

Delivering Good Health and Reliability



日清製粉グループ

To Shareholders Business Report 2010

(April 1, 2009 to March 31, 2010)



NISSHIN SEIFUN GROUP INC.

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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.



Ippei Murakami
President

With the long-term maximization of corporate value as a managerial basic policy, the Nisshin Seifun Group has emphasized its Group-wide operations and focused its resources on the Group's core businesses and growth businesses, aiming to achieve further sustainable growth. In Japan, we will strive to further expand shipment volumes mainly in the Flour Milling and Processed Food segments, as well as focus our efforts on developing the prepared dishes and other prepared foods business. Overseas, we will expand existing businesses, while exploring new businesses. In R&D, we will reinforce the development of new technologies and new high-value-added products that attract customers. With the CR (Consumer Relations) Office, which was established last year, playing a central role, we aggressively collect consumers' feedback and needs, as well as consumer administration-related information, thereby reinforcing our quality assurance systems from customers' viewpoints to meet their expectations. The Group also aggressively promotes various measures such as enhancing the internal control system, ensuring compliance as well as engaging in environmental protection and social contribution activities to fulfill its corporate social responsibility.

In the fiscal year ended March 2010, the Group launched new products that address consumers' diversifying needs, aggressively promoted advertising activities to boost demand and conducted Group-wide cost-reduction activities. We revised the prices of flour and flour-related products as a result of decreases in the price of imported wheat sold by the government: The government decreased the imported wheat price by 14.8% in April 2009 and 23% in October 2009.

The business environment in which the Group operates continued to be severe with the impact of the deteriorated global economy, which worsened the Japanese economy as well. In such an environment, net sales were ¥443,728 million, down 4.9% compared with the previous fiscal year due to price revisions of products associated with reduced

wheat prices. On the other hand, operating income was ¥26,576 million, up 22.2%; ordinary income was ¥29,327 million, up 19.1%; and net income was ¥16,839 million, up 21.6%. These increases were achieved by the expansion of shipment volumes of mainstay products such as household-use flour and prepared mix products in the Processed Food Segment, the expansion of shipment volumes in the overseas businesses, the improvement of productivity by integrating the Higashinada and Kobe plants and cost reduction in each business and other measures.

Nisshin Seifun Group Inc. considers the current and future profitability of the business and the financial position in targeting a payout ratio of at least 30% on a consolidated basis. For the fiscal year under review, in appreciation of our shareholders' support, we decided to increase the ordinary dividend by ¥2.00 per share and add a commemorative dividend of ¥2.00 per share for our 110th anniversary, resulting in an annual dividend of ¥22.00 per share.

Concerning the business prospects for the year ending March 2011, despite deflationary pressure, the trend of consumer spending and other uncertain factors of the business environment, we can see some signs of recovery.

In such an environment, we will implement the aforementioned initiatives and strive to further expand 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 strongly supported by stakeholders including shareholders, customers, suppliers, employees and communities.

Shareholders' continuing patronage and support are highly appreciated.

村上 一平

Ippei Murakami
President

June 2010

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, 2010; the progress and future vision of the current management plan, etc.

Efforts and Measures the Group Took and Its Business Performance for the Year Ended March 31, 2010

Q Please explain the business environment in which the Nisshin Seifun Group operates, and outline the business performance for the year ended March 31, 2010.

A For the year ended March 31, 2010, the global economic downturn triggered by the financial crisis in 2008 continued to severely affect the Japanese economy. The food industry, which was affected by customers tightening their wallets, continued to experience a severe market environment.

Under such circumstances, the company revised its product prices as a result of decreases in the government's sales prices for imported wheat in April and October 2009. Although we lowered product prices for the first time in three years, thanks to our customers' understanding, we implemented appropriate price revisions. For shipments, we executed sales expansion measures in all business segments, including the development and sale of new products that address the growing tendency to save money and cook at home and the diversification of consumer needs, as well as aggressive advertising campaigns. Moreover, we achieved higher cost reductions than initially expected in each business segment. As represented by the September 2008 start of full-scale operations of the new lines installed at the Higashinada flour milling plant and the resulting closure and integration of the Kobe Plant for productivity improvement measures, we promoted cost-cutting efforts in each process of purchasing, manufacturing and transportation. In the overseas businesses, shipments progressed favorably with positive feedback for the consistently



high quality of our products.

As a result, for the fiscal year under review, the Group achieved higher profits than expected. Despite a decrease in revenue due to the impact of a plunge in the bran price and the price revisions of products associated with reduced wheat prices, shipments of household-use flour, prepared mix products and such mainstay products in the Processed Food Segment and shipments in the overseas businesses were favorable. Also, as already mentioned, better-than-expected cost reductions were achieved in all business segments.

Future Prospects and Business Strategy

Q Please explain your forecast of business performance for the year ending March 31, 2011.

A With regard to the domestic economy, due to the high unemployment rate and the deteriorated income environment, which have led to continued deflationary pressures, it will take more time for a full recovery. However, the export industry has been recovering, supported by thriving demand from China and other emerging countries. As a result of the economic stimulus measures taken by the Japanese government, consumer confidence is gradually recovering. These factors show signs of the economy finally bottoming. To capitalize on economic improvement during this period, for the fiscal year ending March 31, 2011, the Nisshin Seifun Group will take the necessary measures to achieve future sustainable growth. Specifically, we will conduct robust sales promotion activities in each business segment and continue aggressive advertising activities to expand shipments. To develop and sell valuable products that meet consumers' increasingly diverse needs, we will increase our R&D investments to reinforce the development of new products and new technologies. The price of bran, a byproduct of the flour milling process, will remain sluggish with the impact of the international grain market prices and foreign currency exchange rates, etc. As a result, despite an expected increase in the volume of shipments in the Flour Milling and Processed Food Segments, we expect a decrease in profits because of expenses for various measures such as the aforementioned continuous advertising



New products of Nisshin Foods Inc. for the spring and summer of 2010

activities, the promotion of R&D and the expected deterioration in bran prices.

For the fiscal year ending March 31, 2011, we project net sales of ¥429 billion, down 3.3% from the previous year; operating income of ¥23.9 billion, down 10.1%; ordinary income of ¥26.4 billion, down 10.0%; and net income of ¥14.9 billion, down 11.5%. By implementing the aforementioned measures, however, we aim to make upward revisions to these projections.

Q The next term (the fiscal year ending March 31, 2011) is the final year of the current management plan, “Nisshin Seifun Group Action Plan GO, 2010.” Would you explain the intended direction and measures of the management plan?

A The fiscal year ending March 31, 2011, is the company's 110th anniversary. Based on the “Reliability and safety-seeking DNA” (core commitment to reliability and safety) nurtured since its inception, the Nisshin Seifun Group aims to further grow and develop.

The future domestic business environment in which the Nisshin Seifun Group operates will feature a falling birthrate, an aging

Interview with the President

population and a long-term decrease in population. Although the progress of the World Trade Organization (WTO) negotiations on agriculture, bilateral free trade agreements (FTAs) and economic partnership agreements (EPAs) with each country has been slower than we anticipated, in the near future competition with products made overseas will intensify in domestic markets. For the Nisshin Seifun Group to further expand business in the future, it will be vital to acquire an overwhelming market share in our domestic core business, reinforce cost competitiveness and expand overseas business to a scale that can lead the Group's growth.

Given such recognition, to achieve sustainable growth, the Group is promoting the current management plan, "Nisshin Seifun Group Action Plan GO, 2010," which covers two years from April 2009 through the fiscal year ending March 2011.

One of our targets is to increase shipments with the intent of

acquiring an overwhelming market share in Japan. During the first year of the management plan, in the severe operating environment, the Flour Milling Segment did not achieve the planned target although we maintained the previous year's level. In the fiscal year ending March 31, 2011, we will aggressively strive to expand demand for flour and strengthen relationships with customers to increase the volume of shipments. In the Processed Food Segment, we will strive to reinforce brand capability and increase the volume of shipments. To this end, with regard to the Group's diverse top-brand products, we will accelerate the development of new products that meet customer demand and can help cook authentic foods easily at home. We will also conduct aggressive advertising and promotional activities.

Another pillar of the management plan is the expansion of overseas businesses. To augment and ensure the Group's sustainable growth, we will aggressively allocate management resources in overseas businesses, aiming to expand them. Although the Group is developing businesses in North America, Southeast Asia and China, neither the business scale nor the speed of business expansion is sufficient to lead the growth of the Group. We must accelerate the expansion of each business that is already in place overseas and aggressively explore new businesses. To this end, in November 2009, we established a division dedicated to the development of new overseas businesses and installed a new business development system at each of the core operating companies. In the fiscal year ending March 31, 2011, Rogers Foods Ltd., a Canadian flour milling company and Thai Nisshin Technomic Co., Ltd., which manufactures and sells commercial-use prepared mix products in Thailand, will reinforce productivity and strengthen their systems

■ To Achieve Sustainable Growth ■



to further increase the volume of shipments. To explore new businesses, we will strengthen our efforts including alliances mainly in the flour milling, prepared mix and pasta businesses in which the company has an edge and accelerate efforts to acquire new markets.

Concerning R&D, as a national brand manufacturer, we regard the development of new technologies and new products as vital for the sustainability and growth of businesses. With this understanding, the Group is promoting R&D on a Group-wide scale. As part of this measure, we clarified each company's R&D-related role within the Group. Nisshin Seifun Group Inc. is in charge mainly of basic research and research on new technologies from the viewpoint of turning R&D results into businesses, whereas other companies in the Group focus on the development of new products and other themes that are more closely connected to each business. With this structure, we are reinforcing the pipeline of new products. During the fiscal year ended March 2010, we developed and launched distinctive new products in the market for each business. For instance, in the



External view of Rogers Foods Ltd.'s Chilliwack factory, which will increase flour productivity by 20%

mesh cloths business, we began selling masks optimizing the “Cufitec” technology that immobilizes and inactivates viruses. The fiscal year ending March 2011 is already gradually seeing new R&D effects. In the prepared dishes and other prepared foods business, we released our new-concept prepared food “Ichiju Tasai” with prolonged expiration dates. We will continue to develop new novelty products and increase the volume of shipments. We will also emphasize R&D for cost reduction to reinforce cost competitiveness.

Distribution of Profits to Shareholders

Q Lastly, please explain your policy for profit distribution to shareholders.

A Nisshin Seifun Group Inc. considers the current and future profitability of the business and the financial position, targeting a payout ratio of at least 30% on a consolidated basis. For the fiscal year under review, to increase the profit

distribution to shareholders, we paid an ordinary dividend per share of ¥20.00, an increase of ¥2.00, and added a commemorative dividend of ¥2.00 per share for the 110th anniversary, resulting in an annual dividend of ¥22.00 per share.

The company will continue the aggressive employment of management resources for further growth, thereby enhancing corporate value, while flexibly distributing profits to shareholders.

Measures Taken at the Occasion of Our 110th Anniversary to Further Growth and Development

110th Anniversary Reinforce Our Brand via the Group's New Advertisement

Commemorating the Group's 110th anniversary, we had Studio Ghibli, Inc., produce a new advertisement for the Group. We are pursuing a corporate image for the Nisshin Seifun Group of evolving to achieve a "healthy and fruitful life for customers" in the future.

You can view our TV commercial on the Web site of the Nisshin Seifun Group.
<http://www.nisshin.com>



© 2010 Studio Ghibli



Announcement of a new advertisement for the Nisshin Seifun Group



TV commercial

2011 is the 110th anniversary of the Nisshin Seifun Group. We will promote business expansion through Group-wide efforts and aggressively inject management resources to achieve greater growth.

Expanding Shipment Volume by Offering Distinctive New Products

To address increasingly diversified needs, the Group researches, develops and offers products that can gain support from customers. We introduce some of them.

Nisshin Foods Inc.

Ma•Ma Pasta & Pasta Sauce Served Cold

Utilizing its proprietary technology, Nisshin Foods developed pasta and pasta sauce to be served cold. With this product, you can make cold pasta easily at home.



Initio Foods Inc.

"Ichiju Tasai"

"Ichiju Tasai" is a new-concept prepared food served cold. Optimizing our bacteria control technology, we wrapped prepared food with a freshly extracted soup made into a jelly-like form that melts in your mouth, without using preservatives or artificial colors. Sales started via mass merchandise outlet routes in April 2010 only in the Kanto area (Tokyo and seven nearby prefectures).

NBC Meshtec Inc.

High-Performance Mask "Cufitec"

Combining newly discovered antivirus materials and its proprietary functional inorganic nano-particle fixation technology "Nafitec®," and applying the new "Cufitec" technology, NBC Meshtec Inc. released the high-performance mask "Cufitec."



Nisshin Petfood Inc.

Promotion of the LIFE20 Program

The LIFE20 program is the Group's unique measure to tackle the challenging dream of prolonging pets' average life expectancy to age 20 through safe, reliable and healthy pet food. Nisshin Petfood promotes this program, which is based on the accumulated research results of Nasu Research Center and collaborating veterinarians from the viewpoint of maintaining pets' health.



Leading the Group's Growth by Expanding Overseas Businesses

OYC Shanghai Co., Ltd., developed a business for Chinese bakery customers. To aggressively develop customer needs-based marketing measures harnessing the Group's proprietary technologies and expertise, since September 2009 the company has been operating bakery laboratory facilities that have equipment for introductory product demonstration and presentation.

Thai Nisshin Technomic Co., Ltd., which operates the prepared mix business in Thailand, and Rogers Foods Ltd., which operates the flour milling business in Canada, will reinforce productivity and further expand sales.



Building that houses OYC Shanghai Co., Ltd.



Inside the bakery laboratory



Evolution of Existing Products That Support the Sales Base

We will add value to our existing basic products and expand shipment volume.

Nisshin Flour Milling Inc.

Expand Demand by Proposing New Bread-Eating Opportunities

The release of the LYS D'OR, commercial wheat flour, marked its 40th anniversary in 2009. Nisshin Flour Milling developed a commemorative lecture and a recipe contest and proposed a new dietary lifestyle under the slogan "Full-Time Bread Time!"



Nisshin Foods Inc.

The "Konamon" (flour-based food) Series was Selected in the 2009 Hit Product Rankings announced in the Nikkei Marketing Journal.

The "Konamon" series—wheat flour and wheat-based prepared mix—was selected in the 2009 Hit Product Rankings, in which the Nisshin Okonomiyaki flour mix was featured. In the severe market environment caused by the sluggish economy, Nisshin Foods advocates a theme of supporting a lifestyle that brings forth a smile at the dining table. The company implemented an overall product renewal that included reviewing product designs, enhancing convenience by putting a zipper on the packaging for large volume products and reinforcing the product lineup.

Nisshin Petfood Inc.

Reinforced the Lineup of Premium Pet Food

The JP-style is a series of premium pet foods using main ingredients that are strictly limited to those made in Japan. In addition to dog food, the company released cat food, thereby reinforcing its product lineup.



Received FOOD ACTION NIPPON AWARD 2009

In the fiscal year ended March 2009, the Ministry of Agriculture, Forestry and Fisheries of Japan launched a national campaign aimed at improving Japan's food self-sufficiency ratio. On January 15, 2010, the FOOD ACTION NIPPON AWARD 2009 ceremony was held in Shinagawa, Tokyo, to commend business operators and organizations contributing to the improvement of Japan's food self-sufficiency ratio. In four areas (Products; Manufacturing, Logistics and Systems; Communications and Education; and R&D and New Technologies), there were 1,204 entries. Nisshin Flour Milling Inc. received the Outstanding Performance Award in the Products area for its highly recognized "Superfine Soft" (powdery flour for confectionery), which is made of whole wheat. "Superfine Soft" is made with a new flour milling technology and incorporates only wheat made in Japan. The contribution to the improvement of the self-sufficiency ratio through technological development and sales was the reason for the award.



A large bag of "Superfine Soft"



The Outstanding Performance Award certificate in the Products area

15th Anniversary Promotion of the "Ao-no-Dokutsu" Brand

Commemorating 2010 as the 15th anniversary of the "Ao-no-Dokutsu" brand for the easy cooking of authentic Italian food, the brand was totally renewed. Moreover, Nisshin Foods Inc. developed a new communications strategy, taking advantage of this opportunity.

From March 19, 2010, to March 31, 2010, in collaboration with TOHO Cinemas Roppongi Hills, we created an impressive and visionary space by lighting the main lobby of the movie theater in blue to match the brand concept.

At Tokyo Metro Roppongi Station, we put up a transit advertisement for "Ao-no-Dokutsu." We also covered the walls of Metro Hat in blue at the entrance of Roppongi Hills via "Roppongi Bluejacking," that is, painting the area surrounding Roppongi Hills in blue. This activity further promoted the concept of the brand image of "Ao-no-Dokutsu."



Advertisement on the wall of Roppongi Metro Hat



Advertisement on the staircase wall at Roppongi Station

Make a first entry at the Int'l Rechargeable Battery Expo, BATTERY JAPAN

Nisshin Engineering Inc. made an entry at the Int'l Rechargeable Battery Expo, BATTERY JAPAN, which was dedicated to secondary batteries for three days from March 3, 2010, to March 5, 2010, at Tokyo Big Sight located in Ariake, Tokyo. This was the world's largest specialized exhibition for the dissemination of new energy such as fuel batteries and solar batteries. More than 230 companies worldwide were exhibitors.

In the booths, the company provided explanations on customer powder processing service, including nanotechnology-based processing of battery materials (positive pole materials and negative pole materials); sales of powder-processing machines; plant engineering; and other activities that address customer needs. The company exhibited a positive-pole materials firing system that realizes speedy, high-efficiency and uniform-quality firing, and Super Jet Mill, which is a ceramic air-turbulence-based powder pulverization machine.

Inside the booth at the Expo



New Establishment of the CR (Consumer Relations) Office

In October 2009, Nisshin Seifun Group Inc. set up the Customer Relations Office, which directly reports to the top management and is designed to identify the consumer mind-set and social trends and enhance the group's consumer relations. The CR Office cooperates with the group companies to gather consumer feedback and needs, as well as information on consumer administration, which helps provide timely and appropriate direction as to what actions and measures need to be taken as a group.

Because the Group has many companies and each company manufactures and sells diverse products, the related government agencies and organizations are also diverse. Therefore, the CR Office works for the group companies to share information that is common across the Group and to take consistent measures. To this end, we installed CR staffs who directly report to the top management at each division of Nisshin Seifun Group Inc. and at each company.



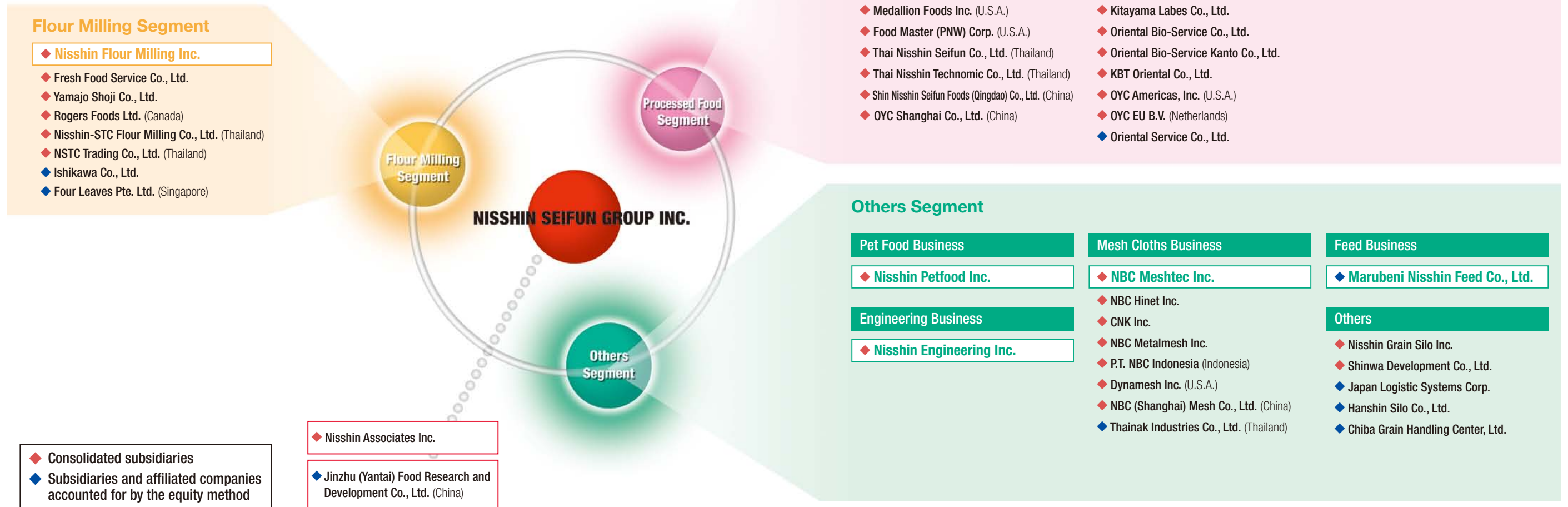
Inauguration ceremony of the CR Office

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 45 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, 2010) | |
|----------------------------------|--------------|
| Flour Milling Segment | 1,258 |
| Processed Food Segment | 3,042 |
| Others Segment | 721 |
| Nisshin Seifun Group Inc. | 262 |
| Total | 5,283 |

Organization of Nisshin Seifun and its Group Companies (as of March 31, 2010)



Review of Operations

Flour Milling Segment

<Business Results>

Given the severe market environment due to the sluggish economy, the company explored new markets by reinforcing relationships with customers and intensifying efforts to create new demand, such as suggesting new menus and opportunities to eat bread and noodles. As a result, commercial flour shipments increased from the previous year's level. In May and November 2009, downward revisions were made on the prices of commercial wheat flour to reflect the average 14.8% and 23.0% declines in the government's sales prices for imported wheat in April and October 2009, respectively.

As represented by the September 2008 start of full-

<Prospects for the Next Fiscal Year>

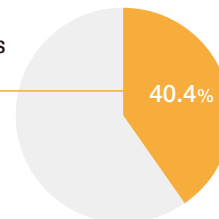
In the flour milling business, the company will further increase its market share by creating demand through product development and sales promotional efforts that swiftly and accurately identify consumer needs and by taking actions to strengthen customer relationships. In addition, the company will secure earnings through productivity improvement and cost-cutting measures, including the closure of the Kitami Plant in November 2010, and step up measures to ensure product safety and reliability.

Regarding wheat, or a raw material of our products, the government's sales prices of imported wheat were lowered by an average of 5% for the five different brands in April 2010. In response, we revised the prices of our commercial flour downward in May 2010.

The price of bran, a byproduct of the milling process, is expected to remain low, due to the influence of the grain market and other factors.

In overseas operations, the company will continue

Flour Milling Segment Net Sales
¥179,413 million



scale operation of the new lines installed at the Higashinada Plant and the resulting closure and integration of the Kobe Plant, the company promoted cost-cutting efforts by increasing productivity and improving distribution, and proceeded with measures to enhance product reliability and safety.

Prices for bran, a byproduct of the milling process, remained low throughout the period.

In overseas operations, aggressive marketing efforts led to an increase in shipments from the previous year.



Nisshin Flour Milling
Made an entry at the Noodle
Expo 2009



Nisshin Flour Milling
Made an entry at the
FOOD EX JAPAN 2010

to expand businesses in North America and Thailand, including the introduction of additional lines for capacity improvement into the Chilliwack Plant of Rogers Foods Ltd. in Canada, which will start operation in the fall of 2010, and to explore new business opportunities.

Processed Food Segment

<Business Results>

With sluggish personal consumption as a result of the harsh business conditions, the processed food business introduced a number of new products—19 in August 2009 and 26 in February 2010—responding to the growing tendency to cook at home and the diversification of consumer needs. These moves, combined with intensive advertising and promotion efforts, led to steady shipments of household-use flour and prepared mix products. However, sales of the processed food business fell below the previous year's level, primarily due to downward price revisions reflecting the reduction of the government's prices for imported wheat. In the prepared dishes and other prepared foods business, the company steadily implemented measures to improve profitability. In the overseas business, aggressive product proposals aimed at attracting new customers raised shipments from a year earlier.

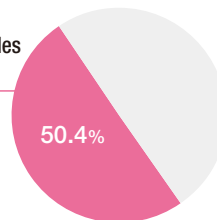
In the yeast and biotechnology business, sales of the yeast

<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 cost-cutting measures in every process of production, purchase and distribution. The prepared dishes and other prepared foods business will seek sales expansion by developing menus and offering product proposals to better suit customer needs—for example, the April 2010 launch of “Ichiju Tasai,” a prepared food product enabled by the company's accumulated antibacterial technology—while strengthening alliances with mass retailers, and continue to carry out cost-cutting measures. In overseas development, the company will accelerate the expansion of a business targeted at bakeries, which is expected to see market growth in China and Southeast Asia in the next few years.

The yeast business will continue to promote proposal-based marketing efforts to reinforce the development of high-value-added products, while tapping into new markets as well that are not related

Processed Food Segment Net Sales
¥223,698 million



business surpassed the previous year's level, owing to the favorable performance of yeast, bread improvers and flour paste. Meanwhile, despite the favorable sales of diagnostic reagents and feedstuff on a consignment production basis, sales of the biotechnology business declined from the previous year, reflecting the transfer of the fish-farming feed business and sluggish sales of culture media and serum.

Sales for the healthcare foods business sank from a year earlier in the persistently harsh market environment, despite focused efforts to expand sales of consumer products via mail order.



Nisshin Pharma
Made an entry at Health Ingredients
Japan 2009

Nisshin Foods
Received the “Long-Seller Award” at the
“28th Hit Food Products” for its highly
evaluated Nisshin Okonomiyaki flour mix



to bread making. The biotechnology-related business will actively engage in services that support the research and development of new drugs; promote the launch of new products, chiefly diagnostic reagents; and expand the food analysis business, including tests for allergens and residual pesticides.

The healthcare foods business will put forth efforts to improve productivity and reconstruct its sales system, 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 particularly through the mail-order business.

Others Segment

<Business Results>

Sales of the pet food business increased from the previous year owing to aggressive sales expansion measures, including the expansion of the JP-Style premium dry-type dog food line for stores, and steady sales of dry food products for dogs and cats.

Sales of the engineering business increased from the previous year because large projects of the mainstay plant engineering business countered the continued sluggishness of capital investment in related industries.

In the mesh cloths business, we endeavored to create

<Prospects for the Next Fiscal Year>

In the pet food business, the company will expand its premium food business with a focus on safety, reliability and health by leveraging its advantages as a domestic manufacturer, and put forth efforts associated with its LIFE20 program for promoting the longevity of pets, while continuing to engage in aggressive marketing activities.

For the engineering business, the company will focus its resources on areas in which it has an expertise, while paying attention to the capital investment of related industries. In particular, 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 continue to implement cost-cutting measures aimed at fundamental strengthening and proceed with market launches of new products based on proprietary technologies, such as the “Cufitec” antivirus technology.

Others Segment Net Sales
¥40,616 million

9.2
%

new demand, for example, by launching high-performance flu masks featuring the new antivirus technology “Cufitec” in November 2009. However, overall sales of the products in this business, including the mainstay mesh cloths for screen-printing applications, industrial materials and forming filters, declined from the previous year, reflecting sluggish demand in the printed circuit board and automobile parts industries.



Nisshin Petfood
Offering samples of Kaiseki zeppin at PRINTEMPS GINZA



Nisshin Engineering
Made an entry at POWTEX
OSAKA 2009

New Products

Nisshin's *Kassai-Jozu tempura* flour seals in the good taste of vegetables

(Nisshin Foods: *Tempura* flour)

Using flour developed by Nisshin Foods, this *tempura* flour makes vegetables a main dish by sealing in their good taste as they are fried. This product helps make crispy *tempura* with the batter sticking firmly to the ingredients without being greasy. Even after the *tempura* gets cold or is reheated, the crispy taste lasts. In addition, with *Kassai-Jozu*, you can succeed in making *kakiage* (fried mixed vegetables), which is considered difficult to cook.

(Launched on the market in February 2010)



Nisshin "The PAN-FRY" *Karaage* flour

(Nisshin Foods: *Karaage* flour)

To meet consumer needs, Nisshin Foods released *karaage* flour, which is functional without deep-frying. There is no need to prepare plenty of frying oil. Coat chicken with "The PAN-FRY" and bake it in a frying pan, and you have easily prepared crispy and juicy *karaage*. Without having to deep-fry, there is no need for the preparation of large amounts of frying oil or the chore of disposing of the oil after cooking. It also reduces your intake of oil. Made of granulated flour developed by Nisshin Foods, "The PAN-FRY" *karaage* flour sticks to ingredients uniformly and makes a film over the surface of the ingredients, thereby sealing in the good taste of meat and leaving the chicken soft and juicy. *Karaage* chicken made using this product is delicious even when cold and is suitable as a lunchbox stuffer.

(Launched on the market in February 2010)



"Ao-no-Dokutsu" series

(Nisshin Foods: Pasta sauce & Italian seasoning)

Marking the 15th anniversary of the long-loved "Ao-no-Dokutsu" brand this year, under the theme of "Deep Italian taste for demanding adults," the overall brand was renewed with 12 new products released in the series. As an "Antipasto" that can be used as a side dish or an appetizer, we released "Sauce for seafood carpaccio" and "Bagna cauda," with which you can easily make an authentic side dish. As a "Primo piatto," which is mainly pasta, we released two pasta sauces—"Quattro formaggi," which features a deep taste with four kinds of cheese and dairy cream, and "Minced pork and three herbs finished with anchovy," with the good taste of minced pork and anchovy flavored with three kinds of herbs.

As a "Secondo piatto," which can be a main dish, we released "Cacciatorre sauce" and "Acqua pazza sauce," with which you can easily complete authentic tastes just by boiling meat or seafood with sauce.

These products help you to enjoy different menus for a special occasion. We will continue to develop such authentic Italian products for easy cooking, thereby facilitating the recognition of the Italian menu for home cooking.

(Launched on the market in February 2010)



Ma•Ma FROZEN FOOD Spaghetti "Fine Selection" series

(Nisshin Foods: Home-use frozen pasta)

The "Ma•Ma Fine Selection" series had six existing items made of ingredients and raw materials from carefully selected production areas and manufacturers. To this series, we launched an additional item, "Savory seared shrimp and squid using salt from Ishigaki Island," which is a rich-flavored seafood salty tasting spaghetti with large crispy and delicious roasted shrimp and squid, seasoned with the mild salt (from Ishigaki Island) that condenses the good tastes of nature. With regard to the six existing items, we renewed their logos and packages for a higher-quality look.

(Launched on the market in February 2010)



"Anserine B"

(Nisshin Pharma: Dietary supplement)

Nisshin Pharma released the "Anserine B" supplement targeting people who want to enjoy gourmet foods and/or premium beer. "Anserine B" contains 50 mg of anserine that was taken from bonito and tuna and purified by cutting 99% of the purines. Moreover, with vitamin B complex added, "Anserine B" supports an energetic and enjoyable dietary lifestyle. This product is also easy to take in a convenient tablet-type supplement that is easy to carry. You can take it with you on a trip and have it even while walking.

Anserine, the raw material of "Anserine B," is a compound of two types of amino acids (β -alanine and methylhistidine) found in the muscles of fishes such as bonito and tuna, as well as in animals.

(Launched on the market in September 2009)



JP-style (semi-moist type) (For general mass merchandise outlets)

(Nisshin Petfood: Dog food)

The JP-style is a brand of premium pet food that thoroughly focuses on "Health," "Reliability and safety" and "Good taste." The products are made in domestic factories using made-in-Japan white-meat chicken breast fillets (*sasami*), other chicken, flour and defatted soybeans as the main ingredients. This product is a semi-moist type and therefore a juicy dog food.

Retort sterilization allows the quality of the product to be retained for one year from the manufacturing date without preservatives if the pouch is unopened. With individually wrapped 100-g bags, the good flavor can be enjoyed anytime a pouch is opened. This product also combines the concepts of holistic "total body care" and "life stage care" to focus on health maintenance according to age.

(Launched on the market in March 2010)



Consolidated Financial Highlights

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

Consolidated Financial Highlights (Years ended March 31)

| | 2006 | 2007 | 2008 | 2009 | 2010 | Change | % change |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|
| Results of operations | | | | | | | |
| Net sales (¥ million) | 421,359 | 418,190 | 431,858 | 466,671 | 443,728 | (22,942) | (4.9%) |
| Operating income (¥ million) | 22,169 | 19,184 | 19,191 | 21,755 | 26,576 | + 4,820 | + 22.2% |
| Ordinary income (¥ million) | 24,774 | 22,815 | 22,180 | 24,618 | 29,327 | + 4,708 | + 19.1% |
| Net income (¥ million) | 13,541 | 12,303 | 11,147 | 13,852 | 16,839 | + 2,987 | + 21.6% |
| Profit ratio | | | | | | | |
| Operating income to net sales (%) | 5.3% | 4.6% | 4.4% | 4.7% | 6.0% | + 1.3% | |
| Ordinary income to net sales (%) | 5.9% | 5.5% | 5.1% | 5.3% | 6.6% | + 1.3% | |
| Net income to net sales (%) | 3.2% | 2.9% | 2.6% | 3.0% | 3.8% | + 0.8% | |
| Return on shareholders' equity (%) | 5.4% | 4.6% | 4.2% | 5.4% | 6.4% | + 1.0% | |
| Financial position | | | | | | | |
| Total assets (¥ million) | 399,899 | 408,437 | 381,795 | 370,879 | 396,317 | + 25,437 | + 6.9% |
| Net assets (¥ million) | 264,535 | 300,306 | 289,839 | 286,094 | 303,226 | + 17,132 | + 6.0% |
| Shareholders' equity (¥ million) | 264,535 | 270,974 | 259,177 | 257,041 | 272,755 | + 15,714 | + 6.1% |
| Shareholders' equity ratio (%) | 66.2% | 66.3% | 67.9% | 69.3% | 68.8% | (0.5%) | |
| Per share data | | | | | | | |
| Net income per share (¥) | 52.80 | 48.66 | 44.30 | 55.75 | 67.77 | + 12.02 | |
| Net assets per share (¥) | 1,046.00 | 1,069.71 | 1,043.53 | 1,034.49 | 1,097.72 | + 63.23 | |
| Dividend per share (¥) | 18 | 18 | 18 | 18 | 22 | + 4 | |

Notes: 1. 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.

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

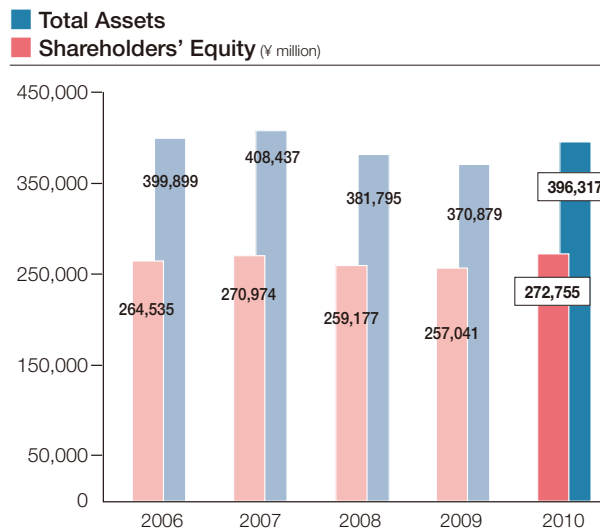
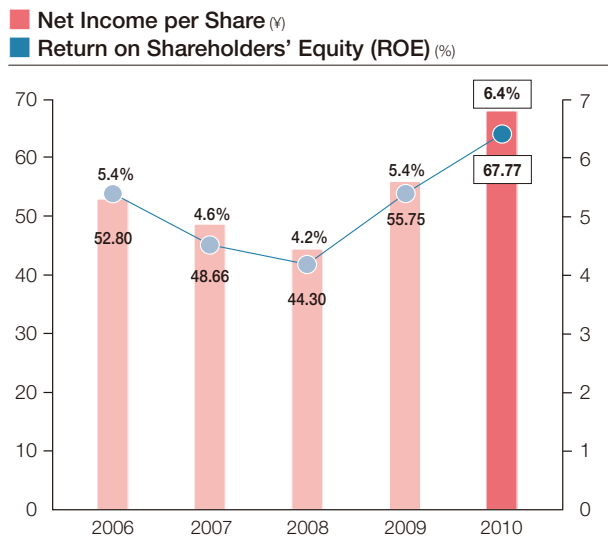
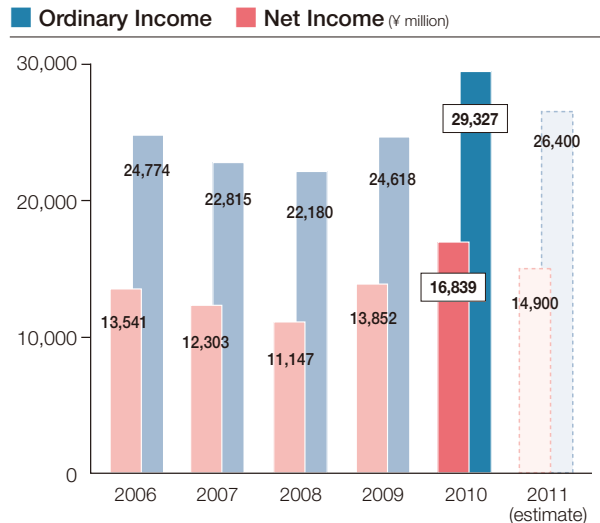
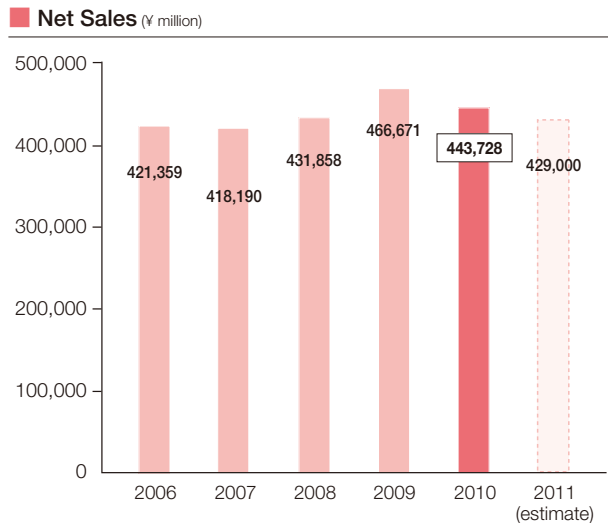
Forecasts for Consolidated Business Performance

Forecasts for Consolidated Business Performance in Fiscal 2011

| | 2010 | 2011 (estimate) | Change | % change |
|------------------------------|---------|-----------------|----------|----------|
| Net sales (¥ million) | 443,728 | 429,000 | (14,728) | (3.3%) |
| Operating income (¥ million) | 26,576 | 23,900 | (2,676) | (10.1%) |
| Ordinary income (¥ million) | 29,327 | 26,400 | (2,927) | (10.0%) |
| Net income (¥ million) | 16,839 | 14,900 | (1,939) | (11.5%) |

Notes: 1. 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.

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



Notes: 1. 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.
2. The amounts recorded are rounded down to the nearest one million yen.

Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31, 2010

| Items | (¥ million) | | |
|---|-------------|---------|--------|
| | 2009 | 2010 | Change |
| Assets | | | |
| Total current assets | 175,112 | 196,606 | 21,493 |
| Total noncurrent assets | 195,767 | 199,710 | 3,943 |
| Total assets | 370,879 | 396,317 | 25,437 |
| Liabilities | | | |
| Total current liabilities | 56,381 | 62,137 | 5,755 |
| Total noncurrent liabilities | 28,403 | 30,953 | 2,549 |
| Total liabilities | 84,785 | 93,090 | 8,304 |
| Net Assets | | | |
| Total shareholders' equity | 241,930 | 254,040 | 12,110 |
| Capital stock | 17,117 | 17,117 | — |
| Capital surplus | 9,446 | 9,448 | 2 |
| Retained earnings | 218,543 | 230,661 | 12,117 |
| Treasury stock | (3,177) | (3,187) | (9) |
| Total valuation and translation adjustments | 15,111 | 18,715 | 3,603 |
| Valuation difference on available-for-sale securities | 17,220 | 20,303 | 3,082 |
| Deferred gains or losses on hedges | 43 | 105 | 61 |
| Foreign currency translation adjustments | (2,153) | (1,693) | 459 |
| Subscription rights to shares | 38 | 83 | 44 |
| Minority interests | 29,014 | 30,388 | 1,374 |
| Total net assets | 286,094 | 303,226 | 17,132 |
| Total liabilities and net assets | 370,879 | 396,317 | 25,437 |

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

Consolidated Statements of Cash Flows

April 1, 2009 to March 31, 2010

| Items | (¥ million) | | |
|--|-------------|----------|----------|
| | 2009 | 2010 | Change |
| Cash flows from operating activities | 20,072 | 47,484 | 27,411 |
| Cash flows from investing activities | (10,235) | (52,393) | (42,157) |
| Cash flows from financing activities | (6,675) | (5,684) | 990 |
| Effect of exchange rate change on cash and cash equivalents | (1,738) | 229 | 1,967 |
| Net increase (decrease) in cash and cash equivalents | 1,422 | (10,364) | (11,787) |
| Cash and cash equivalents at beginning of period | 38,850 | 40,339 | 1,489 |
| Cash and cash equivalents from newly consolidated subsidiaries | 66 | — | (66) |
| Cash and cash equivalents at end of period | 40,339 | 29,975 | (10,364) |

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

Consolidated Statements of Income

April 1, 2009 to March 31, 2010

| Items | (¥ million) | | |
|---|-------------|---------|----------|
| | 2009 | 2010 | Change |
| Net sales | 466,671 | 443,728 | (22,942) |
| Cost of sales | 334,992 | 306,675 | (28,316) |
| Gross profit | 131,679 | 137,053 | 5,373 |
| Selling, general and administrative expenses | 109,924 | 110,476 | 552 |
| Operating income | 21,755 | 26,576 | 4,820 |
| Non-operating income | 3,203 | 3,078 | (124) |
| Non-operating expenses | 340 | 327 | (12) |
| Ordinary income | 24,618 | 29,327 | 4,708 |
| Extraordinary income | 2,538 | 1,479 | (1,058) |
| Extraordinary loss | 2,560 | 1,502 | (1,058) |
| Income before income taxes and minority interests | 24,596 | 29,304 | 4,707 |
| Income taxes—current | 8,343 | 11,786 | 3,443 |
| Income taxes—deferred | 1,441 | (798) | (2,240) |
| Minority interests in income | 959 | 1,476 | 516 |
| Net income | 13,852 | 16,839 | 2,987 |

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

Net sales

To expand sales, we implemented various measures at each business such as the development and sale of new products that address the consumer preference for home cooking and meet diversifying needs, as well as aggressive promotion of advertising activities. However, despite such measures, net sales decreased from the previous year with the impact of decreases in the government's sales prices for imported wheat, which led to our implementation of price revisions and other factors.

Operating income

Operating income increased from the previous year due to favorable shipments of household-use flour, prepared mix products and such mainstay products in the Processed Food Segment and shipments in the overseas businesses, the effects of measures to improve productivity such as integrating the Higashinada and Kobe plants and cost reduction by reducing fixed costs and improving purchase and logistics methods and processes in each business.

Consolidated Statements of Changes in Net Assets

April 1, 2009 to March 31, 2010

| | (¥ million) | | | | |
|--|---------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of March 31, 2009 | 17,117 | 9,446 | 218,543 | (3,177) | 241,930 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (4,722) | | (4,722) |
| Net income | | | 16,839 | | 16,839 |
| Purchase of treasury stock | | | | (106) | (106) |
| Disposal of treasury stock | | | | 97 | 99 |
| Total changes of items during the period | — | 2 | 12,117 | (9) | 12,110 |
| Balance as of March 31, 2010 | 17,117 | 9,448 | 230,661 | (3,187) | 254,040 |

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, 2010

| Items | (¥ million) | | |
|---|-------------|---------|----------|
| | 2009 | 2010 | Change |
| Assets | | | |
| Total current assets | 40,144 | 66,573 | 26,429 |
| Total noncurrent assets | 177,131 | 166,018 | (11,112) |
| Total assets | 217,275 | 232,592 | 15,317 |
| Liabilities | | | |
| Total current liabilities | 3,198 | 6,238 | 3,040 |
| Total noncurrent liabilities | 10,092 | 11,790 | 1,697 |
| Total liabilities | 13,291 | 18,029 | 4,738 |
| Net Assets | | | |
| Total shareholders' equity | 190,241 | 198,616 | 8,374 |
| Capital stock | 17,117 | 17,117 | — |
| Capital surplus | 9,500 | 9,502 | 2 |
| Retained earnings | 166,793 | 175,175 | 8,381 |
| Treasury stock | (3,170) | (3,179) | (9) |
| Total valuation and translation adjustments | 13,704 | 15,863 | 2,159 |
| Valuation difference on available-for-sale securities | 13,704 | 15,863 | 2,159 |
| Subscription rights to shares | 38 | 83 | 44 |
| Total net assets | 203,983 | 214,563 | 10,579 |
| Total liabilities and net assets | 217,275 | 232,592 | 15,317 |

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

Non-Consolidated Statements of Income

April 1, 2009 to March 31, 2010

| Items | (¥ million) | | |
|----------------------------|-------------|--------|--------|
| | 2009 | 2010 | Change |
| Operating revenue | 19,006 | 24,437 | 5,431 |
| Operating expenses | 12,094 | 13,720 | 1,626 |
| Operating income | 6,912 | 10,716 | 3,804 |
| Non-operating income | 1,763 | 1,338 | (424) |
| Non-operating expenses | 227 | 26 | (200) |
| Ordinary income | 8,447 | 12,028 | 3,580 |
| Extraordinary income | 1,992 | 1,160 | (831) |
| Extraordinary loss | 915 | 59 | (855) |
| Income before income taxes | 9,524 | 13,129 | 3,604 |
| Income taxes—current | 18 | 17 | (1) |
| Income taxes—deferred | 590 | 7 | (583) |
| Net income | 8,916 | 13,104 | 4,188 |

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

Stock Information (As of March 31, 2010)

Total number of issuable shares:

932,856,000 shares

Total number of shares issued and outstanding:

251,535,448 shares

Number of shareholders:

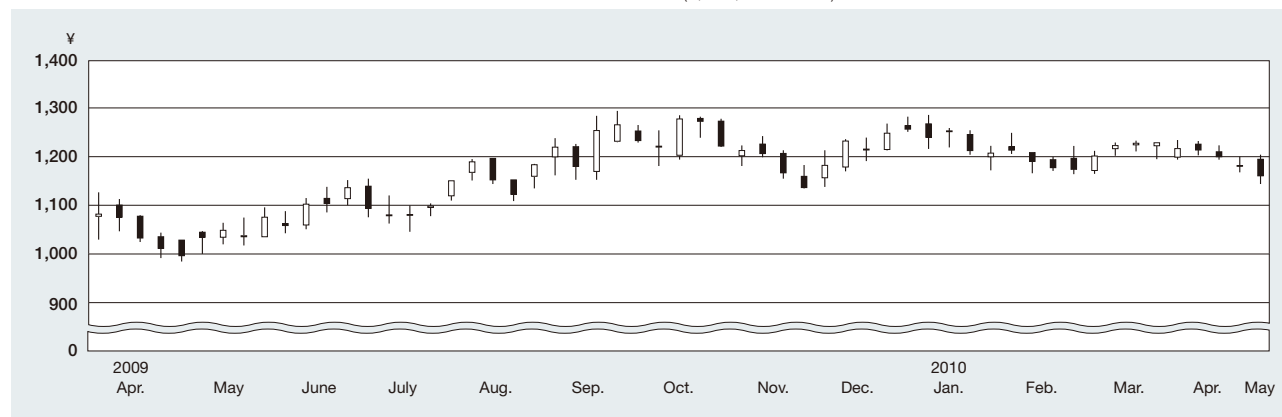
14,334 (a decrease of 356 shareholders from the end of the previous fiscal year)

Major shareholders (top 10):

| Name | Number of shares held (thousand) | Ratio of share holdings (%) |
|--|----------------------------------|-----------------------------|
| Nippon Life Insurance Company | 16,022 | 6.4 |
| Yamazaki Baking Co., Ltd. | 14,040 | 5.6 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 11,159 | 4.4 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 10,447 | 4.2 |
| Mizuho Corporate Bank, Ltd. | 9,943 | 4.0 |
| Mitsubishi Corporation | 6,982 | 2.8 |
| 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 | 1.8 |

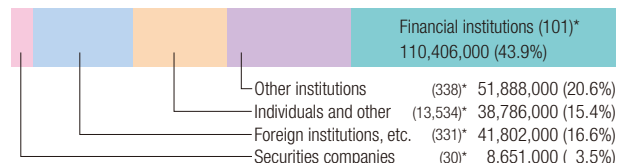
* Holding ratios were calculated by deducting shares of treasury stock (2,992,956 shares).

Stock prices

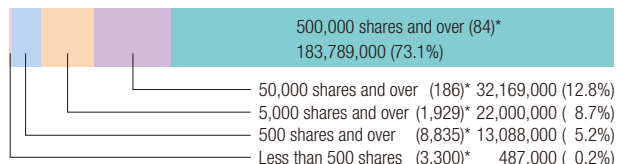


Composition of Shareholders

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, 2010)

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, 2010)

Honorary Chairman &

Executive Adviser: Osamu Shoda

President: Ippei Murakami

Vice President: Yasutaka Miyauchi

Senior Managing Director: Akihisa Sasaki

Managing Director: Mikiyoshi Nanri

Managing Director: Kazuo Ikeda

Director: Toshio Maruo

Director: Akiya Fukada

Director: Takashi Harada

Director: Toshinori Shiragami

Director: Hiroshi Oeda

Director: Ariyoshi Okumura

Director: Akio Mimura

Senior Corporate Auditor: Takeo Ito

Corporate Auditor: Makoto Watanabe

Corporate Auditor: Tetsuo Kawawa

Corporate Auditor: Kazuhiko Fushiya

Corporate Auditor: Satoshi Itoh

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, Sugunami-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

● **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.

● **Dividend Statement**

The Dividend Statement that we send you at the time of the dividend payment concurrently serves as the Payment Notification Statement based on a provision of the Act on Special Measures Concerning Taxation. Therefore, you can use it as documentation for filing your income tax return. For shareholders who have chosen to receive their dividend using the Dividend Receipt, effective from the current year, the Dividend Statement is enclosed each time a dividend is paid.

We ask the shareholders who file an income tax return to retain the Statement.

NISSHIN SEIFUN GROUP INC.

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