



## Summary of Consolidated Financial Results

### For the Three Months of the Year Ending March 31, 2017 (Based on Japanese GAAP)

July 29, 2016

Company name:	Mitsui Sugar Co., Ltd.	Stock exchange listings:	Tokyo
Stock code:	2109	http://www.mitsui-sugar.co.jp/	
Company representative:	Daisuke Saiga, President and Chief Executive Officer		
Contact person in charge:	Hideaki Batori, General Manager, Corporate Planning Division		
Planned date for submission of quarterly report:	August 5, 2016		
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 of the Year Ending March 31, 2017 (from April 1, 2016 to June 30, 2016)

(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 three months of FY2016	25,860	4.4	1,534	18.4	3,323	7.2	2,073	8.5
First three months of FY2015	24,778	8.0	1,295	50.5	3,099	50.2	1,912	50.6

(Note) Comprehensive income: Three months ended June 30, 2016: 2,057 million yen (-8.7%)  
Three months ended June 30, 2015: 2,252 million yen (67.6%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
First three months of FY2016	15.53		—	
First three months of FY2015	14.32		—	

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2016	114,441	78,388	62.7	537.48
As of March 31, 2016	120,500	77,401	58.9	531.45

(Reference) Equity capital: As of June 30, 2016: 71,766 million yen As of March 31, 2016: 70,962 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, 2016	—	6.00	—	8.00	14.00
Year ending March 31, 2017	—	—	—	—	—
Year ending March 31, 2017 (forecast)	—	7.00	—	35.00	—

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

\*The Company plans to conduct a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2016. The per share year-end cash dividend forecast for the fiscal year ending March 31, 2017 takes into account the impact of the reverse stock split, and the total for the annual dividend has been left blank. Excluding the impact of the reverse stock split, the year-end dividend forecast for the fiscal year ending March 31, 2017 is ¥7.00 per share and the annual dividend forecast is ¥14.00 per share. For more details, please refer to “Explanation on appropriate use of business forecasts, and other special notes.”

#### 3. Consolidated Business Forecasts for the Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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
First six months	51,000	3.4	2,200	(15.3)	5,500	(12.1)	3,300	(5.1)	24.71
Full year	104,000	2.6	5,000	(8.9)	12,000	(6.2)	7,600	0.2	284.59

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

\*Earnings per share in the consolidated business forecasts for the fiscal year ending March 31, 2017 (full year) takes into account the

impact of the reverse stock split. Excluding the impact of the reverse stock split, earnings per share in the consolidated business forecasts for the fiscal year ending March 31, 2017 (full year) is ¥56.92. For more details, please refer to “Explanation on appropriate use of business forecasts, and other special notes.”

\* 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 June 30, 2016	141,667,400 shares	As of March 31, 2016	141,667,400 shares
(ii) Number of treasury shares at period end	As of June 30, 2016	8,143,524 shares	As of March 31, 2016	8,140,902 shares
(iii) Average number of shares during period (from the beginning of fiscal year to period end)	Three months ended June 30, 2016	133,524,975 shares	Three months ended June 30, 2015	133,534,640 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. They do not constitute a guarantee that the Company will achieve its forecasts or other forward-looking statements. Actual results may differ significantly from forecasts due to various factors. For assumptions and other criteria used to formulate business forecasts, please refer to “1. Qualitative Information Regarding the Results for the First Three Months of the Year Ending March 31, 2017, (3) Description of consolidated business forecasts and other information about future forecasts” on page 3 of the Appendix.

(Dividend and business forecasts after the reverse stock split)

In accordance with a resolution approved at the 92nd Ordinary General Meeting of Shareholders on June 22, 2016, the Company plans to conduct a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2016. Effective the same date, the Company plans to change the minimum trading unit from 1,000 shares to 100 shares. Excluding the impact of the reverse stock split, the Company’s dividend and consolidated business forecasts for the fiscal year ending March 31, 2017 are as follows:

1. Dividend forecast for the fiscal year ending March 31, 2017

Dividend per share

Second quarter ending September 30, 2016: ¥7.00 (Note 1)

Fiscal year ending March 31, 2017: ¥7.00 (Note 2)

2. Consolidated business forecasts for the fiscal year ending March 31, 2017

Earnings per share

Full year: ¥56.92

(Note 1) The dividend paid for the second quarter ending September 30, 2016 will be based on the number of shares outstanding before the reverse stock split.

(Note 2) The dividend forecast has been adjusted to exclude the impact of the reverse stock split.

The forecast for the annual dividend for the fiscal year ending March 31, 2017 is ¥14.00 (excluding the impact of the reverse stock split).

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## 1. Qualitative Information Regarding the Results for the First Three Months of the Year Ending March 31, 2017

## (1) Description of consolidated operating results

In the first three months of fiscal 2016 (April – June 2016), the Japanese economy showed signs of improvement in employment and income conditions, supported by economic and monetary policies implemented by the government and the Bank of Japan. However, instability increased in forex and equities markets due to factors such as the impact on the global economy of the UK's decision to leave the EU and a slowdown in the Chinese economy. Also, the economic outlook remained uncertain, with weakness in consumer sentiment continuing to weigh on consumer spending.

Against this backdrop, the Mitsui Sugar Group launched its sixth medium-term management plan, "Mitsui Sugar Revolution Phase 3 – The Road to 2022" (April 2016 to March 2018) in April 2016, and started steadily implementing new initiatives to achieve objectives in the plan's first year.

An overview of the business activities and performance in each business segment for the first three months of the fiscal year is as follows:

## (Sugar Business)

In the overseas crude sugar market, the price started the period at the mid 15 cents per pound level and then rose to around 16 cents due to forecasts for tighter supply-demand and gains for the Brazilian real. The price subsequently reached 17 cents per pound, buoyed by speculative funds flowing into commodities markets, and then continued to head higher due to factors such as a decline in Brazil's export capacity. In June, the price rose to the high 20 cents per pound level at one point before falling back to end the quarter in the low 20 cent range. Against this backdrop, the Company worked to procure crude sugar while carefully watching market trends.

In production activities, a reduced burden on manufacturing processes due to steady plant operations from the start of the fiscal year, coupled with a decline in gas procurement costs, led to a reduction in variable manufacturing costs compared with the same period a year earlier.

In sales activities, sales volume for home-use products declined slightly year on year due to factors such as a drop in the number of discount sales, while sales of commercial-use products rose year on year on the back of firm demand from major users. As a result, combined sales of home-use and commercial-use products were largely steady compared with the same period of the previous year.

Sales were firm at consolidated subsidiary Hokkaido Sugar Co., Ltd. and sales volume increased at consolidated subsidiary Showa Sugar Co., Ltd. Hiranoya Corporation, which became a consolidated subsidiary in July 2015, also contributed to sales and profit growth.

As a result of the above, the Sugar Business overall reported net sales of 21,821 million yen and operating income of 1,277 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)

Three months ended June 30, 2016: 187-188 yen

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

Opening price: 15.40 cents, highest price: 20.94 cents, lowest price: 14.00 cents, closing price: 20.15 cents

## (Food Science Business)

In the Food Science Business, sales in the palatinose category declined year on year, but the gross margin improved after the business ended domestic production of palatinose and switched to imports.

Profits at consolidated subsidiaries declined year on year. Taisho Technos Co., Ltd. registered strong sales of purchased products, but profits were affected by the high price of raw materials. Sales rose at NUTRI Co., Ltd. but operating expenses increased. As a result, net sales in the Food Science Business totaled 3,709 million yen and operating income was 86 million yen.

## (Real Estate Business)

The Real Estate Business reported net sales of 329 million yen and operating income of 170 million yen, supported by stable occupancy rates for rental properties.

As a result, in the first three months of the fiscal year, net sales increased 4.4% year on year to 25,860 million yen and operating income rose 18.4% to 1,534 million yen.

In non-operating income and expenses, the Group booked royalty income of 1,630 million yen and share of profit of entities accounted for using equity method of 103 million yen. As a result, ordinary income rose 7.2% year on year to 3,323 million yen and profit attributable to owners of parent increased 8.5% to 2,073 million yen.

(2) Description of consolidated financial position

Changes in consolidated financial position

As of June 30, 2016, total assets stood at 114,441 million yen, down 6,059 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 46,299 million yen, down 5,291 million yen from the end of the previous fiscal year. This mainly reflected decreases of 2,505 million yen for merchandise and finished goods, 1,588 million yen for cash and deposits, and 725 million yen for raw materials and supplies.

(ii) Non-current assets

Non-current assets totaled 68,142 million yen, down 768 million yen from the end of the previous fiscal year. This mainly reflected an increase of 441 million yen for construction in progress, versus decreases of 512 million yen for machinery, equipment and vehicles, 183 million yen for buildings and structures, 167 million for goodwill and 211 million yen for investment securities.

(iii) Liabilities

Liabilities totaled 36,052 million yen, down 7,047 million yen from the end of the previous fiscal year. This mainly reflected declines of 3,241 million yen for loans payable, 1,432 million yen for notes and accounts payable – trade, and 1,823 million yen for income taxes payable.

(iv) Net assets

Net assets totaled 78,388 million yen, up 987 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of 2,073 million yen and dividends of surplus of 1,068 million yen.

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

Performance in the first three months of the fiscal year was largely in line with forecasts. As a result, consolidated business forecasts for fiscal 2016, announced on May 12, 2016, are unchanged.

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

(Application of Practical Solution on Change in Depreciation Method due to Tax Reform 2016)

Following revisions to the Corporation Tax Act, the Company has applied the Practical Solution on Change in Depreciation Method due to Tax Reform 2016 (Accounting Standards Board of Japan (ASBJ), PITF No. 32, June 17, 2016), effective from the first quarter of the current fiscal year. As a result, the depreciation method for building fixtures and structures purchased on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

The adoption of the new depreciation method had an immaterial impact on operating income, ordinary income and profit before income taxes in the first quarter of the current fiscal year.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly consolidated balance sheets

(Million yen)

	FY2015 (As of March 31, 2016)	First three months of FY2016 (As of June 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	17,601	16,012
Notes and accounts receivable-trade	7,967	8,358
Merchandise and finished goods	15,665	13,159
Work in process	1,651	1,886
Raw materials and supplies	5,508	4,782
Deferred tax assets	722	588
Other	2,503	1,538
Allowance for doubtful accounts	(30)	(29)
Total current assets	51,590	46,299
Non-current assets		
Property, plant and equipment		
Buildings and structures	35,321	35,325
Accumulated depreciation	(21,714)	(21,901)
Buildings and structures, net	13,607	13,424
Machinery, equipment and vehicles	73,767	73,824
Accumulated depreciation	(59,695)	(60,263)
Machinery, equipment and vehicles, net	14,072	13,560
Tools, furniture and fixtures	2,370	2,383
Accumulated depreciation	(2,053)	(2,044)
Tools, furniture and fixtures, net	317	339
Land	18,436	18,436
Lease assets	888	888
Accumulated depreciation	(216)	(240)
Lease assets, net	672	648
Construction in progress	5,441	5,883
Total property, plant and equipment	52,547	52,292
Intangible assets		
Goodwill	2,523	2,355
Other	978	898
Total intangible assets	3,501	3,254
Investments and other assets		
Investment securities	11,136	10,925
Long-term loans receivable	25	26
Net defined benefit assets	269	257
Deferred tax assets	713	705
Other	741	706
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	12,861	12,595
Total non-current assets	68,910	68,142
Total assets	120,500	114,441

(Million yen)

	FY2015 (As of March 31, 2016)	First three months of FY2016 (As of June 30, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	7,240	5,808
Short-term loans payable	5,610	2,810
Current portion of long-term loans payable	1,760	1,622
Lease obligations	91	92
Accrued expenses	3,183	2,631
Income taxes payable	2,731	907
Provision for directors' bonuses	73	13
Other	2,448	2,605
<b>Total current liabilities</b>	<b>23,139</b>	<b>16,492</b>
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	2,817	2,514
Lease obligations	606	579
Deferred tax liabilities	1,251	1,175
Provision for directors' retirement benefits	216	224
Net defined benefit liability	3,227	3,230
Asset retirement obligations	414	427
Other	1,426	1,408
<b>Total non-current liabilities</b>	<b>19,960</b>	<b>19,560</b>
<b>Total liabilities</b>	<b>43,099</b>	<b>36,052</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	1,291	1,291
Retained earnings	64,643	65,649
Treasury shares	(2,900)	(2,901)
<b>Total shareholders' equity</b>	<b>70,118</b>	<b>71,122</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	639	662
Deferred gains or losses on hedges	4	(6)
Foreign currency translation adjustment	206	(14)
Remeasurements of defined benefit plans	(6)	2
<b>Total accumulated other comprehensive income</b>	<b>844</b>	<b>643</b>
Non-controlling interests	6,438	6,622
<b>Total net assets</b>	<b>77,401</b>	<b>78,388</b>
<b>Total liabilities and net assets</b>	<b>120,500</b>	<b>114,441</b>

## Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2016

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

(Quarterly consolidated statements of income)

First three months of FY2016 (From April 1, 2016 to June 30, 2016) and FY2015 (From April 1, 2015 to June 30, 2015)

(Million yen)

	First three months of FY2015 (From April 1, 2015 to June 30, 2015)	First three months of FY2016 (From April 1, 2016 to June 30, 2016)
Net sales	24,778	25,860
Cost of sales	18,859	19,458
Gross profit	5,919	6,401
Selling, general and administrative expenses		
Distribution expenses	1,207	1,256
Provision for directors' bonuses	13	13
Retirement benefit expenses	32	60
Other	3,369	3,537
Total selling, general and administrative expenses	4,623	4,867
Operating income	1,295	1,534
Non-operating income		
Interest income	2	0
Dividend income	183	105
Royalty income	1,529	1,630
Share of profit of entities accounted for using equity method	192	103
Miscellaneous income	25	39
Total non-operating income	1,933	1,879
Non-operating expenses		
Interest expenses	30	25
Loss on retirement of non-current assets	52	11
Miscellaneous loss	46	53
Total non-operating expenses	129	90
Ordinary income	3,099	3,323
Extraordinary income		
Subsidy income	1,202	8
Total extraordinary income	1,202	8
Extraordinary loss		
Impairment loss	–	50
Loss on reduction of non-current assets	1,186	1
Total extraordinary loss	1,186	51
Profit before income taxes	3,115	3,280
Income taxes – current	953	939
Income taxes – deferred	80	77
Total income taxes	1,034	1,017
Profit	2,081	2,262
Profit attributable to non-controlling interests	168	188
Profit attributable to owners of parent	1,912	2,073

## Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2016

(Quarterly consolidated statements of comprehensive income)

First three months of FY2016 (From April 1, 2016 to June 30, 2016) and FY2015 (From April 1, 2015 to June 30, 2015)

(Million yen)

	First three months of FY2015 (From April 1, 2015 to June 30, 2015)	First three months of FY2016 (From April 1, 2016 to June 30, 2016)
Profit	2,081	2,262
Other comprehensive income		
Valuation difference on available-for-sale securities	132	17
Deferred gains or losses on hedges	(3)	(5)
Remeasurements of defined benefit plans, net of tax	(8)	7
Share of other comprehensive income of entities accounted for using equity method	51	(224)
Total other comprehensive income	171	(204)
Comprehensive income	2,252	2,057
Comprehensive income attributable to:		
Owners of parent	2,079	1,873
Non-controlling interests	173	184

## Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2016

## (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 three months of FY2015 (From April 1, 2015 to June 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	20,762	3,671	344	24,778	—	24,778
Intersegment net sales and transfer	9	10	10	30	(30)	—
Total	20,771	3,682	354	24,808	(30)	24,778
Segment profit	987	131	175	1,295	—	1,295

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

## II. First three months of FY2016 (From April 1, 2016 to June 30, 2016)

## 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	21,821	3,709	329	25,860	—	25,860
Intersegment net sales and transfer	8	36	10	54	(54)	—
Total	21,829	3,745	339	25,915	(54)	25,860
Segment profit	1,277	86	170	1,534	—	1,534

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