



## Summary of Consolidated Financial Results

### For the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

October 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		
		TEL. 81-3-3663-3111	
Planned date for submission of quarterly report:		November 12, 2014	
Planned date to start dividend payment:		December 3, 2014	
Preparation of supplementary material for quarterly financial statements:		None	
Briefing session for quarterly financial statements:		None	

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

#### 1. Consolidated Financial Results for the Six Months Ended September 30, 2014 (from April 1, 2014 to September 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 six months of FY2014	46,024	(3.7)	1,773	(25.6)	4,245	3.8	2,594	4.0
First six months of FY2013	47,808	(1.0)	2,384	44.3	4,089	65.0	2,495	67.2

(Note) Comprehensive income: First six months of FY2014: 2,731 million yen (-12.5%)  
 First six months of FY2013: 3,122 million yen (106.8%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
First six months of FY2014	19.46		—	
First six months of FY2013	18.72		—	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	Net assets per share
	Million yen		Million yen		%	Yen
As of September 30, 2014	93,890		67,556		67.2	473.38
As of March 31, 2014	99,115		65,724		61.9	460.29

(Reference) Equity capital: As of September 30, 2014: 63,119 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	—	4.00			
Year ending March 31, 2015 (forecast)			—	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
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 September 30, 2014	141,667,400 shares	As of March 31, 2014	141,667,400 shares
(ii) Number of treasury shares at period end	As of September 30, 2014	8,328,246 shares	As of March 31, 2014	8,327,165 shares
(iii) Average number of shares during period (from the beginning of fiscal year to period end)	Six months ended September 30, 2014	133,339,837 shares	Six months ended September 30, 2013	133,347,688 shares

\* Implementation of quarterly review procedure

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

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

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

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## 1. Qualitative Information Regarding the Results for the First Six Months Ended September 30, 2014

## (1) Description of consolidated operating results

In the first six months of fiscal 2014 (April – September 2014), the Japanese economy continued to recover at a moderate pace. However the outlook remained uncertain due to factors such as weak consumer spending following the hike to consumption tax.

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 six months of the fiscal year is as follows:

## (Sugar Business)

In the overseas crude sugar market, prices rose to over 18 cents per pound in the first half of the period, mainly due to poor weather in Brazil. However, prices subsequently softened amid slowing demand and improving weather conditions in Brazil and Thailand. In September, prices fell sharply, falling as low as 13 cents per pound at one point due to strong milling output in producing nations amid better weather, and as a result of a broader decline in commodities prices. However, by the end of the second quarter, crude sugar prices were back up to the mid-15 cent range after a strong rebound towards the end of the period. Amid these market trends, the Group worked to procure raw sugar at low prices, but raw material costs increased compared with the previous fiscal period due to the weak yen, which led to a rise in import prices.

Sales declined year on year, mainly reflecting weak sales volume for home-use products in the first quarter due to a pullback in demand, and poor sales to commercial users in the second quarter amid bad weather.

In production activities, the Group worked to improve unit costs in response to rising energy prices. However, fixed manufacturing expenses increased year on year due to a rise in preventative maintenance costs and other factors.

At consolidated subsidiaries, unit costs improved at Hokkaido Sugar Co., Ltd. and sales volume recovered at Showa Sugar Co., Ltd., but the Sugar Business overall reported net sales of 40,768 million yen and operating income of 1,499 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)

Six months ended September 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: 13.32 cents, closing price: 15.48 cents

## (Food Ingredient Business)

In the Food Ingredient Business, performance was firm in the palatinose category, supported by the Group’s slow calorie project aimed at expanding sales of palatinose in the health and sports field by focusing on the ingredient’s main benefit – a slow rate of glucose absorption by the body. However, other product categories and consolidated subsidiaries in the Food Ingredient Business were affected by the pullback in demand, resulting in net sales of 4,688 million yen and operating income of 44 million yen.

## (Real Estate Business)

Newly developed properties in Tokyo’s Suginami Ward contributed to earnings in the second quarter, but the Real Estate Business also booked one-time expenses for the maintenance of existing rental properties. As a result, the Real Estate Business reported net sales of 566 million yen and operating income of 229 million yen, which were both lower than the same period a year earlier.

As a result, in the first six months of the fiscal year, net sales declined 3.7% year on year to 46,024 million yen and operating income dropped 25.6% to 1,773 million yen.

In non-operating income and expenses, the Group booked royalty income of 2,459 million yen. As a result, ordinary income rose 3.8% year on year to 4,245 million yen and net income increased 4.0% to 2,594 million yen.

(2) Description of consolidated financial position

Changes in consolidated financial position

As of September 30, 2014, total assets stood at 93,890 million yen, down 5,224 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 33,103 million yen, down 7,568 million yen from the end of the previous fiscal year. This mainly reflected an increase in raw materials and supplies of 1,201 million yen, versus decreases of 6,159 million yen in merchandise and finished goods and 2,205 million yen in cash and deposits.

(ii) Non-current assets

Non-current assets totaled 60,787 million yen, up 2,344 million yen from the end of the previous fiscal year, mainly due to increases of 1,224 million yen in construction in progress, 781 million yen in investment securities and 517 million yen in buildings and structures – net, versus a decrease in machinery, equipment and vehicles of 324 million yen.

(iii) Liabilities

Liabilities totaled 26,334 million yen, down 7,055 million yen from the end of the previous fiscal year. This primarily reflected an increase in net defined benefit liability of 208 million yen, versus decreases of 5,900 million yen in short-term loans payable, 933 million yen in long-term loans payable and 890 million yen in income taxes payable.

(iv) Net assets

Net assets totaled 67,556 million yen, up 1,831 million yen from the end of the previous fiscal year. This was mainly due to net income of 2,594 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 six 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.

At a meeting on October 31, 2014, the Board of Directors approved a resolution for the consolidation of NUTRI Co., Ltd. through an acquisition of shares.

## 2. Matters Regarding Summary Information (Notes)

(1) Significant changes in subsidiaries during the period

None.

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

None.

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

(Changes in accounting policy)

(Application of “Accounting Standard for 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 second quarter of the fiscal year ending March 31, 2015.

As a result, at the beginning of the second 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 six 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 six months of FY2014 (As of September 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	12,042	9,837
Notes and accounts receivable-trade	6,695	6,544
Merchandise and finished goods	14,102	7,943
Work in process	1,808	1,510
Raw materials and supplies	3,975	5,176
Deferred tax assets	697	628
Other	1,350	1,463
Total current assets	40,672	33,103
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,211	31,359
Accumulated depreciation	(20,579)	(20,209)
Buildings and structures, net	10,632	11,149
Machinery, equipment and vehicles	71,050	71,144
Accumulated depreciation	(58,296)	(58,715)
Machinery, equipment and vehicles, net	12,754	12,429
Tools, furniture and fixtures	2,251	2,212
Accumulated depreciation	(1,917)	(1,888)
Tools, furniture and fixtures, net	333	323
Land	18,027	18,027
Lease assets	808	873
Accumulated depreciation	(27)	(72)
Lease assets, net	781	801
Construction in progress	2,654	3,878
Total property, plant and equipment	45,183	46,611
Intangible assets	675	767
Investments and other assets		
Investment securities	10,859	11,641
Long-term loans receivable	45	39
Net defined benefit assets	138	153
Deferred tax assets	784	747
Other	777	848
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	12,584	13,408
Total non-current assets	58,442	60,787
Total assets	99,115	93,890

(Million yen)

	FY2013 (As of March 31, 2014)	First six months of FY2014 (As of September 30, 2014)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	5,400	5,444
Short-term loans payable	7,700	1,800
Current portion of long-term loans payable	1,868	1,841
Lease obligations	83	89
Accrued expenses	2,753	2,677
Income taxes payable	2,264	1,373
Provision for directors' bonuses	55	28
Other	2,467	3,606
<b>Total current liabilities</b>	<b>22,594</b>	<b>16,860</b>
Non-current liabilities		
Long-term loans payable	3,234	2,328
Lease obligations	739	733
Deferred tax liabilities	1,243	1,264
Provision for directors' retirement benefits	146	160
Net defined benefit liability	2,836	3,045
Asset retirement obligations	375	389
Other	2,221	1,552
<b>Total non-current liabilities</b>	<b>10,796</b>	<b>9,473</b>
<b>Total liabilities</b>	<b>33,390</b>	<b>26,334</b>
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	1,255	1,255
Retained earnings	55,532	57,287
Treasury shares	(2,919)	(2,919)
<b>Total shareholders' equity</b>	<b>60,951</b>	<b>62,705</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	478
Deferred gains or losses on hedges	4	(3)
Foreign currency translation adjustment	7	(108)
Remeasurements of defined benefit plans	13	47
<b>Total accumulated other comprehensive income</b>	<b>423</b>	<b>414</b>
Minority interests	4,349	4,436
<b>Total net assets</b>	<b>65,724</b>	<b>67,556</b>
<b>Total liabilities and net assets</b>	<b>99,115</b>	<b>93,890</b>

## Summary of Consolidated Financial Results for the First Six Months Ended September 30, 2014

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

(Quarterly consolidated statements of income)

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

(Million yen)

	First six months of FY2013 (From April 1, 2013 to September 30, 2013)	First six months of FY2014 (From April 1, 2014 to September 30, 2014)
Net sales	47,808	46,024
Cost of sales	37,642	36,339
Gross profit	10,165	9,684
Selling, general and administrative expenses		
Distribution expenses	2,159	2,168
Provision for directors' bonuses	26	27
Retirement benefit expenses	81	73
Provision for directors' retirement benefits	15	14
Other	5,498	5,626
Total selling, general and administrative expenses	7,780	7,911
Operating income	2,384	1,773
Non-operating income		
Interest income	3	2
Dividend income	75	82
Royalty income	1,735	2,459
Share of profit of entities accounted for using equity method	130	130
Miscellaneous income	128	71
Total non-operating income	2,073	2,745
Non-operating expenses		
Interest expenses	68	60
Loss on retirement of non-current assets	94	57
Facilities removal expenses	111	72
Miscellaneous loss	94	83
Total non-operating expenses	367	274
Ordinary income	4,089	4,245
Extraordinary income		
Gain on sales of investment securities	—	9
Subsidy income	54	163
Total extraordinary income	54	173
Extraordinary loss		
Loss on reduction of non-current assets	41	147
Loss on retirement of non-current assets	—	59
Total extraordinary loss	41	206
Income before income taxes and minority interests	4,103	4,211
Income taxes — current	1,450	1,304
Income taxes — -deferred	92	194
Total income taxes	1,543	1,498
Income before minority interests	2,560	2,712
Minority interests in income	64	117
Net income	2,495	2,594

## Summary of Consolidated Financial Results for the First Six Months Ended September 30, 2014

(Quarterly consolidated statements of comprehensive income)

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

(Million yen)

	First six months of FY2013 (From April 1, 2013 to September 30, 2013)	First six months of FY2014 (From April 1, 2014 to September 30, 2014)
Income before minority interests	2,560	2,712
Other comprehensive income		
Valuation difference on available-for-sale securities	35	74
Deferred gains or losses on hedges	10	(9)
Remeasurements of defined benefit plans, net of tax	—	53
Share of other comprehensive income of entities accounted for using equity method	516	(98)
Total other comprehensive income	562	19
Comprehensive income	3,122	2,731
Comprehensive income attributable to:		
Owners of the parent	3,053	2,585
Minority interests	69	146

## Summary of Consolidated Financial Results for the First Six Months Ended September 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 six months of FY2013 (From April 1, 2013 to September 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	42,342	4,890	575	47,808	—	47,808
Intersegment net sales and transfer	25	—	27	53	(53)	—
Total	42,368	4,890	602	47,861	(53)	47,808
Segment profit	1,925	165	293	2,384	—	2,384

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

## II. First six months of FY2014 (From April 1, 2014 to September 30, 2014)

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

(Million yen)

	Reportable segment				Adjustments	Amount recorded in quarterly consolidated statements of income
	Sugar Business	Food Ingredient Business	Real Estate Business	Total		
Net sales						
Net sales to third party customers	40,768	4,688	566	46,024	—	46,024
Intersegment net sales and transfer	19	—	24	44	(44)	—
Total	40,788	4,688	591	46,068	(44)	46,024
Segment profit	1,499	44	229	1,773	—	1,773

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