



Summary of Consolidated Financial Results

For the Three Months Ended June 30, 2012 (Based on Japanese GAAP)

July 31, 2012

Company name:	Mitsui Sugar Co., Ltd.	Stock exchange listings:	Tokyo and Osaka
Stock code:	2109	http://www.mitsui-sugar.co.jp/	
Company Representative:	Masaaki Iida	President and Chief Executive Officer	
Contact person in charge:	Takuya Tsuda	General Manager, Corporate Planning Division, Business Management Group	
		TEL. 81-3-3663-3111	
Planned date for submission of quarterly report		August 10, 2012	
Planned date to start dividend payment		-	
Preparation of supplementary material for quarterly financial statements:		None	
Briefing session for quarterly financial statements:		None	

(Amounts are rounded down to the nearest 1 million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2012 (From April 1, 2012 to June 30, 2012)

(1) Consolidated Results of Operations

(Percentages are year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three Months Ended June 30, 2012	24,503	21.3	906	(52.3)	1,208	(46.2)	707	(47.0)
Three Months Ended June 30, 2011	20,197	3.7	1,901	(22.7)	2,246	(19.3)	1,335	(22.5)

Note: Comprehensive income

Three Months Ended June 30, 2012: 930 million yen ((27.3)%) Three Months Ended June 30, 2011: 1,280 million yen ((25.4)%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three Months Ended June 30, 2012	5.31	—
Three Months Ended June 30, 2011	9.94	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2012	88,857	56,805	59.3	395.41
As of March 31, 2012	72,815	53,197	71.9	392.53

(Reference) Equity capital

As of June 30, 2012: 52,728 million yen

As of March 31, 2012: 52,344 million yen

2. Cash Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended March 31, 2012	—	3.00	—	4.00	7.00
Year Ending March 31, 2013	—	—	—	—	—
Year Ending March 31, 2013 (forecast)	—	3.00	—	4.00	7.00

(Note) Revision of the dividend forecast announced most recently: None

3. Consolidated Business Forecasts for the Year Ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Percentages are year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six Months Ending September 30, 2012	49,700	22.4	1,650	(37.1)	2,400	(28.7)	1,590	167.2	11.92
Full year	100,900	26.0	4,590	1.9	6,030	(2.9)	3,780	48.3	28.35

(Note) Revision of the business forecasts announced most recently: None

* Note

(1) Significant changes in subsidiaries during the period

(Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: one company (company name): Hokkaido Sugar Co., Ltd.

Excluded: — companies (company name —)

(Note) For details, please refer to “(1) Significant changes in subsidiaries during the first three months of fiscal year 2012” in “2. Matters Regarding Summary Information (Notes)” on page 3 of the Appendix.

(2) Application of accounting method unique to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy and accounting estimates and restatement

(i) Changes in accounting policy due to any revision of accounting standards: None

(ii) Changes in accounting policy other than i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) This applies to the provisions of Article 10-3 and Article 10-5 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Financial Statements, etc. For details, please refer to “(3) Changes in accounting policies and accounting estimates and restatement” in “2. Matters Regarding Summary Information (Notes)” on page 3 of the Appendix.

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares at period end (including treasury stock)

(ii) Number of treasury stock at period end

(iii) Average number of shares during period (from the beginning of fiscal year to period end)

As of June 30, 2012	141,667,400 shares	As of March 31, 2012	141,667,400 shares
As of June 30, 2012	8,315,019 shares	As of March 31, 2012	8,314,930 shares
As of June 30, 2012	133,352,410 shares	As of June 30, 2011	134,343,875 shares

* Implementation of quarterly review procedure

This Summary is not subject to quarterly review procedure under the Financial Instruments and Exchange Law. At the time of this document’s release, review of the quarterly financial statements under the Financial Instruments and Exchange Law had not been completed.

* Explanation on appropriate use of business forecasts, and other special notes

Business forecasts and other forward-looking statements contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational, and are not intended to guarantee the achievements by the Company. Actual results may differ significantly from such forecasts due to various factors. For preconditions used for business forecasts and notes in using such forecasts, please refer to “(3) Qualitative information regarding consolidated business forecasts” in “1. Qualitative Information Regarding the Results for the First Three Months of Fiscal Year 2012” on page 3 of the Appendix.

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1. Qualitative Information Regarding the Results for the First Three Months of Fiscal Year 2012

(1) Qualitative information regarding consolidated operating results

The Japanese economy was on a moderate recovery path during the first three months of fiscal year 2012, backed by the restoration demand in areas affected by the Great East Japan Earthquake and various government measures, although there were effects from the overseas economic slowdowns and the appreciation of the yen. However, concerns for the future still remain, primarily due to restrictions to the power supply, effects of deflation and another upheaval of the European sovereign debt crisis.

An overview of each segment is as follows:

Sugar Business

The Sugar Business faced some difficult conditions as the overseas crude sugar market continued on a moderate downward trend, reflecting the forecast for a global oversupply. However, market conditions subsequently turned around toward the latter half of the period, backed primarily by the rainfall in Brazil, the world's largest manufacturer and exporting country of sugar, before the first three months of the fiscal year came to an end.

The sales volume was pushed upward by favorable shipments to beverage users and exceeded that of the same period in the previous fiscal year when the business was affected by the Earthquake. However, net sales fell year on year, mainly due to the effects of the record-poor harvest of cane sugar.

In production, while we worked to save electricity and energy, fuel expenses increased in connection with the irregular production at the Kobe Plant in preparation for production consolidation in October.

During the first three months of the fiscal year, we turned Hokkaido Sugar Co., Ltd., one of our equity method affiliates, into a consolidated subsidiary by additionally acquiring its shares, and net sales and operating income from the subsidiary's business in beet sugar and farming machinery & equipment were incorporated in the results of the Company. As a result, net sales of the Sugar Business amounted to 22,185 million yen and operating income was 655 million yen.

Sugar market status during period

Domestic market price (listed in *Nippon Keizai Shimbun*, per kilogram of a large bag of superfine sugar, Tokyo)

185–186 yen throughout the period

Overseas crude sugar price (NY sugar current delivery, per pound)

Opening price: 24.68 cents, highest price: 24.86 cents, lowest price: 18.86 cents, closing price: 21.72 cents

Food Ingredient Business

In the Food Ingredient Business, key positive factors were the inclusion of net sales and operating income from the bio business of Hokkaido Sugar Co., Ltd., which became a consolidated subsidiary, and the favorable sales volume of products to improve taste in the sugar cane extract business. However, other business segments faced challenges, including the agar business that was affected by sluggish market conditions. As a result, net sales of the Food Ingredient Business were 2,002 million yen while operating income was 72 million yen.

Real Estate Business

In the midst of tough situations such as declining rent incomes, we continued to work on efficiently utilizing the properties we own. As a result, net sales of the Real Estate Business came to 315 million yen while operating income was 177 million yen.

As a result, net sales of the first three months of fiscal year 2012 amounted to 24,503 million yen (up 21.3% year on year), and operating income was 906 million yen (down 52.3% year on year).

As for non-operating income and expenses, we recorded royalty income of 384 million yen while the steady performance of our affiliate in Thailand contributed to equity in earnings of affiliates. However, our cane sugar affiliates in Okinawa and Kagoshima were affected by the worst harvest on record. Consequently, ordinary income totaled 1,208 million yen, down 46.2% from the same period in the previous fiscal year.

In extraordinary income/loss, we recognized a gain on negative goodwill of 2,132 million yen and posted a loss on stepped acquisition of 2,121 million yen in conjunction with turning Hokkaido Sugar Co., Ltd. into our consolidated subsidiary. As a result, net income for the first three months of the fiscal year was 707 million yen, down 47.0% year on year.

(2) Qualitative information regarding consolidated financial position

Changes in consolidated financial position

Total assets as of June 30, 2012 increased by 16,041 million yen compared to the end of the previous fiscal year to 88,857 million yen. Significant changes by each major item of the consolidated balance sheets are as follows:

(i) Current assets

Current assets increased by 10,257 million yen compared to the end of the previous fiscal year to 32,900 million yen. This was mainly due to an increase in notes and accounts receivable-trade of 1,387 million yen, an increase in merchandise and finished goods of 8,068 million yen, and an increase in raw materials and supplies of 392 million yen primarily in conjunction with making Hokkaido Sugar Co., Ltd. a consolidated subsidiary.

(ii) Noncurrent assets

Noncurrent assets increased by 5,784 million yen compared to the end of the previous fiscal year to 55,956 million yen. This was mainly due to an increase in machinery, equipment and vehicles of 6,450 million yen and an increase in buildings and structures of 3,176 million yen, primarily in conjunction with making Hokkaido Sugar Co., Ltd. a consolidated subsidiary, while investment securities declined by 3,413 million yen.

(iii) Liabilities

Liabilities increased by 12,434 million yen compared to the end of the previous fiscal year to 32,051 million yen. This was mainly due to a net increase in commercial paper of 1,500 million yen, an increase in short-term loans payable of 4,800 million yen, an increase in long-term loans payable of 3,753 million yen, and an increase in provision for retirement benefits of 1,661 million yen primarily in conjunction with making Hokkaido Sugar Co., Ltd. a consolidated subsidiary.

(iv) Net assets

Net assets increased by 3,607 million yen compared to the end of the previous fiscal year to 56,805 million yen. This was mainly due to net income of 707 million yen, dividends from surplus of 534 million yen, and an increase in minority interests of 3,223 million yen primarily in conjunction with making Hokkaido Sugar Co., Ltd. a consolidated subsidiary.

(3) Qualitative information regarding consolidated business forecasts

Business has been proceeding as planned and there is no change to the business forecasts for the year ending March 31, 2013 that were announced on May 15, 2012.

2. Matters Regarding Summary Information (Notes)

(1) Significant changes in subsidiaries during the first three months of fiscal year 2012

During the first three months of the fiscal year, we made Hokkaido Sugar Co., Ltd., one of the equity method affiliates, our consolidated subsidiary by additionally acquiring 19.3% of the total number of shares issued.

(2) Application of accounting method unique to preparation of quarterly consolidated financial statements

None.

(3) Changes in accounting policy and accounting estimates and restatement

(Change in accounting policy)

In performing valuation of merchandise and finished goods and work in process, the Company, conventionally had adopted the first-in-first-out method. Given that the overseas crude sugar market, which used to be relatively stable, has been extremely volatile in the recent years, the Company decided to adopt the weighted average method effective the first three months of the fiscal year. This is because the Company determined that under such a management environment, by adopting the weighted average method it can measure in a timely way the effects of price fluctuations and more appropriately value inventory assets and periodically account for profit and loss. It is also a result of the Company's review of the sales and inventory management methods in consideration of renewing the sales and inventory management system on a company-wide basis.

The impact of this change to the accounting policy, though applied retrospectively, is minimal.

(Change in accounting policy, which is difficult to distinguish with changes in accounting estimates)

In conjunction with the revision to the Corporation Tax Act, the Company and its consolidated subsidiaries began adopting the depreciation method based on the revised Corporation Tax Act for property, plant and equipment acquired on or after April 1, 2012 from the first three months of the fiscal year under review.

The impact of this change on profit and loss is minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	FY2011 (As of March 31, 2012)	First three months of FY2012 (As of June 30, 2012)
Assets		
Current assets		
Cash and deposits	4,846	4,966
Notes and accounts receivable-trade	4,770	6,158
Merchandise and finished goods	5,538	13,607
Work in process	1,776	1,504
Raw materials and supplies	4,621	5,014
Deferred tax assets	534	595
Other	566	1,055
Allowance for doubtful accounts	(11)	(0)
Total current assets	22,643	32,900
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	23,316	33,046
Accumulated depreciation	(15,430)	(21,985)
Buildings and structures, net	7,885	11,061
Machinery, equipment and vehicles	38,887	72,208
Accumulated depreciation	(32,770)	(59,640)
Machinery, equipment and vehicles, net	6,117	12,567
Tools, furniture and fixtures	1,594	2,228
Accumulated depreciation	(1,331)	(1,891)
Tools, furniture and fixtures, net	263	336
Land	18,906	18,694
Lease assets	55	70
Accumulated depreciation	(25)	(30)
Lease assets, net	29	39
Construction in progress	2,644	1,239
Total property, plant and equipment	35,846	43,939
Intangible assets		
Total intangible assets	467	574
Investments and other assets		
Investment securities	12,766	9,353
Long-term loans receivable	53	59
Deferred tax assets	129	964
Other	929	1,087
Allowance for doubtful accounts	(20)	(21)
Total investments and other assets	13,858	11,442
Total noncurrent assets	50,171	55,956
Total assets	72,815	88,857

(Million yen)

	FY2011 (As of March 31, 2012)	First three months of FY2012 (As of June 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,236	5,780
Short-term loans payable	1,000	5,800
Current portion of long-term loans payable	820	2,087
Commercial papers	500	2,000
Lease obligations	10	11
Accrued expenses	2,552	2,869
Income taxes payable	1,058	318
Accrued consumption taxes	104	188
Provision for directors' bonuses	49	12
Asset retirement obligation	24	24
Other	1,278	1,396
Total current liabilities	12,634	20,490
Noncurrent liabilities		
Long-term loans payable	2,765	5,250
Lease obligations	20	27
Deferred tax liabilities	592	699
Provision for retirement benefits	1,546	3,208
Provision for directors' retirement benefits	-	98
Asset retirement obligations	32	213
Long-term guarantee deposited	888	882
Other	1,137	1,180
Total noncurrent liabilities	6,982	11,561
Total liabilities	19,617	32,051
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	1,255	1,255
Retained earnings	47,688	47,862
Treasury stock	(2,915)	(2,915)
Total shareholders' equity	53,111	53,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	228	193
Deferred gains or losses on hedges	2	(10)
Foreign currency translation adjustment	(998)	(739)
Total accumulated other comprehensive income	(766)	(556)
Minority interests	853	4,076
Total net assets	53,197	56,805
Total liabilities and net assets	72,815	88,857

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

(Quarterly consolidated statements of income)

(First three months of fiscal year 2011 and 2012)

(Million yen)

	First three months of FY2011 (From April 1, 2011 to June 30, 2011)	First three months of FY2012 (From April 1, 2012 to June 30, 2012)
Net sales	20,197	24,503
Cost of sales	15,712	19,742
Gross profit	4,484	4,761
Selling, general and administrative expenses		
Distribution expenses	637	1,037
Provision for directors' bonuses	11	11
Provision for retirement benefits	37	39
Provision for directors' retirement benefits	-	7
Other	1,896	2,758
Total selling, general and administrative expenses	2,583	3,854
Operating income	1,901	906
Non-operating income		
Interest income	1	0
Dividends income	30	35
Royalty income	96	384
Equity in earnings of affiliates	121	38
Miscellaneous income	144	46
Total non-operating income	394	506
Non-operating expenses		
Interest expenses	7	41
Loss on retirement of noncurrent assets	15	28
Facilities removal expenses	3	61
Miscellaneous loss	22	72
Total non-operating expenses	49	203
Ordinary income	2,246	1,208
Extraordinary income		
Gain on sales of investment securities	-	7
Gain on disposal of noncurrent assets	-	43
Subsidy income for streamlining project	61	-
Gain on negative goodwill	-	2,134
Total extraordinary income	61	2,185
Extraordinary loss		
Loss on valuation of investment securities	-	14
Loss on reduction of noncurrent assets	61	-
Loss on disaster	25	-
Loss on step acquisitions	-	2,121
Other	-	26
Total extraordinary loss	86	2,161
Net income before income taxes	2,221	1,231
Income taxes-current	840	335
Income taxes-deferred	26	171
Total income taxes	867	507
Income before minority interests	1,354	724
Minority interests in income	18	16
Net income	1,335	707

(Quarterly consolidated statements of comprehensive income)
 (First three months of fiscal year 2011 and 2012)

(Million yen)

	First three months of FY2011 (From April 1, 2011 to June 30, 2011)	First three months of FY2012 (From April 1, 2012 to June 30, 2012)
Income before minority interests	1,354	724
Other comprehensive income		
Valuation difference on available-for-sale securities	(9)	(33)
Deferred gains or losses on hedges	1	(19)
Share of other comprehensive income of associates accounted for using equity method	(66)	260
Total other comprehensive income	(74)	206
Comprehensive income	1,280	930
Comprehensive income attributable to:		
Owners of the parent	1,261	918
Minority interests	18	12

(3) Note on assumptions of a going concern

None.

(4) Notes when the amount of the shareholders' equity significantly fluctuates

None.

(5) Segment information

(Segment information)

I. First three months of FY2011 (From April 1, 2011 to June 30, 2011)

Information on net sales and income/loss by each reportable segment

(Million yen)

	Reportable segment				Adjustments	Amount recorded in quarterly consolidated statements of income
	Sugar Business	Food Ingredient Business	Real Estate Business	Total		
Net sales						
Net sales to third-party customers	17,995	1,875	326	20,197	-	20,197
Intersegment net sales and transfer	10	-	30	40	(40)	-
Total	18,005	1,875	356	20,238	(40)	20,197
Segment profit	1,550	159	191	1,901	-	1,901

(Note) Some adjustments were made between segment profit and operating income recorded in the quarterly consolidated statements of income.

II. First three months of FY2012 (from April 1, 2012 to June 30, 2012)

1. Information on net sales and income/loss by each reportable segment

(Million yen)

	Reportable segment				Adjustments	Amount recorded in quarterly consolidated statements of income
	Sugar Business	Food Ingredient Business	Real Estate Business	Total		
Net sales						
Net sales to third party customers	22,185	2,002	315	24,503	-	24,503
Intersegment net sales and transfer	12	-	17	30	(30)	-
Total	22,197	2,002	333	24,534	(30)	24,503
Segment profit	655	72	177	906	-	906

(Note) Some adjustments were made between segment profit and operating income recorded in the quarterly consolidated statements of income.

2. Information on assets by reportable segment

During the first three months of the fiscal year, the Company additionally acquired shares of Hokkaido Sugar Co., Ltd. to newly include it in the scope of consolidation. As a result, there were increases in assets of the following reportable segments compared to the results as of the end of the previous fiscal year: an increase of 18,706 million yen in the Sugar Business and an increase of 805 million yen in the Food Ingredient Business.

3. Information concerning impairment loss or goodwill of noncurrent assets by reportable segment

(Significant gain on negative goodwill)

In conjunction with the additional acquisition of shares of Hokkaido Sugar Co., Ltd., the Company recognized a gain on negative goodwill in the Sugar Business segment. The amount of gain on negative goodwill associated with this acquisition posted during the first three months of the fiscal year was 2,132 million yen.

4. Information on changes, etc. in reportable segments

(Change in the inventory valuation method)

In performing valuation of merchandise and finished goods and work in process, the Company, conventionally had adopted the first-in-first-out method. However, the Company began adopting the moving average method from the first three months of the fiscal year.

The impact of this change in the accounting policy on segment income, though applied retrospectively, is minimal.

(Change in the depreciation method for property, plant and equipment)

In conjunction with the revision to the Corporation Tax Act, the Company and its consolidated subsidiaries began adopting the depreciation method based on the revised Corporation Tax Act for property, plant and equipment acquired on or after April 1, 2012 from the first three months of the fiscal year under review.

The impact of this change on segment income is minimal.

(6) Business combination

Business combination by acquisition

1. Overview of business combination

(i) Name and businesses of acquired company

Name of the acquired company: Hokkaido Sugar Co., Ltd.

Businesses: Manufacturing and sales of beet sugar

(ii) Major reason for combination

To further strengthen the relationship of two companies, work on cost reduction, human resource utilization and enhancement of the R&D capability on a group-wide basis by sharing the same vision for the future and establish a strong business foundation.

(iii) Date of business combination: June 27, 2012

(iv) Legal method of business combination: Acquisition of shares in exchange for cash

(v) Name of company after combination: Hokkaido Sugar Co., Ltd.

(vi) Voting power ratio to be acquired

Ratio of voting rights owned immediately before business combination: 38.0%

Ratio of voting rights to be additionally acquired on the date of business combination: 19.3%

Ratio of voting rights to be owned after business combination: 57.3%

(vii) Major grounds for decision for which company to acquire

To acquire shares in exchange for cash.

2. Period of business results of the acquired company included in the consolidated statements of income relating to the first three months of the fiscal year

April 1, 2012 to June 30 2012

3. Acquisition cost of acquired company and its breakdown

Consideration for acquisition

Market value of shares of Hokkaido Sugar Co., Ltd. on the date of business combination the Company owns immediately before business combination 1,773 million yen

Market value of shares of Hokkaido Sugar Co., Ltd. to be acquired on the date of business combination

905 million yen

Acquisition cost

2,679 million yen

4. Income and loss on step acquisition

Loss on stepped acquisition of 2,121 million yen was recognized.

5. Amount and source of goodwill

Negative goodwill of 2,132 million yen was recognized, as the market value of net assets at the time of business combination exceeded the acquisition price.