Summary of Financial Statements for the Year Ended March 31, 2009

May 14, 2009

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange and Osaka Securities Exchange
Securities Code: 2002 URL: http://www.nisshin.com.
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Date to hold the Ordinary General Meeting of Shareholders to approve results: June 25, 2009 Date to start distributing dividends: June 26, 2009
Date to submit the Securities Report: June 25, 2009

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2009	466,671	8.1	21,755	13.4	24,618	11.0
2008	431,858	3.3	19,191	0.0	22,180	(2.8)

	Net income		Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
2009	13,852	24.3	55.75	55.74	5.4	6.5	4.7
2008	11,147	(9.4)	44.30	44.29	4.2	5.6	4.4

(Reference) Equity in earnings of affiliated companies: FY2009: ¥767 million; FY2008: ¥1,091 million.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2009	370,879	286,094	69.3	1,034.49
2008	381,795	289,839	67.9	1,043.53

(Reference) Equity capital: FY2009: ¥257,041 million; ¥259,177 million.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2009	20,072	(10,235)	(6,675)	40,339
2008	26,498	(21,934)	(14,423)	38,850

2. Dividends

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
(Record date)	Q1	Q2	Q3	Q4	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2008	–	9.00	–	9.00	18.00	4,516	40.6	1.7
2009	–	9.00	–	9.00	18.00	4,473	32.3	1.7
2010 (forecast)	–	9.00	–	9.00	18.00		34.9	

3. Forecasts of Consolidated Business Results for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	230,000	(0.6)	8,800	(10.2)	10,000	(10.6)	5,600	3.8	22.54
Full year	462,000	(1.0)	20,300	(6.7)	22,800	(7.4)	12,800	(7.6)	51.51

4. Other Information

(1) Any change in important subsidiaries involving a change in the scope of consolidation during the year: None

(2) Any changes in accounting policies and procedures and/or the method of presentation for preparing consolidated financial statements (as stated in the "Changes in Basis of Presentation of Consolidated Financial Statements")

1. Changes associated with the revision of accounting standards: Yes
2. Changes other than the above: None

Note: Refer to "Change in Accounting Policies" under Basis of Presentation of Consolidated Financial Statements on pages 25-26 and the Changes in Basis of Presentation of Consolidated Financial Statements on pages 27-28.

(3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding as of the year-end (including treasury shares): FY2009: 251,535,448 FY2008: 251,535,448
2. Number of treasury shares as of the year-end: FY2009: 3,063,086 FY2008: 3,170,042

Note: For the number of shares based on which to compute consolidated net income per share, see page 40, "Per Share Information."

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Non-Consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2009	19,006	1.9	6,912	(6.6)	8,447	(5.9)	8,916	(12.1)
2008	18,644	(16.2)	7,396	(32.3)	8,979	(28.0)	10,144	(23.8)

	Net income per share	Diluted net income per share
	Yen	Yen
2009	35.88	35.87
2008	40.30	40.29

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2009	217,275	203,983	93.9	820.58
2008	224,043	206,686	92.2	831.93

(Reference) Equity capital: FY2009: ¥203,945 million; FY2008: ¥206,678 million.

2. Forecasts of Non-Consolidated Business Results for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	18,800	40.6	12,100	70.2	12,900	62.1	13,100	66.7	52.71
Full year	24,800	30.5	11,400	64.9	13,000	53.9	13,200	48.0	53.11

*Statement regarding the proper use of financial forecasts and other special remarks

The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized. For details of assumptions for financial forecasts and other related matters, see pages 5–6 and pages 7-8.

I. Business Performance

(1) Analysis of Business Performance

① Overview of the Period Under Review

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

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

【Business Overview by Segment】

(1) Flour Milling Segment

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

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

Prices for bran, a byproduct, remained firm.

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

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

(2) Processed Food Segment

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

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

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

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

(3) Others Segment

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

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

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

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

② Business Outlook

Along with the global financial crisis, Japanese economic conditions have suddenly and severely deteriorated. Under increasingly difficult business conditions, the Nisshin Seifun Group's fourth-quarter (January-March) consolidated profits for the fiscal year ended March 2009 fell short of the result for the same period a year earlier. The outlook for consolidated results for the fiscal year ending March 2010 calls for net sales to fall 1.0% to ¥462,000 million as price revisions reflecting the average 14.8% decrease in government prices for imported wheat implemented in April are expected to offset the positive effects of the sales expansion initiatives of each of the group businesses. On the profit front, sales expansion and cost cutting initiatives will be undertaken, but with the impact of factors like advertising and promotion, R&D, and other strategic outlays aimed at generating sustained growth, and depressed bran prices in the flour milling business, income is expected to fall, with operating income down 6.7% to ¥20,300 million, ordinary income down 7.4% to ¥22,800 million, and net income down 7.6% to ¥12,800 million.

Responding to the difficult conditions it is facing, the group has already begun working to achieve the goals it set out in its new two-year management plan “Nisshin Seifun Group Action Plan GO, 2010” for the period April 2009 to March 2011. Under this plan, strategies and measures for objectives like increasing domestic market share, expanding overseas business, revising the cost structure, and promoting new products and technology development will be implemented as concrete action plans, and the results will be applied in every way possible to achieve earnings in excess of projected performance.

(1) Flour Milling Segment

In the flour milling business, the company will increase its market share by swiftly and accurately identifying consumer needs, developing products, making marketing proposals, and taking other such actions to strengthen customer relationships. In addition, though it fears by-product bran prices will fall below the level for the previous fiscal year, the company will secure earnings through productivity improvement and cost cutting measures, and will continue to step up measures ensuring product reliability and safety.

Regarding wheat the government lowered its prices for imported wheat by an average of 14.8% in April 2009, and the company responded by lowering its commercial wheat flour prices in May.

In overseas operations, the company will expand sales in North America and Thailand, in pursuit of a Pacific Rim strategy.

(2) Processed Food Segment

For the processed food business, the company, as a "mealtime solution provider," will promote the development of new products based on the concepts of true simplicity and good health, stimulate demand by pursuing aggressive advertising and promotion activities, and implement productivity improvement and cost-cutting measures. The prepared dishes and other prepared foods business will develop menus that better suit customer needs and offer product proposals in a bid to expand sales. In overseas development, the company began in April of this year to accelerate the expansion of a business targeting bakeries as customers. This business is expected to experience substantial growth and will be developed in China and Thailand, as well.

The yeast business will market aggressively to expand sales of mainstay products, such as yeast, by promoting new product development and strengthening the capability to make better suggestions for customers. The biotechnology-related business will promote the launch of diagnostic reagents and other new products.

The healthcare foods business will revise its production and sales systems, and, as a healthcare foods manufacturer distinguished by an emphasis on a scientific approach, the company will search for new materials and develop new products, while seeking to expand sales of consumer products.

(3) Others Segment

In the pet food business, the company will make the most of its advantages as a domestic manufacturer to develop new dog and cat food products differentiated by their focus on reliability, safety, and health, and engage in aggressive marketing activities.

For the engineering business, the company will focus its resources on areas in which it is particularly expert. This means it will concentrate on expanding orders for plant engineering services in the field of food manufacturing and on generating orders for commissioned powder processing and sales of machines.

The mesh cloths business will move ahead with cost-cutting and other measures aimed at fundamental strengthening and proceed with market launches of new products based on proprietary technologies.

(2) Analysis on Financial Position

① Overview of the Period under Review

The status of assets, liabilities and net assets on a consolidated basis at the end of the year ended March 31, 2009, was as follows.

Current assets increased by ¥8,270 million from the previous year-end to ¥175,112 million as increases in cash and deposits, inventories, and other asset categories outweighed a decrease in marketable securities. Fixed assets decreased ¥19,186 million to ¥195,767 million mainly due to a decline in investment and other assets. As a result, total assets fell ¥10,915 million to ¥ 370,879 million. Current liabilities declined ¥2,343 million to ¥56,381 million due to decreases in areas like notes and accounts payable, and short-term debt. Long-term liabilities fell ¥4,826 million to ¥28,403 million mainly because of declines in long-term debt and deferred tax liabilities. As a result, total liabilities decreased ¥7,169 million to ¥84,785 million. Net assets, while receiving a positive contribution in the form of net income, ended the year at ¥286,094 million, ¥3,745 million lower than at the previous year end, due to factors like dividend payments, and decreases in the unrealized holding gain on securities and the currency translation adjustment account.

The status of consolidated cash flows for the fiscal year ended March 31, 2009 was as follows.

Cash flows from operating activities

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

Cash flows from investing activities

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

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

Cash flows from financing activities

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

As detailed above, the cash inflow from consolidated operating activities in the fiscal year ended March 31, 2009, was allocated to strategic capital spending and the payment of dividends as returns to shareholders. In addition, funds earmarked for future strategic investments were invested in time deposits with terms exceeding three months and marketable securities, with emphasis placed on safety and the efficient management of these funds. As a result, consolidated cash and cash equivalents at the end of the fiscal year ended March 31, 2009, totaled ¥40,339 million, an increase of ¥1,422 million from the previous fiscal year-end.

② Outlook for the Next Fiscal Year

At the present time, the company is forecasting that cash and cash equivalents will have increased as of March 31, 2010 mainly because of a decrease in working capital in response to the April 2009 decrease in the government price for imported wheat.

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③ Cash-Flow Indicators

The main cash flow indicators for the Nisshin Seifun Group are as follows:

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Equity ratio (%)	66.2	66.3	67.9	69.3
Market value–based equity ratio (%)	76.0	74.4	69.2	70.5
Ratio of interest-bearing debt to operating cash flow (years)	0.4	0.5	0.2	0.2
Interest coverage ratio (times)	127.9	100.7	149.7	121.1

Notes:

Equity ratio = Equity capital / Total assets

Market value–based equity ratio = Market capitalization / Total assets

Ratio of interest-bearing debt to operating cash flow = Interest-bearing debt / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest expense

1. All of the above cash-flow indicators are calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of outstanding shares (excluding treasury common stock) as of the corresponding fiscal year-end.
3. Operating cash flow equals net cash provided by operating activities as stated in the Consolidated Statements of Cash Flows. Interest-bearing debt refers to bonds and debt as stated in the Consolidated Balance Sheets. Interest expense is equal to interest payments as stated in the Consolidated Statements of Cash Flows.

(3) Basic Policy on Profit Distribution and Dividends for FY2009 and FY2010

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.

For the year ended March 31, 2009, the company intends to maintain the same level of annual dividend as for the previous fiscal year of ¥18 per share. Accordingly, the company will submit to the Ordinary General Meeting of Shareholders a proposal for distribution of surplus to pay a year-end dividend of ¥9 per share.

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

Furthermore, the company operates a system of special privileges for shareholders. Under this system, shareholders may request the delivery of certain products of the Nisshin Seifun Group.

Regarding the annual dividend for the year ending March 2010, the company is presently planning to maintain the per share distribution at ¥18, the same level paid for the year under review, because of uncertainty regarding future economic developments.

(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 publication of the Summary of Financial Statements (May 14, 2009).

1) Economic conditions and industry environment

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

2) Wheat policy reforms and international trade discussions

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

3) Product safety

Growing concerns over food safety put increasing pressure on the food industry to ensure the safety of the food it supplies. The Nisshin Seifun Group continues to upgrade efforts to improve its product quality assurance systems, but group operations are exposed to a variety of safety-related risks due to external and other factors. Events beyond the scope of the company's projections could lead to product recalls or the discovery of defective items. The Nisshin Seifun Group is exposed to similarly unpredictable risks, which could result in defective items, also on the raw material procurement side.

4) Sharp increases in raw materials prices

The Nisshin Seifun Group continues to aim to develop low-cost operations to ensure that earnings are more resistant to the possibility of future wheat market deregulation. Nevertheless, the company remains exposed to the risk of changes in raw material prices, and higher costs for distribution and raw materials, including packaging, due to oil price rises. The resulting sharp rises in purchasing costs could make it impossible for the company to achieve cost reductions. In addition, the group's business performance could be adversely affected if a significant rise in the cost of purchasing raw materials and products due to an increase in imported wheat prices and other reasons was not offset by revisions in the selling prices of wheat flour, processed foods and other products.

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

Although the Nisshin Seifun Group uses currency forwards and other hedging tools to minimize the impact of foreign exchange movements on results, the sourcing of some raw materials and other inputs from overseas exposes some group operations to the risk of variance in purchasing costs due to currency market fluctuations, particularly in processed food. The operational performance and financial position of overseas operations may also vary due to changes in the value of the yen. In flour milling operations, the level of prices for imported bran, which vary according to foreign exchange movements, also affect the price of bran, a milling by-product.

6) Contract manufacturing

The Nisshin Seifun Group contracts out the manufacturing of some products to optimize production efficiency. Although the company makes suitable efforts to ensure that contract manufacturers adhere to the same levels of quality control and input purchase stability, the company remains exposed to the risk of the business failure of subcontractors due to circumstances beyond its control. Any such eventuality could result in higher purchasing costs or an interruption in product supply.

7) Information- and system-related risks

The Nisshin Seifun Group has established appropriate levels of management controls for its internal systems. Problems encountered with the operation of these systems have the potential to interrupt supplies to customers or to incur extra costs. Although the Nisshin Seifun Group maintains proper controls to thwart viruses and other computer-related problems and manage IT systems, any unforeseen attacks by viruses or unauthorized access to internal systems have the potential to interrupt supplies to customers. Other information- and system-related risks include the leakage of operationally sensitive data or confidential personal information, which could also result in higher costs or damage to the company's reputation.

8) Alliances with other companies

The Nisshin Seifun Group maintains alliances with other companies as part of efforts to optimize use of management resources and to maximize the benefits of technology. Disagreements with alliance partners could result in failure to realize such benefits.

9) Facility security and natural disasters

The Nisshin Seifun Group continues to work to upgrade its safety and site management systems to ensure the security of production plants and other facilities and to prevent accidents such as fires or explosions. Management, maintenance and repair systems are also in place to minimize any injury to personnel or damage to facilities in the event of natural disasters such as earthquakes or storms. However, events beyond the scope of the company's projections, including developments like epidemics or pandemics of new strains of influenza, could lead to damage or to the interruption of product supplies to customers.

10) Retirement benefits and pension liabilities

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

11) Regulatory compliance

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

12) Overseas incidents

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

II. Business Group Performance

Nisshin Seifun Group consists of 47 subsidiaries and 16 affiliates. The following is a description of the businesses of the group and the relationships among the subsidiaries and affiliates within their respective business segments. The business operations are grouped by business segment.

(1) Flour Milling Segment

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

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

(2) Processed Food Segment

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

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

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

Nisshin Pharma Inc., a consolidated subsidiary, manufactures and sells healthcare foods and pharmaceuticals. Nisshin Kyorin Pharmaceutical Co., Ltd., an affiliate formerly accounted for by the equity method, merged with Kyorin Pharmaceutical Co., Ltd., the former joint venture partner of Nisshin Pharma Inc., Ltd., in October 2008 and is no longer a part of the Nisshin Seifun Group.

(3) Others Segment

Nisshin Petfood Inc., a consolidated subsidiary, manufactures and sells pet foods.

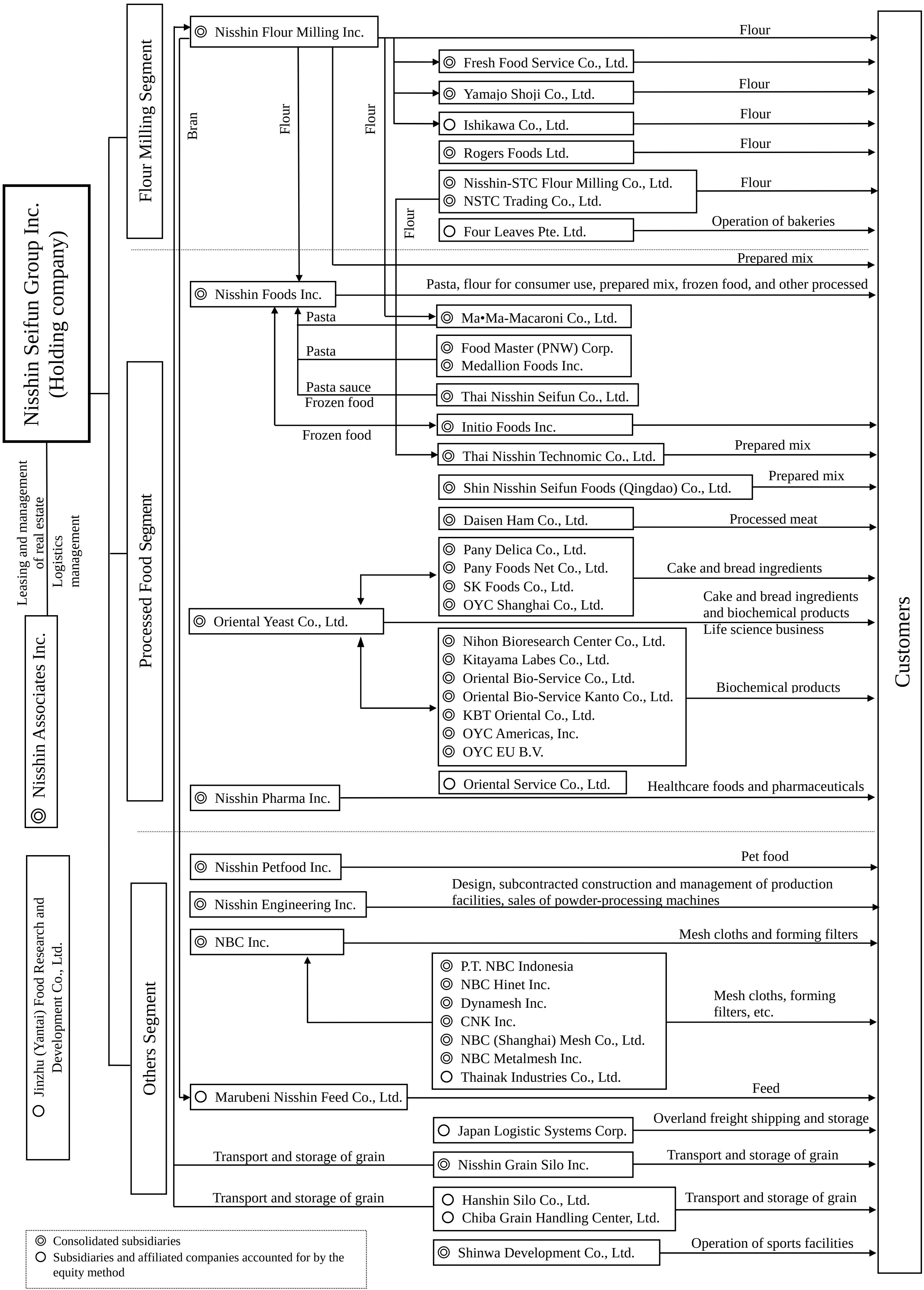
Nisshin Engineering Inc., a consolidated subsidiary, undertakes design, subcontracted construction and management of production and processing facilities for grain, food products, and chemical products. In addition, it manufactures and sells powder-processing machines and engages in powder-processing, as well as engaging in subcontracted construction for some Nisshin Seifun Group companies.

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

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 Inc.
(Holding company)
Flour Milling Segment
Processed Food Segment
Others Segment
Leasing and management of real estate
Logistics management
◎ Nisshin Associates Inc.
○ Jinzhu (Yantai) Food Research and Development Co., Ltd.
◎ Nisshin Flour Milling Inc.
Bran
Flour
Flour
Flour
◎ Fresh Food Service Co., Ltd.
◎ Yamajo Shoji Co., Ltd.
Flour
○ Ishikawa Co., Ltd.
Flour
◎ Rogers Foods Ltd.
Flour
◎ Nisshin-STC Flour Milling Co., Ltd.
◎ NSTC Trading Co., Ltd.
Flour
Flour
◎ Four Leaves Pte. Ltd.
Operation of bakeries
Prepared mix
◎ Nisshin Foods Inc.
Pasta, flour for consumer use, prepared mix, frozen food, and other processed
Pasta
◎ Ma•Ma-Macaroni Co., Ltd.
Pasta
◎ Food Master (PNW) Corp.
◎ Medallion Foods Inc.
Pasta sauce
Frozen food
◎ Thai Nisshin Seifun Co., Ltd.
Frozen food
◎ Initio Foods Inc.
◎ Thai Nisshin Technomic Co., Ltd.
Prepared mix
◎ Shin Nisshin Seifun Foods (Qingdao) Co., Ltd.
Prepared mix
◎ Daisen Ham Co., Ltd.
Processed meat
◎ Pany Delica Co., Ltd.
◎ Pany Foods Net Co., Ltd.
◎ SK Foods Co., Ltd.
◎ OYC Shanghai Co., Ltd.
Cake and bread ingredients
◎ Oriental Yeast Co., Ltd.
Cake and bread ingredients
and biochemical products
Life science business
◎ Nihon Bioresearch Center Co., Ltd.
◎ Kitayama Labes Co., Ltd.
◎ Oriental Bio-Service Co., Ltd.
◎ Oriental Bio-Service Kanto Co., Ltd.
◎ KBT Oriental Co., Ltd.
◎ OYC Americas, Inc.
◎ OYC EU B.V.
Biochemical products
○ Oriental Service Co., Ltd.
◎ Nisshin Pharma Inc.
Healthcare foods and pharmaceuticals
◎ Nisshin Petfood Inc.
Pet food
◎ Nisshin Engineering Inc.
Design, subcontracted construction and management of production
facilities, sales of powder-processing machines
◎ NBC Inc.
Mesh cloths and forming filters
◎ P.T. NBC Indonesia
◎ NBC Hinet Inc.
◎ Dynamesh Inc.
◎ CNK Inc.
◎ NBC (Shanghai) Mesh Co., Ltd.
◎ NBC Metalmesh Inc.
○ Thainak Industries Co., Ltd.
Mesh cloths, forming
filters, etc.
○ Marubeni Nisshin Feed Co., Ltd.
Feed
○ Japan Logistic Systems Corp.
Overland freight shipping and storage
Transport and storage of grain
◎ Nisshin Grain Silo Inc.
Transport and storage of grain
Transport and storage of grain
○ Hanshin Silo Co., Ltd.
○ Chiba Grain Handling Center, Ltd.
Transport and storage of grain
◎ Shinwa Development Co., Ltd.
Operation of sports facilities
Customers
◎ Consolidated subsidiaries
○ Subsidiaries and affiliated companies accounted for by the equity method

Subsidiaries and Affiliates

Name	Location	Paid-in capital	Main business
Consolidated subsidiaries Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	Millions of yen 14,875	Production and sales of flour and prepared mix
Nisshin Foods Inc.	Chiyoda-ku, Tokyo	5,000	Sales of pasta, flour for consumer use, frozen foods, other products Production and sales of prepared mix
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya-shi, Tochigi	350	Production and sales of pasta
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of frozen and prepared dishes Direct operation of concessions in department stores, etc.
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of cake and bread ingredients and biochemical products, life science business
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals
Nisshin Petfood Inc.	Chiyoda-ku, Tokyo	1,315	Production and sales of pet foods
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, subcontracted construction and management of production facilities, sales of powder-processing machines
NBC Inc.	Hino-shi, Tokyo	1,992	Manufacturing and sales of mesh cloths and forming filters
31other consolidated subsidiaries			
Subsidiaries and affiliated companies accounted for by the equity method Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of feed
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Freight shipping and storage
7 other companies			

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

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

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

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

III. Business Policies

(1) Basic Business Policy

Nisshin Seifun Group Inc. espouses two corporate philosophies: “the basis of business is built on trust” and “in tune with the changing climate.” In combination with the principle “to contribute to a healthy and fruitful life for all,” these philosophies have formed the foundation for the company to achieve continued growth and expansion of its businesses. In addition, the company has adopted “Delivering Good Health and Reliability” as its corporate slogan. This expresses the commitment that every Nisshin Seifun Group member firm should strive to deliver products and services that contribute positively to health and build consumer trust.

Based on this philosophy, in its role as the holding company of the Nisshin Seifun Group, the company specifies long-term maximization of corporate value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses with growth potential.

The company also promotes internal reform while fulfilling its corporate social responsibilities in terms of enhancing its internal control systems, legal and regulatory compliance, food safety, environmental protection and social contribution. The Nisshin Seifun Group is fully committed to gaining the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

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

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

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

① Achieve record ordinary income as soon as possible during the period covered by the new management plan, and establish an operational foundation that opens the door to the achievement of new ordinary income records on an ongoing basis.

② Secure overwhelming market share in Japan.

③ Establish a strong presence for overseas businesses.

④ Become a business group with a cost structure (realization of cost reductions based on new concepts) capable of absorbing fluctuations in raw material and energy markets.

⑤ Establish systems for promoting the development of new products and technologies, and an R&D system to perform the supporting basic research.

⑥ Achieve a slim balance sheet by introducing capital management formulas aimed at asset compression and other forms of asset efficiency improvement, and improve ROE as a result.

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

Through the implementation of such strategies, the company aims to achieve sustained growth in earnings per share (EPS) over the long term, while also greatly raising group value through raising net sales, ordinary income, net income and return on equity (ROE: defined as net income divided by shareholders' equity). For the final year of the new management plan, fiscal 2011, the company is projecting, at a minimum, net sales of ¥467,000 million, ordinary income of ¥24,700 million, net income of ¥13,800 million, and ROE of 5.0%. With execution of all the implemented strategies and measures, the company will try to achieve a new record of ordinary income.

(3) Prospective Challenges for the Company

The company plans to invest in three areas as core businesses: flour milling "the best in the world"; processed food "a growth business"; and healthcare and biotechnology "good prospects for the future". It will pursue management appropriate for a growing company group, which includes having a strong presence in other businesses.

1) Segmental Overview of Business Strategy

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

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

With an aging Japanese society and generally heightened awareness of health issues, the company continues to channel resources into development of the healthcare and biotechnology business, which is projected to grow. The goal in this sector is to develop the business to the point where it provides a third source of core earnings, on a par with flour milling and processed food. Oriental Yeast Co., Ltd., which is involved in the yeast and biotechnology business, aims to become a technology-oriented leader in the development of original yeast-based technology, an area with almost infinite possibilities. The firm is developing new products and technologies to support enhanced longevity and health. In particular, Oriental Yeast Co., Ltd. forms the nucleus of the Nisshin Seifun Group's biotech research strategy, which is expected to yield results across a variety of fields. Nisshin Pharma Inc., which is involved in the healthcare foods business, is revising its production and sales structure in line with the market environment, while, as a healthcare foods manufacturer distinguished by its emphasis on a scientific approach, it is focusing on researching new ingredients, developing and launching original products, and implementing effective advertising and promotion measures, all in a bid to expand sales of consumer products.

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

2) Global Development Strategy

As the domestic market faces a declining population, the company seeks to achieve further growth by accelerating the expansion of its international network. Specifically, group-wide efforts will be made to promote the Pacific Rim strategies and develop overseas businesses that are significant factors in their markets by optimizing the sharing of functions to achieve greater synergies among the four important business locations—Japan, the U.S. West Coast, Southeast Asia and China. Regarding existing businesses, the Thai premix operation is expecting demand for high-value-added products to continue rising in the ASEAN countries and is, therefore, moving forward with a 25% production capacity expansion scheduled to come on line in the summer of 2010. Steady expansion of existing businesses in other Pacific Rim areas is also underway. In new businesses, the company is going forward with independent and joint investments in areas like flour milling and processed food, where group strengths can be applied to their fullest. In April 2009, the Nisshin Seifun Group holding company and group members, Oriental Yeast Co. Ltd., Nisshin Flour Milling Inc., and Nisshin Foods Inc., launched a business to manufacture and sell bakery mixes, yeast, flour paste, and other products to bakeries in China and Thailand.

3) R&D Strategy and Cost Strategy

The development of next-generation products and new business models to complement and drive the growth of existing businesses is another important goal for the Nisshin Seifun Group. High value-added, next-generation products that are novel and unique and can win customer support will be developed continuously. In research, the group will identify key fields to address and, through the establishment of research themes closely aligned with business strategies, will build an effective system for applying and commercializing research, and making these processes more efficient and speedy. New product groups introduced in each of the group's businesses during fiscal 2009 helped to improve business results.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the Nisshin Seifun Group will push ahead with cost structure reforms based on production and procurement cost reductions and build an operational foundation capable of securing earnings that properly reflect changing costs.

4) Measures Addressing Wheat Policy Reforms

Though developments concerning World Trade Organization (WTO) negotiations on agriculture, as well as bilateral free trade agreements (FTAs) and economic partnership agreements (EPAs) are moving along more slowly than anticipated, it is expected that the outcomes of these negotiations could have major consequences for the Nisshin Seifun Group's flour milling and processed food business and for wheat-flour-related industries. The wheat flour industry of Japan has been under the influence of international wheat market price movements since the April 2007 implementation of the government's market-linked wheat pricing system. Under the new system, the government's wheat sales prices were raised on four consecutive price reevaluation dates during fiscal 2008 and fiscal 2009, but were lowered in April 2009 by an average of 14.8% after a decline in international wheat prices. To accurately reflect the wheat price revisions in wheat flour prices, the company is briefing customers using flour about the system and gaining their understanding about the group's price revisions. In addition, though the rules for the government's wheat pricing system are being reviewed, the company is making the flour milling industry's position known to the government, providing its own views, and doing its best to help ensure that wheat-flour-related industries can appropriately deal with the government's price-setting system. At the same time, the company plans to increase the pace of structural reforms and its global business development program to accelerate the evolution of the Nisshin Seifun Group into a strong, globally competitive enterprise.

5) Corporate Social Responsibility (CSR)

Besides making steady progress on these strategic business issues, the Nisshin Seifun Group has fulfilled its responsibilities as a corporate citizen in all its business activities, with the aim of retaining its status as a corporate entity that plays an essential role in society. To this end, the company established a committee to study and develop group operating companies' basic attitudes and their actions with regard to all their stakeholders. Thus, the company and all group operating companies have focused on developing enhanced compliance procedures to ensure all business activities are legal and appropriate. Other specific programs—all of which are ongoing—include the strengthening of quality control systems to improve traceability and quality assurance (QA) procedures from a consumer perspective, alongside a range of environmental protection measures such as reduction of waste and carbon dioxide emissions. Recently, we have seen various cases that could shake our belief in food safety. To ensure the safety and high quality of its products, the Nisshin Seifun Group is taking various measures at all business stages from material procurement and manufacturing to selling, and sparing no expense for that purpose on a continuous basis. Recognizing the need for active efforts to reduce carbon dioxide emissions to prevent global warming, the company has drawn up a plan for achieving the Kyoto Protocol emission targets. The voluntary target the company is working to achieve under the plan is an 8.6% reduction in carbon dioxide emissions between the fiscal year ended March 1991 and the fiscal year ending March 2011. To this end, the company introduced in fiscal 2009 an internal emissions trading system as a way to effectively reduce carbon dioxide emissions. In addition, whereas ISO14001 environmental management certifications have traditionally been obtained on a site-by-site basis, the Nisshin Seifun Group obtained a group-wide certification in September 2008.

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

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

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

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

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

	Fiscal 2008 (As of March 31, 2008)	Fiscal 2009 (As of March 31, 2009)
Liabilities:		
Current liabilities:		
Trade notes and accounts payable	23,875	22,479
Short-term debt	3,969	2,943
Income taxes payable	3,870	4,691
Accrued expenses	13,600	13,470
Other	13,409	12,797
Total current liabilities	**58,724**	**56,381**
Long-term liabilities:		
Long-term debt	1,093	336
Deferred tax liabilities	15,847	10,546
Allowance for employees' retirement benefits	8,325	8,587
Allowance for directors' retirement benefits	302	311
Allowance for repairs	997	1,498
Guarantee deposits received	5,682	5,570
Negative goodwill	26	10
Other	954	1,542
Total long-term liabilities	**33,230**	**28,403**
Total liabilities	**91,955**	**84,785**
Net Assets:		
Shareholders' equity:		
Common stock	17,117	17,117
Additional paid-in capital	9,446	9,446
Retained earnings	209,221	218,543
Less: Treasury stock, at cost	(3,263)	(3,177)
Total shareholders' equity	**232,521**	**241,930**
Valuation and translation adjustments:		
Unrealized holding gain on securities	26,115	17,220
Deferred gains (losses) on hedging transactions	(250)	43
Foreign currency translation adjustments	791	(2,153)
Total valuation and translation adjustments	**26,655**	**15,111**
Stock acquisition rights	**8**	**38**
Minority interests	**30,653**	**29,014**
Total net assets	**289,839**	**286,094**
Total liabilities and net assets	**381,795**	**370,879**

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal 2008 (April 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
Net sales	431,858	466,671
Cost of sales	298,498	334,992
Gross profit	**133,359**	**131,679**
Selling, general and administrative expenses	114,168	109,924
Operating income	**19,191**	**21,755**
Non-operating income:	3,680	3,203
Interest income	461	432
Dividend income	1,262	1,255
Equity in earnings of affiliated companies	1,091	767
Rent revenue	384	350
Other income	480	396
Non-operating expenses:	691	340
Interest expense	180	167
Other expenses	511	172
Ordinary income	**22,180**	**24,618**
Extraordinary income:	4,856	2,538
Gain on sale of property, plant and equipment	2,083	1,234
Gain on sale of investment securities	1,669	160
Gain on liquidation of affiliated companies	1,035	67
Gain on dissolving joint venture of pharmaceutical business	–	1,065
Other	67	10
Extraordinary losses:	4,709	2,560
Loss on disposal of property, plant and equipment	987	985
Loss on valuation of investment securities	–	882
Coenzyme Q_{10} related loss	1,107	–
Loss on improvement to the production system	1,923	485
Other	690	207
Income before income taxes and minority interests	**22,327**	**24,596**
Income taxes – current	7,776	8,343
Income taxes – deferred	1,500	1,441
Total income taxes	**9,276**	**9,784**
Minority interests	**1,902**	**959**
Net income	**11,147**	**13,852**

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2008 (April 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
Shareholders' equity:		
Common stock:		
Balance at end of previous fiscal year	17,117	17,117
Changes during the fiscal year		
Total changes during the fiscal year	–	–
Balance at end of current fiscal year	17,117	17,117
Additional paid-in capital:		
Balance at end of previous fiscal year	9,779	9,446
Changes during the fiscal year		
Disposition of treasury stock	(2)	–
Retirement of treasury stock	(330)	–
Total changes during the fiscal year	(333)	–
Balance at end of current fiscal year	9,446	9,446
Retained earnings:		
Balance at end of previous fiscal year	207,550	209,221
Increases (decreases) due to changes in accounting treatments at overseas subsidiaries	–	(48)
Changes during the fiscal year		
Cash dividends	(4,561)	(4,472)
Net income	11,147	13,852
Disposition of treasury stock	–	(8)
Retirement of treasury stock	(4,915)	–
Total changes during the fiscal year	1,671	9,371
Balance at end of current fiscal year	209,221	218,543
Treasury stock, at cost:		
Balance at end of previous fiscal year	(3,010)	(3,263)
Changes during the fiscal year		
Purchases of treasury stock	(5,634)	(153)
Disposition of treasury stock	135	238
Retirement of treasury stock	5,246	–
Total changes during the fiscal year	(252)	85
Balance at end of current fiscal year	(3,263)	(3,177)
Total shareholders' equity:		
Balance at end of previous fiscal year	231,436	232,521
Increases (decreases) due to changes in accounting treatments at overseas subsidiaries	–	(48)
Changes during the fiscal year		
Cash dividends	(4,561)	(4,472)
Net income	11,147	13,852
Purchases of treasury stock	(5,634)	(153)
Disposition of treasury stock	132	230
Retirement of treasury stock	–	–
Total changes during the fiscal year	1,085	9,456
Balance at end of current fiscal year	232,521	241,930

(Millions of yen)

	Fiscal 2008 (April 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
Valuation and translation adjustments:		
Unrealized holding gain on securities:		
Balance at end of previous fiscal year	39,102	26,115
Changes during the fiscal year		
Net change in items other than shareholders' equity	(12,987)	(8,894)
Total changes during the fiscal year	(12,987)	(8,894)
Balance at end of current fiscal year	26,115	17,220
Deferred gains (losses) on hedging transactions:		
Balance at end of previous fiscal year	41	(250)
Changes during the fiscal year		
Net change in items other than shareholders' equity	(291)	294
Total changes during the fiscal year	(291)	294
Balance at end of current fiscal year	(250)	43
Foreign currency translation adjustments:		
Balance at end of previous fiscal year	394	791
Changes during the fiscal year		
Net change in items other than shareholders' equity	397	(2,944)
Total changes during the fiscal year	397	(2,944)
Balance at end of current fiscal year	791	(2,153)
Total valuation and translation adjustments:		
Balance at end of previous fiscal year	39,537	26,655
Changes during the fiscal year		
Net change in items other than shareholders' equity	(12,882)	(11,544)
Total changes during the fiscal year	(12,882)	(11,544)
Balance at end of current fiscal year	26,655	15,111
Stock acquisition rights:		
Balance at end of previous fiscal year	–	8
Changes during the fiscal year		
Net change in items other than shareholders' equity	8	29
Total changes during the fiscal year	8	29
Balance at end of current fiscal year	8	38
Minority interests:		
Balance at end of previous fiscal year	29,331	30,653
Increases (decreases) due to changes in accounting treatments at overseas subsidiaries	–	(72)
Changes during the fiscal year		
Net change in items other than shareholders' equity	1,322	(1,567)
Total changes during the fiscal year	1,322	(1,567)
Balance at end of current fiscal year	30,653	29,014
Total net assets:		
Balance at end of previous fiscal year	300,306	289,839
Increases (decreases) due to changes in accounting treatments at overseas subsidiaries	–	(120)
Changes during the fiscal year		
Cash dividends	(4,561)	(4,472)
Net income	11,147	13,852
Purchases of treasury stock	(5,634)	(153)
Disposition of treasury stock	132	230
Net change in items other than shareholders' equity	(11,551)	(13,082)
Total changes during the fiscal year	(10,466)	(3,625)
Balance at end of current fiscal year	289,839	286,094

(4) Consolidated Statements of Cash Flows

(April 1, 2008 to March 31, 2009)

(Millions of yen)

	Fiscal 2008 (April 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
I. Cash flows from operating activities:		
Income before income taxes and minority interests	22,327	24,596
Depreciation and amortization	13,515	15,403
Increase (decrease) in allowance for employees' retirement benefits	(1,543)	278
Increase in prepaid pension costs	(1,361)	(2,533)
Interest and dividend income	(1,723)	(1,688)
Interest expense	180	167
Equity in earnings of affiliated companies	(1,091)	(767)
Gain on sale of investment securities	(1,649)	(161)
(Increase) decrease in trade notes and accounts receivable	2,200	(127)
(Increase) decrease in inventories	4,563	(6,480)
Decrease in notes and accounts payable	(4,625)	(920)
Other	391	(1,334)
Subtotal	31,184	26,432
Interest and dividends received	2,210	2,097
Interest paid	(177)	(165)
Income taxes paid	(6,718)	(8,292)
Net cash provided by operating activities	**26,498**	**20,072**
II. Cash flows from investing activities:		
Payments for time deposits	(16,945)	(26,132)
Proceeds from repayment of time deposits	11,017	13,632
Payments for purchases of marketable securities	(11,756)	(2,798)
Proceeds from sale of marketable securities	11,901	13,700
Payments for purchases of fixed assets	(18,327)	(13,313)
Proceeds from sale of fixed assets	2,275	1,098
Payments for purchases of investment securities	(4,127)	(284)
Proceeds from sale of investment securities	3,067	226
Proceeds from dissolving joint venture of pharmaceutical business	–	3,511
Payments for long-term loans receivable	(0)	(4)
Proceeds from collections of long-term loans receivable	9	19
Other	950	109
Net cash used in investing activities	**(21,934)**	**(10,235)**
III. Cash flows from financing activities:		
Proceeds from short-term debt	9	–
Repayment of short-term debt	(3,804)	(1,081)
Repayment of long-term debt	–	(501)
Proceeds from sale of treasury stock	132	230
Payments for purchases of treasury stock	(5,634)	(153)
Cash dividends paid	(4,561)	(4,472)
Other	(566)	(696)
Net cash used in financing activities	**(14,423)**	**(6,675)**
IV. Effect of exchange rate changes on cash and cash equivalents	**258**	**(1,738)**
V. Net increase (decrease) in cash and cash equivalents	**(9,601)**	**1,422**
VI. Cash and cash equivalents at beginning of year	**48,452**	**38,850**
VII. Cash and cash equivalents from newly consolidated subsidiaries	**–**	**66**
VIII. Cash and cash equivalents at end of year	**38,850**	**40,339**

(5) Going concern considerations

None.

(6) Basis of Presentation of Consolidated Financial Statements

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 6 other companies are not consolidated. The assets, net sales, net income and retained earnings of each non-consolidated subsidiary are small, and the aggregate effect on the consolidated financial statements is immaterial.

(2) Changes in the scope of consolidation

Newly included subsidiary: 2

- During the year under review, OYC EU B.V. and OYC Shanghai Co., Ltd. were added to the scope of consolidation based on their increased importance to the group.

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 not accounted for by the equity method are negligible and immaterial in the aggregate.

(2) Scope of the equity method

Newly excluded subsidiaries: 1

- Nisshin Kyorin Pharmaceutical Co., Ltd. merged with Kyorin Pharmaceutical Co., Ltd., a former joint venture partner, in October 2008 and, as of the year under review, is no longer included in the equity method scope.

(3) The financial statements for the accounting period of the company concerned are used in the cases of those equity-method subsidiaries and affiliates whose accounting period differs from the consolidated accounting period.

3. Accounting periods of consolidated subsidiaries

The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary’s year-end and the consolidated year-end.

Company name	Year-end
Rogers Foods Ltd.	January 31
Thai Nisshin Seifun Co., Ltd. and 12 others	December 31

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

a. Securities

Held-to-maturity debt securities are stated at amortized cost.

Other securities

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

b. Derivatives

Derivative financial instruments are stated at fair market value.

c. Inventories

Flour and bran are stated at cost , with cost being determined by the retail cost method, with balance sheet values reflecting write downs for decreased profitability; other products are stated at cost, with cost being determined by the periodic average method, with balance sheet values reflecting write downs for decreased profitability

Raw materials are stated at cost, with cost being determined by the moving average method, and balance sheet values reflecting write downs for decreased profitability.

(Change in accounting policies)

Beginning with the year under review, the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006) is being applied. As a result, operating income, ordinary income, and income before income taxes and minority interests are each ¥191 million lower than they would have been without this change.

Impacts on segment information are noted in the relevant sections.

(2) Depreciation methods for material depreciable assets

a. Property, plant and equipment (excluding leased assets)

The company and domestic consolidated subsidiaries mainly apply the declining balance method. However, for buildings acquired on or after April 1, 1998 (excluding building fixtures), they apply the straight-line method.

Foreign consolidated subsidiaries mainly apply the straight-line method.

(Additional information)

For equipment owned by the company and domestic consolidated subsidiaries, estimated useful lives of mainly 7-16 years have traditionally been used. Beginning with the year under review, however, estimated useful lives have been revised mainly to a range of 7-12 years in connection with the revision of the Corporation Tax Act.

As a result, operating income, ordinary income, and income before income taxes and minority interests are each ¥1,122 million lower than they would have been without this change. Impacts on segment information are noted in the relevant sections.

b. Intangible assets (excluding leased 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.

c. Leased assets

Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

(Change in accounting policies)

Beginning with the year under review, Accounting Standard for Lease Transactions (Statement No.13 (June 17, 1993 (First Subcommittee of the Business Accounting Council), revised March 30, 2007)) and the Guidance on Accounting Standard for Lease Transactions (Guidance No.16 (January 18, 1994 (Accounting Systems Committee of the JICPA), revised March 30, 2007)) are being applied. Regarding finance lease transactions that do not transfer ownership, the accounting treatment similar to that for ordinary rental transactions is no longer being applied. These transactions are now being accounted for in a manner similar to that for ordinary sale and purchase transactions, and leased assets are recorded.

Finance lease transactions that do not transfer ownership and began prior to the year in which the accounting standard was first applied will continue to be accounted for in a manner similar to that for ordinary rental transactions.

The impacts of this change on income for the year under review and on segment information are immaterial.

(3) Basis of material allowances

a. Allowance for doubtful accounts

The company and domestic consolidated subsidiaries provide for possible credit losses stemming from trade notes and accounts receivable. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts. Specific claims are generally deemed irrecoverable in the case of foreign consolidated subsidiaries.

b. Allowance for employees' retirement benefits

The company and domestic consolidated subsidiaries provide for employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at the consolidated fiscal year-end. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end. Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

c. Allowance for directors' retirement benefits

Ten domestic consolidated subsidiaries provide for the payment of retirement benefits to directors in accordance with internal regulations, based on projected benefits as of the fiscal year-end.

(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 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 only for the aforementioned transactions 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

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.

(7) Changes in Basis of Presentation of Consolidated Financial Statements

("Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements")

Beginning with the year under review, Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, May 17, 2006) is being applied and the required consolidation adjustments are being made.

Consequently, as of the beginning of the year under review, fixed assets declined by ¥120 million, retained earnings by ¥48 million, and minority interest by ¥72 million.

The impacts of this change on income for the year under review and on segment information are immaterial.

(8) Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

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

1. Inventory

	FY2008	FY2009
Merchandise and finished goods	—	¥26,190 million
Work in process	—	¥3,223 million
Raw materials and stored goods	—	¥16,408 million

2. Accumulated depreciation of property, plant and equipment

FY2008	FY2009
¥208,691 million	¥ 207,060 million

3. Accumulated advanced depreciation of property, plant and equipment purchased with government subsidy

FY2008	FY2009
¥264 million	¥263 million

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

	FY2008	FY2009
Investment securities	¥18,172 million	¥ 15,898 million
Others	¥109 million	¥101 million

5. Assets pledged as collateral

	FY 2008	FY 2009
Buildings	¥1,475 million	¥ 1,288 million
Machinery and equipment	¥698 million	¥648 million
Land	¥92 million	¥92 million
Others	¥159 million	¥24 million

6. Warranty liabilities

FY 2008	FY 2009
¥1,072 million	¥ 1,150 million

(Consolidated Statements of Income)

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

(Consolidated Statement of Changes in Net Assets)

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

Fiscal Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

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
Issued shares Common stock	256,535	—	5,000	251,535
Treasury stock Common stock	3,220	5,087	5,137	3,170

Notes:

1. Portion of the decrease in common stock accounted for by issued shares:
   5,000 thousand shares, as a result of retirement of treasury stock
2. Portion of the increase in common stock accounted for by treasury stock:
   5,000 thousand shares, as a result of purchasing treasury stock at market,
   86 thousand shares, as a result of repurchasing less-than-one-unit shares, and

0 thousand shares of treasury stock, which were acquired by companies accounted for under the equity method and attributable to the company

3. Portion of the decrease in common stock accounted for by treasury stock:

5,000 thousand shares, as a result of retirement of treasury stock,
38 thousand shares, as a result of selling less-than-one-unit shares, and
99 thousand shares, as a result of the exercise of stock options

2. Stock acquisition rights and stock acquisition rights to treasury shares

Category	Composition of stock acquisition rights	Nature of shares	Number of shares				Balance at end of fiscal year under review (¥ million)
			At end of previous fiscal year	Increase during the year	Decrease during the year	At end of fiscal year under review	
Nisshin Seifun Group Inc. (parent company)	Stock acquisition rights as stock options	—					8
Total		—					8

3. Dividends

(1) Dividends paid

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

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

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

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

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

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

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

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

1. Type and number of issued shares and treasury stock

(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
Issued shares Common stock	251,535	—	—	251,535
Treasury stock Common stock	3,170	120	227	3,063

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

2. Stock acquisition rights and stock acquisition rights to treasury shares

Category	Composition of stock acquisition rights	Nature of shares	Number of shares				Balance at end of fiscal year under review (¥ million)
			At end of previous fiscal year	Increase during the year	Decrease during the year	At end of fiscal year under review	
Nisshin Seifun Group Inc. (parent company)	Stock acquisition rights as stock options	—					38
Total		—					38

3. Dividends

(1) Dividends paid

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

・ Dividends on common stock:
   i) Total dividends to be paid ¥2,235 million
   ii) Dividend per share ¥9
   iii) Date of record March 31, 2008
   iv) Effective date June 27, 2008

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

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

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

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

- Dividends on common stock:

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

(Consolidated Statements of Cash Flows)

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

1. The reconciliation between year-end balance of cash and cash equivalents and amounts stated in Consolidated Balance Sheets is as follows.

(Millions of yen)

	FY 2008 (As of March 31, 2008)	FY 2009 (As of March 31, 2009)
Cash	43,987	51,967
Marketable securities	13,704	8,799
Total	57,692	60,767
Time deposits with maturities after three months	(7,136)	(19,627)
Marketable securities with maturities after three months	(11,705)	(800)
Cash and cash equivalents	38,850	40,339

(Segment information)

(1) Business Segment Information

Fiscal Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

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

Fiscal Year Ended March 31, 2009 (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

Notes:

1. Business segments were determined by considering similarities of the product types.
2. Primary products for each business segment:
   - Flour Milling: Flour, bran
   - Processed Food: Prepared mix, flour for consumer use, pasta, pasta sauce, frozen food, chilled food, cake and bread ingredients, biochemical products, life science business, healthcare foods
   - Others: Pet food, engineering, mesh cloths, transport and storage
3. Corporate assets included in the “corporate assets and eliminations” column amounted to ¥83,611 million in FY2008 and ¥77,298 million in FY2009, which were consisted primarily of the company’s surplus funds (cash and deposits, and marketable securities) and investment securities.
4. Change in accounting policy

   (Change in accounting policy)

   As stated in "(Change in Accounting Policies)" in the Basis of Presentation of Consolidated Financial Statements, the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, announced on July 5, 2006) is being applied beginning with the year under review. As a result, operating expenses now include ¥191 million for "Processed food," which would not have been included under the previous accounting policy. Operating income, therefore, has been reduced by the same "Processed food" amount.

(Additional information)

As stated in “Additional information” in the Basis of Presentation of the Consolidated Financial Statements, for equipment owned by the company and domestic consolidated subsidiaries, estimated useful lives of 7-16 years have traditionally been used. Beginning with the year under review, however, estimated useful lives have been revised to a range of 7-12 years in connection with the revision of the Corporation Tax Act. As a result, “Cost and Expenses” was increased and “Operating Income” was decreased, respectively, by ¥890 million for the Flour Milling segment, ¥115 million for the Processed Food segment and ¥160 million for the Others segment, whereas “Cost and Expenses” was decreased and “Operating Income” was increased, respectively, by ¥44 million for Corporate Assets and Eliminations, compared with the respective amounts that would have been reported under the previous method.

(2) Geographical segment information

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

(3) Overseas sales

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

(Tax effect accounting)

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

(Millions of yen)

	Fiscal year ended March 31, 2009 (As of March 31, 2009)
Deferred tax assets:	
Allowance for employees' retirement benefits	4,420
Allowance for bonuses	1,732
Unrealized gain on fixed assets	979
Accrued sales incentives	848
Depreciation and amortization	689
Investment securities	673
Inventories	646
Allowance 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)
Deferred tax assets, net	7,586
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(11,905)
Reserve for advanced depreciation of property, plant and equipment	(2,423)
Other	(391)
Gross deferred tax liabilities	(14,721)
Amount offset by deferred tax assets	4,174
Deferred tax liabilities, net	(10,546)

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.

(Securities)

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

(Millions of yen)

	As of March 31, 2008			As of March 31, 2009		
	Carrying value	Market value	Unrealized gains (losses)	Carrying value	Market value	Unrealized gains (losses)
Securities whose market value exceeds their carrying value						
1. Government and municipal bonds	–	–	–	–	–	–
2. Corporate bonds	–	–	–	–	–	–
3. Other	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Securities whose carrying value exceeds their market value						
1. Government and municipal bonds	1,499	1,499	(0)	1,499	1,499	(0)
2. Corporate bonds	–	–	–	–	–	–
3. Other	–	–	–	–	–	–
Subtotal	1,499	1,499	(0)	1,499	1,499	(0)
Total	1,499	1,499	(0)	1,499	1,499	(0)

2. Marketable securities classified as other securities

(Millions of yen)

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

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

3. Sale of securities classified as other securities

(Millions of yen)

Fiscal 2008 (April 1, 2007 to March 31, 2008)			Fiscal 2009 (April 1, 2008 to March 31, 2009)		
Proceeds from sales	Aggregate gain on sales	Total loss on sales	Proceeds from sales	Aggregate gain on sales	Total loss on sales
2,071	1,681	–	226	161	–

4. Other securities without market value

(Millions of yen)

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

5. The redemption schedule of held-to-maturity securities

(Millions of yen)

	As of March 31, 2008		As of March 31, 2009	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
(1) Bonds:				
Government and municipal bonds	1,500	–	1,500	–
Corporate bonds	11,700	–	800	–
Other	500	–	500	–
(2) Other	–	–	6,000	–
Total	13,700	–	8,800	–

(Retirement benefits)

1. Outline of retirement benefit plans

The company and domestic consolidated subsidiaries primarily provide a tax-qualified pension plan together with a lump-sum retirement benefit plan. The company and some domestic consolidated subsidiaries have also established a retirement benefit trust.

In some cases, employees leaving the company may receive an additional severance payment beyond that computed on the basis of the actuarial retirement benefit calculated using the relevant accounting standard.

2. Retirement benefit obligation

	As of March 31, 2008 (Millions of yen)	As of March 31, 2009 (Millions of yen)
(A) Project benefit obligation	(48,512)	(46,923)
(B) Fair value of plan assets	40,165	35,171
(C) Unfunded retirement benefit obligation [(A) + (B)]	(8, 346)	(11,751)
(D) Unrecognized actuarial loss	3,711	9,189
(E) Unrecognized prior service cost	(2,329)	(2,131)
(F) Net amount recorded on consolidated balance sheet [(C) + (D) + (E)]	(6,964)	(4,692)
(G) Prepaid pension cost	1,361	3,894
Allowance for employees' retirement benefits [(F) – (G)]	(8,325)	(8,587)

Notes:

1. Certain subsidiaries adopt a simplified method for calculating the retirement benefit obligation.
2. Premium severance benefits of ¥429 million payable on an ad hoc basis in the fiscal year ending March 31, 2009, are included in "Current liabilities," rather than "Allowance for employees' retirement benefits," in the consolidated balance sheet for the fiscal year ended March 31, 2008.

3. Retirement benefit expense

	Fiscal Year Ended March 31, 2008 (Millions of yen)	Fiscal Year Ended March 31, 2009 (Millions of yen)
(A) Service cost	1,749	1,816
(B) Interest cost	1,124	1,093
(C) Expected return on plan assets	(1,021)	(995)
(D) Amortization of actuarial loss	305	522
(E) Amortization of prior service cost	(198)	(198)
(F) Net retirement benefit costs [(A) + (B) + (C) + (D) + (E)]	1,960	2,239

Notes:

1. The retirement benefit expense incurred by the consolidated subsidiaries that adopt simplified pension accounting methodology is recorded under "(A) Service cost."
2. In addition to the above retirement benefit expense, premium severance benefits of ¥429 million were paid as part of "Extraordinary losses" in the fiscal year ended March 31, 2008.

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4. Assumptions used in retirement benefit obligation calculations

	Fiscal Year Ended March 31, 2008	Fiscal Year Ended March 31, 2009
(A) Method adopted for periodic distribution of projected retirement benefits	Equal amounts per period	Equal amounts per period
(B) Discount rate	Principally 2.5%	Principally 2.5%
(C) Expected rate of return on plan assets	Principally 2.5%	Principally 2.5%
(D) Amortization period of actuarial differences*1	Principally 15 years	Principally 15 years
(E) Amortization period for prior service cost*2	15 years	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.

(Per Share Information)

(Yen)

Fiscal Year Ended March 31, 2008		Fiscal Year Ended March 31, 2009	
Net assets per share	1,043.53	Net assets per share	1,034.49
Net income per share	44.30	Net income per share	55.75
Fully diluted net income per share	44.29	Fully diluted net income per share	55.74

(Notes)

1. The basis of calculation for net assets per share

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

2. The basis of calculation for net income per share and fully diluted net income per share

Item	Fiscal Year Ended March 31, 2008	Fiscal Year Ended March 31, 2009
Net income, as stated on Statements of Income (millions of yen)	11,147	13,852
Amounts not attributable to owners of common stock (millions of yen)	–	–
Net income associated with common stock (millions of yen)	11,147	13,852
Average number of shares of common stock during fiscal year (shares)	251,654,692	248,453,788
Adjustment to net income (millions of yen)	–	–
Main components of increase in number of shares of common stock used in calculation of fully diluted net income per share (shares) Stock acquisition rights	 58,966	 50,621
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	・Stock acquisition rights Date of resolution at the General Meeting of Shareholders: June 27, 2007 (89 Stock acquisition rights) (161 Stock acquisition rights)	・Stock acquisition rights Date of resolution at the General Meeting of Shareholders: June 27, 2007 (89 Stock acquisition rights) (161 Stock acquisition rights) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (88 Stock acquisition rights) (178 Stock acquisition rights)

(Omission of Disclosure)

Disclosure of notes as to lease transactions, related parties, derivatives, stock options, and business combinations is omitted because the necessity of disclosing such information in this year-end summary of financial statements is regarded to be not high.

V. Non-consolidated Financial Statements

(1) Balance Sheets

(As of March 31, 2009)

(Millions of yen)

	Fiscal 2008 (As of March 31, 2008)	Fiscal 2009 (As of March 31, 2009)		Fiscal 2008 (As of March 31, 2008)	Fiscal 2009 (As of March 31, 2009)
Assets:			**Liabilities:**		
Current assets:			Current liabilities:		
Cash	19,452	30,425	Short-term debt	6	5
Accounts receivable	234	207	Leased obligations	–	127
Marketable securities	11,705	6,800	Accrued payable	102	435
Prepaid expenses	142	90	Accrued expenses	1,667	1,492
Deferred tax assets	635	422	Deposits received	1,018	1,016
Other	2,268	2,198	Reserve for directors' bonuses	50	75
			Other	46	45
Total current assets	**34,437**	**40,144**			
			Total current liabilities	**2,890**	**3,198**
Fixed assets:			Long-term liabilities:		
			Long-term debt	74	59
Property, plant and equipment, net:			Leased obligations	–	481
Buildings, net	8,968	8,612	Deferred tax liabilities	13,368	8,788
Structures, net	235	894	Allowance for employees' retirement benefit	632	436
Machinery and equipment, net	695	604			
Vehicles, net	1	7	Other	390	325
Tools, fixtures and furnishing, net	419	412			
Land	10,591	10,547	**Total long-term liabilities**	**14,465**	**10,092**
Leased assets, net	–	590			
Construction in progress	895	145	**Total liabilities**	**17,356**	**13,291**
Property, plant and equipment, net	21,807	21,814	**Net Assets:**		
			Shareholders' equity:		
Intangible assets:			Common stock	17,117	17,117
Leasehold tenant right	405	407	Additional paid-in capital		
Software	532	232	Legal capital surplus	9,500	9,500
Leased assets	–	15	Total additional paid-in capital	9,500	9,500
Other	69	67	Retained earnings		
			Legal retained surplus	4,379	4,379
Total intangible assets	1,007	722	Other retained earnings:		
			Provision of reserve for dividends	2,000	2,000
Investments and other assets:			Reserve for advanced depreciation of fixed assets	1,496	1,429
Investment securities	47,301	34,307			
Equity in affiliated companies	93,030	93,194	Reserve for advanced special depreciation of fixed assets	–	22
Investments in capital	419	325			
Investments in capital of affiliated companies	458	458	Provision of reserves	126,770	–
			Special reserve	–	126,770
Long-term loans to employees	81	65	Retained earnings brought forward	27,712	32,191
Long-term loans to affiliated companies	25,223	24,944	Total retained earnings	162,358	166,793
Long-term prepaid expenses	27	958			
Other	371	368	Treasury common stock	(3,255)	(3,170)
Allowance for doubtful accounts	(123)	(29)			
			Total shareholders' equity	**185,720**	**190,241**
Total investments and other assets	166,790	154,593			
			Valuation and translation adjustments:		
Total fixed assets	**189,605**	**177,131**	Unrealized holding gain on securities	20,957	13,704
			Total valuation and translation adjustments	**20,957**	**13,704**
			Stock acquisition rights	**8**	**38**
			Total net assets	**206,686**	**203,983**
Total assets	**224,043**	**217,275**	**Total liabilities and net assets**	**224,043**	**217,275**

(2) Statements of Income

(April 1, 2008 to March 31, 2009)

(Millions of yen)

	Fiscal 2008 (April 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
Operating revenue	18,644	19,006
Operating expenses	11,247	12,094
Operating income	**7,396**	**6,912**
Non-operating income:	1,667	1,763
Interest income	654	820
Interest income from securities	118	68
Dividend income	852	834
Other income	42	39
Non-operating expenses:	84	227
Interest expenses	19	19
Loss on valuation of membership rights	6	–
Commitment fees	10	10
Foreign exchange loss	35	194
Other expenses	11	1
Ordinary income	**8,979**	**8,447**
Extraordinary income:	2,498	1,992
Gain on sale of property, plant, and equipment	1,645	1,156
Gain on sale of investment securities	–	123
Gain on liquidation of affiliated companies	852	–
Gain on dissolving joint venture of pharmaceutical business	–	705
Reversal of allowance for doubtful accounts	–	6
Extraordinary losses:	449	915
Loss on disposal of property, plant, and equipment	58	121
Loss on valuation of investment securities	–	776
Expenses for dissolving joint venture of pharmaceutical business	391	–
Other	–	18
Income before income taxes	**11,029**	**9,524**
Income taxes – current	18	18
Income taxes – deferred	866	590
Total income taxes	**884**	**608**
Net income	**10,144**	**8,916**

(3) Statements of Changes in Net Assets

(April 1, 2008 to March 31, 2009)

(Millions of yen)

	Fiscal 2008 (April 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
Shareholders' equity:		
Common stock:		
Balance at end of previous fiscal year	17,117	17,117
Changes during the fiscal year		
Total changes during the fiscal year	–	–
Balance at end of current fiscal year	17,117	17,117
Additional paid-in capital:		
Legal capital surplus:		
Balance at end of previous fiscal year	9,500	9,500
Changes during the fiscal year		
Total changes during the fiscal year	–	–
Balance at end of current fiscal year	9,500	9,500
Total additional paid-in capital:		
Balance at end of previous fiscal year	9,500	9,500
Changes during the fiscal year		
Total changes during the fiscal year	–	–
Balance at end of current fiscal year	9,500	9,500
Retained earnings:		
Legal retained earnings:		
Balance at end of previous fiscal year	4,379	4,379
Changes during the fiscal year		
Total changes during the fiscal year	–	–
Balance at end of current fiscal year	4,379	4,379
Other retained earnings:		
Provision of reserve for dividends		
Balance at end of previous fiscal year	2,000	2,000
Changes during the fiscal year		
Total changes during the fiscal year	–	–
Balance at end of current fiscal year	2,000	2,000
Reserve for special depreciation:		
Balance at end of previous fiscal year	2	–
Changes during the fiscal year		
Reversal of reserve for special depreciation	(2)	–
Total changes during the fiscal year	(2)	–
Balance at end of current fiscal year	–	–
Reserve for advanced depreciation of fixed assets:		
Balance at end of previous fiscal year	1,002	1,496
Changes during the fiscal year		
Provision of reserve for advanced depreciation of fixed assets	519	–
Reversal of reserve for advanced depreciation of fixed assets	(26)	(66)
Total changes during the fiscal year	493	(66)
Balance at end of current fiscal year	1,496	1,429

(Millions of yen)

	Fiscal 2008 (April 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
Reserve for advanced special depreciation of fixed assets:		
Balance at end of previous fiscal year	–	–
Changes during the fiscal year		
Provision of reserve for advanced special depreciation of fixed assets	–	22
Total changes during the fiscal year	–	22
Balance at end of current fiscal year	–	22
Provision of reserves:		
Balance at end of previous fiscal year	118,770	126,770
Changes during the fiscal year		
Provision of reserves	8,000	–
Provision of special reserves	–	(126,770)
Total changes during the fiscal year	8,000	(126,770)
Balance at end of current fiscal year	126,770	–
Special reserves:		
Balance at end of previous fiscal year	–	–
Changes during the fiscal year		
Provision of special reserves	–	126,770
Total changes during the fiscal year	–	126,770
Balance at end of current fiscal year	–	126,770
Retained earnings brought forward:		
Balance at end of previous fiscal year	35,869	27,712
Changes during the fiscal year		
Reversal of reserve for special depreciation	2	–
Provision of reserve for advanced depreciation of fixed assets	(519)	–
Reversal of reserve for advanced depreciation of fixed assets	26	66
Provision of reserve for advanced special depreciation of fixed assets	–	(22)
Provision of reserves	(8,000)	–
Cash dividends	(4,561)	(4,472)
Net income	10,144	8,916
Disposition of treasury stock	(2)	(8)
Retirement of treasury stock	(5,246)	–
Total changes during the fiscal year	(8,156)	4,479
Balance at end of current fiscal year	27,712	32,191
Total retained earnings:		
Balance at end of previous fiscal year	162,024	162,358
Changes during the fiscal year		
Reversal of reserve for special depreciation	–	–
Provision of reserve for advanced depreciation of fixed assets	–	–
Reversal of reserve for advanced depreciation of fixed assets	–	–
Reversal of reserve for advanced depreciation of fixed assets	–	–
Provision of reserves	–	–
Provision of special reserves	–	–
Cash dividends	(4,561)	(4,472)
Net income	10,144	8,916
Disposition of treasury stock	(2)	(8)
Retirement of treasury stock	(5,246)	–
Total changes during the fiscal year	334	4,435
Balance at end of current fiscal year	162,358	166,793

(Millions of yen)

	Fiscal 2008 (April 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
Less: Treasury stock, at cost:		
Balance at end of previous fiscal year	(3,003)	(3,255)
Changes during the fiscal year		
Purchases of treasury stock	(5,634)	(153)
Disposition of treasury stock	135	238
Retirement of treasury stock	5,246	–
Total changes during the fiscal year	(252)	85
Balance at end of current fiscal year	(3,255)	(3,170)
Total shareholders' equity:		
Balance at end of previous fiscal year	185,638	185,720
Changes during the fiscal year		
Dividends from retained earnings	(4,561)	(4,472)
Net income	10,144	8,916
Purchases of treasury stock	(5,634)	(153)
Disposition of treasury stock	132	230
Retirement of treasury stock	–	–
Total changes during the fiscal year	81	4,520
Balance at end of current fiscal year	185,720	190,241
Valuation and translation adjustments:		
Unrealized holding gain on securities		
Balance at end of previous fiscal year	31,606	20,957
Changes during the fiscal year		
Net change in items other than shareholders' equity	(10,649)	(7,253)
Total changes during the fiscal year	(10,649)	(7,253)
Balance at end of current fiscal year	20,957	13,704
Total valuation and translation adjustments:		
Balance at end of previous fiscal year	31,606	20,957
Changes during the fiscal year		
Net change in items other than shareholders' equity	(10,649)	(7,253)
Total changes during the fiscal year	(10,649)	(7,253)
Balance at end of current fiscal year	20,957	13,704
Stock acquisition rights:		
Balance at end of previous fiscal year	–	8
Changes during the fiscal year		
Net change in items other than shareholders' equity	8	29
Total changes during the fiscal year	8	29
Balance at end of current fiscal year	8	38
Total net assets:		
Balance at end of previous fiscal year	217,245	206,686
Changes during the fiscal year		
Dividends from retained earnings	(4,561)	(4,472)
Net income	10,144	8,916
Purchases of treasury stock	(5,634)	(153)
Disposition of treasury stock	132	230
Net change in items other than shareholders' equity	(10,640)	(7,223)
Total changes during the fiscal year	(10,559)	(2,702)
Balance at end of current fiscal year	206,686	203,983

(4) Going concern considerations

None.

(5) Notes to Non-Consolidated Financial Statements

(Statements of Changes in Shareholders' Equity)

1. Pursuant to system changes in the EDINET (Electronic Disclosure for Investors' NETwork) system, which covers fiscal years beginning on or after April 1, 2008, the "Reserves" that have traditionally been recorded have been changed to "Special reserves," an account title included in the electronic financial statement templates (XBRL) newly provided on the EDINET system, and reserves have been reversed, with the same amounts recorded as special reserves.