Disclaimer: This translation is prepared and provided for readers' convenience only. This summary does not constitute any guarantee and the company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

Summary of Financial Statements for the Year Ended March 31, 2011 [Japanese Standards]

May 12, 2011

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange and Osaka Securities Exchange
Securities Code: 2002 URL: http://www.nisshin.com.
Representative: Hiroshi Oeda, President
Contact: Izumi Inagaki, Senior Executive Officer and General Manager of Public Communications Department, General Administration Division
Tel.: +81-3-5282-6650

Date to hold the Ordinary General Meeting of Shareholders to approve results: June 28, 2011 Date to start distributing dividends: June 29, 2011
Date to submit the Securities Report: June 28, 2011
Supplementary documents for this summary of financial statements: Yes
Explanation meeting for financial results: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(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		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2011	424,156	(4.4)	25,335	(4.7)	27,839	(5.1)	14,187	(15.7)
Fiscal 2010	443,728	(4.9)	26,576	22.2	29,327	19.1	16,839	21.6

(Note) Comprehensive income: Fiscal 2011 ¥12,503 million (down 43.9%) Fiscal 2010 ¥22,297 million (- %)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2011	57.09	57.09	5.1	7.1	6.0
Fiscal 2010	67.77	67.76	6.4	7.6	6.0

(Reference) Equity in earnings of affiliates: Fiscal 2011: ¥591 million Fiscal 2010: ¥946 million.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2011	389,418	285,249	71.6	1,121.98
March 31, 2010	396,317	303,226	68.8	1,097.72

(Reference) Equity capital: Fiscal 2011: ¥278,799 million Fiscal 2010: ¥252,755 million.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2011	34,856	(16,067)	(6,373)	42,087
Fiscal 2010	47,484	(52,393)	(5,684)	29,975

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	%	%
Fiscal 2010	–	10.00	–	12.00	22.00	5,468	32.5	2.1
Fiscal 2011	–	10.00	–	10.00	20.00	4,971	35.0	1.8
Fiscal 2012 (forecast)		10.00		10.00	20.00		32.9	

3. Forecasts of Consolidated Business Results for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(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	218,800	4.6	11,200	(9.6)	12,200	(10.9)	7,000	1.0	28.17
Full year	447,400	5.5	24,600	(2.9)	27,000	(3.0)	15,100	6.4	60.77

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

1. Changes associated with the revision of accounting standards: Yes
2. Changes other than the above: Yes

(Note) Refer to (Change in accounting policies) under the Basis of Presentation of Consolidated Financial Statements on pages 26-29.

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

1. Number of shares issued and outstanding as of the year-end (including treasury shares): Fiscal 2011: 251,535,448 Fiscal 2010: 251,535,448
2. Number of treasury shares as of the year-end: Fiscal 2011: 3,045,423 Fiscal 2010: 3,059,826
3. Average number of shares in the year Fiscal 2011: 248,497,650 Fiscal 2010: 248,489,043

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(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	%
Fiscal 2011	25,034	2.4	12,042	12.4	13,164	9.4	12,864	(1.8)
Fiscal 2010	24,437	28.6	10,716	55.0	12,028	42.4	13,104	47.0

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2011	51.75	51.75
Fiscal 2010	52.72	52.71

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2011	237,180	221,159	93.2	889.22
March 31, 2010	232,592	214,563	92.2	862.95

(Reference) Equity capital: Fiscal 2011: ¥221,021 million Fiscal 2010: ¥214,479 million

2. Forecasts of Non-Consolidated Business Results for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(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	17,500	(9.0)	10,900	(14.8)	11,400	(13.9)	11,700	(16.9)	47.07
Full year	22,900	(8.5)	9,800	(18.6)	11,000	(16.4)	13,500	4.9	54.31

*Statement regarding auditing status

This summary of financial statements falls outside the audit requirements of the Financial Instruments and Exchange Act. Audits of both consolidated and non-consolidated financial statements were under way as of the time this summary was disclosed.

*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 4–5 and page 7.

The company is planning to hold a results briefing for analysts and institutional investors on May 18, 2011 (Wednesday). Materials distributed at that briefing will be posted on the company's homepage after the briefing.

Contents

I. Business Performance

(1) Analysis of Business Performance

1) Overview of the Period Under Review

The Great East Japan Earthquake, which occurred on March 11, inflicted enormous destruction on a wide area of northeastern Japan. We wish to express our deepest sympathies for those who have suffered from this disaster and pray for the rapid recovery of the areas affected. The Nisshin Seifun Group also suffered damages to some manufacturing facilities and losses of inventory assets, but managed to quickly recover. Moving forward, we will continue with effort to ensure stable supplies of our products.

Regarding the period under review more generally, signs of a recovery in consumer spending were seen as the government's stimulus measures took effect and corporate earnings improved. The food products industry, however, dogged by deflationary pressures, continued to face severe market conditions. Amid such conditions, the Nisshin Seifun Group concentrated on developing and launching new value-added products making the most of our technologies in our mainstay processed food business, pursued aggressive advertising campaigns, and took other steps to promote sales increases in all of our businesses. At the same time, we also undertook various cost-cutting efforts. In addition, we revised our product prices following changes in the government's sales prices for imported wheat in April and October of last year.

We have acquired 100%-ownership of Oriental Yeast Co., Ltd. and NBC Meshtec Inc., our consolidated subsidiaries, in order to implement the most effective and optimal group management as the whole group, and aiming for further improvement of long-term corporate value.

As a result of those price changes, net sales decreased 4.4% compared with the previous year to ¥ 424,156 million, despite higher shipments in both our flour milling and processed food businesses. Profits were negatively affected by low prices for bran and the need to increase sales promotion expenses. Operating income decreased 4.7% to ¥25,335 million, ordinary income decreased 5.1% to ¥27,839 million and net income was down 15.7% to ¥14,187 million.

To increase productivity by centralizing our flour milling operations in the optimum location, it was decided in January of this year that a new plant will be constructed in Suzakifuto, Chuo-ku, Fukuoka City in spring of 2014. At the same time, plants in Tosu and Chikugo will be closed.

【Business Overview by Segment】

(1) Flour Milling Segment

Focused efforts to make business recommendations to customers, and other aggressive sales promotion efforts, pushed commercial wheat flour shipments beyond the level of a year ago. In response to the government's 5% average reduction in prices for five types of imported wheat in April 2010 and 1% average price increase in the following October, the company changed its prices for commercial wheat flour in May 2010 and January 2011.

In October of last year, the Japanese government changed its traditional policy of storing imported wheat for a specific period before selling it, adopting a new policy of selling it immediately instead.

The company promoted cost-cutting efforts by increasing productivity and reducing fixed costs.

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

In overseas operations, aggressive sales expansion efforts led to an increase in shipments from the previous year, which include completion of productivity enhancement work of the subsidiary in Canada in October 2010.

As a result, Flour Milling Segment sales and operating income decreased 10.1% from the previous year to ¥161,370 million, and 20.6% to ¥10,810 million, respectively.

(2) Processed Food Segment

Under persistently difficult business conditions characterized by weak personal consumption, the processed food business launched new household-use products that respond to the growing trend toward cooking at home and needs for diversification. It also endeavored to stimulate demand through television commercials and other advertising and promotion activities. These efforts paid off with strong premixed and frozen food shipments that outweighed the impact of lower product prices following the government's imported wheat price reduction in April of last year and resulted in a year-on-year sales increase. Steady efforts were made to improve profits in the prepared dishes and other prepared foods business, while attention overseas focused on expanding business by strengthening supply, product development, and proposal-based marketing capabilities. Included among these efforts were the ramping up of prepared mix production capacity in Thailand and expansion of the R&D Center.

In the yeast business, shipments of yeast, flour paste, and bread improvers were strong and sales surpassed the level of a year ago. Sales in the biotechnology business, meanwhile, fell from the year-ago figure due to the October 2009 transfer of the fish feed business and lower sales of breeding equipment and testing services.

Sales for the healthcare foods business declined relative to last year under persistently difficult market conditions. This result came about despite focused efforts, as a healthcare foods manufacturer distinguished by its scientific approach, to search for new ingredients and develop new products, and expand sales of consumer products primarily via mail order.

In June 2010, the company made an investment in EUROGERM SA of France to further expand its business targeting bakery customers in the booming Asian market. It also entered into a business alliance with that company regarding the bread improver business in Asia.

Overall, Processed Food Segment sales and operating income increased 0.5% to ¥224,725 million, and 14.0% to ¥11,848 million, respectively.

(3) Others Segment

Sales of the pet food business decreased from the previous year in spite of steady shipment of the *JP-Style* premium pet food line. Because of the continued severe market, the cat food sales were lower than the previous year.

In the engineering business, sales of equipment proceeded at a strong pace due to a recovery in demand in IT-related areas, but with sales in the mainstay plant engineering business down falling the completion of a large project in the previous fiscal year, overall sales in this business came in below the level of a year ago. In November 2010, the company acquired shares in Hosokawa Micron Corporation, which makes and sells powder-related equipment. It has also entered into discussions concerning the building of a cooperative business relationship.

In the mesh cloths business, general demand of our valued customers, including the automobile parts industries revived. Then overall sales of the products in this business, including the mainstay mesh cloths for screen-printing applications, industrial materials and forming filters, rose from the previous year.

As a result, Others Segment sales declined 6.3% to ¥38,060 million. Operating income increased 8.1% to ¥2,387 million.

* Since this consolidated fiscal year, we applied “Accounting rules regarding disclosure of segment information, etc.” and “Policy of accounting rules regarding disclosure of segment information, etc.”

The segment classification, net sales, and measurement methods of segment profit are not changed.

2) Business Outlook

It is believed that the Japanese economy will continue to suffer from significant impacts from the Great East Japan Earthquake. It is necessary, therefore, to undertake numerous preparations, including ones for electric power shortages in the summer and difficulty in procuring raw materials. Furthermore, difficult employment conditions and consumer gravitation toward low prices are seen as continuing, prolonging the highly uncertain business conditions facing the Nisshin Seifun Group. In response, we will continue to fulfill our missions of securing stable supplies of wheat flour and other staple food supplies for the Japanese people, and will strive to provide customers with safe products in all of our businesses. In addition, we will aggressively pursue measures necessary for increasing our domestic market share and accomplishing other objectives for strengthening our businesses. Given the government's average 18% price hike for five types of imported wheat in April of this year, we are planning price revisions commensurate with our increased costs. To achieve further growth for the Nisshin Seifun Group, we will work to accelerate overseas business development.

Considering the earthquake impacts that can be anticipated at this time and other matters discussed above, we are expecting to report net sales of ¥447,400 million, up 5.5% from the previous year, for the fiscal year ending March 2012, with operating income down 2.9% to ¥24,600 million, ordinary income down 3.0% to¥27,000 million, and net income up 6.4% to ¥15,100 million.

(1) Flour Milling Segment

In the flour milling business, we will further increase our market share by continuing with efforts to stably supply products, focusing on developing products based on rapid and accurate assessments of customer needs and on aggressively promoting sales, and strengthening customer relationships. On the production side, we will continue to implement productivity improvement and other cost-cutting measures to secure earnings.

Regarding wheat, a key raw material, we are planning to revise our prices for commercial wheat flour in June of this year to account for the average 18% price increase implemented by the government in April for five types of imported wheat.

Overseas, efforts to increase sales will continue through measures like expanding shipments from North America and Thailand to nearby countries.

(2) Processed Food Segment

In the processed food business, we will develop new products that respond to consumers' diversifying values and more restrained spending pattern, stimulate demand through advertising and promotion activities, and cut costs in every aspect of production, purchasing, and distribution. For the prepared dishes and other prepared foods business, we will strive to increase sales by developing and recommending new menus meeting customer needs, and by strengthening initiatives targeting volume retailers. Overseas, we will continue to focus on business expansion in the growing Chinese and Southeast Asian markets.

The yeast business will continue to advance proposal-based marketing efforts and strengthen development of high-value-added products, while also developing new markets not related to bread making and expanding business related to other prepared foods. The biotechnology-related business will actively engage in services that support the research and development of new drugs, launch new products, focusing on diagnostic reagents, and expand the food analysis business, which performs allergen, residual pesticide, and other tests.

The healthcare foods business will strive to further improve productivity and strengthen its sales system, and, as a healthcare foods manufacturer distinguished by its scientific approach, search for new materials and develop new products, while seeking to expand sales of consumer products primarily via mail order.

(3) Others Segment

The pet food business will continue initiatives based on product development leveraging both advantages as a domestic manufacturer and the LIFE20 program for promoting the longevity of pets, while also strengthening its sales system.

The engineering business will focus its resources on areas in which it is strong. It will seek to expand orders primarily for plant engineering services in the field of food manufacturing, and strive to increase equipment sales.

The mesh cloth business will continue efforts aimed at fundamental strengthening through cost reduction and other measures, while also pursuing new market development and other aggressive sales activities and concentrating on expanding sales in foreign markets.

(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, 2011, was as follows.

Current assets decreased ¥1,392 million from the previous year to ¥195,213 million as increases in notes and accounts receivable – trade, short-term investment securities, and inventories (due to the government's switch to an immediate sale system for imported wheat) were outweighed by a decrease in cash and deposits related to purchases of consolidated subsidiary shares through tender offers and other means. Noncurrent assets decreased ¥5,506 million to ¥194,204 million due mainly to decreases in property, plant and equipment and investment securities. As a result, total assets decreased ¥6,898 million to ¥389,418 million. Current liabilities increased ¥12,291 million to ¥74,429 million due to factors like an increase in notes and accounts payable - trade resulting from increases in raw material procurement. Noncurrent liabilities decreased ¥1,213 million to ¥29,739 million mainly because of a decrease in deferred tax liabilities. As a result, total liabilities increased ¥11,078 million to ¥104,168 million. Net assets decreased ¥17,977 million to ¥285,249 million as an increase in retained earnings, due to the contribution of net income, was outweighed by decreases in areas like minority interests, due to purchases of consolidated subsidiary shares through tender offers and other means, and accumulated other comprehensive income.

The status of consolidated cash flows for the fiscal year ended March 31, 2011, was as follows.

Net cash provided by (used in) operating activities

Income before income taxes and minority interests totaled ¥25,815 million, and depreciation and amortization came to ¥13,681 million. After considering income taxes paid and other factors, net cash provided by operating activities came to ¥34,856 million.

Net cash provided by (used in) investing activities

Proceeds from maturities of time deposits with terms exceeding three months and from sales of short-term investment securities exceeded payments into time deposits and purchases of short-term investment securities by ¥18,861 million. However, with outlays of ¥21,881 million for purchases of shares in consolidated subsidiaries via tender offer and other means and ¥12,425 million for purchases of property, plant and equipment and intangible assets, net cash used in investing activities came to ¥16,067 million.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an inflow of ¥18,788 million.

Net cash provided by (used in) financing activities

Significantly boosting returns to shareholders, the company increased the ordinary year-end dividend by ¥1 per share from the previous year and added a commemorative dividend of ¥2 per share in celebration of the 110th anniversary of the company's founding. In total, dividends paid came to ¥5,468 million, which, combined with other factors, resulted in cash used in financing activities of ¥6,373 million.

As described above, cash provided by operating activities was allocated to the purchase of shares in consolidated subsidiaries through tender offers and other means, strategic capital investment, and the payment of dividends as returns to shareholders. Inflows also resulted from the fact that maturities of time deposits with terms exceeding three months and sales of short-term investment securities (vehicles selected for better management efficiency for funds earmarked for future strategic investments) exceeded payments into these investments. At the end of the fiscal year ended March 31, 2011, consolidated cash and cash equivalents totaled ¥42,087 million, an increase of ¥12,112 million from the previous fiscal year end.

2) Outlook for the Next Fiscal Year

The company forecasts that cash and cash equivalents as of March 31, 2012, will remain almost unchanged from those as of March 31, 2011, because the funds increased mainly due to net income of ¥15,100 million that will be used for strategic capital investment and the return of profits to shareholders.

3) Cash-Flow Indicators

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

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Equity ratio (%)	67.9	69.3	68.8	71.6
Market value–based equity ratio (%)	69.2	70.5	75.7	61.2
Ratio of interest-bearing debt to operating cash flow (years)	0.2	0.2	0.1	0.1
Interest coverage ratio (times)	149.7	121.1	488.7	461.6

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 Fiscal 2011 and Fiscal 2012

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 fiscal year ended March 31, 2011, the company intends to maintain the per-share annual ordinary dividend at ¥20, the same amount paid for the previous fiscal year. 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 ¥10 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.

For the year ending March 2012, the company plans to pay an annual dividend of ¥20 per share, in line with the aforementioned policy of profit distribution.

(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 12, 2011).

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

The Nisshin Seifun Group has undertaken structural reforms in its flour milling and processed food businesses to strengthen itself against risks inherent to these businesses. Despite our efforts, however, our flour milling and processed food businesses remain vulnerable to risks of domestic wheat flour and secondary processing market disruption, realignment of related industries, and unanticipated changes in wheat procurement. These risks are tied to the future outcomes of World Trade Organization (WTO) negotiations on agriculture, TPP (Trans-Pacific Partnership) and other FTAs (Free Trade Agreements) under negotiation with individual countries, and EPAs (Economic Partnership Agreements), all of which are progressing more slowly than anticipated, and to changes in the Japanese government's domestic wheat policy. In April 2007, the Japanese government introduced a market-linked wheat pricing system. In October 2010, the government introduced a method of selling imported wheat immediately after it is imported without storing it for a specified period. Continued changes in the government's wheat policy could significantly change the handling of wheat (including policies governing the government's purchase, stockpiling and sale of wheat), which may also constitute a risk factor for the company's flour milling and processed food businesses.

3) Product safety

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

4) Sharp increases in raw materials prices

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

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

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

6) Contract manufacturing

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

7) Information- and system-related risks

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

8) Alliances with other companies

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

9) Facility security and natural disasters

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

10) Retirement 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.

15) Great East Japan Earthquake

The Great East Japan Earthquake, which struck on March 11, 2011, is expected to have major long-term impacts not only on eastern Japan but on Japanese society as a whole. Risks moving forward include the following:

- Reduction in electric power supplies
- Difficulty in procuring raw materials from suppliers
- Diminished consumer confidence in the Japanese market
- Other indirect impacts of the earthquake

Should any of these risks come to fruition, they could negatively impact the Nisshin Seifun Group's business performance in terms of lower sales, reduced production capacity utilization, etc.

II. Business Group Performance

Nisshin Seifun Group consists of 44 subsidiaries and 15 affiliates. The following is a description of the businesses of the Group and the relationships among the subsidiaries and affiliates within their respective business segments. Business groupings are the same as those described in "4. Consolidated financial statements (7) Notes to Consolidated Financial Statements (Segment information)."

(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. Nisshin Seifun OYC (Shanghai) Co., Ltd. (name changed from OYC Shanghai Co., Ltd. on March 31, 2011) in China, a consolidated subsidiary, sells commercial bakery materials, such as bakery mix and bread improvers, to bakery customers in China.

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

Nisshin Pharma Inc., a consolidated subsidiary, manufactures and sells healthcare foods and pharmaceuticals.

(3) Others Segment

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

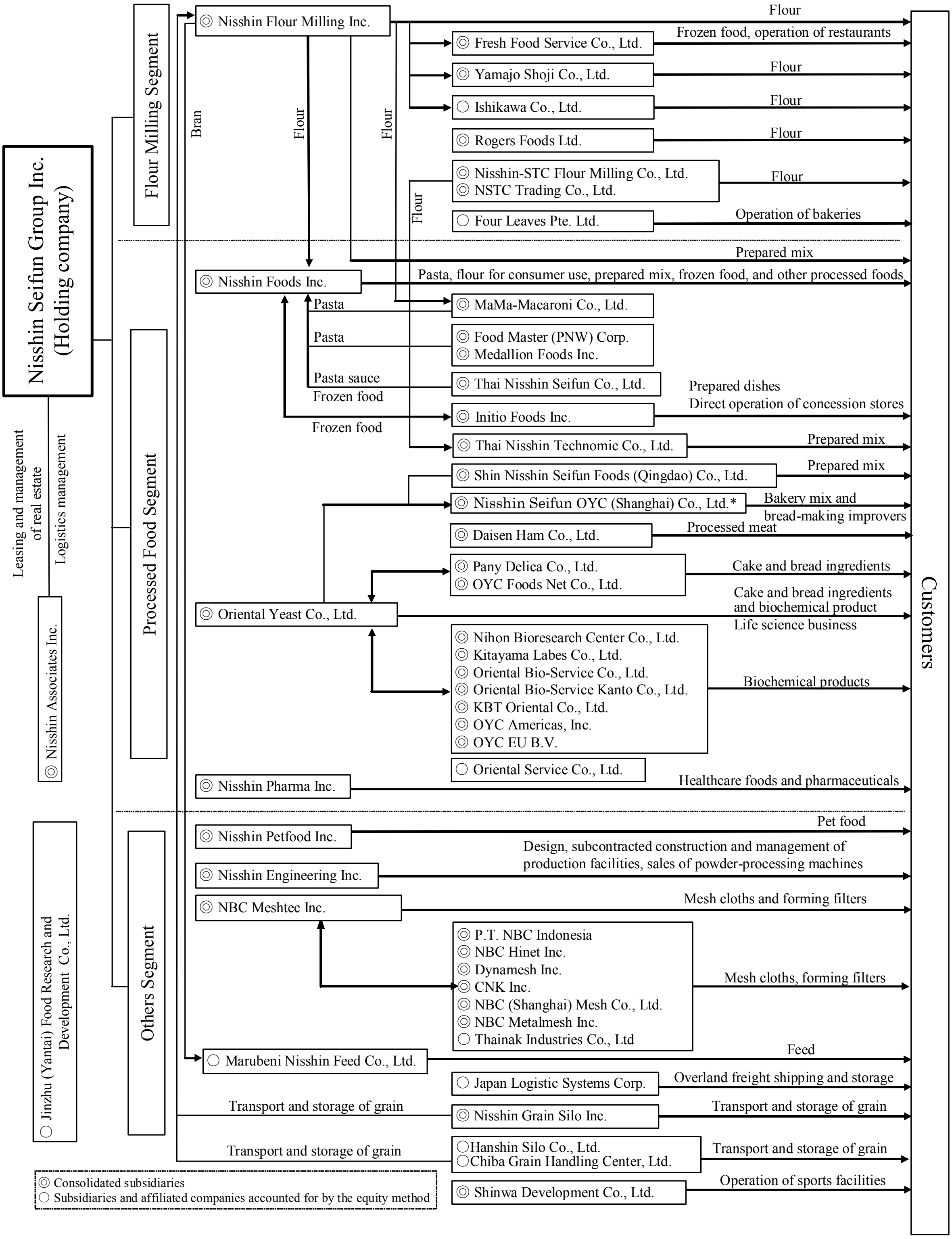
Nisshin Engineering Inc., a consolidated subsidiary, undertakes design, subcontracted construction and management of production and processing facilities for grain, food products, and chemical products. In addition, it manufactures and sells powder-processing machines and engages in powder-processing,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

NBC Meshtec Inc., a consolidated subsidiary, 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.



* OYC Shanghai Co., Ltd. changed its name to Nisshin Seifun OYC (Shanghai) Co., Ltd. on March 31, 2011.

Subsidiaries and Affiliates

Name	Location	Paid-in capital	Main business
Consolidated subsidiaries		Millions of yen	
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	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 Meshtec Inc.	Hino-shi, Tokyo	1,992	Manufacturing and sales of mesh cloths and forming filters
30 other consolidated subsidiaries			
Subsidiaries and affiliated companies accounted for by the equity method			
Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of feed
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 Meshtec Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are special-purpose subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are included in other consolidated subsidiaries.

2. The following company is listed on stock exchanges in Japan:

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

Within Japan, the Nisshin Seifun Group’s individual businesses will strive to increase their earnings by developing and expanding sales of high-value-added products, and will pursue efficient operations in all aspects of the Group, including its production facilities. They will also adjust product prices, with the understanding of customers and related parties, in response to changes in procurement costs for wheat and other raw materials.

The flour milling business will enhance its competitive advantage within the flour milling industry, which is subject to abrupt changes, by significantly increasing shipments, boosting productivity, and taking other steps to strengthen its cost competitiveness. The processed food business counts uniqueness among its strengths and will further enhance its earnings base by extending shipments through the development of products that respond to customer desires and boosting its cost competitiveness.

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

Overseas, the number of offices and plants has been increased to achieve further growth. Moving forward, we will continue to take an aggressive posture toward overseas business development and accelerate efforts in this regard.

Through the implementation of such strategies, the Group aims to achieve sustained growth in earnings per share (EPS) over the long term, while also greatly raising group value through raising net sales, ordinary income, net income and return on equity (ROE: defined as net income divided by shareholders’ equity).

(3) Issues to be Addressed

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.

The Great East Japan Earthquake, which struck on March 11, 2011, is expected to have major long-term impacts not only on eastern Japan but on Japanese society as a whole. For 2011, it is anticipated that ongoing hardships will include electric power shortages during the summer and difficulties in procuring raw materials. The Nisshin Seifun Group, nevertheless, is committed to maintaining stable supplies of wheat flour and other staple food stuffs for the Japanese people and fulfilling our mission to supply safe products in all of our businesses. Furthermore, as a member of society, we will support recovery efforts in disaster stricken areas and respond to other needs of society, as well.

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, having closed the Kitami Plant in Hokkaido in November 2010, because of its small size and relatively high production cost, it was decided in January 2011 that a new plant will be constructed in Suzakifuto, Chuo-ku, Fukuoka City in 2014 to boost productivity by centralizing production in an optimum location. At the same time, plants in Tosu and Chikugo will be closed. Through decisions like this, the flour milling business is and will continue to pursue low-cost operations by increasing production system efficiency and productivity.

The processed food business will strive to accelerate the introduction of new products utilizing the company's proprietary technologies and achieve expansion in growth areas like commercial prepared mixes, while making accelerated efforts to seek a larger market share even for those items that have already attained the top share.

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.

Two consolidated subsidiaries among the Group's other businesses, Oriental Yeast Co., Ltd. and NBC Meshtec Inc., have been made into wholly owned subsidiaries. This was done in the interest of increasing the Group's corporate value over the long term by promoting greater overall efficiency and enabling optimal Group management. Going forward, we will further strengthen connections among Group companies to achieve an even higher degree of business robustness for the Group as a whole.

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. Group-wide efforts will be made by leveraging the expertise accumulated within the Group to promote the expansion of overseas businesses so that they will attain a presence in the respective markets.

Regarding existing businesses, construction aimed at increasing the production capacity of Thai Nisshin Technomic Co., Ltd., which is engaged in the prepared mix business in Thailand, and Rogers Foods Ltd., which mills flour in Canada, was performed last year and both companies are now gradually increasing their shipments, with plans to expand their businesses even further in the future. As for the development of new businesses, efforts are underway to make both independent and joint investments in areas such as flour milling and processed food, where the Group's strengths can be applied to their fullest. In 2010, an investment was made in EUROGERM SA of France to boost business targeting bakery customers in the booming Asian market. Furthermore, a business alliance was entered into with the same company regarding the bread improver business in Asia. Going forward, business growth will be pursued by advancing initiatives with EUROGERM SA.

3) R&D Strategy and Cost Strategy

The development of next-generation products and new business models to complement and drive the growth of existing businesses is another important goal for the Nisshin Seifun Group. High value-added, next-generation products that are novel and unique and can win customer support will be developed continuously. In research, the Group will identify key fields to address and, through the establishment of research themes closely aligned with business strategies, will build an effective system for applying and commercializing research, and making these processes more efficient and speedy. For the year ending March 2012, the Group will increase R&D investments to accelerate the development of new products and technologies.

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

4) Measures Addressing Wheat Policy Reforms

Though progress has been slower than anticipated, World Trade Organization (WTO) negotiations on agriculture, TPP (Trans-Pacific Partnership) and other FTAs (Free Trade Agreements) under negotiation with individual countries, and EPAs (Economic Partnership Agreements), are expected to result in decisions that will have major impacts on the Nisshin Seifun Group's flour milling and processed food businesses and on wheat-flour-related businesses, generally. Since the introduction of the market-linked wheat pricing system, the government's sales prices for imported wheat have been repeatedly revised to reflect international wheat market movements, and the Group has revised its relevant product prices accordingly. In October 2010, the government also introduced a method of selling imported wheat immediately after it is imported without storing it for a specified period. 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 social 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.

The Nisshin Seifun Group views CSR activities as one of its top management priorities and its system for implementing them, which stresses thorough execution across all group operating companies, and consistent practice, as well as the Group's disclosure posture, have won high praise from external assessment and media organizations.

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. The CR (Consumer Relations) Office cooperates with the group companies to gather consumer feedback and needs, as well as information on consumer administration, which helps enhance the Group's consumer relations. This office is designed to identify the consumer mind-set and social trends and provide timely and appropriate direction as to what actions and measures need to be taken as a group.

Regarding CO_2 emission reductions to fight global warming, the Nisshin Seifun Group achieved its voluntary target of cutting its emissions 8.6% relative to the 1990 level by 2010, in accordance with the Kyoto Protocol Target Achievement Plan. Going forward from 2011, there are significant uncertainties regarding electric power supplies and other matters, and additional CO_2 emission reduction measures will be taken as warranted based on close monitoring of developments. 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 Nisshin Seifun Group engages in a broad range of social contribution activities and is a supporter of the WFP (United Nations World Food Programme).

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

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

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Assets:		
Current assets		
Cash and deposits	69,871	57,938
Notes and accounts receivable–trade	56,480	57,919
Short-term investment securities	21,648	24,744
Inventories	37,442	43,059
Deferred tax assets	5,262	5,692
Other	6,189	6,182
Allowance for doubtful accounts	(288)	(323)
Total current assets	**196,606**	**195,213**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	44,983	43,253
Machinery, equipment and vehicles, net	30,806	28,438
Land	33,167	34,098
Construction in progress	1,949	1,658
Other, net	3,251	3,007
Total property, plant and equipment	114,158	110,456
Intangible assets	3,827	3,756
Investments and other assets		
Investment securities	72,325	69,597
Long-term loans receivable	70	54
Deferred tax assets	3,056	3,250
Other	6,425	7,241
Allowance for doubtful accounts	(152)	(153)
Total investments and other assets	81,725	79,991
Total noncurrent assets	**199,710**	**194,204**
Total assets	**396,317**	**389,418**

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	22,274	36,634
Short-term loans payable	2,864	2,866
Income taxes payable	7,708	4,992
Accrued expenses	14,007	15,418
Other	15,282	14,517
Total current liabilities	**62,137**	**74,429**
Noncurrent liabilities		
Long-term loans payable	271	145
Deferred tax liabilities	12,657	11,371
Provision for retirement benefits	9,113	9,360
Provision for directors' retirement benefits	337	400
Provision for repairs	1,504	1,570
Long-term deposits received	5,486	5,492
Other	1,582	1,398
Total noncurrent liabilities	**30,953**	**29,739**
Total liabilities	**93,090**	**104,168**
Net Assets:		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	9,448	9,450
Retained earnings	230,661	239,380
Treasury stock	(3,187)	(3,171)
Total shareholders' equity	**254,040**	**262,776**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	20,303	18,205
Deferred gains or losses on hedges	105	99
Foreign currency translation adjustment	(1,693)	(2,281)
Total accumulated other comprehensive income	**18,715**	**16,023**
Subscription rights to shares	**83**	**138**
Minority interests	**30,388**	**6,311**
Total net assets	**303,226**	**285,249**
Total liabilities and net assets	**396,317**	**389,418**

(2) Consolidated Statements of Income and Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Net sales	443,728	424,156
Cost of sales	306,675	285,700
Gross profit	**137,053**	**138,455**
Selling, general and administrative expenses	110,476	113,120
Operating income	**26,576**	**25,335**
Non-operating income	3,078	2,866
Interest income	301	215
Dividends income	1,068	1,344
Equity in earnings of affiliates	946	591
Rent income	337	342
Other	425	373
Non-operating expenses	327	362
Interest expenses	89	71
Foreign exchange losses	–	89
Other	238	201
Ordinary income	**29,327**	**27,839**
Extraordinary income	1,479	4,117
Gain on sales of noncurrent assets	43	1,193
Gain on sales of investment securities	1,027	24
Gain on negative goodwill	–	2,643
Gain on liquidation of subsidiaries and affiliates	157	203
Gain on transfer of business	240	–
Other	10	53
Extraordinary loss	1,502	6,142
Loss on retirement of noncurrent assets	829	574
Loss on valuation of investment securities	–	1,440
Impairment loss	–	3,090
Loss on earthquake disaster	–	972
Expenses for improving production systems	487	–
Other	185	65
Income before income taxes and minority interests	**29,304**	**25,815**
Income taxes – current	11,786	10,889
Income taxes – deferred	(798)	(441)
Total income taxes	**10,988**	**10,448**
Income before minority interests	–	**15,367**
Minority interests in income	**1,476**	**1,179**
Net income	**16,839**	**14,187**

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Income before minority interests	–	15,367
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(2,148)
Deferred gains or losses on hedges	–	(12)
Foreign currency translation adjustment	–	(598)
Share of other comprehensive income of associates accounted for using equity method	–	(103)
Total other comprehensive income	–	(2,863)
Comprehensive income	–	12,503
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	–	11,495
Comprehensive income attributable to minority interests	–	1,008

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	17,117	17,117
Capital surplus		
Balance at the end of previous period	9,446	9,448
Changes of items during the period		
Disposal of treasury stock	2	1
Total changes of items during the period	2	1
Balance at the end of current period	9,448	9,450
Retained earnings		
Balance at the end of previous period	218,543	230,661
Changes of items during the period		
Dividends from surplus	(4,722)	(5,468)
Net income	16,839	14,187
Total changes of items during the period	12,117	8,719
Balance at the end of current period	230,661	239,380
Treasury stock		
Balance at the end of previous period	(3,177)	(3,187)
Changes of items during the period		
Purchase of treasury stock	(106)	(81)
Disposal of treasury stock	97	97
Total changes of items during the period	(9)	15
Balance at the end of current period	(3,187)	(3,171)
Total shareholders' equity		
Balance at the end of previous period	241,930	254,040
Changes of items during the period		
Dividends from surplus	(4,722)	(5,468)
Net income	16,839	14,187
Purchase of treasury stock	(106)	(81)
Disposal of treasury stock	99	98
Total changes of items during the period	12,110	8,736
Balance at the end of current period	254,040	262,776

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	17,220	20,303
Changes of items during the period		
Net changes of items other than shareholders' equity	3,082	(2,097)
Total changes of items during the period	3,082	(2,097)
Balance at the end of current period	20,303	18,205
Deferred gains or losses on hedges		
Balance at the end of previous period	43	105
Changes of items during the period		
Net changes of items other than shareholders' equity	61	(5)
Total changes of items during the period	61	(5)
Balance at the end of current period	105	99
Foreign currency translation adjustment		
Balance at the end of previous period	(2,153)	(1,693)
Changes of items during the period		
Net changes of items other than shareholders' equity	459	(588)
Total changes of items during the period	459	(588)
Balance at the end of current period	(1,693)	(2,281)
Total accumulated other comprehensive income		
Balance at the end of previous period	15,111	18,715
Changes of items during the period		
Net changes of items other than shareholders' equity	3,603	(2,692)
Total changes of items during the period	3,603	(2,692)
Balance at the end of current period	18,715	16,023
Subscription rights to shares		
Balance at the end of previous period	38	83
Changes of items during the period		
Net changes of items other than shareholders' equity	44	55
Total changes of items during the period	44	55
Balance at the end of current period	83	138
Minority interests		
Balance at the end of previous period	29,014	30,388
Changes of items during the period		
Net changes of items other than shareholders' equity	1,374	(24,076)
Total changes of items during the period	1,374	(24,076)
Balance at the end of current period	30,388	6,311
Total net assets		
Balance at the end of previous period	286,094	303,226
Changes of items during the period		
Dividends from surplus	(4,722)	(5,468)
Net income	16,839	14,187
Purchase of treasury stock	(106)	(81)
Disposal of treasury stock	99	98
Net changes of items other than shareholders' equity	5,022	(26,713)
Total changes of items during the period	17,132	(17,977)
Balance at the end of current period	303,226	285,249

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	29,304	25,815
Depreciation and amortization	14,998	13,681
Impairment loss	-	3,090
Increase (decrease) in provision for retirement benefits	524	248
Decrease (increase) in prepaid pension costs	(132)	(796)
Interest and dividend income	(1,369)	(1,559)
Interest expenses	89	71
Equity in (earnings) losses of affiliates	(946)	(591)
Loss (gain) on sales of investment securities	(1,018)	(24)
Gain on negative goodwill	-	(2,643)
Decrease (increase) in notes and accounts receivable–trade	828	(1,562)
Decrease (increase) in inventories	8,482	(5,736)
Increase (decrease) in notes and accounts payable–trade	(265)	14,430
Other, net	4,369	2,191
Subtotal	54,864	46,615
Interest and dividend income received	1,690	1,959
Interest expenses paid	(97)	(75)
Income taxes paid	(8,973)	(13,643)
Net cash provided by (used in) operating activities	**47,484**	**34,856**
Net cash provided by (used in) investing activities:		
Payments into time deposits	(117,597)	(71,602)
Proceeds from withdrawal of time deposits	89,833	92,192
Purchase of short-term investment securities	(12,173)	(23,645)
Proceeds from sales of short-term investment securities	800	21,916
Purchase of property, plant and equipment and intangible assets	(13,936)	(12,425)
Proceeds from sales of property, plant and equipment and intangible assets	(246)	1,466
Purchase of investment securities	(827)	(2,319)
Proceeds from sales of investment securities	1,504	74
Purchase of stocks of subsidiaries and affiliates	–	(21,881)
Payments for long-term loans receivable	(2)	(6)
Collections of long-term loans receivable	8	21
Other, net	244	141
Net cash provided by (used in) investing activities	**(52,393)**	**(16,067)**
Net cash provided by (used in) financing activities:		
Decrease in short-term loans payable	(196)	(105)
Repayment of long-term loans payable	(1)	(13)
Proceeds from sales of treasury stock	99	98
Purchase of treasury stock	(106)	(81)
Cash dividends paid	(4,722)	(5,468)
Other, net	(756)	(803)
Net cash provided by (used in) financing activities	**(5,684)**	**(6,373)**
Effect of exchange rate change on cash and cash equivalents	**229**	**(302)**
Net increase (decrease) in cash and cash equivalents	**(10,364)**	**12,112**
Cash and cash equivalents at beginning of period	**40,339**	**29,975**
Cash and cash equivalents at end of period	**29,975**	**42,087**

(5) Going concern considerations

None.

(6) Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 39

- Names of principal subsidiaries: Nisshin Flour Milling Inc., Nisshin Foods Inc., Ma•Ma-Macaroni Co., Ltd., Initio Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., NBC Meshtec Inc.
- Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and four 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. 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 four non-consolidated subsidiaries and seven affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.

(2) 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.

(Change in accounting policy)

Beginning with the consolidated fiscal year under review, the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, released on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No.24, released on March 10, 2008) are being applied. This change has had no impacts on earnings or on segment information.

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 first-in, first-out method, and balance sheet values reflecting write downs for decreased profitability.

(Change in accounting policy)

In October 2010, the government introduced a new system under which wheat is sold to flour milling companies immediately after importation. Afterward, the volume of wheat the company held as raw material inventory increased significantly compared to the volume held before introduction of the new system. Under these circumstances, the prices at which the company purchased wheat and the price based on the moving-average cost method the company uses to value inventory will diverge over the long term, every time the government revises the prices at which it sells wheat. Based on conditions following adoption of the immediate-sale approach, the company reconsidered its approach for valuing inventory. It concluded that under the government's present wheat sales approach, the first-in, first-out method of inventory valuation would more accurately reflect conditions with regard to the company's wheat inventory. The company, therefore, has decided to begin valuing its raw material inventory based mainly on the first-in, first-out approach.

This change has had immaterial impacts on earnings and segment information. In addition, the impacts of applying the first-in, first-out approach in valuing inventory for each quarter of the fiscal year under review are immaterial.

(2) Depreciation methods for material depreciable assets

a. Property, plant and equipment (excluding lease 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.

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 (within five years) based on the straight-line method.

c. Lease assets

Lease 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.

Finance lease transactions that do not transfer ownership and began prior to the year in which the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, revised on March 30, 2007) was first applied (on March 31, 2008 or earlier) will continue to be accounted for in a manner similar to that for ordinary rental transactions.

(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. Provision for 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. Provision for directors' retirement benefits

Nine domestic consolidated subsidiaries provide for the payment of retirement benefits to directors in accordance with internal regulations, based on projected benefits 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 any monetary receivables and payables and 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) Goodwill amortization and amortization periods

Goodwill, in principle, is amortized using the straight-line method over a period of five years beginning with the day on which it is realized. However, when the amount of goodwill is immaterial, it is amortized in total in the year it is realized.

(6) 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) Consumption tax

All accounting transactions are booked exclusive of any national or local consumption taxes.

(Change in accounting policy)

1. Beginning with the fiscal year under review, the company applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, released on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, released on March 31, 2008). This change has had no material impacts on earnings or on segment information.
2. Beginning with the fiscal year under review, the company applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, released on December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, released on December 26, 2008), partial amendments to the Accounting Standard for Research and Development Costs (ASBJ Statement No. 23, released on December 26, 2008), the revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, revised on December 26, 2008), the revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, revised on December 26, 2008) and the revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised on December 26, 2008). As a result, the assets and liabilities of consolidated subsidiaries are now evaluated based on the full market value method, rather than the partial market value method. This change has had no impacts on earnings or on segment information.

(Additional information)

Beginning with the fiscal year under review, the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, released on June 30, 2010) is being applied. However, the previous fiscal year amounts that would be included in "accumulated other comprehensive income" and "total accumulated other comprehensive income" are instead presented in "valuation and translation adjustments" and "total valuation and translation adjustments."

(7) Notes to Consolidated Financial Statements

[Consolidated Balance Sheets]

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

1. Inventory

	Fiscal 2010	Fiscal 2011
Merchandise and finished goods	¥22,048 million	¥21,897 million
Work in process	¥2,778 million	¥2,602 million
Raw materials and supplies	¥12,616 million	¥18,559 million

2. Accumulated depreciation of property, plant and equipment

Fiscal 2010	Fiscal 2011
¥217,246 million	¥225,819 million

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

	Fiscal 2010	Fiscal 2011
Advanced depreciation of property, plant and equipment acquired during the fiscal period	¥97 million	¥- million
Advanced depreciation of property, plant and equipment	¥360 million	¥359 million

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

	Fiscal 2010	Fiscal 2011
Investment securities	¥16,382 million	¥16,416 million
Others	¥115 million	¥125 million

5. Assets pledged as collateral

	Fiscal 2010	Fiscal 2011
Assets pledged as collateral		
Buildings	¥1,293 million	¥1,261 million
Machinery and equipment	¥602 million	¥688 million
Land	¥92 million	¥92 million
Secured debt		
Short-term loans payable	¥200 million	¥200 million

6. Warranty liabilities

Fiscal 2010	Fiscal 2011
¥990 million	¥768 million

[Consolidated Statements of Income]

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

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Impairment loss

The Nisshin Seifun Group has recorded for the following asset impairment losses for the fiscal year ended March 31, 2011.

Location	Purpose	Type
Kumagaya city, Saitama, etc.	Business assets (Food business)	Buildings and structures, Machinery, equipment and vehicles, Land, etc.
Kobe city, Hyogo, etc.	Subleasing assets	Buildings and structures, Land
Sasayama city, Hyogo, etc.	Idle assets	Buildings and structures, Land

The Nisshin Seifun Group determines asset groupings based on the smallest unit producing cash flow that is largely independent from cash flows for other assets or asset groups.

The operating and leased assets shown above have recoverable values that are below their book values, so the book values have been written down to recoverable values. The amounts of the write-downs (operating assets ¥2,410 million, lease assets ¥475 million) have been recorded as impairment losses under extraordinary losses. Operating asset impairment losses include ¥1,293 million for buildings and structures, ¥324 million for machinery, equipment and vehicles, ¥499 million for land, and ¥292 million for other. Lease asset impairment losses include ¥158 million for buildings and structures and ¥316 million for land.

For the idle assets shown above, market values have declined significantly, so book values were written down to recoverable values and impairment losses of ¥204 million were recorded under extraordinary losses. Idle asset impairment losses include ¥1 million for buildings and structures and ¥202 million for land.

Recoverable values for the asset groups shown above were measured based on either value-in-use (at a discount rate of 5%) or net selling price (values based on real estate appraisals, etc.).

[Consolidated Statements of Comprehensive Income]

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

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Comprehensive income for the fiscal year immediately preceding the fiscal year under review

Comprehensive income attributable to owners of the parent	¥20,443 million
Comprehensive income attributable to minority interests	¥1,853 million
Total	¥22,297 million

2. Other comprehensive income for the fiscal year immediately preceding the fiscal year under review

Valuation difference on available-for-sale securities	¥3,120 million
Deferred gains or losses on hedges	¥68 million
Foreign currency translation adjustment	¥714 million
Share of other comprehensive income of associates accounted for using equity method	¥77 million
Total	¥3,981 million

[Consolidated Statement of Changes in Net Assets]

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

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

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

Notes:

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

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

Category	Composition of subscription rights to shares	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)	Subscription rights to shares as stock options	—					83
Total		—					83

3. Dividends

(1) Dividends paid

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

・ Dividends on common stock:

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

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

・ Dividends on common stock:

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

(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, 2010.

- Dividends on common stock:

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

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

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	3,059	77	91	3,045

Notes:

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

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

Category	Composition of subscription rights to shares	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)	Subscription rights to shares as stock options	—					138
Total		—					138

3. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 25, 2010.

・ Dividends on common stock:

i) Total dividends to be paid ¥2,982 million

ii) Dividend per share ¥12

iii) Date of record March 31, 2010

iv) Effective date June 28, 2010

The following resolution was made at the meeting of the Board of Directors held on October 29, 2010.

・ Dividends on common stock:

i) Total dividends to be paid ¥2,485 million

ii) Dividend per share ¥10

iii) Date of record September 30, 2010

iv) Effective date December 3, 2010

(2) Dividends for which the record date came during the year ended March 31, 2011, 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 28, 2011.

- Dividends on common stock:

i) Total dividends to be paid	¥2,485 million
ii) Source of dividends	Retained earnings
iii) Dividend per share	¥10
iv) Date of record	March 31, 2011
v) Effective date	June 29, 2011

[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)

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Cash and deposits	69,871	57,938
Short-term investment securities	21,648	24,744
Total	91,520	82,682
Time deposits with maturities after three months	(47,395)	(26,799)
Short-term investment securities with maturities after three months	(14,149)	(13,795)
Cash and cash equivalents	29,975	42,087

[Segment information, etc.]

[Business Segment Information]

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(Millions of yen)

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

Notes:

1. Business segments were determined 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 ¥108,001 million in Fiscal 2010, which were consisted primarily of the company’s surplus funds (cash and deposits, and short-term investment securities) and investment securities.

[Geographical segment information]

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

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.

[Overseas sales]

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

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

[Segment Information]

1. Outline of Reportable Segment

The Nisshin Seifun Group's reportable segments and the other businesses are components of the Group, for which discrete financial information is available and the operating results are regularly reviewed by the company's Board of Directors to make decisions about resources to be allocated to and assess the performance of the segments.

The company, as the holding company of the Group, plans and determines group strategies for, allocates resources to and assesses the performance of each of its businesses, which are classified by type of products and services in Flour Milling, Processed Food and others.

The Group designates the Flour Milling and Processed Food segments as its reportable segments. Major products of the reportable segments are as follows.

Flour Milling: Wheat flour, bran

Processed Food: Prepared mix, wheat flour for household-use, pasta, pasta sauce, frozen food, chilled food, cake and bread ingredients, biochemical products, life science business, healthcare foods

2. Calculation methods of sales, profit (loss), assets and other items for each reportable segment

The accounting methods used for reportable segments are largely the same as those discussed under "Basis of Presentation of Consolidated Financial Statements." Segment income figures are the same as operating income figures. Intersegment sales and transfers are based on market prices.

3. Information about sales, profit (loss), assets and other items for each reportable segment

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segment			Others (Note-1)	Total	Adjustment (Note-2)	Carried on consolidated statements of income (Note-3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	161,370	224,725	386,095	38,060	424,156	–	424,156
Intersegment sales and transfers	18,868	485	19,354	2,990	22,345	(22,345)	–
Total	180,239	225,211	405,450	41,051	446,501	(22,345)	424,156
Segment profit	10,810	11,848	22,659	2,387	25,046	288	25,335
Segment assets	117,592	132,920	250,512	56,544	307,057	82,361	389,418
Other items							
Depreciation	6,881	5,530	12,411	1,568	13,979	(298)	13,681
Investment for affiliates accounted for by the equity method	1,609	177	1,787	14,262	16,049	-	16,049
Increase in property, plant and equipment and intangible assets	6,026	6,972	12,999	953	13,953	(348)	13,605

Notes: 1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, transport and storage businesses.

2. Segment income adjustment refers to inter-segment transaction eliminations.

The adjustment in segment assets includes the Group's assets (¥90,701 million): mainly, the company's surplus operating cash (cash and time deposits and securities) and investment securities.

3. Segment income has been adjusted for the operating income appearing in the consolidated statements of income

(Additional information)
Effective from April 1, 2010, the company applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, released on March 27, 2009) and the Implementation Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, released on March 21, 2008).
The categorization and measurement methods used for segment information previously reported based on business type are the same as those used for the reporting of information on segments based on management approach. Therefore, figures for sales, income or loss, assets, and other items by reportable segment have been omitted for the previous fiscal year.

(Related information)
Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Information by Geographic Segment
   (1) Sales
   Sales to external customers in Japan comprise over 90% of net sales reported on the consolidated statements of income, so this information has been omitted.
   (2) Property, plant and equipment
   Property, plant and equipment located in Japan comprises over 90% of property, plant and equipment reported on the consolidated balance sheets, so this information has been omitted.

2. Information by Major Customer

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	¥58,916 million	Flour milling, Processed food, Others

(Fixed asset impairment losses by reportable segment)
Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

	Processed food
Impairment loss	¥3,090 million

(Negative goodwill by reportable segment)
Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Consolidated subsidiaries Oriental Yeast Co., Ltd (Processed Food Segment) and NBC Meshtec Inc. (Others Segment) were made into wholly owned subsidiaries and gains from negative goodwill were recorded as a result. Gains from negative goodwill related to the Processed Food Segment came to ¥175 million. Gains from negative goodwill related to the Others Segment came to ¥2,467 million.

[Tax effect accounting]

The principal components of deferred tax assets and deferred tax liabilities are as follows.
Fiscal Year Ended March 31, 2011 (As of March 31, 2011)

(Millions of yen)

	Fiscal year ended March 31, 2011 (As of March 31, 2011)
Deferred tax assets:	
Provision for retirement benefits	4,430
Provision for bonuses	1,872
Accrued sales incentives	1,271
Investment securities etc.	1,187
Impairment loss on noncurrent assets	1,114
Unrealized gain on noncurrent assets	1,021
Provision for repairs	636
Depreciation	592
Inventories	560
Accrued enterprise tax	437
Unrealized gain on inventories	237
Other	2,387
Gross deferred tax assets	15,750
Amount offset by deferred tax liabilities	(4,049)
Net deferred tax assets	11,701
Valuation allowance	(2,758)
Deferred tax assets, net	8,943
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(12,553)
Reserve for advanced depreciation of noncurrent	(2,603)
assets	(264)
Other	
Gross deferred tax liabilities	(15,421)
Amount offset by deferred tax assets	4,049
Deferred tax liabilities, net	(11,372)

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

For the fiscal year under review, the difference between the normal effective statutory tax rate and the tax burden ratio was less than 5% of the normal effective statutory tax rate, so information on this matter has been omitted.

[Financial Instruments]

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Status of Financial Instruments

(1) Policies on financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

2. Fair Value of Financial Instruments, etc.

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

(Millions of yen)

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

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

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

Assets

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

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

(3) Short-term investment securities and investment securities

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

Liabilities

(1) Notes and accounts payable–trade

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

Derivative transactions

Refer to the Notes to (Derivative transactions).

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

(Millions of yen)

Classification	Carrying value
Unlisted stocks	19,074

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

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

(Millions of yen)

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

(Additional information)

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

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Status of Financial Instruments

(1) Policies on financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

2. Fair Value of Financial Instruments, etc.

The following table indicates the carrying value in the consolidated balance sheet, the fair value and the unrealized gain (loss) as of March 31, 2011 (consolidated closing date for the fiscal year ended March 31, 2011). Assets and liabilities, for which it is deemed difficult to measure the fair value, are not included in the table. (Refer to Note 2.)

(Millions of yen)

	Carrying value	Fair value	Unrealized gain (loss)
(1) Cash and deposits	57,938	57,938	—
(2) Notes and accounts receivable–trade	57,919	57,919	—
(3) Short-term investment securities and investment securities			
1) Held-to-maturity debt securities	2,000	2,000	—
2) Other securities	71,026	71,026	—
Total assets	188,884	188,884	—
(1) Notes and accounts payable–trade	36,634	36,634	—
Total liabilities	36,634	36,634	—
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	7	7	—
2) Transactions for which hedge accounting has been adopted	114	114	—
Total derivative transactions	121	121	—

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

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

Assets

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

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

(3) Short-term investment securities and investment securities

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

Liabilities

(1) Notes and accounts payable–trade

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

Derivative transactions

Refer to the Notes to (Derivative transactions).

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

(Millions of yen)

Classification	Carrying value
Unlisted stocks	18,773

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

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

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	57,938	—
Notes and accounts receivable–trade	57,919	—
Short-term investment securities and investment securities		
Held-to-maturity debt securities	2,000	—
Other securities with maturity dates	22,749	—
Total	140,607	—

[Securities]

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

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

(Millions of yen)

	As of March 31, 2010		
	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 market value does not exceed their carrying value			
1. Government and municipal bonds	–	–	–
2. Corporate bonds	–	–	–
3. Other	1,500	1,500	–
Subtotal	1,500	1,500	–
Total	1,500	1,500	–

2. Marketable securities classified as other securities

(Millions of yen)

	As of March 31, 2010		
	Acquisition cost	Carrying value	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost			
1. Equity securities	46,302	10,502	35,799
2. Bonds			
Government and municipal bonds	502	502	0
Corporate bonds	1,921	1,921	0
Other	–	–	–
3. Other	–	–	–
Subtotal	48,726	12,926	35,799
Securities whose carrying value does not exceed their acquisition cost			
1. Equity securities			
2. Bonds	4,356	5,600	(1,243)
Government and municipal bonds			
Corporate bonds	11,182	11,184	(1)
Other	3,541	3,542	(1)
3. Other	–	–	–
	3,000	3,000	–
Subtotal	22,080	23,327	(1,246)
Total	70,807	36,254	34,552

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

3. Sale of securities classified as other securities: Fiscal 2010 (April 1, 2009 to March 31, 2010)

(Millions of yen)

Type	Proceeds from sales	Aggregate gain on sales	Total loss on sales
Equity securities	1,505	1,028	9

Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

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

(Millions of yen)

	As of March 31, 2011		
	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 market value does not exceed their carrying value			
1. Government and municipal bonds	–	–	–
2. Corporate bonds	–	–	–
3. Other	2,000	2,000	–
Subtotal	2,000	2,000	–
Total	2,000	2,000	–

2. Marketable securities classified as other securities

(Millions of yen)

	As of March 31, 2011		
	Acquisition cost	Carrying value	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost			
1. Equity securities	42,187	10,537	31,649
2. Bonds			
Government and municipal bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
3. Other	–	–	–
Subtotal	42,187	10,537	31,649
Securities whose carrying value does not exceed their acquisition cost			
1. Equity securities	6,094	6,811	(716)
2. Bonds			
Government and municipal bonds	22,744	22,746	(1)
Corporate bonds	–	–	–
Other	–	–	–
3. Other	–	–	–
Subtotal	28,839	29,557	(718)
Total	71,026	40,095	30,931

Note: The above “other securities” do not include unlisted stocks with a carrying value of ¥4,899 million because they have no market value and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current market value.

3. Sale of securities classified as other securities: Fiscal 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

Type	Proceeds from sales	Aggregate gain on sales	Total loss on sales
Equity securities	74	24	-

4. Securities for which write downs were recorded

For the fiscal year under review, securities classified as “other securities” were written down ¥1,440 million.

[Derivative transactions]

Fiscal Year Ended March 31, 2010 (As of March 31, 2010)

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related

(Millions of yen)

Classification	Type of transactions	Notional amounts	Portion due after one year	Fair value	Unrealized gain (loss)
Market transactions	Currency futures: Buy: Canadian dollar	612	—	(8)	(8)
Non-market transactions	Forward foreign exchange contracts: Sell: U.S. dollar Buy: U.S. dollar Euro Yen	169 194 54 18	— — — —	(5) (0) (2) (0)	(5) (0) (2) (0)
Total		1,049	—	(16)	(16)

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

(2) Commodity-related

(Millions of yen)

Classification	Type of transactions	Notional amounts	Portion due after one year	Fair value	Unrealized gain (loss)
Market transactions	Commodity futures: Sell: wheat Buy: wheat	57 83	— —	5 (7)	5 (7)
Total		141	—	(2)	(2)

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

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts: Buy: U.S. dollar Thai baht Euro Canadian dollar Options: Purchase call: U.S. dollar	Accounts payable	2,079 918 890 34 7	— — — — —	76 72 (28) 3 8
Appropriation treatment	Forward foreign exchange contracts: Buy: U.S. dollar Euro	Accounts payable	112 258	— —	— —
Total			4,301	—	132

Notes: 1. Calculation of fair value is based on the prices and other information presented by associated financial institutions and others.

2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts payable to be hedged, the fair value of those is included in the fair value of the relevant accounts payable.

Fiscal Year Ended March 31, 2011 (As of March 31, 2011)

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related

(Millions of yen)

Classification	Type of transactions	Notional amounts	Portion due after one year	Fair value	Unrealized gain (loss)
Market transactions	Currency futures: Buy: Canadian dollar	467	—	7	7
Non-market transactions	Forward foreign exchange contracts:				
	Sell: U.S. dollar	148	—	(1)	(1)
	Buy: U.S. dollar	439	—	(1)	(1)
	Euro	23	—	0	0
	Yen	1	—	0	0
Total		1,080	—	5	5

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

(2) Commodity-related

(Millions of yen)

Classification	Type of transactions	Notional amounts	Portion due after one year	Fair value	Unrealized gain (loss)
Market transactions	Commodity futures:				
	Sell: wheat	7	—	(0)	(0)
	Buy: wheat	188	—	2	2
Total		195	—	1	1

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

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:	Accounts payable			
	Buy: U.S. dollar		2,965	—	46
	Thai baht		1,340	—	25
	Euro		338	—	18
	Canadian dollar		70	—	2
	Options: Purchase call: U.S. dollar		11	—	20
Appropriation treatment	Forward foreign exchange contracts:	Accounts payable			
	Buy: U.S. dollar		78	—	—
	Euro		227	—	—
Total			5,031	—	114

Notes: 1. Calculation of fair value is based on the prices and other information presented by associated financial institutions and others.

2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts payable to be hedged, the fair value of those is included in the fair value of the relevant accounts payable.

[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, 2010 (Millions of yen)	As of March 31, 2011 (Millions of yen)
(A) Project benefit obligation	(45,915)	(45,290)
(B) Fair value of plan assets	37,803	36,718
(C) Unfunded retirement benefit obligation [(A) + (B)]	(8,112)	(8,571)
(D) Unrecognized actuarial loss	4,958	5,768
(E) Unrecognized prior service cost	(1,932)	(1,734)
(F) Net amount recorded on consolidated balance sheet [(C) + (D) + (E)]	(5,086)	(4,537)
(G) Prepaid pension cost	4,027	4,823
Allowance for employees' retirement benefits [(F) – (G)]	(9,113)	(9,360)

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

3. Retirement benefit expense

	Fiscal year ended March 31, 2010 (Millions of yen)	Fiscal year ended March 31, 2011 (Millions of yen)
(A) Service cost	1,999	1,756
(B) Interest cost	1,060	1,031
(C) Expected return on plan assets	(811)	(868)
(D) Amortization of actuarial loss	813	621
(E) Amortization of prior service cost	(198)	(198)
(F) Net retirement benefit costs [(A) + (B) + (C) + (D) + (E)]	2,864	2,344

Note: The retirement benefit expense incurred by the consolidated subsidiaries that adopt simplified pension accounting methodology is recorded under "(A) Service cost."

4. Assumptions used in retirement benefit obligation calculations

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
(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.

[Business Combinations]

Fiscal Year Ended March 31, 2011 (As of March 31, 2011)

(Common Control Transactions)

1. Names and business activities of companies prior to combination, legal form of combination, names of companies after combination, and purpose and other information on transactions

(1) Names and business activities of companies prior to combination

Oriental Yeast Co., Ltd.: Manufacture and sale of cake and bread ingredients and biochemical products, and operation of a life science business

NBC Meshtec Inc.: Manufacture and sale of mesh cloth and forming filters

(2) Legal form of combination

Both companies were made into wholly owned subsidiaries via tender offer and other means

(3) Names of companies after combination

The names of the companies were not changed after combination.

(4) Purpose and other information on transactions

The company held 43.4% of the total voting rights of Oriental Yeast Co., Ltd. (as of March 31, 2010) and 48.8% of the total voting rights of NBC Meshtec Inc. (including shares held indirectly through a wholly owned subsidiary, as of March 31, 2010). Both companies were consolidated subsidiaries. In the interest of efficiency and optimal management of the overall group, and to further enhance corporate value over the long term, tender offers for common shares were embarked on between July 30 and September 13, 2010 for the purpose of making both companies into wholly owned subsidiaries. Afterward, for both companies, all of the issued and outstanding shares not previously held were acquired by performing the procedures provided in the Companies Act.

2. Accounting treatment

The additional acquisitions of subsidiary shares for the purpose of making the two companies mentioned above into wholly owned subsidiaries were accounted for as transactions with minority shareholders and common control transactions in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No.21, released on December 26, 2008) and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, released on December 26, 2008).

3. Matters regarding additional acquisitions of subsidiary shares

(1) Acquisition cost and details

Cost to acquire common stock	¥21,315 million
Direct costs for acquisition	¥615 million
Acquisition cost	¥21,931 million

(2) Amount and source of gains from negative goodwill

(i) Amount of negative goodwill: ¥2,643 million

(ii) Source of negative goodwill

Negative goodwill arose because the acquisition cost for additional shares in the subsidiaries acquired fell below the amount of minority interest.

[Per Share Information]

(Yen)

Fiscal year ended March 31, 2010		Fiscal year ended March 31, 2011	
Net assets per share	1,097.72	Net assets per share	1,121.98
Net income per share	67.77	Net income per share	57.09
Fully diluted net income per share	67.76	Fully diluted net income per share	57.09

(Notes)

1. The basis of calculation for net assets per share

Item	As of March 31, 2010	As of March 31, 2011
Total net assets, as stated on the Balance Sheets (millions of yen)	303,226	285,249
Net assets associated with common stock (millions of yen)	272,755	278,799
Major components of the difference (millions of yen):		
Subscription rights to shares	83	138
Minority interests	30,388	6,311
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,059,826	3,045,423
Number of common stock shares used in the calculation of net assets per share (shares)	248,475,622	248,490,025

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

Item	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net income, as stated on Statements of Income (millions of yen)	16,839	14,187
Amounts not attributable to owners of common stock (millions of yen)	–	–
Net income associated with common stock (millions of yen)	16,839	14,187
Average number of shares of common stock during fiscal year (shares)	248,489,043	248,497,650
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) Subscription rights to shares	38,388	3,770
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	・Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 28, 2005 (28 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (89 Subscription rights to shares) (161 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (88 Subscription rights to shares) (178 Subscription rights to shares)	・Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 28, 2005 (118 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (79 Subscription rights to shares) (146 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (88 Subscription rights to shares) (178 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2009 (84 Subscription rights to shares) (172 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 25, 2010 (86 Subscription rights to shares) (177 Subscription rights to shares)

[Notable Subsequent Events]

None.

V. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	42,953	24,335
Accounts receivable – trade	674	193
Short-term investment securities	19,327	20,999
Prepaid expenses	93	96
Deferred tax assets	503	554
Income taxes receivable	2,569	2,771
Other	450	441
Total current assets	**66,573**	**49,391**
Noncurrent assets		
Property, plant and equipment		
Buildings, net	8,149	7,719
Structures, net	807	719
Machinery and equipment, net	466	592
Vehicles, net	4	2
Tools, furniture and fixtures, net	359	350
Land	10,609	12,355
Lease assets, net	555	421
Construction in progress	826	230
Total property, plant and equipment	21,779	22,391
Intangible assets		
Leasehold right	411	411
Software	285	239
Lease assets	61	46
Other	65	63
Total intangible assets	823	761
Investments and other assets		
Investment securities	38,250	37,313
Stocks of subsidiaries and affiliates	93,193	115,424
Investments in capital	317	317
Investments in capital of subsidiaries and affiliates	506	532
Long-term loans receivable from employees	59	40
Long-term loans receivable from subsidiaries and affiliates	9,690	9,296
Long-term prepaid expenses	1,056	1,369
Other	366	365
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	143,415	164,636
Total noncurrent assets	**166,018**	**187,789**
Total assets	**232,592**	**237,180**

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	4	3
Lease obligations	159	162
Accounts payable – other	2,148	313
Accrued expenses	1,725	1,684
Deposits received	1,965	2,614
Provision for directors' bonuses	80	75
Other	154	48
Total current liabilities	**6,238**	**4,902**
Noncurrent liabilities		
Long-term loans payable	53	36
Lease obligations	456	305
Deferred tax liabilities	10,353	9,835
Provision for retirement benefits	827	845
Other	99	95
Total noncurrent liabilities	**11,790**	**11,118**
Total liabilities	**18,029**	**16,020**
Net Assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus		
Legal capital surplus	9,500	9,500
Other capital surplus	2	3
Total capital surplus	9,502	9,503
Retained earnings		
Legal retained earnings	4,379	4,379
Other retained earnings		
Reserve for dividends	2,000	2,000
Reserve for advanced depreciation of noncurrent assets	1,417	1,385
Reserve for special account for advanced depreciation of noncurrent assets	–	496
General reserve	126,770	133,770
Retained earnings brought forward	40,608	40,539
Total retained earnings	175,175	182,571
Treasury stock	(3,179)	(3,163)
Total shareholders' equity	**198,616**	**206,028**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	15,863	14,992
Total valuation and translation adjustments	**15,863**	**14,992**
Subscription rights to shares	**83**	**138**
Total net assets	**214,563**	**221,159**
Total liabilities and net assets	**232,592**	**237,180**

(2) Statements of Income

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Operating revenue	24,437	25,034
Operating expenses	13,720	12,991
Operating income	**10,716**	**12,042**
Non-operating income	1,338	1,198
Interest income	497	253
Interest on securities	29	31
Dividends income	645	878
Other	165	36
Non-operating expenses	26	77
Interest expenses	11	5
Commitment fee	10	10
Foreign exchange losses	–	58
Other	4	1
Ordinary income	**12,028**	**13,164**
Extraordinary income	1,160	1,190
Gain on sales of noncurrent assets	18	1,190
Gain on sales of investment securities	1,007	–
Gain on liquidation of subsidiaries and affiliates	129	–
Reversal of allowance for doubtful accounts	4	–
Extraordinary loss	59	1,448
Loss on retirement of noncurrent assets	59	53
Loss on valuation of investment securities	–	1,355
Loss on earthquake disaster	–	38
Income before income taxes	**13,129**	**12,906**
Income taxes – current	17	16
Income taxes – deferred	7	26
Total income taxes	**24**	**42**
Net income	**13,104**	**12,864**

(3) Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	−	−
Balance at the end of current period	17,117	17,117
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	9,500	9,500
Changes of items during the period		
Total changes of items during the period	−	−
Balance at the end of current period	9,500	9,500
Other capital surplus		
Balance at the end of previous period	−	**2**
Changes of items during the period		
Disposal of treasury stock	2	1
Total changes of items during the period	2	1
Balance at the end of current period	2	3
Total capital surplus		
Balance at the end of previous period	9,500	9,502
Changes of items during the period		
Disposal of treasury stock	2	1
Total changes of items during the period	2	1
Balance at the end of current period	9,502	9,503
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	4,379	4,379
Changes of items during the period		
Total changes of items during the period	−	−
Balance at the end of current period	4,379	4,379
Other retained earnings		
Reserve for dividends		
Balance at the end of previous period	2,000	2,000
Changes of items during the period		
Total changes of items during the period	−	−
Balance at the end of current period	2,000	2,000
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	1,429	1,417
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	22	-
Reversal of reserve for advanced depreciation of noncurrent assets	(34)	(32)
Total changes of items during the period	(11)	(32)
Balance at the end of current period	1,417	1,385

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Reserve for special account for advanced depreciation of noncurrent assets		
Balance at the end of previous period	22	-
Changes of items during the period		
Provision of reserve for special account for advanced depreciation of noncurrent assets	–	496
Reversal of reserve for special account for advanced depreciation of noncurrent assets	(22)	-
Total changes of items during the period	(22)	496
Balance at the end of current period	–	496
General reserve		
Balance at the end of previous period	126,770	126,770
Changes of items during the period		
Provision of general reserve	–	7,000
Total changes of items during the period	–	7,000
Balance at the end of current period	126,770	133,770
Retained earnings brought forward		
Balance at the end of previous period	32,191	40,608
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	(22)	-
Reversal of reserve for advanced depreciation of noncurrent assets	34	32
Provision of reserve for special account for advanced depreciation of noncurrent assets	–	(496)
Reversal of reserve for special account for advanced depreciation of noncurrent assets	22	-
Provision of general reserve	-	(7,000)
Dividends from surplus	(4,722)	(5,468)
Net income	13,104	12,864
Total changes of items during the period	8,416	(68)
Balance at the end of current period	40,608	40,539
Total retained earnings		
Balance at the end of previous period	166,793	175,175
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	–	–
Reversal of reserve for advanced depreciation of noncurrent assets	–	–
Provision of reserve for special account for advanced depreciation of noncurrent assets	–	–
Reversal of reserve for special account for advanced depreciation of noncurrent assets	–	–
Provision of general reserve	–	–
Dividends from surplus	(4,722)	(5,468)
Net income	13,104	12,864
Total changes of items during the period	8,381	7,395
Balance at the end of current period	175,175	182,571

(Millions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Treasury stock		
Balance at the end of previous period	(3,170)	(3,179)
Changes of items during the period		
Purchases of treasury stock	(106)	(81)
Disposal of treasury stock	97	97
Total changes of items during the period	(9)	15
Balance at the end of current period	(3,179)	(3,163)
Total shareholders' equity		
Balance at the end of previous period	190,241	198,616
Changes of items during the period		
Dividends from surplus	(4,722)	(5,468)
Net income	13,104	12,864
Purchases of treasury stock	(106)	(81)
Disposal of treasury stock	99	98
Total changes of items during the period	8,374	7,412
Balance at the end of current period	198,616	206,028
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	13,704	15,863
Changes of items during the period		
Net changes of items other than shareholders' equity	2,159	(871)
Total changes of items during the period	2,159	(871)
Balance at the end of current period	15,863	14,992
Total valuation and translation adjustments		
Balance at the end of previous period	13,704	15,863
Changes of items during the period		
Net changes of items other than shareholders' equity	2,159	(871)
Total changes of items during the period	2,159	(871)
Balance at the end of current period	15,863	14,992
Subscription rights to shares		
Balance at the end of previous period	38	83
Changes of items during the period		
Net changes of items other than shareholders' equity	44	55
Total changes of items during the period	44	55
Balance at the end of current period	83	138
Total net assets		
Balance at the end of previous period	203,983	214,563
Changes of items during the period		
Dividends from surplus	(4,722)	(5,468)
Net income	13,104	12,864
Purchases of treasury stock	(106)	(81)
Disposal of treasury stock	99	98
Net changes of items other than shareholders' equity	2,204	(815)
Total changes of items during the period	10,579	6,596
Balance at the end of current period	214,563	221,159