



Summary of Consolidated Financial Results

For the Nine Months Ended December 31, 2014 (Based on Japanese GAAP)

January 30, 2015

Company name:	Mitsui Sugar Co., Ltd.	Stock exchange listings:	Tokyo
Stock code:	2109		http://www.mitsui-sugar.co.jp/
Company representative:	Masaaki Iida, President and Chief Executive Officer		
Contact person in charge:	Tomohiro Kozuka, General Manager, Corporate Planning Division		
		TEL.	81-3-3663-3111
Planned date for submission of quarterly report:			February 13, 2015
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 one million yen.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

(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	%
First nine months of FY2014	72,690	(0.9)	3,309	(22.9)	7,387	2.5	4,425	(0.3)
First nine months of FY2013	73,325	(1.1)	4,294	29.0	7,207	47.1	4,439	20.4

(Note) Comprehensive income: First nine months of FY2014: 5,133 million yen (-0.4%)
 First nine months of FY2013: 5,156 million yen (35.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months of FY2014	33.19	—
First nine months of FY2013	33.29	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2014	117,766	70,760	55.1	486.91
As of March 31, 2014	99,115	65,724	61.9	460.29

(Reference) Equity capital: As of December 31, 2014: 64,944 million yen As of March 31, 2014: 61,375 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, 2014	—	3.00	—	5.00	8.00
Year ending March 31, 2015	—	4.00	—		
Year ending March 31, 2015 (forecast)				4.00	8.00

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

3. Consolidated Business Forecasts for the Year Ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(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
Full year	94,100	(2.9)	4,280	(18.0)	8,550	(7.2)	5,380	2.2	40.35

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

* Notes

(1) Significant changes in subsidiaries during the period

(Changes in specified subsidiaries resulting in changes of scope of consolidation): None

New: — companies (company name): —

Excluded: — companies (company name): —

(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: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For more details, please refer to “2. Matters Regarding Summary Information (Notes), (3) Changes in accounting policy and accounting estimates and restatement” on page 3 of the Appendix.

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares at period end (including treasury shares)	As of December 31, 2014	141,667,400 shares	As of March 31, 2014	141,667,400 shares
(ii) Number of treasury shares at period end	As of December 31, 2014	8,286,799 shares	As of March 31, 2014	8,327,165 shares
(iii) Average number of shares during period (from the beginning of fiscal year to period end)	Nine months ended December 31, 2014	133,345,141 shares	Nine months ended December 31, 2013	133,346,639 shares

* Implementation of quarterly review procedure

This Summary is not subject to quarterly review procedure under the Financial Instruments and Exchange Act. At the time of this document’s release, review of the quarterly financial statements under the Financial Instruments and Exchange Act 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) Description of consolidated business forecasts and other information about future forecasts” in “1. Qualitative Information Regarding the Results for the Nine Months Ended December 31, 2014” on page 3 of the Appendix.

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1. Qualitative Information Regarding the Results for the Nine Months Ended December 31, 2014

(1) Description of consolidated operating results

In the first nine months of fiscal 2014 (April – December 2014), the Japanese economy continued to recover at a moderate pace. However the outlook remained uncertain due to persistent weakness in consumer sentiment and other factors.

Against this backdrop, the Mitsui Sugar Group focused on implementing its fifth medium-term management plan, “Mitsui Sugar Revolution Phase 2 – The Road to 2022” (April 2014 to March 2016), which was launched in April 2014. The Group also implemented a range of measures to expand its business reach, such as the consolidation of NUTRI Co., Ltd. and the decision to establish a new site next to the existing Kobe Plant to develop a new palatinose production method. An overview of performance in each business segment for the first nine months of the fiscal year is as follows:

(Sugar Business)

In the overseas crude sugar market, the sugar price trended above 18 cents per pound in the first half of the period, but fell sharply in September to as low as 13 cents per pound due to strong milling output in Brazil amid better weather and as a result of a broader decline in commodities prices. The price subsequently recovered to 17 cents but ended the third quarter in the mid-14 cent range due to a downturn in commodities prices worldwide. Amid these market trends, the Group worked to procure raw sugar at low prices, but raw material costs increased year on year due to the weak yen, which led to a rise in import prices.

Sales to commercial users, which had been weak due to poor weather, recovered in the third quarter of the fiscal year, but sales of home-use products lacked strength due to factors such as a reduction in the number of discount campaigns by major retailers. As a result, overall sales declined year on year, mainly reflecting a large impact from the pullback in demand in the first quarter.

In production activities, the Group continued to work on energy-saving activities as well as improving unit costs. However, fixed manufacturing expenses increased year on year due to a rise in preventative maintenance costs and other factors.

At consolidated subsidiaries, unit costs improved at Hokkaido Sugar Co., Ltd. and sales volume recovered at Showa Sugar Co., Ltd., but the Sugar Business overall reported net sales of 63,348 million yen and operating income of 2,710 million yen.

Sugar market status during period

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

Nine months ended December 31, 2014: 185-186 yen

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

Opening price: 17.77 cents, highest price: 18.28 cents, lowest price: 13.32 cents, closing price: 14.52 cents

(Food Science Business)

In the Food Science Business there were some positive developments such as year-on-year sales growth in the palatinose category, supported by the Group’s slow calorie project aimed at expanding sales of palatinose by focusing on the ingredient’s main benefit – a slow rate of glucose absorption by the body – and new exports to China. However, profits in the palatinose category declined due to a challenging operating environment, including an increase in the price of imported palatinose caused by the sharp decline in the yen.

In addition, in the third quarter of the fiscal year, the consolidation of NUTRI Co., Ltd., a maker of nutritional care supplements and nutritional products for patients with dysphagia, contributed to sales growth. As a result, the Food Science Business reported net sales of 8,478 million yen and operating income of 243 million yen.

Following the consolidation of NUTRI Co., Ltd., the Food Ingredient Business was renamed the Food Science Business to reflect the addition of nutritional care supplements and nutritional products for patients with dysphagia to the Group’s product lineup.

(Real Estate Business)

In the Real Estate Business, sales increased year on year due to the start of leasing activities for newly developed properties in Sugunami Ward, Tokyo and Kawasaki City. However, operating income declined due to factors such as the booking of one-time expenses for the maintenance of existing rental properties. As a result, the Real Estate Business reported net sales of 863 million yen and operating income of 355 million yen.

As a result, in the first nine months of the fiscal year, net sales declined 0.9% year on year to 72,690 million yen and operating income dropped 22.9% to 3,309 million yen.

In non-operating income and expenses, the Group booked royalty income of 4,012 million yen. As a result, ordinary income rose 2.5% year on year to 7,387 million yen. However, net income declined 0.3% year on year to 4,425 million yen, mainly reflecting the booking of loss on retirement of non-current assets under extraordinary losses.

(2) Description of consolidated financial position

Changes in consolidated financial position

As of December 31, 2014, total assets stood at 117,766 million yen, up 18,650 million yen from the end of the previous fiscal year. Significant changes in the main items on the consolidated balance sheet were as follows:

(i) Current assets

Current assets totaled 51,685 million yen, up 11,012 million yen from the end of the previous fiscal year. This mainly reflected increases in securities of 5,000 million yen, raw materials and supplies of 4,950 million yen and notes and accounts receivable – trade of 1,408 million yen.

(ii) Non-current assets

Non-current assets totaled 66,080 million yen, up 7,638 million yen from the end of the previous fiscal year, mainly due to increases of 3,102 million yen in buildings and structures – net, 2,317 million yen in goodwill and 1,979 million yen in investment securities.

(iii) Liabilities

Liabilities totaled 47,005 million yen, up 13,615 million yen from the end of the previous fiscal year. This primarily reflected an issuance of bonds of 10,000 million yen and an increase in notes and accounts payable – trade of 6,063 million yen, versus decreases of 1,443 million yen in income taxes payable and 1,891 million yen in loans payable.

(iv) Net assets

Net assets totaled 70,760 million yen, up 5,035 million yen from the end of the previous fiscal year. This was mainly due to net income of 4,425 million yen and dividends of surplus of 1,242 million yen.

(3) Description of consolidated business forecasts and other information about future forecasts

Performance in the first nine months of the fiscal year was largely in line with forecasts. As a result, consolidated business forecasts for fiscal 2014, announced on May 14, 2014, are unchanged.

2. Matters Regarding Summary Information (Notes)

(1) Significant changes in subsidiaries during the period

None.

There was no change in specified subsidiaries, but NUTRI Co., Ltd. was added to the scope of consolidation through an acquisition of shares during the first nine months of the fiscal year.

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

None.

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

(Changes in accounting policy)

(Application of “Accounting Standard for Retirement Benefits”, etc.)

Effective from the first quarter of the fiscal year ending March 31, 2015, the Company has applied the provisions in paragraph 35 of “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (“ASBJ”) Statement No.26, May 17, 2012) and the provisions in paragraph 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, May 17, 2012). As a result, the methods for calculating retirement benefit obligations and service costs have been revised in the following respects: the method for attributing projected benefits to periods has been changed from the straight-line basis to the benefit formula basis, and the method for determining the discount rate has been changed from a discount rate based on the average remaining working lives of employees to a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits every such period.

In accordance with the transitional treatment provided in paragraph 37 of the “Accounting Standard for Retirement Benefits”, the effect of changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of the third quarter of the fiscal year ending March 31, 2015.

As a result, at the beginning of the third quarter of the fiscal year, net defined benefit liabilities increased 298 million yen and deferred tax assets increased 76 million yen, while net defined benefit asset decreased 60 million yen, deferred tax liability decreased 51 million yen and retained earnings decreased 172 million yen. The application of the “Accounting Standard for Retirement Benefits” had an immaterial impact on operating income, ordinary income and income before income taxes and minority interests in the first nine months of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	FY2013 (As of March 31, 2014)	First nine months of FY2014 (As of December 31, 2014)
Assets		
Current assets		
Cash and deposits	12,042	11,646
Notes and accounts receivable-trade	6,695	8,103
Securities	—	5,000
Merchandise and finished goods	14,102	14,014
Work in process	1,808	1,764
Raw materials and supplies	3,975	8,925
Deferred tax assets	697	436
Other	1,350	1,794
Allowance for doubtful accounts	—	(0)
Total current assets	40,672	51,685
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,211	34,427
Accumulated depreciation	(20,579)	(20,693)
Buildings and structures, net	10,632	13,734
Machinery, equipment and vehicles	71,050	72,433
Accumulated depreciation	(58,296)	(59,684)
Machinery, equipment and vehicles, net	12,754	12,748
Tools, furniture and fixtures	2,251	2,337
Accumulated depreciation	(1,917)	(2,007)
Tools, furniture and fixtures, net	333	329
Land	18,027	18,435
Lease assets	808	873
Accumulated depreciation	(27)	(94)
Lease assets, net	781	778
Construction in progress	2,654	2,249
Total property, plant and equipment	45,183	48,276
Intangible assets		
Goodwill	162	2,479
Other	512	672
Total intangible assets	675	3,152
Investments and other assets		
Investment securities	10,859	12,839
Long-term loans receivable	45	36
Net defined benefit assets	138	136
Deferred tax assets	784	787
Other	777	876
Allowance for doubtful accounts	(22)	(25)
Total investments and other assets	12,584	14,651
Total non-current assets	58,442	66,080
Total assets	99,115	117,766

(Million yen)

	FY2013 (As of March 31, 2014)	First nine months of FY2014 (As of December 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	5,400	11,464
Short-term loans payable	7,700	7,200
Current portion of long-term loans payable	1,868	1,837
Lease obligations	83	89
Accrued expenses	2,753	2,181
Income taxes payable	2,264	821
Provision for directors' bonuses	55	42
Other	2,467	4,248
Total current liabilities	22,594	27,885
Non-current liabilities		
Bonds	—	10,000
Long-term loans payable	3,234	1,874
Lease obligations	739	710
Deferred tax liabilities	1,243	1,308
Provision for directors' retirement benefits	146	228
Net defined benefit liability	2,836	3,076
Asset retirement obligations	375	394
Other	2,221	1,527
Total non-current liabilities	10,796	19,120
Total liabilities	33,390	47,005
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	1,255	1,263
Retained earnings	55,532	58,640
Treasury shares	(2,919)	(2,914)
Total shareholders' equity	60,951	64,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	569
Deferred gains or losses on hedges	4	(24)
Foreign currency translation adjustment	7	269
Remeasurements of defined benefit plans	13	57
Total accumulated other comprehensive income	423	872
Minority interests	4,349	5,815
Total net assets	65,724	70,760
Total liabilities and net assets	99,115	117,766

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2014

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

(Million yen)

	First nine months of FY2013 (From April 1, 2013 to December 31, 2013)	First nine months of FY2014 (From April 1, 2014 to December 31, 2014)
Net sales	73,325	72,690
Cost of sales	57,235	56,723
Gross profit	16,090	15,967
Selling, general and administrative expenses		
Distribution expenses	3,273	3,408
Provision for directors' bonuses	39	42
Retirement benefit expenses	81	149
Provision for directors' retirement benefits	23	21
Other	8,376	9,035
Total selling, general and administrative expenses	11,795	12,657
Operating income	4,294	3,309
Non-operating income		
Interest income	4	2
Dividend income	82	87
Royalty income	2,873	4,012
Share of profit of entities accounted for using equity method	294	292
Miscellaneous income	164	124
Total non-operating income	3,419	4,518
Non-operating expenses		
Interest expenses	97	98
Bond issuance cost	—	47
Loss on retirement of non-current assets	122	63
Facilities removal expenses	128	92
Miscellaneous loss	160	138
Total non-operating expenses	507	441
Ordinary income	7,207	7,387
Extraordinary income		
Gain on sales of investment securities	—	9
Gain on sales of subsidiaries and affiliates' stocks	41	—
Subsidy income	266	375
Total extraordinary income	308	384
Extraordinary loss		
Loss on reduction of non-current assets	253	359
Loss on retirement of non-current assets	—	207
Total extraordinary loss	253	567
Income before income taxes and minority interests	7,262	7,204
Income taxes—current	2,278	2,125
Income taxes—deferred	421	434
Total income taxes	2,699	2,559
Income before minority interests	4,562	4,645
Minority interests in income	122	219
Net income	4,439	4,425

Mitsui Sugar Co., Ltd. (2109)

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2014
(Quarterly consolidated statements of comprehensive income)

(Million yen)

	First nine months of FY2013 (From April 1, 2013 to December 31, 2013)	First nine months of FY2014 (From April 1, 2014 to December 31, 2014)
Income before minority interests	4,562	4,645
Other comprehensive income		
Valuation difference on available-for-sale securities	113	183
Deferred gains or losses on hedges	25	(46)
Remeasurements of defined benefit plans, net of tax	—	68
Share of other comprehensive income of entities accounted for using equity method	453	283
Total other comprehensive income	593	487
Comprehensive income	5,156	5,133
Comprehensive income attributable to:		
Owners of the parent	5,015	4,874
Minority interests	140	259

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2014

(3) Notes on quarterly consolidated financial statements

(Note on assumptions of a going concern)

None.

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

None.

(Segment information, etc.)

Segment information

I. First nine months of FY2013 (From April 1, 2013 to December 31, 2013)

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 Science Business	Real Estate Business	Total		
Net sales						
Net sales to third-party customers	65,109	7,372	843	73,325	—	73,325
Intersegment net sales and transfer	29	—	40	69	(69)	—
Total	65,138	7,372	883	73,395	(69)	73,325
Segment profit	3,497	354	442	4,294	—	4,294

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

II. First nine months of FY2014 (From April 1, 2014 to December 31, 2014)

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 Science Business	Real Estate Business	Total		
Net sales						
Net sales to third party customers	63,348	8,478	863	72,690	—	72,690
Intersegment net sales and transfer	29	—	34	64	(64)	—
Total	63,378	8,478	898	72,755	(64)	72,690
Segment profit	2,710	243	355	3,309	—	3,309

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

2. Changes in reportable segments

(Change of segment name)

NUTRI Co., Ltd. was made a consolidated subsidiary during the first nine months of the fiscal year and is now classified in the Food Science Business segment.

Due to this consolidation, the name of the reportable segment has been changed from the Food Ingredient Business to the Food Science Business. This change of name has no impact on monetary amounts.

The new reportable segment name has been used for segment information for the same period in the previous fiscal year.

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2014

3. Information related to assets in each reportable segment

In the first nine months of the fiscal year under review, assets in the Food Science Business reportable segment increased 6,269 million yen compared with the end of the previous fiscal year due to the consolidation of NUTRI Co., Ltd.

4. Information related to non-current assets, impairment losses and goodwill in each reportable segment
(Material changes in goodwill amounts)

The consolidation of NUTRI Co., Ltd. has resulted in a material change in the amount of goodwill. In the first nine months of the fiscal year, this led to an increase of 2,354 million yen in goodwill in the Food Science Business.

(Items related to business combinations)

Business combination through acquisition

1. Overview of business combination

(1) Name and business of acquired company

Company name: NUTRI Co., Ltd.

Business: Development, manufacture and sale of nutritional care supplements and nutritional products for patients with dysphasia

(2) Main reason for acquisition

Shares were acquired in NUTRI Co., Ltd. with the aim of strengthening the Group's business base through closer cooperation with the company.

(3) Date of business combination

December 1, 2014

(4) Method of business combination

Cash acquisition of shares

(5) Name of company after business combination

NUTRI Co., Ltd.

(6) Ratio of voting rights acquired

Prior to acquisition: 0.0%

After acquisition: 51.0%

(7) Grounds for determining acquisition of company

The Group's cash acquisition of shares

2. Period of acquired company's results included in the first nine months of the fiscal year

October 1, 2014 to December 31, 2014

3. Breakdown of value of acquired company

Acquisition value	Cash	3,720 million yen
Direct costs related to acquisition	Advisory services, etc.	81 million yen
Total acquisition cost		3,802 million yen

4. Goodwill arising from the acquisition, reason for the goodwill, and method and period of amortization

(1) Amount and reason for the goodwill

The acquisition resulted in positive goodwill of 2,442 million yen, as the acquisition price exceeded the value of the company's net assets at the time of the business combination.

(2) Method and period of amortization

Straight-line method over seven years