

Delivering Good Health and Reliability



日清製粉グループ

To Shareholders Business Report 2009

(April 1, 2008 to March 31, 2009)



NISSHIN SEIFUN GROUP INC.

A Message from the Management

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* The financial data in this report are prepared from the financial statements issued for domestic reporting purpose in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and accounting principles generally accepted in Japan.



Osamu Shoda
Honorary Chairman &
Executive Adviser

Ippei Murakami
President

Nissin Seifun Group Inc. regards long-term maximization of corporate value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses, with growth potential. The company has embarked on initiatives set forth its new two-year management plan "Nissin Seifun Group Action Plan GO, 2010" for the period April 2009 to March 2011. We will also further reinforce our quality assurance systems to enhance reliability and safety. Moreover, the Group will aggressively promote various measures including reinforcement of the internal control system, legal and regulatory compliance, environmental protection and social contribution, thereby fulfilling our corporate social responsibility.

During the fiscal year ended March 31, 2009, the Nissin Seifun Group ("the Group") introduced new products, vigorously embarked on advertising and promotion activities to stimulate demand, and strove to further reduce costs. To address a radical surge in procurement costs, which were more than could be absorbed internally, the company revised its product prices. Such a hike in procurement costs was a result of the government's price in wheat, which saw a 30% increase in April 2008, and an additional 10% increase in October 2008.

By implementing such measures, we achieved higher revenue and income despite the extremely severe business environment due to the rapid deterioration of the Japanese economy triggered by the worldwide financial crisis, which was further worsened by the fluctuation of procurement costs of raw materials and sluggish demand due to the impact of the aging of Japanese society. Net sales increased 8.1% compared with the previous year to ¥466,671 million. On the earnings front, the company managed to cover significant cost

increases with redoubled group-wide cost-reduction efforts, price revisions, and other initiatives, as well as steady bran prices. These efforts allowed operating income to rise 13.4% to ¥21,755 million, ordinary income to rise 11.0% to ¥24,618 million, and net income to rise 24.3% to ¥13,852 million.

With regard to the distribution of profits to our shareholders, we decided to maintain the same level of annual dividend as for the previous fiscal year of ¥18 per share. The company aims to meet the expectations of shareholders to distribute profits, based on the current and future profitability of the business and the financial position, in addition to targeting a payout ratio of at least 30% on a consolidated basis.

We anticipate that the future business climate in the fiscal year ending March 31, 2010, will continue to pose difficulties due to concerns that the economic downturn of the Japanese economy will be prolonged, slow demand partially as a result of Japan's aging society and the new strains of influenza.

We will further expand business at each company with the holding company, Nissin Seifun Group Inc., playing a central role and continue efforts to become a corporate group that is supported by stakeholders including shareholders, customers, business partners, employees and local communities.

Shareholders' continuing patronage and support are highly appreciated.

The signature consists of two stylized characters, likely '正田' (Masaoka), written in a flowing, cursive brush style.The signature consists of three stylized characters, likely '村上一平' (Ippei Murakami), written in a flowing, cursive brush style.

Osamu Shoda
Honorary Chairman &
Executive Adviser

The signature consists of two stylized characters, likely '村上' (Murakami), written in a flowing, cursive brush style.

Ippei Murakami
President

June 2009

Interview with the President

President Murakami was interviewed about the business environment in which the Nissin Seifun Group operates; the efforts and measures taken by the Group for the year ended March 31, 2009; the outline of the new management plan; and the Group's initiatives to enhance the reliability and safety of food.

Efforts and Measures the Group Took and Its Business Performance for the Year Ended March 31, 2009



Please explain the business environment in which the Nissin Seifun Group operates and outline the business performance for the year ended March 31, 2009.



The year ended March 31, 2009, was a significant year because the Group successfully established a business foundation for the year ending March 2010 and years after by overcoming some serious issues and implementing strategies and measures to increase revenue and income and to achieve medium- and long-term management targets. The issues we overcame included continual price increases in April 2008 and October 2008 of wheat sold by the government to flour millers and the higher burden of depreciation and amortization costs due to a change of relevant accounting policy. As to the specific issues included in the Business Plan for the Year Ended March 2009, we achieved overall results higher than initially targeted. The achievement of higher-than-forecast results has led to significant confidence in the management staff and the employees of the Nissin Seifun Group.

However, the business environment in which the Group operated was

extremely severe. The worldwide financial crisis worsened the already critical global economy, which also rapidly decelerated the Japanese economy. The Nissin Seifun Group suffered from such impact as well. The business results of NBC Inc., which engages in the mesh cloths business, deteriorated significantly. In the Group's mainstay flour milling business and processed food business, demand is declining and people are seeking lower prices due to the deterioration of the economy and the impact of price revisions of products that were implemented due to the government repeatedly raising imported wheat sales prices. Despite such a difficult environment, the Group strove to drive demand for mainstay products by releasing new products and through aggressive advertising activities. With the completion of the productivity expansion construction for the Higashinada Plant of Nissin Flour Milling Inc., which fully launched operation in September 2008, the Group has been conducting thorough cost reduction. As a result, for the fiscal year under review, revenue increased and a surge in costs was addressed by reinforcing Group-wide cost-reduction activities, enacting price revisions and holding steady prices of bran, leading to an increase in income for the first time in the past four fiscal years. In particular, the recovery of business results in the processed food business achieved by a reduction of sales promotion costs and other cost-reduction measures contributed significantly to profit increase.

Our business environment remains severe. We are also facing a significant change that was not seen in the previous year: Overall raw materials and fuel prices, including wheat prices, that had been increasing have been declining in the fiscal year ending March 2010. The Group intends to address such changes in the environment appropriately.



New products of Nissin Foods Inc. for the spring and summer of 2009



New Management Plan



The Group formulated and has been implementing the “Nisshin Seifun Group Action Plan GO, 2010.” Would you explain its targets and the reason why you came up with this plan name?



For sustainable growth based on the sturdy corporate structure that has been established to date, the Group formulated the “Nisshin Seifun Group Action Plan GO, 2010,” which covers two years from April 2009 through the fiscal year ending March 2011, and started to take measures to achieve its targets. The designation “Action Plan” originated from our idea that targets must be clear for the management staff, including me, and the employees who will undertake efforts to achieve the plan’s targets; furthermore, major routes and directions toward the targets must link to specific actions. The “Action Plan” makes it easy for each of us to understand what to do, which we believe will accelerate the speed of achieving plan targets. In addition, “GO” is an acronym of “Going Onward,” which implies our enthusiasm toward year 2010. We set two years as the period for the plan because it is difficult to foresee much further in such an uncertain world economy. Setting two years as the maximum period for which we could set specific targets, we took into account the speed of implementation of each measure, the specifics and the feasibility. Because of the radically changing business environment, we intend to review the plan content according to changes in the environment and make revisions and additions flexibly.

The new management plan has a vision of the Group that we

will pursue, which consists of the six aims shown below. We will implement strategies and measures as specific action plans to achieve the vision, with targets for the fiscal year ending March 2011 of net sales of ¥467 billion, ordinary income of ¥24.7 billion, net income of ¥13.8 billion and ROE of 5.0%. These targets were set after taking into account lingering uncertainties and such negative elements that make it difficult to forecast future business results as a premise of formulating the plan. Setting these targets as a minimum, we aim to record historical high ordinary income by optimizing the outcomes of executing the action plan.

Vision of the Group

- 1. Achieve record ordinary income as soon as possible during the period covered by the new management plan, and establish an operational foundation that opens the door to the achievement of new ordinary income records on an ongoing basis.**
- 2. Secure overwhelming market share in Japan.**
- 3. Establish a strong presence for overseas businesses.**
- 4. Become a business group with a cost structure (realization of cost reductions based on new concepts) capable of absorbing fluctuations in raw material and energy markets.**
- 5. Establish systems for promoting the development of new products and technologies, and an R&D system to perform the supporting basic research.**
- 6. Achieve a slim balance sheet by introducing capital management formulas aimed at asset compression and other forms of asset efficiency improvement, and improve ROE as a result.**

Interview with the President



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Please explain more specifically about the strategies for the Group's major businesses and the overseas businesses that are included in the new management plan.

A

In Japan, to further reinforce our competitive edge in the mainstay flour milling business, in which we hold an overwhelming market share, we will continue to promote measures to increase the Group's market share and ensure low-cost operations. The other core business, which is the processed food business, will lead the Group's growth, and we intend to accelerate the introduction of new products and expand the business in such growth fields as prepared dishes and prepared mix products. To improve profitability, we will reinforce cost competitiveness, properly manage sales conditions and implement appropriate price revisions relative to costs. We will also strive to expand other businesses based on the environment in which each business is being operated.

With regard to R&D and cost reduction, which are Group-wide issues, and Nisshin Seifun Group Inc., playing a central role as the holding company, we intend to promote the creation of new products for the next generation and new business models and improve the cost structure by reducing manufacturing and procurement costs.

Overseas, the Group, with its concerted efforts, has been developing a Pacific Rim strategy to achieve a strong presence in that region. Among existing businesses, in the prepared mix products business in Thailand, demand is expected to increase for high-value-added products in the ASEAN region. To prepare for higher demand, we are carrying out plant expansion to raise production capacity by 25%, which is scheduled to start operation in the summer of 2010. Thus, business expansion in the Pacific Rim is steadily under way. To accelerate the overseas expansion of new businesses, we are planning various measures that optimize the Group's strengths. As part of such efforts, in collaboration among the four companies of the Group, we



Prepared mix products productivity expansion construction at Thai Nisshin Technomic Co., Ltd. (Thailand)

launched the manufacturing and sales business for bakery mix, yeast, flour paste and such commercial ingredients in April 2009. This new business targets bakery customers with which the Group can expect synergies, and the bakery market is expected

to grow in the future. Starting with China and Thailand, we intend to expand in other areas. You can look forward to our future overseas expansion.

Reliability and Safety of Food



Various incidents have occurred that challenge the reliability and safety of food. Lastly, please explain the Group's efforts for reliability and safety of food.



To offer high-quality and safe products, throughout the entire process from raw materials procurement and manufacturing to sales, the Group has continued to undertake various efforts and injected the money necessary for that purpose. A representative effort we have undertaken is the introduction of the traceability system to accurately obtain information on the raw materials of products and other information. We established this system to enable quick and accurate tracing should any problem occur. More than 10 years ago, the Group established the Quality Exam. Center (QE Center) within the Group to inspect the safety of products and raw materials. The QE Center has advanced analytical technologies in various fields. Regarding the inspection of residual agricultural chemicals, in 2003, the Group was the first Japanese food manufacturer to obtain the ISO 17025 certification. Overseas, to secure food safety in China, through

joint venture business with Nichirei Corporation, we established Jinzhu (Yantai) Food Research and Development Co., Ltd., in Shandong, China, where operation started in 2006, and we have been conducting necessary analyses and inspections locally, contributing to the safety check on products.

In terms of corporate culture, the Group has long nurtured "Reliability and safety-seeking DNA." Specifically, based on the concept of "Quality assurance from consumers' viewpoint," all employees from workers at each manufacturing plant to office workers share a culture to constantly ask themselves whether the current safety status and safety measures are good enough or whether any improvement is possible. Introducing state-of-the-art facilities and equipment, acquiring safety-related certifications and improving each employee's attitude toward safety are, we believe, the prime know-how to continue to produce reliable and safe food products. To enhance the reliability and safety of our products, the Group will continue efforts with its concerted capabilities.

Full-scale operation of the new lines began at the Higashinada Plant, Nissrin Flour Milling Inc. — the largest flour milling plant in western Japan

The new lines of the Higashinada Plant (Kobe, Hyogo), Nissrin Flour Milling Inc., which had been under construction since design was started in 2004, were completed. In September 2008, the D-mill line designed for durum wheat and the E-mill line designed for soft wheat launched full operation. With the completion of these new lines, a full product line system is now in place not only for wheat for bread, noodles and confectionary but also for pasta. We have introduced state-of-the-art equipment, system and know-how to date and at the same time have increased our production capacity. As a manufacturing and logistics base in the Kansai area, a sturdy wheat flour supply system is in place.



State-of-the-art Equipment that Enabled the Highest-quality Wheat Flour



(1) Rollstand

Wheat is ground at the gap of two rotating rollers. The surface of rollers is corrugated and differs in fineness depending on the process. Through the grinding process by the rollstand, wheat is gradually processed into fine flour.

(2) Sifter

Wheat ground through the process (1) is sifted and sorted according to the particle size.



(3) Purifier

Bran fragment that is difficult to remove through the process (2) is separated by blowing wind upward in the purifier utilizing the difference in gravity.



(4) Quality Control Center

Wheat material and flour product are inspected by various analytical devices to confirm the quality of wheat material, and to ensure that the flour product meets the quality standards.



(5) Technical Service Center

The Center was expanded with enhanced facilities and equipment. Through interaction with customers, various tests and experiments of making noodles and bread are conducted to meet the quality that customers require quickly.



(6) Automatic Rack Warehouse

This warehouse with a capacity of 350,000 bagged products (one bag weighs 25 kg) has 7,000 shelves. The warehouse is fully automated and computerized.



*Processes (1)–(3) are repeated.

Outline of the New Lines of the Higashinada Plant

Amount invested

¥12 billion

Enhanced production capacity

530 tons per day (2 lines)
*Wheat-based

Total production capacity at the plant after expansion construction

1,560 tons per day

Achieved efficient production of high-quality wheat flour using the most advanced technologies

Installed state-of-the-art production lines with full consideration to reliability, safety, quality control and environment

The plant expansion realized higher operation ratio with better-controlled equipment

Efforts for thorough reliability, safety, quality control and environmental consideration

1 No windows, and higher air pressure inside the facilities

The facilities have as few windows as possible with higher air pressure than outside to prevent dust and impurities from coming inside. Each floor is zoned to regulate air flow from cleaner zones to less clean zones according to the degree of cleanliness so that undesirable substances and impurities do not flow in even from other areas inside the facility.

2 Compliance with ISO and AIB standards

Meticulous consideration is incorporated in the design of the new facilities such as painted floors and corners that are easy to clean and triangle tops on which dust does not accumulate.
ISO: International standard of quality control
AIB: Appropriate production standard audit system by the American Institute of Baking (AIB)

3 Reinforcement of traceability

In the raw materials and products storage room, sample of each product type and its raw materials are stored for two years for every brand and lot. This system enables us to trace back all the information of the production, such as raw materials that can be identified by the product lot number.

4 Reduction of electricity consumption

As part of environmental considerations, the Group introduced the suction-type pneumatic conveying fixed air volume valves that Nissrin developed on its own and the NEW Energy Saving Pneumatic Conveying System "PNEUMA ECO," realizing a reduction of energy use.

Nissin Seifun Group as a whole entity obtained the ISO 14001 certification

In August 2007, the Group started preparing to obtain the ISO 14001 certification, which is the international standard for environmental management systems, not by each business segment but rather by the entire Group, and this was realized in September 2008. Although individual business segment had obtained the certification since we had divided the Group into Nissin Seifun Group Inc.—the holding company—and the operating companies in July 2001, in the current environment where reduction of the environmental burden is an international issue, we determined that the whole Group obtaining the certificate would be more effective. To this end, we promoted a system to address the certification throughout the entire Group consisting of 29 business sites including nine consolidated subsidiaries. We intended to obtain the certification not only at the manufacturing sites but also at all departments including the Head Office and the local sales departments.

We prepared a Group-wide environmental policy, manual and regulations, implemented an internal audit. After the first and second assessments, the Union of Japanese Scientists and Engineers provided the registration to the Group. Through integration of environmental management and consideration throughout the process from raw materials procurement to waste treatment, the Group intends to promote efficient environmental activities.



Obtained the ISO 14001 certification, which is the international standard for environmental management systems

Ongoing promotion of “PASTAism” as a new communication strategy of the “Ma•Ma” brand

In the fall of 2008, Nissin Foods Inc. launched a new communications strategy for the “Ma•Ma” brand, which is a mainstay brand of pasta and pasta sauce. Under the new brand slogan “Pasta Makes Life Enjoyable.” and a new campaign slogan, “PASTAism,” we have developed aggressive communications strategies using TV commercials, newspaper ads and ads on public transportation and promotion at retail stores, thereby fostering the brand’s potential. This strategy, targeting “people with lively and uplifting lifestyles,” continues to value a sturdy tradition of the “Ma•Ma” brand, adds “vibrancy” and “sophistication that is suitable for the present time” and leads to forming elements that can constitute a more competitive brand.

Beyond the inherent functions of food such as good taste or satisfying hunger, we intend to impress people with the many attractions of pasta (e.g., makes people smile, adds a topic at the dinner table and makes people and their lives happy), thereby raising brand awareness.



Nissin Foods’ “PASTAism” promotion
Hanging ads in trains



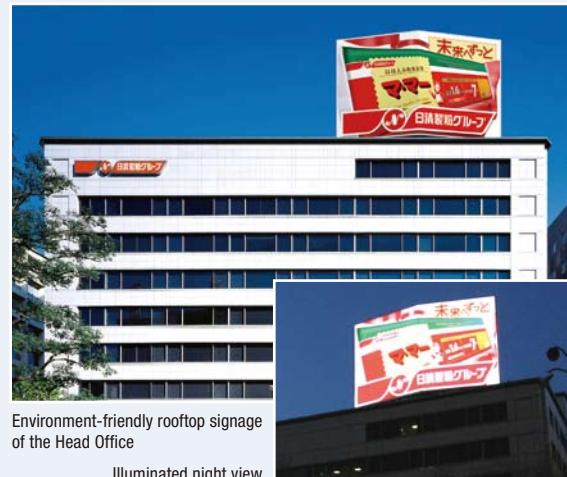
Ad beside the train door

Reduce environmental burden by using white LED for rooftop ad signage on the Head Office

In March 2009, Nisshin Seifun Group Inc. renovated the rooftop signage of the front side of the Head Office building at Kanda-Nishiki-cho (facing the Metropolitan Expressway loop line) using a white light-emitting diode (LED) as its luminous source. Using the white LED, the useful life of the new signage is five times longer than that of a neon tube, electricity use is half and CO₂ emissions are half, which makes the signage much more environment-friendly.

With the effect of a clearer white color, expectations are high for the white LED as high-efficiency lighting.

The rooftop ad signage carries the dynamically designed “red ribbon mark” and the picture of the “Ma•Ma Spaghetti” product. With the concept of “All the way to the future,” the new development of the Nisshin Seifun Group was illustrated with the familiar picture of the “Ma•Ma Spaghetti” product to express familiarity and good taste. Using the Group’s corporate color, red, we intend to appeal for a strong impression of the Group.



Web site of the Nisshin Seifun Group entirely renewed

In March 2009, we overhauled the Web site of the Group for the first time in four years to make it easier to view and more user-friendly.

So that all stakeholders can effectively use our Web site, we improved the ease of use and convenience. Especially prioritizing consumers, we posted the menu using wheat flour, which is the origin of the Group’s businesses, in a dynamic and ingenious site design that promotes the Group’s corporate message of “The Nisshin Seifun Group, the Flour Expert” with our wish that consumers can experience a rich and diverse flour-related food world.

Designating the four categories of “Entertainment,” “Product Information,” “Customer Center” and “Social & Environmental Responsibility,” we made the Web site easier to view and search.

<http://www.nisshin.com>

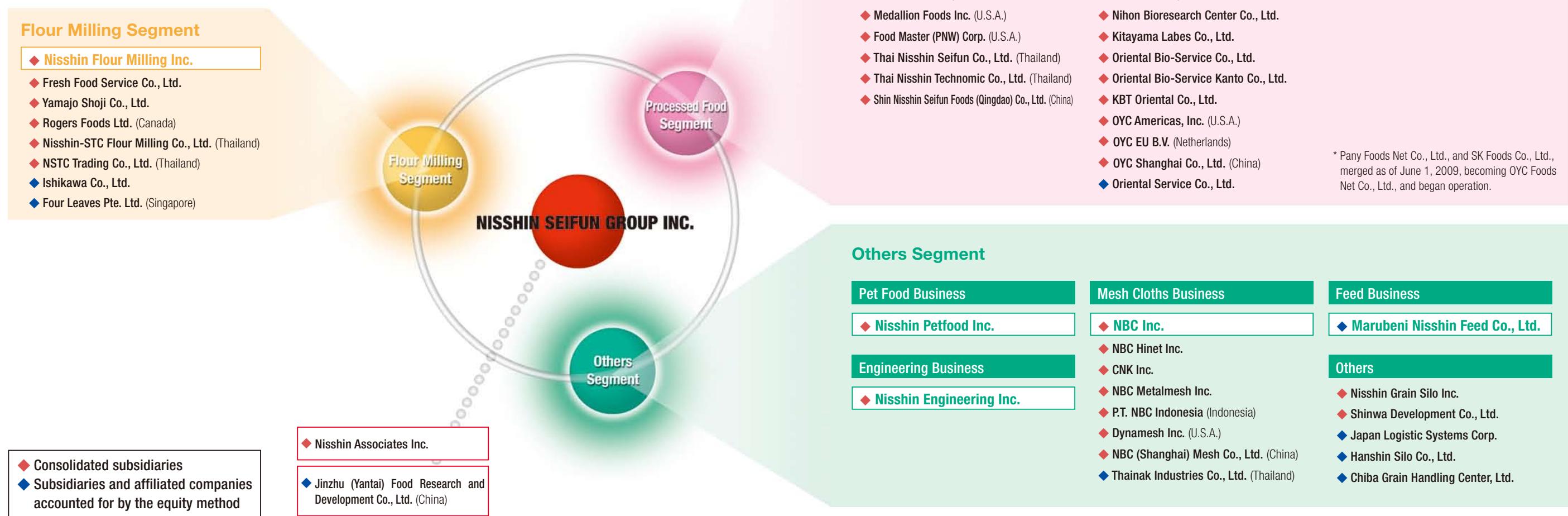


Top page after renewal

Outline of the Nisshin Seifun Group

The Nisshin Seifun Group comprises the holding company, the Flour Milling Segment, the Processed Food Segment, and Others Segment. In addition to Nisshin Seifun Group Inc., the Group includes 47 subsidiaries and 16 affiliated companies. Nisshin Seifun Group Inc. and other principal companies are presented in the organizational diagram below.

Organization of Nisshin Seifun and its Group Companies (as of March 31, 2009)



Review of Operations

Flour Milling Segment

<Business Results>

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

By increasing productivity and improving distribution, the company took steps, including the September move to

Flour Milling Segment Net Sales
¥199,296 million

42.7%

full-scale operation of the new lines installed at the Higashinada Plant, to cut costs and carry on with measures aimed at enhancing product reliability and safety.

Prices for bran, a by-product, remained firm.

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

<Prospects for the Next Fiscal Year>

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

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

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



Nissin Flour Milling
Made an entry at the MOBAC SHOW 2009



Nissin Flour Milling
Made an entry at the Ramen Expo 2008

Processed Food Segment

<Business Results>

With the prices of wheat flour and other raw materials on the rise, the processed food business revised its prices for household-use flour, flour-processed food products, and other products in May and November. In addition, to stimulate demand amid difficult business conditions characterized by weak demand for food products in general, the company took steps like introducing new products responding to household-customer demand – 26 in August 2008 and 42 in February 2009 – and aggressively pursuing the “PASTAism” promotion beginning in October. Sales surpassed the previous-year level as a result, and earnings rose, as well, primarily due to efforts to reduce sales promotion cost and cut other costs. The company continued to steadily implement measures to improve profitability in the prepared dishes and other prepared foods business, and succeeded in boosting overseas sales through aggressive product proposals and demand development initiatives.

<Prospects for the Next Fiscal Year>

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

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

The healthcare foods business will revise its production and

Processed Food Segment Net Sales

¥229,783 million

49.2%

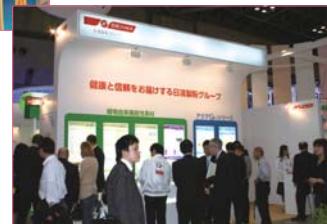
In the yeast and biotechnology business, lackluster sales of yeast and improver were covered by favorable sales of butter cream, mineral yeast, prepared dishes, and other products, which were enough to produce a sales increase compared to the previous year for the yeast business. The biotechnology business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

Sales for the healthcare foods business remained basically unchanged from a year earlier as concerted sales promotion efforts for value-added products were offset by the persistently harsh market environment for coenzyme Q₁₀.

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



Nisshin Foods held the Enjoy Pasta! Party 2008
Owner Chef Mamoru Kataoka's demonstration



Nisshin Pharma
Made an entry at Health Ingredients Japan 2008

Review of Operations

Others Segment

<Business Results>

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

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

<Prospects for the Next Fiscal Year>

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

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

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

Others Segment Net Sales
¥37,591 million

8.1
%

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



Nissin Engineering
Made an entry at POWTEX
TOKYO 2008



Nissin Petfood
Issued the "Safe Petfood Recipe Photo Book," a booklet to promote product distribution with a summary of the company's measures to address petfood safety

New Products

RUSTICA

(Nissin Flour Milling: Commercial-use flour)

RUSTICA is specialty flour for Napoli Pizza, an increasingly popular pizza that features a crispy outside, a moist inside, a savory flavor and a soft and full rim. To make real Napoli Pizza, RUSTICA, which is perfect for this pizza, is an essential ingredient. RUSTICA is a product of our fastidious pursuit of everything needed for Napoli Pizza such as texture, flavor, the way it looks after baking and an efficient cooking procedure. The thickness and inherently delicious taste of flour are derived by mixing it well and fermenting it.

(Launched on the market in March 2009)



"Ma•Ma PASTA MIO" series

(Nissin Foods: Pasta sauce)

This series is a cooking sauce especially for pasta. Using "Ma•Ma PASTA MIO," mix up and heat your favorite ingredients together and mix them with boiled pasta, and you have an original pasta menu.

This series consists of two items. One is the "Tomato-based sauce for pasta" containing roughly mashed ripe tomatoes, onions, garlic and savory oil, which derives a good taste from fried shallots. The other is "Cream-based sauce for pasta" with deep taste that is difficult to achieve at home, containing two kinds of cheese and raw cream.

(Launched on the market in February 2009)



Easy to Bake at Home! White (Pan) Bread Mix

(Nissin Foods: Mix flour)

Given the recent dissemination of home bakery appliances, an increasing number of people are making bread at home. To capitalize on this trend, we developed a flour mix that makes it easy for even beginners to make delicious bread.

This product already contains the necessary ingredients for making bread. All you need at home is water and dry yeast. Using an oven or a home bakery appliance, you can make soft and fresh bread. You can make a loaf of bread or roll the dough and make rolls. You can also customize by adding raisins, vegetable juice, cheese and so on.

(Launched on the market in February 2009)



"Ma•Ma PASTA Lista" series

(Nissin Foods: Home-use frozen fresh pasta & frozen pasta sauce)

The "Ma•Ma PASTA Lista" series consists of "frozen fresh pasta (pasta only)" and "frozen pasta sauce," developed with the concept of "Authentic taste and free choice of pasta and pasta sauce for spontaneous feelings and individual preference."

The "frozen fresh pasta" that we commercialized has four varieties including soft, smooth and the rich-texture tagliolini and fettuccine. The "frozen pasta sauce" also has four authentic items including Porcini Cream Sauce and Pomodoro, optimizing the merits of freezing, which include the ability to maintain the texture, color, flavor and natural taste of the ingredients.

(Launched on the market in March 2009)



JP-Style Gold for puppies in the weaning period up to one year old

(Nissin Petfood: Dry dog food)

From the premium dog food "JP-Style Gold," which uses only made-in-Japan raw materials, dog food for puppies less than one year old was launched targeting pet shops.

Properly mixed made-in-Japan potato starch and rice bran are thinly shaped so that puppies can easily eat the food. In addition, for the sound growth of puppies, this product contains easily digestible milk calcium and is designed with seven ways to support growth. The "JP-Style," which was launched in October 2008, starting with dry-type dog food at retail stores, now includes new products for puppies, expanding the product lineup.

(Launched on the market in March 2009)



Plant lactobacillus Rie+ β -glucan

(Nissin Pharma: Dietary supplement)

The plant lactobacillus was discovered in a pickled melon cucumber. This new product is a mixture of Rie and bread yeast-origin β -glucan and was jointly developed by Nissin Pharma Inc. and Oriental Yeast Co., Ltd., one of the Group companies. This supplement is for people who are sensitive to seasonal changes and the environment. It is a powder type with no residual taste and therefore easy to take even without water. It is available via mail order.

* The vegetable-origin lactic acid bacteria Rie was discovered through collaborative research by the Nissin Seifun Group and The University of Tokyo from among more than 250 kinds of vegetable-origin lactic acid bacteria. At the 20th General Meeting of the Japanese Society of Allergology, Rie's effect of alleviating allergy symptom based on human tests was reported.

(Launched on the market in December 2008)



Consolidated Financial Highlights

* The accompanying financial data are prepared solely for the domestic reporting purpose.

Consolidated Financial Highlights (Years ended March 31)

	2005	2006	2007	2008	2009	Change	% change
Results of operations							
Net sales (¥ million)	416,222	421,359	418,190	431,858	466,671	+ 34,813	+ 8.1%
Operating income (¥ million)	22,896	22,169	19,184	19,191	21,755	+ 2,563	+ 13.4%
Ordinary income (¥ million)	25,120	24,774	22,815	22,180	24,618	+ 2,438	+ 11.0%
Net income (¥ million)	13,597	13,541	12,303	11,147	13,852	+ 2,704	+ 24.3%
Profit ratio							
Operating income to net sales (%)	5.5%	5.3%	4.6%	4.4%	4.7%	+ 0.3%	
Ordinary income to net sales (%)	6.0%	5.9%	5.5%	5.1%	5.3%	+ 0.2%	
Net income to net sales (%)	3.3%	3.2%	2.9%	2.6%	3.0%	+ 0.4%	
Return on shareholders' equity (%)	5.8%	5.4%	4.6%	4.2%	5.4%	+ 1.2%	
Financial position							
Total assets (¥ million)	372,968	399,899	408,437	381,795	370,879	(10,915)	(2.9%)
Net assets (¥ million)	241,282	264,535	300,306	289,839	286,094	(3,745)	(1.3%)
Shareholders' equity (¥ million)	241,282	264,535	270,974	259,177	257,041	(2,136)	(0.8%)
Shareholders' equity ratio (%)	64.7%	66.2%	66.3%	67.9%	69.3%	+ 1.4%	
Per share data							
Net income per share (¥)	58.06	52.80	48.66	44.30	55.75	+ 11.45	
Net assets per share (¥)	1,042.92	1,046.00	1,069.71	1,043.53	1,034.49	(9.04)	
Dividend per share (¥)	14	18	18	18	18	0	

Notes:

1. Net income per share in fiscal year ended March 2006 decreased substantially, but this was primarily due to executing a 1.1-for-1 stock split on November 18, 2005.
2. Until 2006, before the Company Law was enacted, total shareholders' equity was recorded instead of net assets. Since 2007, after the Company Law was applied, net assets have been presented including minority interests etc.

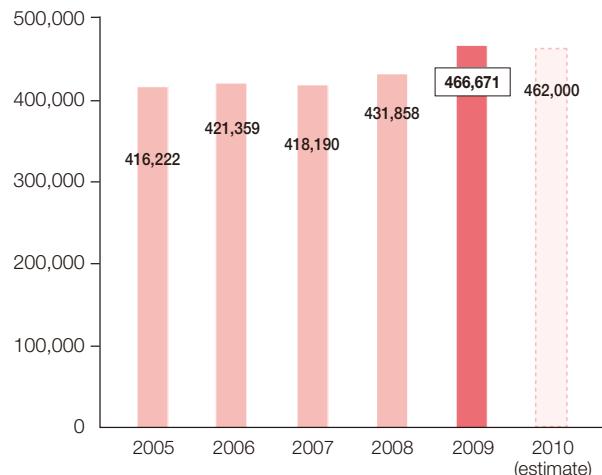
Forecasts for Consolidated Business Performance

Forecasts for Consolidated Business Performance in Fiscal 2010

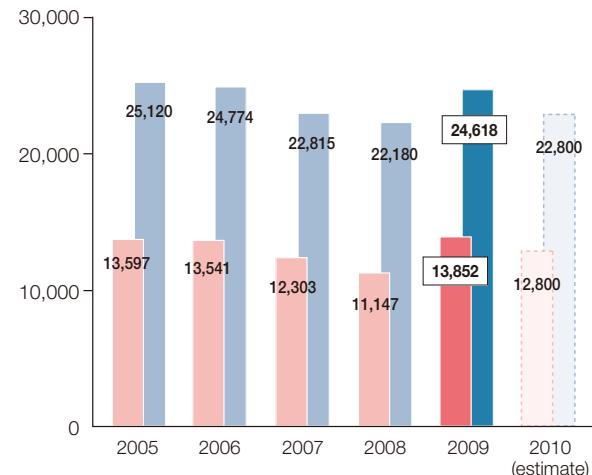
	2009	2010 (estimate)	Change	% change
Net sales (¥ million)	466,671	462,000	(4,671)	(1.0%)
Operating income (¥ million)	21,755	20,300	(1,455)	(6.7%)
Ordinary income (¥ million)	24,618	22,800	(1,818)	(7.4%)
Net income (¥ million)	13,852	12,800	(1,052)	(7.6%)

Note: The contents of this report are based on various premises and do not constitute a promise or guarantee of the realization of the planned results or policies described herein.

■ Net Sales (¥ million)

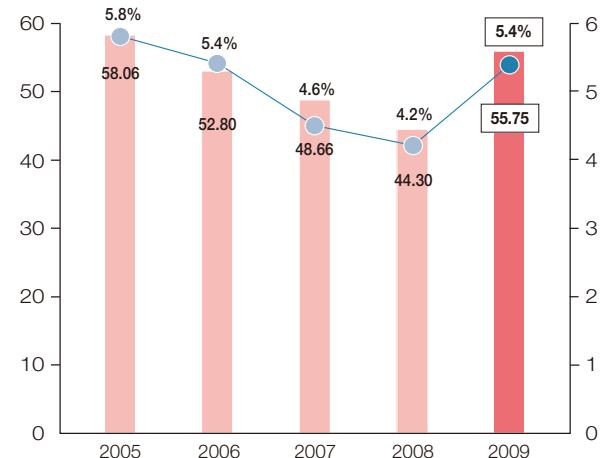


■ Ordinary Income ■ Net Income (¥ million)



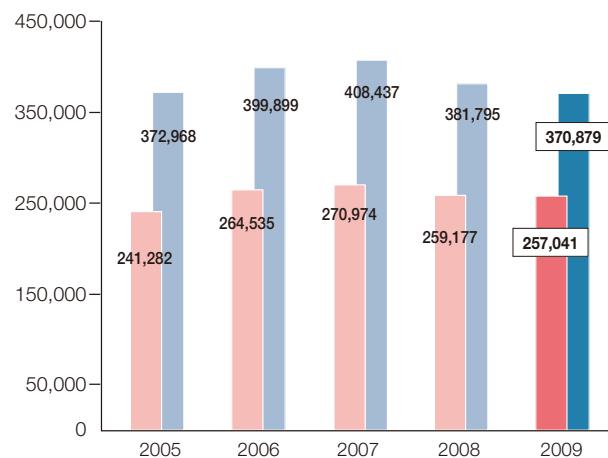
■ Net Income per Share (¥)

■ Return on Shareholders' Equity (ROE) (%)



■ Total Assets

■ Shareholders' Equity (¥ million)



* Net income per share in fiscal year ended March 2006 decreased substantially, but this was primarily due to executing a 1.1-for-1 stock split on November 18, 2005.

Note: The contents of this report are based on various premises and do not constitute a promise or guarantee of the realization of the planned results or policies described herein.

Consolidated Financial Statements

Consolidated Balance Sheets

	As of March 31, 2009 (¥ million)		
Items	2008	2009	Change
Assets			
Total current assets	166,841	175,112	8,270
Total fixed assets	214,953	195,767	(19,186)
Total assets	381,795	370,879	(10,915)
Liabilities			
Total current liabilities	58,724	56,381	(2,343)
Total long-term liabilities	33,230	28,403	(4,826)
Total liabilities	91,955	84,785	(7,169)
Net Assets			
Total shareholders' Equity	232,521	241,930	9,408
Common stock	17,117	17,117	—
Additional paid-in capital	9,446	9,446	—
Retained earnings	209,221	218,543	9,322
Treasury stock	(3,263)	(3,177)	85
Total valuation and translation adjustments	26,655	15,111	(11,544)
Unrealized holding gain on securities	26,115	17,220	(8,894)
Deferred gains on hedging transactions	(250)	43	294
Foreign currency translation adjustments	791	(2,153)	(2,944)
Stock acquisition rights	8	38	29
Minority interests	30,653	29,014	(1,639)
Total net assets	289,839	286,094	(3,745)
Total liabilities and net assets	381,795	370,879	(10,915)

Consolidated Statements of Cash Flows

	April 1, 2008 to March 31, 2009 (¥ million)		
Items	2008	2009	Change
Cash flows from operating activities	26,498	20,072	(6,426)
Cash flows from investing activities	(21,934)	(10,235)	11,699
Cash flows from financing activities	(14,423)	(6,675)	7,748
Effect of exchange rate changes on cash and cash equivalents	258	(1,738)	(1,996)
Net increase (decrease) in cash and cash equivalents	(9,601)	1,422	11,024
Cash and cash equivalents at beginning of year	48,452	38,850	(9,601)
Cash and cash equivalents from newly consolidated subsidiaries	—	66	66
Cash and cash equivalents at end of year	38,850	40,339	1,489

Note: The amounts recorded are rounded down to the nearest one million yen.

Consolidated Statements of Income

	April 1, 2008 to March 31, 2009 (¥ million)		
Items	2008	2009	Change
Net sales	431,858	466,671	34,813
Cost of sales	298,498	334,992	36,493
Gross profit	133,359	131,679	(1,679)
Selling, general and administrative expenses	114,168	109,924	(4,243)
Operating income	19,191	21,755	2,563
Non-operating income	3,680	3,203	(476)
Non-operating expenses	691	340	(351)
Ordinary income	22,180	24,618	2,438
Extraordinary income	4,856	2,538	(2,317)
Extraordinary losses	4,709	2,560	(2,148)
Income before income taxes and minority interests	22,327	24,596	2,269
Income taxes—current	7,776	8,343	567
Income taxes—deferred	1,500	1,441	(58)
Minority interests	1,902	959	(943)
Net income	11,147	13,852	2,704

Note: The amounts recorded are rounded down to the nearest one million yen.

Net sales

We strove to boost demand for our mainstay products such as launching new products and aggressive advertising activities in each business.

To address a radical surge in procurement costs, which were more than could be absorbed internally, the company revised its product prices. Such a hike in procurement costs was a result of the government's price in wheat, which saw a 30% increase in April 2008, and an additional 10% increase in October 2008. As a result, net sales for the fiscal year ended March 31, 2009, increased from the previous year.

Operating income

The company managed to cover significant cost increase by our redoubled group-wide cost reduction efforts, price revisions and other initiatives, as well as steady bran prices. Especially in the Processed Food Segment, our efforts to reduce costs such as sales promotion expenses contributed to profitability.

Consolidated Statements of Changes in Shareholders' Equity

	April 1, 2008 to March 31, 2009 (¥ million)				
	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	17,117	9,446	209,221	(3,263)	232,521
Increases (decreases) due to changes in accounting treatments at overseas subsidiaries			(48)		(48)
Changes during the fiscal year					
Cash Dividends				(4,472)	(4,472)
Net income				13,852	13,852
Purchases of treasury stock				(8)	(8)
Disposition of treasury stock				238	230
Total changes during the fiscal year	—	—	9,371	85	9,456
Balance as of March 31, 2009	17,117	9,446	218,543	(3,177)	241,930

Note: The amounts recorded are rounded down to the nearest one million yen.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

	As of March 31, 2009 (¥ million)		
Items	2008	2009	Change
Assets			
Total current assets	34,437	40,144	5,706
Total fixed assets	189,605	177,131	(12,474)
Total assets	224,043	217,275	(6,767)
Liabilities			
Total current liabilities	2,890	3,198	307
Total long-term liabilities	14,465	10,092	(4,373)
Total liabilities	17,356	13,291	(4,065)
Net Assets			
Total shareholders' equity	185,720	190,241	4,520
Common stock	17,117	17,117	—
Additional paid-in capital	9,500	9,500	—
Retained earnings	162,358	166,793	4,435
Treasury stock	(3,255)	(3,170)	85
Total valuation and translation adjustments	20,957	13,704	(7,253)
Unrealized holding gain on securities	20,957	13,704	(7,253)
Stock acquisition rights	8	38	29
Total net assets	206,686	203,983	(2,702)
Total liabilities and net assets	224,043	217,275	(6,767)

Note: The amounts recorded are rounded down to the nearest one million yen.

Non-Consolidated Statements of Income

	April 1, 2008 to March 31, 2009 (¥ million)		
Items	2008	2009	Change
Operating revenues	18,644	19,006	361
Operating expenses	11,247	12,094	846
Operating income	7,396	6,912	(484)
Non-operating income	1,667	1,763	96
Non-operating expenses	84	227	143
Ordinary income	8,979	8,447	(531)
Extraordinary income	2,498	1,992	(505)
Extraordinary losses	449	915	466
Income before income taxes	11,029	9,524	(1,504)
Income taxes—current	18	18	—
Income taxes—deferred	866	590	(275)
Net income	10,144	8,916	(1,228)

Note: The amounts recorded are rounded down to the nearest one million yen.

Stock Information

(As of March 31, 2009)

Total number of issuable shares:

932,856,000 shares

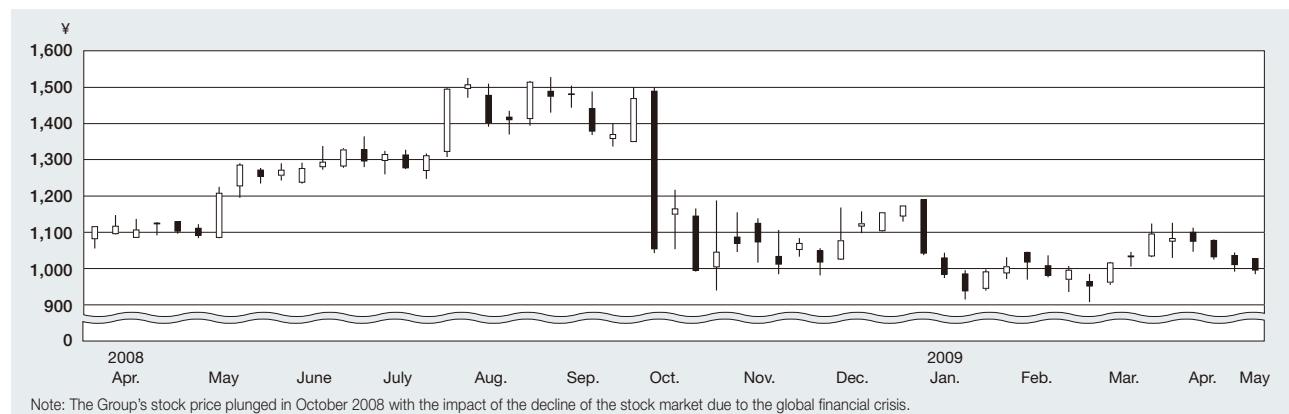
Total number of shares issued and outstanding:

251,535,448 shares

Number of shareholders:

14,690 (an decrease of 592 shareholders from the end of the previous fiscal year)

Stock prices



Composition of Shareholders

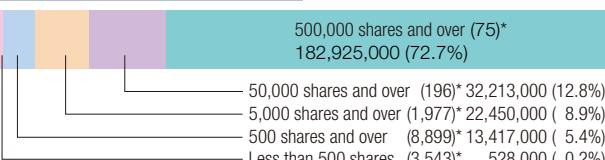
Shareholders by Type



Major shareholders (top 10):

Name	Number of Shares Held (thousand)	Ratio of Share Holdings (%)
Nippon Life Insurance Company	16,022	6.3
Yamazaki Baking Co., Ltd.	14,040	5.5
Japan Trustee Services Bank, Ltd. (Trust Account)	11,519	4.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,529	4.1
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	10,347	4.1
Mizuho Corporate Bank, Ltd.	9,943	3.9
Mitsubishi Corporation	6,982	2.7
Marubeni Corporation	5,193	2.0
Sumitomo Corporation	5,034	2.0
Sumitomo Mitsui Banking Corporation	4,616	1.8

Shareholders by Number of Shares Held



* Number of shareholders

Corporate Data

Corporate name: Nisshin Seifun Group Inc.
Head office: 25, Kanda-Nishiki-cho 1-chome,
Chiyoda-ku, Tokyo
Foundation: October 1900
Paid-in capital: ¥17,117,856,746 (As of March 31, 2009)
Main business:
1. Control and management of the operations of segments in the following industries through stock ownership
Flour Milling Segment
Processed Food Segment
Others Segment (Pet food, Engineering, Mesh cloths, others)
2. Research and Development, Surveys
3. Leasing and management of real estate
4. Industrial Property Rights Acquisition, Preservation, Management, Usage Management and Assignment

Executives: (As of June 25, 2009)

Honorary Chairman &
Executive Adviser: Osamu Shoda
President: Ipppei Murakami
Vice President: Yasutaka Miyazaki
Senior Managing Director: Akihisa Sasaki
Managing Director: Masami Ota
Managing Director: Kazuo Ikeda
Director: Mikihisa Nanri
Director: Toshio Maruo
Director: Akiya Fukada
Director: Toshinori Shiragami
Director: Hiroshi Oeda
Director: Ariyoshi Okumura
Director: Akio Mimura
Senior Corporate Auditor: Takeo Ito
Corporate Auditor: Akira Takeuchi
Corporate Auditor: Makoto Watanabe
Corporate Auditor: Tetsuo Kawawa
Corporate Auditor: Kazuhiko Fushiya

Offices and Laboratories:

Head Office: Chiyoda-ku, Tokyo
Institutes and Laboratories: Fujimino, Saitama Prefecture
Research Center for Production and Technology
Research Center for Basic Science Research and Development
QE Center

Investor Information

Fiscal year: April 1 to March 31 of the following year
Date of record for year-end dividends (profit dividends) on retained earnings: March 31
Date of record for interim dividends: September 30
Ordinary general meeting of shareholders: June
Method of public notice:
The Company posts notices via electronic notification on its website at <http://www.nisshin.com>.
However, if electronic notification is not possible due to an accident or other unavoidable circumstances, notices will be published in the Nihon Keizai Shimbun newspaper.
Share trading unit: 500 shares

Notice

● Application for various share-related procedures

Subsequent to the implementation of the Electronic Share Certificate System, please file applications for various share-related procedures such as change of address, designation of a method to receive dividends, request to purchase shares in less than the allotted trading unit and sale of such additional shares at the following places.

1. Shareholders with an account at a securities company
→ Please contact your securities company.

Note: To apply to receive dividends after the period for dividend distribution, as well as request to purchase shares in less than the allotted trading unit registered at the special account and sale of additional less-than-a-unit shares to those registered at the special account, please contact The Chuo Mitsui Trust and Banking Company, Limited.

2. Shareholders registered at the special accounts
→ Please contact The Chuo Mitsui Trust and Banking Company, Limited.

● Characters in shareholder names and addresses

After the implementation of the Electronic Share Certificate System, in case kanji characters that are not designated at Japan Securities Depository Center, Inc. (JASDEC), are used in shareholder names and addresses, part or all of such characters are replaced with those designated by JASDEC and registered in the shareholder register. For this reason, the description of the addressee on the mail that we send to shareholders may include alternative characters or katakana. Your understanding is appreciated. With regard to characters used in the shareholder names and addresses registered at securities companies, please contact the relevant securities company (as to the special account, please contact The Chuo Mitsui Trust and Banking Company, Limited).

Note: "Special account"

Shares that were not deposited at JASDEC by the date of the implementation of the Electronic Share Certificate System, which was January 5, 2009, are registered in the "special account" that the Company set up at The Chuo Mitsui Trust and Banking Company, Limited, in the name of shareholders registered in the shareholder register pursuant to laws and regulations.

Shareholders cannot sell shares registered in the "special account." If you wish to sell them, you are required to set up an account at a securities company and transfer your shares from the "special account" thereto.

NISSHIN SEIFUN GROUP INC.

25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo
URL <http://www.nisshin.com>