

Delivering Good Health and Reliability



120 II



日清製粉グループ

To Shareholders Business Report 2015

(April 1, 2014 to March 31, 2015)



NISSHIN 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 understanding and support.

In April 2012, we launched “NNI-120,” our medium-term management plan, which saw the Nissin Seifun Group take decisive steps to expand business scope, particularly in overseas markets. At the same time, the business environment in which the Group operates has changed dramatically, as exemplified by a consumption tax increase enacted in Japan last year and rising prices for raw materials due to the yen’s sharp depreciation.

To respond flexibly to these surrounding changes and achieve sustainable growth, the Group formulated a new medium-term management plan, “NNI-120 II (Version II),” scheduled to run through fiscal 2021, our 120th year of operation. By implementing this new plan, we will strive to further expand the Group’s business scope, with sights set on becoming a corporate group that continues to actively gain the support of its stakeholders.

We kindly request your continued support and understanding as we work to achieve our goals.

June 2015

Q Looking back on “NNI-120,” the medium-term management plan the Group initiated back in April 2012, how were the past three years from your perspective?

A During those three years, we achieved a number of major successes by setting our sights on future growth and moving aggressively to make strategic investments designed to us get there.

See p. 4 for more details.

First, in our flour milling business overseas, in March 2012, we entered the world’s largest wheat flour market, the United States, by acquiring Miller Milling Company, LLC (Miller Milling), which at the time was ranked 9th in the industry in the U.S. Miller Milling continued to grow steadily after that, and has now leaped rank to become the 4th largest flour milling company in the U.S. market following a new acquisition in May 2014 of four flour milling plants. In February 2013,

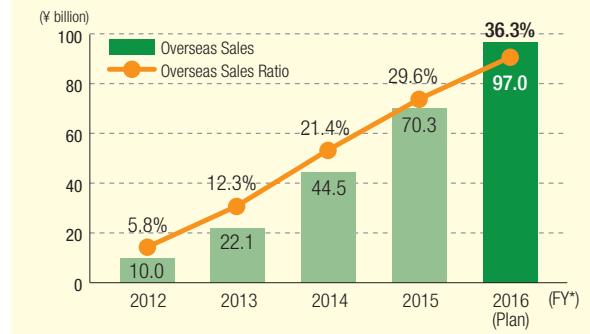
we acquired Champion Flour Milling Ltd., the largest milling business in New Zealand. As a result, when combined with existing flour milling companies in Canada and Thailand, overseas sales in the Group’s flour milling business are expected to jump from 5.8% of sales in fiscal 2012, to an estimated nearly 40% of sales in fiscal 2016.

In the processed food business, as part of steps to develop an optimal global production system, we channeled manufacturing technology and sophisticated quality control know-how honed by the Group over many years into the parallel construction of a pasta sauce production plant in Vietnam and a pasta production plant in Turkey.

In Japan, we sought to boost our share of wheat flour sales, and took proactive steps to strengthen relationships with key customers. In our production system, from the vantage point of delivering a cost-competitive supply of wheat flour that is able to prevail against global competition, we began

Flour Milling Business Overseas Sales and Overseas Sales Ratio

*See p. 9 for consolidated overseas sales ratio



*FY or Fiscal: 12-month period ending March 31

operations at the Fukuoka Plant in February 2014, and started operations at a new production line at the Chita Plant in May 2015. Presently, the consolidation of production at large-scale plants located near ports is almost complete in key consumer markets in Japan’s Kanto, Chubu, Kansai and Kyushu regions. Furthermore, in order to stimulate additional growth in the frozen pasta business, in May 2015, we built a new frozen food production site at the Kobe Plant of Ma•Ma-Macaroni Co., Ltd.

Collectively, these new business bases are all vital to the Group’s future growth. As always, we will aim for sustained improvement in corporate value by pulling together as a group to make the initiatives we take successful.

Q In May 2015, you announced a new medium-term management plan, “NNI-120 II.” What are the core elements of this plan?

A Over the past three years, we took decisive steps forward, moving with speed to reform our business structure. We have now entered a new stage – making our growth sustainable.

Under the new medium-term management plan, “NNI-120 II,” we have dramatically shifted our highest priority strategy from “expansion of the top-line (net sales)” to “restructuring the earnings foundation.” With fiscal 2016 as the start year, our performance goals for the final year of the plan, fiscal 2021, are to deliver net sales of ¥750 billion and ¥30 billion in

operating income. As we take steady steps to grow profits, we are enacting a new basic strategy centered on, among other actions, efforts to restructure stable earnings foundation in core businesses and achieve self-sustaining growth in existing businesses, including recent acquisitions.

For more on the basic strategy, see Diagram (1) on p. 3

< Performance Targets >	FY2021 target	Compound annual growth rate	FY2015 results
Net sales	¥750 billion	6%	¥526.1 billion
Operating income	¥30 billion	7%	¥20.4 billion
EPS (Earnings per share)	¥80	8%	¥53

We also pursue enhancement of capital efficiency and making bold investments for future growth (M&A, capital investment). As for the return of profits to shareholders, we have raised the base of our consolidated payout ratio from at least 30% in previous years to at least 40%. Going forward, we will look to raise dividends even higher, while also flexibly purchasing treasury stock, as we take an even more aggressive stance on shareholder returns.

Q So your approach to shareholder returns will be bolder than ever?

A As one step to strengthen shareholder returns, in October 2013 and again in October 2014, we carried out 1.1-for-1 stock splits. Since the dividend per share remained unchanged following these stock splits, actual dividends increased by 10 percent after each split. In addition to this, we raised the year-end dividend by ¥2 from the previous fiscal year, and also plan to raise the full-year dividend by an additional ¥2 for the current fiscal year.

As we work to balance efforts to improve capital efficiency and maintain financial stability, we will push ahead with investments for future growth, while addressing shareholder returns more decisively than ever, including by raising dividend levels, flexibly purchasing treasury stock, and taking other steps to meet the expectations of our shareholders.

For more on shareholder returns, see Diagram (2) on p. 3

Overview of the New Medium-term Management Plan – NNI-120 II

Restructuring the Earnings Foundation and Growth, With More Robust Shareholder Returns

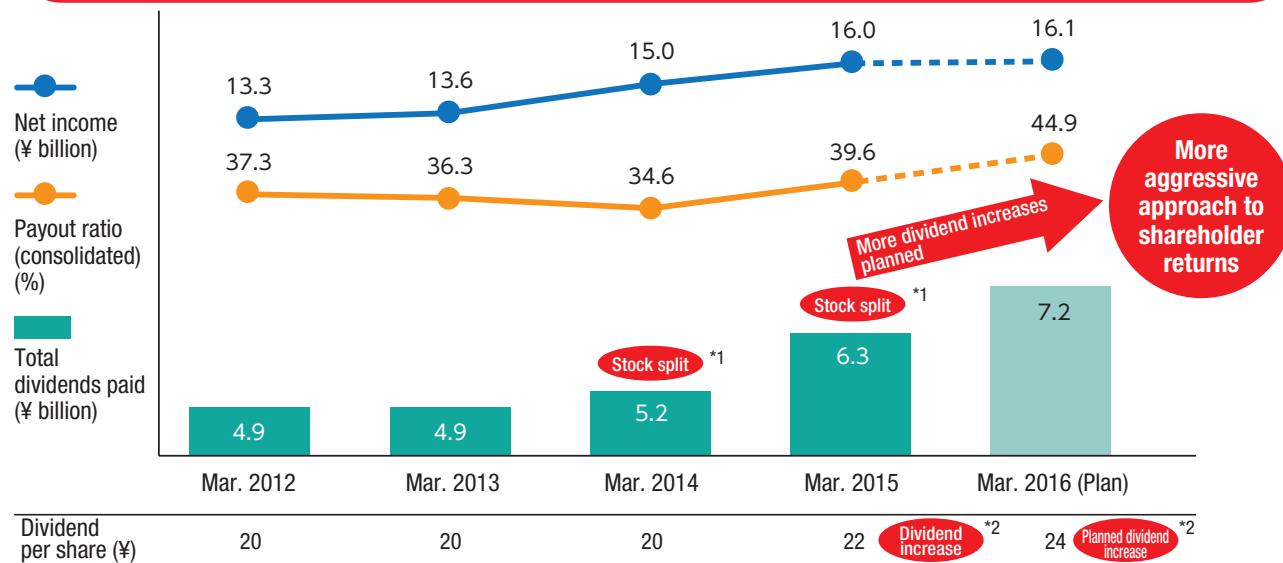
Under the new medium-term management plan, the highest priority strategy for the Group will shift dramatically from “expansion of the top-line (net sales)” to “restructuring the earnings foundation.” By implementing the following new Group-wide basic strategy, we will simultaneously aim for steady profit growth and a bolder stance regarding shareholder returns.

◆Group-wide Basic Strategy (Diagram (1))

- | | |
|--|---|
| <p>(1) Reallocate business portfolio and concentrate management resources in priority fields</p> <ol style="list-style-type: none"> 1. Restructure stable earnings foundation in core businesses (flour milling, processed food) 2. Actively extend presence in growth fields 3. Rapidly reorganize businesses with limited prospects for profitability or growth | <p>(2) Self-sustaining growth in existing businesses, including acquired businesses</p> <p>(3) Actively enact new strategic investments (M&A, capital investment)</p> <p>(4) Pursue greater cost competitiveness while supplying safe and reliable products</p> <p>(5) Recruit and train key personnel to future growth</p> <p>(6) Stably attain return on equity (ROE) that surpasses capital costs</p> |
|--|---|

◆Shareholder Returns (Diagram (2))

- Raise the consolidated payout ratio base from previous level of at least 30% to **at least 40%**, and take **decisive steps to further raise dividends**
- Flexibly conduct **purchases of treasury stock**



*1 On October 1, 2013, and again on October 1, 2014, the Company conducted 1.1-for-1 stock splits of shares of common stock. Because the dividend per share remained unchanged, **the actual dividend paid increased by 10 percent** for each stock split.
 *2 The Company enacted a **¥2 per share dividend increase for the March 2015 year-end dividend**, and **plans to enact a ¥2 per share increase in the full-year dividend for the March 2016 fiscal year.**

Rapidly Enhance and Expand Overseas and Domestic Production Sites

Under “NNI-120,” the medium-term management plan launched in April 2012, the Nissin Seifun Group steadily enhanced and expanded the business scopes of its global business sites. In the new medium-term management plan “NNI-120 II,” these bases are poised to play a vital role in the Group’s growth.



[Flour milling segment]

Miller Milling Company, LLC

- Acquisition of 4 flour milling plants



Jumped to 4th largest flour milling company in the U.S.

Nisshin Flour Milling Inc.

- Fukuoka Plant operational
- New production line at Chita Plant operational



Consolidation of production at large-scale plants located near ports entering final phase

[Processed food segment]

Vietnam Nissin Seifun Co., Ltd.

- New plant for pasta sauces and other microwavable retort pouch foods operational (Production capacity: 10,000 tons/year)



Development of global triple-base production system

Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S.

- New plant for pasta operational (Production capacity: 18,000 tons/year)

- Pasta sauces Japan/Thailand/Vietnam
- Pasta Japan/U.S./Turkey



Ma•Ma-Macaroni Co., Ltd.

- New plant for frozen food (Hyogo Prefecture) operational (Production capacity: 52 million meals/year)



Strengthen supply system for frozen pasta

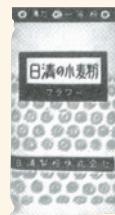
*Production capacity on a raw material basis



The Revolutionary New Product Nisshin Cooking Flower® Is Here!

Nisshin Foods Inc.

First launched in 1955, Nisshin Flower® brand flour for home use marked the 60th anniversary of its debut this year. Nisshin Cooking Flower®, a bottle-type wheat flour product developed using proprietary technology from this same series, is now on sale.



“Flower®” as it was first sold (ca. 1955)

3 New Features!

“Smoother and softer” flour from proprietary techniques

Using proprietary techniques, we have developed wheat flour with a smoother and softer consistency than existing Nisshin Flower®, for a flour that **coats and dissolves** easier than ever.

Smaller portion and compact size

The new **compact container** makes it easier to use for single-person households and those who use flour less frequently when cooking. The bottle shape of the container simplifies holding and pouring the flour for use.

Two-way cap for versatility in use

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’s spooned out. This versatility makes the product applicable for a broad range of cooking— from light coatings for meuniere and frying, to white sauce for various dishes.



← Shake it



Spoon it→

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



Pork fried with ginger



Yellowtail teriyaki



Macaroni gratin



(100g refill also available)

(Actual size)

BifiSupport – A New Series Supporting Beneficial Bifidobacterium

Nisshin Pharma Inc.

After receiving a patent for its “double-guard capsule,” Nisshin Pharma launched the sale of *Bificolon*, a nutritional supplement that delivers live bifidobacterium to the colon. We have now released *BifiSupport*, a new series of supplements that, when eaten with *Bificolon*, offers even more support for a healthy colon.



Bificolon



More regular



Komugi Fiber – wheat bran (the outer hull of wheat) is rich in dietary fiber, which can now be easily ingested.



More energetic



Milk oligosaccharides – the nutritional source for bifidobacterium



Taken together, these products support a healthy colon

<Purchasing Inquiries: Nisshin Pharma Direct>
 Tel: **0120-240-410** * Available within Japan only.
 Desk hours: 9 a.m. to 9 p.m. (except year-end and New Year holidays)
 Website: <http://nisshin-pharma.com/>

JP Style Wa No Kiwami – A New Brand for Pets in Japan

Nisshin Petfood Inc.



Total Body Care

This series supports efforts to maintain the health of beloved dogs and cats over their entire lives.

In March 2015, we launched *JP Style Wa No Kiwami*, a new series of pet food strictly tailored to the lifestyle of pets in Japan. The series is focused on four keywords characteristic of Japan’s pet ownership environment—“compact,” “indoor,” “elderly,” and “purebred”—with the products also made entirely in Japan. The Japanese aesthetic also shines through in the distinctive red and white package design, for an appealing brand that supports the health of beloved dogs and cats raised in Japan over their entire lives.

Find out more at the newly redesigned *JP Style* Website
http://www.nisshin-pet.co.jp/products_c/new-jpstyle2015/



Select Health Care

This series is for those who want to help their pets stay slim and maintain a healthy skin and coat

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

We held an individual shareholders' tour of the Nisshin Flour Milling Inc. Higashinada Plant on March 25, 2015.



Announcement of the Individual Shareholders' Tour of the Nisshin Flour Milling Inc. Tsurumi Plant in September 2015

We will hold an individual shareholders' tour of the Nisshin Flour Milling Inc. Tsurumi Plant. Details are presented below.

Scheduled date and times for each tour	<p>September 18, 2015 (Friday) 1. 9:00 am to 12:00 pm (Assembly at JR Kawasaki Station at 8:30 am) 2. 2:00 pm to 5:00 pm (Assembly at JR Kawasaki Station at 1:30 pm)</p>
Venue	<p>Nisshin Flour Milling Inc. Tsurumi Plant (3-1 Okawa-cho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture, Japan) * The tour will assemble and disperse at JR Kawasaki Station on the day.</p>
Participation fee	<p>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.)</p>
Number of participants	<p>A total of 70 participants for each tour (shareholders may be accompanied by one other party) Individual shareholders who hold 500 or more of the Company's shares as of March 31, 2015 are eligible to attend. * 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. *Accompanying party must be in junior high school or older</p>

Application method Please complete all necessary items of the attached application form and return by postal mail.
Entries close on August 7, 2015 (Friday)
 * Please complete the application form following the instructions outlined on the detachable portion of the form.

Inquiries (plant tour) Plant Tour Service Representative (Nisshin Seifun Group Inc.)
 **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 18, 2015 (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 plant does not offer barrier-free access.
- The plant tour is planned for approximately one hour on foot. Portions of the tour path will have ascending and descending stairways.
- 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.

Nisshin Seifun Group Corporate Advertisements – Third Series of Commercials Featuring Original Character “Konyara”

In 2010, the Nisshin Seifun Group marked its 110th anniversary with a TV commercial featuring “Konyara,” an original character created by famed animators Studio Ghibli.

Following revision of the commercials in 2012, the Group has now produced a third series of commercials with the character.

While retaining the heartwarming and relaxing elements developed in the earlier commercials, the content of this new series will have viewers imagining a bright and hopeful future in ways that will bring smiles to their faces.

Visit the special website to watch the commercial
Konyara Special Website

<http://www.nisshin.com/konyara/>



©2015 Studio Ghibli

Flour Homemade Class® – Classes on Cooking With Wheat Flour

The Nisshin Seifun Group holds a series of cooking classes called “Flour Homemade Class®” aimed at making the public even more comfortable cooking with a well-known product – wheat flour.

First launched in 1973, today, a total of more than 660,000 people have taken part in the classes.

Visit the website for Flour Homemade Class® details

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

<Regular Classes: Held at Select Venues in Tokyo>

Classes on preparing homemade bread and other foods from wheat flour are held several times each month at select venues across Tokyo.



<Special Classes on Demand: Limited to Tokyo Area>

The Group sends experts out to lecture on topics at schools and school club meetings, study sessions for school faculty and cafeteria staff, community centers, and other invited venues. These courses focus on topics such as breads and cakes, handmade udon noodles, pasta, and Chinese steamed buns.



<Special Classes>

Each year, we hold special classes exclusively for parent-child pairs in and around Tokyo, Nagoya and Osaka, with activities designed to actively promote and convey the joy of homemade food to children.

Parent-Child Homemade Animal Bread Summer School



Parent-Child Homemade Christmas Cake Class (Held in Tokyo)

Consolidated Financial Summary

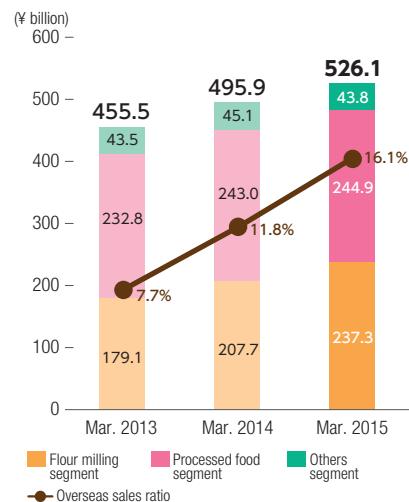
(¥ billion)

	Mar. 2013	Mar. 2014	Mar. 2015
Net sales	455.5	495.9	526.1
Overseas sales	35.1	58.5	84.7
Overseas sales ratio (%)	7.7%	11.8%	16.1%
Operating income	21.7	22.2	20.4
Ordinary income	24.7	25.5	25.5
Net income	13.6	15.0	16.0
Net income per share (¥)	45	50	53
Total assets	461.8	471.0	549.3
Net assets	317.4	334.0	378.7
Net assets per share (¥)	1,027	1,079	1,218
Dividend per share (¥)	20	20	22

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

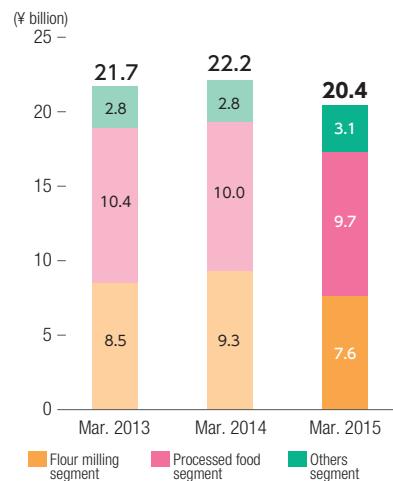
2. On October 1, 2013, and again on October 1, 2014, the Company conducted 1.1-for-1 stock splits of shares of common stock. Net income per share and net assets per share are calculated by deeming the stock split to have occurred at the beginning of the consolidated fiscal year ended March 31, 2013.

Net sales/Overseas sales ratio



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

Operating income



Ordinary income/Net 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, 2015)
Board of Directors: (As of June 25, 2015)
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, 2015)

- Total number of issuable shares:** 932,856,000 shares
- Total number of shares issued and outstanding:** 304,357,891 shares
* On October 1, 2014, 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 27,668,899 shares.
- Number of shareholders:** 22,146 (an increase of 4,400 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>



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