

Consolidated Financial Results for FY2017 and Forecast for FY2018 [J-GAAP]

May 12, 2017

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 Listing: The 1st section of Tokyo Stock Exchange
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*Amounts less than one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
FY2017	312,932	0.4%	11,574	4.3%	13,162	3.9%	8,934	8.7%
FY2016	311,628	4.4%	11,093	32.0%	12,666	29.2%	8,222	17.8%

(Note) Comprehensive income: FY2017: ¥14,922 million (+306.9%) FY2016: ¥3,667 million (-77.9%)

	Profit per Share (Yen)	Fully diluted Profit per Share (Yen)	ROE (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
FY2017	111.40	111.22	6.5	5.3	3.7
FY2016	100.99	100.87	6.2	5.1	3.6

(Reference) Equity in earnings of affiliated companies: FY2017: ¥326 million FY2016: ¥198 million

* The Company conducted a 1-for-2 share consolidation on October 1, 2016. Amounts of profit per share and fully diluted profit per share presented above were calculated assuming that the share consolidation was conducted at the beginning of the previous fiscal year (FY2016).

(2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
FY2017	252,074	147,446	56.8	1,784.44
FY2016	247,919	135,743	52.7	1,625.29

(Reference) Equity capital: FY2017: ¥143,174 million FY2016: ¥130,582 million

* The Company conducted a 1-for-2 share consolidation on October 1, 2016. Amounts of net assets per share presented above were calculated assuming that the share consolidation was conducted at the beginning of the previous fiscal year (FY2016).

(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
FY2017	17,391	(12,646)	(11,137)	14,368
FY2016	20,675	(6,336)	(6,210)	20,776

2. Dividends

	Dividends per Share (Yen)					Total Amount of Cash Dividends (Millions of yen)	Dividend Payout Ratio (Consolidated) (%)	Dividends on Net Assets (Consolidated) (%)
	1Q-end	2Q-end	3Q-end	Year-end	Full Year			
FY2016	—	6.00	—	8.00	14.00	2,266	27.7	1.7
FY2017	—	7.00	—	16.00	—	2,405	26.9	2.3
FY2018 (Forecast)	—	15.00	—	15.00	30.00		26.7	

* Breakdown of the amount of year-end dividends for FY2016: Common dividend of ¥6.00 per share and commemorative dividend of ¥2.00 per share

* The Company conducted a 1-for-2 share consolidation on October 1, 2016. Amounts of dividends per share for FY2016 and the amount of interim dividend for FY2017 presented above are the amounts before the share consolidation, the amount of year-end dividend per share for FY2017 presented is the amount after the share consolidation, and the amount of total dividends per share for the full year for FY2017 is not presented (indicated by “—”). When converted to reflect the share consolidation, the amount of interim dividend per share for FY2017 is ¥14.00 and the amount of total dividends per share for the full year of FY2017 is ¥30.00.

3. Forecast of consolidated business results for FY2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen, percentage figures show the rate of changes from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share (Yen)
Half Year	165,000	5.5%	5,200	(3.7)%	6,000	(1.1)%	4,000	(3.6)%	49.85
Full Year	335,000	7.1%	12,000	3.7%	13,500	2.6%	9,000	0.7%	112.17

* 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) Change 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):	FY2017	82,524,009 shares	FY2016	82,524,009 shares
2) Number of treasury shares at the end of each period:	FY2017	2,252,383 shares	FY2016	2,145,070 shares
3) Average number of shares:	FY2017	80,203,348 shares	FY2016	81,415,676 shares

* The Company conducted a 1-for-2 share consolidation on October 1, 2016. The number of shares issued and outstanding (common stock) was calculated assuming that the share consolidation was conducted at the beginning of the previous fiscal year (FY2016).

* These consolidated financial results are outside the scope of audit.

* 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. Overview of Financial Results (1) Overview of business results for the fiscal year under review 2). Future Outlook" on page 3 for information on preconditions underlying the above outlook and other related information.

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1. Overview of Financial Results

(1) Overview of business results for the fiscal year under review

1) Business results for the fiscal year under review

During the fiscal year ended March 31, 2017, the Japanese economy remained on a moderate recovery track as corporate earnings and the labor market improved in the context of the government's economic policy and the Bank of Japan's monetary easing. However, a full-blown recovery of the Japanese economy has yet to materialize because of persisting uncertainties in the world owing to the Brexit issue and the result of the U.S. presidential election.

In the food industry, polarization is underway. While consumers are becoming more frugal particularly in the restaurant and delicatessen market, consumption emphasizing enhancement of the quality of life is also increasing. As a result, consumers are becoming increasingly discerning. At the same time, consumers are increasingly interested in food safety and reliability.

In this business environment, in order to respond flexibly and swiftly to changing markets and needs, the Group is strengthening the business foundation based on the fundamental measures implemented so far that are focused on cost reduction and sales expansion.

In April 2016, NIPPON Donuts Holdings Co., Ltd., a subsidiary of the Company, acquired all the shares in Yamato Foods Co., Ltd., which operates donut shops. As a result, Yamato Foods Co., Ltd. has become a consolidated subsidiary of the Company. In November 2016, Tofuku Flour Mills Co., Ltd. became a wholly owned subsidiary of the Company through a share exchange. These measures are designed to promote the optimum Group management and to achieve further synergy through enhanced collaboration and greater operational efficiency.

In R&D, the Group's efforts are bearing fruit, including joint research on reducing hardening of bread by alteration of wheat starch and joint development of SETODURE, Japan's first durum wheat, in collaboration with the National Agriculture and Food Research Organization (NARO).

In September 2016, the Company acquired 1,223,000 shares of its own stock for ¥922 million. In October 2016, the Company conducted a 1-for-2 share consolidation and changed the number of shares constituting one tradable unit from 1,000 shares to 100 shares.

As a result, consolidated net sales for the fiscal year under review increased by 0.4% year on year to ¥312,932 million, operating income increased by 4.3% to ¥11,574 million, ordinary income increased by 3.9% to ¥13,162 million, and profit attributable to owners of parent increased by 8.7% to ¥8,934 million.

The performance of individual business segments was as follows.

Flour Milling

In line with the decrease of government sales prices of imported wheat by 7.1% and 7.9% on average for the five key products in April 2016 and October 2016, respectively, we revised the prices of wheat flour products in July 2016 and January 2017.

As well as strengthening quality control, the Group strengthened sales initiatives with a view to resolving the issues that concern customers. Moreover, we conducted sales & marketing initiatives, including participation in various trade shows and holding of workshops and seminars around Japan, some of which were for management. However, sales revenue from wheat flour decreased from the previous year owing to the price revisions.

Sales of wheat bran, a byproduct, were affected by softening of the market.

As a result, net sales for the Flour Milling segment decreased by 5.9% year on year to ¥96,940 million, while operating income increased by 2.2% to ¥4,005 million.

Food

In the professional-use category, the Group implemented a meticulous market-oriented strategy, including participation in various exhibitions and the holding of annual Italian cookery workshops for professional chefs. As a result, sales of products in the professional-use category increased from the previous year.

In the home-use product category, we vigorously executed campaigns and sponsored sports events, such as marathons and emphasized development of new products to achieve differentiation. In February 2017, we launched the REGALO premium pasta brand for home-use pasta. REGALO is premium pasta produced in Japan and had been marketed for professional use. We further refined it by meticulously

selecting the ingredients and optimizing the production method.

We also vigorously promoted new products developed from customers' viewpoints, including Oh' my Cho Sarasara (Silky Smooth) Heart wheat flour, which does not stick together and is easy to apply for coating and Oh' my Strong Wheat Flour, which can be used for diverse purposes for added convenience.

Regarding linseed-related products, in December 2016 we introduced Flaxseed Oil, which is certified as a food with functional claim, containing omega-3 fatty acids (alpha-Linolenic acid) as a functional substance. This new product comes in easy-to-use small-quantity individual packaging.

In the home-use frozen food category, a complete redesign of the Oh' my Premium series in spring 2016 and of the Oh' my Big series in autumn 2016 led to brisk sales of one-person-portion frozen pasta dishes. Moreover, shipment of the Oh' my PLUS series of health-conscious dishes, such as carbohydrate-reduced pasta dishes and dishes containing linseed oil, and the Oh' my Yokubari Plate series of one-plate dishes consisting of a main dish and staples increased strongly.

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

As a result, net sales of the Food segment increased by 2.7% year on year to ¥182,231 million, but operating income decreased by 0.8% to ¥6,726 million.

Other Businesses

Sales of the engineering business were lower than the level for the previous year, but sales of the pet care business were higher because of an increase in sales volumes.

As a result, net sales for the Other segment increased by 8.4% year on year to ¥33,760 million, and operating income increased by 126.2% to ¥831 million.

2) Future Outlook

The Japanese economy is on a recovery track with both the labor market and personal incomes showing improvement. However, in view of persisting downside risks, such as concerns about the slowing tempo of China as well as other emerging economies and about the policies of the U.S. administration, it is uncertain whether a full-fledged recovery of the Japanese economy will materialize.

Competition is expected to intensify in the food industry as the Japanese market is contracting because of a declining population and population aging, as well as owing to sluggish personal consumption.

Regarding the flour milling industry, whereas government sales prices of imported wheat were reduced twice during fiscal year ended March 31, 2017, they were increased by 4.6% on average for the five key products in April 2017. The business environment is such that it is difficult to respond effectively.

In these circumstances, the Group intends to continue strengthening systems for food safety and reliability. At the same time, we will propose distinctive products by precisely identifying change in the market environment and reflecting potential needs while strengthening the brand power through advertising and sales promotion so as to increase sales. We will also continue vigorous investment in growth fields both in Japan and overseas as well as cost reduction efforts. We will continue to embrace new challenges with the aim of becoming a multifaceted global food enterprise.

For the year ending March 31, 2018, management forecasts consolidated net sales of ¥335.0 billion (up 7.1% year on year), operating income of ¥12.0 billion (up 3.7% year on year), ordinary income of ¥13.5 billion (up 2.6% year on year) and profit attributable to owners of parent of ¥9.0 billion (up 0.7% 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) Overview of financial position for the fiscal year under review

1) Assets, liabilities and net assets

As of March 31, 2017, total assets stood at ¥252,074 million, an increase of ¥4,155 million compared with the previous year-end. This was mainly because investment securities increased by ¥6,684 million, property, plant and equipment increased by ¥5,137 million, while cash and deposits decreased by ¥5,844 million, and raw materials and supplies decreased by ¥3,312 million.

Liabilities decreased by ¥7,547 million year on year to ¥104,628 million. This was mainly because short-term loans payable decreased by ¥5,663 million, notes and accounts payable - trade decreased by ¥2,352 million, and long-term loans payable decreased by ¥1,510 million, while deferred tax liabilities increased by ¥2,480 million.

Net assets increased by ¥11,702 million year on year to ¥147,446 million. This was mainly because retained earnings increased by ¥6,526 million, valuation difference on available-for-sale securities increased by ¥4,599 million, and remeasurements of defined benefit plans increased by ¥1,073 million, while non-controlling interests decreased by ¥941 million.

2) Cash flows

As of March 31, 2017, the balance of cash and cash equivalents stood at ¥14,368 million, a decrease of ¥6,407 million compared with the end of the previous fiscal year. The conditions of cash flows were as follows.

(Cash flows from operating activities)

Operating activities provided net cash of ¥17,391 million. Main factors were income before income taxes amounting to ¥12,828 million, depreciation amounting to ¥7,715 million, a ¥3,944 million decrease in inventories, and income taxes paid amounting to ¥4,543 million.

(Cash flows from investing activities)

Investing activities used net cash of ¥12,646 million. This mainly reflected spending of ¥11,502 million for purchase of non-current assets.

(Cash flows from financing activities)

Financing activities used net cash of ¥11,137 million. This mainly reflected spending of ¥8,931 million for repayment of long-term loans payable and cash dividends paid amounting to ¥2,407 million.

—Cash flow indicator trends—

	FY2013	FY2014	FY2015	FY2016	FY2017
Equity ratio (%)	51.9	52.2	53.3	52.7	56.8
Equity ratio at market value (%)	33.4	41.2	39.5	60.0	52.3
Ratio of interest-bearing debt to cash flows (%)	220.0	289.7	392.6	222.8	223.7
Interest coverage ratio (times)	32.2	27.6	26.8	54.6	60.2

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 shares).

* The basis for calculating the ratio of interest-bearing debt to cash flows is cash flows 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, 2017 and the year ending March 31, 2018

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. We intend to use free cash flow from a long-term perspective, taking into consideration investment efficiency. As well as using free cash flow to invest in order to enhance corporate value, which is our priority, for example through the expansion of the existing core businesses and the cultivation of new businesses, we intend to flexibly conduct share buybacks as a means of returning profit to shareholders.

In accordance with this basic policy and in light of the consolidated financial results, the Company intends to pay a year-end dividend of ¥16 per share for fiscal 2017, instead of the ¥14 per share initially forecast, as an acknowledgement of shareholders' support. The Company conducted a share consolidation at a ratio of one for two shares of common stock on October 1, 2016. The total cash dividends for the full year, converted into the amount after the share consolidation, will amount to ¥30 per share, including the interim dividend paid.

With regard to cash dividends for the year ending March 31, 2018, the Company plans to pay total cash dividends of ¥30 per share for the full year.

Furthermore, the Company has a shareholder benefit program designed to facilitate shareholders' understanding of the Group's products and to earn their support.

2. Basic Approach to the Selection of Accounting Standards

The Group intends to prepare consolidated financial statements in conformity with the accounting principles and practices generally accepted in Japan (Japanese GAAP) for the time being, taking into consideration comparability of consolidated financial statements over time and comparability among companies.

The Group's policy is to respond to the application of the International Financial Reporting Standards (IFRS) in an appropriate manner, taking into consideration situations in Japan and abroad.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	FY2016 (As of March 31, 2016)	FY2017 (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	22,432	16,588
Notes and accounts receivable - trade	41,775	41,982
Merchandise and finished goods	14,955	14,172
Work in process	42	215
Raw materials and supplies	18,029	14,717
Deferred tax assets	1,463	1,537
Other	2,540	3,187
Allowance for doubtful accounts	(221)	(125)
Total current assets	101,017	92,275
Non-current assets		
Property, plant and equipment		
Buildings and structures	77,058	83,590
Accumulated depreciation	(48,150)	(51,027)
Buildings and structures, net	28,907	32,562
Machinery, equipment and vehicles	105,431	108,341
Accumulated depreciation	(88,111)	(91,074)
Machinery, equipment and vehicles, net	17,319	17,266
Land	34,239	36,858
Construction in progress	3,035	1,714
Other	10,122	11,030
Accumulated depreciation	(8,382)	(9,051)
Other, net	1,739	1,979
Total property, plant and equipment	85,242	90,380
Intangible assets	833	1,297
Investments and other assets		
Investment securities	55,370	62,055
Long-term loans receivable	865	839
Deferred tax assets	1,183	1,371
Net defined benefit asset	106	103
Other	3,613	4,097
Allowance for doubtful accounts	(313)	(345)
Total investments and other assets	60,826	68,121
Total non-current assets	146,902	159,799
Total assets	247,919	252,074

(Millions of yen)

	FY2016 (As of March 31, 2016)	FY2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,976	25,623
Short-term loans payable	24,685	19,022
Income taxes payable	2,770	2,231
Accrued expenses	10,774	11,241
Provision for bonuses	528	601
Other	4,905	5,194
Total current liabilities	71,641	63,914
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loan payable	11,387	9,877
Deferred tax liabilities	9,738	12,218
Net defined benefit liability	5,972	5,151
Provision for directors' retirement benefits	930	900
Other	2,505	2,566
Total non-current liabilities	40,534	40,714
Total liabilities	112,176	104,628
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	10,669	11,412
Retained earnings	91,834	98,361
Treasury shares	(2,354)	(2,668)
Total shareholders' equity	112,389	119,346
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,915	24,515
Deferred gains or losses on hedges	(38)	(12)
Foreign currency translation adjustment	608	545
Remeasurements of defined benefit plans	(2,293)	(1,220)
Total accumulated other comprehensive income	18,192	23,828
Subscription rights to shares	117	169
Non-controlling interests	5,043	4,102
Total net assets	135,743	147,446
Total liabilities and net assets	247,919	252,074

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

(Millions of yen)

	FY2016 (From April 1, 2015 to March 31, 2016)	FY2017 (From April 1, 2016 to March 31, 2017)
Net sales	311,628	312,932
Cost of sales	230,281	226,338
Gross profit	81,347	86,593
Selling, general and administrative expenses		
Sales fare related expenses	37,073	38,518
Provision of allowance for doubtful accounts	44	-
Salaries and allowances	17,270	18,999
Retirement benefit expenses	978	1,518
Depreciation	977	1,142
Other	13,909	14,839
Total selling, general and administrative expenses	70,253	75,019
Operating income	11,093	11,574
Non-operating income		
Interest income	80	84
Dividend income	1,288	1,183
Rent income on non-current assets	297	315
Share of profit of entities accounted for using equity method	198	326
Gain on sales of securities	19	20
Other	316	328
Total non-operating income	2,201	2,257
Non-operating expenses		
Interest expenses	375	284
Cost of rent income	30	32
Foreign exchange losses	53	111
Other	168	239
Total non-operating expenses	627	669
Ordinary income	12,666	13,162
Extraordinary income		
Gain on sales of non-current assets	33	11
Gain on sales of investment securities	330	383
Gain on bargain purchase	-	23
State subsidy	-	63
Total extraordinary income	363	483

(Millions of yen)

	FY2016 (From April 1, 2015 to March 31, 2016)	FY2017 (From April 1, 2016 to March 31, 2017)
Extraordinary losses		
Loss on sales and retirement of non-current assets	202	163
Impairment loss	597	-
Business structure improvement expenses	365	-
Building demolition expenses	-	261
Expenses related to relocation of the head office	-	285
Other	21	107
Total extraordinary losses	1,186	817
Income before income taxes	11,844	12,828
Income taxes - current	3,899	3,853
Income taxes - deferred	(506)	(268)
Total income taxes	3,392	3,584
Profit	8,451	9,243
Profit attributable to non-controlling interests	229	309
Profit attributable to owners of parent	8,222	8,934

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY2016 (From April 1, 2015 to March 31, 2016)	FY2017 (From April 1, 2016 to March 31, 2017)
Profit	8,451	9,243
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(3,551)	4,639
Deferred gains or losses on hedges	(30)	26
Foreign currency translation adjustment	(351)	(54)
Remeasurements of defined benefit plans, net of tax	(879)	1,073
Share of other comprehensive income of entities accounted for using equity method	29	(5)
Total other comprehensive income (loss)	(4,784)	5,678
Comprehensive income	3,667	14,922
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	3,464	14,553
Comprehensive income attributable to non-controlling interests	202	369

(3) Consolidated statements of changes in net assets
FY2016 (From April 1, 2015 to March 31, 2016)

(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	88,389	(1,608)	109,688
Changes of items during period					
Dividends of surplus			(1,972)		(1,972)
Profit attributable to owners of parent			8,222		8,222
Change of scope of consolidation			53		53
Purchase of treasury shares				(3,610)	(3,610)
Disposal of treasury shares		1		4	6
Retirement of treasury shares		(1)	(2,857)	2,859	-
Change by share exchanges					-
Change in treasury shares of parent arising from transactions with non-controlling shareholders		3			3
Net changes of items other than shareholders' equity					
Total changes of items during period	-	2	3,445	(746)	2,701
Balance at end of current period	12,240	10,669	91,834	(2,354)	112,389

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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	23,419	(7)	947	(1,414)	22,945	46	4,854	137,535
Changes of items during period								
Dividends of surplus								(1,972)
Profit attributable to owners of parent								8,222
Change of scope of consolidation								53
Purchase of treasury shares								(3,610)
Disposal of treasury shares								6
Retirement of treasury shares								-
Change by share exchanges								-
Change in treasury shares of parent arising from transactions with non-controlling shareholders								3
Net changes of items other than shareholders' equity	(3,503)	(30)	(339)	(879)	(4,753)	71	188	(4,493)
Total changes of items during period	(3,503)	(30)	(339)	(879)	(4,753)	71	188	(1,791)
Balance at end of current period	19,915	(38)	608	(2,293)	18,192	117	5,043	135,743

FY2017 (From April 1, 2016 to March 31, 2017)

(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	10,669	91,834	(2,354)	112,389
Changes of items during period					
Dividends of surplus			(2,407)		(2,407)
Profit attributable to owners of parent			8,934		8,934
Change of scope of consolidation					–
Purchase of treasury shares				(927)	(927)
Disposal of treasury shares		3		24	28
Retirement of treasury shares					–
Change by share exchanges		162		588	751
Change in treasury shares of parent arising from transactions with non-controlling shareholders		577			577
Net changes of items other than shareholders' equity					
Total changes of items during period	–	743	6,526	(313)	6,956
Balance at end of current period	12,240	11,412	98,361	(2,668)	119,346

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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	19,915	(38)	608	(2,293)	18,192	117	5,043	135,743
Changes of items during period								
Dividends of surplus								(2,407)
Profit attributable to owners of parent								8,934
Change of scope of consolidation								–
Purchase of treasury shares								(927)
Disposal of treasury shares								28
Retirement of treasury shares								–
Change by share exchanges								751
Change in treasury shares of parent arising from transactions with non-controlling shareholders								577
Net changes of items other than shareholders' equity	4,599	26	(62)	1,073	5,636	51	(941)	4,746
Total changes of items during period	4,599	26	(62)	1,073	5,636	51	(941)	11,702
Balance at end of current period	24,515	(12)	545	(1,220)	23,828	169	4,102	147,446

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2016 (From April 1, 2015 to March 31, 2016)	FY2017 (From April 1, 2016 to March 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	11,844	12,828
Depreciation	7,564	7,715
Gain on bargain purchase	–	(23)
Increase (decrease) in net defined benefit asset/liability	(315)	(308)
Increase (decrease) in provision for directors' retirement benefits	(33)	(29)
Increase (decrease) in allowance for doubtful accounts	(202)	(62)
Impairment loss	597	–
Business structure improvement expenses	365	–
Interest and dividend income	(1,368)	(1,267)
Interest expenses	375	284
Loss (gain) on sales of investment securities	(343)	(391)
Loss (gain) on valuation of investment securities	6	0
Foreign exchange losses (gains)	46	113
Share of (profit) loss of entities accounted for using equity method	(198)	(326)
Loss (gain) on sales of non-current assets	(33)	(10)
Loss on retirement of non-current assets	210	167
Decrease (increase) in notes and accounts receivable - trade	(1,541)	32
Decrease (increase) in inventories	3,764	3,944
Increase (decrease) in notes and accounts payable - trade	328	(2,551)
Increase (decrease) in accrued consumption taxes	(69)	(618)
Decrease (increase) in other receivables	316	(429)
Increase (decrease) in other payables	440	638
Other, net	679	1,230
Subtotal	22,431	20,935
Interest and dividend income received	1,405	1,287
Interest expenses paid	(378)	(288)
Income taxes paid	(2,783)	(4,543)
Net cash provided by (used in) operating activities	20,675	17,391

(Millions of yen)

	FY2016 (From April 1, 2015 to March 31, 2016)	FY2017 (From April 1, 2016 to March 31, 2017)
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(903)	(588)
Purchase of non-current assets	(6,264)	(11,502)
Proceeds from sales of non-current assets	92	229
Purchase of investment securities	(1,189)	(1,105)
Proceeds from sales and redemption of investment securities	1,762	1,776
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,243)
Payments of loans receivable	(9)	(512)
Collection of loans receivable	87	37
Other, net	87	262
Net cash provided by (used in) investing activities	(6,336)	(12,646)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,488)	(1,221)
Proceeds from long-term loans payable	3,801	2,660
Repayment of long-term loans payable	(2,575)	(8,931)
Purchase of treasury shares	(3,610)	(927)
Proceeds from sales of treasury shares	0	0
Cash dividends paid	(1,972)	(2,407)
Dividends paid to non-controlling interests	(5)	(12)
Repayments of finance lease obligations	(360)	(346)
Other, net	–	47
Net cash provided by (used in) financing activities	(6,210)	(11,137)
Effect of exchange rate change on cash and cash equivalents	(199)	(14)
Net increase (decrease) in cash and cash equivalents	7,928	(6,407)
Cash and cash equivalents at beginning of period	12,847	20,776
Cash and cash equivalents at end of period	20,776	14,368

(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.

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 for 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 on sales, income (loss), assets, liabilities and other items by reporting segment FY2016 (From April 1, 2015 to March 31, 2016)

(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	103,071	177,417	280,488	31,139	311,628	–	311,628
Internal sales or transfers between segments	2,216	534	2,750	1,883	4,634	(4,634)	–
Total	105,287	177,951	283,239	33,023	316,263	(4,634)	311,628
Segment income	3,918	6,781	10,699	367	11,067	25	11,093
Segment assets	106,006	82,272	188,279	14,176	202,455	45,463	247,919
Other items							
Depreciation	3,688	2,978	6,667	887	7,555	9	7,564
Increase in property, plant and equipment and intangible assets	1,440	4,144	5,584	1,220	6,805	822	7,628

- 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 ¥25 million is an elimination of inter-segment transactions.
3. Corporate assets included in adjustments of segment assets amounted to ¥47,621 million and mainly comprise the Company's surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative operations.
4. Adjustments amounting to ¥822 million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.
5. Segment income or loss is adjusted to reflect operating income as recorded on the consolidated financial statements.
6. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses and amortization thereof.

FY2017 (From April 1, 2016 to March 31, 2017)

(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	96,940	182,231	279,171	33,760	312,932	–	312,932
Internal sales or transfers between segments	1,868	614	2,482	2,242	4,724	(4,724)	–
Total	98,808	182,845	281,653	36,003	317,657	(4,724)	312,932
Segment income	4,005	6,726	10,731	831	11,563	11	11,574
Segment assets	103,254	88,064	191,319	17,042	208,361	43,713	252,074
Other items							
Depreciation	3,271	3,266	6,538	940	7,478	237	7,715
Increase in property, plant and equipment and intangible assets	3,715	5,885	9,600	1,270	10,871	1,352	12,223

- 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 ¥11 million is an elimination of inter-segment transactions.
3. Corporate assets included in adjustments of segment assets amounted to ¥45,374 million and mainly comprise the Company’s surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative operations.
4. Adjustments amounting to ¥1,352 million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.
5. Segment income or loss is adjusted to reflect operating income as recorded on the consolidated financial statements.
6. 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)

	FY2016 (From April 1, 2015 to March 31, 2016)	FY2017 (From April 1, 2016 to March 31, 2017)
Net assets per share	¥1,625.29	¥1,784.44
Profit per share	¥100.99	¥111.40
Fully diluted profit per share	¥100.87	¥111.22

Note: Basis for the calculation of profit per share and fully diluted profit per share is as follows.

	FY2016 (From April 1, 2015 to March 31, 2016)	FY2017 (From April 1, 2016 to March 31, 2017)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	8,222	8,934
Amount not attributable to common shareholders (Millions of yen)	–	–
Amount pertaining to common stock (Millions of yen)	8,222	8,934
Average number of shares of common stock in the fiscal year (Thousands of shares)	81,415	80,203
Fully diluted profit per share		
Amount attributable to owners of parent (Millions of yen)	–	–
Increase in common stock (Thousands of shares)	95	131
Summary of residual securities not included in calculation of fully diluted profit per share because of no dilutive effect	–	–

Note: The Company conducted a 1-for-2 share consolidation on October 1, 2016. Amounts of net assets per share, profit per share and fully diluted profit per share presented above were calculated assuming that the share consolidation was conducted at the beginning of the previous fiscal year (FY2016).