May13, 2016

Nippon Flour Mills Announces Consolidated Financial Results for FY2016/3 andConsolidated Full-Year Forecast for FY2017/3

Increases in revenues, profits and dividends, net sales and profit attributable to owners of parent at record highs, and annual dividends of 14 yen per share

Nippon Flour Mills Co., Ltd. (President & COO: Haruki Kotera; the "Company") has announced year-on-year revenue and profit increases in the fiscal year ended March 31, 2016. Consolidated financial results for the fiscal year included net sales of 311.6 billion yen (up 4.4% year on year), operating income of 11.0 billion yen (up 32.0% year on year), ordinary income of 12.6 billion yen (up 29.2% year on year) and profit attributable to owners of parent of 8.2 billion yen (up 17.8% year on year).

<Overview of consolidated financial results>

(Percentage figures represent YoY changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Dividends
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen/share
FY2016/3	*311,628*	*104.4*	*11,093*	*132.0*	*12,666*	*129.2*	*8,222*	*117.8*	*14.00*
FY2015/3	*298,511*	*104.0*	*8,406*	*77.8*	*9,807*	*80.1*	*6,981*	*89.4*	*12.00*

<Highlights of consolidated financial results>

- Net sales increased in the Flour Milling, Food and Other segments, reflecting expanded sales.
- Profits grew, due mainly to the sales expansion and effects generated by cost reductions.
- Annual dividends will be 14 yen per share, including 2 yen per share to be paid to commemorate the 120th anniversary of the Company's establishment.

<Overview of consolidated financial results: efforts to continuously strengthen operating foundations in response to changes in the business environment>

During the fiscal year ended March 31, 2016, although earnings of certain companies and the labor market showed improvement, supported by the beneficial effects of Abe administration's economic policy and the Bank of Japan's quantitative easing, the Japanese economy lacked vigor, including the stock market. As a slowdown of the economic growth of China and other emerging-market countries became evident, uncertainties about the outlook of the Japanese economy strengthened. Against the backdrop of consumers' increasing frugality, bipolarization of personal consumption proceeded.

In the food industry, amid shrinkage of the Japanese market as the population ages while the birth rate remains low, sales competition intensified and there was a growing preoccupation with the safety and security of food throughout society.

In these circumstances, in order to flexibly and speedily respond to this business environment, the Group is strengthening the business foundation based on the fundamental measures implemented so far that center on cost reduction and sales expansion.

In June 2015, the Group carried out structural reforms as part of its organizational reinforcement program to speed up decision-making across the board and promote the optimum allocation of management resources Group-wide. Taking a further step, the Company formed a capital partnership with Matsuda Shokuhin Kogyo K.K. in September 2015. OK Food Industry Co., Ltd. in the Group belongs to the same industry as Matsuda Shokuhin Kogyo. Through the capital partnership, the Group aims to bolster and develop its soybean-related food business, which is playing a role in diversifying its operations. In March 2016, Group company NIPPN Donuts Holdings Co., Ltd. decided to acquire all the shares of Yamato Foods Co., Ltd., an operator of donut shops, etc. The Group is strengthening its operations in this manner.

Consolidated net sales for the fiscal year ended March 31, 2016 reached their highest level ever, rising 13.1 billion yen from the previous fiscal year, attributable to increased sales posted in all business segments. Consolidated operating income, consolidated ordinary income and consolidated profit attributable to owners of parent also increased year on year, mainly reflecting the sales expansion and effects generated through the reduction of manufacturing, sales and management costs achieved as a result of Group-wide efforts.

In the fiscal year under review, the Company also acquired its own shares totaling 4,678,000 and retired its treasury shares amounting to 5,100,000 to raise capital efficiency and improve profit returns to shareholders.

<Dividends for FY2016/3: 14 yen per share, including commemorative dividends of 2 yen per share>

The Company will pay 8 yen per share, including ordinary dividends of 6 yen per share and commemorative dividends of 2 yen per share, as year-end dividends for the fiscal year ended March 31, 2016 to thank its shareholders for their support on the occasion of the 120th anniversary of its establishment. As a result, the Company's annual dividends for the fiscal year will be 14 yen per share.

<Consolidated financial results forecast for FY2017/3>

(Percentage figures represent YoY changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Dividends
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen/share
1H of FY2017/3 (cumulative)	***160,000***	***103.1***	***5,000***	***99.3***	***6,000***	***100.7***	***3,800***	***94.6***	***7.00***
FY2017/3	***320,000***	***102.7***	***11,100***	***100.1***	***12,500***	***98.7***	***8,100***	***98.5***	***14.00***

Looking ahead, uncertain conditions are anticipated to continue for the Japanese economy. There are fears that the slowdown of the economies of emerging countries will negatively affect the global situation, as domestic stock markets and the exchange rate of the yen remain unstable. Difficult operating conditions are also predicted to continue in the food industry in view of the reduction in the domestic market sizes attributable to a population decline, the graying of a society with a lower birthrate and intensifying competition among companies. In the flour milling industry, government sales prices for five brands of imported wheat (including taxes) were lowered by an average rate of 7.1% in April 2016. Furthermore, the Trans-Pacific Partnership (TPP) Agreement reached the stage of general agreement. The sales system for foreign wheat is predicted to undergo major changes and require industry responses from this point on.

In this environment, the Group will work to bolster competitiveness in the respective operating fields and reduce costs. At the same time, the Group will invest aggressively in growth fields in Japan and overseas in order to sustain its growth. All Group companies are resolved to make concerted efforts to enhance their value and develop themselves as food companies operating diversified businesses worldwide.

The Company plans to build an office building (with 16 floors above ground and two floors underground and a total floor area of about 43,600 square meters) on the site of its current head office with Mitsubishi Estate Co., Ltd., construct a new head office building in the Kojimachi section of Tokyo's Chiyoda-ku, and move its head office there in August 2016 through the Sendagaya 5-chome North District Type 1 Urban Redevelopment Project. Since the company will also celebrate the milestone of the 120th anniversary of its establishment this year, it is set to address business challenges for the further growth.

For the fiscal year ending March 31, 2017, the Company forecasts that it will achieve consolidated net sales of 320.0 billion yen (up 2.7% year on year), consolidated operating income of 11.1 billion yen (up 0.1% year on year), consolidated ordinary income of 12.5 billion yen (down 1.3% year on year) and consolidated profit attributable to owners of parent of 8.1 billion yen (down 1.5% year on year). In the fiscal year ending March 31, 2017, the Company plans to pay annual dividends of 14 yen per share, including ordinary dividends and commemorative dividends of 2 yen per share paid at the end of the fiscal year ended March 31, 2016.