

Consolidated Financial Results for the First Half of FY2016 (J-GAAP)

November 6, 2015

Listed company name: **Nippon Flour Mills Co., Ltd.**
 Listing: The 1st section of Tokyo Stock 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 Division
 Filing date of quarterly financial report: November 12, 2015
 Start of cash dividend payments: December 4, 2015
 Supplementary quarterly materials prepared: Yes
 Quarterly results information meeting held: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the first half of FY2016 (From April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative)

(Percentage figures show the rate of change from the same period in the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of FY2016	155,122	5.1	5,036	34.2	5,957	40.3	4,015	28.0
First half of FY2015	147,650	5.2	3,752	(28.4)	4,247	(29.1)	3,135	(18.5)

(Note) Comprehensive income: First half of FY2016: ¥2,334 million yen (-56.9%)
 First half of FY2015: ¥5,413 million yen (-21.2%)

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
First half of FY2016	24.48	24.46
First half of FY2015	18.97	18.96

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
First half of FY2016	243,534	136,930	54.2
FY2015	248,890	137,535	53.3

(Reference) Equity capital: First half of FY2016: ¥132,004 million; FY2015: ¥132,633 million

2. Dividends

	Dividends per Share (Yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Full Year
FY2015	–	6.00	–	6.00	12.00
FY2016	–	6.00			
FY2016 (Forecast)			–	6.00	12.00

(Note) Adjustment for the most recent forecast of the dividend in the current quarter: None

3. Forecast of the consolidated financial results for FY2016 (From April 1, 2015 to March 31, 2016)

(Percentage figures show the rates of changes from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	310,000	3.8	10,500	24.9	12,000	22.4	7,600	8.9	46.35

(Note) Adjustment for the most recent forecast of the consolidated financial results in the current quarter: Yes

* Notes

- (1) Significant changes in subsidiaries during the current quarter (changes in specified subsidiaries in accordance with changes in the scope of consolidation): None
- (2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement of revisions
- 1) Changes due to revisions of accounting standards: Yes
 - 2) Changes other than 1): None
 - 3) Change in accounting estimate: None
 - 4) Retrospective restatement: None

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

1) Number of shares outstanding at the end of each period (including treasury stock)	First half of FY2016	170,148,018 shares	FY2015	170,148,018 shares
2) Number of treasury stocks at the end of each period	First half of FY2016	7,390,412 shares	FY2015	4,719,895 shares
3) Average number of shares (quarterly consolidated cumulative period)	First half of FY2016	163,985,465 shares	First half of FY2015	165,341,849 shares

* **Presentation of implementation status for quarterly review procedures**

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to the Consolidated Financial Results and the procedure based on this Act was not complete as of the release of the Consolidated Financial Results.

* **Explanation regarding the appropriate use of projected financial results and other special instructions**

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. Qualitative Information on Quarterly Consolidated Financial Results, (3) Qualitative information on forecast of the consolidated financial results” on page 5 for information on preconditions underlying the above outlook and other related information.

Contents

1. Qualitative Information on Quarterly Consolidated Financial Results	2
(1) Qualitative information on consolidated business results	2
(2) Qualitative information on consolidated financial position	3
(3) Qualitative information on forecast of the consolidated financial results	5
2. Information about the Summary of Business Results (Notes)	5
(1) Significant changes in subsidiaries during the current quarter	5
(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements ..	5
(3) Changes in accounting policies, accounting estimates and restatements of revisions	5
3. Quarterly Consolidated Financial Statements	7
(1) Quarterly consolidated balance sheets	7
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	9
(Quarterly consolidated statements of income)	9
(Quarterly consolidated statements of comprehensive income)	10
(3) Quarterly consolidated statements of cash flows	11
(4) Notes on quarterly consolidated financial statements	13
(Notes on going concern assumption)	13
(Notes to significant changes in the amount of shareholders' equity).....	13
(Segment information, etc.).....	13

1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Qualitative information on consolidated business results

During the first half of the year ending March 31, 2016, the Japanese economy remained on a moderate recovery track as corporate earnings and the labor market started to improve, supported by the beneficial effects of the Abe administration's economic policy and the Bank of Japan's monetary policy.

However, personal consumption lacked vigor and there were concerns about a possible decrease in exports owing to the slowdown of the Chinese economy and other overseas economies and its impact on stock markets in Japan. Thus, there were no clear signs of a decisive recovery of the Japanese economy.

The food industry continued to operate in a challenging business environment in general. Sharp rises in prices of raw materials in line with the persisting weak yen are pushing costs up for companies. Meanwhile consumers are becoming more frugal. Although the possible impact of the Trans-Pacific Partnership (TPP) is unclear, realization of TPP is expected to bring about great changes in the food industry. Therefore, we will continue to carefully monitor developments and take timely, effective action.

In order to flexibly and speedily respond to this changing business environment, the Group is working to strengthen the business foundation based on the fundamental measures implemented so far that are focused on cost reduction and sales expansion. In June 2015, in order to strengthen the functions of the business department system, which was introduced in 2014 as one of the initiatives to reinforce the Company's structure, structural reforms were implemented under which business departments were reorganized into six departments (Flour Milling Business Department, Foods Business Department, International Business Department, CS Business Department, Production & Technology Department, and Research & Development Department). Through faster decision-making at the corporate level enabled by the new structure, we aim to achieve total optimization of resource allocation.

In September 2015 the Company formed a capital partnership with Matsuda Shokuhin Kogyo K.K., which manufactures and sells soybean-based processed foods. The Company's consolidated subsidiary OK Food Industry Co., Ltd. also handles soybean-based processed foods. Through the capital tie-up with Matsuda Shokuhin Kogyo, the Group intends to strengthen and develop its soybean-related foods business, which plays a role in business diversification.

Having integrated several online shopping sites of the Group, we launched the Nippon Net Mall in September 2015, a one-stop shopping site for the Group's products

As a result, consolidated net sales for the first half under review increased by 5.1% year on year to ¥155,122 million, operating income increased by 34.2% year on year to ¥5,036 million, ordinary income increased by 40.3% year on year to ¥5,957 million, and profit attributable to owners of parent increased by 28.0% to ¥4,015 million.

The performance of individual business segments was as follows.

1) Flour Milling

In line with the increase of government sales prices of imported wheat by 3.0% on average for the five key products in April 2015, we revised the prices of wheat flour products.

As well as strengthening quality control, the Group vigorously conducted sales & marketing initiatives, including development of new products and promotion of proposal-driven sales to address customer needs, notably diversifying food preferences, participation in various trade shows, and holding of workshops and seminars around Japan, some of which were for management. Sales of wheat flour increased compared with the same period of the previous year partly owing to the impact of the inclusion of new subsidiaries in the scope of consolidation.

As a result, net sales for the Flour Milling segment increased by 0.9% year on year to ¥51,118 million, and operating income increased by 70.2% to ¥1,764 million.

2) Food

In the professional-use category, the Group engaged in vigorous marketing, including participation in various exhibitions and the holding of Italian cookery workshops. As a result, sales of products in the

professional-use category increased compared with the same period of the previous year.

In the home-use product category, we launched campaigns such as the “Oh’ my Konna Komugiko Hoshikatta campaign” promoting our new wheat flour product with distinctive characteristics that were previously unavailable. Our vigorous sales & marketing also included offering of in-store merchandising proposals. With regard to “Oh’ my Lasagnette,” which has been popular ever since its release in 2014, we introduced “Oh’ my Lasagnette White,” a new product to add a new taste. For the Oh’ my PLUS series of products whose theme is “Become healthy by eating delicious food,” the introduction of a range of products that use popular flaxseed oil, including mayonnaise, salad dressing, and pasta sauces, led to higher consumer recognition and buoyant sales. As a result, sales of home-use products exceeded the level for the same period of the previous year.

In frozen foods, we enriched the product line-up by offering products attuned to diversifying lifestyles. Products launched included the Oh’ my Premium Gold Shifuku no Pasta series of high-grade elaborately prepared pasta dishes in the pursuit of deliciousness, the Oh’ my Light Meal series of pasta dishes suitable for quick snacks, and the Oh’ my Yokubari Plate series of frozen one-plate dishes consisting of a main dish and pasta. As a result, sales of frozen foods exceeded the level for the same period of the previous year.

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

As a result, net sales of the Food segment increased by 7.5% year on year to ¥88,575 million, and operating income increased by 19.5% to ¥3,185 million.

3) Other

Sales of the healthcare business were higher than for the same period of the previous year because of the continuing brisk sales of flaxseed-related products and other health-enhancing food ingredients.

Sales of the pet care business and the engineering business were also higher than for the same period of the previous year.

As a result, net sales for the Other segment increased by 5.5% year on year to ¥15,428 million, and operating income increased by 377.8% to ¥88 million.

(2) Qualitative information on consolidated financial position

Total assets at the end of the first half under review decreased by ¥5,355 million from the previous fiscal year end (March 31, 2015) to ¥243,534 million. This was mainly because raw materials and supplies, property, plant and equipment and investment securities decreased by ¥2,160 million, ¥1,384 million and ¥2,817, respectively.

Total liabilities decreased by ¥4,750 million from the previous fiscal year end to ¥106,604 million. This was mainly because trade notes and accounts payable decreased by ¥3,850 million.

Net assets decreased by ¥605 million from the previous fiscal year end to ¥136,930 million. This was mainly attributable to the increase in retained earnings and treasury stock by ¥3,048 million and ¥1,997 million, respectively, and the decrease in valuation difference on available-for-sale securities by ¥1,823 million.

(Cash flows)

The balance of cash and cash equivalents at the end of the first half under review stood at ¥14,820 million, an increase of ¥1,972 million compared with the end of the previous fiscal year.

The conditions of cash flows were as follows:

Net cash provided by operating activities amounted to ¥7,255 million compared with ¥3,390 million for the same period of the previous year. This mainly reflected ¥5,648 million for income before income taxes and minority interests, ¥3,701 million for depreciation and ¥1,603 million for income taxes paid.

Net cash used in investing activities amounted to ¥2,635 million compared with ¥3,487 million for the same period of the previous year. This mainly reflected spending of ¥2,127 million for purchase of non-current assets.

Net cash used in financing activities amounted to ¥2,638 million (¥2,929 million in net cash inflows for

the same period of the previous year). This mainly reflected spending of ¥2,002 million for purchase of treasury shares.

(3) Qualitative information on forecast of the consolidated financial results

In view of the consolidated financial results for the first half of the fiscal year ending March 31, 2016, the forecast of the consolidated financial results for the full year announced on May 14, 2015 has been revised as follows.

Revision of forecast of the consolidated financial results for FY2016 (From April 1, 2015 to March 31, 2016)

	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
Previous forecast (A)	310,000	9,500	10,500	6,700	40.52
Revised forecast (B)	310,000	10,500	12,000	7,600	46.35
Change (B-A)	–	1,000	1,500	900	–
Rate of change (%)	–	10.5	14.3	13.4	–
(Ref.) Results for FY2015 (fiscal year ended March 31, 2015)	298,511	8,406	9,807	6,981	42.22

2. Information about the Summary of Business Results (Notes)**(1) Significant changes in subsidiaries during the current quarter**

There is no related information.

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements

There is no related information.

(3) Changes in accounting policies, accounting estimates and restatements of revisions

(Changes in accounting policies)

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on September 13, 2013), the “Accounting 4 Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013). Accordingly, the accounting method was changed to record the difference arising from changes in equity in subsidiaries that the Company continues to control as capital surplus, and to record business acquisition costs as expenses for the fiscal year in which they accrued. In addition, regarding business combinations that became or will become effective on or after April 1, 2015, the accounting method was changed to retroactively reflect adjustments to the amount allocated to acquisition cost under provisional accounting treatment in the consolidated financial statements for the quarter in which the relevant business combinations became or will become effective. The Company also changed the presentation of net income and changed the reference to minority interests to non-controlling interests. To reflect these changes in the presentations, quarterly consolidated financial statements for the first half of the previous fiscal year and consolidated financial statements for the previous fiscal year have been reclassified.

The method of presentation of certain cash flow items has been changed. In the quarterly consolidated statement of cash flows for the first half of the fiscal year to September 30, 2015, cash flows concerning purchase or sales of shares of subsidiaries not resulting in change in scope of consolidation are presented under “cash flows from financing activities.” Moreover, cash flows relating to costs of purchase of shares of subsidiaries resulting in change in scope of consolidation or cash flows concerning costs incurred by purchase or sales of shares of subsidiaries not resulting in change in scope of consolidation are presented under “cash flows from operating activities.”

For application of the Accounting Standard for Business Combinations and other standards, the Company followed the transitional treatment stipulated in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures and has applied these new accounting

policies from the beginning of the first quarter of the fiscal year ending March 31, 2016 onward. These changes in accounting policies have no impact on quarterly consolidated financial statements for the first half of the fiscal year to September 30, 2015.

3. Quarterly Consolidated Financial Statements**(1) Quarterly consolidated balance sheets**

(Millions of yen)

	FY2015 (As of March 31, 2015)	First half of FY2016 (As of September 30, 2015)
Assets		
Current assets		
Cash and deposits	13,601	16,510
Notes and accounts receivable - trade	40,326	39,850
Merchandise and finished goods	15,938	15,008
Work in process	284	32
Raw materials and supplies	20,592	18,432
Other	3,771	3,896
Allowance for doubtful accounts	(152)	(142)
Total current assets	94,362	93,588
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	29,664	29,256
Machinery, equipment and vehicles, net	18,136	17,448
Land	34,636	34,632
Construction in progress	1,867	1,779
Other, net	2,043	1,847
Total property, plant and equipment	86,349	84,965
Intangible assets		
Goodwill	392	218
Other	739	699
Total intangible assets	1,131	917
Investments and other assets		
Investment securities	61,335	58,518
Other	6,297	5,933
Allowance for doubtful accounts	(585)	(388)
Total investments and other assets	67,047	64,063
Total non-current assets	154,527	149,945
Total assets	248,890	243,534

(Millions of yen)

	FY2015 (As of March 31, 2015)	First half of FY2016 (As of September 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,672	23,821
Short-term loans payable	20,883	26,491
Income taxes payable	1,542	1,750
Provision for bonuses	500	548
Other	14,017	13,744
Total current liabilities	64,616	66,356
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	15,454	10,394
Provision for retirement benefits	4,723	4,548
Provision for directors' retirement benefits	963	889
Other	15,596	14,415
Total non-current liabilities	46,738	40,247
Total liabilities	111,354	106,604
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	10,666	10,668
Retained earnings	88,389	91,438
Treasury shares	(1,608)	(3,606)
Total shareholders' equity	109,688	110,740
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23,419	21,595
Deferred gain or loss on hedges	(7)	(13)
Foreign currency translation adjustment	947	956
Remeasurements of defined benefit plans	(1,414)	(1,274)
Total accumulated other comprehensive income	22,945	21,263
Subscription rights to shares	46	77
Non-controlling interests	4,854	4,848
Total net assets	137,535	136,930
Total liabilities and net assets	248,890	243,534

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)

(Millions of yen)

	First half of FY2015 (From April 1, 2014 to September 30, 2014)	First half of FY2016 (From April 1, 2015 to September 30, 2015)
Net sales	147,650	155,122
Cost of sales	110,091	115,122
Gross profit	37,559	40,000
Selling, general and administrative expenses	33,807	34,963
Operating income	3,752	5,036
Non-operating income		
Interest income	21	32
Dividend income	516	776
Other	384	419
Total non-operating income	921	1,228
Non-operating expenses		
Interest expenses	227	192
Other	199	116
Total non-operating expenses	427	308
Ordinary income	4,247	5,957
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	1	111
Gain on bargain purchase	491	–
Other	4	–
Total extraordinary income	497	111
Extraordinary losses		
Loss on sales and retirement of non-current assets	37	113
Business structure improvement expenses	–	296
Loss on step acquisitions	131	–
Other	54	9
Total extraordinary losses	223	419
Income before income taxes	4,521	5,648
Income taxes - current	1,083	1,773
Income taxes - deferred	272	(138)
Total income taxes	1,356	1,635
Profit (loss)	3,165	4,013
Profit (loss) attributable to non-controlling interests	30	(1)
Profit (loss) attributable to owners of parent	3,135	4,015

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	First half of FY2015 (From April 1, 2014 to September 30, 2014)	First half of FY2016 (From April 1, 2015 to September 30, 2015)
Profit (loss)	3,165	4,013
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	2,221	(1,854)
Deferred gains or losses on hedges	11	(5)
Foreign currency translation adjustment	(128)	(9)
Remeasurements of defined benefit plans, net of tax	127	138
Share of other comprehensive income of entities accounted for using equity method	15	51
Total other comprehensive income (loss)	2,247	(1,678)
Comprehensive income	5,413	2,334
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	5,362	2,333
Comprehensive income attributable to non- controlling interests	50	1

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	First half of FY2015 (From April 1, 2014 to September 30, 2014)	First half of FY2016 (From April 1, 2015 to September 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	4,521	5,648
Depreciation	3,868	3,701
Amortization of goodwill	172	173
Gain on bargain purchase	(491)	–
Increase (decrease) in allowance for doubtful accounts	(37)	(207)
Business structure improvement expenses	–	296
Interest and dividend income	(537)	(808)
Interest expenses	227	192
Loss (gain) on sales of investment securities	(22)	(120)
Loss (gain) on valuation of investment securities	10	2
Share of (profit) loss of entities accounted for using equity method	(8)	(77)
Foreign exchange losses (gains)	9	(18)
Loss (gain) on sales of non-current assets	(0)	(0)
Loss on retirement of non-current assets	40	115
Loss (gain) on step acquisitions	131	–
Decrease (increase) in notes and accounts receivable - trade	1,024	491
Decrease (increase) in inventories	(2,978)	3,344
Increase (decrease) in notes and accounts payable - trade	1,139	(3,947)
Other, net	(1,444)	(576)
Subtotal	5,625	8,210
Interest and dividend income received	550	843
Interest expenses paid	(229)	(194)
Income taxes paid	(2,555)	(1,603)
Net cash provided by (used in) operating activities	3,390	7,255
Cash flows from investing activities		
Decrease (increase) in time deposits	(100)	(936)
Purchase of investment securities	(916)	(673)
Proceeds from sales of investment securities	620	950
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	37	–
Purchase of non-current assets	(2,593)	(2,127)
Proceeds from sales of non-current assets	6	7
Payments of loans receivable	(613)	(0)
Collection of loans receivable	52	37
Other, net	21	107
Net cash provided by (used) in investing activities	(3,487)	(2,635)

(Millions of yen)

	First half of FY2015 (From April 1, 2014 to September 30, 2014)	First half of FY2016 (From April 1, 2015 to September 30, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	458	631
Increase (decrease) in commercial papers	4,000	–
Proceeds from long-term loans payable	545	1,595
Repayments of long-term loans payable	(872)	(1,681)
Purchase of treasury shares	(0)	(2,002)
Proceeds from sales of treasury shares	0	–
Repayments of lease obligations	(189)	(181)
Cash dividends paid	(994)	(994)
Dividends paid to non-controlling interests	(18)	(5)
Net cash provided by (used in) financing activities	2,929	(2,638)
Effect of exchange rate change on cash and cash equivalents	(68)	(9)
Net increase (decrease) in cash and cash equivalents	2,763	1,972
Cash and cash equivalents at beginning of period	12,202	12,847
Cash and cash equivalents at end of period	14,966	14,820

(4) Notes on quarterly consolidated financial statements**(Notes on going concern assumption)**

There is no related information.

(Notes to significant changes in the amount of shareholders' equity)

There is no related information.

(Segment information, etc.)

[Segment information]

I. First half of FY2015 (From April 1, 2014 to September 30, 2014)

1. Information of sales and income (loss) by reporting segment

(Millions of yen)

	Reporting segments			Other (Note) 1	Total	Adjustments (Note) 2	Amounts recorded on quarterly consolidated statements of income (Note) 3
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	50,652	82,371	133,023	14,627	147,650	–	147,650
Internal sales or transfers between segments	1,088	270	1,358	805	2,164	(2,164)	–
Total	51,741	82,641	134,382	15,432	149,815	(2,164)	147,650
Segment income	1,036	2,665	3,701	18	3,720	31	3,752

Notes: 1. The “Other” column indicates businesses not included in the reporting segments, including pet food, health food and engineering.

2. The ¥31 million segment income adjustment is an elimination of inter-segment transactions.

3. Segment income is reconciled to operating income in the quarterly consolidated statements of income.

II. First half of FY2016 (From April 1, 2015 to September 30, 2015)

1. Information of sales and income (loss) by reporting segment

(Millions of yen)

	Reporting segments			Other (Note) 1	Total	Adjustments (Note) 2	Amounts recorded on quarterly consolidated statements of income (Note) 3
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	51,118	88,575	139,693	15,428	155,122	–	155,122
Internal sales or transfers between segments	1,062	268	1,330	858	2,189	(2,189)	–
Total	52,180	88,843	141,024	16,287	157,311	(2,189)	155,122
Segment income	1,764	3,185	4,950	88	5,038	(2)	5,036

Notes: 1. The “Other” column indicates businesses not included in the reporting segments, including pet food, health food and engineering.

2. The ¥(2) million segment income adjustment is an elimination of inter-segment transactions.

3. Segment income is reconciled to operating income in the quarterly consolidated statements of income.