



To Shareholders Business Report 2016

(April 1, 2015 to March 31, 2016)



NISSIN SEIFUN GROUP INC.



Hiroshi Oeda
Representative
Director
and President

大枝宏之



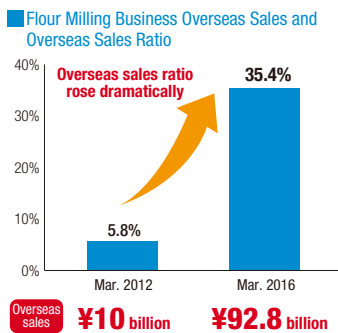
Allow me to begin by thanking all of our shareholders for your kind cooperation and support.

Last April, the Nissin Seifun Group newly formulated and started initiatives under “NNI-120 II (Version II),” our new medium-term management plan set to run through fiscal 2021 (year ending March 2021), our 120th year of operation. Despite the past fiscal year being the plan’s first year, we aggressively propelled various initiatives forward, including restructuring the earnings bases in our core businesses of flour milling and processed food, and implementing measures to expand business overseas, which resulted in top- and bottom-line growth. In the current fiscal year, we plan to further accelerate these measures to continue to promote business activities that lead to sustainable growth, while also approaching shareholder returns more proactively, aiming to be a corporate group that continues to gain the support of our stakeholders. We kindly request your continued support and understanding as we work to achieve our goals.

June 2016

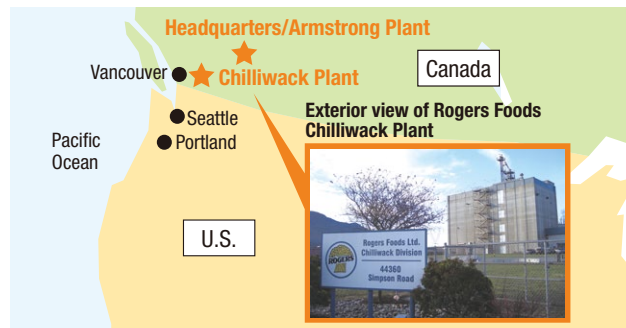
Q In the previous fiscal year, the flour milling business saw its overseas sales ratio top 35% of total segment sales. Would you say that overseas development efforts are going smoothly?

A In the five years since fiscal 2012 (year ended March 2012), our overseas flour milling business has expanded dramatically, with net sales having grown to account for more than 35% of sales for this segment. The Nissin Seifun Group entered the U.S. wheat flour market with the acquisition of Miller Milling Company, LLC back in 2012. This was followed in 2014 with the purchase of four U.S.-based flour milling plants, a move that propelled the Group to becoming the 4th largest flour milling company in the U.S. Even after that, our push to proactively win new customers and other initiatives met with success, as we skillfully leveraged flour milling



technologies that the Group has cultivated over many years in Japan.

Construction to build a new line at Canadian subsidiary Rogers Foods Ltd.’s Chilliwack Plant, located on the outskirts of Vancouver, is also moving forward. The plant is scheduled to begin enhanced operations in autumn 2017, and will expand the wheat flour production capacity of Rogers Foods Ltd. by 1.5 times. Adding in our flour milling operations in Thailand and New Zealand, we will carry out investments vital to spurring future growth, as we take action to expand our overseas business even more.



Q In Japan, the Group made cooked noodle producer Joyous Foods Co., Ltd. into a subsidiary. What factors prompted this decision?

A The domestic market for prepared dishes and other prepared foods has continued to grow each year, and has now reached a market scale of approximately ¥9 trillion. The Nissin Seifun Group has positioned prepared dishes and other prepared foods as a growth field, and has until now been involved in the manufacture and sale of *bento* lunch boxes, seasoned rice balls, sandwiches and other prepared foods through **Initio Foods Inc.**, a subsidiary, and **Tokatsu Foods Co., Ltd.**, in which the Company holds a 49% equity stake. In January 2016, we acquired shares in cooked noodle manufacturer **Joyous Foods Co., Ltd. joyous**, making that company into a subsidiary. With the addition of Joyous Foods Co., Ltd.’s cooked noodles, the Group has now established a “full lineup structure” that makes it possible to supply products in every prepared food category. The prepared dishes and other prepared foods business is a promising field where future expansion is expected, and we will continue strengthening initiatives to shape it into one of the Group’s core businesses.

See p. 3 for more details.

Q The Group has released Nissin Iroiotsukureru Karaage Flour as the second installment in the bottle-type flour series, following Nissin Cooking Flower®. The Group is launching high-value-added products one after another.

See p. 5 for more details.

A In the Processed Food business, we are strengthening the development and sale of differentiated, high-value-added products. **Nissin Cooking Flower®**, our bottle-type wheat flour product launched in February of last year, has been praised by consumers for being so easy to use, and has now grown to account for roughly 10 percent of the household-use wheat flour (all-purpose wheat flour) market. In February 2016, we released for sale **Nissin Iroiotsukureru Karaage Flour** as the second product in our bottle-type series. In addition to convenience, this new product can be used in a wide range of cooking beyond frying. We will also prioritize the sale of a variety of other high-value-added products like **Ma•Ma Hayayude Spaghetti**, which allows diners to enjoy al dente noodle texture in less than half the normal cooking time, and the **Ao-No-Dokutsu** and **Ma•Ma Hazumu Mochi Mochi Nama Pasta** brands of frozen pasta. Also, we have put energy into raising the Group’s brand value, including



through sponsorship of volleyball and other sports since last year. Along with widening recognition of the Group’s products, we approach these efforts as part of our corporate social responsibility (CSR) activities, guided by the Group’s Corporate Principle of “contributing to a healthy and fruitful life for all.”

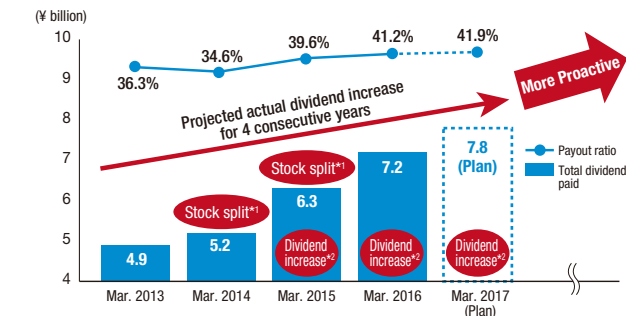


See p. 4 for more details.

Q In closing, what is your opinion regarding shareholder returns?

A Where shareholder returns are concerned, we are taking assertive steps to increase our dividend, and have raised the payout ratio base from the previous level of at least 30% to at least 40%. At the same time, in terms of shareholder returns, we will flexibly buy back shares after careful consideration of our demand for funds earmarked for strategic investments. In the previous fiscal year, we raised the dividend per share by ¥2 to ¥24 per share, and plan to do the same again this term, for a projected dividend of ¥26 per share. With this decision, through stock splits and dividend increases, we will have raised actual dividends for four consecutive years. Nevertheless, we hope to actively return even more profits to shareholders going forward.

Changes in Total Dividends Paid and Payout Ratio



*1 On October 1, 2013 and October 1, 2014, the Company conducted 1.1-for-1 splits of shares of common stock. The dividend per share was left unchanged for each of these stock splits, resulting in an actual dividend increase for each stock split of 10%.

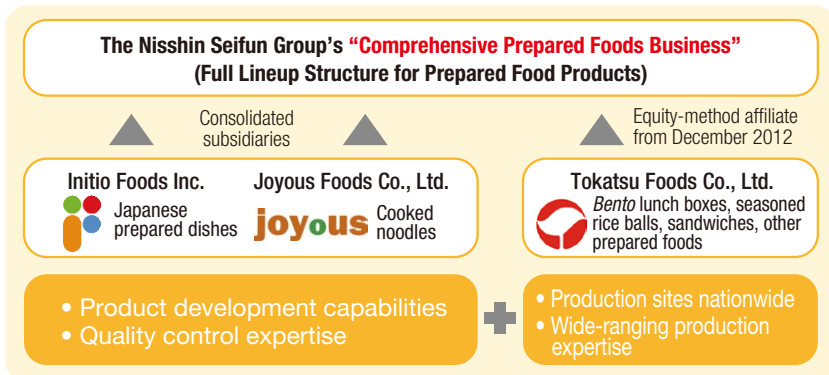
*2 The dividend per share rose ¥2 in fiscal 2015 (year ended March 2015) to ¥22, ¥2 in fiscal 2016 (year ended March 2016) to ¥24, and is scheduled to increase ¥2 per share in fiscal 2017 (year ending March 2017) to ¥26 per share.

Strengthening Prepared Dishes and Other Prepared Foods Business

The Nisshin Seifun Group has positioned the prepared dishes and other prepared foods business as a growth field, and is working to groom it into one of the Group's core businesses. In January 2016, we acquired shares of cooked noodle supplier Joyous Foods Co., Ltd., converting it into a consolidated subsidiary, and will continue taking steps to further strengthen the foundations of the prepared dishes and other prepared foods business.

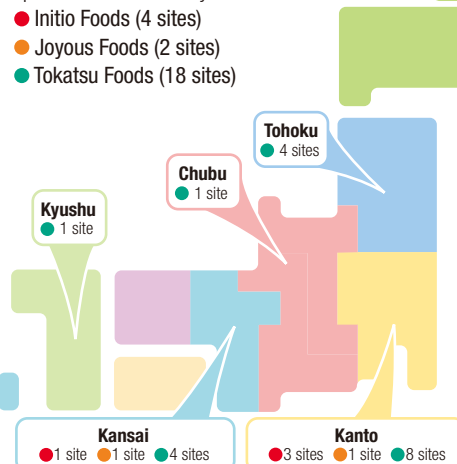
The Group's New Prepared Dishes and Other Prepared Foods Business Framework

The Nisshin Seifun Group has until now been involved in supplying *bento* lunch boxes, seasoned rice balls, sandwiches and other prepared foods through Initio Foods Inc., a subsidiary, and Tokatsu Foods Co., Ltd., in which it holds a 49% equity stake. With the new addition now of cooked noodles thanks to the consolidation of Joyous Foods Co., Ltd., the Group has established a "full lineup structure" enabling the supply of products in every prepared food category.



Production Sites

Our network of production sites for prepared foods spans the entire country.



Key Initiatives to Date in the Prepared Dishes and Other Prepared Foods Business

March 2004 **Initio Foods Inc. Established**

Initio Foods Inc. was established as the core company for the Group's prepared dishes and other prepared foods business. Along with supplying Japanese-style prepared dishes for the prepared food sections of volume retailers, Initio Foods Inc. develops the directly managed stores *Yushintei* and *Hyakuwan* found in department stores in Japan's Kansai area, supplying them with seasonal dishes of impeccable quality.



December 2012 **Capital Participation in Tokatsu Foods Co., Ltd.**

To strengthen the prepared dishes and other prepared foods business, the Group became a capital participant in Tokatsu Foods Co., Ltd., supplier of an array of prepared foods mainly to convenience stores. Taking advantage of the strengths of the Group and Tokatsu Foods Co., Ltd., we are reinforcing the foundations of this business.



January 2016 **Joyous Joyous Foods Co., Ltd. Made a Subsidiary**

Joyous Foods Co., Ltd., which is involved in the manufacture and sale of cooked noodles to convenience stores, became a subsidiary. With this move, the Group has now established a "full lineup structure" that makes it possible to supply products in every prepared food category.



The Nisshin Seifun Group's "Declaration of Support for Sports"

The Nisshin Seifun Group is a sponsor of top league volleyball, volleyball classes and other related sports events. As a company committed to "contributing to a healthy and fruitful life for all," we support the dreams and competitive spirit of all who are connected to sports.

Japan Volleyball Association Chairman Kimura Visits President Oeda



The Nisshin Seifun Group, in conjunction with the Japan Volleyball Association (JVA), an entity dedicated to the spread and promotion of volleyball, and the Japan Volleyball League Organization (V. League), is lending its support to the sport of volleyball.

JVA Chairman Kimura paid a visit to President Oeda at Nisshin Seifun Group Inc. for a passionate discussion of their thoughts on the sport.

◀ Mr. Kimura, Chairman of the Japan Volleyball Association (JVA) and Mr. Oeda, Representative Director and President of Nisshin Seifun Group Inc.



Cosponsor of 2015/16 V.Premier League Women's Tournament

Sponsored by V. League, the V.Premier League is the top league in Japan's six-person-team indoor volleyball league. As a marketing partner, the Nisshin Seifun Group was a cosponsor of the 2015/16 V.Premier League Women's Tournament, and will continue its support of the sport of volleyball in the years to come.



Presentation of spaghetti as an extra prize at the tournament
JVL Authorization VLAP-2015-026

Cosponsor of the V. Mirai (Future) Project

The V. Mirai Project is a series of volleyball classes held at V.Premier League venues for local children. Through co-sponsorship of this activity, the Nisshin Seifun Group is helping to support and bring joy to children.



JVL Authorization VLAP-2015-026

Becoming an Official Sponsor of 2016 Volleyball World Final Qualification

As an official sponsor of the 2016 Volleyball World Final Qualification, held from May to June 2016, the Nisshin Seifun Group supported teams appearing in the tournament and brought energy and excitement to the event.

At match venues, we prominently displayed the Group's logo and handed out Group products to match attendees, just to name a few of the steps we took to expand the name recognition of the Nisshin Seifun Group.

Nisshin Foods Inc.

Nisshin Iroiotsukureru Karaage Flour for a Host of Cooking Needs Is Here!

In a follow-up to *Nisshin Cooking Flower*® bottle-type wheat flour, *Nisshin Iroiotsukureru Karaage Flour* is now the second product in the bottle-type series. This smooth, soft textured frying flour is easy to shake from the bottle, and not only makes fried cooking easier than ever, but as a product offers new opportunities to use frying flour in a wide range of menus.

Point 1 A unique blend for “smoother and softer” frying flour

Using proprietary blending techniques, we have developed a frying flour that is even **smoother and softer** than existing *Nisshin Karaage Flour*, making it easier to shake from the bottle.

Point 2 All-purpose flavor usable in a variety of cooking

While preserving the spices and the **robust, rich flavor of spicy vegetables** found in existing *Nisshin Karaage Flour*, we adjusted the blend to achieve an all-purpose taste, making it possible to use it in cooking beyond just frying.

Point 3 Bottle and two-way cap for versatility in use

The bottle container used is designed to make it **easy to hold and shake**. The cap for the container has both a “shaker” top for light flour use and a “spoon” top that cleanly levels off the flour as it is spooned out, allowing flour usage to fit the application.



← Shake it



Spoon it →

Visit the website for more on usage and recipes
<http://www.nisshin.com/cookingkaraage/>

Easily add a little flavor to your everyday recipes!



Fried rice



Saucy vegetable stir-fry



Salmon sauté

Try the refill!
(100g)



(130g)

TV Commercial With Masahiro Matsuoka of the Group TOKIO

This TV commercial shows Matsuoka, a celebrity known for his skill in the kitchen, using the product to cook and enjoy a delicious meal, demonstrating that it can be easily used not just for frying but also for pork sauté.

Pictured is the final scene of the commercial, where Matsuoka, with the product in hand, powerfully declares that *Nisshin Iroiotsukureru Karaage Flour* earns his highest recommendation.



View the special version available only online



A New Entry in the Ao-No-Dokutsu Series

Nisshin Foods Inc.

Room temperature New Series to Enjoy With Wine

With the concept of enjoying pasta with wine in mind, we released *Ao-No-Dokutsu for WINE*, a new series of pasta sauces developed to pair well with wine.



Ao-No-Dokutsu for WINE
Luxurious Beef Bolognese to Enjoy With Red Wine

Make your table more inviting with the deep, meaty flavor and the fragrant aroma of cheese in this sauce perfect for red wine



Ao-No-Dokutsu for WINE
Smoked Cheese Carbonara to Enjoy With White Wine

Make your table more exciting with the deep flavor of smoked cheese and the pleasing aroma of nuts in this sauce perfect for white wine

Frozen New Product With Select Ingredients Now On Sale!



Ao-No-Dokutsu Pepperoncino

Cooked in extra virgin olive oil, the rich flavor of garlic from Japan's Aomori Prefecture and the spiciness of the red chili will hook you from the first bite



Ao-No-Dokutsu Penne Arrabbiata

A bold pasta dish where the taste of tomatoes from Italy meets flavorful garlic and the spiciness of red chili

Revamped packaging for our existing lineup!



Blissful Deliciousness With Complete Revamp of the Kaiseki Series

Answering the needs of cats and their owners alike, we refreshed the deliciousness, ease of use and many other points for this brand.



Easy to use stick pouches



Inu no Shiawase Gorotto Gurume Dog Food Is Here!

Nisshin Petfood Inc.

Made from select ingredients produced in Japan, this delicious looking and great tasting product is perfect for hungry dogs with a gourmet palate.



Two types of large-cut ingredients as toppings



Report on Individual Shareholders' Tour of the Nisshin Seifun (Flour Milling) Museum

We held tours of Nisshin Seifun (Flour Milling) Museum for individual shareholders on March 22, 2016.



Announcement of Individual Shareholders' Tour of the Nisshin Flour Milling Inc. Higashinada Plant in September 2016

We will hold two individual shareholders' tours of the Nisshin Flour Milling Inc. Higashinada Plant. Details are presented below.

Scheduled date and times for each tour September 27, 2016 (Tuesday)
 1. 9:30 am to 12:30 pm (assemble at JR Sumiyoshi Station at 9:00 am)
 2. 2:00 pm to 5:00 pm (assemble at JR Sumiyoshi Station at 1:30 pm)

Venue Nisshin Flour Milling Inc. Higashinada Plant (14 Uozakihamamachi, Higashinada-ku, Kobe City, Hyogo)
 * The tour will assemble and disperse at JR Sumiyoshi Station on the JR Tokaido Main Line (Kobe 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 person)

Individual shareholders who hold 500 or more of the Company's shares as of March 31, 2016 are eligible to attend.

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

* Accompanying person must be in junior high school or older

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

Entries close on August 5, 2016 (Friday)

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

Inquiries Plant Tour Service Representative (Nisshin Seifun Group Inc.)

(plant tour) ☎ **0120-087-078**

* Available within Japan only.
 * Weekdays 9:30 am to 5:30 pm (Excluding Saturday, Sunday and public holidays)
 * This inquiry telephone line shall be available until September 27, 2016 (Tuesday).

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 plant does not offer barrier-free access.
- 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.

Sports and Cultural Activity Initiatives: Marathon Sponsorship Around Japan

Through its co-sponsorship of volleyball and other sports, the Nisshin Seifun Group is "contributing to a healthy and fruitful life for all," while putting energy into boosting the Group's brand value.

Co-sponsorship of Fukuoka Marathon 2015

2015 was the second year of this city marathon. With a course that highlights "the beautiful contrast between urban life and nature" unique to Fukuoka, this event not only featured a full marathon but also wheelchair sports and a fun run* held at the same time.

* Refers to a race done for fun rather than competition.



Runners at the starting line



Handing out Nisshin Seifun Group products

Location: Itoshima City, Fukuoka City, Fukuoka Prefecture (Japan)
 Date: November 7 and 8, 2015

Co-sponsorship of the ABC Expo Takoyaki Marathon

This is the world's first all-you-can-eat takoyaki (octopus dumpling) marathon. After reaching the marathon goal, participants enjoyed all-you-can-eat takoyaki at booths sponsored by 27 of the most popular takoyaki shops in Japan's Kansai area. Following the event, Asahi Broadcasting Corporation (ABC) aired a special program that included introducing the television audience to takoyaki recipes using Nisshin Seifun Group products.



Presentation of takoyaki flour as an extra prize



The Nisshin Seifun Group booth

Location: Expo '70 Commemorative Stadium (Suita City, Osaka)
 Date: March 13, 2016

Dietary Education Activity Initiatives: Co-sponsorship of National High School Cook-Off

The Nisshin Seifun Group is a cosponsor of the 46th Annual FHJ-Nisshin Seifun Group National High School Cook-Off, hosted by the Future Homemakers of Japan (FHJ). At this event, high school students across Japan are invited to submit recipes that make best use of a common and well-known ingredient and wheat flour. In the previous fiscal year, after a written screening and taste test of 6,017 submissions, 10 dishes were chosen as top winners and runners-up.

First Prize
 Crispy and chewy lotus root-topped octopus dumplings with light wasabi flavor



Runner-Up
 Spicy udon noodles with minced meat and black sesame seeds in a soymilk broth



Runner-Up
 Flavor-rich Japanese-style khachapuri



Nisshin Seifun Group Prize
 Delicious chiffon cake made from eggplant and tea leaves



See the Nisshin Seifun Group website for prize-winning recipes <http://www.nisshin.com/entertainment/highschool/>

Consolidated Financial Summary

(¥ billion)

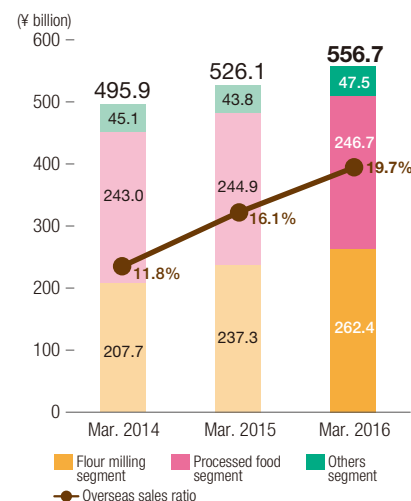
	Mar. 2014	Mar. 2015	Mar. 2016
Net sales	495.9	526.1	556.7
Overseas sales	58.5	84.7	109.4
Overseas sales ratio (%)	11.8%	16.1%	19.7%
Operating income	22.2	20.4	23.7
Ordinary income	25.5	25.5	28.0
Profit attributable to owners of parent	15.0	16.0	17.5
Net income per share (¥)	50	53	58
Total assets	471.0	549.3	550.3
Net assets	334.0	378.7	386.4
Net assets per share (¥)	1,079	1,218	1,237
Dividend per share (¥)	20	22	24

(Notes) 1. Figures shown are rounded down to the nearest hundred million yen (nearest yen for per share figures).

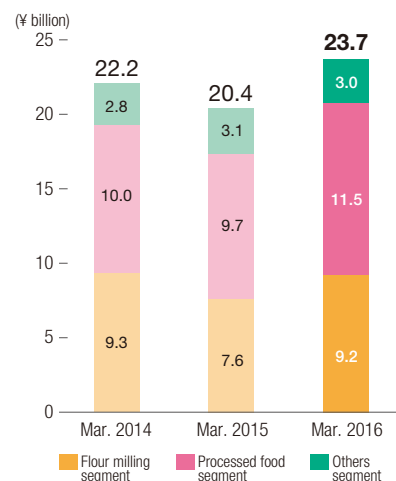
2. On October 1, 2013, and again on October 1, 2014, the Company conducted 1.1-for-1 stock splits of shares of common stock. Net income per share and net assets per share are calculated by deeming the stock split to have occurred at the beginning of the consolidated fiscal year ended March 31, 2014.

3. Following changes in accounting standards from the year ended March 31, 2016, "net income" has been changed to "profit attributable to owners of parent."

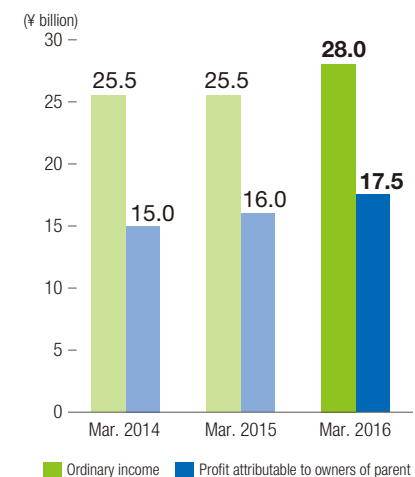
Net sales / Overseas sales ratio



Operating income



Ordinary income / Profit attributable to owners of parent



(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, 2016)

Board of Directors: (As of June 28, 2016)

Representative Director and President : Hiroshi Oeda

Director and Vice President : Kazuo Ikeda

Senior Managing Director : Masao Nakagawa

Senior Managing Director : Michinori Takizawa

Managing Director : Takashi Harada

Managing Director : Akira Mori

Managing Director : Koichi Iwasaki

Managing Director : Nobuki Kemmoku

Director : Satoshi Odaka

Director : Masashi Nakagawa

Director : Takao Yamada

Director : Kiyoshi Sato

Director : Akio Mimura

Director : Kazuhiko Fushiya

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 : Satoshi Itoh

Audit & Supervisory Board Member : Motoo Nagai

Stock Information (As of March 31, 2016)

■ **Total number of issuable shares:**

932,856,000 shares

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

304,357,891 shares

■ **Number of shareholders:** 20,982 (a decrease of 1,164 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

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)

* Available within Japan only.

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>



This report is printed using vegetable oil ink on FSC-certified paper.
Printed in Japan