

Summary of Consolidated Financial Results  
For the Ended March 31,2013(Based on Japanese GAAP)

April 30, 2013

Company name:	Fuji Nihon Seito Corporation	Listing: Second Section of Tokyo Exchange
Stock code:	2114	<a href="http://www.fnsugar.co.jp">http://www.fnsugar.co.jp</a>
Company Representative:	Yoshikazu Funakoshi President and Chief Executive	
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Planned date for ordinary general meeting of shareholders:	June 19,2013	
Planned date to start dividend payment:	June 5,2013	
Planned date for submission of annual securities report:	June 19,2013	
Preparation of supplementary material for quarterly financial statements:	No	
Briefing session for quarterly financial statements:	No	

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

1. Consolidated Financial Results for the Year Ended March 31,2013 (from April 1,2012 to March 31,2013)

(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 31,2013	19,760	2.5	995	(2.9)	1,143	(0.2)	716	12.6
Year ended March 31,2012	19,272	0.5	1,024	(31.0)	1,146	(29.0)	636	(36.8)

Note: Comprehensive income

Year ended March 31,2013: 1,234 million yen (47.4%) Year ended March 31,2012: 837 million yen ((6.0%))

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Year ended March 31,2013	26.71	—	5.3	5.9	5.0
Year ended March 31,2012	23.80	—	5.0	6.3	5.3

(Reference) Equity in earnings of affiliates:

For the year ended March 31, 2013: 23 million yen

For the year ended March 31, 2012: 50 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
Year ended March 31,2013	20,023	14,308	69.3	516.28
Year ended March 31,2012	18,601	12,934	69.5	483.65

(Reference) Equity capital: As of March 31,2013: 13,879 million yen

As of March 31,2012: 12,934 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 31,2013	1,317	(523)	(121)	2,611
Year ended March 31,2012	849	(399)	(467)	1,878

2. Cash Dividends

	Annual dividend					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31,2012	—	0.00	—	10.00	10.00	267	42.0	2.1
Year ended March 31,2013	—	0.00	—	10.00	10.00	268	37.4	2.0
Year ended March 31,2014 (forecast)	—	0.00	—	9.00	9.00		37.2	

3. Consolidated Business Forecasts for Year Ending March 31,2014 (from April 1,2013 to March 31,2014)

(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 30,2013	10,000	0.1	550	(8.3)	600	(5.5)	350	(13.6)	13.02
Full year	20,000	1.2	950	(4.5)	1,050	(8.2)	650	(9.3)	24.18

※ Notes

(1) Significant changes in subsidiaries during period

(Change in specified subsidiaries resulting in change of scope of consolidation):Yes

New one companies(company name) Fuji Nihon Thai Inulin Co.,Ltd. , Excluded —companies(company name —)

(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: Yes

(iv) Restatement: None

Note:

(3) Number of outstanding shares (common shares)

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

As of year ended March 31,2013	29,748,200 shares	AS of March 31,2012	29,748,200 shares
As of year ended March 31,2013	2,863,447 shares	AS of March 31,2012	3,005,585 shares
As of year ended March 31,2013	26,841,802 shares	AS of March 31,2012	26,746,723 shares

(ii) Number of treasury stock at period end

(iii) Average number of shares during period

※ Disclosure regarding the status on implementation of audit procedures

This summary of financial results is not subject 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

Descriptions for the future such as business forecasts contained in this report are based on the information we currently have as well as a certain assumption that such information is reasonable. Actual results may greatly differ due to various factors. For preconditions for business forecasts and notes in using such forecasts, please see “Analysis of operating results(outlook for next fiscal year 2013)” on page 2 of the appendix.

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## 1. Operating Results

### (1) Analysis of operating results

(Operating results of the Fiscal Year 2013)

During the fiscal year 2013, the Japanese economy recovers gently due to factors including the demand associated with efforts for reconstruction after the Great East Japan Earthquake, moreover, the improvement of business climate due to the modification of strong yen after regime change and soaring stock price, but the Japanese economy continue to face uncertainty due to the government debt problem in Europe and slowdown of Chinese economy.

Under these economic environments, the Group made efforts to maintain the stable and constant supply of our products as the top priority. We also focused to promote “Inulin” project. We established a joint company, Fuji Nihon Thai Inulin Co., Ltd, for producing “Inulin”, and started construction of new plant in Thailand.

As a result, consolidated net sales increased 2.5% year on year to 19,760 million yen. Operating income decreased 2.9% year on year to 995 million yen. Ordinary income decreased 0.2% year on year to 1,143 million yen. Net income increased 12.6% year on year to 716 million yen due to recorded an extraordinary gain of 20 million yen by gain on sales of investment securities and loss of 5 million yen by redemption investment securities and others.

Operating results of each segment is as follows:

#### ① Sugar Business

Regarding the Sugar Business, the overseas raw sugar market opened with 24.58 cents (per pound) at the New York Futures Market at the beginning of the current term, but it dropped due to an undersupply fear was erased in view of expected satisfactory production in Brazil, India and Thailand. Subsequently, the market went up under the speculations of the supply shortage due to unseasonable weather in sugar producing countries, but the market dropped again finding of minor influence to the production. Furthermore, the market continued to drop without rebound due to over supply assured and it ended with 17.66 cents. On the other hand, the Tokyo spot market price started at 186 yen (per kg of white superior soft sugar in a bag) at the beginning of the current term. As overseas raw sugar price dropped, the price lowered by 3 yen in July, and it ended with 183 yen at the end of the current term. Regarding the movements of products, the demand of confectionary was sluggish, but the beverage, baked goods and dairy products was satisfactory and sales of liquid sugar, granulated sugar was increased. After all sales volume was over the previous year. The comeback of the business of our customer affected by the Great East Japan Earthquake was one of the reasons.

As a result, Sales decreased slightly 0.4% year on year to 13,021 million yen by a decrease of sales price despite sales volume was increased. Operating income decreased 5.6% year on year to 1,125 million yen by an increase of production cost due to rising energy cost and a decrease of sales price despite the cost of raw sugar declined.

#### ② Functional Materials Business

Regarding the Functional Materials Business, the sales volume grew satisfactory, increased by 12.4% compared to previous year due to the sales of “Inulin” using products, taking advantage of its fat substitute function, continued to be successful and the demand of “Inulin” has been gradually spreading. Furthermore, Fuji Nihon Thai Inulin Co., Ltd. established in June, 2012 for aiming future business expansion, is proceeding construction of Thai plant for starting operation in November, 2103. Regarding the Floral Preservatives Business, sales volume remained same with year on year due to the continuing sluggish trend of flower business although the sign of recovery at earthquake disaster Tohoku area was shown.

Regarding UNITEC Foods Co., Ltd., a consolidated subsidiary, ended with increased sales and increased profits due to the sales expansion of natural additives such as gelatin and pectin, their main products.

As a result, the sales revenue of the Functional Materials Business was 6,134 million yen (up 9.7% from the same period of

the previous year) and the operating income was 58 million yen (2 million yen of operating loss in the same period of the previous year). The performance of the Functional Materials Business ended with increased sales and increased profits.

### ③Real Estate Business

Regarding the Real Estate Business, renting of the company-owned properties contributed to obtaining stable profits, but the performance of the Division ended with decreased sales due to decrease of the rate of operation for a small rental house.

As a result, the sales revenue of the real estate business was 604 million yen (down 1.2% from the same period of the previous year) and the operating income was 521 million yen (down 1.2% from the same period of the previous year). The performance of the Division ended with decreased sales and decreased profits.

### (Outlook for the Next Fiscal Year)

Regarding Outlook for the Next Fiscal Year, the Japanese economy expect to recover due to weak yen and soaring stock price. Under these circumstance, the Group will make efforts to maintain the stable and constant supply of our products as the top priority, and also will focus to promote “Inulin” project to construct new plant in Thailand and to start operation.

Regarding Sugar Business, while the tough sales environment continues due to declining of consumption of sugar, we forecast same revenue with year on year by making efforts to secure sales volume by strengthen sales structure. However, we forecast decrease of profit due to the expectation of increase of energy cost, delivery expense and other. We will be able to expect an increase of sales in the Functional Materials Business by putting emphasis on sales expansion of “Inulin” as well as sales increase in pectin, gelatin by UNITEC Foods Co., Ltd. (consolidated subsidiary). However, we forecast same profit with year on year due to the expectation of increase of early stage expenses for construction of “Inulin” factory. We will be able to expect same operating results with year on year in the Real Estate Business by improvement of the rate of operation of demised premises and the efforts to secure stable earnings.

As a result, consolidated net sales for the fiscal year 2014 are forecast to rise 1.2% year on year to 20,000 million yen. Operating income is projected to decrease 4.5% to 950 million yen. Ordinary income is projected to decrease 8.2% to 1,050 million yen. Net income is projected to decrease 9.3% to 650 million yen.

## (2)Analysis of financial position

### (Assets, liabilities and net assets)

Total asset as of end of fiscal year 2013 increased by 7.6% compared to the end of previous fiscal year to 20,023 million yen. The change of Financial position of fiscal year 2013 are as follows:

#### ①Assets

Current assets increased by 5.8% compared to the end of the previous fiscal year to 8,675 million yen. This was mainly due to increase of cash and deposits.

Fixed assets, increased by 9.1% compared to the end of the previous fiscal year to 11,348 million yen. This was mainly due to increase of construction in progress and investment securities.

#### ②Liabilities

Current liabilities increased by 0.7% compared to the end of the previous fiscal year to 3,717 million yen. This was mainly due to increase of accrued consumption taxes and income taxes payable.

Non-current liabilities increased by 1.1% compared to the end of the previous fiscal year to 1,997 million yen. This was mainly due to increase of deferred tax liabilities included in non-current liabilities “Others”.

### ③Net assets

Net assets increased by 10.6% compared to the end of the previous fiscal year to 14,308 million yen. This was mainly due to increase of retained earnings by added net income and appropriated minority interest.

### (Cash flow)

Cash and cash equivalents (hereinafter called "funds") as of end of fiscal year 2013 increased by 733 million yen to 2,611 million yen compared to the end of the fiscal year 2012.

Cash flow as of fiscal year 2013 and their reasons are as follows:

#### ①Cash flow from operating activities

Funds acquired from operating activities amounted to 1,317 million yen (up 55.0% compared with the same period of the previous year). This was mainly due to income before income taxes recorded and decrease of inventories.

#### ②Cash flow from investing activities

Funds used for investing activities was 523 million yen (up 31.2% compared with the same period of the previous year). This was mainly due to purchase of property, plant and equipment and disbursement of long-term loans despite some collection of long-term loans receivable.

#### ③Cash flow from financing activities

Funds used for financing activities was 121 million of yen (down 73.9% compared with the same period of the previous year). There was proceed from stock issuance to minority shareholders, on the other hand payment made for cash dividends and repayment of long-term loans.

### (Reference) Changes in cash-flow-related indices

	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011	Fiscal year 2012	Fiscal year 2013
Capital adequacy ratio (%)	60.8	65.3	69.6	69.5	69.3
Market-Price-based capital adequacy ratio (%)	41.7	45.3	47.6	44.6	43.1
Cash flow/interest bearing liabilities ratio (years)	2.0	1.7	10.3	2.8	1.6
Interest coverage ratio (times)	30.8	28.5	6.2	25.4	51.4

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

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

Cash flow/interest bearing liabilities ratio :  $\text{Interest-bearing debt} \div \text{Cash flow}$

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

Notes:

1. Data on a consolidated basis is used for calculation.
2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury stock) as of that date.
3. Cash flow used is operating cash flow. Interest payments equal the amount of interest paid on the consolidated cash flow statements.

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

The Company aims to secure steady operating results and establishes solid management infrastructure under a harsh industry climate. To the shareholder, continuation of steady profit allocation and capital policies such as acquisition of treasury stock will help to improve shareholder value as important management issues.

Regarding Dividends policy, our fundamental policy is to provide stable dividends while giving consideration to an increase of retained earnings according to business results. We plan to pay dividends of 10 yen per share for fiscal year 2013. For fiscal year 2014, we plan to pay dividends of 9 yen per share.

### (4) Business risk

The following are concerning risks that may have a significant impact on Group's operating results and financial position

Descriptions regarding the future are based on the Company's judgment as of end of fiscal year 2013

#### (Effect of Agriculture Laws and Regulations)

In the Sugar Business, the major business of the Group, changes in the government's agricultural policies, the progress of TPP (Trans-Pacific Partnership), FTA (Free Trade Agreement) and EPA (Economic Partnership Agreement) may affect the operating results of the Group.

#### (Integration of Production Bases)

The Company consigns majority refined sugar production to the other refining sugar company.

If the consignee is forced to stop operation by technical and regulatory problem or disaster such as conflagration or earthquake, it may affect our operating results by outage of product.

#### (Product Liability)

Research, development, sales and production may occur potential risk of product liability. The Group buys a policy, but the event beyond the coverage may affect operating results.

#### (Changes in the Purchase Prices of Raw Materials)

In the Sugar Business, the Group mainly purchases raw materials from the overseas. Therefore raw sugar market, ocean freight, a rate of foreign exchange, effect of a demand of ethanol may affect purchase prices of raw materials and this may affect the operating results.

#### (Changes in the Selling Price)

In the Sugar Business, it is difficult goods to differentiate product. Therefore the domestic internal price competition affect decrease of the selling prices may affect the operating results.

#### (Changes in the Stock Market)

The Group holds marketable securities as of end of fiscal year 2012, 2,945 million yen. Therefore Changes in the stock market may affect the operating results.

#### (Application of Accounting Standards for Impairment of Fixed Assets)

Effective from April 1, 2005, the Group applied the Accounting Standards for Impairment of Fixed Assets. The operating results may vary due to impairment loss by a decrease of land prices and a deterioration of revenue.

#### (Development of overseas project)

The business activity in overseas, in addition to risk of changes in currency, there are unexpected changes in law and policy, latent country risk of deterioration of politics and economic environment. In case of these becomes tangible, may affect the operating results of the Group.

## 2. Corporate Group

The Group (the Company and its affiliates, subsidiaries) is composed of the Company, 3 consolidated subsidiaries (Kyoritsu Foods Co., Ltd., UNITEC Foods Co., Ltd., Fuji Nihon Thai Inulin Co., Ltd.) and 4 companies accounted for using the equity method (Ma Ma-Macaroni Co., Ltd., Taiheiyō Seito Co., Ltd., Nan-ei Togyo Co., Ltd., Unitec Is Co., Ltd.). The Group's business is mainly composed of Sugar, Functional Materials, and Real Estate Business.

The following is description of the business of the Group and the relationships among the subsidiaries and affiliates. Three Business groupings are the same as those described in [Segment information].

### (1) Sugar Business

The Company produces and sells sugar related products. The affiliate (Nan-ei Togyo Co., Ltd.) produces raw sugar in Kagoshima, the Company purchases part of the product. The affiliate (Taiheiyō Seito Co., Ltd.) produces refined sugar for the Company and for some other companies in the same line of business.

The subsidiary (Kyoritsu Foods Co., Ltd.) sells and purchase refined sugar, liquid sugar and syrup produced by the Company.

### (2) Functional Materials Business

#### ① Food Science Division

Produces and sells a food additive.

#### ② Functional Food Division

The Group and Fuji Nihon Thai Inulin Co., Ltd. produce and sell a functional material (Inulin). The Group sells and purchases the fruit juice and the flavoring agents. The subsidiary (UNITEC Foods Co., Ltd.) sells and purchases natural additives like gelatin, pectin and others.

Fuji Nihon Thai Inulin Co., Ltd. is constructing the factory for produces and sells Inulin.

#### ③ Floral Preservatives Division

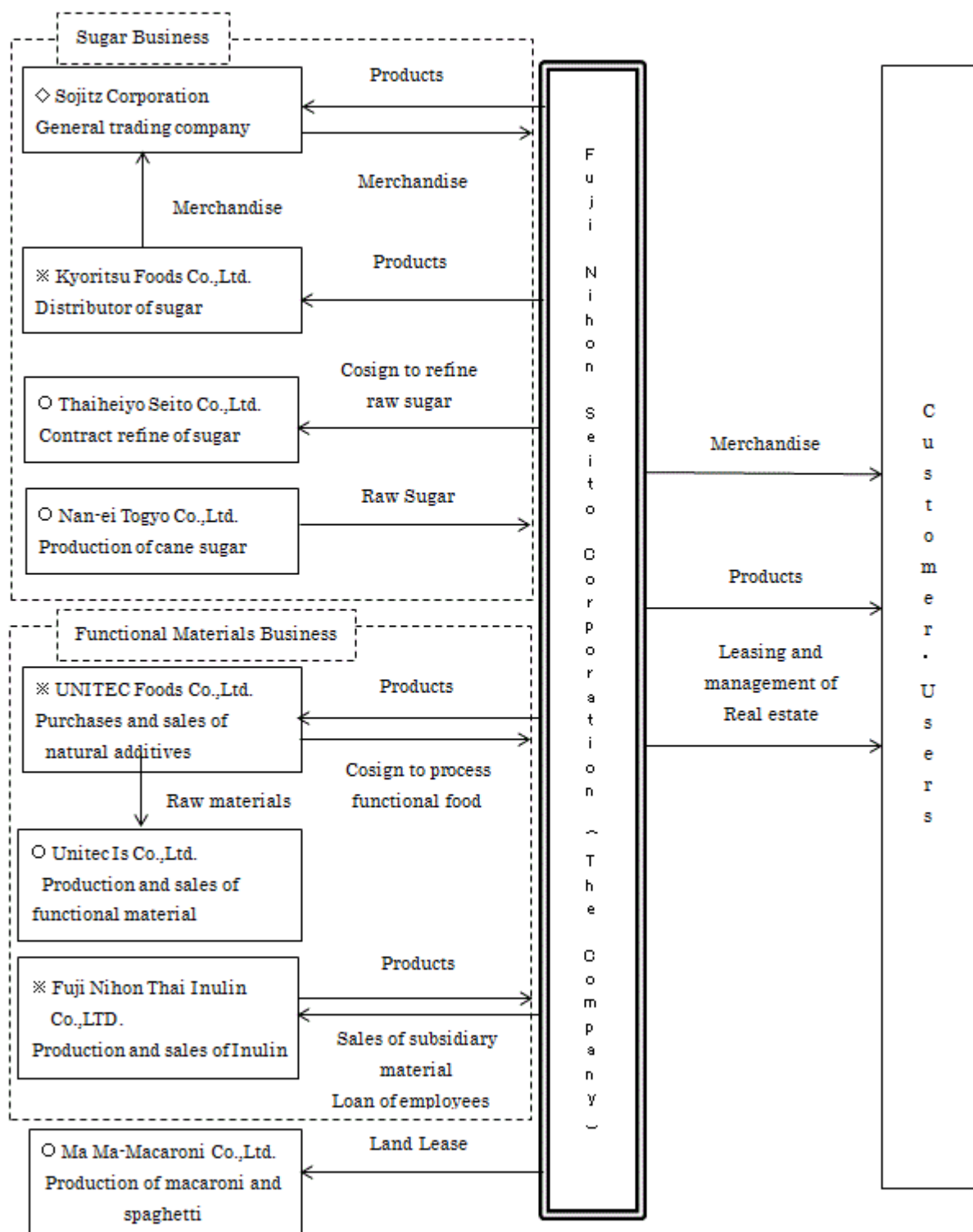
Produces and sells flower freshness preservation agent (Keep Flower).

### (3) Real Estate Business

Lease of company land and buildings and other real estate businesses.

The digram on the following page illustrates the structure business explained above





Note:※ :Consolidated Subsidiary ○ :Equity method affiliate ◇ :Other Affiliated

### 3. Management Policy

#### (1) Fundamental management policy

The Company's fundamental management policy aims to be "a company with robustness and vision", to contribute to healthy lifestyles. Based on 7 management policies, we aim to increase satisfaction of shareholders, clients, employees and contribute to the society through contributing to abundant lifestyles by food culture and maximizing corporate value as its fundamental policy.

- Completeness of Customer First policy
- Establishment of corporate culture employees grows and aims for self-fulfillment with the company
- Maximization of corporate value admired by society
- Creation of new values by promotion of research and development
- Completeness of righteous, transparent corporate activities
- Reinforcement and Expansion of ecological environmental management
- Promotion of corporate citizenship activities contribute to the society

#### (2) Management benchmark

The Group works on enhancing corporate value by efficiency of management. As our important management benchmark for increase revenue for growth and efficiency of capital, we aim for 8% ROE (return on equity).

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

The company aim to enhance earning capacity of Three Business Sections, constructs the steady earning system, enhances corporate value by new investment and M&A to develop a new business at some extra related to sugar and a new product and develop actively overseas project.

##### ① Sugar Business

Regarding the Sugar Business, the market is sluggish due to surplus of sugar in the world and also the market will continue to face uncertainty due to the influence of unusual weather in sugar producing countries, inflows and outflows of speculative funds into the sugar future market and big movement of foreign exchanges. We make efforts to purchase raw materials in the steady and reliable manner by collecting appropriate market data.

On the other hand, in the domestic sales, under continuously declining sugar consumption, the tough sales environment will continues, but we will make efforts to secure sales volume by strengthen sales structure, while maintain the stable and constant supply of our products and customer first policy.

##### ② Functional Materials Business

Regarding the Functional Materials Business, we will make efforts to strengthen development of an usage of "Inulin" and creates demand include South East Asia area utilizing sales subsidiary establish in May 2013 for corresponding increase of supply capability in the Thai Plant. Focuses of a food additive, we strive to pursue synergy with UNITEC Foods Co., Ltd. (consolidated subsidiary). Regarding the flower freshness preservative, we continue to make effort to develop new products and new sales route by focusing the continuing expand household products to increase sales volume.

##### ③ Real Estate Business

Regarding the Real Estate Business, we make efforts to secure stable revenue by operation and maintenance of company's own demised premises considering environment problem and disaster control.



















































