

Consolidated Financial Results for FY2013 and Forecast for FY2014 [J-GAAP]

Listed Company Name: **Nippon Flour Mills Co., Ltd.**
 Listing: The 1st section of Tokyo and Osaka Stock Exchanges, Sapporo Securities Exchange
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*Amounts less than one million yen have been rounded down.

1. Consolidated results for the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(1) Consolidated operating results

(Millions of yen, percentage figures indicate the rate changes from previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2013	271,069	0.7%	9,713	0.8%	10,906	6.8%	7,008	12.4%
FY2012	269,094	6.7%	9,634	(8.8)%	10,210	(5.7)%	6,235	3.5%

(Note) Comprehensive income: FY2013: 10,963 million yen (63.2%) FY2012: 6,719 million yen (130.8%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	ROE (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
FY2013	42.37	—	6.6	5.2	3.6
FY2012	37.46	—	6.2	5.1	3.6

Reference: Equity in earnings of affiliated companies: FY2013: 127 million yen FY2012: 122 million yen

(2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
FY2013	214,528	113,263	51.9	673.57
FY2012	202,904	104,450	50.4	618.24

Reference: Equity capital: FY2013: 111,412 million yen FY2012: 102,271 million yen

(3) Consolidated 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 the End of the Year
FY2013	19,198	(13,055)	(6,195)	10,000
FY2012	41	(11,412)	(638)	9,848

2. Dividends

	Dividends per Share (Yen)					Total Amount of Cash Dividends (Millions of yen)	Dividends Payout Ratio (Consolidated) (%)	Dividends on Net Assets (Consolidated) (%)
	1Q-end	2Q-end	3Q-end	Year-end	Full Year			
FY2012	—	5.00	—	7.00	12.00	1,996	32.0	2.0
FY2013	—	5.00	—	7.00	12.00	1,989	28.3	1.9
FY2014 (Forecast)	—	6.00	—	6.00	12.00		27.6	

3. Forecast of consolidated business results for FY2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen, percentage figures show changes from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Half Year	142,000	5.0%	5,000	24.0%	5,200	14.2%	3,100	19.9%	18.74
Full Year	290,000	7.0%	11,000	13.2%	11,500	5.4%	7,200	2.7%	43.53

*Notes

(1) Significant changes in subsidiaries during the term (changes in specified subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and retrospective restatements

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards: | Yes |
| 2) Changes other than 1): | None |
| 3) Changes in accounting estimates: | Yes |
| 4) Retrospective restatements: | None |

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

1) Number of shares outstanding at the end of each period (including treasury stock):	FY2013	170,148,018 shares	FY2012	170,148,018 shares
2) Number of treasury stocks at the end of each period:	FY2013	4,741,725 shares	FY2012	4,725,589 shares
3) Average number of shares:	FY2013	165,412,990 shares	FY2012	166,471,720 shares

*Presentation of implementation status for audit procedures

The audit procedure based on the Financial Instruments and Exchange Act does not apply to this report. At the time of disclosure of this report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

*Note to ensure appropriate use of forecast, other remarks

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.

For the above forecast, please refer pages 3 of the attached document.

Contents

1. Operating results	2
(1) Analysis of operating results	2
(2) Analysis of financial position	4
(3) Basic policy on profit distribution and dividends for the year ended March 31, 2013 and the year ending March 31, 2014	5
2. Nippon Flour Mills Group	5
3. Management Policy	7
(1) Basic management policy and (2) Management indicators and medium- to long-term management strategies	7
Website of the Tokyo Stock Exchange (Listed Company Search)	7
(3) Issues to be addressed	7
(4) Other material issues concerning management	7
4. Consolidated financial statements	8
(1) Consolidated balance sheets	8
(2) Consolidated statements of income and comprehensive income	10
(Consolidated statements of income)	10
(Consolidated statements of comprehensive income)	12
(3) Consolidated statements of changes in net assets	13
(4) Consolidated statements of cash flows	15
(Segment information, etc.)	17
1. Overview of reporting segments	17
2. Calculation methods on sales, income (loss), assets, liabilities and other items by reporting segment	17
3. Information of sales, income (loss), assets, liabilities and other items by reporting segment	17
(Per share information)	19

1. Operating results

(1) Analysis of operating results

During the fiscal year ended March 31, 2013, the Japanese economy showed signs of a moderate recovery, partially supported by demand associated with reconstruction following the Great East Japan Earthquake. However, overall there was little good news for the Japanese economy: personal consumption and employment remained lackluster while circumstances overseas, notably the persisting European sovereign debt crisis and the slowing tempo of the World economy, cast a long shadow. Following the change of the government at the end of 2012, amid rising expectations centering on the Abe administration's new economic policies, there were signs of renewed optimism as interest rates declined, the yen weakened, and share prices rose.

The food industry continued to operate in a challenging business environment where competition for sales intensified as continued deflation took their toll on consumer confidence.

In these circumstances, with the objective of achieving sustainable growth by expanding the business while increasing profits and profit margins and flexibly responding to the changing business environment, the Group launched the SG130 Mid-term Business Plan Phase II (SG130 Phase II), a two-year business plan, in April 2012. Positioning the first year to March 2013 as a period in which we should identify and respond to challenges posed by the changing business environment, we strove to reinforce core profitability.

In the Flour Milling segment, construction of a cereal silo and a new milling line at the Kobe-Konan Mill was completed and these facilities are already in full-scale operation. With a view to strengthening cost competitiveness, we plan to increase the storage capacity of raw wheat by 50% from the current 200,000 tons to 300,000 tons. As part of this plan, construction of an additional silo for raw cereal started at the Chiba Mill in October 2012, which will add 25,000 tons of storage capacity.

In the Food segment, a project involving the relocation of production facilities from the Takasaki Plant of Nippon Frozen Foods Co., Ltd. to the Ryugasaki Plant and the consolidation of operations there was completed, and full-scale operations began at the Ryugasaki Plant.

The premix plant of Nippon (Thailand) Co., Ltd., which suffered flood damage, resumed production and returned to full operation in April 2012.

As a result, consolidated net sales increased by 0.7% year on year to ¥271,069 million, operating income increased by 0.8% to ¥9,713 million, ordinary income increased by 6.8% to ¥10,906 million, and net income increased by 12.4% to ¥7,008 million.

The performance of individual business segments was as follows.

Flour Milling

Government sales prices of imported wheat were reduced 15% on average for the five key products in April 2012 and then raised 3% on average in October 2012. Accordingly, we revised the prices of wheat flour products.

The Group developed new products and engaged in vigorous marketing activities, such as participating in various exhibitions and holding workshops and seminars, including those on management, around Japan. However, wheat flour sales in Japan were lower than for the same period of the previous year. The sales of wheat bran, a by-product, were higher than the figures for the same period of the previous year.

As a result, net sales for the Flour Milling segment decreased by 4.6% year on year to ¥96,066 million, and segment income decreased by 30.1% year on year to ¥2,662 million.

Food

The Group conducted various sales promotion activities to enhance awareness of products and expand sales. Sales campaigns and promotional activities executed during the year under review included a campaign commemorating the one-year anniversary of the release of the Oh' my Lets-Make-Sweets! series of sweet mixes, the Oh' my Gold Pasta gift campaign, and limited sales of the special editions of Oh' my Hello Kitty Pasta series with the theme of cheering youngsters preparing for entrance examinations and the Oh' my Hello Kitty goods gift campaign. In addition, we sold the Oh' my spaghetti series with the logo of the Japanese crested ibis on limited offer and donated part of the revenue to the Niigata Prefecture Japanese Crested Ibis Conservation Fund.

As a result, sales of professional-use products exceeded the previous year's level, but sales of home-use products were lower than for the previous year.

With regard to frozen foods, the Oh' my Premium series has been highly acclaimed by consumers for taste and the convenience of being packaged in a tray. As well as completely redesigning the packaging of this series, we launched fresh pasta for the first time in the Oh' my Premium series. In addition, we expanded the line-up of the popular Oh' my BIG series of large-portion pasta dishes. Our efforts to offer tasty, delightful dishes for dining at home by proposing high-added-value products to consumers resulted in higher sales than for the previous year.

Sales of deli-products increased compared with the previous year.

As a result, net sales for the Food segment increased by 5.0% year on year to ¥147,591 million, and segment income increased by 23.7% year on year to ¥6,758million.

Other Businesses

Sales of the healthcare business exceeded the result for the previous year, thanks to buoyant sales of flaxseed and other ingredients for functional foods as well as wheat germ. On the other hand, in the pet care business, sales declined in terms of both volume and value.

As a result, net sales for the Other segment decreased by 1.5% year on year to ¥27,412 million, and operating income decreased by 37.7% to ¥296 million.

—Forecast for the year ending March 31, 2014—

Despite rising expectations that the Japanese economy is on the road to recovery, the outlook remains unclear because of persisting concerns in Japan, including the forthcoming increase in the consumption tax and employment prospects, and overseas, notably the unresolved European sovereign debt crisis and the relationship between Japan and China.

In these circumstances, the Group intends to continue measures in order to further strengthen competitiveness and reduce costs in each business field. Also, we will vigorously invest in growth fields both in and outside of Japan in order to secure sustainable growth while making a group-wide effort to enhance corporate value. Our goal is to develop as a multifaceted global food enterprise.

Flour Milling

The business environment of the flour milling industry in Japan is becoming increasingly challenging in view of the declining population, an aging society with a low birth rate, and consumers' preoccupation with food safety and security. In order to further increase productivity of the flour milling business to reduce costs, we are increasing our storage capacity of silos for raw materials. By engaging in vigorous marketing and proposing products that address latent market needs, the Group seeks to enhance customer satisfaction so as to expand sales.

Food

In the Food business, we will aggressively engage in developing and introducing new products that satisfy customer needs. With regard to food for home use, we will strengthen sales capabilities by introducing differentiated products. In deli products, we will further strengthen our structure by underpinning our capabilities to propose and develop new products attuned to customer needs. In frozen food, we intend to increase sales by developing more products with high added value.

Other Businesses

The market for daily-use products including health food is expected to grow steadily in step with the aging of Japanese society. We will work on developing unique products and launching mail-order business to fuel sales growth.

There is a widespread perception that pets are a source of happiness and contentment for people. We will endeavor to expand sales in the diversifying pet products market by researching and developing pet foods that meet customer needs.

For the year ending March 31, 2014, management forecasts the consolidated net sales of ¥290.0 billion (up 7% year on year), operating income of ¥11.0 billion (up 13.2% year on year), ordinary income of ¥11.5 billion (up 5.4% year on year)

and net income of ¥7.2 billion (up 2.7% year on year).

Note: 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 of financial position

(Assets, liabilities and net assets)

As of March 31, 2013, total assets stood at ¥214,528 million, an increase of ¥11,623 million compared with the previous year end. This was mainly because of the increase of property, plant and equipment and investment securities, by ¥4,167 million and ¥7,541 million, respectively.

Liabilities increased by ¥2,811 million year on year to ¥101,265 million. The main reasons for this were the increase of, trade notes and accounts payable — trade and deferred tax liabilities by ¥4,202 million and ¥2,215 million, respectively, while commercial papers decreased by ¥3,000 million.

Net assets increased by ¥8,812 million year on year to ¥113,263 million because retained earnings and valuation difference on available-for-sale securities increased by ¥5,019 million and ¥3,870 million, respectively.

(Cash flows)

As of March 31, 2013, the balance of cash and cash equivalents stood at ¥10,000 million, an increase of ¥151 million compared with the end of previous fiscal year. The conditions of cash flows were as follows.

Operating activities provided net cash of ¥19,198 million. This mainly reflected ¥11,120 million for income before income taxes, ¥7,863 million for depreciation and amortization, and increases of ¥4,190 million for notes and accounts payable — trade and ¥3,320 million for income taxes paid.

Investing activities used net cash of ¥13,055 million. This mainly reflected spending of ¥12,700 million for acquisition of noncurrent assets.

Financing activities used net cash of ¥6,195 million. This mainly reflected the proceeds of ¥3,000 million and ¥819 million from commercial papers and short-term loans payable, respectively and payment of dividends of ¥1,989 million.

—Cash flow indicator trends—

	FY2009	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	47.7	53.9	50.3	50.4	51.9
Equity ratio at market value (%)	36.7	43.5	32.8	31.0	33.4
Ratio of interest-bearing debt to cash flows (%)	765.0	170.9	278.6	110,008.2	220.0
Interest coverage ratio (times)	8.6	33.1	24.3	0.1	32.2

Note: Equity ratio: (Net assets – Minority interests) / 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 the end of the period by the number of shares outstanding at the end of the period (after the deduction of treasury stocks).

* The basis for calculating ratio of interest-bearing debt to cash flows is from operating activities in the consolidated statements of cash flows.

* Interest-bearing debt includes all debts recorded on the consolidated balance sheets 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 year ended March 31, 2013 and the year ending March 31, 2014

The Company's basic policy on profit distribution is to continue to pay stable dividends while maintaining adequate internal reserves in light of the need to strengthen the corporate structure, prepare for future business development, and respond to change in the operating environment. At the same time, management considers returning profits to shareholders to be an important management issue.

In accordance with this basic policy and in view of the consolidated financial performance for fiscal 2013, we plan to pay a year-end dividend of ¥7.00 per share, instead of the initial plan of ¥5.00 per share. Including the payment of an interim dividend, total cash dividends for the full year will amount to ¥12.0 per share.

Dividend payment for the year ending March 31, 2014 is expected to be ¥12.0 per share.

Furthermore, the Group operates a shareholder benefits program in order to increase understanding of and support for the Group's products among shareholders who own at least one minimum trading unit.

2. Nippon Flour Mills Group

Nippon Flour Mills Group (the Company and its affiliated companies) consists of the Company (Nippon Flour Mills Co., Ltd.), 56 subsidiaries, and 24 affiliates. Details of the Company's core and related business segments are depicted in the schematic diagram below.

(1) Flour Milling

The Company produces wheat flour and bran and Matsuya Flour Mills Co., Ltd. produces buckwheat flour. These products are sold via distributors, which include NIPPON SHOJI Co., Ltd., NIPPON SHOJI Corporation Co., Ltd., SUZUKI Co., Ltd., and MARUSHICHI SHOJI Co., Ltd.

(2) Foods

The Company produces wheat flour for home use, premixes, etc. and sells them via distributors. OHMY Co., Ltd. produces pasta products using wheat flour produced by the Company and sells them to the Company. NIPPON Frozen Food Co., Ltd. produces frozen ingredients and foods using wheat flour and premixes produced by the Company and sells them to the Company.

NF Frozen Co., Ltd. produces frozen processed foods and frozen ingredients and sells them to the Company. Nippon Rich Co., Ltd. sells frozen ingredients and foods procured from the Company.

Fast Foods Co., Ltd. produces and sells boxed lunches and deli products using ingredients produced by the Company.

OK Food Industry Co., Ltd. produces and sells seasoned fried tofu.

Overseas, Nippon Flour Mills (Thailand) Ltd. sells coating mixes and NIPPON (Thailand) Co., Ltd. produces premixes. Nippon Flour Mills (Shanghai) Co., Ltd. in China produces premixes and sells them mainly to Japanese companies in China. Pasta Montana, L.L.C. in the U.S. produces pasta products and sells them in North America and to the Company.

(3) Other Businesses

NPF Japan Co., Ltd. produces and sells pet foods.

NIPPON Engineering Co., Ltd. designs, manufactures, and constructs plant and equipment for the food industry and for handling powder materials.

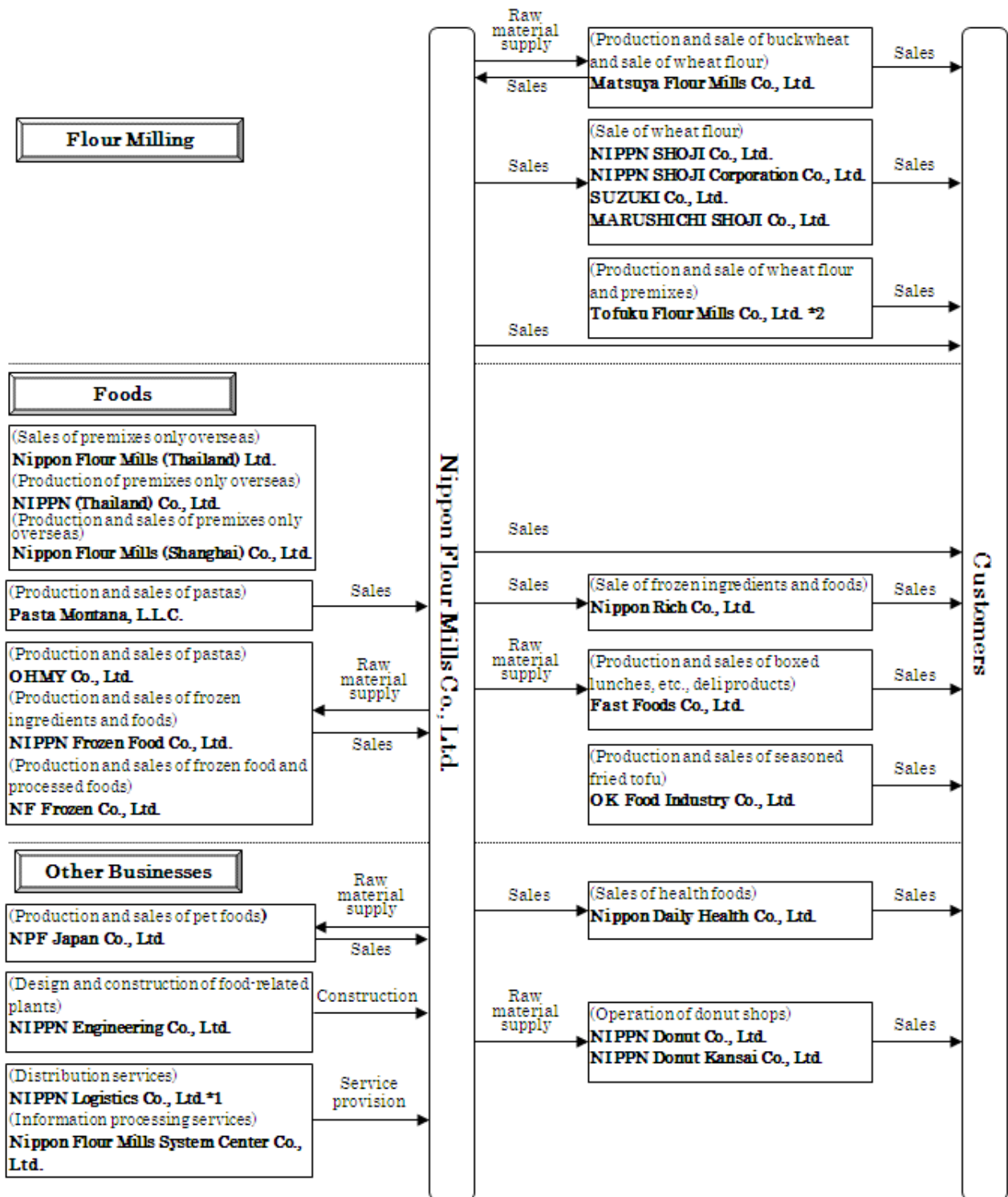
NIPPON Logistics Co., Ltd. operates a freight trucking business in the Kanto area.

Nippon Flour Mills System Center Co., Ltd. is engaged in computer-based information processing and development of information processing systems.

Nippon Daily Health Co., Ltd. sells health foods procured from the Company.

NIPPON Donut Co., Ltd. and NIPPON Donut Kansai Co., Ltd. operate donut stores that use premixes produced by the Company.

(Schematic diagram)



Without any specification : Consolidated subsidiaries

*1 : Non-consolidated subsidiaries accounted for by the equity method

*2 : Affiliated companies accounted for by the equity method

→ Flow of products and services

3. Management Policy

(1) Basic management policy and (2) Management indicators and medium- to long-term management strategies
Disclosure of these items is omitted because there is no material change from the content disclosed in the Consolidated Financial Results for FY2012 and Forecast for FY2013 (announced on May 11, 2012).

The above document is available on the following sites:

The Company's website

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

Website of the Tokyo Stock Exchange (Listed Company Search)

<http://www.tse.or.jp/english/>

(3) Issues to be addressed

In the food industry, while the Japanese market continues to contract as the population declines and the demographic profile ages, there are also concerns about increases in raw material and fuel costs attributable to the weakening of the yen. Thus, the business environment is expected to remain challenging.

In the flour milling industry, although the international wheat market has stabilized, the government sales prices of imported wheat were raised by 9.7% on average for the five key products in April 2013. In these circumstances, the industry is in a dilemma regarding how best to respond to these changes.

The business environment may be headed for major change depending on the progress of negotiations on the Trans-Pacific Partnership.

Through the implementation of the previous four mid-term business plans, the Group achieved certain positive results, including the reform of the business structure, strengthening of the profit base, and sales growth by expanding the business. With the SG130 Phase II launched in fiscal 2013, the Group is focusing on the following three strategies:

- Further promotion of low-cost operation
- Re-verification of business structure and business portfolio
- Strengthening the optimal management of the entire Group

By implementing these basic strategies, we will make a Group-wide effort to attain the goals in the final year of SG130 Phase II in order to achieve sustainable growth while fulfilling our social responsibility to the Group's stakeholders.

(4) Other material issues concerning management

There is nothing applicable.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	9,903	10,055
Notes and accounts receivable-trade	40,219	40,740
Short-term investment securities	200	—
Merchandise and finished goods	12,615	12,672
Work in process	103	79
Raw materials and supplies	18,102	18,406
Deferred tax assets	1,254	1,348
Other	2,676	2,471
Allowance for doubtful accounts	(144)	(102)
Total current assets	84,931	85,671
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	65,999	71,180
Accumulated depreciation	(39,522)	(41,089)
Buildings and structures, net	26,476	30,090
Machinery, equipment and vehicles	86,400	93,594
Accumulated depreciation	(70,231)	(73,530)
Machinery, equipment and vehicles, net	16,169	20,064
Land	25,368	25,594
Construction in progress	4,374	641
Other	8,269	8,659
Accumulated depreciation	(6,435)	(6,659)
Other, net	1,834	1,999
Total property, plant and equipment	74,223	78,390
Intangible assets	1,690	1,453
Investments and other assets		
Investment securities	36,388	43,930
Long-term loans receivable	686	202
Deferred tax assets	1,983	1,565
Other	3,860	3,613
Allowance for doubtful accounts	(859)	(298)
Total investments and other assets	42,059	49,012
Total noncurrent assets	117,973	128,857
Total assets	202,904	214,528

(Millions of yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,322	28,524
Short-term loans payable	18,531	27,705
Income taxes payable	1,610	2,293
Accrued expenses	9,295	9,450
Provision for bonuses	445	438
Provision for directors' bonuses	50	—
Commercial papers	5,000	2,000
Other	4,111	3,329
Total current liabilities	63,367	73,741
Noncurrent liabilities		
Long-term loan payable	22,592	12,535
Deferred tax liabilities	6,254	8,469
Provision for retirement benefits	2,350	2,506
Provision for directors' retirement benefits	1,048	1,067
Other	2,840	2,945
Total noncurrent liabilities	35,086	27,523
Total liabilities	98,453	101,265
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	10,666	10,666
Retained earnings	72,855	77,875
Treasury stock	(1,577)	(1,577)
Total shareholders' equity	94,185	99,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,383	12,253
Deferred gains or losses on hedges	2	23
Foreign currency translation adjustment	(300)	(69)
Total accumulated other comprehensive income	8,085	12,207
Minority interests	2,179	1,851
Total net assets	104,450	113,263
Total liabilities and net assets	202,904	214,528

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(Millions of yen)

	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (From April 1, 2012 to March 31, 2013)
Net sales	269,094	271,069
Cost of sales	200,992	200,858
Gross profit	68,101	70,211
Selling, general and administrative expenses		
Sales fare related expenses	29,107	30,793
Provision of allowance for doubtful accounts	10	—
Salaries and allowances	15,592	15,670
Provision for retirement benefits	827	1,085
Depreciation	929	868
Other	12,000	12,079
Total selling, general and administrative expenses	58,467	60,497
Operating income	9,634	9,713
Non-operating income		
Interest income	38	39
Dividends income	822	877
Rent income on noncurrent assets	299	293
Equity in earnings of affiliates	122	127
Foreign exchange gains	—	300
Gain on sales of securities	21	41
Other	260	318
Total non-operating income	1,565	1,998
Non-operating expenses		
Interest expenses	609	588
Foreign exchange losses	94	—
Other	284	216
Total non-operating expenses	989	804
Ordinary income	10,210	10,906
Extraordinary income		
Gain on sales of investment securities	407	303
Gain on sales of noncurrent assets	46	482
Gain on insurance adjustment	—	191
Gain on transfer of business	58	—
Total extraordinary income	511	976

(Millions of yen)

	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (From April 1, 2012 to March 31, 2013)
Extraordinary loss		
Loss on valuation of investment securities	38	307
Loss on sales of noncurrent assets	17	81
Loss on retirement of noncurrent assets	136	113
Impairment loss	111	21
Provision of allowance for doubtful accounts	201	—
Business structure improvement expenses	410	116
Plant consolidation expenses	200	—
Loss on disaster	72	—
Other	210	121
Total extraordinary losses	1,399	762
Income before income taxes	9,323	11,120
Income taxes-current	3,657	3,968
Income taxes-deferred	(501)	364
Total income taxes	3,156	4,333
Income before minority interests	6,166	6,787
Minority interests in loss	(69)	(221)
Net income	6,235	7,008

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (From April 1, 2012 to March 31, 2013)
Income before minority interests	6,166	6,787
Other comprehensive income		
Valuation difference on available-for-sale securities	676	3,913
Deferred gains or losses on hedges	(5)	20
Foreign currency translation adjustment	(119)	232
Share of other comprehensive income of affiliates accounted for using equity method	0	9
Total other comprehensive income	552	4,176
Comprehensive income	6,719	10,963
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	6,769	11,130
Comprehensive income attributable to minority interests	(50)	(167)

(3) Consolidated statements of changes in net assets

(Millions of yen)

	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	12,240	12,240
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	12,240	12,240
Capital surplus		
Balance at the end of previous period	11,391	10,666
Changes of items during the period		
Disposal of treasury stock	0	0
Retirement of treasury stock	(724)	—
Total changes of items during the period	(724)	0
Balance at the end of current period	10,666	10,666
Retained earnings		
Balance at the end of previous period	68,906	72,855
Changes of items during the period		
Dividends from surplus	(1,671)	(1,989)
Net income	6,235	7,008
Retirement of treasury stock	(614)	—
Total changes of items during the period	3,949	5,019
Balance at the end of current period	72,855	77,875
Treasury stock		
Balance at the end of previous period	(2,313)	(1,577)
Changes of items during the period		
Purchase of treasury stock	(603)	(0)
Disposal of treasury stock	0	0
Retirement of treasury stock	1,339	—
Total changes of items during the period	736	(0)
Balance at the end of current period	(1,577)	(1,577)
Total shareholder's equity		
Balance at the end of previous period	90,224	94,185
Changes of items during the period		
Dividends from surplus	(1,671)	(1,989)
Net income	6,235	7,008
Purchase of treasury stock	(603)	(0)
Disposal of treasury stock	0	0
Retirement of treasury stock	—	—
Total changes of items during the period	3,960	5,019
Balance at the end of current period	94,185	99,204

(Millions of yen)

	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (From April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	7,699	8,383
Changes of items during the period		
Net changes of items other than shareholders' equity	684	3,870
Total changes of items during the period	684	3,870
Balance at the end of current period	8,383	12,253
Deferred gains or losses on hedges		
Balance at the end of previous period	8	2
Changes of items during the period		
Net changes of items other than shareholders' equity	(5)	20
Total changes of items during the period	(5)	20
Balance at the end of current period	2	23
Foreign currency translation adjustment		
Balance at the end of previous period	(155)	(300)
Changes of items during the period		
Net changes of items other than shareholders' equity	(144)	230
Total changes of items during the period	(144)	230
Balance at the end of current period	(300)	(69)
Total accumulated other comprehensive income		
Balance at the end of previous period	7,551	8,085
Changes of items during the period		
Net changes of items other than shareholders' equity	534	4,121
Total changes of items during the period	534	4,121
Balance at the end of current period	8,085	12,207
Minority interests		
Balance at the end of previous period	2,240	2,179
Changes of items during the period		
Net changes of items other than shareholders' equity	(60)	(328)
Total changes of items during the period	(60)	(328)
Balance at the end of current period	2,179	1,851
Total net assets		
Balance at the end of previous period	100,016	104,450
Changes of items during the period		
Dividends from surplus	(1,671)	(1,989)
Net income	6,235	7,008
Purchase of treasury stock	(603)	(0)
Disposal of treasury stock	0	0
Retirement of treasury stock	—	—
Net changes of items other than shareholders' equity	473	3,793
Total changes of items during the period	4,434	8,812
Balance at the end of current period	104,450	113,263

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	9,323	11,120
Depreciation and amortization	7,277	7,863
Prepaid pension costs and provision for retirement benefits	204	327
Increase (decrease) in provision for directors' retirement benefits	70	18
Increase (decrease) in allowance for doubtful accounts	162	(103)
Impairment loss	111	21
Business structure improvement expenses	410	116
Loss on disaster	72	—
Interest and dividends income	(861)	(917)
Interest expenses	609	588
Loss (gain) on sales of securities	(421)	(325)
Loss (gain) on valuation of investment securities	38	307
Foreign exchange losses (gains)	73	(282)
Equity in (earnings) losses of affiliates	(122)	(127)
Loss (gain) on sales of property, plant and equipment	(28)	(400)
Loss on retirement of noncurrent assets	136	118
Loss (gain) on transfer of business	(58)	—
Decrease (increase) in notes and accounts receivable-trade	(7,946)	(429)
Decrease (increase) in inventories	(9,237)	(268)
Increase (decrease) in notes and accounts payable-trade	2,040	4,190
Increase (decrease) in accrued consumption taxes	558	2
Decrease (increase) in other receivables	10	156
Increase (decrease) in other payables	1,047	(55)
Other, net	279	253
Subtotal	3,749	22,177
Interest and dividends income received	869	938
Interest expenses paid	(637)	(596)
Income taxes paid	(3,939)	(3,320)
Net cash provided by (used in) operating activities	41	19,198

(Millions of yen)

	FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) investing activities		
Purchase of noncurrent assets	(11,410)	(12,700)
Proceeds from sales of noncurrent assets	73	794
Proceeds from transfer of business	99	—
Purchase of investment securities	(487)	(1,554)
Proceeds from sales and redemption of investment securities	680	1,562
Purchase of stocks of subsidiaries and affiliates	(379)	(1,165)
Payments of loans receivable	(65)	(119)
Collection of loans receivable	76	140
Other, net	0	(13)
Net cash provided by (used in) investing activities	(11,412)	(13,055)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(710)	(819)
Net increase (decrease) in commercial papers	5,000	(3,000)
Proceeds from long-term loans payable	6,190	885
Repayment of long-term loans payable	(8,734)	(962)
Purchase of treasury stock	(485)	(0)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(1,671)	(1,989)
Cash dividends paid to minority shareholders	(9)	(21)
Repayments of finance lease obligations	(216)	(288)
Net cash provided by (used in) financing activities	(638)	(6,195)
Effect of exchange rate change on cash and cash equivalents	(39)	203
Net increase (decrease) in cash and cash equivalents	(12,048)	151
Cash and cash equivalents at beginning of period	21,956	9,848
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(59)	—
Cash and cash equivalents at end of period	9,848	10,000

(Segment information, etc.)

Segment information

1. Overview of reporting segments

The Group's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

The Group consists of three main business units classified by product types—Flour Milling, Food and Other. Each business unit formulates business strategies and promotes business activities.

Consequently, the Group has classified its operations into two reporting segments: Flour Milling and Food.

The Flour Milling segment covers wheat flour, bran, and buckwheat flour, while the Food segment covers wheat flour for home use, premixes, pasta, frozen foods, deli foods, and rice flour.

2. Calculation methods on sales, income (loss), assets, liabilities and other items by reporting segment

Profit figures reported for business segments are based on operating income. Inter-segment sales and transfers are based on prevailing market prices.

(Change in the depreciation method)

In line with the revision to the Corporation Tax Act of Japan, effective from the fiscal year ended March 31, 2013, the Company and its domestic consolidated subsidiaries adopted a new depreciation method pursuant to the revised Corporation Tax Act for property, plant and equipment acquired on or after April 1, 2012. As a result of this change, segment income for fiscal 2013 was ¥204 million higher for the Flour Milling segment, ¥49 million higher for the Food segment, and ¥18 million higher for the Other segment than it would have been if calculated with the previous method.

3. Information of sales, income (loss), assets, liabilities and other items by reporting segment FY2012 (From April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reporting segments			Other	Total	Adjustments	Amounts recorded on consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	100,745	140,521	241,267	27,827	269,094	—	269,094
Internal sales or transfers between segments	2,138	663	2,801	3,918	6,719	(6,719)	—
Total	102,883	141,184	244,068	31,745	275,814	(6,719)	269,094
Segment income (loss)	3,807	5,466	9,273	475	9,748	(114)	9,634
Segment assets	96,728	68,148	164,877	15,182	180,059	22,844	202,904
Other items							
Depreciation	3,321	2,842	6,164	1,005	7,170	106	7,277
Increase in property, plant and equipment and intangible assets	6,456	4,791	11,247	776	12,024	(133)	11,891

- Notes: 1. The "Other" column indicates businesses not included in the reporting segments, including pet food, health food and engineering.
2. Segment income adjustment of minus ¥114 million is an elimination of inter-segment transactions.
3. Corporate assets included in adjustments of segment assets amounted to ¥24,988 million and mainly comprise the Company's surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative operations.

4. Segment income or loss is adjusted to reflect operating income as recorded on the consolidated financial statements.
5. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses and amortization thereof.

FY2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reporting segments			Other	Total	Adjustments	Amounts recorded on consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	96,066	147,591	243,657	27,412	271,069	—	271,069
Internal sales or transfers between segments	2,073	527	2,600	2,543	5,144	(5,144)	—
Total	98,139	148,118	246,258	29,955	276,213	(5,144)	271,069
Segment income (loss)	2,662	6,758	9,421	296	9,717	(3)	9,713
Segment assets	102,406	70,841	173,248	14,794	188,043	26,485	214,528
Other items							
Depreciation	3,800	3,088	6,889	945	7,834	29	7,863
Increase in property, plant and equipment and intangible assets	8,288	3,402	11,691	929	12,620	(33)	12,586

- Notes:
1. The “Other” column indicates businesses not included in the reporting segments, including pet food, health food and engineering.
 2. Segment income adjustment of minus ¥3 million is an elimination of inter-segment transactions.
 3. Corporate assets included in adjustments of segment assets amounted to ¥28,318 million and mainly comprise the Company’s surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative operations.
 4. Segment income or loss is adjusted to reflect operating income as recorded on the consolidated financial statements.
 5. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses and amortization thereof.

(Per share information)

FY2012 (From April 1, 2011 to March 31, 2012)		FY2013 (From April 1, 2012 to March 31, 2013)	
Net assets per share	¥618.24	Net assets per share	¥673.57
Net income per share	¥37.46	Net income per share	¥42.37
Outlines of the residual shares not taken into calculation of net income per share after residual shares due to absence of dilution effects.		Outlines of the residual shares not taken into calculation of net income per share after residual shares due to absence of dilution effects.	

Note: Basis for the calculation of net income per share and diluted net income per share are as follows.

		FY2012 (From April 1, 2011 to March 31, 2012)	FY2013 (From April 1, 2012 to March 31, 2013)
Net income per share			
Net income	(Millions of yen)	6,235	7,008
Amount not attributable to common shareholders	(Millions of yen)	—	—
Net income associated with common shares	(Millions of yen)	6,235	7,008
Average number of shares of common stock in the fiscal year	(Shares)	166,471,720	165,412,990