



## Summary of Consolidated Financial Results

### For the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 5, 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: Hideaki Batori, General Manager, Corporate Planning Division  
 Planned date for submission of quarterly report: November 10, 2015  
 Planned date to start dividend payment: December 3, 2015  
 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 Six Months Ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated Results of Operations (Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six months of FY2015	49,332	7.2	2,597	46.5	6,254	47.3	3,478	34.1
First six months of FY2014	46,024	(3.7)	1,773	(25.6)	4,245	3.8	2,594	4.0

(Note) Comprehensive income: First six months of FY2015: 3,647 million yen (33.5%)  
 First six months of FY2014: 2,731 million yen (-12.5%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
First six months of FY2015	26.05		—	
First six months of FY2014	19.46		—	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	Net assets per share
	Million yen	Million yen	Million yen	Million yen	%	Yen
As of September 30, 2015	110,431	74,588	74,588	74,588	61.8	511.48
As of March 31, 2015	113,940	71,584	71,584	71,584	57.6	491.85

(Reference) Equity capital: As of September 30, 2015: 68,297 million yen As of March 31, 2015: 65,679 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, 2015	—	4.00	—	6.00	10.00
Year ending March 31, 2016	—	6.00	—	—	—
Year ending March 31, 2016 (forecast)	—	—	—	6.00	12.00

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

#### 3. Consolidated Business Forecasts for the Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	100,000	4.0	4,500	16.6	10,500	10.3	6,400	12.1	47.93

(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 September 30, 2015	141,667,400 shares	As of March 31, 2015	141,667,400 shares
(ii) Number of treasury shares at period end	As of September 30, 2015	8,137,778 shares	As of March 31, 2015	8,130,929 shares
(iii) Average number of shares during period (from the beginning of fiscal year to period end)	Six months ended September 30, 2015	133,532,715 shares	Six months ended September 30, 2014	133,339,837 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 Six Months Ended September 30, 2015” on page 3 of the Appendix.

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## 1. Qualitative Information Regarding the Results for the First Six Months Ended September 30, 2015

## (1) Description of consolidated operating results

In the first six months of fiscal 2015 (April – September 2015), the Japanese economy continued to recover at a moderate pace, supported by an improvement in the employment environment and corporate earnings. However, the outlook remained uncertain due to factors such as the risk of a downturn caused by the slowdown in the Chinese economy. Although consumer spending remained firm, consumer sentiment continued to show some signs of weakness amid rising prices for daily necessities due to the weak yen.

Against this backdrop, the Mitsui Sugar Group focused on stepping up efforts to complete its fifth medium-term management plan, “Mitsui Sugar Revolution Phase 2 – The Road to 2022” (April 2014 to March 2016), which ends this fiscal year. An overview of performance in each business segment for the first six months of the fiscal year is as follows:

## (Sugar Business)

In the overseas crude sugar market, prices rose to the mid-13 cent per pound level at one point in the first half of the period, as the Brazilian real gained strength. However, the price subsequently weakened to the 11 cent level amid strong milling output in Brazil and other major producing nations. In the second half of the period, the sugar price fell sharply to the low 10 cent per pound level in August amid a broader decline in international commodities prices triggered by a weaker outlook for the Chinese economy, which was also compounded by the weakening Brazilian real. The price subsequently recovered, ending the period in the low 12 cent range amid forecasts pointing to tighter supply-demand conditions in the market. Amid these market trends, the Company worked to procure crude sugar while carefully watching market trends.

In production activities, the Kobe Plant continued to use imported Australian sugar with high sucrose content, which it started using in the first quarter. This reduced the burden on manufacturing processes and helped to stabilize production. In addition, gas procurement costs declined, leading to a reduction in variable manufacturing costs compared with the same period a year earlier.

In sales activities, some customers refrained from buying just before the end of the period amid expectations for lower shipment prices due to the falling crude sugar price. However, sales were on par with the level in the same period a year earlier, supported by steady sales to customers in the beverage sector due to favorable weather until mid-August and by the start of new deliveries to small businesses and households.

At consolidated subsidiary Show Sugar Co., Ltd., production volume and sales volume both declined due to typhoon damage and other factors. However, consolidated subsidiary Hokkaido Sugar Co., Ltd. achieved higher beet sugar production volume and sales volume year on year due to factors such as an improvement in unit yields. As a result, the Sugar Business overall reported net sales of 41,314 million yen and operating income of 2,027 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)

Six months ended September 30, 2015: 185-186 yen

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

Opening price: 12.00 cents, highest price: 13.60 cents, lowest price: 10.13 cents, closing price: 12.17 cents

## (Food Science Business)

In the Food Science Business, the gross margin improved, reflecting steady sales at Mitsui Sugar Co., Ltd., mainly in the palatinose category, and the decision to end domestic production of palatinose and switch to imports in the previous fiscal year.

NUTRI Co., Ltd., which became a consolidated subsidiary in December 2014, registered strong sales of its main products, and Taisho Technos Co., Ltd., also a consolidated subsidiary, saw sales recover from a pullback in demand caused by the hike to consumption tax in the previous fiscal year. As a result, net sales in the Food Science Business totaled 7,339 million yen and operating income was 211 million yen.

## (Real Estate Business)

In the Real Estate Business, net sales totaled 678 million yen and operating income was 358 million yen, both higher than the same period a year earlier. This reflected contributions from almost fully leased rental properties in Tokyo’s Sugunami Ward and in Kawasaki, which were redeveloped in the previous year, and the absence of maintenance expenses for existing rental properties.

As a result, in the first six months of the fiscal year, net sales increased 7.2% year on year to 49,332 million yen and operating income rose 46.5% to 2,597 million yen.

In non-operating income and expenses, the Group booked royalty income of 3,364 million yen and share of profit of entities accounted for using equity method of 342 million yen. As a result, ordinary income rose 47.3% year on year to 6,254 million yen and profit attributable to owners of parent increased 34.1% to 3,478 million yen.

(2) Description of consolidated financial position

Changes in consolidated financial position

As of September 30, 2015, total assets stood at 110,431 million yen, down 3,508 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 41,776 million yen, down 6,441 million yen from the end of the previous fiscal year. This mainly reflected an increase in notes and accounts receivable-trade of 1,571 million yen, versus decreases of 6,945 million yen in merchandise and finished goods and 559 million yen in cash and deposits.

(ii) Non-current assets

Non-current assets totaled 68,655 million yen, up 2,932 million yen from the end of the previous fiscal year. This mainly reflected increases of 1,717 million yen for construction in progress, 767 million yen for machinery, equipment and vehicles, and 478 million yen for goodwill, versus a decrease of 170 million yen for investment securities.

(iii) Liabilities

Liabilities totaled 35,843 million yen, down 6,512 million yen from the end of the previous fiscal year. This mainly reflected a decrease of 5,874 million yen for loans payable.

(iv) Net assets

Net assets totaled 74,588 million yen, up 3,003 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of 3,478 million yen and dividends of surplus of 801 million yen.

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

The Company is taking a cautious stance on the outlook for overseas crude sugar prices, which have now entered an upward trend. As a result, consolidated business forecasts for fiscal 2015, announced on May 12, 2015, have not been revised.

2. Matters Regarding Summary Information (Notes)

(1) Significant changes in subsidiaries during the period

None.

(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 business combinations, etc.)

The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) from the first quarter of the current fiscal year. As a result, the accounting method was changed to record the difference arising from changes in the equity in subsidiaries under ongoing control of the Company as capital surplus, and acquisition-related costs as expenses for the fiscal year in which they are incurred. In addition, with respect to any business combination entered into on or after the first day of the first quarter of the current fiscal year, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the quarterly financial period in which the relevant business combinations became or will become effective. Furthermore, the presentation method for "net income" was changed, and references to "minority interests" were changed to "non-controlling interests." To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the second quarter of the previous fiscal year and the previous fiscal year.

The Company has applied the Accounting Standard for Business Combinations and the other standards in accordance with transitional provisions in paragraph 58-2(4) of the Accounting Standard for Business Combinations, paragraph 44-5(4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4(4) of the Accounting Standard for Business Divestitures, prospectively at the beginning of the first quarter of the current fiscal year.

The impact of the above changes on the quarterly financial statements is minimal.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly consolidated balance sheets

(Million yen)

	FY2014 (As of March 31, 2015)	First six months of FY2015 (As of September 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	16,178	15,618
Notes and accounts receivable-trade	6,848	8,419
Merchandise and finished goods	15,683	8,737
Work in process	1,878	1,441
Raw materials and supplies	5,352	5,698
Deferred tax assets	680	716
Other	1,595	1,175
Allowance for doubtful accounts	(0)	(30)
Total current assets	48,217	41,776
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,498	35,080
Accumulated depreciation	(20,887)	(21,298)
Buildings and structures, net	13,610	13,781
Machinery, equipment and vehicles	72,683	72,420
Accumulated depreciation	(60,050)	(59,019)
Machinery, equipment and vehicles, net	12,633	13,400
Tools, furniture and fixtures	2,325	2,307
Accumulated depreciation	(2,016)	(2,001)
Tools, furniture and fixtures, net	308	306
Land	18,435	18,436
Lease assets	912	888
Accumulated depreciation	(118)	(169)
Lease assets, net	794	719
Construction in progress	2,960	4,678
Total property, plant and equipment	48,742	51,323
Intangible assets		
Goodwill	2,380	2,858
Other	678	602
Total intangible assets	3,058	3,461
Investments and other assets		
Investment securities	12,055	11,885
Long-term loans receivable	35	27
Net defined benefit assets	302	281
Deferred tax assets	685	721
Other	867	980
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	13,920	13,870
Total non-current assets	65,722	68,655
Total assets	113,940	110,431

(Million yen)

	FY2014 (As of March 31, 2015)	First six months of FY2015 (As of September 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	6,804	6,792
Short-term loans payable	5,300	250
Current portion of long-term loans payable	1,778	1,538
Lease obligations	93	92
Accrued expenses	2,851	2,785
Income taxes payable	1,900	1,999
Provision for directors' bonuses	59	30
Other	3,995	3,268
<b>Total current liabilities</b>	<b>22,783</b>	<b>16,759</b>
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	2,555	1,971
Lease obligations	706	649
Deferred tax liabilities	1,326	1,429
Provision for directors' retirement benefits	218	223
Net defined benefit liability	2,886	2,943
Asset retirement obligations	395	407
Other	1,484	1,459
<b>Total non-current liabilities</b>	<b>19,572</b>	<b>19,084</b>
<b>Total liabilities</b>	<b>42,356</b>	<b>35,843</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	1,291	1,291
Retained earnings	58,665	61,342
Treasury shares	(2,895)	(2,898)
<b>Total shareholders' equity</b>	<b>64,144</b>	<b>66,818</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	581	676
Deferred gains or losses on hedges	(1)	(50)
Foreign currency translation adjustment	690	617
Remeasurements of defined benefit plans	263	235
<b>Total accumulated other comprehensive income</b>	<b>1,535</b>	<b>1,479</b>
Non-controlling interests	5,904	6,290
<b>Total net assets</b>	<b>71,584</b>	<b>74,588</b>
<b>Total liabilities and net assets</b>	<b>113,940</b>	<b>110,431</b>

## Summary of Consolidated Financial Results for the First Six Months Ended September 30, 2015

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

(Quarterly consolidated statements of income)

First six months of FY2015 (From April 1, 2015 to September 30, 2015) and FY2014 (From April 1, 2014 to September 30, 2014)

(Million yen)

	First six months of FY2014 (From April 1, 2014 to September 30, 2014)	First six months of FY2015 (From April 1, 2015 to September 30, 2015)
Net sales	46,024	49,332
Cost of sales	36,339	37,617
Gross profit	9,684	11,715
Selling, general and administrative expenses		
Distribution expenses	2,168	2,321
Provision for directors' bonuses	27	27
Retirement benefit expenses	73	67
Provision for directors' retirement benefits	14	—
Other	5,626	6,700
Total selling, general and administrative expenses	7,911	9,117
Operating income	1,773	2,597
Non-operating income		
Interest income	2	4
Dividend income	82	211
Royalty income	2,459	3,364
Share of profit of entities accounted for using equity method	130	342
Miscellaneous income	71	77
Total non-operating income	2,745	4,000
Non-operating expenses		
Interest expenses	60	55
Loss on retirement of non-current assets	57	66
Facilities removal expenses	72	139
Miscellaneous loss	83	80
Total non-operating expenses	274	343
Ordinary income	4,245	6,254
Extraordinary income		
Gain on sales of investment securities	9	—
Subsidy income	163	1,202
Gain on bargain purchase	—	78
Total extraordinary income	173	1,280
Extraordinary loss		
Loss on reduction of non-current assets	147	1,186
Loss on retirement of non-current assets	59	—
Loss on valuation of investment securities	—	506
Loss on step acquisitions	—	52
Total extraordinary loss	206	1,745
Income before income taxes and minority interests	4,211	5,789
Income taxes – current	1,304	1,994
Income taxes – -deferred	194	48
Total income taxes	1,498	2,043
Profit	2,712	3,745
Profit attributable to non-controlling interests	117	267
Profit attributable to owners of parent	2,594	3,478

## Summary of Consolidated Financial Results for the First Six Months Ended September 30, 2015

(Quarterly consolidated statements of comprehensive income)

First six months of FY2015 (From April 1, 2015 to September 30, 2015) and FY2014 (From April 1, 2014 to September 30, 2014)

(Million yen)

	First six months of FY2014 (From April 1, 2014 to September 30, 2014)	First six months of FY2015 (From April 1, 2015 to September 30, 2015)
Profit	2,712	3,745
Other comprehensive income		
Valuation difference on available-for-sale securities	74	99
Deferred gains or losses on hedges	(9)	(79)
Remeasurements of defined benefit plans, net of tax	53	(48)
Share of other comprehensive income of entities accounted for using equity method	(98)	(70)
Total other comprehensive income	19	(98)
Comprehensive income	2,731	3,647
Comprehensive income attributable to:		
Owners of parent	2,585	3,442
Non-controlling interests	146	204

## Summary of Consolidated Financial Results for the First Six Months Ended September 30, 2015

## (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 six months of FY2014 (From April 1, 2014 to September 30, 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	40,768	4,688	566	46,024	—	46,024
Intersegment net sales and transfer	19	—	24	44	(44)	—
Total	40,788	4,688	591	46,068	(44)	46,024
Segment profit	1,499	44	229	1,773	—	1,773

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

## II. First six months of FY2015 (From April 1, 2015 to September 30, 2015)

## 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	41,314	7,339	678	49,332	—	49,332
Intersegment net sales and transfer	20	43	20	83	(83)	—
Total	41,335	7,382	698	49,416	(83)	49,332
Segment profit	2,027	211	358	2,597	—	2,597

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

## Summary of Consolidated Financial Results for the First Six Months Ended September 30, 2015

(Items related to business combinations)

Business combination through acquisition

## 1. Overview of business combination

## (1) Name and business of acquired company

Name of acquired company: Hiranoya Corporation

Business: Production, processing and sale of sugar products

## (2) Main reasons for business combination

By strengthening cooperation with Hiranoya Corporation, the Company aims to reinforce its operating base by extending sales activities into untapped markets and increasing direct contact with end users.

## (3) Date of business combination

July 10, 2015

## (4) Legal form of business combination

Cash acquisition of shares

## (5) Name of company after business combination

Hiranoya Corporation

## (6) Ratio of voting rights acquired

Prior to business combination: 45.2%

Ratio of voting rights additionally acquired at date of business combination: 8.1%

After acquisition: 53.3%

## (7) Grounds for determining acquisition of company

Cash acquisition of shares in Hiranoya Corporation by the Company

## 2. Period of acquired company's results included in consolidated statements for first six months of the fiscal year

April 1, 2015 to September 30, 2015

For the period April 1, 2015 to June 30, 2015, results for the acquired company are included due to its previous status as an equity-method affiliate.

## 3. Breakdown of acquisition cost and amount paid for acquired company

Market value of shares held in Hiranoya Corporation prior to business combination: 108 million yen  
(day of business combination)

Market value of shares acquired in Hiranoya Corporation: 19 million yen (day of business combination)

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Acquisition cost: 128 million yen

## 4. Difference between acquisition cost of acquired company and total acquisition cost of individual transactions leading to acquisition

Loss of 52 million yen on step acquisitions

## 5. Amount of gain on bargain purchase and reasons for recognizing gain on bargain purchase

The Company has recognized gain on bargain purchase of 78 million yen, as the market value of Hiranoya Corporation's net assets on the day of the business combination exceeded the amount paid for those assets.