

Summary of Consolidated Financial Results
For the 1st Quarter Ended June 30, 2017(Japanese Accounting Standards)

July 31, 2017

Company name: Fuji Nihon Seito Corporation Listing: The 2nd Section of Tokyo Stock Exchange
 Stock code: 2114 <http://www.fnsugar.co.jp>
 Company Representative: Yoshikazu Funakoshi President and Chief Executive Officer
 Contact person in charge: Masahiro Sazuka, Director & Managing Executive Officer, Division Head of Administration
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 Planned date for submission of quarterly report: August 10, 2017
 Planned date to start dividend payment: N/A
 Preparation of supplementary material for quarterly financial statements: None
 Briefing session for quarterly financial statements: None

(Rounded down to millions of Japanese yen)

1. Consolidated Financial Results for the 1st Quarter Ended June 30, 2017 (April 1,2017-June 30, 2017)

(1) Consolidated Results of Operations

(Percentages are shown as year-on-year changes)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2017	5,012	0.7	207	(9.5)	276	17.7	165	4.6
June 30, 2016	4,978	0.3	229	(19.1)	234	(20.2)	158	(14.4)

Note: Comprehensive income

1st quarter ended June 30, 2017: 341 million yen (up 656.6%)

1st quarter ended June 30, 2016: 45 million yen (down 76.1%)

	Net Profit per Share	Diluted net Profit per Share
	Yen	Yen
June 30, 2017	6.17	—
June 30, 2016	5.90	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2017	22,091	16,052	72.9
As of March 31, 2017	22,231	16,006	72.2

(Reference) Shareholders' Equity: As of June 30, 2017: 16,099 million yen As of March 31,2017: 16,042 million yen

2. Cash Dividends

	Cash Dividend per Share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
For the year ended March 31,2017	Yen —	Yen 0.00	Yen —	Yen 11.00	Yen 11.00
March 31,2018	—	—	—	—	—
Year ended March 31,2018(forecast)	—	0.00	—	10.00	10.00

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

Breakdown of dividend for the fiscal year ended March 31, 2017: Ordinary dividend 10.00 yen, 15th anniversary commemorative divided 1.00 yen.

3. Consolidated Financial Forecasts for the Fiscal Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(Percentages are shown as year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owner of parent		Net Profit per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
The 2 nd quarter ending Sept. 30,2017	10,000	1.8	450	1.7	500	(4.2)	300	(20.7)	11.17
Year ending March 31, 2018	20,000	3.4	850	37.0	1,000	16.8	620	(13.2)	23.09

Note: Revision of the financial forecasts announced most recently: None

※ Notes

(1) Significant changes in subsidiaries during the 1st quarter of fiscal year 2017

(Change in specified subsidiaries resulting in change of scope of consolidation): None

(2) Adoption of accounting method unique to present quarterly consolidated financial statements: None

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

(i) Changes in accounting policy due to any revision of accounting standards: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of outstanding shares (common shares)

Unit:1 share

(i)Number of outstanding shares at the period end (including treasury stocks)	As of June 30, 2017	29,748,200	As of March 31, 2017	29,748,200
	As of June 30, 2017	2,895,793	As of March 31, 2017	2,895,754
(ii) Number of treasury stocks at the period end	As of June 30, 2017	26,852,417	As of June 30, 2016	26,852,609
(iii) Average number of shares during the period (from the beginning of fiscal year to the period end)	As of June 30, 2017	26,852,417	As of June 30, 2016	26,852,609

※ Summary of Consolidated Financial Results for the 1st quarter is exempt from the quarterly audit review before this disclosure.

※ 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 assumptions used for business forecasts and notes in using such forecasts, please refer to “(3) Qualitative information regarding consolidated business forecasts” in “1. Qualitative Information Regarding the Results for the 1st Quarter of Fiscal Year 2017” on the page 3 of the Appendix.

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1. The Results for the 1st Quarter of Fiscal Year 2017

(1) Operating Results (consolidated)

During the 1st quarter of fiscal year 2017, the Japanese economy continued moderate recovery momentum as well as the fiscal year 2016, due to improvement of employment and income supported by increase export and upside corporate earnings. Economic prospect expect to continue recovering behind steady domestic demand, even international situation has being uncertain.

The sugar refining industry has been tough situation under the decrease in consumption due to continuous hitting popularity of alternative sweetened preparations, isomerized sugar and other sweeteners.

Under these economic environments, our Group made effort to maintain stable supply on sugar, with maintain quality management and improve of customer satisfaction, and for functional materials business, we have been concentrating on pursuing high-value added on sales activity.

As a result, consolidated net sales increased 0.7% year on year to 5,012 million yen. Operating profit decreased 9.5% year on year to 207 million yen. Ordinary profit increased 17.7% year on year to 276 million yen. Net profit attributable to owners of parent was increased 4.6% year on year to 165 million yen.

Operating results of each segment is as follows:

① Sugar Business

Regarding the Sugar business, sales to confectioneries and frozen dessert vendors were heading start well, but to distributors were slow moving and the sales volume is less than the same period last year. However, it has recorded slightly increase in revenue because of sales price higher than the same period last year. On the aspect of production cost, we have focused on reduction of processing expenditure, but the purchase cost of raw sugar has risen and decreased the margin.

As a result of the above, the Sugar Business reported net sales of 3,101 million yen (rise of 0.5% against the same period last year) and operating income of 311 million yen (down 9.7% against the same period last year).

② Functional Materials Business

As for the functional dietary fiber Inulin recorded revenue growth because of effective sales promotion as high-value added proposal to new clients and increased sales volume for main big users. Also Consumer Affairs Agency has granted our application for presenting the potency/effect on label of products as supporting the functions of the intestines during the 1st quarter, so we focus more sales after the 2nd quarter. Regarding UNITEC Foods Co. Ltd., a consolidated subsidiary decreased profit due to sluggish sales volume of main product gelatin and OEM business.

As a result of the above, the Functional Materials Business reported net sales of 1,729 million yen (rise of 1.1% against the same period last year) and operating income of 6 million yen (operating losses on the same period last year was 4 million yen).

③ Real Estate Business

In the Real Estate Business, sales revenue increased 1.1% year on year to 152 million yen and operating profit increased 0.8% to 135 million yen. It has contributed to stable profits overall.

④ Other Food Business

In the other food business such as baking business of DAY PLUS (THAILAND) Co., Ltd., operation result is sales revenue decreased 1.5% to 29 million yen and operating losses of 37 million yen (operating losses on the same period last year was 22 million yen).

(2) Briefing on financial position

Total assets as of June 30, 2017 decreased 0.6% compared to the end of the previous fiscal year to 22,091 million yen.

The changes of financial position of the 1st quarter of fiscal year 2017 are as follows:

① Assets

Total assets decreased by 8.6% compared to the end of previous fiscal year to 8,515 million yen. This was mainly due to a decrease of inventory on raw materials and supplies and so on.

Fixed assets increased 5.1% compared to the end of the previous fiscal year to 13,575 million yen. This was mainly due to increase of land under property, plant and equipment.

② Liabilities

Current liabilities decreased 6.3% compared to the end of the previous fiscal year to 3,584 million yen. This was mainly reflected a decrease of Notes and accounts payable-trade.

Non-current liabilities increased by 2.2% compared to the end of the previous fiscal year to 2,453 million yen. This was mainly due to an increase of deferred tax liabilities under others.

③ Net assets

Net assets increased by 0.3% compared to the end of the previous year to 16,052 million yen. This was mainly reflected an increase of Valuation difference on available-for-sales securities by increasing market value and an increase retained earnings by booking of profit for the 1st three months.

(3) Forecasts on our group business(consolidated)

In line with annual plans for the fiscal year 2017, there are no changes to full-year forecasts released on April 28, 2017.

The financial forecasts are based on information available at the time of the above release. Actual results may differ from such forecasts due to various volatile factors toward the end of fiscal year 2017.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	1 st Q end FY 2016 (As of March 31, 2017)	1 st Q end FY 2017 (As of June 30, 2017)
Assets		
Current assets		
Cash, cash equivalent and deposits	1,782,586	1,570,173
Notes and accounts receivable-trade	2,558,594	2,550,833
Marketable securities	301,047	301,059
Merchandise and finished goods	1,824,765	1,999,148
Work in process	154,957	154,919
Raw materials and supplies	1,472,434	880,327
Other current assets	1,223,667	1,063,446
Allowance for doubtful debts	(4,109)	(4,464)
Total current assets	9,313,943	8,515,442
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	839,796	830,780
Machinery, equipment and vehicles (net)	995,180	969,646
Land	2,046,860	2,527,435
Construction in progress	47	4,317
Other non-current assets (net)	92,498	90,248
Total property, plant and equipment	3,974,384	4,422,428
Intangible assets		
Goodwill	393,946	364,272
Other intangible assets	80,250	79,341
Total intangible assets	474,196	443,614
Investments and other assets		
Investment securities	6,348,699	6,603,290
Long-term loans receivable from subsidiaries	1,876,709	1,876,709
Others	267,900	254,335
Allowance for doubtful debts	(24,710)	(24,709)
Total investments and other assets	8,468,598	8,709,625
Total non-current assets	12,917,179	13,575,668
Total assets	22,231,123	22,091,110

(Thousand yen)

	1 st Q end FY 2016 (As of March 31, 2017)	1 st Q end FY 2017 (As of June 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,498,110	1,096,207
Short-term loans payable	1,430,302	1,529,516
Income taxes payable	161,347	71,971
Provision for bonuses	107,032	56,371
Other current liabilities	627,123	830,765
Total current liabilities	3,823,916	3,584,831
Non-current liabilities		
Long-term loans payable	1,000,750	1,002,066
Retirement benefits liabilities	63,122	39,599
Liabilities on asset disposal	65,331	65,495
Other non-current liabilities	1,271,056	1,346,408
Total non-current liabilities	2,400,261	2,453,569
Total liabilities	6,224,177	6,038,401
Net Equity		
Shareholder equity		
Share capital	1,524,460	1,524,460
Capital surplus	2,077,791	2,077,791
Retained earnings	11,245,427	11,115,749
Treasury stock	(717,003)	(717,024)
Total shareholder equity	14,130,675	14,000,976
Cumulative other comprehensive income		
Valuation difference on available-for-sales securities	1,869,283	2,056,472
Foreign currency translation adjustment	83,422	81,017
Re-measurements of Defined Benefit Plans	(41,319)	(39,205)
Total cumulative other comprehensive income	1,911,387	2,098,284
Non-controlling interests	(35,117)	(46,550)
Total Equity	16,006,946	16,052,709
Total Liabilities and Equity	22,231,123	22,091,110

(2) Quarterly Consolidated Statements of Profit or Loss
 And Quarterly Consolidated Statements of Comprehensive Profit or Loss

Quarterly Consolidated Statements of Profit or Loss

(Thousand yen)

	1 st Q of fy2016 (From April 1, 2016 to June 30, 2016)	1 st Q of fy2017 (From April 1, 2017 to June 30, 2017)
Net sales	4,978,251	5,012,582
Cost of sales	3,878,268	3,927,651
Gross profit	1,099,983	1,084,930
Selling, general and administrative expenses	870,460	877,283
Operating profit	229,523	207,647
Non-operating income		
Interest income	9,126	7,405
Dividends received	36,299	35,820
Share of Equity in earnings of affiliates	14,712	10,408
Other non-operating income	7,743	22,608
Total non-operating income	67,881	76,242
Non-operating expenses		
Interest expenses	8,641	7,743
Foreign exchange loss	50,170	-
Other non-operating expense	3,986	0
Total non-operating expense	62,798	7,743
Ordinary profit or loss	234,606	276,146
Extraordinary loss		
Loss on disposal of fixed assets	0	14
Loss on sales of non-current assets	-	622
Loss on valuation of investment securities	17,227	-
Total extraordinary losses	17,227	637
Profit before income taxes	217,378	275,509
Income taxes-current	72,383	79,155
Income taxes-deferred	44,539	41,691
Total income taxes	116,922	120,846
Profit for the three months	100,456	154,662
Loss attributable to non-controlling interests	(58,030)	(11,036)
Profit for the year attributable to owners of parent	158,486	165,698

Quarterly Consolidated Statements of Comprehensive Profit or Loss

(Thousand yen)

	1 st Q of fy2016 (From April 1, 2016 to June 30, 2016)	1 st Q of fy2017 (From April 1, 2017 to June 30, 2017)
Profit for the 1 st Quarter	100,456	154,662
Other comprehensive income		
Evaluation at fair value on marketable securities	(28,723)	187,188
Foreign currencies translation adjustment	(28,610)	(2,802)
Re-measurements of defined benefit plans, (net of tax)	1,972	2,113
Total other comprehensive income for the 1 st quarter	(55,362)	186,499
Comprehensive income for the 1 st quarter	45,094	341,162
Comprehensive income attributable to:		
Owners of parent	115,792	351,745
Non-controlling interests	(70,698)	(10,583)

(3) Notes to Consolidated Financial Statements

(Notes on assumptions of a going concern)

The 1st Quarter Consolidated Accounting Period (From April 1, 2017 to June 30, 2017)

: None

(Note on occurrence of significant changes to shareholder' s equity)

The 1st quarter consolidated accounting period (From April 1, 2016 to June 30, 2016)

1. Details of the dividend

Resolution	Share type	Total dividends paid (Thousand yen)	Dividend payment per share(Yen)	Base Date	Date of effect	Dividend source
May 18, 2016 BOD meeting	Common stock	241,673	9.00	March 31, 2016	June 7, 2016	Retained earnings

2. Base date is pertaining to the 1st quarter consolidated accounting period and date of effect is after the end of the 1st quarter consolidated accounting period

: None

The 1st quarter consolidated accounting period (From April 1, 2017 to June 30, 2017)

1. Details of the dividend

Resolution	Share type	Total dividends paid (Thousand yen)	Dividend payment per share(Yen)	Base Date	Date of effect	Dividend source
May 18, 2017 BOD meeting	Common stock	295,376	11.00	March 31, 2017	June 8, 2017	Retained earnings

(Note) Dividend amount per share is included the 15th anniversary commemorative dividend1.00 yen.

2. Base date is pertaining to the 1st quarter consolidated accounting period and date of effect is after the end of the 1st quarter consolidated accounting period

: None

(Segment Information)

I The 1st quarter consolidated accounting period (From April 1, 2016 to June 30, 2016)

1. Information on amounts of net sales, income/loss, liabilities and other items by each reporting segment

(Thousand yen)

	Reporting Segment					Adjustments (Note:1)	Amount recorded in quarterly consolidated income statements (Note:2)
	Sugar Business	Functional Materials Business	Real Estate Business	Other Food	Total		
Net sales							
Net sales to third-party customers	3,086,756	1,710,937	150,867	29,690	4,978,251	—	4,978,251
Intersegment net sales and transfer	—	—	413	—	413	(413)	—
Total	3,086,756	1,710,937	151,281	29,690	4,978,665	(413)	4,978,251
Segment profit (loss)	344,438	(4,766)	134,368	(22,978)	451,061	(221,538)	229,523

Notes: 1 Adjustment for segment income of (221,538) thousand yen is general and administrative expenses of administrative department and research and development department which do not belong to the reporting segment.

2 Segment incomes are adjusted against the operating income recorded in the consolidated income statement.

II The 1st quarter consolidated accounting period (From April 1, 2017 to June 30, 2017)

1. Information on amounts of net sales, income/loss, liabilities and other items by each reporting segment

(Thousand yen)

	Reporting Segment					Adjustments (Note:1)	Amount recorded in quarterly consolidated income statements (Note:2)
	Sugar Business	Functional Materials Business	Real Estate Business	Other Food	Total		
Net sales							
Net sales to third-party customers	3,101,303	1,729,445	152,588	29,244	5,012,582	—	5,012,582
Intersegment net sales and transfer	1,505	—	944	—	2,450	(2,450)	—
Total	3,102,809	1,729,445	153,533	29,244	5,015,032	(2,450)	5,012,582
Segment profit (loss)	311,161	6,941	135,396	(37,701)	415,797	(208,150)	207,647

Notes: 1 Adjustment for segment income of (208,150) thousand yen is general and administrative expenses of administrative department and research and development department which do not belong to the reporting segment.

2 Segment incomes are adjusted against the operating income recorded in the consolidated income statement.