

Delivering Good Health and Reliability



日清製粉グループ

To Shareholders Business Report 2008

(April 1, 2007 to March 31, 2008)



NISSHIN SEIFUN GROUP INC.

CONTENTS

A Message from the Management.....	1
Interview with the President	3
The Nisshin Seifun Group's R&D System and Reliability and Safety Initiatives	7
Topics	9
Outline of the Nisshin Seifun Group ..	11
Review of Operations	13
New Products	16
Consolidated Financial Highlights	17
Forecasts for Consolidated Business Performance	17
Consolidated Financial Statements...	19
Non-Consolidated Financial Statements ..	20
Stock Information	21
Corporate Data / Investor Information	22

* 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
Chairman

Ippei Murakami
President

Nisshin Seifun Group has been striving to improve profitability through high-value-added products and enhance management efficiency throughout the company including manufacturing sites in Japan. We will further reinforce the quality assurance system to enhance reliability and safety. Overseas, we will expand our operational bases to create new markets. Moreover, the company will aggressively promote various measures including reinforcement of the internal control system, disseminating compliance throughout the company, environmental protection and social contribution.

In view of business performance, the fiscal year ended March 2008 saw improvement in the second half after our results bottomed in the first half, despite the severe business environment due to a decelerating economy in Japan with the impact of high crude oil prices, high grain prices and the U.S. subprime loan issue. The company launched new products in each business to increase its market share and net sales, while striving to further reduce costs and enhance productivity. Because a surge in the procurement costs, primarily due to the government raising imported wheat sales prices, was beyond what we could absorb, we implemented a price revision of products.

Net sales for the fiscal year ended March 31, 2008, increased 3.3% year over year to ¥431,858 million and operating income was ¥19,191 million, level with the previous year. Ordinary income decreased 2.8% to ¥22,180 million due to a decline in equity in earnings of feed-related affiliates affected by a surge in grain prices. Net income declined 9.4% to ¥11,147 million

due to extraordinary losses such as expenses for improving the production systems.

With regard to the distribution of profits to our shareholders, we decided to pay an annual dividend of ¥18 per share. We will strive to live up to shareholders' expectations with a payout ratio of 30% or more on a consolidated basis, giving consideration to our current and future revenue status and financial position.

We anticipate that the business climate for the fiscal year ending March 31, 2009, will continue to pose difficulties due to the high cost of raw materials and slow demand partially as a result of Japan's aging society. However, we will strongly promote various initiatives and strive to maximize the Group's corporate value by further expanding business at each company with the holding company, Nisshin Seifun Group Inc., playing a central role, thereby aiming to become a corporate group that is supported by stakeholders including shareholders.

Shareholders' continuing patronage and support are highly appreciated.

正 田 修
村 上 一 平

Osamu Shoda
Chairman

Ippei Murakami
President

June 2008

Interview with the President

President Murakami was interviewed about the business environment in which the Nisshin Seifun Group operates, the efforts and measures taken by the Group for the year ended March 31, 2008, the business plan for the year ending March 2009 and the Group's future direction.

Efforts and Measures the Group Took and Its Business Performance for the Year Ended March 31, 2008

Q Please explain the business environment in which the Nisshin Seifun Group operates and outline the business performance for the year ended March 31, 2008.

A Consolidated operating income for the year ended March 31, 2008, was level with the previous year as a result of our efforts to increase shipments and reduce costs, whereas consolidated ordinary income decreased due to a decline in equity in earnings of feed-related affiliates with an impact of high grain prices. Consolidated net income also decreased due to extraordinary losses including expenses for production system improvement. We implemented such improvements to further reinforce our business foundation to leverage future profitability in the flour milling business, the prepared dishes and other prepared foods business and the healthcare foods business. On the other hand, to address a radical surge in procurement costs beyond what we could absorb, we implemented price revisions in each business, seeking the understanding of related people including customers. Such a hike in procurement costs was a result of the government raising imported wheat sales prices three times due to surges in grain prices and crude oil prices and other factors.

Despite the challenging business environment, we were able to implement a number of measures that will contribute to the medium- to long-term growth of the Group. Particularly, in the flour milling business, we almost finished the line expansion construction for the Higashinada Plant of Nisshin Flour Milling Inc., for which our investment totaled ¥12 billion. Preparation for its full-scale operation, which is



The Higashinada Plant of Nisshin Flour Milling Inc., the full operation of which is scheduled to begin in the summer of 2008

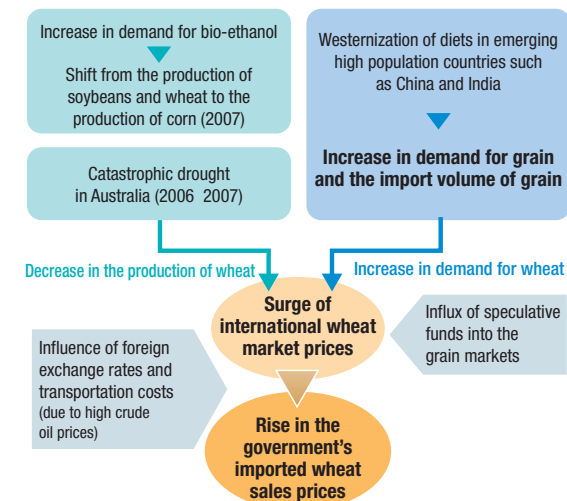
scheduled to begin in the summer of 2008, is under way and further improvement in productivity is anticipated. In the processed food business, we are expanding a prepared mix line at Nisshin Foods' Tatebayashi Plant, for which operation is scheduled to begin in 2009; and renovating the Nagoya Plant of the same company, which will be completed in 2010. These measures are based on a review of the production system for prepared mix products to ensure the appropriate allotment of tasks to each plant with an aim of reinforcing cost competitiveness. In R&D, we have been accelerating the introduction of new products based on our innovative perspectives, optimizing the Group's proprietary new technologies and developing healthcare processed foods and supplements. Such R&D efforts already contributed to profitability during the fiscal year under review.

Business Plan for the Year Ending March 2009

Q Please explain your business plan for the year ending March 2009.

A The Group has been continuing efforts to further improve performance after it saw the business bottom during the first half of the year ended March 31, 2008. To turn our business results to recovery in the year ending March 31, 2009, we will take various measures.

Factors contributing to the government raising imported wheat sales prices in April and October 2007 and April 2008



In Japan, it's hard to see any relief from the cost increases, given the government's 30% raise on imported wheat sales prices, which was implemented in April 2008, and high distribution costs due to the continuing high crude oil prices. Despite such circumstances, we will strive to improve productivity and further expand shipments in the flour milling business, thereby enhancing our competitive edge in the radically changing flour milling industry. In the processed food business, we will continue to reduce costs and reinforce our business foundation by developing promising products that will lead to the expansion of the market. Our efforts in the prepared dishes and other prepared foods business will focus on the improvement of profitability. In other businesses, we will introduce new next-generation products and create new business models, thereby further expanding our businesses. Also, our efforts to reinforce our quality assurance system will continue. Based on our emphasis on the guaranteed traceability and product quality from customers' viewpoints, we will continue efforts to deliver safe products and make customers feel relief, for which we will aggressively infuse money. We will focus efforts in advertising activities to raise recognition for and increase demand for the Group's products such as the Ma•Ma brand.

Overseas, we have expanded plants in Canada and China for the past several years, thereby growing local shipments. We will further accelerate the expansion of operational bases in the year ending March 31, 2009. Due to the aging of



New products of Nisshin Foods Inc. for the spring and summer of 2008

Japanese society, the Group intends to focus on growth in overseas businesses. The business plan for the year ending March 2009 includes the details.

Q Please explain the future direction of the group after the Nisshin Seifun Group achieves its business plan for the year ending March 31, 2009.

A We forecasts for the year ending March 31, 2009, a 10.0% increase in net sales to ¥475,000 million, a 1.6% increase in operating income to ¥19,500 million, a 0.1% increase in ordinary income to ¥22,200 million. By achieving our business plan for the year ending March 2009, operating income will increase slightly and ordinary income will be level with the previous year. The plan also includes medium- to long-term targets, of which those that must be achieved during the

year ending March 2009 are also specified. We will strive to further increase the market share of our market-leading products; enhance profitability through high-value-added products in each business; strengthen our efforts to reduce costs through the efficient management of the overall company including production sites; and conduct specific overseas investments. By taking these strategies and measures, we intend to further solidify our domestic earnings foundation and use the cash so generated to aggressively fund overseas business development, for which we can expect high growth. By creating synergies between our overseas businesses and each domestic business, we will establish a sturdier business portfolio, thereby enhancing the Group's presence worldwide.

As explained above, we recognize the year ending March 2009 as an important year to establish a foundation to ensure the sustainable improvement of our performance. Achieving the targets of the plan will help establish the basic management environment for our medium- to long-term implementation of various measures in subsequent years.

Q The Nisshin Seifun Group regards overseas development as the driving force for the Group's future growth. Would you explain the specific strategies that you intend to undertake?

A Due to the aging of Japanese society and the ongoing population decline, we regret to say that it is difficult to predict growth in the domestic foods market. The Group's targets must now be directed to the much larger overseas markets.

First, talking about figures, the Group's current overseas sales ratio is only 5%. We intend to make this figure 10% or more as soon as possible. To this end, the Group has been developing a Pacific Rim strategy, through which the four poles of the North American west coast, Southeast Asia, China and Japan will be connected as a network. Although the Group's overseas businesses currently cover not only flour milling but also its mainstay products such as a wide range of prepared mix, pasta and pasta sauce, we intend to further expand the business scale.

Specifically, we will establish a flexible network that helps us choose from among the aforementioned four poles the best areas in which to sell our products, the best areas to develop our products, where to procure raw materials and the best areas for production to maximize efficiency. In such a network, Japan is only one area and according to circumstances the role of each area could be flexibly switched. We hope that such efforts will help establish a presence for the Group in the Pacific Rim as strong as that in Japan.

Distribution of Profits to Shareholders

Q Lastly, please explain the policy for distribution of profits to shareholders.

A The company's basic policy for profit distribution to shareholders is a payout ratio of 30% or more on a consolidated basis giving consideration to our current and future revenue status and financial position.

We decided to pay an annual dividend of ¥18 per share, the same amount as the previous year. The company has been purchasing/disposing treasury common stock. During the fiscal year under review, we purchased 5 million treasury common shares for ¥5.5 billion and disposed of them.

We will continue to focus funds for strategic investments on

growth opportunities while considering investment efficiency from a long-term perspective, thereby enhancing corporate value. We also flexibly distribute profits to shareholders.

In the year ending March 2009, we will maximize efforts to address management issues through strategic investments and profit distribution to shareholders, etc., to live up to shareholders' expectations.

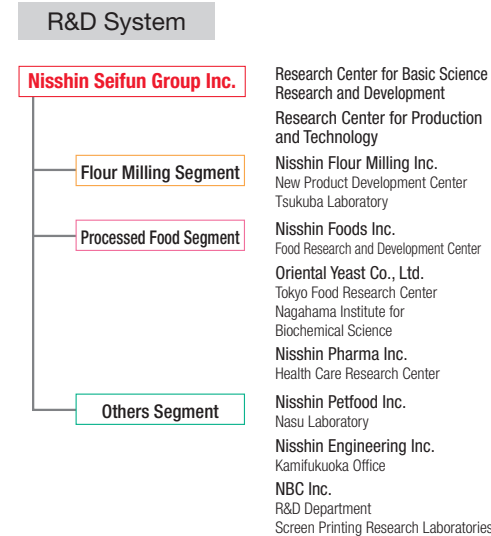


The Nisshin Seifun Group's R&D System and Reliability and Safety Initiatives

To overcome a severe management environment, the Group has been focusing efforts on research and development of high-value-added next-generation products that are innovative, unique and can attract customers. Based on our recognition that the quality assurance of the Group's products is a priority, we have continued to reinforce our quality assurance system. The system and part of our efforts are explained below.

R&D System

The Group's R&D system consists of the Research Center for Basic Science Research and Development, which researches and develops basic and general-purpose technologies; the Research Center for Production and Technology, which conducts R&D for production facilities and processes; and the institutes and laboratories that specialize in research and development for each business field. The Nisshin Seifun Group actively seeks cooperation among these Group research centers to study each theme efficiently to generate new business opportunities. "health," "prepared dishes" and "wrapping and packaging" are our three prime issues for R&D.



Direction of the Nisshin Seifun Group's R&D


- ◆ Establish an R&D system to create new next-generation products and innovative technologies
- ◆ Implement research and development based on the strategies undertaken in each business

Priorities

- **Health**
 - Pursue new ingredients for functional foods
 - Develop healthcare processed foods and supplements
- **Prepared Dishes**
 - Establish technologies for effective use of ingredients for prepared foods
 - Develop preparation methods for prepared foods (to improve quality)
- **Wrapping and Packaging**
 - Reinforce functions required for wrapping and packaging such as product reliability and safety, convenience, environmental concern and design



Develop wrapping and packaging materials with a sealing zipper for home-use flour



Health-oriented new Naturart brand products



The Nisshin Seifun Group's research facilities in Fujimino, Saitama Prefecture

Globalization of development bases

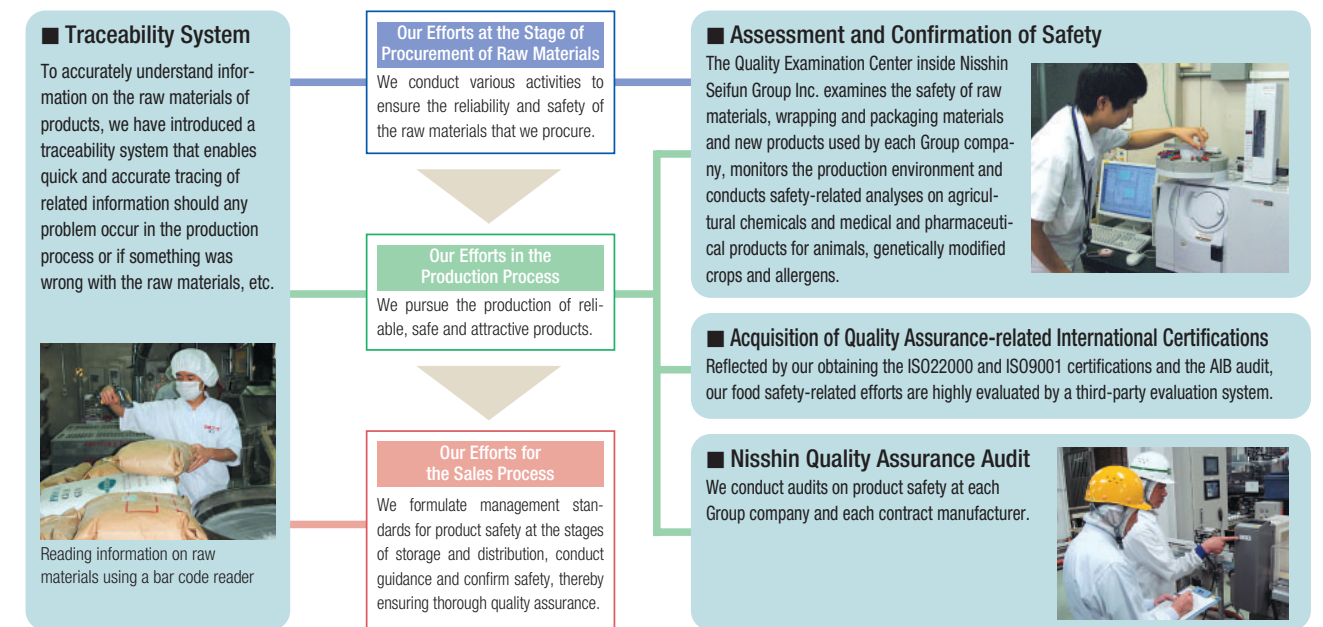
Establish a prepared mix R&D center in Bangkok, Thailand, in January 2008



Establish development bases toward global markets and aim to make optimal proposals to customers

Reliability and safety initiatives (quality assurance system)

The Group aims to establish a quality assurance system based on the concept of "quality assurance from a customers' viewpoints." We will implement and continue various initiatives at every stage of raw materials, production and sales.



Quality assurance system in China

Raw materials imported from China have drawn increased attention because of their quality and safety issues, which requires more stringent measures from us. In the Nisshin Seifun Group, through collaboration with Nichirei Corporation, we established Jinzhu (Yantai) Food Research and Development Co., Ltd., in Yantai, Shandong, China, where we have been conducting necessary analyses/evaluations and safety checks on raw materials and products locally since May 2006.

Exterior view of Jinzhu (Yantai) Food Research and Development Co., Ltd.



Nisshin Flour Milling Released New Commercial-Use Flour Products

In July 2007, Nisshin Flour Milling released five commercial-use flour products with specific functions that address customer needs. These new products were developed fully using our cutting-edge technology in the selection of raw materials and flour production methods to address a rising awareness and desire among people to become healthier without difficulty and a shift in bread-related demand from the traditional pursuit mainly for a good feeling when eating to the pursuit of better taste.

These five new products are “Superfine Hard” (flour for bread) and “Superfine Soft” (flour for confectionery), which are made of whole wheat; sweet “Duelio” (flour for bread), which is made of durum wheat with a rich flavor and taste; “Mimosa” (flour for confectionery), which enables the making of a soft sponge cake that melts in the mouth; and “Waka” (flour for Chinese noodles), which uses 100% made-in-Japan wheat to provide a rich feeling with every bite.

Five new commercial-use flour products (25 kg per bag)



Nisshin Flour Milling
“New Commercial-Use Flour Products Show”

Nisshin Foods Aggressively Promoted “Ma•Ma Dinner Pasta”

Nisshin Foods launched a “Ma•Ma Dinner Pasta” promotion in the fall of 2007, which we have aggressively developed as a unified theme for the Ma•Ma brand. Through consistent promotion using TV, ads on public transportation and other media, we aimed to increase the frequency of eating pasta by disseminating the catchphrase “Dinner pasta” instead of rice, thereby increasing the number of Ma•Ma brand fans.

In the year ending March 2009, we will advertise more actively to shift from letting people know “Dinner pasta” to have “more pasta for dinner.”

Logo for promotion



Nisshin Foods
“Ma•Ma Dinner Pasta” promotion
Hanging ads in trains

Full-scale Launch of CHORUS, a Next-Generation Customer Service System

To reflect customer feedback in our products and win customer satisfaction, we developed CHORUS, a new customer service system in 2007 and began full-scale operation in April 2008. We receive valuable feedback from our customers everyday at our customer service office and reflect that feedback in the development and improvement of our products. We address customers' feedback quickly, accurately and with sincere attitude, thereby enhancing the Group's corporate value.

Our customer service begins with receiving opinions and ends with a report on the customer's satisfaction as a result of our efforts. In the process, until customers are satisfied, we must address the issue in close tie-ups among production, sales, development, quality assurance and many other departments and staff. With our companywide efforts, we will strive to reinforce and enhance customer service.



Customer service staff addressing calls

The Nisshin Seifun Group's Environmental Management Was Highly Appraised.

The company's environmental protection activities have been positioned among its most important management concerns. The results of such activities are described annually in "The Nisshin Seifun Group Social & Environmental Report—Link People, Link Tomorrow."

Our consistent environmental protection activities throughout the Group companies and continual improvements were highly evaluated and the Group was ranked No. 1 for the third consecutive year in Nikkei Inc.'s environmental management survey in the food and medical/pharmaceutical section.

In the "11th Environmental/Sustainability Report Award" by TOYO KEIZAI INC., our 2007 report was highly appraised for our use of the PDCA cycle in our report and aggressive attempts such as introducing the CO₂ emission rights trading system among the Group companies. In May 2008, we were awarded an "Excellent Environmental Report Award."

You can see and request the Group's Social & Environmental Report on the following Web site:

<http://www.nisshin.com/csr/index.html>



Award ceremony where the Group received an "Excellent Environmental Report Award" from TOYO KEIZAI INC.

Special Participation in the Library Business of the Ghibli Museum, Mitaka

The company was the first corporate entity to participate in the library business of the Ghibli Museum, Mitaka, which is run by the Tokuma Memorial Cultural Foundation for Animation.

This business, which is directed by Studio Ghibli's Executive Directors Isao Takahata and Hayao Miyazaki, started operation in 2007 introducing high-quality, impressive and influential global animation widely through theater releases and DVD sales.

Because we identified similarities between this library business and the company's slogan "Delivering Good Health and Reliability," we participated in the library business of the Ghibli Museum, Mitaka in hopes of contributing to the nurturing of Japanese culture.



Exterior view of the Ghibli Museum, Mitaka (Mitaka, Tokyo)



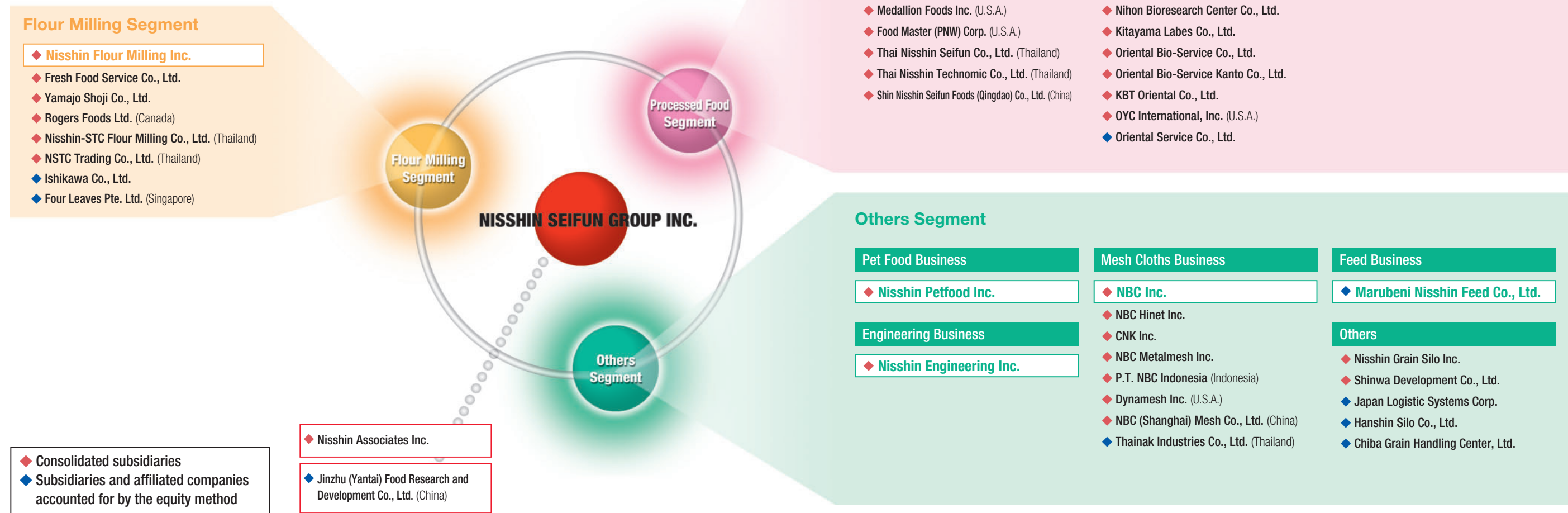
Collaboration logo

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 48 subsidiaries and 15 affiliated companies. Nisshin Seifun Group Inc. and other principal companies are presented in the organizational diagram below.

Employees (as of March 31, 2008)	
Flour Milling Segment	1,245
Processed Food Segment	3,002
Others Segment	678
Nisshin Seifun Group Inc.	241
Total	5,166

Organization of Nisshin Seifun and its Group Companies (as of March 31, 2008)



Review of Operations

Flour Milling Segment

<Business Results>

With the April 2007 introduction of a market-linked wheat pricing system, the government's prices for imported wheat rose by an average of 1.3% in April 2007 and an average of 10% in October 2007. In response, the company revised upward its prices for commercial wheat flour.

In this severe business environment, which is characterized by an ongoing demand shift toward lower-priced products, the company increased flour shipments above the previous year's level by tapping into new market needs through the introduction of five new product lines of commercial wheat and promoting relationship-based marketing to strengthen relations with customers.

In production and distribution, the company continued to carry out measures to boost productivity and minimize costs, including the

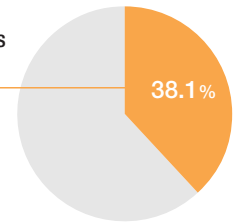
<Prospects for the Next Fiscal Year>

In the flour milling business, the company will further increase its market share by strengthening customer relationships through product development and marketing proposals that swiftly and accurately reflect market changes and customer needs in the wake of market deregulation. The company will also move forward with cost-cutting measures to secure earnings, including the commencement of full-scale operation of the Higashinada Plant's new lines in the summer of 2008 to achieve increased productivity, while stepping up efforts to ensure the reliability and safety of its products.

In April 2008, the government's prices for imported wheat were raised again by an average of 30%. In response, the company revised upward its prices for commercial wheat flour in April 2008.

In overseas operations, the company will continue to enhance cost and sales competitiveness in North America and work to increase shipments of wheat flour from Thailand to neighboring countries as part of its Pacific Rim strategy.

Flour Milling Segment Net Sales
¥164,449 million



construction of additional lines that are scheduled to start a full-scale operation in the summer of 2008 at the Higashinada Plant, while reinforcing efforts to ensure the reliability and safety its products.

Although exports of wheat flour were severely affected by skyrocketing wheat prices, the company endeavored to improve profitability through price revisions and other measures.

Revenue from overseas operations increased significantly as a result of the continued implementation of aggressive marketing strategies to expand sales in Canada and Thailand.

The price of bran, a by-product of the milling process, enjoyed a steady increase due to soaring grain prices and other factors.



The reliability and safety measures of Nisshin Flour Milling Wrapping and packaging wing of the Chiba Plant (left)
Wrapping and packaging line (below)



Nisshin Flour Milling Exhibited entries at The Noodle Industry Exhibition 2007

Processed Food Segment

<Business Results>

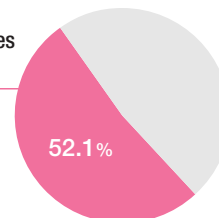
In response to surging prices of raw materials, including wheat flour, the process food business revised upward its prices for De Cecco pasta and pasta sauce products in September 2007 and for household-use flour and flour-processed food products and pasta in November 2007. Subsequently, a further price rise for durum wheat, the material used for pasta, forced us to make another upward price revision for pasta-related products in March 2008. Shipments of household-use flour, pasta and prepared mix, etc. surpassed the previous year's level due to aggressive promotional activities and anticipatory demand before the price increase. However, profitability declined because the price revisions were not swift enough to absorb the rise in procurement costs. Meanwhile, Nisshin Foods Inc. and Ma•Ma-Macaroni Co., Ltd., acquired the ISO 22000 certification for food safety in July 2007 with the construction of a food safety management system involving the headquarters, the food research & development center and plants. In the prepared dishes and other prepared foods business, steady implementation of improvement measures and efforts to expand sales resulted in a profit increase. Overseas, sales of prepared mix products exceeded the previous year's level, as a new prepared mix plant in China began full-scale operation in 2007, stabilizing the supply of products, and an R&D center was launched in January 2008 in Thailand to step up efforts to create

<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, enhance offerings under its market-leading Ma•Ma brand and other brands, and work to increase productivity and minimize costs. In May 2008, the process food business revised upward its prices for flour-processed food and other products in response to a rise in wheat flour prices. The prepared dishes and other prepared foods business will steadily implement improvement measures and develop new menus that better suit customer needs. Overseas development will focus on further Pacific Rim business expansion by exploring new customers in China and Thailand and promoting the development and proposal of new products led by the R&D center in Thailand.

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 new biochemical and immunochemical products. Additionally, the company is carrying out price revisions to counter rising

Processed Food Segment Net Sales
¥224,914 million



new demand for prepared mix.

In the yeast and biotechnology business, a cost increase due to high material prices forced the company to revise upward the prices of some of its products. In the yeast business, sales of yeast-related and flour paste products exceeded the previous year's level, whereas sales of mayonnaise and prepared dishes fell below the previous year's level. In the biotechnology business, sales of biochemical and immunochemical products, bionutritional products and feed for fish farming were higher than a year earlier, but sales related to laboratory animals and research support services sank below the previous year's level. As a result, overall sales for this business surpassed the previous year's level, although increased procurement costs and a decline in sales of highly profitable products diminished profits.

In the healthcare foods business, the passing of the boom for the mainstay coenzyme Q₁₀ product and an increase in production facilities by other companies caused a change in the supply-demand balance, resulting in a continued harsh marketing environment for this business and a decline in sales from a year earlier. Amid these conditions, efforts were made to cut costs and increase sales and recognition of new products launched for consumers.

procurement costs driven by a hike in raw material prices.

The healthcare foods business will revise its production and sales systems amid lingering difficult market conditions for coenzyme Q₁₀ materials. As a healthcare foods manufacturer distinguished by an emphasis on a scientific approach, the company will step up efforts to develop new materials and products, while seeking to expand sales of consumer products and water-soluble coenzyme Q₁₀ materials.



Nisshin Foods
Exhibited entries at The 2008
Supermarket Trade Show



Nisshin Pharma
Exhibited entries at The Food
Development Exhibition 2007

Review of Operations

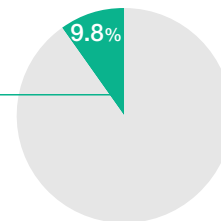
Others Segment

<Business Results>

In the pet food business, sales of pet food for dogs and cats surpassed the previous year's level, as a result of consistent efforts to ensure profitability despite rising procurement costs primarily due to a rise in ingredient prices, as well as sales expansion strategies including the aggressive launch of new products.

Sales of the engineering business increased from a year earlier owing to the completion of a large plant engineering project dur-

Others Segment Net Sales
¥42,494 million



ing the period under review, despite a cutback on equipment investment in related industries.

In the mesh cloths business, sales of our mainstay mesh cloths for screen-printing applications were sluggish, thereby shrinking profits.

<Prospects for the Next Fiscal Year>

The pet food business will make continued efforts to secure earnings that are commensurate with increasing procurement costs. In addition, the company's advantages as a domestic manufacturer will be used to develop new dog and cat food products differentiated by reliability and safety, and health, thereby expanding the lineup of products and promoting aggressive sales activities.

In the engineering business, the company will endeavor to secure orders for the mainstay plant engineering services, as well as commissioned powder processing and powder-processing machines, although there are uncertainties regarding capital investment by related industries.

The mesh cloths business will carry out thorough cost-reduction measures at its production and purchase departments to counter the elevated material prices due to skyrocketing oil prices. In addition, the business will aggressively develop overseas markets, strengthen domestic sales capabilities and push ahead with the introduction of new products in high-value-added markets through measures such as enhancing the R&D system.



Nisshin Engineering
Exhibited entries at SEoul FOOD TECH 2007



The reliability and safety section of
Nisshin Petfood's home page
<http://www.nisshin-pet.co.jp/anzen/>

New Products

Ma•Ma Pasta Navi Series

(Nisshin Foods: Pasta sauce)

We released the “Ma•Ma Pasta Navi—pasta sauce with garlic and balsamic vinegar for sautéing with favorite ingredients” and a version with soy sauce and garlic, which helps to cook an authentic-tasting pasta menu simply by adding, mixing and sautéing ingredients of our choice and boiled pasta. These products conveniently come in bottles so that only the necessary volume can be used each time. We also updated “Ketchupy Napolitan,” which is popular among people who want to cook by themselves, and added it in this series.

(Launched on the market in March 2008)



Ma•Ma Fine Selection Series

(Nisshin Foods: Home-use frozen pasta)

For the Ma•Ma Fine Selection Series, we carefully choose raw materials that are produced in limited areas. Using ripe tomatoes made in Italy, colorful red and yellow peppers, zucchini and diced eggplant, we produced and released a “Pomodoro full of colorful vegetables and Italian ripe tomatoes,” which features a nice balance of moderate bitterness and sweetness. This series achieves authentic taste that features rich flavored extra-virgin olive oil and anchovy.

We aim to further expand the single-person frozen pasta market, which is showing tremendous growth.

(Launched on the market in February 2008)



Ma•Ma Pasta Sauce Mixing Series

(Nisshin Foods: Pasta sauce)

In addition to easy preparation by mixing the product with boiled pasta, this series addresses consumers' growing demand for food reliability and safety. We eliminated the artificial colors that had been used in four well-received items using cod roe and cod ovum and updated them to optimize the original colors of the raw materials.

By reviewing the production methods, we have emphasized nice feeling of cod roe and cod ovum eggs on the tongue and pursued their delicious raw taste.

(Launched on the market in March 2008)



Lucky to Have a Break Hottomilk

(Nisshin Pharma: Supplements)

An increasing number of women are experiencing fatigue due to a busy schedule and stress in both the workplace and their private life. *Hottomilk* supports such women in their 20s and 30s. These easy-to-take tablets with a milk flavor were developed with an emphasis on milk ingredients. Developed with a hint of the serene face of a baby that has just drunk milk, this series contains ingredients such as “lactium™” (milk peptide), milk calcium that especially women's bodies need to replenish and milk ceramide. This product has been sold since April 2008 in drugstores.

(Launched on the market in April 2008)



Nisshin Sweets Encyclopedia Coolen Series

(Nisshin Foods: Nisshin Sweets Encyclopedia Series)

Nisshin Sweets Encyclopedia, which makes it easier to make sweets at home, has been popular. Since its release in 1979, the hot selling Coolen series has become more delicious and the packaging has been updated as well. As a dessert for spring and summer, we released “Smooth custard pudding” and “Soft almond jelly.”

With a good product selection and a unified package design, we will energize the dessert mix market.

(Launched on the market in March 2008)



Run•Yuzen 2dish for ultra small dogs

(Nisshin Petfood: Dry dog food)

We released Run•Yuzen 2dish for ultra small dogs weighing 5 kg or less and two more dry food items, one for adult dogs and the other for old dogs.

To address pets' problems, such as a small diet and discerning taste, we produced healthy dog food with a coating of milk, chicken breast fillet or beef powder with a topping of healthy ingredients such as cabbage, cheese, carrot or pumpkin.

Each piece is made ultra small so that ultra small dogs can eat it, and each bag contains 50 g so that the meal will not result in any leftovers.

(Launched on the market in March 2008)



Consolidated Financial Highlights

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

Consolidated Financial Highlights (Years ended March 31)

	2004	2005	2006	2007	2008	Change	% change
Results of operations							
Net sales (¥ million)	434,125	416,222	421,359	418,190	431,858	+ 13,668	+ 3.3%
Operating income (¥ million)	21,756	22,896	22,169	19,184	19,191	+ 7	0.0%
Ordinary income (¥ million)	22,893	25,120	24,774	22,815	22,180	(634)	(2.8%)
Net income (¥ million)	11,575	13,597	13,541	12,303	11,147	(1,155)	(9.4%)
Profit ratio							
Operating income to net sales (%)	5.0%	5.5%	5.3%	4.6%	4.4%	(0.2%)	
Ordinary income to net sales (%)	5.3%	6.0%	5.9%	5.5%	5.1%	(0.4%)	
Net income to net sales (%)	2.7%	3.3%	3.2%	2.9%	2.6%	(0.3%)	
Return on shareholders' equity (%)	5.2%	5.8%	5.4%	4.6%	4.2%	(0.4%)	
Financial position							
Total assets (¥ million)	359,820	372,968	399,899	408,437	381,795	(26,642)	(6.5%)
Net assets (¥ million)	230,555	241,282	264,535	300,306	289,839	(10,466)	(3.5%)
Shareholders' equity (¥ million)	230,555	241,282	264,535	270,974	259,177	(11,797)	(4.4%)
Shareholders' equity ratio (%)	64.1%	64.7%	66.2%	66.3%	67.9%	+ 1.6%	
Per share data							
Net income per share (¥)	49.16	58.06	52.80	48.66	44.30	(4.36)	
Net assets per share (¥)	996.59	1,042.92	1,046.00	1,069.71	1,043.53	(26.18)	
Dividend per share (¥)	11	14	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.

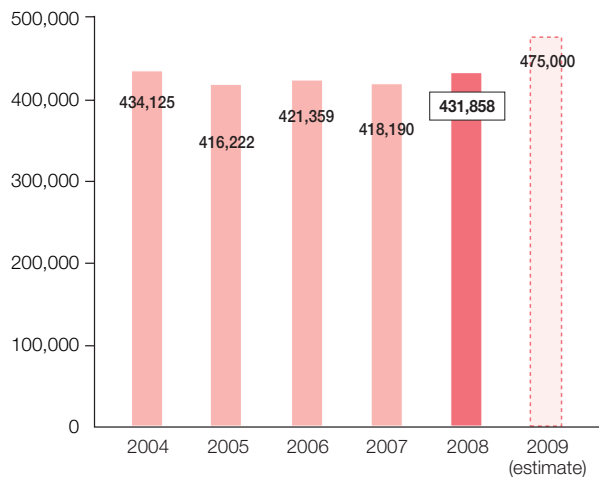
Forecasts for Consolidated Business Performance

Forecasts for Consolidated Business Performance in Fiscal 2009

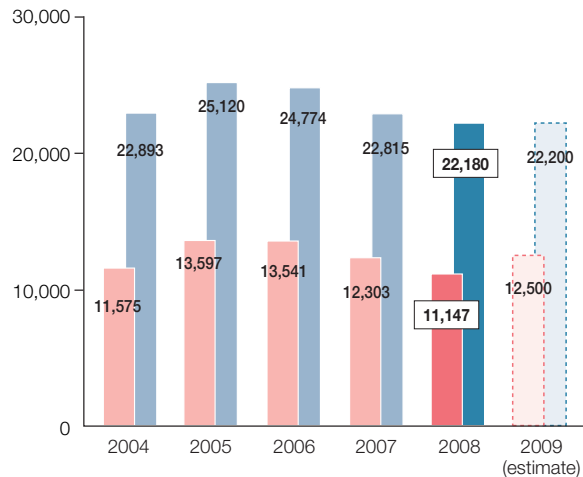
	2008	2009 (estimate)	Change	% change
Net sales (¥ million)	431,858	475,000	+ 43,142	+ 10.0%
Operating income (¥ million)	19,191	19,500	+ 309	+ 1.6%
Ordinary income (¥ million)	22,180	22,200	+ 20	+ 0.1%
Net income (¥ million)	11,147	12,500	+ 1,353	+ 12.1%

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)

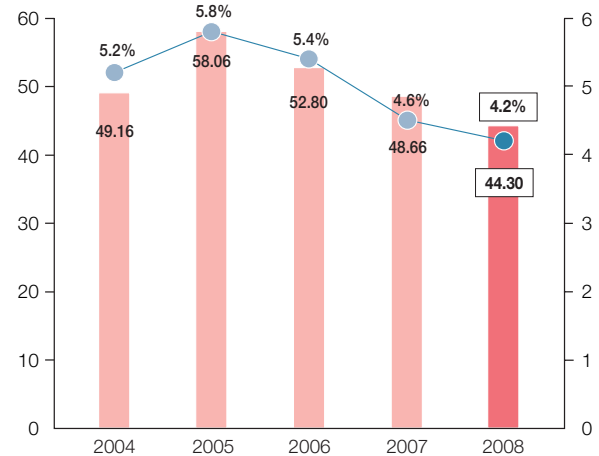


■ Ordinary Income ■ Net Income (¥ million)



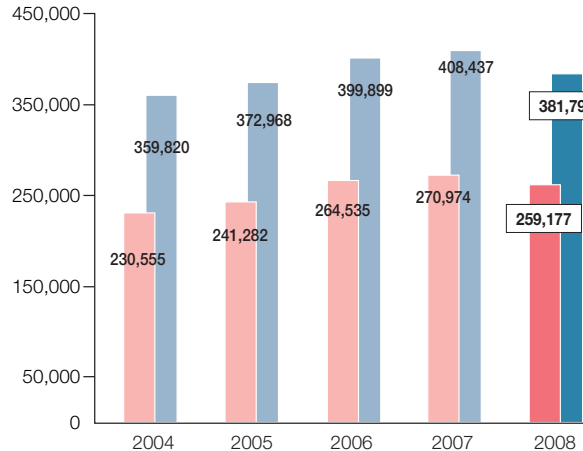
■ Net Income per Share (¥)

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



■ Total Assets

■ Net Assets (¥ 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, 2008

(¥ million)

Items	2007	2008	Change
Assets			
Total current assets	178,649	166,841	(11,807)
Total fixed assets	229,788	214,953	(14,835)
Total assets	408,437	381,795	(26,642)
Liabilities			
Total current liabilities	67,304	58,724	(8,579)
Total long-term liabilities	40,827	33,230	(7,596)
Total liabilities	108,131	91,955	(16,176)
Net Assets			
Total shareholders' Equity	231,436	232,521	1,085
Common stock	17,117	17,117	—
Additional paid-in capital	9,779	9,446	(333)
Retained earnings	207,550	209,221	1,671
Treasury stock	(3,010)	(3,263)	(252)
Total valuation, translation adjustments and other	39,537	26,655	(12,882)
Unrealized holding gain on securities	39,102	26,115	(12,987)
Deferred gains on hedging transactions	41	(250)	(291)
Foreign currency translation adjustments	394	791	397
Stock acquisition rights	—	8	8
Minority interests	29,331	30,653	1,322
Total net assets	300,306	289,839	(10,466)
Total liabilities and net assets	408,437	381,795	(26,642)

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

Consolidated Statements of Cash Flows

April 1, 2007 to March 31, 2008

(¥ million)

Items	2007	2008	Change
Cash flows from operating activities	17,469	26,498	9,029
Cash flows from investing activities	(6,961)	(21,934)	(14,973)
Cash flows from financing activities	(5,225)	(14,423)	(9,198)
Effect of exchange rate changes on cash and cash equivalents	366	258	(108)
Net (decrease) increase in cash and cash equivalents	5,648	(9,601)	(15,250)
Cash and cash equivalents at beginning of year	42,803	48,452	5,648
Cash and cash equivalents at end of year	48,452	38,850	(9,601)

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

Consolidated Statements of Income

April 1, 2007 to March 31, 2008

(¥ million)

Items	2007	2008	Change
Net sales	418,190	431,858	13,668
Cost of sales	285,598	298,498	12,900
Gross profit	132,591	133,359	767
Selling, general and administrative expenses	113,407	114,168	760
Operating income	19,184	19,191	7
Non-operating income	4,234	3,680	(554)
Non-operating expenses	603	691	87
Ordinary income	22,815	22,180	(634)
Extraordinary income	3,776	4,856	1,079
Extraordinary losses	2,547	4,709	2,162
Income before income taxes and minority interests	24,044	22,327	(1,717)
Income taxes—current	7,875	7,776	(99)
Income taxes—deferred	1,494	1,500	6
Minority interests	2,371	1,902	(468)
Net income	12,303	11,147	(1,155)

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

Net sales

In each business, we increased shipments by introducing new products and increasing the market share in each business. Because a surge in the procurement costs primarily due to a raise in the government's imported wheat sales prices was beyond what we could absorb, we implemented a price revision of products, which increased net sales.

Operating income and ordinary income

Operating income was level with the previous year by absorbing the cost increase through sales expansion, cost reduction and a price revision. However, ordinary income decreased due to a decline in equity in earnings of feed-related affiliates affected by a surge in grain prices.

Consolidated Statements of Changes in Shareholders' Equity

April 1, 2007 to March 31, 2008

(¥ million)

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	17,117	9,779	207,550	(3,010)	231,436
Changes during the fiscal year					
Dividends from retained earnings			(4,561)		(4,561)
Net income			11,147		11,147
Purchases of treasury stock				(5,634)	(5,634)
Disposition of treasury stock		(2)		135	132
Retirement of treasury stock		(330)	(4,915)	5,246	—
Total changes during the fiscal year	—	(333)	1,671	(252)	1,085
Balance as of March 31, 2008	17,117	9,446	209,221	(3,263)	232,521

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, 2008

(¥ million)

Items	2007	2008	Change
Assets			
Total current assets	33,264	34,437	1,172
Total fixed assets	209,170	189,605	(19,564)
Total assets	242,434	224,043	(18,391)
Liabilities			
Total current liabilities	3,580	2,890	(690)
Total long-term liabilities	21,608	14,465	(7,142)
Total liabilities	25,189	17,356	(7,832)
Net Assets			
Total shareholders' equity	185,638	185,720	81
Common stock	17,117	17,117	—
Additional paid-in capital	9,500	9,500	—
Retained earnings	162,024	162,358	334
Treasury stock	(3,003)	(3,255)	(252)
Total valuation, translation adjustments and other	31,606	20,957	(10,649)
Unrealized holding gain on securities	31,606	20,957	(10,649)
Stock acquisition rights	—	8	8
Total net assets	217,245	206,686	(10,559)
Total liabilities and net assets	242,434	224,043	(18,391)

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

Non-Consolidated Statements of Income

April 1, 2007 to March 31, 2008

(¥ million)

Items	2007	2008	Change
Operating revenues	22,246	18,644	(3,601)
Operating expenses	11,315	11,247	(68)
Operating income	10,930	7,396	(3,533)
Non-operating income	1,595	1,667	71
Non-operating expenses	45	84	38
Ordinary income	12,480	8,979	(3,500)
Extraordinary income	1,692	2,498	806
Extraordinary losses	91	449	358
Income before income taxes	14,081	11,029	(3,052)
Income taxes—current	16	18	2
Income taxes—deferred	752	866	113
Net income	13,312	10,144	(3,168)

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

Stock Information (As of March 31, 2008)

Total number of issuable shares:

932,856,000 shares

Total number of shares issued and outstanding:

251,535,448 shares (a decrease of 5,000,000 shares from the end of the previous fiscal year)

* The decrease in total number of outstanding shares is a result of the retirement of treasury stock during this fiscal year.

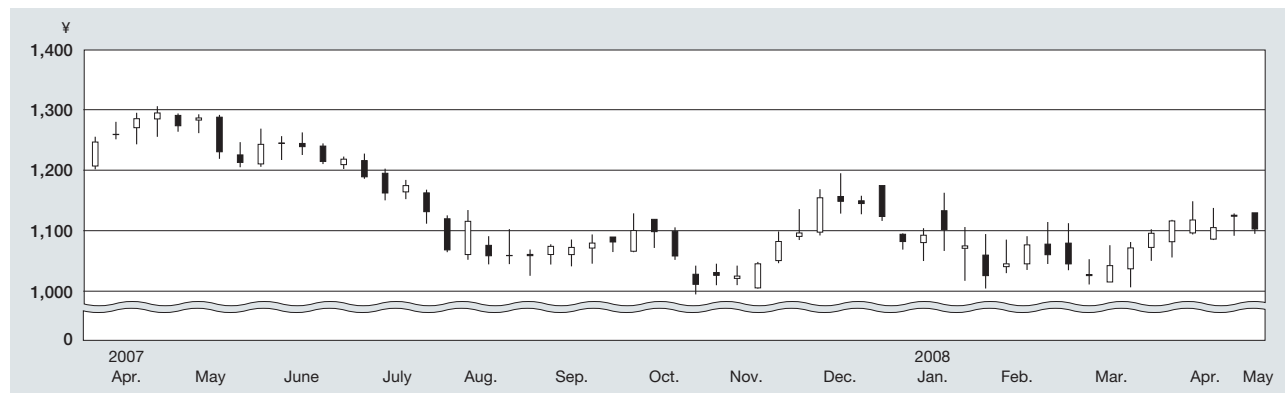
Number of shareholders:

15,282 (an increase of 254 shareholders from the end of the previous fiscal year)

Major shareholders (top 10):

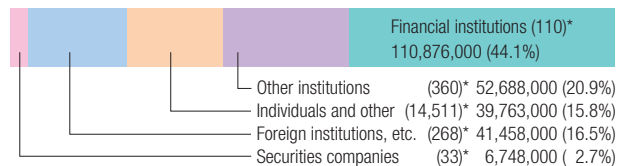
Name	Number of Shares Held (thousand)	Ratio of Share Holdings (%)
Nippon Life Insurance Company	16,022	6.3
Yamazaki Baking Co., Ltd.	14,040	5.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,615	4.6
Mizuho Corporate Bank, Ltd.	9,943	3.9
Japan Trustee Services Bank, Ltd. (Trust Account)	9,562	3.8
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
The Norinchukin Bank	4,489	1.7

Stock prices

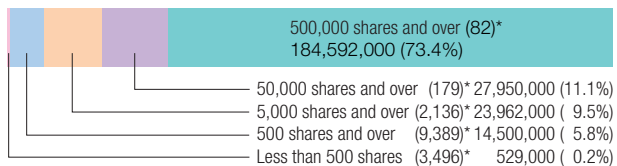


Composition of Shareholders

Shareholders by Type



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, 2008)
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

Board of Directors: (As of June 26, 2008)

Chairman: Osamu Shoda

President: Ippei Murakami

Managing Director: Yasutaka Miyauchi

Managing Director: Masami Ohta

Managing Director: Masuro Yamazaki

Managing Director: Akihisa Sasaki

Director: Mikihisa Nanri

Director: Toshio Maruo

Director: Akiya Fukada

Director: Kazuo Ikeda

Director: Toshinori Shiragami

Director: Ariyoshi Okumura

Senior Corporate Auditor: Takeo Ito

Corporate Auditor: Kimio Ohishi

Corporate Auditor: Akira Takeuchi

Corporate Auditor: Akio Mimura

Corporate Auditor: Tetsuo Kawawa

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

Custodian of shareholder register:
The Chuo Mitsui Trust and Banking Company, Ltd.
3-33-1 Shiba, Minato-ku, Tokyo Japan

Transfer agent:
The Chuo Mitsui Trust and Banking Company, Ltd.
Stock Transfer Agency Department
2-8-4 Izumi, Suginami-ku, Tokyo
168-0063, Japan
Tel: 0120-78-2031 (toll-free)

Transfer agent's handling office:
The Chuo Mitsui Trust and Banking Company, Ltd., branches throughout Japan
Japan Securities Agents, Ltd., Head office and branches

Notice:

1. To request forms for a change of address, for purchasing shares in less than the allotted trading unit, for transferring shares, or for designating an account for dividends to be remitted, please contact the custodian of the shareholder register toll-free in Japan at 0120-87-2031 or go to the website http://www.chuomitsui.co.jp/person/p_06.html. Requests taken 24 hours a day.
2. The Company has implemented a system whereby shares numbering less than the trading unit (less than 500) can apply to purchase the number of shares required to bring the number held up to the trading unit. Please contact the custodian of the shareholder register for applications. (If using the central depository system, please contact the securities company handling the trade.)

NISSHIN SEIFUN GROUP INC.

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