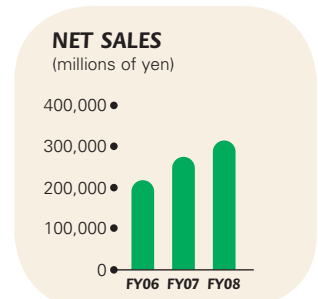
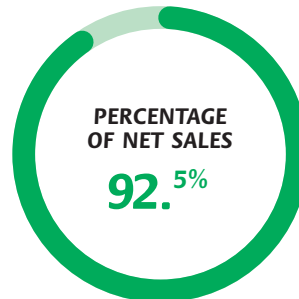


OILS AND MEAL BUSINESS

The Oils and Meal Business contributes to an improvement in daily diet through the provision of diverse products that maximize the natural power of plants. Such products include home-use edible oils, edible oils for food services, edible oils for processed food manufacturers, margarines and shortenings, soybean products, industrial-use oils and meal.



PROFILE

The Nisshin Oillio Group fulfills its role as a leading company in the oils and meal business by developing and producing high value-added products grounded on original technologies.

In home-use edible oils, the Group provides good flavor and good health to households through a wide choice of products, such as *Nisshin Canola Oil*, which in 1924 became the first salad oil to go on sale in Japan, as well as *BOSCO Olive Oil*, *Nisshin Pure Sesame Oil*, *Nisshin Healthy Resetta*, *Nisshin Healthy Cholest*, and *Nisshin VegeFruit Oil*.

In edible oils for food service and edible oils and fats for processed food manufacturers, Nisshin Oillio brands have earned a high level of trust from customers. This includes the restaurant industry, the ready-to-eat market, including prepared dishes and boxed lunches sold at supermarkets and convenience stores, the processed foods industry, and the confectionary and bakery sectors, which use edible oils, margarine and shortening.

Soybeans are used as a raw material in the traditional Japanese foods of miso and tofu, while pressed soybean and rapeseed meal from which the fat has been removed are used as formula feed for livestock and as fertilizer. Moreover, in

sectors other than foods, plant oils that are friendly to the environment are widely used in industrial applications such as oils and fats for paints and printing inks.

One objective of the *GROWTH 10* 10-year basic management vision is for the Group to transform itself into an international corporate group with an overseas sales ratio of 30% or more. The Group has been involved in oils and meal, processed oils and fats, and other businesses in China since 1988, and subsequently in Taiwan and Malaysia. In October 2003, we established The Nisshin Oillio (China) Investment Co., Ltd. in Shanghai, and have since worked to procure raw materials and build an efficient sales framework in East Asia. In 2005, the operation of a new plant got underway at Dalian Nisshin Oil Mills, Ltd., improving the company's capabilities. That same year, we took an equity stake in Intercontinental Specialty Fats Sdn. Bhd. in Malaysia to strengthen development of our palm oil business. With increased demand for palm oil expected going forward, we will leverage the Group's distinctive ester interchange technology and oil and fat separation technology to use palm oil as a substitute fat for chocolate, and to propose products that answer a variety of other needs.



SOYBEAN MARKET PRICES (CHICAGO)



Source: Bloomberg

RAPESEED MARKET PRICES (WINNIPEG)



Source: Bloomberg

FISCAL 2008 OPERATING ENVIRONMENT AND RESULTS

DOMESTIC OILS AND MEAL BUSINESS

In fiscal 2008, the Group strove to boost profitability through a continued push to realize sales price adjustments in line with costs for raw materials, along with a shift to value-added products. Costs for raw materials remained high relative to the previous year despite a downturn in market prices for grain from the second quarter of the year, including for soybeans, rapeseed and other major raw materials for the Group. While these costs resulted in an extremely adverse operating environment, we worked nonetheless to realize appropriate sales prices through successive price revisions. Where value-added products are concerned, we unveiled several highly functional products, including *Nisshin VegeFruit Oil* and *Nisshin Canola Oil Eco-UP*, further lifting the percentage of premium oils.

In home-use edible oils, the Group promoted the expansion in sales of high-value-added products with high profit margins, such as *Nisshin Healthy Resetta*, *Nisshin Healthy Choleste*, *Nisshin Canola Oil* and *Nisshin VegeFruit Oil*, while continuing to move simultaneously to align sales prices with increased prices for raw materials and other costs. Consequently, sales prices rose year on year despite slightly lower sales volume.

In gift packages, the Group recorded brisk sales of healthy oil gifts and variety gifts combining different oils, with growth most noticeable in gifts containing *Nisshin Healthy Resetta* and *Nisshin Healthy Choleste*. The result was higher sales volume and sales prices for the year.

In edible oils for food services and edible oils for processed food manufacturers, while sales volumes declined year on year on lower demand caused by economic deterioration, selling prices improved over the previous fiscal year thanks to ongoing efforts to set appropriate prices.

In soybean meal, sales prices rose from the previous fiscal year despite lower sales volume accompanying a decrease in the volume of soybeans crushed. Meanwhile, selling prices for rapeseed meal edged lower year on year, despite increased sales volume reflecting an increase in the volume of rapeseed crushed.

OVERSEAS OILS AND MEAL BUSINESS

Overseas, following similar steps in Taiwan and South Korea, the Group pursued business expansion initiatives that included obtaining official approval of *Healthy Resetta* in China as a certified health food, and the launch of product sales. Dalian Nisshin Oil Mills, Ltd. recorded increased sales year on year,



Nisshin Canola Oil
Healthy Light



BOSCO Extra
Virgin Olive Oil



Fat Spread Resetta Soft

as well as growth that reversed the previous year's net loss to achieve profitability. This performance came despite a tough operating environment similar to that of Japan, characterized by a growing cost burden for raw materials.

PROCESSED OILS AND FATS BUSINESS

At Intercontinental Specialty Fats Sdn. Bhd. in Malaysia, the Group strove to maintain stable earnings largely through continued capital investments designed to support expansion of its specialty oils and fats operations. On the sales front, the Group posted sharply higher sales volume and sales, reflecting favorable exports mainly to Europe and brisk domestic sales in Malaysia. In terms of profit, while profitability remained at roughly the same level as the previous fiscal year, the contribution to consolidated business results was smaller than a year earlier due to changes in exchange rates caused by the yen's appreciation. We also acquired an equity stake in Daito Cacao Co., Ltd. in March 2009 to put in place an integrated framework encompassing chocolate raw materials through to finished products, and to build a solid business base.

As a result, sales in the Oils and Meal Business rose 14.4% year on year to ¥314,215 million (including intersegment sales).

FUTURE STRATEGY AND OUTLOOK FOR FISCAL 2009

DOMESTIC OILS AND MEAL BUSINESS

Buffeted by the global economic recession triggered by the U.S. financial crisis, the severe drop in consumer spending in Japan is set to grow more acute, with a recovery still distant at this time. And while the market for soybeans and rapeseed, the raw materials for edible oil, has seen prices fall substantially from historic highs following the outflow of speculative capital and other developments, Nisshin OilliO still faces an adverse cost environment as prices remain elevated on peaking demand from newly emerging economies.

In the oils and meal business in Japan, the Group, guided

by Phase 1 of the *GROWTH 10* medium-term management plan, will endeavor to realize price adjustments in line with costs, and to supply safe and dependable products and services in a reliable manner. In parallel, we will take steps to attain stable earnings. To realize this goal, we will work to secure greater cost competitiveness through an extensive pursuit of efficiency, as well as expanded sales of value-added products through the successive market launch of high-value-added products and stronger proposal-based sales.

OVERSEAS OILS AND MEAL BUSINESS

Outside Japan, we plan to raise the profile of the Nisshin OilliO Brand in China by establishing a new production and sales framework for, and expanding sales of, the version of *Healthy Resetta* localized for China and medium-value-added oils.

PROCESSED OILS AND FATS BUSINESS

For the processed oils and fats business, in addition to further expanding our operations for oils and fats for chocolate by enhancing the production capacity of Intercontinental Specialty Fats Sdn. Bhd., the Group will seek to generate new value by integrating its own technology with that of Intercontinental Specialty Fats Sdn. Bhd. and Daito Cacao Co., Ltd. In Japan, we will continue our drive to expand sales of palm oil-related products that take advantage of functions and characteristics unique to palm. In taking an equity stake in Daito Cacao Co., Ltd. and making it a consolidated subsidiary, the Company will effectively leverage the management resources possessed by both companies to develop new products and technologies in its chocolate production and processed oils and fats operations. In tandem, we will use this move as an opportunity to maximize synergies that will spur business expansion in Japan and overseas.

By rigorously executing these initiatives, the Group is projecting sales of ¥294,000 million (including intersegment sales) for this business in fiscal 2009.



Nisshin Canola Oil for the food service sector



Nisshin Doughnut Pro200M



Soybean meal