

# Summary of Consolidated Financial Results

## For the 1<sup>st</sup> Quarter Ended June 30, 2018(Japanese Accounting Standards)

July 31, 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: Seiji Sakurada President and Chief Executive Officer  
 Contact person in charge: Susumu Kifune, Director & Executive Officer, Division Head of Administration

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Planned date for submission of quarterly report: August 10, 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 Three Months Ended June 30, 2018 (April 1, 2018- June 30, 2018)

#### (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, 2018	5,079	1.3	365	76.0	400	45.1	265	59.9
June 30, 2017	5,012	0.7	207	(9.5)	276	17.7	165	4.6

Note: Comprehensive income

1<sup>st</sup> quarter ended June 30, 2018: 423 million yen (up 24.0%)

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

	Net Profit per Share		Diluted net Profit per Share	
	Yen		Yen	
June 30, 2018	9.87		—	
June 30, 2017	6.17		—	

#### (2) Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio	
	Million yen		Million yen		%	
As of June 30, 2018	23,192		16,925		73.2	
As of March 31, 2018	23,290		16,857		72.6	

(Reference) Shareholders' Equity: As of June 30, 2018: 16,969 million yen As of March 31, 2018: 16,899 million yen

### 2. Cash Dividends

	Cash Dividend per Share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
For the year ended	Yen				
March 31, 2018	—	0.00	—	11.00	11.00
March 31, 2019	—	—	—	—	—
Year ended March 31, 2019 (forecast)	—	0.00	—	11.00	11.00

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

### 3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(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, 2018	10,000	0.9	580	8.4	650	(13.9)	400	(20.3)	14.90
Year ending March 31, 2019	20,500	3.3	1,000	7.6	1,250	2.0	820	3.3	30.54

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

※ Notes

(1) Significant changes in subsidiaries during the three months of fiscal year 2018

(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 June 30, 2018	29,748,200	As of March 31, 2018	29,748,200
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(ii) Number of treasury stocks at period end

As of June 30, 2018	2,895,808	As of March 31, 2018	2,895,808
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(iii) Average number of shares during period  
(from the beginning of fiscal year to period end)

As of June 30, 2018	26,852,392	As of June 30, 2017	26,852,417
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※ Summary of Consolidated Financial Results for the 1<sup>st</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 condition and 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 three months of Fiscal Year 2018” on page 3 of the Appendix.

○Appendix

1. Qualitative Information Regarding the Results for the Nine months of Fiscal Year 2018 .....	2-3
(1) Qualitative information regarding consolidated operating results .....	2
(2) Qualitative information regarding consolidated financial position .....	3
(3) Qualitative information regarding consolidated business forecasts .....	3
2. Quarterly Consolidated Financial Statements.....	4-9
(1) Quarterly consolidated balance sheets.....	4-5
(2) Quarterly Consolidated Statements of Income and Consolidated Statements of comprehensive income...6-7	
(3) Notes on quarterly consolidated financial statements.....	8
(Notes on assumptions of going concern).....	8
(Notes on occurrence of significant charges to shareholder's equity).....	8
(Additional Information) .....	8
(Segment information).....	9

## 1. The Results for the 1<sup>st</sup> Quarter of Fiscal Year 2018

### (1) Operating Results (consolidated)

During the 1<sup>st</sup> quarter of fiscal year 2018, the Japanese economy continued moderate recovery due to improve business investment with upside corporate earnings and improvement of employment and income supported. Prospects for the economy continued recovery due to underlying strength of the domestic demand even though international situation has been unclear by U.S-China trade rally on custom duty and so on.

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 business, with maintain quality management and improve of customer satisfaction, and for functional food materials business, we have been concentrating on high-value added sales activity.

As a result of the 1<sup>st</sup> quarter, consolidated net sales increased 1.3% year on year to 5,079 million yen. Operating profit increased 76.0% year on year to 365 million yen. Ordinary profit increased 45.1% year on year to 400 million yen. Net profit attributable to owners of parent was increased 59.9% year on year to 265 million yen.

Operating results of each segment is as follows:

#### ① Sugar Business

Regarding the sugar business, the sales volume has been less than the previous same period due to decreased sales of sugar syrup on beverage, seasoning and so on, while it was fine weather during the so-called golden week holidays, and sales volume has been good for distributors. On the aspect of earnings, we have continued to focus on efficient raw sugar procurement and reduce manufacturing cost. And they contributed of revenue increase.

As a result of the above, the Sugar Business reported net sales of 2,878 million yen (down of 7.2% against the same period last year) and operating income of 437 million yen (rise of 40.5% against the same period last year).

#### ② Functional Materials Business

As for the functional dietary fiber Inulin recorded slight revenue growth compared with the same period of the previous year due to sluggish sales volume although numbers of new applications were adopted by customers such as label of products and low-sugar functional material and also effective sales promotion such as high value-added production. Regarding the UNITEC Foods Co. Ltd., a consolidated subsidiary, operating profit increased with steady sales of gelatin and pectin as main products.

As a result of the above, the Functional Materials Business reported net sales of 1,987 million yen (rise of 14.9% against the same period last year) and operating income of 47 million yen (rise of 591.4% against the same period last year).

#### ③ Real Estate Business

In the Real Estate Business, sales revenue increased 0.8% year on year to 153 million yen and operating profit increased 2.2% to 138 million yen. It has contributed to stable profits overall.

#### ④ Other Food Business

In the other food business such as bakery business in Thailand mainly, sales revenue increased 103.3% to 59 million yen and operating losses of 22 million yen (operating losses on the same period last year was 37 million yen).

## (2) Briefing on financial position

Total assets as of June 30, 2018 decreased 0.4% compared to the end of the previous fiscal year to 23,192 million yen.

The changes of financial position of the 1<sup>st</sup> quarter of fiscal year 2018 are as follows

### ① Assets

Total assets decreased by 1.6% compared to the end of previous fiscal year to 9,329 million yen. This was mainly due to a decrease of cash, cash equivalent and deposits and so on.

Fixed assets increased 0.4% compared to the end of the previous fiscal year to 13,863 million yen. This was mainly due to increase of investment securities and so on.

### ② Liabilities

Current liabilities decreased 5.1% compared to the end of the previous fiscal year to 4,200 million yen. This was mainly reflected a decrease of notes and accounts payable-trade and so on.

Non-current liabilities increased by 3.1% compared to the end of the previous fiscal year to 2,067 million yen. This was mainly due to an increase of deferred tax liabilities under others.

### ③ Net assets

Net assets increased by 0.4% compared to the end of the previous fiscal year to 16,925 million yen. This was mainly reflected an increase of Valuation difference on available-for-sales securities by rising market value.

## (3) Forecasts on our group business (consolidated)

In line with annual plans for the fiscal year 2018, there are no changes to full-year forecasts released on April 27, 2018.

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 2018.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Yearend FY 2017 (As of March 31, 2018)	1 <sup>st</sup> Q end FY 2018 (As of June 30, 2018)
<b>Assets</b>		
Current assets		
Cash, cash equivalent and deposits	2,343,407	2,179,235
Notes and accounts receivable-trade	2,806,196	3,002,432
Marketable securities	300,000	300,000
Merchandise and finished goods	2,055,612	1,970,069
Work in process	131,970	117,134
Raw materials and supplies	700,988	680,135
Other current assets	1,143,077	1,085,328
Allowance for doubtful debts	(4,708)	(4,696)
<b>Total current assets</b>	<b>9,476,545</b>	<b>9,329,639</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	809,036	797,479
Machinery, equipment and vehicles(net)	898,690	886,088
Land	2,527,435	2,527,435
Construction in progress	90,750	36,823
Other non-current assets (net)	92,129	100,011
<b>Total property, plant and equipment</b>	<b>4,418,042</b>	<b>4,347,837</b>
Intangible assets		
Goodwill	253,842	226,844
Other intangible assets	112,890	112,469
<b>Total intangible assets</b>	<b>366,732</b>	<b>339,314</b>
Investment and other assets		
Investment securities	7,000,310	7,178,459
Long-term loans receivable from subsidiaries	1,773,240	1,755,000
Others	270,421	255,524
Allowance for doubtful debts	(15,278)	(12,835)
<b>Total investments and other assets</b>	<b>9,028,694</b>	<b>9,176,148</b>
<b>Total non-current assets</b>	<b>13,813,469</b>	<b>13,863,300</b>
<b>Total assets</b>	<b>23,290,014</b>	<b>23,192,939</b>

(Thousand yen)

	Yearend FY 2017 (As of March 31, 2018)	1 <sup>st</sup> Q end FY 2018 (As of June 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,460,091	1,358,937
Short-term loans payable	1,809,568	1,828,171
Income taxes payable	195,792	110,379
Provision for bonuses	118,123	57,723
Other current liabilities	844,583	844,963
Total current liabilities	4,428,159	4,200,175
Non-current liabilities		
Long-term loans payable	548,097	541,361
Retirement benefits liabilities	18,251	10,861
Liabilities on assets disposal	65,987	66,153
Other non-current liabilities	1,371,962	1,448,676
Total non-current liabilities	2,004,298	2,067,052
Total liabilities	6,432,458	6,267,228
<b>Net Equity</b>		
Shareholder equity		
Share capital	1,524,460	1,524,460
Capital surplus	2,049,343	2,049,343
Retained earnings	11,743,913	11,645,107
Treasury stock	(717,035)	(717,035)
Total shareholder equity	14,600,682	14,501,875
Cumulative other comprehensive income		
Valuation difference on available-for-sales securities	2,255,650	2,416,356
Foreign currency translation adjustment	73,507	80,905
Re-measurements of Defined Benefit Plans	(30,555)	(29,274)
Total cumulative other comprehensive income	2,298,602	2,467,987
Non-controlling interests	(41,727)	(44,152)
Total Equity	16,857,556	16,925,711
Total Liabilities and Equity	23,290,014	23,192,939

(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 1 <sup>st</sup> Q of fy2017 (From April 1, 2017 to June 30, 2017)	The 1 <sup>st</sup> Q of fy2018 (From April 1, 2018 to June 30, 2018)
Net sales	5,012,582	5,079,016
Cost of sales	3,927,651	3,787,256
Gross profit	1,084,930	1,291,760
Selling, general and administrative expenses	877,283	926,367
Operating profit	207,647	365,392
Non-operating income		
Interest income	7,405	6,915
Dividends received	35,820	34,802
Share of Equity in earnings of affiliates	10,408	15,835
Other non-operating income	22,608	11,556
Total non-operating income	76,242	69,110
Non-operating expenses		
Interest expenses	7,743	8,759
Foreign exchange loss	-	21,882
Other non-operating expense	0	3,230
Total non-operating expense	7,743	33,872
Ordinary profit or loss	276,146	400,631
Extraordinary income		
Gain on sales investment securities	-	15,403
Total extraordinary income	-	15,403
Extraordinary loss		
Loss on disposal of fixed assets	14	-
Loss on sales of non-current assets	622	-
Total extraordinary losses	637	-
Profit before income taxes	275,509	416,035
Income taxes-current	79,155	121,216
Income taxes-deferred	41,691	35,029
Total income taxes	120,846	156,245
Profit for the three months	154,662	259,789
Loss attributable to non-controlling interests	(11,036)	(5,211)
Profit for the year attributable to owners of parent	165,698	265,001

Quarterly Consolidated Statements of Comprehensive Profit or Loss

(Thousand yen)

	The 1 <sup>st</sup> Q of fy2017 (From April 1, 2017 to June 30, 2017)	The 1 <sup>st</sup> Q of fy2018 (From April 1, 2018 to June 30, 2018)
Profit for the 1 <sup>st</sup> Quarter	154,662	259,789
Other comprehensive income		
Evaluation at fair value on marketable securities	187,188	160,706
Foreign currencies translation adjustment	(2,802)	1,317
Re-measurements of defined benefit plans, (net of tax)	2,113	1,281
Total other comprehensive income for the 1 <sup>st</sup> quarter	186,499	163,305
Comprehensive income for the 1 <sup>st</sup> quarter	341,162	423,094
Comprehensive income attributable to:		
Owners of parent	351,745	427,324
Non-controlling interests	(10,583)	(4,230)

### (3) Notes to Consolidated Financial Statements

(Notes on assumptions of a going concern)

The 1<sup>st</sup> quarter consolidated accounting period (From April 1, 2018 to June 30, 2018)

None

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

The 1<sup>st</sup> quarter consolidated accounting period (From April 1, 2018 to June 30, 2018)

None

(Additional Information)

The 1<sup>st</sup> quarter consolidated accounting period (From April 1, 2018 to June 30, 2018)

The company commences to adopt the Partial Revisions to Accounting Standard for Tax Effect Accounting (Corporate Accounting Standards No.28, February 16, 2018) as of the first three months of the current consolidated accounting period. As such, deferred tax assets are stated under Investments and other assets, and deferred tax liabilities are stated under fixed liabilities.

(Segment information)

I The 1<sup>st</sup> 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 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	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.

II The 1<sup>st</sup> quarter consolidated accounting period (From April 1, 2018 to June 30, 2018)

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	2,878,438	1,987,388	153,745	59,444	5,079,016	—	5,079,016
Intersegment net sales and transfer	1,541	681	944	4,611	7,778	(7,778)	—
Total	2,879,980	1,988,069	154,689	64,055	5,086,795	(7,778)	5,079,016
Segment profit (loss)	437,046	47,991	138,351	(22,413)	600,977	(235,584)	365,392

Notes: 1 Adjustment for segment income of (235,584) 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.