

Corporate Name: Nifco Inc. (URL: <http://www.nifco.com>)

May 10, 2011

Stock Exchange: TSE 1<sup>st</sup> section; Code Number: 7988

President & COO: Masaru Onodera

Inquiries to: Junji Honda, Executive Officer & General Manager, Accounting Dept. (+81-3-5476-4850)

Ordinary general meeting of shareholders to be held on: June 28, 2011

Dividend disbursement to be started on: June 29, 2011

Yuka Shoken Hokokusho to be submitted on: June 28, 2011

Preparation of supplementary reference materials for financial results: Yes

Holding financial results briefing: Yes

## Summary of Consolidated Financial Results for Fiscal Year Ended March 31, 2011

(These figures are rounded to the nearest million yen.)

### 1. Consolidated Financial Results for FY2010 (April 1, 2010 to March 31, 2011)

(1) Consolidated financial results (The percentages denote year-on-year change.)

	Net sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
FY2010	120,574	12.2	13,106	53.2	12,541	54.5
FY2009	107,505	-12.3	8,553	18.2	8,118	17.5

Note: Comprehensive income: 4,474 million yen in FY2010 (-32.3%); 6,605 million yen (-%) in FY2009

	Net income		Net income per share		Diluted net income per share	
	Million yen	%	Yen		Yen	
FY2010	7,531	68.6	141.05		141.02	
FY2009	4,468	13.6	83.83		-	

	Return on equity (ROE)		Recurring profit/ Total assets		Operating profit/ Net sales	
	%		%		%	
FY2010	9.7		10.0		10.9	
FY2009	6.0		6.9		8.0	

Reference: Investment profit (loss) on equity method: -0 million yen in FY2010; -146 million yen in FY2009

### (2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
FY2010	127,925		81,439		61.6		1,473.85	
FY2009	122,670		79,067		62.5		1,438.56	

Reference: Equity capital: 78,755 million yen in FY2010; 76,678 million yen in FY2009

### (3) Consolidated cash flows

(Unit: Millions of yen)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of the period
FY2010	14,671	-8,995	776	39,002
FY2009	13,814	-8,702	-3	34,108

## 2. Dividends

	Dividend per share					Total amount of dividends (annual)	Payout ratio (consolidated basis)	Ratio of dividends to net assets (consolidated basis)
	At end of first quarter	At end of second quarter	At end of third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen			
FY2009	-	10.00	-	20.00	30.00	1,599	35.8	2.1
FY2010	-	20.00	-	25.00	45.00	2,404	31.9	3.1
FY2011(forecast)	-	-	-	-	-	-	-	-

Note: The Company has set the end of period as the record date in its Articles of Incorporation. Currently, however, the dividend forecast remains undetermined as of the said record date.

### 3. Forecasts for FY2011 (April 1, 2011 to March 31, 2012)

There are many uncertainties about the future due to the impact of the Great East Japan Earthquake that occurred on March 11, 2011, and it is difficult to make a rational estimate of the earnings outlook for FY2011. Therefore, we will disclose the earnings outlook for FY2011 as soon as the circumstances allow us to do so.

#### 4. Others

- (1) Changes in principal subsidiaries during the fiscal year (changes in specific subsidiaries which involve changes in the scope of consolidation): None
- (2) Changes in the principles, procedures and the methods of presentation of accounting, etc.
  - 1) Changes following the revision of accounting standards, etc.: Yes
  - 2) Changes other than 1): No
- (3) Number of shares outstanding (common stocks)
  - 1) Number of shares outstanding at end of the period (including treasury stocks):
 

53,754,477 in FY 2010;	53,754,477 in FY 2009
------------------------	-----------------------
  - 2) Number of treasury stocks at end of the period:
 

319,126 in FY 2010;	452,137 in FY 2009
---------------------	--------------------
  - 3) Average number of shares outstanding:
 

53,397,118 in FY 2010;	53,303,508 in FY 2009
------------------------	-----------------------

#### Reference: Summary of Non-consolidated Financial Results

##### 1. Non-consolidated Financial Results for FY2010 (April 1, 2010 to March 31, 2011)

##### (1) Non-consolidated financial results (The percentages denote year-on-year change.)

	Net sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
FY2010	58,387	4.8	4,241	11.8	5,670	9.3
FY2009	55,732	-5.2	3,795	96.9	5,186	53.2

	Net income		Net income per share		Diluted net income per share	
	Million yen	%	Yen		Yen	
FY2010	3,078	365.7	57.64		57.63	
FY2009	660	-67.2	12.40		-	

##### (2) Non-consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
FY2010	105,505		69,007		65.4		1,291.33	
FY2009	102,409		67,962		66.4		1,274.94	

Reference: Equity capital: 69,007 million yen in FY2010; 67,962 million yen in FY2009

##### \* Presentation relating to the implementation of audit procedures:

Audit procedures on financial statements are being performed based on the Financial Instruments and Exchange Act as of the disclosure of the financial results for the fiscal year under review.

##### \* Proper use of forecasts and other special instructions:

Forward-looking statements or projections included in this document, including earnings projections, are based on currently available information and certain premises that are judged to be rational at the time of writing. Actual results may differ greatly from the forecast figures depending on various factors. For notes in using earnings projections and assumptions for premises thereof and specific revisions of earnings projections regarding note 1 listed above, refer to Attachment on page 4 "1. Business Results, (1) Analysis of Business Results"

## Contents of Attachment

<b>1. Business Results</b>	4
(1) Analysis of Business Results	4
(2) Analysis of Financial Status	6
(3) Basic Policies for Profit Sharing and Dividends for this Term and the Following Terms	7
(4) Business Risks	7
<b>2. Relations among Group Companies</b>	9
<b>3. Management Policies</b>	10
(1) Basic corporate management policies	10
(2) Targeted management indices	10
(3) Medium- and long-term management strategy of the Company	10
(4) Tasks the Company faces	10
<b>4. Consolidated Financial Statements</b>	11
(1) Consolidated Balance Sheets	11
(2) Consolidated Statements of Income and Accumulated Other Comprehensive Income	14
(3) Consolidated Statement of Changes in Net Assets	16
(4) Consolidated Statement of Cash Flows	19
(5) Going concern issues	21
(6) Significant Accounting Policies for Preparing Consolidated Financial Statements	21
(7) Changes in Significant Accounting Policies for Preparing Consolidated Financial Statements	25
(8) Changes to the Method of Presentation	26
(9) Notes in Relation to the Consolidated Financial Statements	27
- Notes in Relation to the Consolidated Balance Sheets	27
- Notes in Relation to the Consolidated Statements of Income	28
- Notes in Relation to the Consolidated Statement of Changes in Net Assets	29
- Notes in Relation to the Consolidated Statements of Cash Flows	31
- Effective Rates of Income Tax	32
- Segment Information	33
- Per Share Information	37
- Important Subsequent Events	37
<b>5. Non-consolidated Financial Statements</b>	38
(1) Non-consolidated Balance Sheets	38
(2) Non-consolidated Statements of Income	41
(3) Statement of Changes in Net Assets	43
(4) Going concern issues	46
(5) Changes in Significant Accounting Policies for Preparing Non-consolidated Financial Statements	46
(6) Changes to the Method of Presentation	46
(7) Notes in Relation to Non-consolidated Financial Statements	47
- Non-consolidated Balance Sheets	47
- Notes in Relation to Non-consolidated Statements of Income	48
- Notes in Relation to the Non-consolidated Statement of Changes in Net Assets	49
- Per Share Information	50
- Important Subsequent Events	50

## 1. Business Results

### (1) Analysis of Business Results

During the fiscal year under review, economic conditions in many countries finally started to show signs of picking up due to the economic stimulus measures implemented by their respective governments. The economic environment in Asian countries, notably in South Korea, Thailand and China, was on a remarkable recovery trend. On the other hand, the Japanese economy was significantly affected by the Great East Japan Earthquake, and business activities stagnated after March.

Under these circumstances, our operating performance was affected in Japan by the cut-back on production by automobile manufacturers against the backdrop of factors such as the decline in automobile sales in reaction to the termination of subsidies for purchasing eco-friendly vehicles after September and the appreciation of the yen. In addition, we were not immune to the impact of halted or adjusted production caused by the massive earthquake. Overseas, our operating performance grew steadily mainly in Asia centering on South Korea, Thailand and China, and earnings improved substantially in the U.S.

As a result, the consolidated net sales of the Group during the fiscal year under review increased by 12.2% y-o-y to 120,574 million yen. On the profit front, consolidated operating profit for the period under review soared 53.2% y-o-y to 13,106 million yen, due to the increased profit in step with the increased sales and attempts to reduce costs. Recurring profit also jumped 54.5% to 12,541 million yen, and net income advanced 68.6% y-o-y to 7,531 million yen.

Business results by main business segment are as follows.

#### (i) Industrial Plastic Parts and Components Business

[For domestic automobile industry]

In the first half of the fiscal year, automobile production substantially exceeded the result in the previous year thanks in part to the effect of tax cuts and subsidies for purchasing eco-friendly vehicles, and sales of the Group took an upturn. In the latter half of the fiscal year, automobile sales for the domestic market decreased due to factors such as the termination of the subsidies for the purchase of eco-friendly vehicles although exports of automobiles remained strong. In addition, capacity utilization at our customers' manufacturing facilities dropped due to the impact of the Great East Japan Earthquake which occurred on March 11, 2011, and sales immediately before the fiscal year-end declined substantially. However, both sales and profits of the Group exceeded the results in the previous fiscal year on a full-year basis.

Although the damage to our production facilities caused by the earthquake was negligible, we are making preparations for switching to alternative materials because the supply of some of the resin materials is expected to slow down as manufacturers of those materials were hit by the disaster. In addition, the operation schedules of automobile manufacturers have become uncertain due to disruptions to supply chains and the electricity shortage caused by the earthquake, but we will make Company-wide efforts to fulfill supply responsibilities for the production activities of customers.

[For overseas automobile industry]

Both sales and income of Nifco's overseas consolidated subsidiaries surged from the previous fiscal year as the economy's recovery from the recession has become more distinct. Therefore, the Nifco Group resumed construction of a plant of an overseas subsidiary, which had been postponed, and capital expenditure on injection molding machines and such like, and we completed constructing three new plants of the existing subsidiaries in the previous fiscal year. In addition, the Group is pursuing business expansion in the emerging markets. For instance, we newly established a total of three operation bases (two manufacturing companies and one management company) in China to respond to the rapidly growing market, and we constructed two new operation bases in the Indian market.

[For other industries]

In the housing equipment market, sales of "finetech" motion parts, aimed at enhancing a sense of high quality as well as safety and comfort, are increasing steadily. In particular, Nifco's parts for doors, kitchens and other storage containers are available in a wider range of variations and are highly rated not only in the Japanese market but also in overseas markets.

Nifco's Idea House, which opened two years ago, has been very favorably accepted and visited by many people from industrial circles such as people from the automobile and home electronics fields, not to mention those from the housing equipment industry. This year, we will continue to actively develop proposal activities by building an annex to this house where we will show improved items and make a display comparing our products with those produced by our competitors.

In the electronics-related market, Nifco is very trusted by customers to produce and provide high-performance parts including fasteners, dampers, clutches and hinges, and it has also built a structure of local development, production and local procurement mainly in Asia, in response to its customers' shift towards globalization.

Further, Nifco's buckle business is growing steadily to build a global brand as its efforts for promoting closer tie-ups with its overseas subsidiaries, improving awareness by actively giving demonstrations at overseas

exhibitions and expanding business have proved successful.

As a result of the foregoing, sales and operating profit from the industrial plastic parts and components business amounted to 104,274 million yen (up 16.5% y-o-y) and 15,484 million yen (up 42.7% y-o-y), respectively.

**(ii) Bedding and Furniture Business**

Nifco's subsidiary, Simmons Co., Ltd., and Asian subsidiaries of Simmons manufacture and sell high-quality beds in Japan and other parts of Asia. The Group's business strategy of pursuing high-quality beds has worked well, and its sales grew 4.3% y-o-y to 14,105 million yen. On the profit front, operating profit surged by 51.7% y-o-y to 1,533 million yen.

Fortunately, the Group did not suffer any damage from the Great East Japan Earthquake in this business.

**(iii) Other Businesses**

Nifco's other business activities center on the newspapers and publishing business, which are operated by its subsidiary, the Japan Times Ltd. The newspapers and publishing business is in a difficult environment due to the diversification of media and a fall in advertising income. In addition, the business of electronics parts has been excluded from the scope of consolidation since November 2009. As a result, sales and operating loss of other businesses were 2,193 million yen (down 50.9% y-o-y) and 395 million yen, respectively. Therefore, Nifco continues to make thorough efforts to reduce costs.

[Earnings outlook for FY2011]

In terms of the outlook for the operating performance, while Nifco expects demand to remain robust in the industrial plastic parts and components business, which is the mainstay business of the Company, it is difficult to make a rational estimate about the future at this time, due to the issues of the supply chain disruptions and electricity shortage caused by the Great East Japan Earthquake.

Under these circumstances, the Nifco Group will not make a projection of the earnings for the next fiscal year at this time. However, it will be announced as soon as the situation allows.

\*Cautions to be taken when utilizing earnings projections

Forward-looking statements or projections are based on the judgment of the management of the Company based on currently available information, and include latent risks and uncertainties. Please note that actual results may differ greatly from the forecast figures depending on various factors.

## (2) Analysis of Financial Status

(Unit: Millions of yen)

	FY2010	FY2009	Change
Total assets	127,925	122,670	5,254
Shareholders' equity	78,755	76,678	2,077
Shareholders' equity ratio (%)	61.6	62.5	-0.9p

(Unit: Millions of yen)

	FY2010	FY2009	Change
Cash flow from operating activities	14,671	13,814	856
Cash flow from investing activities	(8,995)	(8,702)	-293
Cash flow from financing activities	776	(3)	780
Translation gains and losses	(1,558)	288	-1,847
Increase/decrease in cash and cash equivalents	4,893	5,397	-503
Balance of cash and cash equivalents at the beginning of term	34,108	28,711	5,397
Balance of cash and cash equivalents at the end of term	39,002	34,108	4,893

Balance of borrowings and bonds payable at the end of term	22,044	19,371	2,673
--	--------	--------	-------

Total assets increased by 5,254 million yen from the end of the previous term to 127,925 million yen. This is mainly attributed to the increase in cash and deposits of 2,261 million yen and the increase in tangible fixed assets of 2,322 million yen as the Company made capital expenditures mainly in Asia.

Total liabilities rose 2,882 million yen compared with the end of the previous consolidated fiscal year to 46,486 million yen. This is mainly due to the increase in long-term indebtedness of 1,960 million yen because the Company borrowed money from outside in order to increase liquidity on hand.

Shareholders' equity increased by 2,077 million yen from the end of the previous term to 78,755 million yen. This is caused mainly by the increase in retained earnings of 5,240 million yen resulting from the earnings recovery, although foreign currency translation adjustments declined 3,335 million yen due primarily to the appreciation of the yen against foreign local currencies.

As a result, the shareholders' equity ratio dropped 0.9 percentage points year-on-year to 61.6%.

### - Cash flow from operating activities

Cash flow from operating activities increased by 856 million yen compared with the previous term to 14,671 million yen. This was mainly due to increased funds from income before income taxes of 11,702 million yen and depreciation of 5,738 million yen, although funds decreased chiefly due to the payment of corporate taxes of 3,582 million yen.

### - Cash flow from investing activities

Cash flow used in investing activities increased by 293 million yen in comparison with the previous term to 8,995 million yen. This was primarily attributable to the expenditure to acquire fixed assets of 9,347 million yen.

### - Cash flow from financing activities

Cash flow used in financing activities increased by 780 million yen in comparison with the previous term to 776 million yen on account of income from long-term loans payable of 3,263 million yen despite the expenditure of a dividend payment of 2,136 million yen.

As a result of the above, the balance of cash and cash equivalents at the end of this term increased by 4,893 million yen, compared to the end of the previous term, to 39,002 million yen.

	FY2006	FY2007	FY2008	FY2009	FY2010
Shareholders' equity ratio (%)	65.0	66.8	64.5	62.5	61.6
Shareholders' equity ratio based on market value (%)	137.9	100.1	50.7	93.4	83.2
Ratio of cash flows to interest-bearing liabilities (Year)	0.7	0.3	1.7	1.4	1.5
Interest coverage ratio (times)	39.1	80.5	34.9	43.7	46.3

Notes: Shareholders' equity ratio: shareholders' equity / total assets

Shareholders' equity ratio based on capital value: market capitalization / total assets

Ratio of cash flows to interest-bearing liabilities: interest-bearing liabilities / cash flows

Interest coverage ratio: cash flows / interest payment

\* All indicators are calculated based on consolidated financial figures.

\* Market capitalization is obtained by multiplying the closing quotation at the end of the term by the number of outstanding shares (after subtracting treasury stock) at the end of the term.

\* Cash flows from operating activities in the consolidated statement of cash flows are used. Interest-bearing liabilities cover all liabilities which are posted in the consolidated balance sheets and for which interest is paid. Interest paid posted in the consolidated statement of cash flows are used as interest payment.

### (3) Basic Policies for Profit Sharing and Dividends for this Term and the Following Terms

Nifco has set the payout ratio for the full year at a third (33%) of the consolidated net income. Based on this basic policy, the Company decided to pay 25 yen per share as the year-end ordinary dividend for the fiscal year ended March 31, 2011. As a result, the annual dividend per share including the interim dividend of 20 yen per share will be 45 yen per share.

In the meantime, the dividend forecast for the next fiscal year has not been determined yet.

### (4) Business Risks

Among the risks the Nifco Group has to keep in mind in promoting its businesses, those shown below are thought to be the important issues that could exert a serious effect on the judgment of investors.

Matters in this document concerning the future are judgments made on the date of submission of Nifco Group's Financial Results (May 10, 2011).

#### (i) Economic conditions

While the Nifco Group's sales ratio to automobile manufacturers, notably to major Japanese automobile manufacturers, is at a high level, demand for products from these automobile manufacturers is susceptible to the world's economic trends, especially economic conditions in countries and regions such as Japan, the U.S. and China, which are the major markets.

To give an example, the earnings and financial conditions of the Group were adversely affected because automobile production by automobile manufacturers substantially decreased on account of the global economic slowdown after the collapse of Lehman Brothers or the termination of subsidies for purchasing eco-friendly vehicles.

#### (ii) Price competition risk

Although the Nifco Group is striving to set proper product prices for the industrial plastic parts and components, its mainstay business, there are intensifying requests by automobile manufacturers, its main customers, for cost reductions.

Given the circumstances, earnings and financial conditions of the Group may be adversely affected if it is exposed to product price competition which is greater than expected in an effort to win orders.

#### (iii) Risks from fluctuation in prices and related to procurement of raw materials

Since prices of raw materials which the Nifco Group uses change significantly following fluctuation in prices of crude oil and naphtha, and earnings and financial conditions of the Group may be adversely affected if the Group is unable to pass those raw material price increases on to product prices sufficiently, or cannot proceed with replacing them with inexpensive raw materials. In addition, earnings and financial conditions of the Group may be subject to negative impacts if it is unable to procure raw materials as scheduled owing to factors such as emergencies at suppliers of raw materials.

#### (iv) Exchange rate fluctuation risk

The overseas sales ratio of the Nifco Group has been at a high level, posting 39.7% in the previous fiscal year and 45.9% in the current fiscal year, but exports from the Company are only about 4%, and most of our overseas sales are attributed to local sales of products manufactured by overseas subsidiaries. Therefore, the rate at which the Company suffers from actual loss by exchange rate fluctuations is low, even with a rapid rise of the yen.

However, changes in exchange rates do affect the consolidated financial statements because financial

statement figures of the overseas subsidiaries in local currencies are converted into yen for the consolidated financial statements.

**(v) Risk from defective products**

The Nifco Group produces products in line with strict quality control standards. However, if defective products are distributed on the market for some reasons, making the Group liable for product quality, it will not only need to pay huge costs for compensation and other related costs but also lose the trust of customers. As a result of the above, earnings and financial conditions of the Group may be adversely affected.

**(vi) Country risk**

In response to the globalization of users, mainly Japanese automobile manufacturers, the Nifco Group has expanded its overseas bases in order to be able to respond properly and promptly to their needs. However, it is possible to anticipate business operations sometimes becoming difficult in countries and regions where overseas bases are located because of factors such as changes in political policies, laws and regulations and tax systems, unpredictable political and economic instabilities, outbreaks of social movements and disorders and social turmoil from spread of communicable diseases such as a new type of influenza.

Consequently, the Nifco Group has set a policy of not distributing its manufacturing bases unevenly in specific countries or regions. Should the above situations occur, however, earnings and financial conditions of the Group may be adversely affected.

**(vii) The risk of natural disasters, such as earthquakes**

Apart from the three main domestic plants (Sagamihara, Nagoya and Utsunomiya), the Nifco Group is strengthening manufacturing capabilities at two manufacturing subsidiaries located in Yamagata and Kumamoto. Furthermore, the Nifco Group is pressing ahead with the further decentralization of its manufacturing bases overseas as well, as evidenced by the fact that it established a company and a plant in the U.S.

In addition, as well as advancing earthquake-resistant measures for offices to limit damage to a minimum, the Nifco Group is introducing a system to confirm the safety of all employees, and is engaged in creating a business continuity plan that allows a swift recovery structure, even supposing that an encounter with a natural disaster does occur.

However, earnings and financial conditions of the Nifco Group may be adversely affected in the event where production facilities, etc. suffer some sort of damage from natural disasters such as earthquakes and rainstorms or contingencies at manufacturing bases of the Group in the event where the head office functions are paralyzed.

Concerning risks (i) to (vii) described above, the Group suffered from risk (vii) "The risk of natural disasters," such as earthquakes when the Great East Japan Earthquake occurred on March 11, 2011. Fortunately, however, there were no human casualties or any other major damage in particular to the production facilities in the Group.

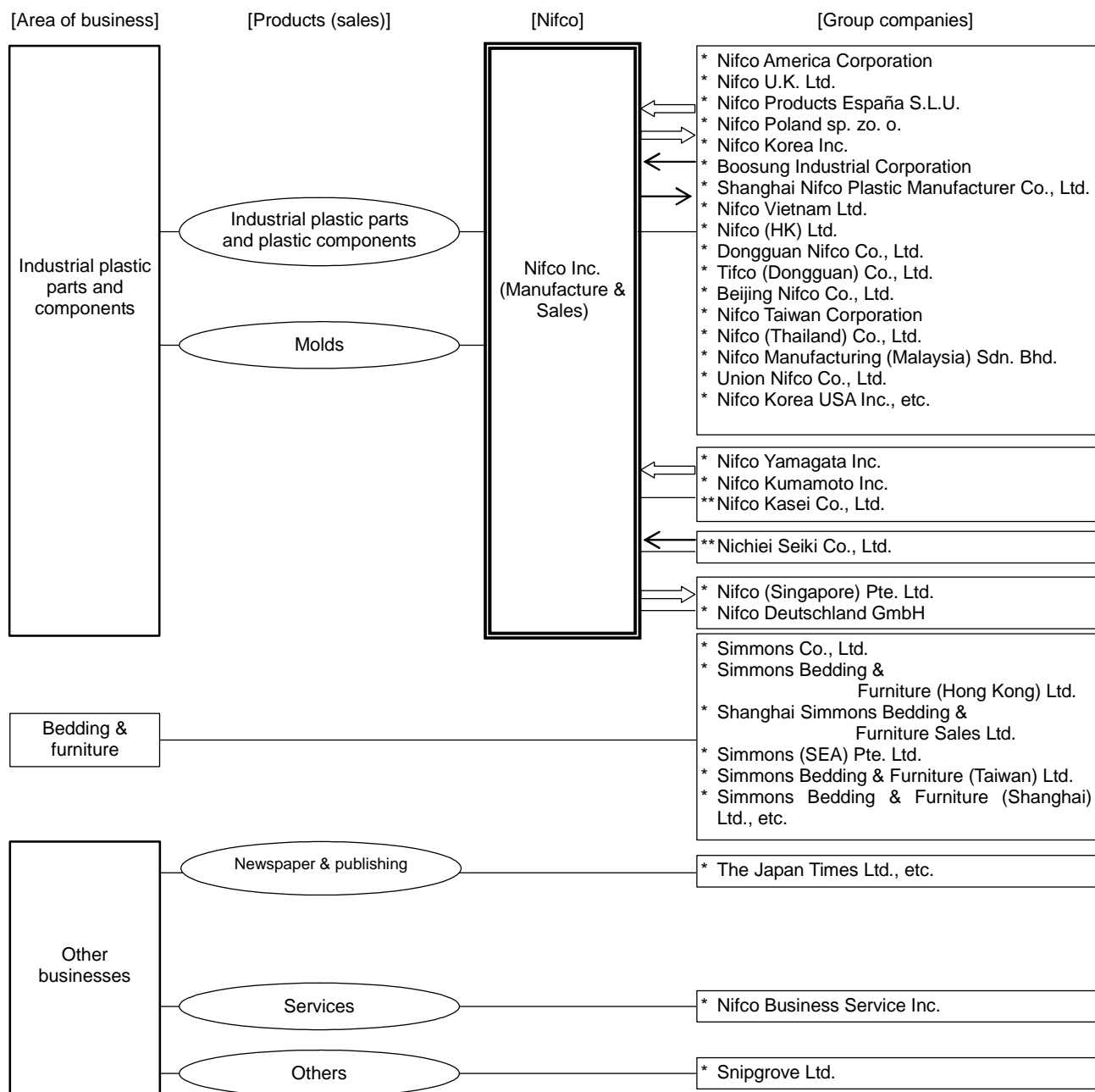
However, petrochemical industrial complexes in the quake-stricken areas suffered disastrous damage from the massive earthquake, and the Group's procurement of resin materials was hampered. As a result, we were required to study ways to procure alternative materials and risk (iii) "Risks from fluctuations in prices and related to procurement of raw materials" has become apparent.

In addition, risk (i) "Economic conditions" has materialized because such conditions have deteriorated due to factors like the disruption of supply chains due to the earthquake and the decrease in electricity supply capacity caused by the nuclear power plant accident. Moreover, it is likely that the supply and demand condition of electricity will tighten further toward summer, and the timing of a full-scale recovery of the Japanese economy is uncertain. We are concerned, in particular, that it will take much longer for the operation of production facilities of automobile manufacturers to recover on a full-scale basis.

Besides the above-mentioned risks, we cannot deny the possibility that risks which are not conceivable under normal circumstances may become apparent following the expansion or change in business activities. Therefore, Nifco will strive to avoid the occurrence of or alleviate the impact of such unexpected risks, or take appropriate responses or minimize losses if such unexpected risks should occur, under the leadership of the Risk Management Committee.

## 2. Relations among Group Companies

The group of companies consists of the parent company (“Nifco”), 38 subsidiaries, and 3 affiliated companies. The relationship between these companies is shown in the diagram below.



(Note)\* = Subsidiaries, \*\* = Affiliated companies

⇨ Flow of products    → Flow of molds

### **3. Management Policies**

#### **(1) Basic corporate management policies**

Ever since its corporate establishment, Nifco has maintained a basic policy of targeting global growth as the world's No. 1 company in the field of functional precision plastic parts with profit expansion, customer orientation and unlimited creativity as key concepts based on the basic principles of "profit return to shareholders," "social contribution" and "growth and happiness of employees" through its business activities.

The Company believes that, in order to become the No. 1 enterprise, it is necessary to lead the field in terms of market share/profitability, name recognition/brand authority, technological/product development capabilities, product quality and responsiveness to customers.

In carrying out and realizing these basic strategies, Nifco has put its corporate philosophy into written form as "Principles for all of Nifco's corporate members" and its corporate culture as "Nifco Spirit" and is enlightening and imbuing all employees at home and abroad with such Principles and Spirit, with a view to encouraging all employees of the Nifco Group to share the corporate philosophy and corporate culture that it has continuously been building since its establishment.

In particular, given the current circumstances where the globalization of business activities is rapidly in progress, we need to further enhance the development of human resources as manpower on a global basis in order to facilitate penetration of the above-described basic management policy, corporate philosophy and corporate culture among all employees of the Group both in Japan and overseas.

Effective from the beginning of the 60<sup>th</sup> year of operation (FY2011), therefore, we have separated personnel related departments and sections such as the Personnel Department from the Administrative Division, and organized or realigned them under the newly-established Human Resources Development Division, and we are further focusing efforts on the development of global human resources with creativity, which is one of the strengths of the Company.

Furthermore, Nifco established the Nifco Corporate Behavior Charter, making it a basic tenet of its corporate conduct that its Group companies both at home and abroad act with corporate social responsibility (CSR) in mind, and it has put this tenet into practice. In particular, from its 52<sup>nd</sup> year of operation (FY2003), Nifco has prepared an Environmental Report every year, available publicly on its website to make its efforts known widely, regarding environmental issues as a challenge common to all human beings.

#### **(2) Targeted management indices**

Nifco has formulated the three-year Medium-term Management Plan for the period from FY2010 to FY2012. However, we will need to review the targeted management indices due to the impact of the Great East Japan Earthquake. The revised specific management indices will be separately disclosed as soon as they are established.

#### **(3) Medium- and long-term management strategy of the Company**

We will need to review the specific management strategies due in part to the impact of the Great East Japan Earthquake. In the meantime, we have set "pursuit of the ultimate global business model and the maximization of earnings" as the core of the management strategy in the above-mentioned three-year Medium-term Management Plan.

#### **(4) Tasks the Company faces**

Based on our experience when the automobile manufacturing volume sharply declined after the collapse of Lehman Brothers, we have worked on the business issues of how to develop and enhance the management structure and system that are leaner and meaner to ensure operating profits under such circumstances and improving customer satisfaction on a global basis.

With the aim of accomplishing the above-mentioned issues, we will focus efforts on implementing cost reduction measures without exception, developing new customers, strengthening the human resources development system, establishing global standard operating procedures and reconstructing the information system to allow us to respond to globalization. In addition, we believe that smoothly launching globally strategic vehicles and multilateral projects and improving quality levels of each group company around the world are challenges facing the Company.

Given the tight supply of materials, plants of raw materials manufacturers that are Nifco's suppliers affected by the Great East Japan Earthquake, the Company must change the grade of materials or procure materials from alternative manufacturers. We find it an immediate task, therefore, to ensure the supply of alternative materials and produce products that compare favorably in terms of both quality and function with the conventional products and supply stably even when produced by using materials different from the conventional ones.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
Assets		
Current Assets		
Cash and deposits	36,966	39,228
Notes and accounts receivable	24,562	23,052
Marketable securities	3,579	3,879
Merchandise and finished goods	6,364	6,780
Work in process	1,216	1,526
Raw materials and supplies	2,445	2,666
Deferred tax assets	1,134	829
Income taxes receivable	183	-
Others	2,439	2,646
Allowance for doubtful accounts	(75)	(65)
Total Current Assets	78,817	80,543
Fixed Assets		
Tangible fixed assets		
Buildings and structures	23,460	24,207
Accumulated depreciation	(10,935)	(11,392)
Buildings and structures (net base)	12,524	12,814
Machinery, equipment and vehicles	19,653	20,088
Accumulated depreciation	(14,910)	(15,004)
Machinery, equipment and vehicles (net base)	4,743	5,084
Molds	48,056	49,705
Accumulated depreciation	(45,560)	(47,456)
Molds (net base)	2,495	2,249
Tools, furniture and fixtures	10,284	10,307
Accumulated depreciation	(8,324)	(8,442)
Tools, furniture and fixtures (net base)	1,960	1,865
Land	11,904	12,726
Construction in progress	1,726	2,972
Others	348	315
Accumulated depreciation	(142)	(146)
Others (net base)	206	169
Total Tangible Fixed Assets	35,560	37,882
Intangible fixed assets		
Goodwill	424	324
Others	710	544
Total Intangible Fixed Assets	1,135	869

(Unit: Millions of yen)

	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
Investments and other assets		
Investment securities	5,615	6,847
Deferred tax assets	381	649
Others	1,185	1,349
Allowance for doubtful accounts	(26)	(217)
Total Investments and Other Assets	7,157	8,629
Total Fixed Assets	43,852	47,381
Total Assets	122,670	127,925
Liabilities		
Current Liabilities		
Notes and accounts payable	12,639	12,219
Short-term borrowings	744	658
Current maturities of long-term indebtedness within one year	330	1,129
Other payables	2,267	2,004
Income taxes payable	2,074	1,844
Deferred tax liabilities	-	157
Accrued bonuses	1,091	1,263
Others	3,779	4,233
Total Current Liabilities	22,927	23,512
Long-term Liabilities		
Bonds payable	15,000	15,000
Long-term indebtedness	3,295	5,255
Deferred tax liabilities	680	544
Liability for severance and retirement benefits	1,449	1,756
Others	250	416
Total Long-term Liabilities	20,676	22,973
Total Liabilities	43,603	46,486
Net Assets		
Shareholders' Equity		
Common stock	7,290	7,290
Additional paid-in capital	11,651	11,651
Retained earnings	65,023	70,263
Treasury stocks	(1,064)	(748)
Total Shareholders' Equity	82,900	88,456

(Unit: Millions of yen)

	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
Accumulated other comprehensive income		
Net unrealized gain on securities	363	213
Revaluation reserve for land	(85)	(79)
Foreign currency translation adjustments	(6,500)	(9,835)
Total Accumulated other comprehensive income	(6,221)	(9,701)
Minority Shareholders' Interests	2,388	2,683
Total Net Assets	79,067	81,439
Total Liabilities and Net Assets	122,670	127,925

**(2) Consolidated Statements of Income and Accumulated Other Comprehensive Income**

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Net sales	107,505	120,574
Cost of sales	74,927	81,500
Gross profit	32,578	39,073
Selling, general and administrative expenses		
Packing and transportation expenses	4,821	5,218
Advertising expenses	978	994
Compensations, salaries and allowances	7,014	7,463
Employees' bonuses	1,188	1,462
Provision for bonuses	636	755
Pension benefits	465	539
Other personal expenses	1,396	1,493
Rent expenses	1,216	1,160
Traveling and transportation expenses	608	838
Depreciation	1,059	1,006
Research and development expenses	393	464
Amortization of goodwill	74	43
Bad debt expenses	28	12
Others	4,143	4,512
Total general and administrative expenses	24,025	25,966
Operating profit	8,553	13,106
Non-operating profits		
Interest income	299	269
Dividends received	43	43
Income from industrial property	5	7
Others	235	293
Total non-operating profits	584	613
Non-operating expenses		
Interest expenses	325	320
Foreign exchange losses	417	686
Investment losses on equity method	146	0
Others	130	171
Total non-operating expenses	1,019	1,178
Recurring profit	8,118	12,541

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Extraordinary profits		
Gains on previous period adjustment	-	7
Gains on sales of fixed assets	37	29
Gains on redemption of securities	35	-
Gains on sales of investment securities	35	-
Gains on previous periods cost adjustment	-	14
Subsidy income	86	-
Compensation received	-	16
Others	34	5
Total extraordinary profits	229	72
Extraordinary losses		
Loss on disposal of fixed assets	66	52
Impairment loss	556	508
Provision of allowance for doubtful accounts	-	188
Others	337	160
Total extraordinary losses	959	911
Net income before income taxes	7,388	11,702
Corporate, residential and business taxes	2,910	3,536
Adjustment for corporate taxes	(315)	154
Total corporate taxes	2,595	3,691
Income before minority interests	-	8,011
Minority interests	325	479
Net income	4,468	7,531
Minority interests	-	479
Income before minority interests	-	8,011
Other comprehensive income		
Net unrealized gain on securities	-	(150)
Foreign currency translation adjustments	-	(3,385)
Share in comprehensive income of equity-method affiliates	-	6
Total other comprehensive income	-	(3,529)
Comprehensive income	-	4,481
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	-	4,052
Comprehensive income attributable to minority shareholders	-	428

### (3) Consolidated Statement of Changes in Net Assets

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Common stock		
Balance at beginning of period	7,290	7,290
Balance at end of period	7,290	7,290
Additional paid-in capital		
Balance at beginning of period	11,651	11,651
Balance at end of period	11,651	11,651
Retained earnings		
Balance at beginning of period	62,367	65,023
Change during consolidated FY		
Dividends of retained earnings	(1,812)	(2,134)
Net income	4,468	7,531
Disposal of treasury stocks	(0)	(71)
Increase/decrease due to the change of accounting period of consolidated subsidiaries	-	(38)
Change of the scope of application of the equity-method	-	(46)
Total changes during consolidated FY	2,655	5,240
Balance at end of period	65,023	70,263
Treasury stocks		
Balance at beginning of period	(1,060)	(1,064)
Change during consolidated FY		
Acquisition of treasury stocks	(4)	(6)
Disposal of treasury stocks	1	321
Total changes during consolidated FY	(3)	315
Balance at end of period	(1,064)	(748)
Total shareholders' equity		
Balance at beginning of period	80,248	82,900
Change during consolidated FY		
Dividends of retained earnings	(1,812)	(2,134)
Net income	4,468	7,531
Acquisition of treasury stocks	(4)	(6)
Disposal of treasury stocks	1	250
Increase/decrease due to the change of accounting period of consolidated subsidiaries	-	(38)
Change of the scope of application of the equity-method	-	(46)
Total changes during consolidated FY	2,651	5,556
Balance at end of period	82,900	88,456

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Accumulated other comprehensive income		
Net unrealized gain on securities		
Balance at beginning of period	(75)	363
Change during consolidated FY		
Changes in items other than shareholders' equity during consolidated FY (net base)	439	(149)
Total changes during consolidated FY	439	(149)
Balance at end of period	363	213
Revaluation reserve for land		
Balance at beginning of period	(85)	(85)
Changes in items other than shareholders' equity during consolidated FY (net base)	-	6
Total changes during consolidated FY	-	6
Balance at end of period	(85)	(79)
Foreign exchange translation adjustments		
Balance at beginning of period	(7,808)	(6,500)
Change during consolidated FY		
Changes in items other than shareholders' equity during consolidated FY (net base)	1,308	(3,335)
Total changes during consolidated FY	1,308	(3,335)
Balance at end of period	(6,500)	(9,835)
Total of accumulated other comprehensive income		
Balance at beginning of period	(7,969)	(6,221)
Change during consolidated FY		
Changes in items other than shareholders' equity during consolidated FY (net base)	1,747	(3,479)
Total changes during consolidated FY	1,747	(3,479)
Balance at end of period	(6,221)	(9,701)
Minority shareholders' interests		
Balance at beginning of period	2,280	2,388
Change during consolidated FY		
Changes in items other than shareholders' equity during consolidated FY (net base)	108	294
Total changes during consolidated FY	108	294
Balance at end of period	2,388	2,683

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Total net assets		
Balance at beginning of period	74,559	79,067
Change during consolidated FY		
Dividends of retained earnings	(1,812)	(2,134)
Net income	4,468	7,531
Acquisition of treasury stocks	(4)	(6)
Disposal of treasury stocks	1	250
Increase/decrease due to the change of accounting period of consolidated subsidiaries	-	(38)
Change of the scope of application of the equity-method	-	(46)
Changes in items other than shareholders' equity during consolidated FY (net base)	1,855	(3,184)
Total changes during consolidated FY	4,507	2,371
Balance at end of period	79,067	81,439

**(4) Consolidated Statement of Cash Flows**

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Cash Flows from Operating Activities		
Net income before income taxes	7,388	11,702
Depreciation	6,623	5,738
Impairment loss	556	508
Amortization of goodwill	74	43
Increase (decrease) in allowance for doubtful accounts	(44)	186
Increase (decrease) in accrued bonuses	2	172
Increase (decrease) in retirement allowances	204	309
Interest income and dividends received	(343)	(312)
Interest expenses	325	320
Foreign currency exchange (gains) loss	142	358
Investment (gains) loss on equity method	146	0
(Gains) loss on redemption of securities	(35)	-
(Gains) loss on sales of fixed assets	(37)	(29)
(Gains) loss on disposal of fixed assets	66	56
(Gains) loss on sales of investment securities	(35)	-
(Increase) decrease in trade receivables	(5,977)	571
(Increase) decrease in inventories	(236)	(1,699)
(Increase) decrease in other assets	109	(278)
Increase (decrease) in trade payables	3,409	60
Increase (decrease) in other liabilities	573	436
Decrease / increase in consumption taxes receivable / payable	451	(218)
Others	328	331
Subtotal	13,692	18,259
Interest income and dividends received	340	311
Interest paid	(316)	(316)
Corporate taxes refund (paid)	97	(3,582)
Net cash provided by operating activities	13,814	14,671

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
<b>Cash Flows from Investing Activities</b>		
Increase in time deposits	(4,044)	(3,604)
Decrease in time deposits	2,877	5,505
Expenditures for purchase of marketable securities	(3,103)	(1,563)
Proceeds from sales and redemption of marketable securities	2,532	3,731
Expenditures for tangible fixed assets	(6,950)	(9,347)
Proceeds from sales of tangible fixed assets	55	97
Expenditures for purchases of investment securities	(555)	(3,619)
Proceeds from sales of investment securities	626	102
Payments for acquisition of shares of subsidiary	(74)	(2)
Payments for acquisition of shares of subsidiary accompanying the change in the scope of consolidation	(148)	-
Others	80	(294)
Net cash provided by (used in) investing activities	(8,702)	(8,995)
<b>Cash Flows from Financing Activities</b>		
Proceeds from short-term borrowings	1,983	5,183
Repayments of short-term borrowings	(2,538)	(5,180)
Repayments of liabilities for finance leases	(47)	(16)
Proceeds from long-term loans payable	2,951	3,263
Repayments of long-term indebtedness	(277)	(329)
Proceeds from sales of treasury stocks	1	250
Expenditures for purchases of treasury stocks	(4)	(6)
Cash dividends	(1,813)	(2,136)
Cash dividends to minority shareholders	(256)	(249)
Net cash provided by (used in) financing activities	(3)	776
Foreign exchange rate adjustment	288	(1,558)
Net increase (decrease) in cash and cash equivalents	5,397	4,893
Cash and cash equivalents-beginning balance	28,711	34,108
Cash and cash equivalents-ending balance	34,108	39,002

Going concern issues  
None

### Significant Accounting Policies for Preparing Consolidated Financial Statements

Item	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
1. Scope of Consolidation	<p>All subsidiaries are consolidated. There are 33 consolidated subsidiaries. Names of consolidated subsidiaries are listed in “Group companies” of “2. Relations among Group Companies.”</p> <p>-Subsidiary excluded from consolidation because it became an affiliated company that comes under the equity method of accounting by partial sale of shares during the current consolidated accounting period: Nifco Advanced Technology Inc.</p> <p>- Subsidiary that ceased to exist because it was absorbed by Nifco America Corporation: Nifco North America Inc.</p>	<p>All subsidiaries are consolidated. There are 38 consolidated subsidiaries. Names of consolidated subsidiaries are listed in “Group companies” of “2. Relations among Group Companies.”</p> <p>-Newly-established subsidiaries during the fiscal year under review: Nifco Enterprise Management (Shanghai) Co., Ltd. Nifco (Tianjin) Co., Ltd. Nifco India Private Limited Nifco South India Manufacturing Private Limited Nifco (Hubei) Co., Ltd.</p>
2. Application of the Equity Method	<p>Equity method is applied to all affiliated companies, which currently number 4.</p> <p>Company included in affiliated companies that comes under the equity method of accounting by partial sale of shares during the current consolidated accounting period: Nifco Advanced Technology Inc.</p> <p>Names of these affiliated companies are listed in “Group companies” of “2. Relations among Group Companies.”</p> <p>Of the companies that come under the equity method of accounting, we use financial statements which are prepared as of the respective closing date for those companies whose closing date differs from the consolidated closing date.</p>	<p>Equity method is applied to all affiliated companies, which currently number 3.</p> <p>Companies excluded from the scope of application of the equity method due to the partial sale of shares during the fiscal year under review: Bloom Techno Inc. (formerly, Nifco Advanced Technology, Inc.)</p> <p>Names of these affiliated companies are listed in “Group companies” of “2. Relations among Group Companies.”</p> <p>Of the companies that come under the equity method of accounting, we use financial statements which are prepared as of the respective closing date for those companies whose closing date differs from the consolidated closing date.</p>

Item	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
3. Closing Date of Period of Consolidated Subsidiaries	<p>Subsidiaries whose closing date differs from that of the Company (March 31)</p> <p>Closing of accounts on December 31:  Nifco Korea Inc.  Nifco Korea USA Inc.  The Japan Times Ltd.  Simmons Bedding &amp; Furniture (Hong Kong) Ltd.  Nifco America Corporation  Shanghai Nifco Plastic Manufacturer Co., Ltd.  Nifco Products España S.L.U.  Taiwan Industrial Fastener Corporation  Dongguan Nifco Co., Ltd.  Tifco (Dongguan) Co., Ltd.  Nifco (Thailand) Co., Ltd.  Union Nifco Co., Ltd.  Nifco (Hong Kong) Ltd.  Beijing Nifco Co., Ltd.  Nifco Vietnam Ltd.  Nifco Poland sp. zo. o.  Nifco Deutschland GmbH  Nifco U.K. Ltd.  Snipgrove Ltd.  Nifco Manufacturing (Malaysia) Sdn. Bhd.  Nifco (Singapore) Pte. Ltd.  Other 8 subsidiaries</p> <p>In preparing the consolidated financial statements, financial statements of these companies as of the said account closing date, except adjustments necessary for consolidation purposes, are made in respect of important transactions that took place between January 1, 2010 and the consolidated account closing date of March 31, 2010.</p>	<p>Of the Group's consolidated subsidiaries, Japan Times Ltd. and one other company have changed their closing date to March 31 effective from the fiscal year under review. As a result of this change, Nifco has consolidated operating results of these companies for the 15 months from January 1, 2010 to March 31, 2011, for the fiscal year under review.</p> <p>Subsidiaries whose closing date differs from that of the Company (March 31)</p> <p>Closing of accounts on December 31:  Nifco Korea Inc.  Nifco Korea USA Inc.  Simmons Bedding &amp; Furniture (Hong Kong) Ltd.  Nifco America Corporation  Shanghai Nifco Plastic Manufacturer Co., Ltd.  Nifco Products España S.L.U.  Taiwan Industrial Fastener Corporation  Dongguan Nifco Co., Ltd.  Tifco (Dongguan) Co., Ltd.  Nifco (Thailand) Co., Ltd.  Union Nifco Co., Ltd.  Nifco (Hong Kong) Ltd.  Beijing Nifco Co., Ltd.  Nifco Vietnam Ltd.  Nifco Poland sp. zo. o.  Nifco Deutschland GmbH  Nifco U.K. Ltd.  Snipgrove Ltd.  Nifco Manufacturing (Malaysia) Sdn. Bhd.  Nifco (Singapore) Pte. Ltd.  Other 12 subsidiaries</p> <p>In preparing the consolidated financial statements, financial statements of these companies as of the said account closing date, except adjustments necessary for consolidation purposes, are made in respect of important transactions that took place between January 1, 2011 and the consolidated account closing date of March 31, 2011.</p>



Item	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
(3) Accounting for reserves	<p>(i) Reserves for doubtful accounts: As provisions for losses from trade receivables, loans and other credits, a reserve calculated according to actual loss percentage for claimable assets, and on the basis of recoverability for designated claimable assets, including doubtful debt, are made.</p> <p>(ii) Accrued bonuses: In order to provide for bonus disbursement for employees of the Company and its domestic consolidated subsidiaries, a reserve is booked essentially on the basis of the anticipated amount to be disbursed.</p> <p>(iii) Reserve for severance and retirement benefits: The Company sets aside at the end of each year a sum which is calculated as the retirement allowances which would be payable as of the end of the year together the increased retirement liabilities generated during the period. Any shortfalls in the Company's tax-qualified pension program are expensed by straight-line method beginning with the consolidated accounting year in which such shortfalls accrued over the designated number of years (5 to 10 years) but not exceeding the mean number of remaining years of service of the employees. Any actuarial difference is expensed by straight-line method beginning with the accounting year in which such difference accrued over the designated number of years (10 years) but not exceeding the mean number of remaining years of service of the employees. For some subsidiaries, such difference is expensed by straight-line method over a period of 5 years beginning with the next accounting year in which such difference accrued.</p> <p>[Change in accounting policies] The Company and its consolidated subsidiaries adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008) from the current consolidated fiscal year. This change had no impact on operating profit, recurring profit or net income before income taxes.</p>	<p>(i) Reserves for doubtful accounts: Same as left.</p> <p>(ii) Accrued bonuses: Same as left.</p> <p>(iii) Reserve for severance and retirement benefits: The Company sets aside at the end of each year a sum which is calculated as the retirement allowances which would be payable as of the end of the year together the increased retirement liabilities generated during the period. Any shortfalls in the Company's tax-qualified pension program are expensed by straight-line method beginning with the consolidated accounting year in which such shortfalls accrued over the designated number of years (5 to 10 years) but not exceeding the mean number of remaining years of service of the employees. Any actuarial difference is expensed by the straight-line method beginning with the accounting year in which such difference accrued over the designated number of years (10 years) but not exceeding the mean number of remaining years of service of the employees. For some subsidiaries, such difference is expensed immediately in the accounting year in which it is accrued or by the straight-line method over a period of 5 to 18 years beginning with the next accounting year in which such difference accrued.</p>
(4) Criteria for converting significant foreign currency assets and liabilities to Japanese yen	<p>Foreign currency claims and obligations are converted into Japanese yen at the relevant spot exchange rates prevailing on the closing date, and any conversion difference is treated as profit or loss. Assets and liabilities of foreign subsidiary companies are translated into Japanese yen using the exchange rate at the end of term, and profits and losses are translated into Japanese yen using the average exchange rate of the period. Any losses or gains thus generated are included as foreign currency translation adjustments and minority interests as part of net assets.</p>	<p>Same as left.</p>

Changes in Significant Accounting Policies for Preparing Consolidated Financial Statements

FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
	<p>1. Application of “Accounting Standard for Asset Retirement Obligations”                      From the first quarter of the fiscal year ended March 31, 2011, Nifco applied “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Implementation Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008).                      These changes meant operating profit and recurring profit each decreased for the fiscal year under review by 3 million yen, and income before income taxes fell by 22 million yen.                      The amount of change in asset retirement obligations incurred due to the initial application of the said accounting standard, etc. was 81 million yen for the period and is included in “Others” under “Long-term liabilities” on the Balance Sheets.</p> <p>2. Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”                      From the first quarter of the fiscal year ended March 31, 2011, Nifco applied “Accounting Standard for Equity Method of Accounting for Investment” (ASBJ Statement No. 16 of March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24, March 10, 2008).                      These changes had little impact on profits and losses for the fiscal year under review.</p> <p>3. Application of “Accounting Standard for Corporate Consolidation,” etc.                      From the first quarter of the fiscal year ended March 31, 2011, Nifco applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), the “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), the “Accounting Standard for Equity Method of Accounting for Investment” (ASBJ Statement No. 16 of December 26, 2008) and the “Implementation Guidance on Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).                      With these changes, unrealized net gains (losses), which had been recorded using the partial fair value method, were booked using the full fair value method at the beginning of the fiscal year of initial application of these accounting standards. As a result, valuation differences for “Land” under “Tangible fixed assets,” “Deferred tax liabilities” under “Long-term liabilities,” and “Minority shareholders’ interests” increased by 36 million yen, 7 million yen, and 28 million yen, respectively.</p>

Changes to the Method of Presentation

FY2009 (April 1, 2009 to March 31, 2010)	FY20010 (April 1, 2010 to March 31, 2011)
<p>[Consolidated Balance Sheets]</p> <p>1. "Accrued severance and retirement benefits," which had been independently presented until the previous consolidated fiscal year," is included in "Others" in this consolidated fiscal year since it became insignificant in terms of amount.</p> <p>Further, "Accrued severance and retirement benefits," included in "Others" in this consolidated fiscal year, is 75 million yen.</p> <p>2. "Liability for directors' retirement benefits," which had been independently presented until the previous consolidated fiscal year," is included in "Others," since it becomes insignificant in terms of amount.</p> <p>Further, "Liability for directors' retirement benefits," included in "Others" in this consolidated fiscal year, is 32 million yen.</p>	<p>[Consolidated Balance Sheets]</p> <p>"Income taxes receivable," which had been independently presented until the previous consolidated fiscal year, is included in "Others" under "Current assets" in this consolidated fiscal year since it became insignificant in terms of amount.</p> <p>Further, "Income taxes receivable," included in "Others" under "Current assets" in this consolidated fiscal year, is 43 million yen.</p> <p>(Consolidated Statements of Income and Consolidated Statements of Comprehensive Income)</p> <p>1. "Gains on previous period adjustment," which had previously been included in "Others" under "Extraordinary profits," is now separately classified and stated from this consolidated fiscal year because the amount exceeded 10 percent of the total amount of extraordinary profits.</p> <p>The amount of "Gains on previous period adjustment" in the previous fiscal year was 10 million yen.</p> <p>2. In accordance with the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), Nifco applied the "Cabinet Office Ordinance for Partial Amendment of the Regulations, etc. for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) and included the account item "Income before minority interests" beginning in the first quarter of the fiscal year ended March 31, 2011.</p>
<p>[Consolidated Statement of Cash Flows]</p> <p>"Increase (decrease) in accrued directors' retirement benefits" under cash flows provided by (used in) operating activities is included in "Others" in this consolidated fiscal year since it has become insignificant in terms of amount.</p> <p>"Decrease in accrued directors' retirement benefits" included in "Others" in this consolidated fiscal year is 5 million yen.</p>	

Additional information

FY2009 (April 1, 2009 to March 31, 2010)	FY20010 (April 1, 2010 to March 31, 2011)
	<p>From the first quarter of the fiscal year ended March 31, 2011, Nifco applied the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). For the previous fiscal year, however, the amounts for "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" are stated under "Valuation, translation adjustments and others" and "Total valuation, translation adjustments and others."</p>

## Notes in Relation to the Consolidated Financial Statements

### - Notes in Relation to the Consolidated Balance Sheets

FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
<p>1. Accumulated impairment loss is included in accumulated depreciation in “Tangible fixed assets”.</p> <p>2. Items related to affiliated companies Items related to affiliated companies are as follows: Investment securities (shares) 181 million yen</p> <p>3. In accordance with the law concerning revaluation of land holdings (No. 34; enacted on March 31, 1998), a revaluation of business land held by the Company’s subsidiary The Japan Times Ltd. was carried out on March 31, 2002. In accordance with the law to amend this law concerning land revaluation (No. 24; enacted on March 31, 1999), the difference between the valuation and the book value of the land are included in “Revaluation reserve for land” as a part of the Net assets. [Revaluation method] A valuation based on method prescribed in the law on the revaluation of land (No. 119; enacted on March 31, 1998) [Date of revaluation] March 31, 2002</p> <p>4. Commitment line agreement The Company has executed commitment line agreements with 11 financial institutions to secure stable financing. The outstanding balance of loans as of the end of this consolidated accounting period under these agreements is as follows: Total amount of commitment line 10,500 million yen <u>Balance of loans made</u> - million yen Differences 10,500 million yen</p>	<p>1. Accumulated impairment loss is included in accumulated depreciation in “Tangible fixed assets”.</p> <p>2. Items related to affiliated companies Items related to affiliated companies are as follows: Investment securities (shares) 5 million yen</p> <p>3. In accordance with the law concerning revaluation of land holdings (No. 34; enacted on March 31, 1998), a revaluation of business land held by the Company’s subsidiary The Japan Times Ltd. was carried out on March 31, 2002. In accordance with the law to amend this law concerning land revaluation (No. 24; enacted on March 31, 1999), the difference between the valuation and the book value of the land are included in “Revaluation reserve for land” as a part of the Net assets. [Revaluation method] A valuation based on method prescribed in the law on the revaluation of land (No. 119; enacted on March 31, 1998) [Date of revaluation] March 31, 2002</p>

- Notes in Relation to the Consolidated Statements of Income

FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)																																									
<p>1. Gain on disposal of fixed assets is mainly attributed to sale of tools, furniture and fixtures and machinery and equipment.</p> <p>2. Loss on disposal of fixed assets is mainly attributable to disposal of molds.</p> <p>3. Research and development expenses included in general administrative expenses and manufacturing costs in the current period are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">General administrative expenses</td> <td style="text-align: right;">393 million yen</td> </tr> <tr> <td><u>Manufacturing costs in the current period</u></td> <td style="text-align: right;"><u>966 million yen</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">1,360 million yen</td> </tr> </table> <p>4. Impairment loss</p> <p>The Nifco Group recorded impairment loss on the following asset and asset group.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;">Location</th> <th style="width: 30%;">Use</th> <th style="width: 40%;">Type of asset</th> </tr> </thead> <tbody> <tr> <td>The Japan Times Ltd. (Minato-ku, Tokyo)</td> <td>Other businesses</td> <td>Goodwill; Buildings and structures; Machinery, equipment and vehicles; and Tools, furniture and fixtures</td> </tr> <tr> <td>Nifco Products España S.L.U. (Barcelona, Spain)</td> <td>Industrial plastic parts and components business</td> <td>Goodwill</td> </tr> </tbody> </table> <p>The Nifco Group groups business assets for internal use by the unit of office or consolidated subsidiary, and lease properties and assets to be disposed (idle assets) by individual property.</p> <p>With regard to assets held by subsidiaries that continue to post a loss from operating activities and goodwill that has become unrecoverable due to the worsening of business conditions, we reduced their book value to the recoverable value, respectively, and posted the relevant decrease in value to the extraordinary losses as an impairment loss (556 million yen). It consists of 295 million yen for The Japan Times Ltd. (195 million yen for goodwill, 6 million yen for buildings and structures, 6 million yen for machinery, equipment and vehicles, 4 million yen for tools, furniture and fixtures and 82 million yen for others) and 260 million yen for Nifco Products España S.L.U.</p> <p>Recoverable values of business assets are determined based on their net realizable values and use values. Net realizable values are calculated based on the real estate appraisal values, and use values are calculated by discounting the future cash flows at a discount rate of 12.2%.</p>	General administrative expenses	393 million yen	<u>Manufacturing costs in the current period</u>	<u>966 million yen</u>	Total:	1,360 million yen	Location	Use	Type of asset	The Japan Times Ltd. (Minato-ku, Tokyo)	Other businesses	Goodwill; Buildings and structures; Machinery, equipment and vehicles; and Tools, furniture and fixtures	Nifco Products España S.L.U. (Barcelona, Spain)	Industrial plastic parts and components business	Goodwill	<p>1. Gain on disposal of fixed assets is mainly attributed to sale of tools, furniture and fixtures and machinery and equipment.</p> <p>2. Loss on disposal of fixed assets is mainly attributable to disposal of molds.</p> <p>3. Research and development expenses included in general administrative expenses and manufacturing costs in the current period are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">General administrative expenses</td> <td style="text-align: right;">464 million yen</td> </tr> <tr> <td><u>Manufacturing costs in the current period</u></td> <td style="text-align: right;"><u>1,200 million yen</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">1,665 million yen</td> </tr> </table> <p>4. Impairment loss</p> <p>The Nifco Group recorded impairment loss on the following asset and asset group.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;">Location</th> <th style="width: 30%;">Use</th> <th style="width: 40%;">Type of asset</th> </tr> </thead> <tbody> <tr> <td>Nifco Inc. Kanagawa Prefecture</td> <td>Idle assets</td> <td>Buildings and structures; Land</td> </tr> </tbody> </table> <p>The Nifco Group groups business assets for internal use by the unit of office or consolidated subsidiary, and lease properties and assets to be disposed (idle assets) by individual property.</p> <p>Of the idle assets which had not been utilized for business purposes, Nifco wrote down the book value of the asset group whose market value had declined substantially to its recoverable value and posted the said decrease of 508 million yen as an impairment loss under Extraordinary losses in the fiscal year under review.</p> <p>The recoverable value of the asset group was determined based on its net realizable value, and buildings, structures and land are evaluated based on the real estate appraisal value.</p> <p>5. Comprehensive income for the fiscal year preceding the current fiscal year is as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Comprehensive income attributable to shareholders of the parent company</td> <td style="text-align: right;">6,215 million yen</td> </tr> <tr> <td>Comprehensive income attributable to minority shareholders</td> <td style="text-align: right;">391 million yen</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">6,607 million yen</td> </tr> </table> <p>6. Other comprehensive income for the fiscal year preceding the current fiscal year is as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Net unrealized gain on securities</td> <td style="text-align: right;">439 million yen</td> </tr> <tr> <td>Foreign currency translation adjustments</td> <td style="text-align: right;">1,364 million yen</td> </tr> <tr> <td>Share in comprehensive income of equity-method affiliates</td> <td style="text-align: right;">9 million yen</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">1,813 million yen</td> </tr> </table>	General administrative expenses	464 million yen	<u>Manufacturing costs in the current period</u>	<u>1,200 million yen</u>	Total:	1,665 million yen	Location	Use	Type of asset	Nifco Inc. Kanagawa Prefecture	Idle assets	Buildings and structures; Land	Comprehensive income attributable to shareholders of the parent company	6,215 million yen	Comprehensive income attributable to minority shareholders	391 million yen	Total:	6,607 million yen	Net unrealized gain on securities	439 million yen	Foreign currency translation adjustments	1,364 million yen	Share in comprehensive income of equity-method affiliates	9 million yen	Total:	1,813 million yen
General administrative expenses	393 million yen																																									
<u>Manufacturing costs in the current period</u>	<u>966 million yen</u>																																									
Total:	1,360 million yen																																									
Location	Use	Type of asset																																								
The Japan Times Ltd. (Minato-ku, Tokyo)	Other businesses	Goodwill; Buildings and structures; Machinery, equipment and vehicles; and Tools, furniture and fixtures																																								
Nifco Products España S.L.U. (Barcelona, Spain)	Industrial plastic parts and components business	Goodwill																																								
General administrative expenses	464 million yen																																									
<u>Manufacturing costs in the current period</u>	<u>1,200 million yen</u>																																									
Total:	1,665 million yen																																									
Location	Use	Type of asset																																								
Nifco Inc. Kanagawa Prefecture	Idle assets	Buildings and structures; Land																																								
Comprehensive income attributable to shareholders of the parent company	6,215 million yen																																									
Comprehensive income attributable to minority shareholders	391 million yen																																									
Total:	6,607 million yen																																									
Net unrealized gain on securities	439 million yen																																									
Foreign currency translation adjustments	1,364 million yen																																									
Share in comprehensive income of equity-method affiliates	9 million yen																																									
Total:	1,813 million yen																																									

- Notes in Relation to the Consolidated Statement of Changes in Net Assets  
For FY2009 (April 1, 2009 to March 31, 2010)

**1. Matters concerning type and aggregate number of issued and outstanding stocks and type and number of treasury stocks**

	No. of stocks as of end of previous consolidated fiscal year	No. of stocks increased during this consolidated fiscal year	No. of stocks decreased during this consolidated fiscal year	No. of stocks as of end of this consolidated fiscal year
Issued and outstanding stocks				
Common stocks	53,754,477	-	-	53,754,477
Total	53,754,477	-	-	53,754,477
Treasury stocks				
Common stocks (Note 1, 2)	450,361	2,812	1,036	452,137
Total	450,361	2,812	1,036	452,137

Notes: 1. The increase of 2,812 common stocks in the treasury stock category represents a purchase of odd-lot certificates.

2. The decrease of 1,036 common stocks in the treasury stock category represents a decrease of 614 stocks through sales of odd-lot certificates and a decrease of 422 shares through a change in equity ratio held by affiliated companies.

**2. Matters concerning equity warrant and treasury equity warrant**

Not applicable

**3. Matters concerning dividends**

(1) Amount of dividends paid

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Amount of dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 24, 2009	Common stock	1,279	24	March 31, 2009	June 25, 2009
Board of Directors held on October 29, 2009	Common stock	533	10	September 30, 2009	December 1, 2009

(2) Dividends whose base dates fall within this fiscal period but whose effective dates fall after the end of this fiscal period

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Source of dividends	Amount of dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 24, 2010	Common stock	1,066	Retained earnings	20	March 31, 2010	June 25, 2010

For FY2010 (April 1, 2010 to March 31, 2011)

**1. Matters concerning type and aggregate number of issued and outstanding stocks and type and number of treasury stocks**

	No. of stocks as of end of previous consolidated fiscal year	No. of stocks increased during this consolidated fiscal year	No. of stocks decreased during this consolidated fiscal year	No. of stocks as of end of this consolidated fiscal year
Issued and outstanding stocks				
Common stocks	53,754,477	-	-	53,754,477
Total	53,754,477	-	-	53,754,477
Treasury stocks				
Common stocks (Note 1, 2)	452,137	3,201	136,212	319,126
Total	452,137	3,201	136,212	319,126

Notes: 1. The increase of 3,201 common stocks in the treasury stock category represents a purchase of odd-lot certificates.

2. The decrease of 136,212 common stocks in the treasury stock category represents a decrease of 135,600 stocks through exercise of stock options and a decrease of 612stocks through sales of odd-lot certificates.

**2. Matters concerning equity warrant and treasury equity warrant**

Not applicable

**3. Matters concerning dividends**

(1) Amount of dividends paid

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Amount of dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 24, 2010	Common stock	1,066	20	March 31, 2010	June 25, 2010
Board of Directors held on October 28, 2010	Common stock	1,068	20	September 30, 2010	December 1, 2010

(2) Dividends whose base dates fall within this fiscal period but whose effective dates fall after the end of this fiscal period

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Source of dividends	Amount of dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 28, 2011	Common stock	1,335	Retained earnings	25	March 31, 2011	June 29, 2011

- Notes in Relation to the Consolidated Statements of Cash Flows

FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)																
<p>1. Reconciliation between the sums for cash and cash equivalents as of March 31, 2010 shown on the Balance Sheets</p> <p style="text-align: right;">(Unit: Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank deposits</td> <td style="text-align: right;">36,966</td> </tr> <tr> <td>Time deposits of more than 3 months</td> <td style="text-align: right;">(3,426)</td> </tr> <tr> <td><u>Marketable securities within 3 months</u></td> <td style="text-align: right;"><u>568</u></td> </tr> <tr> <td><u>Cash and cash equivalents</u></td> <td style="text-align: right;"><u>34,108</u></td> </tr> </table>	Cash and bank deposits	36,966	Time deposits of more than 3 months	(3,426)	<u>Marketable securities within 3 months</u>	<u>568</u>	<u>Cash and cash equivalents</u>	<u>34,108</u>	<p>1. Reconciliation between the sums for cash and cash equivalents as of March 31, 2011 shown on the Balance Sheets</p> <p style="text-align: right;">(Unit: Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank deposits</td> <td style="text-align: right;">39,228</td> </tr> <tr> <td>Time deposits of more than 3 months</td> <td style="text-align: right;">(1,333)</td> </tr> <tr> <td><u>Marketable securities within 3 months</u></td> <td style="text-align: right;"><u>1,107</u></td> </tr> <tr> <td><u>Cash and cash equivalents</u></td> <td style="text-align: right;"><u>39,002</u></td> </tr> </table>	Cash and bank deposits	39,228	Time deposits of more than 3 months	(1,333)	<u>Marketable securities within 3 months</u>	<u>1,107</u>	<u>Cash and cash equivalents</u>	<u>39,002</u>
Cash and bank deposits	36,966																
Time deposits of more than 3 months	(3,426)																
<u>Marketable securities within 3 months</u>	<u>568</u>																
<u>Cash and cash equivalents</u>	<u>34,108</u>																
Cash and bank deposits	39,228																
Time deposits of more than 3 months	(1,333)																
<u>Marketable securities within 3 months</u>	<u>1,107</u>																
<u>Cash and cash equivalents</u>	<u>39,002</u>																
<p>2. Details of assets and liabilities of a company that has ceased to be a consolidated subsidiary as a result of sales of shares.</p> <p>Assets and liabilities at the time of sales, attendant upon the exclusion of Nifco Advanced Technology Inc. from consolidation as a result of sales of shares, are as follows:</p> <p style="text-align: right;">(Unit: Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current Assets</td> <td style="text-align: right;">1,595</td> </tr> <tr> <td>Fixed Assets</td> <td style="text-align: right;">78</td> </tr> <tr> <td>Current Liabilities</td> <td style="text-align: right;">(1,186)</td> </tr> <tr> <td>Long-term Liabilities</td> <td style="text-align: right;">(21)</td> </tr> </table>	Current Assets	1,595	Fixed Assets	78	Current Liabilities	(1,186)	Long-term Liabilities	(21)	<p>—————</p>								
Current Assets	1,595																
Fixed Assets	78																
Current Liabilities	(1,186)																
Long-term Liabilities	(21)																

- Effective Rates of Income Tax

FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
1. An explanation of the occurrence of deferred tax assets and liabilities  (Unit: Millions of yen)	1. An explanation of the occurrence of deferred tax assets and liabilities  (Unit: Millions of yen)
Deferred tax assets:	Deferred tax assets:
Accrued enterprise taxes 169	Accrued enterprise taxes 122
Valuation loss on molds and dies 308	Valuation loss on molds and dies 282
Accrued bonuses 421	Accrued bonuses 477
Evaluation loss on inventories 21	Evaluation loss on inventories 21
Allowance for doubtful receivables 20	Allowance for doubtful receivables 71
Employees' retirement allowances 579	Employees' retirement allowances 691
	Impairment loss 275
Net loss carry-forwards of subsidiaries 1,800	Net loss carry-forwards of subsidiaries 1,541
Loss on valuation of investment securities 45	Loss on valuation of investment securities 50
Depreciation 89	Depreciation 74
Others 999	Others 827
Sub-total 4,456	Sub-total 4,437
Offset with deferred tax liabilities within each entity (1,106)	Offset with deferred tax liabilities within each entity (1,312)
Sub-total deferred tax assets 3,350	Sub-total deferred tax assets 3,125
Valuation Allowance (1,834)	Valuation Allowance (1,647)
Total deferred tax assets 1,516	Total deferred tax assets 1,478
Deferred tax liabilities:	Deferred tax liabilities:
Net unrealized holding gains on securities (244)	Net unrealized holding gains on securities (150)
Reserved surplus for advanced depreciation (620)	Reserved surplus for advanced depreciation (602)
Difference on revaluation of assets of subsidiaries (33)	Valuation difference under full-fair-value accounting (36)
Securities for retirement benefits (351)	Securities for retirement benefits (309)
Others (535)	Tax effect on undistributed profits of overseas subsidiaries (415)
Sub-total (1,786)	Others (499)
Offset with deferred tax assets within each entity 1,106	Sub-total (2,014)
Deferred tax liabilities (680)	Offset with deferred tax assets within each entity 1,312
	Deferred tax liabilities (702)
2. An explanation of the difference arising between the statutory rate of corporation tax and other taxes after the application of the effective tax rates and the calculations for tax applied in the Company's balance sheets.  (Unit: %)	2. An explanation of the difference arising between the statutory rate of corporation tax and other taxes after the application of the effective tax rates and the calculations for tax applied in the Company's balance sheets.  (Unit: %)
Statutory tax rate 40.6	Statutory tax rate 40.6
(adjustments)	(adjustments)
Non-deductible entertainment expenses, etc. 2.4	Non-deductible entertainment expenses, etc. 1.1
Items such as dividend income that are excluded from income permanently -4.5	Items such as dividend income that are excluded from income permanently -3.8
Per-capita inhabitant tax 0.4	Per-capita inhabitant tax 0.4
Tax rate differences between those applied in Japan and the countries of foreign subsidiaries -10.5	Tax rate differences between those applied in Japan and the countries of foreign subsidiaries -10.8
Increase/decrease in valuation allowance 2.5	Tax effect on undistributed profits of overseas subsidiaries 3.3
Equity-method investment gain 0.7	Effect of eliminations on consolidation due to receipt of dividends from subsidiaries 4.8
Effect of eliminations on consolidation due to receipt of dividends from subsidiaries 5.5	Special reduction in tax rate for expenses in relation to research and development -2.6
Special reduction in tax rate for expenses in relation to research and development -4.5	Others -1.5
Difference adjustment in income taxes receivable declaration 2.0	Effective tax rate 31.5
Others 0.2	
Effective tax rate 35.1	

- Segment Information

a. Business segment information

- For FY2009 (April 1, 2009 to March 31, 2010)

(Unit: Millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Other businesses	Total	Elimination & corporate expenses	Consolidated figures
I Net sales and operating profit (loss)						
Net sales						
(1) Sales to customers	89,512	13,522	4,470	107,505	-	107,505
(2) Inter-segment sales	-	0	31	32	(32)	-
Total	89,512	13,523	4,502	107,538	(32)	107,505
Operating expenses	78,663	12,511	4,790	95,966	2,985	98,952
Operating profit (loss)	10,848	1,011	(288)	11,571	(3,018)	8,553
II Assets, depreciation, impairment loss and capital expenditure						
Assets	69,996	12,981	8,756	91,735	30,935	122,670
Depreciation	6,084	421	16	6,522	101	6,623
Impairment loss	260	-	295	556	-	556
Capital expenditure	5,304	176	23	5,504	70	5,574

Notes 1. The businesses are classified according to types of products and their markets.

2. The main products for each business segment are as follows.

(1) Industrial plastic parts and components: ....Industrial plastic fasteners, precision plastic injection molded, components, etc.

(2) Bedding & furniture: ..... Various types of beds, reclining chairs, etc.

(3) Other businesses: .....English-language newspaper and other printed media, liquid crystal displays and other electronic components, etc.

3. The consolidated figures for operating expenses include operating expenses of 3,161 million yen, respectively, which cannot be appropriated to any one segment and are included in Eliminations and Corporate Expenses; these mainly consist of expenses incurred by the administrative operations of the Company's Head Office including its Administration and Accounting Departments.

4. The consolidated figures include assets of 45,235 million yen, respectively, which cannot be appropriated to any one segment and are included in Eliminations and Corporate Expenses. These are mainly assets which related to the Administration Division including operating capital (cash), long-term deposits (investment securities), etc.

b. Geographic segment information

- For FY2009 (April 1, 2009 to March 31, 2010)

(Unit: Millions of yen)

	Japan	Asia	North America	Europe	Total	Elimination & corporate expenses	Consolidated figures
I Net sales and operating profit (loss)							
Net sales							
(1) Sales to customers	65,341	28,294	8,654	5,215	107,505	-	107,505
(2) Inter-segment sales	4,296	1,201	1	0	5,499	(5,499)	-
Total	69,637	29,495	8,656	5,215	113,005	(5,499)	107,505
Operating expenses	62,553	25,389	9,007	4,934	101,884	(2,932)	98,952
Operating profit (loss)	7,084	4,106	(350)	280	11,120	(2,567)	8,553
II Assets	45,365	30,082	8,383	6,074	89,907	32,763	122,670

Notes 1. Countries or regions are defined by geographical proximity.

2. The details of the countries or the regions other than Japan are as follows:

(1) Asia: .....South Korea, Hong Kong, China, Taiwan, Malaysia, Singapore, Thailand and Vietnam

(2) North America: .....U.S.A.

(3) Europe: .....U.K., Spain, Poland and Germany

3. The consolidated figures for operating expenses for the present year include operating expenses of 3,161 million yen, respectively, which cannot be appropriated to any one segment and are included in Eliminations and Corporate Expenses; these mainly consist of expenses incurred by the administrative operations of the Company's Head Office including its Administration and Accounting Departments.

4. The consolidated figures for the present year includes assets of 45,235 million yen, respectively, which cannot be appropriated to any one segment and are included in Eliminations and Corporate Expenses. These are mainly assets which related to the Administration Division including operating capital (cash), long-term deposits (investment securities), etc.

c. Overseas sales

- For FY2009 (April 1, 2009 to March 31, 2010)

(Unit: Millions of yen)

	North America	Asia	Europe	Others	Total
I. Overseas sales	9,088	28,532	4,974	84	42,679
II. Consolidated sales	-	-	-	-	107,505
III. The percentage ratio of overseas sales to consolidated net sales (%)	8.5	26.5	4.6	0.1	39.7

Notes 1. Countries or regions are defined by geographical proximity.

2. The details of the countries or the regions other than Japan are as follows:

(1) North America: .....U.S.A., Canada and Mexico

(2) Asia: .....South Korea, Taiwan, China, Hong Kong, Thailand, Malaysia, Singapore, etc.

(3) Europe: .....U.K., Spain, France, Germany, Poland, Czech, Hungary, etc.

(4) Others: .....Turkey, Australia, etc.

3. Overseas sales include all sales made outside Japan and exports from Japan.

d. Segment information

- For FY2010 (April 1, 2010 to March 31, 2011)

1. Summary of reportable segments

The reportable segments of Nifco are its constituent units on which separate financial information can be obtained, and the Board of Directors regularly examines them to determine the allocation of management resources and to evaluate earnings.

Nifco has two reportable segments: the "Industrial plastic parts and components business" and the "Bedding and furniture business."

The main products and services of each reportable segment are as follows:

- (1) Industrial plastic parts and components: Industrial plastic fasteners, precision plastic injection molded components, etc.
- (2) Bedding & furniture: Various types of beds, reclining chairs, etc.

2. Method used to calculate the amounts of net sales, profit or loss, assets, liabilities and other items for each reportable segment

The accounting method for reportable segments is the same, for the most part, with descriptions in the "Significant Accounting Policies for Preparing Consolidated Financial Statements." Profit or loss in the reportable segments corresponds to operating profit or operating loss. Inter-segment revenue is based on the current market price.

3. Information about net sales, profit or loss, assets, liabilities and other items for each reportable segment

For the consolidated fiscal year ended March 2010 (From April 1, 2009 to March 31, 2010)

The description about the above items is omitted because Nifco discloses segment information of consolidated financial statements based on the handling of segment information prior to the fiscal year ended March 2010 similar to the information disclosed pursuant to the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009).

- For FY2010 (April 1, 2010 to March 31, 2011)

(Unit: Millions of yen)

	Reported segments			Others (Note 1)	Adjustments (Note 2) (Note 5)	Amounts on consolidated financial statements (Note 3)
	Industrial plastic parts & components	Bedding & furniture	Total			
Net sales						
(1) Sales to customers	104,274	14,105	118,380	2,193	-	120,574
(2) Inter-segment sales	1	2	3	76	(80)	-
Total	104,276	14,107	118,384	2,270	(80)	120,574
Segment profit (loss)	15,484	1,533	17,017	(395)	(3,515)	13,106
(Reference)						
Segment profit margin (%) (Note 4)	14.9	10.9	14.4	(18.0)		10.9
Segment asset	71,413	13,510	84,923	8,435	34,565	127,925
Other items						
Depreciation	5,092	412	5,504	1	232	5,738
Increase in tangible fixed assets and intangible fixed assets	9,387	155	9,542	26	92	9,661

- Notes:
1. "Other" includes newspapers and publishing business, etc.
  2. Adjustments to the segment loss of 3,515 million yen reflect company-wide costs of 3,644 million yen and transactions eliminated between segments totaling 129 million yen. Company-wide costs mainly refer to general and administrative expenses that do not belong to reportable segments.
  3. Segment profit (loss) is adjusted by taking into account operating profit of consolidated financial statements.
  4. Segment profit margin is obtained by dividing segment profit (loss) by sales to customers for each segment.
  5. Adjustments to segment assets of 34,565 million yen reflect company-wide assets that are not allocated to each reportable segment of 48,152 million yen and transactions eliminated between segments totaling 13,586 million yen.

**(Reference information)**

**Geographic segment information**

For FY2010 (April 1, 2010 to March 31, 2011)

(Unit: Millions of yen)

	Japan	Asia	North America	Europe	Total	Elimination & corporate expenses	Consolidated figures
Net sales							
(1) Sales to customers	65,840	36,040	12,697	5,995	120,574	-	120,574
(2) Inter-segment sales	4,545	2,853	5	3	7,408	(7,408)	-
Total	70,386	38,894	12,702	5,999	127,982	(7,408)	120,574
Operating profit	8,444	6,299	790	484	16,020	(2,913)	13,106
(Reference) Segment profit margin (%)	12.8	17.5	6.2	8.1	13.3		10.9

**Overseas sales**

For FY2010 (April 1, 2010 to March 31, 2011)

	North America	Asia	Europe	Others	Total
I Overseas sales (Million yen)	13,267	36,280	5,713	101	55,362
II Consolidated sales (Million yen)	-	-	-	-	120,574
III Proportion of overseas sales to consolidated sales (%)	11.0	30.1	4.7	0.1	45.9

**(Additional information)**

From the first quarter of the fiscal year ended March 31, 2011, Nifco applied the "Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

- Per Share Information

(Unit: Yen)

FY2009 (April 1, 2009 to March 31, 2010)		FY2010 (April 1, 2010 to March 31, 2011)	
Net assets per share	1,438.56	Net assets per share	1,473.85
Net income per share	83.83	Net income per share	141.05
Diluted net income per share is not presented, since there are no common stock equivalents that have a dilutive effect.		Diluted net income per share	141.02

Note: The base data for calculating net income per share and diluted net income per share are as follows.

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Amount of net income per share		
Net income (Millions of yen)	4,468	7,531
Net income which belongs to common stock (Millions of yen)	4,468	7,531
Average number of common stock during the fiscal year (thousand shares)	53,303	53,397
Amount of diluted net income per share		
Adjustment of net income (Millions of yen)	-	-
(Of which, interest expenses (after deducting an amount equivalent to taxes))	(-)	(-)
(Of which, clerical commissions (after deducting an amount equivalent to taxes))	(-)	(-)
Increase of common stock (thousand shares)	-	13
(Of which, convertible bonds)	(-)	(-)
(Of which, stock acquisition rights)	(-)	(13)
Common stock equivalents which are not included in the diluted net income per share as they have no dilutive effect	Two types of stock acquisition rights (number of stock acquisition rights: 4,030). An overview of share warrants is described in “(2) Status of share warrants, etc.” under “1. Status of share, etc.,” in “4. Status of the filing company.”	

- Important Subsequent Events

Not applicable

- Omission of Disclosure

Disclosure of notes concerning lease transactions, financial instruments, marketable securities, derivatives transactions, pension fund, stock options, transactions with the related parties, relating to asset retirement obligations, and notes in relation to real estate for rent, etc. are omitted as they are deemed to have little effect on the summary of consolidated financial results.

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

(Unit: Millions of yen)

	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
Assets		
Current Assets		
Cash and deposits	23,527	24,655
Notes receivable	1,349	1,188
Accounts receivable	13,510	12,083
Marketable securities	1,502	2,000
Merchandise and finished goods	1,398	1,790
Work in process	377	422
Raw materials and supplies	293	297
Advance payments-trade	2	3
Deferred tax assets	708	583
Short-term loans	4	-
Short-term loans to group companies	4,349	4,209
Receivables	1,866	1,973
Others	62	74
Allowance for doubtful accounts	(2)	(1)
Total Current Assets	48,950	49,281
Fixed Assets		
Tangible fixed assets		
Buildings	14,475	14,538
Accumulated depreciation	(8,384)	(8,614)
Buildings (net base)	6,091	5,924
Other structures	657	658
Accumulated depreciation	(516)	(532)
Other structures (net base)	140	125
Machinery and equipment	6,690	6,553
Accumulated depreciation	(5,577)	(5,485)
Machinery and equipment (net base)	1,112	1,067
Vehicles and transportation	45	49
Accumulated depreciation	(41)	(42)
Vehicles and transportation (net base)	4	6
Tools, furniture and fixtures	5,957	6,034
Accumulated depreciation	(5,275)	(5,344)
Tools, furniture and fixtures (net base)	682	690

(Unit: Millions of yen)

	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
Molds	44,800	46,311
Accumulated depreciation	(43,071)	(44,939)
Molds (net base)	1,728	1,371
Land	8,853	9,790
Lease assets	8	12
Accumulated depreciation	(0)	(2)
Lease assets (net base)	7	9
Construction in progress	1,192	1,224
Total Tangible Fixed Assets	19,813	20,210
Intangible fixed assets		
Software	314	226
Utilization rights	30	29
Total Intangible Fixed Assets	344	255
Investments and other assets		
Investment securities	5,371	6,782
Stocks of group companies	25,542	26,462
Long-term loans to group companies	1,238	1,403
Claims provable in bankruptcy, claims provable in rehabilitation and other	2	2
Long-term prepaid expenses	27	15
Deferred tax assets	1,038	1,520
Others	305	307
Allowance for doubtful accounts	(226)	(735)
Total Investments and Other Assets	33,300	35,757
Total Fixed Assets	53,458	56,224
Total Assets	102,409	105,505

(Unit: Millions of yen)

	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes payable	1,128	856
Accounts payable	11,195	10,879
Other payables	1,586	1,504
Expenses payable	387	439
Income taxes payable	1,722	923
Deposits received	52	52
Accrued bonuses	843	937
Notes payable-equipment	129	56
Accounts payable-equipment	819	1,042
Others	43	21
<b>Total Current Liabilities</b>	<b>17,908</b>	<b>16,713</b>
<b>Long-term Liabilities</b>		
Accrued severance and retirement benefits	75	57
Bonds payable	15,000	15,000
Long-term indebtedness	418	3,374
Reserve for severance and retirement benefits	1,016	1,220
Asset Retirement Obligations	-	83
Guarantee deposits received	21	21
Others	5	28
<b>Total Long-term Liabilities</b>	<b>16,538</b>	<b>19,784</b>
<b>Total Liabilities</b>	<b>34,447</b>	<b>36,497</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital	7,290	7,290
<b>Additional paid-in capital</b>		
Capital reserve	11,651	11,651
<b>Total Additional Paid-in Capital</b>	<b>11,651</b>	<b>11,651</b>
<b>Retained earnings</b>		
Profit reserve	1,793	1,793
<b>Other retained earnings</b>		
Special depreciation reserve	-	2
Reserve for special account for advanced depreciation of fixed assets	292	266
Contingent reserve	45,700	44,700
Retained earnings brought forward	1,936	3,833
<b>Total Retained Earnings</b>	<b>49,722</b>	<b>50,594</b>
Treasury stocks	(1,058)	(743)
<b>Total Shareholders' Equity</b>	<b>67,605</b>	<b>68,792</b>
<b>Valuation, Translation Adjustments and Others</b>		
Net unrealized gain on securities	357	215
<b>Total of Valuation, Translation Adjustments and Others</b>	<b>357</b>	<b>215</b>
<b>Total Net Assets</b>	<b>67,962</b>	<b>69,007</b>
<b>Total Liabilities and Net Assets</b>	<b>102,409</b>	<b>105,505</b>

## (2) Non-consolidated Statements of Income

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Net sales		
Net sales of finished goods	54,206	56,676
Net sales of merchandise	1,525	1,710
Net sales	55,732	58,387
Cost of sales		
Cost of finished goods sold		
Beginning finished goods	1,371	1,305
Cost of finished goods manufactured	39,251	40,728
Purchase of finished goods	203	258
Total	40,827	42,292
Ending finished goods	1,305	1,670
Cost of finished goods sold	39,522	40,621
Cost of merchandise sold		
Beginning merchandise	92	93
Purchase of merchandise	1,120	1,261
Total	1,213	1,354
Ending merchandise	93	120
Cost of merchandise sold	1,119	1,234
Cost of sales	40,642	41,856
Gross profit	15,089	16,531
Selling, general and administrative expenses		
Packing and transportation expenses	3,020	3,040
Advertising expenses	64	-
Compensations, salaries and allowances	2,761	2,998
Employees' bonuses	709	841
Provision for bonuses	433	516
Pension benefits	301	320
Other personal expenses	627	717
Rent expenses	453	442
Traveling and transportation expense	279	425
Office taxes	71	-
Depreciation	442	369
Research and development expenses	312	361
Commission fee	584	683
Others	1,234	1,573
Total general and administrative expenses	11,294	12,289
Operating profit	3,795	4,241

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Non-operating profits		
Interest income	100	77
Interest on securities	81	86
Dividends received	892	1,037
Income from industrial property	651	832
Miscellaneous income	226	206
Total non-operating profits	1,953	2,240
Non-operating expenses		
Interest expenses	9	18
Interest on bonds	207	207
Rent cost of real estate	85	85
Foreign exchange losses	183	407
Miscellaneous loss	77	93
Total non-operating expenses	562	811
Recurring profit	5,186	5,670
Extraordinary profits		
Gains on sales of investment securities	7	-
Gain on sales of stocks of group companies	144	37
Gains on redemption of securities	35	-
Special depreciation reserve	-	14
Others	20	0
Total extraordinary profits	207	52
Extraordinary losses		
Loss on disposal of fixed assets	34	48
Loss on valuation of stocks of group companies	2,540	0
Reversal of reserve for doubtful accounts	222	509
Impairment loss	-	323
Others	75	40
Total extraordinary losses	2,872	922
Net income before income taxes	2,521	4,800
Corporate, residential and business taxes	2,125	1,981
Adjustment for corporate taxes	(265)	(258)
Total corporate taxes	1,860	1,722
Net income	660	3,078

## (3) Statement of Changes in Net Assets

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Common stock		
Balance at beginning of period	7,290	7,290
Balance at end of period	7,290	7,290
Additional paid-in capital		
Capital reserve		
Balance at beginning of period	11,651	11,651
Balance at end of period	11,651	11,651
Total Additional paid-in capital		
Balance at beginning of period	11,651	11,651
Balance at end of period	11,651	11,651
Retained earnings		
Revenue reserve		
Balance at beginning of period	1,793	1,793
Balance at end of period	1,793	1,793
Other retained earnings		
Special depreciation reserve		
Balance at beginning of period	-	-
Change during fiscal period		
Provision of reserve for special depreciation	-	2
Total changes during fiscal period	-	2
Balance at end of period	-	2
Reserve for special account for advanced depreciation of fixed assets		
Balance at beginning of period	319	292
Change during fiscal period		
Reversal of reserve for special account for advanced depreciation of fixed assets	(27)	(26)
Total changes during fiscal period	(27)	(26)
Balance at end of period	292	266
Contingent reserve		
Balance at beginning of period	47,700	45,700
Change during fiscal period		
Reversal of contingent reserve	(2,000)	(1,000)
Total changes during fiscal period	(2,000)	(1,000)
Balance at end of period	45,700	44,700

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Retained earnings brought forward		
Balance at beginning of period	1,061	1,936
Change during fiscal period		
Dividends of retained earnings	(1,812)	(2,134)
Provision of reserve for special depreciation		(2)
Reversal of reserve for special account for advanced depreciation of fixed assets	27	26
Reversal of contingent reserve	2,000	1,000
Net income	660	3,078
Disposal of treasury stocks	(0)	(71)
Total changes during fiscal period	875	1,896
Balance at end of period	1,936	3,833
Total retained earnings		
Balance at beginning of period	50,873	49,722
Change during fiscal period		
Dividends of retained earnings	(1,812)	(2,134)
Net income	660	3,078
Disposal of treasury stocks	(0)	(71)
Total changes during fiscal period	(1,151)	872
Balance at end of period	49,722	50,594
Treasury stocks		
Balance at beginning of period	(1,055)	(1,058)
Change during fiscal period		
Acquisition of treasury stocks	(4)	(6)
Disposal of treasury stocks	1	321
Total changes during fiscal period	(3)	315
Balance at end of period	(1,058)	(743)
Total shareholders' equity		
Balance at beginning of period	68,760	67,605
Change during fiscal period		
Dividends of retained earnings	(1,812)	(2,134)
Net income	660	3,078
Acquisition of treasury stocks	(4)	(6)
Disposal of treasury stocks	1	250
Total changes during fiscal period	(1,155)	1,187
Balance at end of period	67,605	68,792

(Unit: Millions of yen)

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Valuation, translation adjustment and others		
Net unrealized gain on securities		
Balance at beginning of period	(74)	357
Change during fiscal period		
Changes in items other than shareholders' equity during fiscal period	431	(142)
Total changes during fiscal period	431	(142)
Balance at end of period	357	215
Total of valuation, translation adjustment and others		
Balance at beginning of period	(74)	357
Change during fiscal period		
Changes in items other than shareholders' equity during fiscal period	431	(142)
Total changes during fiscal period	431	(142)
Balance at end of period	357	215
Total net assets		
Balance at beginning of period	68,686	67,962
Change during fiscal period		
Dividends of retained earnings	(1,812)	(2,134)
Net income	660	3,078
Acquisition of treasury stocks	(4)	(6)
Disposal of treasury stocks	1	250
Changes in items other than shareholders' equity during fiscal period	431	(142)
Total changes during fiscal period	(723)	1,045
Balance at end of period	67,962	69,007

Going concern issues

None

Changes in Significant Accounting Policies for Preparing Non-consolidated Financial Statements

FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
<p>(Change in Accounting Standard for Retirement Benefits) The Company adopted the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19, July 31, 2008) from this non-consolidated fiscal year. This change had no impact on operating profit, recurring profit or net income before income taxes.</p>	<p>(Application of “Accounting Standards for Asset Retirement Obligations”) From the first quarter of the fiscal year ended March 31, 2011, Nifco applied “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008). These changes meant operating profit and recurring profit for the fiscal year under review each decreased by 3 million yen, and income before income taxes fell by 22 million yen.</p>

Changes to the Method of Presentation

FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
<p>(Statements of Income) “Commission fee,” which had been included in “Others” of Selling, general and administrative expenses until the previous consolidated fiscal year, is now separately classified and stated from this non-consolidated fiscal year, since it has become significant in terms of amount. The amount of “Commission fee” of the previous fiscal year is 780 million yen.</p>	<p>(Balance Sheets) “Short-term loans,” which had been independently presented until the previous consolidated fiscal year, is included in “Others” under “Current assets” in this consolidated fiscal year because the amount fell below 1 percent of the total amount of assets.  (Statements of Income) “Advertising expenses” and “Business taxes,” which had been independently presented until the previous consolidated fiscal year, are included in “Others” under “Selling, general and administrative expenses” because the amounts fell below 5 percent of the total amount of Selling, general and administrative expenses.</p>

Notes in Relation to Non-consolidated Financial Statements

- Non-consolidated Balance Sheets

FY2009 (As of March 31, 2010)				FY2010 (As of March 31, 2011)			
1. Debt guaranty				1. Debt guaranty			
	Balance of guarantees		Details		Balance of guarantees		Details
Guaranteed company	Currency	Amount (Million yen)		Guaranteed company	Currency	Amount (Million yen)	
[Affiliated companies]			[Affiliated companies]				
Nifco America Corporation	10 million \$	930	Bank loan	Nifco America Corporation	1 million \$	116	Lease
Nifco (Thailand) Co., Ltd	40 million Thai baht	115	Bank loan		10 million \$	831	Bank loan
Nifco Poland sp.zo.o.	11 million Zloty	376	Bank loan	Nifco Korea USA Inc	2 million \$	166	Bank loan
Nifco Products España S.L.U.	0.7 million Euro	87	Bank loan	Nifco (Thailand) Co., Ltd	40 million Thai baht	109	Bank loan
Total	-	1,509	-	Nifco Poland sp.zo.o.	13 million Zloty	385	Bank loan
				Nifco Products España S.L.U.	0.3 million Euro	41	Bank loan
				Total	-	1650	-
2. Assets and liabilities of group companies				2. Assets and liabilities of group companies			
The assets and liabilities in connection with group companies included in each entry, other than those listed separately, as largely as follows.				The assets and liabilities in connection with group companies included in each entry, other than those listed separately, as largely as follows.			
Accounts receivable		1,065 million yen		Accounts receivable		1,107 million yen	
Receivables		685 million yen		Receivables		905 million yen	
Accounts payable		748 million yen		Accounts payable		668 million yen	
3. Commitment line agreement				3.			
The Company has executed commitment line agreements with 11 financial institutions to secure stable financing.				_____			
Details of the commitment line agreements are as stated in the "Notes in Relation to the Consolidated Balance Sheets".				_____			
_____				4. Accumulated impairment loss is included in accumulated depreciation in "Tangible fixed assets."			

FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)																																						
<p>1. Dealings of group companies</p> <p>Dealings between group companies and the Company are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Interest income</td> <td style="text-align: right;">852</td> </tr> <tr> <td>Income from industrial property</td> <td style="text-align: right;">650</td> </tr> </table> <p>2. Loss on disposal of fixed assets is as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Molds</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">26</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>34</b></td> </tr> </table> <p>3. Research and development expenses included in SGA and Manufacturing costs are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">SGA</td> <td style="text-align: right;">312</td> </tr> <tr> <td>Manufacturing costs</td> <td style="text-align: right;">424</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>736</b></td> </tr> </table>	Interest income	852	Income from industrial property	650	Molds	7	Others	26	<b>Total</b>	<b>34</b>	SGA	312	Manufacturing costs	424	<b>Total</b>	<b>736</b>	<p>1. Dealings of group companies</p> <p>Dealings between group companies and the Company are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Interest income</td> <td style="text-align: right;">994</td> </tr> <tr> <td>Income from industrial property</td> <td style="text-align: right;">831</td> </tr> </table> <p>2. Loss on disposal of fixed assets is as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Molds</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">44</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>48</b></td> </tr> </table> <p>3. Research and development expenses included in SGA and Manufacturing costs are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">SGA</td> <td style="text-align: right;">361</td> </tr> <tr> <td>Manufacturing costs</td> <td style="text-align: right;">510</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>871</b></td> </tr> </table> <p>4. Impairment loss</p> <p>The Nifco Group recorded an impairment loss on the following asset group in the fiscal year under review.</p> <table border="1" style="margin-left: 40px; border-collapse: collapse; width: 60%;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Use</th> <th style="text-align: center;">Type of asset</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Kanagawa Prefecture</td> <td style="text-align: center;">Idle Assets</td> <td style="text-align: center;">Buildings and Land</td> </tr> </tbody> </table> <p>Nifco possessed buildings and land which were acquired as assets for business purposes. As the Company acquired other land in good locations, it classified assets for business purposes whose usage is not determined as of the end of the fiscal year as idle assets.</p> <p>Nifco wrote down the book value of the idle assets, independently of other asset groups, to its recoverable value and posted the said decrease (40 million yen for buildings and 283 million yen for land) as an impairment loss under Extraordinary losses in the fiscal year under review.</p> <p>The recoverable value of the idle assets is the amount on the real estate appraisal report evaluated by a real estate appraiser.</p>	Interest income	994	Income from industrial property	831	Molds	4	Others	44	<b>Total</b>	<b>48</b>	SGA	361	Manufacturing costs	510	<b>Total</b>	<b>871</b>	Location	Use	Type of asset	Kanagawa Prefecture	Idle Assets	Buildings and Land
Interest income	852																																						
Income from industrial property	650																																						
Molds	7																																						
Others	26																																						
<b>Total</b>	<b>34</b>																																						
SGA	312																																						
Manufacturing costs	424																																						
<b>Total</b>	<b>736</b>																																						
Interest income	994																																						
Income from industrial property	831																																						
Molds	4																																						
Others	44																																						
<b>Total</b>	<b>48</b>																																						
SGA	361																																						
Manufacturing costs	510																																						
<b>Total</b>	<b>871</b>																																						
Location	Use	Type of asset																																					
Kanagawa Prefecture	Idle Assets	Buildings and Land																																					

- Notes in Relation to the Non-consolidated Statement of Changes in Net Assets  
For FY2009 (April 1, 2009 to March 31, 2010)

**Matters concerning type and number of treasury stocks**

	No. of stocks as of end of previous non-consolidated fiscal year	No. of stocks increased during this non-consolidated fiscal year	No. of stocks decreased during this non-consolidated fiscal year	No. of stocks as of end of this non-consolidated fiscal year
Common stocks (Notes 1, 2)	445,891	2,812	614	448,089

Notes: 1. The increase of 2,812 common stocks in the treasury stock category represents a purchase of odd-lot certificates.

2. The decrease of 614 common stocks in the treasury stock category represents a decrease of stocks through disposal of odd-lot certificates.

For FY2010 (April 1, 2010 to March 31, 2011)

**Matters concerning type and number of treasury stocks**

	No. of stocks as of end of previous non-consolidated fiscal year	No. of stocks increased during this non-consolidated fiscal year	No. of stocks decreased during this non-consolidated fiscal year	No. of stocks as of end of this non-consolidated fiscal year
Common stocks (Notes 1, 2)	448,089	3,201	136,212	315,078

Notes: 1. The increase of 3,201 common stocks in the treasury stock category represents a purchase of odd-lot certificates.

2. The decrease of 136,212 common stocks in the treasury stock category represents decrease through exercise of stock options 135,600 stocks and a decrease of 612 stocks through disposal of odd-lot certificates.

- Per Share Information

(Unit: Yen)

FY2009 (April 1, 2009 to March 31, 2010)		FY2010 (April 1, 2010 to March 31, 2011)	
Net assets per share	1,274.94	Net assets per share	1,291.33
Net income per share	12.40	Net income per share	57.64
Diluted net income per share is not presented, since there are no common stock equivalents that have a dilutive effect.		Diluted net income per share	57.63

Note: The base data for calculating net income per share and diluted net income per share are as follows.

	FY2009 (April 1, 2009 to March 31, 2010)	FY2010 (April 1, 2010 to March 31, 2011)
Amount of net income per share		
Net income (Millions of yen)	660	3,078
Net income which belongs to common stock (Millions of yen)	660	3,078
Average number of common stock during the fiscal year (thousand shares)	53,307	53,401
Amount of diluted net income per share		
Adjustment of net income (Millions of yen)	-	-
(Of which, interest expenses (after deducting an amount equivalent to taxes))	(-)	(-)
(Of which, clerical commissions (after deducting an amount equivalent to taxes))	(-)	(-)
Increase of common stock (thousand shares)	-	13
(Of which, convertible bonds)	(-)	(-)
(Of which, stock acquisition rights)	(-)	(13)
Common stock equivalents which are not included in the diluted net income per share as they have no dilutive effect	Two types of stock acquisition rights (number of stock acquisition rights: 4,030). An overview of share warrants is described in “(2) Status of share warrants, etc.” under “1. Status of share, etc.” in “4. Status of the filing company.”	—————

- Important Subsequent Events

Not applicable

- Omission of Disclosure

Disclosure of notes concerning lease transactions, marketable securities and tax effect accounting are omitted because they are deemed to have little effect on the summary of financial results.