THE NISSHIN OIL MILLS, LTD.

Annual Report 1999

FOR THE YEAR ENDED MARCH 31, 1999

Reinventing Japan's Oils and Meal Industry

Profile

The Japanese diet has undergone a fundamental change in the 20th century. Most significant was the rising consumption of Western food. An important ingredient in this enrichment of eating habits was vegetable oil. The Nisshin Oil Mills, Ltd., set up in 1907, was the first Japanese firm to make vegetable oil. In fiscal 1998, Nisshin Oil retained its leading share of Japan's edible oil market with annual production of 400,000 tons. Nisshin Oil's products have 39% of the market for home-use cooking oil. Today, production centers on edible oils, and includes processed items such as dressing and processed oils and fats like margarine and shortening. Sales are also derived from diverse products such as industrial oils and meal for feed and fertilizer. The Company is active in the fields of fine chemicals, pharmaceuticals and gardening. In this way, Nisshin Oil is helping to write a new chapter in the evolution of Japan's eating habits, and is opening up new frontiers in cooking oil and related fields. Nisshin Oil is a company that relishes challenges. In the 21st century and beyond, the Company is determined to continue to create products that are healthy and tasty.

Contents

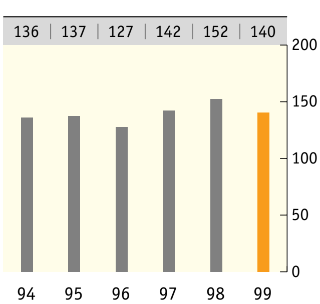
Six-Year Summary

The Nisshin Oil Mills, Ltd. and Consolidated Subsidiaries
Years Ended March 31

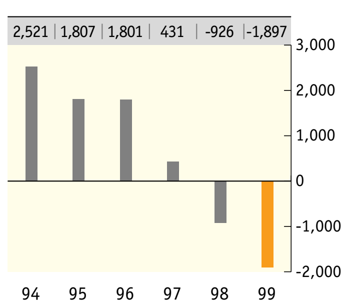
	Millions of Yen Except Per Share Data						Thousands of U.S. Dollars Except Per Share Data
	1999	1998	1997	1996	1995	1994	**1999**
FOR THE YEAR:							
Net sales	**¥140,638**	¥152,350	¥142,264	¥127,689	¥137,603	¥136,686	**$1,162,298**
Net income (loss)	**(1,897)**	(926)	431	1,801	1,807	2,521	**(15,678)**
Per share data (in yen):							
Net income (loss)	**¥ (12.91)**	¥ (6.33)	¥ 2.93	¥ 12.25	¥ 12.29	¥ 17.15	**$ (0.11)**
Diluted net income				11.2			
Cash dividends, applicable to the year	**7.00**	8.00	8.00	8.50	8.00	8.00	**0.06**
AT YEAR END:							
Total assets	**¥152,224**	¥156,944	¥157,647	¥171,771	¥163,357	¥169,169	**$1,258,050**
Shareholders' equity	**81,241**	82,592	84,748	85,631	85,023	84,379	**671,413**

Notes: 1. U.S. dollar amounts represent translations of Japanese yen amounts, for convenience only, at the rate of ¥121 to U.S.$1, the rate in effect at March 31, 1999.
2. Net income (loss) per share is computed based on the weighted average number of outstanding shares of common stock.
3. Diluted net income per share data is disclosed from 1996. However, it is not disclosed in 1999 and 1998 because of the Company's net loss position, and in 1997 because it was anti-dilutive.

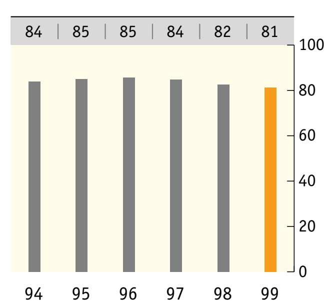
Net Sales
(billions of yen)



Net Income (Loss)
(millions of yen)



Shareholders' Equity
(billions of yen)



Message from the Management

Jokei Akitani
President

A Challenging Operating Environment

The Japanese oils and meal industry is dependent on imports for many of its basic ingredients and is therefore vulnerable not only to foreign exchange movements but also fluctuations in grain prices. Many other factors combined to make this a very difficult year. Prices for edible oil products remained in the doldrums, a result of the protracted economic malaise in Japan. Changing consumption trends have affected the industry: people have become more concerned about calorie intake and are shying away from cooking oil. There has also been a steep drop in demand for cooking oil during the summer and New Year gift-giving seasons. These two traditional Japanese customs are increasingly viewed as empty rituals and are being abandoned as the recession bites. Also overshadowing the operating environment were increasing calls for abolition of import restrictions as part of the wave of deregulation now washing over Japan. With imported oil subject to annually declining tariffs, the domestic market is more exposed to global market forces.

Results

Soybean and rapeseed, the principal ingredients of cooking oil, were relatively inexpensive on international markets in fiscal 1998, which ended March 31, 1999. But there was a steep fall in the value of the yen in the year's first half and in the price of meal, which accounted for 30% of our total output in the previous fiscal year.

1998: Nisshin Oil & Mills focused on rebuilding its core oils and meal business and creating high value-added products, to achieve the goals of the 3D21 long-term business plan.

Furthermore, manufacturers of oil products were unable to raise prices to offset the yen's weakness. These factors led to a fall in net sales.

Nisshin Oil's most recent long-term business plan is approaching its conclusion. We made redoubled efforts to build a low-cost operating base, but net sales fell 7.7% to ¥140.6 billion and posted an operating loss. Nisshin Oil posted a net loss of ¥1,897 million, the second straight year of red ink.

Highlights

In accordance with our long-term business plan 3D21 begun in fiscal 1991, we have set annual business targets and goals. For fiscal 1998, the goal was "a more competitive, profit-oriented organization." To streamline production and build a low-cost operational base, we consolidated production and distribution operations in western Japan and completed the second phase of construction at the Sakai plant. We also centralized distribution operations in the Sakai area. These measures created a more efficient organization that concentrates production of crush oilseeds and refining at the Yokohama Isogo plant, and refining at the Sakai plant. We were also active in development and marketing of new products. *Nisshin Salad Oil,* long one of our best-performing products, has a high share of the Japanese home-use market. But the brand no longer has its former clout. Consumer needs are diversifying and manufacturers can no longer dictate purchasing patterns. In response, we focused development resources on high-valued added products such as *Bosco* brand olive oils and *Canola,* a healthy, less unctuous cooking oil with a high oleic acid content. These moves enabled Nisshin Oil to offer an exceptionally well-balanced line of products. Soybean, rapeseed and other conventional products accounted for 75% of cooking oil sales five years ago, but by fiscal 1998, sales of value-added oils had risen above 50% of the total. Our drive to develop markets for value-added oils continues. In February 1999, we released *Nisshin Balance Oil,* a line of health-oriented oils such as *Kousanka Up,* which helps the body fight oxidation, and *Shibousan Balance,* which helps create the right mix of fatty acids in the body.

Business Plan for the Current Fiscal Year

In fiscal 1999, which ends March 31, 2000, the Nisshin Oil group is concentrating all its efforts on optimizing production, sales and distribution to strengthen the operating base. Overseas companies, especially in South America, are boosting crush oilseed production, and some are becoming very price competitive. And increasing monopolization in the grain industry worldwide has created worries of further downward pressure on earnings in the crushing business. To cope with these developments, it is necessary to reinforce refining operations. At the Sakai plant and other facilities, Nisshin Oil is working to ensure that, as a refiner, it can produce a top-class finished product regardless of the quality of the imported raw oil. In this field in Japan, only Nisshin Oil has both a crushing and refining business that are capable of responding flexibly to external shifts in the business environment.

Drawing on its distribution channels and expertise in oils and fats, foods and medical products, Nisshin Oil is moving ahead of rival companies into new businesses such as fine chemicals, gardening and medical foods. As demographic changes raise the proportion of elderly people in Japan, medical care is becoming more oriented toward preventive measures. Therefore, medical foods has become a promising field. Nisshin Oil is already a pioneer in this market, having set up in December 1998 a care-related department called "Health Connections Promotion Office." Our line of products, including side dishes, seasonings and rice varieties, is designed to cater for a wide range of medical conditions and is the most extensive on the market. And because our products are tasty, unlike purely medical products, we are remaining true to our motto of "tasty, healthy, quality foods" in this sector too.

In addition to the mail-order channels we have used to market these products, we are expanding outlets to include drug stores, hospitals and department stores. These initiatives come under a single strategy which we call the Tree of Health. This means not merely selling individual products, but treating health products as an integrated element of our overall food-product range. The ultimate goal is promoting healthier eating habits.

Putting the Investor First

Nisshin Oil is increasing emphasis on consolidated performance as part of our drive to raise the public's awareness of the entire Nisshin Oil group. At the heart of this program is the adoption of global accounting standards, such as the use of market values on financial statements. We are also prioritizing cash flows in our management. This entails the rigorous selection of new investments and the more rapid recovery of those investments to improve returns on capital. An uncertain outlook for Japan's economy means that we cannot expect a rebound in earnings in the near future. We plan to surmount these challenges by bolstering our financial base and implementing the strategies outlined in this letter.

I earnestly hope that shareholders understand the need to cut the dividend ¥1 to ¥7, and respectfully request your continued support for Nisshin Oil's new posture in the 21st century.

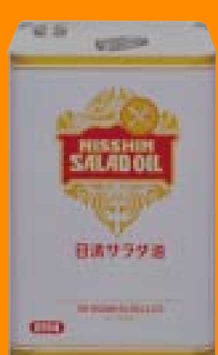
September 30, 1999

Jokei Akitani
President

The operating environment for Japanese edible-oil manufacturing companies is changing dramatically. All over the world, this business, especially crushing operations, is becoming less profitable. In Japan, shifts in consumption patterns have blunted growth in sales of both edible oil and meal. The entire Japanese edible-oil industry is now faced with the need to restructure. As one of the top companies, Nisshin Oil is taking the lead in this effort to raise profitability. By basing product development on awareness of evolving consumption patterns, Nisshin Oil is providing the high-valued added products that the market now demands.

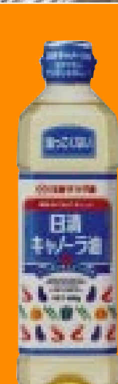
Reinventing Japan's Oils and Meal Industry

Cooking oil is the main business of Nisshin Oil, a company that has consistently held the top share of the Japanese market. While reasserting the anchoring role of the edible-oil and meal manufacturing business in its long-term management plan 3D21, Nisshin Oil will focus restructuring efforts on the production system, to create an operating base capable of generating high earnings. By approaching product development from the viewpoint of the customer, it aims also to create new value-added products with high profitability.



Nisshin Salad Oil, Nisshin Oil's flagship product

Bosco Olive Oil is the leader in its market.



Nisshin Canola Oil leaves a crisper texture.

Nisshin Sesami Oil has a fragrant aroma.

Two Pillars for Growth

In Japan, Nisshin Oil operates integrated production facilities that convert imported raw materials into packaged products. However, the weakness of the domestic economy, the drop in international meal prices, the soft yen and lower import tariffs have forced the Japanese cooking oil industry into restructuring. It has become necessary to be able to begin manufacture at the refining stage, and not always on an integrated basis. Nisshin Oil in April 1999 completed the second phase of construction at the Sakai plant, its production and distribution center in western Japan, by adding refining facilities. This guarantees a stable supply of high-quality products regardless of the origin of crushed raw materials and of oil type. Now, domestic production has two main pillars: the Yokohama Isogo plant, which carries out integrated production including crushing, and the Sakai plant specializing in refining. Nisshin Oil is the only Japanese manufacturer of oil products with a facility capable of responding flexibly to changes in the price of raw materials and raw oil.

Successful Development of Value-added Oils

Nisshin Oil's flagship product, the cooking oil *Nisshin Salad Oil*, was launched in 1924 and has long dominated the market with a share that now stands at around 40%. Resources are now being focused on product development that takes into account the two major trends in consumer behavior: heightened health awareness and greater demand for new tastes. One example of the new emphasis is the Bosco brand. Launched in February 1996, this series of olive oils has earned the top share in its market. It satisfies the health-conscious, and also benefits from the popularity of Italian cooking in Japan. Another hit is *Canola Oil*, a highly refined oil. Sales have grown steadily since its launch in 1992, and it won the fiscal 1998 Best Product Award of a leading food-industry newspaper. Also doing well is *Nisshin Light Oil*, which gives off a less

Rebuilding:

A Focus on Core Products

strong smell during cooking. In the year ended March 1999, these high-value added oils with something extra accounted for more than 50% of Nisshin Oil's cooking oil sales. And in February 1999, it released *Nisshin Balance Oil*, an entirely new kind of cooking oil which actively promotes healthy diets.

Building a Strategic Partnership in the Foodservice Market

Nisshin Oil is expanding sales in the foodservice market, a growth business in Japan. It has been consulting customers to develop better foodservice products, and is using its strengths in general food technology and product commercialization to propose solutions in cooperation with meal-production companies. One fruit of this approach is the well-received frying oil for prepared packaged meals and restaurant food now being produced at Nisshin Oil's Malaysian subsidiary, Southern Nisshin Bio-Tech Sdn. Bhd. Nisshin Oil is now working with meal production companies to develop further this market.

Strengthening the Fine Chemical Business

Nisshin Oil supplies fine chemical raw materials to sectors such as cosmetics, food additives, pharmaceuticals and chemical products. It has positioned this as a strategic business to be fostered in the 21st century. Currently, cosmetic raw materials account for around 60% of sales in this segment. They are well regarded by domestic and overseas cosmetics makers.

Among products Nisshin Oil ships abroad are moisture-retaining ingredients for lipstick and milky lotions. Nisshin Oil also has joint projects in the information technology field to produce and sell synthetic ester, wax and compound lubricants for photographic film, photocopiers and other information equipment. But it also makes natural products such as tocopherol and phospholipid. In autumn 1999, it acquired ISO 9001 quality assurance certification.

Horticultural Business Benefits from Gardening Boom

Despite the economic slowdown, the market for gardening products in Japan has shown 130% growth over the last five years. Since 1967, Nisshin Oil has marketed meal and fertilizer materials yielded as by-products during crushing operations. Using established sales channels, the company in 1993 began selling herbs and flower seedlings. It had expanded the product range to 100 items by the spring of 1999, double the level of the previous year.

To create new products, Nisshin Oil has entered joint development agreements with agricultural enterprises and built an in-house dedicated facility. In March 1998, it set up a greenhouse and growth chamber within the Kurihama research facility and this fiscal year launched new varieties of plant seedlings including lavender and other herbs, wild pinks, violets, verbena and small tomatoes.

Diversifying:

Positions in Attractive New Markets

The Tree of Health Strategy

Nisshin Oil was quick to recognize the business potential arising from the demographic shift toward a grayer population in Japan, developing a range of health-care products and services such as medical foods. It markets foods formulated to help prevent and cure sickness through mail order and similar channels, and has already earned a major competitive edge in this field. And it makes sure its products not only do good but also taste good.

This demographic shift and revisions to the medical insurance system indicate that the market for medical foods will grow further. In December 1998, Nisshin Oil set up the Health Connections Promotion Office, which brings the group's health business operations under one roof. The concept is called the Tree of Health. The goal is a superior product range that offers a comprehensive package of lifestyle solutions. Taking advantage of recent legal changes that eased regulations on sales channels, Nisshin Oil is expanding sales to pharmacies, hospitals and other medical institutions and drugstores.

Nisshin Oil has selected certain businesses peripheral to refining operations as strategic sources of earnings in the 21st century. These will be cultivated based on Nisshin Oil's deep-rooted know-how in the refining business and its superior production systems and management resources. In addition to fine chemicals and horticultural businesses such as gardening products, they include medical foods and nutritional supplements.

Nisshin Oil makes raw materials for the food, pharmaceutical and cosmetics industries.

Nisshin Oil's medical foods help cure and prevent illness.

Garden-use fertilizers and plant products

Nisshin Oil's goal is to develop new products from the viewpoint of the customer, and commercialize them as fast as possible. Strong research and development are essential for this. Nisshin Oil has placed this theme at the heart of the group's long-term management vision. To remain competitive into the future, it will focus on two areas: basic research into raw materials, and development of high value-added products demanded by the market. This is Nisshin Oil's development concept.

Nisshin Oil is focusing resources on creating value-added products.

Mexilate, a medicine for arrhythmia

Nisshin Oil's research and food product development facilities in Kanagawa Prefecture

Creative Product Development

Nisshin Oil's main base, the Yokosuka plant in Kanagawa Prefecture, houses both Nisshin Oil Research Laboratory and the food product development center. Nisshin Oil Research Laboratory technicians are involved in development of oil and fats, processed foods, industrial oils, fine chemicals and other original products; the laboratory has acquired patents in many fields. The food development center is involved in upgrading existing products, various marketing activities and follow-up research.

Joint Development with Companies and Research Institutions

Nisshin Oils is involved in a wide range of collaborative development projects with major corporate customers and research facilities as part of its strategy of getting new products to market fast. In foodservice oils and fats, its partners are manufacturers of prepared packaged meals, frozen foods and snacks. It also cooperates with convenience-store chains and others. In industrial-use oils and fats, partners are ink makers; in cosmetics raw materials, cosmetics makers; in medical products, drug makers, research institutes and universities. Jointly developed products include a natural-stock Chinese food flavoring, an ester-interchange-based frying oil ideal for frozen foods and vegetable-based products for cosmetics makers.

Success of Research and Development Reflected in the Products

HEALTH-PROMOTING OILS In the last few years, Nisshin Oil has focused research on foods with nutritional and other health benefits, especially vegetable oils. It is studying the relationship between disease and diet, and the nutritional functions of oils and fats. Two resulting products already creating a stir are *Nisshin Balance Oil Kousanka Up* and *Shibousan Balance*. *Kousanka Up* works by helping restore a nutritional balance affected by oxidation, part of the aging process, and poor diet. The other oil is designed to contribute to a balanced diet. In autumn 1999, a new product called *Diet* will go on sale, featuring fatty acids which can be easily converted into energy.

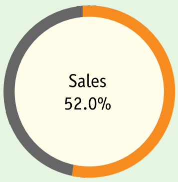
Research and Development: the Key to Profits

A NEW MEDICINE Since it launched its pharmaceutical business in 1987, Nisshin Oil has developed a number of distinctive medical products, mainly at its laboratory in Yokohama. It endeavors to develop products for specific market needs. For example, *Mexilate*, a medicine for arrhythmia launched in 1994, is highly regarded by both doctors and patients since it is easy to swallow. Its performance has been so strong that Nisshin Oil was able to hold its proceeds steady despite recent mandatory reductions in drug prices.

Another success was *Acycril*, an antiviral medicine for intravenous instillation launched in 1997. Because of its ease of use, this product was adopted immediately by major hospitals.

In addition to these challenges, Nisshin Oil has continued work on the development of new medical products. One of these is the company's first entirely new medical product, *Miotecter*. This cardioplegic solution is used to help restore normal functioning of the heart after heart surgery, and expected to be launched by the end of 1999.

Cooking Oil and Processed-Foods Division



Overview

Products include mainstay Nisshin Salad Oil, sesame oil, olive oil and other edible oils. Nisshin Salad Oil and other oils have acquired ISO 9001 certification, an international quality-assurance standard.

Nisshin Oil is also responding to the shift in demand to foods that are compatible with healthy diets, a trend it was among the first to detect. Examples are the *Bosco* olive oils and dressing, Chinese-style chicken bouillon, and *Mayodore*, an egg-free pure vegetable oil with zero cholesterol. Nisshin Oil produces vegetables oils in China at Dalian Nisshin Oil Mills, Ltd. and Shanghai Nisshin Oil & Fats, Ltd. At the Zhen Jiang Nisshin Seasoning Co., Ltd., sesame oil is produced for sale in China and Japan.

PRODUCTS

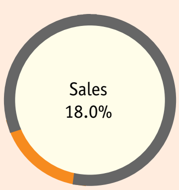
Cooking Oil: *Salad Oil, Canola Oil, Light Oil, Balance Oil, Corn Oil, Safflower Oil, Sesame Oil, Bosco Olive Oil, Grapeseed Oil* and other vegetable oils.

Processed Foods: *Ajiwai Dressing, Bosco Olive Dressing, Bosco Herb Oil, Mayodore,* Chinese-style chicken bouillon, Chinese seasoning, *Itame sauce,* sesame processed foods, the flavoring oil *Garlic Oil, Chinese Onion Oil* and others.

RESULTS AND OUTLOOK

In fiscal 1998, sales declined. Although *Canola Oil* and other premium-grade products did well, sales of mainstay home-use cooking oils fell in volume terms because prices remained low. However, sales of commercial-use cooking oil were better thanks to higher prices. At the end of the fiscal year, two new oils for healthy diets were introduced in the *Nisshin Balance Oil* line. In September 1999, a health-concept *Nisshin Balance Oil* was released.

Meal



Overview

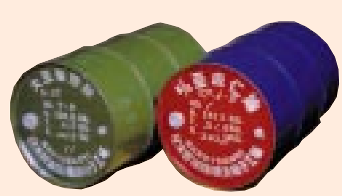
Nisshin Oil supplies soybean meal for use as compound feed for chickens, pigs and other livestock. It also supplies rapeseed meal for fertilizer for gardening, orchards and tobacco farms and livestock. Nisshin Oil is also developing a market for seedlings. Dalian Nisshin Oil Mills, Ltd. in China produces and sells soybean meal.

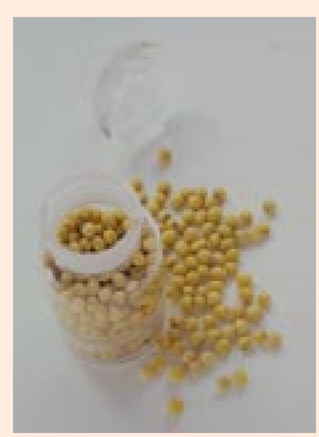
PRODUCTS

Gardening-use fertilizers, soybean meal, rapeseed meal, industrial oils and fats, fatty acids, seedlings, gardening-use soil and others.

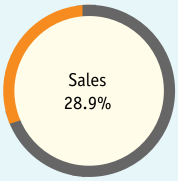
RESULTS AND OUTLOOK

Sales of soybean meal fell as imports caused a drop in prices and domestic sales volume. On international markets, soybean oil was in tight supply and rose in price, but soybean meal for livestock feed was in surplus and prices fell steeply. Nisshin Oil boosted sales of value-added edible soybeans, but sales of raw soybeans declined, a reflection of lower prices. Gardening products continued to do well, partly a result of the introduction of new seedlings.





Oils, Fats and Chemicals Division



Overview

The superb quality of *Bonland* margarine and shortening and other frying oils and fats is widely acknowledged by baking firms, major oil and fat processors, prepared-meal makers, restaurants and hotels. The products of the fine chemicals department are used by top international cosmetics firms for basic ingredients such as moisture retainers for cosmetics and toiletries. This division also produces tocopherol and lecithin, for nutritional supplements. And Nisshin Oil's synthetic fat and wax products are used as lubricants in information equipment. In overseas operations, this division produces a popular palm-oil based frying oil at a subsidiary in Malaysia, Southern Nisshin Bio-Tech Sdn. Bhd. Nisshin Oil processes fats and oils at affiliates in Taiwan and in China for sale to industrial users.

PRODUCTS

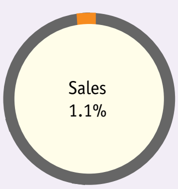
Bonland margarine and shortening, *Royal Dish* palm-oil based frying oils and fats, *Fry Ace* premium frying oil, *Nisshin Doughnut Oil*, *Court Ace*, *Uni Ace* cooking oil, various foodstuffs, tocopherol, lecithin, various materials for cosmetics, middle chain fatty acid oil, and other products.

RESULTS AND OUTLOOK

In the year under review, Nisshin Oil greatly raised sales of cooking-use processed oils and fats, despite weak demand, by focusing on products for prepared packaged meals and new products. Sales of industrial-use oils rose slightly. Although demand fell in volume terms for linseed oils sold to the paint and ink industries, the sales price rose reflecting a rise in raw material prices. Chemical products, cosmetics raw materials and other fine chemical products also did well, partly because of the adoption of new materials by the information equipment industry. But margarine was down as a result of the slump in the baking industry.

Nisshin Oil is turning ingredients generated at the oil and fat refining stage into distinctive new products in the fields of cosmetics, foods and pharmaceuticals and industrial products. In fiscal 1999, it acquired ISO 9001 certification for its fine chemicals operations.

Other Businesses



Overview

Key products in this category are treatments for arrhythmia (irregular heartbeat), and medicines to prepare women for premature delivery. Nisshin Oil has been focusing resources on its pharmaceutical business, and in winter 1999 plans to release an entirely new medicine which preserves the myocardcardium during operations. Nisshin Oil is also active in medical foods, having entered the market early. It sells foods for sufferers of kidney and other ailments that interfere with eating, and nutritional supplements, through catalogs and hospital and pharmacy distribution channels. Nisshin Oil is also involved in aquaculture, restaurants, fitness clubs and other health-related businesses, and distribution, port, warehousing, information equipment, engineering, leasing and casualty insurance agency businesses.

PRODUCTS AND BUSINESSES

Mexilate, a treatment for arrhythmia, viral chemical treatments, foods for sufferers of kidney disease and other ailments, nutritional supplements, fluid foods, flounder, red sea bream, *ayu* and other farmed fish, and others. Nisshin Oil also runs a chain of tempura outlets, *Tenya*.

Note: Sales shares are non-consolidated.

1. Completion of Second Phase of Sakai Plant

In January 1998, operations commenced at the new refining facility and part of the new distribution facility at the Sakai plant in suburban Osaka. The facilities are intended to increase Nisshin Oil's international competitiveness and serve all of western Japan. The second phase of construction began at Sakai in July 1998, with the goal of streamlining and reinforcing production, distribution and management. All projects were completed in April 1999. The Sakai plant now has higher refining capacity as well as packaging facilities and a new warehouse. This completed the process of transferring operations of the Kobe plant to Sakai, thereby establishing Sakai as a low-cost production and distribution base. The plant has facilities that allow large vessels to be unloaded directly at the quay. Sakai is now the central pillar of Nisshin Oil's refining operations.

The Sakai plant handles all steps from refining through packaging and distribution. Among Japanese edible-oil manufacturers, only Nisshin Oil has the ability to respond to changes in the business environment in both its crushing and refining operations.

***Kousanka Up* in the *Nisshin Balance Oil* series.**
As we grow older, resistance to oxidation declines, opening the way to cell damage from free radicals. This is a trigger for illnesses that are associated with unhealthy lifestyles. Nisshin Balance Oil includes plenty of oleic acid, a fatty acid that is believed to retard the oxidation of LDL cholesterol, as well as the natural anti-oxidants vitamin E and sesame lignan.

***Shibousan Balance* in the *Nisshin Balance Oil* series.**
This member of the *Nisshin Balance Oil* family boasts an excellent balance of oleic acid, linolic acid and linolenic acid, as recommended by Japan's Ministry of Health and Welfare, and helps adjust the balance of fatty acids in those who eat a lot of meat.

2. Nisshin Balance Oil Goes on Sale

The home-use cooking oil market in Japan has undergone great structural changes in the past few years. In fiscal 1994, standard cooking oils had about 70% of the overall market, while the remaining 30% was accounted for by high-valued added oils. In March 1999, high-valued added grades had grown to half of the market. The main reason was an expansion of the market for oils such as canola oil (high quality rapeseed oil) and olive oils. Both are highly profitable products purchased by health-conscious consumers. Underlying this trend is the "graying" of Japanese society and an increasing awareness of illnesses associated with aging and lifestyle. Nisshin Oil is targeting this market. The *Nisshin Balance Oil* range was the fruit of extensive research into the edible-oil market and likely changes in customers' attitudes to health and the way they use cooking oil. It was backed by studies done by Nisshin Oil Central Research Laboratory into oils and fats and nutritional physiology.

3. Royal Dish

In joint projects with manufacturers of prepared packaged meals, restaurant chains and convenience stores, Nisshin Oil is also involved in the market for ready-to-eat meals. In the foodservice sector, the most important challenge is ensuring that the fresh taste of prepared packaged meals, frozen foods and other ingredients are not lost as time passes. In this area, Nisshin Oil's main product is *Royal Dish*, a palm-oil based frying oil produced by a subsidiary in Malaysia, Southern Nisshin Bio-Tech Sdn. Bhd. This

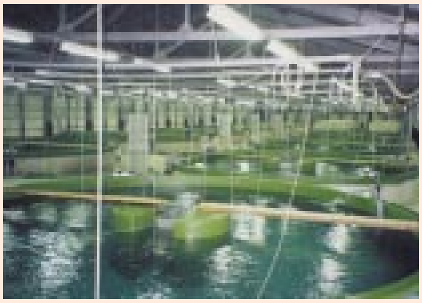
Royal Dish, a palm-oil based frying oil that is made using the ester-interchange method.

oil, created with ester interchange technology, gives prefried frozen food a refreshing taste and crunchy texture even after some time has passed and has been very well received by the market. Nisshin Oil is using ester-interchange technology to develop other innovative oils to meet specific market needs.

4. Aquaculture: Nisshin Marine Tech Co., Ltd.

While researching the production technology for eicosapentaenoic acid (EPA) fatty acid, Nisshin succeeded in mass-producing a type of marine algae called chlorella (*Nannochloropsis oculata*) that contains large quantities of EPA. This formed the basis for development of a business operated by subsidiary Nisshin Science Co., Ltd. that sells larviculture feed to hatcheries. Nisshin Marine Tech, whose main business is breeding and rearing of fry, produces juveniles of flounder, *ayu* (sweetfish), globefish and red sea bream and sells them to fish-farm companies. In light of the heavy demand for *ayu*, in April 1999 Nisshin Marine Tech built a dedicated facility for breeding of *ayu*.

One of the main advantages Nisshin Marine Tech enjoys is the use of pumped-up underground sea water. Having undergone natural filtration, this water is very clear and germ-free. Another is a stable year-round temperature. This makes it possible to control the timing of the spawning and the raising of the fry. Nisshin Marine Tech is also studying production of spotted halibut and grouper. Nisshin Marine Tech has earned a strong reputation for the quality of its finfish juveniles.



Facilities for producing *ayu* were completed in April 1999.
With an annual production capacity of 30 million *ayu*, this is one of the largest facilities of its kind in Japan. Notable for its labor-saving design, this fish farm will help Nisshin Oil produce *ayu* of sufficient quality to market as a branded product.

5. Therapeutic Foods and Nutritional Supplements: Nisshin Science Co., Ltd.

Nisshin Oil has been involved in the health and medical food business for a long time. In therapeutic food operations, it has developed products for people who have difficulty in eating, particularly due to kidney disease, and in swallowing. These products are sold by mail order and through hospital and pharmacy distribution channels. For kidney patients, Nisshin Oil offers over ten items ranging from main meals through side dishes, snacks and seasonings. Nisshin Science, which produces mainly health and medical foods, plans to become a supplier of a full line of therapeutic foods, with products categorized by ailment. Currently it is developing and commercializing foods for diabetics and the elderly. In liquid foods, this company is growing mainly through joint projects with pharmaceutical companies and as a consignment manufacturer. Nisshin Science prioritizes the creation of flavorful products from the first.

Nisshin Science supplies a range of health and beauty supplements.

Many people believe that the main issue to be faced in the 21st century will be creating an industrial and social structure which promotes the protection and efficient use of the world's natural resources. The new century is also likely to usher in an economic environment where only companies that show a strong sense of social responsibility will thrive. One of the standards by which companies will be judged will be environmental performance.

In 1991, Nisshin Oil set up a companywide environmental issues committee. This was followed in 1993 with the announcement of a basic policy and philosophy. The company also set numerical targets in individual categories and committed itself to saving energy and reducing waste. Over the last ten years, Nisshin Oil has made substantial capital investments at its main plant in Isogo, Yokohama to promote energy conservation, streamline distribution, automate warehousing, and reduce pollution from waste water and other sources.

Environmental protection is usually regarded as an issue limited to factories, but Nisshin Oil has taken a broader perspective. Programs also cover the administrative, sales, research and production departments, all of which work closely together to fulfill goals and aim for still higher targets. The results have been dramatic. Today, Nisshin Oils' production operations consume 11% less energy than in 1990. Everyone at the company takes pride in this achievement, and we regard it as the foundation for greater achievements in the 21st century.

Plastic cups make it easier to recycle bottles.

Use of cogeneration facilities greatly reduces emissions of greenhouse gases.

We are currently taking the following measures:

Design Department

- Reducing packaging materials
- Improving product design to cut waste, for example by making it easier for consumers to separate container caps for garbage sorting, and by making containers smaller

Production Department

- Constructing waste water processing facilities
- Recycling waste water and sludge as compost
- Recycling waste white earth as a raw material for cement
- Taking energy saving measures such as use of cogeneration and fuel cells

Distribution and Procurement Department

- Having vehicles deliver more than one product at one time, to cut down journeys and reduce emissions of gases that cause global warming
- Switching to more energy-efficient modes of transportation
- Elimination of sources of production of so-called environmental hormones, mainly by eliminating the use of polyvinyl chloride

Sales Department

- Strictly adhering to pre-determined volumes for individual deliveries

Administration Department

- Sorting and recycling paper
- Setting aside "No Car Days" when employees do not use their cars to come to work.

Financial Review

The Nisshin Oil Mills, Ltd. group consists of Nisshin Oil and 16 consolidated subsidiaries, four nonconsolidated subsidiaries and 13 affiliates. None of the nonconsolidated subsidiaries are accounted for using the equity method, but nine of the affiliates are. The group's business results are divided into two segments: Food and Related Businesses and Other Businesses.

Operating Environment

The Japanese economy in the year under review continued to face severe difficulties. Although the prolonged economic downturn appears to have bottomed out, personal spending remained in the doldrums, private-sector capital investment declined, and unemployment increased. The market for oils and fats was weak because of the general falloff in consumption due to the sluggish economy and a drop in the international price of meal.

Net Sales and Segment Information

Consolidated net sales fell ¥11,712 million, or 7.7%, to ¥140,638 million (US$1,162 million). Operating income dropped ¥1,679 million to a loss of ¥1,464 million (US$12 million). Below are details of operating results by business segment.

Food and Related Businesses

The main products are oil and fat products and processed products, meal and grain, beverages, and other food products. Sales fell 8.5% to ¥124,110 million (US$1,026 million). Edible oil prices rose on the international market, but the harsh retailing environment in Japan caused by the poor economy and other factors made it impossible to achieve a corresponding price rise in the Japanese market. Food and Related Businesses accounted for 88.2% of all sales. An operating loss of ¥1,998 million (US$17 million) was recorded (before deduction of corporate expenses). This was mainly attributable to a higher cost of sales ratio due to the fall in sales prices of meal and poor results at overseas subsidiaries.

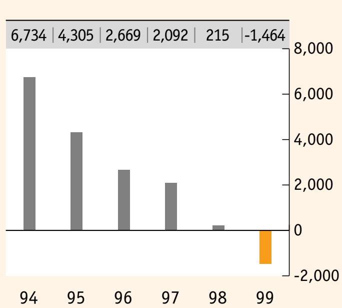
Other Businesses

Other Businesses mainly consist of cosmetics, chemical products, detergents, real-estate leasing and management, packaging services, port cargo handling, warehousing, management of restaurants and sports facilities, sales promotion, engineering, leasing, casualty insurance agencies and computer systems. Sales of Other Businesses, which accounted for 11.8% of all sales, decreased 0.9% to ¥16,528 million (US$137 million). Performance was hurt by the slow economy, and operating income fell ¥37.5% to ¥562 million (US$5 million).

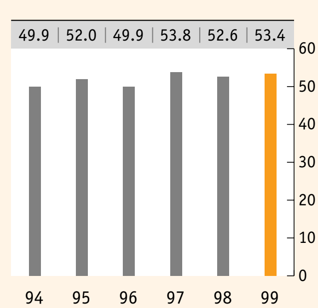
Other Income (Expense) and Net Income

Interest and dividend income fell 44.1% to ¥550 million (US$5 million). Interest expense rose 2.3% to ¥760 million (US$6 million). Nisshin Oil posted a net loss for the year of ¥1,897 million (US$16 million). The net loss per share rose by ¥6.58 to ¥12.91 ($0.11). Tax-effect accounting was used from this year;

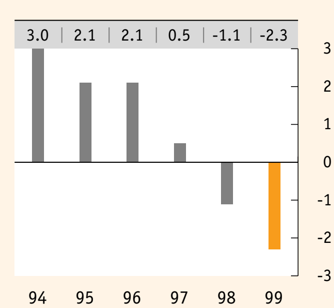
Operating Income
(millions of yen)



Shareholders' Equity Ratio
(%)



Return on Average Equity
(%)



its effect was reduce the net loss by ¥1,696 million (US$14 million).

Financial Position

Total assets at the end the year declined 3.0% to ¥152,224 million (US$1,258 million). In line with the lower sales, current assets fell 11.2% to ¥69,701 million (US$576 million). However, property, plant and equipment rose 4.7% to ¥59,556 million (US$492 million), reflecting robust capital investment. Current liabilities were down 6.6% to ¥38,906 million (US$322 million) due to a 21.2% drop in accounts payable. Interest-bearing liabilities slid 1.6% to ¥39,443 million (US$326 million). Stockholders' equity decreased 1.6% to ¥81,241 million (US$671 million). The equity ratio rose 0.8 points to 53.4%. Equity per share declined by ¥10.22 or 1.8% to ¥552.72 (US$4.58).

Capital Expenditure

Total capital investment in the year was ¥8,169 million (US$68 million). Main items were investments to streamline and rationalize production and upgrade environmental facilities at the parent company's Yokohama Isogo plant. Production and distribution facilities at the Sakai plant were another target for investment.

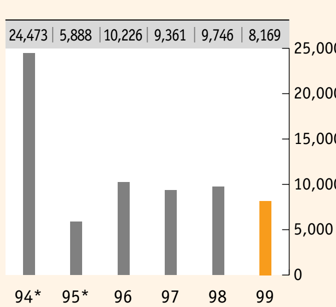
Cash Flows

Cash and cash equivalents at the end of the year declined ¥4,694 million from ¥19,762 million at the end of the previous year to ¥15,067. Net cash provided by operating activities rose ¥6,446 million to ¥4,465 million. This was mainly due to a decline of ¥16,649 million in cash paid to suppliers and employees, which outweighed a decline of ¥10,873 million in cash received from customers. Net cash used for investing activities rose ¥10,254 million to ¥8,059 million, after cash of ¥11,064 million was generated by sales of marketable securities in the previous fiscal year. Net cash used for financing activities rose ¥1,762 million from the end of the previous fiscal year to ¥1,487 million. Long-term debt rose ¥1,451 million from the previous year, and only declined by ¥385 million in the year under review.

Year 2000 Compliance

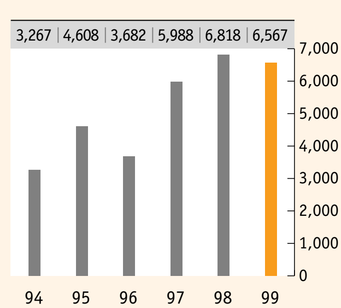
Nisshin Oil places the highest priority on Year 2000 compliance for the purpose of continuing operations and meeting customer expectations over the critical period. It is taking measures to ensure the compliance of all vulnerable equipment, such as information systems, production facilities and machinery. Remediation work on internal administrative systems is scheduled to be completed by the end of September. Tests and remediation work on production facilities are under way. Nisshin Oil can already confirm that there will be no direct impact on its own production activities. It is also asking its suppliers and companies which work for it on a consignment basis to detail verbally and in writing their own state of readiness. Nisshin Oil has set up a Year 2000 contingency plan and believes it has taken every possible precaution and is in a position to respond speedily and appropriately to any problem that might arise.

Capital Expenditure
(millions of yen)

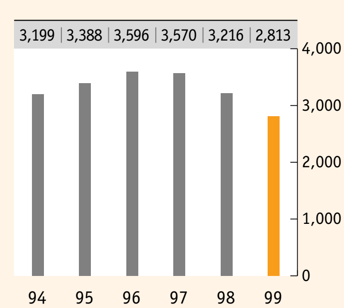


* *Figures for 1994 and 1995 are non-consolidated.*

Depreciation and Amortization
(millions of yen)



R&D Expenses
(millions of yen)



Consolidated Statements of Operations

The Nisshin Oil Mills, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
	1999	1998	1999
NET SALES (Note 6)	¥140,638	¥152,350	$1,162,298
COST OF SALES (Note 6)	109,286	116,845	903,191
Gross profit	31,352	35,505	259,107
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 7)	32,816	35,290	271,206
Operating income (loss)	(1,464)	215	(12,099)
OTHER INCOME (EXPENSES):			
Interest and dividend income	550	983	4,545
Interest expense	(760)	(743)	(6,281)
Gain on sales of marketable securities—net	221	124	1,826
Gain on sales of investments in securities—net	86	1,481	711
Loss on disposition of property	(1,145)	(1,041)	(9,463)
Gain on sales of property		1,284	
Foreign exchange loss	(348)	(286)	(2,876)
Loss on cancellation of money trust		(1,360)	
Loss on liquidation of subsidiaries		(510)	
Equity in earnings of affiliates	11	95	91
Other—net	(315)	(591)	(2,603)
Other expenses—net	(1,700)	(564)	(14,050)
LOSS BEFORE INCOME TAXES	(3,164)	(349)	(26,149)
INCOME TAXES (Note 5):			
Current	429	577	3,546
Deferred	(1,696)		(14,017)
Total income taxes	(1,267)	577	(10,471)
NET LOSS	¥ (1,897)	¥ (926)	$ (15,678)

	Yen		U.S. Dollars
PER SHARE DATA (Note 1.n):			
Net loss	¥(12.91)	¥(6.33)	$(0.11)
Cash dividends, applicable to the year	7.00	8.00	0.06

See notes to consolidated financial statements.

Consolidated Balance Sheets

The Nisshin Oil Mills, Ltd. and Consolidated Subsidiaries
March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
ASSETS	1999	1998	1999
CURRENT ASSETS:			
Cash	¥ 3,582	¥ 3,184	$ 29,603
Time deposits	6,825	12,557	56,405
Short-term investments	4,660	4,021	38,512
Marketable securities (Note 3)	9,999	11,459	82,636
Receivables:			
Trade notes	2,218	2,105	18,331
Trade accounts (Note 6)	23,062	23,862	190,595
Allowance for doubtful receivables	(263)	(314)	(2,173)
Inventories:			
Finished goods	9,370	11,182	77,438
Raw materials	7,443	9,255	61,512
Deferred tax assets (Note 5)	1,276		10,545
Prepaid expenses and other	1,529	1,198	12,637
Total current assets	69,701	78,509	576,041
PROPERTY, PLANT AND EQUIPMENT:			
Land	15,369	15,342	127,017
Buildings and structures (Note 2)	44,105	43,661	364,504
Machinery and equipment	50,273	48,548	415,480
Construction in progress	1,573	356	13,000
Total	111,320	107,907	920,001
Accumulated depreciation	(51,764)	(51,032)	(427,802)
Net property, plant and equipment	59,556	56,875	492,199
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Note 3)	8,175	8,521	67,562
Investments in and advances to unconsolidated subsidiaries and affiliates	7,181	7,323	59,347
Lease deposits	1,712	1,697	14,149
Deferred tax assets (Note 5)	2,053		16,967
Other assets	3,846	4,019	31,785
Total investments and other assets	22,967	21,560	189,810
TOTAL	¥152,224	¥156,944	$1,258,050

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 1999	Millions of Yen 1998	Thousands of U.S. Dollars (Note 1.a) 1999
CURRENT LIABILITIES:			
Bank borrowings (Note 4)	¥ 13,442	¥ 13,684	$ 111,091
Current portion of long-term debt (Note 4)	1,020	409	8,430
Payables:			
Trade notes	652	1,332	5,388
Trade accounts (Note 6)	19,055	20,872	157,479
Income taxes payable (Note 5)	141	340	1,165
Accrued expenses	3,763	3,969	31,099
Other	833	1,045	6,885
Total current liabilities	38,906	41,651	321,537
LONG-TERM LIABILITIES:			
Long-term debt (Note 4)	24,981	25,977	206,455
Liability for retirement benefits (Note 1.k)	4,847	4,696	40,058
Customers' deposits	369	281	3,050
Other	83	152	686
Total long-term liabilities	30,280	31,106	250,249
MINORITY INTEREST	1,797	1,595	14,851
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10, 11 and 12)			
SHAREHOLDERS' EQUITY (Note 9):			
Common stock, ¥50 par value— authorized, 390,000,000 shares; issued and outstanding, 146,984,287 shares in 1999 and 1998	16,332	16,332	134,975
Additional paid-in capital	14,906	14,906	123,190
Retained earnings	50,003	51,354	413,248
Total shareholders' equity	81,241	82,592	671,413
TOTAL	¥152,224	¥156,944	$1,258,050

Consolidated Statements of Shareholders' Equity

The Nisshin Oil Mills, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 1999 and 1998

	Thousands	Millions of Yen		
	Outstanding Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE, APRIL 1, 1997	146,984	¥16,332	¥14,906	¥53,511
Net loss				(926)
Cash dividends, ¥8.00 per share				(1,176)
Bonuses to directors and corporate auditors				(55)
BALANCE, MARCH 31, 1998	146,984	16,332	14,906	51,354
Net loss				(1,897)
Cash dividends, ¥7.50 per share				(1,102)
Adjustment of retained earnings for newly applied accounting for tax allocation				1,742
Bonuses to directors and corporate auditors				(30)
Adjustment of retained earnings for newly consolidated subsidiaries				(43)
Adjustments of retained earnings for additional application of equity method				(21)
BALANCE, MARCH 31, 1999	**146,984**	**¥16,332**	**¥14,906**	**¥50,003**

	Thousands of U.S. Dollars (Note 1.a)		
	Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE, MARCH 31, 1998	$134,975	$123,190	$424,413
Net loss			(15,678)
Cash dividends, $0.06 per share			(9,107)
Adjustment of retained earnings for newly applied accounting for tax allocation			14,397
Bonuses to directors and corporate auditors			(248)
Adjustment of retained earnings for newly consolidated subsidiaries			(355)
Adjustments of retained earnings for additional application of equity method			(174)
BALANCE, MARCH 31, 1999	**$134,975**	**$123,190**	**$413,248**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Nisshin Oil Mills, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 1999 and 1998

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
	1999	1998	1999
OPERATING ACTIVITIES:			
Cash received from customers	¥ 141,331	¥ 152,204	$ 1,168,025
Cash paid to suppliers and employees	(134,832)	(151,481)	(1,114,314)
Interest and dividends received	700	1,120	5,785
Interest paid	(760)	(743)	(6,281)
Income taxes paid	(630)	(1,886)	(5,207)
Miscellaneous payments	(1,344)	(1,195)	(11,107)
Net cash provided by (used in) operating activities	4,465	(1,981)	36,901
INVESTING ACTIVITIES:			
Sales of marketable securities	1,438	11,064	11,884
Additions to property, plant and equipment	(9,390)	(9,186)	(77,603)
Increase in investments in and advances to unconsolidated subsidiaries and affiliates	(403)	(533)	(3,331)
Decrease (increase) in investments in securities	208	(489)	1,719
Proceeds from sales of property	88	1,339	727
Net cash provided by (used in) investing activities	(8,059)	2,195	(66,604)
FINANCING ACTIVITIES:			
Proceeds from long-term debt	1,031	3,971	8,521
Repayment of long-term debt	(1,416)	(2,520)	(11,703)
Dividends paid	(1,102)	(1,176)	(9,107)
Net cash provided by (used in) financing activities	(1,487)	275	(12,289)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,081)	489	(41,992)
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	386	183	3,190
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,762	19,090	163,322
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 15,067	¥ 19,762	$ 124,520
RECONCILIATION OF NET LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Net loss	¥ (1,897)	¥ (926)	$ (15,678)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	6,567	6,818	54,273
Provision for doubtful receivables	(51)	36	(421)
Earnings of affiliates, less dividends	139	42	1,149
Gain on sales of marketable securities	(221)	(124)	(1,826)
Gain on sales of investment in securities	(86)	(1,481)	(711)
Provision for (reversal of) retirement benefits—net	151	(220)	1,248
Loss on dispositions of property	1,145	1,041	9,463
Gain on sales of property		(1,284)	
Deferred income tax	(1,696)		(14,017)
Loss on liquidation of subsidiaries		58	
Other	463	420	3,826
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	693	(1,686)	5,727
Decrease (increase) in inventories	3,639	(2,970)	30,075
Increase in prepaid expenses	(264)	(75)	(2,182)
Decrease (increase) in other assets	(745)	1,568	(6,157)
Decrease in accounts payable and accrued expenses	(2,711)	(1,419)	(22,405)
Decrease in income taxes payable	(201)	(1,309)	(1,661)
Decrease in other liabilities	(460)	(470)	(3,802)
Total adjustments	6,362	(1,055)	52,579
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	¥ 4,465	¥ (1,981)	$ 36,901

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Nisshin Oil Mills, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 1999 and 1998

1. Significant Accounting and Reporting Policies

The following is a summary of the significant accounting and reporting policies adopted by The Nisshin Oil Mills, Ltd. (the "Company") and consolidated subsidiaries in the preparation of its consolidated financial statements.

a. Basis of Presenting Financial Statements—The accompanying consolidated financial statements have been prepared from the consolidated financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan, which are in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The consolidated statements of cash flows are presented herein for readers' convenience, although preparation of such statements is not required in Japan.

Certain reclassifications have been made in the 1998 financial statements to conform to the 1999 presentation.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥121 to $1, the approximate rate of exchange at March 31, 1999. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

b. Principles of Consolidation—The consolidated financial statements include the accounts of the Company and its significant 16 majority-owned subsidiaries (together, the "Companies"). Due to their growing significance, effective April 1, 1998, the accounts of 2 subsidiaries not previously consolidated have been included in consolidation. Due to discontinued operations the accounts of 2 other subsidiaries previously consolidated have been excluded. The Company, however, has not restated the accompanying consolidated financial statements for the prior year because the effects of the change were immaterial with respect to the prior year.

Material intercompany accounts and transactions have been eliminated in consolidation. All significant unrealized profit included in assets resulting from transactions within the companies is eliminated.

The differences between the cost and underlying net equity of investments in consolidated subsidiaries at acquisition are included in investments in other assets and are amortized on a straight-line basis over five years.

Investments in 9 affiliated companies (companies owned 20% to 50%) are accounted for under the equity method. Investments in unconsolidated subsidiaries and other affiliated companies are stated at cost. Investment in 2 subsidiaries which were carried at cost until 1998 has been accounted for under the equity method of accounting since 1999.

c. Translation of Foreign Currency Accounts—Foreign currency transactions relate principally to the importation of raw materials through Japanese trading companies, contracted for in U.S. dollars, for which the Company is obliged to bear any exchange rate risks involved in such transactions. Foreign currency transactions are translated into Japanese yen using the exchange rate in effect at the date of each transaction or at the applicable exchange rates under forward exchange contracts.

The current and non-current account balances denominated in foreign currencies, excluding those under forward exchange contracts, are translated at the applicable historical rates in effect at the dates of the transactions. Gains or losses from foreign currency transactions are included in net income.

d. Short-term Investments—Short-term investments are comprised of interest bearing bonds and certificates of deposit purchased under resale agreements, and are stated at cost.

e. Marketable Securities and Investments in Securities—All current and non-current marketable securities (primarily marketable equity securities) are stated at the lower of moving-average cost or market, as determined on an individual security basis. Unquoted securities are stated at moving-average cost.

f. Allowance for Doubtful Receivables—The Company and consolidated subsidiaries provide an allowance for doubtful receivables on the basis of the maximum amount deductible under Japanese income tax laws plus the amount required for known uncollectible receivables.

g. Inventories—Finished goods are stated at average cost. Raw materials are stated at the lower of first-in, first-out cost or market.

h. Property, Plant and Equipment—Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation of plant and equipment is computed using the declining-balance method over the estimated useful lives of the assets, while the straight-line method is applied to buildings.

The rates of depreciation referred to above are based on useful lives of 3 to 50 years (3 to 65 years in 1998) for buildings and structures, 2 to 16 years for machinery and equipment and 2 to 20 years for furniture and fixtures.

Ordinary maintenance and repairs are charged to income as incurred. Major replacements and improvements are capitalized.

i. Leases—All leases are accounted for as operating leases. Under new Japanese accounting standards for leases, finance leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements. The disclosure requirements of these new standards are being applied on a step-by-step basis beginning with fiscal years starting on or after April 1, 1996, with full implementation expected for fiscal years starting on or after April 1, 1998.

j. Income Taxes—Effective April 1, 1998, the Companies adopted accounting for allocation of income taxes based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥1,742 million ($14,397 thousand) is included as an adjustment to retained earnings as of April 1, 1998.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

k. Liability for Retirement Benefits—The Companies have unfunded retirement plans for all eligible employees. The amounts of the retirement benefits are, in general, determined on the basis of length of service and the basic salary at the time of retirement. The Company and consolidated subsidiaries accrue liabilities for such retirement benefits equal to 40% of the amount payable if all employees voluntarily terminated their employment at the end of each fiscal year.

The Company and one of the consolidated subsidiaries have funded non-contributory pension plans in addition to the above unfunded plans. Under the funded pension plans, employees retiring at the mandatory retirement age and having at least 20 years of service with the Company or the subsidiary, are entitled either to a lump-sum payment or to pension payments over 10 years.

Under the funded pension plans, it is the Company's and consolidated subsidiaries' policy to charge to income the annual pension payments, including the amortization of past service cost over approximately 20 years.

As of March 31, 1998, the date of the most recent available information, the present value of vested and non-vested accumulated plan benefits, which are not separated in the plans' financial statements, and the net assets of the plans available for benefits were ¥14,709 million and ¥11,644 million, respectively.

The liability for retirement benefits also includes benefit liabilities for directors and corporate auditors of ¥1,241 million ($10,256 thousand) and ¥986 million for the years ended March 31, 1999 and 1998, respectively. The amounts required under the plan have been fully accrued.

The payments of retirement benefits for directors and corporate auditors are subject to approval at the shareholders meeting.

The total amounts charged to income under the unfunded retirement plans and non-contributory pension plans were ¥1,220 million ($10,083 thousand) and ¥1,523 million for the years ended March 31, 1999 and 1998, respectively. The amounts for 1999 and 1998 included ¥294 million ($2,430 thousand) and ¥165 million, respectively, of provision for retirement benefits for directors and corporate auditors.

l. Research and Development—Costs relating to research and development activities are charged to income as incurred. ¥2,813 million ($23,248 thousand) and ¥3,216 million were expensed for the years ended March 31, 1999 and 1998, respectively.

m. Cash and Cash Equivalents—For purposes of the consolidated statements of cash flows, the Company considers cash, time deposits and short-term investments to be cash and cash equivalents. Time deposits have original maturities of one year or less and can be withdrawn on demand.

n. Per Share Data—The computation of net loss per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation was 146,984 thousand shares for the years ended March 31, 1999 and 1998.

Diluted net income per share of common stock is not disclosed for the years ended March 31, 1999 and 1998, because of the Company's net loss position.

Dividends per share shown in the accompanying consolidated statements of operations have been presented on an accrual basis and include, in each fiscal year ended March 31, dividends approved or to be approved after March 31, but applicable to the year then ended.

2. Accounting Change

Until March 31, 1998, the Company adopted the declining-balance method for buildings over the estimated useful lives of the assets provided in accordance with the Corporate Income Tax Law. Effective April 1, 1998, the Company changed the depreciation method from the declining-balance to straight-line for buildings.

For future investment purposes, the Company adopted the declining-balance method to accelerate the returns on investment. However, effective April 1, 1998, the Corporate Income Tax Law changed. Only the straight-line method is applied to buildings acquired after April 1, 1998, under the Corporate Income Tax Law. According with the change, the Company reconsidered the method of depreciation for buildings. A head office building, an office building in the plant, and a laboratory are the main buildings held by the Company. Based on usage, obsolescence and rate of deterioration of buildings the Company adopted the straight-line method, which provides a more ratable return on investment in order to allocate the investment more accurately.

As a result of this change, depreciation costs for the year ended March 31, 1999 were reduced by ¥541 million ($4,471 thousand), and the loss before income taxes for the year ended March 31, 1999, decreased by the same amount.

3. Marketable Securities and Investments in Securities

Marketable securities and investments in securities as of March 31, 1999 and 1998 comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	1999
Marketable securities:			
Interest-bearing bonds	**¥8,524**	¥10,001	**$70,446**
Marketable equity securities	**237**	311	**1,959**
Other—stated at cost	**1,238**	1,147	**10,231**
Total	**¥9,999**	¥11,459	**$82,636**
Investments in securities:			
Interest-bearing bonds	**¥ 12**	¥ 43	**$ 99**
Marketable equity securities	**7,584**	7,978	**62,678**
Other—stated at cost	**579**	500	**4,785**
Total	**¥8,175**	¥ 8,521	**$67,562**

The unrealized gains applicable to the current and non-current marketable equity securities were ¥7,190 million ($59,421 thousand) and ¥6,897 million as of March 31, 1999 and 1998, respectively.

The market values of marketable securities and investments in securities other than marketable equity securities approximate their book values as of March 31, 1999 and 1998.

4. Bank Borrowings and Long-term Debt

Bank borrowings represent mainly 180-day notes payable to banks which are renewable, as required. The average interest rates on these borrowings as of March 31, 1999 and 1998, were as follows:

	1999	1998
Short-term bank borrowings	**2.505%**	2.821%

As is the customary practice in Japan, the Company and consolidated subsidiaries have substantial time deposits with banks from which it has short-term borrowings; however, there are no formal compensating balance agreements with any banks. The weighted annual average interest rates on these deposits were 0.37% and 0.77% as of March 31, 1999 and 1998, respectively.

Long-term debt as of March 31, 1999 and 1998, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	1999
1.0% unsecured convertible bonds due 2001	**¥15,987**	¥16,994	**$132,124**
Long-term debt from banks, due through 2016— 1999—with interest ranging from 1.31% to 4.4%; 1998—with interest ranging from 1.31% to 5.2%	**10,014**	9,392	**82,761**
Total	**26,001**	26,386	**214,885**
Less current portion	**(1,020)**	(409)	**8,430**
Long-term debt, less current portion	**¥24,981**	¥25,977	**$206,455**

The current conversion price of the convertible bonds and prices at which they are redeemable at the option of the Company at March 31, 1999, are as follows:

	Conversion Price per Share	Redemption Price (Percent of Principal Amount)
1.0% convertible bonds due 2001	¥841	(a)

(a) 102% to 100% commencing on and after April 1, 1998

The conversion prices are subject to adjustments in the event of a stock split and certain other events.

The aggregate annual maturities of long-term debt after 1999 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2000	¥ 1,020	$ 8,430
2001	17,771	146,868
2002	1,605	13,265
2003	4,064	33,587
2004	663	5,479
2005 and thereafter	878	7,256
Total	¥26,001	$214,885

5. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 47% and 51% for the years ended March 31, 1999 and 1998, respectively. On March 31, 1999, a tax reform law was enacted in Japan which changed the normal effective statutory tax rate from approximately 47% to 42%, effective for years beginning April 1, 1999.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 31, 1999, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current—Deferred tax assets:		
Inventories	¥ 201	$ 1,661
Accrued expenses	407	3,363
Tax loss carryforwards	438	3,620
Other	230	1,901
Deferred tax assets	¥1,276	$10,545
Non-current:		
Deferred tax assets:		
Liability for retirement benefits	¥ 737	$ 6,091
Tax loss carryforwards	2,615	21,611
Other	161	1,331
Deferred tax assets	¥3,513	$29,033
Deferred tax liabilities:		
Property, plant and equipment	¥1,452	$12,000
Other	8	66
Deferred tax liabilities	¥1,460	$12,066
Net deferred tax assets	¥2,053	$16,967

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 1999, and the actual effective tax rates reflected in the accompanying consolidated statement of operations is as follows:

Normal effective statutory tax rate	41.8%
Increase (decrease) in tax rate resulting from:	
Expenses not deductible for income tax purposes	(6.2)
Per capita levy of corporate tax	(2.6)
Nontaxable consolidated adjustment	10.4
Difference from effective statutory tax rate of consolidated subsidiaries	(2.5)
Other—net	(1.3)
Actual effective tax rate	39.6%

The normal effective tax rate reflected in the accompanying consolidated statement of operations for the year ended March 31, 1998, differs from the actual effective tax rate, primarily due to the effect of permanently non-deductible expenses and temporary differences in the recognition of asset and liability items for tax and for financial reporting purposes.

At March 31, 1999, the Company and its domestic consolidated subsidiaries have tax loss carryforwards of approximately ¥5,380 million ($44,463 thousand) which expire, if not utilized in 2004, and the operating losses of consolidated subsidiaries, cannot be offset against the profit of the parent company for tax purposes.

6. Related Party Transactions

Transactions with and balances due from and to non-consolidated subsidiaries and affiliates for the years ended March 31, 1999 and 1998, were principally as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1999	1998	**1999**
Transactions:			
Sales	**¥20,002**	¥21,684	**$165,306**
Purchases	**2,605**	1,898	**21,529**
Balances at year end:			
Trade accounts receivable	**3,428**	4,085	**28,331**
Trade accounts payable	**70**	93	**579**

7. Research and Development Costs

Research and development costs charged to income were ¥2,813 million ($23,248 thousand) and ¥3,216 million for the years ended March 31, 1999 and 1998, respectively.

8. Segment Information

Information about operations in different industry segments of the Companies for the years ended March 31, 1999 and 1998, was as follows:

	Millions of Yen			
	1999			
	Food and Related Businesses	Other	Eliminations	Consolidated
Sales and operating income:				
Sales to customers	¥124,110	¥16,528		¥140,638
Intersegment sales	94	13,634	¥(13,728)	
Total sales	124,204	30,162	(13,728)	140,638
Operating expenses	126,202	29,600	(13,700)	142,102
Operating income (losses)	¥ (1,998)	¥ 562	¥ (28)	¥ (1,464)

	Millions of Yen			
	1999			
	Food and Related Businesses	Other	Corporate and Eliminations	Consolidated
Assets, depreciation and capital expenditures:				
Assets	¥97,861	¥23,474	¥30,889	¥152,224
Depreciation	3,415	2,224		5,639
Capital expenditures	5,329	2,840		8,169

	Thousands of U.S. Dollars			
	1999			
	Food and Related Businesses	Other	Eliminations	Consolidated
Sales and operating income:				
Sales to customers	$1,025,703	$136,595		$1,162,298
Intersegment sales	777	112,678	$(113,455)	
Total sales	1,026,480	249,273	(113,455)	1,162,298
Operating expenses	1,042,992	244,628	(113,223)	1,174,397
Operating income (losses)	$ (16,512)	$ 4,645	$ (232)	$ (12,099)

	Thousands of U.S. Dollars			
	1999			
	Food and Related Businesses	Other	Corporate and Eliminations	Consolidated
Assets, depreciation and capital expenditures:				
Assets	$808,769	$194,000	$255,281	$1,258,050
Depreciation	28,223	18,380		46,603
Capital expenditures	44,041	23,471		67,512

	Millions of Yen			
	1998			
	Food and Related Businesses	Other	Eliminations	Consolidated
Sales and operating income:				
Sales to customers	¥135,675	¥16,675		¥152,350
Intersegment sales	198	16,610	¥(16,808)	
Total sales	135,873	33,285	(16,808)	152,350
Operating expenses	136,541	32,352	(16,758)	152,135
Operating income (losses)	¥ (668)	¥ 933	¥ (50)	¥ 215

	Millions of Yen			
	1998			
	Food and Related Businesses	Other	Corporate and Eliminations	Consolidated
Assets, depreciation and capital expenditures:				
Assets	¥99,054	¥23,739	¥34,151	¥156,944
Depreciation	3,701	2,243		5,944
Capital expenditures	7,247	2,499		9,746

Until March 31, 1998, the Company utilized the declining-balance method for buildings over the estimated useful lives provided in accordance with the Corporate Income Tax Law. Effective April 1, 1998, the Company changed to the straight-line method for buildings (including attached structures).

As a result of this change, operating expenses of Food and Related Businesses and Other for the year ended March 31, 1999, were reduced ¥520 million ($4,297 thousand) and ¥20 million ($165 thousand), respectively. Also, operating income for the year ended March 31, 1999, decreased by the same amount.

The Company and consolidated subsidiaries operate mainly in Japan and do not have significant export sales.

9. Shareholders' Equity

Under the Japanese Commercial Code (the "Code"), at least 50% of the issue price of new shares, with a minimum of the par value, is to be designated as common stock. The portion which is designated as common stock is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as common stock are credited to additional paid-in capital.

In conformity therewith, the Company has divided the proceeds from issuance of shares for the exercise of warrants and the principal amount of its bonds converted into common stock, in approximate equal amounts, between common stock and additional paid-in capital. The Company may transfer portions of additional paid-in capital to common stock by resolution of the Board of Directors.

Under the Code, the Company must appropriate as a legal reserve portions of retained earnings in an amount equal to at least 10% of cash payments, including cash dividends and bonuses to directors and corporate auditors, appropriated in each financial period until the reserve equals 25% of common stock. This reserve is not available for cash dividends but may be used to reduce a deficit by resolution of the shareholders or may be transferred to stated capital by resolution of the Board of Directors. Legal reserve included in retained earnings, totaled ¥2,787 million ($23,033 thousand) and ¥2,683 million ($22,173 thousand) as of March 31, 1999 and 1998, respectively.

The Company may also transfer a portion of unappropriated retained earnings to stated capital by resolution of the shareholders.

Under the Code, the Company may issue new shares of its common stock to the existing shareholders without consideration pursuant to resolution of the Board of Directors. Such an issuance is accounted for as a stock split. The Company may make such a stock split to the extent that the amount calculated by multiplying the number of issued shares after the stock split by par value per share shall not exceed the stated capital and that the amount calculated by dividing the total amount of shareholders' equity by the number of issued shares after the stock split shall not be less than ¥50.

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Company's books. At March 31, 1999, retained earnings recorded on the Company's books were ¥44,446 million ($367,322 thousand) which is available for future dividends subject to approval of the shareholders and legal reserve requirements.

Semiannual cash dividends are approved by the shareholders after the end of each fiscal year or are declared by the Board of Directors after the end of each first six-month period. Such dividends are payable to shareholders of record at the end of each fiscal or interim six-month period. At the general shareholders' meeting held on June 29, 1999, the shareholders approved the following appropriation of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends of ¥3.50 ($0.03) per share	¥514	$4,248
Transfer to legal reserve	52	430

In accordance with the Code, the appropriations shown above have not been reflected in the consolidated financial statements as of March 31, 1999.

10. Leases

The Company leases certain machinery, computer equipment, office space and other assets.

Total rental expenses under the above leases for the years ended March 31, 1999 and 1998, were ¥579 million ($4,785 thousand) and ¥541 million of lease payments under finance leases, respectively.

Pro forma information of leased property such as obligations under finance leases that do not transfer ownership of leased property to the lessee on an "as if capitalized" basis for the year ended March 31, 1999, was as follows:

Machinery and Equipment	Millions of Yen	Thousands of U.S. Dollars
Acquisition cost	¥ 1,812	$14,975
Accumulated depreciation	(1,128)	(9,322)
Net leased property	¥ 684	$ 5,653

Obligations under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥297	$2,455
Due after one year	387	3,198
Total	¥684	$5,653

The amount of obligations under finance leases includes the imputed expense portion.

Depreciation expense, which is not reflected in the accompanying consolidated statement of operations computed by the straight-line method, was ¥580 million for the year ended March 31, 1999.

The Company also leases certain machinery, computer equipment, office space and other assets to customers.

Total rental revenue under the above leases for the years ended March 31, 1999 and 1998, were ¥1,894 million ($15,653 thousand) and ¥1,871 million of lease receipts under finance leases, respectively.

Total rental revenue includes interest revenue ¥71 million ($587 thousand) for the year ended March 31, 1999.

Pro forma information of leased property such as obligations under finance leases that do not transfer ownership of leased property to the lessor on an "as if capitalized" basis for the year ended March 31, 1999, was as follows:

Machinery and Equipment	Millions of Yen	Thousands of U.S. Dollars
Acquisition cost	¥ 6,690	$ 55,289
Accumulated depreciation	(3,421)	(28,273)
Net leased property	¥ 3,269	$ 27,016

Obligations under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥1,522	$12,578
Due after one year	2,547	21,050
Total	¥4,069	$33,628

The imputed interest expense portion, which is computed using the interest method, is excluded from above obligations under finance leases.

Depreciation expense is ¥1,274 million ($10,529 thousand) for the year ended March 31, 1999.

11. Commitments and Contingent Liabilities

The Company was contingently liable at March 31, 1999, for guarantees of employee's housing loans and affiliated companies' bank borrowings, totaling ¥1,084 million ($8,959 thousand) and ¥554 million ($4,579 thousand), respectively. The guarantee for the affiliated companies' bank borrowings include joint guarantees ¥209 million ($1,726 thousand), and the allocation to the Company was ¥79 million ($655 thousand).

12. Derivatives

The Company enters into foreign exchange forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated foreign currencies. Incidentally, forward exchange contracted amounts which are assigned to associated assets and liabilities and are reflected on the balance sheet at year end are not subject to the disclosure of market value information.

The Company enters into currency swap contracts, as a whole, to reduce the purchase price in the foreign currency transactions.

The Company enters into commodity futures contracts to decide the cost corresponding to the selling price which is based on the forward delivery contract.

The Company enters into interest rate swap contracts as a means of managing its interest rate exposure and profit or loss on redemption of bonds.

The Company also enters into agreements for certain derivative financial instruments as a part of trading activities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including foreign exchange rate, interest rate, prices of marketable securities and prices of commodities.

Because the counterparties to those derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Company have been made in accordance with internal policies which regulate limits of positions, and establishment of the opposite position to reduce the risk. Derivative transactions in a loss position that exceeds certain predetermined thresholds will be reversed. Therefore, derivatives are managed without influence on profit or loss of the Company. The management and execution of these transactions are reviewed by the internal audit department.

The Company had the following derivatives contracts outstanding at March 31, 1999 and 1998:

	Millions of Yen			
	1999		1998	
	Contract or Notional Amount	Fair Value	Contract or Notional Amount	Fair Value
Forward exchange contracts:				
Buying U.S.$	**¥6,977**	**¥6,982**	¥13,413	¥14,040
Buying Swiss franc	**6**	**5**		
Interest rate swaps:				
Fixed rate receipt floating rate payment	**2,000**	**(141)**		
Fixed rate payment floating rate receipt	**2,000**	**182**	438	
Floating rate receipt floating rate payment			2,000	3
Commodity future:				
Buying	**798**		722	

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit or market risks.

Independent Auditors' Report

Deloitte Touche Tohmatsu

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13-23, Shibaura 4-chome
Minato-ku, Tokyo 108-8530
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To the Board of Directors of
The Nisshin Oil Mills, Ltd.:

We have examined the consolidated balance sheets of The Nisshin Oil Mills, Ltd. (Nisshin Seiyu Kabushiki Kaisha, a Japanese corporation) and consolidated subsidiaries as of March 31, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Nisshin Oil Mills, Ltd. and consolidated subsidiaries as of March 31, 1999 and 1998, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period, except for the change, with which we concur, in the accounting method of depreciation for buildings, as discussed in Note 2.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 29, 1999

Corporate Data

Board of Directors and Corporate Auditors

President
Jokei Akitani*

Senior Managing Director
Hiyoshiro Yamada*

Managing Directors
Yoshihiro Amano
Yoshinori Horio
Yoshiyuki Takagi
Minoru Fukuta
Kentaro Kurokawa
Nobutaka Tsuzaki

Directors
Hiroyuki Sakaguchi
Kazuo Ogome
Toru Yasuda
Tadashi Suzuki
Shigeo Nonoyama
Fumio Imokawa
Takao Imamura
Yoshihito Tamura

Corporate Auditors
Yoshihiro Tsuji
Nobuo Kurebayashi
Kazuaki Shimizu
Toshizumi Yoshikawa

* Representative Director
(As of June 29 1999)

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Branches
Sapporo Branch
Sendai Branch
Kanto-Shinetsu Branch
Tokyo Branch
Nagoya Branch
Osaka Branch
Hiroshima Branch
Fukuoka Branch

Plants
Yokohama Isogo Plant
Sakai Plant

Laboratory
Central Research Laboratory

Date of Establishment
March 7, 1907

Number of Employees
1,199

Paid-in Capital
¥16,332 million

Number of Shares of Common Stock Authorized
390,000,000 shares

Number of Shares of Common Stock Issued
146,984,287 shares

Number of Shareholders
11,373

Subsidiaries
Settsu Oil Mills Co., Ltd.*
Nisshin Logistics Co., Ltd.*
NSP Co., Ltd.*
Marketing Force Japan, Inc.*
The Eat-Joy, Inc.*
Nisshin Plant Engineering Co., Ltd.*
The Golf Joy Co., Ltd.*
Nisshin Science Co., Ltd.*
Nisshin Business Assist Co., Ltd.*
Nisshin Investment Co., Ltd.
Nisshin Marine Tech Co., Ltd.*
Evagros Co., Ltd.*
Nomko Medical Co., Ltd.
Nisshin Cosmo Foods Co., Ltd.*
Fast Cook Co., Ltd.*
Dalian Nisshin Oil Mills, Ltd.*
Southern Nisshin Bio-Tech Sdn. Bhd.*
Nisshin Finance Co., Ltd.*
The Beauty Co., Ltd.
Meikoh Transport Co., Ltd.

* Consolidated Subsidiary

Affiliates
Nisshin Shoji Co., Ltd.
Rinoru Oil Mills Co., Ltd.
Nikko Oil Mills Co., Ltd.
Kobayashi Pharmaceutical Industrial Co., Ltd.
Ten Corporation Co., Ltd.
Marine Culture Development Center Co., Ltd.
President Nisshin Corp.
Shanghai Nisshin Oil & Fats, Ltd.
Dalian Qinghong Foods Co., Ltd.
Zhen Jiang Nisshin Seasoning Co., Ltd.
Zhangjiagang President Nisshin Food Corp.
Shinyuryou Transport Co., Ltd.
Sasaki Transport Co., Ltd.

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