November 6,2015

Nippon Flour Mills Announces Consolidated Financial Results for the First Half of FY2016 and Full-Year Forecast for FY2016

Nippon Flour Mills Co., Ltd. (President & COO: Haruki Kotera; the "Company") recorded increases in sales and profits in the first half of the consolidated fiscal year ending March 31, 2016. Net sales stood at ¥155.1 billion (up 5.1% year on year), operating income at ¥5.0 billion (up 34.2% year on year), ordinary income at ¥5.9 billion (up 40.3% year on year), and profit attributable to owners of parent at ¥4.0 billion (up 28.0% year on year).

< Overview of consolidated financial results (cumulative) >

(% 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 half of FY2016	*155,122*	*105.1*	*5,036*	*134.2*	*5,957*	*140.3*	*4,015*	*128.0*
First half of FY2015	*147,650*	*105.2*	*3,752*	*71.6*	*4,247*	*70.9*	*3,135*	*81.5*

< Highlights of consolidated fiscal results >

- Net sales increased in the Flour Milling, Food, and Other segments, reflecting the expansion of sales.
- Profits rose in all segments chiefly due to the expansion of sales and a reduction in manufacturing, sales, and management costs.

< Overview of consolidated financial results: The operating base strengthened in response to changes in the business environment >

During the first half of the year ending March 31, 2016, the Japanese economy remained on a moderate recovery track as corporate earnings and the labor market started to improve, supported by the beneficial effects of the Abe administration's economic policy and the Bank of Japan's monetary policy. However, personal consumption was rather weak and there were concerns about a possible decrease in exports as a result of the slowdown of the Chinese economy and other overseas economies and its impact on stock markets in Japan. Thus, there were no clear signs of a decisive recovery in the Japanese economy. In general, companies in the food industry continued to operate in a challenging business environment. Sharp rises in the prices of raw materials in line with the continued weak yen are pushing costs up for companies. Meanwhile, consumers are becoming more frugal. Although the possible impact of the Trans-Pacific Partnership (TPP) is unclear, agreeing to the TPP is expected to bring about great changes in the food industry. Therefore, we will continue to carefully monitor developments and take timely, effective action.

In order to flexibly and speedily respond to this changing business environment, the Group is working to strengthen the business foundation based on the fundamental measures implemented thus far that are focused on reducing costs and expanding sales. In June 2015, structural reforms were implemented 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. These reforms consisted of reorganizing the business departments into six departments (Flour Milling Business Department, Foods Business Department, International Business Department, CS Business Department, Production & Technology Department, and Research & Development Department). Thanks to accelerated decision-making at the corporate level made possible by this new structure, we aim to achieve the 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' 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 foods business, which plays a role in diversifying the Group's business.

Net sales in the first half under review rose ¥7.4 billion due to the expansion of sales in all business segments. Operating income, ordinary income, and profit attributable to owners of parent rose ¥1.2 billion, ¥1.7 billion, and ¥0.8 billion respectively, chiefly reflecting the expansion of sales and a reduction in manufacturing, sales, and management costs.

< Consolidated financial results forecast for FY2016 >

(% 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	*310,000*	*103.8*	*10,500*	*124.9*	*12,000*	*122.4*	*7,600*	*108.9*	*12.00*

The consolidated financial results forecast for the fiscal year ending March 31, 2016 announced on May 14 has been revised in consideration of the results for the first half of the fiscal year under review. The annual dividend per share will be ¥12 as initially planned.