



Summary of Consolidated Financial Results

For the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

January 31, 2017

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	TEL. 81-3-3663-3111
Planned date for submission of quarterly report:		February 8, 2017
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, 2016 (from April 1, 2016 to December 31, 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 nine months of FY2016	78,557	2.4	4,164	(13.1)	9,196	(11.4)	5,677	(6.1)
First nine months of FY2015	76,741	5.6	4,793	44.8	10,383	40.6	6,047	36.6

(Note) Comprehensive income: First nine months of FY2016: 5,794 million yen (-3.1%)
 First nine months of FY2015: 5,977 million yen (16.4%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
First nine months of FY2016	212.62		-	
First nine months of FY2015	226.44		-	

*The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2016. Earnings per share has been calculated assuming the reverse stock split was conducted at the start of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	121,898	81,111	60.9	2,781.34
As of March 31, 2016	120,500	77,401	58.9	2,657.25

(Reference) Equity capital: As of December 31, 2016: 74,271 million yen As of March 31, 2016: 70,962 million yen

*The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2016. Net assets per share has been calculated assuming the reverse stock split was conducted at the start of the previous fiscal year.

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	-	7.00	-		
Year ending March 31, 2017 (forecast)				35.00	-

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

*The Company conducted 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
Full year	104,000	2.6	4,500	(18.0)	11,000	(14.0)	6,800	(10.3)	254.64

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

*The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2016. 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 ¥50.93. 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 December 31, 2016	28,333,480 shares	As of March 31, 2016	28,333,480 shares
(ii) Number of treasury shares at period end	As of December 31, 2016	1,630,043 shares	As of March 31, 2016	1,628,181 shares
(iii) Average number of shares during period (from the beginning of fiscal year to period end)	Nine months ended December 31, 2016	26,704,414 shares	Nine months ended December 31, 2015	26,706,269 shares

Note: The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2016. Number of outstanding shares at period end, number of treasury shares at period end and average number of shares during period have been calculated assuming the reverse stock split was conducted at the start of the previous fiscal year.

* 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 Nine Months Ended December 31, 2016, (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 conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2016. Effective the same date, the Company changed 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

Year end: ¥7.00 (Note)

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

Earnings per share

Full year: ¥50.93

(Note) 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 Nine Months Ended December 31, 2016

(1) Description of consolidated operating results

In the first nine months of fiscal 2016 (April to December 2016), the Japanese economy continued to improve in terms of employment and income conditions, supported by economic and monetary policies implemented by the government and the Bank of Japan. However, future prospects remain uncertain due to sluggish growth in consumer spending and also uncertainty about the global economy is increasing owing to factors such as slowing momentum in China and other emerging economies in Asia, Brexit, and currency and equity market fluctuations since November following the change of government in the United States.

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 steadily implemented 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 nine months of the fiscal year is as follows:

(Sugar Business)

In the overseas crude sugar market, after starting the fiscal year at the mid-15 cents per pound level, prices gradually increased to reach the 23 cents per pound level at one point amid forecasts of a tighter supply-demand balance worldwide and speculative funds flowing into commodities markets. However, after mid-October, prices declined as speculation about easing of the supply and demand balance emerged. Prices then further fell below 18 cents in mid-December due to bearish factors such as the weakening of the Brazilian Real as a result of the global trend of currencies weakening against the dollar following the U.S. presidential election and outflows of funds from the crude sugar market. The third quarter ended at the mid-19 cents per pound level after undergoing an adjustment phase. Against this backdrop, the Company worked to procure crude sugar while carefully watching market trends, but raw material costs increased year on year.

In production activities, variable manufacturing costs declined compared with the same period a year earlier, mainly reflecting a drop in gas procurement costs amid the weak crude oil price.

In sales activities, the Company raised shipment prices in September to pass on the higher raw material procurement costs. Sales of commercial-use products were largely steady compared with the same period of the previous year, but sales of home-use products declined year on year as sales volume for mass retailers fell during the high-demand year-end season.

Profits and sales increased year on year at consolidated subsidiaries. Sales volume and product prices rose at Showa Sugar Co., Ltd., while Hokkaido Sugar Co., Ltd. and Hiranoya Corporation also contributed to growth.

As a result of the above, the Sugar Business overall reported net sales of 65,830 million yen and operating income of 3,170 million yen.

Sugar market status during period

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

Opening price: 187-188 yen, highest price: 192-193 yen, lowest price: 187-188 yen, closing price: 192-193 yen

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

Opening price: 15.40 cents, highest price: 23.90 cents, lowest price: 14.00 cents, closing price: 19.51 cents

(Food Science Business)

In the Food Science Business, despite slightly sluggish overall performance, operating income increased year on year due to stable procurement prices for palatinose and improved profit margins for palatinin.

Consolidated subsidiaries reported higher sales but lower profits. Sales were strong at Taisho Technos Co., Ltd. and NUTRI Co., Ltd., but factors such as upfront investment related to business expansion weighed on profits.

As a result, net sales in the Food Science Business totaled 11,504 million yen and operating income was 489 million yen.

(Real Estate Business)

In the Real Estate Business, net sales totaled 1,223 million yen and operating income was 504 million yen. Sales rose year on year due to the leasing of a new logistics center in Okayama Prefecture and the start of power generation at a large-scale solar facility, but operating income declined, mainly due to startup costs related to those facilities.

As a result, in the first nine months of the fiscal year, net sales increased 2.4% year on year to 78,557 million yen and operating income declined 13.1% to 4,164 million yen.

In non-operating income and expenses, the Company booked royalty income of 5,401 million yen, but recorded share of loss of entities accounted for using equity method, mainly reflecting deteriorating earnings at affiliates in Thailand because of the

Summary of Consolidated Financial Results for the First Nine Months Ended December 31, 2016
 drought and other factors. As a result, ordinary income fell 11.4% year on year to 9,196 million yen, and profit attributable to owners of parent decreased 6.1% year on year to 5,677 million yen.

(2) Description of consolidated financial position

Changes in consolidated financial position

As of December 31, 2016, total assets stood at 121,898 million yen, up 1,397 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 52,231 million yen, up 640 million yen from the end of the previous fiscal year. This mainly reflected increases of 1,930 million yen for cash and deposits and 1,161 million yen for raw materials and supplies, versus a decrease of 2,376 million yen for merchandise and finished goods.

(ii) Non-current assets

Non-current assets totaled 69,667 million yen, up 757 million yen from the end of the previous fiscal year. This mainly reflected an increase of 5,947 million yen for lease assets, versus a decrease of 5,199 million yen for construction in progress.

(iii) Liabilities

Liabilities totaled 40,787 million yen, down 2,312 million yen from the end of the previous fiscal year. This mainly reflected an increase in notes and accounts payable-trade of 811 million yen and declines of 2,086 million yen in income taxes payable and 890 million yen in accrued expenses.

(iv) Net assets

Net assets totaled 81,111 million yen, up 3,710 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of 5,677 million yen and dividends of surplus of 2,079 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 2016, announced on October 31, 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 third 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 nine months of FY2016 (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	17,601	19,532
Notes and accounts receivable-trade	7,967	8,943
Merchandise and finished goods	15,665	13,289
Work in process	1,651	1,915
Raw materials and supplies	5,508	6,669
Deferred tax assets	722	353
Other	2,503	1,551
Allowance for doubtful accounts	(30)	(23)
Total current assets	51,590	52,231
Non-current assets		
Property, plant and equipment		
Buildings and structures	35,321	36,683
Accumulated depreciation	(21,714)	(22,301)
Buildings and structures, net	13,607	14,381
Machinery, equipment and vehicles	73,767	75,692
Accumulated depreciation	(59,695)	(60,828)
Machinery, equipment and vehicles, net	14,072	14,863
Tools, furniture and fixtures	2,370	2,388
Accumulated depreciation	(2,053)	(2,011)
Tools, furniture and fixtures, net	317	377
Land	18,436	18,436
Lease assets	888	893
Accumulated depreciation	(216)	(287)
Lease assets, net	672	606
Construction in progress	5,441	242
Total property, plant and equipment	52,547	48,908
Intangible assets		
Goodwill	2,523	2,020
Other	978	811
Total intangible assets	3,501	2,832
Investments and other assets		
Investment securities	11,136	10,355
Long-term loans receivable	25	23
Net defined benefit assets	269	260
Deferred tax assets	713	713
Other	741	6,599
Allowance for doubtful accounts	(25)	(24)
Total investments and other assets	12,861	17,927
Total non-current assets	68,910	69,667
Total assets	120,500	121,898

(Million yen)

	FY2015 (As of March 31, 2016)	First nine months of FY2016 (As of December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	7,240	8,051
Short-term loans payable	5,610	6,720
Current portion of long-term loans payable	1,760	1,348
Lease obligations	91	93
Accrued expenses	3,183	2,292
Income taxes payable	2,731	644
Provision for directors' bonuses	73	40
Other	2,448	2,564
Total current liabilities	23,139	21,755
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	2,817	1,908
Lease obligations	606	539
Deferred tax liabilities	1,251	1,208
Provision for directors' retirement benefits	216	215
Net defined benefit liability	3,227	3,249
Asset retirement obligations	414	408
Other	1,426	1,501
Total non-current liabilities	19,960	19,031
Total liabilities	43,099	40,787
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	1,291	1,291
Retained earnings	64,643	68,318
Treasury shares	(2,900)	(2,904)
Total shareholders' equity	70,118	73,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	639	888
Deferred gains or losses on hedges	4	15
Foreign currency translation adjustment	206	(425)
Remeasurements of defined benefit plans	(6)	4
Total accumulated other comprehensive income	844	482
Non-controlling interests	6,438	6,840
Total net assets	77,401	81,111
Total liabilities and net assets	120,500	121,898

Summary of Consolidated Financial Results for the First Nine Months Ended December 31, 2016

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

(Quarterly consolidated statements of income)

(Million yen)

	First nine months of FY2015 (From April 1, 2015 to December 31, 2015)	First nine months of FY2016 (From April 1, 2016 to December 31, 2016)
Net sales	76,741	78,557
Cost of sales	58,011	59,791
Gross profit	18,729	18,766
Selling, general and administrative expenses		
Distribution expenses	3,615	3,616
Provision for directors' bonuses	46	39
Retirement benefit expenses	113	179
Other	10,162	10,765
Total selling, general and administrative expenses	13,936	14,601
Operating income	4,793	4,164
Non-operating income		
Interest income	6	2
Dividend income	220	142
Royalty income	5,306	5,401
Share of profit of entities accounted for using equity method	357	—
Miscellaneous income	167	221
Total non-operating income	6,059	5,767
Non-operating expenses		
Interest expenses	80	67
Share of loss of entities accounted for using equity method	—	351
Loss on retirement of non-current assets	82	49
Facilities removal expenses	144	76
Miscellaneous loss	161	189
Total non-operating expenses	469	736
Ordinary income	10,383	9,196
Extraordinary income		
Subsidy income	1,202	8
Gain on bargain purchase	78	—
Total extraordinary income	1,280	8
Extraordinary loss		
Impairment loss	—	50
Loss on reduction of non-current assets	1,186	1
Loss on valuation of investment securities	554	—
Loss on step acquisitions	52	—
Total extraordinary loss	1,793	51
Profit before income taxes	9,869	9,153
Income taxes — current	3,218	2,737
Income taxes — deferred	229	255
Total income taxes	3,447	2,992
Profit	6,422	6,160
Profit attributable to non-controlling interests	374	482
Profit attributable to owners of parent	6,047	5,677

Summary of Consolidated Financial Results for the First Nine Months Ended December 31, 2016
 (Quarterly consolidated statements of comprehensive income)

(Million yen)

	First nine months of FY2015 (From April 1, 2015 to December 31, 2015)	First nine months of FY2016 (From April 1, 2016 to December 31, 2016)
Profit	6,422	6,160
Other comprehensive income		
Valuation difference on available-for-sale securities	196	254
Deferred gains or losses on hedges	(59)	17
Remeasurements of defined benefit plans, net of tax	(26)	(3)
Share of other comprehensive income of entities accounted for using equity method	(555)	(634)
Total other comprehensive income	(445)	(365)
Comprehensive income	5,977	5,794
Comprehensive income attributable to:		
Owners of parent	5,629	5,316
Non-controlling interests	347	478

Summary of Consolidated Financial Results for the First Nine Months Ended December 31, 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 nine months of FY2015 (From April 1, 2015 to December 31, 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	64,598	11,134	1,008	76,741	—	76,741
Intersegment net sales and transfer	32	75	30	138	(138)	—
Total	64,630	11,210	1,039	76,879	(138)	76,741
Segment profit	3,790	468	534	4,793	—	4,793

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

II. First nine months of FY2016 (From April 1, 2016 to December 31, 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	65,830	11,504	1,223	78,557	—	78,557
Intersegment net sales and transfer	44	93	30	169	(169)	—
Total	65,875	11,597	1,253	78,726	(169)	78,557
Segment profit	3,170	489	504	4,164	—	4,164

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