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Summary of Financial Statements for the Year Ended March 31, 2010

May 13, 2010

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange and Osaka Securities Exchange
Securities Code: 2002 URL: http://www.nisshin.com.
Representative: Ippei Murakami, President
Contact: Izumi Inagaki, Senior Executive Officer and General Manager of Public Communications Department, General Administration Division
Tel.: +81-3-5282-6650
Date to hold the Ordinary General Meeting of Shareholders to approve results: June 25, 2010 Date to start distributing dividends: June 28, 2010
Date to submit the Securities Report: June 25, 2010

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2010	443,728	(4.9)	26,576	22.2	29,327	19.1	16,839	21.6
Fiscal 2009	466,671	8.1	21,755	13.4	24,618	11.0	13,852	24.3

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2010	67.77	67.76	6.4	7.6	6.0
Fiscal 2009	55.75	55.74	5.4	6.5	4.7

(Reference) Equity in earnings of affiliates: FY2010: ¥946 million; FY2009: ¥767 million.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2010	396,317	303,226	68.8	1,097.72
March 31, 2009	370,879	286,094	69.3	1,034.49

(Reference) Equity capital: FY2010: ¥272,755 million; FY2009: ¥257,041 million.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2010	47,484	(52,393)	(5,684)	29,975
Fiscal 2009	20,072	(10,235)	(6,675)	40,339

2. Dividends

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
(Record date)	Q1	Q2	Q3	Q4	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2009	–	9.00	–	9.00	18.00	4,473	32.3	1.7
Fiscal 2010	–	10.00	–	12.00	22.00	5,468	32.5	2.1
Fiscal 2011 (forecast)	–	10.00	–	10.00	20.00		33.4	

Note: The 2010 year-end dividend per share consisted of ¥10.00 as an ordinary dividend and ¥2.00 as a commemorative dividend.

3. Forecasts of Consolidated Business Results for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	213,000	(6.1)	10,700	(12.2)	12,000	(12.2)	6,700	(20.0)	26.96
Full year	429,000	(3.3)	23,900	(10.1)	26,400	(10.0)	14,900	(11.5)	59.97

4. Other Information

(1) Any change in important subsidiaries involving a change in the scope of consolidation during the year: None

(2) Any changes in accounting policies and procedures and/or the method of presentation for preparing consolidated financial statements (as stated in the "Changes in Basis of Presentation of Consolidated Financial Statements")

1. Changes associated with the revision of accounting standards: Yes
2. Changes other than the above: None

Note: Refer to "Change in Accounting Policies" under the Basis of Presentation of Consolidated Financial Statements on pages 25–28.

(3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding as of the year-end (including treasury shares): FY2010: 251,535,448 FY2009: 251,535,448
2. Number of treasury shares as of the year-end: FY2010: 3,059,826 FY2009: 3,063,086

Note: For the number of shares based on which to compute consolidated net income per share, see page 47, "Per Share Information."

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Non-Consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2010	24,437	28.6	10,716	55.0	12,028	42.4	13,104	47.0
Fiscal 2009	19,006	1.9	6,912	(6.6)	8,447	(5.9)	8,916	(12.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2010	52.72	52.71
Fiscal 2009	35.88	35.87

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2010	232,592	214,563	92.2	862.95
March 31, 2009	217,275	203,983	93.9	820.58

(Reference) Equity capital: FY2010: 214,479; FY2009; ¥203,945 million

2. Forecasts of Non-Consolidated Business Results for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	19,200	4.3	12,600	6.1	13,100	4.6	13,300	0.2	53.51
Full year	24,800	1.5	11,900	11.0	13,100	8.9	13,400	2.3	53.91

Statement regarding the proper use of financial forecasts and other special remarks

The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized. For details of assumptions for financial forecasts and other related matters, see pages 4–6 and page 8.

I. Business Performance

(1) Analysis of Business Performance

① Overview of the Period Under Review

During the period under review, the worldwide economic downturn brought increasingly severe market environments, such as continued sluggishness in consumer spending. In response, we executed sales expansion measures in all business segments, including the development and launch of new products that address the growing tendency to save money and cook at home and the diversification of consumer needs, as well as aggressive advertising campaigns. Group-wide cost-cutting efforts were also exerted. Furthermore, we started full-scale operation of additional lines at the Higashinada Plant in September 2008. In addition, we revised downward our product prices to reflect reductions in the government's sales prices for imported wheat by 14.8% and 23.0% on average in April and October 2009, respectively.

The efforts we initiated in April 2009 to achieve the goals set forth in the "Nisshin Seifun Group Action Plan GO, 2010," a two-year management plan from April 2009 to March 2011, are progressing steadily in all business segments.

As a result, consolidated net sales decreased 4.9% compared with the previous year to ¥443,728 million, reflecting the downward product price revisions. However, profits increased due to favorable shipments of the Processed Food segment's major product lines, including household-use flour and prepared mix, and products from our overseas businesses; the effects of productivity improvement measures, including the integration of the Higashinada and Kobe flour milling plants; and continued cost-cutting efforts to reduce fixed costs and improve purchasing and logistics operations. Operating income rose 22.2% to ¥26,576 million, ordinary income increased 19.1% to ¥29,327 million and net income advanced 21.6% to ¥16,839 million.

The year-end dividend for the year ended March 2010 will be ¥12 per share, consisting of ¥10 per share as an ordinary dividend and ¥2 per share to commemorate the company's 110th anniversary. Combined with the interim dividend of ¥10 per share paid in December 2009, the annual dividend for the year under review will be ¥22 per share.

【Business Overview by Segment】

(1) Flour Milling Segment

Given the severe market environment due to the sluggish economy, the company explored new markets by reinforcing relationships with customers and intensifying efforts to create new demand, such as suggesting new menus and opportunities to eat bread and noodles. As a result, commercial flour shipments increased from the previous year's level. In May and November 2009, downward revisions were made on the prices of commercial wheat flour to reflect the average 14.8% and 23.0% declines in the government's sales prices for imported wheat in April and October 2009, respectively.

As represented by the September 2008 start of full-scale operation of the new lines installed at the Higashinada Plant and the resulting closure and integration of the Kobe Plant, the company promoted cost-cutting efforts by increasing productivity and improving distribution, and proceeded with measures to enhance product reliability and safety.

Prices for bran, a byproduct of the milling process, remained low throughout the period.

In overseas operations, aggressive marketing efforts led to an increase in shipments from the previous year.

As a result, Flour Milling Segment sales decreased 10.0% from the previous year to ¥179,413 million. Operating income, meanwhile, rose 13.6% to ¥13,611 million.

(2) Processed Food Segment

With sluggish personal consumption as a result of the harsh business conditions, the processed food business introduced a number of new products—19 in August 2009 and 26 in February 2010—responding to the growing tendency to cook at home and the diversification of consumer needs. These moves, combined with intensive advertising and promotion efforts, led to steady shipments of household-use flour and prepared mix products. However, sales of the processed food business fell below the previous year's level, primarily due to downward price revisions reflecting the reduction of the government's prices for imported wheat. In the prepared dishes and other prepared foods business, the company steadily implemented measures to improve profitability. In the overseas business, aggressive product proposals aimed at attracting new customers raised shipments from a year earlier.

In the yeast and biotechnology business, sales of the yeast business surpassed the previous year's level, owing to the favorable performance of yeast, bread improvers and flour paste. Meanwhile, despite the favorable sales of diagnostic reagents and feedstuff on a consignment production basis, sales of the biotechnology business declined from the previous year, reflecting the transfer of the fish-farming feed business and sluggish sales of culture media and serum.

Sales for the healthcare foods business sank from a year earlier in the persistently harsh market environment, despite focused efforts to expand sales of consumer products via mail order.

Overall, Processed Food Segment sales decreased 2.6% to ¥223,698 million, whereas operating income increased 34.3% to ¥10,393 million.

(3) Others Segment

Sales of the pet food business increased from the previous year owing to aggressive sales expansion measures, including the expansion of the *JP-Style* premium dry-type dog food line for stores, and steady sales of dry food products for dogs and cats.

Sales of the engineering business increased from the previous year because large projects of the mainstay plant engineering business countered the continued sluggishness of capital investment in related industries.

In the mesh cloths business, we endeavored to create new demand, for example, by launching high-performance flu masks featuring the new antivirus technology "Cufitec" in November 2009. However, overall sales of the products in this business, including the mainstay mesh cloths for screen-printing applications, industrial materials and forming filters, declined from the previous year, reflecting sluggish demand in the printed circuit board and automobile parts industries.

As a result, Others Segment sales rose 8.0% to ¥40,616 million. Operating income increased 10.1% to ¥2,207 million.

② Business Outlook

Despite some signs showing that the domestic economy has hit bottom, the high unemployment rate and worsening income environment are expected to prolong deflationary pressures, which will cause continued stagnancy in consumer spending. Accordingly, severe operating environments are expected to continue in the foreseeable future for the Nisshin Seifun Group's mainstay businesses: flour milling and processed food. However, we will continue to engage in aggressive advertising and promotional activities to expand shipments. In addition, we will continue R&D investments to develop and launch new products that present higher value and meet increasingly diversified consumer needs. Overseas, we will expand existing businesses, while working to realize new businesses as well. The price of bran, a byproduct of the flour milling process, is expected to fluctuate with the grain market and other factors.

Considering the above factors and the additional reduction of 5% on average in the government's sales prices for imported wheat in April 2010, we expect the group's consolidated net sales for the fiscal year ending March 2011 to be ¥429,000 million, or a decrease of 3.3% from the previous year, with operating income down 10.1% to ¥23,900 million, ordinary income down 10.0% to ¥26,400 million and net income down 11.5% to ¥14,900 million.

During the fiscal year ending March 31, 2011, which marks our 110th anniversary, we will execute the aforementioned measures in an effort to surpass the above forecasts.

(1) Flour Milling Segment

In the flour milling business, the company will further increase its market share by creating demand through product development and sales promotional efforts that swiftly and accurately identify consumer needs and by taking actions to strengthen customer relationships. In addition, the company will secure earnings through productivity improvement and cost-cutting measures, including the closure of the Kitami Plant in November 2010, and step up measures to ensure product safety and reliability.

Regarding wheat, or a raw material of our products, the government's sales prices of imported wheat were lowered by an average of 5% for the five different brands in April 2010. In response, we revised the prices of our commercial flour downward in May 2010.

The price of bran, a byproduct of the milling process, is expected to remain low, due to the influence of the grain market and other factors.

In overseas operations, the company will continue to expand businesses in North America and Thailand, including the introduction of additional lines for capacity improvement into the Chilliwack Plant of Rogers Foods Ltd. in Canada, which will start operation in the fall of 2010, and to explore new business opportunities.

(2) Processed Food Segment

For the processed food business, the company, as a "mealtime solution provider," will promote the development of new products based on the concepts of true simplicity and good health, stimulate demand by pursuing aggressive advertising and promotion activities, and implement cost-cutting measures in every process of production, purchase and distribution. The prepared dishes and other prepared foods business will seek sales expansion by developing menus and offering product proposals to better suit customer needs—for example, the April 2010 launch of "Ichiju Tasai," a prepared food product enabled by the company's accumulated antibacterial technology—while strengthening alliances with mass retailers, and continue to carry out cost-cutting measures. In overseas development, the company will accelerate the expansion of a business targeted at bakeries, which is expected to see market growth in China and Southeast Asia in the next few years.

The yeast business will continue to promote proposal-based marketing efforts to reinforce the development of high-value-added products, while tapping into new markets as well that are not related to bread making. The biotechnology-related business will actively engage in services that support the research and development of new drugs; promote the launch of new products, chiefly diagnostic reagents; and expand the food analysis business, including tests for allergens and residual pesticides.

The healthcare foods business will put forth efforts to improve productivity and reconstruct its sales system, and, as a healthcare foods manufacturer distinguished by an emphasis on a scientific approach, the company will search for new materials and develop new products, while seeking to expand sales of consumer products particularly through the mail-order business.

(3) Others Segment

In the pet food business, the company will expand its premium food business with a focus on safety, reliability and health by leveraging its advantages as a domestic manufacturer, and put forth efforts associated with its LIFE20 program for promoting the longevity of pets, while continuing to engage in aggressive marketing activities.

For the engineering business, the company will focus its resources on areas in which it has an expertise, while paying attention to the capital investment of related industries. In particular, it will concentrate on expanding orders for plant engineering services in the field of food manufacturing and on generating orders for commissioned powder processing and sales of machines.

The mesh cloths business will continue to implement cost-cutting measures aimed at fundamental strengthening and proceed with market launches of new products based on proprietary technologies, such as the “Cufitec” antivirus technology.

(2) Analysis on Financial Position

① Overview of the Period under Review

The status of assets, liabilities and net assets on a consolidated basis at the end of the year ended March 31, 2010, was as follows.

Current assets increased ¥21,493 million from the previous year-end to ¥196,606 million as increases in cash and deposits, short-term investment securities and other asset categories outweighed a decrease in inventories. Noncurrent assets increased ¥3,943 million to ¥199,710 million mainly due to a rise in investments and other assets. As a result, total assets increased ¥25,437 million to ¥396,317 million. Current liabilities increased ¥5,755 million to ¥62,137 million chiefly due to an increase in income taxes payable. Noncurrent liabilities increased ¥2,549 million to ¥30,953 million mainly because of a rise in deferred tax liabilities. As a result, total liabilities increased ¥8,304 million to ¥93,090 million. Net assets advanced to ¥303,226 million, or ¥17,132 million higher than at the previous year-end, as a positive contribution in the form of net income and an increase in valuation difference on available-for-sale securities surpassed a decrease due to dividend payments.

The status of consolidated cash flows for the fiscal year ended March 31, 2010, was as follows.

Net cash provided by (used in) operating activities

Income before income taxes and minority interests totaled ¥29,304 million, and depreciation and amortization amounted to ¥14,998 million. In addition, the decrease in working capital in response to government price reductions for imported wheat resulted in net cash provided by operating activities of ¥47,484 million.

Net cash provided by (used in) investing activities

Mainly due to the payments into time deposits with terms exceeding three months and marketable securities that surpassed proceeds therefrom by ¥39,137 million and outlays of ¥13,936 million for tangible and intangible fixed assets, net cash used in investing activities came to ¥52,393 million.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an outflow of ¥4,909 million. This was chiefly because the funds earmarked for future strategic investments were invested in time deposits with terms exceeding three months and short-term investment securities.

Net cash provided by (used in) financing activities

Distributing profits to shareholders, the company paid interim dividends of ¥4,722 million, or an increase of ¥1 per share from the previous year. This resulted in net cash used in financing activities of ¥5,684 million.

As detailed above, the cash inflow from consolidated operating activities in the fiscal year ended March 31, 2010, was allocated to strategic capital spending and the payment of dividends as returns to shareholders. In addition, funds earmarked for future strategic investments were invested in time deposits with terms exceeding three months and short-term investment securities, with emphasis placed on safety and the efficient management of these funds. As a result, consolidated cash and cash equivalents at the end of the fiscal year ended March 31, 2010, totaled ¥29,975 million, a decrease of ¥10,364 million from the previous fiscal year-end.

② Outlook for the Next Fiscal Year

The company forecasts that cash and cash equivalents as of March 31, 2011, will remain almost unchanged from those as of March 31, 2010, because the funds increased mainly due to net income of ¥14,900 million that will be used for strategic capital investment and the return of profits to shareholders.

For the return of profits to shareholders, the company will increase the year-end ordinary dividend by ¥1 per share for the year ended March 31, 2010, to which a dividend of ¥2 per share to commemorate the 110th anniversary will be further added.

③ Cash-Flow Indicators

The main cash flow indicators for the Nisshin Seifun Group are as follows:

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Equity ratio (%)	66.3	67.9	69.3	68.8
Market value–based equity ratio (%)	74.4	69.2	70.5	75.7
Ratio of interest-bearing debt to operating cash flow (years)	0.5	0.2	0.2	0.1
Interest coverage ratio (times)	100.7	149.7	121.1	488.7

Notes:

Equity ratio = Equity capital / Total assets

Market value–based equity ratio = Market capitalization / Total assets

Ratio of interest-bearing debt to operating cash flow = Interest-bearing debt / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest expense

1. All of the above cash-flow indicators are calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of outstanding shares (excluding treasury common stock) as of the corresponding fiscal year-end.
3. Operating cash flow equals net cash provided by operating activities as stated in the Consolidated Statements of Cash Flows. Interest-bearing debt refers to bonds and debt as stated in the Consolidated Balance Sheets. Interest expense is equal to interest payments as stated in the Consolidated Statements of Cash Flows.

(3) Basic Policy on Profit Distribution and Dividends for FY2010 and FY2011

The company aims to meet the expectations of shareholders to distribute profits, based on the current and future profitability of the business and the financial position, in addition to targeting a payout ratio of at least 30% on a consolidated basis.

For the year ended March 31, 2010, the company intends to increase the per share annual ordinary dividend by ¥2 to ¥20, and add a commemorative dividend of ¥2 per share to celebrate its 110th anniversary, which will result in a total annual dividend of ¥22 per share. Accordingly, the company will submit to the Ordinary General Meeting of Shareholders a proposal for distribution of surplus to pay a year-end dividend of ¥12 per share.

With the aim of raising future corporate value, the company prioritizes the use of retained earnings for strategic investments in areas of growth opportunity so that return on capital is maximized from a long-term perspective. The company also adopts a dynamic posture on shareholder returns.

Furthermore, the company operates a system of special privileges for shareholders. Under this system, shareholders may request the delivery of certain products of the Nisshin Seifun Group.

For the year ending March 2011, the company plans to pay an annual dividend of ¥20 per share, in line with the aforementioned policy of profit distribution.

(4) Business Risks

Risks that could have an impact on the business performance, share price and financial position of the Nisshin Seifun Group are outlined below.

All matters relating to the future in the section below are based on the current views of the Nisshin Seifun Group as of the date of publication of the Summary of Financial Statements (May 13, 2010).

1) Economic conditions and industry environment

The Nisshin Seifun Group continues to work to reinforce its earnings base so as to minimize the impact of economic and industry conditions on business results. However, increased competition in the Japanese domestic market may cause shipment levels to fluctuate or prices of the company's major products to decline. Other risks include losses caused by the failure of investment or business partners.

2) Wheat policy reforms and international trade discussions

Although the Nisshin Seifun Group has undertaken structural reforms of its flour milling and processed food businesses to build a strong earnings base, these businesses remain subject to risk due to the outcome of ongoing World Trade Organization (WTO) negotiations on agriculture, and bilateral free trade agreements (FTAs) and economic partnership agreements (EPAs), as well as possible changes in the Japanese government's domestic wheat policy, which might cause serious ramifications for the domestic flour industry and the markets for secondary processed products; industry restructuring; and changes in methods of wheat procurement. In April 2007, the Japanese government introduced a market-linked wheat pricing system. In October 2010, the government plans to introduce a method of selling imported wheat immediately after it is imported without storing it for a specified period. Continued changes in the government's wheat policy could significantly change the handling of wheat (including policies governing the government's purchase, stockpiling and sale of wheat), which may also constitute a risk factor for the company's flour milling and processed food businesses.

3) Product safety

Growing concerns over food safety put increasing pressure on the food industry to ensure the safety of the food it supplies. The Nisshin Seifun Group continues to upgrade efforts to improve its product quality assurance systems, but group operations are exposed to a variety of safety-related risks due to external and other factors. Events beyond the scope of the company's projections could lead to product recalls or the discovery of defective items. The Nisshin Seifun Group is exposed to similarly unpredictable risks, which could result in defective items, also on the raw material procurement side.

4) Sharp increases in raw materials prices

The Nisshin Seifun Group continues to aim to develop low-cost operations to ensure that earnings are more resistant to the possibility of future wheat market deregulation. Nevertheless, the company remains exposed to the risk of changes in raw material prices, and higher costs for distribution and raw materials, including packaging, due to oil price rises. The resulting sharp rises in purchasing costs could make it impossible for the company to achieve cost reductions. In addition, the group's business performance could be adversely affected if a significant rise in the cost of purchasing raw materials and products due to an increase in imported wheat prices and other reasons was not offset by revisions in the selling prices of wheat flour, processed foods and other products.

5) Foreign exchange movements (principally yen-dollar, yen-euro and yen-baht)

Although the Nisshin Seifun Group uses currency forwards and other hedging tools to minimize the impact of foreign exchange movements on results, the sourcing of some raw materials and other inputs from overseas exposes some group operations to the risk of variance in purchasing costs due to currency market fluctuations, particularly in processed food. The operational performance and financial position of overseas operations may also vary due to changes in the value of the yen. In flour milling operations, the level of prices for imported bran, which vary according to foreign exchange movements, also affect the price of bran, a milling by-product.

6) Contract manufacturing

The Nisshin Seifun Group contracts out the manufacturing of some products to optimize production efficiency. Although the company makes suitable efforts to ensure that contract manufacturers adhere to the same levels of quality control and input purchase stability, the company remains exposed to the risk of the business failure of subcontractors due to circumstances beyond its control. Any such eventuality could result in higher purchasing costs or an interruption in product supply.

7) Information- and system-related risks

The Nisshin Seifun Group has established appropriate levels of management controls for its internal systems. Problems encountered with the operation of these systems have the potential to interrupt supplies to customers or to incur extra costs. Although the Nisshin Seifun Group maintains proper controls to thwart viruses and other computer-related problems and manage IT systems, any unforeseen attacks by viruses or unauthorized access to internal systems have the potential to interrupt supplies to customers. Other information- and system-related risks include the leakage of operationally sensitive data or confidential personal information, which could also result in higher costs or damage to the company's reputation.

8) Alliances with other companies

The Nisshin Seifun Group maintains alliances with other companies as part of efforts to optimize use of management resources and to maximize the benefits of technology. Disagreements with alliance partners could result in failure to realize such benefits.

9) Facility security and natural disasters

The Nisshin Seifun Group continues to work to upgrade its safety and site management systems to ensure the security of production plants and other facilities and to prevent accidents such as fires or explosions. Management, maintenance and repair systems are also in place to minimize any injury to personnel or damage to facilities in the event of natural disasters such as earthquakes or storms. However, events beyond the scope of the company's projections, including developments like epidemics or pandemics of new strains of influenza, could lead to damage or to the interruption of product supplies to customers.

10) Retirement benefits and pension liabilities

Calculations of Nisshin Seifun Group retirement benefits and pension liabilities are based on actuarial assumptions (such as the discount rate) and an expected rate of return on pension plan assets. There could be a material impact on the company's operating performance and financial position if actual results are significantly different from initial assumptions.

11) Regulatory compliance

Although the Nisshin Seifun Group continues to focus on upgrading legal and regulatory compliance, unforeseen events have the potential to result in higher costs.

12) Overseas incidents

Although the Nisshin Seifun Group makes efforts to prevent accidents at its overseas operations, the performance of these businesses is subject to various economic and political risks, and risks associated with developments like epidemics or pandemics of new strains of influenza, that could result in higher costs.

13) Intellectual property

Ongoing efforts by the Nisshin Seifun Group to protect its intellectual property notwithstanding, the launch and sale of similar products by other firms could be potentially detrimental to the value of the company's brands. In addition, the company also faces the risk of possible future claims against it by other companies for intellectual property infringement.

14) Environmental management

The environmental impact of Nisshin Seifun Group businesses is relatively low compared to other industries. Nevertheless, the company continues to make assiduous efforts to improve the environmental profile of Nisshin Seifun Group business activities in terms of environmental management systems, energy efficiency and waste reduction. Despite such efforts, events beyond the scope of the company's projections could force the company to undertake measures that result in higher costs.

II. Business Group Performance

Nisshin Seifun Group consists of 45 subsidiaries and 15 affiliates. The following is a description of the businesses of the group and the relationships among the subsidiaries and affiliates within their respective business segments. The business operations are grouped by business segment.

(1) Flour Milling Segment

Nisshin Flour Milling Inc., a consolidated subsidiary, produces flour and bran, a by-product, and sells them through sales agents. Fresh Food Service Co., Ltd., a consolidated subsidiary, primarily sells frozen foods and their ingredients and operates restaurants serving food using flour-based commercial ingredients. It purchases flour and other ingredients from Nisshin Flour Milling. Yamajo Shoji Co., Ltd., a consolidated subsidiary, and Ishikawa Co., Ltd., an affiliate accounted for by the equity method, are Nisshin Flour Milling sales agents. Ishikawa also sells packaging materials to Nisshin Flour Milling.

Rogers Foods Ltd. in Canada and Nisshin-STC Flour Milling Co., Ltd. in Thailand, both consolidated subsidiaries, produce flour and sell it in the North American and Asian markets, respectively. Four Leaves Pte. Ltd., an affiliate accounted for by the equity method, operates bakeries, primarily in Singapore.

(2) Processed Food Segment

Nisshin Foods Inc., a consolidated subsidiary, produces and sells prepared mix and other processed food products. It sells flour for household use purchased from Nisshin Flour Milling and frozen foods and other processed foods procured from companies outside Nisshin Seifun Group. Ma•Ma-Macaroni Co., Ltd., a consolidated subsidiary, produces pasta whose primary ingredient is flour produced by Nisshin Flour Milling and sells the pasta through Nisshin Foods. Initio Foods Inc., a consolidated subsidiary, produces and sells frozen and prepared dishes and also directly operates concessions in stores including department stores. Daisen Ham Co., Ltd., also a consolidated subsidiary, produces and sells processed meat products.

Medallion Foods Inc., a consolidated subsidiary in the U.S., produces pasta and Thai Nisshin Seifun Co., Ltd., a consolidated subsidiary in Thailand, produces pasta sauce and frozen food products. Nisshin Foods is the primary importer and seller of these products in Japan. Thai Nisshin Technomic Co., Ltd., a consolidated subsidiary, manufactures prepared mix and sells it in Southeast Asia. Shin Nisshin Seifun Foods (Qingdao) Co., Ltd., a consolidated subsidiary in China, manufactures prepared mix and sells it in mainland China. OYC Shanghai Co., Ltd., a consolidated subsidiary in China, sells commercial bakery materials, such as bakery mix and bread improvers, in China.

Oriental Yeast Co., Ltd., a consolidated subsidiary, manufactures and sells cake and bread ingredients and biochemical products, as well as operating a life science business.

Nisshin Pharma Inc., a consolidated subsidiary, manufactures and sells healthcare foods and pharmaceuticals.

(3) Others Segment

Nisshin Petfood Inc., a consolidated subsidiary, manufactures and sells pet foods.

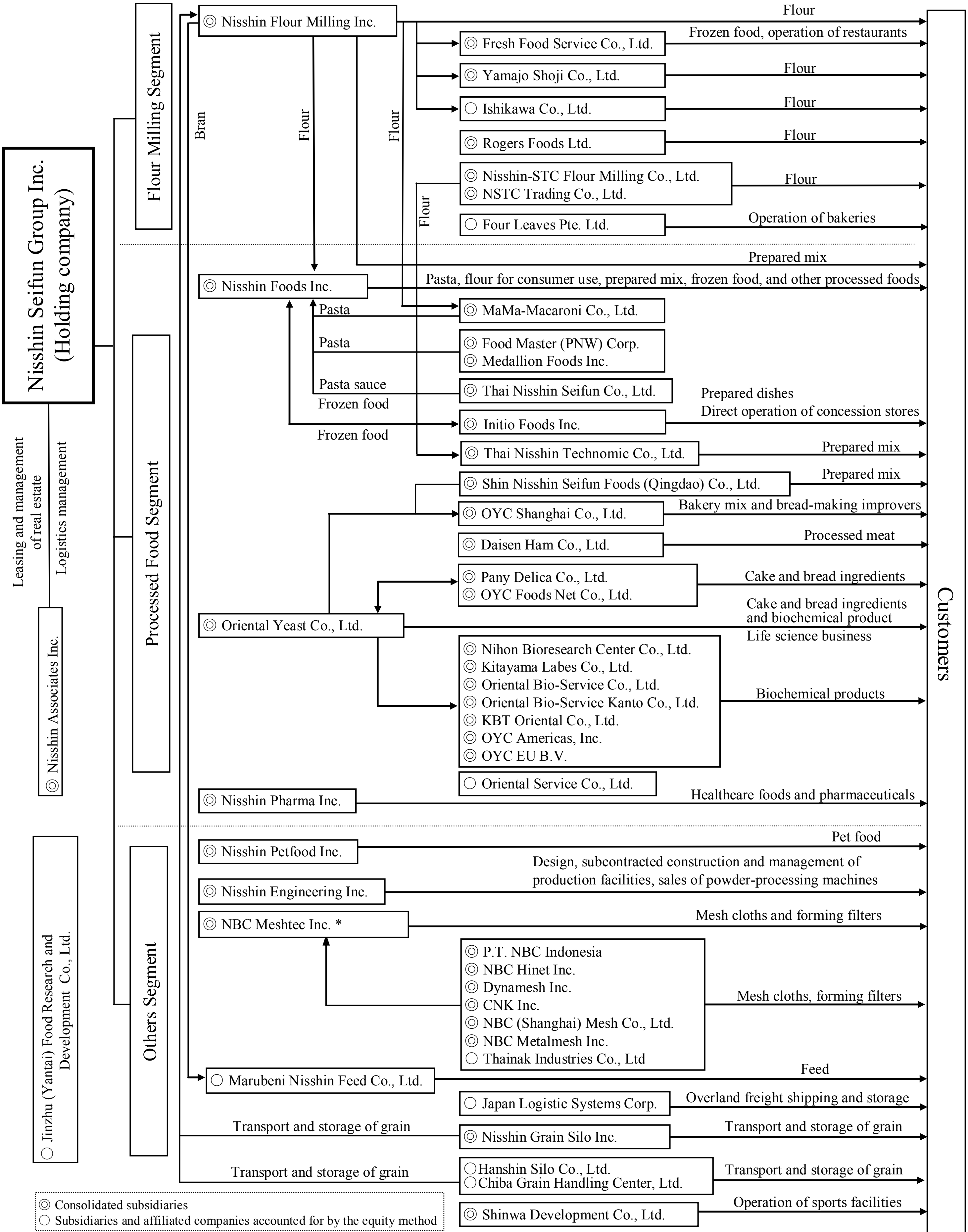
Nisshin Engineering Inc., a consolidated subsidiary, undertakes design, subcontracted construction and management of production and processing facilities for grain, food products, and chemical products. In addition, it manufactures and sells powder-processing machines and engages in powder-processing, as well as engaging in subcontracted construction for some Nisshin Seifun Group companies.

NBC Meshtec Inc., a consolidated subsidiary for which the trade name has been changed from NBC Inc., manufactures and sells mesh cloths and forming filters.

Marubeni Nisshin Feed Co., Ltd., an affiliate accounted for by the equity method, manufactures and sells compound feed.

Japan Logistic Systems Corp., an affiliate accounted for by the equity method, is engaged in overland freight shipping and storage. It ships and stores some of the group's products. Nisshin Grain Silo Inc., a consolidated subsidiary, Hanshin Silo Co., Ltd. and Chiba Grain Handling Center, Ltd., affiliates accounted for by the equity method, are engaged in transport and storage operations for grain. Shinwa Development Co., Ltd., a consolidated subsidiary, operates sports facilities.

The diagram on the following page illustrates the structure of the Nisshin Seifun Group



* NBC Inc. has been renamed as NBC Meshtec Inc.

Subsidiaries and Affiliates

Name	Location	Paid-in capital	Main business
Consolidated subsidiaries		Millions of yen	
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	14,875	Production and sales of flour and prepared mix
Nisshin Foods Inc.	Chiyoda-ku, Tokyo	5,000	Sales of pasta, flour for consumer use, frozen foods, other products Production and sales of prepared mix
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya-shi, Tochigi	350	Production and sales of pasta
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of frozen and prepared dishes Direct operation of concessions in department stores, etc.
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of cake and bread ingredients and biochemical products, life science business
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals
Nisshin Petfood Inc.	Chiyoda-ku, Tokyo	1,315	Production and sales of pet foods
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, subcontracted construction and management of production facilities, sales of powder-processing machines
NBC Meshtec Inc.	Hino-shi, Tokyo	1,992	Manufacturing and sales of mesh cloths and forming filters
31other consolidated subsidiaries			
Subsidiaries and affiliated companies accounted for by the equity method			
Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of feed
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Freight shipping and storage
7 other companies			

Notes: 1. Nisshin Flour Milling, Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma, Inc., NBC Meshtec Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are special-purpose subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are included in other consolidated subsidiaries.

2. The following companies are listed on stock exchanges in Japan:

Subsidiaries: Oriental Yeast Co., Ltd. (Second Section of the Tokyo Stock Exchange)
NBC Meshtec Inc. (Second Section of the Tokyo Stock Exchange)

Affiliated company accounted for by the equity method: Japan Logistic Systems Corp. (JASDAQ)

3. NBC Inc. has been renamed as NBC Meshtec Inc.

III. Business Policies

(1) Basic Business Policy

Nisshin Seifun Group Inc. espouses two corporate philosophies: "the basis of business is built on trust" and "in tune with the changing climate." In combination with the principle "to contribute to a healthy and fruitful life for all," these philosophies have formed the foundation for the company to achieve continued growth and expansion of its businesses. In addition, the company has adopted "Delivering Good Health and Reliability" as its corporate slogan. This expresses the commitment that every Nisshin Seifun Group member firm should strive to deliver products and services that contribute positively to health and build consumer trust.

Based on this philosophy, in its role as the holding company of the Nisshin Seifun Group, the company specifies long-term maximization of corporate value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses with growth potential.

The company also promotes internal reform while fulfilling its corporate social responsibilities in terms of enhancing its internal control systems, legal and regulatory compliance, food safety, environmental protection and social contribution. The Nisshin Seifun Group is fully committed to gaining the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

(2) Medium-to-Long-Term Business Strategy and Target Indicators

To sustain the growth based on the firm earnings base it has established, the Nisshin Seifun Group is currently promoting the new two-year management plan "Nisshin Seifun Group Action Plan GO, 2010" for the period from April 2009 to March 2011.

To achieve the objectives laid out in this plan—such as to secure overwhelming market share in Japan and to become a business group with a cost structure (realization of cost reductions based on new concepts) capable of absorbing fluctuations in raw material and energy markets—the group is implementing specific strategies and measures as action plans.

At the same time, the group will put forth continued efforts to reinforce its quality assurance system so that the safety of products can be guaranteed for customers.

Through the implementation of such strategies, the group aims to achieve sustained growth in earnings per share (EPS) over the long term, while also greatly raising group value through raising net sales, ordinary income, net income and return on equity (ROE: defined as net income divided by shareholders' equity). The group has already attained the goal of ordinary income originally set for the final year of the management plan—the year ending March 2011—so it will set a new goal for the year and make continued efforts to achieve it.

(3) Prospective Challenges for the Company

The company plans to invest in three areas as core businesses: flour milling "the best in the world"; processed food "a growth business"; and healthcare and biotechnology "good prospects for the future". It will pursue management appropriate for a growing company group, which includes having a strong presence in other businesses.

1) Segmental Overview of Business Strategy

To further solidify its overwhelming competitive advantage in the domestic market and increase its market share, the flour milling business will further strengthen marketing initiatives to create new markets through the proposal of new products accurately reflecting customer needs, and through other means, as well. In addition, it will proceed with initiatives aimed at low-cost operation, as well as production system efficiency and productivity improvements, for example, through the November 2010 closure of the Kitami Plant in Hokkaido, which is a small plant that suffers a relatively high cost of production. After the closure, the Hokkaido Wheat Center will be built on the site as a base to strengthen relationships with local wheat producers.

The processed food business will strive to accelerate the introduction of new products utilizing the company's proprietary technologies and achieve expansion in growth areas like prepared dishes and commercial prepared mixes, while making accelerated efforts to seek a larger market share even for those items that have already attained the top share. Meanwhile, it will reinforce the premix production system, for example, through premix line additions at the Tatebayashi Plant, which started full-scale operation in July 2009, and the renovation of the premix lines at the Nagoya Plant to be completed this fall.

With an aging Japanese society and generally heightened awareness of health issues, the company continues to channel resources into development of the healthcare and biotechnology business, which is projected to grow. The goal in this sector is to develop the business to the point where it provides a third source of core earnings, on a par with flour milling and processed food. Oriental Yeast Co., Ltd., which is involved in the yeast and biotechnology business, aims to become a technology-oriented leader in the development of original yeast-based technology, an area with almost infinite possibilities. The firm is developing new products and technologies to support enhanced longevity and health. In particular, Oriental Yeast Co., Ltd. forms the nucleus of the Nisshin Seifun Group's biotech research strategy, which is expected to yield results across a variety of fields. Nisshin Pharma Inc., which is involved in the healthcare foods business, is revising its production and sales structure in line with the market environment, while, as a healthcare foods manufacturer distinguished by its emphasis on a scientific approach, it is focusing on researching new ingredients, developing and launching original products, and implementing effective advertising and promotion measures, all in a bid to expand sales of consumer products.

In other businesses, which include pet food, engineering and mesh cloths, the company aims to develop a significant presence and growth within each industry.

2) Global Development Strategy

As the domestic market faces a declining population, the company seeks to achieve further growth by accelerating the expansion of its international network. Group-wide efforts will be made by leveraging the expertise accumulated within the group to promote the expansion of overseas businesses so that they will attain a presence in the respective markets.

Regarding existing businesses, the Thai premix operation is moving forward with a 25% production capacity expansion scheduled to come on line in the summer of 2010. Rogers Foods Ltd. is steadily expanding its flour milling business in Canada, which is expected to go beyond its current production capacity. This is being addressed by raising the capacity of its Chilliwack Plant, and the upgraded plant will start operation in the fall of 2010, while promoting the reinforcement of supply systems to attain sales growth. Led by a body newly created for such purpose, the exploration of new businesses is under way through independent and joint investments in areas such as flour milling and processed food, where the group strengths can be applied to their fullest. In 2009, the Nisshin Seifun Group holding company and group members, Oriental Yeast Co. Ltd., Nisshin Flour Milling Inc., and Nisshin Foods Inc., launched a business to manufacture and sell bakery mixes, yeast, flour paste, and other products to bakeries in China and Thailand. In China, the company also opened the Shanghai R&D Center and is expanding its customer base through proposal-based marketing efforts.

3) R&D Strategy and Cost Strategy

The development of next-generation products and new business models to complement and drive the growth of existing businesses is another important goal for the Nisshin Seifun Group. High value-added, next-generation products that are novel and unique and can win customer support will be developed continuously. In research, the group will identify key fields to address and, through the establishment of research themes closely aligned with business strategies, will build an effective system for applying and commercializing research, and making these processes more efficient and speedy. For the year ending March 2011, the group will increase R&D investments to accelerate the development of new products and technologies.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the Nisshin Seifun Group will push ahead with cost structure reforms based on production and procurement cost reductions and build an operational foundation capable of securing earnings that properly reflect changing costs.

4) Measures Addressing Wheat Policy Reforms

Though developments concerning World Trade Organization (WTO) negotiations on agriculture, as well as bilateral free trade agreements (FTAs) and economic partnership agreements (EPAs) are moving along more slowly than anticipated, it is expected that the outcomes of these negotiations could have major consequences for the Nisshin Seifun Group's flour milling and processed food business and for wheat-flour-related industries. Since the introduction of the market-linked wheat pricing system, the government's sales prices for imported wheat have been repeatedly revised to reflect international wheat market movements, and the group has revised its relevant product prices accordingly. In October 2010, the government also plans to introduce a method of selling imported wheat immediately after it is imported without storing it for a specified period. The company is making the wheat-flour-related industries' position known to the government, providing its own viewpoints, and doing its best to help ensure that the industries can appropriately deal with the government's wheat policies. At the same time, the company plans to increase the pace of structural reforms and its global business development program to accelerate the evolution of the Nisshin Seifun Group into a strong, globally competitive enterprise.

5) Corporate Social Responsibility (CSR)

Besides making steady progress on these strategic business issues, the Nisshin Seifun Group has fulfilled its responsibilities as a corporate citizen in all its business activities, with the aim of retaining its status as a corporate entity that plays an essential role in society. To this end, the company established a committee to study and develop group operating companies' basic attitudes and their actions with regard to all their stakeholders. Thus, the company and all group operating companies have focused on developing enhanced compliance procedures to ensure all business activities are legal and appropriate. Other specific programs—all of which are ongoing—include the strengthening of quality control systems to improve traceability and quality assurance (QA) procedures from a consumer perspective, alongside a range of environmental protection measures such as reduction of waste and carbon dioxide emissions.

To ensure the safety and high quality of its products, the Nisshin Seifun Group is taking various measures at all business stages from material procurement and manufacturing to selling, and sparing no expense for that purpose on a continuous basis. In October 2009, the company set up the Customer Relations Office, which directly reports to the top management and is designed to identify the consumer mind-set and social trends and provide timely and appropriate direction as to what actions and measures need to be taken as a group. The CR Office cooperates with the group companies to gather consumer feedback and needs, as well as information on consumer administration, which helps enhance the group's consumer relations.

Recognizing the need for active efforts to reduce carbon dioxide emissions to prevent global warming, the company drew up a plan for achieving the Kyoto Protocol emission targets. The voluntary target the company is working to achieve under the plan is an 8.6% reduction in carbon dioxide emissions between the fiscal year ended March 1991 and the fiscal year ending March 2011. To this end, the company introduced in fiscal 2009 an internal emissions trading system as a way to effectively reduce carbon dioxide emissions. In addition, whereas ISO14001 environmental management certifications have traditionally been obtained on a site-by-site basis, the Nisshin Seifun Group obtained a group-wide certification in September 2008.

The group's corporate social responsibility (CSR) activities are clearly positioned among its most important management concerns. These activities receive a high reputation from independent rating agencies, media organizations and other bodies for high awareness among all group companies, effective management and the consistency of such efforts, as well as the state of disclosure.

The group is involved in an extensive range of social contribution activities. In particular, the company supports the activities of the UN World Food Programme for the eradication of hunger and poverty in the world through a dedicated internal office to fulfill its social responsibilities as a food supplier for solutions to the world's food problem. For internal control, the group is doing more than what is required by the Financial Instruments and Exchange Law by extensively reconstructing its internal control systems group-wide. These systems are monitored by a dedicated department (the Internal Control Department) to maintain their integrity and seek further improvements.

The Nisshin Seifun Group will continue to take actions to fulfill its corporate social responsibilities.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2009 (As of March 31, 2009)	Fiscal 2010 (As of March 31, 2010)
Assets:		
Current assets		
Cash and deposits	51,967	69,871
Notes and accounts receivable–trade	57,329	56,480
Short-term investment securities	8,799	21,648
Inventories	45,822	37,442
Deferred tax assets	4,480	5,262
Other	6,925	6,189
Allowance for doubtful accounts	(212)	(288)
Total current assets	**175,112**	**196,606**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	45,477	44,983
Machinery, equipment and vehicles, net	33,843	30,806
Land	32,939	33,167
Construction in progress	1,056	1,949
Other, net	3,333	3,251
Total property, plant and equipment	116,650	114,158
Intangible assets	3,482	3,827
Investments and other assets		
Investment securities	66,256	72,325
Long-term loans receivable	75	70
Deferred tax assets	3,105	3,056
Other	6,364	6,425
Allowance for doubtful accounts	(167)	(152)
Total investments and other assets	75,634	81,725
Total noncurrent assets	**195,767**	**199,710**
Total assets	**370,879**	**396,317**

	Fiscal 2009 (As of March 31, 2009)	Fiscal 2010 (As of March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	22,479	22,274
Short-term loans payable	2,943	2,864
Income taxes payable	4,691	7,708
Accrued expenses	13,470	14,007
Other	12,797	15,282
Total current liabilities	**56,381**	**62,137**
Noncurrent liabilities		
Long-term loans payable	336	271
Deferred tax liabilities	10,546	12,657
Provision for retirement benefits	8,587	9,113
Provision for directors' retirement benefits	311	337
Provision for repairs	1,498	1,504
Long-term deposits received	5,570	5,486
Negative goodwill	10	–
Other	1,542	1,582
Total noncurrent liabilities	**28,403**	**30,953**
Total liabilities	**84,785**	**93,090**
Net Assets:		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	9,446	9,448
Retained earnings	218,543	230,661
Treasury stock	(3,177)	(3,187)
Total shareholders' equity	**241,930**	**254,040**
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	17,220	20,303
Deferred gains or losses on hedges	43	105
Foreign currency translation adjustments	(2,153)	(1,693)
Total valuation and translation adjustments	**15,111**	**18,715**
Subscription rights to shares	**38**	**83**
Minority interests	**29,014**	**30,388**
Total net assets	**286,094**	**303,226**
Total liabilities and net assets	**370,879**	**396,317**

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)
Net sales	466,671	443,728
Cost of sales	334,992	306,675
Gross profit	**131,679**	**137,053**
Selling, general and administrative expenses	109,924	110,476
Operating income	**21,755**	**26,576**
Non-operating income	3,203	3,078
Interest income	432	301
Dividends income	1,255	1,068
Equity in earnings of affiliates	767	946
Rent income	350	337
Other	396	425
Non-operating expenses	340	327
Interest expenses	167	89
Other	172	238
Ordinary income	**24,618**	**29,327**
Extraordinary income	2,538	1,479
Gain on sale of noncurrent assets	1,234	43
Gain on sale of investment securities	160	1,027
Gain on liquidation of subsidiaries and affiliates	67	157
Gain on dissolving joint venture of pharmaceutical business	1,065	–
Gain on transfer of business	–	240
Other	10	10
Extraordinary loss	2,560	1,502
Loss on retirement of noncurrent assets	985	829
Loss on valuation of investment securities	882	–
Expenses for improving production systems	485	487
Other	207	185
Income before income taxes and minority interests	**24,596**	**29,304**
Income taxes – current	8,343	11,786
Income taxes – deferred	1,441	(798)
Total income taxes	**9,784**	**10,988**
Minority interests in income	**959**	**1,476**
Net income	**13,852**	**16,839**

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	17,117	17,117
Capital surplus		
Balance at the end of previous period	9,446	9,446
Changes of items during the period		
Disposal of treasury stock	–	2
Total changes of items during the period	–	2
Balance at the end of current period	9,446	9,448
Retained earnings		
Balance at the end of previous period	209,221	218,543
Increase (Decrease) due to changes in accounting treatments at overseas subsidiaries	(48)	–
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	13,852	16,839
Disposal of treasury stock	(8)	–
Total changes of items during the period	9,371	12,117
Balance at the end of current period	218,543	230,661
Treasury stock		
Balance at the end of previous period	(3,263)	(3,177)
Changes of items during the period		
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	238	97
Total changes of items during the period	85	(9)
Balance at the end of current period	(3,177)	(3,187)
Total shareholders' equity		
Balance at the end of previous period	232,521	241,930
Increase (Decrease) due to changes in accounting treatments at overseas subsidiaries	(48)	–
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	13,852	16,839
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	230	99
Total changes of items during the period	9,456	12,110
Balance at the end of current period	241,930	254,040

(Millions of yen)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	26,115	17,220
Changes of items during the period		
Net changes of items other than shareholders' equity	(8,894)	3,082
Total changes of items during the period	(8,894)	3,082
Balance at the end of current period	17,220	20,303
Deferred gains or losses on hedges		
Balance at the end of previous period	(250)	43
Changes of items during the period		
Net changes of items other than shareholders' equity	294	61
Total changes of items during the period	294	61
Balance at the end of current period	43	105
Foreign currency translation adjustment		
Balance at the end of previous period	791	(2,153)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,944)	459
Total changes of items during the period	(2,944)	459
Balance at the end of current period	(2,153)	(1,693)
Total valuation and translation adjustments		
Balance at the end of previous period	26,655	15,111
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,544)	3,603
Total changes of items during the period	(11,544)	3,603
Balance at the end of current period	15,111	18,715
Subscription rights to shares		
Balance at the end of previous period	8	38
Changes of items during the period		
Net changes of items other than shareholders' equity	29	44
Total changes of items during the period	29	44
Balance at the end of current period	38	83
Minority interests		
Balance at the end of previous period	30,653	29,014
Effect of changes in accounting policies applied to foreign subsidiaries	(72)	–
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,567)	1,374
Total changes of items during the period	(1,567)	1,374
Balance at the end of current period	29,014	30,388
Total net assets		
Balance at the end of previous period	289,839	286,094
Effect of changes in accounting policies applied to foreign subsidiaries	(120)	–
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	13,852	16,839
Purchase of treasury stock	(153)	(106)
Disposal of treasury stock	230	99
Net changes of items other than shareholders' equity	(13,082)	5,022
Total changes of items during the period	(3,625)	17,132
Balance at the end of current period	286,094	303,226

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)
I. Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	24,596	29,304
Depreciation and amortization	15,403	14,998
Increase (decrease) in provision for retirement benefits	278	524
Decrease (increase) in prepaid pension costs	(2,533)	(132)
Interest and dividend income	(1,688)	(1,369)
Interest expenses	167	89
Equity in (earnings) losses of affiliates	(767)	(946)
Loss (gain) on sale of investment securities	(161)	(1,018)
Decrease (increase) in notes and accounts receivable–trade	(127)	828
Decrease (increase) in inventories	(6,480)	8,482
Increase (decrease) in notes and accounts payable–trade	(920)	(265)
Other, net	(1,334)	4,369
Subtotal	26,432	54,864
Interest and dividend income received	2,097	1,690
Interest expenses paid	(165)	(97)
Income taxes paid	(8,292)	(8,973)
Net cash provided by (used in) operating activities	**20,072**	**47,484**
II. Net cash provided by (used in) investing activities:		
Payments into time deposits	(26,132)	(117,597)
Proceeds from withdrawal of time deposits	13,632	89,833
Purchase of short-term investment securities	(2,798)	(12,173)
Proceeds from sales of short-term investment securities	13,700	800
Purchase of property, plant and equipment and intangible assets	(13,313)	(13,936)
Proceeds from sales of property, plant and equipment and intangible assets	1,098	(246)
Purchase of investment securities	(284)	(827)
Proceeds from sales of investment securities	226	1,504
Proceeds from dissolving joint venture of pharmaceutical business	3,511	–
Payments for long-term loans receivable	(4)	(2)
Collections of long-term loans receivable	19	8
Other, net	109	244
Net cash provided by (used in) investing activities	**(10,235)**	**(52,393)**
III. Net cash provided by (used in) financing activities:		
Decrease in short-term loans payable	(1,081)	(196)
Repayment of long-term loans payable	(501)	(1)
Proceeds from sales of treasury stock	230	99
Purchase of treasury stock	(153)	(106)
Cash dividends paid	(4,472)	(4,722)
Other, net	(696)	(756)
Net cash provided by (used in) financing activities	**(6,675)**	**(5,684)**
IV. Effect of exchange rate change on cash and cash equivalents	**(1,738)**	**229**
V. Net increase (decrease) in cash and cash equivalents	**1,422**	**(10,364)**
VI. Cash and cash equivalents at beginning of period	**38,850**	**40,339**
VII. Increase in cash and cash equivalents from newly consolidated subsidiary	**66**	**–**
VIII. Cash and cash equivalents at end of period	**40,339**	**29,975**

(5) Going concern considerations

None.

(6) Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 39

- Names of principal subsidiaries: Nisshin Flour Milling Inc., Nisshin Foods Inc., Ma•Ma-Macaroni Co., Ltd., Initio Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., NBC Meshtec Inc. (formerly NBC Inc.)
- Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and five other companies are not consolidated. The assets, net sales, net income and retained earnings of each non-consolidated subsidiary are small, and the aggregate effect on the consolidated financial statements is immaterial.

(2) Changes in the scope of consolidation

Newly excluded subsidiary: 1

- During the year under review, Pany Foods Net Co., Ltd., a consolidated subsidiary, was absorbed into SK Foods Co., Ltd., a consolidated subsidiary, which was renamed OYC Foods Net Co., Ltd., in June 2009.

2. Scope of the equity method

(1) Equity-method subsidiaries and affiliates: 9 (one non-consolidated subsidiary and eight affiliates)

- Names of principal equity-method subsidiaries and affiliates: Marubeni Nisshin Feed Co., Ltd., Japan Logistic Systems Corp.
- The contributions to consolidated net income and consolidated retained earnings of each of the five non-consolidated subsidiaries and seven affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.

(2) The financial statements for the accounting period of the company concerned are used in the cases of those equity-method subsidiaries and affiliates whose accounting period differs from the consolidated accounting period.

3. Accounting periods of consolidated subsidiaries

The consolidated subsidiaries listed below have accounting periods that differ from the consolidated accounting period. Since the year-end of each of these companies is within three months of the consolidated year-end, the current financial statements at the year-end of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary's year-end and the consolidated year-end.

Company name	Year-end
Rogers Foods Ltd.	January 31
Thai Nisshin Seifun Co., Ltd. and 12 others	December 31

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

a. Securities

Held-to-maturity debt securities are stated at amortized cost.

Other securities

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

b. Derivatives

Derivative financial instruments are stated at fair market value.

c. Inventories

Flour and bran are stated at cost , with cost being determined by the retail cost method, with balance sheet values reflecting write downs for decreased profitability; other products are stated at cost, with cost being determined by the periodic average method, with balance sheet values reflecting write downs for decreased profitability

Raw materials are stated at cost, with cost being determined by the moving average method, and balance sheet values reflecting write downs for decreased profitability.

(2) Depreciation methods for material depreciable assets

a. Property, plant and equipment (excluding lease assets)

The company and domestic consolidated subsidiaries mainly apply the declining balance method. However, for buildings acquired on or after April 1, 1998 (excluding building fixtures), they apply the straight-line method.

Foreign consolidated subsidiaries mainly apply the straight-line method.

b. Intangible assets (excluding leased assets)

Depreciation is computed by the straight-line method. Software used in-house is depreciated over its estimated useful life (within five years) based on the straight-line method.

c. Lease assets

Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

Finance lease transactions that do not transfer ownership and began prior to the year in which the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, revised on March 30, 2007) was first applied (on March 31, 2008 or earlier) will continue to be accounted for in a manner similar to that for ordinary rental transactions.

(3) Basis of material allowances

a. Allowance for doubtful accounts

The company and domestic consolidated subsidiaries provide for possible credit losses stemming from trade notes and accounts receivable. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts. Specific claims are generally deemed irrecoverable in the case of foreign consolidated subsidiaries.

b. Provision for employees' retirement benefits

The company and domestic consolidated subsidiaries provide for employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at the consolidated fiscal year-end. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end. Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

(Change in accounting policy)

Effective from the year ended March 31, 2010, the company applied the Partial Amendments to Accounting Standard for Retirement Benefits—Part 3 (ASBJ Statement No. 19, issued on July 31, 2008). This change had no effect on the profit-loss status, segment information and the outstanding balance of the difference in retirement benefit obligation.

c. Provision for directors' retirement benefits

Nine domestic consolidated subsidiaries provide for the payment of retirement benefits to directors in accordance with internal regulations, based on projected benefits as of the fiscal year-end.

(4) Significant hedging transactions

a. Basis of accounting

Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any financial claims denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.

b. Hedging methods

The company uses derivative transactions (including forward exchange contracts and currency call options) to hedge currency risk exposure for any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.

c. Hedging policy

The company employs derivative financial instruments only for the aforementioned transactions purely to manage fluctuations in foreign currency exchange rates.

d. Hedging evaluation

Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the company's hedging approach enables exchange rate fluctuations to be offset completely. Hence, the company considers its hedging method to be highly effective.

(5) Consumption tax

All accounting transactions are booked exclusive of any national or local consumption taxes.

5. Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are stated at fair value using the partial fair value method.

6. Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized in equal amounts over five years from the date of accrual. However, small sums are amortized on a lump-sum basis in the fiscal year in which the adjustment arises.

7. Cash and cash equivalents

Cash and cash equivalents as stated in the Consolidated Statements of Cash Flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.

(7) Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

All amounts have been rounded down to the nearest million yen.

1. Inventory

	FY2009	FY2010
Merchandise and finished goods	¥26,190 million	¥22,048 million
Work in process	¥3,223 million	¥2,778 million
Raw materials and supplies	¥16,408 million	¥12,616 million

2. Accumulated depreciation of property, plant and equipment

FY2009	FY2010
¥207,060 million	¥217,246 million

3. Accumulated advanced depreciation of property, plant and equipment purchased with government subsidy

	FY2009	FY2010
Advanced depreciation of property, plant and equipment acquired during FY2010	—	¥97 million
Advanced depreciation of property, plant and equipment	¥263 million	¥360 million

4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.

	FY2009	FY2010
Investment securities	¥15,898 million	¥16,382 million
Others	¥101 million	¥115 million

5. Assets pledged as collateral

	FY 2009	FY2010
Assets pledged as collateral		
Buildings	¥1,288 million	¥1,293 million
Machinery and equipment	¥648 million	¥602 million
Land	¥92 million	¥92 million
Others	¥24 million	—
Secured debt		
Short-term loans payable	¥224 million	¥200 million

6. Warranty liabilities

FY 2009	FY2010
¥1,150 million	¥990 million

(Consolidated Statements of Income)

All amounts have been rounded down to the nearest million yen.

(Consolidated Statement of Changes in Net Assets)
All amounts have been rounded down to the nearest million yen.

Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Number of shares at end of current fiscal year
Issued shares Common stock	251,535	—	—	251,535
Treasury stock Common stock	3,170	120	227	3,063

Notes:
1. Portion of the increase in common stock accounted for by treasury stock:
120 thousand shares, as a result of repurchasing less-than-one unit shares
2. Portion of the decrease in common stock accounted for by treasury stock:
32 thousand shares, as a result of selling less-than-one-unit shares, and
194 thousand shares, as a result of the exercise of stock options

2. Subscription rights to shares and subscription rights to shares to treasury shares

Category	Composition of subscription rights to shares	Nature of shares	Number of shares				Balance at end of fiscal year under review (¥ million)
			At end of previous fiscal year	Increase during the year	Decrease during the year	At end of fiscal year under review	
Nisshin Seifun Group Inc. (parent company)	Subscription rights to shares as stock options	—					38
Total		—					38

3. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 26, 2008.

- Dividends on common stock:
  - i) Total dividends to be paid ¥2,235 million
  - ii) Dividend per share ¥9
  - iii) Date of record March 31, 2008
  - iv) Effective date June 27, 2008

The following resolution was made at the meeting of the Board of Directors held on October 30, 2008.

- Dividends on common stock:
  - i) Total dividends to be paid ¥2,236 million
  - ii) Dividend per share ¥9
  - iii) Date of record September 30, 2008
  - iv) Effective date December 5, 2008

(2) Dividends for which the record date came during the year ended March 31, 2009, but for which the effective date will come after said period

The following will be proposed at the Ordinary General Meeting of Shareholders to be held on June 25, 2009.

- Dividends on common stock:

i)	Total dividends to be paid	¥2,236 million
ii)	Source of dividends	Retained earnings
iii)	Dividend per share	¥9
iv)	Date of record	March 31, 2009
v)	Effective date	June 26, 2009

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Type and number of issued shares and treasury stock

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Number of shares at end of current fiscal year
Issued shares Common stock	251,535	—	—	251,535
Treasury stock Common stock	3,063	88	92	3,059

Notes:

1. Portion of the increase in common stock accounted for by treasury stock:
   88 thousand shares, as result of repurchasing less-than-one-unit shares
2. Portion of the decrease in common stock accounted for by treasury stock:
   6 thousand shares, as result of selling less-than-one-unit shares, and
   85 thousand shares, as result of exercise of stock options

2. Subscription rights to shares and subscription rights to shares to treasury shares

Category	Composition of subscription rights to shares	Nature of shares	Number of shares				Balance at end of fiscal year under review (¥ million)
			At end of previous fiscal year	Increase during the year	Decrease during the year	At end of fiscal year under review	
Nisshin Seifun Group Inc. (parent company)	Subscription rights to shares as stock options	—					83
Total		—					83

3. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 25, 2009.

・ Dividends on common stock:

i) Total dividends to be paid	¥2,236 million
ii) Dividend per share	¥9
iii) Date of record	March 31, 2009
iv) Effective date	June 26, 2009

The following resolution was made at the meeting of the Board of Directors held on October 30, 2009.

・ Dividends on common stock:

i) Total dividends to be paid	¥2,485 million
ii) Dividend per share	¥10
iii) Date of record	September 30, 2009
iv) Effective date	December 4, 2009

(2) Dividends for which the record date came during the year ended March 31, 2010, but for which the effective date will come after said period

The following will be proposed at the Ordinary General Meeting of Shareholders to be held on

June 25, 2010.

- Dividends on common stock:

i)	Total dividends to be paid	¥2,982 million
ii)	Source of dividends	Retained earnings
iii)	Dividend per share	¥12
iv)	Date of record	March 31, 2010
v)	Effective date	June 28, 2010

(Consolidated Statements of Cash Flows)

All amounts have been rounded down to the nearest million yen.

1. The reconciliation between year-end balance of cash and cash equivalents and amounts stated in Consolidated Balance Sheets is as follows.

(Millions of yen)

	FY 2009 (As of March 31, 2009)	FY 2010 (As of March 31, 2010)
Cash and deposits	51,967	69,871
Short-term investment securities	8,799	21,648
Total	60,767	91,520
Time deposits with maturities after three months	(19,627)	(47,395)
Short-term investment securities with maturities after three months	(800)	(14,149)
Cash and cash equivalents	40,339	29,975

(Segment information)

(1) Business Segment Information

Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Millions of yen)

	Flour Milling	Processed Food	Others	Total	Corporate Assets and Eliminations	Consolidated
I. Net Sales and Operating Income Net sales (1) Sales to external customers	199,296	229,783	37,591	466,671	–	466,671
(2) Intersegment sales and transfers	25,158	511	3,725	29,394	(29,394)	–
Total	224,454	230,294	41,317	496,066	(29,394)	466,671
Operating Expenses	212,470	222,553	39,311	474,335	(29,418)	444,916
Operating Income	11,984	7,741	2,005	21,731	24	21,755
II. Total Assets, Depreciation and Amortization, and Capital Expenditures: Total assets	122,334	129,030	49,610	300,975	69,903	370,879
Depreciation and amortization	8,097	6,041	1,563	15,701	(298)	15,403
Capital expenditures	6,981	4,595	2,540	14,117	(321)	13,795

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(Millions of yen)

	Flour Milling	Processed Food	Others	Total	Corporate Assets and Eliminations	Consolidated
I. Net Sales and Operating Income Net sales (1) Sales to external customers	179,413	223,698	40,616	443,728	–	443,728
(2) Intersegment sales and transfers	20,797	537	3,096	24,431	(24,431)	–
Total	200,211	224,235	43,713	468,160	(24,431)	443,728
Operating Expenses	186,600	213,842	41,505	441,948	(24,796)	417,152
Operating Income	13,611	10,393	2,207	26,212	364	26,576
II. Total Assets, Depreciation and Amortization, and Capital Expenditures: Total assets	113,752	130,971	51,206	295,931	100,386	396,317
Depreciation and amortization	7,692	5,864	1,750	15,306	(308)	14,998
Capital expenditures	5,004	6,491	1,763	13,258	(472)	12,785

Notes:

1. Business segments were determined by considering similarities of the product types.
2. Primary products for each business segment:
   - Flour Milling: Flour, bran
   - Processed Food: Prepared mix, flour for consumer use, pasta, pasta sauce, frozen food, chilled food, cake and bread ingredients, biochemical products, life science business, healthcare foods
   - Others: Pet food, engineering, mesh cloths, transport and storage
3. Corporate assets included in the “corporate assets and eliminations” column amounted to ¥77,298 million in FY2009 and ¥108,001 million in FY2010, which were consisted primarily of the company’s surplus funds (cash and deposits, and short-term investment securities) and investment securities.

(2) Geographical segment information

Fiscal Years Ended March 31, 2009 and 2010

Because both sales and assets of the domestic segment account for more than 90% of the total sales and assets of all segments, geographical segment information is omitted.

(3) Overseas sales

Fiscal Years Ended March 31, 2009 and 2010

Because overseas sales account for less than 10% of the consolidated net sales, overseas sales are omitted.

(Tax effect accounting)

The principal components of deferred tax assets and deferred tax liabilities are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2010 (As of March 31, 2010)
Deferred tax assets:	
Provision for retirement benefits	4,610
Provision for bonuses	1,812
Unrealized gain on noncurrent assets	1,041
Accrued sales incentives	958
Accrued enterprise tax	644
Inventories	641
Investment securities etc.	617
Provision for repairs	609
Depreciation	581
Unrealized gain on inventories	299
Other	1,986
Gross deferred tax assets	13,803
Amount offset by deferred tax liabilities	(4,089)
Net deferred tax assets	9,714
Valuation allowance	(1,395)
Deferred tax assets, net	8,318
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(14,021)
Reserve for advanced depreciation of noncurrent assets	(2,353)
Other	(371)
Gross deferred tax liabilities	(16,746)
Amount offset by deferred tax assets	4,089
Deferred tax liabilities, net	(12,657)

The reconciliation between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is as follows.

	Fiscal year ended March 31, 2010 (As of March 31, 2010)
Statutory effective tax rate	40.6%
(Reconciliation)	
Divided income and other items excluded from gross revenue	(1.0)%
Entertainment expenses and other items not qualifying for deduction	1.9%
Income tax credits	(0.9)%
Valuation allowance	(1.8)%
Equity in earnings of affiliates	(1.3)%
Other	0.0%
Actual effective tax rate after adoption of tax-effect accounting	37.5%

(Financial Instruments)
Fiscal Year Ended March 31, 2010 (April 1, 2009, to March 31, 2010)

1. Status of Financial Instruments

(1) Policies on financial instruments

The Group observes a fund management policy that standby funds for future strategic investments and temporary surplus funds shall be managed in the form of time deposits with a fixed yield of interest and securities, and it shall not manage these funds to gain marginal gains in trades or for speculative purposes. As for fund procurement, the Group complies with the policy of financing with the most appropriate means, such as bank borrowings for short-term financial requirements, and bank borrowings, the issuance of corporate bonds and an increase in capital for long-term financial requirements, while taking into account market conditions and other factors.

The Group acquires and holds, in principle, investment securities for shares of the counterparties with which the Group has business or capital alliance relationships.

The Group utilizes derivative financial instruments to hedge its exposure to various risks described below and abides by a policy of not using them separately to gain marginal gains in trades or for speculative purposes.

(2) Description of financial instruments, related risks and risk management system

Cash is mainly managed as term deposits, and securities are mainly operated in the form of bonds. Both cash and securities are exposed to the credit risk of the relevant depository or issuer and the fluctuation risk of market prices. These risks are intended to be minimized and diversified using internal regulations at the respective Group companies by limiting such items as the target assets of fund management, the depository or the issuer, the period for management and the upper limit for management at each depository or issuer.

Notes and accounts receivable–trade as operating receivables are exposed to the credit risk of the respective customers. To cope with this risk, the Group conducts maturity management and balance management by counterparty in accordance with the internal regulations at the respective Group companies and has established a system for periodically measuring the creditworthiness of major counterparties to quickly determine and mitigate any concerns on the collection of claims that might be caused by deteriorated financial conditions at a counterparty.

Investment securities, which primarily consist of the shares relating to business or capital alliance relationships with the counterparties, are exposed to the risk of market price fluctuations. The Group has established a system of periodically measuring their fair value.

Although notes and accounts payable–trade as operating payables are exposed to liquidity risk, most of them have a maturity for payment within one year. The Group therefore manages them by making each Group company prepare a cash-flow projection.

As for derivative transactions, the Group uses forward foreign exchange contracts, currency options and the like to hedge against the adverse impact of future fluctuations in foreign currency exchange rates on specific foreign currency denominated assets and liabilities including notes and accounts receivable–trade and notes and accounts payable–trade. Meanwhile, some foreign consolidated subsidiaries use commodity futures targeting wheat to hedge against the risk of future fluctuations in the market for wheat. These derivative transactions often entail a general market risk due to the fluctuation of rates.

To reduce the exposure to market risk, derivative transactions beyond the targeted, real demand are forbidden by the internal regulations of each Group company, and the regulations set forth a certain percentage of allowable derivative transactions against the total relevant underlying trading amounts. Currency options are limited only to buying call options (long position) in accordance with the respective internal regulations. These transactions are traded by the Finance and Accounting Division mainly based on the instructions given by the governing department of the operating company that might suffer from the exchange-rate fluctuation risk. At several consolidated subsidiaries, they are traded by the department in charge of financial affairs at the company mainly based on the instructions given by the governing department. In managing the derivative transactions, the aforementioned Finance and Accounting Division of the Company or the department in charge of financial affairs at each company receives a notice of position balances on derivative transactions every month from the correspondent bank, checks how these balances agree with performance figures and reports the monitored results to the Division Executive of the Finance and Accounting Division of the Company or the director of the department in charge of financial affairs and the responsible director of the governing department. The Group believes that the risk that a counterparty to its derivative transactions could default is almost insignificant as the Group enters into derivative transactions only with financial institutions of high caliber.

(3) Supplemental explanation on the fair value of financial instruments, etc.

The fair value of financial instruments includes the value reasonably calculated for those without market value, in addition to the value based on the market price. As several variable factors are incorporated in calculating the fair value, the resulting amount may vary depending on the different preconditions employed. The contract prices, etc., regarding derivative transactions in “2. Fair Value of Financial Instruments, etc.,” are not necessarily indicative of the market risk with regard to derivative transactions.

2. Fair Value of Financial Instruments, etc.

The following table indicates the carrying value in the consolidated balance sheet, the fair value and the unrealized gain (loss) as of March 31, 2010 (consolidated closing date for the fiscal year ended March 31, 2010). Assets and liabilities, for which it is deemed difficult to measure the fair value, are not included in the table. (Refer to Note 2.)

(Millions of yen)

	Carrying value	Fair value	Unrealized gain (loss)
(1) Cash and deposits	69,871	69,871	—
(2) Notes and accounts receivable–trade	56,480	56,480	—
(3) Short-term investment securities and investment securities			
① Held-to-maturity debt securities	1,500	1,500	—
② Other securities	70,807	70,807	—
Total assets	198,659	198,659	—
(1) Notes and accounts payable–trade	22,274	22,274	—
Total liabilities	22,274	22,274	—
Derivative transactions*			
① Transactions for which hedge accounting has not been adopted	(19)	(19)	—
② Transactions for which hedge accounting has been adopted	132	132	—
Total derivative transactions	113	113	—

* Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

(Note 1) Calculation method of the fair value of financial instruments and matters relating to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable–trade

As these assets are settled within a short time, the fair value thereof is almost equal to the carrying value. Accordingly, the calculation of the fair value of these assets is based on the carrying value concerned.

(3) Short-term investment securities and investment securities

The calculation of the fair value of stocks is based on the prices traded at the stock exchange. The calculation of the fair value of bonds is based on the prices traded at the stock exchange or the prices presented by the correspondent financial institution. Refer to the Notes to (Securities) with regard to the noteworthy matters regarding securities held by holding purpose.

Liabilities

(1) Notes and accounts payable–trade

As these liabilities are settled within a short time, the fair value is almost equal to the carrying value. Accordingly, the calculation of the fair value of these liabilities is based on the carrying value concerned.

Derivative transactions

Refer to the Notes to (Derivative transactions).

(Note 2) Financial instruments for which it is deemed difficult to measure the fair value

(Millions of yen)

Classification	Carrying value
Unlisted stocks	19,074

The above unlisted stocks have no market prices and relevant future cash flows cannot be easily estimated due to the anticipated huge estimation cost, and it is therefore deemed difficult to measure their fair value. Accordingly, they are not included in (3) Short-term investment securities and investment securities.

(Note 3) Redemption schedule for monetary receivables and securities with maturity dates after the consolidated closing date (March 31)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	69,871	—
Notes and accounts receivable–trade	56,480	—
Short-term investment securities and investment securities		
Held-to-maturity debt securities	1,500	—
Other securities with maturity dates	20,089	—
Total	147,941	—

(Additional information)

Effective from the fiscal year ended March 31, 2010, the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10 on March 10, 2008) and the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 on March 10, 2008) have been applied.

(Securities)

Fiscal Year Ended March 31, 2009 (April 1, 2008, to March 31, 2009)

1. Marketable securities classified as held-to-maturity securities

(Millions of yen)

	As of March 31, 2009		
	Carrying value	Market value	Unrealized gains (losses)
Securities whose market value exceeds their carrying value			
1. Government and municipal bonds	–	–	–
2. Corporate bonds	–	–	–
3. Other	–	–	–
Subtotal	–	–	–
Securities whose market value does not exceed their carrying value			
1. Government and municipal bonds	1,499	1,499	(0)
2. Corporate bonds	–	–	–
3. Other	–	–	–
Subtotal	1,499	1,499	(0)
Total	1,499	1,499	(0)

2. Marketable securities classified as other securities

(Millions of yen)

	As of March 31, 2009		
	Acquisition cost	Carrying value	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost			
1. Equity securities	7,810	39,133	31,323
2. Bonds			
Government and municipal bonds	–	–	–
Corporate bonds	799	800	0
Other	–	–	–
3. Other	–	–	–
Subtotal	8,610	39,933	31,323
Securities whose carrying value does not exceed their acquisition cost			
1. Equity securities	8,669	6,646	(2,023)
2. Bonds			
Government and municipal bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
3. Other	–	–	–
Subtotal	8,669	6,646	(2,023)
Total	17,279	46,579	29,299

Note: Stocks of ¥832 million, which have market prices in other marketable securities, have been impaired at the end of the consolidated fiscal year.

3. Sale of securities classified as other securities

(Millions of yen)

Fiscal 2009 (April 1, 2008 to March 31, 2009)		
Proceeds from sales	Aggregate gain on sales	Total loss on sales
226	161	–

4. Other securities without market value

(Millions of yen)

	As of March 31, 2009
	Carrying value
(1) Held-to-maturity debt securities	
Certificate of deposit	500
(2) Other securities:	
Certificate of deposit	6,000
Unlisted stock	4,578
Total	11,078

5. The redemption schedule of other securities with maturity and held-to-maturity debt securities

(Millions of yen)

	As of March 31, 2009	
	Due in one year or less	Due after one year through five years
(1) Bonds:		
Government and municipal bonds	1,500	–
Corporate bonds	800	–
Other	500	–
(2) Other	6,000	–
Total	8,800	–

Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Marketable securities classified as held-to-maturity securities

(Millions of yen)

	As of March 31, 2010		
	Carrying value	Market value	Unrealized gains (losses)
Securities whose market value exceeds their carrying value			
1. Government and municipal bonds	–	–	–
2. Corporate bonds	–	–	–
3. Other	–	–	–
Subtotal	–	–	–
Securities whose market value does not exceed their carrying value			
1. Government and municipal bonds	–	–	–
2. Corporate bonds	–	–	–
3. Other	1,500	1,500	–
Subtotal	1,500	1,500	–
Total	1,500	1,500	–

2. Marketable securities classified as other securities

(Millions of yen)

	As of March 31, 2010		
	Acquisition cost	Carrying value	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost			
1. Equity securities	46,302	10,502	35,799
2. Bonds			
Government and municipal bonds	502	502	0
Corporate bonds	1,921	1,921	0
Other	–	–	–
3. Other	–	–	–
Subtotal	48,726	12,926	35,799
Securities whose carrying value does not exceed their acquisition cost			
1. Equity securities	4,356	5,600	(1,243)
2. Bonds			
Government and municipal bonds	11,182	11,184	(1)
Corporate bonds	3,541	3,542	(1)
Other	–	–	–
3. Other	3,000	3,000	–
Subtotal	22,080	23,327	(1,246)
Total	70,807	36,254	34,552

Note: The above "other securities" do not include unlisted stocks with a carrying value of ¥5,283 million because they have no market value and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current market value.

3. Sale of securities classified as other securities

(Millions of yen)

Fiscal 2010 (April 1, 2009 to March 31, 2010)			
Type	Proceeds from sales	Aggregate gain on sales	Total loss on sales
Equity securities	1,505	1,028	9

(Derivative transactions)

Fiscal Year Ended March 31, 2010 (as of March 31, 2010)

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related

(Millions of yen)

Classification	Type of transactions	Notional amounts	Portion due after one year	Fair value	Unrealized gain (loss)
Market transactions	Currency futures: Buy: Canadian dollar	612	—	(8)	(8)
Non-market transactions	Forward foreign exchange contracts: Sell: U.S. dollar Buy: U.S. dollar Euro Yen	169 194 54 18	— — — —	(5) (0) (2) (0)	(5) (0) (2) (0)
Total		1,049	—	(16)	(16)

Note: Calculation of fair value is based on the closing prices of the relevant futures markets and the prices and other information presented by associated financial institutions and others.

(2) Commodity-related

(Millions of yen)

Classification	Type of transactions	Notional amounts	Portion due after one year	Fair value	Unrealized gain (loss)
Market transactions	Commodity futures: Sell: wheat Buy: wheat	57 83	— —	5 (7)	5 (7)
Total		141	—	(2)	(2)

Note: Calculation of fair value is based on the closing prices of the relevant futures markets.

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts: Buy: U.S. dollar Thai baht Euro Canadian dollar Options: Purchase call: U.S. dollar	Accounts payable	2,079 918 890 34 7	— — — — —	76 72 (28) 3 8
Appropriation treatment	Forward foreign exchange contracts: Buy: U.S. dollar Euro	Accounts payable	112 258	— —	— —
Total			4,301	—	132

Notes: 1. Calculation of fair value is based on the prices and other information presented by associated financial institutions and others.

2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts payable to be hedged, the fair value of those is included in the fair value of the relevant accounts payable.

(Retirement benefits)

1. Outline of retirement benefit plans

The company and domestic consolidated subsidiaries primarily provide a tax-qualified pension plan together with a lump-sum retirement benefit plan. The company and some domestic consolidated subsidiaries have also established a retirement benefit trust.

In some cases, employees leaving the company may receive an additional severance payment beyond that computed on the basis of the actuarial retirement benefit calculated using the relevant accounting standard.

2. Retirement benefit obligation

	As of March 31, 2009 (Millions of yen)	As of March 31, 2010 (Millions of yen)
(A) Project benefit obligation	(46,923)	(45,915)
(B) Fair value of plan assets	35,171	37,803
(C) Unfunded retirement benefit obligation [(A) + (B)]	(11,751)	(8,112)
(D) Unrecognized actuarial loss	9,189	4,958
(E) Unrecognized prior service cost	(2,131)	(1,932)
(F) Net amount recorded on consolidated balance sheet [(C) + (D) + (E)]	(4,692)	(5,086)
(G) Prepaid pension cost	3,894	4,027
Allowance for employees' retirement benefits [(F) – (G)]	(8,587)	(9,113)

Note: Certain subsidiaries adopt a simplified method for calculating the retirement benefit obligation.

3. Retirement benefit expense

	Fiscal Year Ended March 31, 2009 (Millions of yen)	Fiscal Year Ended March 31, 2010 (Millions of yen)
(A) Service cost	1,816	1,999
(B) Interest cost	1,093	1,060
(C) Expected return on plan assets	(995)	(811)
(D) Amortization of actuarial loss	522	813
(E) Amortization of prior service cost	(198)	(198)
(F) Net retirement benefit costs [(A) + (B) + (C) + (D) + (E)]	2,239	2,864

Note: The retirement benefit expense incurred by the consolidated subsidiaries that adopt simplified pension accounting methodology is recorded under "(A) Service cost."

4. Assumptions used in retirement benefit obligation calculations

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010
(A) Method adopted for periodic distribution of projected retirement benefits	Equal amounts per period	Equal amounts per period
(B) Discount rate	Principally 2.5%	Principally 2.5%
(C) Expected rate of return on plan assets	Principally 2.5%	Principally 2.5%
(D) Amortization period of actuarial differences*1	Principally 15 years	Principally 15 years
(E) Amortization period for prior service cost*2	15 years	15 years

Notes: 1. Actuarial differences are amortized on a straight-line basis from the following fiscal year based on the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

2. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

(Per Share Information)

(Yen)

Fiscal Year Ended March 31, 2009		Fiscal Year Ended March 31, 2010	
Net assets per share	1,034.49	Net assets per share	1,097.72
Net income per share	55.75	Net income per share	67.77
Fully diluted net income per share	55.74	Fully diluted net income per share	67.76

(Notes)

1. The basis of calculation for net assets per share

Item	As of March 31, 2009	As of March 31, 2010
Total net assets, as stated on the Balance Sheets (millions of yen)	286,094	303,226
Net assets associated with common stock (millions of yen)	257,041	272,755
Major components of the difference (millions of yen):		
Subscription rights to shares	38	83
Minority interests	29,014	30,388
Number of common stock shares issued and outstanding (shares)	251,535,448	251,535,448
Number of treasury shares of common stock (shares)	3,063,086	3,059,826
Number of common stock shares used in the calculation of net assets per share (shares)	248,472,362	248,475,622

2. The basis of calculation for net income per share and fully diluted net income per share

Item	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Net income, as stated on Statements of Income (millions of yen)	13,852	16,839
Amounts not attributable to owners of common stock (millions of yen)	–	–
Net income associated with common stock (millions of yen)	13,852	16,839
Average number of shares of common stock during fiscal year (shares)	248,453,788	248,489,043
Adjustment to net income (millions of yen)	–	–
Main components of increase in number of shares of common stock used in calculation of fully diluted net income per share (shares)		
Subscription rights to shares	50,621	38,388
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	・Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 27, 2007 (89 Subscription rights to shares) (161 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (88 Subscription rights to shares) (178 Subscription rights to shares)	・Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 28, 2005 (28 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 27, 2007 (89 Subscription rights to shares) (161 Subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 26, 2008 (88 Subscription rights to shares) (178 Subscription rights to shares)

(Omission of Disclosure)

Disclosure of notes as to lease transactions, related parties, stock options, business combinations, and rental property is omitted because the necessity of disclosing such information in this year-end summary of financial statements is regarded to be not high.

V. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	Fiscal 2009 (As of March 31, 2009)	Fiscal 2010 (As of March 31, 2010)
Assets		
Current assets		
Cash	30,425	42,953
Accounts receivable–trade	207	674
Short-term investment securities	6,800	19,327
Prepaid expenses	90	93
Deferred tax assets	422	503
Other	2,198	3,020
Total current assets	**40,144**	**66,573**
Noncurrent assets		
Property, plant and equipment		
Buildings, net	8,612	8,149
Structures, net	894	807
Machinery and equipment, net	604	466
Vehicles, net	7	4
Tools, furniture and fixtures	412	359
Land	10,547	10,609
Lease assets, net	590	555
Construction in progress	145	826
Total property, plant and equipment	21,814	21,779
Intangible assets		
Leasehold right	407	411
Software	232	285
Lease assets	15	61
Other	67	65
Total intangible assets	722	823
Investments and other assets		
Investment securities	34,307	38,250
Stocks of subsidiaries and affiliates	93,194	93,193
Investments in capital	325	317
Investments in capital of subsidiaries and affiliates	458	506
Long-term loans receivable from employees	65	59
Long-term loans receivable from subsidiaries and affiliates	24,944	9,690
Long-term prepaid expenses	958	1,056
Other	368	366
Allowance for doubtful accounts	(29)	(24)
Total investments and other assets	154,593	143,415
Total noncurrent assets	**177,131**	**166,018**
Total assets	**217,275**	**232,592**

	Fiscal 2009 (As of March 31, 2009)	Fiscal 2010 (As of March 31, 2010)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	5	4
Lease obligations	127	159
Accrued payable–other	435	2,148
Accrued expenses	1,492	1,725
Deposits received	1,016	1,965
Provision for directors' bonuses	75	80
Other	45	154
Total current liabilities	**3,198**	**6,238**
Noncurrent liabilities		
Long-term loans payable	59	53
Lease obligations	481	456
Deferred tax liabilities	8,788	10,353
Provision for retirement benefits	436	827
Other	325	99
Total noncurrent liabilities	**10,092**	**11,790**
Total liabilities	**13,291**	**18,029**
Net Assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus		
Legal capital surplus	9,500	9,500
Other capital surplus	–	2
Total capital surplus	9,500	9,502
Retained earnings		
Legal retained earnings	4,379	4,379
Other retained earnings		
Reserve for dividends	2,000	2,000
Reserve for advanced depreciation of noncurrent assets	1,429	1,417
Reserve for special account for advanced depreciation of noncurrent assets	22	–
General reserve	126,770	126,770
Retained earnings brought forward	32,191	40,608
Total retained earnings	166,793	175,175
Treasury stock	(3,170)	(3,179)
Total shareholders' equity	**190,241**	**198,616**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,704	15,863
Total valuation and translation adjustments	**13,704**	**15,863**
Subscription rights to shares	**38**	**83**
Total net assets	**203,983**	**214,563**
Total liabilities and net assets	**217,275**	**232,592**

(2) Statements of Income

(Millions of yen)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)
Operating revenue	19,006	24,437
Operating expenses	12,094	13,720
Operating income	**6,912**	**10,716**
Non-operating income	1,763	1,338
Interest income	820	497
Interest on securities	68	29
Dividends income	834	645
Other	39	165
Non-operating expenses	227	26
Interest expenses	19	11
Commitment fees	10	10
Foreign exchange losses	194	–
Other	1	4
Ordinary income	**8,447**	**12,028**
Extraordinary income	1,992	1,160
Gain on sales of noncurrent assets	1,156	18
Gain on sales of investment securities	123	1,007
Gain on liquidation of subsidiaries and affiliates	–	129
Gain on dissolving joint venture of pharmaceutical business	705	–
Reversal of allowance for doubtful accounts	6	4
Extraordinary loss	915	59
Loss on retirement of noncurrent assets	121	59
Loss on valuation of investment securities	776	–
Other	18	–
Income before income taxes	**9,524**	**13,129**
Income taxes – current	18	17
Income taxes – deferred	590	7
Total income taxes	**608**	**24**
Net income	**8,916**	**13,104**

(3) Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	17,117	17,117
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	17,117	17,117
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	9,500	9,500
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	9,500	9,500
Other capital surplus		
Balance at the end of previous period	–	–
Changes of items during the period		
Disposal of treasury stock	–	2
Total changes of items during the period	–	2
Balance at the end of current period	–	2
Total capital surplus		
Balance at the end of previous period	9,500	9,500
Changes of items during the period		
Disposal of treasury stock	–	2
Total changes of items during the period	–	2
Balance at the end of current period	9,500	9,502
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	4,379	4,379
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	4,379	4,379
Other retained earnings		
Reserve for dividends		
Balance at the end of previous period	2,000	2,000
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	2,000	2,000
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	1,496	1,429
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	–	22
Reversal of reserve for advanced depreciation of noncurrent assets	(66)	(34)
Total changes of items during the period	(66)	(11)
Balance at the end of current period	1,429	1,417

(Millions of yen)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)
Reserve for special account for advanced depreciation of noncurrent assets		
Balance at the end of previous period	–	22
Changes of items during the period		
Provision of reserve for special account for advanced depreciation of noncurrent assets	22	–
Reversal of reserve for special account for advanced depreciation of noncurrent assets	–	(22)
Total changes of items during the period	22	(22)
Balance at the end of current period	22	–
Reserves		
Balance at the end of previous period	126,770	–
Changes of items during the period		
Provision of general reserve	(126,770)	–
Total changes of items during the period	(126,770)	–
Balance at the end of current period	–	–
General reserve		
Balance at the end of previous period	–	126,770
Changes of items during the period		
Provision of general reserve	126,770	–
Total changes of items during the period	126,770	–
Balance at the end of current period	126,770	126,770
Retained earnings brought forward		
Balance at the end of previous period	27,712	32,191
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	–	(22)
Reversal of reserve for advanced depreciation of noncurrent assets	66	34
Provision of reserve for special account for advanced depreciation of noncurrent assets	(22)	–
Reversal of reserve for special account for advanced depreciation of noncurrent assets	–	22
Dividends from surplus	(4,472)	(4,722)
Net income	8,916	13,104
Disposal of treasury stock	(8)	–
Total changes of items during the period	4,479	8,416
Balance at the end of current period	32,191	40,608
Total retained earnings		
Balance at the end of previous period	162,358	166,793
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	–	–
Reversal of reserve for advanced depreciation of noncurrent assets	–	–
Provision of reserve for special account for advanced depreciation of noncurrent assets	–	–
Reversal of reserve for special account for advanced depreciation of noncurrent assets	–	–
Provision of general reserve	–	–
Dividends from surplus	(4,472)	(4,722)
Net income	8,916	13,104
Disposal of treasury stock	(8)	–
Total changes of items during the period	4,435	8,381
Balance at the end of current period	166,793	175,175

(Millions of yen)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)
Treasury stock		
Balance at the end of previous period	(3,255)	(3,170)
Changes of items during the period		
Purchases of treasury stock	(153)	(106)
Disposal of treasury stock	238	97
Total changes of items during the period	85	(9)
Balance at the end of current period	(3,170)	(3,179)
Total shareholders' equity		
Balance at the end of previous period	185,720	190,241
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	8,916	13,104
Purchases of treasury stock	(153)	(106)
Disposal of treasury stock	230	99
Total changes of items during the period	4,520	8,374
Balance at the end of current period	190,241	198,616
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	20,957	13,704
Changes of items during the period		
Net changes of items other than shareholders' equity	(7,253)	2,159
Total changes of items during the period	(7,253)	2,159
Balance at the end of current period	13,704	15,863
Total valuation and translation adjustments		
Balance at the end of previous period	20,957	13,704
Changes of items during the period		
Net changes of items other than shareholders' equity	(7,253)	2,159
Total changes of items during the period	(7,253)	2,159
Balance at the end of current period	13,704	15,863
Subscription rights to shares		
Balance at the end of previous period	8	38
Changes of items during the period		
Net changes of items other than shareholders' equity	29	44
Total changes of items during the period	29	44
Balance at the end of current period	38	83
Total net assets		
Balance at the end of previous period	206,686	203,983
Changes of items during the period		
Dividends from surplus	(4,472)	(4,722)
Net income	8,916	13,104
Purchases of treasury stock	(153)	(106)
Disposal of treasury stock	230	99
Net changes of items other than shareholders' equity	(7,223)	2,204
Total changes of items during the period	(2,702)	10,579
Balance at the end of current period	203,983	214,563

(4) Going concern considerations

None.

(5) Notes to Non-Consolidated Financial Statements

(Statements of Changes in Net Assets)

Fiscal Year Ended March 31, 2009 (From April 1, 2008, to March 31, 2009)

1. Pursuant to system changes in the EDINET (Electronic Disclosure for Investors' NETwork) system, which covers fiscal years beginning on or after April 1, 2008, the "Reserves" that have traditionally been recorded have been changed to "Special reserves," an account title included in the electronic financial statement templates (XBRL) newly provided on the EDINET system, and reserves have been reversed, with the same amounts recorded as special reserves.