

Consolidated Financial Results for FY2014 and Forecast for FY2015 [J-GAAP]

Listed Company Name: **Nippon Flour Mills Co., Ltd.**
 Listing: The 1st section of Tokyo Stock Exchange and Sapporo Securities Exchange
 Code Number: 2001 URL: <http://www.nippon.co.jp/> TEL: 03-3350-3900
 Representative: Haruki Kotera,
 President and Chief Operating Officer
 Contact: Kiyoshi Mansyo, General Manager of Corporate Communications Group
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* Amounts less than one million yen have been rounded down.

1. Consolidated results for the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(1) Consolidated operating results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2014	287,109	5.9%	10,808	11.3%	12,248	12.3%	7,810	11.4%
FY2013	271,069	0.7%	9,713	0.8%	10,906	6.8%	7,008	12.4%

(Note) Comprehensive income: FY2014: 10,619 million yen (-3.1%) FY2013: 10,963 million yen (63.2%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	ROE (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
FY2014	47.23	—	6.8	5.6	3.8
FY2013	42.37	—	6.6	5.2	3.6

Reference: Equity in earnings of affiliated companies: FY2014: 220 million yen FY2013: 127 million yen

(2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
FY2014	226,803	121,636	52.2	715.84
FY2013	214,528	113,263	51.9	673.57

Reference: Equity capital: FY2014: 118,358 million yen FY2013: 111,412 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
FY2014	15,487	(13,349)	(123)	12,202
FY2013	19,198	(13,055)	(6,195)	10,000

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			
FY2013	—	5.00	—	7.00	12.00	1,989	28.3	1.9
FY2014	—	6.00	—	6.00	12.00	1,989	25.4	1.7
FY2015 (Forecast)	—	6.00	—	6.00	12.00		29.2	

3. Forecast of consolidated business results for FY2015 (From April 1, 2014 to March 31, 2015)

(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	148,000	5.5%	4,500	(14.1)%	5,000	(16.6)%	3,200	(16.8)%	19.35
Full Year	300,000	4.5%	10,000	(7.5)%	11,000	(10.2)%	6,800	(12.9)%	41.11

*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: None
- 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 shares):

FY2014	170,148,018 shares	FY2013	170,148,018 shares
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2) Number of treasury shares at the end of each period:

FY2014	4,805,057 shares	FY2013	4,741,725 shares
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3) Average number of shares:

FY2014	165,392,738 shares	FY2013	165,412,990 shares
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*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

Descriptions regarding the future, including the financial outlook contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable, and actual financial results may significantly vary due to various factors. Please refer to "1. Operating Results, (1) Analysis of operating results" on page 4 for information on preconditions underlying the above outlook and other related information.

Contents

1. Operating results	2
(1) Analysis of operating results.....	2
(2) Analysis of financial position	5
(3) Basic policy on profit distribution and dividends for the year ended March 31, 2014 and the year ending March 31, 2015	6
2. Nippon Flour Mills Group	6
3. Management Policy.....	8
(1) Basic management policy.....	8
(2) Management indicators and medium- to long-term management strategies	8
(3) Issues to be addressed.....	8
(4) Other material issues concerning management.....	8
4. Consolidated financial statements.....	9
(1) Consolidated balance sheets	9
(2) Consolidated statements of income and comprehensive income	11
(Consolidated statements of income).....	11
(Consolidated statements of comprehensive income).....	13
(3) Consolidated statements of changes in net assets.....	14
(4) Consolidated statements of cash flows	16
(Segment information, etc.).....	18
(Per share information).....	20

1. Operating results

(1) Analysis of operating results

During the fiscal year ended March 31, 2014, the Japanese economy progressed along a moderate recovery track. Corporate earnings and the labor market showed signs of improvement, partly owing to a weaker yen and a buoyant stock market supported by the Abe administration's economic policy and the Bank of Japan's monetary policy. Regarding personal consumption, last-minute demand prior to the consumption tax increase in April boosted sales, mainly of big-ticket items. However, consumers remained budget-minded as far as daily necessities were concerned because of deep-seated anxiety about declining disposable incomes. For the overall Japanese economy, there were concerns about the possibility of weaker domestic demand following the consumption tax hike and overseas by the slowing of emerging-market economies.

The food industry continued to operate in a challenging business environment amid rising costs, notably those of raw materials and electricity, owing to a weaker yen, and intensifying sales competition reflecting lackluster consumption, with little growth in gross demand because of the aging of Japanese society as people live longer and a low birth rate persists. The outlook of the business environment for the food industry remained unclear.

With the objective of achieving sustainable growth by responding flexibly to the challenging business environment, the Group implemented the mid-term business plan in its final year. In accordance with the plan, we placed greater emphasis on low-cost operations throughout the business, reviewed the business portfolio through selection and concentration, and implemented initiatives to achieve total optimization of the Group's operations.

In the Flour Milling segment, our plan calls for increasing the storage capacity of grain silos by 50% from the current 200,000 tons to 300,000 tons at our large coastal mills, with a view to strengthening cost competitiveness in response to the changing business environment. As one element of this plan, construction at the Company's Chiba Mill was completed in March 2014, adding 25,000 tons of silo capacity for raw cereal.

As part of a business portfolio re-verification strategy to achieve sustainable growth, we acquired two companies through M&A and added them to the Group as consolidated subsidiaries.

In the Food segment, in September 2013, the Company acquired an equity stake in Nagano Tomato Co., Ltd., a manufacturer and a distributor of tomato-based food products in Nagano Prefecture, to pursue further diversification in the processed food field, which is among the Group's key business fields. With regard to other businesses, the Group has started developing a donuts business in Kyushu, having included NIPPON Donuts Kyushu Co., Ltd. in the Group in October 2013. In this way, the Group is also working to reinforce the existing business.

Moreover, in order to seize opportunities in growing business fields without suffering an opportunity loss, we acquired a 4,000 square meter site adjacent to our Ryugasaki Plant for premix in December 2013 in preparation for future expansion of the plant. In March 2013, construction of a frozen food plant was completed, which is located within the site of the Kuwana Plant of Fast Foods Nagoya Co., Ltd., the Group's subsidiary producing and selling boxed lunches.

As a result, consolidated net sales increased by 5.9% year on year to ¥287,109 million, operating income increased by 11.3% to ¥10,808 million, ordinary income increased by 12.3% to ¥12,248 million, and net income increased by 11.4% to ¥7,810 million.

The performance of individual business segments was as follows.

Flour Milling

In line with the increase of government sales prices of imported wheat by 9.7% on average for the five key products in April 2013 and by 4.1% in October 2013, we revised the prices of wheat flour products for professional use in June and December, respectively.

The Group is strengthening quality control in response to the growing preoccupation with the safety and security of food throughout society. As part of this initiative, the Company's Yokohama Mill gained Food Safety System Certification (FSSC) 22000, an FSSC scheme developed to certify food safety management, for flour milling in June 2013, and the Company's Kobe-Konan Mill gained FSSC 22000 for flour milling and premix in February 2014. At the same time, to address customer needs and diversifying food preferences, the Group developed new products, held cookery workshops, and executed vigorous sales & marketing, including proposal-driven sales.

As a result, sales of wheat flour in Japan increased in terms of both volume and value compared with 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 increased by 4.2% year on year to ¥100,129 million, and segment income increased by 55.8% year on year to ¥4,148 million.

Food

In the professional-use category, the Group engaged in vigorous marketing, including the holding of Italian cookery workshops and participating in various exhibitions. As a result, sales of pasta, and pasta-related products were buoyant. Sales of professional-use products increased compared with the previous year.

In the home-use product category, we emphasized development of products that deliver customer satisfaction by meeting needs and making things easier in the kitchen. We introduced new products that not only cut cooking time and processes but also deliver delights in terms of both cooking and eating. Campaigns and promotional activities designed to enhance awareness of the Company's products and expand sales included limited sales of Oh' my Professional Baseball Team Collaborative Spaghetti and Oh' my Hello Kitty Pasta series to cheer up youngsters preparing for school and college entrance examinations. 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.

Sales of new pasta sauces were brisk and, as a result, sales of home-use products exceeded the level for the previous year.

With regard to frozen foods, we launched the Oh' my Premium "Vege-Full" Series, with the theme of making up for the deficiency of vegetable intake, as part of the Oh' my Premium series of high-grade pasta dishes for home use, which celebrated the 10th anniversary since its launch. At the same time, we redesigned the existing products to enrich the line-up. Sales of the Oh' my BIG series of large-portion pasta dishes and the snack series, such as the Pie Sheet, were brisk. As a result, sales of frozen foods exceeded the previous year's level.

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

As a result, net sales for the Food segment increased by 7.7% year on year to ¥158,974 million, and segment income decreased by 8.4% year on year to ¥6,191 million.

Other Businesses

Sales of the donut business, the pet care business and the engineering business were higher than for the previous year.

As a result, net sales for the Other segment increased by 2.2% year on year to ¥28,005 million, and operating income increased by 51.6% to ¥448 million.

—Forecast for the year ending March 31, 2015—

Although there are signs of an upturn in business confidence in Japan based on mounting hopes that the country may at last shrug off deflation and regain economic vitality, the outlook remains unclear because of concerns about the impact of the consumption tax increase in Japan and the risk posed by slowing growth of emerging economies and the Chinese economy.

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 continue to enhance our storage capacity of grain silos. 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, 2015, management forecasts the consolidated net sales of ¥300.0 billion (up 4.5% year on year), operating income of ¥10.0 billion (down 7.5% year on year), ordinary income of ¥11.0 billion (down 10.2% year on year) and net income of ¥6.8 billion (down 12.9% 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, 2014, total assets stood at ¥226,803 million, an increase of ¥12,274 million compared with the previous year end. This was mainly because of the increase of property, plant and equipment, investment securities and cash and deposits, by ¥6,651 million, ¥3,985 million and ¥2,803 million, respectively, while notes and accounts receivable - trade decreased by ¥1,608 million.

Liabilities increased by ¥3,901 million year on year to ¥105,167 million. The main reasons for this were the increase of bonds payable and trade notes and accounts payable - trade, by ¥10,000 million and ¥2,754 million, respectively, while commercial papers decreased by ¥2,000 million.

Net assets increased by ¥8,372 million year on year to ¥121,636 million because retained earnings and valuation difference on available-for-sale securities increased by ¥5,644 million and ¥2,355 million, respectively.

(Cash flows)

As of March 31, 2014, the balance of cash and cash equivalents stood at ¥12,202 million, an increase of ¥2,202 million compared with the end of previous fiscal year. The conditions of cash flows were as follows.

Operating activities provided net cash of ¥15,487 million. This mainly reflected ¥12,450 million for income before income taxes and minority interests, ¥8,043 million for depreciation and amortization and ¥4,096 million for income taxes paid.

Investing activities used net cash of ¥13,349 million. This mainly reflected spending of ¥13,226 million for acquisition of non-current assets.

Financing activities used net cash of ¥123 million. This mainly reflected proceeds of ¥9,926 million and ¥5,690 million from issuance of bonds and from long-term loans payable, respectively, redemption of commercial paper amounting to ¥2,000 million, repayments of long-term loans payable amounting to ¥11,463 million, and payment of dividends of ¥2,155 million.

—Cash flow indicator trends—

	FY2010	FY2011	FY2012	FY2013	FY2014
Equity ratio (%)	53.9	50.3	50.4	51.9	52.2
Equity ratio at market value (%)	43.5	32.8	31.0	33.4	41.2
Ratio of interest-bearing debt to cash flows (%)	170.9	278.6	110,008.2	220.0	289.7
Interest coverage ratio (times)	33.1	24.3	0.1	32.2	27.6

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, 2014 and the year ending March 31, 2015

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, we plan to pay a year-end dividend of ¥6.00 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, 2015 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. To express our appreciation to shareholders who hold the Company's shares for the medium to long term and to encourage their continuous support, the Company will launch an additional shareholder benefits program for the interim period from 2015 onward for shareholders who satisfy the current criteria for the program and hold the Company's shares for at least 12 months.

2. Nippon Flour Mills Group

Nippon Flour Mills Group (the Company and its affiliated companies) consists of the Company (Nippon Flour Mills Co., Ltd.), 58 subsidiaries, and 25 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.

Nagano Tomato Co., Ltd. produces and sells tomato-based food products.

Overseas, Nippon Flour Mills (Thailand) Ltd. sells premixes and NIPPON (Thailand) Co., Ltd. produces premixes. In China, Nippon Flour Mills (Shanghai) Co., Ltd. produces premixes and sells them mainly to Japanese companies in China, and Nippon Flour Mills (Shanghai) Trading Co., Ltd. sells premixes. 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.

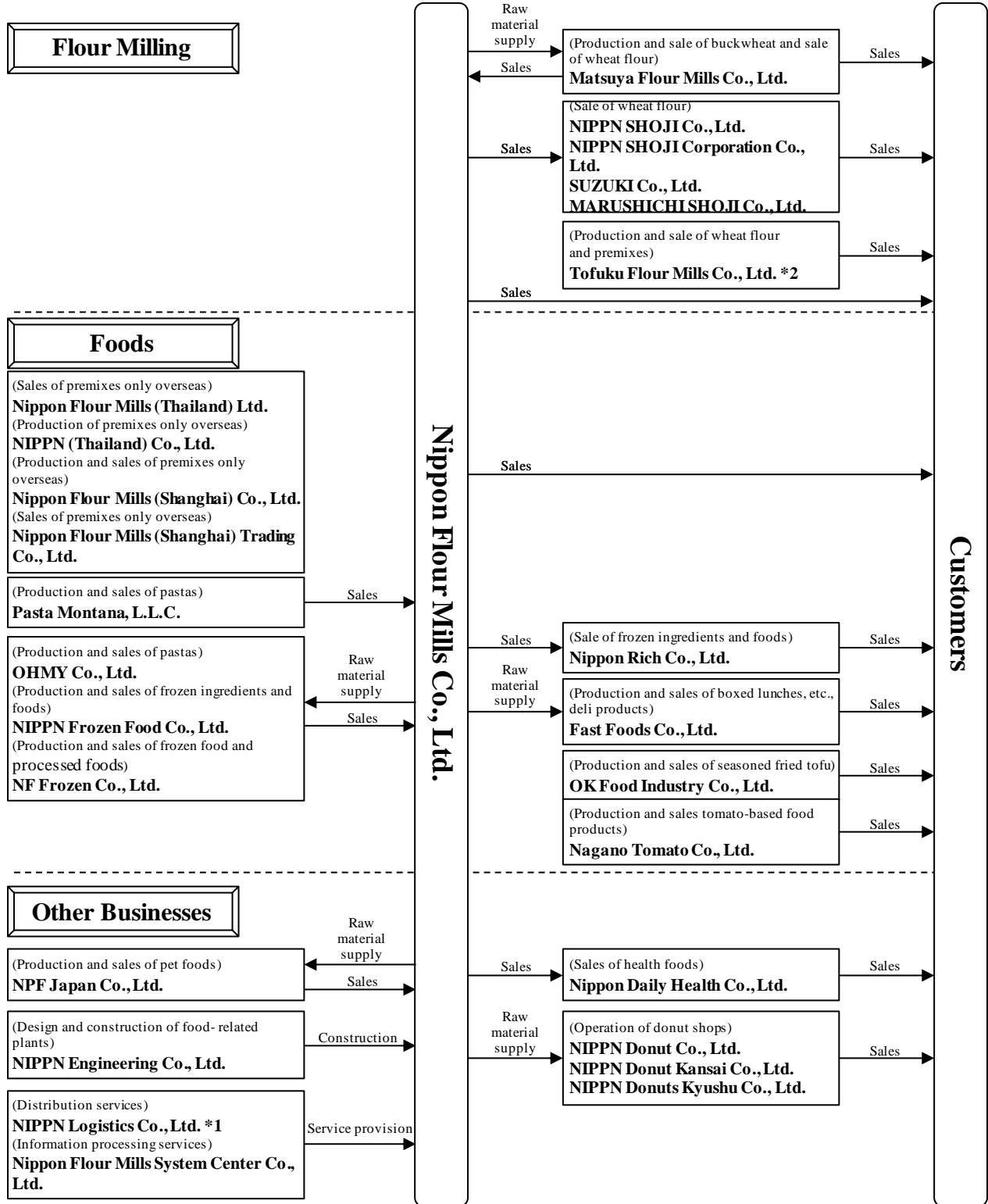
NIPPON Logistics Co., Ltd. operates a freight trucking business in the Kanto area.

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

(Schematic diagram)



3. Management Policy

(1) Basic management policy

“Responding to the changes of the times and boldly applying technological innovation to establish new businesses” — the motto of Nippon Flour Mills Group expresses the venturesome spirit at work when the Company started operation. Based on this motto, the Group’s fundamental policy is to contribute to the welfare of society by introducing excellent products and services.

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

(2) Management indicators and medium- to long-term management strategies

Through the implementation of the previous five 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, and thus maintained sustainable growth. Regarding the two-year mid-term plan for fiscal 2013 and fiscal 2014, although net sales and operating income did not reach the numerical targets, the Group made good progress in strengthening management for total optimization of the Group’s operations by quickly bringing large-scale capital investment projects into full-scale operation and through entry to new business fields.

In view of the unclear prospects for the business environment, instead of a mid-term business plan, the Group has decided to adopt a single-year policy based on the fundamental measures the Group has been implementing to strengthen the business foundation.

The Group will maintain the basic strategies it has been implementing so far.

- [1] Promote low-cost operations throughout business fields
- [2] Re-establish the business structure and business portfolio
- [3] Step up management for total optimization of the Group’s operations
- [4] Promote CSR management

(3) Issues to be addressed

In the food industry, against the backdrop of a domestic market that is contracting because of the declining population and the aging of society, a fully fledged recovery of personal consumption has yet to materialize and cost increases, such as rising raw materials prices, are also a concern. Thus, competition among companies is expected to intensify.

In the flour milling industry, although the international wheat market has stabilized, the government sales prices of imported wheat were raised by 2.3% on average (including taxes) for the five key products in April 2014. In these circumstances, the industry is in a dilemma regarding how best to respond to these changes.

The business environment may be subject to greater change, depending on the development of the Japanese government’s imported wheat sales system and progress of the Trans-Pacific Partnership (TPP) negotiations.

The Group will continue capital investment to improve the earnings structure and strive to ensure that capital investment projects are executed swiftly and come on stream without delay. We will seek to advance into business fields with high growth potential, including overseas business. Moreover, by continuing our vigorous efforts to overcome the current challenging situation, we aim to enhance corporate value and fulfill our social responsibility to stakeholders while pursuing sustainable growth.

(4) Other material issues concerning management

There is nothing applicable.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	10,055	12,859
Notes and accounts receivable - trade	40,740	39,131
Securities	–	1
Merchandise and finished goods	12,672	14,105
Work in process	79	297
Raw materials and supplies	18,406	17,776
Deferred tax assets	1,348	1,327
Other	2,471	2,344
Allowance for doubtful accounts	(102)	(324)
Total current assets	85,671	87,520
Non-current assets		
Property, plant and equipment		
Buildings and structures	71,180	74,096
Accumulated depreciation	(41,089)	(44,340)
Buildings and structures, net	30,090	29,756
Machinery, equipment and vehicles	93,594	98,389
Accumulated depreciation	(73,530)	(79,510)
Machinery, equipment and vehicles, net	20,064	18,879
Land	25,594	32,671
Construction in progress	641	1,716
Other	8,659	9,523
Accumulated depreciation	(6,659)	(7,505)
Other, net	1,999	2,018
Total property, plant and equipment	78,390	85,042
Intangible assets	1,453	1,543
Investments and other assets		
Investment securities	43,930	47,915
Long-term loans receivable	202	255
Deferred tax assets	1,565	1,394
Other	3,613	3,461
Allowance for doubtful accounts	(298)	(330)
Total investments and other assets	49,012	52,698
Total non-current assets	128,857	139,283
Total assets	214,528	226,803

(Millions of yen)

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,524	25,769
Short-term loans payable	27,705	19,767
Income taxes payable	2,293	2,604
Accrued expenses	9,450	9,373
Provision for bonuses	438	454
Commercial papers	2,000	–
Other	3,329	4,401
Total current liabilities	73,741	62,370
Non-current liabilities		
Bonds payable	–	10,000
Long-term loan payable	12,535	15,104
Deferred tax liabilities	8,469	9,220
Provision for retirement benefits	2,506	–
Net defined benefit liability		4,488
Provision for directors' retirement benefits	1,067	1,105
Other	2,945	2,877
Total non-current liabilities	27,523	42,796
Total liabilities	101,265	105,167
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	10,666	10,666
Retained earnings	77,875	83,519
Treasury shares	(1,577)	(1,607)
Total shareholders' equity	99,204	104,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,253	14,609
Deferred gains or losses on hedges	23	3
Foreign currency translation adjustment	(69)	363
Remeasurements of defined benefit plans	–	(1,436)
Total accumulated other comprehensive income	12,207	13,539
Minority interests	1,851	3,278
Total net assets	113,263	121,636
Total liabilities and net assets	214,528	226,803

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

(Millions of yen)

	FY2013 (From April 1, 2012 to March 31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
Net sales	271,069	287,109
Cost of sales	200,858	211,822
Gross profit	70,211	75,286
Selling, general and administrative expenses		
Sales fare related expenses	30,793	33,246
Provision of allowance for doubtful accounts	–	283
Salaries and allowances	15,670	16,145
Provision for retirement benefits	1,085	938
Depreciation	868	908
Other	12,079	12,954
Total selling, general and administrative expenses	60,497	64,478
Operating income	9,713	10,808
Non-operating income		
Interest income	39	56
Dividend income	877	917
Rent income on non-current assets	293	299
Share of profit of entities accounted for using equity method	127	220
Foreign exchange gains	300	334
Gain on sales of securities	41	136
Other	318	319
Total non-operating income	1,998	2,284
Non-operating expenses		
Interest expenses	588	539
Cost of rent income	100	62
Other	115	241
Total non-operating expenses	804	843
Ordinary income	10,906	12,248
Extraordinary income		
Gain on sales of investment securities	303	14
Gain on sales of non-current assets	482	870
Gain on insurance adjustment	191	–
Other	–	112
Total extraordinary income	976	997

(Millions of yen)

	FY2013 (From April 1, 2012 to March 31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
Extraordinary losses		
Loss on valuation of investment securities	307	27
Loss on sales of non-current assets	81	381
Loss on retirement of non-current assets	113	197
Impairment loss	21	50
Business structure improvement expenses	116	-
Other	121	138
Total extraordinary losses	762	795
Income before income taxes and minority interests	11,120	12,450
Income taxes - current	3,968	4,417
Income taxes - deferred	364	178
Total income taxes	4,333	4,596
Income before minority interests	6,787	7,854
Minority interests in income (loss)	(221)	43
Net income	7,008	7,810

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY2013 (From April 1, 2012 to March 31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
Income before minority interests	6,787	7,854
Other comprehensive income		
Valuation difference on available-for-sale securities	3,913	2,346
Deferred gains or losses on hedges	20	(20)
Foreign currency translation adjustment	232	435
Share of other comprehensive income of entities accounted for using equity method	9	3
Total other comprehensive income	4,176	2,764
Comprehensive income	10,963	10,619
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	11,130	10,570
Comprehensive income attributable to minority interests	(167)	48

(3) Consolidated statements of changes in net assets
FY2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at beginning of current period	12,240	10,666	72,855	(1,577)	94,185
Changes of items during period					
Dividends of surplus			(1,989)		(1,989)
Net income			7,008		7,008
Change of scope of consolidation					
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	0	5,019	(0)	5,019
Balance at end of current period	12,240	10,666	77,875	(1,577)	99,204

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,383	2	(300)	–	8,085	2,179	104,450
Changes of items during period							
Dividends of surplus							(1,989)
Net income							7,008
Change of scope of consolidation							
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	3,870	20	230	–	4,121	(328)	3,793
Total changes of items during period	3,870	20	230	–	4,121	(328)	8,812
Balance at end of current period	12,253	23	(69)	–	12,207	1,851	113,263

FY2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at beginning of current period	12,240	10,666	77,875	(1,577)	99,204
Changes of items during period					
Dividends of surplus			(2,155)		(2,155)
Net income			7,810		7,810
Change of scope of consolidation			(11)		(11)
Purchase of treasury shares				(30)	(30)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	0	5,644	(30)	5,614
Balance at end of current period	12,240	10,666	83,519	(1,607)	104,818

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	12,253	23	(69)	–	12,207	1,851	113,263
Changes of items during period							
Dividends of surplus							(2,155)
Net income							7,810
Change of scope of consolidation							(11)
Purchase of treasury shares							(30)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	2,355	(20)	433	(1,436)	1,332	1,426	2,758
Total changes of items during period	2,355	(20)	433	(1,436)	1,332	1,426	8,372
Balance at end of current period	14,609	3	363	(1,436)	13,539	3,278	121,636

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2013 (From April 1, 2012 to March 31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,120	12,450
Depreciation and amortization	7,863	8,043
Gain on bargain purchase	–	(37)
Increase (decrease) in prepaid pension costs and provision for retirement benefits	327	(2,222)
Increase (decrease) in net defined benefit asset/liability	–	2,225
Increase (decrease) in provision for directors' retirement benefits	18	21
Increase (decrease) in allowance for doubtful accounts	(103)	247
Impairment loss	21	50
Business structure improvement expenses	116	–
Interest and dividend income	(917)	(974)
Interest expenses	588	539
Loss (gain) on sales of investment securities	(325)	(144)
Loss (gain) on valuation of investment securities	307	27
Foreign exchange losses (gains)	(282)	(320)
Share of (profit) loss of entities accounted for using equity method	(127)	(220)
Loss (gain) on sales of non-current assets	(400)	(488)
Loss on retirement of non-current assets	118	200
Decrease (increase) in notes and accounts receivable - trade	(429)	2,602
Decrease (increase) in inventories	(268)	(265)
Increase (decrease) in notes and accounts payable - trade	4,190	(3,512)
Increase (decrease) in accrued consumption taxes	2	558
Decrease (increase) in other receivables	156	85
Increase (decrease) in other payables	(55)	(21)
Other, net	253	308
Subtotal	22,177	19,152
Interest and dividend income received	938	992
Interest expenses paid	(596)	(560)
Income taxes paid	(3,320)	(4,096)
Net cash provided by (used in) operating activities	19,198	15,487

(Millions of yen)

	FY2013 (From April 1, 2012 to March 31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) investing activities		
Purchase of non-current assets	(12,700)	(13,226)
Proceeds from sales of non-current assets	794	1,060
Purchase of investment securities	(1,554)	(1,400)
Proceeds from sales and redemption of investment securities	1,562	1,533
Purchase of shares of subsidiaries and associates	(1,165)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,281)
Payments of loans receivable	(119)	(161)
Collection of loans receivable	140	95
Other, net	(13)	30
Net cash provided by (used in) investing activities	(13,055)	(13,349)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(819)	219
Net increase (decrease) in commercial papers	(3,000)	(2,000)
Proceeds from long-term loans payable	885	5,690
Repayment of long-term loans payable	(962)	(11,463)
Proceeds from issuance of bonds	–	9,926
Purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury shares	0	0
Cash dividends paid	(1,989)	(2,155)
Cash dividends paid to minority shareholders	(21)	(8)
Repayments of finance lease obligations	(288)	(332)
Net cash provided by (used in) financing activities	(6,195)	(123)
Effect of exchange rate change on cash and cash equivalents	203	248
Net increase (decrease) in cash and cash equivalents	151	2,263
Cash and cash equivalents at beginning of period	9,848	10,000
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(60)
Cash and cash equivalents at end of period	10,000	12,202

(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.

3. Information of sales, income (loss), assets, liabilities and other items by reporting segment 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.

FY2014 (From April 1, 2013 to March 31, 2014)

(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	100,129	158,974	259,104	28,005	287,109	–	287,109
Internal sales or transfers between segments	2,173	514	2,687	2,526	5,213	(5,213)	–
Total	102,303	159,488	261,791	30,531	292,322	(5,213)	287,109
Segment income	4,148	6,191	10,339	448	10,788	20	10,808
Segment assets	101,461	76,031	177,492	14,664	192,157	34,646	226,803
Other items							
Depreciation	4,174	3,015	7,190	827	8,018	25	8,043
Increase in property, plant and equipment and intangible assets	3,802	2,869	6,671	688	7,360	6,502	13,862

- 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 ¥20 million is an elimination of inter-segment transactions.
3. Corporate assets included in adjustments of segment assets amounted to ¥36,460 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)

FY2013 (From April 1, 2012 to March 31, 2013)		FY2014 (From April 1, 2013 to March 31, 2014)	
Net assets per share	¥673.57	Net assets per share	¥715.84
Net income per share	¥42.37	Net income per share	¥47.23
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.

		FY2013 (From April 1, 2012 to March 31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
Net income per share			
Net income	(Millions of yen)	7,008	7,810
Amount not attributable to common shareholders	(Millions of yen)	–	–
Net income associated with common shares	(Millions of yen)	7,008	7,810
Average number of shares of common stock in the fiscal year	(Shares)	165,412,990	165,392,738