

## Summary of Consolidated Financial Results For the 1<sup>st</sup> Quarter Ended June 30, 2016(Japanese Accounting Standards)

July 29, 2016

Company name: Fuji Nihon Seito Corporation Listing: The 2nd Section of Tokyo Stock Exchange  
 Stock code: 2114 <http://www.fnsugar.co.jp>  
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 Planned date for submission of quarterly report: August 10, 2016  
 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 1<sup>st</sup> Quarter Ended June 30, 2017 (April 1, 2016 - June 30, 2016)

#### (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, 2016	4,978	0.3	229	(19.1)	234	(20.2)	158	(14.4)
June 30, 2015	4,965	(0.2)	283	57.1	294	26.9	185	28.7

Note: Comprehensive income

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

1<sup>st</sup> quarter ended June 30, 2015: 188 million yen (down 4.5%)

	Net Profit per Share	Diluted net Profit per Share
	Yen	Yen
June 30, 2016	5.90	-
June 30, 2015	6.89	-

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2016	21,452	15,689	72.5
As of March 31, 2016	22,510	15,887	69.7

(Reference) Shareholders' Equity: As of June 30, 2016: 15,560 million yen As of March 31, 2016: 15,687 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, 2016	-	0.00	-	9.00	9.00
March 31, 2017	-	-	-	-	-
Year ended March 31, 2017(forecast)	-	0.00	-	10.00	10.00

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

### 3. Consolidated Financial Forecasts for the Fiscal Year Ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(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 <sup>nd</sup> quarter ending Sept. 30, 2016	10,500	5.4	550	(9.1)	600	2.6	400	3.6	14,90
Year ending March 31, 2017	20,500	6.1	1,000	4.3	1,100	14.8	750	20.2	27.93

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

※ Notes

(1) Significant changes in subsidiaries during the 1<sup>st</sup> quarter of fiscal year 2016

(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, 2016	29,748,200	As of March 31, 2016	29,748,200
As of June 30, 2016	2,895,793	As of March 31, 2016	2,895,754
As of June 30, 2016	26,852,417	As of June 30, 2015	26,852,609

(ii) Number of treasury stocks at the period end

(iii) Average number of shares during the period (from the beginning of fiscal year to the period end)

※ Summary of Consolidated Financial Results for the 1<sup>st</sup> quarter is exempt from the quarter 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 volatile 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 1<sup>st</sup> Quarter of Fiscal Year 2017” on the page 3 of the Appendix.

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## 1. The Results for the 1<sup>st</sup> Quarter of Fiscal Year 2016

### (1) Operating Results (consolidated)

During the 1<sup>st</sup> quarter of fiscal year 2016, while the Japanese economy continued uncertain situation due to ailing stock market and volatility of exchange rate by British exit from the European Union, it moderate recovery because of improvement of employment and income supported by finance and monetary policy of Government and Bank of Japan.

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 0.3% year on year to 4,978 million yen. Operating profit decreased 19.1% year on year to 229 million yen. Ordinary profit decreased 20.2% year on year to 234 million yen. Net profit attributable to owners of parent has decreased 14.4% year on year to 158 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, and the sales volume is more than the same period last year of white sugar and granulated sugar mainly. On the aspect of production cost, we have focused on further drilling down to the cost saving by efficient purchase low sugar.

As a result of the above, the Sugar Business reported net sales of 3,086 million yen (rise of 1.3% against the same period last year) and operating income of 344 million yen (rise 8.5% against the same period last year).

#### ② Functional Materials Business

As for the functional dietary fiber Inulin decreased sales amount due to fail to attract sales volume not much expected for major users although number of new user increase. For UNITEC Foods Co., Ltd., a consolidated subsidiary decreased sales year on year due to the sluggish sales expansion of main products gelatin and less OEM business.

As a result of the above, the Functional Materials Business reported net sales of 1,710 million yen (rise of 3.3% against the same period last year) and operating losses of 4 million yen (operating income on the same period last year was 25 million yen).

#### ③ Real Estate Business

In the Real Estate Business, the sales revenue increased 1.6% year on year to 150 million yen and the operating profit increased 2.7% to 134 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., has become consolidated subsidiary at the previous fiscal year end so there is no year to year comparison to no avail. Operation result of this first quarter is sales revenue 29 million yen and operating losses of 22 million yen.

### (2) Briefing on financial position

Total assets as of June 30, 2016 decreased 4.7% compared to the end of the previous fiscal year to 21,452 million yen.

The changes of financial position of the 1<sup>st</sup> quarter of fiscal year 2016 are as follows:

#### ① Assets

Total assets decreased by 8.2% compared to the end of previous year to 8,521 million yen. This was mainly due to decrease of cash, cash equivalent and deposits.

Fixed assets decreased 2.2% compared to the end of the previous fiscal year to 12,930 million yen. This was mainly due to decrease of Machinery, equipment and vehicles.

② Liabilities

Current liabilities decreased 19.6% compared to the end of previous fiscal year to 3,286 million yen. This was mainly reflected a decrease of Notes and accounts payable-trade.

Non-current liabilities decreased by 2.4% compared to the end of the previous fiscal year to 2,475 million yen. This was mainly due to a decrease of provision for directors' retirement benefits because of phasing out of directors' retirement benefit program for new appointments.

③ Net assets

Net assets decreased by 1.2% compared to the end of the previous year to 15,689 million yen. This was mainly reflected a decrease of retained earnings due to dividend payment while booked profit for the year attributable to owners of parent.

(3) Forecasts on our group business (consolidated)

Business is proceeding largely in line with plans during the first quarter of fiscal year 2016, and there are no changes to the consolidated first six months ending September 30 and full-year forecasts issued on April 28, 2016.

The forecasted financial results described in based on information available at the time of announcement. Actual results may differ from such forecasts due to various volatile factors.

2. Matters Regarding Summary Information (Notes)

(1) Significant changes in subsidiaries during the first quarter of fiscal year 2016

None

(2) Application of accounting policy and accounting estimates and restatement

None

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

(Changes in accounting policy)

Following revisions to the Corporation Tax Act, the Company has applied the Practical Solution on Change in Depreciation Method due to Tax Reform 2016 (Accounting Standards Board of Japan (ASBJ), PITF No.32, June 17, 2016), effective from the first quarter of the current fiscal year. As a result, the depreciation method for building fixtures and structures acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method. The adoption of the new depreciation method had no material impacts in the first quarter of the current fiscal year.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	FY 2015 (As of March 31, 2016)	FY 2016 (As of June 30, 2016)
<b>Assets</b>		
Current assets		
Cash, cash equivalent and deposits	2,485,325	1,540,450
Notes and accounts receivable-trade	2,402,539	2,506,516
Marketable securities	323,111	323,032
Merchandise and finished goods	1,612,323	1,689,524
Work in process	204,095	187,329
Raw materials and supplies	945,201	881,127
Other current assets	1,315,968	1,397,799
Allowance for doubtful debts	(3,620)	(4,226)
<b>Total current assets</b>	<b>9,284,945</b>	<b>8,521,553</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	969,309	928,549
Machinery, equipment and vehicles (net)	1,370,199	1,212,493
Land	2,048,834	2,048,834
Construction in progress	38,599	17,492
Other non-current assets (net)	97,010	97,300
<b>Total property, plant and equipment</b>	<b>4,523,952</b>	<b>4,304,670</b>
Intangible assets		
Goodwill	512,640	482,966
Other intangible assets	76,023	74,928
<b>Total intangible assets</b>	<b>588,663</b>	<b>557,895</b>
Investments and other assets		
Investment securities	5,805,342	5,762,945
Long-term loans receivable from subsidiaries	2,078,347	2,076,099
Others	267,457	267,012
Allowance for doubtful debts	(37,806)	(37,818)
<b>Total investments and other assets</b>	<b>8,113,341</b>	<b>8,068,239</b>
<b>Total non-current assets</b>	<b>13,225,958</b>	<b>12,930,806</b>
<b>Total assets</b>	<b>22,510,903</b>	<b>21,452,359</b>

(Thousand yen)

	FY 2015 (As of March 31, 2016)	FY 2016 (As of June 30, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,451,251	932,583
Short-term loans payable	1,296,387	1,314,211
Income taxes payable	317,892	61,672
Provision for bonuses	104,783	54,678
Other current liabilities	915,418	923,604
Total current liabilities	4,085,732	3,286,749
Non-current liabilities		
Long-term loans payable	1,258,468	1,222,905
Provision for directors' retirement benefits	172,354	-
Retirement benefits liabilities	59,102	57,814
Liabilities on asset disposal	64,686	64,848
Other non-current liabilities	983,076	1,130,104
Total non-current liabilities	2,537,688	2,475,673
Total liabilities	6,623,420	5,762,423
<b>Net Equity</b>		
Shareholder equity		
Share capital	1,524,460	1,524,460
Capital surplus	2,530,171	2,530,171
Retained earnings	10,773,108	10,689,920
Treasury stock	(716,921)	(716,947)
Total shareholder equity	14,110,817	14,027,604
Cumulative other comprehensive income		
Valuation difference on available-for-sales securities	1,525,527	1,496,803
Foreign currency translation adjustment	93,726	77,303
Re-measurements of Defined Benefit Plans	(42,712)	(40,740)
Total cumulative other comprehensive income	1,576,540	1,533,367
Non-controlling interests	200,123	128,965
Total Equity	15,887,482	15,689,936
Total Liabilities and Equity	22,510,903	21,452,359

## (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 <sup>st</sup> Q of fy2015 (From April 1, 2015 to June 30, 2015)	1 <sup>st</sup> Q of fy2016 (From April 1, 2016 to June 30, 2016)
Net sales	4,965,618	4,978,251
Cost of sales	3,850,543	3,878,268
Gross profit	1,115,075	1,099,983
Selling, general and administrative expenses	831,306	870,460
Operating profit	283,768	229,523
Non-operating income		
Interest income	10,351	9,126
Dividends received	28,161	36,299
Share of Equity in earnings of affiliates	-	14,712
Other non-operating income	7,623	7,743
Total non-operating income	46,136	67,881
Non-operating expenses		
Interest expenses	9,199	8,641
Foreign exchange loss	9,967	50,170
Share of Equity in losses of affiliates	15,936	-
Other non-operating expenses	739	3,986
Total non-operating expenses	35,842	62,798
Ordinary profit or loss	294,063	234,606
Extraordinary loss		
Loss on disposal of fixed assets	-	0
Loss on valuation of investment securities	-	17,227
Total extraordinary losses	-	17,227
Profit or loss before corporate income taxes	294,063	217,378
Income taxes-current	108,314	72,383
Income taxes-deferred	40,446	44,539
Total income taxes	148,760	116,922
Profit for the first three months	145,302	100,456
Loss attributable to non-controlling interests	(39,786)	(58,030)
Profit for the year attributable to owners of parent	185,089	158,486

Quarterly Consolidated Statements of Comprehensive Profit or Loss

	(Thousand yen)	
	1 <sup>st</sup> Q of fy2015 (From April 1, 2015 to June 30, 2015)	1 <sup>st</sup> Q of fy2016 (From April 1, 2016 to June 30, 2016)
Profit for the 1 <sup>st</sup> Quarter	145,302	100,456
Other comprehensive income		
Evaluation at fair value on marketable securities	60,737	(28,723)
Foreign currencies translation adjustment	(17,744)	(28,610)
Re-measurements of defined benefit plans, (net of tax)	221	1,972
Total other comprehensive income for the 1 <sup>st</sup> quarter	43,214	(55,362)
Comprehensive income for the 1 <sup>st</sup> quarter	188,517	45,094
Comprehensive income attributable to:		
Owners of parent	236,289	115,792
Non-controlling interests	(47,771)	(70,698)

### (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 1<sup>st</sup> quarter consolidated accounting period (From April 1, 2015 to June 30, 2015)

##### 1. Information on amount 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	Total		
Net sales						
Net sales to third-party customers	3,047,917	1,769,180	148,520	4,965,618	-	4,965,618
Intersegment net sales and transfer	-	-	413	413	(413)	-
Total	3,047,917	1,769,180	148,934	4,966,032	(413)	4,965,618
Segment profit (loss)	317,395	25,247	130,795	473,438	(189,670)	283,768

Notes: 1 Adjustment for segment loss of (189,670) 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 1<sup>st</sup> quarter consolidated accounting period (From April 1, 2016 to June 30, 2016)

##### 1. Information on amount 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 Business	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 loss 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.