ERNST & YOUNG

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Report of Independent Auditors

The Board of Directors
Nisshin Seifun Group Inc.

We have audited the accompanying consolidated balance sheets of Nisshin Seifun Group Inc. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nisshin Seifun Group Inc. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 28, 2011

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

As of March 31, 2011 and 2010

ASSETS	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 3) 2011
Current Assets:			
Cash and deposits (Notes 18 and 20)	**¥ 57,938**	¥ 69,871	**$ 696,790**
Notes and accounts receivable – trade (Note 18)	**57,919**	56,480	**696,565**
Short-term investment securities (Notes 18 and 20)	**24,744**	21,648	**297,589**
Inventories (Note 4)	**43,059**	37,442	**517,853**
Deferred tax assets (Note 14)	**5,692**	5,262	**68,461**
Other	**6,182**	6,189	**74,358**
Allowance for doubtful accounts	**(323)**	(288)	**(3,885)**
Total current assets	**195,213**	196,606	**2,347,731**
Property, Plant and Equipment (Notes 5, 6 and 15):			
Land	**34,098**	33,167	**410,089**
Buildings and structures	**43,253**	44,983	**520,182**
Machinery, equipment and vehicles	**28,438**	30,806	**342,020**
Construction in progress	**1,658**	1,949	**19,943**
Other	**3,007**	3,251	**36,171**
Property, plant and equipment, net	**110,456**	114,158	**1,328,405**
Intangible Assets	**3,756**	3,827	**45,174**
Investments and Other Assets:			
Investment securities (Notes 18 and 19)	**69,597**	72,325	**837,017**
Long-term loans receivable	**54**	70	**660**
Deferred tax assets (Note 14)	**3,250**	3,056	**39,095**
Other	**7,241**	6,425	**87,094**
Allowance for doubtful accounts	**(153)**	(152)	**(1,848)**
Total investments and other assets	**79,991**	81,725	**962,018**
Total assets	**¥ 389,418**	¥ 396,317	**$ 4,683,328**

LIABILITIES AND NET ASSETS	Millions of yen 2011	2010	Thousands of U.S. dollars (Note 3) 2011
Current Liabilities:			
Notes and accounts payable – trade (Note 18)	**¥ 36,634**	¥ 22,274	**$ 440,582**
Short-term loans payable (Note 6)	**2,866**	2,864	**34,476**
Income taxes payable (Note 14)	**4,992**	7,708	**60,045**
Accrued expenses	**15,418**	14,007	**185,425**
Other	**14,517**	15,282	**174,592**
Total current liabilities	**74,429**	62,137	**895,121**
Noncurrent Liabilities:			
Long-term loans payable (Note 6)	**145**	271	**1,753**
Deferred tax liabilities (Note 14)	**11,371**	12,657	**136,758**
Provision for retirement benefits (Note 7)	**9,360**	9,113	**112,574**
Provision for directors' retirement benefits	**400**	337	**4,817**
Provision for repairs	**1,570**	1,504	**18,888**
Long-term deposits received	**5,492**	5,486	**66,050**
Other	**1,398**	1,582	**16,821**
Total noncurrent liabilities	**29,739**	30,953	**357,661**
Commitments and Contingent Liabilities (Notes 15 and 16)			
Net Assets (Notes 8, 9 and 10):			
Shareholders' equity:			
Capital stock: authorized – 932,856,000 shares			
Issued – 251,535,448 shares in 2011 and 2010	**17,117**	17,117	**205,867**
Capital surplus	**9,450**	9,448	**113,651**
Retained earnings	**239,380**	230,661	**2,878,895**
Less: Treasury stock			
3,045,423 shares in 2011 and 3,059,826 shares in 2010	**(3,171)**	(3,187)	**(38,143)**
Total shareholders' equity	**262,776**	254,040	**3,160,271**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**18,205**	20,303	**218,946**
Deferred gains on hedges	**99**	105	**1,193**
Foreign currency translation adjustment	**(2,281)**	(1,693)	**(27,437)**
Total accumulated other comprehensive income	**16,023**	18,715	**192,702**
Subscription rights to shares	**138**	83	**1,664**
Minority interests	**6,311**	30,388	**75,909**
Total net assets	**285,249**	303,226	**3,430,546**
Total liabilities and net assets	**¥ 389,418**	¥ 396,317	**$ 4,683,328**

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Net Sales	**¥ 424,156**	¥ 443,728	**$ 5,101,099**
Cost of Sales (Notes 4 and 12)	**285,700**	306,675	**3,435,968**
Gross Profit	**138,455**	137,053	**1,665,132**
Selling, General and Administrative Expenses (Notes 8, 11 and 12)	**113,120**	110,476	**1,360,439**
Operating Income	**25,335**	26,576	**304,693**
Non-operating Income (Expenses):			
Interest income	**215**	301	**2,593**
Interest expenses	**(71)**	(89)	**(857)**
Dividend income	**1,344**	1,068	**16,164**
Equity in earnings of affiliates	**591**	946	**7,111**
Rent income	**342**	337	**4,117**
Gain on sales of noncurrent assets	**1,193**	43	**14,357**
Gain on sales of investment securities	**24**	1,027	**290**
Gain on negative goodwill	**2,643**	-	**31,786**
Gain on liquidation of subsidiaries and affiliates	**203**	157	**2,445**
Gain on transfer of business	**-**	240	**-**
Foreign exchange losses	**(89)**	-	**(1,073)**
Loss on retirement of noncurrent assets	**(574)**	(829)	**(6,908)**
Loss on valuation of investment securities	**(1,440)**	-	**(17,320)**
Impairment loss (Note 13)	**(3,090)**	-	**(37,165)**
Loss on disaster	**(972)**	-	**(11,694)**
Expenses for improving production systems	**-**	(487)	**-**
Other, net	**160**	12	**1,928**
Total non-operating income, net	**480**	2,728	**5,775**
Income before Income Taxes and Minority Interests	**25,815**	29,304	**310,468**
Income Taxes (Note 14):			
Income taxes – current	**10,889**	11,786	**130,959**
Income taxes – deferred	**(441)**	(798)	**(5,304)**
Total income taxes	**10,448**	10,988	**125,655**
Income before Minority Interests	**15,367**	18,315	**184,813**
Minority Interests in Income	**1,179**	1,476	**14,188**
Net Income	**¥ 14,187**	¥ 16,839	**$ 170,625**

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income

For the Year Ended March 31, 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)	
	2011		2011	
Income before Minority Interests	¥	**15,367**	$	**184,813**
Other Comprehensive Income (Note 23):				
Valuation difference on available-for-sale securities		**(2,148)**		**(25,841)**
Deferred gains on hedges		**(12)**		**(146)**
Foreign currency translation adjustment		**(598)**		**(7,203)**
Share of other comprehensive income of subsidiaries and affiliates accounted for using equity method		**(103)**		**(1,249)**
Total other comprehensive income		**(2,863)**		**(34,438)**
Comprehensive Income (Note 23)	¥	**12,503**	$	**150,375**
Total Comprehensive Income Attributable to (Note 23):				
Owners of the parent	¥	**11,495**	$	**138,250**
Minority interests		**1,008**		**12,125**

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, 2011 and 2010

	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 March 31, 2009	¥ 17,117	¥ 9,446	¥ 218,543	¥ (3,177)	¥ 17,220	¥ 43	¥ (2,153)	¥ 38	¥ 29,014	¥ 286,094
Changes of items during the period:										
Dividends from surplus			(4,722)							(4,722)
Net income			16,839							16,839
Purchase of treasury stock				(106)						(106)
Disposal of treasury stock		2		97						99
Net changes of items other than shareholders' equity					3,082	61	459	44	1,374	5,022
Total changes of items during the period	-	2	12,117	(9)	3,082	61	459	44	1,374	17,132
Balance at March 31, 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**

	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, 2010	**$ 205,867**	**$ 113,636**	**$ 2,774,035**	**$ (38,332)**	**$ 244,176**	**$ 1,263**	**$ (20,362)**	**$ 999**	**$ 365,463**	**$ 3,646,746**
Changes of items during the period:										
Dividends from surplus			**(65,765)**							**(65,765)**
Net income			**170,625**							**170,625**
Purchase of treasury stock				**(985)**						**(985)**
Disposal of treasury stock		**16**		**1,175**						**1,190**
Net changes of items other than shareholders' equity					**(25,231)**	**(70)**	**(7,075)**	**665**	**(289,555)**	**(321,265)**
Total changes of items during the period	**-**	**16**	**104,860**	**189**	**(25,231)**	**(70)**	**(7,075)**	**665**	**(289,555)**	**(216,200)**
Balance at March 31, 2011	**$ 205,867**	**$ 113,651**	**$ 2,878,895**	**$ (38,143)**	**$ 218,946**	**$ 1,193**	**$ (27,437)**	**$ 1,664**	**$ 75,909**	**$ 3,430,546**

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Net Cash Provided by Operating Activities:			
Income before income taxes and minority interests	**¥ 25,815**	¥ 29,304	**$ 310,468**
Depreciation and amortization	**13,681**	14,998	**164,538**
Impairment loss	**3,090**	-	**37,165**
Increase in provision for retirement benefits	**248**	524	**2,986**
Increase in prepaid pension costs	**(796)**	(132)	**(9,573)**
Interest and dividend income	**(1,559)**	(1,369)	**(18,757)**
Interest expenses	**71**	89	**857**
Equity in earnings of affiliates	**(591)**	(946)	**(7,111)**
Gain on sales of short-term investment securities	**(24)**	(1,018)	**(290)**
Gain on negative goodwill	**(2,643)**	-	**(31,786)**
(Increase) decrease in notes and accounts receivable – trade	**(1,562)**	828	**(18,796)**
(Increase) decrease in inventories	**(5,736)**	8,482	**(68,991)**
Increase (decrease) in notes and accounts payable – trade	**14,430**	(265)	**173,552**
Other	**2,191**	4,369	**26,361**
Subtotal	**46,615**	54,864	**560,622**
Interest and dividends income received	**1,959**	1,690	**23,569**
Interest expenses paid	**(75)**	(97)	**(908)**
Income taxes paid	**(13,643)**	(8,973)	**(164,087)**
Net cash provided by operating activities	**34,856**	47,484	**419,196**
Net Cash Used in Investing Activities:			
Payments into time deposits	**(71,602)**	(117,597)	**(861,124)**
Proceeds from withdrawal of time deposits	**92,192**	89,833	**1,108,755**
Purchase of short-term investment securities	**(23,645)**	(12,173)	**(284,366)**
Proceeds from sales of short-term investment securities	**21,916**	800	**263,575**
Purchase of property, plant and equipment and intangible assets	**(12,425)**	(13,936)	**(149,430)**
Proceeds from sales of property, plant and equipment and intangible assets	**1,466**	(246)	**17,633**
Purchase of investment securities	**(2,319)**	(827)	**(27,900)**
Proceeds from sales of investment securities	**74**	1,504	**893**
Purchase of stocks of subsidiaries and affiliates	**(21,881)**	-	**(263,154)**
Payments of long-term loans receivable	**(6)**	(2)	**(74)**
Collection of long-term loans receivable	**21**	8	**257**
Other	**141**	244	**1,700**
Net cash used in investing activities	**(16,067)**	(52,393)	**(193,234)**
Net Cash Used in Financing Activities:			
Decrease in short-term loans payable	**(105)**	(196)	**(1,271)**
Repayment of long-term loans payable	**(13)**	(1)	**(165)**
Proceeds from sales of treasury stock	**98**	99	**1,190**
Purchase of treasury stock	**(81)**	(106)	**(985)**
Cash dividends paid	**(5,468)**	(4,722)	**(65,765)**
Other	**(803)**	(756)	**(9,659)**
Net cash used in financing activities	**(6,373)**	(5,684)	**(76,655)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**(302)**	229	**(3,637)**
Net Increase (Decrease) in Cash and Cash Equivalents	**12,112**	(10,364)	**145,669**

Cash and Cash Equivalents at Beginning of Period	**29,975**	40,339	**360,493**
Cash and Cash Equivalents at End of Period (Note 20)	**¥ 42,087**	¥ 29,975	**$ 506,162**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

For the Years Ended March 31, 2011 and 2010

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. Effective April 1, 2008, the Company applied the new accounting standard “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force (“PITF”), No. 18, issued by the Accounting Standards Board of Japan (“ASBJ”) on May 17, 2006). Under the new accounting standard, the accompanying consolidated financial statements for the years ended March 31, 2011 and 2010 have been prepared by using the accounts of overseas consolidated subsidiaries that were prepared in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States as adjusted for certain items.

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.

1. Summary on Significant Accounting Policies (continued)

(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, 2011, the number of consolidated subsidiaries was 39 (39 in 2010).

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, 2011, the number of subsidiaries and affiliates accounted for by the equity method was nine (nine in 2010).

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 five years. However, immaterial goodwill is charged to income in the year of acquisition. Negative goodwill that occurred after March 31, 2010 is recognized in the consolidated statements of income as a bargain purchase gain.

(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 20.

1. Summary on Significant Accounting Policies (continued)

(e) Inventories

Inventories are stated at the lower of cost or market.

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

See Note 2 (f).

(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 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.

1. Summary on Significant Accounting Policies (continued)

(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.

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' 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. See Note 2 (g).

(k) Provision for Directors' Retirement Benefits

Nine (nine in 2010) 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.

(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.

1. Summary on Significant Accounting Policies (continued)

(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 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) Equity Method of Accounting for Investments

Effective the year ended March 31, 2011, the Company has applied the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No.16, issued on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No.24, issued on March 10, 2008).

There were no effects of this change on income and loss and segment information for the year ended March 31, 2011.

(b) Accounting Standard for Asset Retirement Obligations

Effective the year ended March 31, 2011, the Company has applied the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18, issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No.21, issued on March 31, 2008).

The effect on income and loss and segment information for the year ended March 31, 2011 was immaterial.

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

(c) Accounting Standard for Business Combinations

Effective the year ended March 31, 2011, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, issued on December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23, issued on December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued on December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, issued on December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

Accordingly, the Company has changed evaluation method of consolidated subsidiaries' assets and liabilities from partial fair value measurement method to full fair value measurement method.

There were no effects of this change on income and loss and segment information for the year ended March 31, 2011.

(d) Presentation of "Income before Minority Interests"

Effective the year ended March 31, 2011, the Company has applied the "Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5, issued on March 24, 2009) in line with the "Accounting for Consolidated Financial Statements" (ASBJ Statement No.22, issued on December 26, 2008) and "Income before minority interests" is presented in the accompanying consolidated statements of income.

(e) Accounting Standard for Presentation of Comprehensive Income

Effective the year ended March 31, 2011, the Company has applied the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, issued on June 30, 2010). The amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" as of March 31, 2010 represent the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments", respectively.

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

(f) Changes in Measurement of Inventories

From October 2010, the Japanese government has introduced "Immediate sales method" under which wheat imported by Japanese government is sold to flour millers immediately after imports. As a result, wheat on hand of the Company significantly increased compared with the period before its introduction. Under such circumstances, if the Japanese government revises wheat selling prices to flour millers, difference between such selling price (purchase price of the Company) and inventory value based on the moving average method adopted by the Company would arise and remain unresolved for long-term.

Therefore, effective the year ended March 31, 2011, the Company has changed the inventory measurement method for raw materials,from mainly moving average method to mainly first-in-first-out method since the Company concluded that it is more appropriate for fair presentation of inventories in the accompanying consolidated financial statements under the current sales method.

The effect on income and loss and segment information for the year ended March 31, 2011 was immaterial.

(g) Partial Amendments to Accounting Standard for Retirement Benefits

Effective 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).

There were no effects of this change on operating income and income before income taxes and minority interests for the year ended March 31, 2010. There were no effects of this change on segment information. There was no difference between the projected benefit obligation at March 31, 2010 calculated pursuant to the new accounting standard and that calculated under the previous method.

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 ¥83.15 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2011.

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. Inventories

Inventories at March 31, 2011 and 2010 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Merchandise and finished goods	**¥ 21,897**	¥ 22,048	**$ 263,345**
Work in process	**2,602**	2,778	**31,304**
Raw materials and supplies	**18,559**	12,616	**223,204**
Total	**¥ 43,059**	¥ 37,442	**$ 517,853**

Revaluation loss on inventories of ¥338 million ($4,071 thousand) and ¥264 million based on the lower of cost or market method was deducted from the carrying amounts of inventories at March 31, 2011 and 2010, respectively.

5. Property, Plant and Equipment

Accumulated depreciation of property, plant and equipment at March 31, 2011 and 2010 amounted to ¥225,819 million ($2,715,805 thousand) and ¥217,246 million, respectively. Accumulated reduction entry of property, plant and equipment purchased using funds from a government subsidy amounted to ¥359 million ($4,323 thousand) and ¥360 million at March 31, 2011 and 2010, respectively.

6. Short-Term and Long-Term Loans Payable

Short-term and long-term loans payable as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Short-term loans payable with average interest rates of 0.7882% and 0.9128% at March 31, 2011 and 2010, respectively	**¥ 2,760**	¥ 2,760	**$ 33,193**
Current portion of long-term loans payable with average interest rates of 5.2423% and 5.2231% at March 31, 2011 and 2010, respectively	**106**	104	**1,283**
Current portion of lease obligations	**395**	344	**4,761**
Total short-term loans payable	**3,262**	3,209	**39,237**
Long-term loans payable at March 31, 2011 and 2010 with average interest rates of 4.8121% and 4.9301%, respectively, less current portion, due from 2012 to 2027 and 2011 to 2036, respectively	**145**	271	**1,753**
Long-term lease obligations at March 31, 2011 and 2010, due from 2012 to 2018 and 2011 to 2018, respectively	**883**	1,057	**10,630**
Total long-term loans payable	**1,029**	1,329	**12,383**
Total	**¥ 4,292**	¥ 4,539	**$ 51,621**

* Average interest rates of loans payable represent the weighted-average rates for the outstanding balances at March 31, 2011 and 2010.

* 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, 2011 and 2010 were calculated based on inclusive-of-interest method.

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

The annual maturities of long-term loans payable within 5 years of March 31, 2011, excluding the current portion, are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ **112**	$ **1,348**
2014	**3**	**39**
2015	**3**	**39**
2016	**3**	**39**

The annual maturities of long-term lease obligations within 5 years of March 31, 2011 excluding the current portion are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ **395**	$ **4,757**
2014	**328**	**3,956**
2015	**114**	**1,374**
2016	**40**	**485**

The Group has entered into certain line-of-credit agreements with major financial institutions amounting to ¥17,830 million ($214,432 thousand) and ¥17,830 million at March 31, 2011 and 2010, respectively.

There were no loans payable outstanding at March 31, 2011 and 2010 under these line-of-credit agreements.

Administrative expenses related to these line-of-credit agreements amounted to ¥15 million ($191 thousand) and ¥15 million for the years ended March 31, 2011 and 2010, respectively.

The carrying amounts of assets pledged as collateral at March 31, 2011 and 2010 for short-term loans payable of ¥200 million ($2,405 thousand) and ¥200 million, respectively, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Buildings	¥ **1,261**	¥ 1,293	$ **15,167**
Machinery and equipment	**688**	602	**8,277**
Land	**92**	92	**1,111**
Total	¥ **2,041**	¥ 1,987	$ **24,555**

7. Provision for Employees' Retirement Benefits

The Company and domestic consolidated subsidiaries have funded defined benefit pension plans, such as tax-qualified pension plans and lump-sum retirement plans. The Company and certain domestic consolidated subsidiaries also have an employee pension trust.

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

The allowance for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Projected benefit obligation	**¥ (45,290)**	¥ (45,915)	**$ (544,680)**
Fair value of plan assets	**36,718**	37,803	**441,598**
Unrecognized actuarial loss	**5,768**	4,958	**69,375**
Unrecognized prior service cost	**(1,734)**	(1,932)	**(20,862)**
Less: Prepaid pension cost	**4,823**	4,027	**58,004**
Allowance for employees' retirement benefits	**¥ (9,360)**	¥ (9,113)	**$ (112,574)**

* Certain subsidiaries apply the simplified method to calculate benefit obligations.

The components of retirement benefit costs for the years ended March 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Service cost	**¥ 1,756**	¥ 1,999	**$ 21,129**
Interest cost	**1,031**	1,060	**12,411**
Expected return on plan assets	**(868)**	(811)	**(10,439)**
Amortization of actuarial loss	**621**	813	**7,480**
Amortization of prior service cost	**(198)**	(198)	**(2,384)**
Net retirement benefit costs	**¥ 2,344**	¥ 2,864	**$ 28,197**

* Retirement benefit costs incurred by consolidated subsidiaries that apply the simplified method are recorded as service cost.

The assumptions used in the above computations for the years ended March 31, 2011 and 2010 are set forth as follows:

		2011		2010
Discount rate	Principally	**2.5%**	Principally	2.5%
Expected rate of return on plan assets	Principally	**2.5%**	Principally	2.5%
Amortization period of actuarial difference	Principally	**15 years**	Principally	15 years
Amortization period of prior service cost		**15 years**		15 years

8. 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, 2011 and 2010 amounted to ¥57 million ($697 thousand) and ¥47 million, respectively.

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
Exercise price (U.S. dollars)	$9.75	$12.01	$13.05	$14.40
Weighted-average market price upon exercise (Yen)	¥1,094	¥1,077	¥1,045	-
Weighted-average market price upon exercise (U.S. dollars)	$13.16	$12.95	$12.57	-
Fair value as of grant date (Yen)	-	-	-	¥102
Fair value as of grant date (U.S. dollars)	-	-	-	$1.23

	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

8. 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
Exercise price (U.S. dollars)	$16.80	$13.60	$13.21
Weighted-average market price upon exercise (Yen)	¥1,043	-	-
Weighted-average market price upon exercise (U.S. dollars)	$12.54	-	-
Fair value as of grant date (Yen)	¥201	¥232	¥216
Fair value as of grant date (U.S. dollars)	$2.42	$2.79	$2.60

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
Expected dividends per share *3 (U.S. dollars)………	$0.26
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.

8. Stock Option Plans (continued)

At March 31, 2010, the Company and consolidated subsidiaries had the following stock option plans:

	2002 Plan	2003 Plan	2004 Plan	2005 Plan
Grantees	10 directors and 13 executive officers of the Company and 26 directors of consolidated subsidiaries	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
Type of stock	Common Stock	Common Stock	Common Stock	Common Stock
Number of shares granted	275,000 shares	290,400 shares	269,500 shares	258,500 shares
Grant date	July 23,2002	July 23, 2003	July 26, 2004	August 17, 2005
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, 2004- July 15, 2009	July 16, 2005- July 15, 2010	July 17, 2006- July 16, 2011	July 21, 2007- July 20, 2012-

	2002 Plan	2003 Plan	2004 Plan	2005 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	2,200	27,500	90,200	182,600
Vested during the year	-	-	-	-
Exercised during the year	2,200	14,300	16,500	27,500
Forfeited during the year	-	-	-	11,000
Outstanding at end of the year	-	13,200	73,700	144,100
Exercise price (Yen)	¥805	¥811	¥999	¥1,085
Weighted-average market price upon exercise (Yen)	¥1,150	¥1,187	¥1,163	¥1,158

	2007 Plan	2008 Plan	2009 Plan
Grantees	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	12 directors and 12 executive officers of the Company and 23 directors of consolidated subsidiaries
Type of stock	Common Stock	Common stock	Common stock
Number of shares granted	250,000 shares	266,000 shares	256,000 shares
Grant date	August 13, 2007	August 19, 2008	August 18, 2009
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	July 27, 2009- July 26, 2014	August 20, 2010- July 30, 2015	August 19, 2011- August 1, 2016

8. Stock Option Plans (continued)

	2007 Plan	2008 Plan	2009 Plan
Non-Vested (number of shares)			
Outstanding at beginning of the year	250,000	266,000	-
Granted during the year	-	-	256,000
Forfeited during the year	-	-	-
Vested during the year	250,000	-	-
Outstanding at end of the year	-	266,000	256,000
Vested (number of shares)			
Outstanding at beginning of the year	-	-	-
Granted during the year	250,000	-	-
Exercised during the year	25,000	-	-
Forfeited during the year	-	-	-
Outstanding at end of the year	225,000	-	-
Exercise price (Yen)	¥1,197	¥1,397	¥1,131
Weighted-average market price upon exercise (Yen)	¥1,204	-	-
Fair value as of grant date (Yen)	¥102	¥201	¥232

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:

	2009 Plan
Expected volatility *1 (%)…………………………………………………………………………………	28.4
Expected remaining period *2 (years)…………………………………………………………………..	4.5
Expected dividends per share *3 (yen)………………………………………………………………….	¥18
Risk free interest rate *4 (%)………………………………………………………………………………	0.60

*1 Expected volatility is estimated based on the actual stock price in the period from February 2005 to August 2009.

*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, 2009.

*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.

9. 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.

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

(a) Type and number of outstanding shares

	Thousands of shares			
	Year ended March 31, 2011			
Types of shares	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).

	Thousands of shares			
	Year ended March 31, 2010			
Types of Shares	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	3,063	88	92	3,059

1. Treasury stock increased due to a repurchase of odd-lot shares of less than one unit (88 thousand shares).
2. Treasury stock decreased due to (a) a disposal of odd-lot shares of less than one unit (6 thousand shares) and (b) exercise of stock options (85 thousand shares).

(b) Subscription rights to shares

		Balance at March 31, 2011	
Category	Details of Options	Millions of yen	Thousands of U.S. dollars
Supplying company	Subscription rights to shares as stock options	**¥ 138**	**$ 1,664**
(Parent Company)	Total	**¥ 138**	**$ 1,664**

		Balance at March 31, 2010
Category	Details of Options	Millions of yen
Supplying company	Subscription rights to shares as stock options	¥ 83
(Parent Company)	Total	¥ 83

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

(c) Dividends

(1) Dividends paid to shareholders

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)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 25, 2010	**Annual general meeting of shareholders**	**Common stock**	**¥ 2,982**	**$ 35,869**	**¥ 12**	**$ 0.14**	**March 31, 2010**	**June 28, 2010**
October 29, 2010	**Board of directors**	**Common stock**	**¥ 2,485**	**$ 29,896**	**¥ 10**	**$ 0.12**	**September 30, 2010**	**December 3, 2010**

Year ended March 31, 2010

Date of Approval	Resolution Approved by	Type of Shares	Amount	Amount per Share	Recording Date	Effective Date
			(Millions of yen)	(Yen)		
June 25, 2009	Annual general meeting of shareholders	Common stock	¥ 2,236	¥ 9	March 31, 2009	June 26, 2009
October 30, 2009	Board of directors	Common stock	¥ 2,485	¥ 10	September 30, 2009	December 4, 2009

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

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)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 28, 2011	**Annual general meeting of shareholders**	**Common stock**	**Retained earnings**	**¥ 2,485**	**$ 29,893**	**¥ 10**	**$ 0.12**	**March 31, 2011**	**June 29, 2011**

Year ended March 31, 2010

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 25, 2010	Annual general meeting of shareholders	Common stock	Retained earnings	¥ 2,982	¥ 12	March 31, 2010	June 28, 2010

11. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Freight	**¥ 25,645**	¥ 25,108	**$ 308,429**
Sales promotion and sales incentives	**34,640**	32,408	**416,608**
Employees' salaries	**12,811**	12,575	**154,082**
Employees' bonuses and benefits	**9,636**	9,102	**115,896**
Retirement benefits	**1,295**	1,812	**15,578**
Other	**29,089**	29,470	**349,846**
Total	**¥ 113,120**	¥ 110,476	**$ 1,360,439**

12. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs were ¥5,866 million ($70,553 thousand) and ¥5,812 million for the years ended March 31, 2011 and 2010, respectively.

13. Impairment Loss

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 ($28,991 thousand) and ¥475 million ($5,718 thousand), respectively. Impairment loss on business property consists of ¥1,293 million ($15,556 thousand) for buildings and structures, ¥324 million ($3,907 thousand) for machinery, equipment and vehicles, ¥499 million ($6,013 thousand) for land and ¥292 million ($3,516 thousand) for other. Impairment loss on rental property consists of ¥158 million ($1,906 thousand) for buildings and structures and ¥316 million ($3,812 thousand) 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 ($2,456 thousand). Impairment loss on idle property consists of ¥1 million ($21 thousand) for buildings and structures and ¥202 million ($2,435 thousand) for land.

13. Impairment Loss (continued)

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).

14. 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, 2011 and 2010.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Deferred tax assets:			
Provision for employees' retirement benefits	**¥ 4,430**	¥ 4,610	**$ 53,281**
Provision for bonuses	**1,872**	1,812	**22,526**
Accrued sales incentives	**1,271**	958	**15,296**
Investment securities	**1,187**	617	**14,285**
Impairment loss	**1,114**	-	**13,400**
Unrealized gain on noncurrent assets	**1,021**	1,041	**12,288**
Provision for repairs	**636**	609	**7,650**
Depreciation and amortization	**592**	581	**7,126**
Inventories	**560**	641	**6,747**
Accrued business office taxes	**437**	644	**5,262**
Unrealized gain on inventories	**237**	299	**2,857**
Other	**2,387**	1,986	**28,711**
Gross deferred tax assets	**15,750**	13,803	**189,429**
Valuation allowance	**(2,758)**	(1,395)	**(33,175)**
Amount offset by deferred tax liabilities	**(4,049)**	(4,089)	**(48,698)**
Deferred tax assets, net	**¥ 8,943**	¥ 8,318	**$ 107,556**

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥ (12,553)**	¥ (14,021)	**$ (150,970)**
Reserve for reduction entry of noncurrent assets	**(2,603)**	(2,353)	**(31,314)**
Other	**(264)**	(371)	**(3,184)**
Gross deferred tax liabilities	**(15,421)**	(16,746)	**(185,468)**
Amount offset by deferred tax assets	**4,049**	4,089	**48,698**
Deferred tax liabilities, net	**¥ (11,372)**	¥ (12,657)	**$ (136,770)**

14. Income Taxes (continued)

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

Disclosure of the reconciliation between the statutory and effective tax rates for the year ended March 31, 2010 is as follows:

	Year ended March 31
	2010
Statutory tax rate	40.6%
Non-taxable dividend income and others	(1.0)
Non-deductible expenses	1.9
Tax credits	(0.9)
Valuation allowance	(1.8)
Equity in earnings of affiliates	(1.3)
Other	0.0
Effective tax rate	37.5%

15. 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, 2011 and 2010. 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:

	2011							
	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	**¥ 1,925**	**¥ 1,421**	**¥ 132**	**¥ 370**	**$ 23,157**	**$ 17,098**	**$ 1,598**	**$ 4,462**
Other	**1,421**	**1,158**	**48**	**214**	**17,099**	**13,938**	**580**	**2,581**
Total	**¥ 3,347**	**¥ 2,580**	**¥ 181**	**¥ 585**	**$ 40,256**	**$ 31,036**	**$ 2,177**	**$ 7,042**

	2010		
	Millions of yen		
	Acquisition Cost	Accumulated Depreciation	Net Book Value
Machinery, equipment and vehicles	¥ 2,162	¥ 1,397	¥ 764
Other	1,636	1,161	474
Total	¥ 3,798	¥ 2,559	¥ 1,238

15. Leases (continued)

The future minimum lease commitments under finance leases subsequent to March 31, 2011 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	**¥ 375**	**$ 4,512**
Due after one year	**348**	**4,190**
Total	**¥ 723**	**$ 8,702**

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 ($1,649 thousand), ¥43 million ($528 thousand) and ¥181 million ($2,177 thousand), respectively.

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥509 million ($6,129 thousand) and ¥614 million for the years ended March 31, 2011 and 2010, 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.

The future minimum lease commitments under noncancellable operating leases subsequent to March 31, 2011 are summarized as follows:

(As Lessee)

	Millions of yen	Thousands of U.S. dollars
Due within one year	**¥ 56**	**$ 683**
Due after one year	**90**	**1,090**
Total	**¥ 147**	**$ 1,773**

(As Lessor)

	Millions of yen	Thousands of U.S. dollars
Due within one year	**¥ 112**	**$ 1,351**
Due after one year	**742**	**8,933**
Total	**¥ 855**	**$ 10,284**

16. Contingent Liabilities

At March 31, 2011 and 2010, 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
	2011	2010	**2011**
Employee housing loans receivable	**¥ 123**	¥ 178	**$ 1,489**
Hanshin Silo Co., Ltd. (affiliated company)	**480**	605	**5,775**
Nihon-Bio Co., Ltd. (client-related)	**164**	206	**1,978**
	¥ 768	¥ 990	**$ 9,242**

17. Per Share Data

	2011	2010	2011
Net income per share:			
Basic	**¥ 57.09**	¥ 67.77	**$ 0.69**
Diluted	**57.09**	67.76	**0.69**
Net assets per share	**¥ 1,121.98**	¥ 1,097.72	**$ 13.49**

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.

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

	2011	2010
Net income available for distribution to common shareholders	**¥ 14,187 million ($170,625 thousand)**	¥ 16,839 million
Weighted average number of shares for basic net income	**248,497,650 shares**	248,489,043 shares
Increase in shares of common stock		
Exercise of warrants	**3,770 shares**	38,388 shares
Number of shares for diluted net income	**248,501,420 shares**	248,527,431 shares

Summary of potentially issuable shares that do not have a dilutive effect on net income per share	**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**	88 and 178 subscription rights to shares approved by the annual general meeting of shareholders at June 26, 2008 89 and 161 subscription rights to shares approved by the annual general meeting of shareholders at June 27, 2007 28 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2005

17. Per Share Data (continued)

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

	2011	2010	2011
Total net assets	**¥ 285,249 million**	¥ 303,226 million	**$ 3,430,546 thousand**
Amounts deducted from total net assets			
Subscription rights to shares	**138 million**	83 million	**1,664 thousand**
Minority interests	**6,311 million**	30,388 million	**75,909 thousand**
Net assets attributable to shares of common stock	**278,799 million**	272,755 million	**3,352,974 thousand**
Number of shares of common stock used in the calculation of net assets per share	**248,490,025 shares**	248,475,622 shares	

18. Financial Instruments

The Group applied the "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, issued on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, issued on March 10, 2008) effective the year ended March 31, 2010.

(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.

(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.

18. Financial Instruments (continued)

(3) Supplemental information on fair value of financial instruments
As well as the values based on market prices, fair 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 21, the contract amount itself does not indicate market risk related to derivative transactions.

(b) Fair value of financial instruments
Carrying value on the consolidated balance sheets as of March 31, 2011 and 2010, fair value and differences are as follows. The financial instruments whose fair value is extremely difficult to determine are not included below.

	2011					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Value	**Fair Value**	**Difference**	**Carrying Value**	**Fair Value**	**Difference**
Cash and deposits	**¥ 57,938**	**¥ 57,938**	**¥ -**	**$ 696,790**	**$ 696,790**	**$ -**
Notes and accounts receivable - trade	**57,919**	**57,919**	**-**	**696,565**	**696,565**	**-**
Short-term investment securities and investment securities:						
Held-to-maturity securities	**2,000**	**2,000**	**-**	**24,053**	**24,053**	**-**
Available-for-sale securities	**71,026**	**71,026**	**-**	**854,203**	**854,203**	**-**
Total assets	**¥ 188,884**	**¥ 188,884**	**¥ -**	**$2,271,612**	**$2,271,612**	**$ -**
Notes and accounts payable - trade	**36,634**	**36,634**	**-**	**440,582**	**440,582**	**-**
Total liabilities	**¥ 36,634**	**¥ 36,634**	**¥ -**	**$ 440,582**	**$ 440,582**	**$ -**
Derivative transactions: (*)						
Hedge accounting not applied	**7**	**7**	**-**	**87**	**87**	**-**
Hedge accounting applied	**114**	**114**	**-**	**1,376**	**1,376**	**-**
Total derivative transactions	**¥ 121**	**¥ 121**	**¥ -**	**$ 1,463**	**$ 1,463**	**$ -**

	2010		
	Millions of yen		
	Carrying Value	Fair Value	Difference
Cash and deposits	¥ 69,871	¥ 69,871	¥ -
Notes and accounts receivable - trade	56,480	56,480	-
Short-term investment securities and investment securities:			
Held-to-maturity securities	1,500	1,500	-
Available-for-sale securities	70,807	70,807	-
Total assets	¥ 198,659	¥ 198,659	¥ -
Notes and accounts payable - trade	22,274	22,274	-
Total liabilities	¥ 22,274	¥ 22,274	¥ -
Derivative transactions: (*)			
Hedge accounting not applied	(19)	(19)	-
Hedge accounting applied	132	132	-
Total derivative transactions	¥ 113	¥ 113	¥ -

18. Financial Instruments (continued)

(*) 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 fair value since these are scheduled to be settled in a short period of time.

Short-term investment securities and investment securities

Fair 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 counterparty financial institutions.

Liabilities:

Notes and accounts payable – trade

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

Derivative transactions:

Please refer to Note 21.

Note 2: Unlisted equity securities of ¥18,773 million ($225,773 thousand) and ¥19,074 million whose fair values are extremely difficult to determine as of March 31, 2011 and 2010, respectively, are not included in the above tables.

(c) The redemption schedule for financial instruments and securities with maturities as of March 31, 2011 and 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
	Due in One Year or Less	Due in One Year or Less	Due in One Year or Less
Cash and deposits	**¥ 57,938**	¥ 69,871	**$ 696,790**
Notes and accounts receivable - trade	**57,919**	56,480	**696,565**
Short-term investment securities and investment securities:			
Held-to-maturity securities	**2,000**	1,500	**24,053**
Available-for-sale securities	**22,749**	20,089	**273,597**
Total	**¥ 140,607**	¥ 147,941	**$1,691,006**

19. Investment Securities

Investments in unconsolidated subsidiaries and affiliates included in "Investment securities" as of March 31, 2011 and 2010 amounted to ¥16,416 million ($197,429 thousand) and ¥16,382 million, respectively.

Securities other than those of subsidiaries and affiliates classified as held-to-maturity securities at March 31, 2011 and 2010 are summarized as follows:

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

	2011					
	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 carrying value exceeds their market value:						
Government and municipal bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Other	**2,000**	**2,000**	-	**24,053**	**24,053**	-
Subtotal	**2,000**	**2,000**	-	**24,053**	**24,053**	-
Total	**¥ 2,000**	**¥ 2,000**	¥ -	**$ 24,053**	**$ 24,053**	$ -

	2010		
	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 carrying value exceeds their market value:			
Government and municipal bonds	-	-	-
Corporate bonds	-	-	-
Other	1,500	1,500	-
Subtotal	1,500	1,500	-
Total	¥ 1,500	¥ 1,500	¥ -

19. Investment Securities (continued)

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

	2011					
	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	**¥ 42,187**	**¥ 10,537**	**¥ 31,649**	**$ 507,367**	**$ 126,734**	**$ 380,633**
Bonds:						
Government and municipal bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	**42,187**	**10,537**	**31,649**	**507,367**	**126,734**	**380,633**
Securities whose acquisition cost exceeds their carrying value:						
Equity securities	**6,094**	**6,811**	**(716)**	**73,300**	**81,921**	**(8,621)**
Bonds:						
Government and municipal bonds	**22,744**	**22,746**	**(1)**	**273,536**	**273,556**	**(20)**
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	**28,839**	**29,557**	**(718)**	**346,836**	**355,477**	**(8,641)**
Total	**¥ 71,026**	**¥ 40,095**	**¥ 30,931**	**$ 854,203**	**$ 482,211**	**$ 371,992**

	2010		
	Millions of yen		
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 46,302	¥ 10,502	¥ 35,799
Bonds:			
Government and municipal bonds	502	502	0
Corporate bonds	1,921	1,921	0
Other	-	-	-
Other	-	-	-
Subtotal	48,726	12,926	35,799
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	4,356	5,600	(1,243)
Bonds:			
Government and municipal bonds	11,182	11,184	(1)
Corporate bonds	3,541	3,542	(1)
Other	-	-	-
Other	3,000	3,000	-
Subtotal	22,080	23,327	(1,246)
Total	¥ 70,807	¥ 36,254	¥ 34,552

19. Investment Securities (continued)

(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, 2011 and 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Proceeds from sales	**¥ 74**	¥ 1,505	**$ 893**
Aggregate gains on sales	**24**	1,028	**293**
Aggregate losses on sales	-	9	-

(d) Impairment loss

Impairment loss recognized on available-for-sale securities for the year ended March 31, 2011 is ¥1,440 million ($17,320 thousand).

20. Cash and Cash Equivalents

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, 2011 and 2010 as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Cash and deposits	**¥ 57,938**	¥ 69,871	**$ 696,790**
Short-term investment securities	**24,744**	21,648	**297,589**
Total	**82,682**	91,520	**994,379**
Time deposits with maturities of more than three months	**(26,799)**	(47,395)	**(322,302)**
Short-term investment securities with maturities of more than three months	**(13,795)**	(14,149)	**(165,915)**
Cash and cash equivalents	**¥ 42,087**	¥ 29,975	**$ 506,162**

21. Derivatives

Derivative transactions for which hedge accounting is not applied at March 31, 2011 and 2010 are as follows:

	2011							
	Millions of yen				Thousands of U.S. dollars			
	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency option:								
Buy:								
Canadian dollars	**¥ 467**	**¥ -**	**¥ 7**	**¥ 7**	**$ 5,620**	**$ -**	**$ 95**	**$ 95**
Forward exchange contracts:								
Sell:								
U.S. dollars	**¥ 148**	**¥ -**	**¥ (1)**	**¥ (1)**	**$ 1,790**	**$ -**	**$ (13)**	**$ (13)**
Buy:								
U.S. dollars	**439**	**-**	**(1)**	**(1)**	**5,288**	**-**	**(14)**	**(14)**
Euro	**23**	**-**	**0**	**0**	**279**	**-**	**1**	**1**
Japanese yen	**1**	**-**	**0**	**0**	**16**	**-**	**0**	**0**
Total	**¥ 1,080**	**¥ -**	**¥ 5**	**¥ 5**	**$ 12,993**	**$ -**	**$ 68**	**$ 68**
Commodity futures:								
Sell:								
Wheat	**¥ 7**	**¥ -**	**¥ (0)**	**¥ (0)**	**$ 86**	**$ -**	**$ (11)**	**$ (11)**
Buy:								
Wheat	**188**	**-**	**2**	**2**	**2,261**	**-**	**30**	**30**
	¥ 195	**¥ -**	**¥ 1**	**¥ 1**	**$ 2,347**	**$ -**	**$ 18**	**$ 18**

21. Derivatives (continued)

	2010			
	Millions of yen			
	Contract Amount	Due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency option:				
Buy:				
Canadian dollars	¥ 612	¥ -	¥ (8)	¥ (8)
Forward exchange contracts:				
Sell:				
U.S. dollars	¥ 169	¥ -	¥ (5)	¥ (5)
Buy:				
U.S. dollars	194	-	(0)	(0)
Euro	54	-	(2)	(2)
Japanese yen	18	-	(0)	(0)
Total	¥ 1,049	¥ -	¥ (16)	¥ (16)
Commodity futures:				
Sell:				
Wheat	¥ 57	¥ -	¥ 5	¥ 5
Buy:				
Wheat	83	-	(7)	(7)
	¥ 141	¥ -	¥ (2)	¥ (2)

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

Derivative transactions for which hedge accounting is applied at March 31, 2011 and 2010 are as follows:

	2011						
		Millions of yen			Thousands of U.S. dollars		
	Hedged Item	Contract Amount and Others	Due after One Year	Fair Value	Contract Amount and Others	Due after One Year	Fair Value
Benchmark method							
Forward exchange contracts:							
Buy:							
U.S. dollars	Accounts	**¥ 2,965**	**¥ -**	**¥ 46**	**$ 35,666**	**$ -**	**$ 562**
Thai baht	payables	**1,340**	**-**	**25**	**16,117**	**-**	**307**
Euro		**338**	**-**	**18**	**4,067**	**-**	**225**
Canadian dollars		**70**	**-**	**2**	**843**	**-**	**35**
Currency options:							
Purchase call:							
U.S. dollars		**¥ 11**	**¥ -**	**¥ 20**	**$ 139**	**$ -**	**$ 247**
Allocation method							
Forward exchange contracts:							
Buy:							
U.S. dollars	Accounts	**¥ 78**	**¥ -**	**¥ -**	**$ 946**	**$ -**	**$ -**
Euro	payables	**227**	**-**	**-**	**2,736**	**-**	**-**
		¥ 5,031	**¥ -**	**¥ 114**	**$ 60,513**	**$ -**	**$ 1,376**

21. Derivatives (continued)

	Hedged Item	2010 Millions of yen Contract Amount and Others	Due after One Year	Fair Value
Benchmark method				
Forward exchange contracts:				
Buy:				
U.S. dollars	Accounts	¥ 2,079	¥ -	¥ 76
Thai baht	payables	918	-	72
Euro		890	-	(28)
Canadian dollars		34	-	3
Currency options:				
Purchase call:				
U.S. dollars		¥ 7	¥ -	¥ 8
Allocation method				
Forward exchange contracts:				
Buy:				
U.S. dollars	Accounts	¥ 112	¥ -	¥ -
Euro	payables	258	-	-
		¥ 4,301	¥ -	¥ 132

22. Business Combination

<Transaction under common control>

1. Outline of the transaction

(1) Name and business of acquired companies:

ORIENTAL YEAST Co., Ltd.: Manufacturing and distribution of cake and bread ingredients, biochemical products, and life science business

NBC Meshtech Inc.: Manufacturing and distribution of mesh cloths and forming filters

(2) Legal form of business combination: Acquire 100% of voting rights through tender offer

(3) Outline and purpose of the transaction:

The Company decided to acquire all outstanding shares of ORIENTAL YEAST CO., LTD. (43.4% was directly owned by the Company as of March 31, 2010) and NBC Meshtech Inc. (48.8% was directly and indirectly owned as of March 31, 2010), through making these two subsidiaries wholly-owned subsidiaries, in order to perform efficient and optimized Group managements as a whole and to further enhance corporate value in long-term. To achieve this, the Company proposed tender offers to shareholders of these two subsidiaries and acquired all outstanding shares of both subsidiaries through legal processes required under the Act following tender offers.

22. Business Combination (Continued)

2. Accounting treatment

The Company accounted for the acquisition of additional shares for the purpose of making both companies wholly-owned subsidiaries as transactions with minority shareholders among transactions under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting for Business Divestitures" (ASBJ Statement No. 10, issued on December 26, 2008).

3. Additional acquisition of subsidiaries' stock

(1) Acquisition cost:

	Millions of yen	Thousands of U.S. dollars
Consideration for acquiring the common stock	**¥ 21,315**	**$ 256,355**
Expenses for acquiring the common stock	**615**	**7,399**
Total acquisition cost	**¥ 21,931**	**$ 263,754**

(2) Amount and cause of gain on negative goodwill:

Amount of negative goodwill	**¥ 2,643 million ($31,796 thousand)**
Cause of recognizing negative goodwill	**The negative goodwill was recognized because the acquisition costs of additional stock of these companies acquired were less than the amounts of decrease in minority interests.**

23. Comprehensive Income

Other comprehensive income for the year ended March 31, 2010 comprises the following:

	Millions of yen
	2010
Other comprehensive income:	
Valuation difference on available-for-sale securities	¥ 3,120
Deferred gains on hedges	68
Foreign currency translation adjustment	714
Share of other comprehensive income in subsidiaries and affiliates accounted for using equity method	77
Total other comprehensive income	¥ 3,981

Total comprehensive income for the year ended March 31, 2010 comprises the following:

	Millions of yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥ 20,443
Minority Interests	1,853
Total comprehensive income	¥ 22,297

24. Segment Information

Effective the year ended March 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, issued on March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, issued on March 21, 2008).

Information about net sales, income, assets and other items by reportable segment for the year ended March 31, 2010 has been omitted, as the classification of business segment under the previous standard was the same as the classification of reportable segments.

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 sciencebusiness, 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 on Significant Accounting Policies". Income by reportable segment is based on operating income. Intersegment transactions are based on prevailing market price.

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

	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

24. Segment Information (Continued)

	Thousand of U.S. dollars						
	2011						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	$ 1,940,717	$ 2,702,647	$ 4,643,363	$ 457,736	$ 5,101,099	$ -	$ 5,101,099
Intersegment sales and transfers	226,924	5,845	232,769	35,969	268,738	(268,738)	-
Total	2,167,641	2,708,491	4,876,132	493,705	5,369,837	(268,738)	5,101,099
Segment income	$ 130,009	$ 142,501	$ 272,510	$ 28,709	$ 301,220	$ 3,473	$ 304,693
Segment assets	$ 1,414,221	$ 1,598,559	$ 3,012,780	$ 680,030	$ 3,692,809	$ 990,519	$ 4,683,328
Other items:							
Depreciation and amortization	$ 82,760	$ 66,507	$ 149,267	$ 18,858	$ 168,125	$ (3,587)	$ 164,538
Investment in associates accounted for using equity method	19,358	2,136	21,493	171,531	193,024	-	193,024
Increase in property, plant and equipment and intangible assets	72,476	83,860	156,337	11,472	167,809	(4,189)	163,620

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 ¥90,701 million ($1,090,823 thousand) consisted primarily of the Company’s surplus funds (cash and deposits and short-term investment securities) and investment securities.

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 for the year ended March 31, 2011 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 for the year ended March 31, 2011 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 for the year ended March 31, 2011

	2011		
	Name of the related segment	Millions of yen	Thousands of U.S. dollars
Mitsubishi Corporation	**Flour Milling, Processed Foods and Other**	**¥ 58,916**	**$ 708,561**

6. Information on impairment loss by reportable segment

	2011		
	Name of the related segment	Millions of yen	Thousands of U.S. dollars
Impairment loss	**Processed Foods**	**¥ 3,090**	**$ 37,165**

24. Segment Information (Continued)

7. Information on gain 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, gain on negative goodwill of ¥175 million ($2,113 thousand) for "Processed Food" and ¥2,467 million ($29,674 thousand) for "Other" was recognized.

Information about business segment, geographical segment and overseas sales for the year ended March 31, 2010, which is based on the previous standard, is as follows:

Business Segment Information

	Millions of yen					
	2010					
	Flour Milling	Processed Food	Other	Total	Corporate Assets and Eliminations	Consolidated
Net Sales:						
Sales to external customers	¥ 179,413	¥ 223,698	¥ 40,616	¥ 443,728	¥ -	¥ 443,728
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
Total Assets, Depreciation and Amortization, and Capital Expenditures:						
Total assets	¥ 113,752	¥ 130,971	¥ 51,206	¥ 295,931	¥ 110,386	¥ 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

1. Business segments were determined based on the similarities of the product types.

2. 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 sciencebusiness, healthcare foods

   Other .... Pet food, engineering, mesh cloths, handling and storage

3. Corporate assets included in the "Corporate Assets and Eliminations" column amounted to ¥108,001 million at March 31, 2010 and consisted primarily of the Company's surplus funds (cash and deposits, and short-term investment securities) and investment securities.

Geographical Segment Information

Geographical segment information for the year ended March 31, 2010 has been omitted because both total sales and assets in Japan were more than 90% of the total sales and assets of all segments.

24. Segment Information (Continued)

Overseas Sales

Overseas sales for the year ended March 31, 2010 have been omitted because total overseas sales were less than 10% of total consolidated sales.