

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2009 (Fiscal 2009)

May 14, 2009

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

Stock exchange listing: Tokyo, Osaka

NISSIN FOODS HOLDINGS CO., LTD.

Code number: 2897

URL: <http://www.nissinfoods-holdings.co.jp/>

Representative: Koki Ando, President and CEO (Chief Executive Officer)

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and General Manager of Finance and Accounting Division

Scheduled date of general meeting of shareholders: June 26, 2009

Scheduled date of filing of securities report: June 26, 2009

Scheduled date of dividend payment: June 29, 2009

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal 2009 (Apr. 1, 2008–Mar. 31, 2009)

(1) Operating Results

(% figures represent year-on-year change ratios.)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal 2009	362,057	(6.1)	23,552	(14.9)	28,748	(12.3)	15,890	16.9
Fiscal 2008	385,469	7.6	27,671	(18.0)	32,798	(13.3)	13,591	(28.3)

	Net income per share (primary)	Net income per share (diluted)	Return on equity	Ordinary income/total assets	Operating income/net sales
	(¥)	(¥)	(%)	(%)	(%)
Fiscal 2009	129.98	—	5.7	7.2	6.5
Fiscal 2008	111.17	—	4.8	8.2	7.2

Reference:

Equity in earnings of affiliates:

Fiscal Year ended Mar. 31, 2009: ¥765 million

Fiscal Year ended Mar. 31, 2008: ¥1,201 million

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
Fiscal 2009	408,729	285,569	68.4	2,287.21
Fiscal 2008	392,694	288,844	71.9	2,310.36

Reference:

Equity: Fiscal Year Ended March 31, 2009: ¥279,629 million, Fiscal year ended March 31, 2008: ¥282,466 million

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Fiscal 2009	30,010	(31,829)	(1,865)	71,491
Fiscal 2008	25,875	(16,600)	(6,827)	78,774

2. Details of Dividends

(Record date)	Cash dividend per share					Total (Annual)	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
Fiscal 2008	—	25.00	—	25.00	50.00	6,113	45.0	2.2
Fiscal 2009	—	25.00	—	25.00	50.00	6,112	38.5	2.2
Fiscal 2010 (Forecast)	—	25.00	—	25.00	50.00		37.7	

3. Forecasts of Consolidated Results for the Fiscal 2010 (Apr. 1, 2009–Mar. 31, 2010)

(% figures represent change from the previous year or first half.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
First half of Fiscal 2010	193,000	10.7	9,000	(21.9)	10,500	(23.7)	6,500	13.7	53.17
Fiscal 2010	393,500	8.7	23,000	(2.3)	27,000	(6.1)	16,200	1.9	132.51

4. Others

(1) Changes in principal subsidiaries during the fiscal year (changes in specified subsidiaries which resulted in changes in scope of consolidation): None

Newly consolidated: None Excluded from consolidation: None

(2) Changes in significant accounting, procedure, and presentation methods for consolidated financial statements.

1) Changes derived from revisions of accounting standards: Yes

2) Changes other than 1): No

(3) The number of shares outstanding (ordinary stocks)

1) The number of shares outstanding as of the year-end (including treasury stocks)

March 31, 2009 127,463,685 shares

March 31, 2008 127,463,685 shares

2) The number of treasury stock shares outstanding as of the year-end

March 31, 2009 5,206,128 shares

March 31, 2008 5,202,867 shares

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for Fiscal 2009 (Apr. 1, 2008–Mar. 31, 2009)

1) Operating results

(% figures represent year-on-year changes)

	Net sales		Operating Income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal 2009	103,731	(54.5)	9,113	(65.6)	12,918	(57.4)	5,798	(27.6)
Fiscal 2008	228,216	(3.7)	26,478	(15.7)	30,293	(12.8)	8,004	(56.3)

	Net income per share (primary) (¥)	Net income per share (diluted) (¥)
Fiscal 2009	47.42	—
Fiscal 2008	65.47	—

2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
Fiscal 2009	334,419	254,532	76.1	2,081.94
Fiscal 2008	322,642	258,366	80.1	2,113.24

Reference:

Equity: Fiscal Year ended Mar. 31, 2009: ¥254,532 million, Fiscal Year ended Mar. 31, 2008: ¥258,366 million

Note: The Company changed to a pure holding company structure as of October 1, 2008. Therefore, non-consolidated financial results for fiscal 2009 have completely changed, compared to the results for fiscal 2008.

* Notes for proper use of forecasts and other remarks

Forecasts contain forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ depending on a number of factors including but not limited to potential risks and uncertainties. The assumptions and other issues related to the above forecasts are described on page 5.

1. Operating Results and Financial Position

(1) Analysis of Operating Results

During the fiscal year under review, the business environment surrounding the core instant noodle business of the NISSIN FOODS GROUP (“the Group”) became more adverse, in part because structural factors, such as birthrate decline and population aging in Japan are leveling demand. These effects were coupled with production cost increases due to soaring prices of flour and other raw materials and a worldwide economic recession. Furthermore, Japan’s domestic food industry saw a spate of food mislabeling and other incidents that damaged consumer confidence in food products and further increased consumer interest and concern about food safety and security.

NISSIN FOODS HOLDINGS CO., LTD. (“the Company”) suffered adverse publicity in October when the media reported traces of an insect repellent detected on a product of a consolidated subsidiary. The reports had a negative impact on sales in the November period. However, investigations showed that the contamination did not occur at the production stage and that the cause was transferred odor, which commonly occurs when food products are stored near substances having strong odors. Amid these circumstances, the Company rapidly implemented a consumer education campaign and changed over to paper cups that offer improved transferred odor barrier characteristics (the new ECO cup).

With regard to food safety, the foundation of the food industry, the Group will continue efforts to ensure consumer safety and security by using an independently developed residual pesticide and veterinary medicine detection system to check the raw materials used in products.

In marketing, although the Group implemented price revisions in January 2008 in response to soaring raw material prices, successive increases in the government selling price of imported wheat, a key raw material, were implemented in April and October. Judging that it would be difficult to win customer support for another price revision, the Company left prices unchanged and undertook to cement consumer support for the January price rise.

In the fourth quarter (January to March, 2009) domestic sales of mainstay brands of pillow-type instant noodles and cup-type instant noodles, especially sales of low-priced cup-type instant noodles rose sharply when the price revision took effect throughout the distribution chain. Despite this recovery, the full-year sales results were unfavorable. Factors contributing to the poor sales results were a decrease in flyer sales at volume retailers resulting from a marketing strategy emphasizing support of the new prices, sales opportunities loss in the peak third quarter (October to December) selling season caused by the transferred odor problem, and the impact of a higher proportion in the sales mix for low-priced (open price) products, which grew to meet the needs of price-sensitive consumers. On the other hand, sales of frozen foods increased as a result of the consolidation of Nicky Foods Co. Ltd. Sales of chilled products (NISSIN CHILLED FOODS), cereal products and confectioneries (NISSIN CISCO) developed favorably.

In the consolidated business results for the fiscal year under review, net sales decreased by 6.1% to ¥362,057 million. Operating income fell by 14.9% to ¥23,552 million and ordinary income fell by 12.3% to ¥28,748 million owing to an increase in expenses related to retirement benefits, a succession of raw material cost increases, a sales decrease caused by the transferred odor problem and advertising costs to publicize a product recall and correct consumers’ storage methods. Nevertheless, net income increased by 16.9% to ¥15,890 million, due in part to lower income taxes.

(Consolidated basis; ¥ million)

	Net sales	Operating income	Ordinary income	Net income
Fiscal 2009	362,057	23,552	28,748	15,890
Fiscal 2008	385,469	27,671	32,798	13,591
Year-on-year change (%)	(6.1)	(14.9)	(12.3)	16.9

Information by Business Segment

Net sales by category

Category	Consolidated net sales (¥ million)	Year-on-year change (%)
Pillow-type instant noodles	58,447	(10.0)
Cup-type instant noodles	214,830	(9.6)
Chilled and frozen foods	49,558	11.7
Instant noodle and associated business	322,836	(6.9)
Other business	39,220	1.5
Total	362,057	(6.1)

1) Instant Noodle and Associated Business

- Pillow-type Instant Noodles

The Company engaged in a number of marketing initiatives, including product launches commemorating the 50th anniversary of the founding of Nissin Foods. A notable example from the *Chicken Ramen* series, launched 50 years ago, is *W (Double) Tamago Pocket*, a product reintroduced with improved egg preservation performance. Sales of the *MYOJO HYOUBANYA* series of open price products and products developed jointly with retailers rose sharply in keeping with an increase in consumer thriftiness. Nevertheless, overall sales volume decreased with the falloff in discounting of mainstay brand products under marketing policies aimed at supporting higher prices.

As a result of these developments, net sales of pillow-type instant noodles decreased by 10.0% year on year to ¥58,447 million.

Combining all of the above, the total net sales and operating income of instant noodle and associated business decreased by 9.6% to ¥214,830 million and by 14.7% to ¥21,651 million, respectively.

- Cup-type Instant Noodles

The Company introduced an environment-friendly paper-based ECO Cup created for the *Cup Noodle* series. We actively introduced new products, notably microwavable *Range Style* products that can be prepared using tap water, and *Cup Noodle Light*, a low-calorie product that retains the familiar flavor of the regular product by means of the newly developed "Mist-spray/air-dry process" and "Original 3-layer noodle manufacturing method." Furthermore, we endeavored to increase brand value by modifying the structure of noodles in *Nissin-no-Donbei* series products as *Pin Soba* and *Beppin Udon* from curly to straight so that they more closely resemble traditional noodles. We reintroducing *Nissin Yakisoba U.F.O.*, improved by a switch to straight noodles and the addition of more cabbage and meat.

MYOJO Kiwamen, a product with superb mouthfeel produced using super non-fry preparation technology, has caught the public's attention, and sales are steadily increasing. This product was successful at convenience stores, where sales volumes increased even after the price revision. However, at volume retailers, where discounting is the norm, the curbing of flyer sales led to a sales volume decrease, as happened with pillow-type noodles.

Against a backdrop of consumer thriftiness, sales of low-priced products such as *Soup Noodle*, *Nissin Gozen* and *Nissin Harusame* increased sharply. We are making steady progress with the development of new demand using theme park tie-up products and products for corporate customers.

We have steadily expanded the user base for *Range Series*, a new concept product, have extended the product range beyond noodles to include rice, and are steadily establishing it as a popular staple.

Nevertheless, overall sales volumes of cup-type instant noodles in Japan decreased as a result of the same factors that impacted other mainstay products, including lower unit selling prices attributable to a higher proportion of open price product lines in the sale mix. Meanwhile, revenue from overseas decreased owing to the impact of exchange rates, notwithstanding favorable sales of existing products in North America.

As a result of these developments, net sales of cup-type instant noodles decreased by 9.6% year on year to ¥214,830 million.

- Chilled and Frozen Foods

Sales of chilled foods increased thanks to consumer demand for products such as the *Tsukemen no Tatsujin* series and the *Nissin Yakiudon* series. Sales of frozen foods also increased, as Nicky Foods Co. was newly included in the scope of consolidation during the fiscal year under review.

As a result, overall net sales of chilled and frozen foods increased by 11.7% year on year to ¥49,558 million.

2) Other Business

The breakfast cereal *Ciscorn BIG*, the confection *Coconut Sable* and the lactobacillus drink *Pilkul* continued to deliver strong sales performance. As a result, net sales from the Other Business segment increased by 1.5% year on year to ¥39,220 million, and operating income decreased by 3.9% to ¥2,477 million.

Outlook for the Fiscal Year Ending March 31, 2010

On October 1st, 2008, on the 50th anniversary of its founding, Nissin Foods implemented a transformation to a holding company structure and an organization consisting of seven operating companies in Japan and four overseas business regions. Under this structure, the holding company provides business activity support to the operating companies, the Group's profit centers. In this way, we will undertake to reinforce Group capabilities together with business growth. Amid continued uncertainty in economic prospects and a cooling of consumer sentiment brought on by the economic recession, we believe that the development of products that deliver high added value recognized by consumers will arouse new demand.

To cope with the fragmentation of consumer needs along the lines of shopping preferences focused on quality, price and the search for new technologies or concepts, we will develop products having clearly defined positioning with respect to consumer needs categories.

In developments overseas, Nissin Foods entered the Russian market by taking an equity position in Angleside Ltd., the holding company of Russia's largest instant noodle manufacturer. We will continue to implement our global strategy of providing tastiness and delight to people in every country and region.

For the current fiscal year, we forecast a year-on-year increase of 8.7% in net sales to ¥393,500 million, a decrease of 2.3% in operating income to ¥23,000 million, a decrease of 6.1% in ordinary income to ¥27,000 million and an increase of 1.9% in net income to ¥16,200 million. Projected exchange rates for major currencies used in business results forecasts for overseas subsidiaries are ¥91 to US\$1.00, ¥12 to HK\$1.00 and ¥13 to RMB 1.00.

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Consolidated total assets at the end of the fiscal year under review increased by ¥16,034 million from the previous fiscal year to ¥408,729 million. The major factors for the increase are rises in tangible fixed assets and in other accounts receivable.

Consolidated total liabilities increased by ¥19,308 million from the previous fiscal year to ¥123,159 million. The major factors for the increase are increases in trade notes and accounts payable, long-term borrowings and accrued retirement benefits.

Net assets including minority interests decreased by ¥3,274 million from the previous fiscal year to ¥285,569 million. The major factors for the decrease are declines in translation adjustments and the net unrealized holding gain on securities. The equity ratio decreased from 71.9% the previous fiscal year to 68.4%.

Cash Flows

Cash and cash equivalents as of March 31, 2009 decreased by ¥7,282 million from the previous fiscal year to ¥71,491 million as net cash provided by operating activities was ¥30,010 million, net cash used in investing activities was ¥31,829 million, and net cash used in financing activities was ¥1,865 million. Details are presented below.

- Cash Flows from Operating Activities

Net cash provided by operating activities increased by ¥4,135 million from the previous fiscal year to ¥30,010 million. Principal items are net income before taxes and minority interests of ¥23,372 million and depreciation and amortization of ¥7,973 million. The major operating factors behind the change in cash inflow are an increase of ¥9,988 million in trade notes and accounts payable and ¥6,605 million in accrued retirement benefits.

- Cash Flows from Investing Activities

Net cash used in investing activities decreased by ¥15,228 million from the previous fiscal year to ¥31,829 million. Principal items are payments of ¥60,377 million for purchases of investments in securities and ¥18,215 million for purchases of fixed assets. The major investment factor behind change in cash outflow is an increase of ¥25,793 million in payments for purchases of investments in securities.

- Cash Flows from Financing Activities

Net cash used in financing activities increased by ¥4,961 million from the previous fiscal year to ¥1,865 million. The principal item is ¥6,112 million in cash dividends paid. The major financial factor behind change in cash inflow is an increase of ¥5,380 million in long-term borrowings.

Trends in the Company's cash flow indicators are as follows:

		Fiscal year ended Mar. 31, 2006	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009
Equity ratio	(%)	71.8	68.7	71.9	68.4
Equity ratio based on market capitalization	(%)	120.5	128.7	104.6	86.7
Net cash interest-bearing liabilities ratio	(years)	0.1	0.2	0.1	0.4
Interest coverage ratio	(times)	653.5	557.9	430.6	357.5

Notes:

Equity ratio = (Net assets – Minority interests)/Total assets

Equity ratio based on market capitalization = Market capitalization/Total assets

Net cash interest-bearing liabilities ratio = Interest-bearing liabilities/Net cash provided by operating activities

Interest coverage ratio = Net cash provided by operating activities/Interest expenses

* All indicators are calculated on a consolidated basis.

* Market capitalization is calculated on the number of shares outstanding as of the year-end (excluding treasury stocks) the share price at the end of the period by the total number of shares outstanding at the end of the period (excluding treasury stock).

* Net cash is, as reported, net cash provided by operating activities of the consolidated statements of cash flows.

* Interest-bearing liabilities are all liabilities shown on the consolidated balance sheets on which interest is paid.

(3) Basic Policy on the Distribution of Profits and Forecasted Dividends for the Fiscal Year Ended March 31, 2009 and Fiscal Year Ending March 31, 2010

On the basis of policies outlined below, the Company will seek to continue to pay stable dividends in line with our target of a 30% consolidated payout ratio. The Company constantly endeavors to increase the Group's earnings potential, recognizes that increasing corporate value and providing appropriate shareholder returns are the most important management priorities, and has a basic policy of providing continuous, stable returns to shareholders while taking into consideration consolidated business results and future capital requirements. With regard to the use of retained earnings, the Company will provide for capital needs such as capital investments, research and development investments and mergers and acquisitions for the purpose of further increasing corporate value and efficiently invest surplus funds taking into consideration investment risks.

For the year ended March 31, 2009, the Company has paid an interim dividend of ¥25 per share and plans to pay a year-end dividend of ¥25 per share, for an annual dividend of ¥50 per share. This will result in a consolidated payout ratio of 38.5%.

For the year ending March 31, 2010, the Company plans to pay an annual dividend of ¥50 per share and forecasts a payout ratio of 37.7%.

2. Management Policies

(1) Basic Management Policy

The Nissin Food Group has adopted as its Group principle "EARTH FOOD CREATOR," which is grounded in the founding philosophies "Peace will come to the world when people have enough to eat," "Eating smart will enhance beauty and health" and "The creation of food will serve society." In the coming years, the Group will explore the potential of various types of food, create visionary flavor and contribute to society and the global environment by providing people with the joy and delight of food. Moreover, as a comprehensive food manufacturer, the Company will constantly endeavor to create and nurture the top brand in each business category with the aim of being a "branding corporation" comprising a strong assortment of market-leading brands. In this way, we will strive to secure and enhance corporate value and the commensurate return for shareholders while building a more solid business base.

(2) Medium- to Long-term Management Strategies

In association with Nissin Foods' celebration of its 50th anniversary in 2008, the Company embarked on a "second founding." To achieve quantum growth in the years ahead, on October 1, 2008 the Company implemented a transition to a holding company structure based on the thinking that it is necessary to put in place management resources capable of further activating the competitive power of each business and maximize the corporate value of the entire Group.

As the Group's holding company, Nissin Foods Holdings Co., Ltd. will serve as a flexible and totally optimized overall strategic driving force and business management center of the group and further strengthen the Group's strategy function. For their part, Nissin Foods Holdings Co., Ltd., MYOJO FOODS CO., LTD., NISSIN CHILLED FOODS CO., LTD., NISSIN FROZEN FOODS CO., LTD., NISSIN CISCO CO., LTD., NISSIN YORK CO., LTD., Aji-no-Mingei Food Service Co., Ltd., Nissin Foods (U.S.A.) Co., Inc. and other operating companies in Japan and overseas will increase the growth potential of their individual businesses by focusing on their respective business activities, increasing their independence, striving for rapid decision-making and flexibly responding to the business environment.

(3) Company Initiatives

The most important task for a food manufacturer is the pursuit of food safety, and the Company has always made this its fundamental policy in development and production. With the aim of reinforcing the quality management systems, the Group has established the Food Safety Research Institute and Nissin (Shanghai) Food Safety R&D Co., Ltd. and put in place an inspection system to ensure food safety.

With respect to initiatives to address environmental problems, the Group has established medium-term environmental targets for the period to 2010 and is striving to reduce CO₂ emissions. Through these initiatives, the Group contributes to the formation of a recycling society and seeks harmonious coexistence with the natural environment by engaging in business activities that reflect consideration of environmental protection and resource conservation.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2008	As of Mar. 31, 2009
Assets		
Current assets		
Cash and deposits	66,739	65,902
Notes and accounts receivable—trade	41,410	44,456
Marketable securities	27,230	17,647
Inventories	14,674	—
Finished goods and merchandise	—	8,235
Raw materials and supplies	—	6,990
Deferred income taxes	4,860	4,089
Other	3,276	11,414
Less: Allowance for doubtful receivables	(560)	(466)
Total current assets	157,633	158,270
Fixed assets		
Tangible fixed assets		
Building and structures		
Building and structures, net	29,196	29,586
Machinery, equipment and vehicles		
Machinery, equipment and vehicles, net	17,675	21,110
Tools and fixtures		
Tools and fixtures, net	1,449	1,480
Land	43,810	46,943
Lease assets		
Lease assets, net	—	184
Construction in progress	1,054	1,300
Other, net	616	525
Total tangible fixed assets	93,802	101,131
Intangible fixed assets		
Goodwill	3,863	4,327
Other	457	452
Total intangible fixed assets	4,321	4,779
Investments and other assets		
Investments in securities	123,099	130,134
Other investments	8,369	6,154
Long-term loans	269	1,138
Deferred income taxes	502	5,271
Other	4,742	2,557
Less: Allowance for doubtful accounts	(45)	(709)
Total investments and other assets	136,937	144,547
Total fixed assets	235,061	250,458
Total assets	392,694	408,729

(Millions of Yen)

	As of Mar. 31, 2008	As of Mar. 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	38,045	43,163
Short-term borrowings	2,353	4,636
Accrued payables	20,308	19,066
Lease liabilities within one year	—	16
Accrued income taxes	6,822	7,425
Other current liabilities	13,404	14,425
Total current liabilities	80,934	88,733
Long-term liabilities		
Long-term borrowings	—	5,380
Lease liabilities beyond one year	—	61
Deferred tax liabilities	7,761	7,110
Deferred income taxes on land revaluation	3,510	3,510
Accrued retirement benefits to employees	8,642	15,260
Accrued retirement benefits to directors and statutory auditors	2,348	—
Other long-term liabilities	653	3,102
Total long-term liabilities	22,916	34,425
Total liabilities	103,850	123,159
Net assets		
Shareholders' equity		
Common stock	25,122	25,122
Capital surplus	49,754	49,755
Retained earnings	225,269	235,052
Less: Treasury stock, at cost	(14,342)	(14,355)
Total shareholders' equity	285,803	295,575
Valuation and translation adjustments		
Net unrealized holding gain on securities	3,589	(477)
Land revaluation reserve	(7,532)	(7,532)
Translation adjustments	605	(7,935)
Total valuation and translation adjustments	(3,337)	(15,946)
Minority interests	6,377	5,940
Total net assets	288,844	285,569
Total liabilities and net assets	392,694	408,729

(2) Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Net sales	385,469	362,057
Cost of sales	195,664	202,304
Gross profit	189,805	159,752
Selling, general and administrative expenses	162,133	136,200
Operating income	27,671	23,552
Non-operating income		
Interest income	1,774	1,761
Divided income	1,729	2,903
Gain on sales of marketable securities	154	1,926
Equity in earnings of affiliates	1,201	765
Other non-operating income	990	823
Total non-operating income	5,850	8,181
Non-operating expenses		
Interest expenses	60	83
Foreign currency exchange loss	401	2,176
Loss on sales of securities	—	41
Other non-operating expenses	261	682
Total non-operating expenses	723	2,984
Ordinary income	32,798	28,748
Extraordinary gains		
Gain on sales of fixed assets	9	349
Gain on sales of investments in securities	2	137
Gains on liquidation of an affiliate	174	—
Other extraordinary gains	18	12
Total extraordinary gains	204	499
Extraordinary losses		
Loss on sales of fixed assets	10	554
Loss on disposal of fixed assets	578	315
Loss on impairment of fixed assets	2,370	124
Loss on devaluation of investments in securities	1,180	4,630
Loss on devaluation of investments in affiliates	9	—
Expenses for voluntary recall of products	627	—
Other extraordinary losses	536	251
Total extraordinary losses	5,314	5,876
Income before income taxes and minority interests	27,688	23,372
Current income taxes	11,026	9,223
Deferred income taxes	3,251	(1,837)
Total income taxes	14,278	7,385
Minority interests in earnings (loss) of consolidated subsidiaries	(181)	96
Net income	13,591	15,890

(3) Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Shareholder's equity		
Common stock		
Balance at the beginning of the year	25,122	25,122
Increase (decrease) during the year		
Total increase (decrease) during the year	—	—
Balance at the end of the year	<u>25,122</u>	<u>25,122</u>
Capital surplus		
Balance at the beginning of the year	49,754	49,754
Increase (decrease) during the year		
Disposal of treasury stock	0	0
Total increase (decrease) during the year	<u>0</u>	<u>0</u>
Balance at the end of the year	<u>49,754</u>	<u>49,755</u>
Retained earnings		
Balance at the beginning of the year	216,553	225,269
Increase (decrease) during the year		
Dividends from retained earnings	(4,890)	(6,112)
Net income	13,591	15,890
Other increase in retained earnings	15	5
Total increase (decrease) during the year	<u>8,716</u>	<u>9,783</u>
Balance at the end of the year	<u>225,269</u>	<u>235,052</u>
Treasury stock, at cost		
Balance at the beginning of the year	(14,318)	(14,342)
Increase (decrease) during the year		
Purchase of treasury stock	(25)	(15)
Disposal of treasury stock	1	3
Total increase (decrease) during the year	<u>(24)</u>	<u>(12)</u>
Balance at the end of the year	<u>(14,342)</u>	<u>(14,355)</u>
Total shareholders' equity		
Balance at the beginning of the year	277,111	285,803
Increase (decrease) during the year		
Dividends from surplus	(4,890)	(6,112)
Net income	13,591	15,890
Purchase of treasury stock	(25)	(15)
Disposal of treasury stock	2	4
Other increase in retained earnings	15	5
Total increase (decrease) during the year	<u>8,692</u>	<u>9,771</u>
Balance at the end of the year	<u>285,803</u>	<u>295,575</u>

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Valuation and translation adjustment		
Net unrealized holding gain on securities		
Balance at the beginning of the year	10,921	3,589
Increase (decrease) during the year		
Net increase (decrease) during the year except those included in shareholders' equity	(7,331)	(4,067)
Total increase (decrease) during the year	<u>(7,331)</u>	<u>(4,067)</u>
Balance at the end of the year	<u>3,589</u>	<u>(477)</u>
Land revaluation reserve		
Balance at the beginning of the year	(7,532)	(7,532)
Increase (decrease) during the year		
Net increase (decrease) during the year except those included in shareholders' equity	—	—
Total increase (decrease) during the year	<u>—</u>	<u>—</u>
Balance at the end of the year	<u>(7,532)</u>	<u>(7,532)</u>
Translation adjustments		
Balance at the beginning of the year	1,251	605
Increase (decrease) during the year		
Net increase (decrease) during the year except those included in shareholders' equity	(645)	(8,541)
Total increase (decrease) during the year	<u>(645)</u>	<u>(8,541)</u>
Balance at the end of the year	<u>605</u>	<u>(7,935)</u>
Total valuation and translation adjustments		
Balance at the beginning of the year	4,639	(3,337)
Increase (decrease) during the year		
Net increase (decrease) during the year except those included in shareholders' equity	(7,977)	(12,608)
Total increase (decrease) during the year	<u>(7,977)</u>	<u>(12,608)</u>
Balance at the end of the year	<u>(3,337)</u>	<u>(15,946)</u>
Minority interests		
Balance at the beginning of the year	6,724	6,377
Increase (decrease) during the year		
Net increase (decrease) during the year except those included in shareholders' equity	(347)	(437)
Total increase (decrease) during the year	<u>(347)</u>	<u>(437)</u>
Balance at the end of the year	<u>6,377</u>	<u>5,940</u>

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Total net assets		
Balance at the beginning of the year	288,476	288,844
Increase (decrease) during the year		
Dividends from retained earnings	(4,890)	(6,112)
Net income	13,591	15,890
Purchase of treasury stock	(25)	(15)
Disposal of treasury stock	2	4
Other increase in retained earnings	15	5
Net increase (decrease) during the year except those included in shareholders' equity	(8,324)	(13,046)
Total increase (decrease) during the year	367	(3,274)
Balance at the end of the year	288,844	285,569

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from operating activities		
Income before income taxes and minority interests	27,688	23,372
Depreciation and amortization	7,526	7,973
Loss on impairment of fixed assets	2,370	124
Increase (decrease) in allowance for doubtful receivables	301	(21)
Increase (decrease) in accrued retirement benefits to employees	(50)	6,555
Increase (decrease) in accrued retirement benefits to directors and statutory auditors	85	(6)
Interest and dividend income	(3,504)	(4,665)
Interest expenses	60	83
Foreign currency exchange loss	19	1,454
Equity in earnings of affiliates	(1,201)	(765)
Loss on disposal and sales of property, plant and equipment	580	519
(Gain) on sales of marketable securities and investments in securities and others	(156)	(2,022)
Loss on valuation of marketable securities and investments in securities and others	1,252	4,719
(Increase) decrease in trade notes and accounts receivable	11,679	(2,734)
(Increase) decrease in inventories	288	(1,065)
Increase (decrease) in trade notes and accounts payable	(5,179)	4,808
(Decrease) in accrued payables	(5,138)	(672)
Other, net	(2,114)	2,377
Subtotal	34,506	40,036
Interest and dividends received	3,541	3,570
Interest paid	(60)	(83)
Income taxes paid	(12,112)	(13,512)
Net cash provided by operating activities	25,875	30,010
Cash flows from investing activities		
Increase in time deposits	(2,065)	(807)
Proceeds from redemption of time deposits	1,056	3,000
Payment for purchases of marketable securities	(2,499)	(2,000)
Proceeds from sales and redemption of marketable securities	5,234	12,002
Payment for purchases of property, plant and equipment and others	(9,572)	(18,215)
Proceeds from sales property, plant and equipment and others	80	1,060
Payment for purchases of investments in securities	(34,584)	(60,377)
Proceeds from sales and redemption of investments in securities	25,478	35,838
Payment for purchases of additional shares of consolidated subsidiaries and others	—	(2,199)
Expenditure of loans receivable	(101)	(153)
Collection of loans receivable	373	21
Net cash used in investing activities	(16,600)	(31,829)

(Millions of Yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from financing activities		
Proceeds from short-term borrowings	303	—
Repayment of short-term borrowings	(1,761)	—
Net (decrease) in short-term borrowings	—	(466)
Proceeds from long-term borrowings	—	5,380
Repayment of long-term borrowings	(413)	(668)
Net (increase) of treasury stocks	(23)	(11)
Repayment for redemption of bonds	—	(40)
Cash dividends paid	(4,890)	(6,112)
Cash dividends paid to minority shareholders	(42)	(23)
Other, net	—	77
Net cash used in financing activities	(6,827)	(1,865)
Effect of exchange rate changes on cash and cash equivalents	(367)	(3,597)
Net increase (decrease) in cash and cash equivalents	2,079	(7,282)
Cash and cash equivalents at beginning of the period	76,694	78,774
Cash and cash equivalents at end of the period	78,774	71,491