164th Fiscal Term (April 1, 2007 to March 31, 2008)

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		160th	161st	162nd	163rd	164th
Fiscal years ended March 31		2004	2005	2006	2007	2008
Net sales	(¥ million)	434,125	416,222	421,359	418,190	431,858
Ordinary income	(¥ million)	22,893	25,120	24,774	22,815	22,180
Net income	(¥ million)	11,575	13,597	13,541	12,303	11,147
Net assets	(¥ million)	230,555	241,282	264,535	300,306	289,839
Total assets	(¥ million)	359,820	372,968	399,899	408,437	381,795
Net assets per share	(¥)	996.59	1,042.92	1,046.00	1,069.71	1,043.53
Net income per share	(¥)	49.16	58.06	52.80	48.66	44.30
Diluted net income per share	(¥)	49.16	58.00	52.77	48.63	44.29
Equity ratio	(%)	64.1	64.7	66.2	66.3	67.9
Return on equity	(%)	5.2	5.8	5.4	4.6	4.2
Price-earnings ratio (p/e)	(times)	20.71	19.63	22.78	24.64	24.02
Cash flows from operating activities	(¥ million)	20,999	21,567	21,054	17,469	26,498
Cash flows from investing activities	(¥ million)	(7,931)	(17,590)	(25,297)	(6,961)	(21,934)
Cash flows from financing activities	(¥ million)	(7,549)	(4,317)	(7,274)	(5,225)	(14,423)
Cash and cash equivalents at end of year	(¥ million)	54,154	54,047	42,803	48,452	38,850
Number of employees [average number of part-time employees]	(persons)	5,185 [1,805]	5,054 [1,825]	5,101 [2,002]	5,212 [1,968]	5,166 [1,870]

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 subsidiary into an equity-method affiliate.
3. On November 18, 2005, the company undertook a 1.1 for 1 common stock split. Net income per share and diluted net income per share for the 162nd fiscal term are calculated based on the assumption that the stock split had taken place at the beginning of the term. In addition, assuming that the stock split had taken place at the beginning of the 161st fiscal term, figures for the term would be as follows: net assets per share ¥948.11; net income per share ¥52.79; diluted net income per share ¥52.73.
4. Effective the 163rd fiscal term, the company introduced the Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005).

2. Non-consolidated business performance indicators

Fiscal term		160th	161st	162nd	163rd	164th
Fiscal years ended March 31		2004	2005	2006	2007	2008
Net sales	(¥ million)	17,856	19,138	20,940	22,246	18,644
Ordinary income	(¥ million)	6,950	8,946	10,881	12,480	8,979
Net income	(¥ million)	8,165	9,392	11,068	13,312	10,144
Common stock	(¥ million)	17,117	17,117	17,117	17,117	17,117
Shares issued and outstanding	(thousand shares)	233,214	233,214	256,535	256,535	251,535
Net assets	(¥ million)	187,079	192,274	209,621	217,245	206,686
Total assets	(¥ million)	222,432	210,741	235,548	242,434	224,043
Net assets per share	(¥)	807.40	829.86	827.55	857.38	831.93
Total dividends per share (interim dividend amount)	(¥) (¥)	11.00 (4.50)	14.00 (5.50)	18.00 (7.00)	18.00 (9.00)	18.00 (9.00)
Net income per share	(¥)	34.84	40.31	43.42	52.56	40.30
Diluted net income per share	(¥)	34.84	40.29	43.40	52.53	40.29
Equity ratio	(%)	84.1	91.2	89.0	89.6	92.2
Return on equity	(%)	4.5	5.0	5.5	6.2	4.8
Price-earnings ratio (p/e)	(times)	29.22	28.28	27.71	22.81	26.40
Dividend payout ratio	(%)	31.6	34.7	40.0	34.2	44.7
Number of employees [average number of part-time employees]	(persons)	254 [26]	237 [20]	246 [16]	245 [14]	241 [11]

Notes:

1. Consumption taxes are not included in net sales.
2. On November 18, 2005 the company undertook a 1.1 for 1 common stock split. Net income per share and diluted net income per share for the 162nd fiscal term are calculated based on the assumption that the stock split had taken place at the beginning of the term. In addition, assuming that the stock split had taken place at the beginning of the 161st fiscal term, figures for the term would be as follows: net assets per share ¥754.42m; net income per share ¥36.64; diluted net income per share ¥ 36.63.
3. Assuming that the stock split had taken place at the beginning of the 162nd fiscal term, the dividend per share for the term would be ¥17.36. The dividend payout ratio is calculated based on the dividend per share after the assumed stock split.
4. Effective the 163rd fiscal term, the company introduced the Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005).

(2) History

The predecessor of Nisshin Seifun Group Inc. 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 (now Fujimino), Saitama Prefecture.
July 1965	Acquired Nisshin Nagano Chemical Co., Ltd., which was renamed Nisshin Chemicals Co., Ltd.
October 1965	Prepared mix 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 (now Nasu Shiobara), 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.
July 2005	Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. established in China. Started full-scale operations in April 2007.
October 2005	Initio Foods Inc. took over SANKO Co., Ltd. in a merger.
November 2005	Established Jinzhu (Yantai) Food Research and Development Co., Ltd., a joint venture with Nichirei Corporation, in China. The venture commenced operations in October 2006.
June 2007	Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. took over Qingdao Nisshin Seifun Foods Co., Ltd. in a merger.
January 2008	Thai Nisshin Technomic Co., Ltd. opened the R&D Center (Product Development Center) in Bangkok, Thailand.

(3) Business Overview

Nisshin Seifun Group consists of 48 subsidiaries and 15 affiliates. The following is a description of the businesses of the group and the relationships among the subsidiaries and affiliates within their respective business segments. The business operations are grouped by business segment.

1. Flour Milling Segment

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 Asian markets, respectively. Four Leaves Pte. Ltd., an affiliate accounted for by the equity method, operates bakeries, primarily in Singapore.

2. Processed Food Segment

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

Medallion Foods Inc., a consolidated subsidiary in the U.S., produces pasta and Thai Nisshin Seifun Co., Ltd., a consolidated subsidiary in Thailand, produces pasta sauce and frozen food products. Nisshin Foods is the primary importer and seller of these products in Japan. Thai Nisshin Technomic Co., Ltd., a consolidated subsidiary, manufactures prepared mix and sells it in Southeast Asia. Shin Nisshin Seifun Foods (Qingdao) Co., Ltd., a consolidated subsidiary in China, manufactures prepared mix and sells it in mainland China. (Qingdao Nisshin Seifun Foods Co., Ltd., a consolidated subsidiary, was merged into Shin Nisshin Seifun Foods (Qingdao) Co., Ltd., in June 2007.)

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. Nisshin Kyorin Pharmaceutical Co., Ltd., a joint venture between Kyorin Pharmaceutical Co., Ltd., and Nisshin Pharma Inc., will merge into Kyorin Pharmaceutical Co., Ltd., in October 2008, which will exclude Nisshin Kyorin Pharmaceutical from the group.

3. Others Segment

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.

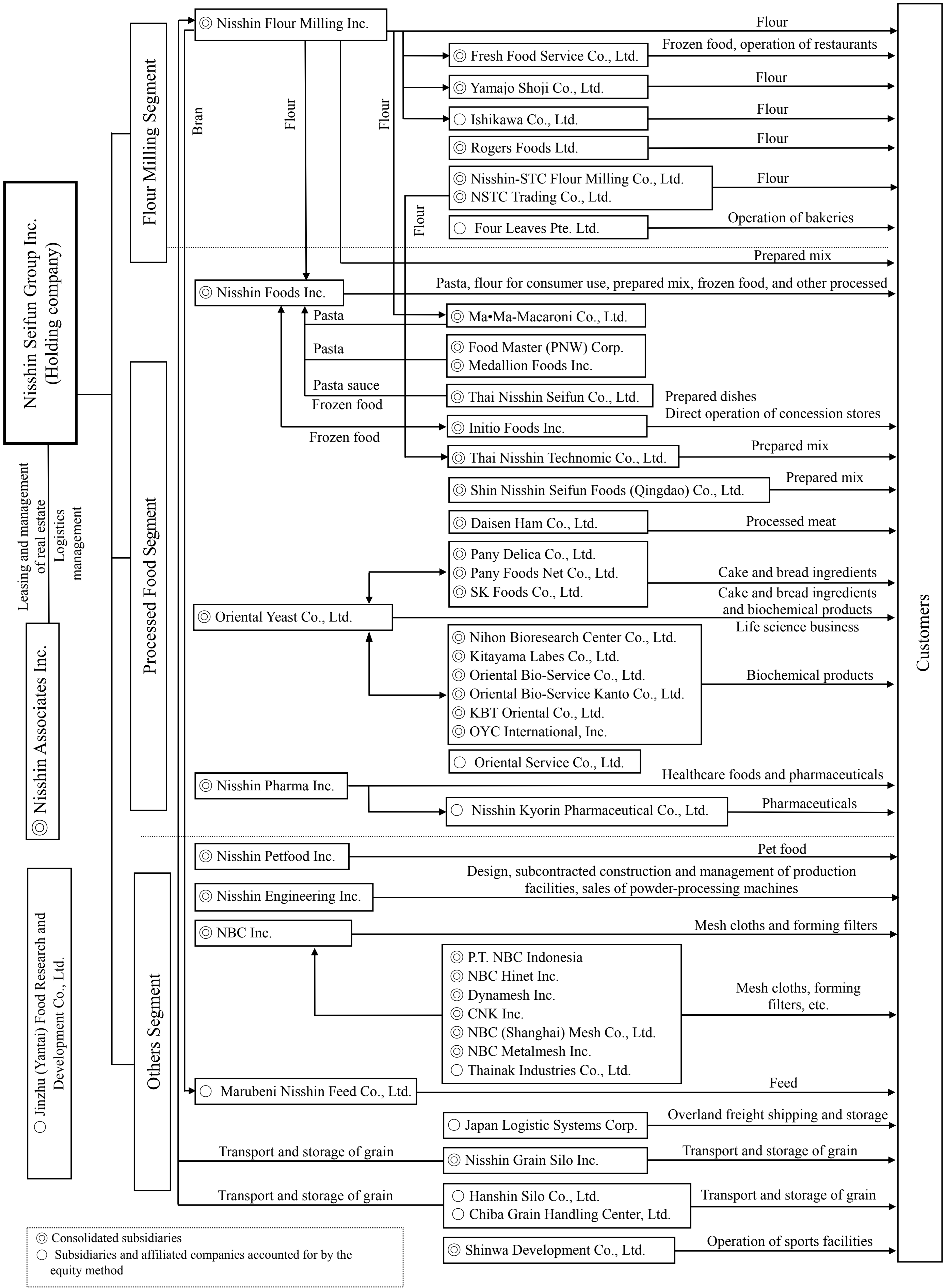
NBC Inc., a consolidated subsidiary, manufactures and sells mesh cloths and forming filters.

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, Hanshin Silo Co., Ltd. and Chiba Grain Handling Center, Ltd., affiliates accounted for by the equity method, are engaged in transport and storage operations for grain. Shinwa Development Co., Ltd., a consolidated subsidiary, operates sports facilities.

The diagram on the following page illustrates the structure of the Nisshin Seifun Group.

Nisshin Seifun Group Structure



(4) Subsidiaries and Affiliates

Name	Location	Paid-in capital (¥ million)	Main businesses	Share of voting rights (indirect ownership) (%)	Details of relationship	
					Directors	Comments
Consolidated subsidiaries						
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	14,875	Production and sales of flour and prepared mix	100.0	Concurrent 5 Temporarily transferred 3 Transferred 4	The company provides partial loan for working capital and rents commercial land, buildings 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 5 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	68.1 (53.1)	Concurrent 2 Transferred 1	None
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of frozen and prepared dishes; direct operation of concessions in department stores, etc.	100.0 (63.0)	Concurrent 3 Temporarily transferred 3	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	43.3 (0.0)	Concurrent 2 Transferred 5	None
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals	100.0	Concurrent 4 Temporarily transferred 2 Transferred 2	The company provides partial loan for 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 2 Transferred 3	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 and forming filters	48.8 (10.1)	Concurrent 1 Temporarily transferred 1 Transferred 2	None
29 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 Temporarily transferred 1 Transferred 2	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 30 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.	184,749	10,519	5,350	46,934	85,500
Nisshin Foods Inc.	123,910	1,164	837	23,927	44,369

(5) Employees

1. Consolidated level

(As of March 31, 2008)

Business segment	Number of employees	
Flour milling	1,245	[87]
Processed food	3,002	[1,486]
Others	598	[259]
Corporate (across the Group divisions)	321	[38]
Total	5,166	[1,870]

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, 2008)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (¥)
241 [11]	42.4	17.9	9,390,729

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

During the period under review, individual businesses worked to expand sales through the introduction of new products and efforts to increase market share, while continuing to reduce costs and increase productivity. Meanwhile, the company revised its product prices because a significant cost increase, which was largely the result of higher government prices for imported wheat, was more than could be absorbed internally.

As a result, net sales increased 3.3% compared with the previous year to ¥431,858 million and operating income remained flat at ¥19,191 million. However, ordinary income fell 2.8% to ¥22,180 million due to a decrease in the company's equity in earnings of a compound feed affiliate, which was affected by soaring prices in the grain market. Net income declined 9.4% to ¥11,147 million because expenses for improving production systems, etc. were recorded as part of extraordinary losses for the year under review.

The following is a review of operations by business segment.

(1) Flour Milling Segment

With the April 2007 introduction of a market-linked wheat pricing system, the government's prices for imported wheat rose by an average of 1.3% in April 2007 and an average of 10% in October 2007. In response, the company revised upward its prices for commercial wheat flour.

In this severe business environment, which is characterized by an ongoing demand shift toward lower-priced products, the company increased flour shipments above the previous year's level by tapping into new market needs through the introduction of five new product lines of commercial wheat and promoting relationship-based marketing to strengthen relations with customers.

In production and distribution, the company continued to carry out measures to boost productivity and minimize costs, including the construction of additional lines that are scheduled to start a full-scale operation in the summer of 2008 at the Higashinada Plant, while reinforcing efforts to ensure the reliability and safety its products.

Although exports of wheat flour were severely affected by skyrocketing wheat prices, the company endeavored to improve profitability through price revisions and other measures.

Revenue from overseas operations increased significantly as a result of the continued implementation of aggressive marketing strategies to expand sales in Canada and Thailand.

The price of bran, a by-product of the milling process, enjoyed a steady increase due to soaring grain prices and other factors.

As a result, the Flour Milling Segment's sales increased 6.3% to ¥164,449 million, and operating income rose 4.7% to ¥10,194 million owing to increased shipments and the aforementioned factors.

(2) Processed Food Segment

In response to surging prices of raw materials, including wheat flour, the process food business revised upward its prices for De Cecco pasta and pasta sauce products in September 2007 and for household-use flour and flour-processed food products and pasta in November 2007. Subsequently, a further price rise for durum wheat, the material used for pasta, forced us to make another upward price revision for pasta-related products in March 2008. Shipments of household-use flour, pasta and prepared mix, etc. surpassed the previous year's level due to aggressive promotional activities and anticipatory demand before the price increase. However, profitability declined because the price revisions were not swift enough to absorb the rise in procurement costs. Meanwhile, Nisshin Foods Inc. and Ma•Ma-Macaroni Co., Ltd., acquired the ISO 22000 certification for food safety in July 2007 with the construction of a food safety management system involving the headquarters, the food research & development center and plants. In the prepared dishes and other prepared foods business, steady implementation of improvement measures and efforts to expand sales resulted in a profit increase. Overseas, sales of prepared mix products exceeded the previous year's level, as a new prepared mix plant in China began full-scale operation in 2007, stabilizing the supply of products, and an R&D center was launched in January 2008 in Thailand to step up efforts to create new demand for prepared mix.

In the yeast and biotechnology business, a cost increase due to high material prices forced the company to revise upward the prices of some of its products. In the yeast business, sales of yeast-related and flour paste products exceeded the previous year's level, whereas sales of mayonnaise and prepared dishes fell below the previous year's level. In the biotechnology business, sales of biochemical and immunochemical products, bionutritional products and feed for fish farming were higher than a year earlier, but sales related to laboratory animals and research support services sank below the previous year's level. As a result, overall sales for this business surpassed the previous year's level, although increased procurement costs and a decline in sales of highly profitable products diminished profits.

In the healthcare foods business, the passing of the boom for the mainstay coenzyme Q10 product and an increase in production facilities by other companies caused a change in the supply-demand balance, resulting in a continued harsh marketing environment for this business and a decline in sales from a year earlier. Amid these conditions, efforts were made to cut costs and increase sales and recognition of new products launched for consumers.

As a result, the Processed Food Segment's sales increased 2.0% to ¥224,914 million. However, rising procurement costs and a decline in sales of highly profitable products for the biotechnology business caused a 6.0% year-over-year decrease in operating income to ¥4,958 million.

(3) Others Segment

In the pet food business, sales of pet food for dogs and cats surpassed the previous year's level, as a result of consistent efforts to ensure profitability despite rising procurement costs primarily due to a rise in ingredient prices, as well as sales expansion strategies including the aggressive launch of new products.

Sales of the engineering business increased from a year earlier owing to the completion of a large plant engineering project during the period under review, despite a cutback on equipment investment in related industries.

In the mesh cloths business, sales of our mainstay mesh cloths for screen-printing applications were sluggish, thereby shrinking profits.

As a result, the Others Segment's sales decreased 1.0% to ¥42,494 million and operating income fell 7.8% to ¥4,344 million.

2. Cash flows

Cash flow from operating activities

Income before income taxes and minority interests amounted to ¥22,327 million, and depreciation and amortization amounted to ¥13,515 million. However, the payment of income taxes and other factors resulted in net cash provided by operating activities of ¥26,498 million.

Cash flow from investing activities

Capital investment to extend and upgrade production capacity amounted to ¥18,327 million, and investments in time deposits with terms exceeding three months and marketable securities amounted to ¥5,783 million. As a result, net cash used in investing activities was ¥21,934 million.

Free cash flow, the sum of cash flows from operating and investing activities, amounted to an inflow of ¥4,563 million in the year ended March 31, 2008.

Cash flow from financing activities

To distribute profits to shareholders, the company paid dividends of ¥4,561 million and purchased shares of treasury stock, including fractional shares, amounting to ¥5,634 million. In addition, the repayment of debt amounted to ¥3,804 million. These factors resulted in net cash used in financing activities of ¥14,423 million.

As detailed above, the cash inflow from consolidated operating activities in the fiscal year ended March 31, 2008, was allocated to strategic capital spending in excess of depreciation, the payment of dividends and the acquisition of treasury shares as returns to shareholders, and the repayment of debt. In addition, funds earmarked for future strategic investments were invested in time deposits with terms exceeding three months and marketable securities to raise the efficiency of cash on hand. As a result, consolidated cash and cash equivalents at the end of the fiscal year ended March 31, 2008, totaled ¥38,850 million, a decrease of ¥9,601 million from the previous fiscal year-end.

(2) Status of Production, Orders Received & Sales

1. Production

Production values by business segment were as follows.

(Millions of yen)

Name of business segment	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Change (%)
Flour milling	144,449	155,044	7.3
Processed food	112,559	115,324	2.5
Others	20,241	21,041	3.9
Total	277,250	291,410	5.1

Notes:

1. The above financial amounts use average sales prices during the fiscal year under review. Intersegment transactions have been eliminated.
2. Figures do not include consumption taxes.

2. Orders received

The company does not produce a significant volume based on orders and this item is therefore omitted.

3. Sales

Sales values by business segment were as follows.

(Millions of yen)

Name of business segment	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Change (%)
Flour milling	154,722	164,449	6.3
Processed food	220,545	224,914	2.0
Others	42,922	42,494	(1.0)
Total	418,190	431,858	3.3

Notes:

1. Intersegment transactions have been eliminated.
2. Transactions with major business partners and the ratio of corresponding sales to total sales are shown in the table below.

(Millions of yen)

Business partner	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008	
	Value	Proportion (%)	Value	Proportion (%)
Mitsubishi Corp.	54,970	13.1	57,165	13.2

3. Figures do not include consumption taxes.

The status of changes in the prices of major raw materials and the selling prices of major products are described in “(1) Review of Operations.”

(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 ("good prospects for the future"). It will pursue management appropriate for a growing company group, which includes having a strong presence in other businesses.

1. Segmental Overview of Business Strategy

The flour milling business will further upgrade marketing initiatives to create entirely new market segments, such as by proposing new products that accurately reflect customer needs. Furthermore, to develop a dominant competitive position in the Japanese market ahead of the anticipated deregulation of the wheat market, the company is continuing with the ongoing construction of state-of-the-art flour milling equipment on two new production lines at the Higashinada Plant, with a view to full-scale operation by the summer of 2008. This will enable significant improvements in the efficiency of production systems and productivity.

The processed food business will accelerate new product launches and improve earning power. The business will also seek to enhance cost competitiveness by promoting the addition of a prepared mix line that is planned to start operations in 2009, whereas it will reinforce an operating base for the business of chilled products based on accumulated technologies and expertise on quality assurance.

With an aging Japanese society and generally heightened awareness of health issues, the company continues to channel resources into development of the healthcare and biotechnology business, which is projected to grow. The goal in this sector is to develop the business to the point where it provides a third source of core earnings, on a par with flour milling and processed food. Oriental Yeast Co., Ltd., which is involved in the yeast and biotechnology business, aims to become a leader in the development of original yeast-based technology, an area with almost infinite possibilities. The firm is developing new products and technologies to support enhanced longevity and health. In particular, Oriental Yeast Co., Ltd. forms the nucleus of the Nisshin Seifun Group's biotech research strategy, which is expected to yield results across a variety of fields. Nisshin Pharma Inc., which is involved in the healthcare foods business, is reviewing its production and sales structure in line with the market environment, while, as a healthcare foods manufacturer distinguished by its emphasis on a scientific approach, it is focusing on research into new ingredients and the development of original products. The firm continues to develop new sales channels in order to raise awareness of its consumer products. Nisshin Kyorin Pharmaceutical Co., Ltd., a joint venture between Kyorin Pharmaceutical Co., Ltd., and the Nisshin Seifun Group, which conducts the pharmaceutical business as an affiliate accounted for by the equity method, will merge into Kyorin Pharmaceutical Co., Ltd., in October 2008.

In other businesses, which include pet food, engineering and mesh cloths, the company aims to develop a significant presence within each industry.

2. Global Development Strategy

As the domestic market faces a declining population, the company seeks to achieve further growth by accelerating the expansion of its international network. Specifically, group-wide efforts will be made to promote the Pacific Rim strategies by optimizing the sharing of functions to achieve greater synergies among the four important business locations—Japan, the U.S. West Coast, Southeast Asia and China. To this end, the Nisshin Seifun Group, a holding company for the group, assigns a number of its own local staff to the west coast of North America, Southeast Asia and China. These overseas staff and their counterparts in Japan work in close cooperation to facilitate investment in these regions.

3. R&D Strategy and Cost Strategy

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. High value-added, next-generation products that are novel and unique and can win customer support will be developed continuously. While ensuring the efficient pursuit of various research activities, the group will further apply advanced technologies in key research fields with the ultimate aim of commercialization. During the fiscal year ended March 2008, the flour milling business introduced five new varieties of commercial flour to create new demand, and the processed food business has accelerated the launch of new products based on new ideas and technologies, as well as expertise in the healthcare business. These new products are expected to contribute to earnings in the foreseeable future.

Furthermore, the Nisshin Seifun Group, in all of its business areas, will revamp systems from new perspectives to achieve the lowest costs possible throughout, and move ahead with initiatives aimed at securing earnings commensurate with rising costs.

4. Measures Addressing Wheat Policy Reforms

Though developments concerning World Trade Organization (WTO) negotiations on agriculture, as well as bilateral free trade agreements (FTAs) and economic partnership agreements (EPAs) are moving along more slowly than anticipated, it is expected that the outcomes of these negotiations could have major consequences for the Nisshin Seifun Group’s flour milling and processed food business and for wheat-flour-related industries. The wheat flour industry of Japan has been under the influence of international wheat market price movements since the April 2007 implementation of the government’s market-linked wheat pricing system. Under the new system, the government’s wheat sales price was raised for the first time in 24 years by an average of 1.3% in April 2007. Subsequently, there was a rise of 10% in October 2007, followed by a significant increase of 30% in April 2008. To accurately reflect the wheat price revisions in wheat flour prices, the company is briefing customers using flour about the system and gaining their understanding about the group’s price revisions. We will also urge the government (i.e., the Ministry of Agriculture, Forestry and Fisheries) to improve the market-linked pricing system to help enhance the international competitiveness of Japan’s flour milling industry, particularly by reducing its price markup on a continual basis. At the same time, the company plans to increase the pace of structural reforms and its global business development program 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 fulfilled its responsibilities as a corporate citizen in all its business activities, with the aim of retaining its status as a corporate entity that plays an essential role in society. To this end, the company established a committee to study and develop group operating companies’ basic attitudes and their actions with regard to all their stakeholders. Thus, the company and all group operating companies have focused on developing enhanced compliance procedures to ensure all business activities are legal and appropriate. Other specific programs—all of which are ongoing—include the strengthening of quality control systems to improve traceability and quality assurance (QA) procedures from a consumer perspective, alongside a range of environmental protection measures such as reduction of waste and carbon dioxide emissions. As part of these programs, the company is also actively working to obtain certification under international management standards. Recently, we have seen various cases that could shake our belief in food safety. To ensure the safety and high quality of its products, the Nisshin Seifun Group is taking various measures at all business stages from material procurement and manufacturing to selling, and sparing no expense for that purpose on a continuous basis. Recognizing the need for active efforts to prevent global warming, the company has drawn up a plan for achieving the Kyoto Protocol emission targets. The voluntary target the company is working to achieve under the plan is an 8.6% reduction in carbon dioxide emissions between the fiscal year ended March 1991 and the fiscal year ending March 2011. To this end, the company plans to introduce an internal emissions trading system in the fiscal year ending March 2009, under which group companies will trade emission cuts with each other. This should maximize the efficiency of reducing carbon dioxide emissions from group companies and thus minimize environmental costs for the group as a whole.

The group’s corporate social responsibility (CSR) activities are clearly positioned among its most important management concerns. These activities receive a high reputation from independent rating agencies, media organizations and other bodies for high awareness among all group companies, effective management and the consistency of such efforts, as well as the state of disclosure.

Upon the enactment of the Companies Act and the Financial Instruments and Exchange Law, corporate entities are urged to establish internal control systems. To further strengthen its internal control systems, the Nisshin Seifun Group Inc., which is the holding company for the group, established a dedicated department (Internal Control Department) in September 2005. That department examined the state and operation of existing internal controls and undertook efforts to revise and strengthen them, and implemented revised internal controls in the fiscal year ended March 2008, a year ahead of the requirement by the Financial Instruments and Exchange Law. The group is involved in an extensive range of social contribution activities. In particular, the company supports the activities of the UN World Food Programme for the eradication of hunger and poverty in the world through a dedicated internal office to fulfill its social responsibilities as a food supplier for solutions to the world’s food problem.

The Nisshin Seifun Group will continue to take actions to fulfill its corporate social responsibilities.

6. Basic Policies Regarding Control of the Corporation

(1) Basic policies

As a provider of food, the company believes that its chief responsibility, as well as a source of generating corporate value, is to provide safe food on a continuous basis. To secure and enhance the company's corporate value and the common interests of the shareholders, it is essential to ensure high levels of safety and the quality of its products, as well as stable supply. If anyone without such belief made a large-scale purchase of the company's shares and behaved in ways contrary to the company's medium- or long-term business policies, such as making excessive reductions in production and/or R&D expenses only to improve short-term financial performance, that would cause damage to the company's corporate value and the common interests of the shareholders. Moreover, there are other forms of stock purchase that might do harm to the company's corporate value and the common interests of the shareholders.

To take action against such harmful acts, the company believes that the advanced disclosure of sufficient information must be made, such as on the management policies and business plans envisioned by a potential purchaser of the company's shares; the possible impact of the proposed acquisition on the company's shareholders, the management of the Nisshin Seifun Group and all of the group's stakeholders; and the purchaser's views regarding corporate social responsibility, including the matter of food safety; and that a reasonable length of period to review such proposal and ample capacity to negotiate with such purchaser must be ensured.

(2) Measures that contribute to the effective utilization of the company's assets, structuring of the appropriate form of the business group and the realization of other basic policies on control of the corporation

As a pure holding company for the Nisshin Seifun Group, the company plans management strategies for the group, allocates its managerial resources efficiently, and audits and oversees the group's business operations. Our operating companies optimize themselves according to the markets in which they operate, and by doing so, they secure high levels of safety and quality, as well as stable supply for their products, thus mutually enhancing their corporate value and, in turn, the corporate value of the entire Nisshin Seifun Group.

Under this structure, the Nisshin Seifun Group aims to secure and enhance its high levels of production technologies and capacities for development and evaluation that underpin the safety and quality of its products. The group also makes ongoing well-planned capital investments from a long-term perspective; provides employee education to enhance their professional abilities; introduces audit and instructional systems as to quality assurance and production facilities on a continuous basis; builds and enhances systems for internal control and legal compliance; and endeavors to maintain trustful relations with stakeholders, including customers, business partners and local communities.

(3) Measures to prevent a decision on the company's financial and business policies from being controlled by a party who is deemed inappropriate according to the basic policies

The company introduced the countermeasures to large-scale acquisitions of the company's shares using a gratis allotment of subscription rights to shares (hereinafter "the Plan"), in line with Article 50 of its Articles of Incorporation and the "Approval of Gratis Allotment of Subscription Rights to Shares for Securing and Improving the Corporate Value of the Company and the Common Interests of the Shareholders," which were approved by the 162nd Ordinary General Meeting of Shareholders held on June 28, 2006, with the aim of securing and improving the corporate value of the company and the common interests of the shareholders. The outlines of the Plan are as follows.

1) The Board of Directors shall ask any party who attempts a Specified Acquisition to present a written Acquisition Proposal to ask for a resolution of the Board of Directors not to take countermeasures including the gratis allotment of the Subscription Rights to Shares defined in Paragraph 6 below (hereinafter "the Confirmation Resolution") against that proposal. Any party who attempts the specified acquisition is required to ask for the Confirmation Resolution by presenting the Acquisition Proposal in advance.
   "Specified Acquisition" means i) an act of purchasing the company's share certificates, etc., that would result in the holdings of 20% or more of the company's share certificates, etc. (including a similar act as specified by the Board of Directors), or ii) an act of commencing a tender offer that would result in the holdings of 20% or more of the company's share certificates, etc. "Acquisition Proposal" means a document that contains post-acquisition management policies and business plans for the company, the basis for determining the compensation for the proposed acquisition, possible influences on the company's stakeholders and information related to Items 4 i) through vii) that is reasonably demanded by the company.
2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly submit it to the Corporate Value Committee, which consists only of externally appointed members of the company's management.

3) The Corporate Value Committee deliberates the Acquisition Proposal and discusses whether to issue a resolution to recommend that the Board of Directors make a Confirmation Resolution regarding the proposed acquisition (hereinafter "the Recommendation Resolution). The Recommendation Resolution shall be adopted by a majority vote of all of the Corporate Value Committee members, and the results of that resolution shall be disclosed. The period for such deliberation and discussion by the Corporate Value Committee shall be a maximum of 60 business days (or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as compensation and set no upper limit to the number of shares to be purchased), as a general rule, upon the receipt of the Acquisition Proposal. However, this period can be extended for a reasonable reason, and in that case, such reason shall be disclosed.

4) The deliberation and discussion regarding the Recommendation Resolution by the Corporate Value Committee shall be made by faithfully forming an accurate judgment as to whether the Acquisition Proposal can satisfy the company's purposes of securing and improving corporate value and the common interests of the shareholders. Regarding an Acquisition Proposal that meets the requirements of Items i) through vii) below, the Corporate Value Committee must issue a Recommendation Resolution.

   i) The acquisition does not fall under any of the following types of action:

      a. Buyout of the company's shares to demand that the company or its related party purchase said shares at an inflated price;

      b. Management that achieves an interest for the proposed purchaser, its group company or other related party to the detriment of the company, such as temporary control of the company's management for transfer of the company's material assets;

      c. Diversion of the company's assets to secure or repay debts of the proposed purchaser, its group company or other related party;

      d. Realization of temporary high returns to the detriment of ongoing growth of the company, such as temporary control of the company's management to decrease the assets and funds that are required for the company's business expansion, product development, etc., for years ahead; and

      e. Other types of action through which the proposed purchaser, its group company or other related party earns interest by unjustly causing harm to the interests of the company's stakeholders, including the company's shareholders, business partners, customers and employees.

   ii) The scheme and content of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.

   iii) The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders to sell their shares.

   iv) The true information necessary for deliberations on the Acquisition Proposal is provided in the appropriate timing, such as upon request of the company, and sincere responses are made in other ways as well, by complying with the procedures specified by the Plan.

   v) The period for the company to deliberate the Acquisition Proposal (including deliberation and presentation of its alternative proposals to the company's shareholders)—which is specified as a maximum of 60 business days upon the receipt of the Acquisition Proposal, a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in the Japanese currency as compensation and set no upper limit to the number of shares to be purchased, or a longer period of days if required for reasonable reasons—is secured.

   vi) The conditions of the acquisition proposed by the Acquisition Proposal are not inappropriate or insufficient with a view to the company's intrinsic value.

   vii) The Acquisition Proposal is reasonably recognized to satisfy the purposes of securing and improving the company's corporate value and the common interests of the shareholders.

5) The Confirmation Resolution of the company's Board of Directors shall be made according to the Recommendation Resolution of the Corporate Value Committee. In case the Corporate Value Committee issues the Recommendation Resolution, the Board of Directors must make the Confirmation Resolution, unless there are particular reasons that are obviously against the directors' duty of care. Countermeasures, such as the gratis allotment of Subscription Rights to Shares, cannot be taken against the Acquisition Proposal for which the Confirmation Resolution is made.

6) In the event that the Specified Acquirer—which is defined as a person or company that executed the Specified Acquisition and failed to obtain the Confirmation Resolution by the time such acquisition was executed—appears, the Board of Directors shall issue a resolution that identifies the appearance of the Specified Acquirer and determines the necessary conditions for effecting a gratis allotment of Subscription Rights to Shares, including the record and effective dates for such allotment, and execute the gratis

allotment of Subscription Rights to Shares. "Subscription Rights to Shares" is defined as the subscription rights to shares whose exercise is restricted for the Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer.

In such a case that it is revealed that the ratio of holdings of the company's share certificates, etc., by the Specified Acquirer falls below 20% by the date that is specified elsewhere by the Board of Directors and which should be earlier than three business days prior to the record date for the gratis allotment, the Board of Directors can deter the effect of a gratis allotment of Subscription Rights to Shares.

7) In the case that a gratis allotment of Subscription Rights to Shares is effected, the company shall implement the gratis allotment of Subscription Rights to Shares to all shareholders, except the company, as of the record date for the gratis allotment at a ratio of one Subscription Right to Share for every one share of the company's common stock held, and the number of shares to be issued per one Subscription Right to Share will not exceed two and be determined elsewhere by the Board of Directors. The value of assets invested to exercise one Stock Acquisition Right shall be ¥1 multiplied by the number of shares to be issued per one Subscription Right to Share.

8) All the unexercised Subscription Rights to Shares can be acquired by the company. For the Subscription Rights to Shares held by shareholders other than the Specified Acquirer, this is accomplished in exchange for the company's shares of common stock of a number equal to the integral part of the number of said Subscription Rights to Shares multiplied by the number of shares to be issued per Subscription Right to Share. For other Subscription Rights to Shares, this is accomplished in exchange for subscription rights to shares with restriction on transfer (restriction on the exercise of the rights by the Specified Acquirer) of the same number as the Subscription Rights to Shares that are acquired by the company.

(4) Judgment of the Board of Directors and Its Reasons

The Plan complies with the basic policies described in Item (1) above, and it is carefully devised as follows to ensure its reasonability. The Plan protects the corporate value of the company and the common interests of the shareholders and does not pursue the personal interests of the company's management.

1) The Plan received prior approval of the shareholders at the 162nd Ordinary General Meeting of Shareholders on June 28, 2006, pursuant to the provision of Article 50 of the Company's Articles of Incorporation.
2) The term of office of the company's directors is one (1) year and the timing of reelection is concurrent among all directors. In addition, the resolution on dismissal of directors has the same weight as that of an ordinary resolution at a General Meeting of Shareholders. Therefore, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of directors by an ordinary resolution at a single General Meeting of Shareholders.
3) To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of externally adopted members of the company's management, deliberates the Acquisition Proposal, under legal obligations as the management of the company, to determine if the proposal meets the purposes of securing and improving the company's corporate value and the common interests of the shareholders. It is also required that the Board of Directors make the Confirmation Resolution, upon receiving the Recommendation Resolution from the Corporate Value Committee, unless there are particular reasons that are obviously against the directors' duty of care.
4) To enhance the objectivity of judgment relating to the Plan, it is required that the Corporate Value Committee issue a Recommendation Resolution toward any Acquisition Proposal that satisfies all of the requirements specified in Items (3) 4) i) through vii) above.
5) Subject to approval at the general meeting of shareholders, the Plan can be revised every year by a resolution of the Board of Directors. This allows the Plan to adjust itself to the development of the related laws and regulations and various other business environments for the company.
6) Effective from the 162nd Ordinary General Meeting of Shareholders, the validity of an approval resolution at the general meeting of shareholders is three (3) years. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including on its supplementary conditions, for approval of the shareholders.
7) The Plan satisfies all of the requirements for legality (to avoid suspension of the issuance of stock acquisition rights, etc.) and rationality (to gain the understanding of shareholders, investors and other stakeholders) specified in the "Ensuring and/or Increasing Corporate Value and Stakeholder Profits: Takeover Defense Guidelines" released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice.

(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 the date of filling this document in Japanese (June 26, 2008).

1. Economic conditions and industry environment

The Nisshin Seifun Group continues to work to reinforce its earnings base so as to minimize the impact of economic and industry conditions on business results. However, increased competition in the Japanese domestic market may cause shipment levels to fluctuate or prices of the company's major products to decline. Other risks include losses caused by the failure of investment or business partners.

2. Wheat policy reforms and international trade discussions

Although the Nisshin Seifun Group has undertaken structural reforms of its flour milling and processed food businesses to build a strong earnings base, these businesses remain subject to risk due to the outcome of ongoing World Trade Organization (WTO) negotiations on agriculture, and bilateral free trade agreements (FTAs) and economic partnership agreements (EPAs), as well as possible changes in the Japanese government's domestic wheat policy, which might cause serious ramifications for the domestic flour industry and the markets for secondary processed products; industry restructuring; and changes in methods of wheat procurement. As the Japanese government introduced a market-linked wheat pricing system in April 2007. Continued changes in the government's wheat policy could significantly change the handling of wheat (including policies governing the government's purchase, stockpiling and sale of wheat), which may also constitute a risk factor for the company's flour milling and processed food businesses.

3. Product safety

Growing concerns over food safety put increasing pressure on the food industry to ensure the safety of the food it supplies. The Nisshin Seifun Group continues to upgrade efforts to improve its product quality assurance systems, but 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 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 the possibility of future wheat market deregulation. Nevertheless, the company remains exposed to the risk of changes in raw material prices, and higher costs for distribution and raw materials, including packaging, due to oil price rises. The resulting sharp rises in purchasing costs could make it impossible for the company to achieve cost reductions. In addition, the group's business performance could be adversely affected if a significant rise in the cost of purchasing raw materials and products due to an increase in imported wheat prices and other reasons was not offset by revisions in the selling prices of wheat flour, processed foods and other products.

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

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 firms could be potentially detrimental to the value of the company's brands. In addition, the company also faces the risk of possible future claims against it by other companies for intellectual property infringement.

14. Environmental management

The environmental impact of Nisshin Seifun Group businesses is relatively low compared to other industries. Nevertheless, the company continues to make assiduous efforts to improve the environmental profile of Nisshin Seifun Group business activities in terms of environmental management systems, energy efficiency and waste reduction. Despite such efforts, events beyond the scope of the company's projections could force the company to undertake measures that result in higher costs.

(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) operates various research and development (R&D) facilities. The Research Center for Basic Science Research and Development focuses primarily on the development of basic technologies. The Research Center for Production and Technology, another centralized R&D function, focuses mainly on the development of production technology and nanotechnology, for potential application across the entire Group. Consolidated subsidiaries operate separate R&D facilities with specialized functions tailored to each business field. These subsidiaries are Nisshin Flour Milling (in the Flour Milling Segment); Nisshin Foods, Oriental Yeast, Nisshin Pharma, Ma·Ma-Macaroni and Daisen Ham (in the Processed Food Segment); and Nisshin Petfood, Nisshin Engineering and NBC (in the Others Segment).

R&D program goals vary widely. While all Group R&D organizations seek to identify new product ideas and undertake basic research to create new technology, they also create new products to meet market needs and preferences and develop food preparation technologies while improving existing products, automating production systems and developing powder technologies. The Nisshin Seifun Group also actively seeks to further cooperation among Group research centers, and with other research institutions, to enhance specialist research expertise and promote adoption of the latest 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 ¥5,136 million in the fiscal year ended March 31, 2008. This figure also includes ¥769 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 Segment

R&D activities in this segment are conducted mainly at Nisshin Flour Milling's New Product Development Center and Tsukuba Laboratory, in collaboration with the Research Center for Basic Science Research and Development and the Research Center for Production and Technology. Major R&D programs focus on new flour-processing technologies, grain science about wheat and flour, grain flour-processing technologies, and environmental biotechnologies. Major achievements included the development of unique commercial flours, including the branded flours *Waka, Duelio,* and *Mimoza* and the fine-grained and flavorful *Superfine Hard* and *Superfine Soft* whole wheat flours. R&D expenditures attributable to this segment totaled ¥617 million.

2. Processed Food Segment

R&D activities in this segment, which are conducted mainly at Nisshin Foods' Food Research and Development Center in collaboration with the Research Center for Basic Science Research and Development and the Research Center for Production and Technology, focus on developing new processed foods across all temperature ranges, including prepared mix products, dried noodles, pasta, boil-in-bag foods, frozen foods, and prepared dishes. Major achievements included the development of room-temperature products, such as the *Naturart* whole wheat flour for bread and pizza and the *Ma•Ma Pasta Navi* pasta sauce with soy sauce and garlic flavor for convenience in making pasta dishes at home, as well as the premium-priced *Ma•Ma Fine Selection* series of frozen pasta for one person. Elsewhere, the R&D programs led by Oriental Yeast, primarily at the Tokyo Food Research Center, focused on developing new baking yeasts in the processed foods division, while the Nagahama Institute for Biochemical Science and other institutes engaged in the development of products in the biotechnology-related division. Nisshin Pharma's Health Care Research Center concentrated mainly on developing various healthcare foods and ingredients. Major results for the year included the development of the *WGH Water* water-soluble powdered sports drink for athletes and the *Hottomilk* supplement containing three active ingredients originating in milk.

Other R&D programs focused on strengthening intra-Group collaborative efforts in biotechnology-related fields, including joint research conducted by the company, Oriental Yeast and Nisshin Pharma. R&D expenditures attributable to this segment totaled ¥3,178 million.

3. Others Segment

Nisshin Petfood conducts R&D into tasty, healthy pet foods at its Nasu Laboratory. Major achievements during the year included the development of the *Carat Mix Tasty* cat food featuring a powder from small fish and dried bonito flakes for enhanced flavor and taste. In cooperation with the Research Center for Production and Technology, Nisshin Engineering's Kamifukuoka Office develops new types of machinery for powder grinding and separation, the main result of which was the development of a rotary airflow separator that achieves high accuracy for the classification of low-density and adherent powders. In addition, NBC developed new products and materials for screen-printing and industrial use. R&D expenditures attributable to this segment totaled ¥571 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 26, 2008).

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 investment 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. Investment 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. Investment 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 investment 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) Impairment of fixed assets

No losses for the impairment of fixed assets were recorded for the year under review. Such losses may arise in the future if changes in operating conditions cause the recoverable value of any Nisshin Seifun Group assets to fall significantly below book value.

(4) 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.

(5) 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 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 results

(1) Net sales and operating income

The Flour Milling Segment revised upward its prices for commercial flour to reflect an average rise of 1.3% in April 2007 and another average rise of 10% in October 2007 in the government prices for imported wheat. In difficult business conditions, including an ongoing shift in demand toward lower-priced products, this segment increased flour shipments above the previous year's level by introducing new products and promoting relationship-based marketing to strengthen relations with customers. The price of bran, a by-product of the milling process, enjoyed a steady increase due to soaring grain prices. Revenue from overseas operations increased significantly as a result of the continued implementation of aggressive marketing strategies to expand sales in Canada and Thailand. As a result, the Flour Milling Segment's net sales increased from the previous year, and operating income rose owing to increased shipments and the aforementioned factors.

In the Processed Food Segment, the processed food business revised upward its prices for De Cecco pasta and pasta sauce products, household-use flour, flour-processed food products, and pasta, in response to surging prices of raw materials, including wheat flour. A cost increase due to high material prices also forced the yeast and biotechnology business to revise upward the prices of some of its products. Under these circumstances, shipments of household-use flour, pasta, and prepared mix, etc., surpassed the previous year's level due to aggressive promotional activities and anticipatory demand before the price increase. The biotechnology business was sluggish, but the launch of new yeast-related and flour paste products boosted the overall sales of the yeast and biotechnology business. However, operating income declined because price revisions were not swift enough to absorb the rise in procurement costs. Overseas, sales of prepared mix products exceeded the previous year's level, as a new prepared mix plant in China began full-scale operation in 2007, stabilizing the supply of products, and an R&D center was launched in January 2008 in Thailand to step up efforts to create new demand for prepared mix products. In the healthcare foods business, the passing of the boom for the mainstay coenzyme Q10 product and an increase in production facilities at other companies caused a change in the supply-demand balance, resulting in a continued harsh marketing environment for this business and a decline in sales from a year earlier. As a result, the Processed Food Segment's net sales increased, but rising procurement costs and a decline in sales of highly profitable products for the biotechnology business caused a decrease in operating income.

In the Others Segment, net sales and operating income of the pet food business surpassed the previous year's levels, as a result of consistent efforts to ensure profitability despite rising procurement costs primarily due to a rise in ingredient prices, as well as sales expansion strategies including the aggressive launch of new products. The engineering business performed favorably owing to the completion of a large plant engineering project during the period under review, whereas the mesh cloths business experienced sluggish sales of its mainstay mesh cloths for screen-printing applications, thereby shrinking profits. As a result, both net sales and operating income decreased in the Others Segment.

Consolidated net sales increased by ¥13,668 million, or 3.3%, compared with the previous year, to ¥431,858 million. The gross margin declined 0.8 percentage point to 30.9%. Selling, general, and administrative expenses increased by ¥760 million, primarily reflecting aggressive promotional campaigns. As a result, the operating margin declined 0.2 percentage point to 4.4%, and operating income rose slightly by ¥7 million to ¥19,191 million.

(2) Ordinary income

Net financial income amounted to a profit of ¥1,543 million, an increase of ¥316 million compared with the previous year. Equity in earnings of subsidiaries and affiliated companies totaled ¥1,091 million, or a year-on-year decrease of ¥483 million, reflecting a decline in income of a feed business affiliate due to soaring grain prices. On a net basis, other miscellaneous income registered a profit of ¥353 million, or a year-on-year decrease of ¥475 million, primarily due to gains on the sale of marketable securities in the previous year.

On a net basis, non-operating income amounted to ¥2,988 million, which represented a year-on-year decline of ¥642 million. Ordinary income decreased by ¥634 million, or 2.8%, to ¥22,180 million.

(3) Net income

Extraordinary income of ¥4,856 million was offset by extraordinary losses totaling ¥4,709 million, resulting in a net extraordinary gain of ¥146 million. Income before income taxes and minority interests amounted to ¥22,327 million, a decrease of ¥1,717 million compared with the previous year. The principal components of extraordinary income were gains on the sale of fixed assets (¥2,083 million), on the sale of investment securities (¥1,669 million) and on the liquidation of an affiliated company (¥1,035 million), while the major items of extraordinary losses were expenditures for the improvement of production systems (¥1,923 million), including the nonrecurring depreciation of Nisshin Flour Milling's Kobe Plant, which will be closed in the year ending March 2009, and a loss of ¥1,107 million due to the worsened supply-demand balance of the coenzyme Q_{10} business.

Net income for the year under review was ¥11,147 million, after the deduction of income taxes (¥9,276 million) and minority interests (¥1,902 million) from income before income taxes and minority interests. This represented a decline of ¥1,155 million, or 9.4%, compared with the previous year.

Net income per share was ¥44.30, or a decrease of ¥4.36 from the previous year. Return on equity (ROE) was 4.2%, representing a 0.4 percentage point year-on-year decline.

3. Business strategy status and outlook

The Nisshin Seifun Group will make continued efforts to improve its earnings, which should bottom in the first half of the fiscal year ended March 2008, by seeking greater market share and cost reductions, while focusing on business fields with high growth potential. In addition, the Group will endeavor to secure profitability in all of its businesses by setting appropriate selling prices to offset ongoing cost increases primarily due to the rising government prices for imported wheat.

The flour milling business will reinforce its leading position in the drastically changing flour milling industry by further expanding productivity and shipments. The processed food business will strengthen its operating position through continued cost-cutting efforts and the development of pasta and other promising products for which market growth is highly expected. The prepared dishes and other prepared foods business will strive to improve earnings. At the same time, continued efforts to enhance the Group's quality assurance system will be made to secure the safety of our products and maintain the trust of our customers.

Meanwhile, the Group has expanded its overseas operating bases to create new markets and will start to accelerate such efforts in the fiscal year ending March 2009 through focused efforts on promising business opportunities.

Through the implementation of these strategies, the Nisshin Seifun Group aims to achieve sustained growth in earnings per share (EPS) over the long term, while improving net sales, ordinary income, net income, and return on equity (ROE: defined as net income divided by shareholders' equity), thereby maximizing the long-term value of the Group.

4. Capital financing and liquidity

On a consolidated basis, operating cash flow totaled ¥26.4 billion in the fiscal year ended March 2008. Strategic investments in facilities to boost production capacity and other capital spending projects totaled ¥18.3 billion. The company also sought to raise returns on cash reserves allocated for future strategic investments by investing in time deposits with terms greater than three months, marketable securities and similar investments. The amount of these investments deposited or purchased exceeded the amount of those matured or redeemed by ¥5.7 billion in the fiscal year under review, resulting in positive free cash flow of ¥4.5 billion. In terms of financing activities, the company allocated ¥4.5 billion for dividend payments to aggressively return profits to shareholders, ¥5.6 billion for the repurchase of its treasury shares, and ¥3.8 billion for debt repayment. As a result, cash flow used in financing activities amounted to ¥14.4 billion, decreasing the balance of cash and cash equivalents by ¥9.6 billion from the previous fiscal year-end to ¥38.8 billion at the end of March 2008.

Total consolidated debt amounted to ¥5 billion at the end of March 2008. 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 long-term business development and repayments of interest-bearing liabilities.

5. Long-term management issues and future policies

Based on its basic business policy of maximizing corporate value over the long term, the Nisshin Seifun Group is concentrating management resources in core operations and businesses with growth potential: the flour milling—"the best in the world"; processed food—"a growth business"; and the healthcare and biotechnology business—"good prospects for the future." Given the low birthrate and aging issues facing Japan, overseas business expansion is positioned as a driving force for further growth. However, continued efforts will also be made to improve the profit structure of domestic operations by garnering greater market share and exploring business fields with high growth potential. At the same time, the Group will fulfill its corporate social responsibilities and continue innovations by promoting efforts to enhance its internal control system, legal and regulatory compliance, food safety, environmental protection, and social contributions. The Nisshin Seifun Group is fully committed to gaining the support of all its stakeholders, including shareholders, customers, business partners, employees and local communities.

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 rising prices of grain and other raw materials on a global basis, 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 is currently affecting several industries related to its operations, the Nisshin Seifun Group continues to experience an extremely severe business environment. As the fierce competition in the Japanese food markets is fueled by rising costs due to a surge in material prices, the Group has had to revise upward the prices of some of its products to secure a reasonable level of profitability. In addition, popular interest in food safety is rising in Japan, resulting in demands for food producers to reinforce and upgrade quality assurance systems.

The Nisshin Seifun Group aims to seize new opportunities, 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 and ensuring product safety. The following is a breakdown of capital expenditures for the fiscal year ended March 2008, based on actual expenditures.

Segment	Fiscal year ended March 2008 (¥ million)	Year-on-year change (%)
Flour milling	9,475	28.8
Processed food	5,061	(10.9)
Others	4,328	208.0
Subtotal	18,865	30.6
Elimination/all companies	(538)	—
Total	18,327	30.0

Capital investments in the flour milling and processed food businesses were principally made to increase production capacity and improve quality control. Capital investments in other businesses were primarily made to increase production capacity and promote cost reductions.

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, 2008)

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	(Note 5) 6,072	(Note 5) 4,836	(Note 4) 4,468 (79)	202	15,579	152 [2]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour milling	Flour production	(Note 5) 6,287	2,489	(Note 4) 1,740 (30)	3,507	14,025	67 [0]
Nisshin Flour Milling Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Flour milling	Flour production	1,081	1,427	(Note 4) 69 (20)	45	2,624	61 [10]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour milling	Flour production	2,361	2,667	(Note 4) 294 (43)	102	5,426	78 [2]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour milling	Flour production	1,652	1,170	(Note 4) 64 (31)	66	2,955	45 [1]
Nisshin Foods Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Processed food	Prepared mix production	909	1,785	(Note 4) 46 (13)	61	2,804	82 [34]
Ma·Ma-Macaroni Co., Ltd.	Head Office and Utsunomiya Plant (Utsunomiya)	Processed food	Pasta production	505	1,449	27 (23)	37	2,019	65 [147]
Ma·Ma-Macaroni Co., Ltd.	Kobe Plant (Higashinada-ku, Kobe)	Processed food	Pasta production	266	912	393 (16)	18	1,591	44 [38]
Daisen Ham Co., Ltd.	Head Office and Yonago Plant (Yonago)	Processed food	Production of processed meats	1,424	528	94 (25)	43	2,090	207 [189]
Oriental Yeast Co., Ltd.	Tokyo Plant (Itabashi-ku, Tokyo)	Processed food	Yeast manufacture	755	679	0 (11)	196	1,631	55 [16]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed food	Manufacture of yeast and other items	1,223	1,621	169 (22) (Note 7) [5]	61	3,076	71 [23]
Oriental Yeast Co., Ltd.	Biwa Plant (Nagahama, Shiga)	Processed food	Production of flour paste, *kansui* powder, baking powders and other items	711	227	709 (36)	25	1,673	35 [24]
Nisshin Pharma Inc.	Ueda Plant (Ueda)	Processed food	Production of healthcare foods, pharmaceuticals and other items	709	780	93 (33)	79	1,662	121 [9]
Nisshin Petfood Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Other	Pet food production	(Note 5) 375	455	—	9	841	16 [16]
NBC Inc.	Yamanashi Plant (Tsuru)	Other	Manufacture of mesh cloths and forming filters	1,523	1,255	448 (35)	346	3,573	159 [123]
NBC Inc.	Kikugawa Plant (Kikugawa)	Other	Manufacture of mesh cloths	308	140	911 (69)	611	1,971	21 [3]
Nisshin Seifun Group Inc.	Research Center for Basic Science Research and Development and two other research facilities (Fujimino, Saitama)		Research and development	690	420	(Note 4) 70 (40)	229	1,410	84 [0]
Nisshin Seifun Group Inc.	Head Office (Chiyoda-ku, Tokyo, and others)			3,467	83	(Note 4) 9,945 (2)	227	13,723	141 [11]

2. Overseas subsidiaries

(As of March 31, 2008)

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	1,065	1,195	179 (41)	2	2,443	23 [0]
Medallion Foods Inc.	Head Office and Plant (U.S.A.)	Processed food	Pasta production	232	51	261 (72)	5	551	54 [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, 2008.
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 Associates 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 and ensure product safety.

As of March 31, 2008, funds committed to the construction of major facilities (actual expenditure) amounted to ¥16,000 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	12,360	8,924	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.

Estimates for nonrecurring depreciation attributable to the change of useful lives and the dismantling cost for said plant’s equipment are included in the extraordinary losses for the year under review.

[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	932,856,000
Total	932,856,000

(2) Total number of shares issued and outstanding

Share type	Shares issued and outstanding on March 31, 2008	Shares issued and outstanding at date of filing (June 26, 2008)	Exchanges on which stock is listed / Certified associations of financial instruments dealers to which the company is affiliated	Comments
Common stock	251,535,448	251,535,448	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section)	—
Total	251,535,448	251,535,448	—	—

2. Stock options

(1) The company has granted the stock options detailed below in line with the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001).

<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, 2008)	Options outstanding at the last month-end prior to filing this report (May 31, 2008)
Number of options granted	15 (Note 1)	15 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock	Same as the left column.
Total number of issuable shares	16,500 (Note 4)	16,500 (Note 4)
Amount payable on option exercise	¥885,500 per option (Notes 2 & 4)	Same as the left column.
Exercise period	July 16, 2004 – July 15, 2009	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥805 Capital increase per share: ¥403 (Note 4)	Same as the left column.
Option exercise conditions	(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.
Share settlement	–	–
Issuance of stock options as a result of reorganization	–	–

Notes:

1. The number of shares corresponding to each option shall equal 1,100.
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 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 subsidiaries 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.

4. Following the stock split on November 18th 2005, adjustments have been made to “total number of issuable shares,” “amount payable on option exercise,” and “issuance price and capital increase per share on option exercise.”

<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, 2008)	Options outstanding at the last month-end prior to filing (May 31, 2008)
Number of options granted	51 (Note 1)	51 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock	Same as the left column.
Total number of issuable shares	56,100 (Note 4)	56,100 (Note 4)
Amount payable on option exercise	¥892,100 per option (Notes 2 & 4)	Same as the left column.
Exercise period	July 16, 2005 – July 15, 2010	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥811 Capital increase per share: ¥406 (Note 4)	Same as the left column.
Option exercise conditions	(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.
Share settlement	–	–
Issuance of stock options as a result of reorganization	–	–

Notes:

1. The number of shares corresponding to each option shall equal 1,100.
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 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.
4. Following the stock split on November 18th 2005, adjustments have been made to "total number of issuable shares," "amount payable on option exercise," and "issuance price and capital increase per share on option exercise."

<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, 2008)	Options outstanding at the last month-end prior to filing (May 31, 2008)
Number of options granted	161 (Note 1)	156 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock	Same as the left column.
Total number of issuable shares	177,100 (Note 4)	171,600 (Note 4)
Amount payable on option exercise	¥1,098,900 per option (Notes 2 & 4)	Same as the left column.
Exercise period	July 17, 2006 – July 16, 2011	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥999 Capital increase per share: ¥500 (Note 4)	Same as the left column.
Option exercise conditions	(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.
Share settlement	–	–
Issuance of stock options as a result of reorganization	–	–

Notes:

1. The number of shares corresponding to each option shall equal 1,100.
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 subsidiaries 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.
4. Following the stock split on November 18th 2005, adjustments have been made to “total number of issuable shares,” “amount payable on option exercise,” and “issuance price and capital increase per share on option exercise.”

<Options granted on August 17, 2005>

Date of authorizing resolution of general meeting of shareholders: June 28, 2005		
	Options outstanding at the most recent fiscal year-end (March 31, 2008)	Options outstanding at the last month-end prior to filing (May 31, 2008)
Number of options granted	225 (Note 1)	207 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock	Same as the left column.
Total number of issuable shares	247,500 (Note 4)	227,700 (Note 4)
Amount payable on option exercise	¥1,193,500 per option (Notes 2 & 4)	Same as the left column.
Exercise period	July 21, 2007 – July 20, 2012	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥1,085 Capital increase per share: ¥543 (Note 4)	Same as the left column.
Option exercise conditions	(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.
Share settlement	–	–
Issuance of stock options as a result of reorganization	–	–

Notes:

1. The number of shares corresponding to each option shall equal 1,100.
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 subsidiaries 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.
4. Following the stock split on November 18th 2005, adjustments have been made to "total number of issuable shares," "amount payable on option exercise," and "issuance price and capital increase per share on option exercise."

(2) The company has granted the stock options detailed below in line with the provisions of the Companies Act.

<Options granted on August 13, 2007>

Options granted as part of the remuneration and benefits for directors as stipulated in Article 361 of the Companies Act.

Date of authorizing resolution of general meeting of shareholders: June 27, 2007 Date of authorizing resolution of Board of Directors: July 26, 2007		
	Options outstanding at the most recent fiscal year-end (March 31, 2008)	Options outstanding at the last month-end prior to filing (May 31, 2008)
Number of options granted	89 (Note 1)	89 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock	Same as the left column.
Total number of issuable shares	89,000	89,000
Amount payable on option exercise	¥1,197,000 per option (Note 2)	Same as the left column.
Exercise period	July 27, 2009 – July 26, 2014	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥1,197 Capital increase per share: ¥599	Same as the left column.
Option exercise conditions	(Note 3)	Same as the left column.
Option transfer conditions	Approval of the Board of Directors is required for the acquisition of any options by means of transfer.	Same as the left column.
Share settlement	–	–
Issuance of stock options as a result of reorganization	(Note 4)	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 the date of granting the option (hereinafter referred to as the "grant date"), the amount payable on option exercise (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

"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, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.

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 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 may exercise options up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.
   (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.
4. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of options on the stock of any

companies generated as a result of reorganization schemes as described below, such options shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
The surviving company in the merger or a company established as a result of the merger

(2) Corporate demerger through absorption
A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of the corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of the corporate demerger

(4) Stock exchange
A company that acquires all of the company's shares issued and outstanding

(5) Stock transfer
A company established as a result of the stock transfer

Options granted for the company's executive officers and a part of the directors of the company's consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries thereof) as stipulated in Articles 236, 238, and 239 of the Companies Act.

Date of authorizing resolution of general meeting of shareholders: June 27, 2007 Date of authorizing resolution of Board of Directors: July 26, 2007		
	Options outstanding at the most recent fiscal year-end (March 31, 2008)	Options outstanding at the last month-end prior to filing (May 31, 2008)
Number of options granted	161 (Note 1)	161 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock	Same as the left column.
Total number of issuable shares	161,000	161,000
Amount payable on option exercise	¥1,197,000 per option (Note 2)	Same as the left column.
Exercise period	July 27, 2009 – July 26, 2014	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥1,197 Capital increase per share: ¥599	Same as the left column.
Option exercise conditions	(Note 3)	Same as the left column.
Option transfer conditions	Approval of the Board of Directors is required to acquire options as a result of transfer.	Same as the left column.
Share settlement	–	–
Issuance of stock options as a result of reorganization	(Note 4)	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 the date of granting the option (hereinafter referred to as the "grant date"), the amount payable on option exercise (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

"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, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.
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 subsidiaries and overseas subsidiaries thereof) may exercise options up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.
   (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.

4. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of options on the stock of any companies generated as a result of reorganization schemes as described below, such options shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the company ceases to exist.
       The surviving company in the merger or a company established as a result of the merger
   (2) Corporate demerger through absorption
       A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of the corporate demerger
   (3) Corporate demerger through establishment
       A company newly established as a result of the corporate demerger
   (4) Stock exchange
       A company that acquires all of the company's shares issued and outstanding
   (5) Stock transfer
       A company established as a result of the stock transfer

3. Description of the rights plan

There are no applicable matters to be reported.

4. 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 additional paid-in capital (¥ million)	Additional paid-in capital balance (¥ million)
Mar. 16, 2004 (Note 1)	(2,400)	233,214	—	17,117	—	9,446
Aug. 3, 2005	—	233,214	—	17,117	53 (Note 2)	9,500
Nov. 18, 2005	23,321 (Note 3)	256,535	—	17,117	—	9,500
Mar. 14, 2008	(5,000) (Note 4)	251,535	—	17,117	—	9,500

Notes:

1. 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 former Commercial Code of Japan.
2. As a result of consolidation of SANKO Co., Ltd. as a wholly owned subsidiary via a share exchange, capital reserves increased by ¥53,621,559.
3. As a result of the 1.1 for 1 common stock split, the number of shares issued and outstanding increased by 23,321,404 shares.
4. By resolution of the meeting of the Board of Directors held on March 12, 2008, the company canceled 5,000,000 shares of treasury stock in line with provisions of Article 178 of the Companies Act.

5. Ownership and share distribution

(As of March 31, 2008)

Category	Shareholders and ownership status (N.B. Minimum trading unit [MTU] = 500 shares)								Sub-MTU holdings (shares)
	Government (national and local) entities	Financial institutions	Financial instruments dealers	Other institutions	Foreign institutions, etc.		Individuals and other shareholders	Total	
					Non-individual	Individuals			
Numbers of shareholders (persons)	—	108	27	307	255	6	11,083	11,786	—
Numbers of shares owned (MTUs)	—	221,731	13,486	105,242	82,845	26	75,854	499,184	1,943,448
Ratio to total shares (%)	—	44.42	2.70	21.08	16.60	0.00	15.20	100.00	—

Notes:

1. Treasury stock holdings of 3,103,172 shares consist of 6,205 MTUs listed under “Individuals and other shareholders” and 672 shares listed under “Sub-MTU holdings.” All of these treasury shares are listed in the shareholder register. As of March 31, 2008, total beneficial ownership of treasury stock was equivalent to 3,102,884 shares.
2. Shares nominally held under the name of Japan Securities Depository Center Inc. account for 14 MTUs in the column marked “Other corporate investors” and 7 shares in the column marked “Sub-MTU holdings.”

6. Major shareholders

(As of March 31, 2008)

Name	Address	Shares owned (thousands)	Shareholding as proportion of total shares outstanding (%)
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka	16,022	6.37
Yamazaki Baking Co., Ltd.	10-1, Iwamotocho 3-chome, Chiyoda-ku, Tokyo	14,040	5.58
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	11,615	4.61
Mizuho Corporate Bank, Ltd.	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	9,943	3.95
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	9,562	3.80
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	6,982	2.77
Marubeni Corporation	4-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	5,193	2.06
Sumitomo Corporation	8-11, Harumi 1-chome, Chuo-ku, Tokyo	5,034	2.00
Sumitomo Mitsui Banking Corporation	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	4,616	1.83
The Norinchukin Bank	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	4,489	1.78
Total	—	87,500	34.78

7. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2008)

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 3,102,500	—	—
	(Mutually held shares) Common stock 327,000	—	—
Shares with full voting rights (other)	Common stock 246,162,500	492,325	—
Sub-MTU share holdings	Common stock 1,943,448	—	—
Total number of shares issued and outstanding	251,535,448	—	—
Total voting rights of all shareholders	—	492,325	—

Notes:

1. Shares nominally held under the name of Japan Securities Depository Center Inc. account for 7,000 shares of “Shares with full voting rights (other)” and 7 shares of “Sub-MTU share holdings.” Total voting rights accorded to all shares held under the name of JASDEC (the central depository) equaled 14 as of March 31, 2008.
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, 2007, there were 288 shares of treasury stock listed under company ownership in the register of shareholders but without any beneficial owner.

Treasury stock	
Nisshin Seifun Group Inc.	672 shares
Mutually held shares	
Chiba Grain Handling Center, Ltd.	129 shares
Wakaba Co., Ltd.	306 shares

(2) Treasury stock

(As of March 31, 2008)

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	3,102,500	—	3,102,500	1.23
Mutually held shares					
Ishikawa Co., Ltd.	2-10, Shimagami-cho 1-chome, Hyogo-ku, Kobe	139,500	—	139,500	0.05
Wakaba Co., Ltd.	2-8, Mayafuto, Nada-ku, Kobe	103,000	—	103,000	0.04
Chiba Grain Handling Center, Ltd.	16, Shinminato, Mihama-ku, Chiba	79,000	—	79,000	0.03
Japan Logistic Systems Corp.	19-17, Ebara 1-chome, Shinagawa-ku, Tokyo	5,500	—	5,500	0.00
Total	—	3,429,500	—	3,429,500	1.36

8. Stock option scheme

Nisshin Seifun Group Inc. operates a stock option scheme.

Under this system, the company grants stock options free of charge in line with the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001) or Articles 236, 238 and 239 of the Companies Act.

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

(1) Stock options authorized by a resolution at the Ordinary General Meeting of Shareholders on June 26, 2002

Under the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001), the granting of stock options to certain directors and executive officers of the company and its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) upon especially favorable terms was authorized by a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2002.

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”
Number 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
Share settlement	—
Issuance of stock options as a result of reorganization	—

(2) Stock options authorized by a resolution at the Ordinary General Meeting of Shareholders on June 26, 2003

Under the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001), the granting of stock options to certain directors and executive officers of the company and its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) upon especially favorable terms was authorized by a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2003.

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”
Number 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
Share settlement	—
Issuance of stock options as a result of reorganization	—

(3) Stock options authorized by a resolution at the Ordinary General Meeting of Shareholders on June 25, 2004

Under the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001), the granting of stock options to certain directors and executive officers of the company and its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) upon especially favorable terms was authorized by a resolution at the Ordinary General Meeting of Shareholders held on June 25, 2004.

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”
Number 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
Share settlement	—
Issuance of stock options as a result of reorganization	—

(4) Stock options authorized by a resolution at the Ordinary General Meeting of Shareholders on June 28, 2005

Under the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan (as amended in 2001), the granting of stock options to certain directors and executive officers of the company and its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) upon especially favorable terms was authorized by a resolution at the Ordinary General Meeting of Shareholders held on June 28, 2005.

Date of authorizing resolution	June 28, 2005
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 45 persons
Share type issuable on option exercise	As detailed above in “2. Stock options”
Number 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
Share settlement	—
Issuance of stock options as a result of reorganization	—

(5) Stock options authorized by resolutions at the Ordinary General Meeting of Shareholders on June 27, 2007 and the meeting of the Board of Directors on July 26, 2007

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Companies Act, resolutions were made at the Ordinary General Meeting of Shareholders held on June 27, 2007 and the meeting of the Board of Directors on July 26, 2007, concerning the value of the remuneration and others and a description of the options,

Dates of authorizing resolutions	June 27, 2007 (Ordinary General Meeting of Shareholders) and July 26, 2007 (Board of Directors)
Number and description of persons granted stock options	12 directors of the company
Share type issuable on option exercise	As detailed above in “2. Stock options”
Number 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
Share settlement	—
Issuance of stock options as a result of reorganization	As detailed above in “2. Stock options”

b. Regarding the stock options granted upon especially favorable terms to executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Companies Act, a resolution to leave a decision on details of the subscription to the Board of Directors was made at the Ordinary General Meeting of Shareholders on June 27, 2007 and a resolution on such details was made at the meeting of the Board of Directors on July 26, 2007.

Dates of authorizing resolutions	June 27, 2007 (Ordinary General Meeting of Shareholders) and July 26, 2007 (Board of Directors)
Number and description of persons granted stock options	Executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries), totaling 34 persons
Share type issuable on option exercise	As detailed above in “2. Stock options”
Number 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
Share settlement	—
Issuance of stock options as a result of reorganization	As detailed above in “2. Stock options”

(6) Stock options authorized by a resolution at the Ordinary General Meeting of Shareholders on June 26, 2008

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Companies Act, a resolution was made at the Ordinary General Meeting of Shareholders held on June 26, 2008, concerning the value of the remuneration and others and a description of the options.

Date of authorizing resolution	June 26, 2008
Number and description of persons granted stock options	Directors of the company (Note 1)
Share type issuable on option exercise	Common stock
Number of shares issuable	Up to 88,000 shares
Amount payable on option exercise (¥)	Note 2
Exercise period	Note 3
Option exercise conditions	Note 4
Option transfer conditions	Approval of the Board of Directors is required for the acquisition of any options by means of transfer.
Share settlement	—
Issuance of stock options as a result of reorganization	Note 5

Notes:

1. A resolution on the number of persons granted stock options will be made at a meeting of the Board of Directors to be held after this report is filed.
2. The value of assets to be invested upon the exercise of each option shall equal the amount payable per share on the option to exercise (hereinafter the "exercise price") as defined below, multiplied by 1,000—the number of shares corresponding to each option.
   The exercise price shall equal the average of the closing prices of the company's common stock regularly traded at the Tokyo Stock Exchange for all trading days (except any days when the closing price was not attained) of the preceding month of the month in which the option's grant date falls, multiplied by 1.025, with any fractional amounts under ¥1 thus generated rounded up.
   However, if thus calculated exercise price is less than the closing price of the company's common stock regularly traded at the Tokyo Stock Exchange on the grant date (or its nearest preceding day if the grant date ended without a closing price), the exercise price shall be the said closing price.
   In the event of a stock split or share consolidation subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

   "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, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.
3. The exercise period is from the date on which two (2) years have passed after the grant date to July 30, 2015.
4. Conditions attached to the exercise of options are as follows:
   (1) Persons granted an allotment of options (hereinafter the "option holders") must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the option is exercised. However, option holders who are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise options up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.
   (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.
5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of options on the stock of any

companies generated as a result of reorganization schemes as described below, such options shall be issued according to the ratio of said reorganization.

(1) Merger, only if the company ceases to exist.
 The surviving company in the merger or a company established as a result of the merger
(2) Corporate demerger through absorption
 A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of the corporate demerger
(3) Corporate demerger through establishment
 A company newly established as a result of the corporate demerger
(4) Stock exchange
 A company that acquires all of the company's shares issued and outstanding
(5) Stock transfer
 A company established as a result of the stock transfer

b. Regarding the stock options granted upon especially favorable terms to executive officers of the company and certain directors of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) under the provisions of Articles 236, 238, and 239 of the Companies Act, a resolution to leave a decision on details of the subscription to the Board of Directors was made at the Ordinary General Meeting of Shareholders on June 26, 2008.

Date of authorizing resolution	June 26, 2008
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) (Note 1)
Share type issuable on option exercise	Common stock
Number of shares issuable	Up to 178,000 shares
Amount payable on option exercise (¥)	Note 2
Exercise period	Note 3
Option exercise conditions	Note 4
Option transfer conditions	Approval of the Board of Directors is required for the acquisition of any options by means of transfer.
Share settlement	—
Issuance of stock options as a result of reorganization	Note 5

Notes:

1. A resolution on the number of persons granted stock options will be made at a meeting of the Board of Directors to be held after this report is filed.
2. The value of assets to be invested upon the exercise of each option shall equal the amount payable per share on the option to exercise (hereinafter the “exercise price”) as defined below, multiplied by 1,000—the number of shares corresponding to each option.
   The exercise price shall equal the average of the closing prices of the company’s common stock regularly traded at the Tokyo Stock Exchange for all trading days (except any days when the closing price was not attained) of the preceding month of the month in which the option’s grant date falls, multiplied by 1.025, with any fractional amounts under ¥1 thus generated rounded up.
   However, if thus calculated exercise price is less than the closing price of the company’s common stock regularly traded at the Tokyo Stock Exchange on the grant date (or its nearest preceding day if the grant date ended without a closing price), the exercise price shall be the said closing price.
   In the event of a stock split or share consolidation subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

   “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, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the company conducts a merger (except that the company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the company reserves the right to adjust the exercise price within a reasonable range.
3. The exercise period is from the date on which two (2) years have passed after the grant date to July 30, 2015.
4. Conditions attached to the exercise of options are as follows:
   (1) Persons granted an allotment of options (hereinafter “option holders”) must be a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the option is exercised. However, option holders that are no longer a director or an executive officer of the company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise options up to two (2) years from the date when the holder retired from the company or the beginning date of the exercise period, whichever comes later.
   (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 of 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.

5. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of options on the stock of any companies generated as a result of reorganization schemes as described below, such options shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the company ceases to exist.
       The surviving company in the merger or a company established as a result of the merger
   (2) Corporate demerger through absorption
       A company that is absorbed and inherits all or part of the rights and obligations the company has concerning a particular business, as a result of the corporate demerger
   (3) Corporate demerger through establishment
       A company newly established as a result of the corporate demerger
   (4) Stock exchange
       A company that acquires all of the company's shares issued and outstanding
   (5) Stock transfer
       A company established as a result of the stock transfer

(2) Acquisitions of Treasury Stock

[Type of shares, etc.] Acquisitions of common stock according to Article 155-3 and Article 155-7 of the Companies Act

1. Stock acquisitions by resolution of the Ordinary General Meeting of Shareholders

None.

2. Stock acquisitions by resolution of the Board of Directors

Item	Number of shares	Total value (¥)
Content of the resolution at the meeting of the Board of Directors on November 9, 2007 (Acquisition period: November 12, 2007 to December 28, 2007)	5,000,000	6,000,000,000
Treasury stock acquired prior to the fiscal year ended March 2008	—	—
Treasury stock acquired in the fiscal year ended March 2008	5,000,000	5,535,020,000
Shares for which the resolved acquisition has not been exercised	0	464,980,000
Rate of the shares for which the resolved acquisition has not been exercised at the end of the fiscal year ended March 2008 (%)	0.00	7.75
Treasury stock acquired in the current term	—	—
Rate of the shares for which the resolved acquisition has not been exercised as of the date of filing of the original Japanese version of this report	0.00	7.75

3. Stock acquisitions not based on resolutions of the Ordinary General Meeting of Shareholders or the Board of Directors

Item	Number of shares	Total value (¥)
Treasury stock acquired in the fiscal year ended March 2008	86,941	99,279,858
Treasury stock acquired in the current term	5,010	5,901,893

Note: The treasury stock acquired in the current term does not include shares acquired by purchasing sub-MTU shares during the period from June 1, 2008, to the date of filing the original Japanese version of this report.

4. Disposals or holdings of acquired treasury stock

Item	Fiscal year ended March 2008		Current term	
	Number of shares	Total value of disposals (¥)	Number of shares	Total value of disposals (¥)
Shares of acquired treasury stock that went on offer	—	—	—	—
Treasury stock retired	5,000,000	5,246,600,000	—	—
Shares of acquired treasury stock involved in transfers accompanying merger, share exchange or corporate demerger	—	—	—	—
Other (Stock options exercised) (Sale upon request of sub-MTU shareholdings)	 99,000 38,157	 90,028,400 42,647,333	 25,300 2,331	 26,977,500 2,637,067
Shares of treasury stock held	3,102,884	—	3,080,263	—

Note: The number of shares of treasury stock held in the current term reflect neither decreases in the shares of treasury stock as a result of the exercise of stock options between June 1, 2008, and the filing of the original Japanese version of this report, nor increases or decreases as a result of the purchase or sale upon request of sub-MTU share holdings.

(3) Dividend Policy

The company aims to meet the expectations of shareholders to distribute profits, based on the current and future profitability of the business and the financial position, in addition to targeting a payout ratio of at least 30% on a consolidated basis.

In principle, the company intends to pay dividends twice a year: interim and year-end. The Company's Articles of Incorporation prescribe that matters related to the payment of dividends may be decided by the Board of Directors, as well as the General Meeting of Shareholders according to the provision of Article 459-1 of the Companies Act, unless otherwise stipulated by law, and that the payment of interim dividends as provided for by Article 454-5 of the Companies Act may be effected by a resolution of the Board of Directors, with the date of record for such dividends being September 30.

For the fiscal year ended March 2008, the company paid an annual dividend of ¥18 per share—which was the same level as the previous year, consisting of an interim dividend of ¥9 per share and a year-end dividend of ¥9 per share. As a result, the dividend payout ratio for the year was 40.6% on a consolidated basis (44.7% on a non-consolidated basis) and the rate of dividend to net assets was 1.7% on a consolidated basis (2.1% on a non-consolidated basis).

The company will allocate its retained earnings preferentially toward strategic investments for further growth upon evaluating the efficiency of those investments from a long-term perspective, and thereby the company intends to raise its corporate value in the years ahead, while maintaining a policy of flexible distribution of profits to its shareholders.

Note: Payment of dividends for which the date of record falls during the fiscal year ended March 2007 is as follows.

Authorizing resolution	Total dividends (¥ million)	Dividend per share (¥)
Resolution of the Board of Directors made on November 9, 2007	2,280	9
Resolution of the Ordinary General Meeting of Shareholders made on June 26, 2008	2,235	9

(4) Share Price Movements

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

Fiscal term	160th	161st	162nd	163rd	164th
Fiscal year-end	March 2004	March 2005	March 2006	March 2007	March 2008
Intra-year high*[1] (¥)	1,023	1,181	1,287 1,318*[2]	1,327	1,305
Intra-year low*[1] (¥)	776	911	1,045 1,073*[2]	1,114	997

Notes:

1. 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. Denotes ex-rights share price following the 1.1-for-1 stock split on November 18, 2005.

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

Month	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008	Mar. 2008
Intra-month high (¥)	1,129	1,137	1,194	1,162	1,114	1,102
Intra-month low (¥)	997	1,004	1,093	1,004	1,010	1,007

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]		Term of office	Share holding (thousands)
Chairman		Osamu Shoda	October 11, 1942	Mar. 1967 Jun. 1976 Jun. 1980 Jun. 1984 Jun. 1986 Jun. 1996 Jun. 2004 Jun. 2006	Joined the company Director Managing Director Senior Managing Director President Corporate Auditor, Tobu Railway Co., Ltd. [C] Chairman [C] Director, Kao Corporation [C]	Note 3	226
President		Ippei Murakami	March 3, 1945	Apr. 1967 Jun. 1993 Jun. 1995 Jun. 1997 Jun. 1998 Jun. 2000 Jul. 2001 Jun. 2004 Jun. 2005 Jun. 2006 Jun. 2007 Oct. 2007	Joined the company Deputy General Manager, Finance Director (Planning, Finance) Director (Finance) Director Managing Director Managing Director (Finance and Accounting) Managing Director (Finance and Accounting, Corporate Planning [deputy]) Managing Director (Finance and Accounting, Corporate Planning) Managing Director (Corporate Planning) Senior Managing Director (Corporate Planning) President [C]	Note 3	23
Managing Director	Executive Manager, General Administration Division	Yasutaka Miyauchi	January 31, 1949	Apr. 1972 Jun. 2005 Jun. 2005 Jun. 2007	Joined the company Executive Officer (General Administration) Director (General Administration) Managing Director (General Administration) [C]	Note 3	15
Managing Director	Executive Manager, Research and Development, Quality Assurance Division	Masami Ohta	September 13, 1946	Apr. 1970 Jun. 2003 Jun. 2003 Nov. 2006 Jun. 2008	Joined the company Executive Officer (R&D and Quality Assurance) Director (R&D and Quality Assurance) Director (R&D and Quality Assurance) Managing Director (R&D and Quality Assurance) [C]	Note 3	18
Managing Director	Executive Manager, Finance and Accounting Division	Masuro Yamazaki	June 12, 1947	Apr. 1971 Jun. 2005 Jun. 2006 Jun. 2008	Joined the company Executive Officer (Finance and Accounting) Director (Finance and Accounting) Managing Director (Finance and Accounting) [C]	Note 3	12
Managing Director		Akihisa Sasaki	March 21, 1948	Apr. 1970 Jun. 1997 Jun. 1998 Jun. 2000 Jul. 2001 Jul. 2001 Jun. 2004 Jun. 2007 Oct. 2007 Oct. 2007 Jun. 2008 Jun. 2008	Joined the company Deputy General Manager (Flour Milling Operations) Director (Flour Milling Operations [deputy]) Director (Flour Milling Operations) Executive Officer (Flour Milling Operations) Executive Officer Director, (Operations & Planning) Nisshin Flour Milling Inc. Managing Director (Operations & Planning), Nisshin Flour Milling Inc. Managing Director, Nisshin Flour Milling Inc. Senior Executive Officer of the company Senior Executive Officer, Senior Managing Director, Nisshin Flour Milling Inc. (to the present) Managing Director [C] President, Nisshin Flour Milling [C] (Concurrent roles)	Note 3	5
Director	Executive Manager, Corporate Planning Division	Mikihisa Nanri	October 28, 1949	Apr. 1972 Jun. 2001 Oct. 2003 Jun. 2005 Jun. 2007 Oct. 2007	Joined the company Director, Nisshin Feed Co., Ltd. Director, Marubeni Nisshin Feed Co., Ltd. Executive Officer Director (Corporate Planning [deputy]) Director (Corporate Planning) [C]	Note 3	5

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]		Term of office	Share holding (thousands)
Director	Executive Manager, Technology and Engineering Division	Toshio Maruo	January 12, 1950	Apr. 1972 Jun. 2007 Jun. 2008	Joined the company Managing Director, (Production) Nisshin Flour Milling Inc. Director (Technology and Engineering) [C]	Note 3	18
Director	Deputy Executive Manager, Finance and Accounting Division	Akiya Fukada	October 27, 1954	Apr. 1978 Jun. 2006 Jun. 2008	Joined the company General Manager, Finance (Finance and Accounting Division) Director (Finance and Accounting [deputy]) [C]	Note 3	2
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 Inc. (Business Planning) Director [C] President, Nisshin Foods Inc. [C] (Concurrent roles)	Note 3	18
Director		Toshinori Shiragami	September 29, 1950	Apr. 1973 Jun. 2005 Jun. 2007 Jun. 2008 Jun. 2008	Joined the company Managing Director, Nisshin Pharma Inc. Executive Officer Director [C] President, Nisshin Pharma Inc. [C] (Concurrent roles)	Note 3	5
Director		Ariyoshi Okumura	February 15, 1931	Apr. 1955 Jun. 1983 May 1987 Feb. 1989 Jun. 1997 Jul. 2000 Jun. 2003 Jun. 2006	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 Director [C]	Note 3	1
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]	Note 4	26
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]	Note 4	2
Corporate Auditor	Full-time	Akira Takeuchi	April 4, 1944	Apr. 1968 Apr. 1996 Jul. 2000 Jun. 2003 Jun. 2006	Joined Tobu Railway Co., Ltd. General Manager (Development, Local Administration), Tobu Railway Co., Ltd. General Manager (Asset Management), Tobu Railway Co., Ltd. Director (Asset Management), Tobu Railway Co., Ltd. Corporate Auditor [C]	Note 5	1
Corporate Auditor		Akio Mimura	November 2, 1940	Apr. 1963 Jun. 1993 Apr. 1997 Apr. 2000 Apr. 2003 Jun. 2006 Apr. 2008	Joined Fuji Iron & Steel Co., Ltd. Director, Nippon Steel Corporation Managing Director, Nippon Steel Corporation Representative Director & Executive Vice President, Nippon Steel Corporation Representative Director & President, Nippon Steel Corporation Corporate Auditor [C] Representative Director & Chairman, Nippon Steel Corporation [C]	Note 5	2
Corporate Auditor		Tetsuo Kawawa	June 15, 1947	Apr. 1975 Apr. 1996 Aug. 2002 Sep. 2002 Jun. 2007	Admitted in Japan as attorney-at-law Managing Partner, Kawawa Law Offices [C] Member of Legislative Council of the Ministry of Justice (Modernization of Companies Act) Specially designated member of the Judicial System Research Board, Japan Federation of Bar Associations [C] Corporate Auditor [C]	Note 6	—
Total							384

Notes:

1. Director Ariyoshi Okumura is externally appointed in accordance with Section 2, Article 15 of the Companies Act.
2. Auditors Akira Takeuchi, Akio Mimura and Tetsuo Kawawa are externally appointed in accordance with Section 2, Article 16 of the Companies Act.
3. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 26, 2008, and ends at the closing of the Ordinary

General Meeting of Shareholders concerning the fiscal year ending March 2009.

4. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 28, 2005, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 2009.
5. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 28, 2006, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 2010.
6. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 27, 2007, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 2011.

(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 26, 2008).

(Basic policy on corporate governance)

The company views the basic purpose of corporate governance as one of ensuring the transparency of the management of the business for the benefit of shareholders and other stakeholders. To that end, the company aims to build and maintain effective functional management structures that promote 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 to promote efficient management. The company has adopted a holding company structure under which the 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 auditors and independent accounting auditors have been reinforced and are augmented by systematic, specialized internal audits covering areas such as environmental protection, quality assurance and facilities, along with a systematic evaluation of internal control systems.

The Nisshin Seifun Group Inc. has adopted the statutory auditor system. The corporate auditors attend important meetings, such as the meetings of the Board of Directors, and also maintain separate, regular channels of communication with representative directors. These activities facilitate the general auditing oversight of the business.

(Implementation status of corporate governance measures)

(1) Corporate governance institutions

The company has adopted the statutory auditor system. The company has introduced measures to strengthen management oversight such as setting the tenure of directors at one year and appointing 12 directors, including one outside director. 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. Three of the five members of this board are outside auditors. There are no material conflicts of interest of a personal, financial, commercial or other nature that exist between the company, the outside director and the outside auditors.

(2) Basic policy on internal control systems and status

The internal control systems of the Nisshin Seifun Group Inc. underpin the hierarchical command structure for operational execution, clarify authority and responsibility, and establish a platform for management control of business execution, together with the necessary internal checks and balances.

1. Systems for ensuring the compliance of the performance of directors' and employees' duties with laws and the Articles of Incorporation

(a) The company has formulated the "Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines." The presidents and directors of the Nisshin Seifun Group Inc. and other group companies recognize their duty to comply with said Code and Guidelines, and shall take the lead in following said rules and publicizing them to the people concerned. Said presidents and directors shall also endeavor to grasp internal and external opinion at all times, and adjust their internal systems accordingly to enhance their effectiveness, while promoting corporate ethics throughout their companies.

(b) The Social Committee shall address all Nisshin Seifun Group's corporate social responsibility (CSR) issues by discussing a comprehensive range of CSR issues, including corporate ethics and compliance, promoting practical CSR measures, providing education on CSR throughout the Group and ensuring recognition of and compliance with laws, the Articles of Incorporation and social norms.

(c) The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that could threaten the order and safety of civil society and shall take organized countermeasures in collaboration with specialized institutions.

(d) The company shall operate and maintain the Compliance Hotline, which was established as a measure for employees, etc., to directly report any acts of non-compliance so that such acts can be early detected and dealt with.

(e) Corporate auditors shall audit the performance of duties by directors, and oversee directors to verify whether they construct and operate systems for internal control in an appropriate manner.

(f) The Internal Control Department, directly supervised by representative directors, shall lead and promote efforts to enhance and operate the internal control systems of the Nisshin Seifun Group. As an independent organization, the Internal Control Department shall evaluate the internal control systems of the Nisshin Seifun Group, Inc. and perform internal audits of the Group's business operations.

2. Systems for ensuring the preservation and management of information in relation to the directors' performance of their duties

The minutes of Board of Directors' meetings, request for managerial decision, and other documents and information relating to the directors' performance of their duties shall be preserved and managed appropriately as confidential information in accordance with the relevant regulations.

3. Rules and systems for managing the danger of loss

(a) For issues concerning business operations, approval and reporting procedures shall be determined according to their level of importance, impact, etc., and evaluation of such issues, including risk assessment thereof, shall be made in advance.

(b) In line with the Nisshin Seifun Group Risk Management Rules, the Risk Management Committee shall supervise the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that the Group's operating companies have appropriate control over the risks that are recognized, analyzed, and evaluated by themselves, and that no risks are left unnoticed.

(c) In line with the Nisshin Seifun Group Crisis Control Rules, any emergence of crises or fear thereof shall be reported to a specified contact within the Nisshin Seifun Group to ensure the early detection and handling of the danger of loss. Should crises occur, a countermeasures headquarters shall be immediately set up to handle them in an appropriate manner to minimize damages.

(d) The corporate auditors shall take the necessary measures, such as advice and recommendation, whenever they recognize the possibility that directors may bring about a significant loss or serious accidents.

4. Systems for ensuring that directors' duties are performed efficiently

(a) Because the Nisshin Seifun Group adopts the holding company system, the number of directors is kept small.

(b) The range of responsibility and authority is clarified, for example, by identifying matters to be resolved by and reported to the Board of Directors and matters of request for approval of presidents and directors in charge. This enables directors to perform their duties in a prompt and appropriate manner.

(c) The Nisshin Seifun Group clarifies its business strategies and their potential direction, according to which the Group's operating companies formulate their profit plans on a yearly basis. The term of office of directors shall be one year to clarify their responsibilities. The Board of Directors reviews business performance on a monthly basis, and discusses and implements measures to improve performance.

5. Systems for ensuring that proper business operations are conducted within the group of companies that consists of the company and its subsidiaries

(a) The Nisshin Seifun Group has adopted a holding company structure under which the holding company, Nisshin Seifun Group Inc., oversees and evaluates the actions of operating companies with the best interests of the shareholders in mind.

(b) For important issues concerning the business operations of subsidiaries, the standards, on which are based submission for discussion or report to the Board of Directors, are determined.

(c) The Corporate Philosophy, the Basic Management Policy, the Basic Attitude toward Stakeholders, the Corporate Code of Conduct and the Employee Action Guidelines for the Nisshin Seifun Group are stipulated, and awareness of these throughout the Group is promoted.

(d) The procedures and methods for creation of the Group's financial reports, including the consolidated financial statements, are stipulated to eliminate wrongful acts and errors and ensure the reliability of such reports.

(e) The corporate auditors of the Nisshin Seifun Group Inc. and the Group's operating companies hold regular meetings to exchange opinions on audit cases, etc., and share issues to be addressed.

(f) Special audits, such as of facilities, safety, environment and product liability, are provided for the Nisshin Seifun Group, Inc., and its subsidiaries

(g) The Internal Control Department, directly supervised by representative directors, shall lead and promote efforts to enhance and operate the internal control systems of the Nisshin Seifun Group. As an independent organization, the Internal Control Department shall evaluate the internal control systems of the Nisshin Seifun Group, Inc. and perform internal audits of the Group's business operations.

(h) The subsidiaries of the Nisshin Seifun Group Inc. have their own Internal Control Committee, headed by the president, which leads efforts to enhance and operate their internal control systems and makes reports thereon.

6. Provisions concerning the individuals assisting the corporate auditors in performing their duties and their independence from directors

The Board of Auditors appoints auditor assistants who assist the Corporate Auditors in performing their duties. The auditor assistants assist the Corporate Auditors in performing audits under the direction of the corporate auditors, and personnel changes concerning the auditor assistants require the consent of the Corporate Auditors.

7. Systems for directors' and employees' reporting to corporate auditors and other forms of reporting to corporate auditors

(a) The Corporate Auditors attend the meetings of the Board of Directors and other important meetings, including meetings of the Group Management Meeting, the Credit Management Committee and the Normative Ethics Committee, and state their opinions as appropriate.

(b) The Board of Auditors may ask for reporting from the independent auditors, the Directors, the Internal Control Department and others at its meetings, whenever such necessity arises.

(c) When Directors recognize anything that could cause remarkable damage or serious accidents to their respective companies, they shall immediately report that to the Corporate Auditors.

(d) Any information obtained through the Compliance Hotline is reported immediately to the Corporate Auditors.

(e) Documents for taking over the duties of the executive managers of the company's divisions and the presidents of its subsidiaries and affiliates are submitted to the Board of Auditors.

(f) All requisitions are returned to the Corporate Auditors.

8. Other systems for ensuring that the audits of Corporate Auditors are conducted efficiently

The Corporate Auditors hold regular meetings with Representative Directors, and exchange opinions on prospective challenges and risks for the company, as well as the status of the environment for audits by the Corporate Auditors and other important auditing issues.

<Basic policy and status of efforts for elimination of antisocial forces>

The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that could threaten the order and safety of civil society and shall take organized countermeasures in collaboration with specialized institutions. The Group's detailed efforts to achieve this are as follows.

(a) The "Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines" calls for a resolute attitude to reject unreasonable demands from antisocial forces.

(b) Within the Nisshin Seifun Group Inc., an office for control of countermeasures against unreasonable demands and a person responsible for the rejection of such demands are provided to collect information about antisocial forces and to take organized countermeasures in collaboration with specialized institutions. In addition, educational opportunities on ethics and compliance are provided to have the organized countermeasures effectively in place throughout the Group.

(3) Risk management systems

As mentioned in "(2) Basic policy on internal control systems and status" above, the Group has risk management systems as follows.

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. Environmental and other specialist 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 communicate directly with external legal counsel or internal departments regarding any compliance-related matters.

Separately, the Nisshin Seifun Group has established the "Nisshin Seifun Group Risk Management Rules" and the "Crisis Control Rules" to prevent crisis occurrence and ensure that appropriate actions are taken in the event of any such emergency, as well as to give clear definitions of "risk management" and "crisis." The company has also set up the Risk Management Committee as a center for overseeing the efforts of risk management throughout the Nisshin Seifun Group. All Nisshin Seifun Group employees are obliged to report any crisis to the company's 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.

(4) Internal audits, independent financial audits, and corporate auditor oversight

Within the company's internal control systems, the Internal Control Department is the designated division responsible for overseeing internal audits of Nisshin Seifun Group companies. Expert personnel assist with audits covering specialized areas such as environmental protection, quality assurance and facilities. Currently, the Internal Control Department has a staff of 11 people and the specialist personnel teams comprise five people for environmental audits, seven people for quality assurance audits and eight people for facility audits.

All five corporate auditors sit on the Board of Auditors. In line with auditing standards and plans formulated by the Board of Auditors, corporate 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. Three of the auditors are designated full-time auditors, and their duties also include acting as auditors for major Nisshin Seifun Group subsidiaries. The major subsidiaries also appoint dedicated full-time auditors to undertake their own auditing, while maintaining regular contacts with the corporate auditors of the Nisshin Seigun Group subsidiaries.

Corporate auditors share audit results with the Internal Control Department. The auditors of the major subsidiaries (excluding publicly listed companies) and the teams consisting of specialist auditing personnel also report their audit results both to the Internal Control Department and to the corporate auditors to aid cooperative efforts. In addition, the corporate auditors and the subsidiary auditors convene regular meetings to review Group audit case studies. These meetings provide a forum to exchange opinions, discuss issues and share related information, thereby contributing to higher internal audit quality across the Nisshin Seifun Group.

The company and its major subsidiaries have an independent auditing contract with Ernst & Young ShinNihon, which conducts audits as stipulated in the Companies Act and the Financial Instruments and Exchange Law under that contract. The Certified Public Accountants who lead the independent audit of accounts for the company are Masato Tsukahara, Yasuhiro Tamura, and Masayuki Aida. The support staff for the auditing team (including audits of consolidated subsidiaries) consisted of 21 CPAs and 30 assistant accountants and others.

Ernst & Young ShinNihon conducts personnel rotation to ensure that the staff's continuous involvement with the financial audits of the same company does not last longer than five fiscal years, according to its internal regulations, which are compliant with the code of ethics of The Japanese Institute of Certified Public Accountants.

Corporate auditors and the subsidiary 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 to exchange information.

(5) Remuneration of executives and auditors

The aggregate amounts of financial remuneration paid to company directors and auditors were as specified below.

Directors:	Twelve (12)	¥281 million	(includes ¥9 million to outside director)
Auditors:	Five (5)	¥68 million	

Note: The above amount of remuneration includes ¥3 million (includes ¥0 million to an outside director) that was charged to expense concerning the stock options granted to the directors in the fiscal year ended March 2008.

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

	Amount (¥ million)
Payments for certified auditing*	146
Payments for other services	48
Total	194

Note: As stipulated in Article 2, Section 1 of the Certified Public Accountant Law.

(6) Outline of a limited liability contract

Pursuant to the provision of Article 427-1 of the Companies Act, the company holds a limited liability contract with its outside directors and outside auditors to the effect that the maximum amount of liability as stipulated in Article 423-1 of the Companies Act shall be the sum of the amounts stipulated in each item of Article 425-1 of the Companies Act, as long as they perform their duties in good faith and without gross negligence.

(7) The quorum of Directors

The Company’s Articles of Incorporation prescribe that the company’s quorum of Directors be not more than 14.

(8) Requirements for a resolution on the appointment of Directors

The Company’s Articles of Incorporation prescribe that a resolution on the appointment of Directors be adopted by a majority of the voting rights of shareholders attending the General Meeting of Shareholders who collectively hold one-third or more of all voting rights, and that cumulative voting not be applied to pass a resolution on the appointment of Directors.

(9) The bodies that make a decision on the payment of dividends, etc.

To enable the company to maintain a dynamic capital stance, the Company’s Articles of Incorporation prescribe that matters specified in all items of Article 459-1 of the Companies Act, including those related to the payment of dividends, may be decided by the Board of Directors, as well as the General Meeting of Shareholders, unless otherwise stipulated by law.

(10) The body that makes a decision on the payment of interim dividends

To enable the expeditious return of profits to shareholders, the Company’s Articles of Incorporation prescribe that the payment of interim dividends as stipulated in Article 454-5 of the Companies Act, for which the date of record is September 30 each year, may be enabled by a resolution of the Board of Directors.

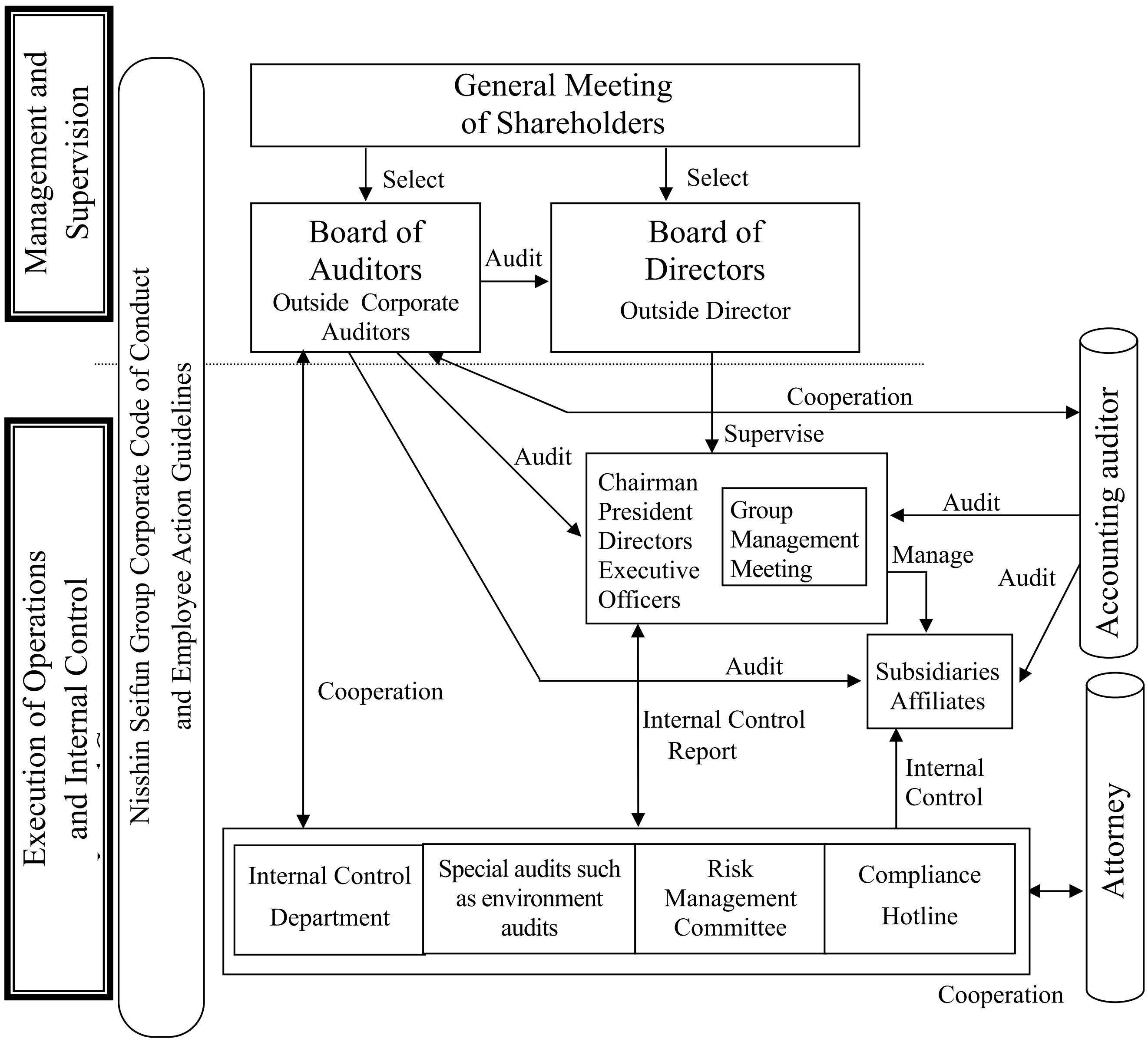
(11) Requirements for a special resolution by the General Meeting of Shareholders

To ensure the integrity of deliberation on matters for special resolution at the General Meeting of Shareholders as defined in Article 309-2 of the Companies Act, the Company’s Articles of Incorporation prescribe that such special resolution be adopted by two-thirds or more of the voting rights of shareholders attending the General Meeting of Shareholders who collectively hold one-third or more of all voting rights.

(12) Exemption from liabilities for directors and auditors

To ensure that the directors and auditors perform their expected roles in an appropriate manner by limiting the liabilities they assume to a reasonable range, the Company’s Articles of Incorporation prescribe that company directors (including former ones) and auditors (including former ones) may be exempt from the liabilities for damages as defined in Article 423-1 of the Companies Act to a statutorily acceptable degree by a resolution of the Board of Directors in accordance with Article 426-1 of said Act.

The diagram below sets out the structure of the Nisshin Seifun Group for management/supervision, execution of operations, and internal control.



[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 before their most recent revision are applied to the previous fiscal year (April 1, 2006 to March 31, 2007), whereas the rules after their most recent revision are applied to the fiscal year under review (April 1, 2007 to March 31, 2008).

(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 before their most recent revision are applied to the previous fiscal year (April 1, 2006 to March 31, 2007), whereas the rules after their most recent revision are applied to the fiscal year under review (April 1, 2007 to March 31, 2008).

2. Independent auditing of financial statements

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 the previous fiscal year (April 1, 2006 to March 31, 2007; the 163rd fiscal term) in accordance with the provisions of Article 193-2 of the Securities and Exchange Law, and for the fiscal year under review (April 1, 2007 to March 31, 2008; the 164th fiscal term) in accordance with the provisions of Article 193-2, Section 1, of the Financial Instruments and Exchange Law.

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

(1) Consolidated Financial Statements

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

		Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008	
Item	See Note	Amount (¥ million)	Proportion of total (%)	Amount (¥ million)	Proportion of total (%)
Assets:					
I Current assets:					
Cash		45,649		43,987	
Trade notes and accounts receivable	4, 6	60,093		58,000	
Marketable securities		15,913		13,704	
Inventories	4	44,647		40,313	
Deferred tax assets		4,811		5,524	
Other		7,748		5,528	
Allowance for doubtful accounts		(214)		(217)	
Total current assets		178,649	43.7	166,841	43.7
II Fixed assets:					
(1) Property, plant and equipment, net:	1, 2				
Buildings and structures	4	44,224		45,276	
Machinery, equipment and vehicles	4	33,596		32,526	
Land	4	30,851		33,187	
Construction in progress		3,194		5,574	
Other		2,833		2,707	
Total property, plant and equipment, net		114,701	28.1	119,272	31.2
(2) Intangible assets		6,527	1.6	4,610	1.2
(3) Investments and other assets:					
Investment securities	3	103,612		84,524	
Long-term loans receivable		99		90	
Deferred tax assets		2,304		2,799	
Other	3	2,830		3,916	
Allowance for doubtful accounts		(287)		(260)	
Total investments and other assets		108,559	26.6	91,071	23.9
Total fixed assets		229,788	56.3	214,953	56.3
Total Assets		408,437	100.0	381,795	100.0

Item	See Note	Fiscal year ended March 31, 2007 Amount (¥ million)	Fiscal year ended March 31, 2007 Proportion of total (%)	Fiscal year ended March 31, 2008 Amount (¥ million)	Fiscal year ended March 31, 2008 Proportion of total (%)
Liabilities:					
I Current liabilities:					
Notes and accounts payable	6	28,439		23,875	
Short-term debt	4	7,491		3,969	
Income taxes payable		3,527		3,870	
Accrued expenses		12,910		13,600	
Other		14,936		13,409	
Total current liabilities		67,304	16.5	58,724	15.4
II Long-term liabilities:					
Long-term debt	4	1,330		1,093	
Deferred tax liabilities		22,270		15,847	
Allowance for employees' retirement benefits		9,863		8,325	
Allowance for directors' retirement benefits		314		302	
Allowance for repairs		877		997	
Guaranteed deposits received		5,481		5,682	
Negative goodwill		144		26	
Other		544		954	
Total long-term liabilities		40,827	10.0	33,230	8.7
Total liabilities		108,131	26.5	91,955	24.1
Net Assets:					
I Shareholders' equity:					
Common stock		17,117	4.2	17,117	4.5
Additional paid-in capital		9,779	2.4	9,446	2.5
Retained earnings		207,550	50.8	209,221	54.8
Less: Treasury stock, at cost		(3,010)	(0.7)	(3,263)	(0.9)
Total shareholders' equity		231,436	56.7	232,521	60.9
II Valuation and translation adjustments:					
Unrealized holding gain on securities		39,102	9.6	26,115	6.9
Deferred gains (losses) on hedging transactions		41	0.0	(250)	(0.1)
Foreign currency translation adjustments		394	0.1	791	0.2
Total valuation and translation adjustments		39,537	9.7	26,655	7.0
III Subscription rights to shares		—	—	8	0.0
IV Minority interests		29,331	7.1	30,653	8.0
Total net assets		300,306	73.5	289,839	75.9
Total Liabilities and Net Assets		408,437	100.0	381,795	100.0

(2) Consolidated Statements of Income

Item	See Note	Fiscal year ended March 31, 2007 Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2008 Amount (¥ million)		Proportion of total (%)
I Net sales			418,190	100.0		431,858	100.0
II Cost of sales	1, 2		285,598	68.3		298,498	69.1
Gross profit			132,591	31.7		133,359	30.9
III Selling, general and administrative expenses:	2						
Selling and transportation expenses		25,212			25,372		
Sales incentives		37,083			38,101		
Salaries and wages		12,192			12,336		
Bonuses and allowances		9,186			9,006		
Retirement benefit expense		1,218			1,151		
Other		28,515	113,407	27.1	28,199	114,168	26.5
Operating income			19,184	4.6		19,191	4.4
IV Non-operating income:							
Interest income		259			461		
Dividend income		1,150			1,262		
Equity in earnings of affiliated companies		1,574			1,091		
Rent income		377			384		
Other income		873	4,234	1.0	480	3,680	0.9
V Non-operating expenses:							
Interest expense		181			180		
Loss on disposal of fixed assets		60			—		
Loss on disposal of inventories		160			205		
Foreign exchange loss		—			127		
Other expenses		201	603	0.1	178	691	0.2
Ordinary income			22,815	5.5		22,180	5.1
VI Extraordinary income:							
Gain on sale of property, plant and equipment	3	290			2,083		
Gain on sale of investment securities		2,047			1,669		
Gain on liquidation of affiliated companies		1,415			1,035		
Other	4	22	3,776	0.9	67	4,856	1.2

Item	See Note	Fiscal year ended March 31, 2007 Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2008 Amount (¥ million)		Proportion of total (%)
VII Extraordinary losses:							
Loss on disposal of fixed assets	5	910			987		
Coenzyme Q_{10} related loss	6	1,533			1,107		
Loss on production system reformation	7	—			1,923		
Other	8	103	2,547	0.6	690	4,709	1.1
Income before income taxes and minority interests			24,044	5.8		22,327	5.2
Income taxes – current		7,875			7,776		
Income taxes – deferred		1,494	9,369	2.3	1,500	9,276	2.2
Minority interests			2,371	0.6		1,902	0.4
Net income			12,303	2.9		11,147	2.6

(3) Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2007

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006 (¥ million)	17,117	9,483	200,487	(3,176)	223,912
Changes during the fiscal year					
Cash dividends (Note)			(2,785)		(2,785)
Cash dividends (interim)			(2,279)		(2,279)
Directors' bonuses (Note)			(175)		(175)
Net income			12,303		12,303
Purchase of treasury stock				(86)	(86)
Disposition of treasury stock		296		251	547
Net changes in items other than shareholders' equity					
Total changes during the fiscal year (¥ million)	—	296	7,062	165	7,524
Balance at March 31, 2007 (¥ million)	17,117	9,779	207,550	(3,010)	231,436

	Valuation and translation adjustments				Minority interests	Total net assets
	Unrealized holding gain on securities	Deferred gains (losses) on hedging transactions	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006 (¥ million)	40,835	—	(212)	40,622	27,498	292,033
Changes during the fiscal year						
Cash dividends (Note)						(2,785)
Cash dividends (interim)						(2,279)
Directors' bonuses (Note)						(175)
Net income						12,303
Purchase of treasury stock						(86)
Disposition of treasury stock						547
Net changes in items other than shareholders' equity	(1,732)	41	606	(1,084)	1,833	748
Total changes during the fiscal year (¥ million)	(1,732)	41	606	(1,084)	1,833	8,272
Balance at March 31, 2007 (¥ million)	39,102	41	394	39,537	29,331	300,306

Note: Items marked with an asterisk were approved for allocation of retained earnings at the Ordinary General Meeting of Shareholders held in June 2006.

For the year ended March 31, 2008

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007 (¥ million)	17,117	9,779	207,550	(3,010)	231,436
Changes during the fiscal year					
Cash dividends			(4,561)		(4,561)
Net income			11,147		11,147
Purchase of treasury stock				(5,634)	(5,634)
Disposition of treasury stock		(2)		135	132
Retirement of treasury stock		(330)	(4,915)	5,246	—
Net changes in items other than shareholders' equity					
Total changes during the fiscal year (¥ million)	—	(333)	1,671	(252)	1,085
Balance at March 31, 2008 (¥ million)	17,117	9,446	209,221	(3,263)	232,521

	Valuation and translation adjustments				Subscription rights to shares	Minority interests	Total net assets
	Unrealized holding gain on securities	Deferred gains (losses) on hedging transactions	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2007 (¥ million)	39,102	41	394	39,537	—	29,331	300,306
Changes during the fiscal year							
Cash dividends							(4,561)
Net income							11,147
Purchase of treasury stock							(5,634)
Disposition of treasury stock							132
Retirement of treasury stock							—
Net changes in items other than shareholders' equity	(12,987)	(291)	397	(12,882)	8	1,322	(11,551)
Total changes during the fiscal year (¥ million)	(12,987)	(291)	397	(12,882)	8	1,322	(10,466)
Balance at March 31, 2008 (¥ million)	26,115	(250)	791	26,655	8	30,653	289,839

(4) Consolidated Statements of Cash Flows

		Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Item	See Note	Amount (¥ million)	Amount (¥ million)
I Cash flows from operating activities:			
Income before income taxes and minority interests		24,044	22,327
Depreciation and amortization		12,565	13,515
Decrease in allowance for employees' retirement benefits		(2,756)	(1,543)
Increase in prepaid pension cost		—	(1,361)
Interest and dividend income		(1,409)	(1,723)
Interest expense		181	180
Equity in earnings of affiliated companies		(1,574)	(1,091)
Gain on sale of investment securities		(2,348)	(1,649)
(Decrease) Increase in trade notes and accounts receivable		(2,256)	2,200
(Decrease) Increase in inventories		(4,782)	4,563
Increase (Decrease) in accounts payable		2,490	(4,625)
Other		456	391
Subtotal		24,612	31,184
Interest and dividends received		2,753	2,210
Interest paid		(173)	(177)
Income taxes paid		(9,723)	(6,718)
Net cash provided by operating activities		17,469	26,498
II Cash flows from investing activities:			
Payments for time deposits		(12,173)	(16,945)
Proceeds from repayment of time deposits		19,326	11,017
Payments for purchases of marketable securities		(12,141)	(11,756)
Proceeds from sales of marketable securities		13,500	11,901
Payments for purchases of fixed assets		(14,096)	(18,327)
Proceeds from sales of fixed assets		298	2,275
Payments for purchases of investment securities		(5,813)	(4,127)
Proceeds from sales of investment securities		1,990	3,067
Payments for long-term loans receivable		(2)	(0)
Proceeds from collections of long-term loans receivable		35	9
Other		2,114	950
Net cash used in investing activities		(6,961)	(21,934)
III Cash flows from financing activities:			
Proceeds from short-term debt		239	9
Repayments of short-term debt		(779)	(3,804)
Repayments of long-term debt		(5)	—
Proceeds from sale of treasury stock		1,259	132
Payments for purchase of treasury stock		(86)	(5,634)
Cash dividends paid		(5,065)	(4,561)
Other		(787)	(566)
Net cash used in financing activities		(5,225)	(14,423)
IV Effect of exchange rate changes on cash and cash equivalents		366	258
V Net increase (decrease) in cash and cash equivalents		5,648	(9,601)
VI Cash and cash equivalents at beginning of year		42,803	48,452
VII Cash and cash equivalents at end of year		48,452	38,850

Basis of presentation of Consolidated Financial Statements

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)
1. Scope of consolidation (1) Consolidated subsidiaries: 38 ・ Names of principal subsidiaries: Nisshin Flour Milling Inc., Nisshin Foods Inc, Ma·Ma-Macaroni 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 seven 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: 38 ・ Names of principal subsidiaries: Nisshin Flour Milling Inc., Nisshin Foods Inc, Ma·Ma-Macaroni 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 nine 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 ―――――――	(2) Changes in scope of consolidation Newly included subsidiary: 1 company NBC Metalmesh Inc. has become a consolidated subsidiary through acquisition of its shares in the fiscal year ended March 31, 2008.
Newly excluded subsidiary: 1 company Nisshin ISL Inc., which was a consolidated subsidiary until the fiscal year ended March 31, 2006, was taken over in a merger by Nisshin Associates, Inc., in October 2006. The statements of income, changes in net assets and cash flows for Nisshin ISL Inc. in the period prior to the merger have been consolidated.	Newly excluded subsidiary: 1 company Qingdao Nisshin Seifun Foods Co., Ltd., which was a consolidated subsidiary until the fiscal year ended March 31, 2007, was taken over in a merger by Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. in June 2007. The statements of income, changes in net assets and cash flows for Qingdao Nisshin Seifun Foods Co., Ltd. in the period prior to the merger have been consolidated.
2. Scope of the equity method (1) Equity-method subsidiaries and affiliates: 10 (one non-consolidated subsidiary and nine 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 seven non-consolidated subsidiaries and six 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 (one non-consolidated subsidiary and nine 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 six affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.

<table>
<tr><th>Fiscal year ended March 31, 2007
(April 1, 2006 to March 31, 2007)</th><th>Fiscal year ended March 31, 2008
(April 1, 2007 to March 31, 2008)</th></tr>
<tr><td>(2) 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. Accounting periods of consolidated subsidiaries
The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary’s year-end and the consolidated year-end.

Company name — Year-end
Rogers Foods Ltd. — January 31
Thai Nisshin Seifun Co., Ltd. and 11 others — December 31
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 net assets and the cost of any securities sold being computed by the moving average method).
Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.
b. Derivatives:
Derivative financial instruments are stated at fair market value.
c. Inventories:
Flour and bran are stated at the lower of cost or market, cost being determined by the retail cost method; other products are stated at the lower of cost or market, cost being determined by the periodic average method.
Raw materials are stated at cost, with cost being determined by the moving average method.</td>
<td>(2) Same as the left column.
3. Accounting periods of consolidated subsidiaries
The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary’s year-end and the consolidated year-end.

Company name — Year-end
Rogers Foods Ltd. — January 31
Thai Nisshin Seifun Co., Ltd. and 10 others — December 31
4. Significant accounting policies
(1) Valuation standards and methodology for material assets
a. Securities:
Held-to-maturity debt securities are the same as the left column.
Other securities:
Securities with a readily determinable market value are the same as the left column.
Securities with no readily determinable market value are the same as the left column.
b. Derivatives:
Same as the left column.
c. Inventories:
Products: Same as the left column.
Raw materials: Same as the left column.</td></tr>
</table>

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)
(2) Depreciation methods for material depreciable assets a. Property, plant and equipment: Depreciation on property, plant and equipment 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.	(2) Depreciation methods for material depreciable assets a. Property, plant and equipment: Depreciation on property, plant and equipment 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. (Changes in accounting policy) Effective from the year ended March 31, 2008, the company and its domestic consolidated subsidiaries changed their depreciation method for property, plant, and equipment acquired on or after April 1, 2007, to conform to the revised Corporate Tax Law. The effects of this change were to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥203 million each. The effects of this change to segment information are stated in the applicable notes. (Additional information) For assets acquired on or before March 31, 2007, the company and its domestic consolidated subsidiaries started to depreciate the difference between an amount equal to 5% of their acquisition prices and memorandum values on a straight-line basis over a 5-year period commencing in the year following a year in which the residual book value of those assets reached 5% of their acquisition prices under the previous depreciation method according to the Corporate Tax Law before the revision. The effects of this change were to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥700 million each. The effects of this change to segment information are stated in the applicable notes.
b. Intangible 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.	b. Intangible assets: Same as the left column.
(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.	(3) Basis of material allowances a. Allowance for doubtful accounts: Same as the left column.

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)
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.	b. Allowance for employees' retirement benefits: Same as the left column.
c. Allowance for directors' retirement benefits: 8 domestic consolidated subsidiaries provide for the payment of retirement benefits to directors in accordance with internal regulations, based on projected benefits at the fiscal year-end.	c. Allowance for directors' retirement benefits: 9 domestic consolidated subsidiaries provide for the payment of retirement benefits to directors 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 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, 2007 (April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)
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 goodwill and negative goodwill Goodwill and negative goodwill are amortized in equal amounts over five years from the date of accrual. However, small sums are amortized on a lump-sum basis in the fiscal year in which the adjustment arises. 7. 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.	5. Valuation of assets and liabilities of consolidated subsidiaries Same as the left column. 6. Amortization of goodwill and negative goodwill Same as the left column. 7. Cash and cash equivalents Same as the left column.

Changes in accounting policy

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)
(Accounting standards relating to directors' bonuses) From the fiscal year ended March 31, 2007, the company adopted the Accounting Standard for Directors' Bonuses (Accounting Standards Board of Japan's Statement No. 4 issued on November 29, 2005). The adoption of this standard decreased operating income, ordinary income and net income before income taxes by ¥172 million, respectively, compared with the results that would have been obtained if said accounting had not been adopted. The impact of this adoption on segment information is stated in the relevant notes. (Accounting standards relating to presentation of net assets in the balance sheet) From the fiscal year ended March 31, 2007, the company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005). The amount that corresponds to the total of the former Shareholders' Equity section would be ¥270,933 million. The Net Assets section of the consolidated balance sheet for the fiscal year ended March 31, 2007, is prepared according to the revised consolidated financial accounting rules. (Accounting standards relating to business combinations) From the fiscal year ended March 31, 2007, the company adopted the Accounting Standard for Business Combinations (Business Accounting Deliberation Council, October 31, 2003), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 issued on December 27, 2005) and the Implementation Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on December 27, 2005). The adoption of these standards had no impact on operating results. According to the revised consolidated financial accounting rules, the item "consolidation adjustments account" was stated as "negative goodwill" for the fiscal year ended March 31, 2007.	———————

Changes in presentation

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)
―――――――	(Consolidated balance sheet) The negotiable certificates of deposit issued by domestic corporations, which amounted to ¥9 million for the year ended March 31, 2007, were included in the item “cash and cash equivalents” in the year ended March 31, 2007. However, according to the revised guidelines for the consolidated financial accounting rules, those certificates, which amounted to ¥5 million for the year ended March 31, 2008, were included in the item “marketable securities,” effective from the year ended March 31, 2008.
(Consolidated statement of income) The item “loss on disposal of inventories” was listed as a separate component for the year ended March 31, 2007, instead of being included within the “Other” category as in the year ended March 2006, because it exceeded 10% of total non-operating expenses for that year.	―――――――

Notes to the Consolidated Financial Statements

(Notes to the Consolidated Balance Sheets)

<table>
<tr><th>Fiscal year ended March 31, 2007
(April 1, 2006 to March 31, 2007)</th><th>Fiscal year ended March 31, 2008
(April 1, 2007 to March 31, 2008)</th></tr>
<tr><td>1. Accumulated depreciation of property, plant and equipment ¥199,698 million</td><td>1. Accumulated depreciation of property, plant and equipment ¥208,691 million</td></tr>
<tr><td>2. Accumulated accelerated depreciation of property, plant and equipment purchased with government subsidy
¥264 million</td><td>2. Accumulated accelerated depreciation of property, plant and equipment purchased with government subsidy
¥264 million</td></tr>
<tr><td>3. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.
Investment securities ¥17,705 million
Others ¥111 million
(Investments in joint ventures included in the above) ¥2,347 million</td><td>3. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.
Investment securities ¥18,172 million
Others ¥109 million
(Investments in joint ventures included in the above) ¥2,579 million</td></tr>
<tr><td>4. Assets pledged as collateral
The company has pledged buildings (book value of ¥1,395 million), machinery and equipment (book value of ¥772 million), land (book value of ¥92 million) and others (book value of ¥144 million) as collateral against short-term debt totaling ¥509 million and long-term debt totaling ¥630 million.</td><td>4. Assets pledged as collateral
The company has pledged buildings (book value of ¥1,475 million), machinery and equipment (book value of ¥698 million), land (book value of ¥92 million) and others (book value of ¥159 million) as collateral against short-term debt totaling ¥497 million and long-term debt totaling ¥492 million.</td></tr>
<tr><td>5. Warranty liabilities
<table><tr><th>Target of warranty</th><th>Type of liability</th><th>Amount (¥ million)</th></tr><tr><td>(Employee housing loans)</td><td>Borrowings from financial institution</td><td>341</td></tr><tr><td>(Affiliated companies)
Hanshin Silo Co., Ltd.</td><td>Borrowings from financial institution</td><td>401</td></tr><tr><td>(Client-related)
Nihon-Bio Co., Ltd.</td><td>Borrowings from financial institution</td><td>311</td></tr><tr><td>Total</td><td></td><td>1,054</td></tr></table></td><td>5. Warranty liabilities
<table><tr><th>Target of warranty</th><th>Type of liability</th><th>Amount (¥ million)</th></tr><tr><td>(Employee housing loans)</td><td>Borrowings from financial institution</td><td>259</td></tr><tr><td>(Affiliated companies)
Hanshin Silo Co., Ltd.</td><td>Borrowings from financial institution</td><td>522</td></tr><tr><td>(Client-related)
Nihon-Bio Co., Ltd.</td><td>Borrowings from financial institution</td><td>290</td></tr><tr><td>Total</td><td></td><td>1,072</td></tr></table></td></tr>
<tr><td>6. Notes matured at the end of the fiscal term are settled as of their clearing date. Because the end of the fiscal year ended March 31, 2007, was a bank holiday, matured notes in the following amounts are included in the balance of the respective notes as of March 31, 2007.
Notes receivable ¥590 million
Notes payable ¥19 million</td><td>6.
―――――</td></tr>
</table>

(Notes to the Consolidated Statements of Income)

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)
1. A reduction in the value of inventories of ¥128 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 ¥131 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 in general and administrative expenses and manufacturing costs for the year ended March 2007: ¥5,071 million	2. R&D expenditure included in general and administrative expenses and manufacturing costs for the year ended March 2008: ¥5,136 million
3. This figure mainly reflects gains on the sale of company-owned housing accommodation.	3. This figure mainly reflects gains on the sale of land.
4. ________________________	4. This figure mainly reflects gains from a capital reduction.
5. This figure mainly reflects losses on the disposal of buildings, machinery and equipment.	5. This figure mainly reflects losses on the disposal of machinery and equipment.
6. This figure mainly reflects losses on revaluation of inventories relating to the coenzyme Q_{10} products.	6. This figure mainly reflects losses due to low operation of manufacturing equipment for the coenzyme Q_{10} products.
7. ________________________	7. This figure represents the estimates for nonrecurring depreciation attributable to the change of useful lives and the dismantling cost of equipment at the Kobe Plant, which will be closed during the year ending March 31, 2009.
8. This figure mainly reflects losses on disposal of inventories.	8. This figure mainly reflects the expenses related to the dissolution of the joint pharmaceutical business.

(Notes to the Consolidated Statement of Changes in Net Assets)

For the year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

1. Type and number of issued shares of common stock and treasury common stock

	Number of shares at end of the fiscal year ended March 2006 (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	Number of shares at end of the fiscal year ended March 2007 (Thousands of shares)
Shares issued Common stock	256,535	—	—	256,535
Treasury stock Common stock	3,800	70	650	3,220

Notes:

1. The increase in common stock accounted for by treasury common stock consists of:
   70 thousand shares, as a result of repurchasing sub-MTU shares.
2. The decrease in common stock accounted for by treasury common stock consists of:
   9 thousand shares, as a result of selling sub-MTU shares,
   206 thousand shares, as a result of the exercise of stock options, and
   434 thousand shares of treasury stock, which were sold by consolidated subsidiaries and attributable to the company.

2. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 28, 2006.

・ Dividends on common stock:

i)	Total dividends to be paid	¥2,785 million
ii)	Dividend per share	¥11
iii)	Date of record	March 31, 2006
iv)	Effective date	June 29, 2006

The following resolution was made at the meeting of the Board of Directors held on November 10, 2006.

・ Dividends on common stock:

i)	Total dividends to be paid	¥2,279 million
ii)	Dividend per share	¥9
iii)	Date of record	September 30, 2006
iv)	Effective date	December 8, 2006

(2) Dividends for which the record date came during the year ended March 31, 2007, but for which the effective date will come after said period

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 27, 2007.

・ Dividends on common stock:

i)	Total dividends to be paid	¥2,280 million
ii)	Source of dividends	Retained earnings
iii)	Dividend per share	¥9
iv)	Date of record	March 31, 2007
v)	Effective date	June 28, 2007

For the year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

1. Type and number of issued shares of common stock and treasury common stock

	Number of shares at end of the fiscal year ended March 2007 (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	Number of shares at end of the fiscal year ended March 2008 (Thousands of shares)
Shares issued Common stock	256,535	—	5,000	251,535
Treasury stock Common stock	3,220	5,087	5,137	3,170

Notes:

1. The decrease in issued shares of common stock consists of:
   5,000 thousand shares, as a result of the retirement of treasury stock.
2. The increase in common stock accounted for by treasury common stock consists of:
   5,000 thousand shares, as a result of the market purchase of treasury stock
   86 thousand shares, as a result of repurchasing sub-MTU shares, and
   0 thousand shares of treasury stock, which were acquired by affiliates accounted for by the equity method and attributable to the company.
3. The decrease in common stock accounted for by treasury common stock consists of:
   5,000 thousand shares, as a result of the retirement of treasury stock,
   38 thousand shares, as a result of selling sub-MTU shares, and
   99 thousand shares, as a result of the exercise of stock options.

2. Subscription rights to shares and treasury stock

Company	Description	Type of shares to be issued	Number of shares to be issued				Balance at the end of the fiscal year ended March 31, 2008
			Number of shares at the end of the fiscal year ended March 31, 2007	Increase	Decrease	Number of shares at the end of the fiscal year ended March 31, 2008	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	—					8
Total		—					8

3. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 27, 2007.

- Dividends on common stock:

i)	Total dividends to be paid	¥2,280 million
ii)	Dividend per share	¥9
iii)	Date of record	March 31, 2007
iv)	Effective date	June 28, 2007

The following resolution was made at the meeting of the Board of Directors held on November 9, 2007.

- Dividends on common stock:

i)	Total dividends to be paid	¥2,280 million
ii)	Dividend per share	¥9
iii)	Date of record	September 30, 2007
iv)	Effective date	December 10, 2007

(2) Dividends for which the record date came during the year ended March 31, 2008, but for which the effective date will come after said period

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 26, 2008.

- Dividends on common stock:

i)	Total dividends to be paid	¥2,235million
ii)	Source of dividends	Retained earnings
iii)	Dividend per share	¥9
iv)	Date of record	March 31, 2008
v)	Effective date	June 27, 2008

(Notes to the Consolidated Statements of Cash Flows)

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)
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: Cash ¥45,649 million Marketable securities ¥15,913 million Total ¥61,562 million Time deposits with maturities of more than three months (¥1,194 million) Marketable securities with maturities of more than three months (¥11,916 million) Cash and cash equivalents ¥48,452 million	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: Cash ¥43,987 million Marketable securities ¥13,704 million Total ¥57,692 million Time deposits with maturities of more than three months (¥7,136 million) Marketable securities with maturities of more than three months (¥11,705 million) Cash and cash equivalents ¥38,850 million

(Leases)

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

1. 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 book value at the year-end for the leased assets on an "as if capitalized" basis were as follows:

	Acquisition cost (¥ million)	Accumulated depreciation (¥ million)	Net book value (¥ million)
Machinery, equipment and vehicles	3,481	1,903	1,577
Other	2,473	1,510	962
Total	5,954	3,414	2,540

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

Due within one year	¥814 million
Due after one year	¥1,725 million
Total	¥2,540 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 property, plant and equipment.

(3) Lease payments and depreciation expense:

Lease payments	¥981 million
Depreciation expense	¥981 million

(4) Calculation method for depreciation expense

Same as the left column.

2. Operating leases

Minimum lease commitments under operating leases

Due within one year	¥5 million
Due after one year	— million
Total	¥5 million

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

1. 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 book value at the year-end for the leased assets on an "as if capitalized" basis were as follows:

	Acquisition cost (¥ million)	Accumulated depreciation (¥ million)	Net book value (¥ million)
Machinery, equipment and vehicles	3,486	1,913	1,572
Other	2,321	1,331	989
Total	5,807	3,245	2,562

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

Due within one year	¥770 million
Due after one year	¥1,791 million
Total	¥2,562 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 property, plant and equipment.

(3) Lease payments and depreciation expense:

Lease payments	¥977 million
Depreciation expense	¥977 million

(4) Calculation method for depreciation expense

Same as the left column.

2. Operating leases

Minimum lease commitments under operating leases

Due within one year	¥13 million
Due after one year	¥38 million
Total	¥51 million

(Securities)

1. Information regarding marketable securities classified as held-to-maturity securities

(¥ million)

	As of March 31, 2007			As of March 31, 2008		
	Carrying value	Market value	Unrealized gains (losses)	Carrying value	Market value	Unrealized gains (losses)
Securities whose market value exceeds their carrying value:						
1. Government and municipal bonds	—	—	—	—	—	—
2. Corporate bonds	—	—	—	—	—	—
3. Other	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Securities whose carrying value exceeds their market value:						
1. Government and municipal bonds	2,997	2,997	(0)	1,499	1,499	(0)
2. Corporate bonds	—	—	—	—	—	—
3. Other	—	—	—	—	—	—
Subtotal	2,997	2,997	(0)	1,499	1,499	(0)
Total	2,997	2,997	(0)	1,499	1,499	(0)

2. Information regarding marketable securities classified as other securities

(¥ million)

	As of March 31, 2007			As of March 31, 2008		
	Acquisition cost	Carrying value	Unrealized gains (losses)	Acquisition cost	Carrying value	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost:						
1. Equity securities	13,394	79,938	66,543	10,920	56,386	45,465
2. Bonds:						
Government and municipal bonds	3,097	3,098	1	—	—	—
Corporate bonds	3,512	3,513	0	8,099	8,104	4
Other	—	—	—	—	—	—
3. Other	—	—	—	—	—	—
Subtotal	20,004	86,550	66,546	19,020	64,490	45,470
Securities whose acquisition cost exceeds their carrying value:						
1. Equity securities	351	260	(90)	6,406	5,326	(1,080)
2. Bonds:						
Government and municipal bonds	4,506	4,505	(1)	—	—	—
Corporate bonds	1,798	1,798	(0)	3,603	3,600	(2)
Other	—	—	—	—	—	—
3. Other	—	—	—	—	—	—
Subtotal	6,656	6,564	(92)	10,010	8,927	(1,083)
Total	26,660	93,114	66,454	29,030	73,417	44,387

3. Sale of securities classified as other securities

Fiscal year ended March 31, 2007			Fiscal year ended March 31, 2008		
Proceeds from sales (¥ million)	Gain on sales (¥ million)	Total loss on sale (¥ million)	Proceeds from sales (¥ million)	Gain on sales (¥ million)	Total loss on sale (¥ million)
1,990	1,899	—	2,071	1,681	—

4. Other securities without market value

	As of March 31, 2007	As of March 31, 2008
	Carrying amount (¥ million)	Carrying amount (¥ million)
1. Held to maturity securities:		
Negotiable deposit	—	500
2. Other securities:		
Unlisted stock (except JASDAQ-listed shares)	5,707	4,640
Total	5,707	5,140

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

	As of March 31, 2007		As of March 31, 2008	
	Due in one year or less (¥ million)	Due after one year through five years (¥ million)	Due in one year or less (¥ million)	Due after one year through five years (¥ million)
Bonds:				
Government and municipal bonds	10,601	—	1,500	—
Corporate bonds	5,300	—	11,700	—
Other	—	—	500	—
Total	15,901	—	13,700	—

(Derivatives)

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

1. Derivatives policies and usage status

(1) Derivative types and usage purposes

The Nisshin Seifun Group uses forward foreign exchange contracts and currency options as hedging instruments to avoid exchange rate fluctuation risk for specific assets and liabilities denominated in foreign currencies.

(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 and currency options used by the Nisshin Seifun Group are subject to normal market risks associated with movements in foreign exchange.

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.

2. Market prices of transactions

The Nisshin Seifun Group uses forward foreign exchange contracts and currency options, but since the company employs hedge transaction accounting, details are omitted.

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

1. Derivatives policies and usage status

(1) Derivative types and usage purposes

As hedging instruments to avoid market fluctuation risk, the Nisshin Seifun Group uses forward foreign exchange contracts and currency options for specific assets and liabilities denominated in foreign currencies, and certain foreign consolidated subsidiaries use commodity futures for wheat.

(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 forward foreign exchange contracts, currency options, and commodity futures used by the Nisshin Seifun Group are subject to normal market risks associated with market movements.

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, primarily 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.

2. Market prices of transactions

(1) Currency-related transactions

(Millions of yen)

Classification	Type of transactions	As of March 31, 2008			
		Contract amount	Portion due after one year	Fair value	Unrealized gain (loss)
Non-market transactions	Foreign currency forward contracts:				
	Buy: US dollars	50	—	49	(0)
	Canadian dollars	1,045	—	1,036	(8)
	Sell: Japanese Yen	107	—	108	(1)
Total		—	—	—	(10)

Notes: 1. Calculation of fair values is based on forward exchange rates.
2. The contract amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.
3. These transactions were made by foreign consolidated subsidiaries.

(2) Commodity-related transactions

(Millions of yen)

Classification	Type of transactions	As of March 31, 2008			
		Contract amount	Portion due after one year	Fair value	Unrealized gain (loss)
Non-market transactions	Commodity futures:				
	Sell: Wheat	340	—	403	(63)
Total		340	—	403	(63)

Notes: 1. Calculation of the fair value is based on the closing price of the relevant futures market.

2. These transactions were made by foreign consolidated subsidiaries.

(Retirement benefits)

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

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 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. Obligation for employees' retirement benefits

	As of March 31, 2007 (¥ million)
(A) Projected benefit obligation	(49,540)
(B) Fair value of plan assets	41,104
(C) Unfunded retirement benefit obligation [(A) + (B)]	(8,436)
(D) Unrecognized actuarial loss	1,139
(E) Unrecognized prior service cost	(2,527)
(F) Net amount recorded on consolidated balance sheet [(C) + (D) + (E)]	(9,824)
(G) Prepaid pension cost	39
Allowance for employees' retirement benefits [(F) – (G)]	(9,863)

Note:

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

3. Retirement benefit costs

	Fiscal year ended March 31, 2007 (¥ million)
(A) Service cost	1,648
(B) Interest cost	1,134
(C) Expected return on plan assets	(963)
(D) Amortization of actuarial loss	249
(E) Amortization of prior service cost	(198)
(F) Net retirement benefit costs [(A) + (B) + (C) + (D) + (E)]	1,871

Note:

Retirement benefit cost 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 plan assets	Principally 2.5%
(D) Amortization period of actuarial difference*1	Principally 15 years
(E) Amortization period of 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.

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

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 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. Obligation for employees' retirement benefits

	As of March 31, 2008
	(¥ million)
(A) Projected benefit obligation	(48,512)
(B) Fair value of plan assets	40,165
(C) Unfunded retirement benefit obligation [(A) + (B)]	(8,346)
(D) Unrecognized actuarial loss	3,711
(E) Unrecognized prior service cost	(2,329)
(F) Net amount recorded on consolidated balance sheet [(C) + (D) + (E)]	(6,964)
(G) Prepaid pension cost	1,361
Allowance for employees' retirement benefits [(F) – (G)]	(8,325)

Notes:

1. Certain subsidiaries adopt a simplified method for calculating retirement benefit obligation.
2. An additional severance payment of ¥429 million slated for the fiscal year ending March 31, 2009 is included in "Current liabilities," instead of "Accrued employees' retirement benefits," on the consolidated balance sheet for the year under review.

3. Retirement benefit costs

	Fiscal year ended March 31, 2008
	(¥ million)
(A) Service cost	1,749
(B) Interest cost	1,124
(C) Expected return on plan assets	(1,021)
(D) Amortization of actuarial loss	305
(E) Amortization of prior service cost	(198)
(F) Net retirement benefit costs [(A) + (B) + (C) + (D) + (E)]	1,960

Notes:

1. Retirement benefit cost incurred by consolidated subsidiaries that adopt simplified pension accounting methodology is recorded under "(A) Service cost."
2. In addition to the above retirement benefit expense, an additional severance payment of ¥429 million is recorded under "Extraordinary losses."

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 plan assets	Principally 2.5%
(D) Amortization period of actuarial difference*1	Principally 15 years
(E) Amortization period of 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.

(Stock options)

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

1. Description and changes in the size of stock options

(1) Description of stock options

	2002 Plan	2003 Plan	2004 Plan	2005 Plan
Grantees	10 directors and 13 executive officers of the company and 26 directors of consolidated subsidiaries	10 directors and 13 executive officers of the company and 29 directors of consolidated subsidiaries	10 directors and 12 executive officers of the company and 25 directors of consolidated subsidiaries	9 directors and 10 executive officers of the company and 26 directors of consolidated subsidiaries
Number of shares granted by stock type	275,000 shares of common stock (Note)	290,400 shares of common stock (Note)	269,500 shares of common stock (Note)	258,500 shares of common stock (Note)
Grant date	July 23, 2002	July 23, 2003	July 26, 2004	August 17, 2005
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 16, 2004 - July 15, 2009	July 16, 2005 – July 15, 2010	July 17, 2006 – July 16, 2011	July 21, 2007 – July 20, 2012

Note: The company undertook a 1.1−for-1 common stock split on November 18, 2005. All figures concerning the number of shares in the above table reflect this stock split.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the year ended March 31, 2007. The number of stock options is translated into the number of shares.

1. Number of stock options

	2002 Plan	2003 Plan	2004 Plan	2005 Plan
Non-vested (shares):				
Outstanding at beginning of the year	—	—	269,500	258,500
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	269,500	—
Outstanding at end of the year	—	—	—	258,500
Vested (shares):				
Outstanding at beginning of the year	100,100	174,900	—	—
Vested during the year	—	—	269,500	—
Exercised during the year	67,100	83,600	56,100	—
Forfeited during the year	—	—	—	—
Outstanding at ending of the year	33,000	91,300	213,400	—

Note: The company undertook a 1.1−for-1 common stock split on November 18, 2005. All figures concerning the number of shares in the above table reflect this stock split.

2. Per share prices

	2002 Plan	2003 Plan	2004 Plan	2005 Plan
Exercise price (¥)	805	811	999	1,085
Average stock price upon exercise (¥)	1,232	1,237	1,266	—
Fair value per share at grant date (¥)	—	—	—	—

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

1. The account and the amount of expenses concerning stock options recorded for the year:

Selling, general, and administrative expenses ¥8 million

2. Description and changes in the size of stock options

(1) Description of stock options

	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2007 Plan
Grantees	10 directors and 13 executive officers of the company and 26 directors of consolidated subsidiaries	10 directors and 13 executive officers of the company and 29 directors of consolidated subsidiaries	10 directors and 12 executive officers of the company and 25 directors of consolidated subsidiaries	9 directors and 10 executive officers of the company and 26 directors of consolidated subsidiaries	12 directors and 11 executive officers of the company and 23 directors of consolidated subsidiaries
Number of shares granted by stock type	275,000 shares of common stock (Note)	290,400 shares of common stock (Note)	269,500 shares of common stock (Note)	258,500 shares of common stock (Note)	250,000 shares of common stock
Grant date	July 23, 2002	July 23, 2003	July 26, 2004	August 17, 2005	August 13, 2007
Conditions for vesting	Not stated	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 16, 2004 - July 15, 2009	July 16, 2005 – July 15, 2010	July 17, 2006 – July 16, 2011	July 21, 2007 – July 20, 2012	July 27, 2009 – July 26, 2014

Note: The company undertook a 1.1−for-1 common stock split on November 18, 2005. These figures concerning the number of shares in the above table reflect this stock split.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the year ended March 31, 2008. The number of stock options is translated into the number of shares.

1. Number of stock options

	2002 Plan (Note)	2003 Plan (Note)	2004 Plan (Note)	2005 Plan (Note)	2007 Plan
Non-vested (shares):					
Outstanding at beginning of the year	—	—	—	258,500	—
Granted during the year	—	—	—	—	250,000
Forfeited during the year	—	—	—	—	—
Vested during the year	—	—	—	258,500	—
Outstanding at end of the year	—	—	—	—	250,000
Vested (shares):					
Outstanding at beginning of the year	33,000	91,300	213,400	—	—
Vested during the year	—	—	—	258,500	—
Exercised during the year	16,500	35,200	36,300	11,000	—
Forfeited during the year	—	—	—	—	—
Outstanding at ending of the year	16,500	56,100	177,100	247,500	—

Note: The company undertook a 1.1−for-1 common stock split on November 18, 2005. These figures concerning the number of shares in the above table reflect this stock split.

2. Per share prices

	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2007 Plan
Exercise price (¥)	805	811	999	1,085	1,197
Average stock price upon exercise (¥)	1,191	1,120	1,139	1,091	—
Fair value per share at grant date (¥)	—	—	—	—	102

3. Method for estimating per share fair value of stock options

The per share fair value of the 2007 Plan granted during the fiscal year ended March 31, 2008 was estimated as follows.

1) Technique of estimation used:Black-Scholes method

2) Basic factors taken into account for the estimation:

	2007 Plan
Expected volatility of the share price (Note 1)	17.5%
Expected remaining life of the option (Note 2)	4 years and 6 months
Expected dividend (Note 3)	¥18 per share
Risk-free interest rate (Note 4)	1.21%

Notes: 1. The volatility of the share price for the expected life of the option is estimated by drawing upon the actual share prices in the period of 4 years and 6 months from February 2003 to August 2007.

2. Because it is difficult to make a reasonable estimation based on the past result of options exercised, the expected life of the options is estimated based on the assumption that the options are exercised at the midway point of the exercise period.

3. Estimation of the expected dividend is based on the dividend payment for the fiscal year ended March 31, 2007.

4. Risk-free interest rate is the yield on government bonds for the period that corresponds to the expected remaining life of the options.

4. Method for estimating the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of stock options vested only reflects the number of options that have actually expired.

(Tax effect accounting)

<table>
<tr><th>Fiscal year ended March 31, 2007</th><th>Fiscal year ended March 31, 2008</th></tr>
<tr><td>1. The principal components of deferred tax assets and deferred tax liabilities are as follows:

<table>
<tr><td>Deferred tax assets</td><td>(¥ million)</td></tr>
<tr><td>Allowance for employees’ retirement benefits</td><td>6,375</td></tr>
<tr><td>Allowance for bonuses</td><td>1,745</td></tr>
<tr><td>Investment securities</td><td>988</td></tr>
<tr><td>Accrued sales incentives</td><td>971</td></tr>
<tr><td>Unrealized gain on fixed assets</td><td>939</td></tr>
<tr><td>Inventories</td><td>626</td></tr>
<tr><td>Depreciation and amortization</td><td>404</td></tr>
<tr><td>Allowance for repairs</td><td>355</td></tr>
<tr><td>Accrued enterprise tax</td><td>352</td></tr>
<tr><td>Accrued directors’ retirement benefits</td><td>350</td></tr>
<tr><td>Other</td><td>2,272</td></tr>
<tr><td>Gross deferred tax assets</td><td>15,383</td></tr>
<tr><td>Amount offset by deferred tax liabilities</td><td>(7,433)</td></tr>
<tr><td>Net deferred tax assets</td><td>7,950</td></tr>
<tr><td>Valuation allowance</td><td>(834)</td></tr>
<tr><td>Total deferred tax assets</td><td>7,116</td></tr>
<tr><td>Deferred tax liabilities</td><td></td></tr>
<tr><td>Unrealized gain on available-for-sale securities</td><td>(26,982)</td></tr>
<tr><td>Reserve for advanced depreciation of property, plant and equipment</td><td>(2,224)</td></tr>
<tr><td>Other</td><td>(497)</td></tr>
<tr><td>Gross deferred tax liabilities</td><td>(29,703)</td></tr>
<tr><td>Amount offset by deferred tax assets</td><td>7,433</td></tr>
<tr><td>Total deferred tax liabilities</td><td>(22,270)</td></tr>
</table>

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:

The reconciliation between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is not shown, because the difference between the statutory and actual effective tax rates was less than five hundredths of the statutory rate.</td>
<td>1. The principal components of deferred tax assets and deferred tax liabilities are as follows:

<table>
<tr><td>Deferred tax assets</td><td>(¥ million)</td></tr>
<tr><td>Allowance for employees’ retirement benefits</td><td>5,248</td></tr>
<tr><td>Allowance for bonuses</td><td>1,703</td></tr>
<tr><td>Accrued sales incentives</td><td>1,131</td></tr>
<tr><td>Depreciation and amortization</td><td>1,033</td></tr>
<tr><td>Unrealized gain on fixed assets</td><td>1,025</td></tr>
<tr><td>Investment securities</td><td>839</td></tr>
<tr><td>Inventories</td><td>591</td></tr>
<tr><td>Allowance for repairs</td><td>403</td></tr>
<tr><td>Accrued enterprise tax</td><td>351</td></tr>
<tr><td>Accrued directors’ retirement benefits</td><td>346</td></tr>
<tr><td>Other</td><td>2,667</td></tr>
<tr><td>Gross deferred tax assets</td><td>15,341</td></tr>
<tr><td>Amount offset by deferred tax liabilities</td><td>(5,213)</td></tr>
<tr><td>Net deferred tax assets</td><td>10,128</td></tr>
<tr><td>Valuation allowance</td><td>(1,804)</td></tr>
<tr><td>Total deferred tax assets</td><td>8,324</td></tr>
<tr><td>Deferred tax liabilities</td><td></td></tr>
<tr><td>Unrealized gain on available-for-sale securities</td><td>(18,030)</td></tr>
<tr><td>Reserve for advanced depreciation of property, plant and equipment</td><td>(2,483)</td></tr>
<tr><td>Other</td><td>(547)</td></tr>
<tr><td>Gross deferred tax liabilities</td><td>(21,061)</td></tr>
<tr><td>Amount offset by deferred tax assets</td><td>5,213</td></tr>
<tr><td>Total deferred tax liabilities</td><td>(15,847)</td></tr>
</table>

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:

Same as the left column.</td></tr>
</table>

(Segment information)

1. Business segment information

Fiscal Year Ended March 31, 2007

(¥ million)

	Flour Milling	Processed Food	Others	Total	Corporate Assets and Eliminations	Consolidated
I. Net Sales and Operating Income						
Net Sales:						
(1) Sales to external customers	154,722	220,545	42,922	418,190	–	418,190
(2) Intersegment sales and transfers	17,253	795	4,278	22,327	(22,327)	–
Total	171,976	221,340	47,200	440,517	(22,327)	418,190
Operating expenses	162,236	216,062	42,485	420,784	(21,778)	399,006
Operating income	9,740	5,278	4,714	19,732	(548)	19,184
II. Total Assets, Depreciation and Amortization, and Capital Expenditures:						
Total assets	123,075	143,089	50,313	316,478	91,959	408,437
Depreciation and amortization	5,847	5,874	1,046	12,768	(203)	12,565
Capital expenditures	6,940	5,781	1,599	14,321	(327)	13,993

Fiscal Year Ended March 31, 2008

(¥ million)

	Flour Milling	Processed Food	Others	Total	Corporate Assets and Eliminations	Consolidated
I. Net Sales and Operating Income						
Net sales:						
(1) Sales to external customers	164,449	224,914	42,494	431,858	–	431,858
(2) Intersegment sales and transfers	19,038	774	5,936	25,750	(25,750)	–
Total	183,487	225,689	48,431	457,608	(25,750)	431,858
Operating expenses	173,293	220,730	44,086	438,110	(25,443)	412,666
Operating income	10,194	4,958	4,344	19,498	(306)	19,191
II. Total Assets, Depreciation and Amortization, and Capital Expenditures:						
Total assets	122,133	131,662	51,087	304,884	76,910	381,795
Depreciation and amortization	6,379	6,100	1,277	13,757	(242)	13,515
Capital expenditures	9,860	4,650	4,113	18,624	(576)	18,047

Notes:

1. Business segments were determined based on the similarities of the product types.
2. Primary products for each business segment are summarized as follows:
   - Flour Milling: Flour, bran
   - Processed Food: Prepared mix, flour for consumer use, pasta, pasta source, frozen food, chilled food, cake and bread ingredients, biochemical products, life science products, healthcare foods
   - Other: Pet food, engineering, mesh cloths, transport and storage
3. Corporate assets included in the "corporate assets and eliminations" column amounted to ¥83,611 million and ¥99,626 million at March 31, 2008 and 2007, respectively, which were consisted primarily of the company’s surplus funds (cash and deposits, and marketable securities) and investment securities.

4. Changes in accounting policies, etc.

For the fiscal year ended March 31, 2007:

(Changes in accounting policy)

Effective from the fiscal year ended March 31, 2007, the company adopted the Accounting Standard for Directors' Bonuses (ASBJ Statement No. 4 issued on November 29, 2005), as stated in the Changes in accounting policy. This adoption increased Cost and Expenses and decreased Operating Income by ¥34 million for the Flour and Milling segment, ¥56 million for the Processed Food segment, ¥26 million for the Others segment, and ¥55 million for Eliminations/Corporate, compared with the results that would have been obtained if said standard had not been adopted.

For the fiscal year ended March 31, 2008:

(Changes in accounting policy)

Effective from the fiscal year ended March 31, 2008, the company and its domestic consolidated subsidiaries changed their depreciation method for property, plant, and equipment acquired on or after April 1, 2007, to conform to the revised Corporate Tax Law, as stated in "Changes in accounting policy" under the Basis of Presentation of the Consolidated Financial Statements. This change increased Cost and Expenses and decreased Operating Income by ¥77 million for the Flour and Milling segment, ¥86 million for the Processed Food segment, and ¥48 million for the Others segment, whereas it decreased Cost and Expenses and increased Operating Income by ¥8 million for Eliminations/Corporate, compared with the results that would have been obtained if said change had not been made.

(Additional information)

As stated in "Additional information" under the Basis of Presentation of the Consolidated Financial Statements: For assets acquired on or before March 31, 2007, the company and its domestic consolidated subsidiaries started to depreciate the difference between an amount equal to 5% of their acquisition prices and memorandum values on a straight-line basis over a 5-year period commencing in the year following a year in which the residual book value of those assets reached 5% of their acquisition prices under the previous depreciation method according to the Corporate Tax Law before the revision. This change increased Cost and Expenses and decreased Operating Income by ¥353 million for the Flour and Milling segment, ¥249 million for the Processed Food segment, and ¥103 million for the Others segment, whereas it decreased Cost and Expenses and increased Operating Income by ¥7 million for Eliminations/Corporate, compared with the results that would have been obtained if said change had not been made.

2. Geographical segment information

(Fiscal years ended March 31, 2007 and 2008)

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, 2007 and 2008)

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, 2007 (April 1, 2006 to March 31, 2007)

There are no significant transactions to be reported.

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

There are no significant transactions to be reported.

(Per share information)

(Yen)

Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008	
Net assets per share	¥1,069.71	Net assets per share	¥1,043.53
Net income per share	¥48.66	Net income per share	¥44.30
Diluted net income per share	¥48.63	Diluted net income per share	¥44.29

Note 1. The basis of calculation for net assets per share is as follows:

Item	Fiscal year ended March 31, 2007 (As of March 31, 2007)	Fiscal year ended March 31, 2008 (As of March 31, 2008)
Total net assets, as stated on the Consolidated Balance Sheets (¥ million)	300,306	289,839
Net assets associated with common stock (¥ million)	270,974	259,177
Major components of the difference (¥ million):		
Subscription rights to shares	—	8
Minority interests	29,331	30,653
Number of common stock shares issued and outstanding (shares)	256,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,220,188	3,170,042
Number of common stock shares used in the calculation of net assets per share (shares)	253,315,260	248,365,406

Note 2. The basis of calculation for net income per share and diluted net income per share is as follows:

Item	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Net income, as stated on Statements of Income (¥ million)	12,303	11,147
Amount not attributable to owners of common stock (¥ million)	—	—
Net income associated with common stock (¥ million)	12,303	11,147
Average number of shares of common stock during fiscal year (shares)	252,865,907	251,654,692
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) Subscription rights to shares	145,454	58,966
Details of shares not included in calculation of diluted net income per share due to non-dilutive effect	—	Stock options by resolution at general shareholders' meeting on June 27, 2007 (89 stock options) (161 stock options)

(Subsequent events)

There are no applicable matters to be reported.

(5) Supplementary consolidated data

(Debentures)

There no applicable matters to be reported.

(Borrowings)

Category	Outstanding value [Mar. 31, 2007] (¥ million)	Outstanding value [Mar. 31, 2008] (¥ million)	Average interest rate (%)	Repayment dates
Short-term debt	7,214	3,709	1.5316	—
Current portion of long-term debt	276	259	3.2960	—
Current portion of lease obligation	—	—	—	—
Long-term debt (excluding current portion)	1,330	1,093	3.4861	2009 – 2036
Lease obligation (excluding current portion)	—	—	—	—
Other interest-bearing liabilities	—	—	—	—
Total	8,822	5,062	—	—

Notes:

1. Components of long-term debt (excluding current portion) with repayments scheduled within five years after March 31, 2008 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	237	242	249	228

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	¥18,830 million	
Balance outstanding on March 31, 2008	—	
Credit facility fees for year ended March 31, 2007	¥17 million	(Amount included in “Other” category within non-operating expenses)

2. Other

There no applicable matters to be reported.

(2) Non-consolidated Financial Statements

1. Non-consolidated financial statements

(1) Non-consolidated Balance Sheets

Item	See Note	Fiscal year ended March 31, 2007 (163rd fiscal term) Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2008 (164th fiscal term) Amount (¥ million)		Proportion of total (%)
Assets:							
I Current assets:							
Cash			16,531			19,452	
Trade notes and accounts receivable			237			234	
Marketable securities			12,915			11,705	
Prepaid expenses			128			142	
Deferred tax assets			473			635	
Other			2,977			2,268	
Total current assets			33,264	13.7		34,437	15.4
II Fixed assets:							
(1) Property, plant and equipment, net:	1						
Buildings			7,531			8,968	
Structures			273			235	
Machinery and equipment			536			695	
Vehicles			2			1	
Tools, fixtures and furnishings			490			419	
Land			10,758			10,591	
Construction in progress			1,491			895	
Property, plant and equipment, net			21,085	8.7		21,807	9.7
(2) Intangible assets:							
Leasehold tenant rights			402			405	
Software			933			532	
Other			71			69	
Total intangible assets			1,407	0.6		1,007	0.5

		Fiscal year ended March 31, 2007 (163rd fiscal term)			Fiscal year ended March 31, 2008 (164th fiscal term)		
Item	See Note	Amount (¥ million)		Proportion of total (%)	Amount (¥ million)		Proportion of total (%)
(3) Investments and other assets:							
Investment securities			63,063			47,301	
Equity in affiliated companies			92,679			93,030	
Investments in capital			440			419	
Investments in capital of affiliated companies			458			458	
Long-term loans to employees			88			81	
Long-term loans to affiliated companies			29,609			25,223	
Long-term prepaid expenses			31			27	
Other			443			371	
Allowance for doubtful accounts			(137)			(123)	
Total investments and other assets			186,677	77.0		166,790	74.4
Total fixed assets			209,170	86.3		189,605	84.6
Total Assets			242,434	100.0		224,043	100.0

Item	See Note	Fiscal year ended March 31, 2007 (163rd fiscal term) Amount (¥ million)		Proportion of total (%)	Fiscal year ended March 31, 2008 (164th fiscal term) Amount (¥ million)		Proportion of total (%)
Liabilities:							
I Current liabilities:							
Current portion of long-term debt			6			6	
Accrued payable			659			102	
Accrued expenses			1,337			1,667	
Deposits received			1,472			1,018	
Reserve for directors' bonuses			55			50	
Other			49			46	
Total current liabilities			3,580	1.5		2,890	1.3
II Long-term liabilities:							
Long-term debt			80			74	
Deferred tax liabilities			19,618			13,368	
Allowance for employees' retirement benefits			1,526			632	
Other			382			390	
Total long-term liabilities			21,608	8.9		14,465	6.4
Total liabilities			25,189	10.4		17,356	7.7
Net Assets:							
I Shareholders' equity:							
Common stock			17,117	7.1		17,117	7.6
Additional paid-in capital							
Legal capital surplus		9,500			9500		
Total additional paid-in capital			9,500	3.9		9,500	4.2
Retained earnings:							
(1) Legal retained earnings		4,379			4,379		
(2) Other retained earnings:							
Provision of reserve for dividends		2,000			2,000		
Reserve for special depreciation		2			—		
Reserve for advanced depreciation of fixed assets		1,002			1,496		
Provision for reserves		118,770			126,770		
Retained earnings brought forward		35,869			27,712		
Total retained earnings			162,024	66.8		162,358	72.5
Less: Treasury stock, at cost			(3,003)	(1.2)		(3,255)	(1.4)
Total shareholders' equity			185,638	76.6		185,720	82.9
II Valuation and translation adjustments:							
Unrealized holding gain on securities			31,606	13.0		20,957	9.4
Total valuation and translation adjustments			31,606	13.0		20,957	9.4
III Subscription rights to shares			—	—		8	0.0
Total net assets			217,245	89.6		206,686	92.3
Total Liabilities and Net Assets			242,434	100.0		224,043	100.0

(2) Non-consolidated Statements of Income

		Fiscal year ended March 31, 2007 (163rd fiscal term)			Fiscal year ended March 31, 2008 (164th fiscal term)		
Item	See Note	Amount (¥ million)		Proportion of total (%)	Amount (¥ million)		Proportion of total (%)
I Operating revenues	1		22,246	100.0		18,644	100.0
II Operating expenses:	2						
Salaries and wages		1,016			1,051		
Bonuses and allowances		1,639			1,542		
Retirement benefit expense		386			272		
Marketing and research costs		1,931			1,816		
Advertising and promotional costs		1,485			1,321		
Rental costs		995			1,013		
Depreciation expense		960			977		
Commission charges		702			787		
Other		2,197	11,315	50.9	2,464	11,247	60.3
Operating income			10,930	49.1		7,396	39.7
III Non-operating income:							
Interest income	1	526			654		
Interest income from securities		60			118		
Dividend income		664			852		
Gain on sale of securities		300			—		
Other		42	1,595	7.2	42	1,667	8.9
IV Non-operating expenses:							
Interest expenses	1	10			19		
Loss on disposal of fixed assets		13			—		
Loss on valuation of membership rights	3	7			6		
Credit facility set-up fees		10			10		
Foreign exchange loss		—			35		
Other		3	45	0.2	11	84	0.4
Ordinary income			12,480	56.1		8,979	48.2

		Fiscal year ended March 31, 2007 (163rd fiscal term)			Fiscal year ended March 31, 2008 (164th 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	289			1,645		
Gain on sale of investment securities		21			—		
Gain on liquidation of affiliated companies		1,381	1,692	7.6	852	2,498	13.4
VI Extraordinary losses:							
Loss on disposal of fixed assets	5	91			58		
Expenses for dissolving joint venture of pharmaceutical business		—	91	0.4	391	449	2.4
Income before income taxes			14,081	63.3		11,029	59.2
Income taxes — current		16			18		
Income taxes — deferred		752	768	3.5	866	884	4.8
Net income			13,312	59.8		10,144	54.4

(3) Non-consolidated Statement of Changes in Net Assets

For the year ended March 31, 2007

	Shareholders' equity									
		Additional paid-in capital		Retained earnings						
					Other retained earnings					
	Common stock	Legal capital surplus	Total additional paid-in capital	Legal retained earnings	Provision of reserve for dividends	Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	Provision for reserves	Retained earnings brought forward	Total retained earnings
Balance at March 31, 2006 (¥ million)	17,117	9,500	9,500	4,379	2,000	17	1,117	112,770	33,563	153,847
Changes during the fiscal year										
Reversal of reserve for special depreciation (Note)						(9)			9	—
Reversal of reserve for special depreciation						(4)			4	—
Provision of reserve for advanced depreciation of fixed assets (Note)							66		(66)	—
Reversal of reserve for advanced depreciation of fixed assets (Note)							(63)		63	—
Reversal of reserve for advanced depreciation of fixed assets							(117)		117	—
Provision for reserves (Note)								6,000	(6,000)	—
Cash dividends (Note)									(2,785)	(2,785)
Cash dividends (interim)									(2,279)	(2,279)
Directors' bonuses (Note)									(55)	(55)
Net income									13,312	13,312
Purchase of treasury stock										
Disposition of treasury stock									(15)	(15)
Net changes in items other than shareholders' equity										
Total changes during the fiscal year (¥ million)	—	—	—	—	—	(14)	(114)	6,000	2,305	8,176
Balance at March 31, 2007 (¥ million)	17,117	9,500	9,500	4,379	2,000	2	1,002	118,770	35,869	162,024

Note: Items marked with an asterisk were approved for allocation of retained earnings at the Ordinary General Meeting of Shareholders held in June 2006.

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Total valuation and translation adjustments	
Balance at March 31, 2006 (¥ million)	(3,122)	177,343	32,277	32,277	209,621
Changes during the fiscal year					
Reversal of reserve for special depreciation (Note)		—			—
Reversal of reserve for special depreciation		—			—
Provision of reserve for advanced depreciation of fixed assets (Note)		—			—
Reversal of reserve for advanced depreciation of fixed assets (Note)		—			—
Reversal of reserve for advanced depreciation of fixed assets		—			—
Provision for reserves (Note)		—			—
Cash dividends (Note)		(2,785)			(2,785)
Cash dividends (interim)		(2,279)			(2,279)
Directors' bonuses (Note)		(55)			(55)
Net income		13,312			13,312
Purchase of treasury stock	(86)	(86)			(86)
Disposition of treasury stock	205	189			189
Net changes in items other than shareholders' equity			(671)	(671)	(671)
Total changes during the fiscal year (¥ million)	118	8,295	(671)	(671)	7,624
Balance at March 31, 2007 (¥ million)	(3,003)	185,638	31,606	31,606	217,245

Note: Items marked with an asterisk were approved for allocation of retained earnings at the Ordinary General Meeting of Shareholders held in June 2006.

For the year ended March 31, 2008

	Shareholders' equity									
	Common stock	Additional paid-in capital		Retained earnings						
		Legal capital surplus	Total additional paid-in capital	Legal retained earnings	Other retained earnings					Total retained earnings
					Provision of reserve for dividends	Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	Provision for reserves	Retained earnings brought forward	
Balance at March 31, 2007 (¥ million)	17,117	9,500	9,500	4,379	2,000	2	1,002	118,770	35,869	162,024
Changes during the fiscal year										
Reversal of reserve for special depreciation						(2)			2	—
Provision of reserve for advanced depreciation of fixed assets							519		(519)	—
Reversal of reserve for advanced depreciation of fixed assets							(26)		26	—
Provision for reserves								8,000	(8,000)	—
Cash dividends									(4,561)	(4,561)
Net income									10,144	10,144
Purchase of treasury stock										
Disposition of treasury stock									(2)	(2)
Retirement of treasury stock									(5,246)	(5,246)
Net changes in items other than shareholders' equity										
Total changes during the fiscal year (¥ million)	—	—	—	—	—	(2)	493	8,000	(8,156)	334
Balance at March 31, 2008 (¥ million)	17,117	9,500	9,500	4,379	2,000	—	1,496	126,770	27,712	162,358

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Total valuation and translation adjustments		
Balance at March 31, 2007 (¥ million)	(3,003)	185,638	31,606	31,606	–	217,245
Changes during the fiscal year						
Reversal of reserve for special depreciation		—				—
Provision of reserve for advanced depreciation of fixed assets		—				—
Reversal of reserve for advanced depreciation of fixed assets		—				—
Provision for reserves		—				—
Cash dividends		(4,561)				(4,561)
Net income		10,144				10,144
Purchase of treasury stock	(5,634)	(5,634)				(5,634)
Disposition of treasury stock	135	132				132
Retirement of treasury stock	5,246	—				—
Net changes in items other than shareholders' equity			(10,649)	(10,649)	8	(10,640)
Total changes during the fiscal year (¥ million)	(252)	81	(10,649)	(10,649)	8	(10,559)
Balance at March 31, 2008 (¥ million)	(3,255)	185,720	20,957	20,957	8	206,686

(Significant accounting policies)

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
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 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 market value.	2. Valuation standards and methodology for derivatives Same as the left column.
3. Depreciation methods for fixed assets (1) Depreciation on property, plant and equipment 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.	3. Depreciation methods for fixed assets (1) Depreciation on property, plant and equipment 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. (Changes in accounting policy) Effective from the year ended March 31, 2008, the company changed its depreciation method for property, plant, and equipment acquired on or after April 1, 2007, to conform to the revised Corporate Tax Law. The effects of this change were to decrease operating income, ordinary income, and income before income taxes by ¥16 million each. The effects of this change to segment information are stated in the applicable notes. (Additional information) For assets acquired on or before March 31, 2007, the company started to depreciate the difference between an amount equal to 5% of their acquisition prices and memorandum values on a straight-line basis over a 5-year period commencing in the year following a year in which the residual book value of those assets reached 5% of their acquisition prices under the previous depreciation method according to the Corporate Tax Law before the revision. The effects of this change were to decrease operating income, ordinary income, and income before income taxes by ¥44 million each.
(2) Depreciation on intangible 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.	(2) Depreciation on intangible assets is same as the left column.
(3) Depreciation on long-term prepaid expenses is computed in equal amounts over the course of the useful life.	(3) Depreciation on long-term prepaid expenses is same as the left column.

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
4. Basis of material allowances (1) 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. (2) Allowance for directors' bonuses: Provision is made for directors' bonuses based on the estimated amounts of payment at the end of the fiscal year. <Change in accounting policy> From the fiscal year ended March 31, 2007, the company adopted the Accounting Standard for Directors' Bonuses (ASBJ Statement No. 4 issued on November 29, 2005). The adoption of this standard decreased operating income, ordinary income and net income before income taxes by ¥55 million, respectively. Compared with the results that would have been obtained if said accounting had not been adopted. (3) 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 end of the fiscal year. 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. 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.	4. Basis of material allowances (1) Allowance for doubtful accounts: Same as the left column. (2) Allowance for directors' bonuses: Provision is made for directors' bonuses based on the estimated amounts of payment at the end of the fiscal year. (3) Allowance for employees' retirement benefits: Same as the left column. 5. Significant lease transactions Same as the left column.

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
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 accounting policy)

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
(Accounting standards relating to presentation of net assets in the balance sheet) From the fiscal year ended March 31, 2007, the company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005). The amount that corresponds to the total of the former Shareholders' Equity Section would be ¥217,245 million. The Net Assets section of the non-consolidated balance sheet for the fiscal year ended March 31, 2007 is prepared according to the revised non-consolidated financial accounting rules.	――――――――――――

(Changes in presentation)

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
The item "Commission charges" was listed as a separate component in the accounts for the fiscal year ended March 31, 2007 because it exceeded 5% of total operating expenses for that term. In the fiscal year ended March 31, 2006, when it equaled ¥300 million, it was included within the "Other" category. The item "Gain on exchange rate differences," which was listed as a separate component of non-operating income for the fiscal year ended March 31, 2007, is included within the "Other" category due to its reduced materiality for the fiscal year ended March 31, 2007, when it equaled ¥6 million.	The item "Gain on sale of securities," which was listed as a separate component of non-operating income for the fiscal year ended March 31, 2007, is included within the "Other" category due to its reduced materiality for the fiscal year ended March 31, 2008, when it equaled ¥0 million.

(Notes to the non-consolidated financial statements)

(Notes to the Non-consolidated Balance Sheets)

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
1. Accumulated depreciation of property, plant and equipment ¥14,311 million 2. Guaranteed liabilities	1. Accumulated depreciation of property, plant and equipment ¥14,444 million 2. Guaranteed liabilities

163rd fiscal term:

Target of guarantee	Type of liability	Amount (¥ million)
(Employee housing loans)	Borrowings from financial institution	338

164th fiscal term:

Target of guarantee	Type of liability	Amount (¥ million)
(Employee housing loans)	Borrowings from financial institution	257

(Notes to the Non-consolidated Statements of Income)

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
1. Principal transactions with affiliated companies were as follows: Operating income ¥22,118 million Interest income ¥474 million Interest expenses ¥6 million 2. Total R&D expenditures: R&D spending contained in operating expenses ¥1,573 million 3. Other non-operating expenses include an addition to the allowance for doubtful accounts of ¥7 million. 4. This figure mainly reflects gains on the sale of company-owned housing accommodation. 5. This figure mainly reflects loss on disposal of buildings and structures.	1. Principal transactions with affiliated companies were as follows: Operating income ¥18,528 million Interest income ¥525 million Interest expenses ¥16 million 2. Total R&D expenditures: R&D spending contained in operating expenses ¥1,575 million 3. Other non-operating expenses include an addition to the allowance for doubtful accounts of ¥6 million. 4. This figure mainly reflects gains on the sale of company-owned housing accommodation. 5. This figure mainly reflects loss on disposal of buildings and structures and machinery and equipment.

(Notes to the Non-consolidated Statement of Changes in Net Assets)

For the 163rd fiscal term (April 1, 2006 to March 31, 2007)
Type and number of shares of treasury stock

	Number of shares at end of the 162nd fiscal term (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	Number of shares at end of the 163rd fiscal term (Thousands of shares)
Common stock	3,299	70	216	3,153

Notes:

1. The increase in the number of shares of treasury common stock consists of:
   70 thousand shares, as a result of repurchasing sub-MTU shares.
2. The decrease in the number of shares of treasury common stock consists of:
   9 thousand shares, as a result of selling sub-MTU shares, and
   206 thousand shares, as a result of the exercise of stock options.

For the 164th fiscal term (April 1, 2007 to March 31, 2008)
Type and number of shares of treasury stock

	Number of shares at end of the 163rd fiscal term (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	Number of shares at end of the 164th fiscal term (Thousands of shares)
Common stock	3,153	5,086	5,137	3,102

Notes:

1. The increase in the number of shares of treasury common stock consists of:
   5,000 thousand shares, as a result of the market purchase of treasury stock, and
   86 thousand shares, as a result of repurchasing sub-MTU shares.
2. The decrease in the number of shares of treasury common stock consists of:
   5,000 thousand shares, as a result of the retirement of treasury stock,
   38 thousand shares, as a result of selling sub-MTU shares, and
   99 thousand shares, as a result of the exercise of stock options.

(Leases)

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
Details on finance leases other than those that transfer ownership of the leased assets to the lessee are given below.	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:	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:

163rd fiscal term:

	Acquisition cost (¥ million)	Accumulated depreciation (¥ million)	Net book value (¥ million)
Vehicles and equipment	19	12	6
Tools, fixtures and furnishings	351	242	108
Other	22	20	1
Total	393	276	117

164th fiscal term:

	Acquisition cost (¥ million)	Accumulated depreciation (¥ million)	Net book value (¥ million)
Vehicles and equipment	23	17	5
Tools, fixtures and furnishings	355	236	118
Other	27	8	18
Total	405	262	143

163rd fiscal term (April 1, 2006 to March 31, 2007)	164th fiscal term (April 1, 2007 to March 31, 2008)
2. Outstanding obligations under finance leases at the year-end were as follows:	2. Outstanding obligations under finance leases at the year-end were as follows:
Due within one year ¥53 million	Due within one year ¥59 million
Due after one year ¥63 million	Due after one year ¥83 million
Total ¥117 million	Total ¥143 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 property, plant and equipment.	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 property, plant and equipment.
3. Lease payments and depreciation expense:	3. Lease payments and depreciation expense:
Lease payments ¥68 million	Lease payments ¥70 million
Depreciation expense ¥68 million	Depreciation expense ¥70 million
4. Calculation method for depreciation expense: Depreciation expense is computed by the straight-line method over useful life of the leased asset with a residual value of zero.	4. Calculation method for depreciation expense: Same as the left column.

(Securities)

163rd fiscal term (fiscal year ended March 31, 2007)

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

Type	Carrying value (¥ million)	Market value (¥ million)	Unrealized gain (loss) (¥ million)
Equity securities in subsidiaries	2,635	17,144	14,509
Equity securities in affiliated companies	200	256	55
Total	2,836	17,401	14,564

164th fiscal term (fiscal year ended March 31, 2008)

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

Type	Carrying value (¥ million)	Market value (¥ million)	Unrealized gain (loss) (¥ million)
Equity securities in subsidiaries	2,635	11,483	8,848
Equity securities in affiliated companies	200	195	(5)
Total	2,836	11,678	8,842

(Tax effect accounting)

<table>
<tr><th>163rd fiscal term
(April 1, 2006 to March 31, 2007)</th><th>164th fiscal term
(April 1, 2007 to March 31, 2008)</th></tr>
<tr><td>1. The principal components of deferred tax assets and deferred tax liabilities are as follows:
<table>
<tr><td>Deferred tax assets</td><td>(¥ million)</td></tr>
<tr><td>Allowance for employees' retirement benefits</td><td>1,979</td></tr>
<tr><td>Investment securities</td><td>222</td></tr>
<tr><td>Allowance for bonuses</td><td>208</td></tr>
<tr><td>Accrued directors' retirement benefits</td><td>134</td></tr>
<tr><td>Other</td><td>753</td></tr>
<tr><td>Gross deferred tax assets</td><td>3,299</td></tr>
<tr><td>Amount offset by deferred tax liabilities</td><td>(2,671)</td></tr>
<tr><td>Net deferred tax assets</td><td>627</td></tr>
<tr><td>Valuation allowance</td><td>(153)</td></tr>
<tr><td>Total deferred tax assets</td><td>473</td></tr>
<tr><td>Deferred tax liabilities</td><td></td></tr>
<tr><td>Unrealized gain on available-for-sale securities</td><td>(21,603)</td></tr>
<tr><td>Reserve for advanced depreciation of property, plant and equipment</td><td>(687)</td></tr>
<tr><td>Gross deferred tax liabilities</td><td>(22,290)</td></tr>
<tr><td>Amount offset by deferred tax assets</td><td>2,671</td></tr>
<tr><td>Total deferred tax liabilities</td><td>(19,618)</td></tr>
</table>
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:
<table>
<tr><td>Statutory effective tax rate</td><td>40.6%</td></tr>
<tr><td>(Adjustments)</td><td></td></tr>
<tr><td>Dividend and other income not counted for tax purposes</td><td>(36.8)%</td></tr>
<tr><td>Entertainment and other expenses not deductible for tax purposes</td><td>0.4%</td></tr>
<tr><td>Other</td><td>1.3%</td></tr>
<tr><td>Effective tax rate after application of tax effect accounting</td><td>5.5%</td></tr>
</table>
</td>
<td>1. The principal components of deferred tax assets and deferred tax liabilities are as follows:
<table>
<tr><td>Deferred tax assets</td><td>(¥ million)</td></tr>
<tr><td>Allowance for employees' retirement benefits</td><td>1,646</td></tr>
<tr><td>Investment securities</td><td>202</td></tr>
<tr><td>Allowance for bonuses</td><td>201</td></tr>
<tr><td>Accrued directors' retirement benefits</td><td>134</td></tr>
<tr><td>Other</td><td>550</td></tr>
<tr><td>Gross deferred tax assets</td><td>2,735</td></tr>
<tr><td>Amount offset by deferred tax liabilities</td><td>(1,978)</td></tr>
<tr><td>Net deferred tax assets</td><td>756</td></tr>
<tr><td>Valuation allowance</td><td>(121)</td></tr>
<tr><td>Total deferred tax assets</td><td>635</td></tr>
<tr><td>Deferred tax liabilities</td><td></td></tr>
<tr><td>Unrealized gain on available-for-sale securities</td><td>(14,324)</td></tr>
<tr><td>Reserve for advanced depreciation of property, plant and equipment</td><td>(1,022)</td></tr>
<tr><td>Gross deferred tax liabilities</td><td>(15,347)</td></tr>
<tr><td>Amount offset by deferred tax assets</td><td>1,978</td></tr>
<tr><td>Total deferred tax liabilities</td><td>(13,368)</td></tr>
</table>
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:
<table>
<tr><td>Statutory effective tax rate</td><td>40.6%</td></tr>
<tr><td>(Adjustments)</td><td></td></tr>
<tr><td>Dividend and other income not counted for tax purposes</td><td>(33.0)%</td></tr>
<tr><td>Entertainment and other expenses not deductible for tax purposes</td><td>0.4%</td></tr>
<tr><td>Other</td><td>0.0%</td></tr>
<tr><td>Effective tax rate after application of tax effect accounting</td><td>8.0%</td></tr>
</table>
</td></tr>
</table>

(Per share information)

(Yen)

163rd fiscal term (April 1, 2006 to March 31, 2007)		164th fiscal term (April 1, 2007 to March 31, 2008)	
Net assets per share	¥857.38	Net assets per share	¥831.93
Net income per share	¥52.56	Net income per share	¥40.30
Diluted net income per share	¥52.53	Diluted net income per share	¥40.29

Note 1. The basis of calculation for net assets per share is as follows:

Item	163rd fiscal term Fiscal year ended March 31, 2007 (As of March 31, 2007)	164th fiscal term Fiscal year ended March 31, 2008 (As of March 31, 2008)
Total net assets, as stated on the Balance Sheets (¥ million)	217,245	206,686
Net assets associated with common stock (¥ million)	217,245	206,678
Major components of the difference (¥million): Stock options	—	8
Number of common stock shares issued and outstanding (shares)	256,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,153,100	3,102,884
Number of common stock shares used in the calculation of net assets per share (shares)	253,382,348	248,432,564

Note 2.The basis of calculation for net income per share and diluted net income per share is as follows:

Item	163rd fiscal term Fiscal year ended March 31, 2007 (As of March 31, 2007)	164th fiscal term Fiscal year ended March 31, 2008 (As of March 31, 2008)
Net income, as stated on Statements of Income (¥ million)	13,312	10,144
Amount not attributable to owners of common stock (¥ million)	—	—
Net income associated with common stock (¥ million)	13,312	10,144
Average number of shares of common stock during fiscal year (shares)	253,310,458	251,721,797
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	145,454	58,966
Details of shares not included in calculation of diluted net income per share due to non-dilutive effect	—	Stock options by resolution at general shareholders' meeting on June 27, 2007 (89 stock options) (161 stock options)

(Subsequent events)

There are no applicable matters to be reported.

(4) Supplementary data

1. Securities-related data

(1) Equity securities holdings

Issue (name of company stock)			Number of shares owned	Carrying value (¥ million)
Investment securities	Other securities	Mitsubishi UFJ Financial Group	4,727,150	4,117
		Sumitomo Mitsui Financial Group, Inc.	5,643	3,927
		The Gunma Bank, Ltd.	1,507,620	1,058
		Mizuho Financial Group, Inc. The 11th Class 11 Preferred Stock	1,000	1,000
		Suruga Bank, Ltd.	833,910	992
		Sumitomo Trust & Banking Co., Ltd.	1,288,817	878
		The Hyakugo Bank, Ltd.	1,360,013	780
		Mizuho Financial Group, Inc.	1,310	517
		The Awa Bank, Ltd.	371,865	213
		Millea Holdings, Inc.	59,770	225
		Yamazaki Baking Co., Ltd.	9,962,343	9,922
		Sumitomo Corporation	4,180,244	5,827
		Mitsubishi Corporation	1,538,474	4,681
		Nissin Food Products Co., Ltd.	1,264,982	4,350
		Marubeni Corporation	3,135,511	2,483
		Nichirei Corporation	3,216,500	1,614
		Nisshinbo Industries, Inc.	1,139,800	1,095
		Kyorin Co., Ltd.	754,000	985
		Nosan Corporation	3,650,000	886
		Kikkoman Corporation	660,486	784
		Oriental Land Co., Ltd.	30,000	179
		Others (29 companies)	1,788,253	779
Total			41,477,692	47,301

(2) Debt securities holdings

Issue (name of corporate bond)			Total par value (¥ million)	Carrying value (¥ million)
Marketable securities	Other securities	Nippon Telegraph and Telephone Corporation No. 38 Telegraph and Telephone Bonds	1,000	1,002
		JFE Holdings, Inc. No. 2 (unsecured)	1,000	1,000
		Tokyo Electron Limited. No. 11 (unsecured)	1,000	1,000
		Futaba Industrial Co., Ltd. No. 1 (unsecured)	1,000	999
		The Bank of Tokyo-Mitsubishi UFJ No. 65 (unsecured)	1,000	999
		Toho Co., Ltd. No. 1 (unsecured)	1,000	998
		Nikko Cordial Corporation No. 5 (unsecured)	1,000	997
		Hitachi Capital No. 29 (unsecured)	800	799
		Mitsubishi Corporation No. 8 (unsecured)	700	702
		TEPCO No. 433	700	701
		Nippon Steel Corporation No. 36 (unsecured)	700	700
		Mitsubishi Estate Co., Ltd. No. 37 (unsecured)	500	500
		Oriental Land Co., Ltd. No. 1 (unsecured)	400	400
		Hitachi Capital No. 11 (unsecured)	200	201
		Chubu Electric Power Co., Inc. No. 421	200	201
		Nippon Steel Corporation No. 37 (unsecured)	200	200
		Nomura Holdings Inc. No. 2 (unsecured)	200	200
		Other (one)	100	100
Total			11,700	11,705

2. Property, plant and equipment

Asset type	Balance on March 31, 2007 (¥ million)	Value gains in year ended March 31, 2008 (¥ million)	Value losses in year ended March 31, 2008 (¥ million)	Balance on March 31, 2008 (¥ million)	Accumulated depreciation on March 31, 2008 (¥ million)	Depreciation in year ended March 31, 2008 (¥ million)	Value on March 31, 2008, net of depreciation (¥ million)
Property, plant and equipment:							
Buildings	16,862	2,020	281	18,601	9,632	505	8,968
Structures	913	1	82	832	596	23	235
Machinery	1,805	330	331	1,805	1,110	118	695
Vehicles and equipment	13	—	—	13	11	0	1
Tools, fixtures and furnishings	3,550	94	132	3,512	3,092	157	419
Land	10,758	—	167	10,591	—	—	10,591
Construction in progress	1,491	1,856	2,452	895	—	—	895
Total property, plant and equipment:	35,396	4,303	3,448	36,251	14,444	805	21,807
Intangible assets							
Leasehold tenant rights	402	3	0	405	—	—	405
Software	2,060	2	5	2,057	1,524	402	532
Other	85	—	0	84	15	2	69
Total intangible assets	2,549	5	6	2,547	1,540	405	1,007
Long-term prepaid expenses	45	8	4	48	20	10	27
Deferred assets							
—	—	—	—	—	—	—	—
Total deferred assets	—	—	—	—	—	—	—

Note:

Depreciation expense of ¥232 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. Other reserves

Category	Balance on March 31, 2007 (¥ million)	Value gains in year ended March 31, 2008 (¥ million)	Value losses in year ended March 31, 2008 (target use) (¥ million)	Value losses in year ended March 31, 2008 (other) (¥ million)	Balance on March 31, 2008 (¥ million)
Allowance for doubtful accounts	137	6	21	—	123
Allowance for directors' bonuses	55	50	55	—	50

4. Principal assets and liabilities

(1) Assets

a. Cash and deposits

Classification		Amount (¥ million)
Cash		—
Deposits	Current account deposits	188
	Ordinary bank deposits	1,263
	Time deposits	18,000
	Subtotal	19,452
Total		19,452

b. Receivables

Counterparty	Amount (¥ million)	Summary
Nisshin Flour Milling Inc.	83	Fees for contracted services, etc.
Nisshin Foods Inc.	93	Fees for contracted services, etc.
Nisshin Pharma Inc.	14	Fees for contracted services, etc.
Other	42	Fees for contracted services, etc.
Total	234	

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

Carried forward from year ended March 31, 2007 (¥ million) [A]	Generated in year ended March 31, 2008 (¥ million) [B]	Recovered in year ended March 31, 2008 (¥ million) [C]	Balance on March 31, 2008 (¥ million) [D]	Recovery rate (%) [C]/([A] + [B])	Period of outstanding receivables (days) ([A] + [D]) x 0.5 / [B] / 366
237	11,260	11,263	234	98.0	7.7

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, 2008 includes consumption taxes.

c. Equity in subsidiaries and affiliated companies

Company name	Amount (¥ million)
Nisshin Flour Milling Inc.	39,026
Nisshin Foods Inc.	22,516
Nisshin Associates Inc.	12,781
Marubeni Nisshin Feed Co., Ltd.	5,786
Nisshin Pharma Inc.	5,277
Other	7,642
Total	93,030

d. Long-term loans to subsidiaries and affiliated companies

Counterparty	Amount (¥ million)
Nisshin Flour Milling Inc.	17,553
Initio Foods, Inc.	3,300
Nisshin Pharma Inc.	1,815
Other	2,555
Total	25,223

(2) Liabilities

a. Deferred tax liabilities

Please refer to the notes on non-consolidated tax effect accounting for details.

(3) Others

None

[6] Stock-related Administration

Fiscal year	From April 1 to 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 March 31
Minimum trading unit (MTU)	500 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
Custodian of shareholder register	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
Custodian of shareholder register	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.
Method of public notice	Public notice of the company shall be given by electronic means; provided, however, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the *Nihon Keizai Shimbun*. The electronic public notice is presented on the company's Web site at http://www.nisshin.com.
Shareholder privileges	All shareholders and beneficial owners of record as of March 31 with holdings of at least 500 shares are entitled to receive complimentary supplies of Nisshin Seifun Group products.

Notes:

1. According to the company's Articles of Incorporation, sub-MTU shareholders do not have any rights except for those listed in Article 189-2 of the Companies Act, the right of claim, the right to be allotted the shares and/or subscription rights to shares offered according to the number of shares held and the right to ask for sale of sub-MTU shares (top-up purchase) as stipulated in Article 166-1 of the Companies Act.
2. 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

[7] Corporate Reference Data

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

Nisshin Seifun Group Inc. has no parent company as stipulated in Article 24-7, Item 1, of the Financial Instruments and Exchange Law.

(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 163rd fiscal term	Covering the period: April 1, 2006 to March 31, 2007	Submitted to Director, Kanto Local Finance Bureau: June 27, 2007.
(2)	Amendments to Securities Report	For the 163rd fiscal term	Covering the period: April 1, 2006 to March 31, 2007	Submitted to Director, Kanto Local Finance Bureau: December 14, 2007 March 28, 2008
(3)	Semi-annual Report	For the 164th fiscal term (interim)	Covering the period: April 1, 2007 to September 30, 2007	Submitted to Director, Kanto Local Finance Bureau: December 14, 2007.
(4)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and supplementary documentation			Submitted to Director, Kanto Local Finance Bureau: June 27, 2007
(5)	Amendments to Shelf Registration Statement			Submitted to Director, Kanto Local Finance Bureau: June 27, 2007 July 26, 2007 August 13, 2007 September 18, 2007 December 14, 2007 March 28, 2008
(6)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 2-2, “Issuance of Subscription Rights to Shares to the Company’s Directors” of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: July 26, 2007
(7)	Amendment to Extraordinary Report	Amendment to the above (6) extraordinary report submitted on July 26, 2007, regarding the “Issuance of Subscription Rights to Shares to the Company’s Directors”		Submitted to Director, Kanto Local Finance Bureau: July 26, 2007 August 13, 2007
(8)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 2-2, “Issuance of Subscription Rights to Shares to the Company’s Executive Officers and the Directors of Consolidated Subsidiaries” of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: July 26, 2007
(9)	Amendment to Extraordinary Report	Amendment to the above (8) extraordinary report submitted on July 26, 2007, regarding the “Issuance of Subscription Rights to Shares to the Company’s Executive Officers and the Directors of Consolidated Subsidiaries”		Submitted to Director, Kanto Local Finance Bureau: August 13, 2007
(10)	Amendment to Extraordinary Report	Amendment to the above (8) extraordinary report submitted on July 26, 2007, regarding the “Issuance of Subscription Rights to Shares to the Company’s Executive Officers and the Directors of Consolidated Subsidiaries”		Submitted to Director, Kanto Local Finance Bureau: December 14, 2007
(11)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 9, “Changes in Representative Directors” of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: September 18, 2007
(12)	Reports on status of treasury stock purchases			Submitted to Director, Kanto Local Finance Bureau: December 14, 2007 March 15, 2008 February 15, 2008

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

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