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Independent Auditor's Report

The Board of Directors
Nisshin Seifun Group Inc.

We have audited the accompanying consolidated financial statements of Nisshin Seifun Group Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nisshin Seifun Group Inc. and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 27, 2012

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	2012	2011	2012
Current Assets:			
Cash and deposits (Notes 19 and 21)	¥ 59,020	¥ 57,938	$ 718,101
Notes and accounts receivable – trade (Notes 4, 7 and 19)	65,015	57,919	791,042
Short-term investment securities (Notes 19 and 21)	16,141	24,744	196,387
Inventories (Notes 5 and 7)	62,283	43,059	757,798
Deferred tax assets (Note 15)	4,938	5,692	60,088
Other	6,225	6,182	75,749
Allowance for doubtful accounts	(194)	(323)	(2,361)
Total current assets	213,431	195,213	2,596,805
Property, Plant and Equipment (Notes 6, 7 and 16):			
Land	35,704	34,098	434,417
Buildings and structures, net	45,329	43,253	551,526
Machinery, equipment and vehicles, net	28,816	28,438	350,612
Construction in progress	2,645	1,658	32,192
Other, net	2,873	3,007	34,964
Property, plant and equipment, net	115,370	110,456	1,403,711
Intangible Assets:			
Goodwill	9,044	-	110,041
Other	3,754	3,756	45,680
Total intangible assets	12,798	3,756	155,721
Investments and Other Assets:			
Investment securities (Notes 19 and 20)	80,378	69,597	977,956
Long-term loans receivable	50	54	615
Deferred tax assets (Note 15)	3,590	3,250	43,688
Other	6,497	7,241	79,054
Allowance for doubtful accounts	(161)	(153)	(1,964)
Total investments and other assets	90,355	79,991	1,099,349
Total assets	¥ 431,956	¥ 389,418	$ 5,255,586

LIABILITIES AND NET ASSETS	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 3) 2012
Current Liabilities:			
Notes and accounts payable – trade (Notes 4 and 19)	¥ 50,003	¥ 36,634	$ 608,395
Short-term loans payable (Note 7)	5,813	2,866	70,728
Income taxes payable (Note 15)	5,442	4,992	66,220
Accrued expenses	15,692	15,418	190,934
Other	15,335	14,517	186,582
Total current liabilities	92,287	74,429	1,122,858
Noncurrent Liabilities:			
Long-term loans payable (Note 7)	2,117	145	25,759
Deferred tax liabilities (Note 15)	11,814	11,371	143,748
Provision for retirement benefits (Note 8)	18,420	9,360	224,120
Provision for directors' retirement benefits	371	400	4,519
Provision for repairs	1,452	1,570	17,671
Long-term deposits received	5,554	5,492	67,580
Other	1,139	1,398	13,865
Total noncurrent liabilities	40,869	29,739	497,262
Commitments and Contingent Liabilities (Notes 16 and 17)			
Net Assets (Notes 9, 10 and 11):			
Shareholders' equity:			
Capital stock: authorized – 932,856,000 shares			
Issued – 251,535,448 shares in 2012 and 2011	17,117	17,117	208,272
Capital surplus	9,453	9,450	115,021
Retained earnings	247,736	239,380	3,014,188
Less: Treasury stock			
3,062,310 shares in 2012 and 3,045,423 shares in 2011	(3,186)	(3,171)	(38,775)
Total shareholders' equity	271,120	262,776	3,298,705
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	22,776	18,205	277,123
Deferred gains on hedges	170	99	2,079
Foreign currency translation adjustment	(2,677)	(2,281)	(32,581)
Total accumulated other comprehensive income	20,269	16,023	246,620
Subscription rights to shares	188	138	2,292
Minority interests	7,220	6,311	87,848
Total net assets	298,798	285,249	3,635,465
Total liabilities and net assets	¥ 431,956	¥ 389,418	$ 5,255,586

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
Net Sales	**¥ 441,963**	¥ 424,156	**$ 5,377,335**
Cost of Sales (Notes 5 and 13)	**306,649**	285,700	**3,730,981**
Gross Profit	**135,313**	138,455	**1,646,354**
Selling, General and Administrative Expenses (Notes 9, 12 and 13)	**112,200**	113,120	**1,365,138**
Operating Income	**23,113**	25,335	**281,216**
Non-operating Income (Expenses):			
Interest income	**217**	215	**2,644**
Interest expenses	**(83)**	(71)	**(1,015)**
Dividends income	**1,545**	1,344	**18,810**
Equity in earnings of affiliates	**800**	591	**9,739**
Rent income	**335**	342	**4,088**
Gain on sales of noncurrent assets	**581**	1,193	**7,078**
Gain on sales of investment securities	**13**	24	**168**
Gain on negative goodwill	**-**	2,643	**-**
Gain on liquidation of subsidiaries and affiliates	**-**	203	**-**
Insurance income	**239**	-	**2,919**
Foreign exchange losses	**(64)**	(89)	**(788)**
Expenses concerning quality assurance	**(50)**	-	**(608)**
Loss on retirement of noncurrent assets	**(421)**	(574)	**(5,132)**
Loss on valuation of investment securities	**(100)**	(1,440)	**(1,227)**
Impairment loss (Note 14)	**(462)**	(3,090)	**(5,626)**
Loss on disaster	**-**	(972)	**-**
Loss on revision of retirement benefit plan (Note 8)	**(1,290)**	-	**(15,704)**
Expenses for improving production systems	**(228)**	-	**(2,776)**
Other, net	**215**	160	**2,622**
Total non-operating income, net	**1,248**	480	**15,192**
Income before Income Taxes and Minority Interests	**24,361**	25,815	**296,408**
Income Taxes (Note 15):			
Income taxes – current	**9,468**	10,889	**115,203**
Income taxes – deferred	**829**	(441)	**10,091**
Total income taxes	**10,297**	10,448	**125,294**
Income before Minority Interests	**14,063**	15,367	**171,115**
Minority Interests in Income	**736**	1,179	**8,966**
Net Income	**¥ 13,326**	¥ 14,187	**$ 162,149**

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
Income before Minority Interests	**¥ 14,063**	¥ 15,367	**$ 171,115**
Other Comprehensive Income (Note 24):			
Valuation difference on available-for-sale securities	**4,561**	(2,148)	**55,505**
Deferred gains on hedges	**80**	(12)	**976**
Foreign currency translation adjustment	**(672)**	(598)	**(8,177)**
Share of other comprehensive income of affiliates accounted for using equity method	**(71)**	(103)	**(869)**
Total other comprehensive income	**3,898**	(2,863)	**47,434**
Comprehensive Income	**¥ 17,962**	¥ 12,503	**$ 218,549**
Comprehensive Income Attributable to:			
Owners of the parent	**¥ 17,573**	¥ 11,495	**$ 213,816**
Minority interests	**389**	1,008	**4,733**

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2012 and 2011

	Millions of yen									
	Shareholders' equity				Accumulated other comprehensive income					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for sale securities	Deferred gains on hedges	Foreign currency translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2010	¥ 17,117	¥ 9,448	¥ 230,661	¥ (3,187)	¥ 20,303	¥ 105	¥ (1,693)	¥ 83	¥ 30,388	¥ 303,226
Changes of items during the period:										
Dividends from surplus			(5,468)							(5,468)
Net income			14,187							14,187
Purchase of treasury stock				(81)						(81)
Disposal of treasury stock		1		97						98
Net changes of items other than shareholders' equity					(2,097)	(5)	(588)	55	(24,076)	(26,713)
Total changes of items during the period	-	1	8,719	15	(2,097)	(5)	(588)	55	(24,076)	(17,977)
Balance at March 31, 2011	17,117	9,450	239,380	(3,171)	18,205	99	(2,281)	138	6,311	285,249
Changes of items during the period:										
Dividends from surplus			(4,971)							(4,971)
Net income			13,326							13,326
Purchase of treasury stock				(29)						(29)
Disposal of treasury stock		3		14						17
Net changes of items other than shareholders' equity					4,571	71	(396)	49	908	5,204
Total changes of items during the period	-	3	8,355	(15)	4,571	71	(396)	49	908	13,548
Balance at March 31, 2012	¥17,117	¥ 9,453	¥ 247,736	¥ (3,186)	¥ 22,776	¥ 170	¥ (2,677)	¥ 188	¥ 7,220	¥ 298,798

	Thousands of U.S. dollars (Note 3)									
	Shareholders' equity				Accumulated other comprehensive income					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign Currency Translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2011	$ 208,272	$ 114,979	$ 2,912,521	$ (38,588)	$ 221,503	$ 1,207	$ (27,757)	$ 1,683	$ 76,795	$ 3,470,616
Changes of items during the period:										
Dividends from surplus			(60,483)							(60,483)
Net income			162,149							162,149
Purchase of treasury stock				(358)						(358)
Disposal of treasury stock		42		172						213
Net changes of items other than shareholders' equity					55,620	871	(4,824)	608	11,053	63,328
Total changes of items during the period	-	42	101,666	(187)	55,620	871	(4,824)	608	11,053	164,850
Balance at March 31, 2012	$ 208,272	$ 115,021	$ 3,014,188	$ (38,775)	$ 277,123	$ 2,079	$ (32,581)	$ 2,292	$ 87,848	$ 3,635,465

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Net Cash Provided by (used in)Operating Activities:			
Income before income taxes and minority interests	¥ 24,361	¥ 25,815	$ 296,408
Depreciation and amortization	13,636	13,681	165,920
Impairment loss	462	3,090	5,626
Increase in provision for retirement benefits	5,021	248	61,097
Decrease (increase) in prepaid pension costs	820	(796)	9,979
Interest and dividends income	(1,763)	(1,559)	(21,454)
Interest expenses	83	71	1,015
Equity in earnings of affiliates	(800)	(591)	(9,739)
Gain on sales of investment securities	(13)	(24)	(166)
Gain on negative goodwill	-	(2,643)	-
Increase in notes and accounts receivable – trade	(5,940)	(1,562)	(72,274)
Increase in inventories	(16,727)	(5,736)	(203,524)
Increase in notes and accounts payable – trade	12,893	14,430	156,875
Other	923	2,191	11,240
Subtotal	32,958	46,615	401,004
Interest and dividends income received	1,984	1,959	24,141
Interest expenses paid	(85)	(75)	(1,041)
Income taxes paid	(8,778)	(13,643)	(106,802)
Net cash provided by operating activities	26,078	34,856	317,301
Net Cash Provided by (Used in) Investing Activities:			
Payments into time deposits	(45,625)	(71,602)	(555,120)
Proceeds from withdrawal of time deposits	46,379	92,192	564,299
Purchase of short-term investment securities	(15,176)	(23,645)	(184,656)
Proceeds from sales of short-term investment securities	26,174	21,916	318,459
Purchase of property, plant and equipment and intangible assets	(14,755)	(12,425)	(179,527)
Proceeds from sales of property, plant and equipment and intangible assets	521	1,466	6,349
Purchase of investment securities	(2,653)	(2,319)	(32,290)
Proceeds from sales of investment securities	31	74	382
Purchase of stocks of subsidiaries and affiliates	(0)	(21,881)	(3)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(10,578)	-	(128,711)
Payments of long-term loans receivable	(4)	(6)	(51)
Collection of long-term loans receivable	8	21	101
Other, net	434	141	5,286
Net cash provided by (used in) investing activities	(15,244)	(16,067)	(185,481)
Net Cash Provided by (Used in) Financing Activities:			
Decrease in short-term loans payable	(396)	(105)	(4,821)
Repayment of long-term loans payable	-	(13)	-
Proceeds from sales of treasury stock	17	98	213
Purchase of treasury stock	(29)	(81)	(358)
Cash dividends paid	(4,971)	(5,468)	(60,483)
Other, net	(755)	(803)	(9,187)
Net cash provided by (used in) financing activities	(6,134)	(6,373)	(74,635)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(400)	(302)	(4,869)

Net Increase in Cash and Cash Equivalents	4,299	12,112	52,316
Cash and Cash Equivalents at Beginning of Period	42,087	29,975	512,074
Cash and Cash Equivalents at End of Period (Note 21)	¥ 46,387	¥ 42,087	$ 564,390

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

For the Years Ended March 31, 2012 and 2011

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

Nisshin Seifun Group Inc. (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

(b) Principles of Consolidation and Accounting for Investment in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries (together, the "Group"). As of March 31, 2012, the number of consolidated subsidiaries was 45.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated and accounted for by the equity method are stated at cost as adjusted for equity in undistributed earnings and losses from the date of acquisition. As of March 31, 2012, the number of subsidiaries and affiliates accounted for by the equity method was nine.

Differences between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies which are accounted for by the equity method have been amortized by the straight-line method for a period of mainly 10 years. However, immaterial goodwill is charged to income in the year of acquisition.

1. Summary of Significant Accounting Policies (continued)

(c) Translation of Foreign Currency Accounts

Current and non-current receivables and payables denominated in foreign currencies are translated at current rates of exchange prevailing at the balance sheet date and the resulting exchange gains or losses are recognized in earnings. Financial statements of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates in effect at the balance sheet date, with the exceptions that the components of net assets excluding minority interests are translated at their historical rates and that statement of income items are translated at the average rates of exchange in effect during the year.

Translation adjustments resulting from translation of foreign currency financial statements are presented as foreign currency translation adjustments and minority interests in the accompanying consolidated balance sheets.

(d) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include short-term investment securities, time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

Reconciliations between cash in the consolidated balance sheets and cash equivalents in the consolidated statements of cash flows are presented in Note 21.

(e) Inventories

Inventories are stated at the lower of cost or market.

For finished goods, cost for flour and bran is determined by the retail cost method and cost for other products is principally determined by the periodic average method. For raw materials, cost is principally determined by first-in-first-out method.

(f) Allowance for Doubtful Accounts

The Company and its domestic consolidated subsidiaries provide allowance for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period, plus an estimated uncollectible amount based on an analysis of certain individual accounts, including claims in bankruptcy.

Overseas consolidated subsidiaries provide allowance for doubtful accounts based on an estimate of uncollectible amounts for specific accounts.

(g) Depreciation and Amortization (excluding leased assets)

Property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation of property, plant and equipment is principally computed by the declining-balance method for the Company and its domestic consolidated subsidiaries (excluding buildings acquired on or after April 1, 1998), and by the straight-line method for overseas consolidated subsidiaries over the estimated useful lives of the respective assets. Depreciation of buildings acquired on or after April 1, 1998 is computed by the straight-line method for the Company and its domestic consolidated subsidiaries.

Amortization of intangible assets is computed by the straight-line method. Software for internal use is carried at cost less accumulated amortization, which is calculated by the straight-line method over its estimated useful life (within five years).

(h) Leases

All finance lease transactions are capitalized to recognize leased assets and lease obligations in the balance sheet and depreciated by the straight-line method over the lease period, with no residual value.

Finance leases that are not deemed to transfer ownership of leased assets to the lessee which had been entered into on or before March 31, 2008 are accounted for in manner similar to operating lease transactions.

(i) Investment Securities

Securities other than those of subsidiaries and affiliates are classified into two categories: held-to-maturity or available-for-sale securities.

Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost. Securities classified as available-for-sale securities with fair market value are reported at fair value with unrealized gains and losses, net of the applicable taxes, reported in a separate component of net assets. Cost of available-for-sale securities with fair market value sold is determined by the moving-average method.

Securities classified as available-for-sale securities without fair market value are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(j) Provision for Retirement Benefits

Provision for employees' and retired pension recipients' retirement benefits is provided based on the projected benefit obligation and the fair value of plan assets at the balance sheet date.

Prior service cost is amortized by the straight-line method over a period equal to the average remaining years of service of the participants of the plans.

Actuarial gain or loss is amortized primarily by the straight-line method over a period equal to the average remaining years of service of the participants of the plans from the year following the year in which the gain or loss is recognized.

(k) Provision for Directors' Retirement Benefits

As of March 31, 2012, ten of the Company's domestic consolidated subsidiaries provide an accrual for the necessary payments for directors' retirement benefits based on the projected benefits to be paid at the year end in accordance with internal policies.

1. Summary of Significant Accounting Policies (continued)

(l) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability method is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred income taxes are measured by applying currently enacted tax laws to the temporary differences.

(m) Distributions of Retained Earnings

Distributions of retained earnings are reflected in the accompanying consolidated financial statements for the following fiscal year upon shareholders' approval.

(n) Derivatives

The Group uses forward exchange contracts and currency option contracts as a means of hedging exposure to risks arising from fluctuation in foreign currencies. Certain overseas consolidated subsidiaries use commodity futures and options on wheat solely for the purpose of mitigating future risks arising from fluctuation in commodity prices. The Group does not enter into derivatives transactions for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: derivatives are carried at fair value with any changes in unrealized gains or losses charged or credited to income; however, for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. And if forward exchange contracts qualify for hedge accounting, the related hedged items such as foreign currency receivables and payables are translated at the corresponding contracted rates.

(o) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

2. Changes in Accounting Policies and Adoption of New Accounting Standards

(a) Accounting Standard for Earnings Per Share

Effective the year ended March 31, 2012, the Company has applied the "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan ("ASBJ") Statement No. 2, issued on June 30, 2010) and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, issued on June 30, 2010).

Computation method of diluted net income per share has been changed. Under the new method, as to stock options that are vested after a certain period of employment, proceeds assuming the exercise of the rights include the part for the services rendered to the company in the future out of the fair value of the stock options.

There were no effects of this change.

2. Changes in Accounting Policies and Adoption of New Accounting Standards (continued)

(b) Accounting Standard for Accounting Changes and Error Corrections

The Company has applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and correction of prior period errors on and after the beginning of the year ended March 31, 2012.

(c) Transition of Pension Plans

The Company and certain consolidated subsidiaries had tax-qualified pension plans and lump-sum retirement plans. Effective October 1, 2011, the retirement benefit plans of the Company and certain consolidated subsidiaries transitioned to lump-sum retirement plans, defined contribution pension plans, and defined benefit corporate pension plans limited for retired pension recipients.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥82.19 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012.

The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Notes Maturing at End of Year

The Group settles notes based on the notes' clearing dates at the end of the fiscal year. Because March 31, 2012, the end of the current fiscal year, coincided with a bank holiday, the following accounts at March 31, 2012 included the matured notes:

	Millions of yen	Thousands of U.S. dollars
Notes and accounts receivable – trade	¥ 379	$ 4,612
Notes and accounts payable – trade	0	5

5. Inventories

Inventories at March 31, 2012 and 2011 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Merchandise and finished goods	¥ 24,917	¥ 21,897	$ 303,168
Work in process	3,061	2,602	37,252
Raw materials and supplies	34,304	18,559	417,377
Total	¥ 62,283	¥ 43,059	$ 757,798

Revaluation loss on inventories of ¥262 million ($3,199 thousand) and ¥338 million based on the lower of cost or market method was deducted from the carrying amounts of inventories at March 31, 2012 and 2011, respectively.

6. Property, Plant and Equipment

Accumulated depreciation of property, plant and equipment at March 31, 2012 and 2011 amounted to ¥235,187million ($2,861,512 thousand) and ¥225,819 million, respectively. Accumulated reduction entry of property, plant and equipment purchased using funds from a government subsidy amounted to ¥359 million ($4,371 thousand) and ¥359 million at March 31, 2012 and 2011, respectively.

7. Short-Term and Long-Term Loans Payable

Short-term and long-term loans payable as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Short-term loans payable with average interest rate of 1.8668% at March 31, 2012	¥ 5,001	¥ 2,760	$ 60,847
Current portion of long-term loans payable with average interest rate of 3.0753% at March 31, 2012	812	106	9,881
Current portion of lease obligations	462	395	5,626
Total short-term loans payable	6,275	3,262	76,354
Long-term loans payable at March 31, 2012 with average interest rate of 2.8017%, less current portion, due from 2013 to 2027	2,117	145	25,759
Long-term lease obligations at March 31, 2012, due from 2013 to 2018	675	883	8,220
Total long-term loans payable	2,792	1,029	33,979
Total	¥ 9,068	¥ 4,292	$ 110,333

* Average interest rates of loans payable represent the weighted-average rates for the outstanding balances at March 31, 2012.

* Disclosure of average interest rates of lease obligations has been omitted because the amounts of lease obligations recorded on consolidated balance sheets at March 31, 2012 were calculated based on inclusive-of-interest method.

The annual maturities of long-term loans payable within 5 years of March 31, 2012, excluding the current portion, are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 349	$ 4,253
2015	334	4,071
2016	1,397	16,998
2017	15	185

The annual maturities of long-term lease obligations within 5 years of March 31, 2012 excluding the current portion are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 395	$ 4,814
2015	172	2,104
2016	83	1,011
2017	16	203

7. Short-Term and Long-Term Loans Payable (continued)

The Group has entered into certain line-of-credit agreements with major financial institutions amounting to ¥21,174 million ($257,632 thousand) and ¥17,830 million at March 31, 2012 and 2011, respectively.

Loans payable outstanding under these line-of-credit agreements amounted to ¥2,224 million ($27,063 thousand) at March 31, 2012. There were no loans payable outstanding at March 31, 2011 under these line-of-credit agreements.

Administrative expenses related to these line-of-credit agreements amounted to ¥15 million ($193 thousand) and ¥15 million for the years ended March 31, 2012 and 2011, respectively.

The carrying amounts of assets pledged as collateral at March 31, 2012 and 2011 for short-term loans payable of ¥2,874 million ($34,970 thousand) and ¥200 million, respectively, and long-term loans payable of ¥1,582 million ($19,254 thousand) and nil, respectively, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Notes and accounts receivable – trade	**¥ 1,134**	¥ -	**$ 13,808**
Inventories	**2,737**	-	**33,311**
Buildings and structures	**2,081**	1,324	**25,331**
Machinery, equipment and vehicles	**2,057**	592	**25,028**
Other	**771**	124	**9,387**
Total	**¥ 8,783**	¥ 2,041	**$ 106,866**

8. Provision for Employees' Retirement Benefits

The Company and domestic consolidated subsidiaries have funded lump-sum retirement plans and defined contribution pension plans. The Company and certain domestic consolidated subsidiaries also have defined benefit corporate pension plans limited for retired pension recipients.

Besides these retirement benefits, certain employees may be entitled to additional special retirement benefits based on the conditions under which termination occurs.

Effective October 2011, tax-qualified pension plans and lump-sum retirement plans of the Company and certain consolidated subsidiaries transitioned to lump-sum retirement plans, defined contribution pension plans, and defined benefit corporate pension plans limited for retired pension recipients. For accounting purposes, this transition is treated as prescribed in the "Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1, issued on January 31, 2002). Due to this transition, "Loss on Revision of Retirement Benefit Plan" of ¥1,290 million ($15,704 thousand) is recognized for the year ended March 31, 2012.

8. Provision for Employees' Retirement Benefits (continued)

The allowance for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligation	¥ (31,936)	¥ (45,290)	$ (388,566)
Fair value of plan assets	13,711	36,718	166,825
Unrecognized actuarial loss	6,360	5,768	77,385
Unrecognized prior service cost	(2,552)	(1,734)	(31,061)
Less: Prepaid pension cost	4,002	4,823	48,703
Allowance for employees' retirement benefits	¥ (18,420)	¥ (9,360)	$ (224,120)

* Certain subsidiaries apply the simplified method to calculate benefit obligations.
* Fair value of plan assets for the year ended March 31, 2012 pertains to defined benefit corporate pension plans limited for retired pension recipients.

The effect of transition from tax-qualified pension plans and lump-sum retirement plans of the Company and certain consolidated subsidiaries to lump-sum retirement plans, defined contribution pension plans, and defined benefit corporate pension plans limited for retired pension recipients for the year ended March 31, 2012 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Decrease in projected benefit obligation	¥ 14,105	$ 171,618
Unrecognized actuarial loss	(4,500)	(54,757)
Unrecognized prior service cost	460	5,602
Decrease in fair value of plan assets	(20,546)	(249,990)
Decrease in prepaid pension cost	1,778	21,644
Net increase in allowance for employees' retirement benefits	¥ (8,702)	$ (105,882)

The components of retirement benefit costs for the years ended March 31, 2012 and 2011 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service cost	¥ 1,471	¥ 1,756	$ 17,899
Interest cost	768	1,031	9,355
Expected return on plan assets	(340)	(868)	(4,141)
Amortization of actuarial loss	660	621	8,031
Amortization of prior service cost	(221)	(198)	(2,698)
Net retirement benefit costs	2,337	2,344	28,445
Loss on revision of retirement benefit plan	1,290	-	15,704
Other	375	-	4,567
Total	¥ 4,003	¥ 2,344	$ 48,716

* Retirement benefit costs incurred by consolidated subsidiaries that apply the simplified method are recorded as service cost.
* Other is comprised of premium payments for defined contribution pension plans.

8. Provision for Employees' Retirement Benefits (continued)

The assumptions used in the above computations for the years ended March 31, 2012 and 2011 are set forth as follows:

		2012		2011
Discount rate	Principally	**1.7%**	Principally	2.5%
Expected rate of return on plan assets	Principally	**1.2%**	Principally	2.5%
Amortization period of actuarial difference	Principally	**15 years**	Principally	15 years
Amortization period of prior service cost	Principally	**15 years**		15 years

9. Stock Option Plans

Stock option expenses included in "Selling, General and Administrative Expenses" in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 amounted to ¥59 million ($720 thousand) and ¥57 million, respectively. Gain on forfeiture of unexercised stock options for the year ended March 31, 2012 amounted to ¥7 million ($88 thousand).

At March 31, 2012, the Company and consolidated subsidiaries had the following stock option plans:

	2004 Plan	2005 Plan	2007 Plan	2008 Plan
Grantees	10 directors and 12 executive officers of the Company and 25 directors of consolidated subsidiaries	9 directors and 10 executive officers of the Company and 26 directors of consolidated subsidiaries	12 directors and 11 executive officers of the Company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries
Type of stock	Common Stock	Common Stock	Common Stock	Common stock
Number of shares granted	269,500 shares	258,500 shares	250,000 shares	266,000 shares
Grant date	July 26, 2004	August 17, 2005	August 13, 2007	August 19, 2008
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 17, 2006-July 16, 2011	July 21, 2007-July 20, 2012	July 27, 2009-July 26, 2014	August 20, 2010-July 30, 2015

	2004 Plan	2005 Plan	2007 Plan	2008 Plan
Non-Vested (number of shares)				
Outstanding at beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Vested during the year	-	-	-	-
Outstanding at end of the year	-	-	-	-
Vested (number of shares)				
Outstanding at beginning of the year	34,100	128,700	225,000	253,000
Vested during the year	-	-	-	-
Exercised during the year	-	-	-	5,000
Forfeited during the year	34,100	53,900	71,000	-
Outstanding at end of the year	-	74,800	154,000	248,000
Exercise price (Yen)	¥999	¥1,085	¥1,197	¥1,397
Exercise price (U.S. dollars)	$12.15	$13.20	$14.56	$17.00
Weighted-average market price upon exercise (Yen)	-	-	-	¥1,001
Weighted-average market price upon exercise (U.S. dollars)	-	-	-	$12.18
Fair value as of grant date (Yen)	-	-	¥102	¥201
Fair value as of grant date (U.S. dollars)	-	-	$1.24	$2.45

9. Stock Option Plans (continued)

	2009 Plan	2010 Plan	2011 Plan
Grantees	12 directors and 12 executive officers of the Company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries	13 directors and 10 executive officers of the Company and 42 directors of consolidated subsidiaries
Type of stock	Common stock	Common stock	Common stock
Number of shares granted	256,000 shares	263,000 shares	351,000 shares
Grant date	August 18, 2009	August 18, 2010	August 18, 2011
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 19, 2011- August 1, 2016	August 19, 2012- August 1, 2017	August 19, 2013- August 1, 2018

	2009 Plan	2010 Plan	2011 Plan
Non-Vested (number of shares)			
Outstanding at beginning of the year	256,000	263,000	-
Granted during the year	-	-	351,000
Forfeited during the year	-	-	-
Vested during the year	256,000	-	-
Outstanding at end of the year	-	263,000	351,000
Vested (number of shares)			
Outstanding at beginning of the year	-	-	-
Granted during the year	256,000	-	-
Exercised during the year	4,000	-	-
Forfeited during the year	-	-	-
Outstanding at end of the year	252,000	-	-
Exercise price (Yen)	¥1,131	¥1,098	¥1,025
Exercise price (U.S. dollars)	$13.76	$13.36	$12.47
Weighted-average market price upon exercise (Yen)	¥964	-	-
Weighted-average market price upon exercise (U.S. dollars)	$11.73	-	-
Fair value as of grant date (Yen)	¥232	¥216	¥169
Fair value as of grant date (U.S. dollars)	$2.82	$2.63	$2.06

The fair value of options granted as of the grant date was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	2011 Plan
Expected volatility *1 (%)	29.6
Expected remaining period *2 (years)	4.5
Expected dividends per share *3 (yen)	¥20
Expected dividends per share *3 (U.S. dollars)	$0.24
Risk free interest rate *4 (%)	0.33

*1 Expected volatility is estimated based on the actual stock price in the period from February 2007 to August 2011.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividends per share refer to the annual amount for the year ended March 31, 2011.

*4 Risk free interest rate represents the interest rate of government bonds whose remaining period corresponds to the expected remaining period of the above stock options.

9. Stock Option Plans (continued)

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested numbers is based on actual forfeitures in prior periods.

At March 31, 2011, the Company and consolidated subsidiaries had the following stock option plans:

	2003 Plan	2004 Plan	2005 Plan	2007 Plan
Grantees	10 directors and 13 executive officers of the Company and 29 directors of consolidated subsidiaries	10 directors and 12 executive officers of the Company and 25 directors of consolidated subsidiaries	9 directors and 10 executive officers of the Company and 26 directors of consolidated subsidiaries	12 directors and 11 executive officers of the Company and 23 directors of consolidated subsidiaries
Type of stock	Common Stock	Common Stock	Common Stock	Common Stock
Number of shares granted	290,400 shares	269,500 shares	258,500 shares	250,000 shares
Grant date	July 23, 2003	July 26, 2004	August 17, 2005	August 13, 2007
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	July 16, 2005-July 15, 2010	July 17, 2006-July 16, 2011	July 21, 2007-July 20, 2012	July 27, 2009-July 26, 2014

	2003 Plan	2004 Plan	2005 Plan	2007 Plan
Non-Vested (number of shares)				
Outstanding at beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Vested during the year	-	-	-	-
Outstanding at end of the year	-	-	-	-
Vested (number of shares)				
Outstanding at beginning of the year	13,200	73,700	144,100	225,000
Vested during the year	-	-	-	-
Exercised during the year	13,200	39,600	15,400	-
Forfeited during the year	-	-	-	-
Outstanding at end of the year	-	34,100	128,700	225,000
Exercise price (Yen)	¥811	¥999	¥1,085	¥1,197
Weighted-average market price upon exercise (Yen)	¥1,094	¥1,077	¥1,045	-
Fair value as of grant date (Yen)	-	-	-	¥102

	2008 Plan	2009 Plan	2010 Plan
Grantees	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries	12 directors and 12 executive officers of the Company and 23 directors of consolidated subsidiaries	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries
Type of stock	Common stock	Common stock	Common stock
Number of shares granted	266,000 shares	256,000 shares	263,000 shares
Grant date	August 19, 2008	August 18, 2009	August 18, 2010
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 20, 2010-July 30, 2015	August 19, 2011-August 1, 2016	August 19, 2012-August 1, 2017

9. Stock Option Plans (continued)

	2008 Plan	2009 Plan	2010 Plan
Non-Vested (number of shares)			
Outstanding at beginning of the year	266,000	256,000	-
Granted during the year	-	-	263,000
Forfeited during the year	-	-	-
Vested during the year	266,000	-	-
Outstanding at end of the year	-	256,000	263,000
Vested (number of shares)			
Outstanding at beginning of the year	-	-	-
Granted during the year	266,000	-	-
Exercised during the year	13,000	-	-
Forfeited during the year	-	-	-
Outstanding at end of the year	253,000	-	-
Exercise price (Yen)	¥1,397	¥1,131	¥1,098
Weighted-average market price upon exercise (Yen)	¥1,043	-	-
Fair value as of grant date (Yen)	¥201	¥232	¥216

The fair value of options granted as of the grant date was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	2010 Plan
Expected volatility *1 (%)	29.3
Expected remaining period *2 (years)	4.5
Expected dividends per share *3 (yen)	¥22
Risk free interest rate *4 (%)	0.25

*1 Expected volatility is estimated based on the actual stock price in the period from February 2006 to August 2010.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividends per share refer to the annual amount for the year ended March 31, 2010.

*4 Risk free interest rate represents the interest rate of government bonds whose remaining period corresponds to the expected remaining period of the above stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested numbers is based on actual forfeitures in prior periods.

10. Shareholders' Equity

The Companies Act of Japan (the "Act") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

11. Supplemental Information for Consolidated Statements of Changes in Net Assets

(a) Type and number of outstanding shares

Types of shares	Thousands of shares Year ended March 31, 2012 Balance at Beginning of Year	Increase in Shares during the Year	Decrease in Shares during the Year	Balance at Year End
Issued stock: Common stock	251,535	-	-	251,535
Treasury stock: Common stock	3,045	30	13	3,062

1. Treasury stock increased due to a repurchase of odd-lot shares of less than one unit (30 thousand shares).
2. Treasury stock decreased due to (a) a disposal of odd-lot shares of less than one unit (4 thousand shares) and (b) exercise of stock options (9 thousand shares).

Types of Shares	Thousands of shares Year ended March 31, 2011 Balance at Beginning of Year	Increase in Shares during the Year	Decrease in Shares during the Year	Balance at Year End
Issued stock: Common stock	251,535	-	-	251,535
Treasury stock: Common stock	3,059	77	91	3,045

1. Treasury stock increased due to a repurchase of odd-lot shares of less than one unit (77 thousand shares).
2. Treasury stock decreased due to (a) a disposal of odd-lot shares of less than one unit (10 thousand shares) and (b) exercise of stock options (81 thousand shares).

(b) Subscription rights to shares

Category	Details of Options	Balance at March 31, 2012 Millions of yen	Thousands of U.S. dollars
Supplying company	Subscription rights to shares as stock options	¥ 188	$ 2,292
(Parent Company)	Total	¥ 188	$ 2,292

Category	Details of Options	Balance at March 31, 2011 Millions of yen
Supplying company	Subscription rights to shares as stock options	¥ 138
(Parent Company)	Total	¥ 138

(c) Dividends

(1) Dividends paid to shareholders

Year ended March 31, 2012

Date of Approval	Resolution Approved by	Type of Shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per Share (Yen)	Amount per Share (U.S. dollars)	Recording Date	Effective Date
June 28, 2011	Annual general meeting of shareholders	Common stock	¥2,485	$ 30,242	¥10	$ 0.12	March 31, 2011	June 29, 2011
October 28, 2011	Board of directors	Common stock	¥2,485	$ 30,241	¥10	$ 0.12	September 30, 2011	December 5, 2011

11. Supplemental Information for Consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2011

Date of Approval	Resolution Approved by	Type of Shares	Amount	Amount per Share	Recording Date	Effective Date
			(Millions of yen)	(Yen)		
June 25, 2010	Annual general meeting of shareholders	Common stock	¥2,982	¥12	March 31, 2010	June 28, 2010
October 29, 2010	Board of directors	Common stock	¥2,485	¥10	September 30, 2010	December 3, 2010

(2) Dividends with a cut-off date during the fiscal year but an effective date subsequent to the fiscal year

Year ended March 31, 2012

Date of Approval	Resolution Approved by	Type of Shares	Source of Dividends	Amount		Amount per Share		Cut-off Date	Effective Date
				(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 27, 2012	**Annual general meeting of shareholders**	**Common stock**	**Retained earnings**	**¥ 2,485**	**$ 30,240**	**¥ 10**	**$ 0.12**	**March 31, 2012**	**June 28, 2012**

Year ended March 31, 2011

Date of Approval	Resolution Approved by	Type of Shares	Source of Dividends	Amount	Amount per Share	Cut-off Date	Effective Date
				(Millions of yen)	(Yen)		
June 28, 2011	Annual general meeting of shareholders	Common stock	Retained earnings	¥ 2,485	¥ 10	March 31, 2011	June 29, 2011

12. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2012 and 2011 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Freight	**¥ 26,227**	¥ 25,645	**$ 319,104**
Sales promotion and sales incentives	**34,518**	34,640	**419,982**
Employees' salaries	**12,933**	12,811	**157,364**
Employees' bonuses and benefits	**9,590**	9,636	**116,684**
Retirement benefits	**1,590**	1,295	**19,354**
Other	**27,340**	29,089	**332,650**
Total	**¥112,200**	¥113,120	**$ 1,365,138**

13. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs were ¥5,980 million ($72,766 thousand) and ¥5,866 million for the years ended March 31, 2012 and 2011, respectively.

14. Impairment Loss

No impairment loss was recognized for the year ended March 31, 2012.

The Group recognized impairment loss on the following assets for the year ended March 31, 2011:

Location	Type of assets	Item
Kumagaya-shi, Saitama, and others	Business property (Processed Food segment)	Building and structures, machinery, equipment and vehicles, land and others
Kobe-shi, Hyogo, and others	Rental property	Building and structures, land
Sasayama-shi, Hyogo, and others	Idle property	Building and structures, land

The Group classifies assets based on minimum units that generate cash flows essentially independent from the cash flows of other assets or groups of assets.

For business property and rental property, the book values of such assets were written down to the amounts deemed recoverable since the book value exceeded recoverable value from such assets, resulting in impairment loss of ¥2,410 million and ¥475 million, respectively. Impairment loss on business property consists of ¥1,293 million for buildings and structures, ¥324 million for machinery, equipment and vehicles, ¥499 million for land and ¥292 million for other. Impairment loss on rental property consists of ¥158 million for buildings and structures and ¥316 million for land.

Due to the significant decline in the market price, the book value of the idle property was written down to the amount deemed recoverable, resulting in impairment loss of ¥204 million. Impairment loss on idle property consists of ¥1 million for buildings and structures and ¥202 million for land.

The recoverable value of these assets for the Group was estimated based on the usage value (discount rates used in the calculation were mainly 5%) or net selling value (determined based on appraisals).

15. Income Taxes

Income taxes applicable to the Group consist of corporate tax, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2012 and 2011 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Deferred tax assets:			
Provision for employees' retirement benefits	**¥ 5,110**	¥ 4,430	**$ 62,182**
Provision for bonuses	**1,748**	1,872	**21,272**
Accrued sales incentives	**1,089**	1,271	**13,259**
Investment securities	**1,066**	1,187	**12,980**
Impairment loss	**1,053**	1,114	**12,822**
Unrealized gain on noncurrent assets	**1,020**	1,021	**12,419**
Provision for repairs	**527**	636	**6,422**
Inventories	**496**	560	**6,042**
Accrued business office taxes	**432**	437	**5,264**
Depreciation and amortization	**318**	592	**3,870**
Unrealized gain on inventories	**266**	237	**3,245**
Other	**2,437**	2,387	**29,657**
Gross deferred tax assets	**15,569**	15,750	**189,434**
Valuation allowance	**(2,455)**	(2,758)	**(29,882)**
Amount offset by deferred tax liabilities	**(4,584)**	(4,049)	**(55,776)**
Deferred tax assets, net	**¥ 8,529**	¥ 8,943	**$ 103,777**

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥ (12,629)**	¥ (12,553)	**$ (153,667)**
Reserve for reduction entry of noncurrent assets	**(2,336)**	(2,603)	**(28,429)**
Securities returned from employee retirement benefit trust	**(1,118)**	-	**(13,612)**
Other	**(317)**	(264)	**(3,865)**
Gross deferred tax liabilities	**(16,402)**	(15,421)	**(199,573)**
Amount offset by deferred tax assets	**4,584**	4,049	**55,776**
Deferred tax liabilities, net	**¥ (11,818)**	¥ (11,372)	**$ (143,797)**

Disclosure of the reconciliation for the years ended March 31, 2012 and 2011 has been omitted as the difference was less than 5% of the statutory tax rate.

Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114, 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117, 2011), the statutory income tax rates used to calculate deferred tax assets and liabilities will be changed to 37.9% for temporary differences expected to reverse in the years beginning from April 1, 2012 to April 1, 2014, and to 35.5% for temporary differences expected to reverse in the years beginning from April 1, 2015 and thereafter.

As a result of this change in income tax rates, deferred tax liabilities, net of deferred tax assets, decreased by ¥991 million ($12,069 thousand) and income taxes – deferred increased by ¥822 million ($10,011 thousand) for the year ended March 31, 2012.

16. Leases

The Group primarily leases information system equipment and software.

The following *pro forma* amounts represent the acquisition cost, accumulated depreciation and net book value of the leased assets at March 31, 2012 and 2011. Finance leases which had been entered into on or before March 31, 2008 and which do not transfer ownership of the leased property to the lessee are currently accounted for as operating leases:

	2012							
	Millions of yen				Thousands of U.S. dollars			
	Acquisition Cost	Accumulated Depreciation	Accumulated Impairment Loss	Net Book Value	Acquisition Cost	Accumulated Depreciation	Accumulated Impairment Loss	Net Book Value
Machinery, equipment and vehicles	¥ 1,696	¥ 1,374	¥ 131	¥ 190	$ 20,637	$ 16,719	$ 1,599	$ 2,319
Other	1,180	1,049	45	85	14,366	12,766	555	1,045
Total	¥ 2,876	¥ 2,423	¥ 177	¥ 276	$ 35,003	$ 29,485	$ 2,154	$ 3,364

	2011			
	Millions of yen			
	Acquisition Cost	Accumulated Depreciation	Accumulated Impairment Loss	Net Book Value
Machinery, equipment and vehicles	¥ 1,925	¥ 1,421	¥ 132	¥ 370
Other	1,421	1,158	48	214
Total	¥ 3,347	¥ 2,580	¥ 181	¥ 585

The future minimum lease commitments under finance leases subsequent to March 31, 2012 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 211	$ 2,572
Due after one year	136	1,664
Total	¥ 348	$ 4,236

The balance of accumulated impairment loss on leased assets and reversal of accumulated impairment loss on leased assets as of and for the year ended March 31, 2012 were ¥70 million ($860 thousand), ¥66 million ($809 thousand), respectively. The balance of accumulated impairment loss on leased assets, reversal of accumulated impairment loss on leased assets and impairment loss as of and for the year ended March 31, 2011 were ¥137 million, ¥43 million and ¥181 million, respectively.

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥374 million ($4,560 thousand) and ¥509 million for the years ended March 31, 2012 and 2011, respectively. These lease payments were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms with a zero residual value.

16. Leases (continued)

The future minimum lease commitments under noncancellable operating leases subsequent to March 31, 2012 are summarized as follows:

(As Lessee)

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 64	$ 781
Due after one year	93	1,140
Total	¥ 157	$ 1,921

(As Lessor)

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 107	$ 1,307
Due after one year	574	6,992
Total	¥ 682	$ 8,299

17. Contingent Liabilities

At March 31, 2012 and 2011, the Company was contingently liable as a guarantor of loan obligations to financial institutions for one affiliated company and others as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Employee housing loans receivable	¥ 83	¥ 123	$ 1,021
Hanshin Silo Co., Ltd. (affiliated company)	-	480	-
Nihon-Bio Co., Ltd. (client-related)	122	164	1,490
	¥ 206	¥ 768	$ 2,512

18. Per Share Data

	2012	2011	2012
Net income per share:			
Basic	¥ 53.63	¥ 57.09	$ 0.65
Diluted	-	57.09	-
Net assets per share	¥ 1,172.72	¥ 1,121.98	$ 14.27

Diluted net income per share for the year ended March 31, 2012 is not disclosed, as there are no dilutive securities for the year ended March 31, 2012.

Basic net income per share is computed by dividing net income available for distribution to common shareholders by the weighted-average number of shares of common stock outstanding for the year, retroactively adjusted for stock splits.

With respect to the computation of diluted net income per share, both net income and the weighted-average number of shares of common stock outstanding are adjusted assuming the exercise of rights relevant to potentially issuable shares.

Net assets per share are computed by dividing the net assets excluding subscription rights to shares and minority interests by the number of shares of common stock outstanding at the year end.

18. Per Share Data (continued)

The bases for calculating basic and diluted net income per share are as follows:

	2012	2011
Net income available for distribution to common shareholders	**¥ 13,326 million ($162,149 thousand)**	¥ 14,187 million
Weighted average number of shares for basic net income	**248,482,146 shares**	248,497,650 shares
Increase in shares of common stock		
Exercise of warrants	**-**	3,770 shares
Number of shares for diluted net income	**-**	248,501,420 shares
Summary of potentially issuable shares that do not have a dilutive effect on net income per share	**93 and 258 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2011 86 and 177 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2010 84 and 172 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2009 80 and 173 subscription rights to shares approved by the annual general meeting of shareholders at June 26, 2008 79 and 146 subscription rights to shares approved by the annual general meeting of shareholders at June 27, 2007 117 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2005 31 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2004**	86 and 177 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2010 84 and 172 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2009 88 and 178 subscription rights to shares approved by the annual general meeting of shareholders at June 26, 2008 79 and 146 subscription rights to shares approved by the annual general meeting of shareholders at June 27, 2007 118 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2005

The bases for calculating net assets per share are as follows:

	2012	2011	2012
Total net assets	**¥ 298,798 million**	¥ 285,249 million	**$ 3,635,465 thousand**
Amounts deducted from total net assets			
Subscription rights to shares	**188 million**	138 million	**2,292 thousand**
Minority interests	**7,220 million**	6,311 million	**87,848 thousand**
Net assets attributable to shares of common stock	**291,390 million**	278,799 million	**3,545,325 thousand**
Number of shares of common stock used in the calculation of net assets per share	**248,473,138 shares**	248,490,025 shares	

19. Financial Instruments

(a) Overview

(1) Investment policy of financial instruments

The Group mainly operates funds for future strategic investments and manages temporary surpluses by secured time deposits and short-term investment securities. The Group does not operate these funds for trading or speculative purposes. The Group obtains financing through bank borrowings for short-term financial requirements and bank loans, bond issuance and capital increases for long-term financial requirements, considering market conditions and other factors. Investment securities principally consist of equity securities of companies in which a business relationship has been established or capital alliances.

Derivative transactions are only utilized to hedge the following risks, and it is a policy not to enter into derivative transactions for trading or speculative purposes.

19. Financial Instruments (continued)

(2) Types of financial instruments and related risk and risk management
Cash and deposits are mainly time deposits and short-term investment securities are mainly debt securities. These are exposed to credit risk and market fluctuation risk. The Group minimizes and diversifies these risks according to internal rules that state certain specified limits.

Notes and accounts receivable - trade are exposed to credit risk. Each company in the Group follows internal rules and monitors credit conditions of customers periodically and manages the due date and balance per each customer.

Investment securities are mainly equity securities of companies in which a business relationship has been established or capital alliances and exposed to market fluctuation risk. The Group reviews fair values of these securities periodically.

Notes and accounts payable - trade are exposed to liquidity risk, however, most of them are due within one year and the Group manages the risk by preparing cash management plans.

(3) Supplemental information on market value of financial instruments
As well as the values based on market prices, market values of financial instruments include values, which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied. Also, for the contract amount and others regarding derivative transactions described in Note 22, the contract amount itself does not indicate market risk related to derivative transactions.

(b) Market value of financial instruments
Carrying value on the consolidated balance sheets as of March 31, 2012 and 2011, market value and differences are as follows. The financial instruments whose market value is extremely difficult to determine are not included below.

	2012					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Value	Market Value	Difference	Carrying Value	Market Value	Difference
Cash and deposits	¥ 59,020	¥ 59,020	¥ -	$ 718,101	$ 718,101	$ -
Notes and accounts receivable - trade	65,015	65,015	-	791,042	791,042	-
Short-term investment securities and investment securities:						
Held-to-maturity securities	1,000	1,000	-	12,167	12,167	-
Other securities	74,710	74,710	-	909,000	909,000	-
Total assets	¥199,747	¥199,747	¥ -	$2,430,310	$ 2,430,310	$ -
Notes and accounts payable - trade	50,003	50,003	-	608,395	608,395	-
Total liabilities	¥ 50,003	¥ 50,003	¥ -	$ 608,395	$ 608,395	$ -
Derivative transactions: (*)						
Hedge accounting not applied	10	10	-	128	128	-
Hedge accounting applied	227	227	-	2,768	2,768	-
Total derivative transactions	¥ 237	¥ 237	¥ -	$ 2,896	$ 2,896	$ -

19. Financial Instruments (continued)

	2011		
	Millions of yen		
	Carrying Value	Market Value	Difference
Cash and deposits	¥ 57,938	¥ 57,938	¥ -
Notes and accounts receivable - trade	57,919	57,919	-
Short-term investment securities and investment securities:			
Held-to-maturity securities	2,000	2,000	-
Other securities	71,026	71,026	-
Total assets	¥188,884	¥188,884	¥ -
Notes and accounts payable - trade	36,634	36,634	-
Total liabilities	¥ 36,634	¥ 36,634	¥ -
Derivative transactions: (*)			
Hedge accounting not applied	7	7	-
Hedge accounting applied	114	114	-
Total derivative transactions	¥ 121	¥ 121	¥ -

(*) Net assets and liabilities arising from derivative transactions are presented on a net basis with liabilities shown in parenthesis.

Note 1: Valuation method for financial instruments and information of investment securities are as follows:

Assets:

Cash and deposits and Notes and accounts receivable - trade

The carrying value is deemed as the market value since these are scheduled to be settled in a short period of time.

Short-term investment securities and investment securities

Market value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or the price provided by the correspondent financial institutions.

Liabilities:

Notes and accounts payable – trade

The carrying value is deemed as the market value since these are scheduled to be settled in a short period of time.

Derivative transactions:

Please refer to Note 22.

Note 2: Unlisted equity securities of ¥18,332 million ($223,046 thousand) and ¥18,773 million whose market values are extremely difficult to determine as of March 31, 2012 and 2011, respectively, are not included in the above tables.

19. Financial Instruments (continued)

(c) The redemption schedule for financial instruments and securities with maturities as of March 31, 2012 and 2011 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
	Due in One Year or Less	Due in One Year or Less	Due in One Year or Less
Cash and deposits	¥ 59,020	¥ 57,938	$ 718,101
Notes and accounts receivable - trade	65,015	57,919	791,042
Short-term investment securities and investment securities:			
Held-to-maturity securities	1,000	2,000	12,167
Other securities	15,148	22,749	184,313
Total	¥ 140,185	¥ 140,607	$1,705,622

20. Investment Securities

Investments in unconsolidated subsidiaries and affiliates included in "Investment securities" as of March 31, 2012 and 2011 amounted to ¥15,995 million ($194,611 thousand) and ¥16,416 million, respectively.

Securities other than those of subsidiaries and affiliates classified as held-to-maturity securities at March 31, 2012 and 2011 are summarized as follows:

(a) Information regarding held-to-maturity securities with fair market value

	2012					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Value	Market Value	Unrealized Gains (Losses)	Carrying Value	Market Value	Unrealized Gains (Losses)
Securities whose market value exceeds their carrying value:						
Government and municipal bonds	¥ -	¥ -	¥ -	$ -	$ -	$ -
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Securities whose market value does not exceed their carrying value:						
Government and municipal bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Other	1,000	1,000	-	12,167	12,167	-
Subtotal	1,000	1,000	-	12,167	12,167	-
Total	¥ 1,000	¥ 1,000	¥ -	$ 12,167	$ 12,167	$ -

20. Investment Securities (continued)

	2011		
	Millions of yen		
	Carrying Value	Market Value	Unrealized Gains (Losses)
Securities whose market value exceeds their carrying value:			
Government and municipal bonds	¥ -	¥ -	¥ -
Corporate bonds	-	-	-
Other	-	-	-
Subtotal	-	-	-
Securities whose market value does not exceed their carrying value:			
Government and municipal bonds	-	-	-
Corporate bonds	-	-	-
Other	2,000	2,000	-
Subtotal	2,000	2,000	-
Total	¥ 2,000	¥ 2,000	¥ -

(b) Information regarding available-for-sale securities with fair market value

	2012					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥ 55,178	¥ 19,020	¥ 36,158	$ 671,356	$ 231,421	$ 439,934
Bonds:						
Government and municipal bonds	1,898	1,898	0	23,099	23,096	3
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	57,077	20,918	36,158	694,455	254,517	439,938
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	4,390	4,982	(591)	53,424	60,622	(7,198)
Bonds:						
Government and municipal bonds	12,242	12,242	(0)	148,954	148,959	(5)
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	1,000	1,000	-	12,167	12,167	-
Subtotal	17,633	18,225	(592)	214,545	221,748	(7,203)
Total	¥ 74,710	¥ 39,144	¥ 35,566	$ 909,000	$ 476,265	$ 432,734

20. Investment Securities (continued)

	2011		
	Millions of yen		
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 42,187	¥ 10,537	¥ 31,649
Bonds:			
Government and municipal bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	42,187	10,537	31,649
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	6,094	6,811	(716)
Bonds:			
Government and municipal bonds	22,744	22,746	(1)
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	28,839	29,557	(718)
Total	¥ 71,026	¥ 40,095	¥ 30,931

(c) Sale of securities classified as available-for-sale securities

Information regarding the sale of securities classified as available-for-sale securities for the years ended March 31, 2012 and 2011 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Proceeds from sales	**¥ 32**	¥ 74	**$ 393**
Aggregate gains on sales	**13**	24	**168**
Aggregate losses on sales	**0**	-	**2**

(d) Impairment loss

Impairment loss recognized on available-for-sale securities for the years ended March 31, 2012 and 2011 are ¥91 million ($1,110 thousand) and ¥1,440 million, respectively.

21. Cash and Cash Equivalents

(a) Cash and deposits on the accompanying consolidated balance sheets and cash and cash equivalents on the accompanying consolidated statements of cash flows are reconciled as of March 31, 2012 and 2011 as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash and deposits	¥ 59,020	¥ 57,938	$ 718,101
Short-term investment securities	16,141	24,744	196,387
Total	75,161	82,682	914,488
Time deposits with maturities of more than three months	(26,042)	(26,799)	(316,855)
Debt securities with maturities of more than three months	(2,732)	(13,795)	(33,243)
Cash and cash equivalents	¥ 46,387	¥ 42,087	$ 564,390

(b) Major Components of assets and liabilities of Miller Milling Company, LLC, Miller Milling Company, LP and Miller Trading Company, LLC, which were newly consolidated by the acquisition of equity interests by the Company and details of the difference between the acquisition costs and net payment at the time of consolidation are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 4,404	$ 53,589
Noncurrent assets	2,482	30,202
Goodwill	8,947	108,860
Current liabilities	(3,528)	(42,933)
Noncurrent liabilities	(1,582)	(19,254)
Acquisition costs of shares	10,722	130,464
Unpaid balance	(128)	(1,566)
Cash and cash equivalents	(15)	(187)
Net payment for the acquisition of equity interests	¥ (10,578)	$ (128,711)

22. Derivatives

Derivative transactions for which hedge accounting is not applied at March 31, 2012 and 2011 are as follows:

	2012							
	Millions of yen				Thousands of U.S. dollars			
	Contract Amount and Others	Due after One Year	Market Value	Unrealized Gain (Loss)	Contract Amount and Others	Due after One Year	Market Value	Unrealized Gain (Loss)
Foreign currency option:								
Buy:								
Canadian dollars	¥ 283	¥ -	¥ 5	¥ 5	$ 3,446	$ -	$ 72	$ 72
Forward exchange contracts:								
Sell:								
U.S. dollars	¥ 178	¥ -	¥ (8)	¥ (8)	$ 2,169	$ -	$ (101)	$ (101)
Buy:								
U.S. dollars	178	-	4	4	2,168	-	50	50
Euro	6	-	(0)	(0)	77	-	(3)	(3)
Japanese yen	0	-	0	0	3	-	0	0
Total	¥ 646	¥ -	¥ 1	¥ 1	$ 7,863	$ -	$ 18	$ 18
Commodity futures:								
Sell:								
Wheat	¥ 1,170	¥ -	¥ 72	¥ 72	$ 14,242	$ -	$ 888	$ 888
Buy:								
Wheat	1,418	-	(31)	(31)	17,254	-	(386)	(386)
Commodity options:								
Sell put:								
Wheat	19	-	14	5	238	-	176	62
Total	¥ 2,608	¥ -	¥ 55	¥ 46	$ 31,733	$ -	$ 677	$ 563
Interest rate swaps:								
Pay fixed / receive floating	¥ 3,104	¥ -	¥ (46)	¥ (46)	$ 37,771	$ -	$ (567)	$ (567)
Total	¥ 3,104	¥ -	¥ (46)	¥ (46)	$ 37,771	$ -	$ (567)	$ (567)

	2011			
	Millions of yen			
	Contract Amount and Others	Due after One Year	Market Value	Unrealized Gain (Loss)
Foreign currency option:				
Buy:				
Canadian dollars	¥ 467	¥ -	¥ 7	¥ 7
Forward exchange contracts:				
Sell:				
U.S. dollars	¥ 148	¥ -	¥ (1)	¥ (1)
Buy:				
U.S. dollars	439	-	(1)	(1)
Euro	23	-	0	0
Japanese yen	1	-	0	0
Total	¥ 1,080	¥ -	¥ 5	¥ 5
Commodity futures:				
Sell:				
Wheat	¥ 7	¥ -	¥ (0)	¥ (0)
Buy:				
Wheat	188	-	2	2
	¥ 195	¥ -	¥ 1	¥ 1

* Fair value of derivative transactions is stated based on the quoted market price and the price presented by the counterparty financial institutions.

22. Derivatives (continued)

Derivative transactions for which hedge accounting is applied at March 31, 2012 and 2011 are as follows:

		2012					
		Millions of yen			Thousands of U.S. dollars		
	Hedged Item	Contract Amount and Others	Due after One Year	Market Value	Contract Amount and Others	Due after One Year	Market Value
Benchmark method							
Forward exchange contracts:							
Sell:							
U.S. dollars	Anticipated foreign currency transactions	¥ 405	¥ -	¥ 8	$ 4,937	$ -	$ 101
Buy:							
U.S. dollars	Accounts payables	2,091	-	125	25,442	-	1,531
Thai baht		933	-	69	11,362	-	847
Euro		351	-	20	4,280	-	252
Currency options:							
Purchase call:							
U.S. dollars	Accounts payables	¥ 1	¥ -	¥ 3	$ 21	$ -	$ 37
Allocation method							
Forward exchange contracts:							
Buy:							
U.S. dollars	Accounts payables	¥ 54	¥ -	¥ -	$ 668	$ -	$ -
		¥ 3,839	¥ -	¥ 227	$ 46,710	$ -	$ 2,768

		2011		
		Millions of yen		
	Hedged Item	Contract Amount and Others	Due after One Year	Market Value
Benchmark method				
Forward exchange contracts:				
Buy:				
U.S. dollars	Accounts payables	¥ 2,965	¥ -	¥ 46
Thai baht		1,340	-	25
Euro		338	-	18
Canadian dollars		70	-	2
Currency options:				
Purchase call:				
U.S. dollars	Accounts payables	¥ 11	¥ -	¥ 20
Allocation method				
Forward exchange contracts:				
Buy:				
U.S. dollars	Accounts payables	¥ 78	¥ -	¥ -
Euro		227	-	-
		¥ 5,031	¥ -	¥ 114

23. M&A Activity

<Business combination by the acquisition>

1. Outline of the transaction

(1) Name and business of acquired companies:
Miller Milling Company, LLC: Manufacturing and distribution of wheat flour
Miller Milling Company, LP: Asset management for Miller Milling Company, LLC
Miller Trading Company, LLC: Raw grains trading for Miller Milling Company, LLC

(2) Rationale for M&A activity
The Company has long had the expansion of its overseas business as a top priority in order to sustain the continued growth of the Group. Through the acquisition, the Company decided to launch the Group into the U. S. flour milling market, the largest flour milling market in the developed world.

Miller Milling Company ("MMC"), which is the 9th largest miller in the U.S., (*) owns two durum/hard wheat milling facilities strategically located in areas close to large flour/semolina consumption regions in the Eastern and Western United States. The acquisition of MMC will enable the Company to take advantage of the highly experienced and technical capabilities of Miller Milling that operates its core business centered on durum semolina, bakery flour and tortilla flour products. The Company plans to further expand its presence in the U.S. by expanding MMC's existing operations as a part of the Group organization into new markets. Toward that goal, the company will utilize the Group's outstanding product development, techniques and capabilities to supply wheat flour that is consistent in quality.

The acquisition of Miller Milling is not the Group's first foray into the North American market; the Group had already entered the North American market in the form of its subsidiary, Rogers Foods Ltd., a wheat-flour and prepared mix manufacturer in British Columbia, Canada. The company is confident that its acquisition of Miller Milling Company will realize synergies both with Rogers Foods and other Group companies that will serve to greatly accelerate the expansion of its presence in the U.S. market.

In addition to the expansion of its business presence in North America, the Company is excited about the opportunity for the Group to gain valuable wheat-related know-how from its new operations in the U.S. market, which is the largest supplier of wheat to Japan, and substantial experience in the U.S. wheat and wheat-flour business under free trade. Through this experience, the Group will obtain significant benefits and capabilities for further expanding its flour milling operations in the global market.

(*) Source: Grain & Milling Annual 2011 published by Sosland Publishing Co.

(3) Date of acquisition
March 20, 2012

(4) Legal form of acquisition
Equity interests acquired through the payment of cash

(5) Names of the companies after acquisition
1) Miller Milling Company, LLC
2) Miller Milling Company, LP
3) Miller Trading Company, LLC

(6) Percentage of voting rights acquired
100%

(7) Principal reason for determining the companies to be acquired
The Group acquired a 100% equity interest in each company through the payment of cash.

23. M&A Activity (continued)

2. The period for which acquired company results are included in consolidated financial statements

The balance sheets as of December 31, 2011 have been consolidated after undertaking adjustments for material transactions that occurred up to the share acquisition date in March 2012.

3. Acquisition cost details

	Millions of yen	Thousands of U.S. dollars
Compensation for the acquisition	¥ 10,164	$ 123,673
Direct costs for acquisition	558	6,791
Total acquisition cost	¥ 10,722	$ 130,464

4. Amount, reasons, amortization method and period of goodwill

(1) Amount of goodwill
¥8,947 million ($108,860 thousand)

(2) Reasons
The incidence of goodwill is attributable to the rational estimation of excess earnings power anticipated by future business development.

(3) Amortization method and period
Amortized using the straight-line method over a period of 10 years

5. Details of the assets acquired and the liabilities undertaken at the acquisition date

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 4,404	$ 53,589
Noncurrent assets	2,482	30,202
Total assets	¥ 6,886	$ 83,792
Current liabilities	¥ 3,528	$ 42,933
Noncurrent liabilities	1,582	19,254
Total liabilities	¥ 5,111	$ 62,187

6. Allocation of acquisition costs

The allocation of acquisition costs had not been completed as of the end of the fiscal year. As a result, accounting treatment has been undertaken on a provisional basis in accordance with readily available information at that time.

7. The impact of estimated amounts on the consolidated statements of income for the fiscal year under review on the assumption that the acquisition was completed on the commencement date of the consolidated fiscal year, and calculation methods

Net sales: ¥17,789 million ($216,449 thousand)
Net income: ¥148 million ($1,812 thousand)

(Calculation methods for estimated amounts)
The impact of estimated amounts is the difference between net sales and net income calculated on the assumption that the acquisition was completed on the commencement date of the consolidated fiscal year and net sales and net income recorded on the company's consolidated statements of income. This note has not been certified by way of audit.

24. Comprehensive Income

Reclassification adjustments and income tax effects attributable to other comprehensive income for the year ended March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Valuation difference on available-for-sale securities:		
Gains arising during the year	¥ 4,640	$ 56,466
Reclassification adjustments	(6)	(73)
Before income tax effects	4,634	56,393
Income tax effects	(73)	(888)
Total	4,561	55,505
Deferred gains on hedges:		
Gains arising during the year	144	1,755
Reclassification adjustments	(21)	(259)
Before income tax effects	122	1,496
Income tax effects	(42)	(520)
Total	80	976
Foreign currency translation adjustment:		
Adjustments arising during the year	(672)	(8,177)
Share of other comprehensive income in subsidiaries and affiliates accounted for using equity method:		
Adjustments arising during the year	(71)	(869)
Total other comprehensive income	¥ 3,898	$ 47,434

25. Segment Information

1. Overview of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular consideration by the Company's Board of Directors are being performed in order to decide how resources should be allocated among the Group and evaluate operating results. The Company, as a holding company, develops and determines group strategy, allocates management resources, and evaluates operations by business segments of "Flour Milling", "Processed Food" and other business which are classified by products and services. Therefore, the Group's reportable segment comprises of "Flour Milling" and "Processed Food".

Primary products for each business segment are summarized as follows:

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

2. Method of calculating net sales, income, assets and other items by reportable segment

Accounting policies of the reportable segments are consistent to those described in Note 1. "Summary of Significant Accounting Policies". Income by reportable segment is based on operating income. Intersegment transactions are based on prevailing market price.

25. Segment Information (continued)

3. Net sales, income, assets and other items by reportable segment

	Millions of yen						
	2012						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	¥ 172,024	¥ 227,586	¥ 399,611	¥ 42,351	¥ 441,963	¥ -	¥ 441,963
Intersegment sales and transfers	19,380	455	19,835	4,286	24,121	(24,121)	-
Total	191,405	228,041	419,447	46,637	466,084	(24,121)	441,963
Segment income	¥ 8,000	¥ 11,865	¥ 19,865	¥ 3,305	¥ 23,171	¥ (57)	¥ 23,113
Segment assets	¥ 141,190	¥ 140,323	¥ 281,513	¥ 64,410	¥ 345,923	¥ 86,032	¥ 431,956
Other items:							
Depreciation and amortization	¥ 6,488	¥ 5,673	¥ 12,162	¥ 1,794	¥ 13,956	¥ (319)	¥ 13,636
Investment in associates accounted for using equity method	1,702	204	1,906	13,895	15,802	-	15,802
Increase in property, plant and equipment and intangible assets	5,704	7,825	13,530	1,431	14,961	(352)	14,608

	Millions of yen						
	2011						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	¥ 161,370	¥ 224,725	¥ 386,095	¥ 38,060	¥ 424,156	¥ -	¥ 424,156
Intersegment sales and transfers	18,868	485	19,354	2,990	22,345	(22,345)	-
Total	180,239	225,211	405,450	41,051	446,501	(22,345)	424,156
Segment income	¥ 10,810	¥ 11,848	¥ 22,659	¥ 2,387	¥ 25,046	¥ 288	¥ 25,335
Segment assets	¥ 117,592	¥ 132,920	¥ 250,512	¥ 56,544	¥ 307,057	¥ 82,361	¥ 389,418
Other items:							
Depreciation and amortization	¥ 6,881	¥ 5,530	¥ 12,411	¥ 1,568	¥ 13,979	¥ (298)	¥ 13,681
Investment in associates accounted for using equity method	1,609	177	1,787	14,262	16,049	-	16,049
Increase in property, plant and equipment and intangible assets	6,026	6,972	12,999	953	13,953	(348)	13,605

	Thousand of U.S. dollars						
	2012						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	$2,093,015	$ 2,769,034	$4,862,049	$ 515,286	$5,377,335	$ -	$5,377,335
Intersegment sales and transfers	235,798	5,536	241,334	52,148	293,482	(293,482)	-
Total	2,328,813	2,774,570	5,103,383	567,434	5,670,817	(293,482)	5,377,335
Segment income	$ 97,338	$ 144,370	$ 241,708	$ 40,212	$ 281,920	$ (704)	$ 281,216
Segment assets	$1,717,850	$ 1,707,302	$3,425,152	$ 783,679	$4,208,831	$1,046,755	$5,255,586
Other items:							
Depreciation and amortization	$ 78,943	$ 69,032	$ 147,975	$ 21,829	$ 169,804	$ (3,885)	$ 165,920
Investment in associates accounted for using equity method	20,709	2,490	23,199	169,069	192,268	-	192,268
Increase in property, plant and equipment and intangible assets	69,406	95,218	164,624	17,417	182,040	(4,294)	177,746

1. The "Other" incorporates operations not included in reportable segments, including pet food, engineering, mesh cloths, handling and storage.

2. Adjustments of segment income (loss) refers to elimination of intersegment transactions. Adjustments of segment assets amounted to ¥96,764 million ($1,177,325 thousand) and ¥90,701 million for the years ended March 31, 2012 and 2011, respectively, consisted primarily of the Company's surplus funds (cash and deposits and short-term investment securities) and investment securities.

25. Segment Information (continued)

3. Segment income (loss) is adjusted to operating income on the consolidated statements of income.

4. Geographic information

(1) Sales

Geographic information about sales has been omitted since sales to external customers in Japan constituted more than 90% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

Geographic information about property, plant and equipment has been omitted since property, plant and equipment in Japan constituted more than 90% of property, plant and equipment on the consolidated balance sheets.

5. Information about major customers

	2012		
	Name of the related segment	Millions of yen	Thousands of U.S. dollars
Mitsubishi Corporation	**Flour Milling, Processed Foods and Other**	**¥ 60,372**	**$ 734,542**

	2011	
	Name of the related segment	Millions of yen
Mitsubishi Corporation	Flour Milling, Processed Foods and Other	¥ 58,916

6. Information on impairment loss by reportable segment

No impairment loss was recognized for the year ended March 31, 2012.

	2011	
	Name of the related segment	Millions of yen
Impairment loss	Processed Foods	¥ 3,090

7. Information about amortization and unamortized balance of goodwill by reportable segment

	2012					
	Millions of yen			Thousands of U.S. dollars		
	Flour Milling	Other	Total	Flour Milling	Other	Total
Amortization	**¥ -**	**¥ 24**	**¥ 24**	**$ -**	**$ 295**	**$ 295**
Unamortized balance	**8,947**	**97**	**9,044**	**108,860**	**1,181**	**110,041**

There is no relevant information about amortization and unamortized balance of goodwill for the year ended March 31, 2011.

8. Information on gains on negative goodwill by reportable segment

The Company's consolidated subsidiaries, ORIENTAL YEAST Co., Ltd. and NBC Meshtech Inc. became wholly-owned subsidiaries of the Company during the year ended March 31, 2011. As a result, gains on negative goodwill of ¥175 million for "Processed Food" and ¥2,467 million for "Other" were recognized.

No gains on negative goodwill were recognized for the year ended March 31, 2012.