

Delivering Good Health and Reliability



# To Shareholders Business Report 2014

(April 1, 2013 to March 31, 2014)



**NISSHIN SEIFUN GROUP INC.**



Hiroshi Oeda  
Representative  
Director  
and President

大枝宏之

**Hiroshi Oeda, Representative Director and President, was interviewed about the Company's initiatives under the medium-term management plan, "NNI-120, Speed, Growth and Expansion."**

**Q** How would you assess fiscal 2014, the second year of the medium-term management plan?

**A** I feel that we have made steady progress in our measures to achieve future growth and expansion.

This year we continued to position top-line (net sales) growth and overseas business expansion as our first order of business. In Japan we increased sales volumes in our flour milling and processed food businesses, while overseas we managed to expand our operations centered on the flour milling business through aggressive sales activities, the effects of

Allow me to begin by taking this opportunity to thank all our shareholders for their understanding and support.

Taking a long-term perspective focused through 2020, our 120th year of operation, we are moving ahead with our medium-term management plan "NNI-120, Speed, Growth and Expansion." In our 170th business term, we executed various measures including aggressive sales activities and overseas business expansion. We will continue striving to expand our businesses even further, making every effort to ensure that the Group maintains the confidence of its stakeholders.

As we work toward achieving our established goals, we kindly request your continued support and understanding.

June 2014

M&A activities, and other means.

In the processed food business, we decided to establish new bases in Asia and other regions. I feel that we have made steady progress in our measures for future growth and expansion.

**Q** In May 2014 you newly acquired four flour milling plants in the United States. What is your overseas flour production capacity now?

**A** Our overseas production capacity in the flour milling business is now at about the same level as our domestic capacity.

We acquired Miller Milling Company, LLC (Miller Milling) in the United States in 2012, and the company has continued to grow its business steadily. In May 2014 it newly acquired four flour milling plants in the United States, a big step up that has made it the fourth\* largest flour milling company in



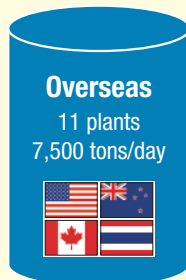
the United States. Adding our flour milling businesses in New Zealand, Canada, and Thailand, our overseas flour production capacity is now at about the same level as our domestic capacity. With our combined domestic and overseas production capacity, we now rank sixth\* in the world.

We will continue to expand our scale in the overseas flour milling markets of North America and Southeast Asia, which are expected to grow. At the same time, we will leverage our technical and innovation proposal capabilities with the aim of becoming the world's best flour milling company in terms of customer satisfaction.

\*Rankings are estimates made by the Company. Production capacity is based on raw material.

### Overseas production capacity equal to domestic capacity!

Flour production capacity (raw material basis)



Miller Milling (U.S.)  
Champion Flour Milling (New Zealand)  
Rogers Foods (Canada)  
Nisshin-STC Flour Milling (Thailand)



Hakodate, Chiba, Tsurumi,  
Nagoya, Chita, Higashinada,  
Okayama, Sakaide, Fukuoka

**Q** You have also taken a series of measures to expand the processed food business. Could you talk about these?

**A** We have been investing aggressively in growth fields in Japan and overseas.

As for the prepared mix products, we have been working to expand our business in the fast-growing ASEAN market. We will increase the production capacity at our prepared mix product plant in Thailand by 25% by the end of this year. We have also started full-fledged sales activities in Indonesia. In pasta, we have decided to establish a joint venture in Turkey, an area where the high-quality durum wheat used as a raw material for pasta is grown. Looking ahead, as Japan's top pasta manufacturer we plan to promote sales of pasta not only in Japan but also in overseas markets such as Europe, Asia, and Africa. We have also established a new company in Vietnam to make pasta sauce, and are scheduled to commence operations at a new production site in the fall of 2014.

We make frozen pasta that offers outstanding quality and convenience, winning high acclaim from customers. To strengthen our supply system, we have decided to construct a new high-capacity, state-of-the-art frozen food production site at the Kobe Plant of Ma•Ma-Macaroni Co., Ltd., set to launch operations in May 2015.

Nisshin Seifun Group's highly popular frozen pastas



**Q** In order to strengthen cost competitiveness, you are building a new plant in Fukuoka and also adding a new production line to the Chita Plant. How are these initiatives progressing?

**A** **The Fukuoka Plant started operations in February 2014 as planned. Construction on the new production line at the Chita Plant is also progressing smoothly, and we plan to have it up and running in May of next year.**

The Fukuoka Plant is a state-of-the-art production site that embodies the flour milling technologies we have honed over our 114-year history. In tandem with the start of operations at the Fukuoka Plant, which is located near a port, we realized greater productivity by consolidating production from two inland plants, the Chikugo Plant (Chikugo City, Fukuoka Prefecture; closed April 2014) and the Tosu Plant (Tosu City, Saga Prefecture; scheduled for closure in June 2014). These changes enable us to deliver wheat flour to customers more stably and efficiently than ever before. A new production line is also being added at the Chita Plant in Aichi Prefecture, with construction work progressing steadily ahead of the start of operations in May 2015.

We remain committed to pursuing assertive measures to enhance cost competitiveness, allowing us to compete fully with the influx of imported wheat flour anticipated going forward.

 [See page 4 for more details.](#)

**Q** There is increasing public interest in corporate efforts to safeguard food safety. Could you talk about the Company's quality assurance system?

**A** **We put quality assurance first with an emphasis on the consumer's perspective, and therefore ensuring the safety and reliability of our products is our top priority.**

Our corporate principle is "to contribute to a healthy and

fruitful life for all." We therefore consider our mission to society as being to secure stable supplies of wheat flour and other staple foods for the Japanese people, and to strive to provide customers with safe and reliable products from all of our businesses. We have been conducting aggressive capital expenditure and working to establish a quality assurance system. Looking ahead, we will put the consumer's perspective first by working to further enhance aspects such as food safety and food defense, and continue to place top priority on ensuring the safety and reliability of our products.

**Q** What is your policy on shareholder returns?

**A** **We will continue to make strategic investments aimed at growth and expansion, while flexibly returning profits to our shareholders.**

In distributing profits, we will take into consideration the current and future profitability of our business and financial position by undertaking the continuous payment of dividends based on a targeted payout ratio of at least 30% on a consolidated basis. Moreover, on October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock, enabling an actual increase in dividend.

Looking ahead we will continue to meet our shareholders' expectations by making strategic investments to attain the growth and expansion detailed in our medium-term management plan, increasing our future corporate value while flexibly returning profits to our shareholders.

# Even Greater Satisfaction to All Our Customers

Fukuoka Plant of Nisshin Flour Milling Inc.



### Optimal Location

Optimal location for efficiently conducting all operations from receiving raw materials (wheat) to supplying product (wheat flour), located in Kyushu's grain heartland, the port of Hakata.

### State-of-the-Art Technology

The plant uses the world's newest, most advanced flour milling machinery to stably supply a wide variety of flours used in the diverse food cultures of the Kyushu region.

### Safety and Reliability

The plant is designed to ensure strict food safety, with rigorous food safety controls including attention to "food defense" measures such as site access control.

### Environmental-friendliness

The production lines feature strategically placed energy-saving equipment to relieve the burden on the environment.

### Disaster Readiness

Following the Great East Japan Earthquake, the facility is the first large-scale plant located near a port in the flour milling industry to feature the latest seismic control functions, and even stronger countermeasures to protect against storm surges.

### Fukuoka Plant Overview (As of May 2014)

#### ■ Location

2-1 Nanotsu 4-chome, Chuo-ku, Fukuoka City, Fukuoka Prefecture, Japan 810-0071

#### ■ Flour production capacity (raw material basis)

550 tons/day

#### ■ Multi-story automated warehousing (wheat flour) capacity

Approximately 210,000 bags (1bag = 25 kg)

**Nisshin Karaage flour** Nisshin Foods Inc. Products stored at room temperature

Revamping a long-selling product originally launched in 1974! New granulated flour is now easier to remove from its bag, which also prevents the flour from billowing out, making it easier to use. The taste of flavor-rich vegetables such as garlic will make fried foods taste amazing.

Nisshin Karaage flour offers a wide selection to suit different moods and styles, from the casual cook to the serious chef.

**Karaage Flour Series by Nisshin Foods**

Non-deep-fried type



Casual cook

Coating type



Water mixable type



Rub in and marinating type



Authentic cuisine



40th anniversary in 2014

Suggested **RECIPES** on the Website

Nisshin Karaage flour can be used in a variety of dishes other than deep-fried dishes.

Recipe example from the website



Pasta salad with spicy chicken and lettuce



Grilled swordfish with herbs and breadcrumbs



Spicy German potatoes

The Nisshin Seifun Group website has a page on "Flour and Pasta Recipes" which offers suggested recipes using the Company's products. Try one for yourself!

URL

<http://www.nisshin.com/entertainment/recipe/>

**"Thaw and serve-type" Ma•Ma Two-types of Macaroni Salad: Tomato Flavor and Mayonnaise Flavor**

Nisshin Foods Inc. Frozen foods

A "thaw and serve" macaroni salad, this product uses Nisshin Food's proprietary technologies to achieve the perfect al dente texture of macaroni with a natural thawing process. The product is available in tomato and mayonnaise flavors.



Perfect for lunchboxes

A product mainly for men in their 50s



**T-Alliin** Nisshin Pharma Inc. Food supplements

This food supplement is created using Nisshin Pharma's proprietary manufacturing methods to concentrate the so-called "onion alliin" compounds (isoalliin, cycloalliin, and methiin) that are difficult to absorb from ordinary meals. The supplement supports men by helping them to feel energetic and positive each day.

<Contact for Purchases>

Nisshin Pharma Inc. ☎ 0120-240-320 (9:00 am to 9:00 pm, every day except year-end and New Year holidays.)

Website: <http://www.wgh-shop.jp/t-alliin/>

**fine aroma+ Series**

Nisshin Petfood Inc. Dog food and Cat food

The first series in the pet food industry designed to add new benefits for owners as well as pets. With an added aroma that smells mouthwateringly delicious to owners too, the product also features ingredients that enhance pet beauty and packaging that is easy to use.



<Dog food>  
Petitinu fine aroma + Grilled Iberico Pork Flavor



<Cat food>  
Kaiseki fine aroma + Charcoal BBQ Grilled Iberico Pork and Seafood Flavor

Additional Benefits to Delight Owners

# Individual Shareholders' Tour

## Report on Individual Shareholders' Tour of the Nisshin Flour Milling Inc. Tsurumi Plant

We held an individual shareholders' tour of the Nisshin Flour Milling Inc. Tsurumi Plant on March 19, 2014.



Nisshin Flour Milling Inc.  
Tsurumi Plant

## Announcement of the Individual Shareholders' Tour of the Nisshin Seifun (Flour Milling) Museum in September 2014

We will hold an individual shareholders' tour of the Nisshin Seifun (Flour Milling) Museum. Details are presented below.

Scheduled date and times for each tour

### September 19, 2014 (Friday)

1. 10:15 am to 1:50 pm (Assembly at Tatebayashi Station, Tobu Isesaki Line, at 10:00 am)
2. 12:35 am to 4:10 pm (Assembly at Tatebayashi Station, Tobu Isesaki Line, at 12:20 am)

- \* Summary explanation of the Museum and tour
- \* Lunch (Provided by the Company)

Venue

Nisshin Seifun (Flour Milling) Museum (6-1 Sakae-cho, Tatebayashi City, Gunma Prefecture, Japan)

- \* The tour will assemble and disperse at Tatebayashi Station on the Tobu Isesaki Line on the day.

Participation fee

**Free of charge** (However, please be advised that the transportation fee to and from the point of assembly is at the participant's own cost.)

Number of participants

**A total of 50 participants for each tour (shareholders may be accompanied by one other party)**

- \* Please be advised that a lottery system shall apply in the selection of participants in the event the number of applicants exceeds the maximum number of permissible participants.

**\* Individual shareholders who hold 500 or more of the Company's shares as of March 31, 2014 are eligible to attend.**

Application method

Please complete all necessary items of the attached application form and return by postal mail.

**Entries close on August 8, 2014 (Friday)**

- \* Please complete the application form following the instructions outlined on the detachable portion of the form.

Inquiries

Attn: Exclusive Nisshin Seifun (Flour Milling) Museum Tour Service Representative (Nisshin Seifun Group Inc.)

**0120-087-078**

Weekdays 9:30 am to 5:30 pm  
(Excluding Saturday, Sunday and public holidays)

- \* This inquiry telephone line shall be available until September 19, 2014 (Friday).

### Points to remember when submitting an application

- Changes may occur in the tour program, or the tour may be postponed or cancelled due to weather conditions or other unforeseen circumstances.
- The Company may use photographs taken during the tour in its in-house magazine, business report and other publications.

### The handling of personal information

Personal shareholder information and information on individuals accompanying shareholders obtained through the receipt of applications to participate in the tour shall not be used for any other purpose.

## The Nisshin Seifun (Flour Milling) Museum “Flour Milling Laboratory Class”

The Nisshin Seifun (Flour Milling) Museum is a valuable corporate cultural facility offering many visitors the opportunity to encounter the history and technologies of flour milling. As such, it contributes to Tatebayashi City, Gunma Prefecture, as a sightseeing attraction and as an educational asset. A new workshop has opened at the facility, the Flour Milling Laboratory Class. The workshop uses miniature versions of the rollers and sifters used in the flour milling plant, to show visitors the process of extracting flour from wheat.



Nisshin Seifun  
(Flour Milling) Museum



### ■ Overview of Workshop

**Scheduled date and times for the workshops** Every first and third Sunday from 1:00 pm and from 3:00 pm (each session 1 hour)

**Target** Elementary school students and above

**Participation fee** Free of charge \*There is a fee for entering the museum: adults ¥200, children (elementary and junior high school students) ¥100

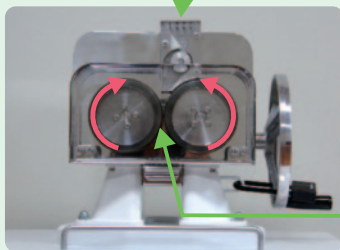
**Method of Participation** By request  
Please ask the museum attendant at reception when you visit. (Please note the available days). \*For groups, please telephone in advance.

**Inquiries** Nisshin Seifun (Flour Milling) Museum  
Telephone: 0276-71-2000  
Location: 6-1 Sakae-cho, Tatebayashi City, Gunma Prefecture (Next to the West Exit of Tatebayashi Station on the Tobu Isesaki Line)  
Opening times: 10:00 am to 4:30 pm (Final admission time is 4:00 pm). Closed Mondays, New Year's holiday (for details, please visit the website <http://www.nisshin.com/museum/>)

### Miniature Roller



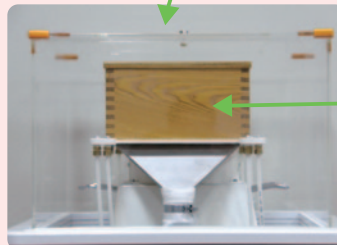
Wheat grains are poured in here.



Turning the handle on the right side causes the two rollers with narrow grooves in them to grind the wheat finely.

### Miniature Sifter

The ground wheat from the miniature roller is poured in here.



Two sieves of differing mesh size inside the sifter separate the flour and the bran\* when the machine is switched on.

\*The husk of the wheat, bran is used in livestock feed and pet food, among other applications.



# Financial Highlights

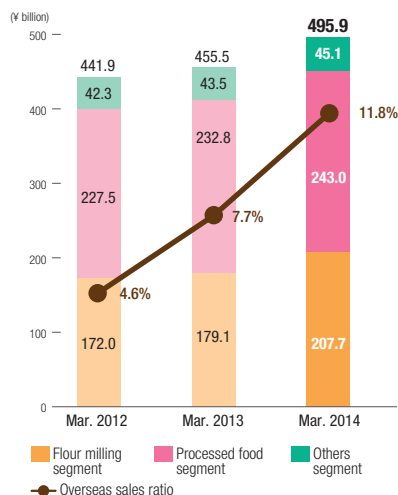
## Consolidated Financial Summary

(¥ billion)

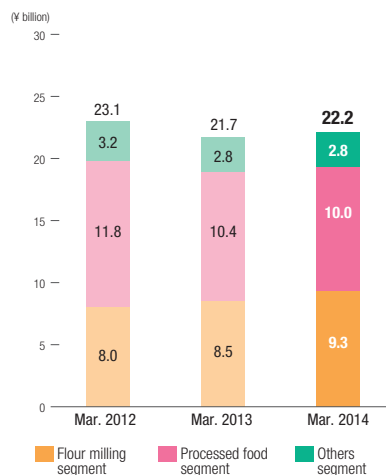
	Mar. 2012	Mar. 2013	Mar. 2014
Net sales	441.9	455.5	495.9
Overseas sales	20.2	35.1	58.5
Overseas sales ratio (%)	4.6	7.7	11.8
Operating income	23.1	21.7	22.2
Ordinary income	26.1	24.7	25.5
Net income	13.3	13.6	15.0
Net income per share (¥)	48	50	55
Total assets	431.9	461.8	471.0
Net assets	298.7	317.4	334.0
Net assets per share (¥)	1,066	1,130	1,187
Cash dividends per share (¥)	20	20	20

(Note) On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Net income per share and net assets per share are calculated by deeming the stock split to have occurred at the beginning of the previous consolidated fiscal year.

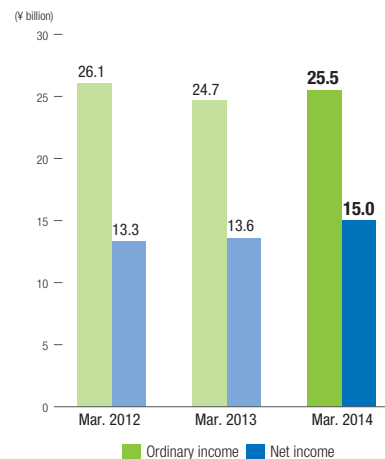
### Net sales/Overseas sales ratio



### Operating income



### Ordinary income/Net income



(Note) Intersegment transaction eliminations are included in "Others segment" of operating income.

## 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, 2014)

**Board of Directors:** (As of June 26, 2014)

**Representative Director and President :** Hiroshi Oeda

**Director and Vice President :** Kazuo Ikeda

**Managing Director :** Masao Nakagawa

**Managing Director :** Michinori Takizawa

**Managing Director :** Koichi Iwasaki

**Director :** Takashi Harada

**Director :** Yasuhiko Ogawa

**Director :** Akira Mori

**Director :** Masashi Nakagawa

**Director :** Takao Yamada

**Director :** Nobuki Kenmoku

**Director :** Kiyoshi Sato

**Director :** Ariyoshi Okumura

**Director :** Akio Mimura

**Audit & Supervisory Board Member (Full-time) :** Yasuhiko Masaki

**Audit & Supervisory Board Member (Full-time) :** Kazuya Yoshinare

**Audit & Supervisory Board Member :** Tetsuo Kawawa

**Audit & Supervisory Board Member :** Kazuhiko Fushiya

**Audit & Supervisory Board Member :** Satoshi Itoh

## Stock Information (As of March 31, 2014)

### ■ Total number of issuable shares:

932,856,000 shares

### ■ Total number of shares issued and outstanding:

276,688,992 shares

\* On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock, increasing the total number of shares issued and outstanding by 25,153,544 shares.

■ **Number of shareholders: 17,746** (an increase of 2,189 shareholders from the end of the previous fiscal year)

### ■ Composition of Shareholders (Shareholders by Type)



## 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 Nikkei newspaper.

### Share trading unit:

100 shares

On October 1, 2013, the number of shares that form a minimum trading unit was changed from 500 to 100.

### Custodian of shareholder register:

Sumitomo Mitsui Trust Bank, Limited  
4-1, Marunouchi 1-chome, Chiyoda-ku,  
Tokyo Japan

### Contact information:

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Department  
8-4, Izumi 2-chome, Suginami-ku, Tokyo  
168-0063, Japan

Tel: 0120-782-031 (toll-free)

## Special Privileges for Shareholders

### Special privileges

Eligible shareholders may select either a gift pack of products from Nisshin Foods, or a product from Nisshin Pharma.

### Eligible Shareholders

Shareholders with shareholdings of 500 or more of the Company's shares as of March 31 each year.

A guide will be sent out separately to eligible shareholders early in July with information on how to apply for the special offer.

## Notice

### ● Application for various share-related procedures

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 Sumitomo Mitsui Trust Bank, Limited.

#### 2. Shareholders registered at the special accounts → Please contact Sumitomo Mitsui Trust Bank, 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.

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>



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Printed in Japan