

Annual Review 2015

NISSHIN
Oillio

"The Natural Power of Plants"



The Nisshin Oillio Group, Ltd.

President's Message



Armed with strong brand power and original technology, we aim to become a corporate group conducting the oil and fat and related businesses on a global scale.

To our shareholders and investors

The Nisshin OilliO Group is facing increasingly harsh conditions in the business environment in which it operates due to factors such as continuing high prices in grain markets and drawn-out deflation in Japan.

Amid this backdrop, we are implementing a three-year medium-term management plan for the period fiscal 2014–fiscal 2016. Armed with strong brand power and original technology, we aim to become a corporate group conducting the oil and fat and related businesses on a global scale. The Nisshin OilliO Group is involved in the Oil and Meal Business, Processed Oil and Fat Business, the Fine Chemical Business, and the Healthy Food Business.

In the domestic Oil and Fat Business, we plan to post steady earnings by expanding sales volume through ongoing product development and the assumption that we can achieve the appropriate selling price. In the Processed Oil and Fat Business, we aim to increase earnings, mainly through the promotion of our Asia strategy, and nurture this business into a key pillar in our business portfolio, alongside the domestic Oil and Fat Business.

We plan to utilize proprietary group technologies and strengths to expand the Fine Chemical Business, the Healthy Food Business, and the Medium-Chain Triglyceride (MCT) Business. The MCT Business is currently undergoing consolidation to integrate resources spread through the company. Consequently,

our ultimate goal is to build a sturdy, resilient earnings base for the Nisshin OilliO Group.

Furthermore, we aim to reduce costs by promoting the optimization of our production and distribution systems, which will allow us to flexibly respond to changes in the business environment.

We also plan to deploy a corporate brand strategy to maximize our corporate value and forge ahead with the fortification of our corporate governance, including the reinforcement of our compliance system and the creation and operation of an internal control system.

The Nisshin OilliO Group also aims to improve its corporate value by continuing to carry out key CSR initiatives, including the consistent delivery of safe and sound products and services, engagement in environmental preservation, and proper information disclosure.

We will continue to work together as a company as a whole to answer the expectations of our stakeholders and ask for the continued support of our shareholders and investors.

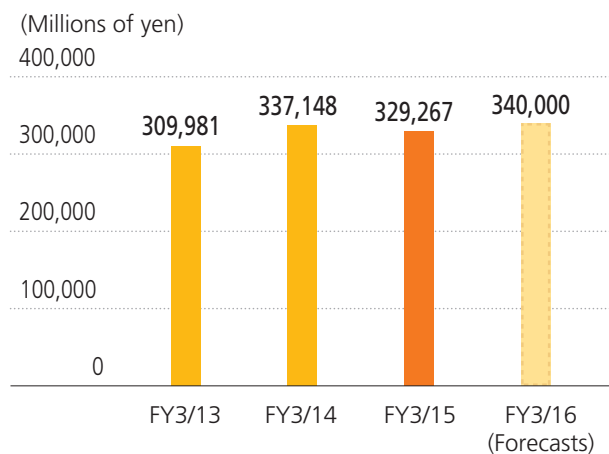
July 2015

A handwritten signature in black ink, reading "T. Imamura".

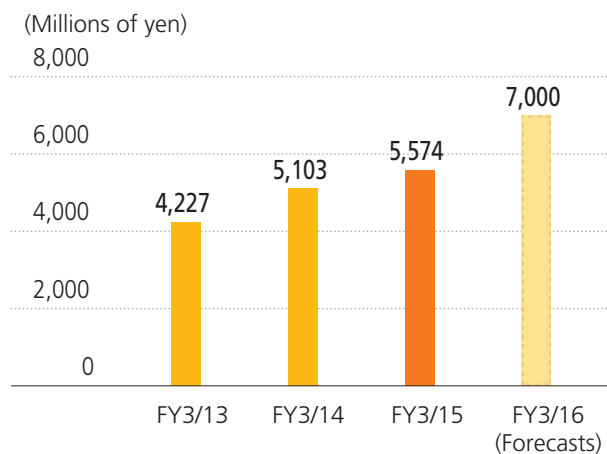
Takao Imamura
President and Representative Director

Consolidated Financial Highlights

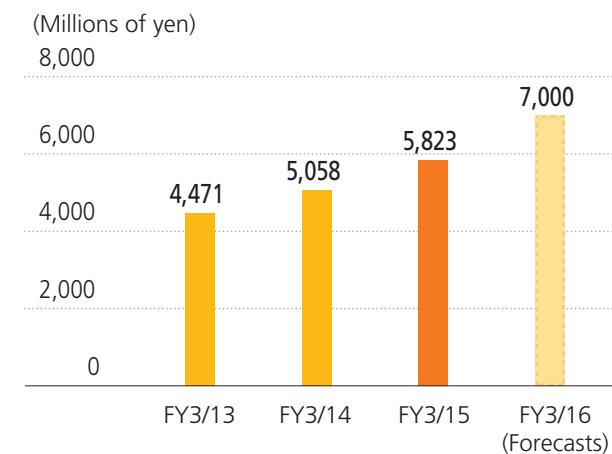
Net sales



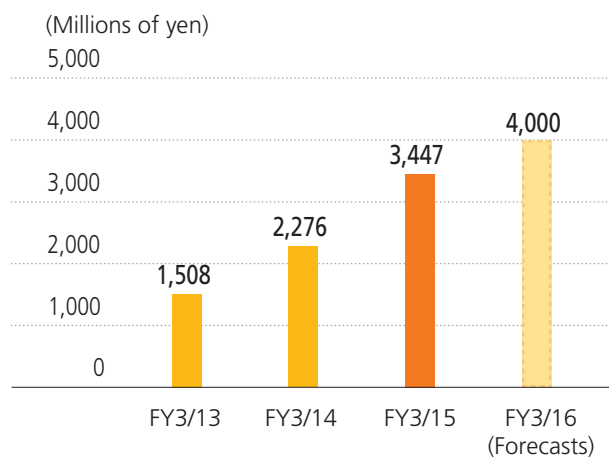
Operating income



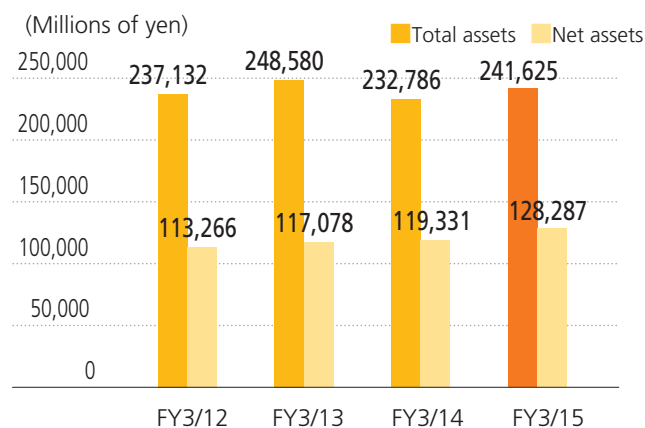
Ordinary income



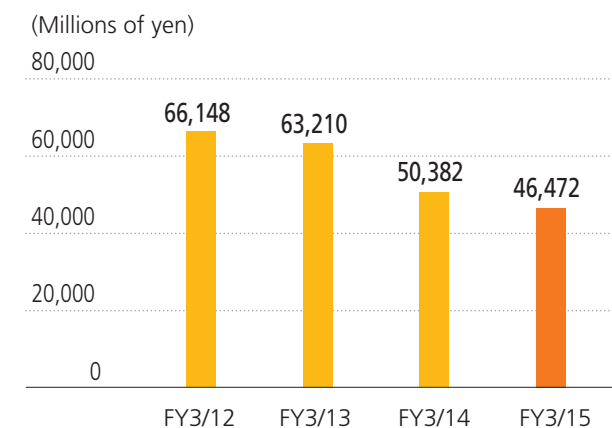
Net income



Total assets/Net assets



Interest-bearing debt



(Note) The monetary figures in this report have been rounded down to the nearest million.

Finalcial Results Summary

Summary of fiscal 2014 earnings results

The cost of procuring major raw materials was sharply driven up by structurally higher grain prices, brisk global demand for food, and a weaker yen. Sales in the Domestic Oil and Fat Business were weak. Demand for edible oils for household use were negatively impacted by a reactionary decline in response to last-minute demand to beat the consumption tax hike, as well as a strong penchant among consumers for low-end products.

Amid this somber market environment, the Nisshin OilliO Group launched a three-year medium-term management plan for fiscal 2014-2016. We undertook measures in fiscal 2014 as a part of our basic policy to build a solid earnings base for the future, mainly in the Group's core oil and fat business. In the Domestic Oil and Fat Business, we focused on setting reasonable selling prices that were commensurate with raw material costs. But given the harsh competition in this market, we ended the fiscal year with unfinished business that has yet to be addressed. Nonetheless, we steadily made progress. In addition to substantial improvements in the overseas business owing to business structure reforms, we also trimmed costs, including production and distribution expense.

Reflecting this performance, in fiscal 2014 we posted net sales of ¥329,267 million, a decrease of 2.3% YoY. In the profit front, we booked operating income of ¥5,574 million, a growth of 9.2%, ordinary income of ¥5,823 million, an increase of 15.1%, and net income of ¥3,447 million, an expansion of 51.5%.

At present, we are implementing measures to improve earnings and build a solid earnings base to achieve the ordinary income goal of ¥11,000 million-plus for fiscal 2016, which is the final year in our current medium-term management plan. In the Domestic Oil and Fat Business, we plan to achieve reasonable selling prices that are commensurate with raw material costs and continue to expand sales of high-value-added products. Sales and sales volume increased for household olive oils. In addition to the BOSCO series, "Nisshin Saratto Karu-i Olive Oil," which we launched in spring 2014, is also gaining favorable repute. In spring 2015, we rolled out measures to energize the edible oil market. As a leading company in the edible oil market, we aim to stimulate demand by cultivating new markets and offering novel recommendations for cooking ideas. This includes the introduction of new products such as "Nisshin Extra Virgin Coconut Oil" and "Nisshin Flaxseed Oil."

Concurrently, we also aim to continue to reduce production and distribution costs by developing a cost structure by the end of fiscal 2015 that will curb outlays by ¥3,000 million in contrast with fiscal 2012. As of the end of fiscal 2014, we achieved a cost-reduction of around ¥1,900 million. We plan to implement additional cost-cutting measures to achieve our ultimate goal. Moreover, we plan to realize further business structure reforms, including sales operation reforms, as well as operational, organizational, and personnel reforms.

The Nisshin OilliO Group overall is pouring energies into the MCT (Medium Chain Triglycerides) Business as a future growth pillar. We plan to continue to research and develop new possibilities for MCT and boost recognition of MCT by dispatching information on our research results at academic conferences and through various media. We also aim to develop and sell new MCT-related products. In due course our goal is to establish a brand "MCT = Nisshin OilliO," and grow the business globally.

Net Sales

-2.3%

Operating Income

+9.2%

Ordinary Income

+15.1%

Net Income

+51.5%

Medium-Term Management Plan

The Nisshin Oillio Group has launched a medium-term management plan covering the three years from fiscal 2014 to fiscal 2016.

Our Desired Vision and Direction

**Armed with strong brand power and original technology,
we aim to become a corporate group conducting the oil and fat
and related businesses on a global scale.**

Basic Policy

**Centered on the improvement of earnings in our core oil and fat business,
we will build a solid earnings base for the future.**

Domestic oil and fat business —Achievement of stable earnings—

We will seek to achieve an ordinary income of ¥6 billion (including cost reductions) through continuous product development and the ensuring of a sales volume of 630,000 tons to expand gross profits and maintain stable earnings.

Processed oil and fat business —Steady expansion of earnings as second pillar after the domestic oil and fat business—

We will seek to achieve an ordinary income of ¥3 billion through expansion of the domestic processed oil and fat business, increase of the earnings of Intercontinental Specialty Fats Sdn. Bhd., and promotion of our Asian strategy.

Fine chemical business, healthy food business, medium-chain triglyceride business —Business expansion and growth—

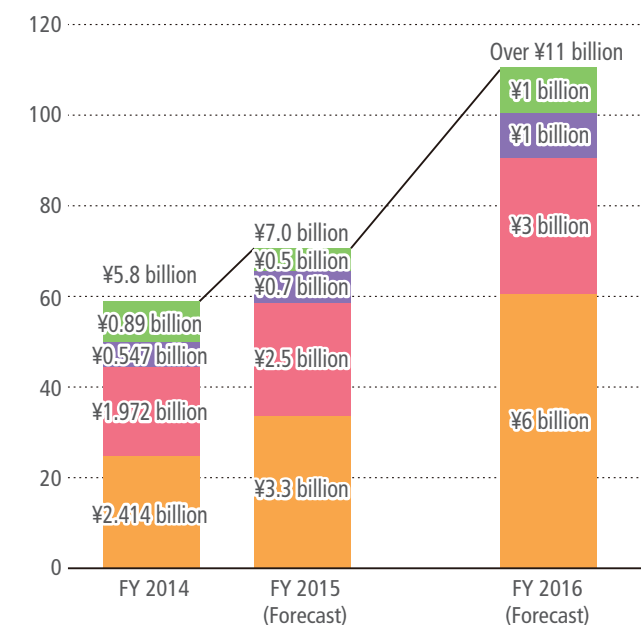
We will seek to expand and grow these businesses to solidify the Group's income base through business development utilizing our original technologies and strengths.

Production and distribution cost reforms —Cost reductions through implementation of production and distribution optimization plan—

We will seek to build a structure that reduces costs by ¥3 billion in fiscal 2015 compared with fiscal 2012 through enforcement of the production and distribution optimization plan for flexible response to the environment.

Numerical targets

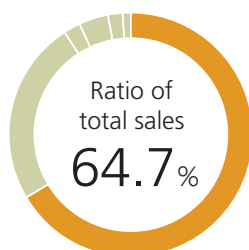
(¥100 million)



- Healthy food business and other
- Fine chemical business
- Processed oil and fat business
- Domestic oil and fat business

Operations Review (April 2014–March 2015)

Oils and Meals Business



Net sales
¥212,795 million
(7.4% YoY \uparrow)

Operating income
¥2,913 million
(11.9% YoY \uparrow)

Business segment profile

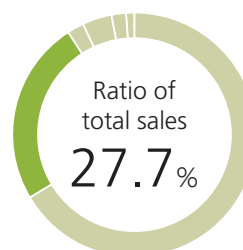
- Edible oils for household use
- Edible oils for commercial use
- Edible oils for food processing
- Oil meals
- Soy proteins, etc.



Key points

- Unstable market environment negatively impacted costs for soy beans and rapeseed, which are core raw materials.
- In the domestic Oil and Fat Business, net sales declined year-on-year in tandem with the decrease in unit selling prices. This was despite proposal-oriented sales activities and sales expansion, mainly of high value-added product categories, and focus on creating selling prices that were commensurate with raw material costs. Meanwhile, operating income increased owing to an aggressive reduction in costs group-wide.
- Oil meal sales and sales volume were up year-on-year reflecting aggressive sales expansion activities which were underpinned by an increase in pressed soy bean and rapeseed oils, and as we were able to maintain reasonable selling prices.
- Soy protein sales and sales volume increased year-on-year as we expanded sales to major customers and poured energies into sales activities that heavily focused on profit margins.
- The change in the status of COFCO Nisshin (Dalian) Co., Ltd. from a consolidated subsidiary to an equity-method affiliate in fiscal 2014 also detracted from segment net sales.

Processed Oil and Fat Business



Net sales
¥91,165 million
(10.1% YoY \uparrow)

Operating income
¥2,234 million
(9.6% YoY \uparrow)

Business segment profile

- Processed oil and fat products
- Specialty fats
- Margarine
- Shortenings, etc.

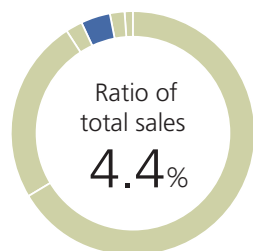


Key points

- In Japan, sales of shortenings and specialty fats trended solidly.
- Subsidiary Daito Cacao Co., Ltd. recorded a growth in net sales and sales volume in comparison with the previous fiscal year owing to aggressive sales expansion but operating income declined due to a rise in raw material costs owing to a sharp rise in cacao market prices.
- ISF (Malaysia) posted an increase in net sales and operating income year-on-year despite a decline in sales volume due to a shift in product mix to high value-added products.

Operations Review (April 2014–March 2015)

Fine Chemical Business



Net sales
¥14,606 million
(6.4% YoY↑)

Operating income
¥548 million
(5.6% YoY↓)

Business segment profile

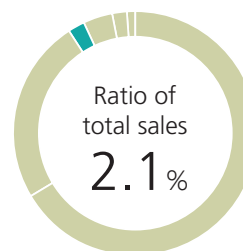
- Raw materials for cosmetics
- Medium-Chain Triglycerides (MCTs)
- Food ingredients
- Chemical products, etc.



Key points

- Sales and sales volume for raw materials for cosmetics rose compared with a year earlier given solid sales, mainly for functional ingredients, in Japan and abroad.
- MCT sales and sales volume rose year-on-year reflecting an aggressive sales expansion and selling price revisions amid intense price competition in the domestic market. However, operating income was down due to lower selling prices due to a weaker yen and a sharp rise in raw material costs.
- Industrial Química Lasem, S.A.U. (IQL) recorded a rise in net sales compared with the previous year owing to brisk sales, mainly in Spain. However, operating income was down due to a sharp rise in raw material costs. That being said, the goodwill we posted at the time of the acquisition of IQL was written down to an estimated recoverable amount. To reflect this, we posted an impairment loss of ¥251 million as an extraordinary loss.

Healthy Food Business



Net sales
¥7,040 million
(2.8% YoY↑)

Operating loss
¥12 million
(an improvement of
¥13 million YoY)

Business segment profile

- Dressings and mayonnaise-type dressings
- Foods for preventing Lifestyle-Related Diseases
- Foods for the elderly and for those in Nursing care
- Foods for people receiving medical treatment, etc.



Key points

- Sales and sales volume of dressings were on a par with the previous year. Although there was negative impact from a reactionary decline in response to the last-minute demand to beat the consumption tax hike, we aggressively expanded sales and achieved reasonable selling prices.
- Sales and sales volume of mayonnaise-type dressings increased year-on-year owing to brisk trends for “Nisshin Mayodorée.”
- Sales and sales volume for foods for the elderly and for those in nursing care were down year-on-year. However, sales of foods for people receiving medical treatment were up owing to brisk sales of MCT-related products.

The others segment accounts for 1.1% of total sales.

Topics

New Product Launch: "Nisshin Extra Virgin Coconut Oil"

Coconut oil is growing in popularity, mainly in the US. The trend is also gaining popularity in Japan. Edible oils have health benefits and daily intake among consumers is expanding. They can be consumed without heating, including drinking the oils as is, adding it to beverages, or spreading it on bread. To cater to the needs of these customers, in February 2015 we launched "Nisshin Extra Virgin Coconut Oil" which has a medium-chain triglyceride (MCT) content of more than 60%—MCT has recently gained popularity as a health substance.

This product focuses on delivering the rich flavor of coconut and production is managed using our own unique strict criteria.

The sweet fragrance of coconut can be enjoyed by using the product as is, including adding it to coffee or spreading it on toast. Nisshin Extra Virgin Coconut Oil can also be used in stir frying or for baking sweets, such as hot cakes.

In addition to addressing customer needs, we also plan to expand the use of Nisshin Extra Virgin Coconut Oil to revitalize the edible oil market.

Add it to your daily diet



Put it in your coffee



Spread it on your toast

Use it for everyday cooking



Stir fry dishes

Make sweets



Hot cakes



Nisshin Extra Virgin
Coconut Oil 130g bottle

Los Angeles International Extra Virgin Olive Oil Competition: "Bosco Toscano wins gold"



Toscano Extra Virgin Olive Oil
250ml bottle



We paid particular attention to production region and quality when we developed "TOSCANO Extra Virgin Olive Oil," one of the products in our series of Bosco brand of olive oils. This extra virgin olive oil is made from 100% Tuscan olives, which are one of the best quality olives in Italy.

At the Los Angeles International Extra Virgin Olive Oil Competition 2015, which was held in April 2015, 294 companies entered 428 products into the contest. Our "Toscano Extra Virgin Olive Oil" won the Best of Show-International in the Delicate category.

* The Los Angeles International Extra Virgin Olive Oil Competition is an international olive oil competition that is held in Los Angeles, California, which is one of the US' olive oil producing regions. This is the 16th year the competition was held and is recognized as one of the more prestigious olive oil competitions.



Medium-Chain Triglyceride (MCT) R&D

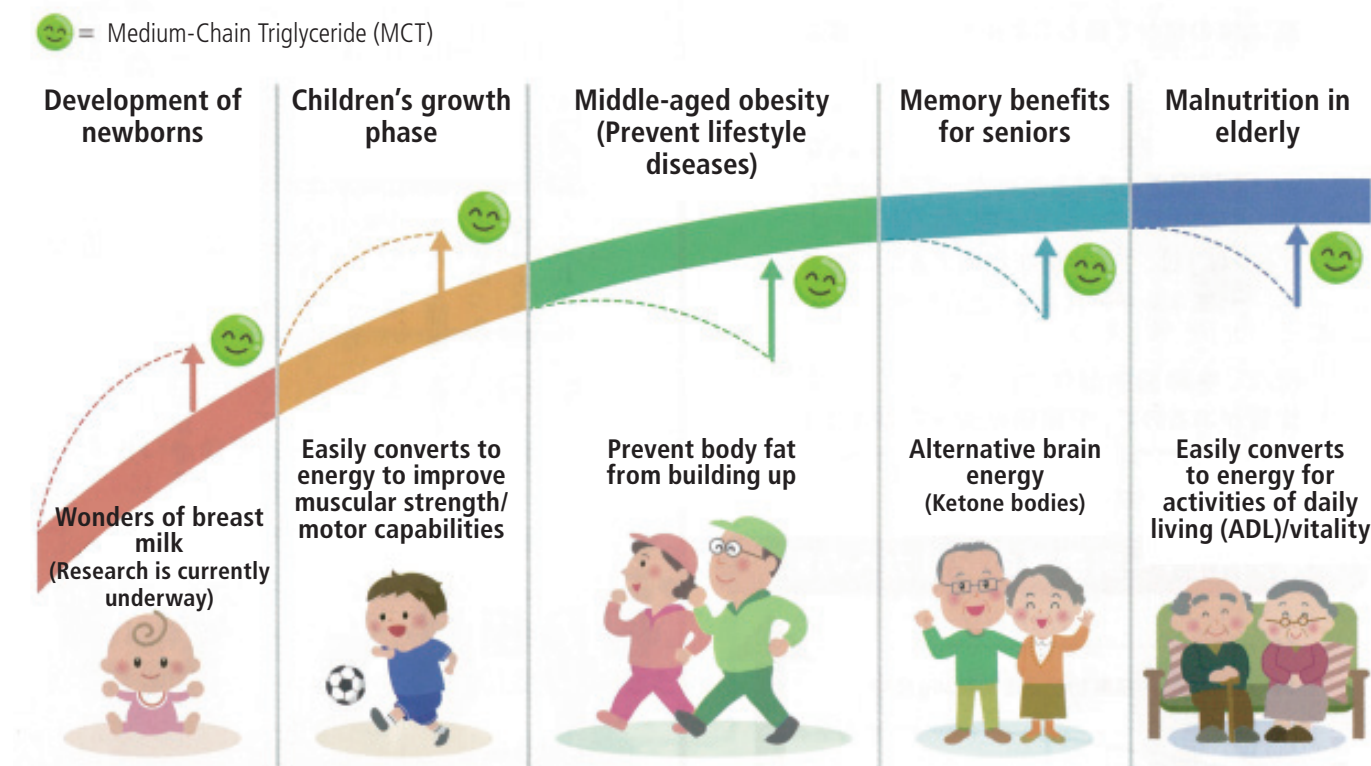
Researching new possibilities

Medium-Chain Triglyceride (MCT) is a naturally occurring source of dietary fat. MCT is found in coconut oils, which are gaining attention in the US and Japan. It is also found in palm fruit, breast milk, and cow's milk.

The Nisshin OilliO Group has been carrying out R&D in MCT for more than 40 years. The first uses for MCTs were as an energy supplement for post-operative patients and premature babies. Today the uses for MCT have expanded and are used to manage body fat, as a dietary and nutritional substance for athletes, and for seniors suffering from poor nutrition.

Recently, novel functions of MCT have been discovered, including as a source of fuel when the brain is low on energy.

The Nisshin OilliO Group believes that, owing to its various health functions, MCT has the possibility to provide sound daily support to the various life stages people go through. We plan to continue to carry out R&D in MCT going forward.



Corporate Data (As of March 31, 2015)

● Corporate Data

Company Name	The Nisshin OilliO Group, Ltd.
Head Office	1-23-1 Shinkawa, Chuo-ku Tokyo 104-8285, Japan
Telephone Number (Main)	+81-3-3206-5005
Date of Establishment	March 7, 1907
Paid-in Capital	¥16,332,128,633
Number of Employees	2,665 (Consolidated)

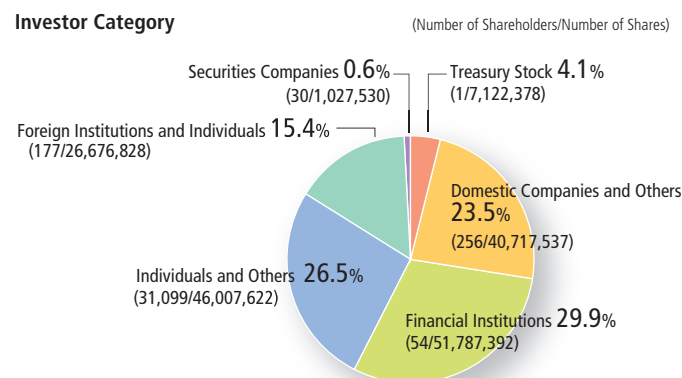
● Major Business Sites

Sapporo Office, Sendai Office, Kanto Shin-etsu Office, Tokyo Office, Nagoya Office, Osaka Office, Hiroshima Office, Fukuoka Office, Yokosuka Administration Dept. (Central Research Laboratory), Yokohama Isogo Plant, Nagoya Plant, Sakai Plant and Mizushima Plant



Yokohama Isogo Plant

● Breakdown of Shareholders



● Stock Information

Number of Shares of Common Stock	Authorized: 388,350,000 shares
	Issued: 173,339,287 shares (including treasury stock)
Number of Shareholders	31,617

● Consolidated Subsidiaries

Japanese Subsidiaries (11 companies)

Settsu Oil Mill, Inc.
 Nisshin Shoji Co., Ltd.
 Nisshin Logistics Co., Ltd.
 NSP Co., Ltd.
 Daito Cacao Co., Ltd.
 Nisshin Shokai Co., Ltd.
 Marketing Force Japan, Inc.
 Nisshin Finance Co., Ltd.
 The Golf Joy Co., Ltd.
 Mogi Tofu Co., Ltd.
 Yamakiu Transport Co., Ltd.

Overseas Subsidiaries (5 companies)

Shanghai Nisshin Oil & Fats, Ltd.
 The Nisshin OilliO (China) Investment Co., Ltd.
 Intercontinental Specialty Fats Sdn. Bhd.
 Industrial Quimica Lasem, S.A.U.
 T.&C. Manufacturing Co., Pte. Ltd.



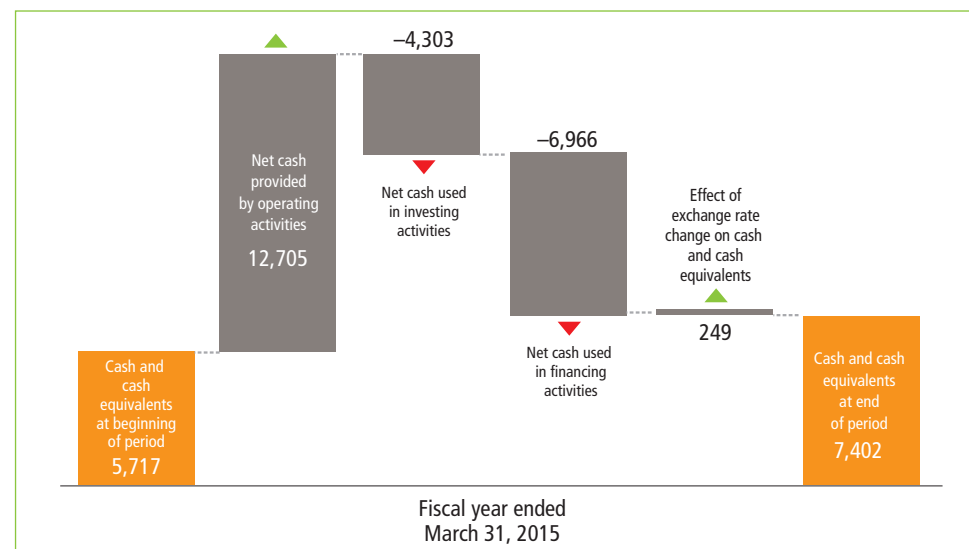
● Principal Shareholders

Shareholders	Shareholdings (thousands)	Percentage of total shares issued (%)
Marubeni Corporation	26,001	15.00
Japan Trustee Services Bank, Ltd. (Trust Account)	6,370	3.67
Sompo Japan Nipponkoa Insurance Inc.	6,036	3.48
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,595	3.23
Aioi Nissay Dowa Insurance Co., Ltd.	4,783	2.76
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	3,666	2.11
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,397	1.96
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Citibank, Japan Ltd. as standing proxy)	2,691	1.55
Kikkoman Corporation.	2,351	1.36
Taisei Corporation	2,310	1.33

Note 1. In addition to the above, the Company has 7,122,378 shares of treasury stock.

2. The percentage of total shares issued is the ratio of total shares outstanding, including treasury stock.

(Millions of yen)



Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets	126,219	130,881
Noncurrent assets	106,535	110,665
Property, plant and equipment	78,077	77,509
Intangible assets	4,898	3,828
Investments and other assets	23,558	29,327
Deferred assets	32	78
Total assets	232,786	241,625
Liabilities		
Current liabilities	78,708	69,486
Noncurrent liabilities	34,746	43,851
Total liabilities	113,455	113,337
Net assets		
Shareholders' equity	108,416	110,646
Capital stock	16,332	16,332
Capital surplus	26,072	26,072
Retained earnings	68,799	71,033
Treasury stock	-2,787	-2,791
Accumulated other comprehensive income	3,620	9,536
Valuation difference on available-for-sale securities	3,401	6,781
Deferred gains or losses on hedges	-304	-853
Foreign currency translation adjustment	3,192	4,880
Remeasurements of defined benefit plans	-2,669	-1,272
Minority interests	7,295	8,105
Total net assets	119,331	128,287
Total liabilities and net assets	232,786	241,625

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	337,148	329,267
Cost of sales	286,532	279,946
Gross profit	50,616	49,320
Selling, general and administrative expenses	45,513	43,746
Operating income	5,103	5,574
Non-operating income	1,465	1,386
Non-operating expenses	1,510	1,137
Ordinary income	5,058	5,823
Extraordinary income	1,173	1,083
Extraordinary loss	378	621
Income before income taxes and minority interests	5,853	6,285
Total income taxes	2,935	2,310
Income before minority interests	2,917	3,975
Minority interests in income	641	527
Net income	2,276	3,447

One-point summary

Consolidated balance sheet

- Assets: Total assets amounted to ¥241,625 million, an increase of ¥8,838 million compared to the end of the previous fiscal year. This mainly reflects a decrease in short-term loans receivable, and increases in cash and deposits, inventories, and investment securities.
- Liabilities: Total liabilities amounted to ¥113,337 million, a decrease of ¥117 million from the end of the previous fiscal year. This mainly reflects increases in notes and accounts payable—trade and deferred tax liabilities (fixed), as well as decreases in interest-bearing debt and retirement benefit liabilities.

Consolidated statements of income

- Net sales decreased 2.3% compared with the previous fiscal year. Operating income increased 9.2%, ordinary income increased 15.1%, and net income grew 51.5%.

Consolidated statements of cash flows

- Cash and cash equivalents totaled ¥7,402 million, an increase of ¥1,684 million compared to the end of the previous fiscal year.

[Net cash provided by operating activities]

- Net cash provided by operating activities increased ¥12,705 million. Positive factors include an increase in income before income taxes and minority interests, depreciation and amortization, amortization of goodwill, and an increase in notes and accounts payable—trade. Meanwhile, negative factors include an increase in inventories.

[Net cash used in investing activities]

- Net cash used in investing activities decreased ¥4,303 million. Major items include proceeds from the collection of loans receivable, proceeds from sales of property, plant and equipment, and purchase of property, plant and equipment.

[Net cash used in financing activities]

- Net cash used in financing activities decreased ¥6,966 million. The major breakdown includes a net decrease in short-term loans payable, proceeds from the issuance of bonds, repayment of long-term loans payable, redemption of bonds, and cash dividends paid.