

The Nisshin OilliO Group
Integration Benefits and Overseas Expansion



Nisshin OilliO Group

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The Nisshin OilliO Group, Ltd.

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Jokei Akitani, President



Steps to Achieving Integration Benefits

	Year Enacted	Manufacturing Integration	Logistics Integration	Purchasing Integration	Personnel Integration	Base Consolidation
Reduced logistics costs through lower fee rates	2002		0			
Joint purchase of packaging materials	2002			0		
Consolidation of Head Office and sales bases	2002-2003					0
Halt of filling operations at Nikko Oil Mills plant in Chiba Pref.	2003	0	0			
Halt of filling operations at The Nisshin OilliO plant in Fukuoka Pref.	2003	0	0	0		
Halt of filling operations at Nikko Oil Mills plant in Mizushima	2003	0	0	0		
Halt of operations at one Nisshin OilliO crushing line in Isogo	2003	0				
Unification of packaging and design changes	2003-2004			0		
Joint purchase of auxiliary manufacturing materials	2002-2003			0		
Joint purchase of raw materials	2003-2004			0		
Shift of personnel to second core business	2003				0	
Joint logistics for three merged companies	2003-2004		0			
Participation of Rinoru and Nikko in food distribution system run by three other companies	2003-2004		0			
Mutual supply (manufacturing)	2004	0	0			

Enhanced Capacity at Dalian Nisshin Oil Mills

At Dalian Nisshin Oil Mills, Ltd. :

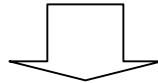
- Sustain full-scale operations, maximize cost-effectiveness of current facilities
- Accelerate shift of Japanese processed food manufacturers to production in China
- Consolidate domestic oil crushing lines and take other action in response to lower duties on imports



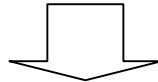
Construct a 2,000t/day soybean extraction plant
and a 200t/day low-denatured defatted soybeans processing plant

Establish a Holding Company

The East Asian Oils and Fats Marketing Department was established in April 2002 and upgraded to a business division in October the same year. The goal is to construct optimum sales channels via cooperation with sales bases throughout China.



It is now necessary to pool all assets in China, including products, technology and human resources, to provide a comprehensive approach to customers.



A holding company will be established in China (tentatively scheduled for October 2003) to overcome systemic challenges and to realize a comprehensive, customer-oriented approach.



Main Reasons for Establishing a Holding Company

1. Allows implementation of comprehensive investment strategies for the Chinese market
2. Companies under the holding company can use its domestic sales capabilities to achieve a more efficient sales system in China
3. Allows for better business support, particularly quality assurance and technology services, for companies under the holding company
4. Allows smooth transition of back-office and management functions for overseas investment activities originating at the Head Office
5. Provides a vital point of contact for the Nisshin OilliO Group in China



Holding Company-Based System in East Asia

