

Consolidated Financial Results for the First Half of FY2005

Nippon Flour Mills Co., Ltd.

Listing: Tokyo Stock Exchange, Osaka Securities Exchange, Sapporo Securities Exchange

Code Number: 2001 (URL <http://www.nippon.co.jp>)

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Date of Board Meeting for Consolidated Settlement of Interim Accounts: November 11, 2004

Application of US Financial Accounting Standards: None

1. Consolidated Results for the First Half of FY2005 (Apr. 1, 2004 – Sept. 30, 2004)

**Amounts under one million yen have been rounded down.*

(1) Business Results

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income
First Half of FY2005	113,068 (4.7%)	3,917 (18.4%)	3,766 (24.8%)
First Half of FY2004	108,009 (7.1%)	3,307 (64.4%)	3,017 (47.9%)
FY2004	215,777 —	7,443 —	6,585 —

	Net Income	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
First Half of FY2005	2,396 (37.5%)	14.24	—
First Half of FY2004	1,742 (45.0%)	10.42	—
FY2004	4,606 —	27.25	—

Notes:

1) Gain from investment in subsidiaries and affiliates accounted for by the equity method:

First half of FY2005: ¥ 104 million

First half of FY2004: ¥ 78 million

FY2004: ¥ 193 million

2) Average number of shares outstanding (consolidated):

First Half of FY2005: 168,271,575

First Half of FY2004: 167,266,249

FY2004: 166,856,286

3) Changes in accounting method: Not applicable

4) Numbers in parentheses alongside net sales, operating income, ordinary income, and net income indicate percentage increase/decrease from the same period of the previous year.

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (Yen)
First Half of FY2005	175,315	80,176	45.7	476.47
First Half of FY2004	161,439	73,390	45.5	441.90
FY2004	172,359	80,525	46.7	478.17

Note: Number of shares outstanding at term end (consolidated):

First Half FY2005:	168,270,376
First Half FY2004:	166,080,867
FY2004:	168,278,467

(3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Term-End
First Half of FY2005	3,689	(2,202)	(4,719)	12,078
First Half of FY2004	5,202	(816)	(2,547)	11,549
FY2004	8,871	(3,402)	188	15,308

(4) Number of Consolidated Subsidiaries, and Subsidiaries and Affiliates Accounted for by the Equity Method

Number of consolidated subsidiaries: 35

Number of unconsolidated subsidiaries accounted for by the equity method: 6

Number of affiliates accounted for by the equity method: 4

(5) Changes in Consolidation and Scope of Application for Equity Method

Newly consolidated subsidiaries: 1

Newly included under equity method: 1 (Excluded under equity method: 1)

2. Forecast for the Full Year Business Results (Apr. 1, 2004 - Mar. 31, 2005)

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
FY2005	231,000	8,000	7,500	4,700

Reference: Expected net income per share ¥27.93

*The above forecast has been prepared based on data as of the announcement date. Actual results may differ from the forecasted figures due to various factors such as fluctuations in exchange. See the accompanying reference page 11 regarding the forecast above.

1. History of Key Consolidated Management Indices

		First Half of FY2003	First Half of FY2004	First Half of FY2005	FY2003	FY2004
Net sales	Million Yen	100,851	108,009	113,068	201,389	215,777
Operating income	Million Yen	2,012	3,307	3,917	5,059	7,443
Ordinary income	Million Yen	2,040	3,017	3,766	4,469	6,585
Net income	Million Yen	1,201	1,742	2,396	2,430	4,606
Shareholders' equity	Million Yen	71,507	73,390	80,176	66,675	80,525
Total assets	Million Yen	159,362	161,439	175,315	146,654	172,359
Shareholders' equity per share	Yen	416.16	441.90	476.47	394.79	478.17
Net income per share	Yen	6.93	10.42	14.24	13.86	27.25
Fully diluted net income per share	Yen	-	-	-	-	-
Equity ratio	%	44.9	45.5	45.7	45.5	46.7
Cash flows from operating activities	Million Yen	5,911	5,202	3,689	9,110	8,871
Cash flows from investing activities	Million Yen	(103)	(816)	(2,202)	528	(3,402)
Cash flows from financing activities	Million Yen	(696)	(2,547)	(4,719)	(5,635)	188
Cash and cash equivalents at term end	Million Yen	10,757	11,549	12,078	9,709	15,308
Number of employees [average number of temporary employees, not included numbers of employees]		2,335 [2,370]	2,375 [2,502]	2,441 [2,752]	2,291 [2,329]	2,346 [2,657]

Notes:

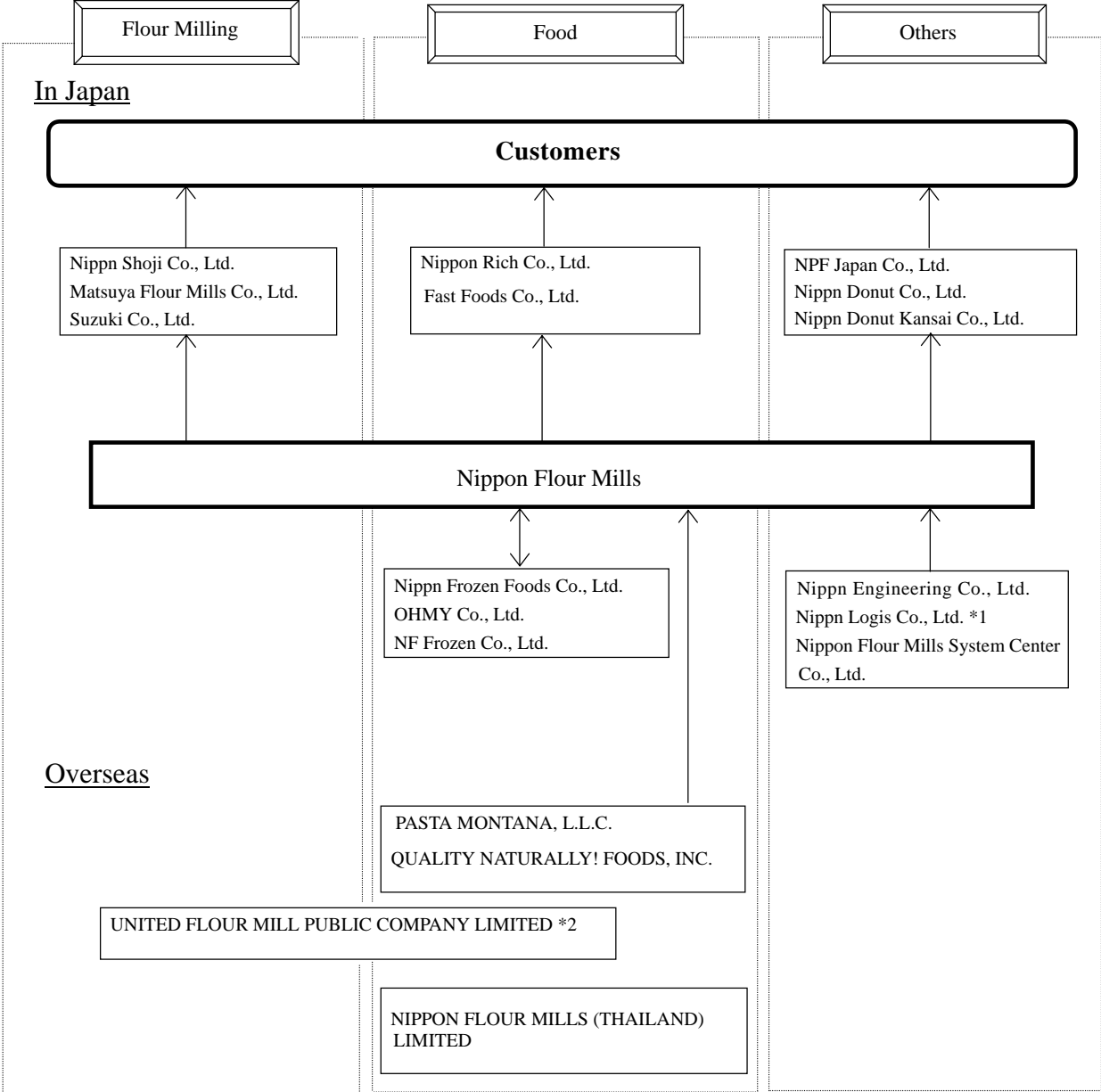
1. Consumption taxes are not included in net sales.
2. Fully diluted net income per share is not recorded because no potentially dilutive shares exist.

Nippon Flour Mills Group

Nippon Flour Mills Group (the Company and its affiliated companies) consists of the Company (Nippon Flour Mills Co., Ltd.), 51 subsidiaries, and 26 affiliates. Details of the Company’s core business segments follow:

- Flour Milling Production and sale of wheat flour, bran, and buckwheat
- Food Production and sale of premixes, pasta, frozen foods, and deli foods
- Others Production and sale of pet food; engineering and foodservice operations

The Company’s businesses are depicted in the schematic diagram below.



(Notes)

No mark: Consolidated subsidiary

→ Flow of products and services

*1: Non-consolidated subsidiary to which the equity method is applied

*2: Affiliated company to which the equity method is applied

Affiliated Companies

Name	Location	Share capital (Millions of yen)	Principal businesses	Ownership of voting rights (%)	Relationship
(Consolidated subsidiaries) Matsuya Flour Mills Co., Ltd.	Utsunomiya, Tochigi prefecture	40	Production and sale of buckwheat, sale of wheat flour	93.7	The Company sells the subsidiary's products. One shared corporate officer.
Nippon Shoji Co., Ltd.	Kobe, Hyogo prefecture	45	Sale of wheat flour, sugar, animal feed, etc.	93.2	The subsidiary sells the Company's products. Provision of offices.
Nippon Frozen Foods Co., Ltd.	Shibuya-ku, Tokyo	50	Production and sale of frozen ingredients	100	The Company purchases the subsidiary's products. Two shared corporate officers.
OHMY Co., Ltd.	Shibuya-ku, Tokyo	80	Production and sale of pasta	100	The Company purchases the subsidiary's products. Two shared corporate officers.
Nippon Rich Co., Ltd.	Shibuya-ku, Tokyo	30	Sale of frozen ingredients	100	The subsidiary sells the Company's products. One shared corporate officer.
Fast Foods Co., Ltd.	Hachioji, Tokyo	430	Production and sale of deli foods	75	The Company sells the subsidiary's products. One shared corporate officer.
NF Frozen Co., Ltd.	Isezaki, Gunma prefecture	30	Production and sale of frozen deli foods and frozen ingredients	100	The Company purchases the subsidiary's products. Provision of production facilities. Financial assistance. Two shared corporate officers.
Nippon Donut Co., Ltd.	Shibuya-ku, Tokyo	20	Foodservice operations	100	The Company supplies raw materials. Provision of shops.
NPF Japan Co., Ltd.	Shibuya-ku, Tokyo	40	Production and sale of pet food	100	The Company sells the subsidiary's products.
Nippon Engineering Co., Ltd.	Shibuya-ku, Tokyo	20	Plant construction and the design, production, and sale of machinery equipment	100	The Company purchases the subsidiary's machinery equipment.
Others 25 companies	-	-	-	-	-
(Non-consolidated subsidiaries to which the equity method is applied) 6 companies	-	-	-	-	-
UNITED FLOUR MILL PUBLIC Co., Ltd.	Bangkok, Thailand	400 millions of baht	Production and sale of wheat flour	20	One shared corporate officer.
Others (3 companies)	-	-	-	-	-

Management Policy

(1) Basic Management Policy

“Responding to the changes of the times and boldly introducing technological innovation to establish new businesses” — the motto of Nippon Flour Mills Group expresses the venturesome spirit at work when the Company was founded. Grounding its activities in this motto, today Nippon Flour Mills makes contributing to the welfare of society through excellent products and services the foundation of its business.

In addition to aggressively expanding into new business areas, the Company aims to increase competitive advantage through unflinching management reform, maintain the trust of shareholders and other stakeholders, and achieve further growth and development as a highly regarded food company.

(2) Basic Policy on Profit Distribution

The Company’s basic policy on profit distribution is to ensure maintenance of adequate internal reserves in consideration of the need to strengthen the corporate structure, preparations for future business development, and the operating environment while at the same time continuing to pay stable dividends.

In the use of free cash flow, the Company will accord priority to investments made to increase enterprise value, for example, by expanding existing core businesses and establishing new businesses. The Company will also flexibly repurchase its own stock, utilizing free cash flow with a view to long-term investment efficiency, as a means of returning profit to shareholder.

(3) Target Performance Indicators

The Group has established a medium-term business plan covering a three-year period beginning April 2002 and is striving to achieve the targets in the plan. To cope with a drastically changing operating environment, we have mounted a thorough, group-wide corporate restructuring that has greatly strengthened the fundamentals of the business. At the same time, we have expanded operations by aggressively entering new business fields. We have established a framework in which the core flour milling business is complemented by the food business, consisting of basic foodstuffs, processed foods, deli foods, and frozen foods operations. Furthermore, operations in biotechnology, healthcare, the environment and other new business sectors are beginning to produce results.

Covering all business operations, the medium-term business plan focuses on continued cost reductions and initiatives to reinforce selling power. It includes targets and activity plans for each business unit to ensure that all business operations can successfully compete in their respective industries. The Company has established the target of ¥8 billion in operating income (an operating profit margin of 3.0%) for fiscal 2005, the final year of the plan. We are confident of achieving this target on the basis of business performance for the past two years and the action plan for fiscal 2005. Cognizant of the important objectives the Group must strive for in the years beyond the scope of the action plan, the Group is currently preparing the next medium-term business plan.

(4) Medium-Term to Long-Term Management Strategies

While the food industry in Japan continues to suffer from weak consumption, multilateral and bilateral trade negotiations within the World Trade Organization and on free trade agreements are proceeding, and competition among companies is expected to intensify in the global marketplace.

To cope with these challenging circumstances, the Group is pushing ahead with the medium-term business plan. The plan has six key elements:

- 1) Business expansion in growth fields and strategic fields
- 2) Concentration of management resources on strong businesses
- 3) Shift of existing businesses to a highly profitable structure
- 4) Maximization of the Group’s enterprise value through improved asset efficiency
- 5) Strengthening of corporate governance and the introduction of incentives
- 6) Harmony with society as a good corporate citizen.

At the same time, management will promote business operations emphasizing environmental friendliness, while expanding and developing Nippon Flour Mills Group as a multifaceted food conglomerate.

(5) Issues to Be Addressed

Although deregulation and tax system reform are expected to bring about continuing growth of the Japanese economy in the coming years, uncertain factors, such as prospects for the U.S. economy and oil prices, make the outlook of the Japanese economy unpredictable. In the food industry, while consumption remains lackluster, shrinking of the Japanese market due to aging and a low birthrate is a concern, and thus competition is likely to intensify.

To cope with these adverse circumstances, the Group's priority is to attain the goals of the medium-term business plan; the current fiscal year is the final year of the plan. We are working to expand our existing flour milling, food and deli products businesses and improve their profitability, while at the same time vigorously entering related business fields.

In accordance with the plan, refurbishment of production lines at Atsugi Plant of OHMY Co., Ltd., the Group's pasta manufacturing company, was completed in October 2004, a premix plant of Nippon Flour Mills (Shanghai) Co., Ltd. began operation in November 2004, and construction of state-of-the-art large-scale flour milling lines at Chiba Mill, commenced in April 2004, is advancing smoothly toward the scheduled completion in March 2006. These expanded production facilities will enable us to increase sales volumes of the Group's mainstay flour, pasta and premix products, while improving production efficiency and enhancing quality.

The Group is cultivating the fundamentals that will enable it to respond effectively to the rapidly changing business environment, and thus, is reinforcing its position as a multifaceted food conglomerate enjoying the trust and recognition of its shareholders, consumers, business partners, and other stakeholders.

On the environmental front, the Group has introduced environmental accounting and is engaged in R&D and product development that emphasizes environmental friendliness.

(6) Basic Stance on Corporate Governance and Implementation of Measures to Strengthen Corporate Governance

(Basic Stance on Corporate Governance)

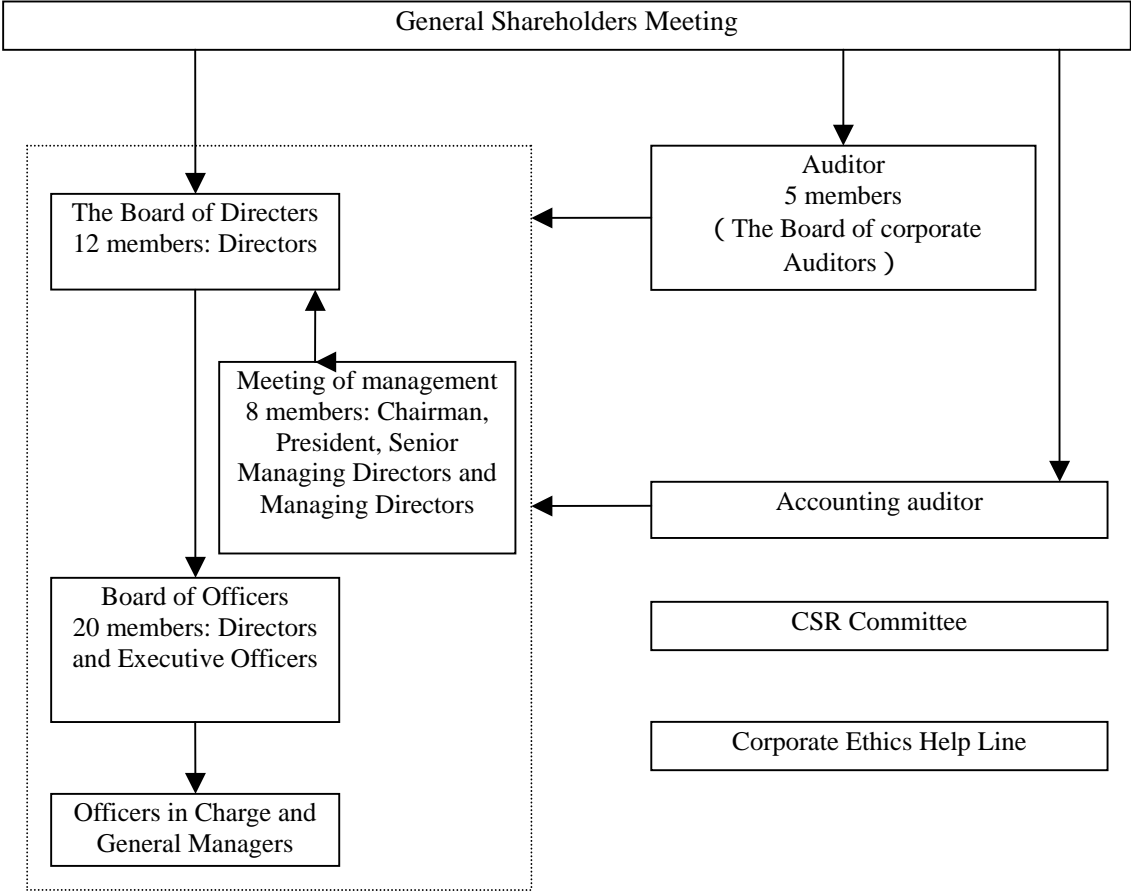
The Group recognizes the importance of ensuring its corporate governance of the highest quality. Mindful of our responsibilities as a food products manufacturer, we accord the top priority to ensuring the safety of food. From the viewpoint of management, key elements of corporate governance include the establishment of internal systems to enhance trust and consistency through improvement of operating efficiency, timely disclosure, and implementation of systems and procedures to cope with emergencies.

(Implementation of Measures to Strengthen Corporate Governance)

1) Organizational structure

The Company introduced the executive officer system under the auditor system on April 1, 2002. The board of directors, consisting of 12 directors, focuses on decision-making concerning execution and supervision of execution. The five auditors attend the meetings of the board of directors to monitor compliance with laws and regulations. The board of officers consisting of all directors and executive officers has been established to discuss important matters concerning business execution.

2) Organizational structure and internal controls



3) Internal control systems and risk control systems

Segregation of duties and authority are defined in regulations in order to clarify responsibilities, and procedures are prescribed for important matters.

In January 2003, the Company established the CSR Committee chaired by the Risk Management Officer in order to ensure legal compliance, ethical conduct and fairness. To implement the Code of Conduct and the Conduct Guidelines established in April 2003, the committee has formulated action plans for individual business premises that have been implemented since October 2004. The committee will continue to promote the efforts of business premises.

Also, the Company has established the Corporate Ethics Help Line, an internal reporting system, to strengthen systems for legal compliance.

The Company has established the Basic Rules for Risk Management and a risk management system headed by the president, in order to ensure a well-targeted and swift response in the event of any emergency with a significant impact on the Company’s business. With regard to third-party participation, the audit firm that serves as the accounting auditor conducts timely, appropriate auditing of accounts in accordance with the law. Also, the Company has adopted a system for obtaining advice concerning management from legal counsel and other specialists as necessary.

Operating Results and Financial Position

1) Operating Results

Operating Results for the First Six Months of the Current Fiscal Year

Overview of the operating results (Millions of yen, except for per share figures)

	First Half of FY2005	First Half of FY2004	Increase (Decrease)	
			Amount	Ratio (%)
Net sales	113,068	108,009	5,059	4.7
Operating income	3,917	3,307	609	18.4
Ordinary income	3,766	3,017	749	24.8
Net income	2,396	1,742	654	37.5
Net income per share (Yen)	14.24	10.42	3.82	36.7

In the first six months of the fiscal year ending March 31, 2005, although a recovery of the Japanese economy appeared to be afoot, as evidenced by the improvement in corporate earnings and rising private-sector capital investment, personal consumption remained lackluster.

In the food industry, despite increases in sales of beverages because of the extremely hot summer, a broadly based upturn in consumption did not materialize and the harsh business environment persisted.

In this challenging business environment, the Group continued its concerted effort to increase sales and further reduce costs in accordance with the New Nippon Way medium-term business plan.

As a part of this effort, with the aim of streamlining logistics for premix and pasta products and integrating control in the Tokyo Metropolitan area, construction of the Yokohama Distribution Center was completed in August 2004. The opening of the center is expected to strengthen the Group's cost competitiveness.

Also, in order to respond to consumers' increasing awareness of food safety and reliability issues, we engaged vigorously in corporate social responsibility (CSR) activities, including enhancement of quality assurance systems and reduction of environmental impacts.

In consolidated business performance for the year under review, efforts to expand sales in all business segments and to reduce manufacturing costs and the cost of sales and the inclusion of one sales subsidiary within the scope of consolidation resulted in net sales of ¥113,068 million, an increase of 4.7% year on year, operating income of ¥3,917 million, an increase of 18.4%, ordinary income of ¥3,766 million, an increase of 24.8%, and net income of ¥2,396 million, an increase of 37.5%.

The performance of individual business segments was as follows.

Flour Milling

The business environment of the flour milling sector is changing markedly. While domestic demand for flour shows little or no growth, rising imports of premixes and flour-based products is fueling price competition. Also, in line with the government's reduction of the selling price of raw wheat in February 2004, flour milling companies lowered their flour prices. In these circumstances, to meet diversifying preferences regarding food, the Group developed new products, and engaged in vigorous marketing activities including holding technical seminars and, promoting proposal-driven marketing. Sales of flour for bread and instant noodles were sluggish due to the unusually hot summer, and, as a result, total sales of flour declined compared with the same period of the previous year. Sales of bran, a flour milling by-product, increased year on year owing to robust market conditions. Revenues from the warehousing and harbor transport businesses exceeded over the prior-year level.

As a result of these developments, sales for the Flour Milling segment were ¥42,922 million, a decrease of 1.0% year on year.

Food

The Group introduced distinctive new products catering to consumers' whose aspirations are increasingly focused on wellbeing and safety and executed vigorous marketing, including participation in various exhibitions, the holding of new product introduction seminars and training courses on Italian cuisine. At the same time, the Group worked to improve profitability through a concerted effort to reduce costs and

improve sales management. As a result of these efforts, as well as the inclusion of an additional subsidiary within the scope of consolidated accounting, sales of the food segment greatly surpassed the level of the same period of the previous year despite intensifying competition.

Shipments of pasta products, both for institutional and home use, were brisk. In the range of pasta products for home use, Oh, My Lunch Box Cod Roe Spaghetti, which can be rapidly prepared in exactly the desired quantity, and whose savory flavor is unimpaired even when it is cold, continued to sell strongly. Also, the addition of a penne dish augmented the highly popular Oh, My Fast Boiling Salad Macaroni line. Also, Oh, My Fast Boiling Fettuccine was added to the highly popular Oh, My Fast Boiling Pasta Series, as the first long pasta in the series.

Sales of premix products for institutional use were lackluster; namely, shipments of premix for fried chicken declined greatly due to suspension of raw chicken imports from Thailand and China in response to the outbreak of avian influenza at the beginning of the year. In contrast, sales of premix products for home use rose thanks to brisk sales of premix products for tempura and *okonomiyaki* (Japanese-style savory pancakes).

Sales of frozen ingredients and frozen foods increased year on year owing to solid performance from dough for donuts and pies for the restaurant industry.

Sales of deli products increased compared with the same period of the previous year as a result of cultivation of new markets and higher sales of ready-to-eat dishes.

As a result of these developments, sales for the Food segment were ¥57,056 million, an increase of 12.1% year on year.

Other Businesses

Sales of pet food products were higher than for the same period of the previous year thanks to strong shipments of new dog food products for overweight dogs.

Sales of natural cosmetics and health foods were lackluster and lower than for the same period of the previous year. The biotechnology and engineering businesses performed poorly, posting lower sales than for the same period of the previous year.

As a result, sales for the Other Businesses segment were ¥13,089 million, a decrease of 4.9% year on year.

Outlook for the Full Year

(Millions of yen, except for per share figures)

	FY2005 (Forecasts)	FY2004 (Results)	Increase (Decrease)	
			Amount	Ratio (%)
Net sales	231,000	215,777	15,223	7.1
Operating income	8,000	7,443	557	7.5
Ordinary income	7,500	6,585	915	13.9
Net income	4,700	4,606	94	2.0
Net income per share (Yen)	27.93	27.25	0.68	2.5

Although, on balance, a continued modest recovery of the Japanese economy is expected, caution is in order as persisting instability in Iraq and rising oil prices may put a brake on the world economy.

To cope with these adverse business conditions, the Group will put its full weight behind implementation of the medium-term business plan, working to expand the business and increase cost competitiveness.

We are mindful that our growth and prosperity proceed hand in hand with the preservation of a rich natural environment. Thus, we will not only strive to reduce the environmental impacts of our business, but also devote ourselves to environmental friendliness in R&D and product development.

Flour Milling

We will continue to engage in aggressive marketing activities to expand market share. At the same time, we will work to increase sales by constructing new business models, proposing products that satisfy latent market needs, and increasing customer satisfaction. We will also move forward with cost reductions in every facet of operations: production, distribution, and sales.

Food

We will aggressively engage in the development and introduction of new products that satisfy consumer needs. In addition to working to increase sales of products in easy-to-handle handy packs and seasoning products, we will cultivate new customers for our products. In the deli products sector, in addition to sales of rice-based boxed lunches for convenience stores and ready-to-eat dishes, we intend to cultivate new deli markets. In the frozen food sector, we will develop high value-added products and open up new markets.

Other Businesses

The market for health foods is expected to grow as people increasingly embrace healthy lifestyles and in view of the impact of the aging society. Accordingly, we are concentrating on development of new products attuned to consumers' enthusiasm for health and wellness. Keeping pets has a positive effect on people, and the market for pet products is expanding. The Group will work to increase sales in this sector by engaging in research and development of pet foods that meet consumer needs.

Although the business environment is harsh, management forecasts consolidated net sales of ¥231 billion, operating income of ¥8 billion, ordinary income of ¥7.5 billion, and net income of ¥4.7 billion for fiscal 2005, the final year of the medium-term business plan.

Cautionary statement: Forecasts for future operating results have been prepared based on certain assumptions and beliefs that can be inferred from the current situation. The Company undertakes to provide no guarantee or assurance that the forecasts will be realized.

2) Financial Position

Consolidated Statements of Cash Flows for the First Six Months of the Current Fiscal Year (Summary)

Item	(Millions of yen)		
	First Half of FY2005	First Half of FY2004	Increase (Decrease)
Cash flows from operating activities	3,689	5,202	(1,513)
Cash flows from investing activities	(2,202)	(816)	(1,385)
Cash flows from financing activities	(4,719)	(2,547)	(2,166)
Effects of exchange rate changes on cash and cash equivalents	2	1	1
Net increase (decrease) in cash and cash equivalents	(3,229)	1,839	(5,069)
Cash and cash equivalents at the end of the term	15,308	9,709	5,598
Cash and cash equivalents at the beginning of the term	12,078	11,549	529

Net cash provided by operating activities amounted to ¥3,689 million, having declined by ¥1.5 billion compared with the same period of the previous year, mainly due to the increase in income taxes paid for the previous year.

Net cash used in investing activities amounted to ¥2,202 million. Although capital expenditure amounted to ¥2.8 billion, cash inflow increased by ¥0.4 billion due to the inclusion of an additional subsidiary within the scope of consolidation.

Free cash flow, calculated by subtracting cash used in investing activities from cash provided by operating activities, was ¥1,488 million.

Net cash used in financing activities was ¥4,719 million. The main item was expenditure of ¥5 billion for redemption of bonds.

As a result, cash and cash equivalents at the end of the year under review increased to ¥12,078 million.

3) Cash Flow Indicator Trends

	FY2003	First Half of FY2004	FY2004	First Half of FY2005
Equity ratio (%)	45.5	45.5	46.7	45.7
Equity ratio at market value (%)	34.6	40.8	47.0	44.4
Debt repayment period (years)	5.2	-	5.8	-
Interest coverage ratio (times)	10.0	10.1	8.4	7.8

Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Market capitalization / Total assets

Debt repayment period: Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest expense

* The consolidated financial figures constitute the basis for calculating these indicators.

* Market capitalization is calculated by multiplying the closing stock price at term-end by the number of shares outstanding at term-end (after the deduction of treasury stocks).

* The basis for calculating cash flow from operating activities is net cash provided by operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all debts recorded on the consolidated balance sheet on which interest is paid. The basis for interest expense is the amount of interest paid recorded in the consolidated statements of cash flows.

Interim Consolidated Financial Statements

1) Interim Consolidated Balance Sheets

(Millions of yen)

	1st Half FY2005	FY2004	Increase (Decrease)	1st Half FY2004		1st Half FY2005	FY2004	Increase (Decrease)	1st Half FY2004
Assets					Liabilities				
Current assets:					Current liabilities:				
Cash and time deposits	12,078	15,308	(3,229)	11,549	Trade notes and accounts payable	11,428	9,398	2,030	10,261
Trade notes and accounts receivable	26,528	18,521	8,007	18,158	Short-term loans	21,896	19,673	2,222	24,083
Inventories	14,687	15,286	(599)	13,604	Current portion of bonds redeemable within a year	-	5,000	(5,000)	5,000
Deferred income taxes	791	843	(51)	861	Income taxes	1,812	2,577	(764)	929
Other current assets	3,187	2,912	275	4,477	Others	14,384	8,348	6,035	7,589
Allowance for doubtful accounts	(167)	(115)	(51)	(125)	Total current liabilities	49,522	44,998	4,523	47,863
Total current assets	57,106	52,756	4,349	48,525	Long-term liabilities:				
Fixed assets:					Bonds	5,500	5,500	-	5,000
Tangible fixed assets:					Long-term debt	20,775	21,637	(861)	15,212
Buildings and structures	23,088	22,807	280	23,197	Reserve for employee retirement benefits	3,053	3,150	(97)	6,174
Machinery, equipment and vehicles	17,609	16,806	802	17,519	Reserve for directors' retirement benefits	611	631	(19)	558
Land	27,219	26,597	621	26,539	Deferred tax liabilities	12,178	13,072	(893)	10,268
Construction in progress	144	549	(404)	210	Other liabilities	1,756	1,679	77	1,717
Others	953	897	56	874	Total long-term liabilities	43,876	45,670	(1,794)	38,932
Total tangible fixed assets	69,015	67,658	1,356	68,340	Total liabilities	93,398	90,668	2,729	86,796
Intangible fixed assets	565	566	(1)	562	Minority interests	1,740	1,165	574	1,252
Investments and other assets:					Shareholders' equity:				
Investment in securities	44,123	47,895	(3,771)	39,699	Common stock	12,240	12,240	-	12,240
Long-term loan receivable	615	626	(11)	705	Additional capital surplus	11,054	11,053	0	10,666
Deferred income taxes	1,064	449	615	1,032	Retained earnings	43,838	41,784	2,054	39,419
Others	3,206	2,807	399	3,203	Unrealized gains on investment in securities	14,622	17,018	(2,395)	13,134
Allowance for doubtful accounts	(381)	(400)	19	(630)	Foreign currency translation adjustment	35	40	(5)	146
Total investments and other assets	48,628	51,378	(2,749)	44,010	Treasury stock, at cost	(1,614)	(1,611)	(3)	(2,215)
Total fixed assets	118,208	119,603	(1,394)	112,913	Total Shareholders' equity	80,176	80,525	(348)	73,390
Total assets	175,315	172,359	2,955	161,439	Total liabilities, minority interests and shareholders' equity	175,315	172,359	2,955	161,439

Interim Consolidated Statements of Income

(Millions of yen)

	1st Half FY2005 From Apr. 1, 2004 To Sept. 30, 2004		1st Half FY2004 From Apr. 1, 2003 To Sept. 30, 2003		Increase (Decrease)		FY2004 From Apr. 1, 2003 To Mar. 31, 2004	
	Amount	Ratio	Amount	Ratio	Amount	Change	Amount	Ratio
Net sales	113,068	100.0	108,009	100.0	5,059	4.7	215,777	100.0
Cost of sales	85,416	75.5	81,672	75.6	3,744	4.6	161,885	75.0
Gross profit	27,651	24.5	26,336	24.4	1,314	5.0	53,892	25.0
Selling, general and administrative expenses	23,734	21.0	23,029	21.3	704	3.1	46,448	21.5
Operating income	3,917	3.5	3,307	3.1	609	18.4	7,443	3.4
Other income:								
Interest income	22		23		(0)		54	
Dividend income	326		280		45		373	
Gain on sale of short-term investments	24		5		19		248	
Equity in earnings of companies accounted for by the equity method	104		78		26		193	
Others	309		275		33		705	
Total other income	786	0.7	662	0.6	124	18.8	1,575	0.8
Other expenses:								
Interest expenses	455		516		(60)		1,079	
Others	481		436		45		1,353	
Total other expenses	937	0.9	952	0.9	(14)	(1.6)	2,433	1.1
Ordinary income	3,766	3.3	3,017	2.8	749	24.8	6,585	3.1
Extraordinary income:								
Gain on sale of investments in securities	296		348		(51)		820	
Gain on sale of fixed assets	90		131		(41)		132	
Recognition of prior service cost of retirement benefits	-		-		-		2,243	
Total extraordinary income	386	0.3	479	0.4	(92)	(19.4)	3,195	1.4
Extraordinary losses:								
Evaluation loss of investments in securities	-		-		-		400	
Loss on disposal of fixed assets	72		337		(264)		366	
Special retirement benefits	93		407		(313)		428	
Others	21		78		(57)		170	
Total extraordinary losses	187	0.1	823	0.7	(635)	77.2	1,366	0.6
Income before income taxes	3,966	3.5	2,673	2.5	1,292	48.3	8,414	3.9
Income taxes	1,551		1,007		543		3,145	
Deferred income taxes	36		(195)		231		540	
Minority interest	(17)		119		(137)		122	0.1
Net income	2,396	2.1	1,742	1.6	654	37.5	4,606	2.1

Interim Consolidated Statements of Retained Earnings

(Millions of yen)

	1st Half FY2005		1st Half FY2004		FY2004	
	From Apr. 1, 2004 To Sept. 30, 2004		From Apr. 1, 2003 To Sept. 30, 2003		From Apr. 1, 2003 To Mar. 31, 2004	
	Amount		Amount		Amount	
Capital surplus at beginning of the term:		11,053		10,666		10,666
Increase in capital surplus:						
Gain on disposal of treasury stocks	0	0	0	0	387	387
Capital surplus at end of the term:		11,054		10,666		11,053
Retained earnings at beginning of the term:		41,784		39,059		39,059
Increase in retained earnings:						
Net income	2,396		1,742		4,606	
Increase resulting from the increase in the number of companies accounted for by the equity method	230	2,627	-	1,742	-	4,606
Decrease in retained earnings:						
Cash dividends	504		506		1,004	
Bonuses to directors and statutory auditors	67		52		52	
Cancellation of treasury stocks	-	572	824	1,383	824	1,881
Retained earnings at end of the term		43,838		39,419		41,784

Interim Consolidated Statements of Cash Flows

(Millions of yen)

	1st Half FY2005 From Apr. 1, 2004 To Sept. 30, 2004	1st Half FY2004 From Apr. 1, 2003 To Sept. 30, 2003	FY2004 From Apr. 1, 2003 To Mar. 31, 2004
Cash flows from operating activities			
Income before income taxes	3,966	2,673	8,414
Depreciation and amortization	2,484	2,522	5,068
Amortization of consolidation adjustment accounts	(4)	3	5
Decrease in reserve for employee retirement benefits	(145)	(107)	(198)
Increase (Decrease) in reserve for directors' retirement benefits	(19)	50	140
Recognition of prior service cost of retirement benefits	-	-	(2,243)
Increase (Decrease) in allowance for doubtful accounts	(1)	29	(210)
Interest and dividend income	(348)	(303)	(427)
Interest expenses	455	516	1,079
Gain on sale of securities	(321)	(353)	(1,068)
Loss on devaluation of securities	-	-	400
Equity in earnings of companies accounted for by equity method	(104)	(78)	(193)
Exchange (gain) loss	(29)	(24)	238
Gain on sale of fixed assets	(90)	(131)	132
Loss on disposal of fixed assets	127	382	459
Bonuses paid to directors and statutory auditors	(67)	(52)	(52)
Decrease in notes and accounts receivable	552	707	344
(Increase) Decrease in inventories	722	1,020	(660)
Increase (Decrease) in notes and accounts payable	(568)	930	67
Increase (Decrease) in consumption taxes payable	(157)	(1)	17
Increase in other receivables	(98)	(1,391)	(198)
Decrease in other payables	(280)	(234)	(15)
Sub-total	6,069	6,159	10,835
Interest and dividends received	348	303	427
Interest paid	(474)	(516)	(1,061)
Payments for income taxes	(2,254)	(743)	(1,329)
Net cash provided by operating activities	3,689	5,202	8,871
Cash flows from investing activities			
Proceeds from sale and redemption of securities	24	-	330
Purchase of fixed assets	(2,877)	(1,986)	(3,492)
Proceeds from sale of fixed assets	96	143	143
Purchase of investments in securities	(860)	(660)	(5,185)
Proceeds from sale and redemption of investments in securities	1,081	1,014	3,690
Proceeds from acquisition of shares of subsidiaries in line with change in the scope of consolidation	325	536	536
Lending of loans receivable	(35)	(29)	(33)
Collection of loans receivable	20	28	51
Others, net	22	136	555
Net cash used in investing activities	(2,202)	(816)	(3,402)
Cash flows from financing activities			
Net increase (decrease) of short-term loans	366	192	(2,199)
Net increase (decrease) of commercial paper	6,000	(1,000)	(1,000)
Proceeds from long-term debt	707	2,359	9,161
Repayments of long-term debt	(282)	(2,733)	(5,392)
Proceeds from issuance of bonds	-	-	500
Expenditure for redemption of bonds	(5,000)	-	-
Decrease in capital from liquidating receivable	(6,000)	-	-
Acquisition of treasury stock	(2)	(852)	(854)
Retirement of treasury stock	1	-	993
Cash dividends paid by the Company	(509)	(513)	(1,020)
Net cash used in financing activities	(4,719)	(2,547)	188
Effect of exchange rate changes on cash and cash equivalents	2	1	(58)
Increase in cash and cash equivalents	(3,229)	1,839	5,598
Cash and cash equivalents at beginning of the term	15,308	9,709	9,709
Cash and cash equivalents at end of the term	12,078	11,549	15,308

Segment Information

1) Business Segment Information

Interim term under review (from April 1, 2004 to September 30, 2004)

(Millions of yen)

	Flour Milling	Food	Others	Total	Unallocated and Eliminations	Consolidated
Net sales and operating income						
Net sales						
1) Net sales to external customers	42,922	57,056	13,089	113,068	-	113,068
2) Internal sales or transfers between segments	2,570	1,826	1,248	5,644	(5,644)	-
Total	45,492	58,882	14,338	118,713	(5,644)	113,068
Operating expenses	42,941	57,335	14,487	114,765	(5,614)	109,150
Operating income	2,550	1,546	(149)	3,947	(30)	3,917

Previous interim term (April 1, 2003 to September 30, 2003)

(Millions of yen)

	Flour Milling	Food	Others	Total	Unallocated and Eliminations	Consolidated
Net sales and operating income						
Net sales						
1) Net sales to external customers	43,366	50,875	13,767	108,009	-	108,009
2) Internal sales or transfers between segments	1,831	1,531	1,028	4,390	(4,390)	-
Total	45,197	52,406	14,795	112,399	(4,390)	108,009
Operating expenses	43,427	50,864	14,783	109,075	(4,374)	104,701
Operating income	1,769	1,541	12	3,323	(16)	3,307

Previous fiscal year (April 1, 2003 to March 31, 2004)

(Millions of yen)

	Flour Milling	Food	Others	Total	Unallocated and Eliminations	Consolidated
Net sales and operating income						
Net sales						
1) Net sales to external customers	87,865	100,455	27,456	215,777	-	215,777
2) Internal sales or transfers between segments	4,481	3,239	2,092	9,813	(9,813)	-
Total	92,347	103,695	29,549	225,591	(9,813)	215,777
Operating expenses	88,084	100,696	29,383	218,164	(9,829)	208,334
Operating income	4,262	2,998	166	7,427	16	7,443

Notes: 1. Business segmentation method

Business segmentation is based on considerations of similarities between product types and markets.

2. Classification of main products by business segment

Business Segment	Main Products
Flour Milling	Wheat flour, bran, buckwheat
Food	Wheat flour for home use, premixes, pasta, frozen food, deli foods
Others	Pet food, health foods, food-related machinery and equipment, foodservice

3. No unallocated operating expenses are included in the Unallocated and eliminations category.

2) Geographically Segmented Information

Because net sales for Japan exceed 90% of aggregate net sales for all segments, geographically segmented information is omitted.

3) Overseas Sales

Because overseas sales account for less than 10% of consolidated net sales, overseas net sales are omitted.