



Summary of Consolidated Financial Results

For the Year Ended March 31, 2014 (Based on Japanese GAAP)

May 14, 2014

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 Executive Officer, General Manager, Corporate Planning Division
 TEL. 81-3-3663-3111

Planned date for ordinary general meeting of shareholders: June 24, 2014
 Planned date to start dividend payment: June 25, 2014
 Planned date for submission of annual securities report: June 24, 2014
 Preparation of supplementary material for financial statements: Yes
 Briefing session for financial statements: Yes (For institutional investors and analysts)

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

1. Consolidated Financial Results for the Year Ended March 31, 2014 (from April 1, 2013 to March 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 | % |
| Year ended March 31, 2014 | 96,891 | 0.7 | 5,220 | 27.1 | 9,209 | 49.0 | 5,262 | 18.2 |
| Year ended March 31, 2013 | 96,213 | 20.2 | 4,106 | (8.8) | 6,181 | (0.5) | 4,451 | 74.6 |

(Note) Comprehensive income

Year ended March 31, 2014: 6,158 million yen (22.4%) Year ended March 31, 2013: 5,031 million yen (113.2%)

| | Net income per share | Diluted net income per share | Return on equity | Return on assets | Operating margin |
|---------------------------|----------------------|------------------------------|------------------|------------------|------------------|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2014 | 39.46 | — | 8.9 | 9.6 | 5.4 |
| Year ended March 31, 2013 | 33.39 | — | 8.2 | 7.4 | 4.3 |

(Reference) Equity in earnings of affiliates:

Year ended March 31, 2014: 330 million yen

Year ended March 31, 2013: 556 million yen

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------------|--------------|-------------|------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2014 | 99,115 | 65,724 | 61.9 | 460.29 |
| As of March 31, 2013 | 93,294 | 60,483 | 60.4 | 422.57 |

(Reference) Equity capital

As of March 31, 2014: 61,375 million yen

As of March 31, 2013: 56,350 million yen

(3) Consolidated Cash Flow

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at period end |
|---------------------------|---|---|---|---|
| | Million yen | Million yen | Million yen | Million yen |
| Year ended March 31, 2014 | 12,233 | (4,790) | (3,048) | 12,034 |
| Year ended March 31, 2013 | 8,003 | (3,667) | (1,533) | 7,640 |

2. Cash Dividends

| | Annual dividend | | | | | Total dividends (Total) | Dividend payout ratio (Consolidated) | Dividend on equity (Consolidated) |
|---------------------------------------|-----------------|-----------|-----------|----------|-------|-------------------------|--------------------------------------|-----------------------------------|
| | End of 1Q | End of 2Q | End of 3Q | Year end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Year ended March 31, 2013 | — | 3.00 | — | 4.00 | 7.00 | 934 | 21.0 | 1.7 |
| Year ended March 31, 2014 | — | 3.00 | — | 5.00 | 8.00 | 1,068 | 20.3 | 1.8 |
| Year ending March 31, 2015 (forecast) | — | 4.00 | — | 4.00 | 8.00 | | 19.8 | |

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 |
| Six months ending September 30, 2014 | 46,800 | (2.1) | 1,720 | (27.9) | 3,800 | (7.1) | 2,380 | (4.6) | 17.85 |
| Full year | 94,100 | (2.9) | 4,280 | (18.0) | 8,550 | (7.2) | 5,380 | 2.2 | 40.35 |

* Notes

(1) Significant changes in subsidiaries during period
(Changes in specified subsidiaries resulting in changes of scope of consolidation): None

(2) 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 details, please refer to (5) Notes on consolidated financial statements (Changes in accounting policy) in “4. Consolidated Financial Statements” on page 17 of the Attachments.

(3) Number of outstanding shares (common shares)

| | | | | |
|---|---------------------------|--------------------|---------------------------|--------------------|
| (i) Number of outstanding shares at period end (including treasury stock) | As of March 31, 2014 | 141,667,400 shares | As of March 31, 2013 | 141,667,400 shares |
| (ii) Number of treasury stock at period end | As of March 31, 2014 | 8,327,165 Shares | As of March 31, 2013 | 8,318,092 Shares |
| (iii) Average number of shares during period | Year ended March 31, 2014 | 133,345,371 shares | Year ended March 31, 2013 | 133,351,334 shares |

(Reference) Overview of Financial Results on a Non-consolidated Basis

1. Financial Results on a Non-consolidated Basis for the Year Ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(1) Non-consolidated Results for Operations (Percentages are year-over-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------------------------|-------------|-------|------------------|--------|-----------------|------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended March 31, 2014 | 69,851 | (1.3) | 3,889 | 13.8 | 8,016 | 20.5 | 4,749 | (9.1) |
| Year ended March 31, 2013 | 70,775 | (5.4) | 3,418 | (16.3) | 6,653 | 27.7 | 5,225 | 190.6 |

| | Net income per share | Diluted net income per share |
|---------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Year ended March 31, 2014 | 35.56 | – |
| Year ended March 31, 2013 | 39.13 | – |

(2) Financial Position on a Non-consolidated Basis

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------------|--------------|-------------|------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2014 | 64,568 | 48,958 | 75.8 | 366.62 |
| As of March 31, 2013 | 60,144 | 45,048 | 74.9 | 337.31 |

(Reference) Equity capital As of March 31, 2014: 48,958 million yen As of March 31, 2013: 45,048 million yen

2. Business Forecasts on a Non-consolidated Basis for the Year Ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Percentages are year-over-year changes.)

| | Net sales | | Ordinary income | | Net income | | Net income per share |
|--------------------------------------|-------------|-------|-----------------|-------|-------------|-------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Yen |
| Six months ending September 30, 2014 | 33,600 | (1.6) | 3,330 | (9.6) | 2,140 | (7.6) | 16.03 |
| Full year | 67,500 | (3.4) | 7,640 | (4.7) | 4,930 | 3.8 | 36.92 |

* Disclosure regarding the status on implementation of audit procedures

This summary of financial results is not subject to audit procedures under the Financial Instruments and Exchange Act, and audit procedures of financial statements under the Act had not yet been completed as of the date of disclosure of this summary of financial results.

* 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 greatly differ due to various factors. For preconditions for business forecasts and notes in using such forecasts, please see “(1) Analysis of operating results” in “1. Analysis of Operating Results and Financial Position” on page 2 of the appendix.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

1) Overview of fiscal 2013

The Japanese economy recovered gradually in fiscal 2013, with the government's policies aimed at ending deflation (Abenomics) supporting a correction in yen exchange rates and a sustained recovery in the equity market, which had a positive impact on production activity and consumer spending.

However, with delayed recovery in personal incomes, consumers remained cautious on spending. Nevertheless, in the second half of the fiscal year, there were signs of a pickup in production activity and consumption due to a rush in demand ahead of the hike to consumption tax.

Against this backdrop, the Mitsui Sugar Group worked toward the objectives in its fourth medium-term management plan, "Mitsui Sugar Revolution 2013" (April 2012 to March 2014), in order to achieve its target of record consolidated ordinary income, set at the start of the fiscal year. An overview of the results achieved in each business segment is as follows:

(Sugar Business)

In the Sugar Business, the Company worked to reduce costs, mainly through the integration of the Okayama Plant's production activities at the Kobe Plant, which was implemented in the previous fiscal year. These efforts led to a drop in fixed manufacturing costs and direct sales expenses. However, variable manufacturing costs were affected by a surge in fuel procurement costs and higher energy costs.

In the overseas crude sugar market, prices rose to over 20 cents per pound at one point in mid-October due to unstable supplies caused by heavy rainfall and a fire at a raw sugar warehouse in a shipment port in Brazil, the world's largest producer and exporter of sugar. However, prices then fell back to below 15 cents in January, amid weakening exchange rates and concerns of oversupply in Brazil due to steady output. The crude sugar price ended the fiscal year at around 17 cents per pound, the same level as at the start of the fiscal year.

Sales on a shipment basis were slightly weak during fiscal 2013 due to poor weather in the first quarter and a reduction in the number of discount campaigns for home-use products by major retailers. However, sales volume ended the fiscal year slightly higher year on year due to a rush in demand ahead of the hike to consumption tax. We also worked to secure fair prices for our products, including a hike to shipment prices in the third quarter to pass on higher raw material prices and fuel costs.

In sales promotion, we continued activities from fiscal 2012, using food experts, advertising in magazines, and hands-on demonstration events such as cooking classes to promote our products. We also worked to promote our SPOON brand and encourage better understanding about sugar, while also aiming to cultivate greater demand for our products.

Consolidated subsidiaries in the Sugar Business saw a large impact from the weather in the previous fiscal year, such as high temperatures in Hokkaido until the autumn and typhoon damage in Okinawa and other Ryukyu Islands. However, during fiscal 2013, weather impacts were not as severe, with a steady recovery in production and sales contributing to profit growth in the business.

As a result, net sales of the Sugar Business amounted to 86,012 million yen (up 0.3% year on year) and operating income was 4,205 million yen (up 41.4% year on year).

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: 182–183 yen, highest price: 185–186 yen, lowest price: 182–183 yen, closing price: 185–186 yen

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

Opening price: 17.70 cents, highest price: 20.16 cents, lowest price: 14.70 cents, closing price: 17.77 cents

(Food Ingredient Business)

In the Food Ingredient Business, the food coloring category saw strong demand, especially for gardenia red and cacao color, while the sugar cane extract category contributed to profit growth, mainly due to higher sales of flavor modifier products. However, a large increase in production costs in the palatinose category and weak demand for sugarless candy in the palatinit category had a significant negative impact on the business.

Positive factors in the business included a full-year of results from Mitsubishi Tanabe Pharma Corporation's food business, which was transferred to consolidated subsidiary Taisho Technos Co., Ltd. in the previous fiscal year, and an increase in orders at the bio business of Hokkaido Sugar Co., Ltd., another consolidated subsidiary. As a result, net sales in the Food Ingredient Business increased 5.8% year on year to 9,751 million yen, while operating income declined 4.4% to 416 million yen.

(Real Estate Business)

In the Real Estate Business, we continued to focus on efficiently using real estate assets in the Group's portfolio, however net sales and operating income both declined year on year, mainly reflecting the sale of some rental properties in the previous fiscal year. As a result, net sales declined 9.0% year on year to 1,126 million yen and operating income fell 14.1% to 598 million yen.

As a result, net sales in fiscal 2013 rose 0.7% year on year to 96,891 million yen and operating income increased 27.1% to 5,220 million yen. In non-operating income and expenses, we booked royalty income of 4,081 million yen and equity in earnings of affiliates of 330 million yen. As a result, ordinary income rose 49.0% year on year to 9,209 million yen and net income increased 18.2% to 5,262 million yen.

2) Business forecasts of fiscal 2014

We forecast an ongoing moderate recovery in the economy in fiscal 2014, although demand could weaken at the start of the fiscal year in reaction to the recent spike in demand. We also see the risk of a downturn in the global economy during the fiscal year.

Business forecasts for fiscal 2014 and issues to work on at each segment are as follows:

| | | |
|------------------|--------------------|---------------------------|
| Net sales | 94,100 million yen | (down 2.9% year on year) |
| Operating income | 4,280 million yen | (down 18.0% year on year) |
| Ordinary income | 8,550 million yen | (down 7.2% year on year) |
| Net income | 5,380 million yen | (up 2.2% year on year) |

(Sugar Business)

In the Sugar Business, we expect the operating environment to remain challenging due to a gradual decline in domestic demand, persistently high fuel procurement prices, and greater demands on suppliers for food safety.

Against this backdrop, we plan to boost operating efficiency by centralizing all domestic sales and production activities in the Sugar Business. Also, in the processed sugar business, which supplies products such as Domestic Sugar Cane Sugar and 1/2 Superfine Sugar, we plan to target the market more actively with newly developed products and updated existing products to ensure we consistently preempt the needs of customers. In production activities, we will invest in production management systems to boost efficiency, while also upgrading our quality control system and reducing distribution costs.

The Sugar Business's operating environment could be at a major turning point due to international negotiations on the Trans-Pacific Partnership (TPP) and other trade deals. In response, we are strengthening our alliances with domestic sugar producers such as Hokkaido Sugar Co., Ltd. Overseas, we are providing technical support to affiliates in Thailand (The Kumphawapi Sugar Co., Ltd., and Kaset Phol Sugar Ltd.) and to Khonburi Sugar Public Co., Ltd., while also targeting aggressive business development in China as part of efforts to build a domestic and international operating base for the Sugar Business.

(Food Ingredient Business)

In the Food Ingredient Business, the key challenge is to maintain and increase profits in existing business fields.

In the functional food ingredient business, we will target the food market for seniors, focusing on healthy eating, and on expansion in the health and recreation market. Specifically, in the palatinose category, we will offer clients new production methods and product applications based on the slow calorie concept. In the sugar cane extract category, we will pursue new functionality for our products and work to expand sales in China and other overseas markets.

In the food additive business, we transferred food coloring and agar operations to consolidated subsidiary Taisho Technos Co., Ltd. in the fiscal year under review. We plan to pursue greater efficiency and synergies in those operations by enhancing cooperation with the company in sales and development. We will also actively develop new sales proposals for clients by reinforcing product applications, with a focus on food modifiers, and by combining various food ingredients.

In addition to these existing businesses, we will develop new product proposals and use M&A to grow the Food Ingredient Business into the Group's second key earnings pillar after the Sugar Business.

(Real Estate Business)

In the Real Estate Business, we will continue to work on improving the efficiency and profitability of our assets by generating stable profits from existing facilities and by pushing ahead with new projects.

In non-operating income and expenses, we expect to book royalty income. We also forecast a decline in extraordinary losses such as loss on the retirement of fixed assets. As result, we forecast net income in fiscal 2014 will increase year on year

(2) Analysis of financial position

1) Assets, liabilities and net assets

As of March 31, 2014, total assets were 99,115 million yen, an increase of 5,820 million yen compared with the end of the previous fiscal year.

This mainly reflected an increase in cash and deposits and an increase in construction in progress related to facility construction work, versus a decline in noncurrent assets due to depreciation and a decline in merchandise and finished goods.

Liabilities totaled 33,390 million yen, an increase of 578 million yen compared with the end of the previous fiscal year.

This mainly reflected an increase in income taxes payable and an increase other accounts payable related to facility construction work, versus a decline in loans payable.

Total net assets increased 5,241 million yen from the end of the previous fiscal year to 65,724 million yen.

This was mainly due to net income of 5,262 million yen and dividends from surplus of 934 million yen.

2) Cash flow

Cash and cash equivalents (hereinafter called “funds”) as of March 31, 2014 increased 4,394 million yen from the end of the previous fiscal year to 12,034 million yen. This was because cash from operating activities increased by 12,233 million yen while cash flow from investing and financial activities decreased by 7,839 million yen.

Changes in cash flow for fiscal 2013 and their reasons are as follows.

(Cash flow from operating activities)

The funds acquired from operating activities amounted to 12,233 million yen (fiscal 2012: increase by 8,003 million yen).

This mainly reflected cash provided by income before income taxes of 8,797 million yen and depreciation and amortization of 3,358 million yen, versus cash used for income taxes paid of 2,143 million yen.

(Cash flow from investing activities)

Investing activities caused funds to decrease in the amount of 4,790 million yen (fiscal 2012: decrease by 3,667 million yen).

This mainly reflected cash used of 4,793 million yen for the purchase of property, plant and equipment related to plant facilities.

(Cash flow from financing activities)

Financing activities caused funds to decrease in the amount of 3,048 million yen (fiscal 2012: decrease by 1,533 million yen).

This was mainly reflected decreases in cash due to repayment of loans payable of 2,059 million yen and cash dividends paid of 931 million yen.

(Reference) Changes in cash-flow-related indices

| | FY2011 | FY2012 | FY2013 |
|---|--------|--------|--------|
| Capital adequacy ratio (%) | 71.9 | 60.4 | 61.9 |
| Market-price-based capital adequacy ratio (%) | 50.5 | 41.7 | 53.0 |
| Debt redemption period (years) | 1.6 | 1.9 | 1.0 |
| Interest coverage ratio (times) | 137.0 | 49.0 | 75.3 |

Capital adequacy ratio: $\text{Equity capital} \div \text{Total assets}$

Market-price-based capital adequacy ratio: $\text{Value of shares} \div \text{Total assets}$

Debt redemption period: $\text{Interest-bearing debt} \div \text{Cash flow}$

Interest coverage ratio: $\text{Cash flow} \div \text{Interest payment}$

Notes:

1. Data on a consolidated basis is used for calculation.
2. Value of shares is calculated based on the number of outstanding shares excluding treasury stock.
3. Cash flow used is operating cash flow.
4. Interest-bearing debt includes all the debts recorded in the consolidated balance sheets for which the Company pays interest.

(3) Fundamental policy for profit allocation and dividends for fiscal 2013 and 2014

It is the basic policy of the Company to pay stable and continuous dividends to shareholders. We determine the amount of dividends to pay based on a comprehensive judgment that takes into account the connection between dividends and operating results while also giving consideration to investing for growth and reproduction toward future business development and enhancing retained earnings for reinforcing financial standing and management foundation. We will also work to implement agile capital policies that help to improve shareholder value and cope with changes in the management environment. We plan to pay dividends of eight yen per share (interim dividend: three yen, year-end dividend: five yen) for fiscal 2013. For fiscal 2014, we plan to pay dividends of eight yen per share (interim dividend: four yen, year-end dividend: four yen).

(4) Business risk

The following are matters concerning risks generated in conducting the Group's businesses and others that may have a significant impact on judgments of investors. Descriptions regarding the future are based on the Company's judgments as of March 31, 2014.

1) Matters regarding food safety

The Group developed a thorough system of production and quality management in order to supply safe products stably. But when a serious quality problem occurs, operating results and the financial position of the Group may be affected; for example we may need to reinforce the management system and consequently there will be related costs.

2) Matters regarding business environment such as agricultural policies

The Sugar Business accounts for more than 80% of the Group's net sales, and therefore financial results of the Group are more exposed to changes in the business environment of the Sugar Business. We operate the Sugar Business under the government's agricultural policies and laws and regulations such as the "Act on Price Adjustment of Sugar and Starch." Therefore, changes in the government's agricultural policies and the progress of TPP (Trans-Pacific Partnership), EPA (Economic Partnership Agreement), and FTA (Free Trade Agreement) may affect the operating results and financial position of the Group.

3) Matters regarding changes in purchase prices of raw materials and selling prices of products

In the Sugar Business, the major business of the Group, the price of crude sugar, the raw material, is determined in the market, and the market conditions may fluctuate significantly. Product prices may also fluctuate due to competition and the market environment, and this may affect the operating results and financial position of the Group.

4) Matters regarding disasters

The Group conducts business activities throughout Japan. When a large-scale natural disaster such as an earthquake or any unexpected event such as new influenza occurs, and production and distribution are disrupted for a long time, the operating results and financial position of the Group may be affected.

2. Corporate Group

There has been no significant change in the businesses of the Group (the Company and its affiliates) in fiscal 2013.

3. Management Policy

(1) Fundamental management policy

The Mitsui Sugar Group's fundamental management policy is to satisfy all the stakeholders by implementing our corporate philosophy, "Mitsui Sugar enriches people's life with safe, reliable and natural food ingredients" and continuously improving corporate value. The Group also works on proactively disclosing information by quickly releasing material information and conducting IR activities, aiming for a highly transparent corporate management. It also conducts environmentally friendly corporate activities to become a corporate group and establish the SPOON brand that respond to the trust from society.

(2) Management benchmark

We at the Group continue to work on enhancing profitability with "Maintenance and improvement of ROA (Return on Assets) and ROE (Return on Equity)" as our management benchmark in order to improve corporate value.

(3) Medium- and long-term management strategies and issues to work on

The Mitsui Sugar Group has formulated its fifth medium-term management plan, "Mitsui Sugar Revolution Phase 2: The Road to 2022 – Accelerating and Delivering Change" (April 2014 to March 2016).

Over the next two years, we aim to build on the progress we made toward our long-term 2022 goals under our fourth medium-term management plan. Specifically, we will focus on accelerating the pace of reform and moving from implementation to delivery in order to respond to changes in our operating environment, such as developments in Trans-Pacific Partnership (TPP) negotiations and other trade deals, a gradual decline in sugar demand, and persistently high fuel procurement prices. Under the fifth medium-term management plan, we plan to allocate the best personnel to the best positions in business fields that expanded under the previous management plan, in order to support the effective development of our business.

In our mainstay Sugar Business, we will leverage our leading domestic market position in sugar production and sales to create an operating structure that is one step ahead of our competitors in terms of raw materials, production sites, sales systems, organization and personnel. Also, we will channel our accumulated technological expertise, personnel and other management resources into overseas markets, mainly Thailand and China, as part of a bold expansion into the growing Asian market, aiming to realize our goal of becoming a leading sugar major in Asia by 2022.

In order to grow the Food Ingredients Business as another pillar, we plan to actively acquire products with potential synergies by pursuing M&A deals and alliances with other companies, as well as move into third and fourth business fields to further expand our business reach.

Over the next two years, cultivating an even greater commitment to the "Mitsui Sugar Quality" core values among Mitsui Sugar employees will be vital to achieving these goals. We will also strive to enhance the skills and capabilities of all our employees by sharing these core values in order to boost the Group's competitiveness as it expands worldwide.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

| | FY2012 | | FY2013 | |
|--|------------------------|---------------|------------------------|---------------|
| | (As of March 31, 2013) | | (As of March 31, 2014) | |
| Assets | | | | |
| Current assets | | | | |
| Cash and deposits | | 7,648 | | 12,042 |
| Notes and accounts receivable-trade | *5 | 6,380 | *4 | 6,695 |
| Lease investment assets | | 247 | | 397 |
| Merchandise and finished goods | | 15,440 | | 14,102 |
| Work in process | | 1,764 | | 1,808 |
| Raw materials and supplies | | 4,526 | | 3,975 |
| Deferred tax assets | | 601 | | 697 |
| Other | | 810 | | 953 |
| Total current assets | | 37,420 | | 40,672 |
| Noncurrent assets | | | | |
| Property, plant and equipment | | | | |
| Buildings and structures | *2, *6 | 32,917 | *2, *6 | 31,211 |
| Accumulated depreciation | | (21,703) | | (20,579) |
| Buildings and structures, net | | 11,213 | | 10,632 |
| Machinery, equipment and vehicles | *2, *6 | 74,052 | *2, *6 | 71,050 |
| Accumulated depreciation | | (60,524) | | (58,296) |
| Machinery, equipment and vehicles, net | | 13,527 | | 12,754 |
| Tools, furniture and fixtures | | 2,259 | | 2,251 |
| Accumulated depreciation | | (1,874) | | (1,917) |
| Tools, furniture and fixtures, net | | 384 | | 333 |
| Land | *2 | 18,045 | *2 | 18,027 |
| Lease assets | | 35 | | 808 |
| Accumulated depreciation | | (6) | | (27) |
| Lease assets, net | | 29 | | 781 |
| Construction in progress | | 87 | | 2,654 |
| Total property, plant and equipment | | 43,287 | | 45,183 |
| Intangible assets | *6 | 780 | *6 | 675 |
| Investments and other assets | | | | |
| Investment securities | *1 | 9,979 | *1 | 10,859 |
| Long-term loans receivable | | 54 | | 45 |
| Net defined benefit asset | | — | | 138 |
| Deferred tax assets | | 925 | | 784 |
| Other | | 868 | | 777 |
| Allowance for doubtful accounts | | (22) | | (22) |
| Total investments and other assets | | 11,805 | | 12,584 |
| Total noncurrent assets | | 55,874 | | 58,442 |
| Total assets | | 93,294 | | 99,115 |

(Million yen)

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|---|----------------------------------|----------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | *5 5,956 | 5,400 |
| Short-term loans payable | 8,300 | 7,700 |
| Current portion of long-term loans payable | *2, *7 2,059 | *2, *7 1,868 |
| Lease obligations | 4 | 83 |
| Accrued expenses | 2,839 | 2,753 |
| Income taxes payable | 1,206 | 2,264 |
| Provision for directors' bonuses | 57 | 55 |
| Other | 1,344 | 2,467 |
| Total current liabilities | 21,767 | 22,594 |
| Noncurrent liabilities | | |
| Long-term loans payable | *2, *7 4,503 | *2, *7 3,234 |
| Lease obligations | 24 | 739 |
| Deferred tax liabilities | 1,062 | 1,243 |
| Provision for retirement benefits | 3,069 | — |
| Provision for directors' retirement benefits | 121 | 146 |
| Net defined benefit liability | — | 2,836 |
| Asset retirement obligations | 294 | 375 |
| Other | 1,967 | 2,221 |
| Total noncurrent liabilities | 11,043 | 10,796 |
| Total liabilities | 32,811 | 33,390 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 7,083 | 7,083 |
| Capital surplus | 1,255 | 1,255 |
| Retained earnings | 51,205 | 55,532 |
| Treasury stock | (2,916) | (2,919) |
| Total shareholders' equity | 56,627 | 60,951 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 282 | 397 |
| Deferred gains or losses on hedges | (5) | 4 |
| Foreign currency translation adjustment | (554) | 7 |
| Remeasurements of defined benefit plans | — | 13 |
| Total accumulated other comprehensive income | (277) | 423 |
| Minority interests | 4,133 | 4,349 |
| Total net assets | 60,483 | 65,724 |
| Total liabilities and net assets | 93,294 | 99,115 |

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Million yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|--|---|---|
| Net sales | 96,213 | 96,891 |
| Cost of sales | 76,495 | 75,945 |
| Gross profit | 19,718 | 20,945 |
| Selling, general and administrative expenses | | |
| Sales commission | 1,787 | 1,777 |
| Distribution expenses | 4,240 | 4,314 |
| Salaries and bonuses | *1 2,598 | *1 2,739 |
| Provision for directors' bonuses | 54 | 53 |
| Retirement benefit expenses | *1 161 | *1 121 |
| Other | *1 6,769 | *1 6,717 |
| Total selling, general and administrative expenses | 15,611 | 15,725 |
| Operating income | 4,106 | 5,220 |
| Non-operating income | | |
| Interest income | 2 | 6 |
| Dividends income | 71 | 86 |
| Equity in earnings of affiliates | 556 | 330 |
| Royalty income | 1,990 | 4,081 |
| Miscellaneous income | 269 | 217 |
| Total non-operating income | 2,890 | 4,721 |
| Non-operating expenses | | |
| Interest expenses | 160 | 160 |
| Loss on retirement of noncurrent assets | 128 | 134 |
| Facilities removal expenses | 151 | 256 |
| Miscellaneous loss | 375 | 182 |
| Total non-operating expenses | 815 | 733 |
| Ordinary income | 6,181 | 9,209 |
| Extraordinary income | | |
| Gain on sales of subsidiaries and affiliates' stocks | — | 27 |
| Gain on sales of investment securities | 127 | — |
| Subsidy income | — | 266 |
| Gain on disposal of noncurrent assets | *2 1,222 | — |
| Gain on negative goodwill | 2,134 | — |
| Total extraordinary income | 3,484 | 294 |
| Extraordinary loss | | |
| Loss on reduction of noncurrent assets | — | 253 |
| Loss on valuation of investment securities | 18 | — |
| Impairment loss | *3 292 | — |
| Loss on retirement of noncurrent assets | — | *4 453 |
| Loss on step acquisitions | 2,121 | — |
| Compensation expenses | 105 | — |
| Other | 63 | — |
| Total extraordinary loss | 2,600 | 707 |
| Income before income taxes | 7,065 | 8,797 |
| Income taxes-current | 2,027 | 3,201 |
| Income taxes-deferred | 514 | 131 |
| Total income taxes | 2,541 | 3,332 |
| Income before minority interests | 4,524 | 5,464 |
| Minority interests in income | 72 | 202 |
| Net income | 4,451 | 5,262 |

(Consolidated statements of comprehensive income)

(Million yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|--|---|---|
| Income before minority interests | 4,524 | 5,464 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 39 | 104 |
| Deferred gains or losses on hedges | (9) | 10 |
| Share of other comprehensive income of associates accounted for using equity method | 477 | 578 |
| Total other comprehensive income | 507 | 693 |
| Comprehensive income | 5,031 | 6,158 |
| Comprehensive income attributable to: | | |
| Owners of the parent | 4,942 | 5,949 |
| Minority interests | 89 | 208 |

(3) Consolidated statements of changes in net assets
FY2012 (From April 1, 2012 to March 31, 2013)

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of period | 7,083 | 1,255 | 47,688 | (2,915) | 53,111 |
| Change of items during the period | | | | | |
| Dividends from surplus | | | (934) | | (934) |
| Net income | | | 4,451 | | 4,451 |
| Purchase of treasury stock | | | | (0) | (0) |
| Net changes of items other than shareholders' equity | | | | | |
| Total change of items during the period | — | — | 3,517 | (0) | 3,516 |
| Balance at the end of the period | 7,083 | 1,255 | 51,205 | (2,916) | 56,627 |

| | Accumulated other comprehensive income | | | | | Minority interests | Total net assets |
|--|---|------------------------------------|--|---|--|--------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at the beginning of period | 228 | 2 | (998) | — | (766) | 853 | 53,197 |
| Change of items during the period | | | | | | | |
| Dividends from surplus | | | | | | | (934) |
| Net income | | | | | | | 4,451 |
| Purchase of treasury stock | | | | | | | (0) |
| Net changes of items other than shareholders' equity | 53 | (8) | 443 | — | 489 | 3,280 | 3,769 |
| Total change of items during the period | 53 | (8) | 443 | — | 489 | 3,280 | 7,285 |
| Balance at the end of the period | 282 | (5) | (554) | — | (277) | 4,133 | 60,483 |

FY2013 (From April 1, 2013 to March 31, 2014)

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of period | 7,083 | 1,255 | 51,205 | (2,916) | 56,627 |
| Change of items during the period | | | | | |
| Dividends from surplus | | | (934) | | (934) |
| Net income | | | 5,262 | | 5,262 |
| Purchase of treasury stock | | | | (3) | (3) |
| Net changes of items other than shareholders' equity | | | | | |
| Total change of items during the period | — | — | 4,327 | (3) | 4,324 |
| Balance at the end of the period | 7,083 | 1,255 | 55,532 | (2,919) | 60,951 |

| | Accumulated other comprehensive income | | | | | Minority interests | Total net assets |
|--|---|------------------------------------|--|---|--|--------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at the beginning of period | 282 | (5) | (554) | — | (277) | 4,133 | 60,483 |
| Change of items during the period | | | | | | | |
| Dividends from surplus | | | | | | | (934) |
| Net income | | | | | | | 5,262 |
| Purchase of treasury stock | | | | | | | (3) |
| Net changes of items other than shareholders' equity | 115 | 9 | 562 | 13 | 701 | 215 | 916 |
| Total change of items during the period | 115 | 9 | 562 | 13 | 701 | 215 | 5,241 |
| Balance at the end of the period | 397 | 4 | 7 | 13 | 423 | 4,349 | 65,724 |

(4) Consolidated statements of cash flows

(Million yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|--|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 7,065 | 8,797 |
| Depreciation and amortization | 3,564 | 3,358 |
| Loss (gain) on disposal of noncurrent assets | (1,216) | (35) |
| Loss on retirement of noncurrent assets | 128 | 588 |
| Loss (gain) on valuation of investment securities | 18 | — |
| Loss (gain) on sales of investment securities | (126) | (29) |
| Equity in losses (earnings) of affiliates | (556) | (330) |
| Increase (decrease) in provision for retirement benefits | (170) | — |
| Amortization of goodwill | 69 | 50 |
| Gain on negative goodwill | (2,134) | — |
| Loss (gain) on step acquisitions | 2,121 | — |
| Increase (decrease) in allowance for doubtful accounts | (11) | — |
| Increase (decrease) in provision for directors' bonuses | 7 | (0) |
| Increase (decrease) in net defined benefit liability | — | (334) |
| Interest and dividends income | (73) | (92) |
| Interest expenses | 160 | 160 |
| Subsidy income | — | (266) |
| Impairment loss | 292 | — |
| Loss on reduction of noncurrent assets | — | 253 |
| Compensation expenses | 105 | — |
| Decrease (increase) in notes and accounts receivable-trade | (361) | (314) |
| Decrease (increase) in inventories | 1,042 | 1,844 |
| Increase (decrease) in notes and accounts payable-trade | (419) | (493) |
| Increase (decrease) in accrued consumption taxes | 29 | 236 |
| Other, net | 606 | 870 |
| Subtotal | 10,140 | 14,259 |
| Interest and dividends income received | 73 | 92 |
| Proceeds from subsidy income | — | 266 |
| Compensation expenses | (105) | — |
| Payments for retirement of noncurrent assets | — | (79) |
| Interest expenses paid | (163) | (162) |
| Income taxes paid | (1,943) | (2,143) |
| Income taxes refund | — | 0 |
| Net cash provided by (used in) operating activities | 8,003 | 12,233 |

(Million yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|--|---|---|
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (4,898) | (4,793) |
| Proceeds from sales of property, plant and equipment | 2,376 | 68 |
| Purchase of investment securities | (583) | (10) |
| Proceeds from sales of investment securities | 535 | 42 |
| Purchase of intangible assets | (129) | (91) |
| Payments for transfer of business | (542) | — |
| Purchase of investments in subsidiaries | (391) | — |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | *2 (26) | — |
| Other, net | (8) | (7) |
| Net cash provided by (used in) investing activities | (3,667) | (4,790) |
| Net cash provided by (used in) financing activities | | |
| Increase in short-term loans payable | 12,500 | 10,550 |
| Decrease in short-term loans payable | (12,200) | (11,150) |
| Proceeds from issuance of commercial paper | 9,500 | — |
| Redemption of commercial papers | (10,000) | — |
| Proceeds from long-term loans payable | 1,741 | 600 |
| Repayment of long-term loans payable | (2,104) | (2,059) |
| Purchase of treasury stock | (0) | (3) |
| Cash dividends paid | (931) | (931) |
| Cash dividends paid to minority shareholders | (25) | (34) |
| Other, net | (12) | (20) |
| Net cash provided by (used in) financing activities | (1,533) | (3,048) |
| Net increase (decrease) in cash and cash equivalents | 2,802 | 4,394 |
| Cash and cash equivalents at beginning of period | 4,838 | 7,640 |
| Cash and cash equivalents at end of period | *1 7,640 | *1 12,034 |

(5) Notes on consolidated financial statements

(Notes on assumptions of a going concern)

None

(Important matters concerning preparation of consolidated financial statements)

1. Matters concerning scope of consolidation

I. Number and names of consolidated subsidiaries

Number of consolidated subsidiaries: 4

Names of consolidated subsidiaries:

Hokkaido Sugar Co., Ltd., Spoon Sugar Co., Ltd., Showa Sugar Co., Ltd., Taisho Technos Co., Ltd.

Effective fiscal 2012, Sanno Unyu Co., Ltd. has been excluded from the scope of consolidation following the sale of all shares in the company.

II. Names, etc. of unconsolidated subsidiaries

Names of unconsolidated subsidiaries

Hokuseki Co., Ltd., Hokuee Co., Ltd., Hokuken Co., Ltd.

Reasons for exclusion from the scope of consolidation

All of these unconsolidated subsidiaries are small in size, and the total assets, net sales, net income (comparable to equity interest), retained earnings (comparable to equity interest) all do not have a significant impact on the consolidated financial statements.

2. Matters concerning application of equity method

I. Names of equity method affiliates and names of major companies

Number of equity method affiliates and names of major companies: 8

Names of equity method affiliates and names of major companies:

Nansei Togyo Co., Ltd., San-ei Surochemical Co., Ltd., Hiranoya Corporation., The Kumphawapi Sugar Co., Ltd., and Kaset Phol Sugar Ltd.

Effective from fiscal 2012, Taishin Shoun Co. Ltd. is no longer an equity-method affiliate following the sale of all shares in the company.

II. Name, etc. of unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

Name of equity method affiliates and names of major companies

Unconsolidated subsidiaries: Hokuseki Co., Ltd., Hokuee Co., Ltd., Hokuken Co., Ltd.

Affiliates: Ryutou Incorporation, Shin Chutoh Sangyo Co., Ltd., Seitokogyo-Kaikan Co., Ltd. and Murakami Shouten Co., Ltd.

Reason for not applying the equity method

The influence that affiliates which are out of the scope of equity method accounting have on consolidated financial statements is minimal, and their overall significance is low even if they are excluded from the scope of application of equity method, considering the amount of net income or loss (comparable to equity interest) and retained earnings (comparable to equity interest). Therefore, they are excluded from the scope of equity method accounting.

3. Matters concerning fiscal year of consolidated subsidiaries

The financial closing date of consolidated financial subsidiaries agrees with the consolidated financial closing date with the exception of Hokkaido Sugar Co., Ltd. (September 30) and Showa Sugar Co., Ltd. (June 30). As for Hokkaido Sugar Co., Ltd., the financial statements prepared as a result of the provisional financial closing process equivalent to the consolidated financial closing conducted as of the consolidated financial closing date are used as the base. Meanwhile, for Showa Sugar Co. Ltd., provisional financial results based on a fiscal year-end of December 31 have been used to prepare the consolidated financial statements. However, we make adjustments necessary for consolidation regarding important transactions executed with Showa Sugar Co., Ltd. between January 1 and the consolidated closing date.

4. Matters concerning accounting standard

I. Evaluation standard and evaluation method of important assets

(i) Securities

Available-for-sale securities

Securities with market value

Market value method based on market prices as of the closing date. (Valuation difference is reported as a component of shareholders' equity, and cost of securities sold is calculated by the moving-average method.)

Securities without market value

Cost method based on the moving-average method

(ii) Derivatives

Market value method in principle

- (iii) Inventories
 - Evaluated by the cost method based on the gross average method
 - Amounts in the balance sheets are calculated by devaluating book values based on a decrease in profitability.
- II. Method of depreciation of important depreciable assets
 - (i) Property, plant and equipment (excluding lease assets)
 - The Company and its consolidated subsidiaries mainly use the straight-line method.
 - Useful life of major categories is as follows:
 - Buildings and structures
 - 15–38 years
 - Machinery, equipment and vehicles
 - 4–10 years
 - (ii) Lease assets
 - Lease period is used as useful life, and the straight-line method is used with zero residual value.
 - Of non-ownership-transfer finance lease transactions, those that started before March 31, 2008 are depreciated by the method applied to regular lease transactions.
- III. Standard to record important allowance and provision
 - (i) Allowance for doubtful accounts
 - In preparation for bad debt, for general accounts receivable, a loan loss ratio is taken into account while for certain receivables such as doubtful accounts receivable, collectability of each receivable is considered in recording the estimated uncollectible amount.
 - (ii) Provision for directors' bonuses
 - In preparation for payment of directors' bonuses, a provision thereof is recorded based on the estimated amount of payment in this fiscal year.
 - (iii) Provision for directors' retirement benefits
 - In preparation for the payment of directors' retirement benefits, some consolidated subsidiaries post 100% of the necessary amount to be paid at the end of the fiscal year in accordance with internal rules.
- IV. Provision for retirement benefits
 - In preparation for payment of employees' retirement benefits, the Company records provision for retirement benefits based on the estimated retirement benefit obligations as well as pension asset as of the end of this fiscal year.
 - Past service cost is expensed by the straight-line method over a certain period (five years) up to a ceiling of employees' average remaining service period at the time of accrual.
 - Actuarial difference is first prorated by the straight-line method over a certain period (10 years) up to a ceiling of employees' average remaining service period in each fiscal year at the time of accrual, and the prorated amount is expensed from the fiscal year after the year of accrual.
 - Our consolidated subsidiaries use the compendium method.
- V. Standard to record important income and expenses
 - Standard to record income from finance lease transactions
 - Net sales and cost of sales are recorded when a lease fee is received.
 - Of non-ownership-transfer finance lease transactions, income and expenses of those that started before March 31, 2008 are recorded by the method applied to regular lease transactions.
- VI. Standard to convert important foreign-currency-denominated assets and liabilities into local currency
 - Foreign currency receivable and payable is converted into yen based on the spot exchange rate as of the consolidated closing date, and translation is recorded as income or expenses.
 - Assets and liabilities of foreign subsidiaries are converted into yen based on the spot exchange rate as of the consolidated closing date, and translation is included in the foreign currency translation adjustment in the net assets section.

VII. Method of important hedge accounting

(i) Method of hedge accounting

Deferred hedge accounting is adopted. The designation method is applied for foreign exchange contracts which meet the requirements and exceptional accounting is applied for interest rate swaps which meet the requirements.

(ii) Hedging instruments, hedged items and hedging policy

| | |
|-----------------------|----------------|
| (Hedging instruments) | (Hedged items) |
|-----------------------|----------------|

| | |
|---------------------------|---|
| Foreign exchange forwards | Foreign-currency-denominated forecasted transaction and foreign currency receivable and payable |
|---------------------------|---|

| | |
|--------------------|-----------------------|
| Interest rate swap | Interest on borrowing |
|--------------------|-----------------------|

| | |
|----------------|----------------------------------|
| Commodity swap | Commodity forecasted transaction |
|----------------|----------------------------------|

(Hedging policy)

Foreign exchange forwards are used to hedge the foreign currency risk within the range required based on the sales plan for export and import transactions.

Interest rate swap is used to fix a variable interest rate and hedge the risk of future rising interest rate.

Commodity swaps are used to hedge the commodity price fluctuation risk within the range required based on the sales plan.

(iii) Method to evaluate effectiveness of hedging

We assume that the effectiveness of hedging is secured with respect to foreign exchange forwards since they are used for a single currency and single amount and for commodity swaps as they are transacted for a single product and single period. We do not evaluate the effectiveness of interest rate swaps since they meet the requirement of special accounting.

VIII. Scope of funds in the consolidated statements of cash flows

Funds consist of cash on hand, deposits cashable anytime and short-term investments (to be redeemed within three months from the date of acquisition) that are easily realizable and have limited risk of changes in value.

IX. Other important matters for preparation of consolidated financial statements

Accounting for consumption taxes

Consumption taxes are recorded net of tax.

(Change in accounting policy)

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

The Company has applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No.26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012) from the end of fiscal 2013, excluding paragraph 35 of ASBJ Statement No.26 and paragraph 67 of ASBJ Guidance No.25. As a result, the Company has changed the way it recognizes the difference between retirement benefit liabilities and plan assets, with unrecognized actuarial liabilities and unrecognized prior service costs now recorded as retirement benefit liabilities.

At the application of these accounting standards, in accordance with paragraph 37 of ASBJ Statement No.26, the Company reduced accumulated other comprehensive income by the amount related to this change at the fiscal year end.

As a result, as of the fiscal year end, 2,836 million yen was recognized as retirement benefit liabilities, 138 million yen was recognized as plan assets, and accumulated other comprehensive income increased by 13 million yen.

(Change in method of presentation)

(Consolidated balance sheets)

In the previous fiscal year, "Accrued consumption taxes" was presented as a separate item under current liabilities and "Long-term guarantee deposited" was presented as a separate item under noncurrent liabilities. However, in the fiscal year under review, the items have been included in "Other" under current liabilities and "Other" under noncurrent liabilities, respectively, as the amounts are immaterial.

As a result, the consolidated balance sheet for the previous fiscal year has been modified, with 133 million yen for "Accrued consumptions taxes" included in "Other" under current liabilities, and 809 million yen for "Long-term guarantee deposited" included in "Other" under noncurrent liabilities.

(Consolidated balance sheets)

*1. Item concerning unconsolidated subsidiaries and the affiliates is as follows.

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|--------------------------------|----------------------------------|----------------------------------|
| Investment securities (shares) | 7,874 million yen | 8,584 million yen |

*2. Collateral assets and secured liabilities

Assets pledged as collateral are as follows.

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|-----------------------------------|---|---|
| Buildings and structures | 2,344 million yen (2,344 million yen) | 2,323 million yen (2,323 million yen) |
| Machinery, equipment and vehicles | 3,767 (3,767) | 3,464 (3,464) |
| Land | 734 (734) | 735 (735) |
| Total | 6,846 (6,846) | 6,523 (6,523) |

Secured liabilities are as follows.

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|--|---|-------------------------------------|
| Current portion of long-term loans payable | 1,050 million yen (1,050 million yen) | 875 million yen (875 million yen) |
| Long-term loans payable | 1,800 (1,800) | 1,525 (1,525) |
| Total | 2,850 (2,850) | 2,400 (2,400) |

Of the above, the figures in parentheses represent loans secured by the plant foundation and the respective amount of liability.

*3. Guarantee obligation

Joint guaranty for loans from financial institutions of a company other than consolidated subsidiaries

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|--------------------------------|----------------------------------|----------------------------------|
| The Kumphawapi Sugar Co., Ltd. | 8 million yen | – million yen |
| Kaset Phol Sugar Ltd. | 69 | – |
| Hokuee Co., Ltd. | 21 | 25 |
| Total | 100 | 25 |

*4. Repurchase of notes receivable endorsed

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|---|----------------------------------|----------------------------------|
| Repurchase of notes receivable endorsed | – million yen | 11 million yen |

*5. Notes matured at the end of the fiscal year

Notes matured at the end of the fiscal year are settled on the date of clearing. Since March 31, 2013 was a holiday of financial institutions, the following notes matured at the end of the fiscal year are included in the ending balance of fiscal 2012.

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|------------------|----------------------------------|----------------------------------|
| Notes receivable | 103 million yen | – million yen |
| Notes payable | 38 | – |

*6. Reduction entry of property, plant and equipment and intangible assets

With the receipt of sugar production promotion subsidy by Showa Sugar Co., Ltd., our consolidated subsidiary, reduction entries made that are deducted from the acquisition prices are as follows:

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|-----------------------------------|----------------------------------|----------------------------------|
| Buildings and structures | 9 million yen | 20 million yen |
| Machinery, equipment and vehicles | 310 | 658 |
| Intangible assets | 2 | 2 |

*7. Financial covenants

Financial covenants are contained in loan contracts of part of the loans payable of our consolidated subsidiary Hokkaido Sugar Co., Ltd. Should there be a conflict with any of the following terms, loans are to be repaid in full to the respective lender as per notified by the lender.

- (1) The amount in the net assets section at the end of the business year falls below 75% of the larger of either the amount in the net assets section as of the end of the previous business year or as of the end of the business year serving as the basis.
- (2) Ordinary loss is posted in the business year for the second consecutive year.
- (3) The total amount of interest-bearing liabilities (e.g., short-term loans payable, current portion of long-term loans payable, long-term loans payable and bonds) is more than 1.5 times as the amount in the net assets section.

Loans-payable with financial covenants are as follows.

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|--|----------------------------------|----------------------------------|
| Current portion of long-term loans payable | 1,050 million yen | 875 million yen |
| Long-term loans payable | 1,800 | 1,525 |
| Total | 2,850 | 2,400 |

(Consolidated statements of income)

*1. Research and development expenses included in selling, general and administrative expenses

| FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|--|--|
| 615 million yen | 671 million yen |

*2. Gain on disposal of noncurrent assets

FY2012 (From April 1, 2012 to March 31, 2013)

This is mainly due to the sales of land, etc.

*3. Impairment loss

FY2012 (From April 1, 2012 to March 31, 2013)

1) Summary of asset group for which impairment loss is recognized

| Location | Usage | Type |
|---|--------------------------------|--|
| Okayama Plant (Minami-ku, Okayama) | Palatinose production facility | Buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures |
| The former General Research Center (Chigasaki, Kanagawa) | Assets scheduled for sale | Buildings and structures, land |
| Eifukucho store (Suginami-ku, Tokyo) | Idle assets | Buildings and structures |

2) Reasons for impairment

Impairment loss is recognized for the palatinose production facility at the Okayama Plant located in Minami-ku, Okayama, since operating income/loss deteriorated and no short-term recovery in performance can be expected. Impairment loss is recognized for the former General Research Center in Chigasaki, Kanagawa because of the growing expectation that a loss on sales would be incurred. Impairment loss is also recognized for the Eifukucho store in Suginami-ku, Tokyo, because of the decision to demolish the building.

3) Details of impairment loss

| | |
|-----------------------------------|------------------------|
| Buildings and structures | 78 million yen |
| Machinery, equipment and vehicles | 40 million yen |
| Tools, furniture and fixtures | 1 million yen |
| <u>Land</u> | <u>172 million yen</u> |
| Total | 292 million yen |

4) Method of grouping

Noncurrent assets are classified into the Sugar Business Group, the Food Ingredient Business Group and the Real Estate Business Group, and the Sugar Business Group is further classified by plant. The Food Ingredient Business Group is mainly categorized into the Palatinose Group, the Pigment Group, the Agar and Gelatinizing Agent Group and the Bio Group. The Real Estate Business Group is classified by rental property. Idle properties are classified by each property.

5) Calculation of recoverable amount

Recoverable amount is based on the net sales value in all asset groups. As for the palatinose production facility, the net sales value is assessed as zero due to the difficulty in using the facility for another purpose. With respect to the former General Research Center, the planned sales value is recognized as the net sales value. As for the Eifukucho store, the net sales value is recognized as zero given the decision to demolish it.

*4. Loss on retirement of noncurrent assets

FY2013 (From April 1, 2013 to March 31, 2014)

Expenses incurred as a result of the removal of raw sugar production facilities at Okayama Plant which ended production at the end of September 2012.

(Consolidated statements of changes in net assets)

FY2012 (From April 1, 2012 to March 31, 2013)

1. Matters concerning type and total number of outstanding shares and treasury stock

| | Number of shares at the beginning of FY2012 (Thousand shares) | Number of increased shares during FY2012 (Thousand shares) | Number of decreased shares during FY2012 (Thousand shares) | Number of shares at the end of FY2012 (Thousand shares) |
|--------------------|--|---|---|--|
| Outstanding shares | | | | |
| Common shares | 141,667 | – | – | 141,667 |
| Total | 141,667 | – | – | 141,667 |
| Treasury stock | | | | |
| Common shares | 8,314 | 3 | – | 8,318 |
| Total | 8,314 | 3 | – | 8,318 |

Note: Three thousand shares of increase in common shares of treasury stock are as a result of acquisition of fractional shares (+ three thousand shares).

2. Matters concerning cash dividends

(1) Dividends paid

| (Resolution) | Type of shares | Total dividends paid (Million yen) | Dividend per share (Yen) | Base date | Effective date |
|--|----------------|---------------------------------------|-----------------------------|--------------------|------------------|
| Ordinary general meeting of shareholders held on June 26, 2012 | Common shares | 534 | 4.0 | March 31, 2012 | June 27, 2012 |
| Board of directors' meeting held on October 31, 2012 | Common shares | 400 | 3.0 | September 30, 2012 | December 4, 2012 |

(2) Dividends whose base date is in fiscal 2012 and whose effective date falls on fiscal 2013

| (Resolution) | Type of shares | Total dividends paid (Million yen) | Dividend resource | Dividend per share (Yen) | Base date | Effective date |
|--|----------------|---------------------------------------|-------------------|-----------------------------|----------------|----------------|
| Ordinary general meeting of shareholders held on June 27, 2013 | Common shares | 534 | Retained earnings | 4.0 | March 31, 2013 | June 28, 2013 |

FY2013 (From April 1, 2013 to March 31, 2014)

1. Matters concerning type and total number of outstanding shares and treasury stock

| | Number of shares at the beginning of FY2013 (Thousand shares) | Number of increased shares during FY2013 (Thousand shares) | Number of decreased shares during FY2013 (Thousand shares) | Number of shares at the end of FY2013 (Thousand shares) |
|--------------------|--|---|---|--|
| Outstanding shares | | | | |
| Common shares | 141,667 | – | – | 141,667 |
| Total | 141,667 | – | – | 141,667 |
| Treasury stock | | | | |
| Common shares | 8,318 | 9 | – | 8,327 |
| Total | 8,318 | 9 | – | 8,327 |

Note: Three thousand shares of increase in common shares of treasury stock are as a result of acquisition of fractional shares (+ three thousand shares).

2. Matters concerning cash dividends

(1) Dividends paid

| (Resolution) | Type of shares | Total dividends paid (Million yen) | Dividend per share (Yen) | Base date | Effective date |
|--|----------------|---------------------------------------|-----------------------------|--------------------|------------------|
| Ordinary general meeting of shareholders held on June 27, 2013 | Common shares | 534 | 4.0 | March 31, 2013 | June 27, 2013 |
| Board of directors' meeting held on October 31, 2013 | Common shares | 400 | 3.0 | September 30, 2013 | December 4, 2013 |

(2) Dividends whose base date is in fiscal 2013 and whose effective date falls on fiscal 2014

| (Resolution) | Type of shares | Total dividends paid (Million yen) | Dividend resource | Dividend per share (Yen) | Base date | Effective date |
|--|----------------|---------------------------------------|-------------------|-----------------------------|----------------|----------------|
| Ordinary general meeting of shareholders held on June 24, 2014 | Common shares | 667 | Retained earnings | 5.0 | March 31, 2014 | June 25, 2014 |

(Consolidated statements of cash flows)

*1. Relationship between ending balance of cash and cash equivalents and its amount in the consolidated balance sheets

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|--|--|--|
| Cash and deposits | 7,648 million yen | 12,042 million yen |
| Time deposit whose deposit term exceeds three months | (8) | (8) |
| Cash and cash equivalents | 7,640 | 12,034 |

*2. Major constituents of assets and liabilities of a company that newly became a consolidated subsidiary in fiscal 2012

Major constituents of assets and liabilities of Hokkaido Sugar Co., Ltd. when it was newly consolidated through the purchase of shares in fiscal 2012, and the relationship between the stock purchase price and payment (net) for the purchase are as follows.

| | |
|--|--------------------|
| Current assets | 13,358 million yen |
| Noncurrent assets | 9,718 |
| Current liabilities | (10,440) |
| Noncurrent liabilities | (4,245) |
| Minority interests | (3,579) |
| Stock purchase price | 4,811 |
| Valuation price under the equity method until taking control by purchase | (3,895) |
| Gain on negative goodwill | (2,132) |
| Loss on step acquisitions | 2,121 |
| Purchase price of additional shares acquired | 905 |
| Cash and cash equivalents of the new consolidated subsidiary | (879) |
| Net: Purchase of investments in subsidiaries resulting in change in scope of consolidation | 26 |

(Segment information, etc.)

Segment information

1. Overview of reportable segments

Reportable segments of the Company are structural units of the Company whose separate financial information is available, and which are subject to regular review by the Board of Directors to evaluate a decision on allocation of management resources and financial results.

The Company and its consolidated subsidiaries are engaged in manufacturing and sales of sugar and food ingredients and lease of real estate. Organizations are established based on these products and services.

Therefore, reportable segments of the Company are the “Sugar Business,” “Food Ingredient Business” and “Real Estate Business.”

The “Sugar Business” manufactures and sells raw sugar, white sugar and sugar-related products. The “Food Ingredient Business” manufactures and sells naturally-derived sweetener, pigments, flavor, sugar cane extract, agar and bio-based products. The “Real Estate Business” mainly leases land, retail premises and offices.

2. Calculation method of net sales, income/loss, assets, liabilities and other items of each reportable segment

Accounting of reportable business segments is basically the same as those described in the “Important matters concerning preparation of consolidated financial statements.”

Income of reportable segments is on an operating-income basis.

Intersegment sales and transfer is based on the current market price.

3. Information on amounts of net sales, income/loss, assets, liabilities and other items by each reportable segment
FY2012 (From April 1, 2012 to March 31, 2013)

(Million yen)

| | Reportable Segment | | | | Adjustments | Amount recorded in consolidated financial statements |
|---|--------------------|--------------------------|----------------------|--------|-------------|--|
| | Sugar Business | Food Ingredient Business | Real Estate Business | Total | | |
| Net sales | | | | | | |
| Net sales to third-party customers | 85,754 | 9,219 | 1,238 | 96,213 | — | 96,213 |
| Intersegment net sales and transfer | 54 | — | 56 | 111 | (111) | — |
| Total | 85,809 | 9,219 | 1,295 | 96,324 | (111) | 96,213 |
| Segment profit | 2,974 | 435 | 696 | 4,106 | — | 4,106 |
| Segment assets | 67,094 | 8,213 | 10,326 | 85,634 | 7,660 | 93,294 |
| Other items | | | | | | |
| Depreciation and amortization | 3,195 | 191 | 154 | 3,542 | 22 | 3,564 |
| Increase of plant, property and equipment and intangible assets | 3,729 | 252 | 14 | 3,996 | 622 | 4,619 |

Notes:

- Some adjustments were made between segment profit and operating income recorded in consolidated statements of income.
- Adjustments of segment assets of 7,660 million yen indicate assets of the entire Company not allocated to each reportable segment. They consist of invested assets using surplus fund (cash and deposits), long-term investment fund (investment securities) and assets concerning the administration department.
- Because the Company acquired additional shares of Hokkaido Sugar Co., Ltd., net sales and segment assets of Sugar Business segment increased by 18,283 million yen and 22,477 million yen respectively.

FY2013 (From April 1, 2013 to March 31, 2014)

(Million yen)

| | Reportable Segment | | | | Adjustments | Amount recorded in consolidated financial statements |
|---|--------------------|--------------------------|----------------------|--------|-------------|--|
| | Sugar Business | Food Ingredient Business | Real Estate Business | Total | | |
| Net sales | | | | | | |
| Net sales to third-party customers | 86,012 | 9,751 | 1,126 | 96,891 | — | 96,891 |
| Intersegment net sales and transfer | 39 | — | 53 | 93 | (93) | — |
| Total | 86,052 | 9,751 | 1,180 | 96,984 | (93) | 96,891 |
| Segment profit | 4,205 | 416 | 598 | 5,220 | — | 5,220 |
| Segment assets | 66,798 | 8,044 | 10,734 | 85,577 | 13,537 | 99,115 |
| Other items | | | | | | |
| Depreciation and amortization | 3,009 | 186 | 144 | 3,340 | 17 | 3,358 |
| Increase of plant, property and equipment and intangible assets | 4,840 | 142 | 679 | 5,661 | 131 | 5,793 |

Notes:

- Some adjustments were made between segment profit and operating income recorded in consolidated statements of income.
- Adjustments of segment assets of 13,537 million yen indicate assets of the entire Company not allocated to each reportable segment. They consist of invested assets using surplus fund (cash and deposits), long-term investment fund (investment securities) and assets concerning the administration department.

b. Related information

FY2012 (From April 1, 2012 to March 31, 2013)

1. Information by each product and service

Description is omitted since it is explained in the segment information section.

2. Information by each region

(1) Net sales

Description is omitted since net sales to third party customers account for less than 10% of the consolidated net sales.

(2) Plant, property and equipment

Not applicable since there is no plant, property and equipment located outside Japan.

3. Information by major customer

(Million yen)

| Name of customer | Net sales | Relevant segment |
|--------------------|-----------|---|
| Mitsui & Co., Ltd. | 54,883 | Sugar Business and Food Ingredient Business |
| Sojitz Corporation | 11,691 | Sugar Business |

FY2013 (From April 1, 2013 to March 31, 2014)

1. Information by each product and service

Description is omitted since it is explained in the segment information section.

2. Information by each region

(1) Net sales

Description is omitted since net sales to third party customers account for less than 10% of the consolidated net sales.

(2) Plant, property and equipment

Not applicable since there is no plant, property and equipment located outside Japan.

3. Information by major customer

(Million yen)

| Name of customer | Net sales | Relevant segment |
|--------------------|-----------|---|
| Mitsui & Co., Ltd. | 55,002 | Sugar Business and Food Ingredient Business |
| Sojitz Corporation | 11,397 | Sugar Business |

c. Information on impairment loss on noncurrent assets by each reportable segment

FY2012 (From April 1, 2012 to March 31, 2013)

(Million yen)

| | Reportable segment | | | | Adjustments | Amount recorded in consolidated financial statements |
|-----------------|--------------------|--------------------------|----------------------|-------|-------------|--|
| | Sugar Business | Food Ingredient Business | Real Estate Business | Total | | |
| Impairment loss | – | 41 | 25 | 67 | 225 | 292 |

(Note) The adjustment of 225 million yen in impairment loss reflects the impairment loss recognized with respect to the former General Research Center located in Chigasaki, Kanagawa due to the heightened expectation that a loss on sales would be incurred.

FY2013 (From April 1, 2013 to March 31, 2014)

None

d. Information on amortization of goodwill and unamortized balance of goodwill by each reportable segment

FY2012 (From April 1, 2012 to March 31, 2013)

(Million yen)

| | Reportable segment | | | | Adjustments | Amount recorded in consolidated financial statements |
|--------------------------------------|--------------------|--------------------------|----------------------|-------|-------------|--|
| | Sugar Business | Food Ingredient Business | Real Estate Business | Total | | |
| Amortization during the period | – | 69 | – | 69 | – | 69 |
| Balance at the end of current period | – | 212 | – | 212 | – | 212 |

FY2013 (From April 1, 2013 to March 31, 2014)

(Million yen)

| | Reportable segment | | | | Adjustments | Amount recorded in consolidated financial statements |
|--------------------------------------|--------------------|--------------------------|----------------------|-------|-------------|--|
| | Sugar Business | Food Ingredient Business | Real Estate Business | Total | | |
| Amortization during the period | – | 50 | – | 50 | – | 50 |
| Balance at the end of current period | – | 162 | – | 162 | – | 162 |

e. Information on gain on negative goodwill by each reportable segment

FY2012 (From April 1, 2012 to March 31, 2013)

In conjunction with purchasing additional shares of Hokkaido Sugar Co., Ltd., a gain on negative goodwill of 2,132 million yen is posted under the Sugar Business segment. In addition, in connection with making Sanno Unyu Co., Ltd. a wholly-owned subsidiary, a gain on negative goodwill of 1 million yen is posted under the Sugar Business segment.

FY2013 (From April 1, 2013 to March 31, 2014)

None

(Per-share information)

| FY2012 (From April 1, 2012 to March 31, 2013) | | FY2013 (From April 1, 2013 to March 31, 2014) | |
|---|------------|---|------------|
| Net assets per share | 422.57 yen | Net assets per share | 460.29 yen |
| Net income per share | 33.39 yen | Net income per share | 39.46 yen |
| Diluted net income per share is not mentioned since dilutive shares do not exist. | | Diluted net income per share is not mentioned since dilutive shares do not exist. | |

Note: The basis of calculation of net assets per share is as follows.

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|---|----------------------------------|----------------------------------|
| Total of net assets section (million yen) | 60,483 | 65,724 |
| Amount deducted from total of net assets section (million yen) | 4,133 | 4,349 |
| (Of the above, minority interests) | (4,133) | (4,349) |
| Net assets attributable to common shares at period end (million yen) | 56,350 | 61,375 |
| Number of common shares at period end used in calculating net assets per share (shares) | 133,349,308 | 133,340,235 |

Note: The basis of calculation of net income per share is as follows.

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|--|--|--|
| Net income (million yen) | 4,451 | 5,262 |
| Amount not attributable to common shareholders | — | — |
| Net income attributable to common shares (million yen) | 4,451 | 5,262 |
| Average number of shares outstanding (shares) | 133,351,334 | 133,345,371 |

(Important subsequent events)

None

(Omission of disclosure)

Notes on consolidated statements of comprehensive income, lease transactions, financial instruments, securities, derivatives trading, retirement benefit, tax effect accounting, business combination, etc., asset retirement obligation, real-estate leasing and information on related parties are omitted since the necessity of disclosure in the summary of consolidated financial results is not very high.

5. Non-consolidated Financial Statements

(1) Balance sheets

(Million yen)

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|--|----------------------------------|----------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,219 | 9,457 |
| Notes receivable – trade | 84 | 40 |
| Accounts receivable – trade | 3,117 | 3,497 |
| Lease investment assets | 247 | 397 |
| Merchandise and finished goods | 4,088 | 3,780 |
| Goods in transit | 37 | 20 |
| Work in process | 1,382 | 1,473 |
| Raw materials and supplies | 3,041 | 2,947 |
| Raw materials in transit | 695 | – |
| Prepaid expenses | 73 | 49 |
| Deferred tax assets | 412 | 438 |
| Current portion of long-term loans receivable from subsidiaries and affiliates | 180 | 180 |
| Other | 120 | 144 |
| Total current assets | 18,700 | 22,426 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 18,136 | 16,354 |
| Accumulated depreciation | (11,606) | (10,285) |
| Buildings, net | 6,530 | 6,069 |
| Structures | 2,421 | 2,368 |
| Accumulated depreciation | (1,723) | (1,685) |
| Structures, net | 698 | 683 |
| Machinery and equipment | 37,748 | 34,655 |
| Accumulated depreciation | (29,299) | (26,605) |
| Machinery and equipment, net | 8,449 | 8,050 |
| Vehicles | 42 | 41 |
| Accumulated depreciation | (36) | (37) |
| Vehicles, net | 6 | 4 |
| Tools, furniture and fixtures | 1,227 | 1,223 |
| Accumulated depreciation | (970) | (1,003) |
| Tools, furniture and fixtures, net | 257 | 220 |
| Land | 17,200 | 17,182 |
| Lease assets | – | 765 |
| Accumulated depreciation | – | (14) |
| Tools, furniture and fixtures, net | – | 750 |
| Construction in progress | 7 | 988 |
| Total property, plant and equipment | 33,149 | 33,948 |
| Intangible assets | 448 | 427 |
| Investments and other assets | | |
| Investment securities | 1,784 | 1,931 |
| Stocks of subsidiaries and affiliates | 4,781 | 4,762 |
| Investments in capital | 17 | 17 |
| Long-term loans receivable from subsidiaries and affiliates | 720 | 540 |
| Long-term prepaid expenses | 21 | 1 |
| Other | 537 | 530 |
| Allowance for doubtful accounts | (17) | (17) |
| Total investments and other assets | 7,845 | 7,765 |
| Total noncurrent assets | 41,443 | 42,141 |
| Total assets | 60,144 | 64,568 |

(Million yen)

| | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|--|----------------------------------|----------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 3,218 | 2,585 |
| Short-term loans payable | 500 | 500 |
| Current portion of long-term loans payable | 929 | 933 |
| Lease obligations | – | 76 |
| Accounts payable – other | 407 | 687 |
| Accrued expenses | 2,157 | 2,138 |
| Income taxes payable | 1,113 | 1,961 |
| Advances received | 98 | 95 |
| Deposits received | 77 | 30 |
| Provision for directors' bonuses | 43 | 45 |
| Other | 246 | 424 |
| Total current liabilities | 8,791 | 9,479 |
| Noncurrent liabilities | | |
| Long-term loans payable | 2,623 | 1,689 |
| Lease obligations | – | 714 |
| Deferred tax liabilities | 1,062 | 1,266 |
| Provision for retirement benefits | 708 | 691 |
| Asset retirement obligations | 105 | 198 |
| Other | 1,804 | 1,570 |
| Total noncurrent liabilities | 6,304 | 6,130 |
| Total liabilities | 15,096 | 15,609 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 7,083 | 7,083 |
| Capital surplus | | |
| Legal capital surplus | 1,177 | 1,177 |
| Total capital surplus | 1,177 | 1,177 |
| Retained earnings | | |
| Legal retained earnings | 1,033 | 1,033 |
| Other retained earnings | | |
| Reserve for price fluctuation | 200 | 200 |
| Reserve for advanced depreciation of noncurrent assets | 3,666 | 3,537 |
| Reserve for special depreciation | 18 | 12 |
| General reserve | 22,680 | 22,680 |
| Retained earnings brought forward | 11,913 | 15,863 |
| Total retained earnings | 39,511 | 43,326 |
| Treasury stock | (2,890) | (2,893) |
| Total shareholders' equity | 44,882 | 48,693 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 169 | 261 |
| Deferred gains or losses on hedges | (3) | 4 |
| Total valuation and translation adjustments | 165 | 265 |
| Total net assets | 45,048 | 48,958 |
| Total liabilities and net assets | 60,144 | 64,568 |

(2) Statements of income

(Million yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|---|---|---|
| Net sales | | |
| Net sales of Sugar Business | | |
| Net sales of goods | 6,649 | 6,359 |
| Net sales of finished goods | 59,684 | 59,198 |
| Total | 66,333 | 65,557 |
| Net sales of other businesses | 4,442 | 4,293 |
| Total net sales | 70,775 | 69,851 |
| Cost of sales | | |
| Cost of sales of Sugar Business | | |
| Beginning goods | 118 | 111 |
| Beginning finished goods | 4,547 | 3,359 |
| Purchase of finished goods | 6,752 | 6,408 |
| Cost of products manufactured | 46,184 | 46,109 |
| Transfer to other accounts | 161 | 21 |
| Total | 57,441 | 55,967 |
| Ending goods | 111 | 90 |
| Ending finished goods | 3,359 | 3,125 |
| Cost of sales of Sugar Business | 53,971 | 52,752 |
| Cost of sales of other businesses | 2,905 | 2,947 |
| Total cost of sales | 56,876 | 55,699 |
| Gross profit | 13,899 | 14,151 |
| Selling, general and administrative expenses | | |
| Distribution expenses | 2,539 | 2,444 |
| Loading and unloading expenses | 855 | 739 |
| Sales commission | 1,543 | 1,520 |
| Salaries and bonuses | 1,589 | 1,674 |
| Retirement benefit expenses | 134 | 87 |
| Provision for directors' bonuses | 43 | 45 |
| Experiment and research expenses | 30 | 58 |
| Depreciation | 167 | 189 |
| Advertisement expenses | 346 | 334 |
| Other | 3,230 | 3,166 |
| Total selling, general and administrative expenses | 10,480 | 10,261 |
| Operating income | 3,418 | 3,889 |

(Million yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|--|---|---|
| Non-operating income | | |
| Interest income | 7 | 12 |
| Dividends income | 1,662 | 402 |
| Royalty income | 1,990 | 4,081 |
| Miscellaneous income | 133 | 162 |
| Total non-operating income | 3,793 | 4,658 |
| Non-operating expenses | | |
| Interest expenses | 55 | 45 |
| Loss on retirement of noncurrent assets | 106 | 125 |
| Facilities removal expenses | 133 | 202 |
| Miscellaneous loss | 264 | 158 |
| Total non-operating expenses | 559 | 531 |
| Ordinary income | 6,653 | 8,016 |
| Extraordinary income | | |
| Gain on sales of investment securities | 127 | — |
| Gain on sales of subsidiaries and affiliates' stocks | — | 49 |
| Gain on disposal of noncurrent assets | 1,184 | — |
| Total extraordinary income | 1,312 | 49 |
| Extraordinary loss | | |
| Loss on valuation of investment securities | 12 | — |
| Impairment loss | 292 | — |
| Loss on retirement of noncurrent assets | — | 453 |
| Compensation expenses | 105 | — |
| Other | 32 | — |
| Total extraordinary loss | 442 | 453 |
| Income before income taxes | 7,523 | 7,612 |
| Income taxes – current | 1,823 | 2,738 |
| Income taxes – deferred | 473 | 124 |
| Total income taxes | 2,297 | 2,863 |
| Net income | 5,225 | 4,749 |

(3) Statements of changes in net assets

FY2012 (From April 1, 2012 to March 31, 2013)

(Million yen)

| | Shareholders' equity | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-------------------------|-------------------------------|--|----------------------------------|-----------------|-----------------------------------|
| | Capital stock | Capital surplus | | Legal retained earnings | Retained earnings | | | | |
| | | Legal capital surplus | Total capital surplus | | Other retained earnings | | | | |
| | | | | | Reserve for price fluctuation | Reserve for advanced depreciation of noncurrent assets | Reserve for special depreciation | General reserve | Retained earnings brought forward |
| Balance at the beginning of current period | 7,083 | 1,177 | 1,177 | 1,033 | 200 | 3,219 | 22 | 22,680 | 8,065 |
| Changes of items during the period | | | | | | | | | |
| Reversal of reserve for advanced depreciation of noncurrent assets | | | | | | (143) | | | 143 |
| Provision of reserve for advanced depreciation of noncurrent assets | | | | | | 591 | | | (591) |
| Reversal of reserve for special depreciation | | | | | | | (4) | | 4 |
| Provision of reserve for special depreciation | | | | | | | — | | — |
| Dividends from surplus | | | | | | | | | (934) |
| Net income | | | | | | | | | 5,225 |
| Purchase of treasury stock | | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | | | |
| Total changes of items during the period | — | — | — | — | — | 447 | (4) | — | 3,848 |
| Balance at the end of current period | 7,083 | 1,177 | 1,177 | 1,033 | 200 | 3,666 | 18 | 22,680 | 11,913 |

| | Shareholders' equity | | | Valuation and translation adjustments | | | Total net assets |
|---|-------------------------|----------------|----------------------------|---|------------------------------------|---|------------------|
| | Retained earnings | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| | Total retained earnings | | | | | | |
| Balance at the beginning of current period | 35,220 | (2,889) | 40,591 | 174 | 2 | 176 | 40,768 |
| Changes of items during the period | | | | | | | |
| Reversal of reserve for advanced depreciation of noncurrent assets | — | | | | | | |
| Provision of reserve for advanced depreciation of noncurrent assets | — | | | | | | |
| Reversal of reserve for special depreciation | — | | | | | | |
| Provision of reserve for special depreciation | — | | | | | | |
| Dividends from surplus | (934) | | (934) | | | | (934) |
| Net income | 5,225 | | 5,225 | | | | 5,225 |
| Purchase of treasury stock | | (0) | (0) | | | | (0) |
| Net changes of items other than shareholders' equity | | | | (4) | (6) | (10) | (10) |
| Total changes of items during the period | 4,291 | (0) | 4,290 | (4) | (6) | (10) | 4,279 |
| Balance at the end of current period | 39,511 | (2,890) | 44,882 | 169 | (3) | 165 | 45,048 |

FY2013 (From April 1, 2013 to March 31, 2014)

(Million yen)

| | Shareholders' equity | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-------------------------|-------------------------------|--|----------------------------------|-----------------|-----------------------------------|
| | Capital stock | Capital surplus | | Legal retained earnings | Retained earnings | | | | |
| | | Legal capital surplus | Total capital surplus | | Other retained earnings | | | | |
| | | | | | Reserve for price fluctuation | Reserve for advanced depreciation of noncurrent assets | Reserve for special depreciation | General reserve | Retained earnings brought forward |
| Balance at the beginning of current period | 7,083 | 1,177 | 1,177 | 1,033 | 200 | 3,666 | 18 | 22,680 | 11,913 |
| Changes of items during the period | | | | | | | | | |
| Reversal of reserve for advanced depreciation of noncurrent assets | | | | | | (129) | | | 129 |
| Provision of reserve for advanced depreciation of noncurrent assets | | | | | | | | | |
| Reversal of reserve for special depreciation | | | | | | | (5) | | 5 |
| Provision of reserve for special depreciation | | | | | | | | | (934) |
| Dividends from surplus | | | | | | | | | 4,749 |
| Net income | | | | | | | | | |
| Purchase of treasury stock | | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | | | |
| Total changes of items during the period | — | — | — | — | — | (129) | (5) | — | 3,949 |
| Balance at the end of current period | 7,083 | 1,177 | 1,177 | 1,033 | 200 | 3,537 | 12 | 22,680 | 15,863 |

| | Shareholders' equity | | | Valuation and translation adjustments | | | Total net assets |
|---|-------------------------|----------------|----------------------------|---|------------------------------------|---|------------------|
| | Retained earnings | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| | Total retained earnings | | | | | | |
| Balance at the beginning of current period | 39,511 | (2,890) | 44,882 | 169 | (3) | 165 | 45,048 |
| Changes of items during the period | | | | | | | |
| Reversal of reserve for advanced depreciation of noncurrent assets | — | | — | | | | — |
| Provision of reserve for advanced depreciation of noncurrent assets | — | | — | | | | — |
| Reversal of reserve for special depreciation | — | | — | | | | — |
| Provision of reserve for special depreciation | — | | — | | | | — |
| Dividends from surplus | (934) | | (934) | | | | (934) |
| Net income | 4,749 | | 4,749 | | | | 4,749 |
| Purchase of treasury stock | | (3) | (3) | | | | (3) |
| Net changes of items other than shareholders' equity | | | | 91 | 7 | 99 | 99 |
| Total changes of items during the period | 3,814 | (3) | 3,811 | 91 | 7 | 99 | 3,910 |
| Balance at the end of current period | 43,326 | (2,893) | 48,693 | 261 | 4 | 265 | 48,958 |

- (4) Note on individual financial statements
 (Note on assumptions of a going concern)
 None

(Important subsequent events)
 None

6. Other

(1) Transfer of directors

1) New director candidates (resolution to be submitted to the General Meeting of Shareholders on June 24, 2014)

| Name | New position | Current position |
|-------------------|---|--|
| Junichi Nomura | Director Executive Managing Officer, General Manager, Sugar Production Group. | Executive Managing Officer, General Manager, Sugar Production Group |
| Hideyuki Mikayama | Director Executive Officer & CFO, General Manager, Finance & Accounting Group | |
| Kaoru Maeda | Director (Outside) | Senior Vice President, Consumer Lifestyle Business Division Senior General Manager, Foods & Agriculture Business Unit, Sojitz Corporation |
| Haruyuki Hattori | Director (Outside) | General Manager of Agribusiness Department, Toyota Tsusho Corporation |

*Hideyuki Mikayama is due to take up the positions of Executive Managing Officer & CFO, General Manager, Finance & Accounting Group on June 1, 2014.

2) Retiring directors (effective June 24, 2014)

| Name | New position | Current position |
|-------------------|--------------|--------------------|
| Tateo Nomura | Advisor | Director |
| Tsuyoshi Tsuchida | Retiring | Director (Outside) |

3) New auditor candidates (resolution to be submitted to the General Meeting of Shareholders on June 24, 2014)

| Name | New position | Current position |
|-----------------|----------------------------------|---|
| Youichi Hayashi | Audit & Supervisory Board Member | Director Executive Officer & CFO, General Manager, Finance & Accounting Group |
| Ichiro Iijima | Corporate Auditor (Outside) | Director, MS&AD Insurance Group Holdings, Inc. |

4) Retiring auditors (effective June 24, 2014)

| Name | New position | Current position |
|-----------------|--------------|--|
| Yoshiaki Tanaka | Advisor | Audit & Supervisory Board Member |
| Keizo Yamamoto | Retiring | Audit & Supervisory Board Member (Outside) |

- (2) Other
 None