NISSHIN OilliO

"The Natural Power of Plants"

Annual Report 2011

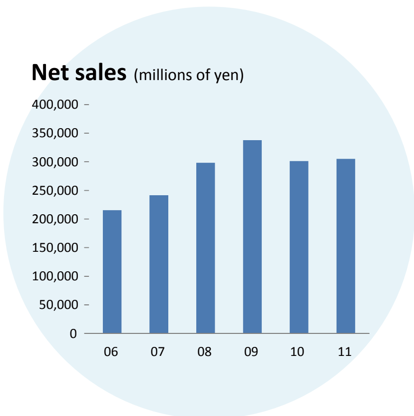
For the year ended March 31, 2011

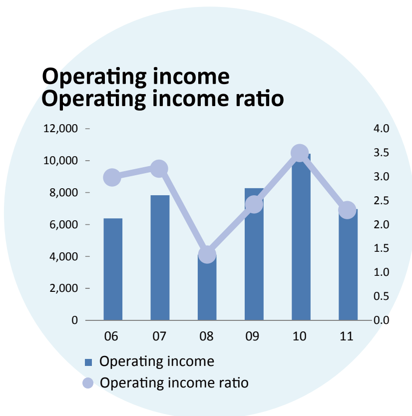
The Nisshin OilliO Group, Ltd.

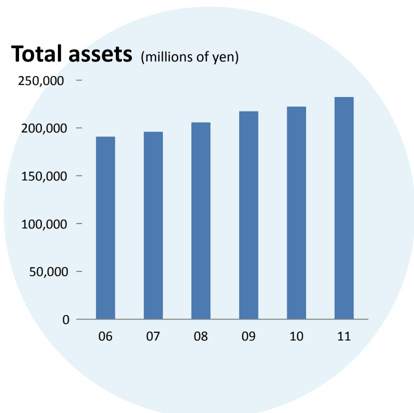
Contents

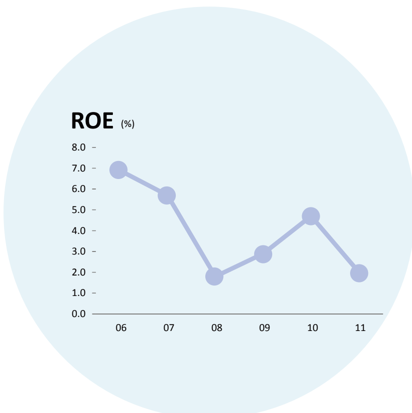
Financials Highlights

	Millions of Yen*1						Thousands of U.S. Dollars*2
	2011	2010	2009	2008	2007	2006	**2011**
For the Year:							
Net sales	**¥305,298**	¥301,299	¥337,925	¥298,196	¥241,668	¥215,479	**$3,678,289**
Oils and Meal	**280,324**	276,079	312,610	272,648	216,334	188,979	**3,377,398**
Healthy Foods and Soy Protein	**9,377**	9,686	8,696	8,616	8,571	6,500	**112,976**
Fine Chemicals	**5,864**	5,742	5,254	5,405	4,878	4,483	**70,650**
Operating income	**6,966**	10,435	8,272	4,114	7,835	6,386	**83,928**
Net income	**2,123**	5,104	3,066	1,876	6,202	7,138	**25,578**
Cash Flows:							
Net cash provided by (used in) operating activities	**(¥1,293)**	¥11,458	¥26,690	(¥16,849)	¥6,890	¥8,928	**($15,578)**
Net cash used in investing activities	**(5,086)**	(12,194)	(5,856)	(3,854)	(6,968)	(6,726)	**(61,277)**
Net cash provided by (used in) financing activities	**509**	(3,135)	22	16,345	(2,186)	1,273	**6,132**
Cash and cash equivalents at the end of the year	**15,993**	22,665	26,475	6,166	10,354	12,401	**192,687**
At Year-End:							
Total assets	**¥232,311**	¥222,358	¥217,488	¥205,824	¥196,008	¥190,829	**$2,798,928.00**
Equity	**117,422**	114,816	107,498	109,406	112,282	103,785	**1,414,723**
Per Share Data (Yen and U.S. dollars):							
Net income	**¥12.32**	¥29.62	¥17.79	¥10.87	¥35.91	¥41.00	**$0.15**
Cash dividends applicable to the year	**10.00**	10.00	10.00	10.00	10.00	7.50	**0.12**
Financial Ratios (%):							
ROE (Net income base)	**2.0**	4.7	2.9	1.8	5.7	6.9	
ROA (Ordinary income base)	**2.8**	4.6	3.7	2.2	5.2	4.7	
Equity ratio	**46.9**	48.3	46.6	50.7	55.0	54.4	
Operating income ratio	**2.3**	3.5	2.4	1.4	3.2	3.0	









Message from the Management

Summary

Fiscal 2010 (ended March 2011) was the final year for Phase Ⅰ of Growth 10, the initial four-year period of The Nisshin OilliO Group's 10-year basic management vision. Amid soaring market prices for grain, consolidated earnings for fiscal 2011 were down sharply, though revenue increased. However, we achieved a certain degree of success for each of the vision goals.

Building on this success, we will continue during Phase Ⅱ — a three-year period of the management vision beginning in April 2011 — to reform our business structure with the goals of establishing a stable earnings structure and realizing secure growth. We will lay the foundation for the Group to become an international corporate group, the principal goal of the Growth 10 vision.

Review of Fiscal 2010: Market Environment and Operating Results

"Amid soaring market prices for grain, earnings were down sharply, though revenue increased."

Grain market prices remained high throughout fiscal 2010 (ended March 2011), and the rise in costs exceeded the appreciation of the yen. The Nisshin OilliO Group took steps to set appropriate selling prices in line with costs, but because of the deflationary domestic environment and trends toward lower prices, we were unable to implement revisions to the selling prices of edible oils to the extent we had hoped.

In overseas business, Dalian Nisshin Oil Mills, Ltd., in China secured earnings by expanding sales to Japan, while Intercontinental Specialty Fats Sdn. Bhd. (ISF) in Malaysia recorded a rise in exports of processed oils and fats, such as specialty fats. However, a portion of ISF's earnings was deferred to the next fiscal year due to variations in the palm oil market.

As a result, earnings were down sharply although revenue increased, and the Group recorded extraordinary losses for disaster losses resulting from the Great East Japan Earthquake. Consolidated net sales for fiscal 2010 amounted to ¥305,298 million (up 1.3% year on year), with operating income of ¥6,966 million (down 33.2%), ordinary income of ¥6,308 million (down 38.8%), and net income of ¥2,123 million (down 58.4%).

Success of Phase Ⅰ Measures: Strengthening Our Earnings Base

"We achieved a certain degree of success for each of the plan goals."

The Nisshin OilliO Group proactively implemented strategies for future growth, and achieved success in several areas.

In the processed oils and fats business, ISF in Malaysia began operating new production equipment, and expanded sales of specialty fats.

We also entered the chocolate business by making Daito Cacao Co., Ltd., a subsidiary, and strengthened our technology and development capabilities through operational tie-ups with Yamazaki Baking Co., Ltd., and Miyoshi Oil & Fat Co., Ltd. In China, Dalian Nisshin Oil Mills, Ltd., achieved operating profit for three consecutive fiscal periods.

Building on this success, we will continue during Phase Ⅱ to lay the foundation for the Group to become an international corporate group, the principal goal of the Growth 10 vision.

Phase Ⅱ Measures: Establish a Stable Earnings Foundation and Realize Steady Growth

"We will reform our business structure during the three years of Phase Ⅱ."

Phase Ⅱ, which began in April 2011, is a three-year period of the management vision extending through March 2014, during which we will reform our business structure with the goals of establishing a stable earnings foundation and establishing growth. As part of our effort we will actively reallocate management resources, focusing on profitability, an emphasis on technology, and developing overseas markets.

The development of overseas markets in particular will be a priority for aggressive investment. We are accelerating our global expansion, centering on our current business locations in China, Malaysia and Singapore, and expanding to areas of Southeast Asia, North America and Europe.

One new development in March 2011 was the decision to make a subsidiary of Spain's Industrial Química Lasem, S.A. (IQL), which produces and sells oils and fats for cosmetics in Europe. Securing a production base allows us to further pursue development of the fine chemicals business in Europe.

During fiscal 2011 (ending March 2012), the first year of Phase Ⅱ, we are forecasting consolidated net sales of ¥343,000 million (up 12.3% year on year), with operating income of ¥8,000 million (up 14.8%), ordinary income of ¥7,000 million (up 11.0%), and net income of ¥3,400 million (up 60.2%).

Our Mission and Social Responsibility as a Food Company

"Under our new management structure, we will fulfill our role and responsibility to provide a stable supply of safe and reliable food."

The Nisshin OilliO Group revised its management structure in June 2011 with the aim of strengthening corporate governance.

These reforms further clarified the separation of the management decision-making and the business execution functions.

We also reduced the number of board members to facilitate quicker and more flexible decision-making.

In addition, the Group aims at enhancing the speed of management by handing authority and responsibility to corporate officers.

Under this management structure, the Group will fulfill its role and responsibility to provide a stable supply of safe and reliable food. We will also continue to be a company essential to society, and by making a leap forward to become a global food corporate group, will enhance our future corporate value and social significance.

Start of Basic Management Vision, Growth 10, the Phase Ⅱ Three-Year Plan

Basic Management Vision, Growth 10

Overview

The goal of the Nisshin OilliO Group's Growth 10 management vision is to create an international corporate group that continually generates new value through "the natural power of plants".

The Group marked the 100th anniversary of its founding in April 2007. The Growth 10 management vision establishes the guidelines that will pave the way for our next century.

Our aim is to achieve substantial growth by fiscal 2016 (ending March 2017), and to establish an international corporate group that continually generates new value through "the natural power of plants".

Five Specific Goals for Fiscal 2016

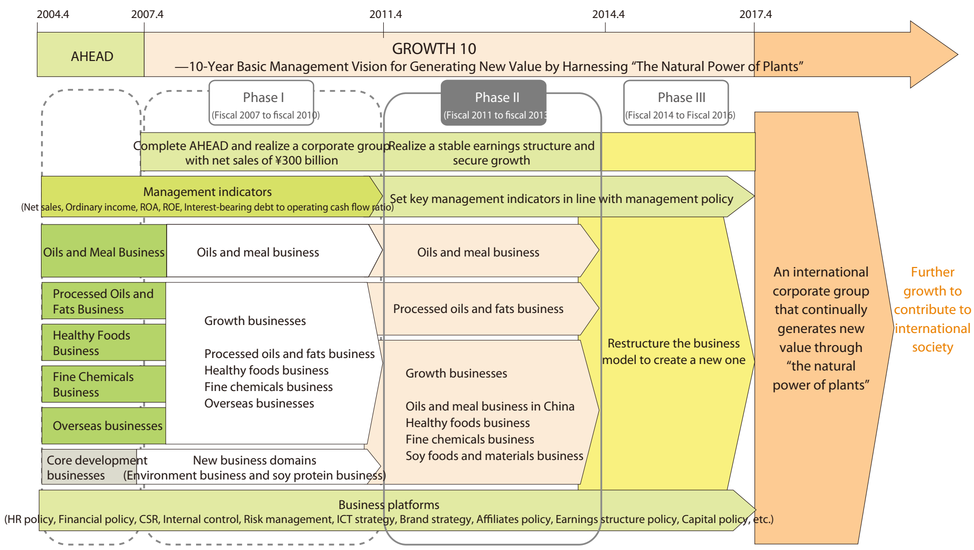
(1) Embody "the natural power of plants" through original technologies
We aim to be a corporate group that transforms "the natural power of plants" into new value using original technologies.

(2) Become an international corporate group with an overseas sales ratio of 30% or more
We aim to be an international corporate group with an overseas sales ratio of at least 30% by developing businesses and brands with a global perspective.

(3) Contribute to society and the environment through CSR activities
We aim to be a trustworthy and esteemed corporate group through sincere contributions to society and the environment.

(4) Constantly take on challenges and innovate corporate culture
We aim to be a corporate group with a strong will and corporate culture that ceaselessly takes on challenges and innovates in all that we do.

(5) Achieve a highly profitable earnings structure
We aim to be a corporate group with a high earnings structure.



Start of Basic Management Vision, Growth 10, the Phase Ⅱ Three-Year Plan

Business Environment

Appreciation in the grain market, sluggish consumption, long-term deflation and other changes in the business environment are structural problems.

The business climate for the Group has changed radically since the start of Phase I of the management vision four years ago. Japan continues to face an aging population and falling birthrate, and there has been an increase in demand for food as a result of global population growth and economic development in the BRICs countries, an influx of speculative capital in the market, and greater demand for vegetable oil as a biofuel.

During Phase I of the vision the demand structure for grain shifted, and grain prices rose in tandem with surplus funds resulting from low-interest rate policies around the world. The Japanese market, meanwhile, moved in the opposite direction from the overheating global market, as a decline in consumption due to the low birthrate and aging society, along with consumer preference for low-priced products in the sluggish economy, pushed down product prices.

These changes in the business environment for the oils and meal business, which has been the earnings foundation for the Group, are not the typical transient shifts that have occurred previously. We recognize that they are structural problems.

Start of Basic Management Vision, Growth 10, the Phase Ⅱ Three-Year Plan

Start of the Phase Ⅱ Three-Year Plan

Overview

Establishing a stable earnings structure and realizing secure growth

Building on the success of Phase I of our management vision over the past four years, we launched the three-year Phase Ⅱ of the vision in April 2011.

During Phase Ⅱ, we will pursue structural transformation and resolutely implement a dynamic reallocation of management resources, focusing on profitability, an emphasis on technology, and developing overseas markets.

As a result, at the conclusion of Phase Ⅱ we expect to have succeeded in our goals to establish a stable earnings structure and realize secure growth.

Key Elements of Phase Ⅱ

(1) Vision for the Nisshin OilliO Group on the Completion of Phase Ⅱ

By the conclusion of Phase Ⅱ, we will have achieved structural reforms to make a swift transition to an international corporate group that continually generates new value.

(2) Reform of the Business Structure

- In the oils and meal business, we will continue to generate stable earnings irrespective of changes in the operating environment.
- In the processed oils and fats business, we will achieve a level of earnings on a par with the oils and meal business.
- In growth businesses, we will establish new business models that will be core earnings drivers in the next phase of Growth 10.

(3) Management Policies

• Oils and Meal Business
Place priority on boosting earnings in the oils and meal business
We will rebuild the business operating structure to be more efficient and pursue greater added value in order to shift to more profit-oriented activities, and acquire stable earnings.

• Processed Oils and Fats Business
Allocate management resources with a focus on market growth and our technological advantage
We will expand the scope of this business in Japan and overseas, and establish it as a second pillar for earnings. We will do this by fully utilizing the foundations built during Phase I to provide processed food ingredients that meet the needs of the processed foods industry, particularly in the area of specialty fats, as well as supply such ingredients for making confections and bread.

• Growth Businesses
Make strategic moves to expand the growth businesses into profitable sources of earnings
We designated as growth businesses the oils and meal business in China, the healthy foods business, the fine chemicals business, and the soy foods and materials business. In these four businesses, we will establish a business foundation to ensure a solid contribution to earnings, and to achieve rapid growth in Japan and overseas during Phase Ⅲ.

• Management Base
We will deepen and expand element and applied technologies, continually launch distinctive products, and achieve dynamic reform of the cost structure.

Measures and Recent Highlights for Each Business Domain

■ Oils and Meal Business

(1) Measures

The oils and meal business in Japan has entered a period of maturity, and we believe it is necessary to transform the foundations of the business so that we compete to an even greater extent in terms of added value.

In addition to our central aims of "good flavor, health and beauty," we must enhance added value in a wide range of areas, including quality, services, environmental impact, and functionality.

As a leading company in the industry, the Group must take the initiative in breaking away from excessive price competition, and exercise strong leadership to ensure that the entire industry makes a mental and behavioral shift toward value and profit consciousness.

When the competition is based on added value, technical capabilities will be the source of competitive advantage.

We must step up our efforts even further to bring to market major products on the level of *Nisshin Canola Oil* and *Healthy Resetta*, and to develop and market key products that will allow the Group to stand out from the competition.

(2) Highlight

Business Tie-Up with Showa Sangyo

The Nisshin OilliO Group concluded a business tie-up with Showa Sangyo Co., Ltd., in 2010 for the oils and meal business. Outsourcing a portion of our oil extraction and refining processes will enhance the efficiency and lower the cost of production and distribution.

■ Processed Oils and Fats Business

(1) Measures

We will allocate more management resources to this business both in Japan and overseas to develop it into a second pillar for earnings.

At Intercontinental Specialty Fats Sdn. Bhd. (ISF), we will expand sales of specialty fats, and build a structure able to meet rising global demand.

In our business alliances with Yamazaki Baking Co., Ltd., and Miyoshi Oil & Fat Co., Ltd., we will focus on development of ingredients for confections and bread.

At T. & C. Manufacturing Co. Pte. Ltd., in Singapore, during fiscal 2011 we will upgrade and add equipment to expand production of ingredients for confections and bread for Japan. Going forward, we will develop the company into a center for the processed oils and fats business in East Asia.

(2) Highlight

Facility Upgrades at Singapore Subsidiary T. & C. Manufacturing

T. & C. Manufacturing Co. Pte. Ltd., is a local subsidiary in Singapore, founded by the Group subsidiary Daito Cacao Co., Ltd. It became a subsidiary in 2009. The company manufactures and sells preparations for ingredients for confections and bread. (Preparations are mixtures of powdered milk, sugar and other ingredients necessary for the manufacturing of processed foods.) In fiscal 2011, we will upgrade and add equipment to expand production capacity of preparations for confections and bread for Japan.

■ Growth Businesses

The Group has identified as growth businesses the oils and meal business in China, the healthy foods business, the fine chemicals business, and the soy foods and materials business. We will actively develop these businesses in Japan and overseas to make them independent in terms of earnings, and to establish a business foundation for rapid growth during Phase Ⅲ.

[Oils and Meal Business in China]

(1) Measures

We will pursue new business development in China in accordance with the China Oils and Meal Business Implementation Plan.

(2) Highlights

Developing Value-Added Oils for the Oils and Fats Business in China

○ Management Principle for the Oils and Fats Business in China

We aim to contribute to better health for the Chinese people and to enhance our corporate value.

○ Main products

(a) The Chinese version of *Healthy Resetta*

In China, the State Food and Drug Administration (FDA) recognized the benefits and safety of the Chinese version of *Healthy Resetta* after it passed a strict evaluation and clinical test.

This product offers the benefits of "maintaining an appropriate healthy weight" and "reducing excess body fat."

(b) Value-added edible oils

These are household use, value-added edible oils made from raw materials carefully selected for their health benefits. We will gradually expand our sales area, and contribute to better health for consumers.

[Healthy Foods Business]

(1) Measures

• In the fields of foods for preventing lifestyle-related diseases and foods for nursing care, we will narrow the scope of our business to product categories in which we can utilize our strengths.

• In the field of dressings and mayonnaise, we will establish new business models that incorporate group companies.

• We will establish a foundation for business development in overseas markets.

(2) Highlights

Launch of *NUCARE Toromi Perfect* for the Elderly Care Market in South Korea

The Nisshin OilliO Group, Ltd., developed *NUCARE Toromi Perfect*[1] jointly with the major South Korean foods producer Daesang Corporation[2]. The product was launched in South Korea in July 2010.

South Korean society is expected to age even more rapidly than Japan in the future. This is our first product in the market for foods for elderly care in South Korea, which is expected to expand going forward.

Notes:

1. *NUCARE Toromi Perfect* is the South Korean market version of *Toromi Perfect*. The Company developed *Toromi Perfect* as a food for elderly and nursing care patients who have difficulty swallowing. *Toromi Perfect* thickens foods and drinks with just a small amount of colorless, odorless powder.

2. Daesang Corporation operates foods and other businesses in South Korea and East Asia.

[Fine Chemicals Business]

(1) Measures

• We will pursue expansion strategies including in overseas markets, focusing on the raw materials for cosmetics business.

• Utilizing Industrial Química Lasem SA (IQL) in Spain as a production base, we will accelerate business development in Europe and Asia.

(2) Highlight

Spain's IQL Made a Subsidiary to Boost Overseas Development of the Fine Chemicals Business

The Nisshin OilliO Group acquired in July 2011 to bring into its scope of consolidation Industrial Química Lasem SA (IQL), a Spanish company that manufactures and sells oils and fats for cosmetics in Europe. This was the start of an effort to bolster the overseas development of the fine chemicals business.

By making IQL a subsidiary, we have secured a production and sales base in Europe and are accelerating our global business development.

[Soy Foods and Materials Business]

(1) Measures

We will focus on the delicious taste and health benefits of soy in pursuing technology and product development. We aim to grow the business and secure earnings by expanding the range of applications for existing products, and increasing sales of value-added products.

(2) Highlight

Tie-Up with MOEL in India for Exclusive Distribution of Soy Meal for Foods

The Group, through its subsidiary Nisshin Shokai Co., Ltd., in 2010 concluded a business alliance with Indian soybean oil producer Maharashtra Oil Extraction Pvt, Ltd. (MOEL). We also acquired the exclusive sales rights in East Asia for MOEL's soy meal for foods.

The Group will provide MOEL with support for quality control, and we will supply soy meal to East Asia with consistent quality.

In our overseas sales strategies for Phase Ⅱ, we plan to bolster the entire Group's business in India.

Business Segment Overview

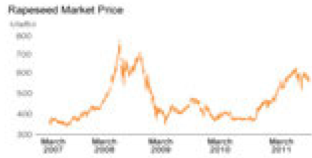
Market Overview

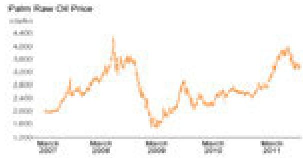
Overview of Raw Material Trends and Prices during Fiscal 2010

Trends in Raw Material Prices and the Status of Selling Prices during Fiscal 2010

■ Trends in Raw Material Prices

The grain market remained high during the period, supported by robust global demand for food, and further appreciated during the second half as a result of poor weather in producing countries, and the influx of speculative capital. There was some correction during the latter half of the fiscal year, but the rise in prices for soybeans, rapeseed and other raw materials exceeded the appreciation of the yen.



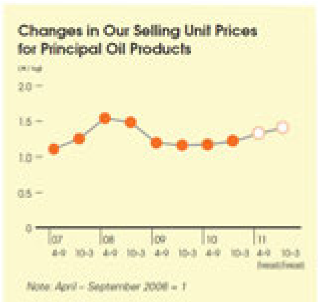


■ Selling Prices

The value of oil in international markets rose sharply as a result of strong demand for vegetable oil. In Japan, however, the deflationary environment has made it difficult to revise selling prices as expected, and the operating environment for the Nisshin OilliO Group remained tight.

Under these circumstances, we implemented a far-reaching, company-wide cost reduction program, and took steps to establish more appropriate pricing, and to expand sales of high-value-added products differentiated by superior technical capabilities.

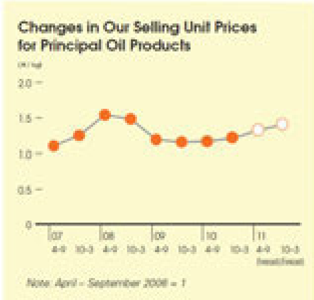
However, the preference for low-priced products was strong among Japanese consumers, and we were unable to revise prices to the levels we initially anticipated.



Business Segment Overview

Oils and Meal Business

The Nisshin OilliO Group, Ltd., began selling Japan's first salad oil, *Nisshin Salad Oil*, in 1924. As a leading company in the edible oils market, we have consistently offered a broad lineup of products that utilize our technical capabilities. We will continue to harness "the natural power of plants" to deliver good taste and health, and provide everyone with a rich and varied diet.



Product Lineup

Edible Oils for Household Use

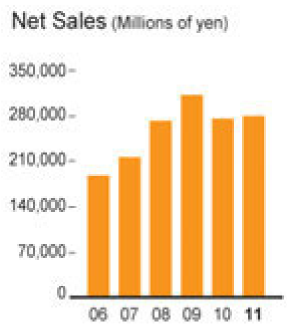
Healthy oils, canola oil, salad oil, olive oil, sesame oil, gift packages, others

Edible Oils for Commercial Use, Edible Oils for Food Processing, Processed Oils and Fats

Healthy oils, canola oil, salad oil, olive oil, sesame oil, soybean oil, rapeseed oil, linseed oil, palm oil, functional oils, margarine, shortening, products for chocolate, others

Oil Meal and Grains

Soy meal, rapeseed meal, food soybeans, others



Business Overview

Edible Oils for Household Use

Main Measures

- We increased sales of value-added products such as *Healthy Resetta* and *Healthy Choleste*.
- The launch in March 2011 of *Karada ni Daizu Yasashii Abura* (healthy soybean oil rich in Vitamin E) and *Olive & Grape Seed Oil* enhanced our lineup of high-value-added products, stimulated demand for edible oils and invigorated the market.
- Retail prices were adjusted in line with costs.

Sales Trends

- Sales volume was on a par with the previous fiscal year, but because of the difficult business environment we were unable to revise prices as we had hoped, and the sales amount declined year on year.
- Sales of gift packages were on a par with the previous fiscal year in terms of both volume and price, despite the tight market.

Edible Oils for Commercial Use

Main Measures

- We boosted sales of high-value-added products such as premium oils.
- Prices were adjusted in line with costs.

Sales Trends

- Sales volume was flat overall year on year, as increases in sales of high-value-added products were offset by declines in general-purpose oils due in part to the effects of the Great East Japan Earthquake.
- Selling prices were steadily revised in the second half of the period, but owing to the difficult business environment the extent of these revisions was less than we had anticipated.

Oils and Fats for Food Processing

Main Measures

- We focused on price revisions.

Sales Trends

- Sales volume declined year on year as a result of the prolonged economic slowdown, and greater competition both domestically and overseas.
- We raised selling prices slightly in the first half of the period, and to a greater extent in the second half.

Processed Oils and Fats

Sales Trends

- Sales volume steadily increased, centered on specialty fats.
- The average selling price was down slightly from the previous fiscal year, due mainly to a greater proportion of sales from low-priced items.

Oil Meal and Grains

Sales Trends

- Sales volume declined year on year due to a sharp fall in domestic production of soybean oil and oil meal.
- Raw material prices rose, but the selling price of meal declined year on year. This was due mainly to the high value of the yen, and a decline in the price of meal globally.

Overseas Business

◆ Dalian Nisshin Oil Mills, Ltd.

Sales Trends

- Sales in the Chinese market were sluggish during the first half, but we secured earnings through expanded sales to Japan. Second-half revenue rose sharply on improved profitability.

◆ Intercontinental Specialty Fats Sdn. Bhd. (ISF)

Sales Trends

- Sales volume and amount rose as a result of expansion of production facilities and an increase in exports.
- Earnings declined year on year as a portion of earnings was deferred to the next fiscal year due to variations in the palm oil market.

Business Results

As a result, net sales in the Oils and Meal Business segment rose 1.5% from the previous fiscal year to ¥280,324 million, although operating income declined 42.3% to ¥5,275 million.

Business Segment Overview

Healthy Foods and Soy Protein Business

The healthy foods business offers foods to help more people live healthy and happy lives. It generates new value in the middle ground between food and medicine with a focus on health.

The soy protein business harnesses the delicious taste and health benefits of soy to offer new styles of food.

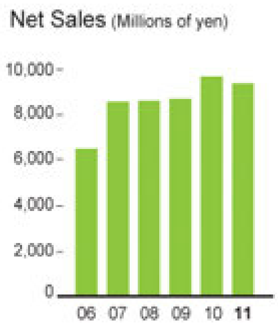
Product Lineup







Foods for preventing lifestyle-related diseases, foods for the elderly and those in nursing care, therapeutic foods, nutritional balance foods, functional ingredients, dressings and mayonnaise, soy protein, soy processed foods, others



Business Environment

Foods for Preventing Lifestyle-Related Diseases

Sales Trends

- Retail store sales were strong for *Fiber-Enriched Green Tea* and other foods for specified health uses (FOSHU).

Foods for the Elderly and for Those in Nursing Care

Sales Trends

- Sales rose for the *Toromi Up* and *Toromi Perfect* series of foods for people who have difficulty in swallowing, centered on large-quantity types.
- Sales increased for the *Procure* series of nutrient-fortified foods for the elderly.

Dressings and Mayonnaise

Sales Trends

- Sales volume and value rose steadily for products that meet market demands for improved health, such as *Resetta Dressing Sauce, Dressing Diet* and *Mayodore*. However, sales declined overall as a result of last year's rise in vegetable prices during the exceptionally hot summer, as well as the effects of the Great East Japan Earthquake.

Soy Protein

Sales Trends

Sales volume and value both rose year on year as a result of efforts to revise prices in line with costs amid the ongoing consumer tendency to favor lower-priced products, as well as the use of a business model that integrates production, sales and technological support.

Business Results

As a result, net sales in the Healthy Foods and Soy Protein Business segment declined 3.2% from the previous fiscal year to ¥9,377 million, due mainly to a change in the sales model for mail-order products. The segment posted an operating loss for the period of ¥288 million, an improvement of ¥253 million from the previous fiscal year.

Business Segment Overview

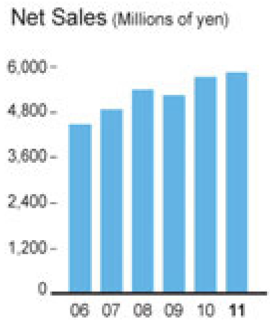
Fine Chemicals Business

Drawing on our unique technologies for utilizing plant resources, the Nisshin OilliO Group provides materials and additives to a wide range of industries.

Products that harness "the natural power of plants," developed from our unique techniques for synthesizing, refining, extracting and formulating, as well as from biotechnology, are used in many aspects of everyday life, from cosmetics, foods and pharmaceuticals to industrial products.

Product Lineup

Raw materials for cosmetics and toiletries, chemicals, medium-chain triacylglycerols, lecithin, tocopherol (Vitamin E), others



Business Environment

Raw Materials for Cosmetics

Main Measures

- We expanded sales channels, and actively marketed products to overseas users.

Sales Trends

- Sales volume and value both rose year on year, on a steady rise in exports to Europe, the United States and Asia.

Chemicals

Sales Trends

- Sales volume was on a par with the previous fiscal year.
- Sales declined year on year, due mainly to a greater proportion of sales of low-priced items.

Medium-Chain Triacylglycerols

Sales Trends

- Sales volume and value both rose year on year, as exports to Asia recovered as a result of greater demand due to the exceptionally hot summer.

Business Results

As a result, net sales in the Fine Chemicals Business segment rose 2.1% from the previous fiscal year to ¥5,864 million, with operating income up 158.2% to ¥428 million.

Business Segment Overview

Future Directions

In accordance with the business strategies of Phase Ⅱ of the Growth 10 management vision, begun in fiscal 2010, we will reclassify our business segments from the three segments of "Oils and Meal Business," "Healthy Foods and Soy Protein Business" and "Fine Chemicals Business" to the five segments of "Oils and Meal Business," "Processed Oils and Fats Business," "Healthy Foods Business," "Fine Chemicals Business" and "Soy Foods and Materials Business."

Oils and Meal Business

We will develop the overseas business centering on China. In Japan, we will focus on value-added products to place greater emphasis on profitability, and secure stable earnings.

Processed Oils and Fats Business

We will offer food materials that meet the needs of the processed foods industry, in order to expand the scope of our business in Japan and overseas, and establish this segment as the second pillar of earnings behind the Oils and Meal Business segment.

Healthy Foods Business

We will develop the business by focusing squarely on good taste and health, and establish this segment as an earnings pillar during Phase Ⅲ of the management vision and beyond.

Fine Chemicals Business

We will designate the Chinese and European markets as focal points for growth, and seek growth to establish stable earnings for the segment.

Soy Foods and Materials Business

We will pursue full-scale market development in Japan and East Asia, building on our technological capabilities.

Corporate Governance

The Nisshin OilliO Group continually provides value recognized by markets and customers for placing the highest priority on food safety, and intends to remain a corporate group trusted by all stakeholders. Our basic stance toward corporate governance is to establish a management structure in line with this policy, and to implement the measures necessary for it.

We consider corporate governance to be one of our most important management issues.

Business Management Structure and Internal Control Systems

Board of Directors, Executive Board, Board of Corporate Auditors

Board of Directors

The Nisshin OilliO Group, Ltd., has adopted the Corporate Auditor System. The Board of Directors comprises 10 directors (two of whom are outside directors). The Board deliberates and makes decisions on matters prescribed by laws and regulations and important business matters, and has responsibility for oversight of management and business execution.

Executive Board

The Company has adopted the Corporate Officer System, and makes a clear distinction between the duties of directors and the authority for business execution. Corporate officers are given authority for business execution by the Board of Directors, and in accordance with the management plan and policies of the Board of Directors, execute business operations under the supervision of the director in charge. The Executive Board was established to make decisions on business execution, and to receive reports on and confirm the status of business execution.

Board of Corporate Auditors

The Board of Corporate Auditors comprises four corporate auditors (three of whom are outside auditors). Corporate auditors conduct audits of directors' execution of duties and corporate officers' execution of business, in accordance with the auditing policies, audit plan and division of responsibilities established by the Board of Corporate Auditors. They attend meetings of the Board of Directors and other important meetings, and review the status of business operations and finances.

Corporate auditors maintain close ties with the accounting auditor and the Internal Control Audit Department, and exchange opinions and information to provide for effective and efficient auditing.

Staff members are assigned to auditors in order to enhance and strengthen the auditing function, and to assist corporate auditors in the performance of their audits.

No dedicated staff member is assigned to outside directors or outside auditors.

However, the Corporate Planning Office as well as the Human Resources and General Affairs departments provide support as necessary.

The Company has determined that it is able to maintain soundness and accountability in its management and business execution through the proper functioning of the Board of Directors, Board of Corporate Auditors, and the Internal Control Audit Department.

CSR Promotion Structure

The Nisshin OilliO Group considers corporate social responsibility (CSR) to be earning the trust of stakeholders through the realization of its management principles. The CSR Committee and CSR Promotion Department have been established to further CSR on a company-wide basis.

Compliance and Risk Management Structure

For its compliance and risk management structure, The Nisshin OilliO Group, Ltd., has established various committees including the Corporate Ethics Committee and Risk Management Committee, which act as advisory bodies to the Board of Directors. These committees work with corporate legal counselors and other advisors as necessary to provide findings from an expert perspective. Rules of ethics for the Board of Directors have been established that outline the fundamentals of compliance to be observed by directors, and stipulate penalties and other measures in case of violation. We have also formulated the Nisshin OilliO Group Code of Conduct, outlining the standards for all directors and employees to observe in the conduct of business, based on the Company's management principles and core promise, and have disseminated them throughout the organization.

A corporate ethics hotline has been established for the Company to receive reports of violations. Reported violations are reviewed by the Corporate Ethics Committee, and measures taken to prevent a reoccurrence.

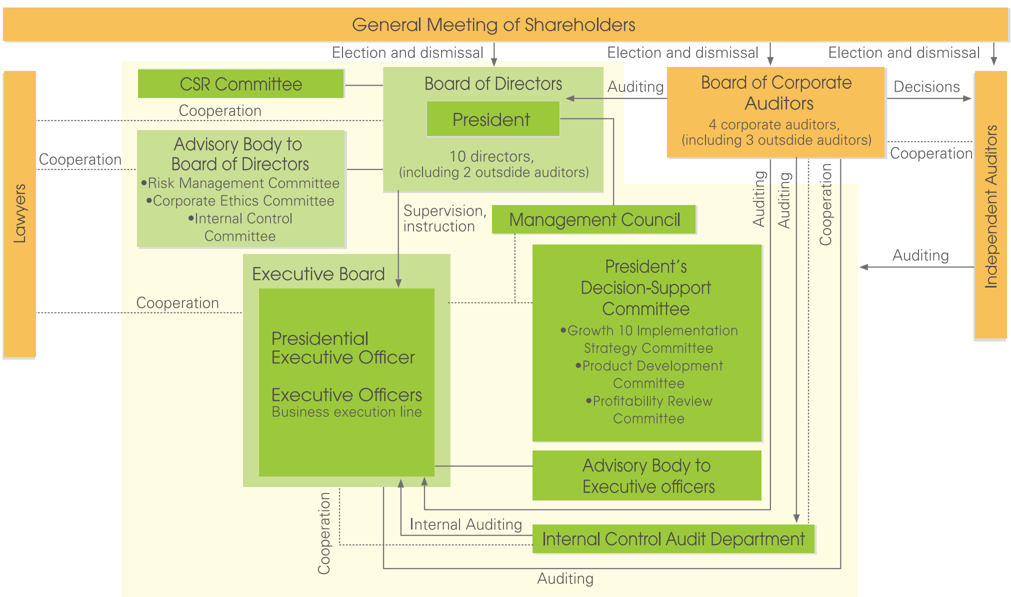
Further, a compliance program is formulated each fiscal year, and the CSR Promotion Department conducts employee trainings based on the program agenda.

Internal Control Systems Based on the Financial Instruments and Exchange Act

The Company has established an Internal Control Committee to determine operational policies and other matters for internal control systems based on the Financial Instruments and Exchange Act. The Internal Control Committee assesses whether internal control systems are functioning properly.

The Internal Control Audit Department also conducts internal audits to ensure that business operations are conducted in a healthy and appropriate manner from a corporate governance and compliance standpoint.

Corporate Governance System of the Nisshin OilliO Group (as of March 31.2011)



CSR

CSR at the Nisshin OilliO Group

Corporate social responsibility (CSR) means companies are expected as a matter of course to fulfill their legal responsibilities, while at the same time meeting the expectations of their stakeholders.

The Nisshin OilliO Group, in accordance with the Group's social action policy, conducts a broad range of CSR activities for the customers, business partners, shareholders and employees that constitute its stakeholders.

The Nisshin OilliO Group's Philosophy

Ⅰ To contribute to the development of people, society and the economy by maximizing our corporate value

Ⅱ To tirelessly develop a creative and growing business by seeking out "good flavor, health and beauty"

Ⅲ To conduct ourselves so that we behave responsibly as a member of society

The Nisshin OilliO Group's Core Promise

The Group is committed to contributing to healthy and happy lifestyles. Through the unlimited potential of plant resources and our cutting-edge technology, we promise to lead in the creation of products and services that meet our customers' needs and make a contribution to society.

Policy Measures for Stakeholders

The Group formulated its basic policy for CSR measures in 2005. We designated as stakeholders our customers, business partners, shareholders and investors, and employees, as well as society and the environment. We devised CSR policies for each type of stakeholder and are implementing appropriate measures.

CSR Highlights

Participation in the United Nations Global Compact

The Nisshin OilliO Group, Ltd., joined the United Nations Global Compact in July 2011. The Global Compact presents universal principles for organizations to observe in the areas of human rights, labor, the environment, and anti-corruption.

The Company aspires to be a global corporation. By adopting Global Compact principles, we are strengthening our CSR efforts in response to the trust placed in us by our stakeholders. We will instill these 10 principles in the corporate culture, and incorporate them into our business activities.

For Our Customers

The Group, in pursuit of good flavor, health and beauty, continually provides a stable supply of safe and reliable products and services that offer value to customers. We are always attentive to feedback from customers, utilize “the natural power of plants” in our products and services with innovative technologies, and continually provide a wide range of useful related information.

- ***BOSCO TOSCANO Extra Virgin Olive Oil* — Insistence on Quality Olive Oil**
  
  BOSCO TOSCANO Extra Virgin Olive Oil has received IGP certification[1], a protected designation of origin certification under the EU's specialty item certification system. It has also cleared the rigorous quality standards set by the Toscana Producers Association.
- ***ESTEROLA F* — A Plant-Based Lubricant for Food Production Equipment**
  
  ESTEROLA F is a plant-derived lubricant for food processing machines, launched in July 2010. It was created from the Group's lubricant oil development technologies with a focus on food safety. The product has been registered by the NSF[2] as H1 Grade[3], a certification for food machinery lubricating oils.

Notes:
1. IGP stands for Indicazione Geografica Protetta (Protected Geographic Origin).
2. National Sanitation Foundation (NSF), an international nongovernmental organization established in 1944 to test and certify public health sanitation equipment.
3. Lubricant permitted for use in areas with incidental food contact.

With Our Business Partners

The Group, establishes relationships with its partners of mutual trust based on fairness, through which we jointly develop products and markets, and achieve growth together.

- **Joint Development of the Korean Version of *Toromi Perfect***
  
  The Group developed *NUCARE Toromi Perfect*[1] jointly with the major South Korean foods producer Daesang Corporation[2]. The product was launched in South Korea in July 2010.

Notes:
1. *NUCARE Toromi Perfect* is the South Korean market version of *Toromi Perfect.* The Group developed *Toromi Perfect* as a food for elderly and nursing care patients who have difficulty swallowing. *Toromi Perfect* thickens foods and drinks with just a small amount of colorless, odorless powder.
2. Daesang Corporation operates foods and other businesses in South Korea and East Asia.

With Our Shareholders and Investors

The Group, on a basis of healthy growth and stable corporate earnings, strives to build positive relationships through two-way communication with shareholders, enhance shareholder value, and provide appropriate returns of earnings. We also provide ample and proper disclosure to investors.

- **Communication with Individual Investors**
  We held corporate briefing sessions attended by approximately 980 individual investors at branch offices of securities companies nationwide.
- **Factory Tours for Shareholders**
  We held our fourth factory tour for shareholders at the Yokohama Isogo Plant in September 2010.

With Our Employees

The Group maintains a work environment appropriate to the times, and provides employees with a vibrant, safe and sanitary workplace where they can work with a continual sense of personal growth.

- **Life Planning Support**
  We conduct annual life planning seminars with the aim of helping each and every employee design a solid life plan.
- **Work-Life Balance and Providing Support for Raising the Next Generation**
  The Nisshin OilliO Group, Ltd., has been accredited by the Ministry of Health, Labour and Welfare as a company that supports employees who are raising children, in recognition of the achievements made during fiscal 2009 and fiscal 2010 in its ongoing programs to help raise the next generation.

For Society

The Group contributes to society as a good corporate citizen, conducts constructive corporate activities and proactive communication as a member of the international community, and strives to develop together with society.

- **Support for the UN World Food Programme**
  The Company supports the activities of the UN World Food Programme (WFP) in its mission to eliminate hunger and poverty. We have provided assistance as a member of the Japan Association for the United Nations World Food Programme since 2005.
- **Aid Efforts for the Great East Japan Earthquake**
  We donated ¥50 million for relief efforts, along with many of our own products (such as nutritional foods, nursing care products, and edible oils).

For the Environment

The Group is helping to build a resource recycling society by continually harnessing "the natural power of plants" with technologies for the future. We develop and provide environment-friendly products and services in all aspects of our operations, from procurement of ingredients and raw materials to production, delivery, use and disposal.

- **Environmental Targets**
  We have set environmental targets for each business division as a means of emphasizing that reducing the environmental load in our business activities is a company-wide issue. The manufacturing division, for example, has set targets for unit reductions in CO_2 emissions, and furthering efforts toward zero emissions.

Financial Review

STATUS OF SUBSIDIARIES AND AFFILIATES

The Nisshin OilliO Group comprises 26 subsidiaries, 17 of which are included in the scope of consolidation. The principal consolidated subsidiaries are Settsu Oil Mill Co., Ltd., Nisshin Shoji Co., Ltd., Nisshin Logistics Co., Ltd., Daito Cacao Co., Ltd., and Intercontinental Specialty Fats Sdn. Bhd. Companies removed from the scope of consolidation were Nisshin Marine Tech Co., Ltd., included in the scope of consolidation in the previous fiscal year, as a result of a transfer of shares, and Nisshin Plant Engineering Co., Ltd., because it was liquidated. The status of Nisshin Shokai Co., Ltd. was changed from equity-method affiliate to consolidated subsidiary through an additional acquisition of shares.

The Group also includes nine unconsolidated subsidiaries and 11 affiliates, five of which are equity-method affiliates. The principal equity-method affiliates are PIETRO Co., Ltd., Wakou Shokuhin Co., Ltd. and Saiwai Shoji Co., Ltd. Ten Corporation Co., Ltd. was excluded after an exchange of shares with its parent company, Royal Holdings Co., Ltd.

BUSINESS RESULTS FOR FISCAL 2010

Operating Environment

The Japanese economy remained at a standstill during the fiscal year under review. Signs of improvement in corporate earnings and capital investment were undercut by persistent deflation and a harsh employment environment, along with weakening exports as overseas economies slowed and the yen appreciated. Economic activity declined sharply at the end of the fiscal year as a result of the Great East Japan Earthquake that occurred in March 2011.

In the oils and meal industry, though the yen continued to be relatively strong throughout the year, market prices for grain remained high as a result of strong global demand for food, and appreciated further from the second half of the year as a result of inclement weather in grain-producing countries, and an inflow of speculative capital. As a result, the increase in raw material costs exceeded the appreciation of the yen. The operating environment remained harsh, as while the value of oil in international markets rose sharply on solid demand for vegetable oils, deflation in Japan made it difficult to raise retail prices as planned.

In this environment, the Group took steps to strengthen its earnings base in line with the initial four-year Phase I period of Growth 10, its 10-year management vision through fiscal 2016.

Net Sales

Net sales increased 1.3% to ¥305,298 million, from ¥301,299 million in the previous fiscal year. We steadily developed the processed oils and fats business, which we have designated as a growth business, but were unable to implement revisions to selling prices for oils and fats in Japan as initially planned, which was the main reason for the mild increase.

Cost of Sales and Gross Profit

The cost of sales rose 4.4% to ¥254,807 million, from ¥244,044 million in the previous fiscal year. As a result, gross profit declined 11.8% to ¥50,491 million, from ¥57,255 million a year earlier, and the gross profit margin dropped 2.5 percentage points to 16.5%, from 19.0% in the previous fiscal year.

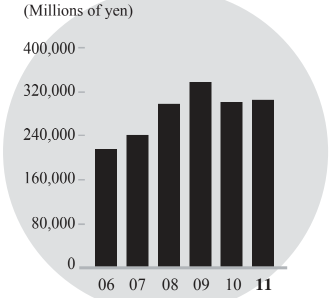
Operating Income

Selling, general and administrative expenses declined 7.0% to ¥43,525 million, from ¥46,820 million in the previous fiscal year. However, due in part to the impact of the Great East Japan Earthquake, operating income decreased 33.2% to ¥6,966 million, from ¥10,435 million in the previous fiscal year.

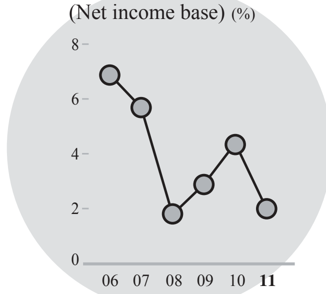
Net Income

Net income declined sharply, down 58.4% from the previous fiscal year to ¥2,123 million. The main reason the rate of decline was so much bigger than that for operating income was the recording of extraordinary losses, including a loss on valuation of investment securities stemming from the stock market slowdown, and loss on disaster. Net income per share amounted to ¥12.32, a decrease of ¥17.30 from the previous fiscal year. ROE fell 2.7 percentage points to 2.0%.

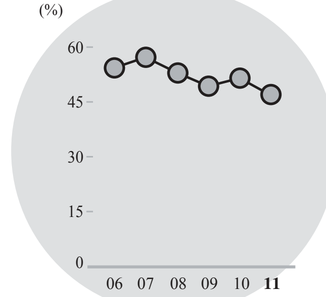
Net Sales
(Millions of yen)



Return on Equity
(Net income base) (%)



Shareholders' Equity Ratio
(%)



BUSINESS SEGMENT OVERVIEW

Net Sales and Operating Income (Loss) by Segment

(Millions of yen)

	FY3/11	FY3/10	Change (%)
Oils and Meal	280,324	276,079	1.5%
	5,275	9,144	–42.3%
Healthy Foods & Soy Protein	9,377	9,686	–3.2%
	(288)	(541)	–
Fine Chemicals	5,864	5,742	2.1%
	428	166	158.2%
Other	9,733	9,792	–0.6%
	1,552	1,684	–7.9%

-Note: Top figures are sales to external customers, and bottom figures show operating income (loss).

Oils and Meal Business

■ Japan

In the domestic market for home-use edible oils, the Group focused on continuing efforts to expand sales of high-value-added products, including Nisshin Healthy Resetta and Nisshin Healthy Choleste. As a result, we achieved sales volumes that were on a par with the previous year. The Group also made efforts to set appropriate selling prices, but the tough consumer environment made price revisions more difficult than initially thought, so sales prices were lower year on year. In March 2011, The Nisshin OilliO Group, Ltd., also introduced new products such as Nisshin Karadani Daizu Yasashii Abura, and Nisshin Olive & Grape Seed Oil, as part of efforts to strengthen its lineup of high-value-added products and to stimulate demand for edible oils and invigorate the market.

Gift package sets faced a tough business environment, as the overall gift market contracted as a result of the prolonged slump in consumption. Sales volume and selling prices were on a par with the previous fiscal year.

In edible oils for food services, although sales volumes increased, particularly for premium oil and other high-value-added products, the increase was offset by a decline in general-use products following the Great East Japan Earthquake. Accordingly, overall sales volumes were flat year on year. Meanwhile, a strong effort to set appropriate prices resulted in steady price revisions through the second half of the fiscal year, but amid a tough consumer environment, the revisions did not permeate the market as expected.

In edible oils for processed food manufacturers, sales volumes decreased year on year as a result of persistent weakness in the economy, competition in Japan and overseas, and our focus on price revisions. Meanwhile, selling prices increased only slightly in the first half of the fiscal year, but rose steadily in the second.

In processed oils and fats, although sales volume grew steadily, notably in oils and fats for chocolate, selling prices fell slightly year on year due to a higher proportion of low-priced products in the sales mix.

■ Overseas

Dalian Nisshin Oil Mills, Ltd. secured earnings by expanding sales to Japan, despite soft domestic markets in China during the first half of the fiscal year. The company recorded significantly higher earnings in the second half compared to the first half due to efforts to improve profitability, and profits finished higher year on year as a result.

Intercontinental Specialty Fats Sdn. Bhd. managed to increase its sales volume and net sales year on year due to the benefits of capital expenditures and strong exports. Earnings were down, however, due to a time lag in the impact of changes in the market price of palm oil.

As a result, net sales in the Oils and Meal Business segment amounted to ¥280,324 million, up 1.5% from the previous fiscal year, with operating income of ¥5,275 million, down 42.3% year on year.

Healthy Foods & Soy Protein Business

In foods for preventing lifestyle-related diseases, retail sales were strong for foods for specified health uses (FOSHU), such as Fiber-Enriched Green Tea.

In nursing care foods, the Toromi Up and Toromi Perfect range for people with difficulty swallowing fared well, particularly large-quantity types. Also, sales grew for the nutrient-fortified Procure series for the elderly.

In dressings and mayonnaise-type dressings, products catering to health-related needs sold well, notably Healthy Resetta Dressing Sauces, Dressing Diet and Mayodore. Overall, however, both sales volume and net sales declined year on year as a result of higher vegetable prices caused by an extremely hot summer in 2010, and the impact of the Great East Japan Earthquake in March 2011.

In soy protein products, both sales volume and net sales increased year on year despite continued consumer preference for lower priced products. This was the result of achieving appropriate selling prices in line with raw material and other costs, and a combined effort in production, sales and technical support to develop the business.

As a result, net sales in the Healthy Foods & Soy Protein Business segment declined 3.2% year on year to ¥9,377 million, due in part to a change in sales format for products sold via mail-order. However, the segment improved its operating loss by ¥253 million year on year to ¥288 million.

Fine Chemicals Business

In raw materials for cosmetics, both sales volume and net sales increased year on year. This was due mainly to rising exports to Europe, the U.S. and Asia following aggressive sales activities targeting overseas users to expand sales channels.

In chemical products, the Group secured sales volumes on a par with the previous fiscal year, but net sales fell as the ratio of low-priced products in the sales mix increased.

In medium-chain triacylglycerols, both sales volume and net sales increased as the unusually hot summer in 2010 led to greater demand and a recovery in exports to Asia, reversing a slump from the previous year.

As a result, net sales in the Fine Chemicals Business segment increased 2.1% year on year to ¥5,864 million, with operating income up 158.2% to ¥428 million.

Financial Review

Other Businesses

Net sales for the Other Business, which includes consolidated subsidiaries in the information systems business and engineering business, decreased 0.6% year on year to ¥9,733 million. Operating income for this segment decreased 7.9% to ¥1,552 million.

Overseas Sales

Net sales to China, Malaysia and other parts of Asia increased 9.4% year on year to ¥54,361 million, due mainly to fluctuation in international prices for primary raw materials. Net sales to Europe, the U.S. and other regions rose 15.0% year on year to ¥24,833 million.

GEOGRAPHIC SEGMENT OVERVIEW

Net Sales
(Millions of yen)

	Japan	Asia	Other	Total
FY 3/11	226,104	54,361	24,833	305,298
FY 3/10	230,023	49,674	21,602	301,299

Property, Plant and Equipment
(Millions of yen)

	Japan	Asia	Other	Total
FY 3/11	62,036	11,825	—	73,861

FINANCIAL POSITION

Total assets at the end of the subject fiscal year (March 31, 2011) amounted to ¥232,311 million, an increase of ¥9,953 million compared to the end of the previous fiscal year (March 31, 2010).

Current assets increased ¥12,744 million from the previous fiscal year to ¥135,357 million. This was due mainly to increases of ¥348 million in trade notes, ¥10,814 million in trade accounts, ¥3,044 million in finished goods, and ¥2,950 million in raw materials, offset by a decrease of ¥6,672 million in cash and cash equivalents.

Noncurrent assets decreased ¥2,790 million from the previous fiscal year to ¥96,954 million. Net property, plant and equipment decreased ¥1,668 million, while total investments and other assets decreased ¥1,123 million, stemming mainly from a ¥1,546 million decrease in investment securities.

Total liabilities amounted to ¥114,889 million, an increase of ¥7,347 million from the end of the previous fiscal year. Total current liabilities increased ¥12,686 million to ¥77,049 million, due mainly to increases of ¥6,912 million in trade accounts, and ¥11,247 million in short-term bank loans. Total long-term liabilities, however, decreased ¥5,339 million to ¥37,840 million, due mainly to decreases of ¥5,010 million in bonds payable, and ¥1,163 million in collateralized loans.

Total equity amounted to ¥117,422 million, a year-on-year increase of ¥2,606 million. This was due mainly to an increase in accumulated other comprehensive income.

Cash Flows

Cash used in operating activities and investing activities during the subject fiscal year amounted to ¥1,293 million and ¥5,086 million, respectively, while cash provided by financing activities totaled ¥509 million. As a result, cash and cash equivalents at the end of the subject fiscal year (March 31, 2011) amounted to ¥15,993 million, a decrease of ¥6,672 million from the end of the previous fiscal year.

■ **Cash flow from operating activities**
Cash used in operating activities amounted to ¥1,293 million during the subject fiscal year. This was due mainly to ¥3,087 million in income before income taxes and minority interests, ¥6,268 million in depreciation and amortization, and ¥7,076 million in an increase in trade payables, against increases of ¥9,269 million in trade receivables and ¥5,489 million in inventories, and ¥2,805 million in income taxes paid.

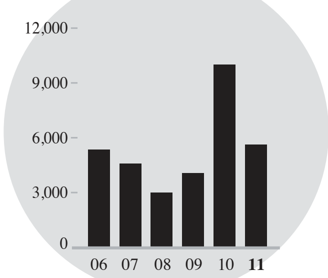
■ **Cash flow from investing activities**
Cash used in investing activities amounted to ¥5,086 million, due mainly to a ¥4,849 million increase in purchases of property, plant and equipment stemming from facilities investment.

■ **Cash flow from financing activities**
Cash provided by financing activities amounted to ¥509 million. This was due mainly to decreases of ¥1,723 million in cash dividends paid, ¥2,074 million in repayments of long-term debt, and ¥5,220 million in redemption of bonds, against a net increase of ¥10,068 million in short-term loans payable.

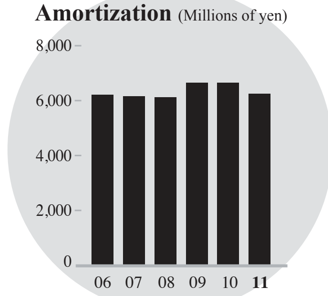
OUTLOOK FOR FISCAL 2011 (ENDING MARCH 2012)

Prices for primary raw materials continue to move in a high range due to global growth in demand for grain and inflows of speculative capital. Meanwhile, the Japanese economy, which had showed signs of recovery, has begun to slow again as a result of the impact of the low birthrate and the aging society, stronger consumer preference for lower priced products, and the impact of the Great East Japan

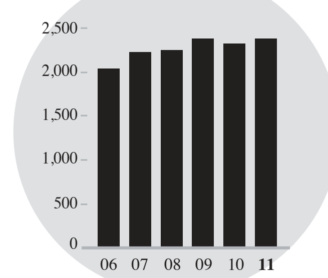
Capital Expenditures
(Millions of yen)



Depreciation and Amortization (Millions of yen)



R&D Expenses
(Millions of yen)



Earthquake that occurred in March 2011. The business environment of the Group is therefore extremely difficult.

Considering this environment, for the fiscal year ending March 31, 2012, the Group projects consolidated net sales of ¥343,000 million, operating income of ¥8,000 million, ordinary income of ¥7,000 million and net income of ¥3,400 million.

Business Risks

The operating results, share price and financial position of the Group may be impacted by the risks outlined below. Forward-looking statements in this section are based on management's judgment as of March 31, 2011.

■ Exchange Rates

As part of its Oils and Meal Business, the Group imports all of the soybean, rapeseed and other raw materials it uses from overseas. The Group also conducts business overseas, including in China and other parts of East Asia. Consequently, the Group is exposed to exchange rate risks associated with raw material costs and debt denominated in foreign currencies. As such, any fluctuation in exchange rates could impact the operating results and financial position of the Group. In response, the Group uses risk hedge instruments such as forward exchange contracts as necessary to mitigate exchange rate risks.

■ International Prices for Raw Materials

In addition to exchange rate risks, the purchase of soybean, rapeseed and other raw materials is subject to the risk of fluctuation in international prices for raw materials. This includes fluctuations in transportation costs due to rising prices for crude oil. Because prices for raw materials constitute a significant portion of the Group's costs, any fluctuation in prices could have an impact on the Group's operating results. The Group seeks to hedge this risk by purchasing a portion of its raw materials on the futures market.

■ Domestic and International Product Markets

The sales climate for the Oils and Meal Business is affected by changes in domestic and international product markets. On the whole, domestic selling prices for meal and oils for food manufacturers are linked to prices in the international market. In addition, trends in prices of overseas imports could have an impact on domestic selling prices. These and other changes in domestic and international product markets could affect the Group's operating results.

In response, the Group is working to expand sales of high-value-added products, which are more resilient to changes in market conditions, and maintain appropriate prices for its products that reflect their inherent quality and costs.

■ Business Operations

In addition to Japan, the Group conducts its operations in other countries and regions such as East Asia. Group companies are subject to the following risks, with overseas operations particularly exposed to these so-called country risks.

- Unforeseen enactment, revision to, or abolishment of laws and other regulations
- Unexpected political or economic factors
- Social instability arising from terrorist incidents, conflict, natural disasters, the spread of infectious disease or other factors
- Issues related to the digitization of information such as computer viruses and the leak of confidential data

In order to minimize the impact of the above risks, the Group works to gather information, which it uses as the basis for responding accurately and rapidly to any situations in its crisis management system.

■ Earthquakes, Typhoons and other Natural Disasters, and Outbreaks of Infectious Disease

If a large earthquake, typhoon or other natural disaster, or an outbreak of a new infectious disease were to occur in the vicinity of the Group's manufacturing and logistics sites in Japan, it could lead to suspension of business operations, or damage to facilities or inventories may ensue. This could have an impact on the Group's operating results and financial position.

To prepare for such a situation, the Group is implementing measures to mitigate risks by formulating the following emergency management systems: BCP (Business Continuity Plan) for large earthquakes in June 2009 and BCP for countering the new influenza epidemic in November 2009.

■ Laws and Other Regulations

The Group is subject to a range of laws and regulations, including the Food Sanitation Act, the Japan Agricultural Standards (JAS) Law, Pharmaceutical Affairs Act, environmental and recycling regulations, and customs and import/export rules, as well as the Foreign Exchange Control Act and the Personal Information Protection Act. In this context, the Group places the highest emphasis on the spirit of legal compliance, and takes all measures necessary to ensure the maintenance of rights. Should unforeseen new laws be established in the future, this could have an impact on the Group's operating results.

■ Food Safety

Public interest in food quality and safety has risen in recent years. Food companies are being required to establish more stringent quality control structures.

The Group has established a rigorous quality assurance system, including acquiring international ISO quality standards.

The Group will further enhance its quality assurance system going forward to ensure even higher levels of safety. However, the occurrence of any quality issues that exceed the scope of these initiatives could have an impact on the Group's operating results.

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets
March 31, 2011 and 2010

ASSETS	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1.a) 2011
CURRENT ASSETS:			
Cash and cash equivalents (Note 11)	¥ 15,993	¥ 22,665	$ 192,687
Time deposits	132	371	1,590
Marketable securities (Notes 2 and 11)	3,725	3,919	44,880
Receivables (Note 11):			
Trade notes	1,258	910	15,157
Trade accounts (Notes 8 and 10)	55,683	44,869	670,880
Allowance for doubtful receivables	(14)	(20)	(169)
Inventories:			
Finished goods	24,003	20,959	289,193
Raw materials	23,724	20,774	285,831
Deferred tax assets (Note 7)	2,233	1,574	26,904
Prepaid expenses and other	8,620	6,592	103,854
Total current assets	135,357	122,613	1,630,807
PROPERTY, PLANT AND EQUIPMENT:			
Land (Note 3)	27,872	27,767	335,807
Buildings and structures (Note 3)	71,449	71,563	860,831
Machinery and equipment (Note 3)	93,799	90,804	1,130,108
Lease assets (Note 9)	1,322	1,340	15,928
Construction in progress	1,559	2,969	18,784
Total	196,001	194,443	2,361,458
Accumulated depreciation	(122,140)	(118,914)	(1,471,566)
Net property, plant and equipment	73,861	75,529	889,892
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 2 and 11)	11,786	13,332	142,000
Investments in and advances to unconsolidated subsidiaries and associated companies	4,169	4,127	50,229
Goodwill	267	1,196	3,217
Software	1,649	1,067	19,867
Other (Notes 4, 7 and 8)	5,222	4,494	62,916
Total investments and other assets	23,093	24,216	278,229
TOTAL	¥ 232,311	¥ 222,358	$ 2,798,928

LIABILITIES AND EQUITY	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1.a) 2011
CURRENT LIABILITIES:			
Short-term bank loans (Notes 3, 10 and 11)	¥ 19,879	¥ 8,632	$ 239,506
Current portion of long-term debt (Notes 3 and 11)	6,630	7,851	79,880
Payables (Note 11):			
Trade notes	275	246	3,313
Trade accounts (Notes 2 and 8)	43,727	36,815	526,831
Income taxes payable	289	1,700	3,482
Accrued expenses	4,457	4,077	53,699
Deferred tax liabilities (Note 7)	426		5,133
Other	1,366	5,042	16,457
Total current liabilities	77,049	64,363	928,301
LONG-TERM LIABILITIES:			
Long-term debt (Notes 3 and 11)	29,116	35,360	350,795
Liability for retirement benefits (Note 4)	2,280	2,168	27,470
Deferred tax liabilities (Note 7)	5,226	5,025	62,964
Negative goodwill	23	31	277
Other	1,195	595	14,398
Total long-term liabilities	37,840	43,179	455,904
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10 and 12)			
EQUITY (Notes 6 and 15):			
Common stock—authorized, 388,350,000 shares; issued, 173,339,287 shares in 2011 and 2010	16,332	16,332	196,771
Capital surplus	26,072	26,072	314,120
Retained earnings	66,144	65,830	796,916
Treasury stock—at cost, 1,135,118 shares in 2011 and 1,075,971 shares in 2010	(509)	(487)	(6,133)
Accumulated other comprehensive income:			
Net unrealized gain (loss) on available-for-sale securities	(82)	305	(988)
Deferred gain on derivatives under hedge accounting	2,457	385	29,602
Foreign currency translation adjustments	(1,501)	(1,100)	(18,083)
Total	108,913	107,337	1,312,205
Minority interests	8,509	7,479	102,518
Total equity	117,422	114,816	1,414,723
TOTAL	¥ 232,311	¥ 222,358	$ 2,798,928

See notes to consolidated financial statements.

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
	2011	2010	2011
NET SALES (Note 8)	¥ 305,298	¥ 301,299	$ 3,678,289
COST OF SALES (Note 8)	254,807	244,044	3,069,964
Gross profit	50,491	57,255	608,325
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 5)	43,525	46,820	524,397
Operating income	6,966	10,435	83,928
OTHER INCOME (EXPENSES):			
Interest and dividend income	362	346	4,361
Interest expense	(1,150)	(1,030)	(13,855)
Gain on exchanges of securities of a subsidiary	372		4,482
Gain on liquidation of a subsidiary		4	
Gain on sales of investment securities		5	
Loss on sales of securities of a subsidiary	(17)		(205)
Loss on write-down of investment securities	(1,666)	(11)	(20,072)
Loss on write-down of an investment of a subsidiary		(80)	
Loss on write-down of securities of a subsidiary		(2)	
Loss on disposition of property, plant and equipment	(151)	(320)	(1,819)
Amortization of negative goodwill	9	22	108
Loss from a natural disaster (Note 13)	(1,301)		(15,675)
Loss on reorganization of business	(339)		(4,084)
Other—net (Note 8)	2	510	24
Other expenses—net	(3,879)	(556)	(46,735)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	3,087	9,879	37,193
INCOME TAXES (Note 7):			
Current	965	3,603	11,627
Deferred	(808)	137	(9,735)
Total income taxes	157	3,740	1,892
NET INCOME BEFORE MINORITY INTERESTS	2,930		35,301
MINORITY INTERESTS IN NET INCOME	807	1,035	9,723
NET INCOME	¥ 2,123	¥ 5,104	$ 25,578

(Continued)

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2011 and 2010

	Yen		U.S. Dollars
	2011	2010	2011
PER SHARE OF COMMON STOCK (Note 1.v):			
Net income	¥ 12.32	¥ 29.62	$ 0.15
Cash dividends applicable to the year	10.00	10.00	0.12

See notes to consolidated financial statements.

(Concluded)

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	2011
NET INCOME BEFORE MINORITY INTERESTS	¥ 2,930	$ 35,301
OTHER COMPREHENSIVE INCOME (Note 14):		
Unrealized loss on available-for-sale securities	(358)	(4,313)
Deferred gain on derivatives under hedge accounting	2,675	32,229
Foreign currency translation adjustments	(551)	(6,639)
Share of other comprehensive income in associates	(94)	(1,132)
Total other comprehensive income	1,672	20,145
COMPREHENSIVE INCOME (Note 14)	¥ 4,602	$ 55,446
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	¥ 3,406	$ 41,036
Minority interests	1,196	14,410

See notes to consolidated financial statements.

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2011 and 2010

	Thousands	Millions of Yen									
						Accumulated Other Comprehensive Income					
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	172,330	¥ 16,332	¥ 26,072	¥ 62,450	¥ (456)	¥ (571)	¥ (1,159)	¥ (1,344)	¥ 101,324	¥ 6,174	¥ 107,498
Net income				5,104					5,104		5,104
Cash dividends, ¥10.0 per share				(1,724)					(1,724)		(1,724)
Purchase of treasury stock	(72)				(33)				(33)		(33)
Disposal of treasury stock	5				2				2		2
Net change in the year						876	1,544	244	2,664	1,305	3,969
BALANCE, MARCH 31, 2010	172,263	16,332	26,072	65,830	(487)	305	385	(1,100)	107,337	7,479	114,816
Net income				2,123					2,123		2,123
Cash dividends, ¥10.0 per share				(1,724)					(1,724)		(1,724)
Changes in scope of consolidation				(85)					(85)		(85)
Decrease in treasury stock by change of equity method of affiliates	(21)				(6)				(6)		(6)
Purchase of treasury stock	(40)				(17)				(17)		(17)
Disposal of treasury stock	2				1				1		1
Net change in the year						(387)	2,072	(401)	1,284	1,030	2,314
BALANCE, MARCH 31, 2011	172,204	¥ 16,332	¥ 26,072	¥ 66,144	¥ (509)	¥ (82)	¥ 2,457	¥ (1,501)	¥ 108,913	¥ 8,509	¥ 117,422

(Continued)

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2011 and 2010

	Thousands of U.S. Dollars (Note 1.a)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2010	$ 196,771	$ 314,120	$ 793,133	$ (5,867)	$ 3,675	$ 4,639	$ (13,254)	$ 1,293,217	$ 90,108	$ 1,383,325
Net income			25,578					25,578		25,578
Cash dividends, $0.1 per share			(20,771)					(20,771)		(20,771)
Changes in scope of consolidation			(1,024)					(1,024)		(1,024)
Decrease in treasury stock by change of equity method of affiliates				(72)				(72)		(72)
Purchase of treasury stock				(205)				(205)		(205)
Disposal of treasury stock				11				11		11
Net change in the year					(4,663)	24,963	(4,829)	15,471	12,410	27,881
BALANCE, MARCH 31, 2011	$ 196,771	$ 314,120	$ 796,916	$ (6,133)	$ (988)	$ 29,602	$ (18,083)	$ 1,312,205	$ 102,518	$ 1,414,723

See notes to consolidated financial statements.

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 3,087	¥ 9,879	$ 37,193
Adjustments for:			
Income taxes—paid	(2,805)	(4,918)	(33,795)
Depreciation and amortization	6,268	6,658	75,518
Equity in loss of associated companies	(134)	(152)	(1,614)
Amortization of goodwill—net	922	925	11,108
Loss (gain) on sales of investment securities	30	(5)	361
Gain on exchanges of securities of a subsidiary	(372)		(4,482)
Loss on sales of securities of a subsidiary	17		205
Loss on sales and disposition of property, plant and equipment	151	320	1,819
Loss on write-down of investment securities	1,666	11	20,072
Loss from a natural disaster	1,301		15,675
Loss on reorganization of business	339		4,084
Loss on write-down of an investment of a subsidiary		80	
Loss on write-down of securities of a subsidiary		2	
Decrease (increase) in trade receivables	(9,269)	111	(111,675)
Increase in inventories	(5,489)	(1,269)	(66,133)
Increase in trade payables	7,076	895	85,253
Decrease in liability for retirement benefits	(61)	(56)	(735)
Other—net	(4,020)	(1,023)	(48,432)
Total adjustments	(4,380)	1,579	(52,771)
Net cash provided by (used in) operating activities	(1,293)	11,458	(15,578)
INVESTING ACTIVITIES:			
Proceeds from sale of investment securities	37	20	446
Purchases of investment securities	(201)	(2,572)	(2,422)
Proceeds from sale of property, plant and equipment	73	21	880
Purchases of property, plant and equipment	(4,849)	(9,391)	(58,422)
Increase in marketable securities—net	(1)	(7)	(12)
Proceeds from sales of securities of a subsidiary	14		169
Payment for purchase of consolidated subsidiaries, net of cash acquired	(226)		(2,723)
Proceeds from redemption of bonds	200	500	2,410
Other—net	(133)	(765)	(1,603)
Net cash used in investing activities	(5,086)	(12,194)	(61,277)
FORWARD	¥ (6,379)	¥ (736)	$ (76,855)

(Continued)

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
	2011	2010	2011
FORWARD	¥ (6,379)	¥ (736)	$ (76,855)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans—net	10,068	(3,303)	121,301
Repayments of long-term debt	(2,074)	(1,954)	(24,988)
Proceeds from long-term debt		4,509	
Repayments of straight bond	(5,220)	(20)	(62,892)
Dividends paid	(1,723)	(1,724)	(20,759)
Dividends paid for minority interests	(169)	(114)	(2,036)
Purchases of treasury stock—net	(15)	(31)	(181)
Repayments of lease obligations	(358)	(498)	(4,313)
Net cash provided by (used in) financing activities	509	(3,135)	6,132
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(305)	61	(3,675)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,175)	(3,810)	(74,398)
EFFECT OF EXCLUSION OF CONSOLIDATED SUBSIDIARIES	(497)		(5,987)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,665	26,475	273,072
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 15,993	¥ 22,665	$ 192,687

See notes to consolidated financial statements.

(Concluded)

1. SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The following is a summary of the significant accounting and reporting policies adopted by The Nisshin OilliO Group, Ltd. (the "Company") and consolidated subsidiaries in the preparation of the consolidated financial statements.

a. ***Basis of Presenting Consolidated Financial Statements***—The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 14. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 consolidated financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

b. ***Principles of Consolidation***—The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its 17 (19 in 2010) significant subsidiaries (collectively, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 5 (7 in 2010) associated companies are accounted for by the equity method. Investments in the remaining 9 unconsolidated subsidiaries and 6 associated companies (9 subsidiaries and 6 associated companies in 2010) are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill is reported in the consolidated balance sheet as investments and other assets and/or long-term liabilities and is amortized using the straight-line method over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

c. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; (e) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and (f) exclusion of minority interests from net income, if included.

d. ***Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method***—In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and (6) exclusion of minority interests from net income, if contained. This standard was applicable to equity method of accounting for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010.

e. ***Business Combinations***—In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(1) The revised standard requires accounting for business combinations only by the purchase method, and the pooling of interests method of accounting is no longer allowed.

(2) The previous accounting standard accounts for research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) costs acquired in a business combination are capitalized as an intangible asset.

(3) The previous accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

ASBJ Statement No. 21 was applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009. The Company applied this accounting standard effective April 1, 2010.

f. ***Translation of Foreign Currency Accounts***—Foreign currency transactions are translated into Japanese yen using the exchange rate in effect at the date of each transaction or at the applicable exchange rates under forward exchange contracts.

Gains or losses from foreign currency transactions are included in net income or loss.

g. ***Foreign Currency Financial Statements***—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" as a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

h. ***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 time deposits, certificates of deposit, commercial paper, assets purchased under agreement to resell and bond funds, all of which mature or become due within three months of the date of acquisition.

i. ***Marketable Securities and Investment Securities***—All securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

j. ***Allowance for Doubtful Receivables***—The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

k. ***Inventories***—Inventories are stated at the lower of cost, determined by the average method for finished products, and by the first-in, first-out method for raw materials, or net selling value.

l. ***Property, Plant and Equipment***—Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment, except for building and lease assets, of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method over the estimated useful lives of the assets, while the straight-line method is applied to buildings and lease assets of those companies and to the property, plant and equipment of consolidated foreign subsidiaries.

The range of useful lives is from 5 to 50 years for buildings and structures and from 4 to 16 years for machinery and equipment. The useful lives for lease assets are the terms of the respective leases.

Ordinary maintenance and repairs are charged to income as incurred. Major replacements and improvements are capitalized.

m. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured at the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

n. ***Asset Retirement Obligations***—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or before March 31, 2010.

o. ***Leases***—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be measured at the obligations under finance leases less interest expense at the transition date and recorded as acquisition cost of lease assets.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and which do not transfer ownership of the leased property to the lessee as acquisition cost of lease assets measured at the obligations under finance leases less interest expense at the transition date.

All other leases are accounted for as operating leases.

p. ***Bonuses to Directors and Corporate Auditors***—Bonuses to directors and corporate auditors are accrued in the year to which such bonuses are attributable.

q. ***Construction Contracts***—Construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs, and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

r. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach 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 taxes are measured by applying currently-enacted tax laws to the temporary differences.

s. ***Retirement and Pension Plans***—The Company and its domestic consolidated subsidiaries have an unfunded retirement benefit plan for all eligible employees. The amounts of the retirement benefits are, in general, determined on the basis of length of service and conditions under which the termination occurs. In addition to the unfunded plan, the Company has non-contributory and contributory funded pension plan.

The liability for retirement benefits is based on the projected benefit obligations and plan assets at the balance sheet date. The net periodic benefit costs, based on an actuarial computation of current and future employee benefits, are charged to income.

Retirement allowances for directors and corporate auditors are recorded to state the liability for retirement benefits at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

t. ***Research and Development***—Costs relating to research and development activities are charged to income as incurred.

u. ***Derivatives and Hedging Activities***—The Group uses a variety of derivative financial instruments, including foreign currency forward contracts, commodity futures and interest rate swaps as a means of hedging exposure to foreign currency, price and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized in the consolidated statements of income.

If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts are utilized to hedge foreign currency exposures in the importation of raw materials from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Commodity futures are utilized to hedge transactions in inventories and trading commitments. These futures which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as equity.

Interest rate swaps are utilized to hedge interest rate exposures of long-term debt. These swaps, which qualify for hedge accounting, are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as equity.

v. ***Per Share Data***—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because the Company does not issue dilutive securities.

Cash dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, dividends approved or to be approved after March 31, but applicable to each fiscal year ended March 31.

w. ***Appropriations of Retained Earnings***—Appropriations of retained earnings are reflected in the consolidated financial statements for the following year on shareholders' approval.

x. ***New Accounting Pronouncements***

Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in accounting policies—When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in presentation—When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation. (3) Changes in accounting estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.
(4) Corrections of prior period errors—When an error in prior period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

2. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Current—Government and corporate bonds	¥ 3,725	¥ 3,919	$ 44,880
Non-current:			
Marketable equity securities	¥ 10,524	¥ 11,595	$ 126,795
Government and corporate bonds	1,212	1,679	14,602
Trust fund investments and other	50	58	603
Total	¥ 11,786	¥ 13,332	$ 142,000

The costs and aggregate fair values of marketable and investment securities at March 31, 2011 and 2010 were as follows:

	Millions of Yen			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	¥ 7,347	¥ 3,013	¥ 1,104	¥ 9,256
Debt securities	6,544	9	1,616	4,937
Other	51			51

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	¥ 8,063	¥ 3,553	¥ 1,512	¥ 10,104
Debt securities	6,745	11	1,158	5,598
Other	51			51

	Thousands of U.S. Dollars			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	$ 88,518	$ 36,301	$ 13,301	$ 111,518
Debt securities	78,843	109	19,470	59,482
Other	614			614

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2010 were as follows. The similar information for 2011 is disclosed in Note 11.

March 31, 2010	Millions of Yen Carrying Amount
Available-for-sale—Equity securities	¥ 1,499
Investments in subsidiaries	346
Investments in associated companies	1,890
Total	¥ 3,735

Proceeds from sales of available-for-sale securities for the year ended March 31, 2010 were ¥36 million. Gross realized gains on these sales, computed on the moving-average cost basis, were ¥21 million for the year ended March 31, 2010.

The information of available-for-sale securities which were sold during the year ended March 31, 2011 was as follows:

	Millions of Yen		
March 31, 2011	Proceeds	Realized Gains	Realized Losses
Available-for-sale—Equity securities	¥ 36		¥ 29

March 31, 2011	Thousands of U.S. Dollars Proceeds	Realized Gains	Realized Losses
Available-for-sale—Equity securities	$ 434		$ 349

The impairment losses on available-for-sale equity securities for the years ended March 31, 2011 and 2010 were ¥1,665 million ($20,060 thousand) and ¥21 million, respectively.

As of March 31, 2011, the following assets were pledged as collateral to secure trade accounts payables of ¥3 million ($36 thousand):

	Millions of Yen	Thousands of U.S. Dollars
Equity securities	¥ 83	$ 1,000

3. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2011 and 2010 consisted of bank overdrafts, loans on deed and notes to banks. The average interest rates applicable to the short-term bank loans as of March 31, 2011 and 2010 were 2.8% and 2.4%, respectively.

Long-term debt as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
1.0% unsecured bonds due 2010		¥ 5,000	
1.4% unsecured bonds due 2012	¥ 5,000	5,000	$ 60,241
1.8% unsecured bonds due 2014	10,000	10,000	120,482
1.3% unsecured bonds due 2011	5,000	5,000	60,241
1.5% unsecured bonds due 2013	5,000	5,000	60,241
1.2% unsecured bonds due 2010		200	
1.5% unsecured bonds due 2011	10	30	120
Loans from banks, due through 2016 with interest rates ranging from 0.5% to 4.6% (2011) and from 0.5% to 4.4% (2010):			
Collateralized	1,285	2,448	15,482
Unsecured	8,736	9,705	105,254
Obligations under finance leases	715	828	8,614
Total	35,746	43,211	430,675
Less current portion	(6,630)	(7,851)	(79,880)
Long-term debt, less current portion	¥ 29,116	¥ 35,360	$ 350,795

The aggregate annual maturities of long-term debt as of March 31, 2011 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 6,630	$ 79,880
2013	7,525	90,663
2014	6,791	81,819
2015	14,314	172,458
2016 and thereafter	486	5,855
Total	¥ 35,746	$ 430,675

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥1,894 million ($22,819 thousand) and the above collateralized long-term debt of ¥1,285 million ($15,482 thousand) at March 31, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 2,185	$ 26,325
Buildings and structures	1,968	23,711
Machinery and equipment	6	72
Total	¥ 4,159	$ 50,108

4. RETIREMENT AND PENSION PLANS

The Company and its domestic consolidated subsidiaries have severance payment plans for employees, directors and corporate auditors. The contributory funded defined benefit plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Company on behalf of the government and a corporate portion established at the discretion of the Company. According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Company applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of pension obligations and related assets to the government by another subsequent application, and also applied for transfer of the substitutional portion of past pension obligations to the government and obtained approval by the Ministry of Health, Labour and Welfare.

The Company thereafter transferred the substitutional portion of the pension obligations and related assets to the government on February 6, 2006, and recognized ¥79 million as other income for the difference between the balance of the retirement benefit liabilities brought forward and the amount actually transferred for the year ended March 31, 2006.

The liability (assets) 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	¥ 18,931	¥ 18,842	$ 228,084
Fair value of plan assets	(12,168)	(12,550)	(146,602)
Unrecognized prior service cost	1,082	1,206	13,036
Unrecognized actuarial loss	(7,819)	(7,180)	(94,205)
Prepaid pension expense	1,104	832	13,301
Net liability	¥ 1,130	¥ 1,150	$ 13,614

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 820	¥ 864	$ 9,880
Interest cost	367	358	4,421
Expected return on plan assets	(695)	(500)	(8,373)
Amortization of prior service cost	(124)	(124)	(1,494)
Recognized actuarial loss	673	711	8,108
Amortization of transitional obligation		20	
Net periodic benefit costs	¥ 1,041	¥ 1,329	$ 12,542

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	2.2%	2.2%
Expected rate of return on plan assets	5.7%	4.9%
Amortization period of prior service cost	14–17 years	14–17 years
Recognition period of actuarial gain	14–17 years	14–17 years
Amortization period of transitional obligation—		
One subsidiary (Settsu Oil Mills Co., Ltd.)		10 years

Retirement allowances for directors and corporate auditors are paid subject to approval of the shareholders.

The Group recorded a liability for its unfunded retirement allowance plan covering all of its directors and corporate auditors of ¥1,151 million ($13,867 thousand) and ¥1,018 million for the years ended March 31, 2011 and 2010, respectively.

5. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,226 million ($26,819 thousand) and ¥2,329 million for the years ended March 31, 2011 and 2010, respectively.

6. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

7. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6% for the years ended March 31, 2011 and 2010.

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets:			
Liability for retirement benefits	¥ 2,464	¥ 2,512	$ 29,687
Tax loss carryforwards	1,111	1,760	13,386
Accrued expenses	1,587	1,390	19,120
Inventories	288	77	3,470
Impairment loss on long-lived assets	408	648	4,916
Other	1,882	1,181	22,674
Less valuation allowance	(1,448)	(2,522)	(17,446)
Total	6,292	5,046	75,807
Deferred tax liabilities:			
Gain on securities transferred of the retirement benefit trust fund	(1,602)	(1,324)	(19,301)
Property, plant and equipment	(3,684)	(4,132)	(44,386)
Unrealized gain on available-for-sale securities	(109)	(362)	(1,313)
Other	(3,432)	(2,064)	(41,349)
Total	(8,827)	(7,882)	(106,349)
Net deferred tax liabilities	¥ (2,535)	¥ (2,836)	$ (30,542)

Deferred tax assets (liabilities) at March 31, 2011 and 2010 were disclosed as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Current assets—Deferred tax assets	¥ 2,233	¥ 1,574	$ 26,904
Investments and other assets—Deferred tax assets	883	614	10,639
Current liabilities—Deferred tax liabilities	(425)		(5,120)
Long-term liabilities—Deferred tax liabilities	(5,226)	(5,024)	(62,965)
Total	¥ (2,535)	¥ (2,836)	$ (30,542)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate	40.6 %	40.6 %
Expenses not deductible for income tax purposes	0.7	3.1
Per capita levy of corporate tax	2.0	0.6
Elimination of intercompany dividends	11.0	1.9
Amortization of goodwill	10.7	3.8
Difference from effective statutory tax rate of consolidated subsidiaries	(12.3)	(4.1)
Equity in earnings (loss) of associated companies	(0.7)	(0.6)
Reversal of valuation allowance	(26.9)	
Unrecognized deferred taxes	5.6	1.4
Research and development expenses deductible for income taxes	(3.4)	(1.0)
Tax reduction from investment in facilities	(12.8)	(5.0)
Other—net	(9.4)	(2.8)
Actual effective tax rate	5.1 %	37.9 %

8. RELATED PARTY DISCLOSURES

Transactions of the Company with affiliated companies for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Sales	¥ 57,904	¥ 58,193	$ 697,639
Purchases	51,574	49,660	621,373
Rental expense	114	107	1,373
Rental income	17	16	205

The balances due to or from these affiliated companies at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Trade accounts receivable	¥ 11,231	¥ 11,626	$ 135,313
Other asset		224	
Trade accounts payable	7,441	7,302	89,651

9. LEASES

The Group leases certain machinery, computer equipment and other assets.

Total lease payments for the years ended March 31, 2011 and 2010 were ¥307 million ($3,699 thousand) and ¥310 million, respectively.

10. COMMITMENTS AND CONTINGENT LIABILITIES

The Group was contingently liable at March 31, 2011, for guarantees of employee's housing loans, totaling ¥416 million ($5,012 thousand).

The Group had the committed borrowing facility with a domestic banking group totaling ¥40,089 million ($483,000 thousand), of which the used portion was ¥500 million ($6,024 thousand) and the unused portion was ¥39,589 million ($476,976 thousand), at March 31, 2011.

At March 31, 2011, the Company transferred its trade accounts receivable of ¥2,430 million ($29,277 thousand) to factoring companies.

11. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group uses financial instruments, mainly long-term debt including bank loans and bonds, based on its capital financing plan. Short-term bank loans are used to fund ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 12.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Marketable and investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are generally less than one year.

A portion of bank loans, bonds and lease obligations are exposed to market risks from changes in variable interest rates, and those risks are mitigated by using derivatives of interest rate swaps.

Derivatives mainly include forward foreign currency contracts, commodities futures and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, from changes in commodity price and from changes in interest rates of bank loans and bonds. Please see Note 12 for more detail about derivatives.

(3) *Risk Management for Financial Instruments*

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers in the early stages. With respect to held-to-maturity financial investment, the Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with in its internal guidelines. Please see Note 12 for the detail about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2011.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts. In addition, when foreign currency trade receivables and payables are expected from forecasted transactions, forward foreign currency contracts may be used under the limited contract term of two years.

Interest rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables and bond payables.

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Basic principles of derivative transactions are approved at management meeting based on internal guidelines which prescribe the authority and the limit for each transaction. Reconciliation of the transaction and balances with customers is made, and the transaction data has been monitored by the internal audit department.

(4) *Fair Values of Financial Instruments*

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 12 for the detail for fair value of derivatives.

(*a*) *Fair value of financial instruments*

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 16,126	¥ 16,126	
Receivables	56,941		
Allowance for doubtful receivables	(14)		
Net	56,927	56,927	
Marketable and investment securities	14,243	14,243	
Total	¥ 87,296	¥ 87,296	
Short-term bank loans	¥ 19,879	¥ 19,879	
Current portion of long-term debt	6,630	6,630	
Payables	44,001	44,001	
Long-term debt	34,126	34,731	¥ 605
Total	¥ 104,636	¥ 105,241	¥ 605
Derivatives	¥ 1,977	¥ 1,977	

March 31, 2010	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 22,665	¥ 22,665	
Receivables	45,779		
Allowance for doubtful receivables	(18)		
Net	45,761	45,761	
Marketable and investment securities	15,752	15,752	
Total	¥ 84,178	¥ 84,178	
Short-term bank loans	¥ 8,632	¥ 8,632	
Current portion of long-term debt	7,851	7,863	¥ 12
Payables	37,061	37,061	
Long-term debt	35,361	35,960	599
Total	¥ 88,905	¥ 89,516	¥ 611
Derivatives	¥ 600	¥ 600	

March 31, 2011	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 194,289	$ 194,289	
Receivables	686,036		
Allowance for doubtful receivables	(169)		
Net	685,867	685,867	
Marketable and investment securities	171,602	171,602	
Total	$ 1,051,759	$ 1,051,759	
Short-term bank loans	$ 239,506	$ 239,506	
Current portion of long-term debt	79,880	79,880	
Payables	530,133	530,133	
Long-term debt	411,157	418,446	$ 7,289
Total	$ 1,260,676	$ 1,267,965	$ 7,289
Derivatives	$ 23,819	$ 23,819	

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Marketable and Investment Securities

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information on the fair value of marketable and investment securities by classification is included in Note 2.

Receivables and Payables

The carrying values of receivables and payables approximate fair value because of their short maturities.

Short-Term Bank Loans and Long-Term Debt

The fair values of short-term bank loans and long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

The fair values of floating rate debt that apply interest rate swaps which qualify for hedge accounting and meet specific matching criteria as means for hedging, are determined by discounting the cash flows related to the debt including interest rate swaps as a unit at the Group's assumed corporate borrowing rate.

Derivatives

The information on the fair value of derivatives is included in Note 12.

(*b*) *Financial instruments whose fair value cannot be reliably determined*

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Investments in equity instruments that do not have a quoted market price in an active market	¥ 3,762	¥ 3,735	$ 45,325

(5) ***Maturity Analysis for Financial Assets and Securities with Contractual Maturities***

	Millions of Yen			
March 31, 2011	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Receivables	¥ 56,941			
Investment securities—Available-for-sale securities with contractual maturities	3,725	¥ 664		¥ 599
Total	¥ 60,666	¥ 664		¥ 599

March 31, 2011	Thousands of U.S. Dollars Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Receivables	$ 686,036			
Investment securities—Available-for-sale securities with contractual maturities	44,880	$ 8,000		$ 7,217
Total	$ 730,916	$ 8,000		$ 7,217

Please see Note 3 for annual maturities of long-term debt.

12. DERIVATIVES

The Group enters into foreign exchange forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. Forward exchange contracted amounts which are assigned to associated assets and liabilities and are reflected on the consolidated balance sheet at year-end are not subject to the disclosure of market value information.

The Group enters into commodity futures in the normal course of business to determine the cost corresponding to the selling price, which is based on the forward delivery contract. The Group enters into interest rate swap agreements as a means of managing their interest rate exposure and profit or loss on redemption of bonds.

The Group also enters into agreements for certain derivative financial instruments as a part of their above-mentioned trading activities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential volatility in market conditions, including interest and foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

Derivative transactions are entered into by the Group have been made in accordance with internal policies, which regulate limits of positions, and establishment of the opposite position to reduce risk. Derivative transactions in a loss position that exceed certain predetermined thresholds are reversed. The execution of these transactions is reviewed by the internal audit department.

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2011 and 2010

March 31, 2011	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency swap	¥ 11,367	¥ 11,367	¥ (580)	¥ (580)
Interest rate swap (fixed rate payment, floating rate receipt)	500		(4)	(4)

March 31, 2010	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Interest rate swap (fixed rate payment, floating rate receipt)	¥ 700	¥ 700	¥ (11)	¥ (11)

March 31, 2011	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency swap	$ 136,952	$ 136,952	$ (6,988)	$ (6,988)
Interest rate swap (fixed rate payment, floating rate receipt)	6,024		(48)	(48)

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2011 and 2010

		Millions of Yen		
March 31, 2011	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling:				
U.S.$	Receivables	¥ 13,970	¥ 380	¥ 13,650
Euro	Receivables	1,599		1,527
Buying:				
U.S.$	Payables	30,039	16,039	30,625
Euro	Payables	3,303		3,589
Commodity futures contracts:				
Selling	Receivables	2,977		3,118
Buying	Payables	8,902		10,342
March 31, 2010				
Foreign currency forward contracts:				
Selling:				
U.S.$	Payables	¥ 650		¥ 663
Canada$	Payables	178		183
Buying:				
U.S.$	Payables	17,421	¥5,889	18,265
Euro	Payables	1,825		1,825
Canada$	Payables	188		197
Commodity futures contracts:				
Selling	Payables	11,553		12,524
Buying	Payables	9,795		10,545

March 31, 2011	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling:				
U.S.$	Receivables	$ 168,313		$ 164,458
Euro	Receivables	19,265	$ 4,578	18,398
Buying:				
U.S.$	Payables	361,916	193,241	368,976
Euro	Payables	39,795		43,241
Commodity futures contracts:				
Selling	Receivables	35,867		37,566
Buying	Payables	107,253		124,602

	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2011				
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	¥ 1,240	¥ 1,000	*[1]
Interest rate option trading	Long-term debt	120	120	*[1]
March 31, 2010				
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	¥ 2,085	¥ 1,980	*[1]
Interest rate option trading	Long-term debt	160	160	*[1]

March 31, 2011	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	$ 14,940	$ 12,048	*[1]
Interest rate option trading	Long-term debt	1,446	1,446	*[1]

*[1] The above interest rate swaps and interest rate option trading which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 11 is included in that of the hedged items (i.e., long-term debt).

March 31, 2011	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts— Buying—U.S.$	Payables	¥ 4,681		*2
March 31, 2010				
Foreign currency forward contracts— Buying—U.S.$	Payables	¥ 6,435		*2

March 31, 2011	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts— Buying—U.S.$	Payables	$ 56,398		*2

*2 The above foreign currency forward contracts which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but trade payables denominated in a foreign currency are translated at the contracted rates. In addition, the fair value of such foreign currency forward contracts in Note 11 is included in that of the hedged items (i.e., payables).

13. LOSS FROM A NATURAL DISASTER

The Group recognized loss related to Great East Japan Earthquake that struck on March 11, 2011.

The components of "Loss from a natural disaster" for the fiscal year ended March 31, 2011 was as follows:

March 31, 2011	Millions of Yen	Thousands of U.S. Dollars
Loss on disposal of obsolete inventories and write-down	¥ 713	$ 8,590
Restoration and repair costs	267	3,217
Other	321	3,868
Total	¥ 1,301	$ 15,675

14. COMPREHENSIVE INCOME

For the Year Ended March 31, 2010

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

	Millions of Yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥ 7,767
Minority interests	1,418
Total comprehensive income	¥ 9,185

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

	Millions of Yen
	2010
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥ 836
Deferred gain on derivatives under hedge accounting	1,857
Foreign currency translation adjustments	281
Share of other comprehensive income in associates	72
Total other comprehensive income	¥ 3,046

15. SUBSEQUENT EVENTS

a. Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2011 was approved at the Company's shareholders meeting held on June 28, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥5.00 ($0.06) per share	¥ 861	$ 10,373

b. Repurchase of Treasury Stock

At the Board of Directors meeting held on May 10, 2011, the Board resolved to repurchase up to a maximum of 10,000,000 shares of treasury stock (aggregate amount of ¥5,000 million ($60,240 thousand)) for the period from May 11, 2011 to March 31, 2012 through stock exchange markets.

16. SEGMENT INFORMATION

In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

This new accounting standard does not have an impact on the Company's reportable segments.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

(1) Description of reportable segments

The Group's reporting segments are the components of the Group for which separate financial information is available. These segments are subject to periodic examination by the Company's Board of Directors to decide how to allocate resources and assess performance.

The Company has divisional groups by product in its headquarters organization, and each divisional group operates globally based on its comprehensive domestic and foreign strategies. Therefore, the Company establishes reportable segments based on such product division, consisted of "Oils and Meal," "Healthy Foods and Soy Protein," and "Fine Chemicals."

The main products of each segment are described below.

Oils and meal:	Oils and meal segment consists of food products for home and food service use, as well as edible oils and fats for processed food manufacturers.
Healthy foods and soy protein:	Healthy foods and soy protein segment consists of therapeutic foods, health foods, and foods taken in liquid form.
Fine chemicals:	Fine chemicals segment consists of cosmetics and toiletries, chemical products, middle chain fatty acids, lecithin and tocopherol (Vitamin E).
Other:	Other consists of real estate leasing, management and mediation services, packaging services, customs-related business, warehousing, restaurant management, sports facility management, marine products, sales promotions, engineering, accident and liability insurance, and computing-related services.

(2) Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 1, "Significant Accounting and Reporting Policies."

Intersegment sales and transfers are based, for the most part, on prevailing market prices.

(3) Information about sales, profit (loss), assets, liabilities and other items are as follows:

	Thousands of Yen							
	2011							
	Reportable Segment							
	Oils and Meal	Healthy Foods and Soy Protein	Fine Chemicals	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 280,324	¥ 9,377	¥ 5,864	¥ 295,565	¥ 9,733	¥ 305,298		¥ 305,298
Intersegment sales or transfers	1,626	97	69	1,792	14,395	16,187	¥ (16,187)	
Total	¥ 281,950	¥ 9,474	¥ 5,933	¥ 297,357	¥ 24,128	¥ 321,485	¥ (16,187)	¥ 305,298
Segment profit	¥ 5,275	¥ (288)	¥ 428	¥ 5,415	¥ 1,552	¥ 6,967	¥ (1)	¥ 6,966
Segment assets	198,697	6,629	5,137	210,463	11,806	222,269	10,042	232,311
Other:								
Depreciation	5,496	204	113	5,813	454	6,267		6,267
Increase in property, plant and equipment and intangible assets	5,221	114	30	5,365	281	5,646		5,646

	Thousands of Yen							
	2010							
	Reportable Segment							
	Oils and Meal	Healthy Foods and Soy Protein	Fine Chemicals	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 276,079	¥ 9,686	¥ 5,742	¥ 291,507	¥ 9,792	¥ 301,299		¥ 301,299
Intersegment sales or transfers	1,229	77	51	1,357	15,225	16,582	¥ (16,582)	
Total	¥ 277,308	¥ 9,763	¥ 5,793	¥ 292,864	¥ 25,017	¥ 317,881	¥ (16,582)	¥ 301,299
Segment profit	¥ 9,144	¥ (541)	¥ 166	¥ 8,769	¥ 1,684	¥ 10,453	¥ (18)	¥ 10,435
Segment assets	177,994	6,761	5,312	190,067	11,991	202,058	20,300	222,358
Other:								
Depreciation	5,827	197	158	6,182	476	6,658		6,658
Increase in property, plant and equipment and intangible assets	9,370	310	70	9,750	281	10,031		10,031

	Thousands of U.S. Dollars							
	2011							
	Reportable Segment							
	Oils and Meal	Healthy Foods and Soy Protein	Fine Chemicals	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	$ 3,377,398	$ 112,976	$ 70,650	$ 3,561,024	$ 117,265	$ 3,678,289		$ 3,678,289
Intersegment sales or transfers	19,590	1,169	831	21,590	173,434	195,024	$ (195,024)	
Total	$ 3,396,988	$ 114,145	$ 71,481	$ 3,582,614	$ 290,699	$ 3,873,313	$ (195,024)	$ 3,678,289
Segment profit	$ 63,554	$ (3,470)	$ 5,157	$ 65,241	$ 18,699	$ 83,940	$ (12)	$ 83,928
Segment assets	2,393,940	79,867	61,892	2,535,699	142,241	2,677,940	120,988	2,798,928
Other:								
Depreciation	66,217	2,458	1,361	70,036	5,470	75,506		75,506
Increase in property, plant and equipment and intangible assets	62,904	1,373	361	64,638	3,386	68,024		68,024

(4) Information about geographical areas

(a) Sales

Millions of Yen			
2011			
Japan	Asia	Other	Total
¥ 226,104	¥ 54,361	¥ 24,833	¥ 305,298

Millions of Yen			
2010			
Japan	Asia	Other	Total
¥ 230,023	¥ 49,674	¥ 21,602	¥ 301,299

Thousands of U.S. Dollars			
2011			
Japan	Asia	Other	Total
$ 2,724,145	$ 654,952	$ 299,192	$ 3,678,289

Note: Sales are classified in countries or regions based on location of customers.

(b) Property, plant and equipment

Millions of Yen			
2011			
Japan	Asia	Other	Total
¥ 62,036	¥ 11,825		¥ 73,861

Thousands of U.S. Dollars			
2011			
Japan	Asia	Other	Total
$ 747,421	$ 142,470		$ 889,891

(5) Information about major customers

Name of customers	Millions of Yen		
	2011		
	Sales	Related Segment Name	
Mitsubishi Corporation	¥ 46,223	Oils and meal Healthy foods and soy protein Fine chemicals	

Name of customers	Thousands of U.S. Dollars	
	2011	
	Sales	Related Segment Name
Mitsubishi Corporation	$ 556,904	Oils and meal Healthy foods and soy protein Fine chemicals

(6) Information about the amortization and balance of goodwill and amortization include negative goodwill by reportable segment

	Millions of Yen						
	2011						
	Oils and Meal	Healthy Foods and Soy Protein	Fine Chemicals	Total	Other	Eliminations/ Corporate	Total
Amortization of goodwill	¥ 840	¥ 90		¥ 930	¥ 0		¥ 930
Goodwill at March 31, 2011	200	66		266			266
Amortization of negative goodwill	6			6	2		8
Negative goodwill at March 31, 2011	15			15	7		22

	Thousands of U.S. Dollars						
	2011						
	Oils and Meal	Healthy Foods and Soy Protein	Fine Chemicals	Total	Other	Eliminations/C orporate	Total
Amortization of goodwill	$ 10,120	$ 1,085		$ 11,205	$ 0		$ 11,205
Goodwill at March 31, 2011	2,410	795		3,205			3,205
Amortization of negative goodwill	72			72	24		96
Negative goodwill at March 31, 2011	181			181	84		265

* * * * * *

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Five-Year Summary
Five Years Ended March 31, 2011

	Millions of Yen Except Per Share Data					Thousands of U.S. Dollars Except Per Share Data
	2011	2010	2009	2008	2007	2011
FOR THE YEAR:						
Net sales	¥ 305,298	¥ 301,299	¥ 337,925	¥ 298,196	¥ 241,668	$ 3,678,289
Net income	2,123	5,104	3,066	1,876	6,202	25,578
Per share data (in yen):						
Net income	¥ 12.32	¥ 29.62	¥ 17.79	¥ 10.87	¥ 35.91	$ 0.15
Cash dividends, applicable to the year	10.00	10.00	10.00	10.00	10.00	0.12
AT YEAR-END:						
Total assets	¥ 232,311	¥ 222,358	¥ 217,488	¥ 205,824	¥ 196,008	$ 2,798,928
Equity	117,422	114,816	107,498	109,406	112,282	1,414,723

Notes:
1. U.S. dollar amounts represent translations of Japanese yen amounts, for convenience only, at the rate of ¥83 to U.S.$1, the approximate rate of exchange at March 31, 2011.
2. Net income per share is computed based on the weighted-average number of outstanding shares of common stock.
3. Diluted net income per share data is not disclosed in 2011, 2010, 2009, 2008, and 2007 because it was anti-dilutive.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Nisshin OilliO Group, Ltd.:

We have audited the accompanying consolidated balance sheets of The Nisshin OilliO Group, Ltd. (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Nisshin OilliO Group, Ltd. and consolidated subsidiaries as of 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.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1.a. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 28, 2011

Member of
Deloitte Touche Tohmatsu Limited

About Us

Our Philosophy

1. To Contribute to the Development of People, Society and the Economy by Maximizing Our Corporate Value

At the Nisshin OilliO Group, we consider it our mission to help make people associated with us happy and to continuously contribute to socioeconomic growth, by maximizing our value as a corporate group to customers, shareholders and employees.

2. To Tirelessly Develop a Creative and Growing Business by Seeking Out "Good Flavor, Health and Beauty"

From the perspective of a producer and of society, our core concept — the pursuit of "good flavor, health and beauty" — underpins our commitment to creating and providing new value to society through our corporate activities, including our core and peripheral businesses. Through these activities, we will remain an ever-growing and evolving corporate group.

3. To Conduct Ourselves as a Responsible Member of Global Society

The Group and its employees will carry out our responsibilities as members of modern society by proactively addressing global environmental concerns and upholding corporate ethical standards.

Our Business Domains

As a leading company in the field of edible oils, the Group has, since its founding, utilized the very best technologies to extract "the natural power of plants" and deliver it to users in three forms — good flavor, health and beauty.

In our oils business we produce home-use edible oils, edible oils for food services that are used in restaurants and cafeterias, and edible oils for processed food manufacturers that are used in mayonnaise and snack foods, among others. In our meal business we sell meal for use in livestock feed, fertilizer, and processed foods.

In this business we process oils to produce and sell margarines, shortenings and specialty fats. The Group's proprietary technologies to process edible oils yields high added-value products offering distinctive flavors and textures.

The following businesses are the core earnings drivers behind the Group's next growth phase.

- **Oils and Meal Business in China**
  The Group is expanding the oils and meal business in China, where rising demand is anticipated.
- **Healthy Foods Business**
  Based on the key concept of health, this business produces dressings, foods for preventing lifestyle-related diseases, nutritional foods and foods for the elderly and nursing care patients.

- **Fine Chemicals Business**
  In this business the Group supplies high added-value raw materials for cosmetics, lubricating oils and other products based on "the natural power of plants."
- **Soy Foods and Materials Business**
  The Group sells soy food ingredients that utilize the healthy components of soybeans, including soy protein and tofu.

Other Business

Other businesses include distribution, information technology, restaurants, sales promotion and an insurance agency.

Corporate Headquarters

1-23-1, Shinkawa, Chuo-ku, Tokyo 104-8285, Japan
Tel: +81 (3) 3206 5005
Fax: +81 (3) 3206 6458

Established

March 7, 1907

Fiscal Year-End

March

Capital

¥16,332 million

Employees (Group Total)

2,771

Directors and Corporate Auditors (As of June 28, 2011)

Chairman & Representative Director	Kazuo Ogome
President & Representative Director	Takao Imamura
Representative Directors Senior Managing Officers	Fumio Imokara Toru Morino Susumu Watanabe
Director Senior Managing Officer	Yoshihito Tamura
Directors Managing Officers	Akira Seto Takashi Fujii
Directors	Takashi Narusawa Toshio Uehara
Standing Corporate Auditors	Akio Kimura Yoshifumi Shukuya
Corporate Auditors	Shuichiro Sekine Kenichi Araya
Managing Officers	Hidetoshi Ogami Hiroshi Itokazu Toshio Mori

Executive Officers	Shoji Kayanoma Tomoyuki Kikuchi Nobuaki Yoshida Masahiko Asakura Takahisa Kuno Toshiaki Aoyama Arata Kobayashi Masahiko Oka Masayuki Enomoto Toshiaki Takayanagi Yasushi Kawarasaki

Domestic Network

Company Name	Capital (Millions of Yen, except where noted)	Principal Business	Ownership (%)
Settsu Oil Mill, Inc.	1,299	Manufacture, processing, distribution and sales of oils and fats and chemical products	53.9
Nisshin Shoji Co., Ltd.	99	Sales of foods, livestock feed, fertilizer and seasonal items	51.3
Nisshin Logistics Co., Ltd.	100	Harbor transport operations, warehousing, various logistics, processing and delivery business	100.0
NSP Co., Ltd.	233	Development, operation and management of computer systems on contract basis	75.9
Daito Cacao Co., Ltd.	1,586	Manufacture and sales of cocoa products for chocolates and confectioneries	60.8
Nisshin Shokai Co., Ltd.	75	Wholesale of oil and fat products and raw materials	52.0
Marketing Force Japan, Inc.	10	Marketing activities for mass merchandise; temporary staffing services	100.0
Yoko Engineering Co., Ltd.	20	Engineering and maintenance of equipment and facilities	100.0

Nisshin Finance Co., Ltd.	73	Life insurance and casualty insurance agent	100.0
The Golf Joy Co., Ltd.	10	Operation of golf practice facilities	100.0
Mogi Tofu Co., Ltd.	48	Manufacture and sales of tofu and deep-fried tofu products	100.0
Yamakiu Transport Co., Ltd.	99	Transportation, storage and loading of freight	86.0
PIETRO Co., Ltd.	474	Food business, restaurant business and online/mail-order business	20.0
Wakou Shokuhin Co., Ltd.	1,413	Manufacture and sales of seasonings and natural extracts	19.5
Saiwai Shoji Co., Ltd.	100	Sales of vegetable and animal oils and fats, detergent, chemical products, and foods	25.7

Overseas Network

Dalian Nisshin Oil Mills, Ltd.	US$77,540,000	Manufacture and sales of vegetable oils and meal	78.0
Shanghai Nisshin Oil & Fats, Ltd.	US$7,900,000	Bottling and sales of vegetable oils	100.0
The Nisshin OilliO (China) Investment Co., Ltd.	US$46,537,000	Operational investment management, raw-material supply and sales in China	100.0
Intercontinental Specialty Fats Sdn. Bhd.	RM85,860,000	Manufacture and sales of processed oil products	78.7
T. & C. Manufacturing Co., Pte. Ltd.	S$8,577,000	Manufacture of confectionery supplies	99.9
President Nisshin Corp.	NT$120,000,000	Manufacture and sales of margarines, shortenings and processed oils and fats	44.0
Zhang Jia Gang President Nisshin Food Corp.	US$17,000,000	Manufacture and sales of margarines, shortenings and processed oils and fats	30.0

Corporate History

1907	The Nisshin OilliO Group, Ltd., was originally established under the name Nisshin Soybean Crushing Co. by Kihachiro Okura and Kyujiro Matsushita. The name Nisshin is made up of two characters denoting Japan and China.
1918	The Company was renamed The Nisshin Oil Mills, Ltd.
1924	Nisshin Oil Mills launched Japan's first salad oil, named *Nisshin Salad Oil*, using highly refined soybean oil.
1963	Production was launched at the Yokohama Isogo Plant following the completion of the first stage of construction.
1988	Dalian Nisshin Oil Mills, Ltd., was established in Dalian, China.
1992	*Nisshin Canola Oil* was launched.
1996	*BOSCO Olive Oil* was launched.
2002	The Nisshin Oil Mills, Ltd., Rinoru Oil Mills Co., Ltd., and Nikko Oil Mills Co., Ltd., integrated their management to form the Nisshin OilliO Group. The Nisshin Oil Mills, Ltd., changed its trading name and underwent a corporate demerger. This resulted in the creation of the Nisshin OilliO Group, Ltd., as a pure holding company and The Nisshin OilliO, Ltd., as an operating company.
2003	*Healthy Resetta*, an authorized food for specified health uses that inhibits fat uptake in the body, was launched.
2004	The Nisshin OilliO Group, Ltd., absorbed its three consolidated subsidiaries, The Nisshin OilliO, Ltd., Rinoru Oil Mills Co., Ltd., and Nikko Oil Mills Co., Ltd., marking a new start for the Group.
2007	The Nisshin OilliO Group, Ltd., celebrated its 100th anniversary.

Stock Information

Listing of the Company's Shares	First Section of the Tokyo and Osaka Stock Exchange
Securities Code	2602
Number of Shares of Common Stock	Authorized: 388,350,000 shares
	Issued: 173,339,287 shares
Trading Unit	1,000 shares
Number of Shareholders	18,729
Annual Meeting	June of each year

Common Stock Price Range

	April 2010 - March 2011		April 2009 - March 2010	
Quarter Ended	High	Low	High	Low
June 30	515	431	523	379
September 30	446	381	550	470
December 31	427	341	495	431
March 31	463	352	507	441

Transfer Agent of Common Stock	The Chuo Mitsui Trust and Banking Company, Limited. 33-1, Shiba 3-chome, Minato-ku, Tokyo, 105-8574, Japan
Its place of operations:	The Chuo Mitsui Trust and Banking Company, Limited. Securities Agency Department, 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063, Japan
Forwarding offices:	All branch offices in Japan of The Chuo Mitsui Trust and Banking Company, Limited, and Head Office and branch offices of Japan Securities Agency Corporation

Principal Shareholders (As of March 31, 2011)

Shareholders	Shareholdings (thousands)	Percentage of total shares issued (%)
Mitsubishi Corporation	28,829	16.63
Marubeni Corporation	26,001	15.00
Japan Trustee Services Bank, Ltd. (Trust Account)	10,576	6.10
Sompo Japan Insurance Inc.	7,360	4.25
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,159	4.13
Aioi Nissay Dowa Insurance Co., Ltd.	5,978	3.45
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,896	2.25
Japan Trustee Services	2,993	1.73

Japan Trustee Services Bank, Ltd. (Trust Account 4G)	2,446	1.41
Kikkoman Corporation	2,351	1.36

Breakdown of Shareholders (As of March 31, 2011)

Investor Category	Number of Shareholders	Shareholdings	(%)
Domestic Companies and Others	223	68,482,454	39.51
Financial Institutions	61	59,081,773	34.08
Individuals	18,272	29,953,779	17.28
Foreign Institutions and Individuals	135	13,984,158	8.07
Securities Companies	37	766,034	0.44
Treasury Stock	1	1,071,089	0.62
Total	18,729	173,339,287	100.0

Cash Dividends (Yen)

	Interim	Fiscal Year-End	Annual
2011	5.00	5.00	10.00
2010	5.00	5.00	10.00
2009	5.00	5.00	10.00
2008	5.00	5.00	10.00
2007	4.00	6.00	10.00
2006	3.50	4.00	7.50