To Our Shareholders

With the delivery of this “Year-end Report for the 192nd Period” to you, we would like to express our deepest thanks for your continued support. We would also like to convey our heartfelt sympathies to those affected by the recent Kumamoto earthquakes. We hope the area recovers as rapidly as possible.

The board of directors of Nippon Flour Mills Co., Ltd. (NIPPN) appointed Masayuki Kondo, former Representative Director & Senior Managing Executive Officer, as Representative Director, President and COO at its meeting on June 29, 2016, following the general meeting of shareholders. Please allow our new President Kondo to explain about the Company’s results for the fiscal year ended March 31, 2016 (FY2016) as well as the progress going forward.

Interview with President

FY2016 Business Summary and Future Outlook

Flexibly Dealing with Changes in Business Environment for Propelling Expansion in Growth Areas

What kind of goals do you wish to achieve after assuming post of President?

It is with a grave sense of responsibility that I succeed Mr. Kotera as President and COO of NIPPN. The Company was founded as Japan’s first modern, mechanized flour milling company, and this year it will celebrate its 120th anniversary. We owe it all to the support of our shareholders and other stakeholders. With the motto of “Adopt technological innovation in response to the changing times, and strive to commercialize new businesses,” which expresses the venture spirit of the Company as it was established, we uphold our basic business policy of making contribution to society by providing excellent products and services. Reminding ourselves of the Company’s founding spirit, we will tackle our management issues so we can progress as a company that is trusted and valued by people.

Looking back at FY2016, what do you think of 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 counties 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.
How do you see the consolidated performance for FY2016?

The FY2016 results on a consolidated basis showed net sales of ¥311,628 million (up 4.4% y-o-y), operating income of ¥11,093 million (up 32.0% y-o-y), ordinary income of ¥12,666 million (up 29.2% y-o-y) and net income attributable to owners of the parent of ¥8,222 million (up 17.8% y-o-y).

Net sales marked a record high as business expanded in all segments of Flour Milling, Food, and Other Businesses. In terms of profits, increase in sales and the effects of concerted cost reduction efforts by production, sales and administration led to robust results at every level; increases were marked at operating income, ordinary income and net income attributable to owners of the parent company, and net income marked a record high. It was the result of group-wide efforts with various measures implemented with a strong sense of urgency in response to the deterioration in profitability in the previous fiscal year. However, we can hardly be content with the outcome.

Tell us about the measures you have taken during FY2016.

In June 2015, in order to strengthen the functions of the business department system, which was introduced in 2014 as one of the initiatives to reinforce the Company’s structure, structural reforms were implemented under which business departments were reorganized into six departments (Flour Milling Business Department, Foods Business Department, International Business Department, CS Business Department, Production & Technology Department, and Research & Development Department). Through faster decision-making at the corporate level enabled by the new structure, we aim to achieve total optimization of resource allocation. In September 2015 the Company formed a capital partnership with Matsuda Shokuhin Kogyo K.K., which manufactures and sells soybean-based processed foods. The Company’s consolidated subsidiary OK Food Industry Co., Ltd. also handles soybean-based processed foods. Through the capital tie-up with Matsuda Shokuhin Kogyo, the Group intends to strengthen and develop its soybean-related goods business, which plays a role in business diversification.

In March 2016, NIPPN Donuts Holdings Co., Ltd., a subsidiary of the Company, decided to acquire all the share of Yamato Foods Co., Ltd., which operates donut shops, with the objective of expanding its business.

### FY2016 Consolidated Financial Highlights
(April 1, 2015 to March 31, 2016)

<table>
<thead>
<tr>
<th>Financial Item</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥311.6 billion</td>
<td>Up 4.4% y-o-y</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥11.0 billion</td>
<td>Up 32.0% y-o-y</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>¥12.6 billion</td>
<td>Up 29.2% y-o-y</td>
</tr>
<tr>
<td>Profit attributable to Owners of Parent</td>
<td>¥8.2 billion</td>
<td>Up 17.8% y-o-y</td>
</tr>
<tr>
<td>Net Income per Share</td>
<td>¥50.50</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>¥247.9 billion</td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td>¥135.7 billion</td>
<td></td>
</tr>
<tr>
<td>Net Assets per Share</td>
<td>¥812.65</td>
<td></td>
</tr>
</tbody>
</table>

### FY2017 Full-Year Forecasts
(April 1, 2016 to March 31, 2017)

<table>
<thead>
<tr>
<th>Financial Item</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥320 billion</td>
<td>Up 2.7% y-o-y</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥11.1 billion</td>
<td>Up 0.1% y-o-y</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>¥12.5 billion</td>
<td>Down 1.3% y-o-y</td>
</tr>
<tr>
<td>Profit attributable to Owners of Parent</td>
<td>¥8.1 billion</td>
<td>Down 1.5% y-o-y</td>
</tr>
</tbody>
</table>
Q I see significant sales growth in the Food segment.

A While positioning flour milling as the Company’s core operation, we believe it is essential to boost the food operation as a growth driver. In the professional-use product category, we conducted finely tuned marketing activities on a continual basis such as setting up a booth in various food exhibitions and holding Italian cooking classes. In the home-use processed foods category, we implemented sales promotions such as the “Oh’my present campaign” that commemorated the 60th anniversary of the foundation of the Oh’my brand, conducted proposal-based sales activities at storefronts and food sections, and worked to boost sales of our staple items. We are also working hard to develop new products.

Q Sales of frozen foods are also good.

A In frozen foods for home use, we introduced new products that aimed to meet various customer needs such as price ranges and serving sizes, and implemented a wholesale renewal of the mainline “Oh’my Premium” series, our high-grade household pasta brand. At the same time, we have expanded the range of rice dishes in trays and the line-up of Oh’ my Yokubari Plate of frozen one-plate dishes consisting of a main dish and staples. Moreover, we expanded the “Oh’my PLUS” series, which are based on the theme of “caring for health with tasty food,” into the household frozen food market.

Q What’s your view on returning profits to shareholders?

A Our dividend 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, we consider returning profits to shareholders to be an important management issue. In commemorating the 120th anniversary of the Company’s establishment and to express our gratitude to our shareholders for their long-standing support, we intend to pay a commemorative dividend of ¥2 per share in addition to the regular year-end dividend of ¥6, for a total of ¥8 per share. During the fiscal year, we bought back 4,678 thousand shares and retired 5,100 thousand shares with a view to improving capital efficiency and boosting shareholder return.

Q What’s your prospect on the performance in FY2017?

A For FY2017, under the management foundation enhancement policy that adheres to the basic measures taken in the past, we look to further strengthen competitiveness and reduce cost in every segment, thereby aiming to reinforce our operational foundation. In terms of consolidated performance, we are projecting net sales of ¥320 billion (up 2.7% y-o-y), operating income of ¥11.1 billion (up 0.1% y-o-y), ordinary income of ¥12.5 billion (down 1.3% y-o-y), and net income attributable to owners of the parent of ¥8.1 billion (down 1.5% y-o-y).

A As for dividends for FY2017, we are incorporating the previous year’s commemorative dividend of ¥2 into the regular dividend, and are planning to pay an interim dividend of ¥7 per share. As for year-end dividends, given that the 192nd ordinary meeting of shareholders resolved to consolidate the Company’s common shares at a rate of one share for every two and to change the number of shares per unit from 1,000 to 100 effective October 1, 2016, we are planning to pay ¥14 per share.

Q Finally, do you have message for shareholders?

A We look to continue to press ahead while aggressively expanding into business areas with high growth potential and aim for continuous growth and enhancement in corporate value as a multi-faceted food company with a strong presence while further strengthening our competitiveness with tireless management innovation. We kindly ask you for your continued support.
to pay a commemorative dividend of ¥2 per share in addition to the regular year-end dividend of ¥6, for a total of ¥8 per share. With this, the full-year dividend totaled ¥14 per share. During the fiscal year, we bought back 4,678 thousand shares and retired 5,100 thousand shares with a view to improving capital efficiency and boosting shareholder return.

Q What’s your prospect on the performance in FY2017?

A For FY2017, under the management foundation enhancement policy that adheres to the basic measures taken in the past, we look to further strengthen competitiveness and reduce cost in every segment, thereby aiming to reinforce our operational foundation. In terms of consolidated performance, we are projecting net sales of ¥320 billion (up 2.7% y-o-y), operating income of ¥11.1 billion (up 0.1% y-o-y), ordinary income of ¥12.5 billion (down 1.3% y-o-y), and net income attributable to owners of the parent of ¥8.1 billion (down 1.5% y-o-y).

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Q Finally, do you have message for shareholders?

A We look to continue to press ahead while aggressively expanding into business areas with high growth potential and aim for continuous growth and enhancement in corporate value as a multi-faceted food company with a strong presence while further strengthening our competitiveness with tireless management innovation. We kindly ask you for your continued support.
New products born from our research into functional foods

Launch of “Koikoi Yasai Koikurenai” and “Shinryoku Aojiru”

NIPPN has started efforts to promote better health by encouraging consumption of more vegetables with the motto of “food for health,” leveraging our technology gained through research into functional foods.

We have designated farmers to grow high-value-added carrots “Koikurenai” and kale “Koiaona” with painstaking care under appropriate management in the best-suited areas for each kind. We produce foodstuffs with a special focus on useful components found in vegetables by meticulously studied methods.

“Koikurenai” carrots containing much lycopene

“Koikurenai” contains much lycopene which is not found in ordinary kinds of carrots. Compared with regular carrots, Koikurenai has a distinctive vivid red color. Though carrots are on the market throughout the year, Koikurenai carrots are harvested only from fall through winter. Growing slowly in lower temperatures, Koikurenai carrots acquire a strong flavor and a sweet taste.

Lycopene + Beta carotene

Foodstuffs focusing on useful components in vegetables

Lycopene-containing “Koikurenai” carrots used

<Koikurenai paste>

Juice of lycopene-rich carrots featuring a naturally sweet, rich flavor and abundant nutrition, mixed with apple juice.

Paste rich in carrot fiber and featuring the texture of original vegetables

Customer’s comments

Its rich taste may be good for use in salad dressings.

Tastes good with no smell of carrots.

Vegetables attracting attention for their useful components

“Koiaona” kale with less bitterness

Kale is a plant of the mustard family which originates in Southern Europe along the coast of the Mediterranean Sea. Though it has a unique aroma and some bitterness, its high nutrition value has earned it the nickname of “the king of vegetables.” Compared with ordinary kale, “Koiaona” tastes less bitter and contains more glucoraphanin* and lutein.

Glucoraphanin + Beta calotin + Lutein

Development and Processing

Shinryoku Aojiru

“Koiaona” kale with enhanced nutritional value used

<Koiaona powder>

The use of domestically-grown “Koiaona” kale, which was grown with painstaking care and harvested in the winter, made a mild, easy-to-drink Aojiru vegetable juice possible.

Fiber-rich powder that retains the color and nutrients of kale thanks to special grinding technology

Customer’s comments

It doesn’t have the bitterness and is easy to drink.

Rich in fiber as the leaves of the vegetable are ground in whole!

Both products are available on our online shopping site “NIPPN Net mall.”

NIPPN Net mall Search
This year we will again hold “Cookery Workshops for Shareholders” using our products. This time we will have two classes on Saturdays, one in the morning and the other in the afternoon, which was requested the most in the survey.

Venue: Osaka Gas Cooking School Yodoyabashi
First floor, Osaka Gas Head Office Building, 4-1-2 Hirano-machi, Chuo-ku, Osaka-shi
Three-minute walk from Yodoyabashi station of Midosuji Subway Line

Items participants need to bring:
- Apron, hand towel, something to write with
- Free of charge

Planning menu:
- You will practice cooking dishes other than the pork chop (demonstration). Menu may change.

A. Cooking Class (Morning)
Saturday, October 22, 2016
10:00 to 13:00 (Doors open at 9:40)
30 participants

B. Cooking Class (Afternoon)
Saturday, October 22, 2016
14:00 to 17:00 (Doors open at 13:40)
30 participants

You will practice cooking, watch demonstrations and enjoy brief tastings of our products.

Planned menu:
- Mozzarella with anchovy sauce
- Lasagne with freeze-dried tofu
- Pork chop with Napolitan sauce
- Palmiers

Notes:
- Paste one token per postcard.
- No parking space available. (Use public transportation.)
- Refrain from bringing children.
- Note that we will take pictures at the venue on the day and use them on our website or “To Our Shareholders.”
- Pay transportation cost to and from the venue.
- Applications from non-shareholders will not be accepted.
- Online or telephone applications will not be accepted.

Application deadline:
- Sunday, July 31, 2016, as indicated by the postmark on the postcard
*If more than the set number applies, a lottery will be held to select winners.

Notice of winners:
- Winners will receive a participation ticket by Thursday, September 15, 2016.
- There will be no announcement of winners prior to the delivery of the ticket.

Contact point:
- IR Office, Nippon Flour Mills Co., Ltd. at 03-3350-2356 (phone) (Weekdays 9:00 to 17:00)
When cooking hospitality dishes at home, many dishes require much preparation. Using a microwave and an electric hot plate allows you to cook multiple dishes at the same time.

**Salmon mixed in Green Perilla Flaxseed dressing**

Easily take in healthy flaxseed just by mixing and dressing.

- **Easy to cook recipe** (2 servings)
  Mix bite-sized salmon for sashimi and half-cut petite tomato in green perilla dressing. Quickly mix Roasted Flaxseeds into it, place it onto dishes and add fine strips of leek and green perilla.

**Soy-Milk Custard Caramel Fondu Served Cold**

Just adding soy-milk with no hassles completes custard cream for healthy and enjoyable sweets. Egg-free ingredients are safe for children who are allergic to eggs.

- **Easy to cook recipe** (3-4 servings)
  Put 30 grams of Mix and 100 cc of soy milk in a bowl and stir with a whisk. When it thickens, pour it into containers and add 1 tablespoon of caramel sauce for marbling. Add bite-sized banana pieces, kiwi, biscuit, marshmallow and strawberry to custard cream.

**Hot Salad with Chicken Saute in Herbs**

Just coating and roasting. Even though it's easy, the taste is authentic.

- **Easy to cook recipe** (2-3 servings)
  Coat 200 grams of bite-sized chicken with Italian Mix and slice two pieces of eryngii mushroom into equally-shaped drawings. Place roughly-cut salad spinach on a plate. Saute chicken with the skin-side down in a heated frying pan with olive oil, together with eryngii. Add 2 tablespoons of wine-vinegar in a pan and place it on a plate with spinach while it's hot. Dress it over with 1 tablespoon of extra virgin oil to mix it.
Mix Paella on a hot plate

Cooking paella on a hot plate allows you to enjoy chats over the table, even while cooking.

Cooking time: 40 minutes

Ingredients (3 servings)
- Oh’my Festive Paella Mix - 1 pack (150 g)
- DANTE Extra Virgin Olive Oil European Blend - 2 tablespoons
- Chicken thigh - 200 g
- Squid (sagittated calamary) - 1
- Prawn (Unshelled Black Tiger, etc.) - 8
- Clam (Sand-removed and rubbed shells) - 150 g
- Onion - 1 (small size)
- Tomato - 1 (small size)
- Paprika (Red) - 1/2 piece
- Rice - 300 g
- Water - 350 cc
- Salt & Pepper - a pinch of each

Preparation
1. Cut chicken into bite-sized pieces and season with salt and pepper before cooking. Remove guts and gristles from squid and slice into 1 cm pieces. Give a slit on the back of prawn to remove back vein.
2. Cut onion into tiny pieces and tomato into small cubes. Slice paprika into equally-sized wedges.
3. Heat an electric hot plate to the highest temperature to sauté chicken thigh in extra virgin olive oil. When it begins to brown, add chopped onion and fry well.
4. Fry unwashed rice. When it begins to appear transparent, add chopped tomato to stir-fry with it, add water and Paella Mix. After boiling for 1-2 minutes, lower the temperature of the hot plate to medium.
5. Top with squid, prawn, clam and paprika, cover with a lid and heat for approximately 15 minutes.
6. For the final touch, open the lid, turn up the plate temperature to the highest temperature for a couple of minutes until stock has absorbed. Then turn off the switch and steam for about 10 minutes.

Cooking tip
Using an electric hot plate instead of a frying-pan to cook paella enables you to cook on a table where everyone gets together. Although the dish can be made by just mixing all the ingredients at once for heating, cooking after frying rice and vegetables in olive oil gives it a richer, authentic taste.
Consolidated Financial Results

**Total assets/Net assets**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total assets (¥ million)</th>
<th>Net assets (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>202,904</td>
<td>104,450</td>
</tr>
<tr>
<td>FY2013</td>
<td>214,528</td>
<td>113,263</td>
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<tr>
<td>FY2014</td>
<td>226,803</td>
<td>121,636</td>
</tr>
<tr>
<td>FY2015</td>
<td>248,890</td>
<td>137,535</td>
</tr>
<tr>
<td>FY2016</td>
<td>247,919</td>
<td>135,743</td>
</tr>
</tbody>
</table>

**Net sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>269,094</td>
</tr>
<tr>
<td>FY2013</td>
<td>271,069</td>
</tr>
<tr>
<td>FY2014</td>
<td>287,109</td>
</tr>
<tr>
<td>FY2015</td>
<td>298,511</td>
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<tr>
<td>FY2016</td>
<td>311,628</td>
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**Equity ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>50.4</td>
</tr>
<tr>
<td>FY2013</td>
<td>51.9</td>
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<tr>
<td>FY2014</td>
<td>52.2</td>
</tr>
<tr>
<td>FY2015</td>
<td>53.3</td>
</tr>
<tr>
<td>FY2016</td>
<td>52.7</td>
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</tbody>
</table>

**Ordinary income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ordinary income (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>10,210</td>
</tr>
<tr>
<td>FY2013</td>
<td>10,906</td>
</tr>
<tr>
<td>FY2014</td>
<td>12,248</td>
</tr>
<tr>
<td>FY2015</td>
<td>9,807</td>
</tr>
<tr>
<td>FY2016</td>
<td>12,666</td>
</tr>
</tbody>
</table>

**Profit attributable to owners of parent/Net income per share**

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit attributable to owners of parent (¥ million)</th>
<th>Net income per share (¥)</th>
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</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>37.46</td>
<td>6,235</td>
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<tr>
<td>FY2013</td>
<td>42.37</td>
<td>7,008</td>
</tr>
<tr>
<td>FY2014</td>
<td>47.23</td>
<td>7,810</td>
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<tr>
<td>FY2015</td>
<td>42.22</td>
<td>6,981</td>
</tr>
<tr>
<td>FY2016</td>
<td>50.50</td>
<td>8,222</td>
</tr>
</tbody>
</table>
Company Overview

Company Name: Nippon Flour Mills Co., Ltd.
Head Office: 27-5 Sendagaya 5-chome, Shibuya-ku, Tokyo
Established: December 1896
Capital: ¥12.24 billion
Number of Employees: 982 [non-consolidated basis]
Major Businesses: Manufacturing and marketing of wheat flour and secondary processed foods, including premixes, pastas and frozen foods, deli (packaged lunch), pet food products, health care products, biotechnology business, etc.

Locations: Head office (Tokyo), two administration divisions, eight branches, eight plants, central laboratory and processing laboratory

Major Group Companies

Tofu Flour Mills Co., Ltd. Matsuya Flour Mills Co., Ltd.
NIPPN SHOJI Co., Ltd. OHMY Co., Ltd.
OK Food Industry Co., Ltd. NIPPN Frozen Foods Co., Ltd.
Nippon Rich Co., Ltd. NF Frozen Co., Ltd.
Fast Foods Co., Ltd. NAGANO TOMATO Co., Ltd.
NPF Japan Co., Ltd. NIPPN Donut Co., Ltd.

Shares

- Number of Authorized Shares: 696,590,000 shares
- Number of Outstanding Shares: 165,048,018 shares
- Number of Shareholders: 18,476
- Major Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held (thousand shares)</th>
<th>Shareholding ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nippon Flour Mills Clients Shareholding Association</td>
<td>8,896</td>
<td>5.5</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (trust account)</td>
<td>7,978</td>
<td>4.9</td>
</tr>
<tr>
<td>Mitsui Life insurance Co., Ltd.</td>
<td>6,994</td>
<td>4.3</td>
</tr>
<tr>
<td>MITSUI &amp; CO., LTD.</td>
<td>6,698</td>
<td>4.1</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>6,001</td>
<td>3.7</td>
</tr>
<tr>
<td>DUSKIN CO., LTD.</td>
<td>5,020</td>
<td>3.1</td>
</tr>
<tr>
<td>Itochu Corporation</td>
<td>4,500</td>
<td>2.7</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>4,493</td>
<td>2.7</td>
</tr>
<tr>
<td>The Norinchukin Bank</td>
<td>4,121</td>
<td>2.5</td>
</tr>
<tr>
<td>Mitsui Sumitomo Insurance Co., Ltd.</td>
<td>4,009</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Note: The calculation of the shareholding ratios excludes 3,989,000 treasury shares.

Directors and Executive Officers

Representative Director, Chairman and CEO: Hiroshi Sawada
Managing Director: Hirofumi Hamada
Representative Director, President and COO: Masayuki Kondo
Managing Director: Mitsuhiro Takeuchi
Senior/Executive Managing Director: Tatsuo Amano
Managing Director: Shizuo Yamaguchi
Senior/Executive Managing Director: Mitsuo Somezawa
Managing Director: Shigeyoshi Takagi
Managing Director: Hirokazu Shimizu
Managing Director: Tsuneo Fukusawa
Managing Director: Hiroyuki Matsui
Managing Director: Katsuhiko Fujii
Managing Director: Yoshiaki Murakami
Managing Director: Kazumasa Miyata
Managing Director: Noboru Sekine
Managing Director: Hiroyuki Jin
Managing Director: Toshifumi Horiuchi
Managing Director: Atsuo Ouchi
Managing Director: Yuzuru Kogiso
Managing Director: Yoichi Kurimoto
Managing Director: Ideru Kashima
Managing Director: Takaaki Aonuma
Director (Outside Director): Morimasa Akashi
Executive Corporate Auditor (full time): Kyoichi Sumiya
Executive Corporate Auditor (full time): Takafumi Kiyoto
Corporate Auditor (Outside Corporate Auditor): Akio Okuyama
Corporate Auditor (Outside Corporate Auditor): Naotaka Kawamata

Distribution of Shares

- Distribution by shareholder type
  - Financial institutions: 34.1%
  - Individual investors: 25.1%
  - Companies in Japan: 24.8%
  - Non-Japanese investors: 12.9%
  - Securities firms: 0.7%

- Distribution by shareholder size
  - 1 million shares or more: 60.3%
  - 10,000 shares or more: 8.6%
  - 1,000 shares or more: 14.1%
  - Less than 1,000 shares: 0.1%
The 192nd Annual Shareholders Meeting: Notice of Resolutions

We are pleased to inform you that the following matters were reported and resolved at our 192nd Annual Shareholders Meeting held on June 29, 2016.

Matters reported
1. Business report, consolidated financial statements and audit reports on the consolidated financial statements by accounting auditor and the board of corporate auditors for the 192nd period (April 1, 2015 through March 31, 2016).
2. Non-consolidated financial statements for the 192nd period (April 1, 2015 through March 31, 2016).

The details of the above items were reported.

Proposal 1: Appropriation of retained earnings
This matter was approved and adopted as originally proposed, and the year-end dividend was determined to be ¥8 per share.

Proposal 2: Consolidation of shares
This matter was approved and adopted as originally proposed, and the Company will consolidate shares at a rate of one share for every two shares, effective as of October 1, 2016.

Proposal 3: Partial revision of the Articles of Incorporation
This matter was approved and adopted as originally proposed, and the summary of this revision is as follows.
(1) In accordance with the consolidation of shares, total number of authorized shares of the Company will be changed from 696,590,000 to 300,000,000 shares, effective as of October 1, 2016.
(2) In order to change the trading unit of the Company’s common stock to 100, the number of shares per unit will be changed from 1,000 to 100, effective as of October 1, 2016.
(3) Following the relocation of the head office scheduled on August 11, 2016, the Company will change the location of the head office from Shibuya-ku, Tokyo to Chiyoda-ku, Tokyo.

Proposal 4: Election of seven directors
This matter was approved and adopted as originally proposed. Seven individuals, of which five (Mitsuo Somezawa, Hirokazu Shimizu, Yoshiaki Murakami, Morimasa Akashi and Yoshio Kumakura) were reelected and two (Yuzuru Kogiso and Ideru Kashima) were newly elected, have respectively assumed the posts.

Proposal 5: Election of a corporate auditor
This matter was approved and adopted as originally proposed. Kyoichi Sumiya was newly elected and assumed the office.

Matters resolved

Notice of Consolidation of Shares and Change in the Number of Shares Per Unit

At this ordinary shareholders meeting, it was approved that the Company will consolidate shares at a rate of one share for every two shares, and will change the number of shares per unit from 1,000 to 100, effective as of October 1, 2016.

Please be advised that there is no particular procedure these changes will require our shareholders to follow.

1. Share ownership after the consolidation of shares
The number of shares owned by each shareholder after the consolidation of shares will be the number of shares stipulated in the final shareholder registry as of September 30, 2016 divided by two.

2. Major schedule
   September 27, 2016: Termination date of trading in 1,000 shares per unit
   September 28, 2016: Commencement date of trading in 100 shares per unit
   October 1, 2016: Effective date of consolidation of shares and change in the number of shares per unit

3. Treatment of fractions less than one share
If a fraction less than one share arises as a result of the consolidation of shares, the Company will dispose of the fractions in blocks and deliver the proceeds of the disposition in cash to shareholders who had the fractions in proportion to the fractions attributed to them, pursuant to the provisions of Article 235 of the Companies Act.

   The payment of the proceeds of the disposition is scheduled for the middle of November 2016.

Contact
For more details regarding the consolidation of shares and changing the number of shares per unit, please contact the following:
(Manager of Special Account):
   Transfer agent, Sumitomo Mitsui Trust Bank
   8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063
   Telephone Contact: 0120-782-031 (toll free in Japan)
   Available from 9:00 a.m. to 5:00 p.m. (JST), weekdays only

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