



Summary of Consolidated Financial Results

For the Three Months Ended June 30, 2014 (Based on Japanese GAAP)

July 31, 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, General Manager, Corporate Planning Division		
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Planned date for submission of quarterly report:		August 6, 2014	
Planned date to start dividend payment:		—	
Preparation of supplementary material for quarterly financial statements:		None	
Briefing session for quarterly financial statements:		None	

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

1. Consolidated Financial Results for the Three Months of the Year Ending March 31, 2015 (from April 1, 2014 to June 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three months of FY2014	22,950	(4.5)	860	(28.4)	2,063	4.7	1,269	6.1
First three months of FY2013	24,039	(1.9)	1,201	32.6	1,970	63.1	1,196	69.1

(Note) Comprehensive income: Three months ended June 30, 2014: 1,344 million yen (-25.6%)
 Three months ended June 30, 2013: 1,807 million yen (94.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
First three months of FY2014	9.52	—
First three months of FY2013	8.98	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2014	94,558	66,169	65.4	463.60
As of March 31, 2014	99,115	65,724	61.9	460.29

(Reference) Equity capital As of June 30, 2014: 61,815 million yen As of March 31, 2014: 61,375 million yen

2. Cash Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	—	3.00	—	5.00	8.00
Year ending March 31, 2015	—	—	—	—	—
Year ending March 31, 2015 (forecast)	—	4.00	—	4.00	8.00

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

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

(Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	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

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

* Notes

(1) Significant changes in subsidiaries during the period

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

New: — companies (company name): —

Excluded: — companies (company name): —

(2) Application of accounting method unique to preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policy due to any revision of accounting standards: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares at period end (including treasury shares)

As of June 30, 2014	141,667,400 shares	As of March 31, 2014	141,667,400 shares
As of June 30, 2014	8,327,475 shares	As of March 31, 2014	8,327,165 shares
Three months ended June 30, 2014	133,340,124 shares	Three months ended June 30, 2013	133,348,777 shares

(ii) Number of treasury shares at period end

(iii) Average number of shares during period (from the beginning of fiscal year to period end)

* Implementation of quarterly review procedure

This Summary is not subject to quarterly review procedure under the Financial Instruments and Exchange Act. At the time of this document’s release, review of the quarterly financial statements under the Financial Instruments and Exchange Act had not been completed.

* Explanation on appropriate use of business forecasts, and other special notes

Business forecasts and other forward-looking statements contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational, and are not intended to guarantee the achievements by the Company. Actual results may differ significantly from such forecasts due to various factors. For preconditions used for business forecasts and notes in using such forecasts, please refer to “(3) Description of consolidated business forecasts and other information about future forecasts” in “1. Qualitative Information Regarding the Results for the Three Months Ended June 30, 2014” on page 3 of the Appendix.

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1. Qualitative Information Regarding the Results for the First Three Months of the Year Ending March 31, 2015

(1) Description of consolidated operating results

In the first three months of fiscal 2014 (April – June 2014), the Japanese economy continued to recover at a moderate pace. Despite some signs of weakness, including a pullback in demand after the consumption tax hike, the recovery was supported by various government policies.

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

(Sugar Business)

In the overseas crude sugar market, prices started the first quarter at the high 17 cent level. The price was initially soft due to strong output in Thailand, but subsequently rose to over 18 cents per pound at one point amid a deteriorating production outlook for Brazil, the world’s largest producer and exporter of sugar, due to drought and poor weather. However, weak demand for sugar towards the end of the quarter pushed the price down sharply to the low 16 cent range, with the crude sugar price ending the first quarter on a downbeat note.

Sales declined year on year, mainly reflecting weak sales volume for home-use products due to a pullback in demand after a spike at the end of the previous fiscal year before the consumption tax hike. The weak sales volume led to an increase in inventories, resulting in higher direct sales expenses such as product handling and storage costs.

In production activities, the Group worked to improve unit costs in response to rising energy costs. However, repair costs and other fixed manufacturing expenses increased year on year.

Sugar production volume and sales volume recovered at consolidated subsidiary Showa Sugar Co., Ltd., but the Sugar Business overall reported net sales of 20,284 million yen and operating income of 763 million yen.

Sugar market status during period

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

Three months ended June 30, 2014: 185-186 yen

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

Opening price: 17.77 cents, highest price: 18.28 cents, lowest price: 16.49 cents, closing price: 16.63 cents

(Food Ingredient Business)

In the Food Ingredient Business, performance was firm in the palatinose category, reflecting the start of sales in the sports product field, supporting growth in sales volume. Sales volume declined at consolidated subsidiary Taisho Technos Co., Ltd., mainly due to a pullback in demand after a spike at the end of the previous fiscal year before the consumption tax hike. There was also a delay in passing on higher raw material costs to product prices. In addition, Hokkaido Sugar Co., Ltd., also a consolidated subsidiary, faced a deteriorating order environment in its bio business. As a result, the Food Ingredient Business reported net sales of 2,384 million yen and an operating loss of 5 million yen.

(Real Estate Business)

In order to boost earnings capabilities, the Real Estate Business pushed ahead with the development of new properties in locations such as Sugunami Ward, Tokyo and Nakahara Ward, Kawasaki. This led to a temporary decline in rental income and the booking of one-time expenses such as costs to maintain existing rental properties. As a result, the Real Estate Business reported net sales of 282 million yen and operating income of 103 million yen, which were both lower than the same period a year earlier.

As a result, in the first three months of the fiscal year, net sales declined 4.5% year on year to 22,950 million yen and operating income dropped 28.4% to 860 million yen.

In non-operating income and expenses, the Group booked royalty income of 1,141 million yen. As a result, ordinary income rose 4.7% year on year to 2,063 million yen and net income increased 6.1% to 1,269 million yen.

(2) Description of consolidated financial position

Changes in consolidated financial position

As of June 30, 2014, total assets stood at 94,558 million yen, down 4,556 million yen from the end of the previous fiscal year. Significant changes in the main items on the consolidated balance sheet were as follows:

(i) Current assets

Current assets totaled 35,980 million yen, down 4,692 million yen from the end of the previous fiscal year. This mainly reflected an increase in raw materials and supplies of 982 million yen, versus decreases of 2,574 million yen in cash and deposits, 2,110 million yen in merchandise and finished goods and 425 million yen in notes and accounts receivable—trade.

(ii) Non-current assets

Non-current assets totaled 58,578 million yen, up 135 million yen from the end of the previous fiscal year, mainly due to an increase in construction in progress of 469 million yen, versus a decrease in machinery, equipment and vehicles of 340 million yen.

(iii) Liabilities

Liabilities totaled 28,389 million yen, down 5,000 million yen from the end of the previous fiscal year. This primarily reflected an increase in notes and accounts payable—trade of 465 million yen, versus decreases of 3,000 million yen in short-term loans payable, 1,520 million yen in income taxes payable and 456 million yen in long-term loans payable.

(iv) Net assets

Net assets totaled 66,169 million yen, up 444 million yen from the end of the previous fiscal year. This was mainly due to net income of 1,269 million yen and dividends of surplus of 667 million yen.

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

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

2. Matters Regarding Summary Information (Notes)

(1) Significant changes in subsidiaries during the period

None.

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

None.

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

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

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

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

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

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	FY2013 (As of March 31, 2014)	First three months of FY2014 (As of June 30, 2014)
Assets		
Current assets		
Cash and deposits	12,042	9,468
Notes and accounts receivable-trade	6,695	6,269
Merchandise and finished goods	14,102	11,992
Work in process	1,808	1,537
Raw materials and supplies	3,975	4,957
Deferred tax assets	697	629
Other	1,350	1,124
Total current assets	40,672	35,980
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,211	31,030
Accumulated depreciation	(20,579)	(20,595)
Buildings and structures, net	10,632	10,434
Machinery, equipment and vehicles	71,050	71,194
Accumulated depreciation	(58,296)	(58,781)
Machinery, equipment and vehicles, net	12,754	12,413
Tools, furniture and fixtures	2,251	2,241
Accumulated depreciation	(1,917)	(1,913)
Tools, furniture and fixtures, net	333	328
Land	18,027	18,027
Lease assets	808	861
Accumulated depreciation	(27)	(49)
Lease assets, net	781	812
Construction in progress	2,654	3,124
Total property, plant and equipment	45,183	45,141
Intangible assets	675	721
Investments and other assets		
Investment securities	10,859	10,959
Long-term loans receivable	45	44
Net defined benefit assets	138	74
Deferred tax assets	784	874
Other	777	785
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	12,584	12,716
Total non-current assets	58,442	58,578
Total assets	99,115	94,558

(Million yen)

	FY2013 (As of March 31, 2014)	First three months of FY2014 (As of June 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	5,400	5,866
Short-term loans payable	7,700	4,700
Current portion of long-term loans payable	1,868	1,865
Lease obligations	83	88
Accrued expenses	2,753	2,493
Income taxes payable	2,264	744
Provision for directors' bonuses	55	14
Other	2,467	1,953
Total current liabilities	22,594	17,725
Non-current liabilities		
Long-term loans payable	3,234	2,781
Lease obligations	739	749
Deferred tax liabilities	1,243	1,228
Provision for directors' retirement benefits	146	153
Net defined benefit liability	2,836	3,144
Asset retirement obligations	375	375
Other	2,221	2,231
Total non-current liabilities	10,796	10,664
Total liabilities	33,390	28,389
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	1,255	1,255
Retained earnings	55,532	55,962
Treasury shares	(2,919)	(2,919)
Total shareholders' equity	60,951	61,381
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	455
Deferred gains or losses on hedges	4	(2)
Foreign currency translation adjustment	7	(35)
Remeasurements of defined benefit plans	13	17
Total accumulated other comprehensive income	423	434
Minority interests	4,349	4,353
Total net assets	65,724	66,169
Total liabilities and net assets	99,115	94,558

Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2014

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

(Quarterly consolidated statements of income)

First three months of FY2014 (From April 1, 2014 to June 30, 2014)

(Million yen)

	First three months of FY2013 (From April 1, 2013 to June 30, 2013)	First three months of FY2014 (From April 1, 2014 to June 30, 2014)
Net sales	24,039	22,950
Cost of sales	19,022	18,157
Gross profit	5,016	4,793
Selling, general and administrative expenses		
Distribution expenses	1,064	1,102
Provision for directors' bonuses	13	13
Retirement benefit expenses	39	27
Provision for directors' retirement benefits	7	7
Other	2,689	2,781
Total selling, general and administrative expenses	3,814	3,933
Operating income	1,201	860
Non-operating income		
Interest income	1	0
Dividend income	48	44
Royalty income	773	1,141
Share of profit of entities accounted for using equity method	22	86
Miscellaneous income	37	26
Total non-operating income	884	1,299
Non-operating expenses		
Interest expenses	38	34
Loss on retirement of non-current assets	3	14
Facilities removal expenses	26	15
Miscellaneous loss	47	33
Total non-operating expenses	115	97
Ordinary income	1,970	2,063
Extraordinary income		
Subsidy income	—	163
Total extraordinary income	—	163
Extraordinary loss		
Loss on reduction of non-current assets	—	147
Total extraordinary loss	—	147
Income before income taxes and minority interests	1,970	2,079
Income taxes — current	718	689
Income taxes — -deferred	23	62
Total income taxes	742	751
Income before minority interests	1,228	1,328
Minority interests in income	31	58
Net income	1,196	1,269

Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2014

(Quarterly consolidated statements of comprehensive income)

First three months of FY2014 (From April 1, 2014 to June 30, 2014)

(Million yen)

	First three months of FY2013 (From April 1, 2013 to June 30, 2013)	First three months of FY2014 (From April 1, 2014 to June 30, 2014)
Income before minority interests	1,228	1,328
Other comprehensive income		
Valuation difference on available-for-sale securities	(16)	59
Deferred gains or losses on hedges	8	(6)
Remeasurements of defined benefit plans, net of tax	—	3
Share of other comprehensive income of entities accounted for using equity method	587	(41)
Total other comprehensive income	579	15
Comprehensive income	1,807	1,344
Comprehensive income attributable to:		
Owners of the parent	1,772	1,280
Minority interests	35	63

Summary of Consolidated Financial Results for the First Three Months Ended June 30, 2014

(3) Notes on quarterly consolidated financial statements

(Note on assumptions of a going concern)

None.

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

None.

(Segment information, etc.)

Segment information

I. First three months of FY2013 (From April 1, 2013 to June 30, 2013)

1. Information on net sales and income/loss by each reportable segment

(Million yen)

	Reportable segment				Adjustments	Amount recorded in quarterly consolidated statements of income
	Sugar Business	Food Ingredient Business	Real Estate Business	Total		
Net sales						
Net sales to third-party customers	21,251	2,489	298	24,039	—	24,039
Intersegment net sales and transfer	12	—	13	26	(26)	—
Total	21,264	2,489	312	24,065	(26)	24,039
Segment profit	937	111	152	1,201	—	1,201

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

II. First three months of FY2014 (From April 1, 2014 to June 30, 2014)

1. Information on net sales and income/loss by each reportable segment

(Million yen)

	Reportable segment				Adjustments	Amount recorded in quarterly consolidated statements of income
	Sugar Business	Food Ingredient Business	Real Estate Business	Total		
Net sales						
Net sales to third party customers	20,284	2,384	282	22,950	—	22,950
Intersegment net sales and transfer	11	—	12	24	(24)	—
Total	20,296	2,384	294	22,975	(24)	22,950
Segment profit (loss)	763	(5)	103	860	—	860

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