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165th Fiscal Term (April 1, 2008 to March 31, 2009)

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		161st	162nd	163rd	164th	165th
Fiscal years ended March 31		2005	2006	2007	2008	2009
Net sales	(¥ million)	416,222	421,359	418,190	431,858	466,671
Ordinary income	(¥ million)	25,120	24,774	22,815	22,180	24,618
Net income	(¥ million)	13,597	13,541	12,303	11,147	13,852
Net assets	(¥ million)	241,282	264,535	300,306	289,839	286,094
Total assets	(¥ million)	372,968	399,899	408,437	381,795	370,879
Net assets per share	(¥)	1,042.92	1,046.00	1,069.71	1,043.53	1,034.49
Net income per share	(¥)	58.06	52.80	48.66	44.30	55.75
Diluted net income per share	(¥)	58.00	52.77	48.63	44.29	55.74
Equity ratio	(%)	64.7	66.2	66.3	67.9	69.3
Return on equity	(%)	5.8	5.4	4.6	4.2	5.4
Price-earnings ratio (p/e)	(times)	19.63	22.78	24.64	24.02	18.89
Cash flows from operating activities	(¥ million)	21,567	21,054	17,469	26,498	20,072
Cash flows from investing activities	(¥ million)	(17,590)	(25,297)	(6,961)	(21,934)	(10,235)
Cash flows from financing activities	(¥ million)	(4,317)	(7,274)	(5,225)	(14,423)	(6,675)
Cash and cash equivalents at end of year	(¥ million)	54,047	42,803	48,452	38,850	40,339
Number of employees [average number of part-time employees]	(persons)	5,054 [1,825]	5,101 [2,002]	5,212 [1,968]	5,166 [1,870]	5,200 [1,774]

Notes:

1. Consumption taxes and other 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 ¥948.11; net income per share ¥52.79; diluted net income per share ¥52.73.
3. 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		161st	162nd	163rd	164th	165th
Fiscal years ended March 31		2005	2006	2007	2008	2009
Net sales	(¥ million)	19,138	20,940	22,246	18,644	19,006
Ordinary income	(¥ million)	8,946	10,881	12,480	8,979	8,447
Net income	(¥ million)	9,392	11,068	13,312	10,144	8,916
Capital stock	(¥ million)	17,117	17,117	17,117	17,117	17,117
Shares issued and outstanding	(thousand shares)	233,214	256,535	256,535	251,535	251,535
Net assets	(¥ million)	192,274	209,621	217,245	206,686	203,983
Total assets	(¥ million)	210,741	235,548	242,434	224,043	217,275
Net assets per share	(¥)	829.86	827.55	857.38	831.93	820.58
Total dividends per share (interim dividend amount)	(¥) (¥)	14.00 (5.50)	18.00 (7.00)	18.00 (9.00)	18.00 (9.00)	18.00 (9.00)
Net income per share	(¥)	40.31	43.42	52.56	40.30	35.88
Diluted net income per share	(¥)	40.29	43.40	52.53	40.29	35.87
Equity ratio	(%)	91.2	89.0	89.6	92.2	93.9
Return on equity	(%)	5.0	5.5	6.2	4.8	4.3
Price-earnings ratio (p/e)	(times)	28.28	27.71	22.81	26.40	29.35
Dividend payout ratio	(%)	34.7	40.0	34.2	44.7	50.2
Number of employees [average number of part-time employees]	(persons)	237 [20]	246 [16]	245 [14]	241 [11]	256 [12]

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 Pharmaceutical Co., Ltd., a joint venture with Kyorin Pharmaceutical Co., Ltd., commenced operations. (Nisshin Kyorin Pharmaceutical Co., Ltd., merged with Kyorin Pharmaceutical Co., Ltd., the former joint venture partner of Nisshin Pharma Inc., in October 2008.)
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.
September 2008	Nisshin Flour Milling Inc.'s Higashinada Plant expanded its flour milling facilities (Mills D and E).

(3) Business Overview

Nisshin Seifun Group consists of 47 subsidiaries and 16 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.

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 formerly accounted for by the equity method, merged with Kyorin Pharmaceutical Co., Ltd., the former joint venture partner of Nisshin Pharma Inc., in October 2008 and is no longer a part of the Nisshin Seifun 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.

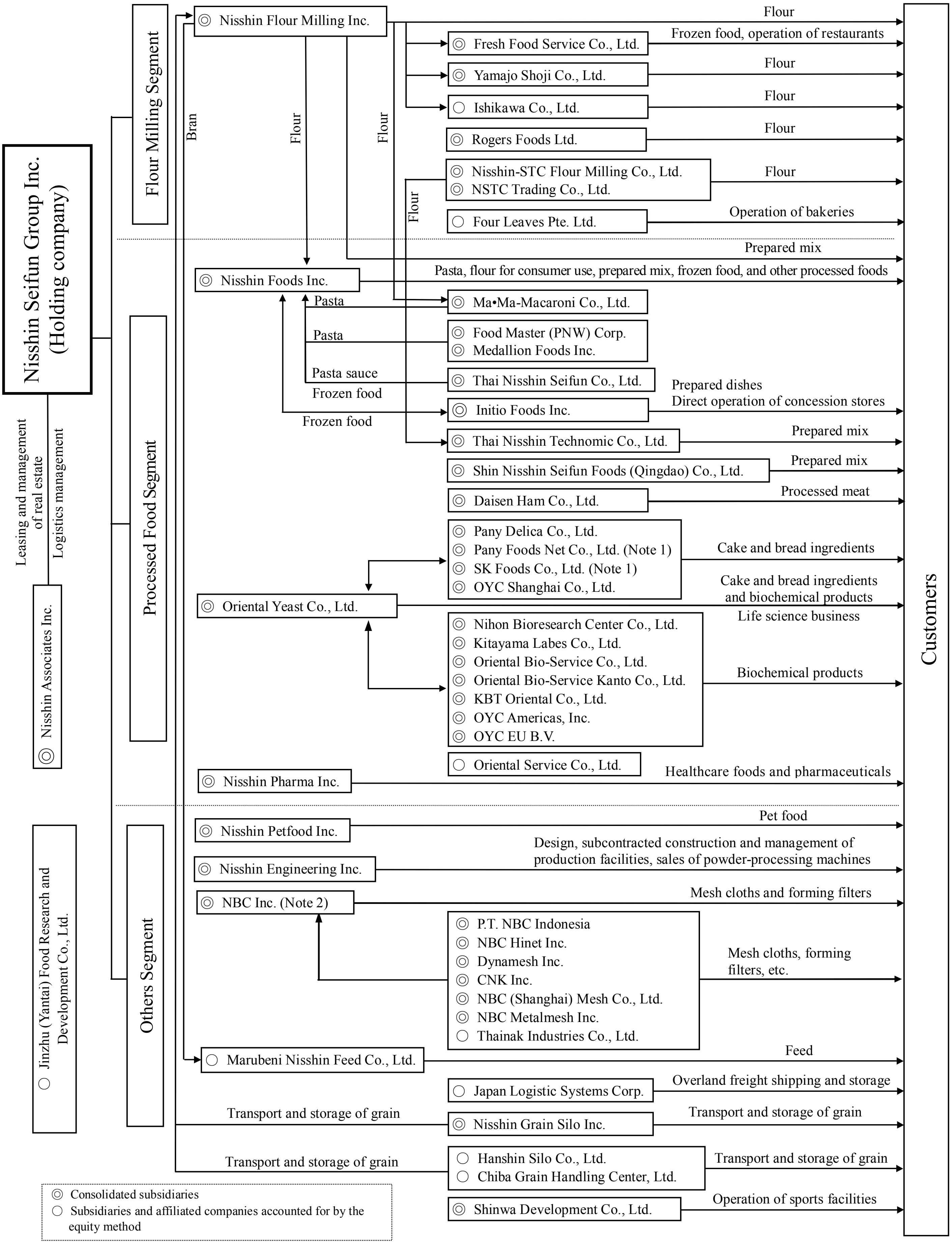
NBC Inc., a consolidated subsidiary, manufactures and sells mesh cloths and forming filters. NBC Inc. will be renamed NBC Meshtec Inc. as of October 1, 2009.

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



Notes: 1. As of June 1, 2009, SK Foods Co., Ltd., absorbed Pany Foods Net Co., Ltd., and was renamed OYC Foods Net Co., Ltd.

2. NBC Inc. will be renamed NBC Meshtec Inc. as of October 1, 2009.

(4) Subsidiaries and Affiliates

Name	Location	Capital stock (¥ 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 2 Transferred 6	The company provides a 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 6 Temporarily transferred 1 Transferred 4	The company provides a 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	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	43.4	Concurrent 1 Temporarily transferred 1 Transferred 5	None
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals	100.0	Concurrent 3 Temporarily transferred 2 Transferred 3	The company provides a 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 2	The company provides a partial loan for working capital and 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 2 Temporarily transferred 1 Transferred 2	None
31 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 3	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
7 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 31other 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. Despite contributing more than 10% of consolidated net sales, Nisshin Flour Milling Inc. is omitted from the following table because its net sales (including any intersegment sales and transfers) account for more than 90% of the Flour Milling segment's net sales, and Oriental Yeast Co., Ltd. is omitted 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 Foods Inc.	127,504	4,521	2,694	25,836	46,751

6. NBC Inc. will be renamed NBC Meshtec Inc. as of October 1, 2009.

(5) Employees

1. Consolidated level

(As of March 31, 2009)

Business segment	Number of employees
Flour milling	1,242 ［84］
Processed food	2,997 ［1,370］
Others	628 ［275］
Corporate (across the Group divisions)	333 ［45］
Total	5,200 ［1,774］

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, 2009)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (¥)
256 ［12］	42.3	17.9	9,095,286

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

Amid increases in procurements costs, such as in the government's price for imported wheat, – a 30% increase in April 2008 and an additional 10% increase in October – the company introduced new products and embarked on vigorous advertising and promotion activities to stimulate demand for its main products during the period under review. It also started up the additional lines installed to achieve even greater productivity at the Higashinada Plant after construction work was completed in September and took other steps, as well, in its drive to cut costs. Procurement costs, however, were more than could be absorbed internally, so the company revised its product prices.

As a result, net sales increased 8.1% compared with the previous year to ¥466,671 million. On the earnings front, the company managed to cover significant cost increases with redoubled group-wide cost-reduction efforts, price revisions, and other initiatives, as well as steady bran prices. These efforts allowed operating income to rise 13.4% to ¥21,755 million, ordinary income to rise 11.0% to ¥24,618 million, and net income to rise 24.3% to ¥13,852 million. Efforts to cut sales promotion expenses and other costs in the processed food segment made particularly important contributions to these results.

The following is a review of operations by business segment.

(1) Flour Milling Segment

In the flour milling business, the company undertook market development initiatives based on concerted efforts to create new demand. Overall difficult market conditions characterized by anemic demand, however, could not be overcome and wheat flour shipments fell below the previous year's level. In the end, though, flour milling revenues increased versus the previous year after the company revised its commercial wheat flour prices in response to the government's raising of the price of imported wheat by 30% in April 2008 and an additional 10% in October 2008.

By increasing productivity and improving distribution, the company took steps, including the September move to full-scale operation of the new lines installed at the Higashinada Plant, to cut costs and carry on with measures aimed at enhancing product reliability and safety.

Prices for bran, a by-product, remained firm.

In overseas operations, the company implemented appropriate price revisions in response to fluctuations in the market for wheat and saw revenues increase versus the previous year.

Primarily as a result of the company's commercial wheat flour price revision, Flour Milling Segment sales increased 21.2% to ¥199,296 million. Operating income, meanwhile, rose by 17.6% to ¥11,984 million on factors like steady bran prices and cost cuts.

(2) Processed Food Segment

With the prices of wheat flour and other raw materials on the rise, the processed food business revised its prices for household-use flour, flour-processed food products, and other products in May and November. In addition, to stimulate demand amid difficult business conditions characterized by weak demand for food products in general, the company took steps like introducing new products responding to household-customer demand – 26 in August 2008 and 42 in February 2009 – and aggressively pursuing the "*PASTAism*" promotion beginning in October. Sales surpassed the previous-year level as a result, and earnings rose, as well, primarily due to efforts to reduce sales promotion cost and cut other costs. The company continued to steadily implement measures to improve profitability in the prepared dishes and other prepared foods business, and succeeded in boosting overseas sales through aggressive product proposals and demand development initiatives.

In the yeast and biotechnology business, lackluster sales of yeast and improver were covered by favorable sales of butter cream, mineral yeast, prepared dishes, and other products, which were enough to produce a sales increase compared to the previous year for the yeast business. The biotechnology business also recorded higher sales as immunochemical and bionutritional product sales increases more than made up for weak sales of feed for laboratory animals and use in fish farming.

Sales for the healthcare foods business remained basically unchanged from a year earlier as concerted sales promotion efforts for value-added products were offset by the persistently harsh market environment for coenzyme Q_{10}.

Overall, Processed Food Segment sales increased 2.2% to ¥229,783 million, while operating profit increased 56.1% to ¥7,741 million primarily because of efforts to cut sales promotion and other expenses in the processed food business.

(3) Others Segment

The pet food business undertook aggressive, wide-ranging new product introductions including the October launch of *JP-Style* premium dry-type dog food for stores. Rising raw material and other procurement costs, however, necessitated price revisions that contributed to lower shipments and a sales decline compared to the previous year.

The engineering business enjoyed strong equipment sales, but ultimately recorded lower total sales due to the effects of major recession-induced capital expenditure cutbacks and intensifying competition in industries related to mainstay plant engineering operations, and a downturn in results for entrusted powder-processing services.

The mesh cloths business suffered weak demand and market contraction in the printed circuit board, automobile, and other industries, and saw sales and profits fall for its mainstay mesh cloths for screen-printing applications, industrial materials, forming filters, and other products.

As a result of the above, Others Segment sales decreased 11.5% to ¥37,591 million. Operating profit for this segment fell 53.8% to ¥2,005 million mainly because of difficulties encountered in the mesh cloths business.

2. Cash flows

Cash flows from operating activities

Income before income taxes and minority interests totaled ¥24,596 million, and depreciation and amortization ¥15,403 million. After considering factors like the increase in working capital in response to government price hikes for imported wheat, and the payment of income taxes, net cash provided by operating activities came to ¥20,072 million.

Cash flows from investing activities

Outlays of ¥13,313 million for property, plant and equipment and intangible assets was partially offset by funds from sources like the termination of a pharmaceutical joint venture, leaving net cash used in investing activities of ¥10,235 million.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an inflow of ¥9,836 million.

Cash flows from financing activities

Distributing profits to shareholders, the company paid dividends of ¥4,472 million. It also applied ¥1,583 million toward the repayment of debt and made other outlays resulting in net cash used in financing activities of ¥6,675 million.

As detailed above, the cash inflow from consolidated operating activities in the fiscal year ended March 31, 2009, was allocated to strategic capital spending and the payment of dividends as returns to shareholders. In addition, funds earmarked for future strategic investments were invested in time deposits with terms exceeding three months and short-term investment securities, with emphasis placed on safety and the efficient management of these funds. As a result, consolidated cash and cash equivalents at the end of the fiscal year ended March 31, 2009, totaled ¥40,339 million, an increase of ¥1,422 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, 2008	Fiscal year ended March 31, 2009	Change (%)
Flour milling	155,044	188,070	21.3
Processed food	115,324	123,633	7.2
Others	21,041	20,127	(4.3)
Total	291,410	331,831	13.9

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, 2008	Fiscal year ended March 31, 2009	Change (%)
Flour milling	164,449	199,296	21.2
Processed food	224,914	229,783	2.2
Others	42,494	37,591	(11.5)
Total	431,858	466,671	8.1

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, 2008		Fiscal year ended March 31, 2009	
	Value	Proportion (%)	Value	Proportion (%)
Mitsubishi Corp.	57,165	13.2	63,230	13.5

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

To further solidify its overwhelming competitive advantage in the domestic market and increase its market share, the flour milling business will further strengthen marketing initiatives to create new markets through the proposal of new products accurately reflecting customer needs, and through other means, as well. In addition, it will build on the contributions of the Higashinada Plant’s two new state-of-the-art flour milling lines, which moved to full-scale operation in September 2008, and proceed with initiatives aimed at low-cost operation, as well as production system efficiency and productivity improvements.

The processed food business will accelerate new product introductions and expand in growth areas like prepared dishes and commercial prepared mixes. As part of its effort to revamp its premix production system and take other steps to strengthen its cost competitiveness, it is proceeding with premix line additions (scheduled to come on line in summer 2009) at the Tatebayashi Plant and pushing ahead with the Nagoya Plant renovation (scheduled for completion in 2010). The processed food business aims to improve its profitability by properly managing sales terms and implementing price revisions that properly reflect costs.

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 technology-oriented 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 revising 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 researching new ingredients, developing and launching original products, and implementing effective advertising and promotion measures, all in a bid to expand sales of consumer products.

In other businesses, which include pet food, engineering and mesh cloths, the company aims to develop a significant presence and growth 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 and develop overseas businesses that are significant factors in their markets 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. Regarding existing businesses, the Thai premix operation is expecting demand for high-value-added products to continue rising in the ASEAN countries and is, therefore, moving forward with a 25% production capacity expansion scheduled to come on line in the summer of 2010. Steady expansion of existing businesses in other Pacific Rim areas is also underway. In new businesses, the company is going forward with independent and joint investments in areas like flour milling and processed food, where group strengths can be applied to their fullest. In April 2009, the Nisshin Seifun Group holding company and group members, Oriental Yeast Co. Ltd., Nisshin Flour Milling Inc., and Nisshin Foods Inc., launched a business to manufacture and sell bakery mixes, yeast, flour paste, and other products to bakeries in China and Thailand.

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. In research, the group will identify key fields to address and, through the establishment of research themes closely aligned with business strategies, will build an effective system for applying and commercializing research, and making these processes more efficient and speedy. New product groups introduced in each of the group's businesses during fiscal 2009 helped to improve business results.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the Nisshin Seifun Group will push ahead with cost structure reforms based on production and procurement cost reductions and build an operational foundation capable of securing earnings that properly reflect changing 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 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 prices were raised on four consecutive price reevaluation dates during fiscal 2008 and fiscal 2009, but were lowered in April 2009 by an average of 14.8% after a decline in international wheat prices. 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. In addition, though the rules for the government's wheat pricing system are being reviewed, the company is making the flour milling industry's position known to the government, providing its own views, and doing its best to help ensure that wheat-flour-related industries can appropriately deal with the government's price-setting system. 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. 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 reduce carbon dioxide emissions 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 introduced in fiscal 2009 an internal emissions trading system as a way to effectively reduce carbon dioxide emissions. In addition, whereas ISO14001 environmental management certifications have traditionally been obtained on a site-by-site basis, the Nisshin Seifun Group obtained a group-wide certification in September 2008.

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.

With the enactment of the Company Law and the Financial Instruments and Exchange Law, corporate entities are being required 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 internal control evaluations 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, the company is responsible for proposing management strategies for the Group, the efficient distribution of management resources and the auditing and monitoring of business activities. By optimizing the markets of each operating company, the company has guaranteed a high level of safety and quality for products, as well as ensuring a steady supply. Moreover, through the mutual strengthening of corporate value between operating companies, the corporate value of the Group as a whole has been improved. Under the above system, the Group aims to maintain and improve a high level of technological capability, including the manufacturing technology and development and analysis capabilities required to support product safety and quality, and to implement ongoing and systematic capital expenditure from a long term perspective at the same time as focusing on employee training that can ensure and improve levels of specialist skills, the introduction of ongoing auditing and instruction systems related to product quality and facilities, internal controls, and the construction and ongoing implementation of compliance systems. We will also work hard to build and maintain trust relationships with the company's stakeholders, including our customers and local society.

(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 49 of its Articles of Incorporation and the "Renewal of the Resolution to Approve Gratis Allotments of Subscription Rights to Shares for Securing and Improving Corporate Value of the Company and the Common Interests of the Shareholders," which were approved by the 165th Ordinary General Meeting of Shareholders held on June 25, 2009, 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. In order to implement prompt operation of the Plan, the Board of Directors may establish a reply deadline and request the provision of information in respect to any parties making a proposal to acquire shares of the company in the case that an Acquisition Proposal is deemed to be unsatisfactory because of insufficient information.

   "Specified Acquisition" means a) 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 similar acts as specified by the Board of Directors), or b) 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 the company's management policies and business plans after said acquisition, evidence used to calculate prices, proof of acquisition funds, any possible impact 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 is composed only of the Outside Directors and the Outside Corporate Auditors of the company.

3) The Corporate Value Committee shall investigate said Acquisition Proposal and discuss whether or not to pass a resolution (hereinafter referred to as a "Recommendation Resolution") recommending that the Board of Directors passes a Confirmation Resolution in regard to said Acquisition Proposal. The Recommendation Resolution shall be passed by a majority of all members, and the results of said Recommendation 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 from the Board of Directors. However, in case this period is extended on reasonable grounds, such grounds shall be disclosed.

4) Deliberations 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. The Corporate Value Committee must issue a Recommendation Resolution for Acquisition Proposals that meet all of the below requirements. Moreover, even in the case of Acquisition Proposals where some of the following criteria have not been met, a Recommendation Resolution shall be made when deemed appropriate in the light of securing and improving the corporate value of the company and the common interests of shareholders.

   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 Acquirer, 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 Acquirer, 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 Acquirer, 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, by complying with the procedures specified by the Plan.
   v. The period for the company to deliberate the Acquisition Proposal is secured (including deliberation and presentation of its alternative proposals to the company's shareholders). This period 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 on reasonable grounds.
   vi. The conditions of the acquisition contained in the Acquisition Proposal are not inappropriate or insufficient with a view to the company's corporate value or the common interests of shareholders.
   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) A 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 promptly, unless there are particular reasons that are clearly against the Directors' duty of care. Countermeasures, such as a 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 disclose the appearance of the Specified Acquirer and issue a resolution that identifies 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 Subscription Right to Share shall be ¥1 multiplied by the number of shares to be issued per one Subscription Right to Share.
8) Exercisable 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 common shares of the company 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. Therefore, 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 165th Ordinary General Meeting of Shareholders on June 25, 2009, pursuant to the provision of Article 49 of the Company's Articles of Incorporation.
2) The term of office of the company's Directors is one 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, shall deliberate 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 makes a Confirmation Resolution upon receipt of a Recommendation Resolution to that effect from the Corporate Value Committee, unless there are particular reasons that are clearly 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 issues a Recommendation Resolution toward any Acquisition Proposal that satisfies all of the requirements specified in Paragraph (3) 4) Items i) to 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 surrounding the company.
6) The validity of an Approval Resolution at the General Meeting of Shareholders is three years from the date of the General Meeting of Shareholders. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including

reflections on its supplementary conditions, for approval by the shareholders.

7) The Plan satisfies all of the requirements for legality (to avoid suspension of the issuance of Subscription Rights to Shares, etc.) and rationality (to gain the understanding of shareholders, investors and other stakeholders) specified in the “Securing and/or Improving Corporate Value and Common Interests of Shareholders: Takeover Defense Guidelines” released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. Moreover, the Plan is in accordance with the recommendations of the June 30, 2008 report of the Ministry of Economy, Trade and Industry’s Corporate Value Study Group entitled “Takeover Defense Measures in Light of Recent Environmental Changes”.

(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 filling this document in Japanese (June 25, 2009).

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. The Nisshin Seifun Group is exposed to similarly unpredictable risks, which could result in defective items, also on the raw material procurement side.

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, including developments like epidemics or pandemics of new strains of influenza, could lead to damage or to the interruption of product supplies to customers.

10. Retirement benefit expenses and pension liabilities

Calculations of Nisshin Seifun Group retirement benefit expenses 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, and risks associated with developments like epidemics or pandemics of new strains of influenza, 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 prospective ingredients for new products 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 ¥5,448 million in the fiscal year ended March 31, 2009. This figure also includes ¥923 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 new menus using unique flours, such as the self-developed *Superfine Hard* whole wheat flour. R&D expenditures attributable to this segment totaled ¥720 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 the *Ma•Ma Microwave-Ready Side Dish* series of frozen food products for Western menus, the *Ma•Ma Pasta Mio* series of pasta sauce for convenience in making original pasta dishes at home, the *Ma•Ma Health-Conscious 80-kcal Pasta Sauce* series and the *Ma•Ma Pasta Lista* series of frozen products, which contain pasta and sauce separately, 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 *Q_{10} Life Powder* coenzyme Q_{10} granulated powders that can be taken without water, the *Yuki Aojiru* green juice made from young barley leaves grown organically in Japan and the *Tekiryo Seikatsu* liquid dietary supplement for natural weight reduction. Other R&D programs that focused on strengthening intra-Group collaborative efforts in biotechnology-related fields included joint research conducted by Oriental Yeast and Nisshin Pharma, which resulted in the development of a supplement containing the *Plant Lactobacillus Rie* + *β-Glucan*—ingredients expected to relieve the symptoms of hay fever. R&D expenditures attributable to this segment totaled ¥3,134 million.

3. Others Segment

Nisshin Petfood conducts R&D at its Nasu Laboratory to create pet foods that are better in taste and address the pet's health according to its age. Major achievements during the year included the development of the *JP Style* and *JP Style Gold* premium dried pet food products that are produced domestically mainly using domestic materials. In cooperation with the Research Center for Production and Technology, Nisshin Engineering's Kamifukuoka Office conducts R&D programs on various types of machinery for powder grinding and classification and technologies for producing nano-particles using thermal plasma. The main result was the development of *Aerofine Classifier,* a new rotary airflow classifier that achieves high accuracy of classification in single-micro to sub-micron ranges, which had been impossible with the previous airflow classifiers. In addition, NBC developed new products and materials for screen-printing and industrial use. R&D expenditures attributable to this segment totaled ¥670 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 25, 2009).

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 noncurrent assets

No losses for the impairment of noncurrent 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 expenses 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 undertook market development initiatives based on concerted efforts to create new demand. Overall difficult market conditions characterized by anemic demand, however, could not be overcome and wheat flour shipments fell below the previous year's level. To reflect a rise of 30% in April 2008 and another rise of 10% in October 2008 in the government prices for imported wheat, the company revised upward its prices for commercial wheat flour. Meanwhile, the company achieved cost reduction by promoting efforts to increase productivity and improve distribution as represented by the September move to full-scale operation of the new lines installed at the Higashinada Plant. The price of bran, a by-product of the milling process, remained firm. In overseas operations, the company implemented appropriate price revisions in response to fluctuations in the market for wheat. As a result, the Flour Milling Segment's net sales increased from the previous year primarily due to the company's price revisions of commercial wheat flour. Operating income rose mainly owing to steady bran prices and cost cuts.

In the Processed Food Segment, sales of the processed food business increased, due to upward price revisions for household-use flour, flour-processed food products and other products to reflect surging prices of raw materials, including wheat flour, as well as new product launches and aggressive promotional activities to stimulate demand amid difficult business conditions characterized by weak demand for food products in general. Overseas sales also rose due to aggressive product proposals and demand development initiatives. Sales of the yeast and biotechnology businesses surpassed the previous year's levels. Sales of the healthcare foods business remained basically unchanged from a year earlier, as concerted sales promotion efforts for value-added products were offset by the persistently harsh market environment for coenzyme Q_{10} products. As a result, the Processed Food Segment's overall net sales increased, and operating income increased because of efforts to cut sales promotion and other expenses in the processed food business.

In the Others Segment, the pet food business undertook aggressive sales expansion strategies including the launch of new premium dog food products for stores. Rising raw material and other procurement costs, however, necessitated price revisions that contributed to lower shipments and a sales decline compared with the previous year. The engineering business recorded lower sales due to the effects of major recession-induced capital expenditure cutbacks and intensifying competition in industries related to mainstay plant engineering operations. The mesh cloths business suffered weak demand and market contraction in the printed circuit board, automobile and other industries, which resulted in a decline in sales and operating income for its mainstay mesh cloths for screen-printing applications, industrial materials, forming filters and other products. As a result, both net sales and operating income decreased in the Others Segment.

Consolidated net sales increased by ¥34,813 million, or 8.1%, compared with the previous year to ¥466,671 million. The gross margin declined 2.7 percentage points to 28.2%. Selling, general, and administrative expenses decreased by ¥4,243 million, primarily due to cost cuts for promotional campaigns in the Processed Food Segment. As a result, the operating margin increased 0.3 percentage point to 4.7%, and consolidated operating income rose by ¥2,563 million, or 13.4%, to ¥21,755 million.

(2) Ordinary income

Net financial income amounted to a profit of ¥1,521 million, an increase of ¥22 million compared with the previous year. Equity in earnings of affiliates totaled ¥767 million, or a year-on-year decrease of ¥323 million, because Nisshin Kyorin Pharmaceutical Co., Ltd., an affiliate formerly accounted for by the equity method, was excluded from the scope of the equity method as it merged with Kyorin Pharmaceutical Co., Ltd., the former joint venture partner of Nisshin Pharma Inc., in October 2008. Other miscellaneous income on a net basis amounted to ¥574 million, or a year-on-year increase of ¥221 million, primarily due to reduced foreign exchange losses.

Non-operating income on a net basis amounted to ¥2,863 million, which represented a year-on-year decline of ¥125 million. Ordinary income increased by ¥2,438 million, or 11.0%, to ¥24,618 million.

(3) Net income

Extraordinary income of ¥2,538 million was offset by extraordinary losses totaling ¥2,560 million, resulting in a net extraordinary loss of ¥22 million. Income before income taxes and minority interests amounted to ¥24,596 million, an increase of ¥2,269 million compared with the previous year. The principal components of extraordinary income included a gain of ¥1,234 million on the sale of noncurrent assets, including idle land, and a gain of ¥1,065 million on the termination of the pharmaceutical joint venture following the merger of Nisshin Kyorin Pharmaceutical Co., Ltd., an affiliate formerly accounted for by the equity method, and Kyorin Pharmaceutical Co., Ltd., the former joint venture partner of Nisshin Pharma Inc. The major items of extraordinary losses included a loss of ¥985 million on retirement of noncurrent assets and a loss of ¥882 million on valuation of investment securities.

Net income for the year under review was ¥13,852 million, after the deduction of income taxes (¥9,784 million) and minority interests (¥959 million) from income before income taxes and minority interests. This represented an increase of ¥2,704 million, or 24.3%, compared with the previous year.

Net income per share was ¥55.75, or an increase of ¥11.45 from the previous year. Return on equity (ROE) was 5.4%, representing a year-on-year increase of 1.2 percentage points.

3. Business strategy status and outlook

The Nisshin Seifun Group has implemented and pursued strategies and measures aimed at achieving higher sales and earnings in fiscal 2009, and established a firm earnings base for fiscal 2010 onward. Now, the company has embarked on initiatives for achieving objectives set forth in its new two-year management plan “Nisshin Seifun Group Action Plan GO, 2010” for the period April 2009 to March 2011.

This plan lays out the following six objectives, and the group is implementing relevant strategies and measures as action plans for achieving sustained growth.

(1) Achieve record ordinary income as soon as possible during the period covered by the new management plan, and establish an operational foundation that opens the door to the achievement of new ordinary income records on an ongoing basis.
(2) Secure overwhelming market share in Japan.
(3) Establish a strong presence for overseas businesses.
(4) Become a business group with a cost structure (realization of cost reductions based on new concepts) capable of absorbing fluctuations in raw material and energy markets.
(5) Establish systems for promoting the development of new products and technologies, and an R&D system to perform the supporting basic research.
(6) Achieve a slim balance sheet by introducing capital management formulas aimed at asset compression and other forms of asset efficiency improvement, and improve ROE as a result.

At the same time, the company will put forth continued efforts to reinforce its quality assurance system so that the safety of products can be guaranteed for customers.

Through the implementation of such strategies, the company aims to achieve sustained growth in earnings per share (EPS) over the long term, while also greatly raising group value through raising net sales, ordinary income, net income and return on equity (ROE: defined as net income divided by shareholders’ equity). With execution of all the implemented strategies and measures, the company will try to achieve a new record of ordinary income.

4. Capital financing and liquidity

In the fiscal year ended March 2009, the cash provided by the Group's operating activities totaled ¥20 billion, of which ¥13.3 billion was allocated to strategic capital investments. 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, short-term investment securities and similar investments to ensure greater security and efficiency of investments. The amount of these investments deposited or purchased exceeded the amount of those matured or redeemed by ¥1.5 billion in the fiscal year under review, which, combined with a gain from the termination of the pharmaceutical joint venture, resulted in positive free cash flow of ¥9.8 billion. In terms of financing activities, the company allocated ¥4.4 billion for dividend payments to return profits to shareholders and ¥1.5 billion for debt repayment. As a result, cash flow used in financing activities amounted to ¥6.6 billion. The balance of cash and cash equivalents increased by ¥1.4 billion from the previous fiscal year-end to ¥40.3 billion at the end of March 2009.

Total consolidated debt amounted to ¥3.2 billion at the end of March 2009. 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

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 fluctuations in prices of grain and other raw materials on a global basis, the anticipated deregulation of the wheat market and changes in demographic trends in Japan such as the declining birthrate, higher life expectancy, and the shrinking population. These factors could have a significant impact on Group performance.

The industries related to the operations of the Nisshin Seifun Group are experiencing an increasingly severe earnings environment, including the global financial crisis and the economic recession in Japan causing sluggish consumption and an increased orientation toward low-priced products. In this environment, the Group has had to revise upward the prices of some of its products to counter fluctuations in material prices and 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.

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." Continued efforts will be made to improve the profit structure of domestic operations by seeking an overwhelming share of the domestic market and exploring business fields with high growth potential. Given the shrinking population facing Japan, the Group will promote overseas business expansion as a driving force for further growth and seek a greater presence in overseas markets as well. To address the significant fluctuations in material and fuel prices that might continue to occur in the future, the Group will review its cost structure while establishing systems to secure earnings against cost fluctuations. In terms of research and development, the Group will identify the priority fields of research and establish a mechanism to enable more effective and speedier application of research results for business promotion, such as setting research subjects in line with business strategies. 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 will make continued efforts to gain the support of all its stakeholders, including shareholders, customers, business partners, employees and local communities.

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 2009, based on actual expenditures.

Segment	Fiscal year ended March 2009 (¥ million)	Year-on-year change (%)
Flour milling	7,360	(22.3)
Processed food	3,833	(24.3)
Others	2,485	(42.6)
Subtotal	13,679	(27.5)
Elimination/all companies	(366)	—
Total	13,313	(27.4)

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.

In the flour milling business, the construction of new lines for flour production at the Higashinada Plant of Nisshin Flour Milling Inc., which was under way at the end of the fiscal year ended March 2008, was completed in September 2008. As a result, the Kobe Plant of Nisshin Flour Milling was closed at the end of August 2008.

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, 2009)

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) 6,134	(Note 5) 4,391	(Note 4) 4,676 (79)	208	15,412	152 [3]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour milling	Flour production	(Note 5) 7,140	5,563	(Note 4) 1,740 (30)	165	14,610	102 [0]
Nisshin Flour Milling Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Flour milling	Flour production	1,035	1,365	(Note 4) 69 (20)	38	2,509	64 [8]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour milling	Flour production	2,431	2,525	(Note 4) 294 (43)	98	5,350	81 [3]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour milling	Flour production	1,563	1,154	(Note 4) 64 (31)	49	2,831	46 [0]
Nisshin Foods Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Processed food	Prepared mix production	874	1,545	(Note 4) 46 (13)	83	2,550	82 [30]
Ma·Ma-Macaroni Co., Ltd.	Head Office and Utsunomiya Plant (Utsunomiya)	Processed food	Pasta production	495	1,343	27 (23)	32	1,900	68 [147]
Ma·Ma-Macaroni Co., Ltd.	Kobe Plant (Higashinada-ku, Kobe)	Processed food	Pasta production	262	792	393 (16)	27	1,475	44 [43]
Daisen Ham Co., Ltd.	Head Office and Yonago Plant (Yonago)	Processed food	Production of processed meats	1,424	587	94 (25)	110	2,217	197 [210]
Oriental Yeast Co., Ltd.	Tokyo Plant (Itabashi-ku, Tokyo)	Processed food	Yeast manufacture	834	813	0 (11)	38	1,687	53 [18]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed food	Manufacture of yeast and other items	1,347	1,599	169 (22) (Note 7) [5]	67	3,184	71 [25]
Oriental Yeast Co., Ltd.	Biwa Plant (Nagahama, Shiga)	Processed food	Production of flour paste, *kansui* powder, baking powders and other items	673	266	709 (36)	5	1,655	37 [23]
Nisshin Pharma Inc.	Ueda Plant (Ueda)	Processed food	Production of healthcare foods, pharmaceuticals and other items	648	629	93 (33)	45	1,416	110 [7]
Nisshin Petfood Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Other	Pet food production	(Note 5) 358	563	—	10	932	20 [14]
NBC Inc.	Yamanashi Plant (Tsuru)	Other	Manufacture of mesh cloths and forming filters	1,437	900	448 (35)	287	3,074	181 [140]
NBC Inc.	Kikugawa Plant (Kikugawa)	Other	Manufacture of mesh cloths	1,187	801	1,032 (69)	28	3,049	30 [6]
Nisshin Seifun Group Inc.	Research Center for Basic Science Research and Development and two other research facilities (Fujimino, Saitama)		Research and development	684	399	(Note 4) 70 (40)	240	1,395	86 [0]
Nisshin Seifun Group Inc.	Head Office (Chiyoda-ku, Tokyo, and others)			3,308	65	(Note 4) 9,945 (2)	788	14,107	155 [12]

2. Overseas subsidiaries

(As of March 31, 2009)

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	703	754	123 (41)	0	1,582	23 [0]
Medallion Foods Inc.	Head Office and Plant (U.S.A.)	Processed food	Pasta production	179	29	208 (72)	33	451	51 [0]

Notes:

1. Book values in the “Other” column refer to the total for tools, fixtures and furnishings, construction in progress and lease assets.
2. There were no principal facilities that were not in operation as of March 31, 2009.
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 lease 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

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, 2009, funds committed to the construction of facilities (actual expenditure) amounted to ¥14,000 million. Plans call for this entire sum to be financed internally from cash flow.

There were no plans for construction or disposal of major facilities at the end of the year ended March 31, 2009.

[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, 2009	Shares issued and outstanding at date of filing (June 25, 2009)	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)	Common stock is the standard type of shares issued by the company without limitations on the shareholders’ rights, and 500 shares form a minimum trading unit.
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, 2009)	Options outstanding at the last month-end prior to filing this report (May 31, 2009)
Number of options granted	2 (Note 1)	2 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock (Note 2)	Same as the left column.
Total number of issuable shares	2,200 (Note 5)	2,200 (Note 5)
Amount payable on option exercise	¥885,500 per option (Notes 3 & 5)	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 5)	Same as the left column.
Option exercise conditions	(Note 4)	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. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. 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.

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

"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.

4. 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.

5. Following the stock split on November 18, 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, 2009)	Options outstanding at the last month-end prior to filing (May 31, 2009)
Number of options granted	25 (Note 1)	25 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock (Note 2)	Same as the left column.
Total number of issuable shares	27,500 (Note 5)	27,500 (Note 5)
Amount payable on option exercise	¥892,100 per option (Notes 3 & 5)	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 5)	Same as the left column.
Option exercise conditions	(Note 4)	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. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. 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.

4. 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.
5. Following the stock split on November 18, 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, 2009)	Options outstanding at the last month-end prior to filing (May 31, 2009)
Number of options granted	82 (Note 1)	82 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock (Note 2)	Same as the left column.
Total number of issuable shares	90,200 (Note 5)	90,200 (Note 5)
Amount payable on option exercise	¥1,098,900 per option (Notes 3 & 5)	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 5)	Same as the left column.
Option exercise conditions	(Note 4)	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. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. 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.

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

"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.

4. 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.
5. Following the stock split on November 18, 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, 2009)	Options outstanding at the last month-end prior to filing (May 31, 2009)
Number of options granted	166 (Note 1)	161 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock (Note 2)	Same as the left column.
Total number of issuable shares	182,600 (Note 5)	177,100 (Note 5)
Amount payable on option exercise	¥1,193,500 per option (Notes 3 & 5)	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 5)	Same as the left column.
Option exercise conditions	(Note 4)	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. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. 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.

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

"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.

4. 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.
5. Following the stock split on November 18, 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, 2009)	Options outstanding at the last month-end prior to filing (May 31, 2009)
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 (Note 2)	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 3)	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 4)	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 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each option shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. 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.

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

"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.

4. 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.

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

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, 2009)	Options outstanding at the last month-end prior to filing (May 31, 2009)
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 (Note 2)	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 3)	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 4)	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 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each option shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. 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.

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

"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.

4. 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.

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

<Options granted on August 19, 2008>

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 26, 2008 Date of authorizing resolution of Board of Directors: July 30, 2008		
	Options outstanding at the most recent fiscal year-end (March 31, 2009)	Options outstanding at the last month-end prior to filing (May 31, 2009)
Number of options granted	88 (Note 1)	88 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock (Note 2)	Same as the left column.
Total number of issuable shares	88,000	88,000
Amount payable on option exercise	¥1,397,000 per option (Note 3)	Same as the left column.
Exercise period	August 20, 2010 – July 30, 2015	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥1,397 Capital increase per share: ¥699	Same as the left column.
Option exercise conditions	(Note 4)	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 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each option shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. 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 an 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.

4. 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 an executive officer of the company or one of its consolidated subsidiaries (excluding listed companies and their subsidiaries, as well as 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 listed companies and their subsidiaries, as well as 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 offense; 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 a merger or a company established as a result of a 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 a 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 a 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 26, 2008 Date of authorizing resolution of Board of Directors: July30, 2008		
	Options outstanding at the most recent fiscal year-end (March 31, 2009)	Options outstanding at the last month-end prior to filing (May 31, 2009)
Number of options granted	178 (Note 1)	178 (Note 1)
Of the above, number of options on treasury stock	–	–
Share type issuable on option exercise	Common stock (Note 2)	Same as the left column.
Total number of issuable shares	178,000	178,000
Amount payable on option exercise	¥1,397,000 per option (Note 3)	Same as the left column.
Exercise period	August 20, 2010 – July 30, 2015	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥1,397 Capital increase per share: ¥699	Same as the left column.
Option exercise conditions	(Note 4)	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 5)	Same as the left column.

Notes:

1. The number of shares corresponding to each option shall equal 1,000.
2. Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
3. 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 an 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.

4. 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 an 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 an 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 offense; 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 a merger or a company established as a result of a 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 a 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 a 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 capital stock (¥ million)	Capital stock balance (¥ million)	Change in legal capital surplus (¥ million)	Legal capital surplus balance (¥ million)
Aug. 3, 2005	—	233,214	—	17,117	53 (Note 1)	9,500
Nov. 18, 2005	23,321 (Note 2)	256,535	—	17,117	—	9,500
Mar. 14, 2008	(5,000) (Note 3)	251,535	—	17,117	—	9,500

Notes:

1. 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.
2. 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.
3. 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, 2009)

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)	—	98	28	300	306	6	10,409	11,147	—
Numbers of shares owned (MTUs)	—	225,635	9,103	104,000	84,815	29	76,027	499,609	1,730,948
Ratio to total shares (%)	—	45.16	1.82	20.82	16.98	0.00	15.22	100.00	—

Notes:

1. Treasury stock holdings of 2,996,216 shares consist of 5,991 MTUs listed under “Individuals and other shareholders” and 716 shares listed under “Sub-MTU holdings.” All of these treasury shares are listed in the shareholder register. As of March 31, 2009, total beneficial ownership of treasury stock was equivalent to 2,995,928 shares.
2. Shares nominally held under the name of Japan Securities Depository Center Inc. account for 4 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, 2009)

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
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	11,519	4.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	10,529	4.18
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	10,347	4.11
Mizuho Corporate Bank, Ltd.	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	9,943	3.95
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
Total	—	94,228	37.46

7. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2009)

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 2,995,500	—	Common stock is the standard type of shares issued by the company without limitations on the shareholders' rights, and 500 shares form a minimum trading unit.
	(Mutually held shares) Common stock 327,000	—	As above
Shares with full voting rights (other)	Common stock 246,482,000	492,964	As above
Sub-MTU share holdings	Common stock 1,730,948	—	—
Total number of shares issued and outstanding	251,535,448	—	—
Total voting rights of all shareholders	—	492,964	—

Notes:

1. Shares nominally held under the name of Japan Securities Depository Center Inc. account for 2,000 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 4 as of March 31, 2009.
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, 2009 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.	716 shares

Mutually held shares

Chiba Grain Handling Center, Ltd.	129 shares

(2) Treasury stock

(As of March 31, 2009)

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	2,995,500	—	2,995,500	1.19
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	—	3,322,500	—	3,322,500	1.32

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, and the meeting of the Board of Directors on July 30, 2008, concerning the value of the remuneration and others and a description of the options.

Dates of authorizing resolutions	June 26, 2008 (Ordinary General Meeting of Shareholders) and July 30, 2008 (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 26, 2008, and a resolution on such details was made at the meeting of the Board of Directors on July 30, 2008.

Dates of authorizing resolutions	June 26, 2008 (Ordinary General Meeting of Shareholders) and July 30, 2008 (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 36 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”

(7) Stock options authorized by a resolution at the Ordinary General Meeting of Shareholders on June 25, 2009

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 25, 2009, concerning the value of the remuneration and others and a description of the options.

Date of authorizing resolution	June 25, 2009
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 84,000 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 August 1, 2016.
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 25, 2009.

Date of authorizing resolution	June 25, 2009
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) (Note 1)
Share type issuable on option exercise	Common stock
Number of shares issuable	Up to 172,000 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 August 1, 2016.
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 155-7 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

None.

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 2009	120,115	153,140,991
Treasury stock acquired in the current term	5,890	6,189,640

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, 2009, 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 2009		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	—	—	—	—
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)	 194,700 32,371	 191,935,700 38,703,228	 5,500 1,552	 5,967,500 1,605,507
Shares of treasury stock held	2,995,928	—	2,994,766	—

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, 2009, 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 2009, 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 32.2% on a consolidated basis (50.2% on a non-consolidated basis) and the rate of dividend to net assets was 1.7% on a consolidated basis (2.2% 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 2009 is as follows.

Authorizing resolution	Total dividends (¥ million)	Dividend per share (¥)
Resolution of the Board of Directors made on October 30, 2008	2,236	9
Resolution of the Ordinary General Meeting of Shareholders made on June 25, 2009	2,236	9

(4) Share Price Movements

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

Fiscal term	161st	162nd	163rd	164th	165th
Fiscal year-end	March 2005	March 2006	March 2007	March 2008	March 2009
Intra-year high*[1] (¥)	1,181	1,287 1,318*[2]	1,327	1,305	1,528
Intra-year low*[1] (¥)	911	1,045 1,073*[2]	1,114	997	909

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. 2008	Nov. 2008	Dec. 2008	Jan. 2009	Feb. 2009	Mar. 2009
Intra-month high (¥)	1,500	1,155	1,172	1,190	1,046	1,127
Intra-month low (¥)	940	985	981	916	937	909

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)
President		Ippei Murakami	March 3, 1945	Apr. 1967 Joined the company Jun. 1993 Deputy General Manager, Finance Jun. 1995 Director (Planning, Finance) Jun. 1997 Director (Finance) Jun. 1998 Director Jun. 2000 Managing Director Jul. 2001 Managing Director (Finance and Accounting) Jun. 2004 Managing Director (Finance and Accounting, Corporate Planning [deputy]) Jun. 2005 Managing Director (Finance and Accounting, Corporate Planning) Jun. 2006 Managing Director (Corporate Planning) Jun. 2007 Senior Managing Director (Corporate Planning) Oct. 2007 President [C]	Note 3	23
Vice President	Division Executive, General Administration Division	Yasutaka Miyauchi	January 31, 1949	Apr. 1972 Joined the company Jun. 2005 Executive Officer (General Administration) Jun. 2005 Director (General Administration) Jun. 2007 Managing Director (General Administration) Jun. 2009 Vice President (General Administration) [C]	Note 3	15
Senior Managing Director		Akihisa Sasaki	March 21, 1948	Apr. 1970 Joined the company Jun. 1997 Deputy General Manager (Flour Milling Operations) Jun. 1998 Director (Flour Milling Operations [deputy]) Jun. 2000 Director (Flour Milling Operations) Jul. 2001 Executive Officer (Flour Milling Operations) Jul. 2001 Executive Officer Director, (Operations & Planning) Nisshin Flour Milling Inc. Jun. 2004 Managing Director (Operations & Planning), Nisshin Flour Milling Inc. Jun. 2007 Managing Director, Nisshin Flour Milling Inc. Oct. 2007 Senior Executive Officer of the company Oct. 2007 Senior Executive Officer, Senior Managing Director, Nisshin Flour Milling Inc. Jun. 2008 Managing Director Jun. 2008 President, Nisshin Flour Milling Inc.[C] (Concurrent roles) Jun. 2009 Senior Managing Director [C]	Note 3	16
Managing Director	Division Executive, Research and Development, Quality Assurance Division	Masami Ota	September 13, 1946	Apr. 1970 Joined the company Jun. 2003 Executive Officer (R&D and Quality Assurance) Jun. 2003 Director (R&D and Quality Assurance) Nov. 2006 Director (R&D and Quality Assurance) Jun. 2008 Managing Director (R&D and Quality Assurance) [C]	Note 3	18
Managing Director		Kazuo Ikeda	September 14, 1947	Apr. 1971 Joined the company Jun. 2002 Executive Officer Jun. 2003 Managing Director, Nisshin Foods Inc. (Business Planning) Jun. 2004 Director Jun. 2004 President, Nisshin Foods Inc. [C] (Concurrent roles) Jun. 2009 Managing Director [C]	Note 3	18

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	Division Executive, 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	7
Director	Division Executive, 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	Division Executive, Finance and Accounting Division	Akiya Fukada	October 27, 1954	Apr. 1978 Jun. 2006 Jun. 2008 Jun. 2009	Joined the company General Manager, Finance (Finance and Accounting Division) Director (Finance and Accounting [deputy]) Director (Finance and Accounting) [C]	Note 3	6
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		Hiroshi Oeda	March 12, 1957	Apr. 1980 Jun. 2008 Jun. 2008 Jun. 2009	Joined the company Executive Officer Managing Director (Operations & Planning), Nisshin Flour Milling Inc. [C] Director [C]	Note 3	13
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, Limited (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
Director		Akio Mimura	November 2, 1940	Apr. 1963 Jun. 1993 Apr. 1997 Apr. 2000 Apr. 2003 Jun. 2006 Apr. 2008 Jun. 2009	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] Director [C]	Note 3	2
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	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	Full-time	Makoto Watanabe	February 23, 1949	Apr. 1972 Jun. 2007 Jun. 2009	Joined the company Executive Officer, General Manager (Internal Control Department) Corporate Auditor [C]	Note 4	8

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)
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	—
Corporate Auditor		Kazuhiko Fushiya	January 26, 1944	Apr. 1967 Jul. 1996 Jun. 1998 Jul. 1999 Jul. 2001 Jul. 2002 Jan. 2006 Feb. 2008 Jan. 2009 Jun. 2009	Joined the Ministry of Finance (MOF) Director-General of the Financial Bureau, MOF Director-General of the Financial Planning Bureau, MOF Commissioner, National Tax Agency Deputy Governor, National Life Finance Corporation Assistant Chief Cabinet Secretary Commissioner, Board of Audit of Japan President, Board of Audit of Japan Retired Corporate Auditor [C]	Note 4	—
Total							183

Notes:

1. Directors Ariyoshi Okumura and Akio Mimura are externally appointed in accordance with Section 2, Article 15 of the Companies Act.
2. Auditors Akira Takeuchi, Tetsuo Kawawa and Kazuhiko Fushiya 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 25, 2009, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 2010.
4. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 25, 2009, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 2013.
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 and Other Matters

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 25, 2009).

(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 facilities, safety, environmental protection and quality assurance, 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 two outside directors. 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 quality assurance 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 facilities, safety, environmental protection and quality assurance. Currently, the Internal Control Department has a staff of 12 people and the specialist personnel teams comprise eight people for facility/safety audits, five people for environmental audits and seven people for quality assurance 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 LLC, 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 19 CPAs and 25 assistant accountants and others.

Ernst & Young ShinNihon LLC 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

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

Directors:	Sixteen (16)	¥322 million	(includes ¥10 million to outside director)
Auditors:	Five (5)	¥71 million	

Notes 1. The above number of directors includes the four directors who retired from office during the fiscal year under review.

2. The above amount of remuneration paid to directors includes ¥10 million (includes ¥0 million to outside directors) that was charged to expense concerning the stock options granted to the directors in the fiscal year ended March 2009.

(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.

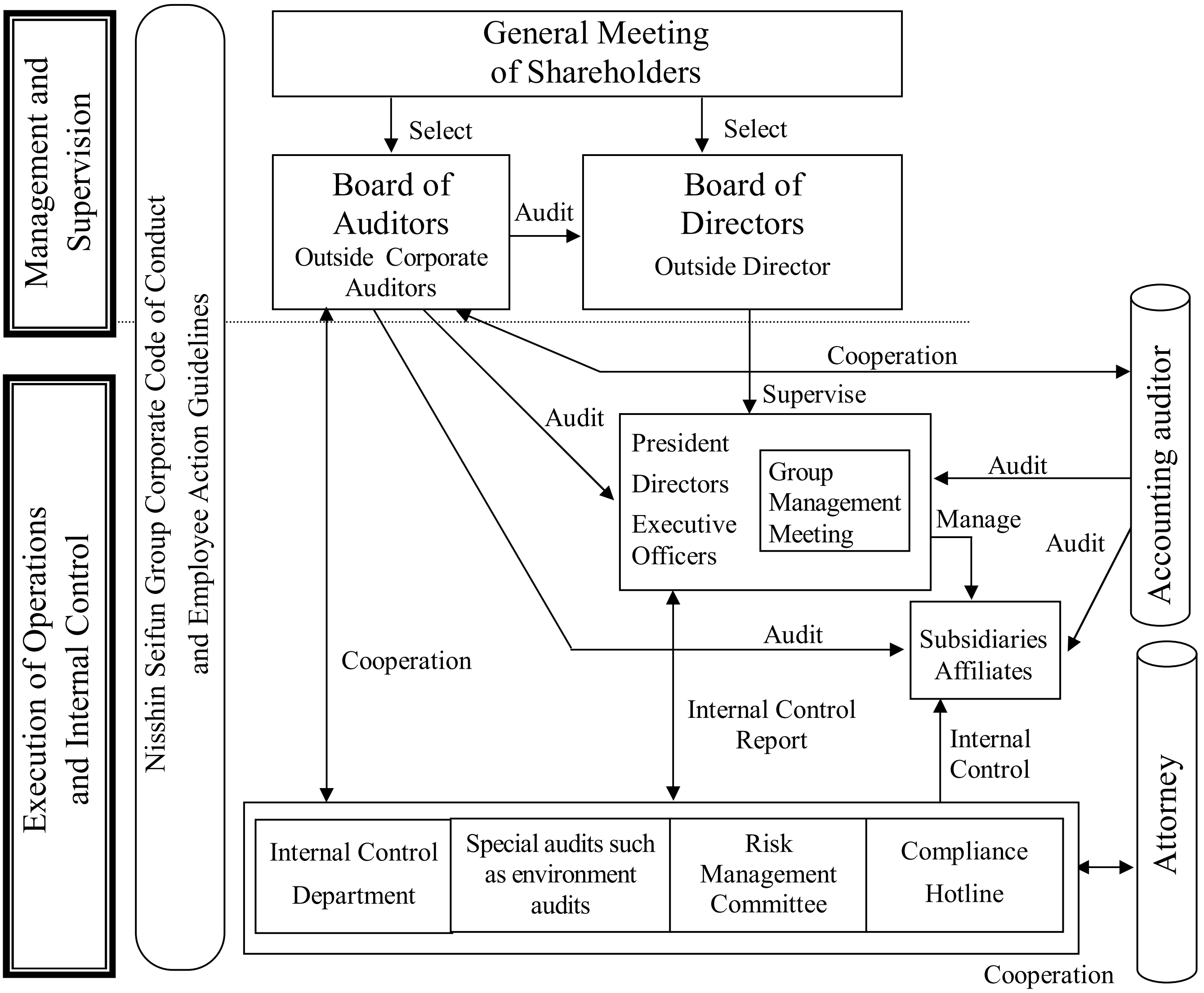
(11) Requirements for a special resolution by the General Meeting of Shareholders

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.



(2) Audit Fee

1. Payments made to the Certified Public Accountants and others involved in the audits of the company and its consolidated subsidiaries

	Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2009	
	Payments for certified auditing services (¥ million)	Payments for services other than certified auditing (¥ million)	Payments for certified auditing services (¥ million)	Payments for services other than certified auditing (¥ million)
The company	—	—	51	0
Consolidated subsidiaries	—	—	137	—
Total	—	—	188	0

2. Other important payments
None.

3. Services other than certified auditing provided by the Certified Public Accountants and others to the company
The company asks the accounting auditor to provide services other than certified auditing as stipulated in Article 2-1 of the Certified Public Accountants Law, including the service of providing advice on new accounting standards.

4. Policy for determining the audit fee
There is no applicable policy, but the audit fee is basically determined according to the scale of the companies audited and the number of days required for the audit, etc.

[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, 2007 to March 31, 2008), whereas the rules after their most recent revision are applied to the fiscal year under review (April 1, 2008 to March 31, 2009).

(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, 2007 to March 31, 2008), whereas the rules after their most recent revision are applied to the fiscal year under review (April 1, 2008 to March 31, 2009).

2. Independent auditing of financial statements

Pursuant to the provisions of Article 193-2, Section 1, of the Financial Instruments and Exchange Law, the company arranged for the 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, 2007 to March 31, 2008; the 164th fiscal term), and for the auditing firm Ernst & Young ShinNihon LLC to conduct independent audits of the consolidated and non-consolidated financial accounts of the company for the fiscal year under review (April 1, 2008 to March 31, 2009; the 165th fiscal term).

As of July 1, 2008, Ernst & Young ShinNihon became a limited liability corporation and was renamed Ernst & Young ShinNihon LLC.

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

(1) Consolidated Financial Statements

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2008 (As of March 31, 2008)		Fiscal year ended March 31, 2009 (As of March 31, 2009)	
Assets				
Current assets				
Cash and deposits		43,987		51,967
Notes and accounts receivable — trade	Note 5	58,000	Note 5	57,329
Short-term investment securities		13,704		8,799
Inventories	Note 5	40,313	Notes 1, 5	45,822
Deferred tax assets		5,524		4,480
Other		5,528		6,925
Allowance for doubtful accounts		(217)		(212)
Total current assets		166,841		175,112
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net	Notes 2, 3, 5	45,276	Notes 2, 3, 5	45,477
Machinery, equipment and vehicles, net	Notes 2, 3, 5	32,526	Notes 2, 3, 5	33,843
Land	Note 5	33,187	Note 5	32,939
Construction in progress		5,574		1,056
Other, net	Note 2	2,707	Note 2	3,333
Total property, plant and equipment		119,272		116,650
Intangible assets		4,610		3,482
Investments and other assets				
Investment securities	Note 4	84,524	Note 4	66,256
Long-term loans receivable		90		75
Deferred tax assets		2,799		3,105
Other	Note 4	3,916	Note 4	6,364
Allowance for doubtful accounts		(260)		(167)
Total investments and other assets		91,071		75,634
Total noncurrent assets		214,953		195,767
Total assets		381,795		370,879

(Millions of yen)

	Fiscal year ended March 31, 2008 (As of March 31, 2008)	Fiscal year ended March 31, 2009 (As of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable — trade	23,875	22,479
Short-term loans payable	Note 5 3,969	Note 5 2,943
Income taxes payable	3,870	4,691
Accrued expenses	13,600	13,470
Other	13,409	12,797
Total current liabilities	58,724	56,381
Noncurrent liabilities		
Long-term loans payable	Note 5 1,093	336
Deferred tax liabilities	15,847	10,546
Provision for retirement benefits	8,325	8,587
Provision for directors' retirement benefits	302	311
Provision for repairs	997	1,498
Long-term deposits received	5,682	5,570
Negative goodwill	26	10
Other	954	1,542
Total noncurrent liabilities	33,230	28,403
Total liabilities	91,955	84,785
Net assets		
Shareholders' equity:		
Capital stock	17,117	17,117
Capital surplus	9,446	9,446
Retained earnings	209,221	218,543
Treasury stock	(3,263)	(3,177)
Total shareholders' equity	232,521	241,930
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	26,115	17,220
Deferred gains or losses on hedges	(250)	43
Foreign currency translation adjustment	791	(2,153)
Total valuation and translation adjustments	26,655	15,111
Subscription rights to shares	8	38
Minority interests	30,653	29,014
Total net assets	289,839	286,094
Total liabilities and net assets	381,795	370,879

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
Net sales	431,858	466,671
Cost of sales	Notes 1, 2 298,498	Notes 1, 2 334,992
Gross profit	133,359	131,679
Selling, general and administrative expenses		
Sales fare	25,372	—
Promotion expenses	38,101	—
Salaries	12,336	—
Bonuses and allowance	9,006	—
Retirement benefit expenses	1,151	—
Other	28,199	—
Total selling, general and administrative expenses	Note 2 114,168	Notes 2, 3 109,924
Operating income	19,191	21,755
Non-operating income		
Interest income	461	432
Dividends income	1,262	1,255
Equity in earnings of affiliates	1,091	767
Rent income	384	350
Other	480	396
Total non-operating income	3,680	3,203
Non-operating expenses		
Interest expenses	180	167
Loss on disposal of inventories	205	—
Foreign exchange losses	127	—
Other	178	172
Total non-operating expenses	691	340
Ordinary income	22,180	24,618
Extraordinary income		
Gain on sales of noncurrent assets	Note 4 2,083	Note 4 1,234
Gain on sales of investment securities	1,669	160
Gain on liquidation of subsidiaries and affiliates	1,035	67
Gain on dissolving joint venture of pharmaceutical business	—	1,065
Other	Note 5 67	10
Total extraordinary income	4,856	2,538
Extraordinary loss		
Loss on retirement of noncurrent assets	Note 6 987	Note 6 985
Loss on valuation of investment securities	—	882
Coenzyme Q_{10} related loss	Note 7 1,107	—
Expenses for improving production systems	Note 8 1,923	Note 8 485
Other	Note 9 690	Note 9 207
Total extraordinary losses	4,709	2,560
Income before income taxes and minority interests	22,327	24,596
Income taxes – current	7,776	8,343
Income taxes – deferred	1,500	1,441
Total income taxes	9,276	9,784
Minority interests in income	1,902	959
Net income	11,147	13,852

(3) Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	17,117	17,117
Capital surplus		
Balance at the end of previous period	9,779	9,446
Changes of items during the period		
Disposal of treasury stock	(2)	—
Retirement of treasury stock	(330)	—
Total changes of items during the period	(333)	—
Balance at the end of current period	9,446	9,446
Retained earnings		
Balance at the end of previous period	207,550	209,221
Effect of changes in accounting policies applied to foreign subsidiaries	—	(48)
Changes of items during the period		
Dividends from surplus	(4,561)	(4,472)
Net income	11,147	13,852
Disposal of treasury stock	—	(8)
Retirement of treasury stock	(4,915)	—
Total changes of items during the period	1,671	9,371
Balance at the end of current period	209,221	218,543
Treasury stock		
Balance at the end of previous period	(3,010)	(3,263)
Changes of items during the period		
Purchase of treasury stock	(5,634)	(153)
Disposal of treasury stock	135	238
Retirement of treasury stock	5,246	—
Total changes of items during the period	(252)	85
Balance at the end of current period	(3,263)	(3,177)
Total shareholders' equity		
Balance at the end of previous period	231,436	232,521
Effect of changes in accounting policies applied to foreign subsidiaries	—	(48)
Changes of items during the period		
Dividends from surplus	(4,561)	(4,472)
Net income	11,147	13,852
Purchase of treasury stock	(5,634)	(153)
Disposal of treasury stock	132	230
Retirement of treasury stock	—	—
Total changes of items during the period	1,085	9,456
Balance at the end of current period	232,521	241,930

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	39,102	26,115
Changes of items during the period		
Net changes of items other than shareholders' equity	(12,987)	(8,894)
Total changes of items during the period	(12,987)	(8,894)
Balance at the end of current period	26,115	17,220
Deferred gains or losses on hedges		
Balance at the end of previous period	41	(250)
Changes of items during the period		
Net changes of items other than shareholders' equity	(291)	294
Total changes of items during the period	(291)	294
Balance at the end of current period	(250)	43
Foreign currency translation adjustments		
Balance at the end of previous period	394	791
Changes of items during the period		
Net changes of items other than shareholders' equity	397	(2,944)
Total changes of items during the period	397	(2,944)
Balance at the end of current period	791	(2,153)
Total valuation and translation adjustments		
Balance at the end of previous period	39,537	26,655
Changes of items during the period		
Net changes of items other than shareholders' equity	(12,882)	(11,544)
Total changes of items during the period	(12,882)	(11,544)
Balance at the end of current period	26,655	15,111
Subscription rights to shares		
Balance at the end of previous period	—	8
Changes of items during the period		
Net changes of items other than shareholders' equity	8	29
Total changes of items during the period	8	29
Balance at the end of current period	8	38
Minority interests		
Balance at the end of previous period	29,331	30,653
Effect of changes in accounting policies applied to foreign subsidiaries	—	(72)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,322	(1,567)
Total changes of items during the period	1,322	(1,567)
Balance at the end of current period	30,653	29,014
Total net assets		
Balance at the end of previous period	300,306	289,839
Effect of changes in accounting policies applied to foreign subsidiaries	—	(120)
Changes of items during the period		
Dividends from surplus	(4,561)	(4,472)
Net income	11,147	13,852
Purchase of treasury stock	(5,634)	(153)
Disposal of treasury stock	132	230
Net changes of items other than shareholders' equity	(11,551)	(13,082)
Total changes of items during the period	(10,466)	(3,625)
Balance at the end of current period	289,839	286,094

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	22,327	24,596
Depreciation and amortization	13,515	15,403
Increase (decrease) in provision for retirement benefits	(1,543)	278
Decrease (increase) in prepaid pension costs	(1,361)	(2,533)
Interest and dividend income	(1,723)	(1,688)
Interest expenses	180	167
Equity in (earnings) losses of affiliates	(1,091)	(767)
Loss (gain) on sales of investment securities	(1,649)	(161)
Decrease (increase) in notes and accounts receivable — trade	2,200	(127)
Decrease (increase) in inventories	4,563	(6,480)
Increase (decrease) in notes and accounts payable — trade	(4,625)	(920)
Other, net	391	(1,334)
Subtotal	31,184	26,432
Interest and dividends income received	2,210	2,097
Interest expenses paid	(177)	(165)
Income taxes paid	(6,718)	(8,292)
Net cash provided by (used in) operating activities	26,498	20,072
Net cash provided by (used in) investment activities		
Payments into time deposits	(16,945)	(26,132)
Proceeds from withdrawal of time deposits	11,017	13,632
Purchase of short-term investment securities	(11,756)	(2,798)
Proceeds from sales of short-term investment securities	11,901	13,700
Purchase of property, plant and equipment and intangible assets	(18,327)	(13,313)
Proceeds from sales of property, plant and equipment and intangible assets	2,275	1,098
Purchase of investment securities	(4,127)	(284)
Proceeds from sales of investment securities	3,067	226
Proceeds from dissolving joint venture of pharmaceutical business	—	3,511
Payments of long-term loans receivable	(0)	(4)
Collection of long-term loans receivable	9	19
Other, net	950	109
Net cash provided by (used in) investing activities	(21,934)	(10,235)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	9	—
Decrease in short-term loans payable	(3,804)	(1,081)
Repayment of long-term loans payable	—	(501)
Proceeds from sales of treasury stock	132	230
Purchase of treasury stock	(5,634)	(153)
Cash dividends paid	(4,561)	(4,472)
Other, net	(566)	(696)
Net cash provided by (used in) financing activities	(14,423)	(6,675)
Effect of exchange rate change on cash and cash equivalents	258	(1,738)
Net increase (decrease) in cash and cash equivalents	(9,601)	1,422
Cash and cash equivalents at beginning of period	48,452	38,850
Increase in cash and cash equivalents from newly consolidated subsidiary	—	66
Cash and cash equivalents at end of period	38,850	40,339

Basis of Presentation of Consolidated Financial Statements

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
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.	1. Scope of consolidation (1) Consolidated subsidiaries: 40 ▪ 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 six 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 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 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) Changes in scope of consolidation Newly included subsidiaries: 2 companies Due to increased materiality, OYC EU B.V. and OYC Shanghai Co., Ltd., have been consolidated in the fiscal year ended March 31, 2009. ________________
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 that are outside the scope of the equity method are negligible and immaterial in the aggregate.	2. Scope of the equity method (1) Equity-method subsidiaries and affiliates: 9 (one non-consolidated subsidiary and eight affiliates) ▪ Names of principal equity-method subsidiaries and affiliates: Marubeni Nisshin Feed Co., Ltd., Japan Logistic Systems Corp. ▪ The contributions to consolidated net income and consolidated retained earnings of each of the six non-consolidated subsidiaries and eight affiliates that are outside the scope of the equity method are negligible and immaterial in the aggregate.
(2) Changes in scope of the equity method ________________	(2) Changes in scope of the equity method Newly excluded: 1 company Nisshin Kyorin Pharmaceutical Co., Ltd., was excluded from the scope of the equity method as it merged with Kyorin Pharmaceutical Co., Ltd., the former joint venture partner of Nisshin Pharma Inc., in October 2008.
(3) The financial statements for the accounting period of the company concerned are used in the cases of those equity-method affiliates whose accounting period differs from the consolidated accounting period.	(3) Same as the left column.

<table>
<tr><th>Fiscal year ended March 31, 2008
(April 1, 2007 to March 31, 2008)</th><th>Fiscal year ended March 31, 2009
(April 1, 2008 to March 31, 2009)</th></tr>
<tr><td>3. Accounting periods of consolidated subsidiaries
The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary’s year-end and the consolidated year-end.
<table>
<tr><th>Company name</th><th>Year-end</th></tr>
<tr><td>Rogers Foods Ltd.</td><td>January 31</td></tr>
<tr><td>Thai Nisshin Seifun Co., Ltd. and 10 others</td><td>December 31</td></tr>
</table></td>
<td>3. Accounting periods of consolidated subsidiaries
The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary’s year-end and the consolidated year-end.
<table>
<tr><th>Company name</th><th>Year-end</th></tr>
<tr><td>Rogers Foods Ltd.</td><td>January 31</td></tr>
<tr><td>Thai Nisshin Seifun Co., Ltd. and 12 others</td><td>December 31</td></tr>
</table></td></tr>
<tr><td>4. Significant accounting policies
(1) Valuation standards and methodology for material assets
a. Securities:
Held-to-maturity debt securities are stated at amortized cost.
Other securities:
Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of 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>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: Flour and bran are stated at cost, with cost being determined by the retail cost method (the balance sheet amounts are determined by writing down the book value according to a decrease in profitability), and other products are stated at cost, with cost being determined by the periodic average method (the balance sheet amounts are determined by writing down the book value according to a decrease in profitability).
Raw materials are stated at cost, with cost being determined by the moving average method (the balance sheet amounts are determined by writing down the book value according to a decrease in profitability).
(Changes in accounting policy)
Effective from the year ended March 31, 2009, the company adopted ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories” (issued on July 5, 2006).
The effects of this change were to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥191 million each.
The effects of this change to segment information are stated in the applicable notes.</td></tr>
</table>

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
(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 (excluding lease assets): 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.	(Additional information) In response to the revision of the Corporate Tax Law, the company and its domestic consolidated subsidiaries reviewed the useful life of machinery and equipment, and changed it from mainly 7–16 years to mainly 7–12 years, effective from the year ended March 31, 2009. The effects of this change were to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥1,122 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 (excluding lease assets): Same as the left column.

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
c. ________________	c. Lease assets: Depreciation on lease assets relating to finance leases that do not transfer ownership is computed by the straight-line method over the lease term, which is deemed as the asset's useful life, with a residual value of zero. (Changes in accounting policy) Previously, finance lease transactions that do not transfer ownership had been accounted for in a similar manner to ordinary rental transactions. Effective from the year ended March 31, 2009, however, such leases are accounted for in a similar manner to ordinary sale and purchase transactions by applying ASBJ Statement No. 13, " Accounting Standard for Lease Transactions" (originally issued on June 17, 1993, by the Corporate Accounting Council, and revised on March 30, 2007), and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions" (originally issued on January 18, 1994, by the Accounting System Committee, Japanese Institute of Certified Public Accounts, and revised on March 30, 2007). However, the company continued to apply the previous accounting method—that is, similar to ordinary rental transactions—for the finance lease transactions that do not transfer ownership for which the inception of the lease falls prior to the first year of implementation of the aforementioned accounting standard. The effects of this change on the company's profits and losses and segment information for the year ended March 31, 2009, were immaterial.
(3) Basis of material allowances a. Allowance for doubtful accounts: The parent company and domestic consolidated subsidiaries provide for possible credit losses stemming from notes and accounts receivable — trade. 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.
b. Provision for 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. Provision for retirement benefits: Employees' retirement benefits are provided for 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.

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
c. Provision 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.	c. Provision for directors' retirement benefits: 10 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 lease assets to the lessee are accounted for using the same methods as those used for ordinary lease transactions.	(4) ________________
(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.
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.	5. Valuation of assets and liabilities of consolidated subsidiaries Same as the left column.
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.	6. Amortization of goodwill and negative goodwill Same as the left column.
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.	7. Cash and cash equivalents Same as the left column.

Changes in accounting policy

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
———————	(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) Effective from the fiscal year ended March 31, 2009, the company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18 issued on May 17, 2006) and made the necessary adjustments to the consolidated financial statements. The effects of this adoption were to decrease noncurrent assets at the beginning of the year ended March 31, 2009, by ¥120 million, retained earnings by ¥48 million and minority interests by ¥72 million. The effects of this change on the company's profits and losses and segment information for the year ended March 31, 2009, were immaterial.

Changes in presentation

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
(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 "short-term investment securities," effective from the year ended March 31, 2008.	———————
	(Consolidated statement of income) 1. "Foreign exchange losses" was separately stated under "Non-operating expenses" for the year ended March 31, 2008. However, it amounted to ¥32 million for the year under review, which is less than ten-hundredths of total non-operating expenses, and was therefore included in the item "Other expenses" for the year ended March 31, 2009. 2. Previously, major components of selling, general and administrative expenses had been separately stated in the consolidated statement of income. Effective from the year ended March 31, 2009, however, selling, general and administrative expenses are collectively stated in the consolidated statement of income, and major components thereof are stated in the applicable note to the consolidated statement of income.

Notes to the Consolidated Financial Statements

(Notes to the Consolidated Balance Sheets)

<table>
<tr><th>Fiscal year ended March 31, 2008
(April 1, 2007 to March 31, 2008)</th><th>Fiscal year ended March 31, 2009
(April 1, 2008 to March 31, 2009)</th></tr>
<tr><td>1. ______________________</td><td>1. Components of inventories are as follows.<table><tr><td>Merchandise and finished goods</td><td>¥26,190 million</td></tr><tr><td>Work in process</td><td>¥3,223million</td></tr><tr><td>Raw materials and supplies</td><td>¥16,408 million</td></tr></table></td></tr>
<tr><td>2. Accumulated depreciation of property, plant and equipment ¥208,691 million</td><td>2. Accumulated depreciation of property, plant and equipment ¥207,060 million</td></tr>
<tr><td>3. Accumulated accelerated depreciation of property, plant and equipment purchased with government subsidy
¥264 million</td><td>3. Accumulated accelerated depreciation of property, plant and equipment purchased with government subsidy
¥263 million</td></tr>
<tr><td>4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.<table><tr><td>Investment securities</td><td>¥18,172 million</td></tr><tr><td>Others</td><td>¥109 million</td></tr><tr><td>(Investments in joint ventures included in the above)</td><td>¥2,579 million</td></tr></table></td><td>4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.<table><tr><td>Investment securities</td><td>¥15,898 million</td></tr><tr><td>Others</td><td>¥101 million</td></tr><tr><td>(Investments in joint ventures included in the above)</td><td>¥109 million</td></tr></table></td></tr>
<tr><td>5. 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 loans payable totaling ¥497 million and long-term loans payable totaling ¥492 million.</td><td>5. Assets pledged as collateral
The company has pledged buildings (book value of ¥1,288 million), machinery and equipment (book value of ¥648 million), land (book value of ¥92 million) and others (book value of ¥24million) as collateral against short-term loans payable totaling ¥224 million.</td></tr>
<tr><td>6. 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><td>6. 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>211</td></tr><tr><td>(Affiliated companies)
Hanshin Silo Co., Ltd.</td><td>Borrowings from financial institution</td><td>690</td></tr><tr><td>（Client-related）
Nihon-Bio Co., Ltd.</td><td>Borrowings from financial institution</td><td>248</td></tr><tr><td>Total</td><td></td><td>1,150</td></tr></table></td></tr>
</table>

(Notes to the Consolidated Statements of Income)

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
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.	1. The value of inventories at the year-end represents the value after writing down the book value according to a decrease in profitability, and the following loss on revaluation of inventories is included in the cost of sales. ¥326 million
2. R&D expenditure included in general and administrative expenses and manufacturing costs for the year ended March 2008: ¥5,136 million	2. R&D expenditure included in general and administrative expenses and manufacturing costs for the year ended March 2009: ¥5,448 million
3. ________________	3. Major components of selling, general and administrative expenses are as follows. Sales fare ¥25,417 million Promotion expenses ¥31,828 million Salaries ¥12,509 million Bonuses and allowance ¥8,856 million Retirement benefit expenses ¥1,314 million
4. This figure mainly reflects gains on the sale of land.	4. This figure mainly reflects gains on the sale of land.
5. This figure mainly reflects gains from a capital reduction.	5. ________________________
6. This figure mainly reflects losses on the disposal of machinery and equipment.	6. This figure mainly reflects losses on the disposal of machinery and equipment.
7. This figure mainly reflects losses due to low operation of manufacturing equipment for the coenzyme Q_{10} products.	7. ________________________
8. 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 expenses related to the closure of the Kobe Plant of Nisshin Flour Milling Inc., which was closed in August 2008.
9. This figure mainly reflects the expenses related to the dissolution of the joint pharmaceutical business.	9. This figure mainly reflects losses on revaluation of memberships.

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

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

1. Type and number of issued shares and treasury stock

	Number of shares at end of previous fiscal year (Thousands of shares)	Increase in shares during fiscal year (Thousands of shares)	Decrease in shares during fiscal year (Thousands of shares)	Number of shares at end of current fiscal year (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 subscription rights to shares to treasury shares

Category	Composition of subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Number of shares at end of current fiscal year (Thousands of shares)
			At end of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	At end of fiscal year under review	
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

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

1. Type and number of issued shares and treasury stock

	Number of shares at end of previous fiscal year (Thousands of shares)	Increase in shares during fiscal year (Thousands of shares)	Decrease in shares during fiscal year (Thousands of shares)	Number of shares at end of current fiscal year (Thousands of shares)
Shares issued Common stock	251,535	—	—	251,535
Treasury stock Common stock	3,170	120	227	3,063

Notes:

1. Portion of the increase in common stock accounted for by issued shares:
   120 thousand shares, as result of repurchasing less-than-one-unit shares
2. Portion of the decrease in common stock accounted for by treasury stock:
   32 thousand shares, as result of selling less-than-one-unit shares, and
   194 thousand shares, as result of exercise of stock options

2. Subscription rights to shares and subscription rights to shares to treasury shares

Category	Composition of subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at end of fiscal year under review (¥ million)
			At end of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	At end of fiscal year under review	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	—					38
Total		—					38

3. Dividends

(1) Dividends paid

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	¥2,235 million
ii)	Dividend per share	¥9
iii)	Date of record	March 31, 2008
iv)	Effective date	June 27, 2008

The following resolution was made at the meeting of the Board of Directors held on October 30, 2008.

- Dividends on common stock:

i)	Total dividends to be paid	¥2,236 million
ii)	Dividend per share	¥9
iii)	Date of record	September 30, 2008
iv)	Effective date	December 5, 2008

(2) Dividends for which the record date came during the year ended March 31, 2009, but for which the effective date will come after said period

The following was proposed at the Ordinary General Meeting of Shareholders held on June 25, 2009.

- Dividends on common stock:

i)	Total dividends to be paid	¥2,236 million
ii)	Source of dividends	Retained earnings
iii)	Dividend per share	¥9
iv)	Date of record	March 31, 2009
v)	Effective date	June 26, 2009

(Notes to the Consolidated Statements of Cash Flows)

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
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:	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:

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Cash and deposits	¥43,987 million	¥51,967 million
Short-term investment securities	¥13,704 million	¥8,799 million
Total	¥57,692 million	¥60,767 million
Time deposits with maturities of more than three months	(¥7,136 million)	(¥19,627 million)
Debt securities with maturities of more than three months	(¥11,705 million)	(¥800 million)
Cash and cash equivalents	¥38,850 million	¥40,339 million

(Leases)

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 lease assets to the lessee are given below.

(1) The acquisition cost, accumulated depreciation and net book value at the year-end for the lease 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 lease 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

Depreciation expense is computed by the straight-line method over the useful life of the lease asset with a residual value of zero.

Fiscal year ended March 31, 2009
(April 1, 2008 to March 31, 2009)

1. Finance leases (for the lessee)

Finance leases other than those that transfer ownership:

(1) Details of the lease assets

a. Property, plant and equipment: mainly information system equipment (tools, fixtures and furniture)

b. Intangible assets: software

(2) Depreciation of the lease assets

Depreciation of the lease assets is as described in "4. Significant accounting policies (2) Depreciation methods for material depreciable assets" under the Basis of Presentation of Consolidated Financial Statements. However, the company continued to apply the accounting method similar to that of ordinary rental transactions for the finance leases that do not transfer ownership for which the inception of the lease falls prior to March 31, 2008, and details of such leases are as follows.

(1) The acquisition cost, accumulated depreciation and net book value at the year-end for the lease assets on an "as if capitalized" basis were as follows:

	Acquisition cost (¥ million)	Accumulated depreciation (¥ million)	Net book value (¥ million)
Machinery, equipment and vehicles	2,605	1,514	1,090
Other	2,090	1,265	824
Total	4,695	2,779	1,915

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

Due within one year	¥624 million
Due after one year	¥1,291 million
Total	¥1,915 million

The values of the acquisition cost of lease 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	¥744million
Depreciation expense	¥744 million

(4) Calculation method for depreciation expense

Depreciation expense is computed by the straight-line method over the useful life of the lease asset with a residual value of zero.

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
2. Operating leases Minimum lease commitments under operating leases Due within one year ¥13 million Due after one year ¥38 million Total ¥51 million	2. Operating leases Minimum lease commitments under noncancelable operating leases (Lessee) Due within one year ¥25 million Due after one year ¥49 million Total ¥75 million (Lesser) Due within one year ¥110 million Due after one year ¥778 million Total ¥889 million

(Securities)

1. Debt securities classified as held-to-maturity securities

(Millions of yen)

	As of March 31, 2008			As of March 31, 2009		
	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	1,499	1,499	(0)	1,499	1,499	(0)
2. Corporate bonds	–	–	–	–	–	–
3. Other	–	–	–	–	–	–
Subtotal	1,499	1,499	(0)	1,499	1,499	(0)
Total	1,499	1,499	(0)	1,499	1,499	(0)

2. Short-term investment securities classified as other securities

(Millions of yen)

	As of March 31, 2008			As of March 31, 2009		
	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	10,920	56,386	45,465	7,810	39,133	31,323
2. Bonds						
Government and municipal bonds	–	–	–	–	–	–
Corporate bonds	8,099	8,104	4	799	800	0
Other	–	–	–	–	–	–
3. Other	–	–	–	–	–	–
Subtotal	19,020	64,490	45,470	8,610	39,933	31,323
Securities whose acquisition cost exceeds their carrying value						
1. Equity securities	6,406	5,326	(1,080)	8,669	6,646	(2,023)
2. Bonds						
Government and municipal bonds	–	–	–	–	–	–
Corporate bonds	3,603	3,600	(2)	–	–	–
Other	–	–	–	–	–	–
3. Other	–	–	–	–	–	–
Subtotal	10,010	8,927	(1,083)	8,669	6,646	(2,023)
Total	29,030	73,417	44,387	17,279	46,579	29,299

Note: Stocks of ¥832 million, which have market prices in other short-term investment securities, have been impaired at the end of the consolidated fiscal year.

3. Sale of securities classified as other securities

Fiscal year ended March 31, 2008			Fiscal year ended March 31, 2009		
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)
2,071	1,681	—	226	161	—

4. Other securities without market value

	As of March 31, 2008	As of March 31, 2009
	Carrying value (¥ million)	Carrying value (¥ million)
1. Held-to-maturity debt securities		
Certificate of deposit	500	500
2. Other securities:		
Certificate of deposit	–	6,000
Unlisted stock	4,640	4,578
Total	5,140	11,078

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

	As of March 31, 2008		As of March 31, 2009	
	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)
1. Bonds:				
Government and municipal bonds	1,500	–	1,500	–
Corporate bonds	11,700	–	800	–
Other	500	–	500	–
2. Other	–	–	6,000	–
Total	13,700	–	8,800	–

(Derivatives)

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)
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.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

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, currency options, and other derivatives 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, commodity futures, and other derivatives 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.

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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 transaction	As of March 31, 2009			
		Contract amount		Fair value	Unrealized gain (loss)
			Portion due after one year		
Market transactions	Currency futures: Buy: Canadian dollars	507	—	510	2
Non-market transactions	Foreign currency forward contracts: Buy: U.S. dollars	166	—	167	0
Total		673	—	677	3

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

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 transaction	As of March 31, 2009			
		Contract amount	Portion due after one year	Fair value	Unrealized gain (loss)
Market transactions	Commodity futures:				
	Buy: Wheat	5	—	5	(0)
Total		5	—	5	(0)

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, 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
Provision for 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 "Provision for 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 expenses [(A) + (B) + (C) + (D) + (E)]	1,960

Notes:

1. Retirement benefit expenses incurred by consolidated subsidiaries that adopt simplified pension accounting methodology is recorded under "(A) Service cost."
2. In addition to the above retirement benefit expenses, 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.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

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, 2009 (¥ million)
(A) Projected benefit obligation	(46,923)
(B) Fair value of plan assets	35,171
(C) Unfunded retirement benefit obligation [(A) + (B)]	(11,751)
(D) Unrecognized actuarial loss	9,189
(E) Unrecognized prior service cost	(2,131)
(F) Net amount recorded on consolidated balance sheet [(C) + (D) + (E)]	(4,692)
(G) Prepaid pension cost	3,894
Provision for retirement benefits [(F) – (G)]	(8,587)

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

3. Retirement benefit expenses

	Fiscal year ended March 31, 2009 (¥ million)
(A) Service cost	1,816
(B) Interest cost	1,093
(C) Expected return on plan assets	(995)
(D) Amortization of actuarial loss	522
(E) Amortization of prior service cost	(198)
(F) Net retirement benefit expenses [(A) + (B) + (C) + (D) + (E)]	2,239

Note: Retirement benefit expenses 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.

(Stock options)

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.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

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

Selling, general, and administrative expenses	¥29 million

2. Description and changes in the size of stock options

(1) Description of stock options

	2002 Plan	2003 Plan	2004 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
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)
Grant date	July 23, 2002	July 23, 2003	July 26, 2004
Conditions for vesting	Not stated	Not stated	Not stated
Service period	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

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.

	2005 Plan	2007 Plan	2008 Plan
Grantees	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	12 directors and 12 executive officers of the company and 24 directors of consolidated subsidiaries
Number of shares granted by stock type	258,500 shares of common stock (Note)	250,000 shares of common stock	266,000 shares of common stock
Grant date	August 17, 2005	August 13, 2007	August 19, 2008
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	July 21, 2007 – July 20, 2012	July 27, 2009 – July 26, 2014	August 20, 2010 – July 30, 2015

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, 2009. 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	2008 Plan
Non-vested (shares):						
Outstanding at beginning of the year	–	–	–	–	250,000	–
Granted during the year	–	–	–	–	–	266,000
Forfeited during the year	–	–	–	–	–	–
Vested during the year	–	–	–	–	–	–
Outstanding at end of the year	–	–	–	–	250,000	266,000
Vested (shares):						
Outstanding at beginning of the year	16,500	56,100	177,100	247,500	–	–
Vested during the year	–	–	–	–	–	–
Exercised during the year	14,300	28,600	86,900	64,900	–	–
Forfeited during the year	–	–	–	–	–	–
Outstanding at ending of the year	2,200	27,500	90,200	182,600	–	–

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	2008 Plan
Exercise price (¥)	805	811	999	1,085	1,197	1,397
Average stock price upon exercise (¥)	1,258	1,330	1,410	1,339	–	–
Fair value per share at grant date (¥)	—	—	—	—	102	201

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

The per share fair value of the 2008 Plan granted during the fiscal year ended March 31, 2009 was estimated as follows.

1) Technique of estimation used: Black-Scholes method

2) Basic factors taken into account for the estimation:

	2008 Plan
Expected volatility of the share price (Note 1)	18.8%
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)	0.99%

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 2004 to August 2008.

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, 2008.

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)

Fiscal year ended March 31, 2008

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

Deferred tax assets	(¥ million)
Provision for retirement benefits	5,248
Provision for bonuses	1,703
Accrued sales incentives	1,131
Depreciation and amortization	1,033
Unrealized gain on noncurrent assets	1,025
Investment securities	839
Inventories	591
Provision for repairs	403
Accrued enterprise tax	351
Accrued directors’ retirement benefits	346
Other	2,667
Gross deferred tax assets	15,341
Amount offset by deferred tax liabilities	(5,213)
Net deferred tax assets	10,128
Valuation allowance	(1,804)
Total deferred tax assets	8,324

Deferred tax liabilities	
Valuation difference on available-for-sale securities	(18,030)
Reserve for advanced depreciation of noncurrent assets	(2,483)
Other	(547)
Gross deferred tax liabilities	(21,061)
Amount offset by deferred tax assets	5,213
Total deferred tax liabilities	(15,847)

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.

Fiscal year ended March 31, 2009

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

Deferred tax assets	(¥ million)
Provision for retirement benefits	4,420
Provision for bonuses	1,732
Unrealized gain on noncurrent assets	979
Accrued sales incentives	848
Depreciation and amortization	689
Investment securities	673
Inventories	646
Provision for repairs	606
Accrued enterprise tax	419
Unrealized gain on inventories	298
Other	2,381
Gross deferred tax assets	13,695
Amount offset by deferred tax liabilities	(4,174)
Net deferred tax assets	9,521
Valuation allowance	(1,935)
Total deferred tax assets	7,586

Deferred tax liabilities	
Valuation difference on available-for-sale securities	(11,905)
Reserve for advanced depreciation of noncurrent assets	(2,423)
Other	(391)
Gross deferred tax liabilities	(14,721)
Amount offset by deferred tax assets	4,174
Total deferred tax liabilities	(10,546)

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.

(Segment information)

1. Business segment information

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

Fiscal Year Ended March 31, 2009

(¥ 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	199,296	229,783	37,591	466,671	–	466,671
(2) Intersegment sales and transfers	25,158	511	3,725	29,394	(29,394)	–
Total	224,454	230,294	41,317	496,066	(29,394)	466,671
Operating expenses	212,470	222,553	39,311	474,335	(29,418)	444,916
Operating income	11,984	7,741	2,005	21,731	24	21,755
II. Total Assets, Depreciation and Amortization, and Capital Expenditures:						
Total assets	122,334	129,030	49,610	300,975	69,903	370,879
Depreciation and amortization	8,097	6,041	1,563	15,701	(298)	15,403
Capital expenditures	6,981	4,595	2,540	14,117	(321)	13,795

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 ¥77,298 million at March 31, 2008 and 2009, respectively, which were consisted primarily of the company’s surplus funds (cash and deposits, and short-term investment securities) and investment securities.

4. Changes in accounting policies, etc.

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.

For the fiscal year ended March 31, 2009:

(Changes in accounting policy)

Effective from the year ended March 31, 2009, the company adopted ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories” (issued on July 5, 2006), 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 ¥191 million for the Processed Food segment, compared with the results that would have been obtained if said change had not been made.

(Additional information)

Effective from the fiscal year ended March 31, 2009, the company and its domestic consolidated subsidiaries reviewed the useful life of machinery and equipment, and changed it from mainly 7–16 years to mainly 7–12 years, to conform to the revised Corporate Tax Law, as stated in “Additional Information” under the Basis of Presentation of the Consolidated Financial Statements. This change increased Cost and Expenses and decreased Operating Income by ¥890 million for the Flour and Milling segment, ¥115 million for the Processed Food segment, and ¥160 million for the Others segment, whereas it decreased Cost and Expenses and increased Operating Income by ¥44 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, 2008 and 2009)

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, 2008 and 2009)

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, 2008 (April 1, 2007 to March 31, 2008)

There are no significant transactions to be reported.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

Business transactions with related parties and notes concerning the parent company and significant affiliates:

There are no applicable matters to be reported.

(Additional information)

Effective from the fiscal year ended March 31, 2009, the company adopted ASBJ Statement No. 11, "Accounting Standard for Related Party Disclosures" (issued on October 17, 2006), and ASBJ Guidance No. 13, "Implementation Guidance on Accounting Standard for Related Party Disclosures" (issued on October 17, 2006). There are no effects of this adoption.

(Per share information)

(Yen)

Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2009	
Net assets per share	¥1,043.53	Net assets per share	¥1,034.49
Net income per share	¥44.30	Net income per share	¥55.75
Diluted net income per share	¥44.29	Diluted net income per share	¥55.74

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

Item	Fiscal year ended March 31, 2008 (As of March 31, 2008)	Fiscal year ended March 31, 2009 (As of March 31, 2009)
Total net assets, as stated on the Consolidated Balance Sheets (¥ million)	289,839	286,094
Net assets associated with common stock (¥ million)	259,177	257,041
Major components of the difference (¥ million):		
Subscription rights to shares	8	38
Minority interests	30,653	29,014
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,170,042	3,063,086
Number of common stock shares used in the calculation of net assets per share (shares)	248,365,406	248,472,362

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, 2008	Fiscal year ended March 31, 2009
Net income, as stated on Statements of Income (¥ million)	11,147	13,852
Amount not attributable to owners of common stock (¥ million)	–	–
Net income associated with common stock (¥ million)	11,147	13,852
Average number of shares of common stock during fiscal year (shares)	251,654,692	248,453,788
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	58,966	50,621
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)	Stock options by resolution at general shareholders' meeting on June 27, 2007 (89 stock options) (161 stock options) Stock options by resolution at general shareholders' meeting on June 26, 2008 (88 stock options) (178 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, 2008] (¥ million)	Outstanding value [Mar. 31, 2009] (¥ million)	Average interest rate (%)	Repayment dates
Short-term loans payable	3,709	2,854	1.1729	—
Current portion of long-term loans payable	259	88	5.2060	—
Current portion of lease obligation	—	195	—	—
Long-term loans payable (excluding current portion)	1,093	336	4.9800	2010 – 2036
Lease obligation (excluding current portion)	—	724	—	2010 – 2015
Other interest-bearing liabilities	—	—	—	—
Total	5,062	4,199	—	—

Notes:

1. Components of long-term loans payable (excluding current portion) and lease obligation (excluding current portion) with repayments scheduled within five years after March 31, 2009 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 loans payable	91	96	101	4
Lease obligation	195	196	195	134

2. Average interest rates are computed as the weighted average interest rate on debt outstanding at the fiscal year-end. Average interest rates on lease obligations are not provided because the lease obligations stated on the consolidated balance sheet represent the amounts that do not deduct interest equivalents from total lease payments.
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	¥17,830 million	
Balance outstanding on March 31, 2009	—	
Credit facility fees for year ended March 31, 2009	¥17 million	(Amount included in "Other" category within non-operating expenses)

(2) Others

Quarterly financial information for the fiscal year ended March 31, 2009

	First Quarter (April 1, 2008 to June 30, 2008)	Second Quarter (July 1, 2008 to September 30, 2008)	Third Quarter (October 1, 2008 to December 31, 2008)	Fourth Quarter (January 1, 2009 to March 31, 2009)
Net sales (¥ million)	114,936	116,458	122,743	112,532
Income before income taxes and minority interests (¥ million)	6,366	4,238	8,809	5,181
Net income (¥ million)	3,302	2,092	5,475	2,981
Net income per share (Yen)	13.30	8.42	22.04	11.99

(2) Non-consolidated Financial Statements

1. Non-consolidated financial statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2008 (As of March 31, 2008)	Fiscal year ended March 31, 2009 (As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	19,452	30,425
Accounts receivable — trade	234	207
Short-term investment securities	11,705	6,800
Prepaid expenses	142	90
Deferred tax assets	635	422
Other	2,268	2,198
Total current assets	34,437	40,144
Noncurrent assets		
Property, plant and equipment		
Buildings, net	Note 1 8,968	Note 1 8,612
Structures, net	Note 1 235	Note 1 894
Machinery and equipment, net	Note 1 695	Note 1 604
Vehicles, net	Note 1 1	Note 1 7
Tools, furniture and fixtures, net	Note 1 419	Note 1 412
Land	10,591	10,547
Lease assets, net	—	Note 1 590
Construction in progress	895	145
Total property, plant and equipment	21,807	21,814
Intangible assets		
Leasehold right	405	407
Software	532	232
Lease assets	—	15
Other	69	67
Total intangible assets	1,007	722
Investments and other assets		
Investment securities	47,301	34,307
Stocks of subsidiaries and affiliates	93,030	93,194
Investments in capital	419	325
Investments in capital of subsidiaries and affiliates	458	458
Long-term loans receivable from employees	81	65
Long-term loans receivable from subsidiaries and affiliates	25,223	24,944
Long-term prepaid expenses	27	958
Other	371	368
Allowance for doubtful accounts	(123)	(29)
Total investments and other assets	166,790	154,593
Total noncurrent assets	189,605	177,131
Total assets	224,043	217,275

(Millions of yen)

	Fiscal year ended March 31, 2008 (As of March 31, 2008)	Fiscal year ended March 31, 2009 (As of March 31, 2009)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	6	5
Lease obligations	—	127
Accounts payable — other	102	435
Accrued expenses	1,667	1,492
Deposits received	1,018	1,016
Provision for directors' bonuses	50	75
Other	46	45
Total current liabilities	2,890	3,198
Noncurrent liabilities		
Long-term loans payable	74	59
Lease obligations	—	481
Deferred tax liabilities	13,368	8,788
Provision for retirement benefits	632	436
Other	390	325
Total noncurrent liabilities	14,465	10,092
Total liabilities	17,356	13,291
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus		
Legal capital surplus	9,500	9,500
Total capital surpluses	9,500	9,500
Retained earnings		
Legal retained earnings	4,379	4,379
Other retained earnings		
Reserve for dividends	2,000	2,000
Reserve for advanced depreciation of noncurrent assets	1,496	1,429
Reserve for special account for advanced depreciation of noncurrent assets	—	22
Provision for reserves	126,770	—
General reserve	—	126,770
Retained earnings brought forward	27,712	32,191
Total earned surpluses	162,358	166,793
Treasury stock	(3,255)	(3,170)
Total shareholders' equity	185,720	190,241
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	20,957	13,704
Total valuation and translation adjustments	20,957	13,704
Subscription rights to shares	8	38
Total net assets	206,686	203,983
Total liabilities and net assets	224,043	217,275

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)		Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	
Operating revenue	Note 1	18,644	Note 1	19,006
Operating expenses				
Salaries		1,051		—
Bonuses and allowance		1,542		—
Retirement benefit expenses		272		—
Research study expenses		1,816		—
Advertising expenses		1,321		—
Rent expenses		1,013		—
Depreciation		977		—
Commission fee		787		—
Other		2,464		—
Total operating expenses	Note 2	11,247	Notes 2, 3	12,094
Operating income		7,396		6,912
Non-operating income				
Interest income	Note 1	654	Note 1	820
Interest on securities		118		68
Dividends income		852		834
Other		42		39
Total non-operating income		1,667		1,763
Non-operating expenses				
Interest expenses	Note 1	19	Note 1	19
Loss on valuation of membership	Note 4	6		—
Commitment fee		10		10
Foreign exchange losses		35		194
Other		11		1
Total non-operating expenses		84		227
Ordinary income		8,979		8,447
Extraordinary income				
Gain on sales of noncurrent assets	Note 5	1,645	Note 5	1,156
Gain on sales of investment securities		—		123
Gain on liquidation of subsidiaries and affiliates		852		—
Gain on dissolving joint venture of pharmaceutical business		—		705
Reversal of allowance for doubtful accounts		—		6
Total extraordinary income		2,498		1,992
Extraordinary loss				
Loss on retirement of noncurrent assets	Note 6	58	Note 6	121
Loss on valuation of investment securities		—		776
Expenses for dissolving joint venture of pharmaceutical business		391		—
Other		—		18
Total extraordinary losses		449		915
Income before income taxes		11,029		9,524
Income taxes — current		18		18
Income taxes — deferred		866		590
Total income taxes		884		608
Net income		10,144		8,916

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

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	17,117	17,117
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	9,500	9,500
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	9,500	9,500
Total capital surplus		
Balance at the end of previous period	9,500	9,500
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	9,500	9,500
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	4,379	4,379
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	4,379	4,379
Other retained earnings		
Reserve for dividends		
Balance at the end of previous period	2,000	2,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	2,000	2,000
Reserve for special depreciation		
Balance at the end of previous period	2	—
Changes of items during the period		
Reversal of reserve for special depreciation	(2)	—
Total changes of items during the period	(2)	—
Balance at the end of current period	—	—
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	1,002	1,496
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	519	—
Reversal of reserve for advanced depreciation of noncurrent assets	(26)	(66)
Total changes of items during the period	493	(66)
Balance at the end of current period	1,496	1,429

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
Reserve for special account for advanced depreciation of noncurrent assets		
Balance at the end of previous period	—	—
Changes of items during the period		
Provision of reserve for special account for advanced depreciation of noncurrent assets	—	22
Total changes of items during the period	—	22
Balance at the end of current period	—	22
Provision for reserves		
Balance at the end of previous period	118,770	126,770
Changes of items during the period		
Provision for reserves	8,000	—
Provision of general reserve	—	Note 2 (126,770)
Total changes of items during the period	8,000	(126,770)
Balance at the end of current period	126,770	—
General reserve		
Balance at the end of previous period	—	—
Changes of items during the period		
Provision of general reserve	—	Note 2 126,770
Total changes of items during the period	—	126,770
Balance at the end of current period	—	126,770
Retained earnings brought forward		
Balance at the end of previous period	35,869	27,712
Changes of items during the period		
Reversal of reserve for special depreciation	2	—
Provision of reserve for advanced depreciation of noncurrent assets	(519)	—
Reversal of reserve for advanced depreciation of noncurrent assets	26	66
Provision of reserve for special account for advanced depreciation of noncurrent assets	—	(22)
Provision for reserves	(8,000)	—
Dividends from surplus	(4,561)	(4,472)
Net income	10,144	8,916
Disposal of treasury stock	(2)	(8)
Retirement of treasury stock	(5,246)	—
Total changes of items during the period	(8,156)	4,479
Balance at the end of current period	27,712	32,191
Total retained earnings		
Balance at the end of previous period	162,024	162,358
Changes of items during the period		
Reversal of reserve for special depreciation	—	—
Provision of reserve for advanced depreciation of noncurrent assets	—	—
Reversal of reserve for advanced depreciation of noncurrent assets	—	—
Provision of reserve for special account for advanced depreciation of noncurrent assets	—	—
Provision for reserves	—	—
Provision of general reserve	—	—
Dividends from surplus	(4,561)	(4,472)
Net income	10,144	8,916
Disposal of treasury stock	(2)	(8)
Retirement of treasury stock	(5,246)	—
Total changes of items during the period	334	4,435
Balance at the end of current period	162,358	166,793

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
Treasury stock		
Balance at the end of previous period	(3,003)	(3,255)
Changes of items during the period		
Purchase of treasury stock	(5,634)	(153)
Disposal of treasury stock	135	238
Retirement of treasury stock	5,246	—
Total changes of items during the period	(252)	85
Balance at the end of current period	(3,255)	(3,170)
Total shareholders' equity		
Balance at the end of previous period	185,638	185,720
Changes of items during the period		
Dividends from surplus	(4,561)	(4,472)
Net income	10,144	8,916
Purchase of treasury stock	(5,634)	(153)
Disposal of treasury stock	132	230
Retirement of treasury stock	—	—
Total changes of items during the period	81	4,520
Balance at the end of current period	185,720	190,241
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	31,606	20,957
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,649)	(7,253)
Total changes of items during the period	(10,649)	(7,253)
Balance at the end of current period	20,957	13,704
Total valuation and translation adjustments		
Balance at the end of previous period	31,606	20,957
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,649)	(7,253)
Total changes of items during the period	(10,649)	(7,253)
Balance at the end of current period	20,957	13,704
Subscription rights to shares		
Balance at the end of previous period	—	8
Changes of items during the period		
Net changes of items other than shareholders' equity	8	29
Total changes of items during the period	8	29
Balance at the end of current period	8	38
Total net assets		
Balance at the end of previous period	217,245	206,686
Changes of items during the period		
Dividends from surplus	(4,561)	(4,472)
Net income	10,144	8,916
Purchase of treasury stock	(5,634)	(153)
Disposal of treasury stock	132	230
Net changes of items other than shareholders' equity	(10,640)	(7,223)
Total changes of items during the period	(10,559)	(2,702)
Balance at the end of current period	206,686	203,983

(Significant accounting policies)

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
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 noncurrent 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.	3. Depreciation methods for noncurrent assets (1) Depreciation on property, plant and equipment (excluding lease assets) is computed principally by the declining balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998. (Additional information) In response to the revision of the Corporate Tax Law, the company reviewed the useful life of machinery and equipment, and changed it from mainly 13 years to mainly 10 years, effective from the year ended March 31, 2009. The effects of this change were to decrease operating income, ordinary income, and income before income taxes by ¥36 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 (excluding lease assets) is same as the left column.

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
(3) ________________________	(3) Lease assets Depreciation on lease assets relating to finance leases that do not transfer ownership is computed by the straight-line method over the lease term, which is deemed as the asset's useful life, with a residual value of zero. <Changes in accounting policy> Previously, finance lease transactions that do not transfer ownership had been accounted for in a similar manner to ordinary rental transactions. Effective from the year ended March 31, 2009, however, such leases are accounted for in a similar manner to ordinary sale and purchase transactions by applying ASBJ Statement No. 13, " Accounting Standard for Lease Transactions" (originally issued on June 17, 1993, by the Corporate Accounting Council, and revised on March 30, 2007), and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions" (originally issued on January 18, 1994, by the Accounting System Committee, Japanese Institute of Certified Public Accounts, and revised on March 30, 2007). However, the company continued to apply the previous accounting method—that is, similar to ordinary rental transactions—for the finance lease transactions that do not transfer ownership for which the inception of the lease falls prior to the first year of implementation of the aforementioned accounting standard. This change did not have any effect on the company's profits and losses for the year ended March 31, 2009.
(4) Depreciation on long-term prepaid expenses is computed in equal amounts over the course of the useful life.	(4) ________________________
4. Basis of material allowances	4. Basis of material allowances
(1) Allowance for doubtful accounts: Provision is made for possible credit losses stemming from notes and accounts receivable — trade. 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.	(1) Allowance for doubtful accounts: Same as the left column.
(2) Provision for directors' bonuses: Provision is made for directors' bonuses based on the estimated amounts of payment at the end of the fiscal year.	(2) Provision for directors' bonuses: Same as the left column.
(3) Provision for 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.	(3) Provision for retirement benefits: Same as the left column.

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
5. Significant lease transactions Finance leases other than those that are deemed to transfer ownership of the lease assets to the lessee are accounted for using the same methods as those used for ordinary operating lease transactions.	5. ――――――――――
6. Significant hedging transactions (1) Basis of accounting: Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any financial claims denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments. (2) Hedging methods: The company uses derivative transactions (including forward exchange contracts and currency purchase call options) to hedge currency risk exposure for all planned trading transactions that are denominated in foreign currencies. (3) Hedging policy: The company employs derivative financial instruments purely to manage fluctuations in foreign currency exchange rates. The company policy prohibits the use of derivative financial instruments for trading purposes. (4) Hedging evaluation: Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the company's hedging approach enables exchange rate fluctuations to be offset completely. Hence, the company considers its hedging method to be highly effective.	6. Significant hedging transactions Same as the left column.
7. Consumption tax All accounting transactions are booked exclusive of any national or local consumption taxes.	7. Consumption tax Same as the left column.

(Changes in presentation)

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
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.	Previously, major components of “Operating expenses” had been separately stated in the non-consolidated statement of income. Effective from the year ended March 31, 2009, however, operating expenses are collectively stated in the consolidated statement of income, and major components thereof are stated in the applicable note to the non-consolidated statement of income.

(Notes to the non-consolidated financial statements)

(Notes to the Non-consolidated Balance Sheets)

<table>
<tr><th>Fiscal year ended March 31, 2008
(April 1, 2007 to March 31, 2008)</th><th>Fiscal year ended March 31, 2009
(April 1, 2008 to March 31, 2009)</th></tr>
<tr><td>1. Accumulated depreciation of property, plant and equipment ¥14,444 million</td><td>1. Accumulated depreciation of property, plant and equipment ¥14,374 million</td></tr>
<tr><td>2. Guaranteed liabilities
<table>
<tr><th>Target of guarantee</th><th>Type of liability</th><th>Amount (¥ million)</th></tr>
<tr><td>(Employee housing loans)</td><td>Borrowings from financial institution</td><td>257</td></tr>
</table></td><td>2. Guaranteed liabilities
<table>
<tr><th>Target of guarantee</th><th>Type of liability</th><th>Amount (¥ million)</th></tr>
<tr><td>(Employee housing loans)</td><td>Borrowings from financial institution</td><td>210</td></tr>
</table></td></tr>
</table>

(Notes to the Non-consolidated Statements of Income)

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
1. Principal transactions with affiliated companies were as follows: Operating revenue ¥18,528 million Interest income ¥525 million Interest expenses ¥16 million	1. Principal transactions with affiliated companies were as follows: Operating revenue ¥ 18,915 million Interest income ¥ 635million Interest expenses ¥16 million
2. Total R&D expenditures: R&D spending contained in operating expenses ¥1,575 million	2. Total R&D expenditures: R&D spending contained in operating expenses ¥ 1,717 million
3. ________________________	3. Major components of operating expenses are as follows. All of the operating expenses are categorized as general and administrative expenses. Salaries ¥1,267 million Bonuses and allowance ¥1,326 million Retirement benefit expenses ¥320 million Research study expenses ¥ 1,919 million Advertising expenses ¥1,733 million Rent expenses ¥1,018 million Depreciation ¥1,058 million Commission fee ¥832 million Other ¥2,617 million
4. Provision of allowance for doubtful accounts totaled ¥6 million.	4. ________________________
5. This figure mainly reflects gains on the sale of company-owned land.	5. This figure reflects gains on the sale of land.
6. This figure mainly reflects loss on disposal of buildings, machinery and equipment.	6. This figure mainly reflects loss on disposal of tools, fixtures and furniture and software.

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

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

1. Type and number of shares of treasury stock

	Number of shares at end of previous fiscal year (Thousands of shares)	Increase in shares during fiscal year (Thousands of shares)	Decrease in shares during fiscal year (Thousands of shares)	Number of shares at end of current fiscal year (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.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

1. Type and number of shares of treasury stock

	Number of shares at end of previous fiscal year (Thousands of shares)	Increase in shares during fiscal year (Thousands of shares)	Decrease in shares during fiscal year (Thousands of shares)	Number of shares at end of current fiscal year (Thousands of shares)
Common stock	3,102	120	227	2,995

Notes:

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

2. As the Electronic Disclosure for Investors' NETwork (EDINET) system became ready for the filing of financial data in the eXtensible Business Reporting Language (XBRL), effective from the fiscal year that begins on or after April 1, 2008, an adjustment was made to replace "reserves" with "general reserve," an account item that conforms to the XBRL format by reversing "reserves" and providing "general reserve" at equal amounts.

(Leases)

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

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

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

	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

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

Due within one year	¥59 million
Due after one year	¥83 million
Total	¥143 million

Note: The values of the acquisition cost of lease 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:

Lease payments	¥70 million
Depreciation expense	¥70 million

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

Fiscal year ended March 31, 2009
(April 1, 2008 to March 31, 2009)

1. Finance leases (for the lessee)

Finance leases that do not transfer ownership:

(1) Details of the lease assets

a. Property, plant and equipment: mainly information system equipment (tools, fixtures and furniture)

b. Intangible assets: software

(2) Depreciation of the lease assets

Depreciation of the lease assets is as described in "3. Depreciation methods for noncurrent assets" under Significant accounting policies. However, the company continued to apply the accounting method similar to that of ordinary rental transactions for the finance leases that do not transfer ownership for which the inception of the lease falls prior to March 31, 2008, and details of such leases are as follows.

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

	Acquisition cost (¥ million)	Accumulated depreciation (¥ million)	Net book value (¥ million)
Vehicles and equipment	19	17	2
Tools, fixtures and furnishings	338	203	135
Other	27	12	14
Total	385	233	151

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

Due within one year	¥ 54 million
Due after one year	¥ 97 million
Total	¥ 151 million

The values of the acquisition cost of lease 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:

Lease payments	¥71 million
Depreciation expense	¥71 million

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

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
	2. Operating leases Minimum lease commitments under noncancelable operating leases (Lesser) Due within one year ¥49 million Due after one year ¥723 million Total ¥772 million

(Securities)

Fiscal year ended March 31, 2008 (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

Fiscal year ended March 31, 2009 (fiscal year ended March 31, 2009)

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	8,641	6,006
Equity securities in affiliated companies	200	146	(54)
Total	2,836	8,788	5,952

(Tax effect accounting)

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

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

Deferred tax assets	(¥ million)
Provision for retirement benefits	1,646
Investment securities	202
Provision for bonuses	201
Accrued directors' retirement benefits	134
Other	550
Gross deferred tax assets	2,735
Amount offset by deferred tax liabilities	(1,978)
Net deferred tax assets	756
Valuation allowance	(121)
Total deferred tax assets	635
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(14,324)
Reserve for advanced depreciation of noncurrent assets	(1,022)
Gross deferred tax liabilities	(15,347)
Amount offset by deferred tax assets	1,978
Total deferred tax liabilities	(13,368)

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

Statutory effective tax rate	40.6%
(Adjustments)	
Dividend and other income not counted for tax purposes	(33.0)%
Entertainment and other expenses not deductible for tax purposes	0.4%
Other	0.0%
Effective tax rate after application of tax effect accounting	8.0%

Fiscal year ended March 31, 2009
(April 1, 2008 to March 31, 2009)

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

Deferred tax assets	(¥ million)
Provision for retirement benefits	1,254
Provision for bonuses	205
Investment securities	148
Other	599
Gross deferred tax assets	2,208
Amount offset by deferred tax liabilities	(1,570)
Net deferred tax assets	637
Valuation allowance	(215)
Total deferred tax assets	422
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(9,366)
Reserve for advanced depreciation of noncurrent assets	(992)
Gross deferred tax liabilities	(10,359)
Amount offset by deferred tax assets	1,570
Total deferred tax liabilities	(8,788)

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

Statutory effective tax rate	40.6%
(Adjustments)	
Dividend and other income not counted for tax purposes	(36.3)%
Entertainment and other expenses not deductible for tax purposes	0.9%
Other	1.2%
Effective tax rate after application of tax effect accounting	6.4%

(Per share information)

Fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)		Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	
Net assets per share	¥831.93	Net assets per share	¥820.58
Net income per share	¥40.30	Net income per share	¥35.88
Diluted net income per share	¥40.29	Diluted net income per share	¥35.87

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

Item	Fiscal year ended March 31, 2008 (As of March 31, 2008)	Fiscal year ended March 31, 2009 (As of March 31, 2009)
Total net assets, as stated on the Balance Sheets (¥ million)	206,686	203,983
Net assets associated with common stock (¥ million)	206,678	203,945
Major components of the difference (¥million): Stock options	8	38
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,102,884	2,995,928
Number of common stock shares used in the calculation of net assets per share (shares)	248,432,564	248,539,520

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, 2008 (April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
Net income, as stated on Statements of Income (¥ million)	10,144	8,916
Amount not attributable to owners of common stock (¥ million)	—	—
Net income associated with common stock (¥ million)	10,144	8,916
Average number of shares of common stock during fiscal year (shares)	251,721,797	248,520,946
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	58,966	50,621
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)	Stock options by resolution at general shareholders' meeting on June 27, 2007 (89 stock options) (161 stock options) Stock options by resolution at general shareholders' meeting on June 26, 2008 (88 stock options) (178 stock options)

(Subsequent events)

There are no applicable matters to be reported.

(4) Supplementary data

1. Securities-related data

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	2,155
		Sumitomo Mitsui Financial Group, Inc.	564,394	1,823
		Mizuho Financial Group, Inc. The 11th Class 11 Preferred Stock	1,000,000	1,000
		The Gunma Bank, Ltd.	1,507,620	789
		The Hyakugo Bank, Ltd.	1,360,013	690
		Suruga Bank, Ltd.	833,910	676
		Sumitomo Trust & Banking Co., Ltd.	1,288,817	442
		Mizuho Financial Group, Inc.	1,310,780	254
		The Awa Bank, Ltd.	371,865	216
		Yamazaki Baking Co., Ltd.	9,962,343	11,058
		Nissin Foods Holdings Co., Ltd.	1,264,982	3,783
		Sumitomo Corporation	4,180,244	3,477
		Mitsubishi Corporation	1,538,474	1,881
		Nichirei Corporation	3,216,500	1,083
		Marubeni Corporation	3,135,511	934
		Kyorin Co., Ltd.	754,000	915
		Nisshinbo Industries, Inc.	1,139,800	874
		Nosan Corporation	3,650,000	799
		Kikkoman Corporation	660,486	516
		Oriental Land Co., Ltd.	30,000	187
		Others (28 companies)	1,822,481	746
Total			44,319,370	34,307

Debt securities holdings

Issue (name of corporate bond)			Total par value (¥ million)	Carrying value (¥ million)
Short-term investment securities	Other securities	Sumitomo Wiring Systems, Ltd. No. 16 (unsecured)	800	800
Total			800	800

Other holdings

Description			Number of units invested, etc.	Carrying value (¥ million)
Short-term investment securities	Other securities	Certificate of deposits	－	6,000
Total			－	6,000

2. Property, plant and equipment

Asset type	Balance on March 31, 2008 (¥ million)	Value gains in year ended March 31, 2009 (¥ million)	Value losses in year ended March 31, 2009 (¥ million)	Balance on March 31, 2009 (¥ million)	Accumulated depreciation on March 31, 2009 (¥ million)	Depreciation in year ended March 31, 2009 (¥ million)	Value on March 31, 2009, net of depreciation (¥ million)
Property, plant and equipment:							
Buildings	18,601	212	47	18,766	10,154	560	8,612
Structures	832	755	9	1,578	683	95	894
Machinery	1,805	107	150	1,761	1,157	161	604
Vehicles and equipment	13	10	10	14	6	3	7
Tools, fixtures and furnishings	3,512	215	972	2,755	2,342	145	412
Land	10,591	280	324	10,547	—	—	10,547
Lease assets	—	620	—	620	29	29	590
Construction in progress	895	886	1,636	145	—	—	145
Total property, plant and equipment:	36,251	3,088	3,151	36,188	14,374	995	21,814
Intangible assets:							
Leasehold tenant rights	405	3	1	407	—	—	407
Software	2,057	49	133	1,972	1,740	337	232
Lease assets	—	16	—	16	0	0	15
Other	84	—	0	84	17	2	67
Total intangible assets	2,547	68	134	2,481	1,758	340	722
Long-term prepaid expenses	48	2	11	39	20	9	18
Deferred assets							
—	—	—	—	—	—	—	—
Total deferred assets	—	—	—	—	—	—	—

Notes:

1. Depreciation expense of ¥271 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.
2. The prepaid pension expenses of ¥939 million outstanding at the end of the year under review are excluded from long-term prepaid expenses.

3. Other reserves

Category	Balance on March 31, 2008 (¥ million)	Value gains in year ended March 31, 2009 (¥ million)	Value losses in year ended March 31, 2009 (target use) (¥ million)	Value losses in year ended March 31, 2009 (other) (¥ million)	Balance on March 31, 2009 (¥ million)
Allowance for doubtful accounts	123	—	93	—	29
Provision for directors' bonuses	50	75	50	—	75

4. Principal assets and liabilities

(1) Assets

a. Cash and deposits

Classification		Amount (¥ million)
Cash		—
Deposits	Current account deposits	200
	Ordinary bank deposits	1,224
	Time deposits	29,000
	Subtotal	30,425
Total		30,425

b. Receivables

Counterparty	Amount (¥ million)	Summary
Nisshin Foods Inc.	78	Fees for contracted services, etc.
Nisshin Flour Milling Inc.	75	Fees for contracted services, etc.
Nisshin Engineering Inc.	13	Fees for contracted services, etc.
Other	38	Fees for contracted services, etc.
Total	207	

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

Carried forward from year ended March 31, 2008 (¥ million) [A]	Generated in year ended March 31, 2009 (¥ million) [B]	Recovered in year ended March 31, 2009 (¥ million) [C]	Balance on March 31, 2009 (¥ million) [D]	Recovery rate (%) [C]/([A] + [B])	Period of outstanding receivables (days) $\frac{([A] + [D]) \text{ x } 0.5}{[B] / 365}$
234	11,616	11,644	207	98.3	6.9

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	7,806
Total	93,194

d. Long-term loans to subsidiaries and affiliated companies

Counterparty	Amount (¥ million)
Nisshin Flour Milling Inc.	18,901
Initio Foods, Inc.	3,300
Other	2,743
Total	24,944

(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
Date of record (interim dividend)	September 30 March 31
Minimum trading unit (MTU)	500 shares
Purchase and sale of sub-MTU holdings	
Handling office (main)	(Special account) The Chuo Mitsui Trust & Banking Company, Ltd. (Head Office) 33-1, Shiba 3-chome, Minato-ku, Tokyo JAPAN
Custodian of shareholder register	(Special account) The Chuo Mitsui Trust & Banking Company, Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo JAPAN
Handling locations	—
Share purchase/sale commissions	Commission rates for purchase or sale of sub-MTU shares 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 of record as of March 31 with holdings of at least 500 shares are entitled to receive complimentary supplies of Nisshin Seifun Group products.

Note: 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.

[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 164th fiscal term	Covering the period: April 1, 2007 to March 31, 2008	Submitted to Director, Kanto Local Finance Bureau: June 26, 2008.
(2)	Quarterly Reports and Confirmation Letters	For the first quarter of the 165th fiscal term	Covering the period: April 1, 2008 to June 30, 2008	Submitted to Director, Kanto Local Finance Bureau: August 12, 2008
		For the second quarter of the 165th fiscal term	Covering the period: July 1, 2008 to September 30, 2008	Submitted to Director, Kanto Local Finance Bureau: November 13, 2008.
		For the third quarter of the 165th fiscal term	Covering the period: October 1, 2008 to December 31, 2008	Submitted to Director, Kanto Local Finance Bureau: February 12, 2009
(3)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and supplementary documentation			Submitted to Director, Kanto Local Finance Bureau: June 26, 2008
(4)	Amendments to Shelf Registration Statement			Submitted to Director, Kanto Local Finance Bureau: June 26, 2008 July 30, 2008 August 12, 2008 August 19, 2008 November 13, 2008 February 12, 2009
(5)	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 30, 2008
(6)	Amendment to Extraordinary Report	Amendment to the above (5) extraordinary report submitted on July 30, 2008, regarding the "Issuance of Subscription Rights to Shares to the Company's Directors"		Submitted to Director, Kanto Local Finance Bureau: August 19, 2008
(7)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 2-2, "Issuance of Subscription Rights to Shares to Some of 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 30, 2008
(8)	Amendment to Extraordinary Report	Amendment to the above (7) extraordinary report submitted on July 30, 2008, regarding the "Issuance of Subscription Rights to Shares to Some of the Company's Executive Officers and the Directors of Consolidated Subsidiaries"		Submitted to Director, Kanto Local Finance Bureau: August 19, 2008

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

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