2005
ANNUAL REPORT

The Nisshin OilliO Group, Ltd.

For the year ended March 31, 2005

NISSHIN OilliO

Contents

01 Five-year Summary
02 Message From the Management
05 Business Domains of The Nisshin OilliO Group, Ltd.
- 06 Oils and Meals Business
- 10 Healthy Foods Business
- 12 Fine Chemicals Business

14 Environmental Protection Activities
15 Social Service Activities
16 Financial Review
20 Consolidated Balance Sheets
22 Consolidated Statements of Income
23 Consolidated Statements of Shareholders' Equity
24 Consolidated Statements of Cash Flows
25 Notes to Consolidated Financial Statements
36 Independent Auditors' Report
37 Corporate Data

Cautionary Statement

Statements in this annual report regarding the future business performance of The Nisshin OilliO Group Ltd. constitute forward-looking statements and are based on information currently available to management. These forward-looking statements are subject to risks and uncertainties which include, but are not limited to, fluctuations in general economic conditions, intensified industry competition, market trends and fluctuations in exchange rates. Readers are cautioned that these and other factors outside the control of The Nisshin OilliO Group may cause actual results to differ materially from forecasts.

Five-year Summary

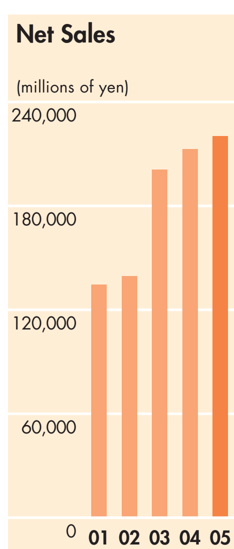
The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries
Five Years Ended March 31

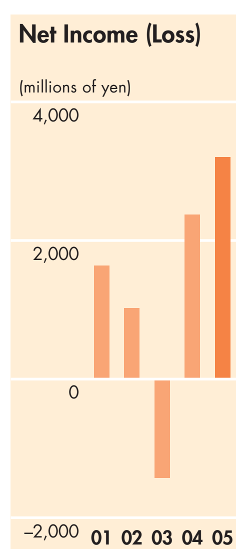
	Millions of Yen					Thousands of U.S. Dollars
	2005	2004	2003	2002	2001	2005
FOR THE YEAR:						
Net sales	¥220,204	¥212,820	¥200,908	¥139,554	¥134,516	$2,057,981
Net income (loss)	3,202	2,374	(1,423)	1,027	1,641	29,925
AT YEAR END:						
Total assets	¥180,866	¥179,752	¥183,643	¥146,047	¥153,983	$1,690,336
Shareholders' equity	94,282	92,149	89,187	81,815	82,804	881,140
	Yen					U.S. Dollars
PER SHARE DATA:						
Net income (loss)	¥ 18.20	¥ 13.66	¥ (8.22)	¥ 7.07	¥ 11.30	$ 0.17
Cash dividends, applicable to the year	7.00	7.00	7.00	7.00	7.00	0.07

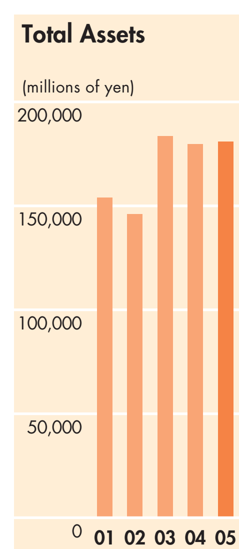
Notes: 1. U.S. dollar amounts represent translations of Japanese yen amounts, for convenience only, at the rate of ¥107 to U.S.$1, the approximate rate of exchange at March 31, 2005.

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 not disclosed in 2005, 2004, 2003 and 2002 because it was anti-dilutive, and in 2001 because of the Company's redemption of the convertible bonds.







Operating Environment

Japan's economy recovered steadily in the first half of fiscal 2004, the year ended March 31, 2005, as corporate profits rebounded and consumer spending stayed firm. However, growth peaked in the second half due to the slowing U.S. economy, escalating crude oil prices and other negative factors. The oils and meals industry experienced a harsh operating environment in fiscal 2004, as raw material prices remained at high levels on the whole and rising imports of meals and oils led to intensifying competition. This was despite a sharp drop in soybean prices at the Chicago Board of Trade (CBOT) from the high levels seen at the start of the year.

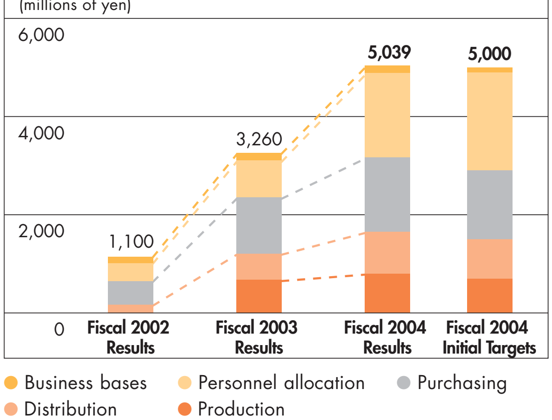
Results and Forecasts (millions of yen/%)

	FY2004	FY2005 (Forecast)	FY2006 (Target)	Change (2005/2006)
Net Sales	220,204	221,000	250,000	88.4
Operating Income	4,376	5,400	8,100	66.7
Ordinary Income	6,155	7,400	10,000	74.0
Net Income	3,202	4,700	6,700	70.1

The First Year After the Four-way Merger

In July 2004, The Nisshin OilliO Group, Ltd. merged with its three wholly owned subsidiaries, absorbing The Nisshin OilliO, Ltd., Rinoru Oil Mills Co., Ltd., and Nikko Oil Mills Co., Ltd., marking a new start for The Nisshin OilliO Group, Ltd. We complemented this new structure with a new three-year medium-term management plan, *AHEAD*. An acronym of five key words, "Ambitious," "Health," "Efficiency," "Asia," and "Development," the plan embodies five conceptual areas where the Group strives to stay ahead.

Progress in Achieving Integration Benefits
(millions of yen)

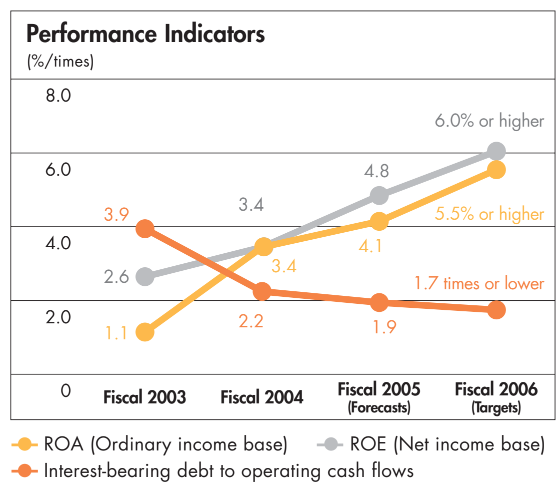


In fiscal 2004, the first year of the plan, the merger led to the creation of an operating structure that will generate benefits of ¥5.0 billion, in line with our estimates. We also concentrated on developing new products, expanding sales of value-added products, achieving fair prices for our products and securing and expanding profits. I am glad to report that these moves were successful and we surpassed our original targets (shown in the table above), heralding a strong start to our medium-term management plan.

Jokei Akitani
Chairman

AHEAD – Progress Report and Fiscal 2004 Results

In the first year of *AHEAD*, we put in place an operating structure to generate ¥5.0 billion in merger benefits. We also focused on promoting the *Healthy Resetta* brand, which leverages our technology and expertise in medium-chain fatty acids, by actively expanding joint research and collaboration with partners. This underpinned efforts to increase sales of value-added products and secure and boost profits. The year also saw the completion of the No. 2 Plant in the Beiliang Port District at Dalian Nisshin Oil Mills, Ltd. This gives us a total of five manufacturing facilities in the region, creating a new business model based on a flexible supply system that will allow us to expand sales across East Asia. As a result of the above and other actions, operating income increased by approximately 9.5 times from the previous fiscal year to ¥4,376 million on sales of ¥220,204 million, up 3.47%. Ordinary income increased approximately 3.2 times to ¥6,155 million and net income rose 34.88% to ¥3,202 million.



In fiscal 2004, we made impressive progress toward the goals set out in the *AHEAD* medium-term plan. The attainment rate, measured against the target for the final year of the plan, was 88.08% for sales and 61.55% for ordinary income. Return on assets and return on equity were both 3.4% at the fiscal year-end, against targets of a minimum of 5.5% and 6.0%, respectively. Building on the strengthened operating structure we put in place in the year under review, in the second year of the plan, ending in March 2006, we will set off on the path to renewed growth by accelerating efforts to tackle the issues we still face.

Kazuo Ogome
President

Strategies

In our core Oils and Meals Business, raw material prices have been volatile as a result of a tighter grain supply-demand balance resulting from the rapid growth of the Chinese economy. Moreover, imports of both meals and oils are rising as competition becomes progressively global, even before expansion in WTO membership and development in free trade agreements.

Despite the severe operating environment, we remain committed to achieving the targets defined in *AHEAD*. In our traditional Oils and Meals Business, we have built a 5-production-base system, including our sites in China, to achieve cost competitiveness through optimal manufacturing activities. And as a technology-driven company we will continue to launch and establish value-added products in the marketplace. Other priorities include expanding our Healthy Foods Business, operations in East Asia and our Fine Chemicals Business to accelerate the fundamental restructuring of our business and earnings structures.

We will also work to boost the enterprise value of the Nisshin OilliO Group by proactively taking measures to fulfill our corporate social responsibility (CSR), developing our brand strategy and implementing other initiatives.

In order to live up to the expectations of all our stakeholders in terms of CSR, we shall marshal the Group's collective resources, emphasizing our relationship with all stakeholder groups. We will comply with all relevant laws and regulations, deliver a stable supply of safe products that consumers can use with confidence, ensure fair disclosure, and respect and fully utilize our human resources.

Finally, as part of efforts to strengthen our management structure to help us deliver on our promises in the *AHEAD* plan, we installed a senior management team, including the new post of chairman, on October 1, 2005. Jokei Akitani has been appointed to this new post, while Kazuo Ogome has been chosen as president. We are confident that this team, together with your continuing support, will help us to more effectively leverage our leadership in the edible oils and meals industry.

October 2005

J. Akitani

Jokei Akitani
Chairman

K. Ogome

Kazuo Ogome
President

Business Domains of The Nisshin OilliO Group, Ltd.

OILS AND MEALS

The Oils and Meals Business maximizes the power of nature found in raw materials for oils and fats to support the dietary demands of everyday life. By applying distinctive and creative technology, this business consistently proposes products with exceptional added value.

- Home-use edible oils
- Commercial-use edible oils
- Edible processed oils
- Margarines and shortenings
- Processed oils and fats
- Meals and grains
- Industrial-use oils and fatty acids, others

HEALTHY FOODS

Health is the keyword behind the Healthy Foods Business, leveraging the diverse resources and expertise of The Nisshin OilliO Group, Ltd. to generate new value. After all, proposing upbeat, healthy lifestyles is what The Nisshin OilliO Group is all about.

- Foods for coping with lifestyle diseases
- Foods for women
- Foods for the elderly
- Therapeutic foods, foods for specific dietary needs
- Liquefied foods
- Dressings
- Soy protein foods, others

FINE CHEMICALS

Uncovering plant-based oils suitable for cosmetics, pharmaceuticals and even industrial goods is a prime example of these operations.

With sights set on the global market, The Nisshin OilliO Group, Ltd.'s distinctive fine chemicals technology is useful to many familiar areas of daily life.

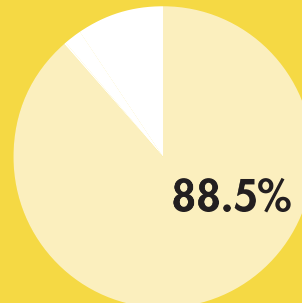
- Raw materials for cosmetics
- Additives for foods and pharmaceuticals
- Medium-chain triglycerides (MCT)
- Chemical products, others

GROUP BUSINESS

- Distribution
- Information technology
- Pharmaceuticals
- Restaurants
- Marine products
- Sales promotion
- Engineering
- Insurance and real estate management

OILS AND MEALS BUSINESS

As Japan's leading company in the edible oils and meals business, Nisshin OilliO has contributed to dietary improvements since its establishment in 1907. In response to increasing health consciousness among consumers in recent years, Nisshin OilliO is now focusing on the development of highly functional healthy oils.



Percentage of Net Sales

Profile

The core products in the Oils and Meals Business are: home-use edible oils, commercial-use edible oils, edible processed oils, and the meals and grains that are make up these products' main ingredients. The Company has continued to supply a diverse array of oil products—from healthy oils and olive oil to sesame oil—in response to changing consumer needs. "Nisshin OilliO" is now the unified brand in the area of home-use products, where it has a strong presence. In the commercial-use and processed oil fields, the Company will leverage the strengths of brands owned by each of the three merged companies.

In home-use edible oils, *Healthy Resetta*, a health food product authorized for specified health uses by Japan's Ministry of Health, Labor and Welfare, was launched in January 2003. Sales of *Healthy Resetta*, which inhibits fat uptake in the body, have climbed steadily since its debut, supported by demand from increasingly health-conscious consumers.

This was followed in 2004 by the launch of another authorized food, *Healthy Choleste*, a product recognized for its ability to lower cholesterol.

The Company is also pushing its home-use brands in the areas of commercial-use edible oils and edible processed oils. Department stores and supermarkets, for example, are reporting brisk sales of prepared foods fried in *Healthy Resetta*. In the convenience store sector, the use of our dressings for salads and highly functional oils for snack foods is growing.

Fat Spread Resetta Soft

Healthy Resetta

Healthy Choleste

Nisshin OilliO was one of the first Japanese companies to recognize the growth potential of East Asia, where we have been aggressively expanding operations. In particular, we have established four oils and fats companies in China. These firms, located in Dalian, Shanghai and other areas and operating under a local holding company, are at the forefront of efforts to strengthen our presence overseas. The No. 2 Plant in the Beiliang Port District operated by Dalian Nisshin Oil Mills, Ltd., came on stream in March 2005 and boasts a processing capability of 2,000 tons per day.

Operating Environment

Our Oils and Meals Business currently faces a difficult operating environment. Competition has turned global as imports of meals and oils are rising. This is happening ahead of the expansion of the WTO and the proliferation of free trade agreements, while the supply and demand balance is also tightening, reflecting growing demand from China as its economy continues to expand rapidly.

Prices for soybeans, a raw material used by this business, were sharply higher at the beginning of the fiscal year, rising to $10/bushel at the CBOT. Although the soybean market weakened later in the year, thanks to a bumper crop in the U.S., growing demand from China drove up ocean freight rates, which tripled from normal levels. Accordingly, high raw material prices have become an urgent issue.

Fiscal 2004 Review

In the fiscal year ended March 31, 2005, we concentrated on two areas: value-added products that are relatively immune to market forces, and creating an appropriate pricing structure for our products. In addition to posting healthy sales of *Nisshin Canola Oil Healthy Light*, we also focused on expanding sales of our certified health products *Healthy Resetta* and

Nisshin Canola Oil Healthy Light

BOSCO Extra Virgin Olive Oil

Healthy Resetta for commercial use

Nisshin Canola Oil for commercial use

Nisshin Canola Margarine

Healthy Choleste, successfully raising market recognition for our medium-chain triglycerides (MCT) products. In March 2005, we launched *Nisshin Oishii Rice Oil*, *Nisshin Pure Grape Seed Oil* and *Nisshin Healthy Linolen*, proposal-based products with particular attention given to the raw materials used, functionality and taste. These new products helped to expand our lineup to meet diversifying customer needs. Meanwhile, sales of gift sets rose despite a contracting market overall, driven by healthy oils, as we redesigned packaging and reviewed our product strategy.

In commercial-use edible oils, we concentrated on creating appropriate pricing structures for our regular products and on proposal-based marketing initiatives targeting delis and restaurants for our premium products. In authorized food products for specified health uses, we strengthened partnerships with users, aiming to increase sales of *Healthy Resetta Fry Oil* and *Fat Spread Resetta Soft*.

Future Strategies

In accordance with the objectives of the *AHEAD* plan, we plan to establish Nisshin OilliO as the leading brand in the healthy oils market, and implement a strategy aimed at creating a full product lineup in the market for home-use edible oils. Additionally, we will rebuild our gift set business and work to expand our presence in the markets for commercial-use edible oils and edible processed oils using high value-added products and technologies.

The Nisshin OilliO Group has four production bases in Japan. The Yokohama Isogo Plant, the Nagoya Plant and the Mizushima Plant, which all have port facilities capable of accepting large freight vessels, providing an integrated operational flow from the offloading of raw materials to pressing, refining and filling. The fourth base, the Sakai Plant, specializes in refining and filling. Combined with the Dalian Nisshin Oil Mills facility in China, the Nisshin OilliO Group has established

OilSaver Fryer (produces less waste oil)

Soybean fatty acid, flaxseed oil

EcoMate AR-1 anti-adhesive for asphalt

Landmark soybeans

a flexible production network that allows it select optimum production locations in response to changes in the raw materials business, exchange rates and the supply-demand balance.

Together with efforts to expand our oils and fats business in East Asia, another equally important priority will be strengthening quality assurance system at our facilities in China. At present, quality control is the responsibility of individual operating companies. Under this reformed structure, technology centers at each operating company will be integrated, creating a unified quality control system. Furthermore, the Group will promote sales anchored by new product development and technology.

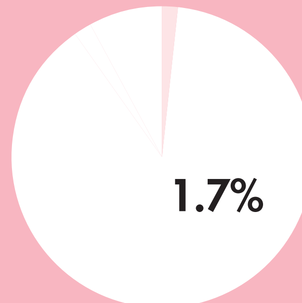
As a result of the above and other initiatives, we expect segment sales in the final year of the *AHEAD* plan, the fiscal year ending March 2007, to increase 9.64% compared with the current fiscal year, to ¥214,550 million.

Dalian Nisshin Oil Mills, No. 2 Plant
The No. 2 plant operated by Dalian Nisshin Oil Mills, Ltd. came on stream in March 2005

Mainstay Nisshin OilliO oil products sold in China

HEALTHY FOODS BUSINESS

Since its establishment in 1998, the Healthy Foods Business has provided food products that fuse food and medicine. This segment provides therapeutic foods, authorized foods for specified health uses, and other health foods that support our customers' healthy lifestyles.



Percentage of Net Sales

Profile

The main products in this segment are dressings, therapeutic foods, authorized foods for specific health uses aimed at lifestyle-related diseases, soybean products, and functional foods. Nisshin OilliO positions its Healthy Foods Business as one of its core businesses, focusing on a range of food items: from health foods for ordinary consumers, to food products specifically created for the elderly and therapeutic foods. In addition to supermarkets and other conventional retail food sales channels, the segment markets its products via prescription drugstores, hospitals, nursing care facilities, and mail-order and web-based channels.

Operating Environment and Fiscal 2004 Review

Health awareness is increasing due to the rising number of people with lifestyle-related diseases. Consumers are also more willing to take preventative steps to protect their health. Consequently, the market for authorized foods for specific health uses has now grown to a level comparable with that for over-the-counter drugs.

In December 2004, the Healthy Foods Business was reorganized into two divisions: the No. 1 Food Division, handling health foods, including foods for lifestyle-related ailments, dressings and the egg-free mayonnaise-type dressing *Mayodore*, and the No. 2 Food Division, which is responsible for soybean protein foods and processed soybean products. The No. 1 Food Division collaborates with Nisshin Science Co., Ltd., which specializes in therapeutic products, while the No. 2 Food Division works closely with Nisshin Cosmo Foods Co., Ltd., which manufactures and sells soybean protein products. This reorganization has created a more integrated Healthy Foods Business.

Pucera relaxing supplement

Mealtime Digestive Aid fiber-enriched green tea

Soymilk made from germinated soybeans

Mayodore
(egg-free mayonnaise-type dressing)

Kale green juice

Marine Peptide

Carnitine 500

Toromi Up-V
(thickens liquids for people with difficulty swallowing)

In the functional health food field, the segment posted strong sales of authorized foods for specific health uses such as Japanese green teas and kale green juice, as well as soymilk. In the food field, sales of *Resetta Dressing Sauces* and *Mayodore* were favorable. In therapeutic foods, products for the elderly and patients suffering from urinary-related complaints were strong. In March 2005, we launched two new soymilk products made from germinated soybean rich in gamma-aminobutyric acid (GABA). These products were created using our technology for growing germinated soybeans. These moves coincide with our strategy of expanding our existing soybean protein business while expanding into other processed food products.

The safety and confidence projected by Nisshin OilliO brands are important assets from the standpoint of market strategies. We are also pursuing active collaboration with other companies in order to speed up business expansion.

Strategies

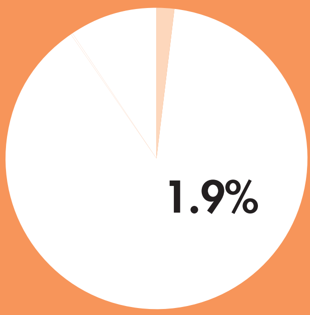
Going forward, we will build a business that offers consumers added value based on the potential of natural ingredients found in plants, primarily targeting the health food, women's product and therapeutic foods markets. We will focus on building a sales framework to underpin a new health foods business that develops and launches products in selected markets and categories. At the same time, we will continue to push forward efforts to build an operating base in China.

In July 2005, we signed a business tie-up with Irom Co., Ltd. aimed at creating a business that combines food and medicine. The partnership will involve conducting research into evidence-based healthcare (EBH) products and bringing these products to the market in a timely manner.

As a result of the above and other initiatives, we expect segment sales in the fiscal year ending March 2007 to total ¥11,800 million, an increase of 2.7 times compared to the year under review.

FINE CHEMICALS BUSINESS

Since 1973, when the Nisshin OilliO Group entered the fine chemicals field, we have used our distinctive fine chemicals technology to provide a wide range of specialized raw materials and additives for the cosmetics, chemicals, food, pharmaceutical and other industrial sectors, including the IT field.



Percentage of Net Sales

Profile

The main products in this segment are raw materials for cosmetics and toiletries, chemicals, medium-chain triglycerides (MCT), lecithin, tocopherol (vitamin E), and lubricants for the IT industry. Raw materials for cosmetics account for more than half of segment sales. Activities in this product line include research and development in functional raw materials, OEM manufacturing for cosmetics products and the development of pharmaceuticals and their applications. In addition to specialty esters, the Group provides raw materials for a range of cosmetics, from skincare to makeup. These include thickening agents made from natural substances, and hydrocarbon-based oils.

The Nisshin OilliO Group supplies ingredients for a variety of cosmetics.

The segment has concentrated all its fine chemicals operations, from research and development to manufacturing and marketing, at the Yokohama Isogo Plant to speed up business development. The segment also focuses on research in promising areas with Japanese and foreign companies, academia and public research institutes, as Nisshin OilliO strives to stay ahead in this area of fast technological change. Despite the radical pace of change in product lifecycles in this field, making rapid operational responses vital, we have positioned Fine Chemicals as one of our core businesses due to the significant potential in the market.

Operating Environment and Fiscal 2004 Review

The cosmetics market is expanding overseas, although growth has become sluggish in Japan. We are expanding sales by responding to the changing needs of cosmetic manufacturers as they become more global. Consequently, exports are rising.

In mainstay raw materials for cosmetics, the major markets are the U.S., Europe and Asia, centered on

Specialized oils and food additives (including esters and tocopherol)

China. Our guiding policy is to develop distinctive functional products and unique products in-house to win recognition for our brand from the world's leading cosmetics manufacturers. China's market for cosmetic raw materials is estimated at ¥500 billion and is expected to grow at an estimated average annual rate of 15% until 2008, the year of the Beijing Olympic Games. We have been successfully expanding our customer base in China and now are at stage where we can refocus our efforts on creating systems that provide product development support to our clients and devise even more competitive products. Meanwhile, production facilities in Taiwan will be aligned with the distribution center we completed last year in Shanghai, assuring timely delivery of raw materials for cosmetics.

In the chemicals field, demand for materials for use in rapidly expanding fields related to digital electronics and lubricants for manufacturing equipment is strong. In the foods field, we are developing new applications for medium-chain triglycerides (MCT), working on expanding sales of lecithin and tocopherol and developing functional health food materials.

Strategies

The *AHEAD* plan sets out a number of goals for the Fine Chemicals Business: diversification into new businesses, establishing more efficient production, sales and R&D networks, and growing existing businesses through overseas expansion. We will also accelerate and enhance our development activities by stepping up exchanges and closer collaboration with third parties. Supplementing exports from Japan, we will set up production bases in Europe, and through tie-ups with specialized local traders in Italy, France and other European countries we will leverage the full potential of our local manufacturing bases. Meanwhile, we plan to use Nisshin OilliO (China) Investment Co., Ltd. to expand our cosmetics business in the promising Asian market. Our focus in China will not solely be on the cosmetics field. We will also diversify into the food sector, with a focus on raw materials, particularly MCT.

As a result of the above and other factors, we are projecting segment sales in the fiscal year ending March 2007 of ¥6,000 million, up 30% from the year under review.

As a member of society and a company that uses raw materials derived from plants in its operations, the Nisshin OilliO Group is committed to proactively protecting the earth's environment.

We have established targets to reduce environmental loads and steadily worked to achieve them with a particular focus on our manufacturing divisions. Specifically, we have obtained ISO certification for all our domestic production plants, implemented measures to curtail CO_2 emission levels and achieve zero emissions status. At the same time, the Logistics and Procurement divisions are seeking to reduce their environmental footprints through greater efficiency—accomplished by consolidating logistics and reducing the use of packaging materials.

The recent merger, moreover, has provided an excellent opportunity not only to streamline our operations but to allow the Administration Division to more vigorously promote environmental protection activities across the entire Group.

Highlights of our environmental protection activities in fiscal 2004 are as follows:

All Domestic Manufacturing Facilities Secure ISO 14001 Certification

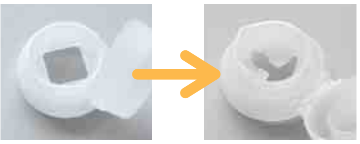
With the Mizushima Plant winning ISO 14001 certification for environmental management in April 2004, all four of our domestic manufacturing facilities—the Yokohama Isogo Plant, Nagoya Plant, Sakai Plant, and Mizushima Plant—are now ISO 14001 certified. Going forward, Nisshin OilliO will remain committed to initiatives that protect the environment.

Bio-diesel pilot plant

Effectively Using Waste Material as Bio-Diesel

Nisshin OilliO, in cooperation with academia and the government, has developed a new method for effectively processing waste materials generated during vegetable oil production into environmentally friendly bio-diesel. This new method, which holds promise for application in a wide range of fields, now prevents alkali waste materials from being generated through the use of oxygen in the conversion process.

Improvements to Containers and Packaging



Improvements to cap design reduced the volume of plastic used

Traditionally we have bottled edible oils in polypropylene bottles and sesame oil in glass bottles. In 2005, we designed a new bottle for dressings that is 15g lighter than our existing containers, realizing savings of approximately 78 tons of glass per year. Other measures include the switch to PET bottles for edible oils in gift sets. PET bottles provide a better oxygen barrier, allowing products to be stored for longer. At the same time, we switched to a new type of cap for PET bottles.

New container designs make them easier to compact

Social Service Activities

As a corporate group valued by all its stakeholders, the Nisshin OilliO Group is committed to providing and creating a healthy and happy sense of well-being for individuals, and contributing to the development of society and the economy.

The following are highlights of our corporate communications activities during the year:

Factory Visits

More than 10,000 people visit our Yokohama Isogo Plant every year. Managers have developed a visitor's course so that everyone, from elementary school students to adults, can easily understand the edible oil manufacturing process. In fiscal 2004, we introduced a visitors' bus powered by compressed natural gas (CNG), which emits less exhaust gas pollutants.

The Wellness Gallery, inside the Yokohama Isogo Plant

The Isogo Spring Festival at the Yokohama Isogo Plant

Isogo Spring Festival

Every year in April, the Yokohama Isogo Plant holds the Isogo Spring Festival on its premises. The event is designed to improve communications with local residents. Among the attractions are booths for the introduction and sampling of our products, in addition to sales corners. About 20,000 persons visit the festival every year.

Marathon Sponsorship

We sponsor the Kanagawa Marathon, a public sports event held every February in which about 7,000 runners participate. We help to run the event and open up the Yokohama Isogo Plant grounds to participants.

The Kanagawa Marathon

As of March 31, 2005, The Nisshin OilliO Group, Ltd. comprised the parent company, 31 subsidiaries, 10 unconsolidated subsidiaries, and 11 affiliates, including six equity-method affiliates. The equity method is not applied to any of the unconsolidated subsidiaries.

On July 1, 2004, a newly formed The Nisshin OilliO Group, Ltd. was launched following the merger of the former pure holding company, The Nisshin OilliO, Ltd., Rinoru Oil Mills Co., Ltd., and Nikko Oil Mills Co., Ltd. The Company's main businesses are Oils and Meals, Healthy Foods, and Fine Chemicals, as well as related services and other operations.

CONSOLIDATED RESULTS

Operating Environment

The Japanese economy showed signs of a pick-up in consumer spending and a firm recovery during the year under review, lifted by substantial improvement in corporate earnings and higher capital expenditures. However, in the second half of the fiscal year, the pace of recovery moderated against the backdrop of a slowdown in the U.S. economy, a weaker dollar, and higher crude oil prices.

In the oils and meals industry, Chicago Board of Trade prices for U.S.-grown soybeans, a key raw material for the Company, were initially high at the start of the fiscal year but fell back sharply after news of a bumper crop. However, ocean freight costs rose steeply in conjunction with strong growth in import volumes in China for iron ore, which caused the cost of major raw materials to trend at a high level. The result was a harsh operating environment for the Nisshin OilliO Group.

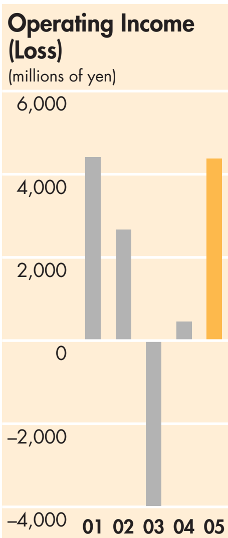
Faced with this trading environment, the Company followed its three-year management plan AHEAD in the first year since its four-way merger. Under this plan, the Company worked to quickly generate merger synergies, develop new products, expand sales of high-value-added products, and create a more appropriate pricing structure for its products. To expand sales of high-value-added products, the Company sought to gain greater market penetration for its *Healthy Resetta* brand, which leverages proprietary know-how and technology in medium-chain triglycerides (MCT). Nisshin OilliO also carried out an aggressive advertising program and pursued joint product development and collaborations with partners on the technology front.

Net Sales

In this business climate, net sales rose 3.5% from the previous fiscal year to ¥220,204 million (US$2,058 million), mainly reflecting higher revenues in the core domestic Oils and Meals business.

Cost of Sales and Gross Profit

Cost of sales increased 1.5% to ¥175,036 million (US$1,636 million) due to the aforementioned jump in raw materials prices. However, as a result of efforts to create a more appropriate pricing structure, gross profit rose 11.8% to ¥45,168 million (US$422 million), continuing a trend from the previous fiscal year.



Operating Income

Although selling, general and administrative expenses rose 2.1% to ¥40,792 million (US$381 million), primarily due to higher logistics costs related to the increase in sales and higher expenses associated with the merger of the parent company and its wholly owned subsidiaries, operating income still rose sharply year on year to ¥4,376 million (US$41 million).

Net Income

Net income jumped 34.9% to ¥3,202 million (US$30 million).

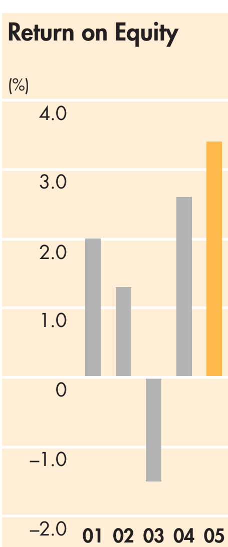
SEGMENT INFORMATION

Sales and Operating Income (Loss) by Segment

(¥ millions)

	FY2004	FY2003	Change (%)
Oils and Meals	194,788 3,230	187,454 (65)	3.9 –
Healthy Foods	3,813 (510)	3,633 (373)	5.0 –
Fine Chemicals	4,077 339	3,791 347	7.5 –2.3
Other	17,526 1,404	17,942 685	–2.3 105.0

*Top figures are sales to external customers and bottom figures show operating income (loss).



Oils and Meals Business

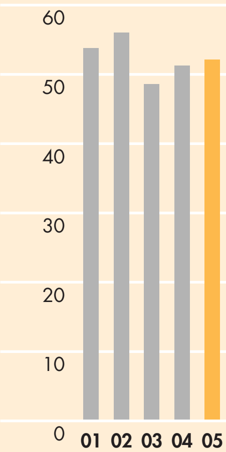
Edible oils for home and commercial use, other oil products, and meals and grains are the main products in this segment, which comprised 88.5% of aggregate net sales.

In home-use edible oils, sales of high-value-added products increased, led by *Nisshin Canola Oil Healthy Light* as well as *Healthy Resetta* and *Healthy Choleste*, both authorized food products for specified health uses. The Company also remained focused on creating a more appropriate pricing structure for its regular products. Sales of *Nisshin Canola Oil Healthy Light* expanded briskly, while the market became more aware of the benefits of medium-chain triglycerides (MCT). Both these factors supported a steady increase in sales of high-value-added products. As a result, sales of home-use edible oils rose significantly from the previous fiscal year.

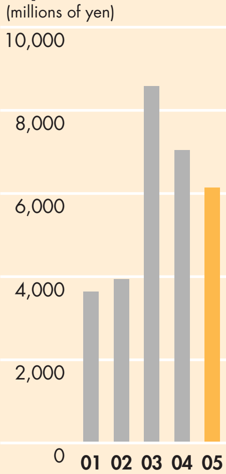
To address diverse consumer needs, the Company also strengthened its product lineup by launching *Nisshin Oishi Rice Oil*, *Nisshin Pure Grape Seed Oil*, and *Nisshin Healthy Linolen* in March 2005, proposal-based products that emphasize flavor, as well as ingredients and functionality.

In gift package sets, amid continued contraction in the gift market as a whole, the Company revitalized product planning in conjunction with the launch of new gift packaging. This generated brisk sales of healthy oil gift packages, centered on *Healthy Resetta* and *Healthy Choleste*. Additionally, gift packages combining *Safflower Oil* and *Healthy Resetta* recorded solid sales. Consequently, sales of gift package sets increased over the previous fiscal year.

Shareholders' Equity Ratio
(%)



Capital Expenditures
(millions of yen)



In commercial-use products, proposal-based marketing initiatives targeting delis and restaurants produced growth in sales volumes and prices for premium oil products. In regular products, efforts to force through price revisions resulted in lower sales volume but higher sales. Additionally, the Company collaborated with user firms to boost sales of *Healthy Resetta Fry Oil* and *Resetta Soft*, which are authorized food products for specified health uses.

Sales of oils and fats for processed foods were generally flat, as benefits from efforts to achieve more appropriate pricing were offset by declines in volume. In oils for the industrial sector, selling prices were higher than in the previous fiscal year, but increased imports of soybean oil and other factors resulted in a year-on-year decrease in sales.

Sales volumes for soybean meal were lower for the year, reflecting lower demand for domestic feed blend due to outbreaks of avian influenza, lower soybean meal blend rates associated with higher prices, and increased imports of comparatively low-priced Chinese soybean meal. However, selling prices increased over the previous year on the back of higher international prices. As a result, sales of soybean meal rose from the previous fiscal year. Rapeseed meal saw higher sales volumes due to a wider price gap with soybean meal and a shift away from soybean meal in favor of rapeseed meal as a raw material for domestic oil mills. However, selling prices were largely unchanged, resulting in a decline in sales.

Overseas, sales were up year on year despite the impact of increased imports of lower-priced oil and outbreaks of avian influenza on Dalian Nisshin Oil Mills, Ltd. Shanghai Nisshin Oil & Fats, Ltd., also registered a sharp rise in sales. During the year, the No. 2 Plant at Dalian Nisshin Oil Mills was completed in the Beiliang Port District, and after trial operations, full-scale production got underway in March 2005.

The above factors resulted in segment sales of ¥194,788 million (US$1,820 million), up 3.9% from the previous fiscal year. Segment operating income was ¥3,230 million (US$30 million).

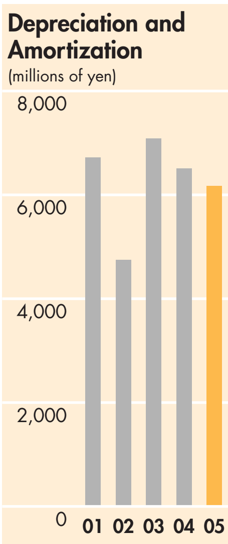
Healthy Foods Business

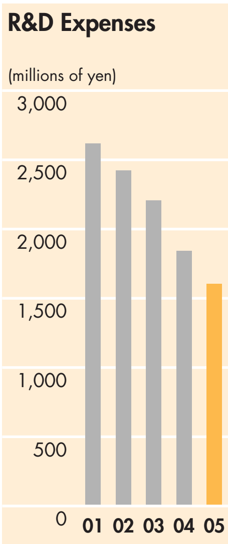
The major products of this segment include therapeutic foods, foods for patients with specific dietary needs, liquefied foods, dressings, health foods, and soy protein foods. This segment comprised 1.7% of aggregate net sales.

In health foods, sales of authorized food products for specified health uses showed brisk growth, especially for green tea containing dietary fiber for after-meal consumption and kale green juice. The Company has also enhanced its product lineup with the launch of homogenized and unhomogenized soymilk products made from germinated soybeans, both of which sold well.

Sales of therapeutic foods showed a solid increase, reflecting brisk sales of products for senior citizens and patients suffering from urological problems. Segment realignment resulted in the addition of dressings to the healthy foods business, and these product categories posted strong sales, centered on *Resetta Dressing Sauce* and *Mayodore*, partly because of heightened health consciousness on the part of consumers.

As a result, the segment reported an increase in sales of 5.0% to ¥3,813 million (US$36 million), and an operating loss of ¥510 million (US$5 million).





Fine Chemicals Business

Raw materials for cosmetics and toiletries, chemical products, MCT, lecithin, and tocopherol (vitamin E) are the main products in this segment, which represented 1.9% of aggregate net sales.

Sales of raw materials for cosmetics were stable on the whole, as strong exports associated with increased production by cosmetics makers in China and other areas outside of Japan offset weak domestic demand. Sales of chemical products rose sharply, driven by demand associated with the shift to digital formats in IT-related industries and by demand for lubrication oil used in manufacturing equipment. MCT saw brisk sales growth centered on applications in fragrances and liquefied foods. As a result segment sales rose 7.5% to ¥4,077 million (US$38 million).

Other Businesses

The pharmaceuticals business recovered on brisk sales of newly consigned products. The logistics and IT businesses were both firm, but the marine products business failed to pull out of its slump. As a result, segment sales dropped 2.3% to ¥17,526 million (US$164 million).

FINANCIAL POSITION

Total Assets

Total assets rose 0.6% year on year to ¥180,866 million (US$1,690 million).

Current Liabilities

Current liabilities increased 11.4% from the previous fiscal year-end to ¥56,076 million (US$524 million), due to the transfer of corporate bonds redeemable within one year from long-term liabilities.

Long-term Liabilities

Long-term liabilities dropped 18.7% to ¥28,334 million (US$265 million), reflecting the transfer of corporate bonds redeemable within one year to current liabilities.

Shareholders' Equity

Shareholders' equity rose 2.3% to ¥94,282 million (US$881 million) due to an increase in retained earnings.

Cash Flows

Net cash provided by operating activities was ¥9,415 million (US$88 million), reflecting a ¥3,213 million rise in income before income taxes and minority interests.

Net cash used in investing activities was ¥7,428 million (US$69 million). This was attributable to a ¥9,152 million decline in proceeds from sales of marketable securities, investment securities, and plant, property and equipment.

Net cash used in financing activities was ¥2,551 million (US$24 million). Although the amount of funds procured through long-term and short-term borrowing declined year on year, debt repayments also declined, resulting in a net increase of ¥5,003 million.

Consolidated Balance Sheets

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries
March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
ASSETS	2005	2004	2005
CURRENT ASSETS:			
Cash and cash equivalents	¥ 8,469	¥ 9,150	$ 79,150
Time deposits	523	533	4,888
Marketable securities (Note 2)	3,667	3,188	34,271
Receivables:			
Trade notes	1,416	2,451	13,234
Trade accounts	36,599	35,148	342,047
Allowance for doubtful receivables	(158)	(162)	(1,477)
Inventories:			
Finished goods	16,262	11,739	151,981
Raw materials	13,618	16,983	127,271
Deferred tax assets (Note 4)	1,720	2,094	16,075
Prepaid expenses and other	2,642	2,998	24,691
Total current assets	84,758	84,122	792,131
PROPERTY, PLANT AND EQUIPMENT (Note 3):			
Land	26,695	26,717	249,486
Buildings and structures	62,608	63,479	585,121
Machinery and equipment	73,352	73,399	685,533
Construction in progress	2,892	1,045	27,028
Total	165,547	164,640	1,547,168
Accumulated depreciation	(89,842)	(88,378)	(839,645)
Net property, plant and equipment	75,705	76,262	707,523
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 2)	11,034	10,956	103,122
Investments in and advances to unconsolidated subsidiaries and associated companies	2,612	2,423	24,411
Goodwill	399	255	3,729
Software	2,514	2,363	23,495
Other (Note 4)	3,844	3,371	35,925
Total investments and other assets	20,403	19,368	190,682
TOTAL	¥180,866	¥179,752	$1,690,336

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars (Note 1.a) 2005
CURRENT LIABILITIES:			
Short-term bank loans (Note 3)	¥ 3,959	¥ 4,842	$ 37,000
Current portion of long-term debt (Note 3)	5,360	622	50,094
Payables:			
Trade notes	1,095	914	10,234
Trade accounts	35,838	30,393	334,935
Income taxes payable (Note 4)	374	746	3,495
Accrued expenses	5,386	8,881	50,336
Other	4,064	3,958	37,981
Total current liabilities	56,076	50,356	524,075
LONG-TERM LIABILITIES:			
Long-term debt (Note 3)	11,188	16,435	104,561
Liability for retirement benefits (Note 7)	4,668	4,665	43,626
Deferred tax liabilities (Note 4)	7,922	7,046	74,037
Negative goodwill	4,073	6,090	38,065
Other	483	634	4,514
Total long-term liabilities	28,334	34,870	264,803
MINORITY INTERESTS	2,174	2,377	20,318
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 9, 10 and 11)			
SHAREHOLDERS' EQUITY (Note 8):			
Common stock—authorized, 388,350,000 shares; issued, 173,339,287 shares in 2005 and 2004	16,332	16,332	152,636
Capital surplus	26,054	26,052	243,495
Retained earnings	50,510	48,515	472,056
Unrealized gain on available-for-sale securities	1,931	1,660	18,047
Foreign currency translation adjustments	(349)	(248)	(3,262)
Treasury stock—at cost, 584,459 shares in 2005 and 519,137 shares in 2004	(196)	(162)	(1,832)
Total shareholders' equity	94,282	92,149	881,140
TOTAL	¥180,866	¥179,752	$1,690,336

Consolidated Statements of Income

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
	2005	2004	2005
NET SALES	¥220,204	¥212,820	$2,057,981
COST OF SALES	175,036	172,410	1,635,850
Gross profit	45,168	40,410	422,131
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 5)	40,792	39,952	381,234
Operating income	4,376	458	40,897
OTHER INCOME (EXPENSES):			
Interest and dividend income	222	208	2,075
Interest expense	(367)	(403)	(3,430)
Gain on sales of property, plant and equipment	4	3,436	38
Gain on sales of investment securities	40	369	374
Loss on write-down of investment securities	(178)	(22)	(1,664)
Loss on disposition of property, plant and equipment	(344)	(1,716)	(3,215)
Foreign exchange loss	(77)	(256)	(720)
Amortization of negative goodwill	2,032	2,056	18,991
Impairment loss on long-lived assets		(1,590)	
Loss on disaffiliation from the employee pension fund		(704)	
Other—net	(787)	(129)	(7,355)
Other income—net	545	1,249	5,094
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	4,921	1,707	45,991
INCOME TAXES (Note 4):			
Current	805	992	7,523
Deferred	1,250	(1,146)	11,683
Total	2,055	(154)	19,206
MINORITY INTERESTS IN NET LOSS	(336)	(513)	(3,140)
NET INCOME	¥ 3,202	¥ 2,374	$ 29,925

	Yen		U.S. Dollars
	2005	2004	2005
PER SHARE OF COMMON STOCK (Note 1.p):			
Net income	¥18.20	¥13.66	$0.17
Cash dividends applicable to the year	7.00	7.00	0.07

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2005 and 2004

	Thousands	Millions of Yen					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, APRIL 1, 2003	172,891	¥16,332	¥26,052	¥47,148	¥ (217)	¥ 14	¥(142)
Net income				2,374			
Cash dividends, ¥7.00 per share				(1,211)			
Bonuses to directors				(7)			
Take-over of retained earnings for merger				15			
Adjustment of retained earnings for associated company newly accounted for by the equity method				196			
Net increase in unrealized gain on available-for-sale securities					1,877		
Net change in foreign currency translation adjustments						(262)	
Treasury stock acquired—net	(71)						(20)
BALANCE, MARCH 31, 2004	172,820	16,332	26,052	48,515	1,660	(248)	(162)
Net income				3,202			
Cash dividends, ¥7.00 per share				(1,210)			
Bonuses to directors				(17)			
Adjustment of retained earnings for associated company newly accounted for by the equity method				20			
Net increase in unrealized gain on available-for-sale securities					271		
Net change in foreign currency translation adjustments						(101)	
Treasury stock acquired—net	(65)		2				(34)
BALANCE, MARCH 31, 2005	**172,755**	**¥16,332**	**¥26,054**	**¥50,510**	**¥1,931**	**¥(349)**	**¥(196)**

	Thousands of U.S. Dollars (Note 1.a)					
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, MARCH 31, 2004	$152,636	$243,476	$453,411	$15,514	$(2,318)	$(1,514)
Net income			29,925			
Cash dividends, $0.07 per share			(11,308)			
Bonuses to directors			(159)			
Adjustment of retained earnings for associated company newly accounted for by the equity method			187			
Net increase in unrealized gain on available-for-sale securities				2,533		
Net change in foreign currency translation adjustments					(944)	
Treasury stock acquired—net		19				(318)
BALANCE, MARCH 31, 2005	**$152,636**	**$243,495**	**$472,056**	**$18,047**	**$(3,262)**	**$(1,832)**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
	2005	2004	2005
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 4,921	¥ 1,707	$ 45,991
Adjustments for:			
Income taxes—paid	(1,261)	(468)	(11,785)
Depreciation and amortization	6,176	6,509	57,720
Equity in earnings of associated companies	(156)	(127)	(1,458)
Amortization of negative goodwill	(2,032)	(2,056)	(18,991)
Loss (gain) on sales and disposition of property, plant and equipment	371	(1,717)	3,467
Loss on write-down of investment securities	178	22	1,664
Increase in trade receivables	(444)	(2,551)	(4,150)
Increase in inventories	(1,192)	(1,952)	(11,140)
Increase in trade payables	1,135	5,694	10,607
Increase (decrease) in liability for retirement benefits	23	(165)	215
Other—net	1,696	720	15,851
Total adjustments	4,494	3,909	42,000
Net cash provided by operating activities	9,415	5,616	87,991
INVESTING ACTIVITIES:			
Proceeds from sale of investment securities	359	2,759	3,355
Purchases of investment securities	(389)	(346)	(3,636)
Proceeds from sale of property, plant and equipment	35	5,175	327
Purchases of property, plant and equipment	(5,482)	(6,660)	(51,234)
(Increase) decrease in marketable securities—net	(369)	610	(3,448)
Compensation for condemnation of land		1,585	
Other—net	(1,582)	(782)	(14,785)
Net cash provided by (used in) investing activities	(7,428)	2,341	(69,421)
FINANCING ACTIVITIES:			
Decrease in short-term bank loans—net	(808)	(7,846)	(7,551)
Proceeds from long-term debt	209	3,810	1,953
Repayments of long-term debt	(669)	(2,496)	(6,252)
Redemption of bonds		(400)	
Dividends paid	(1,210)	(1,211)	(11,308)
Dividends paid for minority interests	(43)	(44)	(402)
Proceeds from issuance of common stock to minority shareholder		641	
Purchases of treasury stock	(30)	(8)	(281)
Net cash used in financing activities	(2,551)	(7,554)	(23,841)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(117)	(183)	(1,093)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(681)	220	(6,364)
CASH AND CASH EQUIVALENTS INCREASED BY MERGER WITH CONSOLIDATED SUBSIDIARY		21	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,150	8,909	85,514
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 8,469	¥ 9,150	$ 79,150

See notes to consolidated financial statements.

1. SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The following is a summary of the significant accounting and reporting policies adopted by The Nisshin OilliO Group, 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 in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2004 financial statements to conform to the classifications used in 2005.

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 ¥107 to $1, the approximate rate of exchange at March 31, 2005. 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 as of March 31, 2005 include the accounts of the Company and its 21 (24 in 2004) significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in six (five in 2004) associated companies are accounted for by the equity method. Investments in the remaining ten unconsolidated subsidiaries and five associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill is reported in the balance sheet as other assets and/or long-term liabilities and is amortized using the straight-line method over 5 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

c. Translation of Foreign Currency Accounts—Foreign currency transactions relate principally to the importation of raw materials through Japanese trading companies, contracted 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.

Gains or losses from foreign currency transactions are included in net income or loss.

d. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

e. 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 time deposits, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

f. Marketable Securities and Investment Securities—All securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

g. Allowance for Doubtful Receivables—The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. Inventories—Finished goods are stated at cost substantially determined by the average method. Raw materials are stated at the lower of cost, determined by the first-in, first-out method, or market.

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

Depreciation of plant and equipment of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method over the estimated useful lives of the assets, while the straight-line method is applied to the plant and equipment of consolidated foreign subsidiaries.

The straight-line method is applied to buildings. Equipment held for lease is depreciated by the straight-line method over the lease periods.

The range of useful lives is from 5 to 50 years for buildings and structures and from 4 to 16 years for machinery and equipment.

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

j. Leases—All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem 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.

k. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

l. Retirement and Pension Plans—The Company and its domestic consolidated subsidiaries have an unfunded retirement benefit plan for all eligible employees. The amounts of the retirement benefits are, in general, determined on the basis of length of service and conditions under which the termination occurs. In addition to the unfunded plan, the Company has non-contributory and contributory funded pension plan.

The liability for retirement benefits is based on the projected benefit obligations and plan assets at the balance sheet date. The net periodic benefit costs, based on an actuarial computation of current and future employee benefits, are charged to income.

The transitional obligation determined as of April 1, 2000 amounted to ¥3,621 million. The full amount of the transitional obligation except for that of one domestic subsidiary, amounted to ¥3,423 million and was charged to income for the year ended March 31, 2001. The transitional obligation of one domestic subsidiary of ¥198 million is being amortized over 10 years using the straight-line method and annual amortization is presented as other expense in the consolidated statements of income.

Retirement allowances for directors and corporate auditors are recorded to state the liability for retirement benefits at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

m. Research and Development—Costs relating to research and development activities are charged to income as incurred.

n. Derivatives and Hedging Activities—The Group uses a variety of derivative financial instruments, including foreign currency forward contracts, commodity futures and interest rate swaps as a means of hedging exposure to foreign currency, price and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value with gains or losses recognized in the consolidated statements of income.

If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts are utilized to hedge foreign currency exposures in importation of raw materials from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Commodity futures are utilized to hedge transactions in inventories and trading commitments. These futures which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as other liabilities or assets.

Interest rate swaps are utilized to hedge interest rate exposures of long-term debt. These swaps, which qualify for hedge accounting, are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as other liabilities or assets.

o. Per Share Data—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because the Company does not issue dilutive securities.

Cash dividends per share shown in the consolidated statements of income 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.

p. Appropriations of Retained Earnings—Appropriations of retained earnings are reflected in the financial statements for the following year on shareholders' approval.

2. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Current—Government and corporate bond	¥ 3,667	¥ 3,188	$ 34,271
Total	¥ 3,667	¥ 3,188	$ 34,271
Non-current:			
Marketable equity securities	¥ 9,992	¥ 9,086	$ 93,383
Government and corporate bonds	367	137	3,430
Trust fund investments and other	675	1,733	6,309
Total	¥11,034	¥10,956	$103,122

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2005 and 2004 were as follows:

	Millions of Yen			
	2005			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	¥4,967	¥4,360	¥ 59	¥9,268
Debt securities	4,061	6	552	3,515
Other	712		44	668

	Millions of Yen			
	2004			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	¥4,910	¥4,219	¥ 46	¥9,083
Debt securities	3,886	5	597	3,294
Other	495		47	448

	Thousands of U.S. Dollars			
	2005			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	$46,420	$40,748	$ 551	$86,617
Debt securities	37,953	56	5,159	32,850
Other	6,654		411	6,243

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2005 and 2004 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Available-for-sale:			
Equity securities	¥1,242	¥ 778	$11,607
Other	8	593	75
Total	¥1,250	¥1,371	$11,682

Proceeds from sales of available-for-sale securities for the years ended March 31, 2005 and 2004 were ¥338 million ($3,159 thousand) and ¥3,096 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥23 million ($215 thousand) and ¥12 million ($112 thousand), respectively, for the year ended March 31, 2005 and ¥369 million and ¥102 million, respectively, for the year ended March 31, 2004.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2005 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥3,170	$29,626
Due after one year through five years	18	168
Due after five years through ten years	250	2,336
Due after ten years	167	1,561
Total	¥3,605	$33,692

3. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2005 and 2004 consisted of bank overdrafts, loans on deed and notes to banks. The average interest rates applicable to the short-term bank loans as of March 31, 2005 and 2004 were 1.9% and 1.5%, respectively.

Long-term debt as of March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
1.6% unsecured bonds due 2005	¥ 5,000	¥ 5,000	$ 46,729
2.1% unsecured bonds due 2007	5,000	5,000	46,729
Loans from banks, due through 2016 with interest rates ranging from 0.8% to 4.4% (2005) and from 0.8% to 3.5% (2004):			
Collateralized	406	555	3,795
Unsecured	6,142	6,502	57,402
Total	16,548	17,057	154,655
Less current portion	(5,360)	(622)	(50,094)
Long-term debt, less current portion	¥11,188	¥16,435	$104,561

The aggregate annual maturities of long-term debt as of March 31, 2005 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 5,360	$ 50,094
2007	1,896	17,720
2008	5,258	49,140
2009	3,432	32,075
2010	109	1,019
2011 and thereafter	493	4,607
Total	¥16,548	$154,655

As of March 31, 2005, the following assets were pledged as collateral to secure short-term bank loans of ¥2,135 million ($19,953 thousand), long-term debt of ¥406 million ($3,794 thousand) and trade accounts of ¥170 million ($1,589 thousand):

	Millions of Yen	Thousands of U.S. Dollars
Land	¥1,964	$18,355
Building and structures—net of accumulated depreciation	1,398	13,066
Machinery and equipment—net of accumulated depreciation	542	5,065
Equity securities	58	542
Total	¥3,962	$37,028

4. 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 rate of approximately 40.6% and 41.8% for the years ended March 31, 2005 and 2004, respectively.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Deferred tax assets:			
Liability for retirement benefits	¥ 3,039	¥ 2,992	$ 28,402
Tax loss carryforwards	274	2,189	2,561
Accrued expenses	1,341	978	12,533
Unrealized profits on sales of fixed assets	192	165	1,794
Inventories	118	51	1,103
Other	202	441	1,887
Total	5,166	6,816	48,280
Deferred tax liabilities:			
Gain on securities transferred of the retirement benefit trust fund	1,325	1,331	12,383
Property, plant and equipment	6,289	7,130	58,776
Unrealized gain on available-for-sale securities	2,166	1,159	20,243
Other	938	1,432	8,766
Total	10,718	11,052	100,168
Net deferred tax liabilities	¥ (5,552)	¥ (4,236)	$ (51,888)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2005 and 2004 is as follows:

	2005	2004
Normal effective statutory tax rate	40.6%	41.8%
Expenses not deductible for income tax purposes	3.2	8.7
Per capita levy of corporate tax	1.4	4.3
Elimination of intercompany dividends	1.6	6.0
Amortization of consolidation goodwill	(15.7)	(48.6)
Difference from effective statutory tax rate of consolidated subsidiaries	7.1	40.4
Equity in earnings of associated companies	(1.3)	(3.1)
Effect of tax rate reduction		2.5
Temporary difference due to not recognized deferred tax	5.0	15.5
Unrealized profits on sales of fixed assets	0.2	(78.5)
Other—net	(0.3)	2.0
Actual effective tax rate	41.8%	(9.0)%

5. RELATED PARTY TRANSACTIONS

Transactions of the Company with affiliated companies for the year ended March 31, 2005 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2005	2005
Sales	¥40,146	$375,196
Purchases	44,178	412,879

The balances due to or from these affiliated companies at March 31, 2005 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2005	2005
Trade accounts receivable	¥7,857	$73,430
Trade accounts payable	8,984	83,962

6. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥1,603 million ($14,981 thousand) and ¥1,841 million for the years ended March 31, 2005 and 2004, respectively.

7. RETIREMENT AND PENSION PLANS

The Company and its domestic consolidated subsidiaries have severance payment plans for employees, directors and corporate auditors. The contributory funded defined benefit plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Company on behalf of the government and a corporate portion established at the discretion of the Company. According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Company applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of pension obligations and related assets to the government by another subsequent application.

The liability (assets) for employees' retirement benefits at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Projected benefit obligation	¥ 18,964	¥ 20,722	$ 177,234
Fair value of plan assets	(13,728)	(13,898)	(128,299)
Unrecognized prior service cost	1,842	475	17,215
Unrecognized actuarial loss	(4,228)	(4,169)	(39,514)
Unrecognized transitional obligation	(99)	(119)	(925)
Prepaid pension expense	1,147	865	10,719
Net liability	¥ 3,898	¥ 3,876	$ 36,430

The components of net periodic benefit costs for the years ended March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Service cost	¥ 912	¥ 856	$ 8,523
Interest cost	318	376	2,972
Expected return on plan assets	(488)	(299)	(4,561)
Amortization of prior service cost	(37)	(37)	(346)
Recognized actuarial loss	320	426	2,991
Amortization of transitional obligation	20	20	187
Special retirements benefit	8	5	75
Net periodic benefit costs	¥1,053	¥1,347	$ 9,841

Assumptions used for the years ended March 31, 2005 and 2004 are set forth as follows:

	2005	2004
Discount rate	2.2%	2.2%
Expected rate of return on plan assets	4.1%	4.2%
Amortization period of prior service cost	15–17 years	15–17 years
Recognition period of actuarial gain	15–17 years	15–17 years
Amortization period of transitional obligation:		
The Company and the other subsidiaries	1 year	1 year
One subsidiary (Settsu Oil Mills Co., Ltd.)	10 years	10 years

Retirement allowances for directors and corporate auditors are paid subject to approval of the shareholders.

The Group recorded liabilities for its unfunded retirement allowance plan covering all of its directors and corporate auditors for the years ended March 31, 2005 and 2004 that were ¥770 million ($7,196 thousand) and ¥789 million, respectively.

8. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥93,358 million ($872,505 thousand) as of March 31, 2005, based on the amount recorded in the parent company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

9. LEASES

The Group leases certain machinery, computer equipment and other assets.

Total lease payments under finance leases for the years ended March 31, 2005 and 2004 were ¥1,094 million ($10,224 thousand) and ¥818 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, impairment loss, obligations under finance lease, depreciation expense and interest expense of finance lease that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
Machinery and Equipment	2005	2004	2005
Acquisition cost	¥ 4,125	¥ 4,157	$ 38,551
Accumulated depreciation	(1,785)	(2,243)	(16,682)
Impairment loss	(339)	(340)	(3,168)
Net leased property	¥ 2,001	¥ 1,574	$ 18,701

Lease payments relating to finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥ 717	¥ 618	$ 6,701
Due after one year	1,284	956	12,000
Total	¥2,001	¥1,574	$18,701

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

Depreciation expense, which is not reflected in the accompanying consolidated statements of income computed by the straight-line method, was ¥1,094 million ($10,224 thousand) and ¥818 million for the years ended March 31, 2005 and 2004, respectively.

The Group also leases certain machinery, equipment and other assets to customers.

Total lease receipts under finance leases for the years ended March 31, 2005 and 2004 were ¥15 million ($140 thousand) and ¥20 million, respectively.

Total lease receipts include interest revenue of ¥2 million ($19 thousand) and ¥3 million for the years ended March 31, 2005 and 2004, respectively.

Pro forma information on 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 years ended March 31, 2005 and 2004 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
Machinery and Equipment	2005	2004	2005
Acquisition cost	¥ 62	¥ 91	$ 579
Accumulated depreciation	(52)	(70)	(486)
Net leased property	¥ 10	¥ 21	$ 93

Future lease income relating to finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥14	¥18	$131
Due after one year	14	28	131
Total	¥28	¥46	$262

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

Depreciation expense is ¥8 million ($75 thousand) and ¥17 million for the years ended March 31, 2005 and 2004, respectively.

10. COMMITMENTS AND CONTINGENT LIABILITIES

The Group was contingently liable at March 31, 2005, for guarantees of employee's housing loans, guarantees of assigned lease liability and associated companies' bank borrowings, totaling ¥807 million ($7,542 thousand), ¥20 million ($187 thousand) and ¥29 million ($271 thousand), respectively.

The Group executed a ¥26,510 million ($247,757 thousand) committed borrowing facility with a domestic banking group during the fiscal year ended March 31, 2005. As of March 31, 2005, the Group drew ¥1,900 million ($17,757 thousand) from this facility.

11. DERIVATIVES

The Group enters into foreign exchange forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. 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 Group has purchased currency options, as a whole, to reduce the purchase price associated with foreign currency transactions. The Group enters into commodity futures in the normal course of business to determine the cost corresponding to the selling price, which is based on the forward delivery contract. The Group enters into interest rate swap agreements as a means of managing their interest rate exposure and profit or loss on redemption of bonds.

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

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential volatility in market conditions, including interest and foreign exchange rates. Credit risk is the possibility that a loss may result from a counter party's failure to perform according to terms and conditions of the contract.

Derivative transactions entered into by the Group have been made in accordance with internal policies, which regulate limits of positions, and establishment of the opposite position to reduce risk. Derivative transactions in a loss position that exceed certain predetermined thresholds will be reversed. The execution of these transactions is reviewed by the internal audit department.

Foreign currency forward contracts which qualify for hedge accounting for the years ended March 31, 2005 and 2004 are excluded from the disclosure of market value information.

12. SEGMENT INFORMATION

The Group operates in the following segments:

Oils and meals consist of home-use food products, commercial-use food products, including fats and oils and meals.

Healthy foods consist of therapeutic foods, health foods and foods taken in liquid form.

Fine chemicals consist of cosmetics and toiletries, chemical products, medium-chain triglycerides (MCT), lecithin and tocopherol (Vitamin E).

Other consists of real estate leasing, management and mediation services, pharmaceuticals, packaging services, customs-related business, warehousing, restaurant management, sports facility management, marine products, sales promotions, engineering, accident and liability insurance, computing-related services and garden supplies.

Information about industry segments of the Group for the years ended March 31, 2005 and 2004 is as follows:

a. Sales and Operating Income

	Millions of Yen					
	2005					
	Oils and Meals	Healthy Foods	Fine Chemicals	Other	Eliminations	Consolidated
Sales to customers	¥194,788	¥3,813	¥4,077	¥17,526		¥220,204
Intersegment sales	894	518	551	16,636	¥(18,599)	
Total sales	195,682	4,331	4,628	34,162	(18,599)	220,204
Operating expenses	192,452	4,841	4,289	32,758	(18,512)	215,828
Operating income (losses)	¥ 3,230	¥ (510)	¥ 339	¥ 1,404	¥ (87)	¥ 4,376

b. Total Assets, Depreciation and Capital Expenditures

	Millions of Yen					
	2005					
	Oils and Meals	Healthy Foods	Fine Chemicals	Other	Corporate Eliminations	Consolidated
Total assets	¥143,917	¥1,463	¥3,504	¥22,176	¥9,806	¥180,866
Depreciation and amortization	4,608	27	198	1,343		6,176
Capital expenditures	5,222	24	52	844		6,142

a. Sales and Operating Income

	Thousands of U.S. Dollars					
	2005					
	Oils and Meals	Healthy Foods	Fine Chemicals	Other	Eliminations	Consolidated
Sales to customers	$1,820,449	$35,636	$38,102	$163,794		$2,057,981
Intersegment sales	8,355	4,841	5,149	155,477	$(173,822)	
Total sales	1,828,804	40,477	43,252	319,271	(173,822)	2,057,981
Operating expenses	1,798,617	45,243	40,083	306,150	(173,009)	2,017,084
Operating income (losses)	$ 30,187	$ (4,766)	$ 3,168	$ 13,121	$ (813)	$ 40,897

b. Total Assets, Depreciation and Capital Expenditures

	Thousands of U.S. Dollars					
	2005					
	Oils and Meals	Healthy Foods	Fine Chemicals	Other	Corporate Eliminations	Consolidated
Total assets	$1,345,019	$13,673	$32,748	$207,252	$91,645	$1,690,336
Depreciation and amortization	43,065	252	1,851	12,551		57,720
Capital expenditures	48,804	224	486	7,888		57,402

a. Sales and Operating Income

	Millions of Yen					
	2004					
	Oils and Meals	Healthy Foods	Fine Chemicals	Other	Eliminations	Consolidated
Sales to customers	¥187,454	¥3,633	¥3,791	¥17,942		¥212,820
Intersegment sales	965	248	461	17,941	¥(19,615)	
Total sales	188,419	3,881	4,252	35,883	(19,615)	212,820
Operating expenses	188,484	4,254	3,905	35,198	(19,479)	212,362
Operating (losses) income	¥ (65)	¥ (373)	¥ 347	¥ 685	¥ (136)	¥ 458

b. Total Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of Yen					
	2004					
	Oils and Meals	Healthy Foods	Health Linkage	Other	Corporate Eliminations	Consolidated
Total assets	¥135,989	¥1,387	¥2,969	¥25,793	¥13,614	¥179,752
Depreciation and amortization	5,438	41	109	921		6,509
Impairment loss on fixed assets				1,590		1,590
Capital expenditures	4,520	44	123	2,350		7,037

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

13. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2005 was approved at the Company's general meeting of shareholders held on June 28, 2005:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.5 ($0.03) per share	¥605	$5,654

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Nisshin OilliO Group, Ltd.:

We have audited the accompanying consolidated balance sheets of The Nisshin OilliO Group, Ltd. and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Nisshin OilliO Group, Ltd. and consolidated subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits 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.a. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 28, 2005

Corporate Data

Board of Directors and Corporate Auditors

Chairman
Jokei Akitani*

President
Kazuo Ogome*

Executive Vice-Presidents
Shunji Takase*
Hirohiko Kubo*

Senior Managing Directors
Fumio Imokawa
Takao Imamura

Managing Directors
Tadashi Suzuki
Yoshihito Tamura
Kenji Gokyu
Tsutomu Usui
Akira Seto

Directors
Yuzou Higaki
Takashi Fujii
Yoshiharu Ninomiya
Hidetoshi Ogami
Mitsuo Minami
Takeshi Inoue
Tomoyuki Nakayama

Standing Corporate Auditors
Kentarou Kurokawa
Shinji Kajiwara

Corporate Auditors
Kiyoshi Matsuo
Masatoshi Kamijo

*Representative Director

(As of October 1, 2005)

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Date of Establishment
March 7, 1907

Paid-in Capital
¥16,332 million

Number of Shares of Common Stock Authorized
388,350,000 shares

Number of Shares of Common Stock Issued
173,339,287 shares

Number of Shareholders
12,639

Consolidated Subsidiaries
Settsu Oil Mills Co., Ltd.
Nisshin Shoji Co., Ltd.
Nisshin Logistics Co., Ltd.
NSP Co., Ltd.
Kobayashi Pharmaceutical Industry Co., Ltd.
Marketing Force Japan, Inc.
Nisshin Plant Engineering Co., Ltd.
The Golf Joy Co., Ltd.
Nisshin Science Co., Ltd.
Nisshin Marine Tech Co., Ltd.
Evagros Co., Ltd.
Nisshin Cosmo Foods Co., Ltd.
Dalian Nisshin Oil Mills, Ltd.
Shanghai Nisshin Oil & Fats, Ltd.
Southern Nisshin Bio-Tech Sdn. Bhd.
The Nisshin OilliO (China) Investment Co., Ltd.
Nisshin Finance Co., Ltd.
Sakai Tank Terminal Co., Ltd.
Yamakiu Transport Co., Ltd.
Nikko Express Co., Ltd.
Yoko Engineering Co., Ltd.

Equity-Method Affiliates
Wakou Shokuhin Co., Ltd.
Ten Corporation Co., Ltd.
Saiwai Shoji Co., Ltd.
Nisshin Shokai Co., Ltd.
President Nisshin Corp.
Zhang Jia Gang President Nisshin Food Corp.

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