

Consolidated Financial Results for FY2007 and Forecast for FY2008

Nippon Flour Mills Co., Ltd.

Listing: Tokyo Stock Exchange (1st section), Osaka Securities Exchange (1st section),
Sapporo Securities Exchange

Code Number: 2001 URL <http://www.nippon.co.jp/> TEL: 03-3350-3900

Representative: Wataru Aosaki, President & Chief Operating Officer

Contact: Yasuo Morizumi, General Manager of Corporate Communications Group

Date of the general meeting of shareholders: June 27, 2007

Payment date of cash dividends: June 28, 2007

Filing date of financial statements: June 27, 2007

**Amounts less than one million yen have been rounded down.*

1. Consolidated Results for the Year Ended March 31, 2007 (April 1, 2006 - March 31, 2007)

(1) Consolidated Operating Results (Millions of yen, % of change from previous year)

	Net Sales		Operating Income		Ordinary Income	
FY2007	239,575	5.3%	6,329	(13.1%)	6,578	(13.7%)
FY2006	227,421	1.4%	7,285	(10.7%)	7,620	0.2%

	Net Income		Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	ROE (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
FY2007	4,146	(14.3%)	24.66	22.93	4.2	3.2	2.6
FY2006	4,837	2.1%	28.43	26.44	5.3	3.9	3.2

Reference: Equity in earnings of affiliated companies: FY2007 (7) million yen FY2006 6 million yen

(2) Consolidated Financial Position (Millions of yen)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2007	212,152	102,172	47.2%	592.48
FY2006	203,958	99,401	48.7%	590.39

Reference: Net assets excluding minority interests: FY2007 100,179 million yen FY2006 - million yen.

(3) Consolidated Cash Flows (Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents at the End of the FY2007
FY2007	5,834	(7,894)	3,839	12,024
FY2006	8,593	(8,740)	(2,283)	9,601

2. Dividends

	Dividends per Share (Yen)			Total Amount of Cash Dividends (Annual) (Millions of Yen)	Dividends Payout Ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	Interim	Year-end	Full Year			
FY2006	3.00	4.00	7.00	1,178	24.6%	1.3%
FY2007	3.50	3.50	7.00	1,180	28.4%	1.2%
FY2008 (Forecast)	3.50	3.50	7.00	-	28.2%	-

3. Forecast of Consolidated Business Results for FY2008 (April 1, 2007 - March 31, 2008)

(% of changes of full year from previous year and half year from previous interim period.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half Year	123,000	3.1	3,400	(0.6)	3,500	(0.7)	2,100	4.0	12.42
Full Year	245,000	2.3	7,000	10.6	7,000	6.4	4,200	1.3	24.84

4. Others

(1) Changes in significant subsidiaries during FY2007

(changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting principles, procedures and method of presentation associated with preparation of the consolidated financial statements (the matters to be included in the section, changes in basic important matters for preparation of consolidated financial statements)

1) Changes due to revisions of accounting standards etc.: Yes

2) Changes other than 1): None

(3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding at the end of each fiscal year (included treasury stock):

FY2007 174,148,018 shares FY2006 174,148,018 shares

2. Number of treasury stocks at the end of each fiscal year :

FY2007 5,063,794 shares FY2006 5,871,870 shares

Note: Please refer to changes in basis for the calculation of net income per share of consolidated financial statements, on page 13, for details.

(References) Overview of the Non-Consolidated Business Results

1. Non-Consolidated Results for the Year Ended March 31, 2007 (April 1, 2006 - March 31, 2007)

(1) Non-Consolidated Operating Results

(Millions of yen, % of change from previous year)

	Net Sales		Operating Income		Ordinary Income	
FY2007	157,722	(0.1%)	4,920	(10.2%)	5,207	(8.0%)
FY2006	157,824	0.0%	5,481	(17.2%)	5,661	(8.8%)

	Net Income		Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
FY2007	2,832	(21.4%)	16.84	15.66
FY2006	3,604	(6.1%)	21.15	19.67

(2) Non-consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2007	176,730	93,541	52.9%	553.19
FY2006	174,274	94,344	54.1%	560.35

Reference: Net assets: FY2007 93,541million yen FY2006 - million yen.

*Note to ensure appropriate use of forecasts

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.

1. Operating Results

(1) Analysis concerning operating results

—Overview for the Year Ended March 31, 2007—

Overview of the operating results

(Millions of yen)

	FY2006	FY2007	Increase (Decrease)	
			Amount	Ratio (%)
Net sales	227,421	239,575	12,154	5.3
Ordinary income	7,620	6,578	(1,041)	(13.7)
Net income	4,837	4,146	(691)	(14.3)
Net income per share (Yen)	28.43	24.66	(3.77)	(13.3)

During the year under review, despite weakness in personal consumption the Japanese economy showed a gradual underlying recovery trend due to robust expansion of private-sector capital investment.

In the food industry, the deflationary trend remained unchecked and harsh sales competition continued. In addition, food quality control problems at companies gave rise to heightened consumer concerns about food safety and reliability issues.

In these circumstances, the Group made a concerted effort to implement the 05/07 medium-term business plan covering the 3-year period from April 2005 to March 2008, in order to increase sales and establish a highly profitable business structure.

During the year under review, one aspect of this effort was the consolidation of Fast Foods Nagoya Co., Ltd. as a subsidiary. In addition, to expand our international business, we began construction of a premix plant in a suburb of Bangkok, Thailand, that is scheduled for completion in the autumn of 2007.

We actively engaged in the research and development of new technologies, including the development in a collaborative project with the National Agriculture and Food Research Organization of a variety of wheat that has twice the sweetness of ordinary varieties and is the first such variety in the world.

Regarding the expansion of Chiba Mill, construction of a large flour milling line (D Mill) was completed in April 2006. As a result, the Group's infrastructure for the supply of products to the East Japan area has been secured.

Net sales of ¥239,575 million, an increase of 5.3% year on year, ordinary income of ¥6,578 million, a decrease of 13.7%, and net income of ¥4,146 million, a decrease of 14.3%.

The performance of individual business segments was as follows.

Flour Milling

Amid sluggish domestic demand for wheat flour in recent years, the flour milling industry faced an increasingly adverse business environment characterized by customer preference for low-priced products. In February 2006, the Japanese government's selling price of raw wheat was reduced for the first time in two years, and in March 2006, wheat flour sales prices were reduced.

In this situation, the Group strengthened quality control to ensure food safety and reliability, and engaged in development of new products and vigorous marketing activities including holding of technical and management seminars and promotion of proposal-driven marketing in order to meet customer needs and diversifying preferences concerning food.

Regarding sales of wheat flour, although there was little growth in shipments of wheat flour for bread within Japan, shipments of wheat flour for noodles were buoyant increased slightly. As a result, the total volume of shipments was virtually unchanged from the same period of the previous year.

Sales of bran, a by-product, exceeded the level of the previous year despite flat volume, owing in part to the impact of a spike in selling prices on the grain market.

Revenues from the warehousing and harbor transport businesses exceeded the level of the previous year.

Consequently, sales for the Flour Milling segment were ¥87,431 million, a decrease of 0.4% year on year.

Food

The Group strengthened development and proposals of distinctive new products catering to consumers whose aspirations are increasingly focused on wellbeing and safety and executed vigorous marketing, including participation in FOODEX (international food and beverage exhibition) and various other 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.

In new products for home use, to activate the market for tempura flour, we introduced "Shio de Taberu Tempura-ko" which means tempura flour for tempura eaten seasoned with salt, a product that proposes an appetizing

novel way of serving tempura. To increase sales of the line of “Sekai no Oishii soup”, we introduced chilled soups to enhance the product line.

As a result, sales of pasta products and premixes increased both for commercial and home use, also sales in overseas increased.

In results for frozen ingredients and food, sales of home-use products increased sharply year on year owing to an increase in sales of “Oh'my Premium” series and other frozen pasta products.

Sales of food for commercial use also exceeded the prior-year level.

Sales of deli products increased caused by the increase in the number of consolidated subsidiaries. As a result of these developments, sales for the Food segment were ¥126,206 million, an increase of 10.7% year on year.

Other businesses

Sales of pet food products increased greatly, partly due to the rising number of pet lovers.

The health food operation sought to increase sales by vigorously introducing new products, such as supplements containing linseed oil. However, sales of health foods declined from the previous year.

Although sales of the biotechnology business and sales of natural cosmetics were lower than for the previous year although sales of the engineering business were robust year-on-year.

As a result, sales for the Other Businesses segment were ¥25,937 million, an increase of 1.2% year on year.

Although the ratio of selling, general, and administrative expenses to sales decreased as a result of cost cutting efforts in all segments, the cost to sales ratio increased due to the impact of sharp increases in raw materials prices and other factors. In extraordinary income and losses, gain on sale of fixed assets, gain on sale of investment in securities, loss on retirement or sales of fixed assets and others were recorded.

–Outlook for the Year Ending March 31, 2008–

(Millions of yen)

	FY2007 (Results)	FY2008 (Forecasts)	Increase (Decrease)	
			Amount	Ratio (%)
Net sales	239,575	245,000	5,425	2.3
Operating income	6,329	7,000	671	10.6
Ordinary income	6,578	7,000	422	6.4
Net income	4,146	4,200	54	1.3
Net income per share (yen)	24.66	24.84	0.18	0.7

With regard to the outlook for the Japanese economy, despite risk factors such as a slowdown of the U.S. economy and movements on the crude oil and foreign exchange markets, steady improvement in corporate business results is expected owing to factors such as the progress of deregulation and productivity improvement.

In the food industry, market contraction is continuing, caused by a declining birth rate and an aging population coupled with a decreasing population, and the trend toward mergers and acquisitions with survival at stake is expected to gain impetus.

In the flour milling industry, amid market opening negotiations within WTO (World Trade Organization) framework and progress with FTA (Free trade agreements) with other countries, to strengthen global competitiveness it was decided to implement the first wheat import system reform in 55 years beginning in April 2007. Consequently, competition between companies is likely to further intensify.

To cope with these adverse business conditions, the Group will mount an all-out effort with full employee participation to promote cost reductions and expand the scope of the business. We fully expect to grow and develop into a multifaceted food conglomerate that is trusted and valued by our stakeholders.

We are mindful that our growth and prosperity should 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 throughout R&D and product development.

Flour Milling

A declining population, an aging society combined with low birthrates and a preoccupation with safety on the part of consumers is among the issues confronting the flour milling industry. The Group will work to increase sales through dynamic marketing, proposing products designed to satisfy latent market needs and working to enhance customer satisfaction.

Food

We will aggressively engage in the development and introduction of new products that satisfy customer needs. We will redouble our efforts in the field of food products for home use by proposing differentiated products. In the field for deli products, we will further strengthen the structures and systems underpinning our capabilities in regard to new product development and the proposal of products attuned to customer needs. In the frozen food field, we intend to increase sales by introducing high-value-added products developed for marketing.

Other businesses

The market for the products of the life-related business, which includes health food products, is growing steadily in step with the aging of Japanese society. We intend to develop unique new products and to launch a mail-order business to fuel sales growth. Keeping pets has life-enhancing effects on people and the market for pet products is expanding. We will endeavor to increase sales in this sector by researching and developing pet foods that meet customer needs.

As a result, management forecasts consolidated net sales of ¥245.0 billion, operating income of ¥7.0 billion, ordinary income of ¥7.0 billion and net income of ¥4.2 billion for the year ending March 2008.

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) Analysis concerning financial position

—Overview for the Year Ended March 31, 2007—

(Millions of yen)

Item	FY2006	FY2007	Increase (Decrease)
Cash flows from operating activities	8,593	5,834	(2,759)
Cash flows from investing activities	(8,740)	(7,894)	846
Cash flows from financing activities	(2,283)	3,839	6,123
Effect of exchange rate changes on cash and cash equivalents	74	32	(42)
Increase (decrease) in cash and cash equivalents	(2,355)	1,811	4,166
Cash and cash equivalents at beginning of the year	11,883	9,601	(2,281)
Increase in cash and cash equivalents due to inclusion of an additional subsidiary	73	611	538
Cash and cash equivalents at end of the year	9,601	12,024	2,423

Regarding the financial position at the end of the fiscal year ended March 31, 2007, total assets were ¥212,152million, an increase ¥8,194 million year on year and net assets were ¥102,172 million. The company purchased treasury stock of 1,000,000 shares in November 2006 and disposed of 1,820,000 shares in February 2007.

Regarding the status of cash flows at the end of the fiscal year ended March 31, 2007,

Cash flows from operating activities amounted to ¥5,834 million, having decreased compared with the previous year. Although income before income taxes increased approximately ¥0.3 billion, and increased depreciation expenses and liabilities of purchasing and others, and payments for income taxes decreased, the main factors accounting for the decrease in net cash were that the increase in trade notes and accounts receivable, reflecting the fact that the last day of the current fiscal year fell on a holiday, and in inventories.

Cash flows from investing activities amounted to ¥7,894 million. The principal factor was purchase of fixed assets amounting to ¥9.0 billion and other.

Cash flows from financing activities amounted to ¥3,839 million. The principal factors were redemption of bonds, cash dividends, issued commercial paper and the others.

As a result, balance of cash and cash equivalents were ¥12,024 million, an increase of approximately ¥2.4 billion from the previous fiscal year- end.

–Outlook for the Year Ending March 31, 2008–

An increase in cash flows from operating activities is expected due to sales and profit increases and continuing efforts to reduce inventories and trade notes and accounts receivable.

With regard to cash flows from investing activities, the Group will continue to make effective capital investments while at the same time implementing asset conversion by selling idle fixed assets and investment securities. Through cash flows from financing activities, the balance of cash and cash equivalents at the end of the year ending March 31, 2008, is expected to be roughly the same as at the end of the current year under review.

- Cash Flow Indicator Trends -

	FY2004	FY2005	FY2006	FY2007
Equity ratio (%)	46.7	46.4	48.7	47.2
Equity ratio at market value (%)	47.0	49.2	46.7	37.9
Ratio of interest-bearing debt to cash flows (%)	584.0	904.2	629.4	948.0
Interest coverage ratio (times)	8.4	7.3	11.4	7.5

Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows 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 end of the period by the number of shares outstanding at end of the period (after the deduction of treasury stocks).

* The basis for calculating ratio of interest-bearing debt to cash flows from 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.

(3) Basic Policy on Profit Distribution and Dividends for the FY2007 and FY2008

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, returning profits to shareholders is positioned as an important management issue. The Company intends to continue payment of stable dividends, taking consolidated financial performance and financial position into account. 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 shareholders.

Accordingly, the Company plans to pay a year-end cash dividend of ¥3.5 per share. Including the payment of an interim dividend of ¥3.5, the cash dividend for the full year will be ¥7.0 per share.

As for the cash dividend for FY2008, ¥7 per is expected.

2. Nippon Flour Mills Group

As no material change has occurred with respect to the matters of "the schematic diagram of the Company's businesses" and "affiliated companies" submitted in the Consolidated Financial Results for the FY2006 (published June 28, 2006), disclosure is omitted.

3. Management Policy

(1) Basic Management Policy

(2) Target Performance Indicators

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

(4) Issues to Be Addressed

As no material change has occurred with respect to the matters disclosed in the Consolidated Financial Results for the First Half of FY2007 (published November 10, 2006), disclosure is omitted.

The Consolidated Financial Results for the First Half of FY2007 is available at the following URL:

(HP)

<http://e-nippn.com/FR/>

(Tokyo Stock Exchange)

<http://www.tse.or.jp/listing/compsearch/index.html>

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2006	FY2007	Increase (Decrease)		FY2006	FY2007	Increase (Decrease)
(Assets)				(Liabilities)			
I Current assets				I Current liabilities			
Cash and deposits	9,601	12,064	2,462	Trade notes and accounts payable	11,625	13,403	1,778
Trade notes and accounts receivable	27,325	30,401	3,075	Short-term loans	25,489	19,357	(6,132)
Inventories	15,263	19,138	3,874	Current portion of redeemable bonds within a year	5,000	-	(5,000)
Deferred tax assets	762	748	(13)	Accrued income taxes	911	1,878	967
Other current assets	3,673	3,374	(299)	Other current liabilities	9,055	18,673	9,618
Allowance for doubtful accounts	(141)	(191)	(49)				
Total current assets	56,485	65,535	9,050	Total current liabilities	52,081	53,313	1,231
II Fixed assets				II Long-term liabilities			
(Tangible fixed assets)				Bonds	8,498	8,098	(400)
Buildings and structures	22,853	27,442	4,589	Long-term debt	15,093	22,849	7,755
Machinery, equipment and vehicles	16,675	20,174	3,498	Reserve for employee retirement benefits	1,877	1,963	86
Land	24,690	24,356	(333)	Reserve for directors' retirement benefits	709	713	4
Construction in progress	6,536	141	(6,395)	Deferred tax liabilities	22,502	21,074	(1,427)
Other tangible fixed assets	1,018	1,051	33	Other long-term liabilities	2,084	1,968	(116)
Total tangible fixed assets	71,774	73,166	1,392	Total long-term liabilities	50,764	56,667	5,903
(Intangible fixed assets)	822	851	28	Total liabilities	102,846	109,980	7,134
(Investments and other assets)				(Minority interests)			
Investment in securities	68,755	66,025	(2,730)	Minority interests	1,710	-	-
Long-term loans receivable	710	677	(33)	(Shareholders' equity)			
Deferred tax assets	1,113	1,142	28	I Common stock	12,240	-	-
Prepaid pension cost	1,151	1,887	735	II Additional capital surplus	11,057	-	-
Other investments and other assets	3,247	3,234	(12)	III Retained earnings	49,269	-	-
Allowance for doubtful accounts	(103)	(367)	(263)	Unrealized gains on revaluation of securities	28,367	-	-
				V Foreign currency translation adjustment	86	-	-
				VI Treasury stock, at cost	(1,619)	-	-
				Total shareholders' equity	99,401	-	-
				Liabilities, minority interests and shareholders' equity	203,958	-	-
				(Net assets)			
				I Shareholders' equity			
				Common stock	-	12,240	-
				Additional capital surplus	-	11,387	-
				Retained earnings	-	52,097	-
				Treasury stock, at cost	-	(1,522)	-
				Total shareholders' equity	-	74,202	-
				II Unrealized gains and adjustment			
				Unrealized gains on revaluation of securities	-	25,686	-
				Deferred gains on hedges	-	(0)	-
				Foreign currency translation adjustment	-	290	-
				Total unrealized gains and adjustment	-	25,976	-
Total investments and other assets	74,875	72,599	(2,276)	III Minority interests	-	1,992	-
Total fixed assets	147,472	146,617	(855)	Total net assets	-	102,172	-
Total assets	203,958	212,152	8,194	Liabilities and net assets	-	212,152	-

(2) Consolidated Statements of Income

(Millions of yen)

	FY2006 From Apr. 1, 2005 To Mar. 31, 2006		FY2007 From Apr. 1, 2006 To Mar. 31, 2007		Increase (Decrease)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
I Net sales	227,421	100.0	239,575	100.0	12,154	5.3
II Cost of sales	172,721	75.9	184,572	77.0	11,850	6.9
	54,699	24.1	55,003	23.0	303	0.6
III Selling, general and administrative expenses	47,414	20.9	48,673	20.4	1,259	2.7
Operating income	7,285	3.2	6,329	2.6	(956)	(13.1)
IV Other income						
Interest income	51		52		0	
Dividend income	561		692		131	
Gain on sale of securities	514		579		64	
Others	766		448		(318)	
Total other income	1,894	0.8	1,772	0.7	(121)	(6.4)
V Other expenses						
Interest expenses	749		771		22	
Others	810		751		(58)	
Total other expenses	1,559	0.6	1,523	0.6	(36)	(2.3)
Ordinary income	7,620	3.4	6,578	2.7	(1,041)	(13.7)
VI Extraordinary income						
Gain on sale of investment in securities	521		1,529		1,008	
Gain on sale of fixed assets	271		1,013		742	
Gain on contribution to retirement benefit trust	1,599		-		(1,599)	
Others	155		24		(130)	
Total extraordinary income	2,548	1.1	2,568	1.1	19	0.8
VII Extraordinary losses						
Loss on impairment	1,507		-		(1,507)	
Loss on revaluation of investment in securities	81		131		50	
Loss on retirement and sales of fixed assets	472		667		195	
Bad debts expenses	8		68		59	
Reserve for allowance for doubtful accounts	-		296		296	
Others	533		133		(400)	
Total extraordinary losses	2,603	1.2	1,296	0.5	(1,306)	(50.2)
Income before income taxes	7,565	3.3	7,850	3.3	285	3.8
Income taxes	2,151		2,908		756	
Deferred income taxes	640		647		7	
Minority interests	(65)	(0.0)	146	0.1	212	
Net income	4,837	2.1	4,146	1.7	(691)	(14.3)

(3) Consolidated Statements of Retained Earnings
and Consolidated Statements of Changes in Shareholders' Equity
[Consolidated Statements of Retained Earnings]

(Millions of yen)

	FY2006 From Apr. 1, 2005 To Mar. 31, 2006	
	Amount	
(Capital surplus)		
I Capital surplus at beginning of the year		11,055
II Increase in capital surplus		
Gain on disposal of treasury stock	2	2
III Capital surplus at end of the year		11,057
(Retained earnings)		
I Retained earnings at beginning of the year		45,674
II Increase in retained earnings		
Net income	4,837	
Increase resulting from the increase in the number of consolidated subsidiaries	1	4,839
III Decrease in retained earnings		
Cash dividends	1,178	
Bonuses to directors	66	1,244
IV Retained earnings at end of the year		49,269

[Consolidated Statements of Changes in Shareholders' Equity]
FY2007 (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common shares	Capital surplus	Retained earnings	Treasury stock	Total
Balance as of March 31, 2006	12,240	11,057	49,269	(1,619)	70,947
Amount of fluctuation during the fiscal year					
Dividend from retained earnings*1			(1,262)		(1,262)
Bonuses to directors*2			(57)		(57)
Net income			4,146		4,146
Purchase of treasury stock				(452)	(452)
Disposal of treasury stock		329		549	879
Amount of fluctuation of items other than shareholders' equity during the fiscal year (net)					
Total amount of fluctuation during the fiscal year	-	329	2,827	97	3,254
Balance as of March 31, 2007	12,240	11,387	52,097	(1,522)	74,202

	Unrealized gains and adjustment				Minority interests	Total net assets
	Unrealized gains on revaluation of securities	Deferred gains on hedges	Foreign currency translation adjustment	Total		
Balance as of March 31, 2006	28,367	-	86	28,453	1,710	101,111
Amount of fluctuation during the fiscal year						
Dividend from retained earnings*1						(1,262)
Bonuses to directors*2						(57)
Net income						4,146
Purchase of treasury stock						(452)
Disposal of treasury stock						879
Amount of fluctuation of items other than shareholders' equity during the fiscal year (net)	(2,680)	(0)	203	(2,476)	282	(2,194)
Total amount of fluctuation during the fiscal year	(2,680)	(0)	203	(2,476)	282	1,060
Balance as of March 31, 2007	25,686	(0)	290	25,976	1,992	102,172

*1 Including ¥673 million of dividends from appropriation of retained earnings at the general meeting of shareholders' for the fiscal year ended March 31, 2006.

*2 Appropriation of retained earnings approved at the general meeting of shareholders for the fiscal year ended March 31, 2006

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2006 From Apr. 1, 2005 To Mar. 31, 2006	FY2007 From Apr. 1, 2006 To Mar. 31, 2007
I Cash flows from operating activities		
Income before income taxes	7,565	7,850
Depreciation and amortization	5,200	5,954
Increase in prepaid pension cost and reserve for employee retirement benefits	(233)	(661)
Increase (Decrease) in reserve for directors' retirement benefits	22	4
Gain on contribution to retirement benefit trust	(1,599)	-
Increase (Decrease) in allowance for doubtful accounts	(23)	308
Impairment loss	1,507	-
Interest and dividend income	(612)	(744)
Interest expenses	749	771
Gain on sale of securities	(1,082)	(2,108)
Loss on revaluation of securities	81	131
Gain on sale of fixed assets	(271)	(1,013)
Loss on disposal of fixed assets	533	753
Bonuses paid to directors and statutory auditors	(73)	(62)
Decrease (increase) in notes and accounts receivable	(425)	(2,323)
Decrease (increase) in inventories	207	(3,781)
Increase (decrease) in notes and accounts payable	266	1,044
Others, net	61	1,749
Sub-total	11,874	7,872
Interest and dividends received	628	754
Interest paid	(756)	(774)
Payments for income taxes	(3,152)	(2,016)
Net cash provided by operating activities	8,593	5,834
II Cash flows from investing activities		
Purchase of fixed assets	(8,321)	(9,013)
Proceeds from sale of fixed assets	1,201	1,155
Purchase of investments in securities	(3,602)	(3,951)
Proceeds from sale and redemption of investments in securities	3,241	3,501
Lending of loans receivable	(237)	(34)
Collection of loans receivable	66	125
Others, net	(1,087)	323
Net cash used in investing activities	(8,740)	(7,894)
III Cash flows from financing activities		
Net increase (decrease) of short-term loans	(540)	367
Net increase (decrease) of commercial paper	-	5,000
Proceeds from long-term debt	3,054	9,500
Repayments of long-term debt	(3,603)	(8,678)
Payments for redemption of bonds	-	(5,500)
Proceeds from guarantee deposits of lending stock received	-	4,000
Acquisition of treasury stock	(8)	(453)
Proceeds from sale of treasury stock	2	879
Cash dividends paid by the Company	(1,188)	(1,276)
Net cash provided by (used in) financing activities	(2,283)	3,839
IV Effect of exchange rate changes on cash and cash equivalents	74	32
V Increase (decrease) in cash and cash equivalents	(2,355)	1,811
VI Cash and cash equivalents at beginning of the year	11,883	9,601
VII Increase in cash and cash equivalents due to inclusion of an additional subsidiary	73	611
VIII Cash and cash equivalents at end of the year	9,601	12,024

(Segment Information)

(1) Business Segment Information

FY2006 (April 1, 2005 - March 31, 2006)

(Millions of yen)

	Flour Milling	Food	Other	Total	Unallocated and Eliminations	Consolidated
I Net sales and operating income						
Net sales						
(1) Net sales to external customers	87,775	114,021	25,624	227,421	-	227,421
(2) Internal sales or transfers between segments	4,983	1,754	1,645	8,383	(8,383)	-
Total	92,759	115,775	27,269	235,804	(8,383)	227,421
Operating expenses	88,290	113,112	27,109	228,512	(8,377)	220,135
Operating income	4,468	2,663	160	7,291	(6)	7,285
II Assets, depreciation expenses and capital expenditures						
Assets	80,297	52,123	14,053	146,475	57,482	203,958
Depreciation expenses	2,654	1,666	795	5,115	85	5,200
Capital expenditures	8,065	1,408	1,153	10,627	(513)	10,114

FY2007 (April 1, 2006 - March 31, 2007)

(Millions of yen)

	Flour Milling	Food	Other	Total	Unallocated and Eliminations	Consolidated
I Net sales and operating income						
Net sales						
(1) Net sales to external customers	87,431	126,206	25,937	239,575	-	239,575
(2) Internal sales or transfers between segments	3,547	812	2,251	6,611	(6,611)	-
Total	90,979	127,018	28,188	246,186	(6,611)	239,575
Operating expenses	87,298	124,232	28,295	239,825	(6,579)	233,245
Operating income	3,680	2,786	(106)	6,360	(31)	6,329
II Assets, depreciation expenses and capital expenditures						
Assets	88,233	56,002	15,721	159,957	52,195	212,152
Depreciation expenses	3,473	1,671	737	5,882	72	5,954
Capital expenditures	4,637	1,665	930	7,233	(179)	7,053

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, premix, pasta, frozen food, deli products
Other	Pet food, health food, food-related machinery and equipment
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 sales information is omitted.

(Per Share Information)

Net assets per share: ¥592.48

Earnings per share: ¥24.66

Diluted earnings per share: ¥22.93

(Basis for the Calculation of Net Assets per Share)

Total net assets: ¥102,172 million

Amount deducted from the total amount in Net Assets: ¥1,992 million (included ¥1,992 million of minority interests)

Number of shares of common stock outstanding and issued: 174,148,018 shares

Number of shares of common stock as treasury stock: 5,063,794 shares (including the amount of the Company's interest in shares of the Company held by affiliates)

(Basis for the Calculation of Net Income per Share)

Net income: ¥4,146 million

Amount not attributable to common shareholders: ¥ - million

Average number of shares of common stock in the year: 168,154,442 shares

(Basis for the Calculation of Diluted Net Income per Share)

Diluted earnings: ¥0 million (included office commissions: ¥0 million)

Increase in common stock: 12,715,421 shares (included stock acquisition rights: 12,715,421 shares)

All potentially dilutive securities are included in the calculation of diluted net income per share.

(Significant Subsequent Events)

There are no items to report.

Disclosure is omitted regarding matters relating to such transactions as lease transactions, deals with associated companies, because the Company considers there to be no great necessity for disclosing such information in the report of the Consolidated Financial Results for FY2007 and Forecast for FY2008.