

## Summary of Consolidated Financial Results For the Nine Months Ended December 31, 2017 (Japanese Accounting Standards)

February 6, 2018

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: February 9, 2018  
 Planned date to start dividend payment: -  
 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 Nine Months Ended December 31, 2017 (April 1, 2017- December 31, 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	%
December 31, 2017	15,257	3.7	875	25.2	1,146	31.1	748	20.4
December 31, 2016	14,717	(1.0)	699	(21.6)	875	(4.3)	621	4.2

Note: Comprehensive income

3<sup>rd</sup> quarter ended December 31, 2017: 1,393 million yen (up 117.2%)

3<sup>rd</sup> quarter ended December 31, 2016: 641 million yen (up 65.9%)

	Net Profit per Share	Diluted net Profit per Share
	Yen	Yen
December 31, 2017	27.88	—
December 31, 2016	23.14	—

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2017	24,058	17,105	71.3
As of March 31, 2017	22,231	16,006	72.2

(Reference) Shareholders' Equity: As of December 31, 2017: 17,141 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	Yen	Yen	Yen	Yen	Yen
March 31, 2017	—	0.00	—	11.00	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 ending March 31, 2017: Ordinary dividend 10.00 yen, 15<sup>th</sup> anniversary commemorative dividend 1.00 yen.

### 3. Consolidated Business Forecasts for the Fiscal Year Ending 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
Year ending March 31, 2018	20,000	3.4	850	37.0	1,100	28.4	750	5.0	27.93

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

※ Notes

(1) Significant changes in subsidiaries during the nine months of fiscal year 2017

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

- (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

(3) Number of outstanding shares (common shares)

Unit: 1 share

(i) Number of outstanding shares at period end (including treasury stocks)	As of December 31, 2017	29,748,200	As of March 31, 2017	29,748,200
(ii) Number of treasury stocks at period end	As of December 31, 2017	2,895,794	As of March 31, 2017	2,895,754
(iii) Average number of shares during period (from the beginning of fiscal year to period end)	As of December 31, 2017	26,852,410	As of December 31, 2016	26,852,543

※ Summary of Consolidated Financial Results for the 3<sup>rd</sup> 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 3<sup>rd</sup> Quarter of Fiscal Year 2017” on page 3 of the Appendix.

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## 1. The Results for the 3<sup>rd</sup> Quarter of Fiscal Year 2017

### (1) Operating Results (consolidated)

During the 3<sup>rd</sup> quarter of fiscal year 2017, the Japanese economy continued moderate recovery due to upside corporate earnings and improvement of employment and income supported.

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 food materials business, we have been concentrating on pursuing high-value added in sales activity.

As a result of the 3<sup>rd</sup> quarter, consolidated net sales increased 3.7% year on year to 15,257 million yen. Operating profit increased 25.2% year on year to 875 million yen. Ordinary profit increased 31.1% year on year to 1,146 million yen. Net profit attributable to owners of parent was increased 20.4% year on year to 748 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 the sales volume has been less than the previous period due to stagnant sales of beverage on summertime and short of our expectation of year end demand increases. On the aspect of earnings, we have continued to focus on efficient raw procurement and reduce manufacturing cost. And it contributed of revenue increase.

As a result of the above, the Sugar Business reported net sales of 9,323 million yen (down of 0.4% against the same period last year) and operating income of 1,127 million yen (rise of 7.4% against the same period last year).

#### ② Functional Materials Business

As for the functional dietary fiber Inulin recorded revenue growth by increased sales volume due to rise numbers of new users by effective sales promotion as granted our application for presenting the potency effect on label of products as regulate intestinal orders, control sugar level in the blood and reduce blood fat, and low-sugar trend in the market. Regarding the UNITEC Foods Co. Ltd., a consolidated subsidiary, operating profit increased due to recovered sales volume of gelatin as main products and other products expanded sales.

As a result of the above, the Functional Materials Business reported net sales of 5,363 million yen (rise of 10.9% against the same period last year) and operating income of 13 million yen (operating losses on the same period last year was 91 million yen).

#### ③ Real Estate Business

In the Real Estate Business, sales revenue increased 2.3% year on year to 460 million yen and operating profit increased 2.4% to 411 million yen.

#### ④ Other Food Business

In the other food business such as bakery business of DAY PLUS (THAILAND) Co. Ltd., operation result is sales revenue increased 45.4% to 110 million yen and operating losses of 99 million yen (operating losses on the same period last year was 80 million yen).

### (2) Briefing on financial position

Total assets as of December 31, 2017 increased 8.2% compared to the end of the previous fiscal year to 24,058 million yen.

The changes of financial position of the 3<sup>rd</sup> quarter of fiscal year 2017 are as follows:

#### ① Assets

Total assets increased by 5.1% compared to the end of previous fiscal year to 9,790 million yen. This was mainly due to an increase of cash, cash equivalent and deposits, notes and accounts receivable-trade and so on.

Fixed assets increased 10.5% compared to the end of the previous fiscal year to 14,267 million yen. This was mainly due to increase of land and investment securities under property, plant and equipment and so on.

#### ② Liabilities

Current liabilities increased 11.0% compared to the end of the previous fiscal year to 4,243 million yen. This was

mainly reflected an increase of notes and accounts payable-trade, consumption tax payable under others and so on.

Non-current liabilities increased by 12.9% compared to the end of the previous fiscal year to 2,710 million yen.

This was mainly due to an increase of deferred tax liabilities under others.

③ Net assets

Net assets increased by 6.9% compared to the end of the previous fiscal year to 17,105 million yen. This was mainly reflected an increase retained earnings by booking of Profit for the year attributable to owners of parent and an increase of Valuation difference on available-for-sales securities by increasing market value.

(3) Forecasts on our group business (consolidated)

During the 3<sup>rd</sup> quarter of fiscal year 2017, the operating result of each department has been grown more than we planned. We updated the outlook for the fiscal year 2017 which published April 28, 2017 based on the operating result of this 3<sup>rd</sup> quarter. Even the 4<sup>th</sup> quarter has uncertainties as exchange rate market and so on.

These 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)

	Yearend FY 2016 (As of March 31, 2017)	3 <sup>rd</sup> Q end FY 2017 (As of December 31, 2017)
<b>Assets</b>		
Current assets		
Cash, cash equivalent and deposits	1,782,586	2,644,239
Notes and accounts receivable-trade	2,558,594	2,839,727
Marketable securities	301,047	301,115
Merchandise and finished goods	1,824,765	1,972,132
Work in process	154,957	100,064
Raw materials and supplies	1,472,434	859,761
Other current assets	1,223,667	1,078,893
Allowance for doubtful debts	(4,109)	(5,083)
<b>Total current assets</b>	<b>9,313,943</b>	<b>9,790,851</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	839,796	824,271
Machinery, equipment and vehicles(net)	995,180	967,601
Land	2,046,860	2,527,435
Construction in progress	47	—
Other non-current assets (net)	92,498	90,207
<b>Total property, plant and equipment</b>	<b>3,974,384</b>	<b>4,409,515</b>
Intangible assets		
Goodwill	393,946	304,925
Other intangible assets	80,250	113,755
<b>Total intangible assets</b>	<b>474,196</b>	<b>418,681</b>
Investment and other assets		
Investment securities	6,348,699	7,378,580
Long-term loans receivable from subsidiaries	1,876,709	1,830,140
Others	267,900	249,112
Allowance for doubtful debts	(24,710)	(18,517)
<b>Total investments and other assets</b>	<b>8,468,598</b>	<b>9,439,316</b>
<b>Total non-current assets</b>	<b>12,917,179</b>	<b>14,267,514</b>
<b>Total assets</b>	<b>22,231,123</b>	<b>24,058,365</b>

(Thousand yen)

	Yearend FY 2016 (As of March 31, 2017)	3 <sup>rd</sup> Q end FY 2017 (As of December 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,498,110	1,758,750
Short-term loans payable	1,430,302	1,397,283
Income taxes payable	161,347	182,022
Provision for bonuses	107,032	58,998
Other current liabilities	627,123	846,104
Total current liabilities	3,823,916	4,243,158
Non-current liabilities		
Long-term loans payable	1,000,750	1,063,546
Retirement benefits liabilities	63,122	28,032
Liabilities on assets disposal	65,331	65,823
Other non-current liabilities	1,271,056	1,552,759
Total non-current liabilities	2,400,261	2,710,162
Total liabilities	6,224,177	6,953,321
<b>Net Equity</b>		
Shareholder equity		
Share capital	1,524,460	1,524,460
Capital surplus	2,077,791	2,049,343
Retained earnings	11,245,427	11,698,551
Treasury stock	(717,003)	(717,025)
Total shareholder equity	14,130,675	14,555,329
Cumulative other comprehensive income		
Valuation difference on available-for-sales securities	1,869,283	2,550,623
Foreign currency translation adjustment	83,422	70,725
Re-measurements of Defined Benefit Plans	(41,319)	(34,979)
Total cumulative other comprehensive income	1,911,387	2,586,369
Non-controlling interests	(35,117)	(36,655)
Total Equity	16,006,946	17,105,044
Total Liabilities and Equity	22,231,123	24,058,365

## (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)

	The 3 <sup>rd</sup> Q of fy2016 (From April 1, 2016 to December 31, 2016)	The 3 <sup>rd</sup> Q of fy2017 (From April 1, 2017 to December 31, 2017)
Net sales	14,717,594	15,257,315
Cost of sales	11,456,423	11,743,453
Gross profit	3,261,170	3,513,861
Selling, general and administrative expenses	2,561,323	2,637,961
Operating profit	699,847	875,900
Non-operating income		
Interest income	27,957	22,742
Dividends received	61,404	64,523
Foreign exchange gains	9,725	51,883
Share of Equity in earnings of affiliates	83,363	120,823
Other non-operating income	25,832	33,364
Total non-operating income	208,283	293,337
Non-operating expenses		
Interest expenses	24,507	22,309
Other non-operating expense	8,588	61
Total non-operating expense	33,096	22,371
Ordinary profit or loss	875,034	1,146,866
Extraordinary income		
Gain on sales of non-current assets	143,959	264
Gain on sales investment securities	121,047	-
Total extraordinary income	265,006	264
Extraordinary loss		
Loss on disposal of fixed assets	263	433
Impairment losses	340,305	15,285
Loss on valuation of investment securities	-	2,472
Total extraordinary losses	340,568	18,190
Profit before income taxes	799,472	1,128,939
Income taxes-current	381,987	369,149
Income taxes-deferred	63,815	38,504
Total income taxes	445,803	407,654
Profit for the nine months	353,668	721,285
Loss attributable to non-controlling interests	(267,769)	(27,215)
Profit for the year attributable to owners of parent	621,437	748,500

Quarterly Consolidated Statements of Comprehensive Profit or Loss

(Thousand yen)

	The 3 <sup>rd</sup> Q of fy2016 (From April 1, 2016 to December 31, 2016)	The 3 <sup>rd</sup> Q of fy2017 (From April 1, 2017 to December 31, 2017)
Profit for the 3 <sup>rd</sup> Quarter	353,668	721,285
Other comprehensive income		
Evaluation at fair value on marketable securities	309,392	681,339
Foreign currencies translation adjustment	(27,526)	(15,467)
Re-measurements of defined benefit plans, (net of tax)	5,916	6,340
Total other comprehensive income for the 3 <sup>rd</sup> quarter	287,782	672,212
Comprehensive income for the 3 <sup>rd</sup> quarter	641,451	1,393,497
Comprehensive income attributable to:		
Owners of parent	921,834	1,421,428
Non-controlling interests	(280,383)	(27,930)

### (3) Notes to Consolidated Financial Statements

(Notes on assumptions of a going concern)

: None

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

: None

(Segment information)

I The 3<sup>rd</sup> quarter consolidated accounting period (From April 1, 2016 to December 31, 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 consolidate income statements (Note:2)
	Sugar Business	Functional Materials Business	Real Estate Business	Other Food Business	Total		
Net sales							
Net sales to third-party customers	9,357,230	4,834,914	449,639	75,809	14,717,594	—	14,717,594
Intersegment net sales and transfer	—	—	1,240	—	1,240	(1,240)	—
Total	9,357,230	4,834,914	450,880	75,809	14,718,835	(1,240)	14,717,594
Segment profit (loss)	1,049,906	(91,305)	401,636	(80,651)	1,279,586	(579,738)	699,847

Notes: 1 Adjustment for segment income of 579,738 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.

2. Information on amounts of Impairment losses of fixed assets and goodwill and other items by each reporting segment  
(Important Impairment losses of fixed assets)

During the 3<sup>rd</sup> quarter consolidated accounting period, 340,305 thousand yen of impairment losses was booked under the Functional Materials Segment.

II The 3<sup>rd</sup> quarter consolidated accounting period (From April 1, 2017 to December 31, 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 consolidate income statements (Note:2)
	Sugar Business	Functional Materials Business	Real Estate Business	Other Food Business	Total		
Net sales							
Net sales to third-party customers	9,323,900	5,363,137	460,023	110,254	15,257,315	—	15,257,315
Intersegment net sales and transfer	3,867	—	2,833	—	6,701	(6,701)	—
Total	9,327,768	5,363,137	462,857	110,254	15,264,017	(6,701)	15,257,315
Segment profit (loss)	1,127,524	13,541	411,095	(99,312)	1,452,849	(576,949)	875,900

Notes: 1 Adjustment for segment income of 576,949 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.