Financial Data 2010

Sumikin Bussan Corporation

Contents

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2010 and 2009

ASSETS	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	¥ **11,215**	¥ 10,916	$ **120,540**
Receivables (Notes 12 and 13)			
Trade notes (Note 15)	**56,596**	31,433	**608,298**
Trade accounts (Notes 7 and 14)	**144,751**	186,192	**1,555,793**
Unconsolidated subsidiaries and associated companies	**6,901**	8,752	**74,172**
Other	**147**	39	**1,580**
Allowance for doubtful receivables	**(2,572)**	(2,581)	**(27,644)**
Inventories (Notes 4 and 7)	**41,182**	60,550	**442,627**
Advances to suppliers	**5,715**	10,537	**61,425**
Deferred tax assets (Note 10)	**2,020**	2,436	**21,711**
Prepaid expenses and other current assets	**1,679**	2,363	**18,046**
Total current assets	**267,634**	310,637	**2,876,548**
PROPERTY, PLANT AND EQUIPMENT (Notes 5 and 7):			
Land	**14,251**	14,456	**153,171**
Buildings and structures	**14,455**	14,266	**155,363**
Machinery and equipment	**13,129**	12,044	**141,111**
Furniture and fixtures	**5,331**	5,172	**57,298**
Leased assets (Note 11)	**59**	13	**634**
Construction in progress	**223**	144	**2,397**
Total	**47,448**	46,095	**509,974**
Accumulated depreciation	**(20,200)**	(18,678)	**(217,111)**
Net property, plant and equipment	**27,248**	27,417	**292,863**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3, 7 and 12)	**11,048**	10,886	**118,745**
Investments in unconsolidated subsidiaries and associated companies (Note 12)	**10,041**	9,224	**107,921**
Long-term loans	**538**	251	**5,782**
Goodwill (Note 6)	**839**	353	**9,018**
Deferred tax assets (Note 10)	**1,539**	1,269	**16,541**
Other assets	**8,493**	9,275	**91,283**
Allowance for doubtful receivables	**(3,325)**	(3,632)	**(35,737)**
Allowance for investment losses		(2)	
Total investments and other assets	**29,173**	27,624	**313,553**
TOTAL	¥ **324,055**	¥ 365,678	$ **3,482,964**

Consolidated Balance Sheets

March 31, 2010 and 2009

LIABILITIES AND EQUITY	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
CURRENT LIABILITIES:			
Short-term borrowings (Notes 7, 12 and 13)	¥ **61,938**	¥ 69,431	**$ 665,714**
Current portion of long-term debt (Notes 7, 11, 12 and 13)	**4,393**	4,118	**47,216**
Payables (Notes 12 and 13):			
Trade notes	**50,839**	59,669	**546,421**
Trade accounts (Note 14)	**118,050**	141,509	**1,268,809**
Unconsolidated subsidiaries and associated companies	**615**	826	**6,610**
Other	**668**	855	**7,180**
Advances from customers	**6,389**	9,846	**68,669**
Income taxes payable (Note 10)	**1,394**	2,730	**14,983**
Accrued expenses	**3,630**	4,034	**39,015**
Deferred tax liabilities (Note 10)	**2**	17	**22**
Other	**2,052**	1,995	**22,055**
Total current liabilities	**249,970**	295,030	**2,686,694**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7, 11, 12 and 13)	**14,520**	15,148	**156,062**
Liability for retirement benefits (Note 8)	**2,747**	2,745	**29,525**
Negative goodwill	**212**	316	**2,279**
Deferred tax liabilities (Note 10)	**617**	639	**6,631**
Other	**1,321**	1,370	**14,198**
Total long-term liabilities	**19,417**	20,218	**208,695**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11, 13 and 15)			
EQUITY (Notes 9 and 16):			
Common stock, authorized, 400,000,000 shares;			
Issued, 164,534,094 shares	**12,336**	12,336	**132,588**
Capital surplus	**7,085**	7,086	**76,150**
Retained earnings	**34,440**	30,605	**370,163**
Land revaluation surplus (Note 9)	**77**	76	**827**
Net unrealized gain on available-for-sale securities (Note 3)	**889**	592	**9,555**
Foreign currency translation adjustments	**(1,631)**	(1,991)	**(17,530)**
Deferred loss on derivatives under hedge accounting	**(122)**	(53)	**(1,311)**
Treasury stock, at cost, 554,915 shares in 2010 and 543,715 shares in 2009	**(185)**	(184)	**(1,988)**
Total	**52,889**	48,467	**568,454**
Minority interests	**1,779**	1,963	**19,121**
Total equity	**54,668**	50,430	**587,575**
TOTAL	¥ **324,055**	¥ 365,678	**$ 3,482,964**

See notes to consolidated financial statements.

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Income

Years Ended March 31, 2010, 2009 and 2008

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2010	2009	2008	**2010**
NET SALES (Note 14)	**¥ 757,185**	¥ 1,291,174	¥ 1,314,974	**$ 8,138,274**
COST OF SALES (Notes 8 and 14)	**701,871**	1,223,893	1,242,588	**7,543,756**
Gross profit	**55,314**	67,281	72,386	**594,518**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6, 8 and 11)	**46,517**	49,774	49,664	**499,967**
Operating income	**8,797**	17,507	22,722	**94,551**
OTHER INCOME (EXPENSES):				
Interest and dividend income	**633**	1,028	1,482	**6,803**
Interest expense	**(1,670)**	(3,006)	(4,055)	**(17,949)**
Gain (loss) on sales of securities-net (Note 3)	**644**	368	(240)	**6,922**
Gain on sales of property, plant and equipment	**100**		20	**1,075**
Loss on sales of property, plant and equipment		(48)		
Loss on devaluation of investment securities (Note 3)	**(366)**	(3,226)	(242)	**(3,934)**
Impairment losses of fixed assets (Note 5)	**(428)**	(226)	(56)	**(4,600)**
Amortization of negative goodwill	**106**	118	90	**1,139**
Other-net	**460**	(331)	(43)	**4,944**
Other expenses-net	**(521)**	(5,323)	(3,044)	**(5,600)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**8,276**	12,184	19,678	**88,951**
INCOME TAXES (Note 10):				
Current	**3,827**	6,861	8,057	**41,133**
Deferred	**20**	(1,014)	397	**215**
Total income taxes	**3,847**	5,847	8,454	**41,348**
MINORITY INTERESTS IN NET (LOSS) INCOME	**(162)**	70	293	**(1,741)**
NET INCOME	**¥ 4,591**	¥ 6,267	¥ 10,931	**$ 49,344**

PER SHARE OF COMMON STOCK (Note 2.p):	Yen			U.S. Dollars (Note 1)
Basic net income	**¥ 28.0**	¥ 38.2	¥ 66.6	**$ 0.30**
Cash dividends applicable to the year	**5.0**	8.0	11.0	**0.05**

See notes to consolidated financial statements.

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended March 31, 2010, 2009 and 2008

	Thousands	Millions of Yen		
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings
BALANCE, APRIL 1, 2007	164,087	¥ 12,336	¥ 7,088	¥ 17,500
Net income				10,931
Cash dividends				(1,805)
Effect of change in ownership ratio of an associated company				149
Effect of change in scope of an associated company				(168)
Purchase of treasury stock	(111)			
Disposal of treasury stock	33		3	
Net change in the year				
BALANCE, MARCH 31, 2008	164,009	12,336	7,091	26,607
Adjustment of retained earnings due to adoption of PITF No.18 (Note 2.b)				31
Net income				6,267
Cash dividends				(1,886)
Effect of change in ownership ratio of an associated company				(414)
Purchase of treasury stock	(67)			
Disposal of treasury stock	48		(5)	
Net change in the year				
BALANCE, MARCH 31, 2009	163,990	12,336	7,086	30,605
Net income				4,591
Cash dividends				(820)
Effect of change in ownership ratio of an associated company				(153)
Effect of change in scope of consolidated subsidiaries				218
Reversal of land revaluation surplus				(1)
Purchase of treasury stock	(22)			
Disposal of treasury stock	11		(1)	
Net change in the year				
BALANCE, MARCH 31, 2010	163,979	¥ 12,336	¥ 7,085	¥ 34,440

	Thousands of U.S. Dollars (Note 1)		
	Common Stock	Capital Surplus	Retained Earnings
BALANCE, MARCH 31, 2009	$ 132,588	$ 76,161	$ 328,945
Net income			49,344
Cash dividends			(8,813)
Effect of change in ownership ratio of an associated company			(1,645)
Effect of change in scope of consolidated subsidiaries			2,343
Reversal of land revaluation surplus			(11)
Purchase of treasury stock			
Disposal of treasury stock		(11)	
Net change in the year			
BALANCE, MARCH 31, 2010	$ 132,588	$ 76,150	$ 370,163

See notes to consolidated financial statements.

Millions of Yen

Land Revaluation Surplus	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Deferred Loss on Derivatives under Hedge Accounting	Treasury Stock	Total	Minority Interests	Total Equity
¥ 77	¥ 5,644	¥ 541	¥ 101	¥ (137)	¥ 43,150	¥ 1,600	¥ 44,750
					10,931		10,931
					(1,805)		(1,805)
					149		149
					(168)		(168)
				(54)	(54)		(54)
				11	14		14
	(3,518)	12	(926)		(4,432)	446	(3,986)
77	2,126	553	(825)	(180)	47,785	2,046	49,831
					31		31
					6,267		6,267
					(1,886)		(1,886)
					(414)		(414)
				(21)	(21)		(21)
				17	12		12
(1)	(1,534)	(2,544)	772		(3,307)	(83)	(3,390)
76	592	(1,991)	(53)	(184)	48,467	1,963	50,430
					4,591		4,591
					(820)		(820)
					(153)		(153)
					218		218
					(1)		(1)
				(4)	(4)		(4)
				3	2		2
1	297	360	(69)		589	(184)	405
¥ 77	¥ 889	¥ (1,631)	¥ (122)	¥ (185)	¥ 52,889	¥ 1,779	¥ 54,668

Thousands of U.S. Dollars (Note 1)

Land Revaluation Surplus	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Deferred Loss on Derivatives under Hedge Accounting	Treasury Stock	Total	Minority Interests	Total Equity
$ 816	$ 6,363	$ (21,399)	$ (570)	$ (1,978)	$ 520,926	$ 21,099	$ 542,025
					49,344		49,344
					(8,813)		(8,813)
					(1,645)		(1,645)
					2,343		2,343
					(11)		(11)
				(43)	(43)		(43)
				33	22		22
11	3,192	3,869	(741)		6,331	(1,978)	4,353
$ 827	$ 9,555	$ (17,530)	$ (1,311)	$ (1,988)	$ 568,454	$ 19,121	$ 587,575

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Years Ended March 31, 2010, 2009 and 2008

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2010	2009	2008	**2010**
OPERATING ACTIVITIES:				
Income before income taxes and minority interests	**¥ 8,276**	¥ 12,184	¥ 19,678	**$ 88,951**
Adjustments for:				
Income taxes-paid	**(4,909)**	(9,644)	(7,572)	**(52,762)**
Depreciation and amortization	**1,895**	1,776	1,775	**20,368**
Reversal of provision for doubtful receivables	**(338)**	(2,512)	(1,679)	**(3,633)**
Impairment losses on fixed assets	**428**	226	56	**4,600**
(Gain) loss on sales of securities-net	**(644)**	(368)	240	**(6,922)**
Loss on devaluation of investment securities	**366**	3,226	242	**3,934**
(Gain) loss on sales of property, plant and equipment-net	**(100)**	48	(20)	**(1,075)**
Changes in assets and liabilities:				
Decrease in receivables	**13,144**	38,903	10,737	**141,273**
Decrease (increase) in inventories	**20,044**	(7,059)	(3,855)	**215,434**
Decrease in payables	**(33,510)**	(38,724)	(10,353)	**(360,168)**
Increase (decrease) in liability for retirement benefits	**8**	(150)	(347)	**86**
Other-net	**6,936**	4,177	(1,186)	**74,549**
Total adjustments	**3,320**	(10,101)	(11,962)	**35,684**
Net cash provided by operating activities	**11,596**	2,083	7,716	**124,635**
INVESTING ACTIVITIES:				
Increase in time deposit	**60**	70	65	**645**
Purchases of property, plant and equipment	**(1,645)**	(2,922)	(2,961)	**(17,681)**
Proceeds from sales of property, plant and equipment	**295**	196	272	**3,171**
Purchases of intangible assets	**(14)**	(33)	(184)	**(150)**
Proceeds from sales of intangible assets	**0**	19	1	**0**
Purchases of investment securities	**(1,822)**	(1,142)	(7,771)	**(19,583)**
Proceeds from sales of investment securities	**1,717**	652	1,990	**18,454**
Purchases of the shares of companies previously unconsolidated	**(449)**	160	(774)	**(4,826)**
Sales of the shares of companies previously consolidated	**(43)**		558	**(462)**
(Increase) decrease in short-term loans receivable	**(18)**	63	75	**(193)**
Payments of long-term loans receivable	**(168)**	(112)	(694)	**(1,806)**
Proceeds from long-term loans receivable	**22**	181	86	**236**
Other-net	**164**	144	(435)	**1,763**
Net cash used in investing activities	**(1,901)**	(2,724)	(9,772)	**(20,432)**
FINANCING ACTIVITIES:				
(Decrease) increase in short-term borrowings-net	**(7,812)**	5,698	2,399	**(83,964)**
Proceeds from long-term debt	**3,562**	5,561	4,462	**38,285**
Repayments of long-term debt	**(4,424)**	(5,693)	(6,759)	**(47,550)**
Cash dividends paid	**(823)**	(1,885)	(1,800)	**(8,846)**
Dividends paid to minority shareholders	**(99)**	(72)	(72)	**(1,064)**
Proceeds from funds paid by minority shareholders	**5**		126	**54**
Other-net	**(11)**	(12)	(39)	**(118)**
Net cash (used in) provided by financing activities	**(9,602)**	3,597	(1,683)	**(103,203)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**50**	(470)	28	**537**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**143**	2,486	(3,711)	**1,537**
CASH AND CASH EQUIVALENTS OF NEWLY-CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	**156**			**1,677**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**10,916**	8,430	12,141	**117,326**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 11,215**	¥ 10,916	¥ 8,430	**$ 120,540**

See notes to consolidated financial statements.

1. 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.

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 2009 financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SUMIKIN BUSSAN CORPORATION (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 ¥93.04 to $1, the approximate rate of exchange at March 31, 2010. 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.

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 47 (46 in 2009 and 44 in 2008) significant subsidiaries (collectively, the “Group”).

The Company changed the scope of consolidated subsidiaries due to an increase in relative significance, hence the subsidiaries in the scope of consolidation increased by one. The effect on retained earnings of the change of this scope was stated as “Effect of change in scope of consolidated subsidiaries“ for the year ended March 31, 2010 in the consolidated statements of changes in equity, and was not restated retrospectively.

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 2 (2 in 2009 and 2008) unconsolidated subsidiaries and 9 (9 in 2009 and 2008) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the consolidation or 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.

The excess cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition, and the excess fair value of the net assets of the acquired subsidiary over the cost of an acquisition, is being amortized over a period of 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.

b. 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:

(1) Amortization of goodwill

(2) Scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity

(3) Expensing capitalized development costs of R&D

(4) Cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting

(5) Recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and

(6) Exclusion of minority interests from net income, if included.

PITF No.18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. The Company applied this accounting standard effective April 1, 2008. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. 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, and bond funds, all of which mature or become due within three months of the date of acquisition.

d. Allowance for Doubtful Receivables - The allowance for doubtful receivables is provided principally at an amount computed based on the actual ratio of bad debts in the past, plus the aggregate amount of estimated losses based on an analysis of certain individual receivables.

e. Inventories - Inventories are principally stated as follows:

Steel products are stated at cost determined by the moving-average method. Textiles are stated at cost determined by the first-in, first-out method or by the specific identification method. Food items are stated at cost determined by the specific identification method. Other inventories are stated at cost determined by the moving-average method or by the specific identification method.

In July , 2006, the ASBJ issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. Replacement cost may be used in place of the net selling value, if appropriate. The Group adopted the new accounting standard for measurement of inventories in the year ended March 31, 2008. The effect of adoption of this accounting standard was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥1,469 million .

f. Marketable and Investment Securities - Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains or losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and 29 (28 in 2009, 27 in 2008) consolidated subsidiaries is computed by the straight-line method based on the estimated useful lives of the assets. Depreciation of property, plant and equipment of 18 (18 in 2009, 17 in 2008) consolidated subsidiaries is computed principally by the declining-balance method at rates based on the estimated useful lives of the assets. On the basis of acquisition cost, 28.1% of building and structures, 17.7% of machinery and equipment, and 71.3% of furniture and fixtures are depreciated by the declining-balance method. The range of useful lives is principally from 2 to 50 years for buildings and structures, and from 2 to 15 years for machinery and equipment.

Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

h. Long-Lived Assets - The Group reviews its long-lived assets for impairment whether 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 as 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.

i. Goodwill and Negative Goodwill - Both goodwill and negative goodwill are amortized by on a straight-line basis over five years.

j. Retirement and Pension Plans - The Company and certain consolidated subsidiaries have non-contributory funded pension plans covering substantially all of their employees.

For the year ended 2008, retirement benefits to directors, executive officers and corporate auditors were provided at the amount that would be required if all directors, executive officers and corporate auditors retired at the balance sheet date in accordance with the Report of the Auditing and Assurance Practice Committee, “An Auditing Treatment for Retirement Benefits to Directors and Corporate Auditors”, which was published by the Japanese Institute of Certified Public Accountants on April 13, 2007, and which was effective for fiscal years beginning on or after April 1, 2007. The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥277 million , which included a cumulative effect of ¥206 million at March 31, 2007. This cumulative effect was included in selling, general and administrative expenses in the 2008 consolidated statement of income.

k. 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 was 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 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 which do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

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 operating lease transactions. There was no effect on operating income and income before income taxes from this change.
All other leases are accounted for as operating leases.

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

m. Foreign Currency Transactions - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

n. Foreign Currency Financial Statements - The balance sheet accounts of 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” in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

o. Derivatives and Hedging Activities - The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:
a) 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.
b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts are utilized to hedge foreign currency exposures for imports from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.
Interest rate swaps are utilized to hedge interest rate exposures of short-term borrowings and long-term debt. The 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 deferred gain (loss) under hedge accounting in a separate component of equity.

Short-term bank loans are used to fund the Group's ongoing operations, and long-term debt including bank loans are utilized to fund capital investment. Although a portion of such bank loans with floating rates are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest rate swaps.
Derivatives mainly include foreign currency forward contracts, currency swaps, currency options, borrowings in foreign currency, and interest rate swaps. Foreign currency forward contracts, currency swaps and currency options are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables, payables and investment for securities in foreign currencies including foreign subsidiaries. Interest rate swaps are used to manage exposure to market risks from changes in interest rates of bank loans.

p. Per Share Information - Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. The weighted-average number of shares of common stock used in the computation was 163,985 thousand shares for 2010, 163,996 thousand shares for 2009 and 164,038 thousand shares for 2008.

Diluted net income per share is not disclosed because no potentially dilutive securities have been issued.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

q. New Accounting Pronouncements

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 current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires accounting for such business combinations by the purchase method, and the pooling of interests method of accounting is no longer allowed.

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

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not greater than 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.

This standard will be 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.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method - The current accounting standard requires the unification of accounting policies within the consolidation group. However, the current guidance allows for the application of the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

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 generally accepted accounting principles in the United States of America 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 equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of 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 included.

This standard is applicable to the equity method of accounting for fiscal years beginning on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or after April 1, 2009.

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 will be 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.

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 will be 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.

Segment Information Disclosures - 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 guidance will be applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Non-current:			
Marketable equity securities	**¥ 6,009**	¥ 6,647	**$ 64,585**
Government and corporate bonds	**15**	15	**161**
Other	**5,024**	4,224	**53,999**
Total	**¥ 11,048**	¥ 10,886	**$ 118,745**

The costs and aggregate fair values of marketable and investment securities at March 31, 2010 and 2009 were as follows:

March 31, 2010	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 3,984**	**¥ 2,639**	**¥ 614**	**¥ 6,009**
Debt securities	**15**	**0**		**15**

March 31, 2009	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 5,044	¥ 2,392	¥ 789	¥ 6,647
Debt securities	15	0		15

March 31, 2010	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 42,820**	**$ 28,364**	**$ 6,599**	**$ 64,585**
Debt securities	**161**	**0**		**161**

Available-for-sale securities whose fair value is not readily determinable as of 2009 were as follows. The similar information for 2010 is disclosed in Note 12.

	Carrying amount
	Millions of Yen
	2009
Available-for-sale:	
Equity securities	¥ 4,224
Total	¥ 4,224

Proceeds from sales of available-for-sale securities for the year ended March 31, 2009 was ¥652 million. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥354 million and ¥30 million respectively, for the year ended March 31, 2009.

Information regarding the available-for-sale securities, which were sold during the year ended March 31, 2010 was as follows:

	Millions of Yen		
March 31, 2010	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Marketable equity securities	¥ 1,718	¥ 719	¥ 28
Other	25	9	
Total	¥ 1,743	¥ 728	¥ 28

	Thousands of U.S. Dollars		
March 31, 2010	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Marketable equity securities	$ 18,465	$ 7,728	$ 301
Other	269	97	
Total	$ 18,734	$ 7,825	$ 301

The impairment losses on available-for-sale marketable equity securities for the years ended March 31, 2010 and 2009 were ¥135 million ($1,451 thousand) and ¥370 million, respectively.
The impairment losses on other available-for-sale equity securities for the years ended March 31, 2010 and 2009 were ¥1 million ($11 thousand) and ¥12 million, respectively.

4. INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Merchandise and finished products	**¥ 35,576**	¥ 49,284	**$ 382,373**
Work in process	**782**	910	**8,405**
Raw materials and supplies	**4,824**	10,356	**51,849**
Total	**¥ 41,182**	¥ 60,550	**$ 442,627**

5. LONG-LIVED ASSETS

The Group recognized impairment losses of ¥428 million ($4,600 thousand) for stores and for-rent property for the year ended March 31, 2010, and ¥226 million for stores and other operating assets for the year ended March 31, 2009, respectively.

The Company and its consolidated subsidiaries classify fixed assets into groups, at the minimum cash-generating unit level, by the type of respective business. Certain consolidated subsidiaries classify groups by store. For idle assets, each property is considered to constitute a group.

Due to consecutive operating losses or a significant decrease in the market value of land, the book value of long-lived assets is reduced to the recoverable amounts and the amounts written down are recorded as impairment losses on fixed assets.

The recoverable amounts are calculated based on the higher of net sales value or use value.

In the case of use value, the relevant assets are evaluated based on expected future cash flows discounted at 4.83% for the year ended March 31, 2010, and approximately 6.29% for the year ended March 31, 2009.

In the case of net sales value, the relevant assets are evaluated based on publicly-assessed values.

6. GOODWILL

Goodwill as of March 31, 2010 and 2009, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Consolidation goodwill	**¥ 731**	¥ 148	**$ 7,857**
Acquisition goodwill	**108**	205	**1,161**
Total	**¥ 839**	¥ 353	**$ 9,018**

Amortization charged to selling, general and administrative expenses for the years ended March 31, 2010 and 2009, was ¥157 million ($1,687 thousand) and ¥200 million, respectively.

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Loans, primarily from banks with interest principally at 0.405% to 6.125% in 2010, 0.710% to 7.550% in 2009	**¥ 61,938**	¥ 69,431	**$ 665,714**

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Loans, primarily from banks and insurance companies with interest principally at 0.520% to 7.000% in 2010, 0.450% to 8.141% in 2009, due serially through 2025:			
Collateralized	**¥ 1,070**	¥ 956	**$ 11,500**
Unsecured	**17,791**	18,299	**191,219**
Obligations under finance leases	**52**	11	**559**
Total	**18,913**	19,266	**203,278**
Less current portion	**(4,393)**	(4,118)	**(47,216)**
Long-term debt, less current portion	**¥ 14,520**	¥ 15,148	**$ 156,062**

The annual maturities of long-term debt excluding finance leases as of March 31, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 4,381	$ 47,087
2012	3,693	39,692
2013	5,225	56,159
2014	3,681	39,564
2015	1,844	19,819
2016 and thereafter	37	398
Total	¥ 18,861	$ 202,719

The carrying amounts of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Investment securities	¥ 1,026	$ 11,028
Land	586	6,298
Machinery and equipment	551	5,922
Buildings and structures	357	3,837
Trade accounts	285	3,063
Inventories	156	1,677
Construction in progress	64	688

As is customary in Japan, the Company maintains deposit balances with banks with which it has bank loans. Such deposit balances are not legally or contractually restricted as to withdrawal.

In addition, the bank borrowings are subject to agreements under which collateral must be given if requested by the lending banks, and certain banks have the right to offset cash deposited with them against any bank loan or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the bank concerned. The Company has never received any such request.

8. RETIREMENT AND PENSION PLANS

The Company and certain of its consolidated subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payments from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, or by death.

The Company has a cash balance plan, which is a kind of defined benefit plan. As a part of lump-sum severance payment, the Company has a combined plan of a defined contribution plan and a prepaid retirement benefit plan, which can be selected by each employee.

The liability for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Projected benefit obligation	**¥ 9,588**	¥ 9,702	**$ 103,053**
Fair value of plan assets	**(6,025)**	(5,340)	**(64,757)**
Unrecognized actuarial difference	**(1,334)**	(2,227)	**(14,338)**
Unrecognized prior service cost	**199**	240	**2,139**
Prepaid pension expenses	**15**	3	**161**
Net liability	**¥ 2,443**	¥ 2,378	**$ 26,258**

The components of net periodic benefit costs for the years ended March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Service cost	**¥ 367**	¥ 409	**$ 3,945**
Interest cost	**166**	171	**1,784**
Expected return on plan assets	**(97)**	(127)	**(1,042)**
Recognized actuarial difference	**480**	210	**5,159**
Amortization of prior service cost	**(41)**	(35)	**(441)**
Others	**286**	270	**3,074**
Net periodic benefit costs	**¥ 1,161**	¥ 898	**$ 12,479**

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%
Recognition period of actuarial gain / loss	**9 years, generally**	10 years, generally
Amortization period of prior service cost	**9 years**	10 years

Prior to April 1, 2009, the Company's "actual difference" and "prior service cost" were amortized over ten years by the straight-line method.
Effective April 1, 2009, the Company changed the "recognition period of actuarial difference" and "amortization period of prior service cost" from ten to nine years, because the average of residual working terms was shortened.
The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2010, by ¥136 million ($ 1,462 thousand).

The liability for retirement benefits for directors and corporate auditors in certain consolidated subsidiaries is ¥304 million ($3,267 thousand) at March 31,2010.

9. 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) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet 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 / decrease 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.

Under the "Law of Land Revaluation", certain associated company accounted for by the equity method elected a one-time revaluation of their own-use land to a value based on real estate appraisal information as of June 30, 2000.

The resulting land revaluation surplus represents unrealized appreciation of land and the company's equity in unrealized appreciation is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess amount and deferred tax liabilities. The details of the one-time revaluation as of June 30, 2000 are as follows:

Land before revaluation —	¥ 1,097 million
Land after revaluation —	¥ 1,620 million
Deferred tax liabilities —	¥ 220 million
Land revaluation excess —	¥ 303 million

At March 31, 2010 and 2009, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥194 million ($2,085 thousand) and ¥209 million in the share ratio of the Company, respectively.

10. INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income which, in the aggregate, resulted in an effective normal statutory tax rate of 40.67% for the years ended March 31, 2010 and 2009. The consolidated foreign subsidiaries are subject to a number of different taxes based on income at tax rates specific to the rates of each country.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Deferred Tax Assets:			
Inventories	**¥ 1,640**	¥ 2,584	**$ 17,627**
Provision for doubtful receivables	**1,570**	234	**16,874**
Impairment losses on fixed assets	**446**	325	**4,794**
Excess depreciation	**398**	300	**4,278**
Loss on devaluation of stock and investments in affiliated companies	**1,300**	1,219	**13,972**
Accrued enterprise taxes	**118**	238	**1,268**
Accrued bonuses to employees	**514**	600	**5,525**
Pension and severance costs	**994**	965	**10,684**
Tax loss carryforwards	**1,170**	714	**12,575**
Other	**1,312**	1,724	**14,101**
Less valuation allowance	**(4,848)**	(4,406)	**(52,107)**
Total	**¥ 4,614**	¥ 4,497	**$ 49,591**
Deferred Tax Liabilities:			
Net unrealized gain on available-for-sale securities	**¥ 804**	¥ 595	**$ 8,641**
Other	**870**	853	**9,351**
Total	**¥ 1,674**	¥ 1,448	**$ 17,992**
Net deferred tax assets	**¥ 2,940**	¥ 3,049	**$ 31,599**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	**40.67%**	40.67%
Effect of taxation on dividends eliminated in consolidation	**9.77**	5.96
Non-taxable gain	**(6.74)**	(5.41)
Non-deductible expenses	**1.70**	1.60
Gain and loss on investments from equity method	**(1.81)**	
Elimination of loss on devaluation of investments in consolidated subsidiaries	**(2.68)**	
Foreign tax credit	**(2.40)**	(1.11)
Increase of valuation allowance	**8.91**	10.71
Elimination of allowance for doubtful accounts in consolidation subsidiary		(1.81)
Accumulated earnings in foreign affiliated company		(1.46)
Other-net	**(0.93)**	(1.16)
Actual effective tax rate	**46.49%**	47.99%

At March 31, 2010, certain subsidiaries have tax loss carryforwards aggregating approximately ¥3,803 million ($40,875 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	**¥ 37**	**$ 398**
2013	**95**	**1,021**
2014	**64**	**688**
2015	**143**	**1,537**
2016	**347**	**3,729**
2017 and thereafter	**3,117**	**33,502**
Total	**¥ 3,803**	**$ 40,875**

11. LEASES

The Group leases certain machinery and equipment. Total lease expense under finance leases was ¥ 311 million ($3,343 thousand) and ¥ 370 million for the years ended March 31, 2010 and 2009, respectively.

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No.13, "Accounting Standard for Lease Transactions", requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No.13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Company applied ASBJ Statement No.13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2010			2009			**2010**		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Buildings and structures	**¥ 7**	**¥ 5**	**¥ 2**	¥ 7	¥ 4	¥ 3	**$ 75**	**$ 54**	**$ 21**
Machinery and equipment	**606**	**416**	**190**	952	598	354	**6,514**	**4,471**	**2,043**
Furniture and fixtures	**353**	**256**	**97**	453	274	179	**3,794**	**2,751**	**1,043**
Other	**321**	**240**	**81**	387	236	151	**3,450**	**2,580**	**870**
Total	**¥ 1,287**	**¥ 917**	**¥ 370**	¥ 1,799	¥ 1,112	¥ 687	**$ 13,833**	**$ 9,856**	**$ 3,977**

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight-line method and was ¥311 million ($3,343 thousand) and ¥370 million for the years ended March 31, 2010 and 2009, respectively.

Obligations under finance leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥ 170**	¥ 295	**$ 1,827**
Due after one year	**200**	392	**2,150**
Total	**¥ 370**	¥ 687	**$ 3,977**

The amount of obligations under finance leases includes the imputed interest expense portion.

The minimum rental commitments under non-cancelable operating leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥ 31**	¥ 27	**$ 333**
Due after one year	**81**	103	**871**
Total	**¥ 112**	¥ 130	**$ 1,204**

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No.10, “Accounting Standard for Financial Instruments”, and issued ASBJ Guidance No.19, “Guidance on Accounting Standard for Financial Instruments and Related Disclosures”. This accounting standard and guidance are applicable to financial instruments and related disclosures at the end of fiscal years ending on or after March 31, 2010, with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Company applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Group utilizes indirect and direct financing such as bank loans and liquidation of receivables for working capital including inventory funds and funds of capital investments, positions to secure mobility, reduction of costs and stable procuration as the basic funding policy. In addition, the Group does not invest for speculation because it basically does not have cash surplus, and uses minimum necessary imprest funds as short-term deposits. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(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 securities of financial institutions or customers and suppliers of the Group, additionally exposed to the risk of market price fluctuations. Marketable and investment securities in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

Payment terms of payables, such as trade notes and trade accounts, are mostly less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of receivables, is hedged by using forward foreign currency contracts.

Short-term borrowings are used for the Group's ongoing operations, and long-term debt such as bank loans are utilized to fund capital investment. Although a portion of such bank loans with floating rates are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest rate swaps.

Derivatives include foreign currency forward contracts, currency swaps, currency options and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank loans. Please see Note 13 for more details of derivatives.

(3) Risk management for financial instruments

(i) 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 Company manages its credit risk on the basis of credit management guidelines, which include assessing customers quantitatively and qualitatively by the Credit Control Department to set credit limits. The credit limits are periodically reviewed. The consolidated subsidiaries manage credit risk under similar credit management guidelines.

With respect to derivative transactions, the Company manages its exposure to counterparty risk by limiting its transactions to high credit rating financial institutions.

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

The Company and certain consolidated subsidiaries manage the market risk of fluctuation in foreign currency exchange rates of foreign currency trade receivables and payables principally by using foreign currency contracts. In addition, foreign exchange risk is hedged by foreign currency forward contracts when foreign currency trade receivables and payables are expected from forecasted transactions.

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

Marketable and investment securities are managed by monitoring market values and the financial position of issuers periodically, and the Company continuously reviews the status of holding securities by considering the relationship to customers and suppliers of the Group. The loans in foreign currency are used to manage exposure to the market risk from fluctuation in foreign currency exchange rates of some investment securities in foreign currencies.

Derivative transactions are entered into by the Corporate Treasury Department under the limits of transactions which are approved in the board of directors meeting based on the internal guidelines which prescribe the limit for each transaction, and the balances of transactions with customers are verified by the Corporate Planning Department. In addition, the consolidated subsidiaries manage derivative transactions based on the Company's internal guidelines. The transaction data has been reported in the board of directors meeting on a regular basis.

(iii) Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by the Group's treasury management from Cash Management System (“CMS”), diversification of financing measures, loans from several financial institutions, and the adjustment for the length of financing from Asset Liability Management (“ALM”). In addition, the Corporate Treasury Department manages short-term liquidity daily by reviewing the funds, along with renewal of financial planning based on the reports from each section and the Group's subsidiary.

(4) Fair values of financial instruments

Carrying amounts, fair values and unrealized gain or loss of financial instruments as of March 31, 2010 are as follows: Financial instruments whose fair value cannot be reliably determined are not included in following information. Also please see Note 13 for the detail of fair value for derivatives.

(i) Fair values of financial instruments

	Millions of Yen		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Cash and cash equivalents	¥ 11,215	¥ 11,215	
Receivables	208,395		
Allowance for doubtful receivables	(2,572)		
Receivables-net	205,823	205,823	
Investment securities	6,024	6,024	
Investments in unconsolidated subsidiaries and associated companies	3,623	6,504	¥ 2,881
Total	¥ 226,685	¥ 229,566	¥ 2,881
Short-term borrowings	¥ 61,938	¥ 61,938	
Current portion of long-term debt	4,393	4,393	
Payables	170,172	170,172	
Long term debt	14,520	14,599	¥ 79
Total	¥ 251,023	¥ 251,102	¥ 79

March 31, 2010	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gains (Losses)
Cash and cash equivalents	$ 120,540	$ 120,540	
Receivables	2,239,843		
Allowance for doubtful receivables	(27,644)		
Receivables-net	2,212,199	2,212,199	
Investment securities	64,746	64,746	
Investments in unconsolidated subsidiaries and associated companies	38,940	69,905	$ 30,965
Total	$ 2,436,425	$ 2,467,390	$ 30,965
Short-term borrowings	$ 665,714	$ 665,714	
Current portion of long-term debt	47,216	47,216	
Payables	1,829,020	1,829,020	
Long term debt	156,062	156,911	$ 849
Total	$ 2,698,012	$ 2,698,861	$ 849

Assets

(1) Cash and cash equivalents

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

(2) Receivables

The fair values of receivables are measured at the carrying values because the collection term is short and deemed to be equal. The allowance for doubtful receivables is computed based on the actual ratio of bad debt in the past, plus the aggregate amount of estimated losses based on the analysis of certain individual receivables with recoverable collateral and guarantees. Therefore, the fair values are measured at the quoted price because the fair values are approximately equal to the values, which are deducted the current estimated bad debts from balance sheet accounts. In addition, some portion of receivables denominated in foreign currencies and hedged by foreign currency forward contracts is translated at the applicable contract rate.

(3) 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 of the fair value for the marketable and investment securities by classification is included in Note 3.

Liabilities

(1) Payables, Short-term borrowings

The carrying values of payables and short-term borrowings approximate fair value because such balances are settled in the short term. In addition, some portion of payables denominated in foreign currencies and hedged by foreign currency forward contracts is translated at the applicable contract rate.

(2) Long- term debt

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

Derivatives

The information of the fair value for derivatives is included in Note 13.

(ii) Financial instruments whose fair value cannot be reliably determined

March 31, 2010	Carrying Amount Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥ 5,024	$ 53,999
Investments in unconsolidated subsidiaries and associated companies that do not have a quoted market price in an active market	6,418	68,981

(5) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2010	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 11,215			
Receivables	208,395			
Investment securities:				
Available-for-sale securities with contractual maturities		¥ 15		
Total	¥ 219,610	¥ 15		

	Thousands of U.S. Dollars			
March 31, 2010	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 120,540			
Receivables	2,239,843			
Investment securities:				
Available-for-sale securities with contractual maturities		$ 161		
Total	$2,360,383	$ 161		

Please see Note 7 for annual maturities of long-term debt and Note 11 for obligations under finance leases, respectively.

13. DERIVATIVES

The Group enters into foreign currency forward contracts in the normal course of business to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group enters into interest rate swap agreements as a means of managing its interest rate exposures on certain liabilities. Interest rate swaps effectively convert some floating rate debt to a fixed basis, or convert some fixed rate debt to a floating basis.

It is the Group's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest or 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. Since most of the Group's derivative transactions are related to qualified hedges of underlying business exposures, market gain or loss risk in derivative instruments is basically offset by opposite movements in the value of the hedged assets or liabilities. Also, because the counterparties to those derivatives are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal guidelines, which regulate the authorization and credit limit amount. The basic guidelines for the use of derivatives are approved by the Board of Directors and the execution and control of derivatives are made by the Finance Department and monitored by the Corporate Planning Section. Each derivative transaction is periodically reported to management, where evaluation and analysis of such derivatives are made.

Information regarding derivative contracts or notional amounts, market value and related unrealized gains or losses as of March 31, 2009 are not stated because the Group utilizes hedge accounting for all its derivative transactions.

As noted in Note 12, the Group applied ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and ASBJ Guidance No.19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The accounting standard and guidance are applicable to financial instruments and related disclosures at the end of fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010. Please see Note 12 for details of qualitative information.

Derivative transactions to which hedge accounting is not applied at March 31, 2010

	Millions of Yen			
March 31, 2010	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
Foreign currency forward contracts:				
Selling:				
USD	¥ 107		¥ 3	¥ 3
JPY	6		0	0
Buying:				
USD	1,243		(26)	(26)
JPY	91		(2)	(2)
Currency swaps:	400	¥ 400	(39)	(39)
Total	¥ 1,847	¥ 400	¥ (64)	¥ (64)
Interest rate swaps: (fixed rate payment, floating rate receipt)	¥ 414	¥ 414	¥ (5)	¥ (5)

	Thousands of U.S. Dollars			
March 31, 2010	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
Foreign currency forward contracts:				
Selling:				
USD	$ 1,150		$ 32	$ 32
JPY	65		0	0
Buying:				
USD	13,360		(279)	(279)
JPY	978		(22)	(22)
Currency swaps:	4,299	$ 4,299	(419)	(419)
Total	$ 19,852	$ 4,299	$ (688)	$ (688)
Interest rate swaps: (fixed rate payment, floating rate receipt)	$ 4,450	$ 4,450	$ (54)	$ (54)

Derivative transactions to which hedge accounting is applied at March 31, 2010

March 31, 2010	Hedged item	Millions of Yen Contract Amount	 Contract Amount Due after One Year	 Fair Value
Foreign currency forward contracts:				
Selling:	Receivables			
USD		¥ 1,747		¥ (20)
EUR		290		22
JPY		176		(7)
THB		85		(2)
Buying:	Payables			
USD		62,639	¥ 18,846	403
EUR		496	30	27
AUD		51		4
GBP		5		0
JPY		0		0
Currency options:	Payables			
USD		142		17
AUD		12		3
Total		¥ 65,643	¥ 18,876	¥ 447
Interest rate swaps: (fixed rate payment, floating rate receipt)	Short-term borrowings & Long-term debt	¥ 21,966	¥ 11,184	¥ (653)

March 31, 2010	Hedged item	Thousands of U.S. Dollars Contract Amount	 Contract Amount Due after One Year	 Fair Value
Foreign currency forward contracts:				
Selling:	Receivables			
USD		$ 18,777		$ (215)
EUR		3,117		236
JPY		1,892		(75)
THB		913		(21)
Buying:	Payables			
USD		673,248	$ 202,558	4,331
EUR		5,331	322	290
AUD		548		43
GBP		54		0
JPY		0		0
Currency options:	Payables			
USD		1,526		183
AUD		129		32
Total		$ 705,535	$ 202,880	$ 4,804
Interest rate swaps: (fixed rate payment, floating rate receipt)	Short-term borrowings & Long-term debt	$ 236,092	$ 120,206	$ (7,018)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract or notional amounts of derivatives which are shown in the table above do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

14. RELATED PARTY DISCLOSURES

At March 31, 2010, 38.50% of the Company's issued shares were owned by Sumitomo Metal Industries, Ltd. (“SMI”), which is principally engaged in manufacturing various kinds of steel products.

As a trading company, the Company purchases products from SMI and sells them to customers. The Company also sells certain materials to SMI.

Related party transactions with SMI as of and for the years ended March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Sales	**¥ 4,874**	¥ 264,198	**$ 52,386**
Purchases	**124,127**	183,024	**1,334,125**

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Trade receivables	**¥ 1,574**	¥ 18,219	**$ 16,917**
Trade payables	**29,893**	30,712	**321,292**

15. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	**¥ 4,076**	**$ 43,809**
Trade notes endorsed	**26**	**280**
Guarantees for loans	**1,337**	**14,370**
Total	**¥ 5,439**	**$ 58,459**

16. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2010 were approved at the Company's shareholders' meeting held on June 24, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥2.5 ($0.027) per share	**¥ 410**	**$ 4,407**

17. SEGMENT INFORMATION

Operational information by industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2010 and 2009 is as follows:

(i) Industry Segments

Effective April 1, 2009, the Group changed its industry segmentation

from: Steel, Raw Materials and Semi-finished Steel Products, Machinery and Metals, Textiles, Foodstuffs and Others

to: Steel, Machinery and Metals, Textiles, Foodstuffs and Others,

because the Company reclassified “Raw Materials and Semi-finished Steel Products” into “Steel” industry segment due to the decline in the sales volume and amounts in the “Raw Materials and Semi-finished Steel Products” segment.

Prior to April 1, 2009, the Company classified such information in consideration of similarities of product type.

Under the new industry segmentation, the Company classified such information based on the types of products by market and sales method, to appropriately present the business segments in line with the Company's operations and systems. The segment information for the year ended March 31, 2009 were prepared using both old and new segmentation.

	Millions of Yen						
	2010						
	Steel	Machinery and Metals	Textiles	Foodstuffs	Others	Eliminations or Unallocated	Consolidated
Sales to customers	¥ 394,251	¥ 110,304	¥ 144,116	¥ 107,313	¥ 1,201		¥ 757,185
Intersegment sales	976	2,129			2,903	¥ (6,008)	
Total sales	395,227	112,433	144,116	107,313	4,104	(6,008)	757,185
Operating expenses	391,325	112,054	142,270	105,054	3,688	(6,003)	748,388
Operating income	¥ 3,902	¥ 379	¥ 1,846	¥ 2,259	¥ 416	¥ (5)	¥ 8,797
Assets	¥ 155,326	¥ 58,684	¥ 62,687	¥ 27,960	¥ 14,003	¥ 5,395	¥ 324,055
Depreciation	1,149	249	224	255	175		2,052
Impairment losses on fixed assets	16	116		135	161		428
Capital expenditures	857	81	108	396	148		1,590

	Thousands of U.S. Dollars						
	2010						
	Steel	Machinery and Metals	Textiles	Foodstuffs	Others	Eliminations or Unallocated	Consolidated
Sales to customers	$ 4,237,435	$ 1,185,555	$ 1,548,968	$ 1,153,407	$ 12,909		$ 8,138,274
Intersegment sales	10,490	22,883			31,201	$ (64,574)	
Total sales	4,247,925	1,208,438	1,548,968	1,153,407	44,110	(64,574)	8,138,274
Operating expenses	4,205,986	1,204,364	1,529,127	1,129,127	39,639	(64,520)	8,043,723
Operating income	$ 41,939	$ 4,074	$ 19,841	$ 24,280	$ 4,471	$ (54)	$ 94,551
Assets	$ 1,669,454	$ 630,739	$ 673,764	$ 300,516	$ 150,505	$ 57,986	$ 3,482,964
Depreciation	12,349	2,676	2,408	2,741	1,881		22,055
Impairment losses on fixed assets	172	1,247		1,451	1,730		4,600
Capital expenditures	9,211	870	1,161	4,256	1,591		17,089

	Millions of Yen							
	2009							
	Steel	Raw Materials and Semi-finished Steel Products	Machinery and Metals	Textiles	Foodstuffs	Others	Eliminations or Unallocated	Consolidated
Sales to customers	¥ 495,374	¥ 316,555	¥ 165,632	¥ 167,838	¥ 144,295	¥ 1,480		¥ 1,291,174
Intersegment sales	1,170	54	1,621	0		2,967	¥ (5,812)	
Total sales	496,544	316,609	167,253	167,838	144,295	4,447	(5,812)	1,291,174
Operating expenses	488,010	315,902	164,930	162,655	143,870	4,110	(5,810)	1,273,667
Operating income	¥ 8,534	¥ 707	¥ 2,323	¥ 5,183	¥ 425	¥ 337	¥ (2)	¥ 17,507
Assets	¥ 154,312	¥ 24,790	¥ 65,914	¥ 63,503	¥ 37,192	¥ 14,725	¥ 5,242	¥ 365,678
Depreciation	1,101	3	235	233	234	170		1,976
Impairment losses on fixed assets				37	189			226
Capital expenditures	1,669	9	299	356	448	316		3,097

If the segment information for the year ended March 31, 2009 were prepared using the new segmentation, such information would be as follows:

	Millions of Yen						
	2009						
	Steel	Machinery and Metals	Textiles	Foodstuffs	Others	Eliminations or Unallocated	Consolidated
Sales to customers	¥ 811,929	¥ 165,632	¥ 167,838	¥ 144,295	¥ 1,480		¥1,291,174
Intersegment sales	1,224	1,621	0		2,967	¥ (5,812)	
Total sales	813,153	167,253	167,838	144,295	4,447	(5,812)	1,291,174
Operating expenses	803,912	164,930	162,655	143,870	4,110	(5,810)	1,273,667
Operating income	¥ 9,241	¥ 2,323	¥ 5,183	¥ 425	¥ 337	¥ (2)	¥ 17,507
Assets	¥ 179,102	¥ 65,914	¥ 63,503	¥ 37,192	¥ 14,725	¥ 5,242	¥ 365,678
Depreciation	1,104	235	233	234	170		1,976
Impairment losses on fixed assets			37	189			226
Capital expenditures	1,678	299	356	448	316		3,097

Notes: (a) ・The steel segment consists of various steel products, construction materials, and raw materials.
・The machinery and metals segment consists of nonferrous metals, machinery metals and raw metals.
・The textiles segment consists of yarns and fabrics, clothing, bedding, interior items, uniforms and undergarments.
・The foodstuffs segment consists of beef, pork, mutton, chicken, and marine products.
・The others segment consists of real estate and other transactions.

(b) For the years ended March 31, 2010 and 2009, eliminations or unallocated assets include ¥6,662 million ($71,604 thousand) and ¥6,437 million, respectively, of unallocable assets, which mainly consist of cash and cash equivalents of the Company.

(c) Amortization of goodwill is included in depreciation.

(d) As noted in Note 8, effective April 1, 2009, the Company changed “recognition period of actuarial difference” and “amortization period of prior service cost” from 10 to 9 years.
As a result, operating expenses in the Steel business increased by ¥46 million ($494 thousand), Machinery and Metals business increased by ¥14 million ($150 thousand), Textiles business increased by ¥60 million ($645 thousand) and Foodstuffs business increased by ¥17 million ($183 thousand), and operating income decreased by the same amounts in the year ended March 31, 2010.

(ii) Geographical segments

Geographical segment information is not disclosed because the Group’s overseas operations are immaterial.

(iii) Sales to Foreign Customers

Information about sales to foreign customers is not disclosed because they are immaterial compared with consolidated net sales.

Deloitte.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
SUMIKIN BUSSAN CORPORATION:

We have audited the accompanying consolidated balance sheets of SUMIKIN BUSSAN CORPORATION (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2010, 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 SUMIKIN BUSSAN CORPORATION and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2010, 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. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 24, 2010

Corporate Data

(As of March 31, 2010)

Date of Establishment

April 12, 1941

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Number of Employees

896

Number of Subsidiaries and Associated Companies

69 and 23

Sumikin Bussan Corporation