Aug 4, 2016

<u>Nippon Flour Mills Announces Consolidated Financial Results for the First Quarter of FY2017/3 and Consolidated Full-Year Forecast for FY2017/3</u>

Nippon Flour Mills Co., Ltd. (President & COO: Masayuki Kondo; the "Company") has announced its financial results for the first three months of the fiscal year ending March 31, 2017. The consolidated results included net sales of 78.4 billion yen (up 3.1% year on year), operating income of 2.8 billion yen (up 33.3% year on year), ordinary income of 3.5 billion yen (up 19.9% year on year), and net income attributable to owners of parent of 2.7 billion yen (up 27.7% 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of FY2017/3	*78,459*	*103.1*	*2,818*	*133.3*	*3,535*	*119.9*	*2,708*	*127.7*
First Quarter of FY2016/3	*76,118*	*103.0*	*2,113*	*96.3*	*2,948*	*110.4*	*2,120*	*118.4*

\<Highlights of consolidated financial results: Increase in sales and profit\>

● Net sales increased in the Flour Milling and Food segments as a result of sales expansion.

● Profit increased in the Flour Milling, Food, and Other segments thanks to sales expansion and cost reduction in all segments.

\<Overview of consolidated financial results: Strengthened the operating foundations of the entire Group\>

During the first quarter of the fiscal year ending March 31, 2017, the Japanese economy suffered from sluggish consumer spending due to a slowdown in the growth of disposable income, despite some improvement in employment. The future economic trends remain unpredictable due to concerns over economic slowdown in emerging countries, the effect of Brexit, and other uncertain factors.

Under these circumstances, the Group has been working consistently to respond flexibly and promptly to increasingly diverse customer demands. The Group will continue to strive to reduce costs and increase sales based on the single-year plan for strengthening the management base that follows the conventional basic policies while enhancing the business infrastructure of the entire Group. In April 2016, Yamato Foods Co., Ltd. became a consolidated subsidiary of the Company after the acquisition of all of the shares of the said company by NIPPN Donuts Holdings Co., Ltd., a NIPPN Group company.

The Company plans to build an office building (with 16 floors above ground and 2 floors underground and a total floor area of around 43,600 square meters) jointly with Mitsubishi Estate Co., Ltd. on the site of its current head office, 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. In connection with this relocation, the Company is determined to take on business challenges in an effort to achieve further growth.

As a result, net sales in the first quarter under review rose 2.3 billion yen year on year thanks to sales expansion in the Flour Milling and Food segments, ordinary income grew 0.7 billion yen due to a year-on-year increase in all of the Flour Milling, Food, and Other segments, ordinary income climbed 0.5 billion yen, and net income attributable to owners of parent increased 0.5 billion yen.

\<Consolidated financial results forecast for FY2017/3\> (Percentage figures represent YoY changes.)

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

The full-year forecasts of consolidated financial results for the fiscal year ending March 31, 2017 remain unchanged from the forecasts announced on May 13, 2016.

As for dividends, the two-yen commemorative dividend paid at the end of the previous fiscal year is planned to be included in the common dividends.