



Summary of Consolidated Financial Results

For the Nine Months Ended December 31, 2015 (Based on Japanese GAAP)

January 29, 2016

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: Hideaki Batori, General Manager, Corporate Planning Division
 Planned date for submission of quarterly report: February 10, 2016
 Planned date to start dividend payment: —
 Preparation of supplementary material for quarterly financial statements: None
 Briefing session for quarterly financial statements: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months of FY2015	76,741	5.6	4,793	44.8	10,383	40.6	6,047	36.6
First nine months of FY2014	72,690	(0.9)	3,309	(22.9)	7,387	2.5	4,425	(0.3)

(Note) Comprehensive income: First nine months of FY2015: 5,977 million yen (16.4%)
 First nine months of FY2014: 5,133 million yen (-0.4%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
First nine months of FY2015	45.29		—	
First nine months of FY2014	33.19		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2015	122,251	76,073	57.0	521.86
As of March 31, 2015	113,940	71,584	57.6	491.85

(Reference) Equity capital: As of December 31, 2015: 69,682 million yen As of March 31, 2015: 65,679 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, 2015	—	4.00	—	6.00	10.00
Year ending March 31, 2016	—	6.00	—	—	—
Year ending March 31, 2016 (forecast)	—	—	—	6.00	12.00

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

3. Consolidated Business Forecasts for the Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	100,000	4.0	5,000	29.6	12,000	26.1	7,000	22.6	52.42

(Note) Revision of the business forecasts announced most recently: Yes

* Notes

(1) Significant changes in subsidiaries during the period

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

New: — companies (company name): —

Excluded: — companies (company name): —

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares at period end (including treasury shares)	As of December 31, 2015	141,667,400 shares	As of March 31, 2015	141,667,400 shares
(ii) Number of treasury shares at period end	As of December 31, 2015	8,139,915 shares	As of March 31, 2015	8,130,929 shares
(iii) Average number of shares during period (from the beginning of fiscal year to period end)	Nine months ended December 31, 2015	133,531,346 shares	Nine months ended December 31, 2014	133,345,141 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 First Nine Months Ended December 31, 2015” on page 3 of the Appendix.

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1. Qualitative Information Regarding the Results for the First Nine Months Ended December 31, 2015

(1) Description of consolidated operating results

In the first nine months of fiscal 2015 (April to December 2015), the Japanese economy remained on a modest recovery track overall, with the employment environment and corporate earnings showing signs of improvement. However, uncertainty surrounding the economy's future intensified as concerns of a downturn in economies overseas, including an economic slowdown in China, deepened. Consumer spending, meanwhile, showed solid movement overall, reflecting an ongoing turnaround in consumer sentiment.

Against this backdrop, all executives and employees of the Mitsui Sugar Group focused on efforts to complete its fifth medium-term management plan, "Mitsui Sugar Revolution Phase 2 – The Road to 2022" (April 2014 to March 2016), which ends this fiscal year. An overview of performance in each business segment for the first nine months of the fiscal year is as follows:

(Sugar Business)

In the overseas crude sugar market, after starting the fiscal year at the 12 cents per pound level, prices rose to the mid-13 cent per pound level. However, the price subsequently weakened by August to the low-10 cent level amid strong milling output in major producing nations and a broader decline in international commodities prices. Entering October, forecasts of tighter supply-demand conditions in the market due to milling delays in Brazil, the world's largest sugar exporter, triggered a sharp and sudden rise in the market to the 14 cents per pound level. Later, the price rose to the low-15 cent level toward the end of the third quarter as the market repeatedly rose and fell amid an array of various factors. In addition to surplus inventory observed in another major producer, India, these factors included an influx of capital for investment and an observed interest rate hike in the United States. Amid these market trends, the Company worked to procure crude sugar while carefully watching market trends.

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

In sales activities, in addition to brisk sales to customers in the beverage sector, home-use products saw favorable shipments from seasonal end-of-year demand, resulting in year-on-year growth in sales volume. However, we lowered prices from October in response to the downturn in the overseas crude sugar market prices during the first half of the fiscal year.

At consolidated subsidiary Showa Sugar Co., Ltd., while sales volume declined due to typhoon damage and other factors, consolidated subsidiary Hokkaido Sugar Co., Ltd. achieved higher sales volume year on year due to factors such as an improvement in unit yields. Consolidated subsidiary Hiranoya Corporation, which joined the Group in July 2015, also contributed to sales growth.

As a result, the Sugar Business overall reported net sales of 64,598 million yen and operating income of 3,790 million yen.

Sugar market status during period

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

Opening price: 185-186 yen, highest price: 185-186 yen, lowest price: 183-184 yen, closing price: 183-184 yen

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

Opening price: 12.00 cents, highest price: 15.85 cents, lowest price: 10.13 cents, closing price: 15.24 cents

(Food Science Business)

In the Food Science Business, the gross margin improved, resulting in profit growth at Mitsui Sugar Co., Ltd., as factors such as the decision in the previous fiscal year to end domestic production and switch to imports in the palatinose category offset a slump in purchased products in the palatinose category.

Among consolidated subsidiaries, a recovery in sales at Taisho Technos Co., Ltd., together with brisk sales of mainstay products at consolidated subsidiary NUTRI Co., Ltd., which joined the Group in the previous fiscal year, contributed to sales and earnings growth.

As a result, net sales in the Food Science Business totaled 11,134 million yen and operating income was 468 million yen.

(Real Estate Business)

In the Real Estate Business, net sales totaled 1,008 million yen and operating income was 534 million yen, both higher than the same period a year earlier. This reflected contributions from almost fully leased rental properties in Tokyo's Sugunami Ward and in Kawasaki, which were redeveloped in the previous year, and the absence of maintenance expenses for existing rental properties.

As a result, in the first nine months of the fiscal year, net sales increased 5.6% year on year to 76,741 million yen and operating income rose 44.8% to 4,793 million yen.

In non-operating income and expenses, the Group booked royalty income of 5,306 million yen and share of profit of entities accounted for using equity method of 357 million yen. As a result, ordinary income rose 40.6% year on year to 10,383 million yen and profit attributable to owners of parent increased 36.6% to 6,047 million yen.

(2) Description of consolidated financial position

Changes in consolidated financial position

As of December 31, 2015, total assets stood at 122,251 million yen, up 8,311 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 54,197 million yen, up 5,979 million yen from the end of the previous fiscal year. This mainly reflected an increase in raw materials and supplies of 3,013 million yen, an increase in notes and accounts receivable-trade of 2,726 million yen, and an increase of 2,151 million yen in cash and deposits, versus a decrease of 1,921 million yen in merchandise and finished goods.

(ii) Non-current assets

Non-current assets totaled 68,054 million yen, up 2,331 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 1,213 million yen for machinery, equipment and vehicles, and an increase of 1,012 million yen for construction in progress.

(iii) Liabilities

Liabilities totaled 46,178 million yen, up 3,822 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,869 million yen in loans payable, and an increase in notes and accounts payable-trade of 2,224 million yen, versus a decrease of 700 million yen in accrued expenses.

(iv) Net assets

Net assets totaled 76,073 million yen, up 4,488 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of 6,047 million yen and dividends of surplus of 1,644 million yen.

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

The Company has upwardly revised its previously announced consolidated business forecasts for fiscal 2015. This decision largely reflects the effects of lower energy costs and an increase in royalty income, which are set to outweigh the impact of projected restoration expenses following an accident at the Kobe Plant in January 2016.

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 business combinations, etc.)

The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) from the first quarter of the current fiscal year. As a result, the accounting method was changed to record the difference arising from changes in the equity in subsidiaries under ongoing control of the Company as capital surplus, and acquisition-related costs as expenses for the fiscal year in which they are incurred. In addition, with respect to any business combination entered into on or after the first day of the first quarter of the current fiscal year, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the quarterly financial period in which the relevant business combinations became or will become effective. Furthermore, the presentation method for "net income" was changed, and references to "minority interests" were changed to "non-controlling interests." To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the third quarter of the previous fiscal year and the previous fiscal year.

The Company has applied the Accounting Standard for Business Combinations and the other standards in accordance with transitional provisions in paragraph 58-2(4) of the Accounting Standard for Business Combinations, paragraph 44-5(4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4(4) of the Accounting Standard for Business Divestitures, prospectively at the beginning of the first quarter of the current fiscal year.

The impact of the above changes on the quarterly financial statements is minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	FY2014 (As of March 31, 2015)	First nine months of FY2015 (As of December 31, 2015)
Assets		
Current assets		
Cash and deposits	16,178	18,330
Notes and accounts receivable-trade	6,848	9,575
Merchandise and finished goods	15,683	13,761
Work in process	1,878	1,911
Raw materials and supplies	5,352	8,366
Deferred tax assets	680	543
Other	1,595	1,738
Allowance for doubtful accounts	(0)	(29)
Total current assets	48,217	54,197
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,498	35,151
Accumulated depreciation	(20,887)	(21,511)
Buildings and structures, net	13,610	13,639
Machinery, equipment and vehicles	72,683	73,090
Accumulated depreciation	(60,050)	(59,244)
Machinery, equipment and vehicles, net	12,633	13,846
Tools, furniture and fixtures	2,325	2,322
Accumulated depreciation	(2,016)	(2,021)
Tools, furniture and fixtures, net	308	301
Land	18,435	18,436
Lease assets	912	888
Accumulated depreciation	(118)	(193)
Lease assets, net	794	695
Construction in progress	2,960	3,973
Total property, plant and equipment	48,742	50,892
Intangible assets		
Goodwill	2,380	2,691
Other	678	924
Total intangible assets	3,058	3,615
Investments and other assets		
Investment securities	12,055	11,581
Long-term loans receivable	35	25
Net defined benefit assets	302	343
Deferred tax assets	685	685
Other	867	934
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	13,920	13,545
Total non-current assets	65,722	68,054
Total assets	113,940	122,251

(Million yen)

	FY2014 (As of March 31, 2015)	First nine months of FY2015 (As of December 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	6,804	9,028
Short-term loans payable	5,300	8,470
Current portion of long-term loans payable	1,778	1,589
Lease obligations	93	92
Accrued expenses	2,851	2,151
Income taxes payable	1,900	1,593
Provision for directors' bonuses	59	42
Other	3,995	3,644
Total current liabilities	22,783	26,612
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	2,555	2,444
Lease obligations	706	628
Deferred tax liabilities	1,326	1,465
Provision for directors' retirement benefits	218	208
Net defined benefit liability	2,886	2,968
Asset retirement obligations	395	408
Other	1,484	1,442
Total non-current liabilities	19,572	19,565
Total liabilities	42,356	46,178
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	1,291	1,291
Retained earnings	58,665	63,110
Treasury shares	(2,895)	(2,899)
Total shareholders' equity	64,144	68,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	581	756
Deferred gains or losses on hedges	(1)	(38)
Foreign currency translation adjustment	690	132
Remeasurements of defined benefit plans	263	247
Total accumulated other comprehensive income	1,535	1,097
Non-controlling interests	5,904	6,390
Total net assets	71,584	76,073
Total liabilities and net assets	113,940	122,251

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

First nine months of FY2015 (From April 1, 2015 to December 31, 2015) and FY2014 (From April 1, 2014 to December 31, 2014)

(Million yen)

	First nine months of FY2014 (From April 1, 2014 to December 31, 2014)	First nine months of FY2015 (From April 1, 2015 to December 31, 2015)
Net sales	72,690	76,741
Cost of sales	56,723	58,011
Gross profit	15,967	18,729
Selling, general and administrative expenses		
Distribution expenses	3,408	3,615
Provision for directors' bonuses	42	46
Retirement benefit expenses	149	113
Other	9,057	10,162
Total selling, general and administrative expenses	12,657	13,936
Operating income	3,309	4,793
Non-operating income		
Interest income	2	6
Dividend income	87	220
Royalty income	4,012	5,306
Share of profit of entities accounted for using equity method	292	357
Miscellaneous income	124	167
Total non-operating income	4,518	6,059
Non-operating expenses		
Interest expenses	98	80
Bond issuance cost	47	—
Loss on retirement of non-current assets	63	82
Facilities removal expenses	92	144
Miscellaneous loss	138	161
Total non-operating expenses	441	469
Ordinary income	7,387	10,383
Extraordinary income		
Gain on sales of investment securities	9	—
Subsidy income	375	1,202
Gain on bargain purchase	—	78
Total extraordinary income	384	1,280
Extraordinary loss		
Loss on reduction of non-current assets	359	1,186
Loss on retirement of non-current assets	207	—
Loss on valuation of investment securities	—	554
Loss on step acquisitions	—	52
Total extraordinary loss	567	1,793
Income before income taxes and minority interests	7,204	9,869
Income taxes — current	2,125	3,218
Income taxes — -deferred	434	229
Total income taxes	2,559	3,447
Profit	4,645	6,422
Profit attributable to non-controlling interests	219	374
Profit attributable to owners of parent	4,425	6,047

Mitsui Sugar Co., Ltd. (2109)

Summary of Consolidated Financial Results for the First Nine Months Ended December 31, 2015

(Quarterly consolidated statements of comprehensive income)

First nine months of FY2015 (From April 1, 2015 to December 31, 2015) and FY2014 (From April 1, 2014 to December 31, 2014)

(Million yen)

	First nine months of FY2014 (From April 1, 2014 to December 31, 2014)	First nine months of FY2015 (From April 1, 2015 to December 31, 2015)
Profit	4,645	6,422
Other comprehensive income		
Valuation difference on available-for-sale securities	183	196
Deferred gains or losses on hedges	(46)	(59)
Remeasurements of defined benefit plans, net of tax	68	(26)
Share of other comprehensive income of entities accounted for using equity method	283	(555)
Total other comprehensive income	487	(445)
Comprehensive income	5,133	5,977
Comprehensive income attributable to:		
Owners of parent	4,874	5,629
Non-controlling interests	259	347

(3) Notes on quarterly consolidated financial statements

(Note on assumptions of a going concern)

None.

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

None.

(Segment information, etc.)

Segment information

I. First nine months of FY2014 (From April 1, 2014 to December 31, 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 Science Business	Real Estate Business	Total		
Net sales						
Net sales to third-party customers	63,348	8,478	863	72,690	—	72,690
Intersegment net sales and transfer	29	—	34	64	(64)	—
Total	63,378	8,478	898	72,755	(64)	72,690
Segment profit	2,710	243	355	3,309	—	3,309

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

2. Asset information by reportable segment

In line with the consolidation of NUTRI Co., Ltd., compared to the previous fiscal year-end, assets for reportable segments for the third quarter of fiscal 2014 saw an increase of 6,269 million yen in the Food Science Business segment.

3. Information regarding impairment losses on non-current assets and goodwill by reportable segment

(Significant changes in goodwill)

There were significant changes in goodwill accompanying the consolidation of NUTRI Co., Ltd. During the third quarter of fiscal 2014, increases in goodwill related to this event were 2,354 million yen in the Food Science Business segment.

II. First nine months of FY2015 (From April 1, 2015 to December 31, 2015)

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

(Million yen)

	Reportable segment				Adjustments	Amount recorded in quarterly consolidated statements of income
	Sugar Business	Food Science Business	Real Estate Business	Total		
Net sales						
Net sales to third party customers	64,598	11,134	1,008	76,741	—	76,741
Intersegment net sales and transfer	32	75	30	138	(138)	—
Total	64,630	11,210	1,039	76,879	(138)	76,741
Segment profit	3,790	468	534	4,793	—	4,793

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