

# Consolidated Financial Results for FY2018 and Forecast for FY2019 [J-GAAP]

May 10, 2018

Listed company name: **Nippon Flour Mills Co., Ltd.**  
 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, 2018 (From April 1, 2017 to March 31, 2018)

### (1) Consolidated operating results

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
FY2018	323,495	3.4%	10,060	(13.1)%	11,862	(9.9)%	7,651	(14.4)%
FY2017	312,932	0.4%	11,574	4.3%	13,162	3.9%	8,934	8.7%

(Note) Comprehensive income: FY2018: ¥11,889 million (-20.3%) FY2017: ¥14,922 million (+306.9%)

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)	ROE (%)	Ordinary Profit to Total Assets (%)	Operating Profit to Net Sales (%)
FY2018	95.34	95.16	5.2	4.5	3.1
FY2017	111.40	111.22	6.5	5.3	3.7

(Reference) Equity in earnings of affiliated companies: FY2018: ¥300 million FY2017: ¥326 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 (FY2017).

### (2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
FY2018	273,328	156,905	55.7	1,897.64
FY2017	252,074	147,446	56.8	1,784.44

(Reference) Equity capital: FY2018: ¥152,307 million FY2017: ¥143,174 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 (FY2017).

### (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
FY2018	15,217	(11,941)	2,824	20,556
FY2017	17,391	(12,646)	(11,137)	14,368

## 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			
FY2017	—	7.00	—	16.00	—	2,405	26.9	1.8
FY2018	—	15.00	—	15.00	30.00	2,413	31.5	1.6
FY2019 (Forecast)	—	15.00	—	15.00	30.00		26.8	

\* 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 FY2019 (From April 1, 2018 to March 31, 2019)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share (Yen)
Half Year	175,000	8.9%	5,500	22.2%	6,300	14.9%	4,000	12.6%	49.84
Full Year	350,000	8.2%	12,000	19.3%	13,500	13.8%	9,000	17.6%	112.13

\* 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: | None |
| 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):	FY2018	82,524,009 shares	FY2017	82,524,009 shares
2) Number of treasury shares at the end of each period:	FY2018	2,225,475 shares	FY2017	2,252,383 shares
3) Average number of shares:	FY2018	80,257,570 shares	FY2017	80,203,348 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 (FY2017).

\* 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 4 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, 2018, the Japanese economy remained on a long-sustained moderate recovery track, supported by improvements in corporate earnings and the labor market owing to the impact of the government's economic policy and the Bank of Japan's ongoing monetary easing. However, personal consumption remained at a standstill due to such factors as little growth of disposable income.

The food industry is operating in a challenging environment. Price competition is intensifying among companies, reflecting the prevailing frugality of consumers particularly in the restaurant and delicatessen markets. Moreover, labor shortages have emerged as a problem in view of the aging population with low birth rates and the decline in the population.

In order to respond flexibly and swiftly to diverse changes in the business environment and achieve sustainable growth, the Group is steadily strengthening the business foundation by focusing on cost reduction and sales expansion as it takes up challenges leading to future growth.

The Group is promoting re-establishment of the business structure and optimization through vigorous investment in promising fields, including establishment of new production sites, expansion of existing production sites, and acquisition of business sites. In the R&D field, we have developed SETODURE, Japan's first durum wheat, and wheat with starch degradation resistance to reduce hardening of bread and will continue R&D with an eye to the future of the wheat flour secondary processing industry.

We are also striving to enhance food safety at the existing sites. In October 2017, the Ryugasaki Plant gained the JFS-C certification based on the Japanese food safety management standard. This certification requires satisfying the international food safety standards and the gaining of the certification by the Ryugasaki Plant is the first case in the premix industry. In February 2018, Fasmac Co., Ltd., a Group company, was registered as an audit firm for the JFS-A standard and the JFS-B standard. We are stepping up Group-wide efforts to ensure safety.

Furthermore, as part of efforts to deal with the labor shortage problem that will become more serious in the future, we exhibited a state-of-the-art topping robot, which can collaborate with operators on the same production line, at FOOMA JAPAN 2017 (International Food Machinery & Technology Exhibition) held in June 2017. Establishing an environment that enables production of safe and secure food at lower costs is expected to contribute to growth not only of the Group but also of the overall food industry.

With regard to consolidated business results for fiscal 2018, net sales continued to increase owing to increases in all businesses, the flour milling business, the food business, and other businesses. Profit decreased mainly due to an increase in depreciation as a consequence of vigorous capital investment and an increase in advertising expenses because of strategic advertising and sales promotion initiatives.

As a result, consolidated net sales for the fiscal year under review increased by 3.4% year on year to ¥323,495 million, operating profit decreased by 13.1% to ¥10,060 million, ordinary profit decreased by 9.9% to ¥11,862 million, and profit attributable to owners of parent decreased by 14.4% to ¥7,651 million.

The performance of individual business segments was as follows.

#### **Flour Milling**

While strengthening quality control throughout the Group, we are engaged in closer communication with our customers to strengthen proposal-driven sales that will lead to resolution of their issues. Moreover, we conducted vigorous sales & marketing initiatives, including participation in various trade shows and holding of workshops and seminars around Japan, some of which were for management. As a result, both shipped volume and sales of wheat flour exceeded the level for the previous year.

Shipped volume and sales of wheat bran, a byproduct, also exceeded the previous year's level.

In line with the increase of government sales prices (tax inclusive) of imported wheat by 4.6% and by 3.6% on average for the five key products in April and October 2017, respectively, we revised the sales prices of commercial-use wheat flour in June and December 2017, respectively.

As a result, net sales for the Flour Milling segment increased by 0.8% year on year to ¥97,752 million, and operating profit increased by 30.2% to ¥5,216 million.

**Food**

In the professional-use category, the Group continued vigorous marketing, including participation in various exhibitions and the holding of Italian cookery workshops for professional cooks. In September 2017, we began full-scale promotion of Ferrara, a brand for pasta produced in Italy. Following the completion of the construction of an additional production line at Pasta Montana, L.L.C., a Group company in the U.S., we are expanding sales. In addition, plans for increasing capacities of premix production facilities are being implemented at Group companies in Thailand and China to expand shipments in the dynamic Asian markets. As a result, sales of products in the professional-use category increased compared with the previous year.

In the home-use product category, we launched the REGALO brand in last spring for premium pasta produced in Japan and implemented vigorous sales expansion measures, including TV commercials. In particular, the REGALO Pasta Sauce series, which pursues the authentic Italian taste, is popular. In view of this popularity, we introduced new bottled sauce products in the series, in addition to one-person-portion sauce products in retort pouches in order to further expand sales.

In home-use frozen foods, in addition to the Oh' my Premium series, which is the leading brand in the market for pre-cooked frozen pasta dishes, we launched a new brand, Oh' my Gu-no-shogeki. A quarter of the weight of pasta dishes under this brand consists of ingredients other than pasta. Moreover, with the Oh' my PLUS series that emphasizes health consciousness, we are working to cultivate new demand. Moreover, we introduced new products in the Imadoki Gohan series of rice dishes in trays, which are popular among single-person and double-income households, and the Yokubari Plate series of one-plate dishes consisting of a main dish and staples, in order to offer an array of products that can meet wide-ranging customer needs. As a result, sales of frozen foods increased compared with the previous year.

Regarding deli-products, we constructed new factories or expanded production lines in Hidaka City, Saitama Prefecture, and Tsuchiura City, Ibaraki Prefecture, as part of efforts to expand and re-establish production sites. In the Chukyo area, in order to respond to expansion of the market for cooked noodle dishes, we began construction of a new factory in Chita City, Aichi Prefecture. Sales of deli-products increased compared with the previous year.

As a result, net sales of the Food segment increased by 5.2% year on year to ¥191,643 million, but operating profit decreased by 34.1% to ¥4,435 million.

**Other Businesses**

Sales of the pet care business were robust as a result of our flexible response to the shift of customer needs toward high-value-added products. We recognize this change in the market environment as a business opportunity and, with the aim of further expanding business, we began construction of an additional production line. Sales of the engineering business were higher than the level for the previous year, reflecting an increase in inquiries for large projects. The biotechnology business was brisk and sales were higher than the level for the previous year.

As a result, net sales for the Other segment increased by 1.0% year on year to ¥34,099 million, while operating profit decreased by 55.0% to ¥374 million.

## 2) Future Outlook

The Japanese economy is expected to remain on a moderate recovery track. However, amid mounting instability internationally, high downside risks are persisting, and the adverse impact on the Japanese economy is a concern.

In the food industry, contraction of the Japanese market is inevitable because of the declining population and population aging with low birth rates. In addition, the industry is facing labor shortages resulting from a decline in the working population and increasing labor costs in line with the labor shortages. Meanwhile, in view of changes in personal consumption, innovation to cultivate new needs is becoming increasingly important.

Regarding the flour milling industry, as government sales prices (tax inclusive) of imported wheat were increased by 3.5% on average for the five key products in April 2018, the business environment is such that it is difficult to respond effectively.

Efforts to conclude international trade agreements, such as TPP 11 and the EU-Japan Economic Partnership Agreement (EPA), have met with some progress. Depending on the contents of such agreements, the business environment may change greatly from now on.

In these circumstances, the Group intends to continue strengthening systems for food safety and reliability and stable distribution. At the same time, based on precise identification of structural change in the market, we will invest vigorously in growth fields both in Japan and overseas while striving to further strengthen competitiveness and reduce costs in each business field. We will continue to embrace new challenges with the aim of becoming a multifaceted global food enterprise.

For the year ending March 31, 2019, management forecasts consolidated net sales of ¥350.0 billion (up 8.2% year on year), operating profit of ¥12.0 billion (up 19.3% year on year), ordinary profit of ¥13.5 billion (up 13.8% year on year) and profit attributable to owners of parent of ¥9.0 billion (up 17.6% 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, 2018, total assets stood at ¥273,328 million, an increase of ¥21,253 million compared with the previous year-end. This was mainly because cash and deposits, investment securities, raw materials and supplies, notes and accounts receivable – trade, and property, plant and equipment increased by ¥6,804 million, ¥4,799 million, ¥3,593 million, ¥3,321 million, and ¥2,487 million, respectively.

Liabilities increased by ¥11,794 million year on year to ¥116,423 million. This was mainly because notes and accounts payable – trade, short-term loans payable, long-term loans payable, and deferred tax liabilities increased by ¥4,577 million, ¥3,506 million, ¥2,197 million, and ¥1,556 million, respectively.

Net assets increased by ¥9,459 million year on year to ¥156,905 million. This was mainly attributable to the increases in retained earnings, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans by ¥5,160 million, ¥2,979 million, and ¥779 million, respectively.

**2) Cash flows**

As of March 31, 2018, the balance of cash and cash equivalents stood at ¥20,556 million, an increase of ¥6,187 million compared with the end of the previous fiscal year. The conditions of cash flows were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥15,217 million. The main factors were profit before income taxes amounting to ¥11,486 million, depreciation amounting to ¥7,791 million, a ¥3,764 million increase in inventories, and income taxes paid amounting to ¥3,280 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥11,941 million. This mainly reflected spending of ¥10,164 million for purchase of non-current assets.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥2,824 million. This mainly reflected proceeds from long-term loans payable amounting to ¥7,156 million, a net increase in short-term loans payable amounting to ¥1,547 million, repayment of long-term loans payable amounting to ¥3,069 million, and cash dividends paid amounting to ¥2,493 million.

**—Cash flow indicator trends—**

	FY2014	FY2015	FY2016	FY2017	FY2018
Equity ratio (%)	52.2	53.3	52.7	56.8	55.7
Equity ratio at market value (%)	41.2	39.5	60.0	52.3	48.4
Ratio of interest-bearing debt to cash flows (%)	289.7	392.6	222.8	223.7	293.1
Interest coverage ratio (times)	27.6	26.8	54.6	60.2	56.4

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, 2018 and the year ending March 31, 2019**

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, the Company intends to pay a year-end dividend of ¥15 per share for fiscal 2018. The total cash dividends for the full year will amount to ¥30 per share, including the interim dividend paid.

With regard to cash dividends for the year ending March 31, 2019, 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)

	FY2017 (As of March 31, 2017)	FY2018 (As of March 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	16,588	23,392
Notes and accounts receivable - trade	41,982	45,303
Merchandise and finished goods	14,172	14,481
Work in process	215	165
Raw materials and supplies	14,717	18,310
Deferred tax assets	1,537	1,465
Other	3,187	3,663
Allowance for doubtful accounts	(125)	(172)
<b>Total current assets</b>	<b>92,275</b>	<b>106,608</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	83,590	86,873
Accumulated depreciation	(51,027)	(53,303)
Buildings and structures, net	32,562	33,569
Machinery, equipment and vehicles	108,341	111,075
Accumulated depreciation	(91,074)	(93,438)
Machinery, equipment and vehicles, net	17,266	17,636
Land	36,858	37,373
Construction in progress	1,714	2,442
Other	11,030	11,258
Accumulated depreciation	(9,051)	(9,412)
Other, net	1,979	1,846
<b>Total property, plant and equipment</b>	<b>90,380</b>	<b>92,867</b>
Intangible assets	1,297	1,424
Investments and other assets		
Investment securities	62,055	66,854
Long-term loans receivable	839	84
Deferred tax assets	1,371	1,382
Net defined benefit asset	103	95
Other	4,097	4,634
Allowance for doubtful accounts	(345)	(624)
<b>Total investments and other assets</b>	<b>68,121</b>	<b>72,426</b>
<b>Total non-current assets</b>	<b>159,799</b>	<b>166,719</b>
<b>Total assets</b>	<b>252,074</b>	<b>273,328</b>

(Millions of yen)

	FY2017 (As of March 31, 2017)	FY2018 (As of March 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	25,623	30,200
Short-term loans payable	19,022	22,528
Current portion of bonds	–	5,000
Income taxes payable	2,231	2,466
Accrued expenses	11,241	11,875
Provision for bonuses	601	611
Other	5,194	4,998
Total current liabilities	63,914	77,681
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term loan payable	9,877	12,075
Deferred tax liabilities	12,218	13,774
Net defined benefit liability	5,151	4,530
Provision for directors' retirement benefits	900	808
Other	2,566	2,551
Total non-current liabilities	40,714	38,741
Total liabilities	104,628	116,423
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	11,412	11,415
Retained earnings	98,361	103,522
Treasury shares	(2,668)	(2,635)
Total shareholders' equity	119,346	124,542
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,515	27,495
Deferred gains or losses on hedges	(12)	(14)
Foreign currency translation adjustment	545	725
Remeasurements of defined benefit plans	(1,220)	(440)
Total accumulated other comprehensive income	23,828	27,765
Subscription rights to shares	169	211
Non-controlling interests	4,102	4,385
Total net assets	147,446	156,905
Total liabilities and net assets	252,074	273,328

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

(Millions of yen)

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
Net sales	312,932	323,495
Cost of sales	226,338	234,823
Gross profit	86,593	88,672
Selling, general and administrative expenses		
Sales fare related expenses	38,518	40,455
Provision of allowance for doubtful accounts	–	309
Salaries and allowances	18,999	19,571
Retirement benefit expenses	1,518	1,324
Depreciation	1,142	1,205
Other	14,839	15,744
Total selling, general and administrative expenses	75,019	78,611
Operating profit	11,574	10,060
Non-operating income		
Interest income	84	80
Dividend income	1,183	1,253
Rent income on non-current assets	315	320
Share of profit of entities accounted for using equity method	326	300
Gain on sales of securities	20	28
Other	328	343
Total non-operating income	2,257	2,327
Non-operating expenses		
Interest expenses	284	266
Cost of rent income	32	22
Foreign exchange losses	111	61
Other	239	175
Total non-operating expenses	669	525
Ordinary profit	13,162	11,862
Extraordinary income		
Gain on sales of non-current assets	11	207
Gain on sales of investment securities	383	22
State subsidy	63	–
Other	23	–
Total extraordinary income	483	229

(Millions of yen)

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
Extraordinary losses		
Loss on sales and retirement of non-current assets	163	158
Impairment loss	–	244
Loss of valuation of investment securities	–	103
Building demolition expenses	261	–
Expenses related to relocation of the head office	285	–
Other	107	99
Total extraordinary losses	817	606
Profit before income taxes	12,828	11,486
Income taxes - current	3,853	3,567
Income taxes - deferred	(268)	(26)
Total income taxes	3,584	3,541
Profit	9,243	7,944
Profit attributable to non-controlling interests	309	293
Profit attributable to owners of parent	8,934	7,651

**(Consolidated statements of comprehensive income)**

(Millions of yen)

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
Profit	9,243	7,944
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	4,639	2,953
Deferred gains or losses on hedges	26	(2)
Foreign currency translation adjustment	(54)	178
Remeasurements of defined benefit plans, net of tax	1,073	777
Share of other comprehensive income of entities accounted for using equity method	(5)	37
Total other comprehensive income (loss)	5,678	3,944
Comprehensive income	14,922	11,889
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	14,553	11,588
Comprehensive income attributable to non-controlling interests	369	300

**(3) Consolidated statements of changes in net assets**  
**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
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
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

**FY2018 (From April 1, 2017 to March 31, 2018)**

(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	11,412	98,361	(2,668)	119,346
Changes of items during period					
Dividends of surplus			(2,493)		(2,493)
Profit attributable to owners of parent			7,651		7,651
Change of scope of consolidation			2		2
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		3		33	36
Change by share exchanges					-
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	2	5,160	32	5,195
Balance at end of current period	12,240	11,415	103,522	(2,635)	124,542

	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	24,515	(12)	545	(1,220)	23,828	169	4,102	147,446
Changes of items during period								
Dividends of surplus								(2,493)
Profit attributable to owners of parent								7,651
Change of scope of consolidation								2
Purchase of treasury shares								(0)
Disposal of treasury shares								36
Change by share exchanges								-
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(0)
Net changes of items other than shareholders' equity	2,979	(2)	179	779	3,936	42	283	4,263
Total changes of items during period	2,979	(2)	179	779	3,936	42	283	9,459
Balance at end of current period	27,495	(14)	725	(440)	27,765	211	4,385	156,905

**(4) Consolidated statements of cash flows**

(Millions of yen)

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
<b>Net cash provided by (used in) operating activities</b>		
Profit before income taxes	12,828	11,486
Depreciation	7,715	7,791
Amortization of goodwill	127	149
Increase (decrease) in net defined benefit asset/liability	(308)	(296)
Increase (decrease) in provision for directors' retirement benefits	(29)	(91)
Increase (decrease) in allowance for doubtful accounts	(62)	325
Impairment loss	-	244
Interest and dividend income	(1,267)	(1,333)
Interest expenses	284	266
Loss (gain) on sales of investment securities	(391)	(50)
Loss (gain) on valuation of investment securities	0	103
Foreign exchange losses (gains)	113	50
Share of (profit) loss of entities accounted for using equity method	(326)	(300)
Loss (gain) on sales of non-current assets	(10)	(207)
Loss on retirement of non-current assets	167	161
Decrease (increase) in notes and accounts receivable - trade	32	(3,204)
Decrease (increase) in inventories	3,944	(3,764)
Increase (decrease) in notes and accounts payable - trade	(2,551)	4,555
Increase (decrease) in accrued consumption taxes	(618)	(157)
Decrease (increase) in other receivables	(429)	(554)
Increase (decrease) in other payables	638	1,389
Other, net	1,079	849
Subtotal	20,935	17,410
Interest and dividend income received	1,287	1,358
Interest expenses paid	(288)	(269)
Income taxes paid	(4,543)	(3,280)
Net cash provided by (used in) operating activities	17,391	15,217



(Millions of yen)

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
<b>Net cash provided by (used in) investing activities</b>		
Decrease (increase) in time deposits	(588)	(550)
Purchase of non-current assets	(11,502)	(10,164)
Proceeds from sales of non-current assets	229	388
Purchase of investment securities	(1,105)	(1,302)
Proceeds from sales and redemption of investment securities	1,776	1,079
Payments for transfer of business	–	(1,101)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,243)	(461)
Payments of loans receivable	(512)	(16)
Collection of loans receivable	37	33
Other, net	262	154
Net cash provided by (used in) investing activities	(12,646)	(11,941)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(1,221)	1,547
Proceeds from long-term loans payable	2,660	7,156
Repayment of long-term loans payable	(8,931)	(3,069)
Purchase of treasury shares	(927)	(0)
Cash dividends paid	(2,407)	(2,493)
Dividends paid to non-controlling interests	(12)	(16)
Repayments of finance lease obligations	(346)	(298)
Other, net	48	(1)
Net cash provided by (used in) financing activities	(11,137)	2,824
Effect of exchange rate change on cash and cash equivalents	(14)	61
Net increase (decrease) in cash and cash equivalents	(6,407)	6,162
Cash and cash equivalents at beginning of period	20,776	14,368
Increase in cash and cash equivalents from newly consolidated subsidiary	–	25
Cash and cash equivalents at end of period	14,368	20,556

**(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, profit (loss), assets, liabilities and other items by reporting segment**

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

**3. Information on sales, profit (loss), assets, liabilities and other items by reporting segment  
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	5,482	9,197	1,260	10,457	1,352	11,809

- 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 profit 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.

**FY2018 (From April 1, 2017 to March 31, 2018)**

(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	97,752	191,643	289,396	34,099	323,495	–	323,495
Internal sales or transfers between segments	1,781	644	2,425	2,394	4,820	(4,820)	–
Total	99,533	192,288	291,821	36,494	328,316	(4,820)	323,495
Segment income	5,216	4,435	9,651	374	10,025	35	10,060
Segment assets	107,136	93,983	201,120	19,004	220,125	53,202	273,328
Other items							
Depreciation	3,001	3,561	6,563	911	7,475	316	7,791
Increase in property, plant and equipment and intangible assets	2,486	6,359	8,846	1,884	10,731	8	10,739

- 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 ¥35 million is an elimination of inter-segment transactions.
3. Corporate assets included in adjustments of segment assets amounted to ¥54,472 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 ¥8 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 profit 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)**

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
Net assets per share	¥1,784.44	¥1,897.64
Profit per share	¥111.40	¥95.34
Fully diluted profit per share	¥111.22	¥95.16

Notes: 1. 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 (FY2017).

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

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	8,934	7,651
Amount not attributable to common shareholders (Millions of yen)	–	–
Amount pertaining to common stock (Millions of yen)	8,934	7,651
Average number of shares of common stock in the fiscal year (Thousands of shares)	80,203	80,257
Fully diluted profit per share		
Amount attributable to owners of parent (Millions of yen)	–	–
Increase in common stock (Thousands of shares)	131	152
Summary of residual securities not included in calculation of fully diluted profit per share because of no dilutive effect	–	–