Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

As of March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	**2009**	2008	**2009**
Current Assets:			
Cash and deposits (Note 17)	**¥ 51,967**	¥ 43,987	**$ 529,043**
Notes and accounts receivable – trade	**57,329**	58,000	**583,620**
Short-term investment securities (Note 17)	**8,799**	13,704	**89,585**
Inventories (Note 5)	**45,822**	40,313	**466,480**
Deferred tax assets (Note 15)	**4,480**	5,524	**45,614**
Other	**6,925**	5,528	**70,499**
Allowance for doubtful accounts	**(212)**	(217)	**(2,161)**
Total current assets	**175,112**	166,841	**1,782,679**
Property, Plant and Equipment (Notes 6, 7 and 8):			
Land	**32,939**	33,187	**335,330**
Buildings and structures	**45,477**	45,276	**462,968**
Machinery, equipment and vehicles	**33,843**	32,526	**344,535**
Construction in progress	**1,056**	5,574	**10,759**
Other	**3,333**	2,707	**33,934**
52 0 TD[10,)5.7(180)7.661 Property, plant and equipment, net	**116 0 TD(465nc2a792 0 0 7.98 492.1199 4s771 Tf10.528-.TTT2 1 Tf7.98 0 0 7.**		

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	**2009**
Current Liabilities:			
Notes and accounts payable – trade	¥ **22,479**	¥ 23,875	$ **228,841**
Short-term loans payable (Note 8)	**2,943**	3,969	**29,963**
Income taxes payable (Note 15)	**4,691**	3,870	**47,757**
Accrued expenses	**13,470**	13,600	**137,135**
Other	**12,797**	13,409	**130,283**
[redacted]	**56,381**	58,724	**573,978TT4 1 Tf7.98 0 0 7.98 a**

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	**2009**
Net Sales	**¥ 466,671**	¥ 431,858	**$ 4,750,806**
Cost of Sales (Notes 5 and 14)	**334,992**	298,498	**3,410,283**
Gross Profit			

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2009 and 2008

	Millions of yen									
	Shareholders' equity				Valuation and translation adjustments					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2007	¥ 17,117	¥ 9,779	¥ 207,550	¥ (3,010)	¥ 39,102	¥ 41	¥ 394	¥ -	¥ 29,331	¥ 300,306
Changes of items during the period:										
Dividends from surplus			(4,561)							(4,561)
Net income			11,147							11,147
Purchase of treasury stock				(5,634)						(5,634)
Disposal of treasury stock		(2)		135						132
Retirement of treasury stock		(330)	(4,915)	5,246						
Net changes of items other than shareholders' equity					(12,987)	(291)	397	8	1,322	(11,551)
Total changes of items during the period	-	(333)	1,671	(252)	(12,987)	(291)	397	8	1,322	(10,466)
Balance at March 31, 2008	**17,117**	**9,446**	**209,221**	**(3,263)**	**26,115**	**(250)**	**791**	**8**	**30,653**	**289,839**
Effect of changes in accounting policies applied to										

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	**2009**
Net Cash Provided by Operating Activities:			
Income before income taxes and minority interests	**¥ 24,596**	¥ 22,327	**$ 250,397**
Depreciation and amortization	**15,403**	13,515	**156,810**
Decrease (Increase) in provision for retirement benefits	**278**	(1,543)	**2,837**
Increase in prepaid pension costs	**(2,533)**	(1,361)	**(25,792)**
Interest and dividend income	**(1,688)**	(1,723)	**(17,186)**
Interest expenses	**167**	180	**1,701**
Equity in earnings of affiliates	**(767)**	(1,091)	**(7,813)**
Gain on sales of short-term investment securities	**(161)**	(1,649)	**(1,646)**
(Increase) Decrease in notes and accounts receivable – trade	**(127)**	2,200	**(1,293)**
(Increase) Decrease in inventories	**(6,480)**	4,563	**(65,970)**

Notes to Consolidated Financial Statements

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

For the Years Ended March 31, 2009 and 2008

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

Nisshin Seifun Group Inc. (the “Company”) and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated and accounted for by the equity method are stated at cost as adjusted for equity in undistributed earnings and losses from the date of acquisition. As of March 31, 2009 the number of subsidiaries and affiliates accounted by the equity method was nine (ten in 2008).

Differences between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies which are accounted for by the equity method have been amortized by the straight-line method for a period of five year. However, immaterial goodwill and negative goodwill are charged or credited to income in the year of acquisition.

1. **Summary of Significant Accounting Policies (continued)**

(c) Translation of Foreign Currency Accounts

Current and non-current receivables and payables denominated in foreign currencies are translated at current rates of exchange prevailing at the balance sheet date and the resulting exchange gains or losses are recognized in earnings. Financial statements of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates in effect at the balance sheet date, with the exceptions that the components of net assets excluding minority interests are translated at their historical rates and that statement of income items are translated at the average rates of exchange in effect during the year.

Translation adjustments resulting from translation of foreign currency financial statements are presented as foreign currency translation adjustments and minority interests in the accompanying consolidated balance sheets.

(d) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include short-term investment securities, time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

A reconciliation between cash in the consolidated balance sheets and cash equivalents in the consolidated statements of cash flows is presented in Note 17.

(e) Inventories

Inventories are stated at the lower of cost or market.

Flour and bran, cost is determined by the retail cost method; for other products, cost is principally determined by the periodic average method. For raw materials, cost is principally determined by the moving average method.

See Note 2(b).

(f) Allowance for Doubtful Accounts

The Company and its domestic consolidated subsidiaries provide allowance for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period, plus an estimated uncollectible amount based on an analysis of certain individual accounts, including claims in bankruptcy.

Overseas consolidated subsidiaries provide allowance for doubtful accounts based on an estimate of uncollectible amounts for specific accounts.

1. Summary of Significant Accounting Policies (continued)

(g) Depreciation and Amortization (excluding leased assets)

Property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation of property, plant and equipment is computed by the declining-balance method for the Company and its domestic consolidated subsidiaries (excluding buildings acquired on or after April 1, 1998), and by the straight-line method for overseas consolidated subsidiaries over the estimated useful lives of the respective assets. Depreciation of buildings acquired on or after April 1, 1998 is computed by the straight-line method for the Company and its domestic consolidated subsidiaries.

Amortization of intangible assets is computed by the straight-line method. Software for internal use is carried at cost less accumulated amortization, which is calculated by the straight-line method over its estimated useful life (five years).

(h) Leases

Finance leases that do not transfer ownership of leasm

1. Summary of Significant Accounting Policies (continued)

(k) Provision for Directors' Retirement Benefits

Ten (nine in 2008) of the Company's domestic consolidated subsidiaries provide an accrual for the necessary payments for directors' retirement benefits based on the projected benefits to be paid at the year end in accordance with internal policies.

(l) Income Taxes

2. Changes in Accounting Policies

(a) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Effective the year ended March 31, 2009, the Company has applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No.18 issued by the Accounting Standards Board of Japan on May 17, 2006).

The effect of this application at the beginning of the year ended March 31, 2009 was to decrease noncurrent assets by ¥120 million ($1,228 thousand), retained earnings by ¥48 million ($492 thousand) and minority interests by ¥72 million ($736 thousand), respectively.

The effect on income and loss and segment information for the year ended March 31, 2009 was immaterial.

(b) Changes in Measurement of Inventories

Effective the year ended March 31, 2009, the Company and its subsidiaries have adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9 issued by the Accounting Standards Board of Japan on July 5, 2006).

The effect of the adoption was to decrease operating income and income before income taxes and minority interests by ¥191 million (US$1,953 thousand) for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous method. The effect of the adoption on segment information is described in Note 20.

(c) Changes in Method of Accounting for Depreciation

Effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have changed the useful lives of machinery from 7 to 16 years to 7 to 12 years based on the reassessment of the useful lives in light of the change in the Corporation Tax Law. The effect of this change was to decrease operating income and income before income taxes and minority interests by ¥1,122 million ($11,429 thousand) for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous method. The effect of this change on segment information is described in Note 20.

Effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007 in accordance with the Corporation Tax Law as amended. The effect of this change was to decrease operating income and income before income taxes and minority interests in by ¥203 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method. The effect of this change on segment information is described in Note 20.

2. Changes in Accounting Policies (continued)

(c) Changes in Method of Accounting for Depreciation (continued)

In addition, effective the year ended March 31, 2008, after having depreciated the book value of property, plant and equipment acquired on or before March 31, 2007 to 5 of their respective acquisition cost based on the Corporation Tax Law prior to the amendment, the Company and its domestic consolidated subsidiaries depreciate the difference of the remaining acquisition cost less minimum salvage value using the straight-line method over a period of 5 years and book such depreciation as depreciation expense, in accordance with the Corporation Tax Law as amended. The effect of this change was to decrease operating income and income before income taxes and minority interests by ¥700 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method. The effect of this change on segment information is described in Note 20.

(d) Changes in Method of Accounting for Lease Transactions

Effective the year ended March 31, 2009, the Company has applied "Accounting Standard for Lease Transactions" (Statement No.13) and "Guidance on Accounting Standard for Lease Transactions" (Guidance No. 16) issued by the Accounting Standards Board of Japan on March 30, 2007. Under the previous accounting standard, finance leases which do not transfer ownership of the leased assets to lessee were permitted to be accounted for as operating lease transactions. The new accounting standard requires that all finance lease transactions should be accounted for in a similar manner as sales transactions and treated as capital leases.

4. Investment Securities

Investments in unconsolidated subsidiaries and affiliates included in “Investment securities” as of March 31, 2009 and 2008 amounted to ¥15,898 million ($161,852 thousand) and ¥18,172million, respectively.

4. Investment Securities (continued)

(b) Information regarding available-for-sale securities with fair market value

	2009					
	Millions of yen			Thousands of U.S. dollars		
	Acquisition Cost	Carrying Value	Unrealized Gains (Losses)	Acquisition Cost	Carrying Value	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities						

4. Investment Securities (continued)

(c) Sale of securities classified as available-for-sale securities

Information regarding sale of securities classified as available-for-sale securities for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Proceeds from sales	**¥ 226**	¥ 2,071	**$ 2,310**
Aggregate gains on sales	**161**	1,681	**1,642**

(d) Available-for-sale securities without fair market value

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Held to maturity securities:			
Certificates of deposits	**¥ 500**	¥ 500	**$ 5,090**
Available-for-sale securities:			
Certificates of deposits	**6,000**	-	**61,081**
Unlisted stock	**4,578**	4,640	**46,606**
Total	**¥ 11,078**	¥ 5,140	**$ 112,777**

(e) The redemption schedule of held-to-maturity securities at March 31, 2009 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
	Due in one year or less	Due after one year through	Due in one year or less	Due after one year through
Bonds:				
Government and municipal bonds	**¥ 1,500**	**¥ -**	**$ 15,270**	**$ -**
Corporate bonds	**800**	**-**	**8,144**	**-**
Other	**500**	**-**	**5,090**	**-**
Other:	**6,000**	**-**	**61,081**	**-**
Total	**¥ 8,800**	**¥ -**	**$ 89,586**	**$ -**

5. Inventories

Inventories at March 31, 2009 and 2008 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Merchandise and finished goods	**¥ 26,190**	¥ 22,923	**$ 266,622**
Raw materials and supplies	**16,408**	12,962	**167,042**
Work in process	**3,223**	4,426	**32,815**
Total	**¥ 45,822**	¥ 40,313	**$ 466,480**

5. Inventories (continued)

6. Leases (continued)

(Lessor)

	Millions of yen		Thousands of U.S. dollars	
Due within one year	¥	**110**	$	**1,129**
Due after one year		**778**		**7,929**
Total	¥	**889**	$	**9,058**

7. Property, Plant and Equipment

Accumulated depreciation of property, plant and equipment at March 31, 2009 and 2008

8. Short-Term and Long-Term Loans Payable (continued)

The annual maturities of long-term lease obligations within 5 years of March 31, 2009 excluding the current potion are summarized as follows:

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
2011	¥	**195**	$	**1,995**
2012		**196**		**2,000**
2013		**195**		**1,991**
2014		**134**		**1,369**

The Group has entered into certain line-of-credit agreements with major financial institutions amounting to ¥17,830 million ($181,513 thousand) and ¥18,830 million at March 31, 2009 and 2008, respectively.

There were no loans payable outstanding at March 31, 2009 and 2008 under these line-of-credit agreements.

Administrative expenses related to these line-of-credit agreements amounted to ¥17 million dd tarch 315.3(
The Gcarryng tm i cllArerel 31, 2009

9. Provision for Employees' Retirement Benefits (continued)

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Projected benefit obligation	**¥ (46,923)**	¥ (48,512)	**$ (477,688)**
Fair value of plan assets	**35,171**	40,165	**358,058**
Unrecognized actuarial loss	**9,189**	3,711	**93,555**
Unrecognized prior service cost	**(2,131)**	(2,329)	**(21,696)**
Less: Prepaid pension cost	**3,894**	1,361	**39,649**
Allowance for employees' retirement benefits	**¥ (8,587)**	¥ (8,325)	**$ (87,420)**

* Certain subsidiaries apply the simplified method to calculate benefit obligations.
* In addition to the above allowance for retirement benefits, a special retirement benefit of ¥429 million was included in Other in current liabilities in the accompanying consolidated balance sheet at March 31, 2008.

The components of retirement benefit costs for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service cost	**¥ 1,816**	¥ 1,749	**$ 18,495**
Interest cost	**1,093**	1,124	**11,135**
Expected return on plan assets	**(995)**	(1,021)	**(10,132)**
Amortization of actuarial loss	**522**	305	**5,316**
Amortization of prior service cost	**(198)**	(198)	**(2,018)**
Net retirement benefit costs	**¥ 2,239**	¥ 1,960	**$ 22,795**

* Retirement benefit costs incurred by consolidated subsidiaries that apply the simplified method are recorded as service cost.
* In addition to the above retirement benefit costs, a special retirement benefits of ¥429 million was included in other expenses in the accompanying consolidated statement of income for the year ended March 31, 2008.

The assumptions used in the above computations for the years ended March 31, 2009 and 2008 are set forth as follows:

		2009		2008
Discount rate	Principally	**2.5%**	Principally	2.5%
Expected rate of return on plan assets	Principally	**2.5%**	Principally	2.5%
Amortization period of actuarial difference	Principally	**15 years**	Principally	15 years
Amortization period of prior service cost		**15 years**		15 years

10. Stock Option Plans

Stock option expenses included in "Selling, General and Administrative Expenses" in the accompanying consolidated statement of income for the years ended March 31, 2009 and 2008 amounted to ¥29 million ($304 thousand) and ¥8 million, respectively.

At March 31, 2009, the Company and consolidated subsidiaries had the following stock option plans:

10. Stock Option Plans (continued)

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

	2002 Plan	2003 Plan	2004 Plan	2005 Plan
Non-Vested (number of shares)				
Outstanding at beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Vested during the year	-	-	-	-
Outstanding at end of the year	-	-	-	-
Vested (number of shares)				
Outstanding at beginning of the year	16,500	56,100	177,100	247,500
Vested during the year	-	-	-	-
Exercised during the year	14,300	28,600	86,900	64,900
Forfeited during the year	-	-	-	-
Outstanding at end of the year	2,200	27,500	90,200	182,600
Exercise price (Yen)	¥805	¥811	¥999	¥1,085
Exercise price (U.S. dollars)	$8.20	$8.26	$10.17	$11.05

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10. Stock Option Plans (continued)

	2007 Plan	2008 Plan
Non-Vested (number of shares)		
Outstanding at beginning of the year	250,000	-
Granted during the year	-	266,000
Forfeited during the year	-	-
Vested during the year	-	-
Outstanding at end of the year	250,000	266,000
Vested (number of shares)		
Outstanding at beginning of the year	-	-
Granted during the year	-	-
Exercised during the year	-	-
Forfeited during the year	-	-
Outstanding at end of the year	-	-
Exercise price (Yen)	¥1,197	¥1,397
Exercise price (U.S. dollars)	$12.19	$14.22
Fair value as of grant date (Yen)	¥102	¥201
Fair value as of grant date (U.S. dollars)	$1.04	$2.05

The fair value of options granted as of the grant da

10. Stock Option Plans (continued)

	2002 Plan	2003 Plan	2004 Plan	2005 Plan
Non-Vested (number of shares)				
Outstanding at beginning of the year	-	-	-	258,500
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Vested during the year	-	-	-	258,500
Outstanding at end of the year	-	-	-	-
Vested (number of shares)				
Outstanding at beginning of the year	33,000	91,300	213,400	-
Vested during the year	-	-	-	258,500
Exercised during the year	16,500	35,200	36,300	11,000
Forfeited during the year	-	-	-	-
Outstanding at end of the year	16,500	56,100	177,100	247,500
Exercise price (Yen)	¥805	¥811	¥999	¥1,085
Exercise price (U.S. dollars)	$8.03	$8.09	$9.97	$10.83
Weighted-average market price upon exercise (Yen)	¥1,191	¥1,120	¥1,139	¥1,091
Weighted-average market price upon exercise (U.S. dollars)	$11.89	$11.18	$11.37	$10.89

	2007 Plan
Grantees	12 directors and 11 operating officers of the Company and 23 directors of consolidated subsidiaries
Type of stock	Common Stock
Number of shares granted	250,000 shares
Grant date	August 13, 2007
Conditions for vesting	Not stated
Service period	Not specified
Exercisable period	July 27, 2009- July 26, 2014

	2007 Plan
Non-Vested (number of shares)	
Outstanding at beginning of the year	-
Granted during the year	250,000
Forfeited during the year	-
Vested during the year	-
Outstanding at end of the year	250,000
Vested (number of shares)	
Outstanding at beginning of the year	-
Granted during the year	-
Exercised during the year	-
Forfeited during the year	-
Outstanding at end of the year	-

10. Stock Option Plans (continued)

The fair value of options granted as of the grant date was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	2007 Plan
Expected volatility *1 (%)……	17.5
Expected remaining period *2 (years)……	4.5
Expected dividends per share *3 (yen)……	¥18
Expected dividends per share *3 (U.S. dollars)……	$0.18
Risk free interest rate *4 (%)……	1.21

*1 Expected volatility is estimated based on the actual stock price in the period from January 2003 to August 2007.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividends per share refers to the expected annual amount for the year ended March 31, 2007.

*4 Risk free interest rate represents the interest rate of government bonds whose remaining period corresponds to the expected remaining period of the above stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested numbers is based on actual forfeitures in prior periods.

11. Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

12. Supplemental Information for Consolidated Statements of Changes in Net Assets

(a) Type and Number of Outstanding Shares

	Thousands of shares			
	Year ended March 31, 2009			
Types of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at year end
Issued stock: Common stock	**251,535**	**-**	**-**	**251,535**
Treasury stock: Common stock	**3,170**	**120**	**227**	**3,063**

1. Treasury stock increased due to a repurchase of odd-lot shares of less than one unit (120 thousand shares).
2. Treasury stock decreased due to (a) a disposal of odd-lot shares of less than one unit (32 thousand shares) and (b) exercise of stock options (194 thousand shares).

12. Supplemental Information for Consolidated Statements of Changes in Net Assets (continued)

(a) Type and Number of Outstanding Shares (continued)

	Thousands of shares		
	Year ended March 31, 2008		
Types of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year

12. Supplemental Information for Consolidated Statements of Changes in Net Assets (continued)

(c) Dividends (continued)

(1) Dividends paid to shareholders (continued)

Year ended March 31, 2008

Date of approval	Resolution approved by	Type of shares	Amount	Amount per share	Cut-off date	Effective date
			(Millions of yen)	(Yen)		
June 27, 2007	Annual general meeting of shareholders	Common stock	¥ 2,280	¥ 9	March 31, 2007	June 28, 2007
November 9, 2007	Board of directors	Common stock	¥ 2,280	¥ 9	September 30, 2007	December 10,2007

(2) Dividends with a cut-off date during the fiscal year but an effective date subsequent to the fiscal year

Year ended March 31, 2009

Date of approval	Resolution approved by	Type of share	Source of dividends	Amount		Amount per share		Cut-off date	Effective date
				(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 25, 2009	**Annual general meeting of shareholders**	**Common stock**	**Retained earnings**	**¥ 2,236**	**$ 22,772**	**¥ 9**	**$ 0.09**	**March 31, 2009**	**June 26, 2009**

Year ended March 31, 2008

Date of approval	Resolution approved by	Type of share	Source of dividends	Amount	Amount per share	Cut-off date	Effective date
				(Millions of yen)	(Yen)		
June 26, 2008	Annual general meeting of shareholders	Common stock	Retained earnings	¥ 2,235	¥ 9	March 31, 2008	June 27, 2008

14. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs were ¥5,448 million ($55,472 thousand) and ¥5,136 million for the years ended March 31, 2009 and 2008, respectively.

15. Income Taxes

Income taxes applicable to the Group consist of corporate tax, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended March 31, 2009 and 2008.

16. Contingent Liabilities

At March 31, 2009 and 2008, the Company was contingently liable as a guarantor of loan obligations to financial institutions for one affiliated company and others as follows:

	Millions of yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Employee housing loans receivable	**¥ 211**	¥ 259	**$ 2,153**
Hanshin Silo Co., Ltd (affiliated company)	**690**	522	**7,028**
Nihon-Bio Co., Ltd (client-related)	**248**	290	**2,530**
	¥ 1,150	¥ 1,072	**$ 11,711**

17. Cash and Cash Equivalents

Cash and deposit on the accompanying consolidated balance sheets and cash and cash equivalents on the accompanying consolidated statements of cash flows are reconciled as of March 31, 2009 and 2008 as follows:

	Millions of yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Cash and deposit	**¥ 51,967**	¥ 43,987	**$ 529,043**
Marketable securities	**8,799**	13,704	**89,585**
Total	**60,767**	57,692	**618,627**
Time deposits with maturities of more than three months	**(19,627)**	(7,136)	**(199,816)**
Marketable securities with maturities of more than three months	**(800)**	(11,705)	**(8,144)**
Cash and cash equivalents	**¥ 40,339**	¥ 38,850	**$ 410,667**

18. Derivatives

The Group uses forward exchange contracts and currency option contracts and certain overseas consolidated subsidiaries use commodity futures on flour as derivative financial instruments solely for the purpose of mitigating future risks arising from fluctuation in foreign currency exchange rates and commodity prices. The Group does not enter into derivatives transactions for trading or speculative purposes. Forward exchange contracts, currency option contracts and commodity futures are subject to the risk arising from foreign exchange rate changes and commodity price changes. Because the counterparties to such transactions are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk. The derivatives transactions are executed by the Finance and Accounting departments based on the instructions of Operating divisions exposed to foreign exchange risks in accordance with established internal policies and within certain specified limits, thereby allowing for the diversification of the risks.

Internal policies also restrict currency option trading to purchase call options. At certain consolidated subsidiaries, the derivatives transactions are executed by the Finance department in accordance with the instructions of relevant departments. The Company's Finance and Accounting departments report information on derivatives transactions to the managers, directors or executive officers on a monthly basis.

18. Derivatives (continued)

The estimated fair value of the open derivative positions at March 31, 2009 is summarized as follows:

	2009					
	Millions of yen			Thousands of U.S. dollars		
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Foreign currency option:						
Buy:						
Canadian dollars	**¥ 507**	**¥ 510**	**¥ 2**	**$ 5,164**	**$ 5,193**	**$ 30**
Forward exchange contracts:						
Buy:						
U.S. dollars	**¥ 166**	**¥ 167**	**¥ 0**	**$ 1,691**	**$ 1,701**	**$ 9**
	¥ 673	**¥ 677**	**¥ 3**	**$ 6,855**	**$ 6,894**	**$ 39**
Commodity futures:						
Buy:						
Flour	**¥ 5**	**¥ 5**	**¥ (0)**	**$ 60**	**$ 59**	**$ (1)**
	¥ 5	**¥ 5**	**¥ (0)**	**$ 60**	**$ 59**	**$ (1)**

	2008		
	Millions of yen		
	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Buy:			
U.S. dollars	¥ 50	¥ 49	¥ (0)
Canadian dollar	1,045	1,036	(8)
Sell:			
Japanese Yen	¥ 107	¥ 108	¥ (1)
	¥ -	¥ -	¥ (10)
Commodity futures:			
Sell			
Flour	¥ 340	¥ 403	¥ (63)
	¥ 340	¥ 403	¥ (63)

* Fair value of forward exchange contracts is stated based on the quoted market price.

19. Related Party Transactions

Disclosure of related party transactions has been omitted as the total amount of such transactions was immaterial for the years ended March 31, 2009 and 2008.

Effective the year ended March 31, 2009, the Company has applied “Accounting Standard for Disclosure of Related Party Transactions” and “Guidance on Disclosure of Related Party Transactions” issued by the Accounting Standards Board of Japan on October 17, 2006. There is no effect on consolidated financial statements for the year ended March 31, 2009.

20. Segment Information

Business Segment Information

Operations by business segment for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen					
	2009					
	Flour Milling	Processed Food	Other	Total	Corporate Assets and Eliminations	Consolidated
Net Sales:						

20. Segment Information (continued)

	Thousands of U.S. dollars					
	2009					
	Flour Milling	Processed Food	Other	Total	Corporate Assets and Eliminations	Consolidated
Net Sales:						
Sales to external customers	**$ 2,028,877**	**$ 2,339,236**	**$ 382,694**	**$ 4,750,806**	**$ -**	**$ 4,750,806**
Intersegment sales and transfers	**256,115**	**5,203**	**37,926**	**299,244**	**(299,244)**	**-**
Total	**$ 2,284,991**	**$ 2,344,439**	**$ 420,620**	**$ 5,050,050**	**$ (299,244)**	**$ 4,750,806**
Operating expenses	**2,162,986**	**2,265,634**	**400,202**	**4,828,822**	**(299,489)**	**4,529,333**
Operating income	**$ 122,006**	**$ 78,805**	**$ 20,417**	**$ 221,228**	**$ 246**	**$ 221,474**
Total Assets, Depreciation and Amortization, and Capital Expenditures:						
Total assets	**$ 1,245,390**	**$ 1,313,559**	**$ 505,042**	**$ 3,063,990**	**$ 711,636**	**$ 3,775,626**
Depreciation and amortization	**82,431**	**61,501**	**15,915**	**159,847**	**(3,037)**	**156,810**
Capital expenditures	**71,069**	**46,782**	**25,864**	**143,715**	**(3,270)**	**140,445**

	Millions of yen					
	2008					
	Flour Milling	Processed Food	Other	Total	Corporate Assets and Eliminations	Consolidated
Net Sales:						
Sales to external customers	¥ 164,449	¥ 224,914	¥ 42,494	¥ 431,858	¥ -	¥ 431,858
Intersegment sales and transfers	19,038	774	5,936	25,750	(25,750)	-
Total	183,487	225,689	48,431	457,608	(25,750)	431,858
Operating expenses	173,293	220,730	44,086	438,110	(25,443)	412,666
Operating income	¥ 10,194	¥ 4,958	¥ 4,344	¥ 19,498	¥ (306)	¥ 19,191
Total Assets, Depreciation and Amortization, and Capital Expenditures:						
Total assets	¥ 122,133	¥ 131,662	¥ 51,087	¥ 304,884	¥ 76,910	¥ 381,795
Depreciation and amortization	6,379	6,100	1,277	13,757	(242)	13,515
Capital expenditures	9,860	4,650	4,113	18,624	(576)	18,047

1. Business segments were determined based on the similarities of the product types.

2. Primary products for each business segment are summarized as follows:

   Flour Milling .... Flour, bran

   Processed Food .... Prepared mix, flour for consumer use, pasta, pasta source, frozen food, chilled food, cake and bread ingredients, biochemical products, life science products, healthcare foods

   Other .... Pet food, engineering, mesh cloths, transport and storage

3. Corporate assets included in the “corporate assets and eliminations” column amounted to ¥77,298 million ($786,918 thousand) and ¥83,611 million at March 31, 2009 and 2008, respectively, and consisted primarily of the Company’s surplus funds (cash and deposits, and marketable securities) and investment securities.

20. Segment Information (continued)

4. Changes in accounting policies

(a) Changes in measurement of inventories

As described in Note 2, “Changes in Accounting Policies, (b) Changes in Measurement of Inventories,” effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted, “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9 issued by the Accounting Standards Board of Japan issued on July 5, 2006). The effect of the adoption, was to increase operating expenses and decrease operating income for Processed Food by ¥191 million (US$1,953 thousand) for the year ended March 31, 2009 from the corresponding amount which would have been recorded under the previous method.

(b) Changes in method of accountie

20. Segment Information (continued)

Geographical Segment Information