

Consolidated Financial Results for the First Quarter of FY2012 (J-GAAP)

August 5, 2011

Listed company name: Nippon Flour Mills Co., Ltd.
 Listing: The 1st Section of Tokyo and Osaka Securities Exchanges,
 Sapporo Securities Exchange
 Code Number: 2001 URL: <http://www.nippon.co.jp>
 Representative: Hiroshi Sawada, Chairman and President,
 Chief Executive Officer, and Chief Operating Officer
 Contact: Kiyoshi Mansyo, General Manager of Corporate Communications Division
 TEL: 03-3350-3900
 Filing of quarterly financial report: August 11, 2011
 Start of cash dividend payments: -
 Supplementary quarterly materials prepared: None
 Quarterly results information meeting held: None

*Amounts under one million yen have been rounded down.

1. Consolidated Financial Results for the First Quarter of FY2012 (April 1, 2011 – June 30, 2011)

(1) Consolidated business results (cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FY2012	65,748	5.6	3,238	3.7	3,733	5.3	2,148	6.9
1Q of FY2011	62,283	(8.3)	3,123	4.3	3,546	1.6	2,009	(17.0)

(Note) Comprehensive income 1Q of FY2012: 1,876 million yen (-%) 1Q of FY2011: (849) million yen (-%)

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
1Q of FY2012	12.88	—
1Q of FY2011	12.02	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
1Q of FY2012	189,328	101,048	52.2
FY2011	194,365	100,016	50.3

(Reference) Equity capital: 1Q of FY2012: ¥98,880 million; FY2011: ¥97,776 million

2. Dividends

	Annual dividends (yen)				
	First quarter	Second quarter	Third quarter	Year-end	Full year
FY2011	—	5.00	—	5.00	10.00
FY2012	—				
FY2012 (forecast)		5.00	—	5.00	10.00

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

3. Forecast of the Consolidated Financial Results for FY2012 (April 1, 2011 – March 31, 2012)

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

	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
Half Year	133,000	6.7	5,500	(0.0)	5,500	(4.2)	3,200	1.5	19.15
Full Year	271,000	7.5	11,000	4.1	11,000	1.6	6,300	4.6	37.70

(Note) Adjustment for the forecast of the consolidated financial results in the current quarter: None

4. Others

(1) Significant changes in subsidiaries during the term: None

(2) Adoption of special accounting methods for preparation of quarterly financial statements: None

(3) Changes in accounting policies, procedures and methods of presentation

1) Changes due to revisions of accounting standards: None

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 quarter of FY2012	174,148,018 shares	FY2011	174,148,018 shares
2) Number of treasury stocks at the end of each period	First quarter of FY2012	7,325,578 shares	FY2011	7,024,080 shares
3) Average number of shares (quarterly consolidated cumulative period)	First quarter of FY2012	166,822,701 shares	First quarter of FY2011	167,133,324 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 these Consolidated Financial Results and the procedure based on this Act was not complete as of the release of these 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 “(3) Qualitative information on forecast of the consolidated financial results” on page 3 for information on preconditions underlying the above outlook and other related information.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Qualitative information on consolidated business results

During the first three months of the year ending March 31, 2012, the Japanese economy remained lackluster owing to restriction of electricity use due to the Great East Japan Earthquake and sharp increases in prices of oil and other resources, further appreciation of the yen, without any indications that recovery was imminent.

The food industry continued to face a tough business environment because of weak consumer confidence in the face of uncertain economic prospects and intensifying price competition.

In these circumstances, the Group made a concerted effort to implement the SG130 Mid-term Business Plan to achieve strengthened competitiveness and cost reduction in each business field.

Consolidated net sales for the first three months under review increased by 5.6% year on year to ¥65,748 million, operating income increased by 3.7% year on year to ¥3,238 million, ordinary income increased by 5.3% year on year to ¥3,733 million, and net income increased by 6.9% year on year to ¥2,148 million.

Results of each business segment are as follows.

1) Flour Milling

Followed by the 18% hike in the government's sales prices of imported wheat of five key products in April 2011, the Group revised its sales prices of wheat flour.

To address customer needs and diversify preferences concerning food, the Group developed new products, held cookery workshops, and executed vigorous sales & marketing, including proposal-driven sales. As a result, shipments of wheat flour increased compared to the amount shipped during the same period of the previous year.

Sales of wheat bran, a by-product, were lower than the figure for the same period of the previous year, reflecting a drop in grain price.

As a result, net sales for the Flour Milling segment increased by 5.2% year on year to ¥24,336 million, and operating income increased by 5.0% year on year to ¥1,463 million.

2) Food

For business use products, the Group engaged in vigorous marketing, including the holding of cookery workshops and participation in various exhibitions. As a result, sales of premixes and pasta-related products increased compared with the same period of the previous year.

For home-use products, based on an approach designed to address customer needs and overcome dissatisfaction in the kitchen, the Group introduced products that contribute not only to reduction of cooking time and processes but also to expansion of the range of menus.

As a result, sales of home-use products exceeded the level of the same period of the previous year.

Sales of frozen ingredients and foods increased compared with the same period of the previous year in terms of both value and volume. These gains were attributable to the launch of new and redesigned products in the "Oh' my Premium Gold" and "Oh' my Premium" series of high-grade pastas for home use.

Sales of deli-products were lower than the figure for the same period of the previous year.

As a result, net sales of the Food segment increased by 7.1% compared with the same period of the previous year to ¥34,253 million, and operating income decreased by 5.8% to ¥1,587 million.

3) Other

Sales of health business and pet food business were higher than the same period of the previous year, but the engineering business were lower than the same period of the previous year

As a result, net sales for the Other segment decreased by 0.2% year on year to ¥7,158 million, and operating income increased by 360.8% to ¥181 million.

(2) Qualitative information on consolidated financial position

Total assets at the end of the current first quarter decreased by ¥5,036 million from the previous fiscal year end (March 31, 2011) to ¥189,328 million. This was mainly because of the decrease of cash and deposits by ¥9,322 million, while merchandise and finished goods, raw materials and supplies increased by ¥1,522

Nippon Flour Mills, Co., Ltd. (2011) Consolidated Financial Results for the First Quarter of FY2012 million and ¥2,638 million, respectively.

Total liabilities decreased by ¥6,068 million from the previous fiscal year end to ¥88,279 million. The main factor was a decrease in loans payable.

Net assets increased by ¥1,031 million from the previous fiscal year end to ¥101,048 million. This was mainly attributable to the increase in retained earnings by ¥1,312 million and the decrease in unrealized gain on revaluation of securities by ¥223 millions.

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

The forecast for the fiscal year ending March 31, 2012 is unchanged from the forecasts announced on May 12, 2011.

2. Information about the Summary of Business Results (other)

(1) Significant changes in subsidiaries during the fiscal year

There is nothing applicable.

(2) Adoption of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter

There is nothing applicable.

(3) Changes in accounting policies, accounting estimates and restatements:

There is nothing applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2011 (As of March 31, 2011)	First quarter of FY2012 (As of June 30, 2011)
Assets		
Current assets		
Cash and deposits	22,006	12,684
Trade notes and accounts receivable	32,359	32,183
Securities	12	-
Merchandise and finished goods	10,393	11,916
Work in progress	112	75
Raw materials and supplies	11,178	13,817
Others	4,096	3,584
Allowance for doubtful accounts	(151)	(119)
Total current assets	80,007	74,142
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	24,593	24,526
Machinery, equipment and vehicles, net	16,114	15,900
Land	25,256	25,250
Construction in progress	2,504	3,603
Others, net	1,769	1,806
Total tangible fixed assets	70,239	71,087
Intangible fixed assets		
Goodwill	1,246	1,175
Others	633	668
Total intangible fixed assets	1,879	1,844
Investments and other assets		
Investment securities	36,035	36,165
Others	6,904	6,792
Allowance for doubtful accounts	(700)	(704)
Total investments and other assets	42,238	42,253
Total fixed assets	114,357	115,185
Total assets	194,365	189,328

Nippon Flour Mills, Co., Ltd. (2001) Consolidated Financial Results for the First Quarter of FY2012
(Millions of yen)

	FY2011 (As of March 31, 2011)	First quarter of FY2012 (As of June 30, 2011)
Liabilities		
Current liabilities		
Trade notes and accounts payable	22,370	22,673
Short-term loans	26,983	20,308
Accrued income taxes	1,903	1,049
Provision for employee bonuses	439	280
Provision for directors' bonuses	37	-
Allowance for loss on disaster	516	396
Others	11,174	12,719
Total current liabilities	63,425	57,427
Long-term liabilities		
Long-term debt	17,462	17,543
Provision for employee retirement benefits	2,500	2,540
Provision for directors' retirement benefits	977	926
Others	9,981	9,841
Total long-term liabilities	30,922	30,852
Total liabilities	94,348	88,279
Net assets		
Shareholders' equity		
Common stock	12,240	12,240
Additional capital surplus	11,391	11,391
Retained earnings	68,906	70,218
Treasury stock, at cost	(2,313)	(2,313)
Total shareholders' equity	90,224	91,536
Accumulated other comprehensive income		
Unrealized gain on revaluation of securities	7,699	7,475
Deferred gain on hedges	8	1
Foreign currency translation adjustment	(155)	(133)
Total accumulated other comprehensive income	7,551	7,343
Minority interests	2,240	2,167
Total net assets	100,016	101,048
Total liabilities and net assets	194,365	189,328

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

	(Millions of yen)	
	First quarter of FY2011 (From April 1, 2010 to June 30, 2010)	First quarter of FY2012 (From April 1, 2011 to June 30, 2011)
Net sales	62,283	65,748
Cost of sales	45,419	47,968
Gross profit	16,864	17,779
Selling, general and administrative expenses	13,740	14,541
Operating income	3,123	3,238
Non-operating income		
Interest income	9	7
Dividend income	463	472
Others	174	257
Total non-operating income	647	737
Non-operating expenses		
Interest expenses	158	165
Foreign exchange losses	19	-
Others	46	76
Total non-operating expenses	224	242
Ordinary income	3,546	3,733
Extraordinary income		
Gain on sales of fixed assets	7	0
Reversal of allowance for doubtful accounts	64	-
Total extraordinary income	72	0
Extraordinary losses		
Loss on revaluation of investment securities	55	1
Loss on sales of fixed assets	27	1
Loss on retirement of fixed assets	16	18
Effect of application of accounting standard for asset retirement obligations	106	-
Impairment loss	-	111
Business structure improvement expenses	-	18
Loss on disaster	-	72
Others	0	68
Total extraordinary losses	205	292
Income before income taxes and minority interests	3,413	3,441
Income taxes	874	893
Income tax adjustments	574	468
Total income taxes	1,449	1,362
Income before minority interests	1,963	2,078
Minority interests in loss	(46)	(69)
Net income	2,009	2,148

(Consolidated statements of comprehensive income)

(Millions of yen)

	First quarter of FY2011 (From April 1, 2010 to June 30, 2010)	First quarter of FY2012 (From April 1, 2011 to June 30, 2011)
Income before minority interests	1,963	2,078
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,828)	(224)
Deferred gains or losses on hedges	(24)	(6)
Foreign currency translation adjustment	43	29
Share of other comprehensive income of affiliates accounted for using equity method	(3)	0
Total other comprehensive income	(2,812)	(201)
Comprehensive income	(849)	1,876
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(822)	1,940
Comprehensive income attributable to minority interests	(26)	(63)

(3) Notes on going concern assumption

There is no related information.

(4) Segment information

a. First quarter of FY2011 (April 1, 2010 – June 30, 2010)

Information on 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	23,135	31,977	55,112	7,171	62,283	-	62,283
Internal sales or transfers between segments	506	183	689	332	1,022	(1,022)	-
Total	23,641	32,160	55,801	7,504	63,306	(1,022)	62,283
Segment income	1,393	1,684	3,078	39	3,117	6	3,123

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

2. The ¥6 million segment income adjustment is an elimination of inter-segment transactions

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

b. First quarter of FY2012 (April 1, 2011 – June 30, 2011)

Information on 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	24,336	34,253	58,590	7,158	65,748	-	65,748
Internal sales or transfers between segments	544	325	870	440	1,310	(1,310)	-
Total	24,881	34,579	59,460	7,598	67,058	(1,310)	65,748
Segment income	1,463	1,587	3,050	181	3,232	5	3,238

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

2. The ¥5 million segment income adjustment is an elimination of inter-segment transactions

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

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

There is no related information.