition cost of leased assets and of outstanding obligations under finance leases both include the imputed interest expense portion, since the year-end balance of finance lease obligations represented a small proportion of tangible fixed assets.

③ Lease payments and depreciation expense:
Lease payments ¥939 million
Depreciation expense ¥939 million

④ Calculation method for depreciation expense
Depreciation expense is computed by the straight-line method over the useful life of the leased asset with a residual value of zero.

2. Operating leases
Minimum rental commitments under noncancelable leases
Due within one year ¥10 million
Due after one year ¥14 million
Total ¥25 million
</td></tr>
</table>

(Securities)

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

(¥ million)

	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 sheets:						
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 sheets:						
1. Government and municipal bonds	-	-	-	-	-	-
2. Corporate bonds	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	1,003	1,012	8	700	704	4

2. Other securities with readily determinable market value

(¥ million)

	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 sheets:						
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 sheets:						
1. Equity securities						
2. Debt securities:	482	396	(85)	297	220	(77)
Government and municipal bonds						
Corporate bonds	27,999	27,999	-	-	-	-
Other	1,013	1,011	(1)	7,496	7,491	(5)
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

(¥ million)

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

(¥ million)

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

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

(¥ million)

	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

(Derivatives)

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)

1. Derivatives policies and usage status

(1) Derivative types and usage purposes

The Nisshin Seifun Group uses currency forwards and options as hedging instruments to avoid exchange rate fluctuation risk for specific assets and liabilities denominated in foreign currencies. The Company also conducts interest-rate swaps to hedge interest rate exposures associated with specific financial liabilities.

(2) Derivative usage policies

The Nisshin Seifun Group uses derivatives purely for mitigating the risks of fluctuations in market prices or interest rates, insofar as such risks affect the scope of actual future business transactions. Company policy forbids the use of derivatives for short-term trading or speculative purposes.

(3) Transactional risk for derivatives

The currency forwards, currency options, and interest-rate swaps used by the Nisshin Seifun Group are subject to normal market risks associated with movements in foreign exchange and other financial markets.

The Company does not anticipate any credit losses associated with its derivatives exposure because all the counterparties in such transactions are financial institutions with high credit ratings.

(4) Risk management measures

The Finance Division conducts all derivative transactions outlined above based on instructions from various operating divisions. Internal rules forbid the scale of derivative transactions to exceed that of the underlying business transactions. Measures to disperse risk include limits on the size of individual derivative transactions, based on the proportion of total contract value. Internal rules also restrict currency option trading to purchases of U.S. dollar call options.

To aid in the management of derivative-related risks, the Finance Division receives reports every month from banks and other parties on the status of outstanding derivative contracts. Checks are made that this data accords with market movements, and monthly reports are submitted to all directors overseeing financial and other related operations.

2. Fair market values of derivative contracts

The notional and fair values of outstanding derivative contracts and associated unrealized gains or losses as of the fiscal year-end were as follows:

Category	Transaction type	Fiscal year ended March 31, 2004			
		Contract or notional value (¥ million)	1 year or longer	Fair market value (¥ million)	Net unrealized gains (losses) (¥ million)
Over-the-counter transactions	Interest-rate swaps				
	Fixed rate payment, floating rate receipt	500	---	(3)	(3)
Total		500	---	(3)	(3)

Notes:

1. Details of currency forwards and currency options are omitted due to the application of hedge accounting.
2. Fair value is computed based on the pricing data provided by the financial institution at the time the contract was concluded.
3. The contract value equals the notional value of the contract principal. This figure provides no indication of the financial value of the market risk exposure associated with such derivative contracts.

Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)

1. Derivatives policies and usage status

(1) Derivative types and usage purposes

The Nisshin Seifun Group uses currency forwards and options as hedging instruments to avoid exchange rate fluctuation risk for specific assets and liabilities denominated in foreign currencies. The Company also conducts interest-rate swaps to hedge interest rate exposures associated with specific financial liabilities.

(2) Derivative usage policies

The Nisshin Seifun Group uses derivatives purely for mitigating the risks of fluctuations in market prices or interest rates, insofar as such risks affect the scope of actual future business transactions. The Company policy forbids the use of derivatives for short-term trading or speculative purposes.

(3) Transactional risk for derivatives

The currency forwards, currency options, and interest-rate swaps used by the Nisshin Seifun Group are subject to normal market risks associated with movements in foreign exchange and other financial markets.

The Company does not anticipate any credit losses associated with its derivatives exposure because all the counterparties in such transactions are financial institutions with high credit ratings.

(4) Risk management measures

The Finance and Accounting Division conducts the various derivative transactions outlined above, predominantly based on instructions from operating divisions exposed to foreign exchange risks. Finance-related personnel in certain consolidated subsidiaries also enter into derivatives contracts, based on internal instructions. Internal Company rules forbid the scale of derivative transactions to exceed that of the underlying business transactions. Measures to disperse risk include limits on the size of individual derivative transactions, based on the proportion of total contract value. Internal rules also restrict currency option trading to purchases of U.S. dollar call options.

To aid in the management of derivative-related risks, the Finance and Accounting Division and finance-related personnel in certain consolidated subsidiaries receive reports from banks and other parties on a monthly basis on the status of outstanding derivative contracts. Checks are made that this data accords with market movements, and reports are submitted to all directors overseeing financial and other related operations.

(Retirement benefits)

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)

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 based on the actuarial retirement benefit calculated using the relevant accounting standard.

2. Retirement benefit obligation

	As of March 31, 2004 (¥ million)
(A) Retirement benefit obligation	(53,154)
(B) Pension plan assets	31,850
(C) Unfunded retirement benefit obligation [(A) + (B)]	(21,303)
(D) Unrecognized actuarial differences	5,276
(E) Net amount recorded on consolidated balance sheet [(C) + (D)]	(16,027)
(F) Prepaid pension costs	16
Accrued employees' retirement benefits [(F) – (G)]	(16,044)

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

3. Retirement benefit expense

	Fiscal year ended March 31, 2004 (¥ million)
(A) Service cost	1,854
(B) Interest cost	1,268
(C) Expected return on pension plan assets	(642)
(D) Amortization of actuarial differences	633
(E) Retirement benefit expense [(A) + (B) + (C) + (D)]	3,114

Notes:

1. Retirement benefit expense incurred by consolidated subsidiaries that adopt simplified pension accounting methodology is recorded under "(A) Service cost."
2. 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

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

*Note:

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.

Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)

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 based on the actuarial retirement benefit calculated using the relevant accounting standard.

2. Retirement benefit obligation

	As of March 31, 2005 (¥ million)
(A) Retirement benefit obligation	(50,453)
(B) Pension plan assets	32,610
(C) Unfunded retirement benefit obligation [(A) + (B)]	(17,843)
(D) Unrecognized actuarial differences	5,864
(E) Unrecognized prior service cost	(2,924)
(F) Net amount recorded on consolidated balance sheet [(C) + (D) + (E)]	(14,902)
(G) Prepaid pension costs	26
Accrued employees' retirement benefits [(F) – (G)]	(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, 2005 (¥ million)
(A) Service cost	1,690
(B) Interest cost	1,200
(C) Expected return on pension plan assets	(727)
(D) Amortization of actuarial differences	460
(E) Amortization of prior service cost	(49)
(F) Retirement benefit expense [(A) + (B) + (C) + (D) + (E)]	2,575

Note:

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

4. Assumptions used in retirement benefit obligation calculations

(A) Method adopted for periodic distribution of projected retirement benefits	Equal amounts per period
(B) Discount rate	Principally 2.5%
(C) Expected rate of return on pension plan assets	Principally 2.5%
(D) Amortization period for actuarial differences*1	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.

(Tax effect accounting)

Fiscal year ended March 31, 2004

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

Deferred tax assets	(¥ million)
Allowance for employees' retirement benefits	8,444
Allowance for bonuses	1,665
Investments in securities	1,007
Accrued sales incentives	951
Unrealized gains on fixed assets	916
License fees for trademark use	548
Allowance for directors' retirement benefits	478
Allowance for repairs	446
Accrued enterprise tax	435
Accrued merger-related costs	374
Depreciation and amortization	326
Other	2,411
Deferred tax assets subtotal	18,006
Offsetting of deferred tax assets and deferred tax liabilities	(8,285)
Net deferred tax assets	9,721
Valuation allowance	(64)
Total deferred tax assets	9,656

Deferred tax liabilities	
Unrealized gains on other securities	(18,763)
Reserve for accelerated depreciation on fixed assets	(2,508)
Other	(414)
Deferred tax liabilities subtotal	(21,686)
Offsetting of deferred tax assets and deferred tax liabilities	8,285
Net deferred tax liabilities	(13,401)

Fiscal year ended March 31, 2005

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

Deferred tax assets	(¥ million)
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 trademark use	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)

2. The reconciliation between the statutory effective tax rate and the actual effective tax rate after the application of tax effect (corporate tax income tax, etc.) accounting is as follows:

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%

(Segment information)

1. Business segment information

Fiscal Year Ended March 31, 2004

(¥ million)

	Flour milling	Processed food	Others	Total	Elimination / 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 Expenditures:						
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 expenditures	6,334	7,667	1,479	15,481	(242)	15,239

Notes:

1. Business segments are 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 because 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 totaled ¥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.

Fiscal Year Ended March 31, 2005

(¥ million)

	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 Expenditures:						
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 expenditures	7,077	6,138	1,991	15,207	(146)	15,061

Notes:

1. Business segments are 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, transport, and storage

3. Corporate assets included in the eliminations/corporate category totaled ¥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

(Fiscal years ended March 31, 2004 and 2005)

Geographical segment information is omitted since the domestic business (Japan) accounts for more than 90% of total sales and total assets across all segments.

3. Overseas sales

(Fiscal years ended March 31, 2004 and 2005)

Overseas sales are omitted since the ratio of overseas sales to consolidated net sales is less than 10%.

(Business transactions with related parties)

Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)

Directors, auditors, and individual leading shareholders

Position	Name	Address	Capital invested (¥ million)	Type of business or job role	Voting rights (Company stake) (%)	Relationship		Nature of business transaction	Transaction value (¥ million)	Item	Year-end balance (¥ million)
						Other directorships	Commercial links				
Auditor	Morio Hatakeyama	---	---	Corporate auditor of the Company	(Company stake) Direct: 0.0	---	---	Fee payment for legal advice	8	---	---

Note: No consumption tax amounts are included in the transaction value.

Transaction conditions and methods used to determine conditions

Prices and other conditions related to the transaction were similar to those pertaining to equivalent transactions conducted with parties without such a relationship to the Company.

Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)

Directors, auditors, and individual leading shareholders

Position	Name	Address	Capital invested (¥ million)	Type of business or job role	Voting rights (Company stake) (%)	Relationship		Nature of business transaction	Transaction value (¥ million)	Item	Year-end balance (¥ million)
						Other directorships	Commercial links				
Auditor	Morio Hatakeyama	---	---	Corporate auditor of the Company	(Company stake) Direct: 0.0	---	---	Fee payment for legal advice	4	---	---

Note: No consumption tax amounts are included in the transaction value.

Transaction conditions, methods used to determine conditions

Prices and other conditions related to the transaction were similar to those pertaining to equivalent transactions conducted with parties without such a relationship to the Company.

(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
Diluted net income per share ¥49.16</td><td>Net assets per share ¥1,042.92
Net income per share ¥58.06
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
Diluted net income per share ¥44.69</td><td>Net assets per share ¥948.11
Net income per share ¥52.79
Diluted net income per share ¥52.73</td></tr></table></td></tr>
</table>

Note: The basis of calculation for net income per share and diluted net income per share is as follows:

Item	Fiscal year ended March 31, 2004	Fiscal year ended March 31, 2005
Net income, as stated on Statements of Income (¥ million)	11,575	13,597
Main components of amounts not attributable to owners of common stock (¥ million) Bonuses to directors	139	172
Net income associated with common stock (¥ million)	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 diluted net income per share (¥ million) Interest income (after relevant deductions of tax)	-	(9)
Adjustment to net income (¥ million)	-	(9)
Main components of increase in number of shares of common stock used in calculation of diluted net income per share (shares) New share subscription rights	3,402	86,901
Details of shares not included in calculation of diluted net income per share due to non-dilutive effect	One issue of convertible bonds issued by affiliate	-

(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 issued and 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
¥905.99</td><td>Net assets per share
¥948.11</td></tr>
<tr><td>Net income per share
¥44.69</td><td>Net income per share
¥52.79</td></tr>
<tr><td>Diluted net income per share
¥44.69</td><td>Diluted net income per share
¥52.73</td></tr>
</table>
</td></tr>
</table>

(Supplementary consolidated data)

(Corporate bonds)

Issuer	Issue name	Issuance date	Outstanding value [Mar. 31, 2004] (¥ million)	Outstanding value [Mar. 31, 2005] (¥ million)	Interest rate (%)	Secured	Redemption date
SANKO Co., Ltd.	Secured Straight Bond #7	April 22, 1999	77	---	1.8	Yes	April 22, 2004
Total	---	---	77	---	---	---	---

(Borrowings)

Category	Outstanding value [Mar. 31, 2004] (¥ million)	Outstanding value [Mar. 31, 2005] (¥ million)	Average interest rate (%)	Repayment dates
Short-term debt	8,007	7,965	0.8696	---
Current portion of long-term debt	416	150	1.7152	---
Long-term debt (excluding current portion)	2,219	1,680	3.2127	2006 – 2036
Other interest-bearing liabilities	---	---	---	---
Total	10,643	9,795	---	---

Notes:

1. Components of long-term debt (excluding current portion) with repayments scheduled within five years after March 31, 2005 are detailed in the table below.

	Within 1-2 years (¥ million)	Within 2-3 years (¥ million)	Within 3-4 years (¥ million)	Within 4-5 years (¥ million)
Long-term debt	231	226	215	212

2. Average interest rates are computed as the weighted average interest rate on debt outstanding at the fiscal year-end.
3. The Nisshin Seifun Group (the holding company and consolidated subsidiaries) has negotiated specific credit facilities with its main financial institutions to ensure efficient procurement of working capital.

Total specific credit facilities	¥14,930 million	
Balance outstanding on March 31, 2005	---	
Credit facility fees for year ended March 31, 2005	¥15 million	(Amount included in “Other” category within non-operating expenses)

(2) Other borrowings

The Company has no debts other than those detailed above.

(2) Non-consolidated Financial Statements

1. Non-consolidated financial statements

(1) Non-consolidated Balance Sheets

Item	See Note	Fiscal year ended March 31, 2004 (160th fiscal term) Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2005 (161st fiscal term) Amount (¥ million)		Proportion of total (%)
Assets:							
I Current assets							
Cash on hand and in banks			8,941			25,705	
Accounts receivable			95			99	
Marketable securities			27,999			6,483	
Prepaid expenses			13			18	
Deferred tax assets			1,038			504	
Advances to affiliated companies			3,348			658	
Other			2,522			2,219	
Total current assets			43,959	19.8		35,689	16.9
II Fixed assets							
(1) Tangible fixed assets	1						
Buildings			6,829			6,495	
Structures			323			314	
Machinery			468			522	
Vehicles and equipment			8			5	
Tools, fixtures and furnishings			759			693	
Land	2		10,476			10,755	
Construction in progress			192			132	
Total tangible fixed assets			19,057	8.6		18,920	9.0
(2) Intangible fixed assets							
Leasehold tenant rights			395			395	
Software			686			1,409	
Software in development			452			223	
Other			72			70	
Total intangible fixed assets			1,606	0.7		2,099	1.0

Item	See Note	Fiscal year ended March 31, 2004 (160th fiscal term) Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2005 (161st fiscal term) Amount (¥ million)		Proportion of total (%)
(3) Investments and other assets							
Investments in securities	3		44,072			41,702	
Equity in affiliated companies			94,419			88,077	
Bonds issued by affiliated companies			199			199	
Capital investments			593			593	
Investments in affiliated companies			80			50	
Long-term loans to employees			202			139	
Long-term loans to affiliated companies			17,924			23,012	
Long-term prepaid expenses			13			9	
Other			512			484	
Allowance for doubtful accounts			(210)			(238)	
Total investments and other assets			157,808	70.9		154,031	73.1
Total fixed assets			178,472	80.2		175,051	83.1
Total assets			222,432	100.0		210,741	100.0

Item	See Note	Fiscal year ended March 31, 2004 (160th fiscal term) Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2005 (161st fiscal term) Amount (¥ million)		Proportion of total (%)
Liabilities:							
I Current liabilities							
Current portion of long-term debt			119			8	
Other payables			290			187	
Accrued expenses			3,659			1,930	
Deposits received	6		15,135			1,461	
Other			-			50	
Total current liabilities			19,204	8.6		3,638	1.7
II Non-current liabilities							
Long-term debt			190			129	
Deferred tax liabilities			11,976			11,067	
Allowance for employees' retirement benefits			3,541			3,138	
Allowance for directors' retirement benefits			440			442	
Other			-			49	
Total non-current liabilities			16,148	7.3		14,827	7.1
Total liabilities			35,352	15.9		18,466	8.8
Shareholders' Equity:							
I Common stock	4		17,117	7.7		17,117	8.1
II Capital surplus							
Capital surplus			9,446			9,446	
Other capital reserves							
(1) Gains on sale of treasury stock		0	0		5	5	
Total capital surplus			9,446	4.2		9,452	4.5
III Retained earnings							
Retained surplus			4,379			4,379	
Voluntary reserves							
(1) Dividend reserve		2,000			2,000		
(2) Special depreciation reserve		54			31		
(3) Accelerated depreciation reserve		1,061			1,064		
(4) Special accelerated depreciation reserve		49			49		
(5) General reserves		106,770	109,935		106,770	109,915	
Appropriated earnings at year-end			25,548			32,135	
Total retained earnings			139,863	62.9		146,430	69.5
IV Unrealized holding gain on securities	8		22,013	9.9		20,680	9.8
V Treasury common stock	5		(1,362)	(0.6)		(1,406)	(0.7)
Total shareholders' equity			187,079	84.1		192,274	91.2
Total liabilities and shareholders' equity			222,432	100.0		210,741	100.0

(2) Non-consolidated Statements of Income

Item	See Note	Fiscal year ended March 31, 2004 (160th fiscal term) Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2005 (161st fiscal term) Amount (¥ million)		Proportion of total (%)
I Operating revenues	1		17,856	100.0		19,138	100.0
II Operating expenses	2						
Salaries and wages		1,167			1,142		
Bonuses and allowances		1,621			1,576		
Retirement benefit expense		540			498		
Marketing and research costs		2,459			2,089		
Advertising and promotional costs		1,613			1,835		
Rental costs		1,163			1,024		
Depreciation expense		684			852		
Other		2,253	11,503	64.4	2,144	11,164	58.3
Operating income			6,352	35.6		7,973	41.7
III Non-operating income							
Interest income	1	262			273		
Interest income from securities		7			4		
Dividend income		401			422		
Gain on sale of securities		-			250		
Other		60	731	4.1	101	1,052	5.4
IV Non-operating expenses							
Interest expenses	1	13			9		
Loss on disposal of fixed assets		53			30		
Loss on valuation of membership rights	3	47			27		
Credit facility set-up fees		-			8		
Other		18	133	0.8	2	79	0.4
Ordinary income			6,950	38.9		8,946	46.7

		Fiscal year ended March 31, 2004 (160th fiscal term)			Fiscal year ended March 31, 2005 (161st fiscal term)		
Item	See Note	Amount (¥ million)		Proportion of total (%)	Amount (¥ million)		Proportion of total (%)
V Extraordinary income							
Gain on sale of fixed assets	4	81			92		
Gain on sale of investments in securities		624			1,112		
Shareholder profit distribution related to feed business merger		1,845	2,551	14.3	-	1,204	6.3
VI Extraordinary losses							
Loss on disposal of feed business	5	-			195		
Feed business merger-related costs		2,132	2,132	11.9	-	195	1.0
Income before income taxes			7,369	41.3		9,955	52.0
Income taxes — current		19			28		
Income taxes — deferred		(815)	(796)	(4.4)	534	563	2.9
Net income			8,165	45.7		9,392	49.1
Unappropriated retained earnings brought forward			20,522			24,017	
Earnings allocated to retirement of treasury common stock			2,088			-	
Interim dividend			1,051			1,274	
Unappropriated retained earnings			25,548			32,135	

(3) Non-consolidated Statements of Retained Earnings—for the years ended March 31, 2005 and 2004

Fiscal year [Date of approval by general meeting of shareholders]		Fiscal year ended March 31, 2004 (160th fiscal term) [June 25, 2004]		Fiscal year ended March 31, 2005 (161st fiscal term) [June 28, 2005]	
Item	See Note	Amount (¥ million)		Amount (¥ million)	
I Unappropriated retained earnings			25,548		32,135
II Reversal of voluntary reserves					
Reversal of special depreciation provision		22		14	
Reversal of reserve for advanced depreciation of fixed assets		29		40	
Reversal of special reserve for advanced depreciation of fixed assets		-	52	49	104
Total			25,600		32,240
III Appropriations of retained earnings					
Dividends		¥6.50 per share	1,505	¥8.50 per share	1,968
Directors' bonuses			45		55
Additions to voluntary reserves					
Reserve for advanced depreciation depreciation of fixed assets		32		93	
Reserve		-	32	6,000	6,093
Total			1,583		8,117
IV Earnings carried forward to the following year			24,017		24,122

Notes:

1. 160th fiscal term: On December 10, 2003, an interim dividend of ¥1,051 million (4.5 yen per share) was distributed. 161st fiscal term: On December 10, 2004, an interim dividend of ¥1,051 million (4.5 yen per share) was distributed.
2 The special depreciation provision, special account for advanced depreciation of fixed assets, and reserve for special account for advanced depreciation of fixed assets are based on the Special Taxation Measures Law and other pertinent laws and ordinances.

(Significant accounting policies)

160th fiscal term (April 1, 2003 to March 31, 2004)	161st fiscal term (April 1, 2004 to March 31, 2005)
1. Valuation standards and methodology for securities Held-to-maturity debt securities are stated at amortized cost. Equity in subsidiaries and affiliated companies is stated at cost, with cost being determined by the moving average method. 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.	1. Valuation standards and methodology for securities Held-to-maturity debt securities are same as the left column. Equity in subsidiaries and affiliated companies is same as the left column. Other securities: Securities with a readily determinable market value are same as the left column. Securities with no readily determinable market value are same as the left column.
2. Valuation standards and methodology for derivatives Derivative financial instruments are stated at fair market value.	2. Valuation standards and methodology for derivatives Derivative financial instruments are same as the left column.
3. Depreciation methods for fixed assets Depreciation on tangible fixed assets 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. Depreciation on intangible fixed assets 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. Depreciation on long-term prepaid expenses is computed in equal amounts over the course of the useful life.	3. Depreciation methods for fixed assets Depreciation on tangible fixed assets same as the left column. Depreciation on intangible fixed assets is same as the left column. Depreciation on long-term prepaid expenses is same as the left column.
4. Basis of material allowances a. Allowance for doubtful accounts: Provision is made 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. b. Allowance for employees' retirement benefits: Provision is made for employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at the fiscal year-end. Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees expected to receive pension benefits as of the fiscal year-end.	4. Basis of material allowances a. Allowance for doubtful accounts: Same as the left column. b. Allowance for employees' retirement benefits: Provision is made for employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at the fiscal year-end. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the fiscal year-end. Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees expected to receive pension benefits as of the fiscal year-end.

160th fiscal term (April 1, 2003 to March 31, 2004)	161st fiscal term (April 1, 2004 to March 31, 2005)
c. Allowance for directors' retirement benefits: Provision is made for the payment of retirement benefits to directors (including executive officers) in accordance with internal regulations, based on projected fiscal year-end benefits.	c. Allowance for directors' retirement benefits: Same as the left column.
5. Significant lease transactions Finance leases other than those that are deemed to transfer ownership of the leased assets to the lessee are accounted for using the same methods as those used for ordinary operating lease transactions.	5. Significant lease transactions Same as the left column.
6. Significant hedging transactions (1) 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. (2) Hedging methods: The Company uses derivative transactions (including forward exchange contracts and currency purchase call options) to hedge currency risk exposure for all planned trading transactions that are denominated in foreign currencies. (3) Hedging policy: The Company employs derivative financial instruments purely to manage fluctuations in foreign currency exchange rates. The Company policy prohibits the use of derivative financial instruments for trading purposes. (4) 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. Significant hedging transactions Same as the left column.
7. Consumption tax All accounting transactions are booked exclusive of any national or local consumption taxes.	7. Consumption tax Same as the left column.

(Changes in presentation)

160th fiscal term (April 1, 2003 to March 31, 2004)	161st fiscal term (April 1, 2004 to March 31, 2005)
---------------	The item “Credit facility set-up fees” was listed as a separate component in the accounts for the year ended March 31, 2005 because it exceeded 10% of total non-operating expenses for that year. In the year ended March 2004, when it equaled ¥8 million, it was included within the “Other” category.

(Additional information)

160th fiscal term (April 1, 2003 to March 31, 2004)	161st fiscal term (April 1, 2004 to March 31, 2005)
---------------	(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 the portion of enterprise tax that is based on business size as judged by estimates of total turnover, the Company expensed within operating expenses those parts of the enterprise tax for added value and capital accruing to the fiscal year ended March 31, 2005. The effect of this change on operating income, ordinary income and income before income taxes and minority interests was immaterial in each case.

(Notes to the non-consolidated financial statements)

(Notes to the Non-consolidated Balance Sheets)

<table>
<tr><th>160th fiscal term
March 31, 2004</th><th>161st fiscal term
March 31, 2005</th></tr>
<tr><td>1. Accumulated depreciation of tangible fixed assets ¥13,402 million</td><td>1. Accumulated depreciation of tangible fixed assets ¥13,903 million</td></tr>
<tr><td>2. ---------------</td><td>2. Value of land acquired through exchange during year, less accelerated depreciation ¥1,156 million</td></tr>
<tr><td>3. Equity securities with a book value of ¥7 million were pledged as collateral to provide bank guarantees for internal deposits of affiliated companies totaling ¥61 million.</td><td>3. ---------------</td></tr>
<tr><td>4. Number of authorized shares of common stock 461,672,000
Note: The total number of shares authorized for issue was reduced by an equivalent number in the event of any cancellation of shares in accordance with the provisions of the Company's articles of association.
By resolution of the meeting of the Board of Directors held on March 15, 2004, the Company plans to cancel 2,400,000 shares, in line with the provisions of Article 212 of the Commercial Code of Japan.
Total number of shares issued and outstanding 233,214,044</td><td>4. Number of authorized shares of common stock 461,672,000
Note: The total number of shares authorized for issue was reduced by an equivalent number in the event of any cancellation of shares in accordance with the provisions of the Company's articles of association.
Total number of shares issued and outstanding 233,214,044</td></tr>
<tr><td>5. Number of shares of treasury common stock 1,565,112</td><td>5. Number of shares of treasury common stock 1,584,821</td></tr>
<tr><td>6. Principal assets and liabilities attributable to affiliated companies:
Amounts corresponding to non-listed items are stated below.
Deposits ¥14,879 million</td><td>6. ---------------</td></tr>
<tr><td>7. Guaranteed liabilities
<table><tr><th>Target of guarantee</th><th>Type of liability</th><th>Amount (¥ million)</th></tr><tr><td>(Employee housing loans)</td><td>Borrowings from financial institution</td><td>749</td></tr><tr><td>(Other)</td><td></td><td>1</td></tr><tr><td>Total</td><td></td><td>751</td></tr></table></td><td>7. Guaranteed liabilities
<table><tr><th>Target of guarantee</th><th>Type of liability</th><th>Amount (¥ million)</th></tr><tr><td>(Employee housing loans)</td><td>Borrowings from financial institution</td><td>552</td></tr><tr><td>(Other)</td><td></td><td>1</td></tr><tr><td>Total</td><td></td><td>553</td></tr></table></td></tr>
<tr><td>8. Limitations on dividends
In accordance with the provisions of Part 3 of Article 124 of the Commercial Code of Japan, the application of mark-to-market valuation resulted in an increase in net assets of ¥22,013 million.</td><td>8. Limitations on dividends
In accordance with the provisions of Part 3 of Article 124 of the Commercial Code of Japan, the application of mark-to-market valuation resulted in an increase in net assets of ¥20,680 million.</td></tr>
</table>

(Notes to the Non-consolidated Statements of Income)

<table>
<tr><th>160th fiscal term
(April 1, 2003 to March 31, 2004)</th><th>161st fiscal term
(April 1, 2004 to March 31, 2005)</th></tr>
<tr><td>1. Principal transactions with affiliated companies were as follows:
Operating income ¥17,797 million
Interest income ¥251 million
Interest expenses ¥2 million</td><td>1. Principal transactions with affiliated companies were as follows:
Operating income ¥19,045 million
Interest income ¥261 million
Interest expenses ¥2 million</td></tr>
<tr><td>2. Total R&D expenditures:
R&D spending contained in operating expenses ¥1,471 million</td><td>2. Total R&D expenditures:
R&D spending contained in operating expenses ¥1,811 million</td></tr>
<tr><td>3. Other non-operating expenses include an addition to the allowance for doubtful accounts of ¥45 million.</td><td>3. Other non-operating expenses include an addition to the allowance for doubtful accounts of ¥27 million.</td></tr>
<tr><td>4. This figure mainly reflects gains on the sale of Company-owned housing accommodation.</td><td>4. This figure mainly reflects gains on the sale of Company-owned housing accommodation.</td></tr>
<tr><td>5. ---------------</td><td>5. This figure principally reflects losses on the sale of software and other items.</td></tr>
</table>

(Leases)

160th fiscal term (April 1, 2003 to March 31, 2004)

Details on finance leases other than those that transfer ownership of the leased assets to the lessee are given below.

1. The acquisition cost, accumulated depreciation and net leased property values at the year-end for the leased assets on an "as if capitalized" basis were as follows:

	Acquisition cost (¥ million)	Accumulated depreciation (¥ million)	Net leased property (¥ million)
Vehicles and equipment	14	12	1
Tools, fixtures and furnishings	305	221	84
Other	5	2	3
Total	325	236	88

2. Outstanding obligations under finance leases at the year-end were as follows:

Due within one year	¥42 million
Due after one year	¥46 million
Total	¥88 million

Note: The values of the acquisition cost of leased assets and outstanding obligations under finance leases both include the imputed interest expense portion, since the year-end balance of finance lease obligations represented a small proportion of tangible fixed assets.

3. Lease payments and depreciation expense:

Lease payments	¥59 million
Depreciation expense	¥59 million

4. Calculation method for depreciation expense:
Depreciation expense is computed by the straight-line method over the useful life of the leased asset with a residual value of zero.

161st fiscal term (April 1, 2004 to March 31, 2005)

Details on finance leases other than those that transfer ownership of the leased assets to the lessee are given below.

1. The acquisition cost, accumulated depreciation and net leased property values at the year-end for the leased assets on an "as if capitalized" basis were as follows:

	Acquisition cost (¥ million)	Accumulated depreciation (¥ million)	Net leased property (¥ million)
Vehicles and equipment	26	9	16
Tools, fixtures and furnishings	275	181	94
Other	5	3	2
Total	307	194	112

2. Outstanding obligations under finance leases at the year-end were as follows:

Due within one year	¥40 million
Due after one year	¥72 million
Total	¥112 million

Note: The values of the acquisition cost of leased assets and outstanding obligations under finance leases both include the imputed interest expense portion, since the year-end balance of finance lease obligations represented a small proportion of tangible fixed assets.

3. Lease payments and depreciation expense:

Lease payments	¥50 million
Depreciation expense	¥50 million

4. Calculation method for depreciation expense:
Depreciation expense is computed by the straight-line method over the useful life of the leased asset with a residual value of zero.

(Securities)

160th fiscal term (fiscal year ended March 31, 2004)

Equity securities in subsidiaries and affiliated companies with readily determinable market value

Type	Carrying amount (¥ million)	Fair market value (¥ million)	Difference (¥ million)
Equity securities in subsidiaries	2,036	19,028	16,992
Equity securities in affiliated companies	200	193	(7)
Total	2,236	19,221	16,984

161st fiscal term (fiscal year ended March 31, 2005)

Equity securities in subsidiaries and affiliated companies with readily determinable market value

Type	Carrying amount (¥ million)	Fair market value (¥ million)	Difference (¥ million)
Equity securities in subsidiaries	2,036	17,893	15,857
Equity securities in affiliated companies	200	215	14
Total	2,236	18,108	15,871

(Tax effect accounting)

160th fiscal term (March 31, 2004)	161st fiscal term (March 31, 2005)
1. The principal components of deferred tax assets and deferred tax liabilities are as follows:	1. The principal components of deferred tax assets and deferred tax liabilities are as follows:

160th fiscal term (March 31, 2004)

Deferred tax assets	(¥ million)
Allowance for employees' retirement benefits	2,735
License fees for trademark use	548
Accrued merger-related costs	374
Investments in securities	289
Marketing and research expenses	261
Allowance for bonuses	184
Allowance for directors' retirement benefits	178
Other	318
Deferred tax assets subtotal	4,891
Offsetting of deferred tax assets and deferred tax liabilities	(3,852)
Net deferred tax assets	1,038
Deferred tax liabilities	
Unrealized gains on other securities	(15,046)
Reserve for accelerated depreciation on fixed assets	(727)
Other	(55)
Deferred tax liabilities subtotal	(15,829)
Offsetting of deferred tax assets and deferred tax liabilities	3,852
Net deferred tax liabilities	(11,976)

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

Statutory effective tax rate	41.8%
(Adjustments)	
Dividend and other income not counted for tax purposes	(42.7)
Gains on shareholder profit distribution	(10.4)
Entertainment and other expenses not deductible for tax purposes	0.6
Other	(0.1)
Effective tax rate after application of tax effect accounting	(10.8%)

161st fiscal term (March 31, 2005)

Deferred tax assets	(¥ million)
Allowance for employees' retirement benefits	2,518
License fees for trademark use	383
Investments in securities	327
Allowance for bonuses	200
Allowance for directors' retirement benefits	179
Marketing and research expenses	123
Other	615
Deferred tax assets subtotal	4,348
Offsetting of deferred tax assets and deferred tax liabilities	(3,844)
Net deferred tax assets	504
Deferred tax liabilities	
Unrealized gains on other securities	(14,135)
Reserve for accelerated depreciation on fixed assets	(763)
Other	(11)
Deferred tax liabilities subtotal	(14,911)
Offsetting of deferred tax assets and deferred tax liabilities	3,844
Net deferred tax liabilities	(11,067)

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

Statutory effective tax rate	40.6%
(Adjustments)	
Dividend and other income not counted for tax purposes	(36.0)
Entertainment and other expenses not deductible for tax purposes	0.4
Other	0.7
Effective tax rate after application of tax effect accounting	5.7%

(Per share information)

<table>
<tr><th>160th fiscal term
(April 1, 2003 to March 31, 2004)</th><th>161st fiscal term
(April 1, 2004 to March 31, 2005)</th></tr>
<tr><td>Net assets per share ¥807.40

Net income per share ¥34.84

Diluted net income per share ¥34.84</td><td>Net assets per share ¥829.86

Net income per share ¥40.31

Diluted net income per share ¥40.29</td></tr>
<tr><td></td><td>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>160th fiscal term</th><th>161st fiscal term</th></tr>
<tr><td>Net assets per share
¥734.00
Net income per share
¥31.68
Diluted net income per share
¥31.68</td><td>Net assets per share
¥754.42
Net income per share
¥36.64
Diluted net income per share
¥36.63</td></tr>
</table>
</td></tr>
</table>

Note: The basis of calculation for net income per share and diluted net income per share is as follows:

Item	160th fiscal term Fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004)	161st fiscal term Fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005)
Net income, as stated on Statements of Income (¥ million)	8,165	9,392
Main components of amounts not attributable to owners of common stock (¥ million) Bonuses to directors	45	55
Net income associated with common stock (¥ million)	8,120	9,337
Average number of shares of common stock during fiscal year (shares)	233,059,385	231,652,519
Adjustment to net income (¥ million)	---	---
Main components of increase in number of shares of common stock used in calculation of diluted net income per share (shares) Stock options	3,402	86,901
Details of shares not included in calculation of diluted net income per share due to non-dilutive effect	---	---

(Subsequent events)

<table>
<tr><th>160th fiscal term
(April 1, 2003 to March 31, 2004)</th><th>161st fiscal term
(April 1, 2004 to 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 issued and 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>160th fiscal term</th><th>161st fiscal term</th></tr><tr><td>Net assets per share
¥734.00
Net income per share
¥31.68
Diluted net income per share
¥31.68</td><td>Net assets per share
¥754.42
Net income per share
¥36.64
Diluted net income per share
¥36.63</td></tr></table></td></tr>
</table>

(Supplementary data)

1. Securities-related data

(1) Equity securities holdings

Issue (name of company stock)			Number of shares owned	Carrying amount (¥ million)
Investments in securities	Other securities	Sumitomo Mitsui Financial Group, Inc.	7,756	5,631
		Mitsubishi Tokyo Financial Group, Inc.	5,149	4,788
		Mizuho Financial Group, Inc.	1,000	1,000
		Mizuho Preferred Capital (Cayman) 2 Limited	10	1,000
		The Hyakugo Bank, Ltd.	1,360,013	969
		The Gunma Bank, Ltd.	1,507,620	933
		Sumitomo Trust & Banking Co., Ltd.	1,288,817	900
		Suruga Bank, Ltd.	833,910	794
		UFJ Holdings, Inc.	856	483
		The Awa Bank, Ltd.	371,865	263
		Nomura Holdings, Inc.	948,404	1,422
		Sompo Japan Insurance Inc.	173,250	193
		Millea Holdings, Inc.	119	186
		Yamazaki Baking Co., Ltd.	9,962,343	10,081
		Sumitomo Corporation	4,180,244	3,841
		Nissin Food Products Co., Ltd.	1,264,982	3,548
		Mitsubishi Corporation	1,538,474	2,136
		Nosan Corporation	3,650,000	967
		Marubeni Corporation	1,835,511	631
		Kikkoman Corporation	375,486	403
		Nisshinbo Industries, Inc.	349,800	305
		Oriental Land Co., Ltd.	30,000	210
		Other 31 companies	2,001,699	1,007
Total			31,687,311	41,702

(2) Debt securities holdings

Issue (name of corporate bond)			Total par value (¥ million)	Carrying amount (¥ million)
Marketable securities	Other securities	Hitachi No. 11 (unsecured)	500	515
		Nippon Telegraph and Telephone No. 36	500	515
		Sumitomo Electric Industries No. 9 (unsecured)	500	505
		Asahi Glass No. 2 (unsecured)	500	505
		Nippon Express No. 1 (unsecured)	500	505
		Asahi Kasei No. 4 (unsecured)	500	504
		Tokio Marine & Nichido Fire Insurance No. 2-2 (unsecured)	500	503
		Sony No. 8 (unsecured)	500	503
		TEPCO No. 477	500	503
		NTT DoCoMo No. 6 (unsecured)	500	503
		Komatsu Manufacturing No. 1 (unsecured)	300	305
		Kikkoman No. 1 (unsecured)	300	302
		Mitsubishi Estate No. 42 (unsecured)	200	204
		Tohoku Electric Power No. 388	200	203
		Kyushu Electric Power No. 353	200	202
		Osaka Gas No. 15 (unsecured)	200	201
Total			6,400	6,483

2. Tangible fixed assets

Asset type	Balance on March 31, 2004 (¥ million)	Value gains in year ended March 31, 2005 (¥ million)	Value losses in year ended March 31, 2005 (¥ million)	Balance on March 31, 2005 (¥ million)	Accumulated depreciation on March 31, 2005 (¥ million)	Depreciation in year ended March 31, 2005 (¥ million)	Value on March 31, 2005, net of depreciation (¥ million)
Tangible fixed assets							
Buildings	15,534	162	220	15,476	8,980	449	6,495
Structures	941	17	10	948	634	25	314
Machinery	1,668	184	69	1,784	1,261	91	522
Vehicles and equipment	13	---	---	13	7	2	5
Tools, fixtures and furnishings	3,633	246	166	3,713	3,019	255	693
Land	10,476	283	4	10,755	---	---	10,755
Construction in progress	192	835	894	132	---	---	132
Total tangible fixed assets	32,460	1,729	1,365	32,824	13,903	824	18,920
Intangible fixed assets							
Leasehold tenant rights	395	---	---	395	---	---	395
Software	997	1,007	188	1,816	406	265	1,409
Software in development	452	925	1,154	223	---	---	223
Other	82	---	1	81	11	1	70
Total intangible fixed assets	1,927	1,933	1,344	2,517	417	267	2,099
Long-term prepaid expenses	31	5	14	23	13	5	9
Deferred assets							
---	---	---	---	---	---	---	---
Total deferred assets	---	---	---	---	---	---	---

Note:

Depreciation expense of ¥240 million related to the Research Center for Basic Science Research and Development, QE Center and Research Center for Production and Technology is included in marketing and research costs.

3. Capital reserves

Category			Balance on March 31, 2004	Value gains in year ended March 31, 2005	Value losses in year ended March 31, 2005	Balance on March 31, 2005
Common stock (¥ million)			17,117	---	---	17,117
Shares issued and outstanding	Common stock	(shares)	(233,214,044)	---	---	(233,214,044)
	Common stock	(¥ million)	17,117	---	---	17,117
	Total	(shares)	(233,214,044)	---	---	(233,214,044)
	Total	(¥ million)	17,117	---	---	17,117
Capital surplus and other capital reserves	Capital surplus Additional paid-in capital	(¥ million)	9,418	---	---	9,418
	Capital gains on merger	(¥ million)	20	---	---	20
	Revaluation reserve	(¥ million)	7	---	---	7
	Other capital reserves Gains on disposal of treasury stock (Note 1)	(¥ million)	0	5	---	5
	Total	(¥ million)	9,446	5	---	9,452
Retained earnings and voluntary reserves	Retained earnings	(¥ million)	4,379	---	---	4,379
	Voluntary reserves Dividend reserve	(¥ million)	2,000	---	---	2,000
	Special depreciation reserve (Note 3)	(¥ million)	54	---	22	31
	Accelerated depreciation reserve (Notes 2, 3)	(¥ million)	1,061	32	29	1,064
	Special accelerated depreciation reserve	(¥ million)	49	---	---	49
	General reserves	(¥ million)	106,770	---	---	106,770
	Total	(¥ million)	114,315	32	52	114,295

Notes:

1. The gain in value in the year ended March 31, 2005 was due to the disposal of treasury stock.
2. The gain in value in the year ended March 31, 2005 was due to the appropriation of earnings from the previous year.
3. The decline in value in the year ended March 31, 2005 was due to the reversal of the appropriation of earnings from the previous year.
4. Treasury stock holdings on March 31, 2005 amounted to 1,584,821 shares.

4. Other reserves

Category	Balance on March 31, 2004 (¥ million)	Value gains in year ended March 31, 2005 (¥ million)	Value losses in year ended March 31, 2005 (target use) (¥ million)	Value losses in year ended March 31, 2005 (other) (¥ million)	Balance on March 31, 2005 (¥ million)
Allowance for doubtful accounts	210	27	---	---	238
Allowance for directors' retirement benefits	440	53	51	---	442

5. Principal assets and liabilities

(1) Assets

a. Cash and deposits

Classification		Amount (¥ million)
Cash		---
Deposits	Current account deposits	80
	Ordinary bank deposits	10,625
	Time deposits	15,000
	Subtotal	25,705
Total		25,705

b. Receivables

Counterparty	Amount (¥ million)	Summary
Nisshin Flour Milling Inc.	40	Fees for contracted services, etc.
Nisshin Foods Inc.	30	Fees for contracted services, etc.
Nisshin Engineering Inc.	10	Fees for contracted services, etc.
Other	17	Fees for contracted services, etc.
Total	99	

The table below summarizes various data on the generation and recovery of receivables.

Carried forward from year ended March 31, 2004 (¥ million) [A]	Generated in year ended March 31, 2005 (¥ million) [B]	Recovered in year ended March 31, 2005 (¥ million) [C]	Balance on March 31, 2005 (¥ million) [D]	Recovery rate (%) [C]/([A] + [B])	Period of outstanding receivables (days) $\frac{([A] + [D]) \times 0.5}{[B] / 365}$
95	10,806	10,802	99	99.1	3.3

Note:

Although consumption taxes are excluded from other figures in the Company's accounts, the figure above for receivables generated in the year ended March 31, 2005 includes consumption taxes.

c. Equity in subsidiaries and affiliated companies

Company name	Amount (¥ million)
Nisshin Flour Milling Inc.	35,276
Nisshin Foods Inc.	22,516
Nisshin Real Estate Inc.	12,686
Marubeni Nisshin Feed Co., Ltd.	5,786
Nisshin Pharma Inc.	5,000
Other	6,812
Total	88,077

d. Long-term loans to subsidiaries and affiliated companies

Counterparty	Amount (¥ million)
Nisshin Flour Milling Inc.	16,358
SANKO Co., Ltd.	2,700
Nisshin Pharma Inc.	2,355
Other	1,599
Total	23,012

(2) Liabilities

a. Deferred tax liabilities

Please refer to the notes on non-consolidated tax effect accounting for details (see page 86).

(3) Others

N/A

[6] Stock-Related Administration

Fiscal year-end	March 31
Ordinary General Meeting of Shareholders	June
Date of record (final dividend)	March 31
Stock denominations	Share certificates are issued in lots of 1, 5, 10, 50, 100, 500, 1,000, and 10,000. Share certificates for specific numbers of shares other than those listed above are only available for lots of less than 100 shares.
Date of record (interim dividend)	September 30
Minimum trading unit (MTU)	1,000 shares
Transfer agent and registrar	
Handling office (main)	The Chuo Mitsui Trust & Banking Company, Ltd. (Head Office) 33-1, Shiba 3-chome, Minato-ku, Tokyo JAPAN
Transfer agent	The Chuo Mitsui Trust & Banking Company, Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo JAPAN
Transfer agent's handling office	The Chuo Mitsui Trust & Banking Company, Ltd. (branches throughout Japan) Japan Securities Agents, Ltd. (head office, branches throughout Japan)
Share transfer commission	Free of charge
Fee for issuance of new share certificates	¥250 per certificate (free of charge in cases of stock splits or merger-related issuance)
Purchases of sub-MTU holdings	
Handling office (main)	The Chuo Mitsui Trust & Banking Company, Ltd. (Head Office) 33-1, Shiba 3-chome, Minato-ku, Tokyo JAPAN
Transfer agent	The Chuo Mitsui Trust & Banking Company, Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo JAPAN
Transfer agent's handling office	The Chuo Mitsui Trust & Banking Company, Ltd. (branches throughout Japan) Japan Securities Agents, Ltd. (head office, branches throughout Japan)
Share purchase commissions	Commission rates for sub-MTU share purchases vary depending on the value per MTU (see below). For MTU values of ¥1,000,000 or less 1.150% For MTU values above ¥1,000,000 up to ¥5,000,000 0.900% For MTU values above ¥5,000,000 up to ¥10,000,000 0.700% For MTU values above ¥10,000,000 up to ¥30,000,000 0.575% For MTU values above ¥30,000,000 up to ¥50,000,000 0.375% (Commissions are rounded down to the nearest ¥1). The minimum value per MTU is set at ¥2,500.
Newspaper for public notices	*The Nihon Keizai Shimbun* issued in Tokyo
Shareholder privileges	All shareholders and beneficial owners of record as of March 31 with holdings of at least 1,000 shares are entitled to receive complimentary supplies of Nisshin Seifun Group products.

Notes:

1. The Company publishes details of its balance sheets and income statements on its web site.
   URL: http://www.nisshin.com/kessan/
2. Following a revision to the Company's articles of association approved by a resolution of the Ordinary General Meeting of Shareholders held on June 26, 2003, the Company introduced a system to enable shareholders to make top-up purchases of shares. The details of this scheme are outlined in the table below.

Handling office and locations	Please refer to the details above for sub-MTU share purchases.
Share top-up purchase commissions	Commission rates for top-up share purchases vary depending on the value per MTU (see below). For MTU values of ¥1,000,000 or less 1.150% For MTU values above ¥1,000,000 up to ¥5,000,000 0.900% For MTU values above ¥5,000,000 up to ¥10,000,000 0.700% For MTU values above ¥10,000,000 up to ¥30,000,000 0.575% For MTU values above ¥30,000,000 up to ¥50,000,000 0.375% (Commissions are rounded down to the nearest ¥1). The minimum value per MTU is set at ¥2,500.
Application deadlines	Shareholders may apply to make top-up share purchases up to 12 working days before March 31 or September 30 of each year, with the deadline for applications being March 31 and September 30, respectively. The Company may also specify alternative application periods as necessary.

3. System for lapsed shares

Handling office and locations	Please refer to details above for sub-MTU share purchases.	
Registration fee	Per application	¥8,600
	Per share certificate	¥500

4. By resolution of the meeting of the Board of Directors held on May 12, 2005, the number of shares per MTU was reduced from 1,000 to 500, effective October 3, 2005.

[7] Corporate Reference Data

(1) Information on the Parent Company of Nisshin Seifun Group Inc.

Nisshin Seifun Group Inc. has no parent company.

(2) Other Reference Data

The following publications were issued by the Company (in Japanese) between the start of the fiscal year under review and the submittal of the Japanese version of this Securities Report.

(1)	Securities Report (including supplementary documentation)	For the 160th fiscal term	Covering the period: April 1, 2003 to March 31, 2004	Submitted to Director, Kanto Local Finance Bureau: June 25, 2004.
(2)	Securities Report (errata)	For the 160th fiscal term	Covering the period: April 1, 2003 to March 31, 2004	Submitted to Director, Kanto Local Finance Bureau: July 2, 2004.
(3)	Semi-annual Report	For the 161st fiscal term (interim)	Covering the period: April 1 – September 30, 2004	Submitted to Director, Kanto Local Finance Bureau: December 27, 2004.
(4)	Reports on status of treasury stock purchases			Submitted to Director, Kanto Local Finance Bureau: April 13, 2004 May 14, 2004 June 15, 2004 July 14, 2004
(5)	Registration statement (including supplementary documentation)			Submitted to Director, Kanto Local Finance Bureau: July 16, 2004.
(6)	Registration statement (errata)			Submitted to Director, Kanto Local Finance Bureau: July 26, 2004.
(7)	Special report	Disclosure of details in accordance with provisions of Part 6.2 of Section 2 of Article 19 of Cabinet Office ordinance pertaining to exchanges of shares that involve wholly owning parent companies		Submitted to Director, Kanto Local Finance Bureau: May 12, 2005.

Part B: Information on Corporate Guarantor for Nisshin Seifun Group Inc.

N/A