166th Fiscal Term (April 1, 2009 to March 31, 2010)

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		162nd	163rd	164th	165th	166th
Fiscal years ended March 31		2006	2007	2008	2009	2010
Net sales	(¥ million)	421,359	418,190	431,858	466,671	443,728
Ordinary income	(¥ million)	24,774	22,815	22,180	24,618	29,327
Net income	(¥ million)	13,541	12,303	11,147	13,852	16,839
Net assets	(¥ million)	264,535	300,306	289,839	286,094	303,226
Total assets	(¥ million)	399,899	408,437	381,795	370,879	396,317
Net assets per share	(¥)	1,046.00	1,069.71	1,043.53	1,034.49	1,097.72
Net income per share	(¥)	52.80	48.66	44.30	55.75	67.77
Diluted net income per share	(¥)	52.77	48.63	44.29	55.74	67.76
Equity ratio	(%)	66.2	66.3	67.9	69.3	68.8
Return on equity	(%)	5.4	4.6	4.2	5.4	6.4
Price-earnings ratio (p/e)	(times)	22.78	24.64	24.02	18.89	17.81
Cash flows from operating activities	(¥ million)	21,054	17,469	26,498	20,072	47,484
Cash flows from investing activities	(¥ million)	(25,297)	(6,961)	(21,934)	(10,235)	(52,393)
Cash flows from financing activities	(¥ million)	(7,274)	(5,225)	(14,423)	(6,675)	(5,684)
Cash and cash equivalents at end of year	(¥ million)	42,803	48,452	38,850	40,339	29,975
Number of employees [average number of part-time employees]	(persons)	5,101 [2,002]	5,212 [1,968]	5,166 [1,870]	5,200 [1,774]	5,283 [1,768]

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.
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		162nd	163rd	164th	165th	166th
Fiscal years ended March 31		2006	2007	2008	2009	2010
Net sales	(¥ million)	20,940	22,246	18,644	19,006	24,437
Ordinary income	(¥ million)	10,881	12,480	8,979	8,447	12,028
Net income	(¥ million)	11,068	13,312	10,144	8,916	13,104
Capital stock	(¥ million)	17,117	17,117	17,117	17,117	17,117
Shares issued and outstanding	(thousand shares)	256,535	256,535	251,535	251,535	251,535
Net assets	(¥ million)	209,621	217,245	206,686	203,983	214,563
Total assets	(¥ million)	235,548	242,434	224,043	217,275	232,592
Net assets per share	(¥)	827.55	857.38	831.93	820.58	862.95
Total dividends per share (interim dividend amount)	(¥) (¥)	18.00 (7.00)	18.00 (9.00)	18.00 (9.00)	18.00 (9.00)	22.00 (10.00)
Net income per share	(¥)	43.42	52.56	40.30	35.88	52.72
Diluted net income per share	(¥)	43.40	52.53	40.29	35.87	52.71
Equity ratio	(%)	89.0	89.6	92.2	93.9	92.2
Return on equity	(%)	5.5	6.2	4.8	4.3	6.3
Price-earnings ratio (p/e)	(times)	27.71	22.81	26.40	29.35	22.89
Dividend payout ratio	(%)	40.0	34.2	44.7	50.2	41.7
Number of employees [average number of part-time employees]	(persons)	246 [16]	245 [14]	241 [11]	256 [12]	262 [15]

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.
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).
5. The total dividend per share of ¥22.00 for the 166th fiscal term included a commemorative dividend of ¥2 to celebrate the company’s 110th anniversary.

(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 Meshtec 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, Central Research Laboratory 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 Research Center established in Nasu (now Nasu Shiobara), Tochigi Prefecture, by transferring operations from Second Central Research 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 U.S.
October 1997	Frozen food operations of Nisshin Flour Milling transferred to newly established Nisshin Foods Co., Ltd.
March 1998	Head office relocated Chiyoda-ku, 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.

Date	Event
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.
February 2008	OYC Shanghai Co., Ltd., established in China. Based in this company, a business for bakery customers was launched in April 2009, jointly by Nisshin Seifun Group Inc., Oriental Yeast Co., Ltd., Nisshin Flour Milling Inc. and Nisshin Foods Inc.
September 2008	Higashinada Plant of Nisshin Flour Milling expanded its flour milling facilities (Mills D and E).
July 2009	Tatebayashi Plant of Nisshin Foods Inc. expanded its prepared mix production line.

(3) Business Overview

Nisshin Seifun Group consists of 45 subsidiaries and 15 affiliates. The following is a description of the businesses of the Group and the relationships among the subsidiaries and affiliates within their respective business segments. The business operations are grouped by business segment.

1. Flour Milling Segment

Nisshin Flour Milling Inc., a consolidated subsidiary, produces flour and bran, a by-product, and sells them through sales agents. Fresh Food Service Co., Ltd., a consolidated subsidiary, primarily sells frozen foods and their ingredients and operates restaurants serving food using flour-based commercial ingredients. It purchases flour and other ingredients from Nisshin Flour Milling. Yamajo Shoji Co., Ltd., a consolidated subsidiary, and Ishikawa Co., Ltd., an affiliate accounted for by the equity method, are Nisshin Flour Milling sales agents. Ishikawa also sells packaging materials to Nisshin Flour Milling.

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

2. Processed Food Segment

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

Medallion Foods Inc., a consolidated subsidiary in the U.S., produces pasta and Thai Nisshin Seifun Co., Ltd., a consolidated subsidiary in Thailand, produces pasta sauce and frozen food products. Nisshin Foods is the primary importer and seller of these products in Japan. Thai Nisshin Technomic Co., Ltd., a consolidated subsidiary, manufactures prepared mix and sells it in Southeast Asia. Shin Nisshin Seifun Foods (Qingdao) Co., Ltd., a consolidated subsidiary in China, manufactures prepared mix and sells it in mainland China. OYC Shanghai Co., Ltd., a consolidated subsidiary in China, sells commercial bakery materials, such as bakery mix and bread improvers, in 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.

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.

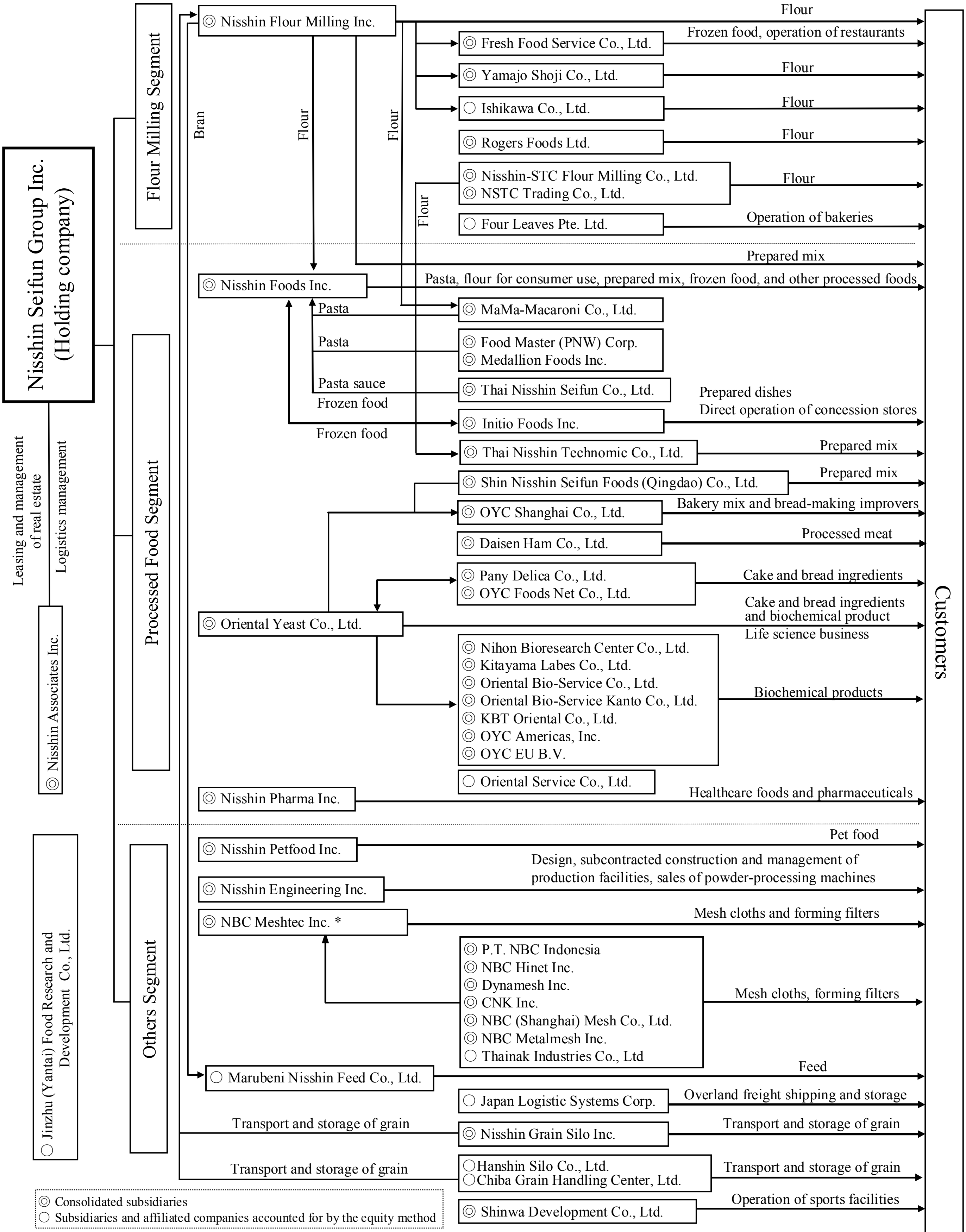
NBC Meshtec Inc., a consolidated subsidiary formerly called NBC Inc., manufactures and sells mesh cloths and forming filters.

Marubeni Nisshin Feed Co., Ltd., an affiliate accounted for by the equity method, manufactures and sells compound feed.

Japan Logistic Systems Corp., an affiliate accounted for by the equity method, is engaged in overland freight shipping and storage. It ships and stores some of the Group’s products. Nisshin Grain Silo Inc., a consolidated subsidiary, Hanshin Silo Co., Ltd. and Chiba Grain Handling Center, Ltd., affiliates accounted for by the equity method, are engaged in transport and storage operations for grain. Shinwa Development Co., Ltd., a consolidated subsidiary, operates sports facilities.

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

Nisshin Seifun Group Structure



* NBC Inc. has been renamed as NBC Meshtec Inc.

(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 5	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 4 Temporarily transferred 3 Transferred 3	The company 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 Temporarily transferred 1	None
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of frozen and prepared dishes; direct operation of concessions in department stores, etc.	100.0 (63.0)	Concurrent 3 Temporarily transferred 3	The company provides partial loan for working capital and rents office space
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of cake and bread ingredients and biochemical products, life science business	43.4	Concurrent 1 Temporarily transferred 1 Transferred 5	The company rents office space
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals	100.0	Concurrent 3 Temporarily transferred 2 Transferred 2	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 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 Meshtec 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
30 other consolidated subsidiaries						
Subsidiaries and affiliated companies accounted for by the equity method						
Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of feed	40.0	Concurrent 2 Temporarily transferred 1 Transferred 2	The company rents commercial land and buildings
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Freight shipping and storage	25.6 (20.5)	Concurrent 1 Temporarily transferred 1	None
7 other companies						

Notes:

1. Nisshin Flour Milling Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., NBC Meshtec Inc., Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are special-purpose subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are included in the 30 other consolidated subsidiaries.
2. Oriental Yeast Co., Ltd., NBC Meshtec Inc., and Japan Logistic Systems Corp. also submit separate regulatory filings.
3. Oriental Yeast Co., Ltd. and NBC Meshtec 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.	123,126	4,238	2,382	25,727	46,041

6. NBC Inc. has been renamed as NBC Meshtec Inc.

(5) Employees

1. Consolidated level

(As of March 31, 2010)

Business segment	Number of employees
Flour Milling	1,258 [73]
Processed Food	3,042 [1,441]
Others	645 [201]
Corporate (across the Group divisions)	338 [53]
Total	5,283 [1,768]

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, 2010)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (¥)
262 [15]	42.3	17.9	9,038,112

Notes:

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

3. Labor unions

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

[2] Review of Operations & Financial Position

(1) Review of Operations

1. Results

During the period under review, the worldwide economic downturn brought increasingly severe market environments, such as continued sluggishness in consumer spending. In response, we executed sales expansion measures in all business segments, including the development and launch of new products that address the growing tendency to save money and cook at home and the diversification of consumer needs, as well as aggressive advertising campaigns. Group-wide cost-cutting efforts were also exerted. Furthermore, we started full-scale operation of additional lines at the Higashinada Plant in September 2008. In addition, we revised downward our product prices to reflect reductions in the government's sales prices for imported wheat by 14.8% and 23.0% on average in April and October 2009, respectively.

The efforts we initiated in April 2009 to achieve the goals set forth in the "Nisshin Seifun Group Action Plan GO, 2010," a two-year management plan from April 2009 to March 2011, are progressing steadily in all business segments.

As a result, consolidated net sales decreased 4.9% compared with the previous year to ¥443,728 million, reflecting the downward product price revisions. However, profits increased due to favorable shipments of the Processed Food Segment's major product lines, including household-use flour and prepared mix, and products from our overseas businesses; the effects of productivity improvement measures, including the integration of the Higashinada and Kobe flour milling plants; and continued cost-cutting efforts to reduce fixed costs and improve purchasing and logistics operations. Operating income rose 22.2% to ¥26,576 million, ordinary income increased 19.1% to ¥29,327 million and net income advanced 21.6% to ¥16,839 million.

The following is a review of operations by business segment.

(1) Flour Milling Segment

Given the severe market environment due to the sluggish economy, the company explored new markets by reinforcing relationships with customers and intensifying efforts to create new demand, such as suggesting new menus and opportunities to eat bread and noodles. As a result, commercial flour shipments increased from the previous year's level. In May and November 2009, downward revisions were made on the prices of commercial wheat flour to reflect the average 14.8% and 23.0% declines in the government's sales prices for imported wheat in April and October 2009, respectively.

As represented by the September 2008 start of full-scale operation of the new lines installed at the Higashinada Plant and the resulting closure and integration of the Kobe Plant, the company promoted cost-cutting efforts by increasing productivity and improving distribution, and proceeded with measures to enhance product reliability and safety.

Prices for bran, a byproduct of the milling process, remained low throughout the period.

In overseas operations, aggressive marketing efforts led to an increase in shipments from the previous year.

As a result, Flour Milling Segment sales decreased 10.0% from the previous year to ¥179,413 million. Operating income, meanwhile, rose 13.6% to ¥13,611 million.

(2) Processed Food Segment

With sluggish personal consumption as a result of the harsh business conditions, the processed food business introduced a number of new products—19 in August 2009 and 26 in February 2010—responding to the growing tendency to cook at home and the diversification of consumer needs. These moves, combined with intensive advertising and promotion efforts, led to steady shipments of household-use flour and prepared mix products. However, sales of the processed food business fell below the previous year's level, primarily due to downward price revisions reflecting the reduction of the government's prices for imported wheat. In the prepared dishes and other prepared foods business, the company steadily implemented measures to improve profitability. In the overseas business, aggressive product proposals aimed at attracting new customers raised shipments from a year earlier.

In the yeast and biotechnology business, sales of the yeast business surpassed the previous year's level, owing to the favorable performance of yeast, bread improvers and flour paste. Meanwhile, despite the favorable sales of diagnostic reagents and feedstuff on a consignment production basis, sales of the biotechnology business declined from the previous year, reflecting the transfer of the fish-farming feed business and sluggish sales of culture media and serum.

Sales for the healthcare foods business sank from a year earlier in the persistently harsh market environment, despite focused efforts to expand sales of consumer products via mail order.

Overall, Processed Food Segment sales decreased 2.6% to ¥223,698 million, whereas operating income increased 34.3% to ¥10,393 million.

(3) Others Segment

Sales of the pet food business increased from the previous year owing to aggressive sales expansion measures, including the expansion of the *JP-Style* premium dry-type dog food line for stores, and steady sales of dry food products for dogs and cats.

Sales of the engineering business increased from the previous year because large projects of the mainstay plant engineering business countered the continued sluggishness of capital investment in related industries.

In the mesh cloths business, we endeavored to create new demand, for example, by launching high-performance flu masks featuring the new antivirus technology “Cufitec” in November 2009. However, overall sales of the products in this business, including the mainstay mesh cloths for screen-printing applications, industrial materials and forming filters, declined from the previous year, reflecting sluggish demand in the printed circuit board and automobile parts industries.

As a result, Others Segment sales rose 8.0% to ¥40,616 million. Operating income increased 10.1% to ¥2,207 million.

2. Cash flows

Net cash provided by (used in) operating activities

Income before income taxes and minority interests totaled ¥29,304 million, and depreciation and amortization amounted to ¥14,998 million. In addition, the decrease in working capital in response to government price reductions for imported wheat resulted in net cash provided by operating activities of ¥47,484 million.

Net cash provided by (used in) investing activities

Mainly due to the payments into time deposits with terms exceeding three months and marketable securities that surpassed proceeds therefrom by ¥39,137 million and outlays of ¥13,936 million for tangible and intangible fixed assets, net cash used in investing activities came to ¥52,393 million.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an outflow of ¥4,909 million. This was chiefly because the funds earmarked for future strategic investments were invested in time deposits with terms exceeding three months and short-term investment securities.

Net cash provided by (used in) financing activities

For distributing profits to shareholders, the company paid interim dividends of ¥4,722 million, or an increase of ¥1 per share from the previous year. This resulted in net cash used in financing activities of ¥5,684 million.

As detailed above, the cash inflow from consolidated operating activities in the fiscal year ended March 31, 2010, 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, 2010, totaled ¥29,975 million, a decrease of ¥10,364 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, 2009	Fiscal year ended March 31, 2010	Change (%)
Flour Milling	188,070	169,505	(9.9)
Processed Food	123,633	118,914	(3.8)
Others	20,127	20,163	0.2
Total	331,831	308,582	(7.0)

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, 2009	Fiscal year ended March 31, 2010	Change (%)
Flour Milling	199,296	179,413	(10.0)
Processed Food	229,783	223,698	(2.6)
Others	37,591	40,616	8.0
Total	466,671	443,728	(4.9)

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, 2009		Fiscal year ended March 31, 2010	
	Value	Proportion (%)	Value	Proportion (%)
Mitsubishi Corp.	63,230	13.5	60,856	13.7

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 Nisshin Seifun Group 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 Segment 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 proceed with initiatives aimed at low-cost operation, as well as production system efficiency and productivity improvements, for example, through the November 2010 closure of the Kitami Plant in Hokkaido, which is a small plant that suffers a relatively high cost of production. After the closure, the Hokkaido Wheat Center will be built on the site as a base to strengthen relationships with local wheat producers.

The Processed Food Segment will strive to accelerate the introduction of new products utilizing the company's proprietary technologies and achieve expansion in growth areas like prepared dishes and commercial prepared mixes, while making accelerated efforts to seek a larger market share even for those items that have already attained the top share. Meanwhile, it will reinforce the premix production system, for example, through premix line additions at the Tatebayashi Plant, which started full-scale operation in July 2009, and the renovation of the premix lines at the Nagoya Plant to be completed this fall.

With an aging Japanese society and generally heightened awareness of health issues, the Group 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 Others Segment, which includes pet food, engineering and mesh cloths, the Group aims to develop a significant presence and growth within each industry.

2. Global development strategy

As the domestic market faces a declining population, the Group seeks to achieve further growth by accelerating the expansion of its international network. Group-wide efforts will be made by leveraging the expertise accumulated within the Group to promote the expansion of overseas businesses so that they will attain a presence in the respective markets.

Regarding existing businesses, the Thai premix operation is moving forward with a 25% production capacity expansion scheduled to come on line in the summer of 2010. Rogers Foods Ltd. is steadily expanding its flour milling business in Canada, which is expected to go beyond its current production capacity. This is being addressed by raising the capacity of its Chilliwack Plant, and the upgraded plant will start operation in the fall of 2010, while promoting the reinforcement of supply systems to attain sales growth. Led by a body newly created for such purpose, the exploration of new businesses is under way through independent and joint investments in areas such as flour milling and processed food, where the Group strengths can be applied to their fullest. In 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. In China, the company also opened the Shanghai R&D Center and is expanding its customer base through proposal-based marketing efforts.

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. For the year ending March 2011, the Group will increase R&D investments to accelerate the development of new products and technologies.

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 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. Since the introduction of the market-linked wheat pricing system, the government's sales prices for imported wheat have been repeatedly revised to reflect international wheat market movements, and the Group has revised its relevant product prices accordingly. In October 2010, the government also plans to introduce a method of selling imported wheat immediately after it is imported without storing it for a specified period. The company is making the wheat-flour-related industries' position known to the government, providing its own viewpoints, and doing its best to help ensure that the industries can appropriately deal with the government's wheat policies. 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.

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. In October 2009, the company set up the Customer Relations Office, which directly reports to the top management and is designed to identify the consumer mind-set and social trends and provide timely and appropriate direction as to what actions and measures need to be taken as a Group. The CR Office cooperates with the group companies to gather consumer feedback and needs, as well as information on consumer administration, which helps enhance the Group's consumer relations.

Recognizing the need for active efforts to reduce carbon dioxide emissions to prevent global warming, the company drew 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.

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. For internal control, the Group is doing more than what is required by the Financial Instruments and Exchange Law by extensively reconstructing its internal control systems Group-wide. These systems are monitored by a dedicated department (the Internal Control Department) to maintain their integrity and seek further improvements.

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

6. Basic policies regarding control of the corporation

(1) Brief description of the 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 improve 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) Items 4) 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, 2010).

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. In April 2007, the Japanese government introduced a market-linked wheat pricing system. In October 2010, the government plans to introduce a method of selling imported wheat immediately after it is imported without storing it for a specified period. 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 benefits and pension liabilities are based on actuarial assumptions (such as the discount rate) and an expected rate of return on pension plan assets. There could be a material impact on the company's operating performance and financial position if actual results are significantly different from initial assumptions.

11. Regulatory compliance

Although the Nisshin Seifun Group continues to focus on upgrading legal and regulatory compliance, unforeseen events have the potential to result in higher costs.

12. Overseas incidents

Although the Nisshin Seifun Group makes efforts to prevent accidents at its overseas operations, the performance of these businesses is subject to various economic and political risks, 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 applicable matters to be reported.

(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 Meshtec (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 ¥5,812 million in the fiscal year ended March 31, 2010. This figure also includes ¥1,077 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, and grain flour-processing technologies. Major achievements included the development of the *Shinmenkyokaiden* commercial flour for Japanese *udon* noodles and the *Teuchisanka* commercial flour for hand-kneaded *udon* noodles. R&D expenditures attributable to this segment totaled ¥737 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 *Kassai-Jozu tempura* flour featuring a strong bond with ingredients when they are deep fried to keep their original taste and flavor, the granulated "The NON-FRY" *karaage* flour enabling less use of oil, the Ma•Ma Cool's series of pasta and pasta sauce for cold pasta dishes and the Ma•Ma Collagen Pasta Sauce series. Elsewhere, Initio Foods' major R&D achievements in alliance with the Research Center for Basic Science Research and Development included the "Ichiju Tasai" prepared food featuring the jelly-like form of soup without using preservatives and colorants. Oriental Yeast engaged in the research and development of new baking yeasts and other food-related products primarily at its Food Research and Development Center, and biotechnology-related products at the Nagahama Institute for Biochemical Science and other institutes. Nisshin Pharma's Health Care Research Center concentrated mainly on developing various food supplements and their ingredients, resulting in the development of "Anserine B", which is the anserine extracted from bonito or tuna while removing 99% of the purines within, to which B vitamins are added. R&D expenditures attributable to this segment totaled ¥3,313 million.

3. Others Segment

Nisshin Petfood conducts R&D at its Nasu Research Center to create pet foods that are better in taste and address the pet's health according to its age. Major achievements at the center during the year included the development of the *JP-Style* series of premium dried pet food products, which are produced with the policy of using domestic materials for their main ingredients, the *Fish & Potato* line using domestic fish materials, and dog food products without colorants and additives for food safety. In cooperation with the company's 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 expansion of its product lineup through the development of a technology for mass producing high-purity carbide nano-particles using radio-frequency heat plasma. In addition, NBC Meshtec conducts R&D efforts to develop new products and materials for screen-printing and industrial use. Its major achievements for the year included the development of the "Cufitec" antivirus technology by combining a newly discovered antivirus material with the proprietary technology for fixing functional inorganic nano-particles. R&D expenditures attributable to this segment totaled ¥683 million.

(7) Analysis of Financial Position, Performance and Cash Flows

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, 2010).

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 market yield of long-term Japanese government bonds at the year-end, 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

In the Flour Milling Segment, the company explored new markets under the severe market environment due to the sluggish economy by reinforcing relationships with customers and intensifying efforts to create new demand, such as suggesting new menus and opportunities to eat bread and noodles. As a result, commercial flour shipments increased from the previous year's level. Meanwhile, the company made downward revisions on the prices of commercial wheat flour to reflect the average 14.8% and 23.0% declines in the government's sales prices for imported wheat in April and October 2009. In terms of production and distribution, the company promoted cost-cutting efforts by increasing productivity and improving distribution, as represented by the September 2008 start of full-scale operation of the new lines installed at the Higashinada Plant and the resulting closure and integration of the Kobe Plant. Prices for bran, a byproduct of the milling process, remained low throughout the period. In overseas operations, aggressive marketing efforts were conducted. Given these factors, net sales of the Flour Milling Segment declined from the previous year, primarily due to the downward price revisions for commercial wheat flour, whereas operating income increased, mostly reflecting the cost reduction due to such efforts as to increase productivity and improve distribution.

In the Processed Food Segment, the company engaged in the launch of new products and aggressive promotion efforts for the processed food business in a severe business environment marked by sluggish personal consumption, leading to steady shipments of household-use flour and prepared mix products. However, sales of the processed food business fell below the previous year's level, primarily due to downward price revisions reflecting the reduction of the government's prices for imported wheat. In the prepared dishes and other prepared foods business, the company steadily implemented measures to improve profitability. The overseas business' shipments increased from a year earlier primarily due to aggressive product proposals. In the yeast and biotechnology business section, sales of the yeast business surpassed the previous year's level, whereas sales of the biotechnology business declined from the previous year, mostly reflecting the transfer of the fish-farming feed business. Sales for the healthcare foods business sank from a year earlier in the persistently harsh market environment, despite focused efforts to expand sales of consumer products. As a result of these factors, net sales of the Processed Food Segment decreased from the previous year, further influenced by the downward price revisions, whereas operating income increased due to a rise in shipments for the processed food business and cost-cutting efforts in all business sections of this segment.

In the Others Segment, sales of the pet food business increased from the previous year owing to aggressive sales expansion measures, including the extension of the dry-type premium dog food line for stores, and steady sales of dry food products for dogs and cats. Sales of the engineering business increased from the previous year because large projects of the mainstay plant engineering business countered the continued sluggishness of capital investment in related industries. In the mesh cloths business, the overall sales of the products in this business, including the mainstay mesh cloths for screen-printing applications, industrial materials and forming filters, declined from the previous year, reflecting sluggish demand in the printed circuit board and automobile parts industries. Given these factors, net sales and operating income of the Others Segment increased from the previous year.

Consolidated net sales decreased by ¥22,942 million, or 4.9%, from the previous year to ¥443,728 million, although the gross margin improved 2.7 percentage points to 30.9%. Selling, general and administrative expenses increased by ¥552 million, mostly because aggressive promotional measures, including advertising campaigns, were conducted. As a result, the operating margin improved 1.3 percentage points to 6.0%, and consolidated operating income rose by ¥4,820 million, or 22.2%, to ¥26,576 million.

(2) Ordinary income

Net financial income amounted to a profit of ¥1,280 million, a decrease of ¥240 million compared with the previous year. Equity in earnings of affiliates totaled ¥946 million, or a year-on-year increase of ¥178 million. Other miscellaneous income on a net basis amounted to ¥524 million, or a year-on-year decline of ¥50 million.

Non-operating income on a net basis amounted to ¥2,750 million, which represented a year-on-year decline of ¥112 million. Ordinary income increased by ¥4,708 million, or 19.1%, to ¥29,327 million.

(3) Net income

Extraordinary income of ¥1,479 million was offset by extraordinary losses totaling ¥1,502 million, resulting in net extraordinary losses of ¥22 million. Income before income taxes and minority interests amounted to ¥29,304 million, an increase of ¥4,707 million compared with the previous year. The principal components of extraordinary income included a gain of ¥1,027 million on the sales of investment securities. The major items of extraordinary losses included a loss of ¥829 million on retirement of noncurrent assets.

Net income for the year under review was ¥16,839 million, after the deduction of income taxes (¥10,988 million) and minority interests in income (¥1,476 million) from income before income taxes and minority interests. This represented an increase of ¥2,987 million, or 21.6%, compared with the previous year.

Net income per share was ¥67.77 or an increase of ¥12.02 from the previous year. Return on equity (ROE) was 6.4%, representing a year-on-year increase of 1.0 percentage point.

3. Business strategy status and outlook

To sustain the growth based on the firm earnings base it has established, the Nisshin Seifun Group is currently promoting the two-year management plan "Nisshin Seifun Group Action Plan GO, 2010" for the period from April 2009 to March 2011.

To achieve the objectives laid out in this plan—such as to secure overwhelming market share in Japan and to 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—the Group is implementing specific strategies and measures as action plans.

At the same time, the Group 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 Group 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). The Group has already attained the goal of ordinary income originally set for the final year of the management plan—the year ending March 2011—so it will set a new goal for the year and make continued efforts to achieve it.

4. Capital financing and liquidity

In the fiscal year ended March 2010, the cash provided by the Group's operating activities totaled ¥47.4 billion, of which ¥13.9 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 ¥39.1 billion in the fiscal year under review, which resulted in negative free cash flow of ¥4.9 billion. In terms of financing activities, the company increased the interim dividend by ¥1 per share from the previous fiscal year to further return profits to shareholders and allocated ¥4.7 billion for dividend payments for the term under review. As a result, cash flow used in financing activities amounted to ¥5.6 billion. The year-end balance of cash and cash equivalents decreased by ¥10.3 billion from the previous fiscal year-end to ¥29.9 billion at the end of March 2010.

Total consolidated debt amounted to ¥3.1 billion at the end of March 2010. 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.

Currently, the Japanese economy is showing signs of bottoming but is expected to remain under deflationary pressure due to a high jobless rate and a worsening income environment. These factors will likely be reflected in continued sluggish personal consumption, resulting in a continuing harsh environment for the food industry in the foreseeable future. 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 its 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 2010, based on actual expenditures.

Segment	Fiscal year ended March 2010 (¥ million)	Year-on-year change (%)
Flour Milling	5,833	(20.7)
Processed Food	6,677	74.2
Others	1,859	(25.2)
Subtotal	14,370	5.1
Elimination/all companies	(434)	—
Total	13,936	4.7

Capital investments in the Flour Milling Segment were principally made to increase production capacity and improve product safety.

Capital investments in the Processed Food Segment were principally made to increase production capacity and improve product safety, as represented by the restructuring of the mix production system at the Tatebayashi Plant of Nisshin Foods Inc.

Capital investments in the Others Segment were principally made to increase production capacity.

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 its consolidated subsidiaries) are listed in the tables below.

1. Nisshin Seifun Group Inc. and domestic consolidated subsidiaries

(As of March 31, 2010)

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (¥ million)					Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Other	Total	
Nisshin Flour Milling Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Flour Milling	Flour production	6,004	3,991	(Note 4) 4,676 (79)	194	14,866	145 [3]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour Milling	Flour production	(Note 5) 6,788	4,552	(Note 4) 1,803 (30)	145	13,290	106 [0]
Nisshin Flour Milling Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Flour Milling	Flour production	1,035	1,538	(Note 4) 69 (20)	48	2,691	64 [7]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour Milling	Flour production	2,398	2,070	(Note 4) 294 (43)	107	4,871	88 [3]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour Milling	Flour production	1,499	1,008	(Note 4) 64 (31)	46	2,619	48 [0]
Nisshin Foods Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Processed Food	Prepared mix production	850	1,639	(Note 4) 46 (13)	165	2,703	81 [30]
Nisshin Foods Inc.	Tatebayashi Plant (Tatebayashi)	Processed Food	Prepared mix production	773	1,353	(Note 4) 6 (28)	60	2,192	42 [37]
Ma•Ma-Macaroni Co., Ltd.	Head Office and Utsunomiya Plant (Utsunomiya)	Processed Food	Pasta production	516	1,259	27 (23)	44	1,848	66 [190]
Ma•Ma-Macaroni Co., Ltd.	Kobe Plant (Higashinada-ku, Kobe)	Processed Food	Pasta production	261	728	393 (16)	19	1,402	45 [46]
Daisen Ham Co., Ltd.	Head Office and Yonago Plant (Yonago)	Processed Food	Production of processed meats	1,416	502	115 (26)	147	2,182	196 [211]
Oriental Yeast Co., Ltd.	Tokyo Plant (Itabashi-ku, Tokyo)	Processed Food	Yeast manufacture	782	844	0 (11)	31	1,658	52 [20]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed Food	Manufacture of yeast and other items	1,504	1,291	169 (22) (Note 7) [5]	109	3,074	73 [24]
Oriental Yeast Co., Ltd.	Biwa Plant (Nagahama, Shiga)	Processed Food	Production of flour paste, *kansui* powder, baking powders and other items	653	350	709 (36)	10	1,723	38 [25]
Nisshin Pharma Inc.	Ueda Plant (Ueda)	Processed Food	Production of healthcare foods, pharmaceuticals and other items	595	335	93 (33)	44	1,069	97 [5]
Nisshin Petfood Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Others	Pet food production	(Note 5) 337	589	—	5	932	18 [14]
NBC Meshtec Inc.	Yamanashi Plant (Tsuru)	Others	Manufacture of mesh cloths and forming filters	1,384	734	448 (35)	157	2,725	196 [107]
NBC Meshtec Inc.	Kikugawa Tsuru Plant (Kikugawa)	Others	Manufacture of mesh cloths and other items	1,174	496	1,032 (69)	102	2,805	32 [7]
Nisshin Seifun Group Inc.	Research Center for Basic Science Research and Development and two other research facilities (Fujimino, Saitama)		Research and development	642	390	(Note 4) 66 (37)	266	1,366	88 [0]
Nisshin Seifun Group Inc.	Head Office (Chiyoda-ku, Tokyo, and others)			3,158	46	(Note 4) 9,945 (2)	675	13,825	160 [15]

2. Overseas subsidiaries

(As of March 31, 2010)

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (¥ million)					Number of employees (person)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Other	Total	
Rogers Foods Ltd.	Chilliwack Plant (Canada)	Flour Milling	Flour production	784	791	137 (41)	19	1,731	25 [0]
Medallion Foods Inc.	Head Office and Plant (U.S.)	Processed Food	Pasta production	172	82	210 (72)	13	477	49 [0]

Notes:

1. Book values in the “Other” column refer to the total for tools, furniture and fixtures, construction in progress and lease assets.
2. There were no principal facilities that were not in operation as of March 31, 2010.
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 its consolidated subsidiaries) primarily aim to raise production capacity and ensure product safety.

As of March 31, 2010, 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, 2010.

[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, 2010	Shares issued and outstanding at date of filing (June 25, 2010)	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, 2003>

Date of the special resolution at the General Meeting of Shareholders: June 26, 2003		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
Number of options granted	12 (Note 1)	5 (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	13,200 (Note 5)	5,500 (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 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 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 the special resolution at the General Meeting of Shareholders: June 25, 2004		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
Number of options granted	67 (Note 1)	55 (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	73,700 (Note 5)	60,500 (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.

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

"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 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 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 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 the special resolution at the General Meeting of Shareholders: June 28, 2005		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
Number of options granted	131 (Note 1)	128 (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	144,100 (Note 5)	140,800 (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.

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

"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 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 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 Company Law.

<Options granted on August 13, 2007>

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

Date of the ordinary resolution at the General Meeting of Shareholders: June 27, 2007 Date of the resolution of the Board of Directors: July 26, 2007		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
Number of options granted	79 (Note 1)	79 (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	79,000	79,000
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.

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

"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 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 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 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 Company Law.

Date of the special resolution at the General Meeting of Shareholders: June 27, 2007 Date of the resolution of the Board of Directors: July 26, 2007		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
Number of options granted	146 (Note 1)	146 (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	146,000	146,000
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.

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

   "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 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 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 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 Company Law.

Date of the ordinary resolution at the General Meeting of Shareholders: June 26, 2008 Date of the resolution of the Board of Directors: July 30, 2008		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
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 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 Company Law.

Date of the special resolution at the General Meeting of Shareholders: June 26, 2008 Date of the resolution of the Board of Directors: July30, 2008		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
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 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.

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

"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

<Options granted on August 18, 2009>

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

Date of the ordinary resolution at the General Meeting of Shareholders: June 25, 2009 Date of the resolution of the Board of Directors: July 30, 2009		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
Number of options granted	84 (Note 1)	84 (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	84,000	84,000
Amount payable on option exercise	¥1,131,000 per option (Note 3)	Same as the left column.
Exercise period	August 19, 2011 – August 1, 2016	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥1,131 Capital increase per share: ¥566	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.

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

"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 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 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 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 Company Law.

Date of the special resolution at the General Meeting of Shareholders: June 25, 2009 Date of the resolution of the Board of Directors: July 30, 2009		
	Options outstanding at the most recent fiscal year-end (March 31, 2010)	Options outstanding at the last month-end prior to filing (May 31, 2010)
Number of options granted	172 (Note 1)	172 (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	172,000	172,000
Amount payable on option exercise	¥1,131,000 per option (Note 3)	Same as the left column.
Exercise period	August 19, 2011 – August 1, 2016	Same as the left column.
Issuance price and capital increase per share on option exercise	Issuance price per share: ¥1,131 Capital increase per share: ¥566	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.

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

"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 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 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 the merger or a company established as a result of the merger

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

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

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

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

3. Exercise of bonds, etc., with subscription rights to shares with an amended exercise price

Because this disclosure requirement applies to the securities report for the business year that begins on February 1, 2010 or thereafter, no statements are given for the year under review.

4. Description of the rights plan

There are no applicable matters to be reported.

5. 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, legal capital surplus 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 Company Law.

6. Ownership and share distribution

(As of March 31, 2010)

Category	Shareholders and ownership status (N.B. Minimum trading unit [MTU] = 500 shares)								Sub-MTU share 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)	—	101	24	290	320	6	10,293	11,034	—
Numbers of shares owned (MTUs)	—	220,797	17,296	103,670	83,519	29	74,558	499,869	1,600,948
Ratio to total shares (%)	—	44.17	3.46	20.74	16.71	0.01	14.91	100.00	—

Notes:

1. Treasury stock holdings of 2,992,956 shares consist of 5,985 MTUs listed under “Individuals and other shareholders” and 456 shares listed under “Sub-MTU share holdings.” All of these treasury shares are listed in the shareholder register. As of March 31, 2010, total beneficial ownership of treasury stock was equivalent to 2,992,668 shares.
2. Shares nominally held under the name of Japan Securities Depository Center, Inc. account for 4 MTUs in the column marked “Other institutions” and 7 shares in the column marked “Sub-MTU share holdings.”

7. Major shareholders

(As of March 31, 2010)

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	11,159	4.43
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	10,447	4.15
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
The Norinchukin Bank	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	4,489	1.78
Total	—	87,929	34.95

8. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2010)

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 2,992,500	—	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 246,615,000	493,230	As above
Sub-MTU share holdings	Common stock 1,600,948	—	—
Total number of shares issued and outstanding	251,535,448	—	—
Total voting rights of all shareholders	—	493,230	—

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, 2010.
2. Components of "Sub-MTU share holdings" that are either treasury stock owned by the company or mutually held shares are shown below. In addition, as of March 31, 2010, 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. 456 shares

Mutually held shares

Chiba Grain Handling Center, Ltd. 129 shares

(2) Treasury stock

(As of March 31, 2010)

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	2,992,500	—	2,992,500	1.18
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	—	3,319,500	—	3,319,500	1.31

9. 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 Company Law.

Details of each of the seven 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, 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	—

(2) 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	—

(3) 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	—

(4) 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 Company Law, 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 Company Law, 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”

(5) 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 Company Law, 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 Company Law, 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”

(6) 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 Company Law, a resolution was made at the Ordinary General Meeting of Shareholders held on June 25, 2009, and the meeting of the Board of Directors on July 30, 2009, concerning the value of the remuneration and others and a description of the options.

Dates of authorizing resolutions	June 25, 2009 (Ordinary General Meeting of Shareholders) and July 30, 2009 (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 Company Law, 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, and a resolution on such details was made at the meeting of the Board of Directors on July 30, 2009.

Dates of authorizing resolutions	June 25, 2009 (Ordinary General Meeting of Shareholders) and July 30, 2009 (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 35 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, 2010

a. Regarding the stock options granted as a form of remuneration to directors of the company under the provision of Article 361 of the Company Law, a resolution was made at the Ordinary General Meeting of Shareholders held on June 25, 2010, concerning the value of the remuneration and others and a description of the options.

Date of authorizing resolution	June 25, 2010
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 86,000 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, 2017.
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. 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 Company Law, 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, 2010.

Date of authorizing resolution	June 25, 2010
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 177,000 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.

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

   "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, 2017.
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. 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 Company Law

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	88,742	106,779,287
Treasury stock acquired in the current term	6,806	7,885,289

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, 2010, 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 2010		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 share holdings)	 85,500 6,502	 89,614,300 7,619,524	 24,200 1,089	 23,012,000 1,237,643
Shares of treasury stock held	2,992,668	—	2,974,185	—

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, 2010, 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 Company Law, unless otherwise stipulated by law, and that the payment of interim dividends as provided for by Article 454-5 of the Company Law may be effected by a resolution of the Board of Directors, with the date of record for such dividends being September 30.

The annual dividend for the fiscal year ended March 2010 was ¥22 per share, which consisted of the ordinary annual dividend of ¥20 per share, or an increase of ¥2 per share from the previous year due to the additional return of profits to shareholders, and a commemorative dividend of ¥2 per share to celebrate the company's 110th anniversary. As a result, the dividend payout ratio for the year was 32.5% on a consolidated basis (41.7% on a non-consolidated basis) and the rate of dividends to net assets was 2.1% on a consolidated basis (2.6% 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 2010 is as follows.

Authorizing resolution	Total dividends (¥ million)	Dividend per share (¥)
Resolution of the Board of Directors made on October 30, 2009	2,485	10
Resolution of the Ordinary General Meeting of Shareholders made on June 25, 2010	2,982	12

(4) Share Price Movements

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

Fiscal term	162nd	163rd	164th	165th	166th
Fiscal year-end	March 2006	March 2007	March 2008	March 2009	March 2010
Intra-year high*1 (¥)	1,287 1,318*2	1,327	1,305	1,528	1,294
Intra-year low*1 (¥)	1,045 1,073*2	1,114	997	909	985

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. 2009	Nov. 2009	Dec. 2009	Jan. 2010	Feb. 2010	Mar. 2010
Intra-month high (¥)	1,285	1,242	1,282	1,286	1,249	1,233
Intra-month low (¥)	1,181	1,135	1,168	1,172	1,164	1,165

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 Jun. 1993 Jun. 1995 Jun. 1997 Jun. 1998 Jun. 2000 Jul. 2001 Jun. 2004 Jun. 2005 Jun. 2006 Jun. 2007 Oct. 2007	Joined the company Deputy General Manager, Finance Director (Planning, Finance) Director (Finance) Director Managing Director Managing Director (Finance and Accounting) Managing Director (Finance and Accounting, Corporate Planning [deputy]) Managing Director (Finance and Accounting, Corporate Planning) Managing Director (Corporate Planning) Senior Managing Director (Corporate Planning) President [C]	Note 3	33
Vice President	Division Executive, General Administration Division	Yasutaka Miyauchi	January 31, 1949	Apr. 1972 Jun. 2005 Jun. 2005 Jun. 2007 Jun. 2009	Joined the company Executive Officer (General Administration) Director (General Administration) Managing Director (General Administration) Vice President (General Administration) [C]	Note 3	15
Senior Managing Director		Akihisa Sasaki	March 21, 1948	Apr. 1970 Jun. 1997 Jun. 1998 Jun. 2000 Jul. 2001 Jul. 2001 Jun. 2004 Jun. 2007 Oct. 2007 Oct. 2007 Jun. 2008 Jun. 2008 Jun. 2009	Joined the company Deputy General Manager (Flour Milling Operations) Director (Flour Milling Operations [deputy]) Director (Flour Milling Operations) Executive Officer (Flour Milling Operations) Executive Officer Director, (Operations & Planning) Nisshin Flour Milling Inc. Managing Director (Operations & Planning), Nisshin Flour Milling Inc. Managing Director, Nisshin Flour Milling Inc. Senior Executive Officer of the company Senior Executive Officer, Senior Managing Director, Nisshin Flour Milling Inc. Managing Director President, Nisshin Flour Milling Inc.[C] (Concurrent roles) Senior Managing Director [C]	Note 3	21
Managing Director	Division Executive, Corporate Planning Division	Mikihisa Nanri	October 28, 1949	Apr. 1972 Jun. 2001 Oct. 2003 Jun. 2005 Jun. 2007 Oct. 2007 Jun. 2010	Joined the company Director, Nisshin Feed Co., Ltd. Director, Marubeni Nisshin Feed Co., Ltd. Executive Officer Director (Corporate Planning [deputy]) Director (Corporate Planning) Managing Director (Corporate Planning) [C]	Note 3	10
Managing Director		Kazuo Ikeda	September 14, 1947	Apr. 1971 Jun. 2002 Jun. 2003 Jun. 2004 Jun. 2004 Jun. 2009	Joined the company Executive Officer Managing Director, Nisshin Foods Inc. (Business Planning) Director President, Nisshin Foods Inc. [C] (Concurrent roles) 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, Technology and Engineering Division	Toshio Maruo	January 12, 1950	Apr. 1972 Joined the company Jun. 2007 Managing Director, (Production) Nisshin Flour Milling Inc. Jun. 2008 Director (Technology and Engineering) [C]	Note 3	18
Director	Division Executive, Finance and Accounting Division	Akiya Fukada	October 27, 1954	Apr. 1978 Joined the company Jun. 2006 General Manager, Finance (Finance and Accounting Division) Jun. 2008 Director (Finance and Accounting [deputy]) Jun. 2009 Director (Finance and Accounting) [C]	Note 3	6
Director	Division Executive, Research and Development, Quality Assurance Division	Takashi Harada	February 9, 1957	Apr. 1979 Joined the company Jun. 2009 Executive Officer Jun. 2009 Director, Manager (Tsurumi Plant), Nisshin Flour Milling Inc. Jun. 2010 Director, Nisshin Flour Milling Inc. Jun. 2010 Director (R&D and Quality Assurance) [C]	Note 3	2
Director		Toshinori Shiragami	September 29, 1950	Apr. 1973 Joined the company Jun. 2005 Managing Director, Nisshin Pharma Inc. Jun. 2007 Executive Officer Jun. 2008 Director [C] Jun. 2008 President, Nisshin Pharma Inc. [C] (Concurrent roles)	Note 3	11
Director		Hiroshi Oeda	March 12, 1957	Apr. 1980 Joined the company Jun. 2008 Executive Officer Jun. 2008 Managing Director (Operations & Planning), Nisshin Flour Milling Inc. Jun. 2009 Director [C] Jun. 2010 Senior Managing Director (Operations & Planning), Nisshin Flour Milling Inc. [C]	Note 3	18
Director		Ariyoshi Okumura	February 15, 1931	Apr. 1955 Joined Industrial Bank of Japan, Limited (IBJ) Jun. 1983 Director, IBJ May 1987 Managing Director, IBJ Feb. 1989 President, IBJ Asset Management Co., Ltd. Jun. 1997 Director, Nippon Light Metal Co., Ltd. Jul. 2000 Board Governor, International Corporate Governance Network Jun. 2003 Corporate Auditor Jun. 2006 Director [C]	Note 3	1
Director		Akio Mimura	November 2, 1940	Apr. 1963 Joined Fuji Iron & Steel Co., Ltd. Jun. 1993 Director, Nippon Steel Corporation Apr. 1997 Managing Director, Nippon Steel Corporation Apr. 2000 Representative Director & Executive Vice President, Nippon Steel Corporation Apr. 2003 Representative Director & President, Nippon Steel Corporation Jun. 2006 Corporate Auditor [C] Apr. 2008 Representative Director & Chairman, Nippon Steel Corporation [C] Jun. 2009 Director [C]	Note 3	2
Senior Corporate Auditor	Full-time	Takeo Ito	August 1, 1942	Apr. 1966 Joined the company Jun. 1994 Director Jun. 1998 Managing Director Jun. 2005 Senior Corporate Auditor [C]	Note 4	26

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	Full-time	Makoto Watanabe	February 23, 1949	Apr. 1972	Joined the company	Note 4	8
				Jun. 2007	Executive Officer, General Manager (Internal Control Department)		
				Jun. 2009	Corporate Auditor [C]		
Corporate Auditor		Tetsuo Kawawa	June 15, 1947	Apr. 1975	Admitted in Japan as attorney-at-law	Note 5	—
				Apr. 1996	Managing Partner, Kawawa Law Offices [C]		
				Aug. 2002	Member of Legislative Council of the Ministry of Justice (Modernization of Company Act)		
				Sep. 2002	Specially designated member of the Judicial System Research Board, Japan Federation of Bar Associations [C]		
				Jun. 2007	Corporate Auditor [C]		
Corporate Auditor		Kazuhiko Fushiya	January 26, 1944	Apr. 1967	Joined the Ministry of Finance (MOF)	Note 4	—
				Jul. 1996	Director-General of the Financial Bureau, MOF		
				Jun. 1998	Director-General of the Financial Planning Bureau, MOF		
				Jul. 1999	Commissioner, National Tax Agency		
				Jul. 2001	Deputy Governor, National Life Finance Corporation		
				Jul. 2002	Assistant Chief Cabinet Secretary		
				Jan. 2006	Commissioner, Board of Audit of Japan		
				Feb. 2008	President, Board of Audit of Japan		
				Jan. 2009	Retired		
				Jun. 2009	Corporate Auditor [C]		
Corporate Auditor		Satoshi Itoh	July 25, 1942	Jan. 1967	Joined Tokyo Office of Arthur Andersen & Co.	Note 6	—
				Dec. 1970	Qualified as a Certified Public Accountant in Japan		
				Sep. 1978	Partner, Arthur Andersen & Co.		
				Sep. 1993	Partner, Asahi & Co., a member firm of Arthur Andersen & Co. SC.		
				Aug. 2001	Managing Partner, Itoh CPA Office [C]		
				Apr. 2002	Professor, Chuo University, Graduate School of International Accounting		
				Mar. 2007	Retirement from Chuo University		
				Jun. 2010	Corporate Auditor [C]		
Total							194

Notes:

1. Directors Ariyoshi Okumura and Akio Mimura are externally appointed in accordance with Section 2, Article 15 of the Company Law.
2. Auditors Tetsuo Kawawa, Kazuhiko Fushiya and Satoshi Itoh are externally appointed in accordance with Section 2, Article 16 of the Company Law.
3. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 25, 2010, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 2011.
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 27, 2007, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 2011.
6. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 25, 2010, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 2014.

(6) Corporate Governance and Other Matters

1. Corporate governance

This section provides an overview of corporate governance at the Nisshin Seifun Group. All data are accurate as of the date of filing the original Japanese version of this report (June 25, 2010).

(1) Corporate governance systems

(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.

(Description of the company's corporate governance systems and reasons for adopting such systems)

1) Reasons for adopting a holding company structure

The company adopts the holding company structure to enable the strategic and effective utilization of the Group's business resources, while ensuring good governance of the entire Group's management. The holding company structure enables the company to make timely and appropriate managerial decisions and to perform operations in a functional manner and with clear responsibilities.

2) Management system

(a) Reasons for adopting the corporate governance systems

To maximize the effect of the holding company structure, the company's Board of Directors consist of i) Directors who belong exclusively to the holding company and evaluate and oversee the actions of operating companies from the viewpoint of shareholders, ii) Directors who concurrently hold the position of managing operating companies, being familiar with the market environment and having experienced management skills for those businesses, and iii) Outside Directors who are in a position to oversee the management of the company from an independent and third-party viewpoint and based on the accumulated experience and knowledge in their respective career fields. This organization ensures the transparency of management for all stakeholders and the responsible execution of managerial duties.

(b) Outside Directors

The company appoints two Outside Directors, who provide opinions at meetings of the Board of Directors based on their extensive experience and knowledge in their respective career fields. The Outside Directors deliver opinions from the same viewpoint as the company's shareholders and the general society surrounding the company, and such opinions are extremely important for examining the management of the company.

(c) Other systems for execution of business operations

The company adopts the Executive Officer system to expedite the execution of business operations. In addition to the Board of Directors as a body for making managerial decisions and supervising operational execution, the company has the Group Management Meeting, which mainly consists of Directors and Corporate Auditors who discuss and exchange opinions as to important matters regarding the management of the Nisshin Seifun Group and the group companies. The Group Management Meeting meets twice a month, in principle, and whenever the need arises, to assist the Board of Directors in making decisions. Furthermore, to ensure swifter and more appropriate execution of business operations, the representatives of the company's divisions and the Group's operating companies meet on a regular basis, such as every month, every three months or every six months, to discuss and report on the progress of business execution to the company's Representative Directors.

3) Auditing system
The company has the Board of Corporate Auditors, consisting of five Corporate Auditors. The Corporate Auditors attend important meetings, including those of the Board of Directors, and hold regular meetings with the company's Representative Directors, according to the Board's auditing standards and audit plans. Two of the Corporate Auditors work on a full-time basis and concurrently serve as the auditor of the Nisshin Seifun Group's major subsidiaries. These subsidiaries have their own full-time auditors, who attend the regular meetings of Corporate Auditors' Liaison Committee of the Nisshin Seifun Group. In addition, there are three auditor assistants to assist the auditing by the Corporate Auditors. The company and its major subsidiaries have an independent auditing contract with Ernst & Young ShinNihon LLC, which conducts audits as stipulated in the Company Law and the Financial Instruments and Exchange Law under that contract.

(Outline of a limited liability contract)

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

(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 of Corporate Auditors' Liaison Committee of the Nisshin Seifun Group 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 Corporate 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 Corporate 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 Corporate Auditors.
   (f) All requisitions are returned to the Corporate Auditors.

8) Other systems for ensuring that the audits by 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.

(Status of risk management systems)

As mentioned in "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.

(2) Status of internal audits and audits by the Corporate Auditors

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, six people for environmental audits and seven people for quality assurance audits.

All five Corporate Auditors sit on the Board of Corporate Auditors and conduct financial audits in line with auditing standards and plans formulated by the Board of Corporate Auditors. Two of the auditors are designated full-time auditors, and their duties also include acting as auditors for major Nisshin Seifun Group subsidiaries. In addition, the Board of Corporate Auditors appoints three auditor assistants who assist the Corporate Auditors in performing their duties.

Corporate Auditor Makoto Watanabe has experience as the General Manager of the Finance Department and other positions at the company. Corporate Auditor Satoshi Itoh has the qualification of Certified Public Accountant (CPA).

Corporate Auditors share audit results with the Internal Control Department. The auditors of the major subsidiaries 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, the subsidiary auditors and the Internal Control Department convene regular meetings of Corporate Auditors' Liaison Committee of the Nisshin Seifun Group. 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 Company Law and the Financial Instruments and Exchange Law under that contract. Corporate Auditors and the subsidiary auditors hold regular meetings with Ernst & Young ShinNihon LLC to review financial audit plans and results. These meetings also provide a forum to explain specific audit items and to exchange information.

Corporate Auditors also hold regular meetings with the Representative Director and the Directors in charge of administrative and legal affairs and accounting and financial matters to exchange opinions on important auditing issues.

(3) Outside Directors and Outside Corporate Auditors

The company has two Outside Directors and three Outside Corporate Auditors.

There are no business relationships equivalent to those with the company's major business partners or customers between the company and any of the Outside Directors, the Outside Corporate Auditors and the organizations they belong to. Furthermore, they do not have vested interests in each other, and have no other relationships, such as personnel and capital.

Outside Directors Ariyoshi Okumura and Akio Mimura provide advice on and supervise the company's execution of business operations from an independent standpoint. Outside Corporate Auditors Tetsuo Kawawa and Kazuhiko Fushiya perform audits of the company's management from an objective and independent viewpoint. Another Outside Corporate Auditor, Satoshi Itoh, has been newly appointed at the Ordinary General Meeting of Shareholders held on June 25, 2010 and will likely perform audits of the company's management from an objective and independent viewpoint.

Ariyoshi Okumura was regarded as appropriate for the position of Outside Director because his opinions are based on his many years of experience in the business world and international organizations and his leadership position in the field of corporate governance in Japan. Akio Mimura was regarded as appropriate for the position of Outside Director because his extensive experience and insight as a corporate manager were believed to enable him to provide appropriate advice on and supervision of the company's execution of business operations. Tetsuo Kawawa was regarded as appropriate for the position of Outside Corporate Auditor because his extensive knowledge and experience as an attorney at law were believed to help enhance the company's auditing systems in terms of legal compliance. Kazuhiko Fushiya was regarded as appropriate for the position of Outside Corporate Auditor because he held important positions in the Ministry of Finance and has accumulated extensive experience and possesses highly professional expertise. Satoshi Itoh was regarded as appropriate for the position of Outside Corporate Auditor because he has considerable auditing experience as a Certified Public Accountant and considerable professional knowledge on financial and accounting matters.

Contact with the Outside Directors and Outside Corporate Auditors is made through the Secretarial Section, which arranges collaborations with the company's applicable sections or departments so that necessary explanations are provided about the proposals to be presented to the Board of Directors. Based on such preparative arrangements, the Outside Directors and Outside Corporate Auditors attend meetings of the Board of Directors and express their opinions and ask questions about the matters reported and resolved at the meetings. In addition, the Outside Corporate Auditors receive reports on the status of audits from the full-time Corporate Auditors at meetings of the Board of Corporate Auditors, as well as attending regular meetings with Ernst & Young ShinNihon LLC.

(4) Remuneration of executives

a. The aggregate amounts of financial remuneration paid to the company's executives were as specified below.

Category of executives	Total amounts of remuneration (¥ million)	Total amounts by category of remuneration (¥ million)			Number of executives paid
		Basic remuneration	Stock options	Bonuses	
Directors (excluding Outside Directors)	277	182	14	80	12
Corporate Auditors (excluding Outside Corporate Auditors)	39	39	—	—	3
Outside executives	52	51	1	—	5

b. The total amounts of financial remuneration paid to individual executives of the company

This information is not disclosed because there were no individual executives who received remuneration of ¥100 million or more.

c. The amounts of remuneration for executives and the policy and method of determining such amounts

By a resolution at the 162nd Ordinary General Meeting of Shareholders held on June 28, 2006, the company set the maximum annual amounts of remuneration for Directors and Corporate Auditors at ¥350 million and ¥90 million, respectively. The amounts of remuneration for individual Directors and Corporate Auditors are determined by the Board of Directors and the Board of Corporate Auditors, respectively. The remuneration for the company's executives consists of a fixed basic portion according to his/her position and a variable performance-based portion.

(5) Status of stocks held

a. Stocks for investment held for any purpose other than pure investment

Number of such stocks held: 47

Total of the amounts recorded in the balance sheet: ¥38,250 million

b. The issuer, number of shares owned and carrying value of the stocks for investment held for any purpose other than pure investment

Issuer	Number of shares owned	Carrying value (¥ million)	Purposes for ownership
Mitsubishi UFJ Financial Group, Inc.	4,727,150	2,217	There is a relationship of financial transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
The Sumitomo Mitsui Financial Group, Inc.	564,394	1,659	As above
The Gunma Bank, Ltd.	1,507,620	737	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Suruga Bank, Ltd.	833,910	677	As above
The Sumitomo Trust & Banking Co., Ltd.	1,288,817	671	As above
The Hyakugo Bank, Ltd.	1,360,013	560	As above
Mizuho Financial Group, Inc.	1,310,780	243	There is a relationship of financial transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
The Awa Bank, Ltd.	371,865	191	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.
Yamazaki Baking Co., Ltd.	9,962,343	11,337	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Sumitomo Corporation	4,180,244	4,247	As above
Nissin Foods Holdings Co., Ltd.	1,264,982	3,955	The Group sells merchandise and products to the issuer's group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Mitsubishi Corporation	1,538,474	3,593	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Marubeni Corporation	3,135,511	1,752	As above
Nichirei Corporation	3,216,500	1,122	As above
Nisshinbo Holdings Inc.	1,139,800	1,070	The Group sells merchandise and products to the issuer's group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).
Kyorin Co., Ltd.	754,000	1,010	As above
Kikkoman Corporation	660,486	712	As above
Oriental Land Co., Ltd.	30,000	194	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).

c. The total amounts of stocks held solely for pure investment carried on the balance sheets for the years ended March 2009 and 2010, as well as the total amounts of dividend income associated with such stocks, and gains and losses on sale and revaluation of such stocks

Not applicable.

(6) Certified Public Accountants who lead the accounting audit

The company and its major subsidiaries have an independent auditing contract with Ernst & Young ShinNihon LLC, which conducts audits as stipulated in the Company Law and the Financial Instruments and Exchange Law under that contract. The Certified Public Accountants who lead the independent audit of the accounts for the company are Masato Tsukahara, Yasuhiro Tamura and Masayuki Aida. The support staff for the auditing team (including audits of consolidated subsidiaries) consists of 15 CPAs and 22 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.

(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 Company Law, 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 Company Law, for which the date of record is September 30 each year, may be enabled by a resolution of the Board of Directors.

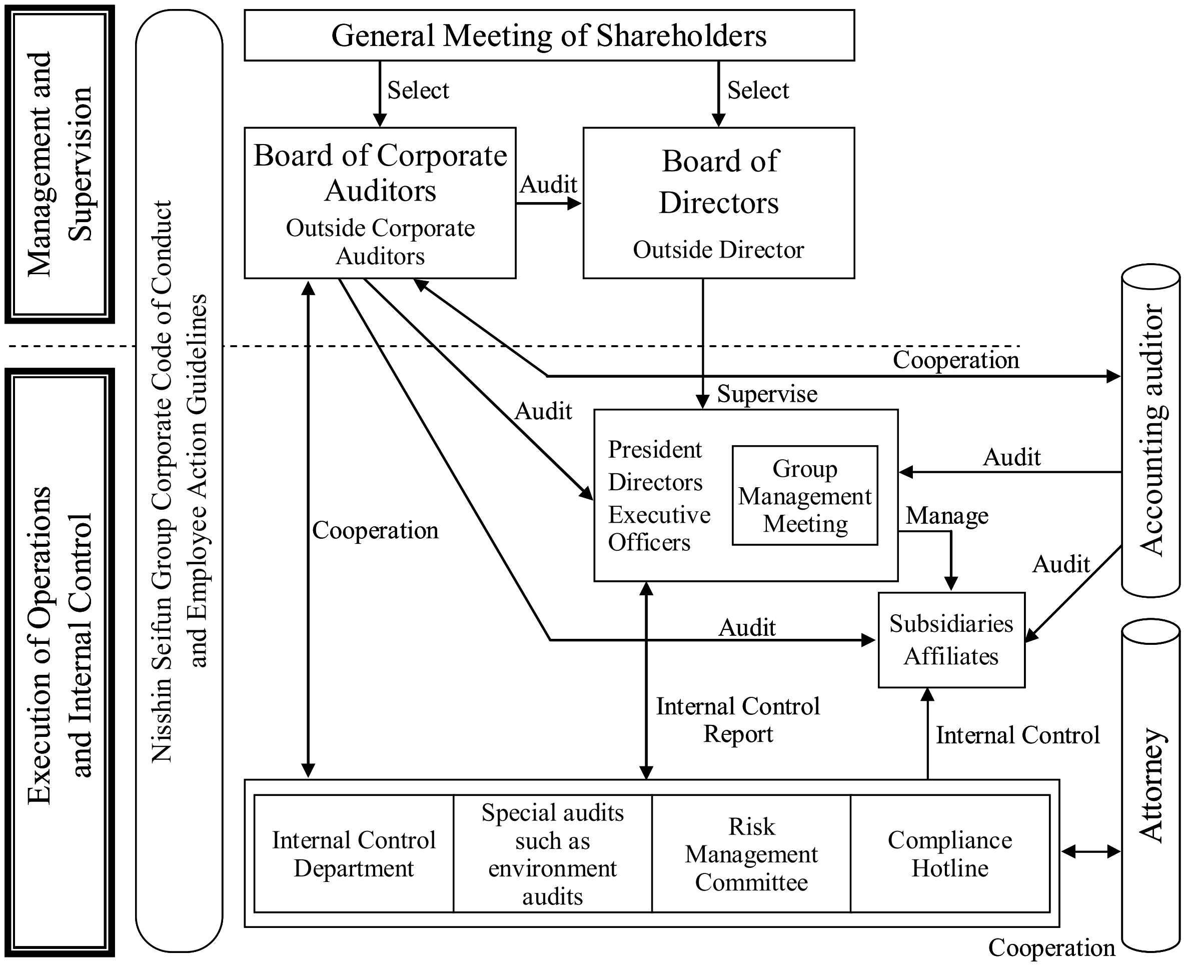
(11) Requirements for a special resolution by the General Meeting of Shareholders

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 Company Law, 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 Company Law 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

Category	Fiscal year ended March 31, 2009		Fiscal year ended March 31, 2010	
	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	50	0
Consolidated subsidiaries	137	—	136	—
Total	188	0	186	0

(2) Other important payments

(For the fiscal year ended March 31, 2009 and fiscal year ended March 31, 2010)

None.

(3) Services other than certified auditing provided by the Certified Public Accountants and others to the company

(For the fiscal year ended March 31, 2009 and fiscal year ended March 31, 2010)

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, 2008 to March 31, 2009), whereas the rules after their most recent revision are applied to the fiscal year under review (April 1, 2009 to March 31, 2010).

(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, 2008 to March 31, 2009), whereas the rules after their most recent revision are applied to the fiscal year under review (April 1, 2009 to March 31, 2010).

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 LLC to conduct independent audits of the consolidated and non-consolidated financial accounts of the company for the previous fiscal year (April 1, 2008 to March 31, 2009; the 165th fiscal term) and for the fiscal year under review (April 1, 2009 to March 31, 2010; the 166th fiscal term).

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

3. Particular efforts to secure the appropriateness of the consolidated financial statements and other financial reports

The company conducts efforts to secure the appropriateness of the consolidated financial statements and other financial reports. Specifically, the company endeavors to acquire information that would ensure a good understanding of the corporate accounting standards and keep itself updated on any changes in the accounting standards by participating in the Financial Accounting Standards Foundation and educational opportunities provided by said Foundation, accounting firms and other institutions, as well as subscribing to accounting journals. In addition, the president of each consolidated subsidiary shall sign and seal a written oath to declare the appropriateness of the subsidiary's non-consolidated financial reports that constitute basic information for the preparation of the company's consolidated financial statements after it is duly confirmed by the subsidiary's managers of the accounting and other related departments, and submit it to the president of the company. As to such financial reports prepared within the company, the responsible accounting managers and managers of other related departments shall sign and seal a written oath to declare their appropriateness upon due confirmation thereof, and submit it to the president of the company.

(1) Consolidated Financial Statements

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2009 (As of March 31, 2009)		Fiscal year ended March 31, 2010 (As of March 31, 2010)	
Assets				
Current assets				
Cash and deposits		51,967		69,871
Notes and accounts receivable – trade	Note 5	57,329		56,480
Short-term investment securities		8,799		21,648
Inventories	Notes 1, 5	45,822	Note 1	37,442
Deferred tax assets		4,480		5,262
Other		6,925		6,189
Allowance for doubtful accounts		(212)		(288)
Total current assets		175,112		196,606
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net	Notes 2, 3, 5	45,477	Notes 2, 3, 5	44,983
Machinery, equipment and vehicles, net	Notes 2, 3, 5	33,843	Notes 2, 3, 5	30,806
Land	Note 5	32,939	Note 5	33,167
Construction in progress		1,056		1,949
Other, net	Note 2	3,333	Note 2	3,251
Total property, plant and equipment		116,650		114,158
Intangible assets		3,482		3,827
Investments and other assets				
Investment securities	Note 4	66,256	Note 4	72,325
Long-term loans receivable		75		70
Deferred tax assets		3,105		3,056
Other	Note 4	6,364	Note 4	6,425
Allowance for doubtful accounts		(167)		(152)
Total investments and other assets		75,634		81,725
Total noncurrent assets		195,767		199,710
Total assets		370,879		396,317

(Millions of yen)

	Fiscal year ended March 31, 2009 (As of March 31, 2009)	Fiscal year ended March 31, 2010 (As of March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	22,479	22,274
Short-term loans payable	Note 5 2,943	Note 5 2,864
Income taxes payable	4,691	7,708
Accrued expenses	13,470	14,007
Other	12,797	15,282
Total current liabilities	56,381	62,137
Noncurrent liabilities		
Long-term loans payable	336	271
Deferred tax liabilities	10,546	12,657
Provision for retirement benefits	8,587	9,113
Provision for directors' retirement benefits	311	337
Provision for repairs	1,498	1,504
Long-term deposits received	5,570	5,486
Negative goodwill	10	—
Other	1,542	1,582
Total noncurrent liabilities	28,403	30,953
Total liabilities	84,785	93,090
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	9,446	9,448
Retained earnings	218,543	230,661
Treasury stock	(3,177)	(3,187)
Total shareholders' equity	241,930	254,040
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17,220	20,303
Deferred gains or losses on hedges	43	105
Foreign currency translation adjustment	(2,153)	(1,693)
Total valuation and translation adjustments	15,111	18,715
Subscription rights to shares	38	83
Minority interests	29,014	30,388
Total net assets	286,094	303,226
Total liabilities and net assets	370,879	396,317

(2) Consolidated Statements of Income

(Millions of yen)

		Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)		Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Net sales		466,671		443,728
Cost of sales	Notes 1, 2	334,992	Notes 1, 2	306,675
Gross profit		131,679		137,053
Selling, general and administrative expenses	Notes 2, 3	109,924	Notes 2, 3	110,476
Operating income		21,755		26,576
Non-operating income				
Interest income		432		301
Dividends income		1,255		1,068
Equity in earnings of affiliates		767		946
Rent income		350		337
Other		396		425
Total non-operating income		3,203		3,078
Non-operating expenses				
Interest expenses		167		89
Other		172		238
Total non-operating expenses		340		327
Ordinary income		24,618		29,327
Extraordinary income				
Gain on sales of noncurrent assets	Note 4	1,234	Note 4	43
Gain on sales of investment securities		160		1,027
Gain on liquidation of subsidiaries and affiliates		67		157
Gain on dissolving joint venture of pharmaceutical business		1,065		—
Gain on transfer of business		—		240
Other		10		10
Total extraordinary income		2,538		1,479
Extraordinary losses				
Loss on retirement of noncurrent assets	Note 5	985	Note 5	829
Loss on valuation of investment securities		882		—
Expenses for improving production systems	Note 6	485	Note 6	487
Other	Note 7	207	Note 7	185
Total extraordinary losses		2,560		1,502
Income before income taxes and minority interests		24,596		29,304
Income taxes – current		8,343		11,786
Income taxes – deferred		1,441		(798)
Total income taxes		9,784		10,988
Minority interests in income		959		1,476
Net income		13,852		16,839

(3) Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
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	9,446	9,446
Changes of items during the period		
Disposal of treasury stock	—	2
Total changes of items during the period	—	2
Balance at the end of current period	9,446	9,448
Retained earnings		
Balance at the end of previous period	209,221	218,543
Effect of changes in accounting policies applied to foreign subsidiaries	(48)	—
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	13,852	16,839
Disposal of treasury stock	(8)	—
Total changes of items during the period	9,371	12,117
Balance at the end of current period	218,543	230,661
Treasury stock		
Balance at the end of previous period	(3,263)	(3,177)
Changes of items during the period		
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	238	97
Total changes of items during the period	85	(9)
Balance at the end of current period	(3,177)	(3,187)
Total shareholders' equity		
Balance at the end of previous period	232,521	241,930
Effect of changes in accounting policies applied to foreign subsidiaries	(48)	—
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	13,852	16,839
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	230	99
Total changes of items during the period	9,456	12,110
Balance at the end of current period	241,930	254,040

(Millions of yen)

	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	26,115	17,220
Changes of items during the period		
Net changes of items other than shareholders' equity	(8,894)	3,082
Total changes of items during the period	(8,894)	3,082
Balance at the end of current period	17,220	20,303
Deferred gains or losses on hedges		
Balance at the end of previous period	(250)	43
Changes of items during the period		
Net changes of items other than shareholders' equity	294	61
Total changes of items during the period	294	61
Balance at the end of current period	43	105
Foreign currency translation adjustments		
Balance at the end of previous period	791	(2,153)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,944)	459
Total changes of items during the period	(2,944)	459
Balance at the end of current period	(2,153)	(1,693)
Total valuation and translation adjustments		
Balance at the end of previous period	26,655	15,111
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,544)	3,603
Total changes of items during the period	(11,544)	3,603
Balance at the end of current period	15,111	18,715
Subscription rights to shares		
Balance at the end of previous period	8	38
Changes of items during the period		
Net changes of items other than shareholders' equity	29	44
Total changes of items during the period	29	44
Balance at the end of current period	38	83
Minority interests		
Balance at the end of previous period	30,653	29,014
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	(1,567)	1,374
Total changes of items during the period	(1,567)	1,374
Balance at the end of current period	29,014	30,388
Total net assets		
Balance at the end of previous period	289,839	286,094
Effect of changes in accounting policies applied to foreign subsidiaries	(120)	—
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	13,852	16,839
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	230	99
Net changes of items other than shareholders' equity	(13,082)	5,022
Total changes of items during the period	(3,625)	17,132
Balance at the end of current period	286,094	303,226

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	24,596	29,304
Depreciation and amortization	15,403	14,998
Increase (decrease) in provision for retirement benefits	278	524
Decrease (increase) in prepaid pension costs	(2,533)	(132)
Interest and dividend income	(1,688)	(1,369)
Interest expenses	167	89
Equity in (earnings) losses of affiliates	(767)	(946)
Loss (gain) on sales of investment securities	(161)	(1,018)
Decrease (increase) in notes and accounts receivable – trade	(127)	828
Decrease (increase) in inventories	(6,480)	8,482
Increase (decrease) in notes and accounts payable – trade	(920)	(265)
Other, net	(1,334)	4,369
Subtotal	26,432	54,864
Interest and dividend income received	2,097	1,690
Interest expenses paid	(165)	(97)
Income taxes paid	(8,292)	(8,973)
Net cash provided by (used in) operating activities	20,072	47,484
Net cash provided by (used in) investing activities		
Payments into time deposits	(26,132)	(117,597)
Proceeds from withdrawal of time deposits	13,632	89,833
Purchase of short-term investment securities	(2,798)	(12,173)
Proceeds from sales of short-term investment securities	13,700	800
Purchase of property, plant and equipment and intangible assets	(13,313)	(13,936)
Proceeds from sales of property, plant and equipment and intangible assets	1,098	(246)
Purchase of investment securities	(284)	(827)
Proceeds from sales of investment securities	226	1,504
Proceeds from dissolving joint venture of pharmaceutical business	3,511	—
Payments of long-term loans receivable	(4)	(2)
Collections of long-term loans receivable	19	8
Other, net	109	244
Net cash provided by (used in) investing activities	(10,235)	(52,393)
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	(1,081)	(196)
Repayment of long-term loans payable	(501)	(1)
Proceeds from sales of treasury stock	230	99
Purchase of treasury stock	(153)	(106)
Cash dividends paid	(4,472)	(4,722)
Other, net	(696)	(756)
Net cash provided by (used in) financing activities	(6,675)	(5,684)
Effect of exchange rate change on cash and cash equivalents	(1,738)	229
Net increase (decrease) in cash and cash equivalents	1,422	(10,364)
Cash and cash equivalents at beginning of period	38,850	40,339
Increase in cash and cash equivalents from newly consolidated subsidiaries	66	—
Cash and cash equivalents at end of period	40,339	29,975

Basis of Presentation of Consolidated Financial Statements

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
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. Total 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 subsidiaries: 2 • Due to increased materiality, OYC EU B.V. and OYC Shanghai Co., Ltd. have been consolidated in the fiscal year ended March 31, 2009.	1. Scope of consolidation (1) Consolidated subsidiaries: 39 • 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 Meshtec Inc. (formerly NBC Inc.) • Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and five other companies are not consolidated. Total 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 excluded subsidiary: 1 • During the year under review, Pany Foods Net Co., Ltd., a consolidated subsidiary, was absorbed into SK Foods Co., Ltd., a consolidated subsidiary, which was renamed OYC Foods Net Co., Ltd., in June 2009.
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 Newly excluded: 1 • 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.	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 five non-consolidated subsidiaries and seven 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 ――――――― (3) Same as the left column.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
3. Accounting periods of consolidated subsidiaries The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary's year-end and the consolidated year-end. Company name — Year-end Rogers Foods Ltd. — January 31 Thai Nisshin Seifun Co., Ltd. and 12 others — December 31	3. Accounting periods of consolidated subsidiaries Same as the left column.
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: 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 mainly 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 generally 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.	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 mainly 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 generally 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).

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
(2) Depreciation methods for material depreciable assets a. Property, plant and equipment (excluding lease assets): Depreciation on property, plant and equipment owned by the company and its 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. (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.	(2) Depreciation methods for material depreciable assets a. Property, plant and equipment (excluding lease assets): Depreciation on property, plant and equipment owned by the company and its domestic consolidated subsidiaries is computed principally by the declining balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998. Foreign consolidated subsidiaries generally use the straight-line method.
b. Intangible assets (excluding lease 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): Depreciation is computed by the straight-line method. Software used in-house is depreciated over its estimated useful life (within five years) based on the straight-line method.
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.	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. However, for the finance lease transactions that do not transfer ownership for which the inception of the lease falls prior to the first year of the implementation of ASBJ Statement No. 13, “Accounting Standard for Lease Transactions” (revised on March 30, 2007), that is, before April 1, 2008, the company applies the accounting method that is similar to that of ordinary rental transactions.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
(3) Basis of material allowances a. Allowance for doubtful accounts: The company and its 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: 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.	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. (Changes in accounting policy) Effective from the year ended March 31, 2010, the company applies ASBJ Statement No. 19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (issued on July 31, 2008). This adoption had no effect on the company's status of income and losses, segment information and the outstanding balance of the difference in projected benefit obligation.
c. Provision for directors' retirement benefits: Ten 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: Nine 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.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
(4) 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. 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) Consumption tax All accounting transactions are booked exclusive of any national or local consumption taxes. 5. Valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries are stated at fair value using the partial fair value method. 6. Amortization of goodwill and negative goodwill In principle, goodwill and negative goodwill are amortized in equal amounts over five years from the date of accrual. However, small sums are amortized on a lump-sum basis in the fiscal year in which the adjustment arises. 7. Cash and cash equivalents Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.	(4) Significant hedging transactions a. Basis of accounting: Same as the left column. b. Hedging methods: The company uses derivative transactions (including forward exchange contracts and currency purchase call options) to hedge currency risk exposure for all monetary claims/liabilities and planned trading transactions that are denominated in foreign currencies. c. Hedging policy: Same as the left column. d. Hedging evaluation: Same as the left column. (5) Consumption tax Same as the left column. 5. Valuation of assets and liabilities of consolidated subsidiaries Same as the left column. 6. Amortization of goodwill and negative goodwill Same as the left column. 7. Cash and cash equivalents Same as the left column.

Changes in Accounting Policy

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
(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, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
(Consolidated statements 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" in non-operating 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 statements of income. Effective from the year ended March 31, 2009, however, selling, general and administrative expenses are collectively stated in the consolidated statements of income, and major components thereof are stated in the applicable note to the consolidated statements of income.	―――――――

Notes to the Consolidated Financial Statements
(Notes to the Consolidated Balance Sheets)

<table>
<tr><th>Fiscal year ended March 31, 2009
(As of March 31, 2009)</th><th>Fiscal year ended March 31, 2010
(As of March 31, 2010)</th></tr>
<tr><td>
1. Components of inventories are as follows.
Merchandise and finished goods ¥26,190 million
Work in process ¥3,223 million
Raw materials and supplies ¥16,408 million
2. Accumulated depreciation of property, plant and equipment ¥207,060 million
3. Accumulated accelerated depreciation of property, plant and equipment purchased with government subsidy
¥263 million
4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.
Investment securities ¥15,898 million
Others ¥101 million
(Investments in joint ventures included in the above) ¥109 million
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 ¥24 million) as collateral against short-term loans payable totaling ¥224 million.
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><td>
1. Components of inventories are as follows.
Merchandise and finished goods ¥22,048 million
Work in process ¥2,778 million
Raw materials and supplies ¥12,616 million
2. Accumulated depreciation of property, plant and equipment ¥217,246 million
3. Accelerated depreciation of property, plant and equipment purchased with government subsidy
Accelerated depreciation of property, plant and equipment acquired during the fiscal year under review ¥97 million
Accumulated accelerated depreciation of property, plant and equipment ¥360 million
4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.
Investment securities ¥16,382 million
Others ¥115 million
(Investments in joint ventures included in the above) ¥115 million
5. Assets pledged as collateral
The company has pledged buildings (book value of ¥1,293 million), machinery and equipment (book value of ¥602 million) and land (book value of ¥92 million) as collateral against short-term loans payable totaling ¥200 million.
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>178</td></tr>
<tr><td>(Affiliated companies)
Hanshin Silo Co., Ltd.</td><td>Borrowings from financial institution</td><td>605</td></tr>
<tr><td>(Client-related)
Nihon-Bio Co., Ltd.</td><td>Borrowings from financial institution</td><td>206</td></tr>
<tr><td>Total</td><td></td><td>990</td></tr>
</table>
</td></tr>
</table>

(Notes to the Consolidated Statements of Income)

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
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	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. ¥264 million
2. R&D expenditure included in general and administrative expenses and manufacturing costs for the year ended March 2009: ¥5,448 million	2. R&D expenditure included in general and administrative expenses and manufacturing costs for the year ended March 2010: ¥5,812 million
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	3. Major components of selling, general and administrative expenses are as follows. Sales fare ¥25,108 million Promotion expenses ¥32,408 million Salaries ¥12,575 million Bonuses and allowance ¥9,102 million Retirement benefit expenses ¥1,812 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 losses on the disposal of machinery and equipment.	5. This figure mainly reflects losses on the disposal of machinery and equipment.
6. This figure mainly reflects expenses related to the closure of the Kobe Plant of Nisshin Flour Milling Inc., which was closed in August 2008.	6. This figure mainly reflects estimated expenses related to the closure of the Kitami Plant of Nisshin Flour Milling Inc., which will be closed in the fiscal year ending March 31, 2011.
7. This figure mainly reflects losses on revaluation of memberships.	7. This figure mainly reflects expenses for NBC Meshtec Inc.'s 75th anniversary events.

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

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

1. Type and number of issued shares and treasury stock

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Number of shares at end of current fiscal year
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 treasury stock:
   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 current fiscal year (¥ million)
			At end of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	At end of current fiscal year	
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) Record date	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) Record date	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 resolution was made 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) Record date	March 31, 2009
v) Effective date	June 26, 2009

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Number of shares at end of current fiscal year
Shares issued Common stock	251,535	—	—	251,535
Treasury stock Common stock	3,063	88	92	3,059

Notes:
1. Portion of the increase in common stock accounted for by treasury stock:
88 thousand shares, as result of repurchasing less-than-one-unit shares
2. Portion of the decrease in common stock accounted for by treasury stock:
6 thousand shares, as result of selling less-than-one-unit shares, and
85 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 current fiscal year (¥ million)
			At end of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	At end of current fiscal year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	—					83
Total		—					83

3. Dividends

(1) Dividends paid

The following resolution was made 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) Dividend per share	¥9
iii) Record date	March 31, 2009
iv) Effective date	June 26, 2009

The following resolution was made at the meeting of the Board of Directors held on October 30, 2009.

- Dividends on common stock:

i) Total dividends to be paid	¥2,485 million
ii) Dividend per share	¥10
iii) Record date	September 30, 2009
iv) Effective date	December 4, 2009

(2) Dividends for which the record date came during the year ended March 31, 2010, 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 25, 2010.

- Dividends on common stock:

i) Total dividends to be paid	¥2,982 million
ii) Source of dividends	Retained earnings
iii) Dividend per share	¥12
iv) Record date	March 31, 2010
v) Effective date	June 28, 2010

(Notes to the Consolidated Statements of Cash Flows)

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)		Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	
The reconciliation between the year-end balance of cash and cash equivalents and the amounts stated in consolidated balance sheets is as follows:		The reconciliation between the year-end balance of cash and cash equivalents and the amounts stated in consolidated balance sheets is as follows:	
Cash and deposits	¥51,967 million	Cash and deposits	¥69,871 million
Short-term investment securities	¥8,799 million	Short-term investment securities	¥21,648 million
Total	¥60,767 million	Total	¥91,520 million
Time deposits with maturities of more than three months	(¥19,627 million)	Time deposits with maturities of more than three months	(¥47,395 million)
Debt securities with maturities of more than three months	(¥800 million)	Debt securities with maturities of more than three months	(¥14,149 million)
Cash and cash equivalents at end of period	¥40,339 million	Cash and cash equivalents at end of period	¥29,975 million

(Leases)

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, furniture and fixtures)

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	¥744 million
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, 2010 (April 1, 2009 to March 31, 2010)

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, furniture and fixtures)

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	2,162	1,397	764
Other	1,636	1,161	474
Total	3,798	2,559	1,238

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

Due within one year	¥513 million
Due after one year	¥724 million
Total	¥1,238 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	¥614 million
Depreciation expense	¥614 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)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
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	2. Operating leases Minimum lease commitments under noncancelable operating leases (Lessee) Due within one year ¥35 million Due after one year ¥42 million Total ¥77 million (Lesser) Due within one year ¥105 million Due after one year ¥673 million Total ¥778 million

(Financial instruments)

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Status of Financial Instruments

(1) Policies on financial instruments

The Group observes a fund management policy that standby funds for future strategic investments and temporary surplus funds shall be managed in the form of time deposits with a fixed yield of interest and securities, and it shall not manage these funds to gain marginal gains in trades or for speculative purposes. As for fund procurement, the Group complies with the policy of financing with the most appropriate means, such as bank borrowings for short-term financial requirements, and bank borrowings, the issuance of corporate bonds and an increase in capital for long-term financial requirements, while taking into account market conditions and other factors.

The Group acquires and holds, in principle, investment securities for shares of the counterparties with which the Group has business or capital alliance relationships.

The Group utilizes derivative financial instruments to hedge its exposure to various risks described below and abides by a policy of not using them separately to gain marginal gains in trades or for speculative purposes.

(2) Description of financial instruments, related risks and risk management system

Cash is mainly managed as term deposits, and securities are mainly operated in the form of bonds. Both cash and securities are exposed to the credit risk of the relevant depository or issuer and the fluctuation risk of market prices. These risks are intended to be minimized and diversified using internal regulations at the respective Group companies by limiting such items as the target assets of fund management, the depository or the issuer, the period for management and the upper limit for management at each depository or issuer.

Notes and accounts receivable – trade as operating receivables are exposed to the credit risk of the respective customers. To cope with this risk, the Group conducts maturity management and balance management by counterparty in accordance with the internal regulations at the respective Group companies and has established a system for periodically measuring the creditworthiness of major counterparties to quickly determine and mitigate any concerns on the collection of claims that might be caused by deteriorated financial conditions at a counterparty.

Investment securities, which primarily consist of the shares relating to business or capital alliance relationships with the counterparties, are exposed to the risk of market price fluctuations. The Group has established a system of periodically measuring their fair value.

Although notes and accounts payable – trade as operating payables are exposed to liquidity risk, most of them have a maturity for payment within one year. The Group therefore manages them by making each Group company prepare a cash-flow projection.

As for derivative transactions, the Group uses forward foreign exchange contracts, currency options and the like to hedge against the adverse impact of future fluctuations in foreign currency exchange rates on specific foreign currency denominated assets and liabilities including notes and accounts receivable – trade and notes and accounts payable – trade. Meanwhile, some foreign consolidated subsidiaries use commodity futures targeting wheat to hedge against the risk of future fluctuations in the market for wheat. These derivative transactions often entail a general market risk due to the fluctuation of rates.

To reduce the exposure to market risk, derivative transactions beyond the targeted, real demand are forbidden by the internal regulations of each Group company, and the regulations set forth a certain percentage of allowable derivative transactions against the total relevant underlying trading amounts. Currency options are limited only to buying call options (long position) in accordance with the respective internal regulations. These transactions are traded by the Finance and Accounting Division mainly based on the instructions given by the governing department of the operating company that might suffer from the exchange-rate fluctuation risk. At several consolidated subsidiaries, they are traded by the department in charge of financial affairs at the company mainly based on the instructions given by the governing department. In managing the derivative transactions, the aforementioned Finance and Accounting Division of the company or the department in charge of financial affairs at each company receives a notice of position balances on derivative transactions every month from the correspondent bank, checks how these balances agree with performance figures and reports the monitored results to the Division Executive of the Finance and Accounting Division of the company or the director of the department in charge of financial affairs and the responsible director of the governing department. The Group believes that the risk that a counterparty to its derivative transactions could default is almost insignificant as the Group enters into derivative transactions only with financial institutions of high caliber.

(3) Supplemental explanation on the fair value of financial instruments, etc.

The fair value of financial instruments includes the value reasonably calculated for those without market value, in addition to the value based on the market price. As several variable factors are incorporated in calculating the fair value, the resulting amount may vary depending on the different preconditions employed. The contract prices, etc., regarding derivative transactions in “2. Fair Value of Financial Instruments, etc.,” are not necessarily indicative of the market risk with regard to derivative transactions.

2. Fair Value of Financial Instruments, etc.
The following table indicates the carrying value in the consolidated balance sheet, the fair value and the unrealized gain (loss) as of March 31, 2010 (consolidated closing date for the fiscal year ended March 31, 2010). Assets and liabilities, for which it is deemed difficult to measure the fair value, are not included in the table. (Refer to Note 2.)

(Millions of yen)

	Carrying value	Fair value	Unrealized gain (loss)
(1) Cash and deposits	69,871	69,871	—
(2) Notes and accounts receivable – trade	56,480	56,480	—
(3) Short-term investment securities and investment securities			
a. Held-to-maturity debt securities	1,500	1,500	—
b. Other securities	70,807	70,807	—
Total assets	198,659	198,659	—
(1) Notes and accounts payable – trade	22,274	22,274	—
Total liabilities	22,274	22,274	—
Derivative transactions*			
a. Transactions for which hedge accounting has not been adopted	(19)	(19)	—
b. Transactions for which hedge accounting has been adopted	132	132	—
Total derivative transactions	113	113	—

* Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

Note 1: Calculation method of the fair value of financial instruments and matters relating to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable – trade

As these assets are settled within a short time, the fair value thereof is almost equal to the carrying value. Accordingly, the calculation of the fair value of these assets is based on the carrying value concerned.

(3) Short-term investment securities and investment securities

The calculation of the fair value of stocks is based on the prices traded at the stock exchange. The calculation of the fair value of bonds is based on the prices traded at the stock exchange or the prices presented by the correspondent financial institution. Refer to the “Securities” under Notes to the Consolidated Financial Statements with regard to the noteworthy matters regarding securities held by holding purpose.

Liabilities

(1) Notes and accounts payable – trade

As these liabilities are settled within a short time, the fair value is almost equal to the carrying value. Accordingly, the calculation of the fair value of these liabilities is based on the carrying value concerned.

Derivative transactions

Refer to the “Derivatives” under Notes to the Consolidated Financial Statements.

Note 2: Financial instruments for which it is deemed difficult to measure the fair value

(Millions of yen)

Classification	Carrying value
Unlisted stocks	19,074

The above unlisted stocks have no market prices and relevant future cash flows cannot be easily estimated due to the anticipated huge estimation cost, and it is therefore deemed difficult to measure their fair value. Accordingly, they are not included in (3) Short-term investment securities and investment securities.

Note 3: Redemption schedule for monetary receivables and securities with maturity dates after the consolidated closing date (March 31)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	69,871	—
Notes and accounts receivable – trade	56,480	—
Short-term investment securities and investment securities		
Held-to-maturity debt securities	1,500	—
Other securities with maturity dates	20,089	—
Total	147,941	—

(Additional information)

Effective from the fiscal year ended March 31, 2010, the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10 on March 10, 2008) and the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 on March 10, 2008) have been applied.

(Securities)

Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

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

(Millions of yen)

	As of March 31, 2009		
	Carrying value	Market value	Unrealized gain (loss)
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)
2. Corporate bonds	—	—	—
3. Other	—	—	—
Subtotal	1,499	1,499	(0)
Total	1,499	1,499	(0)

2. Short-term investment securities classified as other securities

(Millions of yen)

	As of March 31, 2009		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost			
1. Equity securities	7,810	39,133	31,323
2. Bonds:			
Government and municipal bonds	—	—	—
Corporate bonds	799	800	0
Other	—	—	—
3. Other	—	—	—
Subtotal	8,610	39,933	31,323
Securities whose acquisition cost exceeds their carrying value			
1. Equity securities	8,669	6,646	(2,023)
2. Bonds:			
Government and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
3. Other	—	—	—
Subtotal	8,669	6,646	(2,023)
Total	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

(Millions of yen)

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)		
Proceeds from sales	Total gain on sales	Total loss on sales
226	161	—

4. Other securities without market value

(Millions of yen)

	As of March 31, 2009
	Carrying value
1. Held-to-maturity debt securities:	
Certificate of deposit	500
2. Other securities:	
Certificate of deposit	6,000
Unlisted stock	4,578
Total	11,078

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

(Millions of yen)

	As of March 31, 2009	
	Due within one year	Due after one year but within five years
1. Bonds:		
Government and municipal bonds	1,500	—
Corporate bonds	800	—
Other	500	—
2. Other	6,000	—
Total	8,800	—

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

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

(Millions of yen)

	As of March 31, 2010		
	Carrying value	Market value	Unrealized gain (loss)
Securities whose market value exceeds their carrying value			
1. Government and municipal bonds	—	—	—
2. Corporate bonds	—	—	—
3. Other	—	—	—
Subtotal	—	—	—
Securities whose carrying value exceeds their market value			
1. Government and municipal bonds	—	—	—
2. Corporate bonds	—	—	—
3. Other	1,500	1,500	—
Subtotal	1,500	1,500	—
Total	1,500	1,500	—

2. Short-term investment securities classified as other securities

(Millions of yen)

	As of March 31, 2010		
	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost			
1. Equity securities	46,302	10,502	35,799
2. Bonds:			
Government and municipal bonds	502	502	0
Corporate bonds	1,921	1,921	0
Other	—	—	—
3. Other	—	—	—
Subtotal	48,726	12,926	35,799
Securities whose acquisition cost exceeds their carrying value			
1. Equity securities	4,356	5,600	(1,243)
2. Bonds:			
Government and municipal bonds	11,182	11,184	(1)
Corporate bonds	3,541	3,542	(1)
Other	—	—	—
3. Other	3,000	3,000	—
Subtotal	22,080	23,327	(1,246)
Total	70,807	36,254	34,552

Note:

The above “other securities” do not include unlisted stocks with a carrying value of ¥5,283 million because they have no market value and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current market value.

3. Sale of securities classified as other securities

(Millions of yen)

	Fiscal year ended March 31, 2010(April 1, 2009 to March 31, 2010)		
Types	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	1,505	1,028	9

(Derivatives)

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 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 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 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 company's 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 the Division Executive of the Finance and Accounting Division Executive and directors overseeing the financial and other related operations of the group companies.

2. Market prices of transactions

(1) Currency-related transactions

(Millions of yen)

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

Notes:

1. Calculation of the market 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	Market value	Unrealized gain (loss)
Market transactions	Commodity futures:				
	Buy: Wheat	5	—	5	(0)
Total		5	—	5	(0)

Notes:

1. Calculation of the market 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, 2010 (April 1, 2009 to March 31, 2010)

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related transactions

(Millions of yen)

Classification	Type of transaction		As of March 31, 2010			
			Contract amount	Portion due after one year	Market value	Unrealized gain (loss)
Market transactions	Currency futures:					
	Buy:	Canadian dollar	612	—	(8)	(8)
Non-market transactions	Foreign currency forward contracts:					
	Sell:	U.S. dollar	169	—	(5)	(5)
	Buy:	U.S. dollar	194	—	(0)	(0)
		Euro	54	—	(2)	(2)
		Yen	18	—	(0)	(0)
Total			1,049	—	(16)	(16)

Note:
Calculation of market value is based on the closing prices of the relevant futures markets and the prices and other information presented by associated financial institutions and others.

(2) Commodity-related transactions

(Millions of yen)

Classification	Type of transaction		As of March 31, 2010			
			Contract amount	Portion due after one year	Market value	Unrealized gain (loss)
Market transactions	Commodity futures:					
	Sell:	Wheat	57	—	5	5
	Buy:	Wheat	83	—	(7)	(7)
Total			141	—	(2)	(2)

Note:
Calculation of market value is based on the closing prices of the relevant futures markets.

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related transactions

(Millions of yen)

Method of hedge accounting	Type of transaction	Major hedged items	As of March 31, 2010		
			Contract amount	Portion due after one year	Market value
Deferral hedge accounting	Foreign currency forward contracts:	Accounts payable			
	Buy: U.S. dollar		2,079	—	76
	Thai baht		918	—	72
	Euro		890	—	(28)
	Canadian dollar		34	—	3
	Options:				
	Purchase call: U.S. dollar		7	—	8
Appropriation treatment	Foreign currency forward contracts:	Accounts payable			
	Buy: U.S. dollar		112	—	—
	Euro		258	—	—
Total			4,301	—	132

Notes:

1. Calculation of market value is based on the prices and other information presented by associated financial institutions and others.
2. Because foreign currency forward contracts subject to appropriation treatment are handled as a unit with accounts payable to be hedged, the market value of those is included in the market value of the relevant accounts payable.

(Retirement benefits)

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

1. Outline of retirement benefit plans
   The company and its 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 sheets [(C) + (D) + (E)]	(4,692)
(G) Prepaid pension cost	3,894
(H) 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 (April 1, 2008 to 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 method are recorded under "(A) Service cost."

4. Assumptions used in retirement benefit obligation calculations

(A) Method adopted for periodic distribution of projected retirement benefits	Equal amounts per period
(B) Discount rate	Principally 2.5%
(C) Expected rate of return on plan assets	Principally 2.5%
(D) Amortization period of actuarial difference*1	Principally 15 years
(E) Amortization period of prior service cost*2	15 years

Notes:

1. Actuarial differences are amortized on a straight-line basis from the following fiscal year based on the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.
2. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Outline of retirement benefit plans

   The company and its 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, 2010 (¥ million)
(A) Projected benefit obligation	(45,915)
(B) Fair value of plan assets	37,803
(C) Unfunded retirement benefit obligation [(A) + (B)]	(8,112)
(D) Unrecognized actuarial loss	4,958
(E) Unrecognized prior service cost	(1,932)
(F) Net amount recorded on consolidated balance sheets [(C) + (D) + (E)]	(5,086)
(G) Prepaid pension cost	4,027
(H) Provision for retirement benefits [(F) – (G)]	(9,113)

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

3. Retirement benefit expenses

	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010) (¥ million)
(A) Service cost	1,999
(B) Interest cost	1,060
(C) Expected return on plan assets	(811)
(D) Amortization of actuarial loss	813
(E) Amortization of prior service cost	(198)
(F) Net retirement benefit expenses [(A) + (B) + (C) + (D) + (E)]	2,864

Note:
Retirement benefit expenses incurred by consolidated subsidiaries that adopt simplified method are 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, 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 (Note 1) of the company and 26 directors of consolidated subsidiaries	10 directors and 13 executive officers (Note 1) of the company and 29 directors of consolidated subsidiaries	10 directors and 12 executive officers (Note 1) of the company and 25 directors of consolidated subsidiaries
Number of shares granted by stock type	275,000 shares of common stock (Note 2)	290,400 shares of common stock (Note 2)	269,500 shares of common stock (Note 2)
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

Notes:

1. These executive officers include those who concurrently serve as directors of consolidated subsidiaries.
2. 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 (Note 1) of the company and 26 directors of consolidated subsidiaries	12 directors and 11 executive officers (Note 1) of the company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers (Note 1) of the company and 24 directors of consolidated subsidiaries
Number of shares granted by stock type	258,500 shares of common stock (Note 2)	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

Notes:

1. These executive officers include those who concurrently serve as directors of consolidated subsidiaries.
2. 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

(Yen)

	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.

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. The account and the amount of expenses concerning stock options recorded for the year:
   Selling, general and administrative expenses ¥47 million

2. Description and changes in the size of stock options

(1) Description of stock options

	2002 Plan	2003 Plan	2004 Plan	2005 Plan
Grantees	10 directors and 13 executive officers (Note 1) of the company and 26 directors of consolidated subsidiaries	10 directors and 13 executive officers (Note 1) of the company and 29 directors of consolidated subsidiaries	10 directors and 12 executive officers (Note 1) of the company and 25 directors of consolidated subsidiaries	9 directors and 10 executive officers (Note 1) of the company and 26 directors of consolidated subsidiaries
Number of shares granted by stock type	275,000 shares of common stock (Note 2)	290,400 shares of common stock (Note 2)	269,500 shares of common stock (Note 2)	258,500 shares of common stock (Note 2)
Grant date	July 23, 2002	July 23, 2003	July 26, 2004	August 17, 2005
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 16, 2004 – July 15, 2009	July 16, 2005 – July 15, 2010	July 17, 2006 – July 16, 2011	July 21, 2007 – July 20, 2012

Notes:

1. These executive officers include those who concurrently serve as directors of consolidated subsidiaries.
2. 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.

	2007 Plan	2008 Plan	2009 Plan
Grantees	12 directors and 11 executive officers (Note 1) of the company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers (Note 1) of the company and 24 directors of consolidated subsidiaries	12 directors and 12 executive officers (Note 1) of the company and 23 directors of consolidated subsidiaries
Number of shares granted by stock type	250,000 shares of common stock	266,000 shares of common stock	256,000 shares of common stock
Grant date	August 13, 2007	August 19, 2008	August 18, 2009
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	July 27, 2009 – July 26, 2014	August 20, 2010 – July 30, 2015	August 19, 2011 – August 1, 2016

Note 1: These executive officers include those who concurrently serve as directors of consolidated subsidiaries.

(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, 2010. 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	2009 Plan
Non-vested (shares):							
Outstanding at beginning of the year	—	—	—	—	250,000	266,000	—
Granted during the year	—	—	—	—	—	—	256,000
Forfeited during the year	—	—	—	—	—	—	—
Vested during the year	—	—	—	—	250,000	—	—
Outstanding at end of the year	—	—	—	—	—	266,000	256,000
Vested (shares):							
Outstanding at beginning of the year	2,200	27,500	90,200	182,600	—	—	—
Vested during the year	—	—	—	—	250,000	—	—
Exercised during the year	2,200	14,300	16,500	27,500	25,000	—	—
Forfeited during the year	—	—	—	11,000	—	—	—
Outstanding at ending of the year	—	13,200	73,700	144,100	225,000	—	—

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

(Yen)

	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2007 Plan	2008 Plan	2009 Plan
Exercise price	805	811	999	1,085	1,197	1,397	1,131
Average stock price upon exercise	1,150	1,187	1,163	1,158	1,204	—	—
Fair value per share at grant date	—	—	—	—	102	201	232

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

The per share fair value of the 2009 Plan granted during the fiscal year ended March 31, 2010 was estimated as follows.

1) Technique of estimation used: Black-Scholes method
2) Basic factors taken into account for the estimation:

	2009 Plan
Expected volatility of the share price (Note 1)	28.4%
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)	0.60%

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 2005 to August 2009.
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, 2009.
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, 2009 (As of March 31, 2009)

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

	(¥ million)
Deferred tax assets	
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:

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, 2010 (As of March 31, 2010)

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

	(¥ million)
Deferred tax assets	
Provision for retirement benefits	4,610
Provision for bonuses	1,812
Unrealized gain on noncurrent assets	1,041
Accrued sales incentives	958
Accrued enterprise tax	644
Inventories	641
Investment securities	617
Provision for repairs	609
Depreciation and amortization	581
Unrealized gain on inventories	299
Other	1,986
Gross deferred tax assets	13,803
Amount offset by deferred tax liabilities	(4,089)
Net deferred tax assets	9,714
Valuation allowance	(1,395)
Total deferred tax assets	8,318
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(14,021)
Reserve for advanced depreciation of noncurrent assets	(2,353)
Other	(371)
Gross deferred tax liabilities	(16,746)
Amount offset by deferred tax assets	4,089
Total deferred tax liabilities	(12,657)

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

Statutory effective tax rate	40.6%
(Adjustments)	
Divided income and other items excluded from gross revenue	(1.0)%
Entertainment expenses and other items not qualifying for deduction	1.9%
Income tax credits	(0.9)%
Valuation allowance	(1.8)%
Equity in earnings of affiliates	(1.3)%
Other	0.0%
Actual effective tax rate after adoption of tax-effect accounting	37.5%

(Segment information)

【Business segment information】

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

(Millions of yen)

	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

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(Millions of yen)

	Flour Milling	Processed Food	Others	Total	Corporate assets and eliminations	Consolidated
I. Net sales and operating income						
Net sales:						
(1) Sales to external customers	179,413	223,698	40,616	443,728	—	443,728
(2) Intersegment sales and transfers	20,797	537	3,096	24,431	(24,431)	—
Total	200,211	224,235	43,713	468,160	(24,431)	443,728
Operating expenses	186,600	213,842	41,505	441,948	(24,796)	417,152
Operating income	13,611	10,393	2,207	26,212	364	26,576
II. Total assets, depreciation and amortization, and capital expenditures:						
Total assets	113,752	130,971	51,206	295,931	100,386	396,317
Depreciation and amortization	7,692	5,864	1,750	15,306	(308)	14,998
Capital expenditures	5,004	6,491	1,763	13,258	(472)	12,785

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, confectionery and bread ingredients, biochemical products, life science products, healthcare foods
Others	Pet food, engineering, mesh cloths, transport and storage

3. Corporate assets included in the “corporate assets and eliminations” column amounted to ¥77,298 million and ¥108,001 million as of March 31, 2009 and 2010, 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, 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 Consolidated Financial Statements. This change increased operating expenses and decreased operating income by ¥191 million each 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 Consolidated Financial Statements. This change increased operating 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 operating expenses and increased operating income by ¥44 million for Corporate assets and eliminations, 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, 2009 and 2010)
   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, 2009 and 2010)
   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, 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.

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

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

There are no applicable matters to be reported.

(Per share information)

(Yen)

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)		Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	
Net assets per share	1,034.49	Net assets per share	1,097.72
Net income per share	55.75	Net income per share	67.77
Diluted net income per share	55.74	Diluted net income per share	67.76

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

Item	Fiscal year ended March 31, 2009 (As of March 31, 2009)	Fiscal year ended March 31, 2010 (As of March 31, 2010)
Total net assets, as stated on the consolidated balance sheets (¥ million)	286,094	303,226
Net assets associated with common stock (¥ million)	257,041	272,755
Major components of the difference (¥ million): Subscription rights to shares Minority interests	 38 29,014	 83 30,388
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,063,086	3,059,826
Number of common stock shares used in the calculation of net assets per share (shares)	248,472,362	248,475,622

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, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Net income, as stated on the consolidated statements of income (¥ million)	13,852	16,839
Amount not attributable to owners of common stock (¥ million)	—	—
Net income associated with common stock (¥ million)	13,852	16,839
Average number of shares of common stock during fiscal year (shares)	248,453,788	248,489,043
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	 50,621	 38,388
Details of shares not included in calculation of diluted net income per share due to non-dilutive effect	Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 27, 2007 (89 subscription rights to shares) (161 subscription rights to shares) Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 26, 2008 (88 subscription rights to shares) (178 subscription rights to shares)	Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 28, 2005 (28 subscription rights to shares) Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 27, 2007 (89 subscription rights to shares) (161 subscription rights to shares) Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 26, 2008 (88 subscription rights to shares) (178 subscription rights to shares)

(Significant subsequent events)

There are no applicable matters to be reported.

(5) Supplementary Consolidated Data

【Debentures】

There are no applicable matters to be reported.

【Borrowings】

Category	Outstanding value [Mar. 31, 2009] (¥ million)	Outstanding value [Mar. 31, 2010] (¥ million)	Average interest rate (%)	Repayment dates
Short-term loans payable	2,854	2,760	0.9128	—
Current portion of long-term loans payable	88	104	5.2231	—
Current portion of lease obligation	195	344	—	—
Long-term loans payable (excluding current portion)	336	271	4.9301	2011–2036
Lease obligation (excluding current portion)	724	1,057	—	2011–2018
Other interest-bearing liabilities	—	—	—	—
Total	4,199	4,539	—	—

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, 2010 are detailed in the table below.

(Millions of yen)

	Within 1–2 years	Within 2–3 years	Within 3–4 years	Within 4–5 years
Long-term loans payable	110	115	4	4
Lease obligation	346	345	278	65

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 company and its 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 as of March 31, 2010	—	
Credit facility fees for year ended March 31, 2010	¥15 million	(Amount included in “Other” category within non-operating expenses)

2. Others

Quarterly financial information for the fiscal year ended March 31, 2010

(Millions of yen)

	First Quarter (April 1, 2009 to June 30, 2009)	Second Quarter (July 1, 2009 to September 30, 2009)	Third Quarter (October 1, 2009 to December 31, 2009)	Fourth Quarter (January 1, 2010 to March 31, 2010)
Net sales	114,372	112,506	114,507	102,342
Income before income taxes and minority interests	7,262	7,151	10,318	4,571
Net income	4,264	4,106	5,933	2,536
Net income per share (Yen)	17.16	16.52	23.87	10.22

(2) Non-consolidated Financial Statements

1. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

		Fiscal year ended March 31, 2009 (As of March 31, 2009)		Fiscal year ended March 31, 2010 (As of March 31, 2010)
Assets				
Current assets				
Cash and deposits		30,425		42,953
Accounts receivable – trade		207		674
Short-term investment securities		6,800		19,327
Prepaid expenses		90		93
Deferred tax assets		422		503
Income taxes receivable		—		2,569
Other		2,198		450
Total current assets		40,144		66,573
Noncurrent assets				
Property, plant and equipment				
Buildings, net	Note 1	8,612	Note 1	8,149
Structures, net	Note 1	894	Note 1	807
Machinery and equipment, net	Note 1	604	Note 1	466
Vehicles, net	Note 1	7	Note 1	4
Tools, furniture and fixtures, net	Note 1	412	Note 1	359
Land		10,547		10,609
Lease assets, net	Note 1	590	Note 1	555
Construction in progress		145		826
Total property, plant and equipment		21,814		21,779
Intangible assets				
Leasehold right		407		411
Software		232		285
Lease assets		15		61
Other		67		65
Total intangible assets		722		823
Investments and other assets				
Investment securities		34,307		38,250
Stocks of subsidiaries and affiliates		93,194		93,193
Investments in capital		325		317
Investments in capital of subsidiaries and affiliates		458		506
Long-term loans receivable from employees		65		59
Long-term loans receivable from subsidiaries and affiliates		24,944		9,690
Long-term prepaid expenses		958		1,056
Other		368		366
Allowance for doubtful accounts		(29)		(24)
Total investments and other assets		154,593		143,415
Total noncurrent assets		177,131		166,018
Total assets		217,275		232,592

(Millions of yen)

	Fiscal year ended March 31, 2009 (As of March 31, 2009)	Fiscal year ended March 31, 2010 (As of March 31, 2010)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	5	4
Lease obligations	127	159
Accounts payable – other	435	2,148
Accrued expenses	1,492	1,725
Deposits received	1,016	1,965
Provision for directors' bonuses	75	80
Other	45	154
Total current liabilities	3,198	6,238
Noncurrent liabilities		
Long-term loans payable	59	53
Lease obligations	481	456
Deferred tax liabilities	8,788	10,353
Provision for retirement benefits	436	827
Other	325	99
Total noncurrent liabilities	10,092	11,790
Total liabilities	13,291	18,029
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus		
Legal capital surplus	9,500	9,500
Other capital surplus	—	2
Total capital surpluses	9,500	9,502
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	1,429	1,417
Reserve for special account for advanced depreciation of noncurrent assets	22	—
General reserve	126,770	126,770
Retained earnings brought forward	32,191	40,608
Total retained earnings	166,793	175,175
Treasury stock	(3,170)	(3,179)
Total shareholders' equity	190,241	198,616
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,704	15,863
Total valuation and translation adjustments	13,704	15,863
Subscription rights to shares	38	83
Total net assets	203,983	214,563
Total liabilities and net assets	217,275	232,592

(2) Non-consolidated Statements of Income

(Millions of yen)

		Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)		Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Operating revenue	Note 1	19,006	Note 1	24,437
Operating expenses	Notes 2, 3	12,094	Notes 2, 3	13,720
Operating income		6,912		10,716
Non-operating income				
Interest income	Note 1	820	Note 1	497
Interest on securities		68		29
Dividends income		834		645
Other		39		165
Total non-operating income		1,763		1,338
Non-operating expenses				
Interest expenses	Note 1	19	Note 1	11
Commitment fees		10		10
Foreign exchange losses		194		—
Other		1		4
Total non-operating expenses		227		26
Ordinary income		8,447		12,028
Extraordinary income				
Gain on sales of noncurrent assets	Note 4	1,156	Note 4	18
Gain on sales of investment securities		123		1,007
Gain on liquidation of subsidiaries and affiliates		—		129
Gain on dissolving joint venture of pharmaceutical business		705		—
Reversal of allowance for doubtful accounts		6		4
Total extraordinary income		1,992		1,160
Extraordinary losses				
Loss on retirement of noncurrent assets	Note 5	121	Note 5	59
Loss on valuation of investment securities		776		—
Other		18		—
Total extraordinary losses		915		59
Income before income taxes		9,524		13,129
Income taxes – current		18		17
Income taxes – deferred		590		7
Total income taxes		608		24
Net income		8,916		13,104

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

(Millions of yen)

	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
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
Other capital surplus		
Balance at the end of previous period	—	—
Changes of items during the period		
Disposal of treasury stock	—	2
Total changes of items during the period	—	2
Balance at the end of current period	—	2
Total capital surplus		
Balance at the end of previous period	9,500	9,500
Changes of items during the period		
Disposal of treasury stock	—	2
Total changes of items during the period	—	2
Balance at the end of current period	9,500	9,502
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 advanced depreciation of noncurrent assets		
Balance at the end of previous period	1,496	1,429
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	—	22
Reversal of reserve for advanced depreciation of noncurrent assets	(66)	(34)
Total changes of items during the period	(66)	(11)
Balance at the end of current period	1,429	1,417

(Millions of yen)

	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Reserve for special account for advanced depreciation of noncurrent assets		
Balance at the end of previous period	—	22
Changes of items during the period		
Provision of reserve for special account for advanced depreciation of noncurrent assets	22	—
Reversal of reserve for special account for advanced depreciation of noncurrent assets	—	(22)
Total changes of items during the period	22	(22)
Balance at the end of current period	22	—
Provision for reserves		
Balance at the end of previous period	126,770	—
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	—	—
General reserve		
Balance at the end of previous period	—	126,770
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	126,770
Retained earnings brought forward		
Balance at the end of previous period	27,712	32,191
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	—	(22)
Reversal of reserve for advanced depreciation of noncurrent assets	66	34
Provision of reserve for special account for advanced depreciation of noncurrent assets	(22)	—
Reversal of reserve for special account for advanced depreciation of noncurrent assets	—	22
Dividends from surplus	(4,472)	(4,722)
Net income	8,916	13,104
Disposal of treasury stock	(8)	—
Total changes of items during the period	4,479	8,416
Balance at the end of current period	32,191	40,608
Total retained earnings		
Balance at the end of previous period	162,358	166,793
Changes of items during the period		
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	—	—
Reversal of reserve for special account for advanced depreciation of noncurrent assets	—	—
Provision of general reserve	—	—
Dividends from surplus	(4,472)	(4,722)
Net income	8,916	13,104
Disposal of treasury stock	(8)	—
Total changes of items during the period	4,435	8,381
Balance at the end of current period	166,793	175,175

(Millions of yen)

	Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Treasury stock		
Balance at the end of previous period	(3,255)	(3,170)
Changes of items during the period		
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	238	97
Total changes of items during the period	85	(9)
Balance at the end of current period	(3,170)	(3,179)
Total shareholders' equity		
Balance at the end of previous period	185,720	190,241
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	8,916	13,104
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	230	99
Total changes of items during the period	4,520	8,374
Balance at the end of current period	190,241	198,616
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	20,957	13,704
Changes of items during the period		
Net changes of items other than shareholders' equity	(7,253)	2,159
Total changes of items during the period	(7,253)	2,159
Balance at the end of current period	13,704	15,863
Total valuation and translation adjustments		
Balance at the end of previous period	20,957	13,704
Changes of items during the period		
Net changes of items other than shareholders' equity	(7,253)	2,159
Total changes of items during the period	(7,253)	2,159
Balance at the end of current period	13,704	15,863
Subscription rights to shares		
Balance at the end of previous period	8	38
Changes of items during the period		
Net changes of items other than shareholders' equity	29	44
Total changes of items during the period	29	44
Balance at the end of current period	38	83
Total net assets		
Balance at the end of previous period	206,686	203,983
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	8,916	13,104
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	230	99
Net changes of items other than shareholders' equity	(7,223)	2,204
Total changes of items during the period	(2,702)	10,579
Balance at the end of current period	203,983	214,563

Significant Accounting Policies

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
1. Valuation standards and methodology for securities Held-to-maturity debt securities are stated at amortized cost. Equity in subsidiaries and affiliated companies is stated at cost, with cost being determined by the moving average method. Other securities: Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method). Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.	1. Valuation standards and methodology for securities Held-to-maturity debt securities are same as the left column. Equity in subsidiaries and affiliated companies is same as the left column. Other securities: Securities with a readily determinable market value are same as the left column. Securities with no readily determinable market value are same as the left column.
2. Valuation standards and methodology for derivatives Derivative financial instruments are stated at fair market value.	2. Valuation standards and methodology for derivatives Same as the left column.
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 (excluding lease 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.	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. (2) Depreciation on intangible assets (excluding lease assets) is same as the left column.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
(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.	(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. However, for the finance lease transactions that do not transfer ownership for which the inception of the lease falls prior to the first year of the implementation of ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" (revised on March 30, 2007), that is, before April 1, 2008, the company applies the accounting method that is similar to that of ordinary rental transactions.
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.	4. Basis of material allowances (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: 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. (Changes in accounting policy) Effective from the year ended March 31, 2010, the company applies ASBJ Statement No. 19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (issued on July 31, 2008). This adoption had no effect on the company's status of income and losses and the outstanding balance of the difference in projected benefit obligation.

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
5. 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. Consumption tax All accounting transactions are booked exclusive of any national or local consumption taxes.	5. Significant hedging transactions (1) Basis of accounting: Same as the left column. (2) Hedging methods: The company uses derivative transactions (including forward exchange contracts and currency purchase call options) to hedge currency risk exposure for all monetary claims/liabilities and planned trading transactions that are denominated in foreign currencies. (3) Hedging policy: Same as the left column. (4) Hedging evaluation: Same as the left column. 6. Consumption tax Same as the left column.

Changes in Presentation

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Previously, major components of "Operating expenses" had been separately stated in the non-consolidated statements of income. Effective from the year ended March 31, 2009, however, operating expenses are collectively stated in the non-consolidated statements of income, and major components thereof are stated in the applicable note to the non-consolidated statements of income.	Previously included in "Other" under "Current assets," the "Accrued income tax refund," which amounted to ¥1,710 million for the previous fiscal year, exceeded one-hundredth of the total assets for the year under review. Therefore, it is separately stated, effective from the fiscal year under review.

Notes to the Non-consolidated Financial Statements

(Notes to the Non-consolidated Balance Sheets)

Fiscal year ended March 31, 2009 (As of March 31, 2009)	Fiscal year ended March 31, 2010 (As of March 31, 2010)
1. Accumulated depreciation of property, plant and equipment ¥14,374 million	1. Accumulated depreciation of property, plant and equipment ¥15,129 million
2. Warranty liabilities	2. Warranty liabilities

Fiscal year ended March 31, 2009:

Target of warranty	Type of liability	Amount (¥ million)
(Employee housing loans)	Borrowings from financial institution	210

Fiscal year ended March 31, 2010:

Target of warranty	Type of liability	Amount (¥ million)
(Employee housing loans)	Borrowings from financial institution	177

(Notes to the Non-consolidated Statements of Income)

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
1. Principal transactions with subsidiaries and affiliated companies were as follows: Operating revenue ¥18,915 million Interest income ¥635 million Interest expenses ¥16 million	1. Principal transactions with subsidiaries and affiliated companies were as follows: Operating revenue ¥24,324 million Interest income ¥316 million Interest expenses ¥8 million
2. Total R&D expenditures: R&D spending contained in operating expenses ¥1,717 million	2. Total R&D expenditures: R&D spending contained in operating expenses ¥1,857 million
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	3. Major components of operating expenses are as follows. All of the operating expenses are categorized as general and administrative expenses. Salaries ¥1,557 million Bonuses and allowance ¥1,309 million Retirement benefit expenses ¥680 million Research study expenses ¥2,032 million Advertising expenses ¥2,010 million Rent expenses ¥1,033 million Depreciation ¥1,003 million Commission fee ¥878 million Other ¥3,214 million
4. This figure reflects gains on the sale of land.	4. This figure reflects gains on the sale of company condominiums.
5. This figure mainly reflects losses on disposal of tools, fixtures and furniture and software.	5. This figure mainly reflects losses on disposal of tools, fixtures and furniture, and machinery and equipment.

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

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

1. Type and number of shares of treasury stock

(Thousands of shares)

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

Notes:

1. Portion of the increase in common stock accounted for by treasury stock:
   120 thousand shares, as a 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 a result of selling less-than-one-unit shares, and
   194 thousand shares, as a result of 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.

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Type and number of shares of treasury stock

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Number of shares at end of current fiscal year
Common stock	2,995	88	92	2,992

Notes:

1. Portion of the increase in common stock accounted for by treasury stock:
   88 thousand shares, as a result of repurchasing less-than-one-unit shares
2. Portion of the decrease in common stock accounted for by treasury stock:
   6 thousand shares, as a result of selling less-than-one-unit shares, and
   85 thousand shares, as a result of exercise of stock options

(Leases)

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, furniture and fixtures)
   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	19	17	2
Tools, furniture and fixtures	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.

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

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

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, furniture and fixtures)
   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	3	2	1
Tools, furniture and fixtures	295	209	86
Other	24	13	10
Total	323	226	97

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

Due within one year	¥38 million
Due after one year	¥58 million
Total	¥97 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	¥54 million
Depreciation expense	¥54 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.

2. Operating leases
   Minimum lease commitments under noncancelable operating leases
   (Lesser)

Due within one year	¥49 million
Due after one year	¥673 million
Total	¥723 million

(Securities)

Fiscal year ended March 31, 2009 (As of March 31, 2009)
Equity securities in subsidiaries and affiliated companies with readily determinable market value

(Millions of yen)

Type	Carrying value	Market value	Unrealized gain (loss)
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

Fiscal year ended March 31, 2010 (As of March 31, 2010)
Equity securities in subsidiaries and affiliated companies

(Millions of yen)

Type	Carrying value	Market value	Unrealized gain (loss)
Equity securities in subsidiaries	2,635	9,265	6,630
Equity securities in affiliated companies	200	155	(45)
Total	2,836	9,421	6,585

Note: Equity securities in subsidiaries and affiliated companies for which the market value is not readily determinable

(Millions of yen)

Type	Carrying value
Equity securities in subsidiaries	84,521
Equity securities in affiliated companies	5,835

These equity securities are not included in "Equity securities in subsidiaries and affiliated companies" above because they do not have market value and considerable cost would be required to estimate their future cash flows; therefore, their market value is regarded to be not readily determinable.

(Tax effect accounting)

Fiscal year ended March 31, 2009 (As of March 31, 2009)		Fiscal year ended March 31, 2010 (As of March 31, 2010)	
1. The principal components of deferred tax assets and deferred tax liabilities are as follows:		1. The principal components of deferred tax assets and deferred tax liabilities are as follows:	
Deferred tax assets	(¥ million)	Deferred tax assets	(¥ million)
Provision for retirement benefits	1,254	Provision for retirement benefits	1,396
Provision for bonuses	205	Provision for bonuses	220
Investment securities, etc.	148	Investment securities, etc.	130
Other	599	Other	359
Gross deferred tax assets	2,208	Gross deferred tax assets	2,106
Amount offset by deferred tax liabilities	(1,570)	Amount offset by deferred tax liabilities	(1,459)
Net deferred tax assets	637	Net deferred tax assets	647
Valuation allowance	(215)	Valuation allowance	(143)
Total deferred tax assets	422	Total deferred tax assets	503
Deferred tax liabilities		Deferred tax liabilities	
Valuation difference on available-for-sale securities	(9,366)	Valuation difference on available-for-sale securities	(10,844)
Reserve for advanced depreciation of noncurrent assets	(992)	Reserve for advanced depreciation of noncurrent assets	(968)
Gross deferred tax liabilities	(10,359)	Gross deferred tax liabilities	(11,812)
Amount offset by deferred tax assets	1,570	Amount offset by deferred tax assets	1,459
Total deferred tax liabilities	(8,788)	Total deferred tax liabilities	(10,353)
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:		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%	Statutory effective tax rate	40.6%
(Adjustments)		(Adjustments)	
Dividend income and other items excluded from grow revenue	(36.3)%	Dividend income and other items excluded from grow revenue	(40.8)%
Entertainment expenses and other items not qualifying for deduction	0.9%	Entertainment expenses and other items not qualifying for deduction	0.8%
Other	1.2%	Other	(0.4)%
Actual effective tax rate after adoption of tax-effect accounting	6.4%	Actual effective tax rate after adoption of tax-effect accounting	0.2%

(Per share information)

(Yen)

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)		Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	
Net assets per share	820.58	Net assets per share	862.95
Net income per share	35.88	Net income per share	52.72
Diluted net income per share	35.87	Diluted net income per share	52.71

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

Item	Fiscal year ended March 31, 2009 (As of March 31, 2009)	Fiscal year ended March 31, 2010 (As of March 31, 2010)
Total net assets, as stated on the non-consolidated balance sheets (¥ million)	203,983	214,563
Net assets associated with common stock (¥ million)	203,945	214,479
Major components of the difference (¥ million): Subscription rights to shares	38	83
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	2,995,928	2,992,668
Number of common stock shares used in the calculation of net assets per share (shares)	248,539,520	248,542,780

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, 2009 (April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Net income, as stated on non-consolidated statements of income (¥ million)	8,916	13,104
Amount not attributable to owners of common stock (¥ million)	—	—
Net income associated with common stock (¥ million)	8,916	13,104
Average number of shares of common stock during fiscal year (shares)	248,520,946	248,556,201
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	50,621	38,388
Details of shares not included in calculation of diluted net income per share due to non-dilutive effect	Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 27, 2007 (89 subscription rights to shares) (161 subscription rights to shares) Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 26, 2008 (88 subscription rights to shares) (178 subscription rights to shares)	Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 28, 2005 (28 subscription rights to shares) Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 27, 2007 (89 subscription rights to shares) (161 subscription rights to shares) Subscription rights to shares by a resolution at the General Meeting of Shareholders on June 26, 2008 (88 subscription rights to shares) (178 subscription rights to shares)

(Significant 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, Inc.	4,727,150	2,217
		Sumitomo Mitsui Financial Group, Inc.	564,394	1,659
		Mizuho Financial Group, Inc. The 11th Class 11 Preferred Stock	1,000,000	1,000
		The Gunma Bank, Ltd.	1,507,620	737
		Suruga Bank, Ltd.	833,910	677
		The Sumitomo Trust & Banking Co., Ltd.	1,288,817	671
		The Hyakugo Bank, Ltd.	1,360,013	560
		Mizuho Financial Group, Inc.	1,310,780	243
		The Awa Bank, Ltd.	371,865	191
		Yamazaki Baking Co., Ltd.	9,962,343	11,337
		Sumitomo Corporation	4,180,244	4,247
		Nissin Foods Holdings Co., Ltd.	1,264,982	3,955
		Mitsubishi Corporation	1,538,474	3,593
		Marubeni Corporation	3,135,511	1,752
		Nichirei Corporation	3,216,500	1,122
		Nisshinbo Holdings Inc.	1,139,800	1,070
		Kyorin Co., Ltd.	754,000	1,010
		Kikkoman Corporation	660,486	712
		Tobu Tower Sky Tree Co., Ltd.	10,000	500
		Oriental Land Co., Ltd.	30,000	194
		Others (27 companies)	1,824,017	795
Total			40,680,906	38,250

Debt securities holdings

Issue (name of corporate bond)			Total par value (¥ million)	Carrying value (¥ million)
Short-term investment securities	Other securities	Treasury bill No. 79	2,000	1,999
		Chubu Electric Power Co., Inc. No. 443	1,000	1,011
		Tokyo Electric Power Co., Inc. No. 475	1,000	1,009
		Hokkaido Electric Power Co., Inc. No. 272	1,000	1,008
		Japan Highway Public Corporation No. 24	1,000	1,006
		Treasury bill No. 80	1,000	999
		Treasury bill No. 85	1,000	999
		Treasury bill No. 87	1,000	999
		Treasury bill No. 89	1,000	999
		Treasury bill No. 91	1,000	999
		Treasury bill No. 93	1,000	999
		Treasury bill No. 95	1,000	999
		Kyushu Electric Power Co., Inc. No. 358	900	910
		Sumitomo Corporation No. 358 (unsecured)	700	703
		Japan Finance Corporation, Small and Medium Enterprise (SME) Unit No. 29	500	502
		Tohoku Electric Power Co., Inc. No. 402	420	424
		Tohoku Electric Power Co., Inc. No. 401	390	394
		Japan Broadcasting Corporation No. 105	354	357
Total			16,264	16,327

Other holdings

Description			Number of units invested, etc.	Carrying value (¥ million)
Short-term investment securities	Other securities	Certificate of deposits	—	3,000
Total			—	3,000

2. Property, plant and equipment

(Millions of yen)

Asset type	Balance on March 31, 2009	Value gains in year ended March 31, 2010	Value losses in year ended March 31, 2010	Balance on March 31, 2010	Accumulated depreciation on March 31, 2010	Depreciation in year ended March 31, 2010	Value on March 31, 2010, net of depreciation
Property, plant and equipment:							
Buildings	18,766	103	64	18,805	10,655	528	8,149
Structures	1,578	12	1	1,588	781	98	807
Machinery and equipment	1,761	145	306	1,600	1,134	113	466
Vehicles	14	—	—	14	9	3	4
Tools, furniture and fixtures	2,755	170	185	2,740	2,381	202	
Land	10,547	63	0	10,609	—	—	10,609
Lease assets	620	101	—	721	166	137	555
Construction in progress	145	1,438	757	826	—	—	826
Total property, plant and equipment	36,188	2,035	1,315	36,908	15,129	1,083	21,779
Intangible assets:							
Leasehold rights	407	4	0	411	—	—	411
Software	1,972	257	617	1,613	1,327	204	285
Lease assets	16	57	—	73	12	11	61
Other	84	—	3	81	15	1	65
Total intangible assets	2,481	319	621	2,180	1,356	218	823
Long-term prepaid expenses	39	20	4	55	29	12	26
Deferred assets							
—	—	—	—	—	—	—	—
Total deferred assets	—	—	—	—	—	—	—

Notes:

1. Depreciation expenses of ¥304 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 costs of ¥1,029 million outstanding at the end of the fiscal year under review are excluded from long-term prepaid expenses.

3. Other reserves

(Millions of yen)

Category	Balance on March 31, 2009	Value gains in year ended March 31, 2010	Value losses in year ended March 31, 2010 (target use)	Value losses in year ended March 31, 2010 (other)	Balance on March 31, 2010
Allowance for doubtful accounts	29	2	7	—	24
Provision for directors' bonuses	75	80	75	—	80

2. Principal assets and liabilities

(1) Assets

a. Cash and deposits

Classification		Amount (¥ million)
Cash		—
Deposits	Current account deposits	152
	Ordinary bank deposits	1,301
	Time deposits	41,500
	Subtotal	42,953
Total		42,953

b. Receivables

Counterparty	Amount (¥ million)	Summary
Nisshin Flour Milling Inc.	344	Fees for contracted services, etc.
Nisshin Foods Inc.	204	Fees for contracted services, etc.
Nisshin Pharma Inc.	47	Fees for contracted services, etc.
Other	78	Fees for contracted services, etc.
Total	674	

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

Carried forward from year ended March 31, 2009 (¥ million) [A]	Generated in year ended March 31, 2010 (¥ million) [B]	Recovered in year ended March 31, 2010 (¥ million) [C]	Balance on March 31, 2010 (¥ million) [D]	Recovery rate (%) [C] / ([A] + [B])	Period of outstanding receivables (days) $\frac{([A] + [D]) \times 0.5}{[B] / 365}$
207	12,124	11,657	674	94.5	13.3

Note:

Although consumption taxes are excluded from other figures in the company's accounts, the figure above for receivables generated in the year ended March 31, 2010 includes consumption taxes.

c. Equity in subsidiaries and affiliated companies

Issuer	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	7,804
Total	93,193

3. Others

There are no applicable matters to be reported.

[6] Stock-related Administration

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date (final dividend)	March 31
Record date (interim dividend)	September 30 March 31
Minimum trading unit (MTU)	500 shares
Purchase and sale of sub-MTU share 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 Company Law, 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 Company Law.

[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) and Confirmation Letters	For the 165th fiscal term	Covering the period: April 1, 2008 to March 31, 2009	Submitted to Director, Kanto Local Finance Bureau: June 25, 2009
(2)	Internal Control Report (including supplementary documentation)			Submitted to Director, Kanto Local Finance Bureau: June 25, 2009
(3)	Quarterly Reports and Confirmation Letters	For the first quarter of the 166th fiscal term	Covering the period: April 1, 2009 to June 30, 2009	Submitted to Director, Kanto Local Finance Bureau: August 11, 2009
		For the second quarter of the 166th fiscal term	Covering the period: July 1, 2009 to September 30, 2009	Submitted to Director, Kanto Local Finance Bureau: November 12, 2009
		For the third quarter of the 166th fiscal term	Covering the period: October 1, 2009 to December 31, 2009	Submitted to Director, Kanto Local Finance Bureau: February 12, 2010
(4)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and supplementary documentation			Submitted to Director, Kanto Local Finance Bureau: June 25, 2009
(5)	Amendments to Shelf Registration Statement			Submitted to Director, Kanto Local Finance Bureau: July 30, 2009 August 11, 2009 August 18, 2009 November 12, 2009 February 12, 2010
(6)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 2-2, “Issuance of Subscription Rights to Shares to the Company’s Directors” of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: July 30, 2009
(7)	Amendment to Extraordinary Report	Amendment to the above (6) extraordinary report submitted on July 30, 2009, regarding the “Issuance of Subscription Rights to Shares to the Company’s Directors”		Submitted to Director, Kanto Local Finance Bureau: August 18, 2008
(8)	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, 2009
(9)	Amendment to Extraordinary Report	Amendment to the above (8) extraordinary report submitted on July 30, 2009, 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 18, 2009

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

There are no applicable matters to be reported.