

# Summary of Consolidated Financial Results

## For the Fiscal year ended March 31, 2016(Japanese Accounting Standards)

April 28, 2016

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 ordinary general meeting of shareholders: June 22, 2016  
 Planned date for start dividend payment: June 7, 2016  
 Planned date for submission of annual report: June 22, 2016  
 Preparation of supplementary material for annual financial statements: None  
 Briefing session for financial statements: None

(Rounded down to millions Japanese Yen)

### 1. Consolidated Financial Results for the Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

#### (1) Consolidated Results of Operations (Percentages are shown as year-over-year changes)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
For the year ended	Mill yen	%	Mill yen	%	Mill yen	%	Mill yen	%
March 31, 2016	19,312	1.4	959	48.5	958	10.9	623	9.7
March 31, 2015	19,038	(5.5)	645	(20.3)	864	(12.8)	568	(4.4)

(Note) Comprehensive income: Year ended March 31, 2016: 42 mill yen (decrease 97.2%)  
 Year ended March 31, 2015: 1,480 mill yen ( decrease 82.8%)

	Net Profit per Share	Diluted net Profit per Share	Return on Equity	Ordinary Profit Ratio to Total Assets	Operating Profit Ratio to Net Sales
For the year ended	Yen	Yen	%	%	%
March 31, 2016	23.23	—	4.0	4.2	5.0
March 31, 2015	21.17	—	3.8	3.9	3.4

(Ref) Share of investments accounted for using the equity method:

For the year ended March 31, 2016: (21) mil yen

For the year ended March 31, 2015: 44 mill yen

#### (2) Consolidated Financial Position

For the year ended	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Mill yen	Mill yen	%	Yen
March 31, 2016	22,510	15,887	69.7	584.20
March 31, 2015	22,963	16,106	68.5	585.44

(Ref) Equity capital: As of March 31, 2016: 15,687 mill yen As of March 31, 2015: 15,721 mill yen

#### (3) Consolidated Cash Flow

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the end of the fiscal year
For the year ended	Mill yen	Mill yen	Mill yen	Mill yen
March 31, 2016	1,452	(347)	(482)	2,808
March 31, 2015	120	(191)	(246)	2,191

## 2. Cash Dividends

	Annual dividend					Total Cash Dividends (annual)	Payout Ratio (consolidated)	Ratio of Dividends to Net Assets (consolidated)
	1Q	2Q	3Q	4Q	Annual			
For the year ended	Yen	Yen	Yen	Yen	Yen	Mill yen	%	%
March 31, 2015	–	0.00	–	9.00	9.00	241	42.5	1.6
March 31, 2016	–	0.00	–	9.00	9.00	241	38.7	1.5
(forecast) March 31, 2017	–	0.00	–	10.00	10.00		35.8	

## 3. Consolidated Business Forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owner of parent		Net Profit per Share
	Mill yen	%	Mill yen	%	Mill yen	%	Mill yen	%	Yen
Six months ending September 30, 2017	10,500	5.4	550	(9.1)	600	(2.6)	400	3.6	14.90
Full year	20,500	6.1	1,000	4.3	1,100	14.8	750	20.2	27.93

### ※ Notes

#### (1) Significant changes in subsidiaries during the period

(Change in specified subsidiaries causing the scope changes of consolidation): None

#### (2) Changes in accounting policy and accounting evaluations and restatement

(i) Changes in accounting policy caused by any revision of bye-law on accounting standards: Yes

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

(iii) Changes in accounting evaluations: None

(iv) Restatement: None

#### (3) Number of outstanding shares (Common Shares)

(i) Number of outstanding shares at the period end (including Treasury Shares)

(ii) Number of Treasury Shares at the period end

(iii) Average number of shares during the period

As of March 31, 2016	29,748,200 shares	As of March 31, 2015	29,748,200 shares
As of March 31, 2016	2,895,576 shares	As of March 31, 2015	2,893,848 shares
As of March 31, 2016	26,853,140 shares	As of March 31, 2015	26,857,151 shares

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## 1. Operating Results

### (1) Overview of operating results

(Operating results of the Fiscal Year 2016)

In the fiscal year 2015, the Japanese economy has continued moderate recovery momentum under the domestic employment and individual income being improved both supported by upside corporate earnings while the global economic situation has been affected by personal consumption recovery with slow pace under sluggish exportation due to developing countries economy declining as well as China.

However, the sugar refining industry has been staying in tough situation due to gradually increasing alternative usage of sweetened preparations, isomerized sugar, and other sweeteners.

Under these economic circumstances, our Group made effort to maintain quality management on our main products, with increase of customer's satisfaction and also keep the stable and constant supply of sugar as our main products. Also, we keep focusing on sales activities with high-value added proposals in the functional materials.

As a result, consolidated net sales increased 1.4% year on year to 19,312 million yen. Operating profit increased 48.5% year on year to 959 million yen. Ordinary profit increased 10.9% year on year to 958 million yen. Net profit attributable to owners of parent has increased 9.7% year on year to 623 million yen.

Operating results of each segment is as follows:

#### ① Sugar Business

Regarding the Sugar Business, consolidated net sales decreased 2.9% year on year to 11,970 million yen. Operating profit increased 26.3% year on year to 1,275 million yen.

The overseas raw sugar market opened with 12.00 cents (per pound) at the New York Future Market at the beginning of the current term, and then it declined to 10.13 cents for the first time low in 7 years due to oversupply of increase production and depreciation of currency of the producer. And the market reversed to marking at peak price with 16.75 cents in the term due to outlook for supply of sugar will be fall short to consumption and harvest delay because of a long spell of rainy weather in Brazil as leading producer, at the fiscal year end it closed with 15.35 cents.

On the other hand, the Tokyo spot market price opened at 186 yen (per kg of white superior, soft sugar in a sack), and then in October decreased 2 yen on product shipment price due to decrease of overseas raw sugar market and increased 4 yen due to increase of overseas raw sugar market in February, it closed with 188 yen at the term end.

Sales volume of liquid sugar and white sugar mainly was less than the same period of the previous year due to decreased sales volume of confectioneries, sugar products and milk beverages because of changeable weather in summer and sluggish movement of products since early autumn to the calendar year end.

Operating profit increased because of efficient raw materials procurement and reduction of production costs in spite of sales volume decrease.

#### ② Functional Materials Business

Consolidated net sales increased 10.2% year on year to 6,741 million yen. Operating loss booked 154 million yen (previous fiscal year operating loss 270 million yen).

As for the functional food "Inulin" has started full-fledged import from Fuji Nihon Thai Inulin Co. Ltd., consolidated subsidiary company in Thailand (hereinafter called "FTI").

With making little progress on sales expansion to existing and new clients, Income decreased due to less sales volume on year to year by our big user stagnancy. Profit-wise, it has continuously decreased from the previous year due to taking time to quality stabilization of FTI company products.

Revenue and profit of floral preservatives "Keep Flower" increased because of starting full-dress sales on a new product "High Speed" and sales promotion by renewal of package design to current products under the sluggishness of florist industry.

Regarding UNITEC Foods Co. Ltd., a consolidated subsidiary, increased revenue and profit because gelatin based natural additive material had positive sales promotion and up-trends in sales volume for confectionery and milk products users performed goods.

### ③ Real Estate Business

In the Real Estate Business, sales revenue increased 0.4% year on year to 600 million yen and operating income decreased 1.0% to 525 million yen.

Sales revenue increased due to leasing revised for properties in our possessions, but profit decreased because of increase in maintenance and operation cost for small-scale leasing home.

### (Outlook for the Next Fiscal Year)

In the next fiscal year the Japanese economy is anticipated to recovery, as employment and income continue to be improved. The Group will make efforts to maintain the stable and constant supply of our products as priority challenge globally and also for Inulin business we will continue to concentrate on high-quality, stability and expanding sales of products with consolidated subsidiary in Thailand.

In the sugar business, we expect to increase the income by strengthened power of sales, customer-focused and viable-respect sales, although under continuous tough business environment of irresistible down-trends in sugar consumption by alternative usage of other sweeteners and low birthrate & longevity in Japan. And also determine to increase the profit by steady and stable purchase stock of raw materials and rationalizing processing cost and sales expenses. In the functional materials business, domestic sales of Inulin, the labeling Law regarding functional information label "Food Labeling Standards (Cabinet Office Ordinance No.10) of Food Labeling Act (Act No.70, 2013) created opportunities to expand sales for wider range of products area. And regarding global sales, we expect to increase income starting sales with application developed for Thailand mainly. Also in the each business segments, we expect to increase the profit by rationalizing operating costs and selling expenses as well. In the real estate business, we will remain profit unchanged from the previous year by maintenance and operation such as environmental emergency and contingency plan for the company properties.

As a result, consolidated net sales for the fiscal year 2017 are forecast to rise 6.1% year on year to 20,500 million yen. Operating Profit is projected to increase 4.3% to 1,000 million yen. Ordinary Profit is projected to increase 14.8% to 1,100 million yen. Net income is projected to increase 20.2% to 750 million yen.

## (2) Overview of financial position

### (Assets, Liabilities and Net Assets)

Total assets as of the end of fiscal year 2015 decreased by 2.0% compared to the end of previous fiscal year to 22,510 million yen. The changes of financial position of fiscal year 2015 are as follows:

#### ① Assets

Total assets as of end of fiscal year 2015 increased by 5.5% compared to the end of previous fiscal year to 9,284 million yen. This was mainly due to an increase of Cash, cash equivalent and deposits.

Fixed assets decreased 6.6% compared to the end of the previous fiscal year to 13,225 million yen. This was mainly due to a decrease of Investment securities.

#### ② Liabilities

Current liabilities increased by 3.1% compared to the end of the previous fiscal year to 4,085 million yen. This was mainly reflected an increase of Notes and Accounts payable-trade, Income taxes payable.

Non-current liabilities decreased by 12.3% compared to the end of the previous fiscal year to 2,537 million yen. This was mainly due to a decrease of Long-term loans payable, Provision for retirement benefits.

#### ③ Net assets

Net assets decreased by 1.4% compared to the end of the previous fiscal year to 15,887 million yen. This was mainly reflected an increase of Retained earnings posted by net profit, and decrease of Valuation difference on available-for-sale securities.

(Cash flow)

Cash and cash equivalents (hereinafter called "Funds") as of March 31, 2016 increased 616 million yen from the end of the previous fiscal year to 2,808 million yen.

Changes in cash flow for the fiscal year 2015 and reasons are follows.

① Cash flow from operating activities

The funds derived from operating activities amounted to 1,452 million yen (compare with the fiscal year 2015: increase 120 million yen). This was mainly reflected from decreasing Inventories and so on.

② Cash flow from investing activities

The funds provided by investing activities amounted to 347 million yen (compare with the fiscal year 2014: increased by 81.8%). This was mainly reflected from used in payment of Long-term loans receivable while decreasing acquisition of Investment securities.

③ Cash flow from financing activities

The funds caused by financing activities amounted to 482 million yen (compare with the fiscal year 2015: increased by 95.6%). This was mainly reflected from cash used of Long-term loans payable and so on.

(Reference) Changes in cash-flow-related indices

	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016
Equity ratio (%)	69.5	69.3	67.6	68.5	69.7
Market-Price-based Equity ratio (%)	44.6	43.1	44.6	43.2	53.7
Cash flow / interest bearing liabilities ratio (years)	2.8	1.6	3.2	23.6	1.76
Interest coverage ratio (times)	25.4	51.4	38.2	3.3	44.1

(Note) Equity ratio : Shareholder's equity ÷ Total assets

Market-price-based capital equity ratio: Value of shares ÷ Total assets

Cash flow / interest bearing liabilities ratio: Interest-bearing debt ÷ Cash flow from operating activities

Interest coverage ratio: Cash flow from operating ÷ Interest payment

※ 1. Data on a consolidated basis is used for computations on indices

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 payment equal the amount of interest paid on the consolidated cash flow statements.

## 2 . Consolidated Financial Statements

### (1)Consolidated balance sheets

(Thousand Yen)

	Fiscal Year 2015 (As of March 31,2015)	Fiscal Year 2016 (As of March 31,2016)
<b>Assets</b>		
Current assets		
Cash, cash equivalent and deposits	1,815,136	2,485,325
Notes and accounts receivable-trade	2,396,935	2,402,539
Marketable securities	378,313	323,111
Merchandise and finished goods	1,508,955	1,612,323
Work in process	431,339	204,095
Raw materials and supplies	1,072,632	945,201
Deferred tax assets	95,171	148,240
Other current assets	1,109,142	1,167,728
Allowance for doubtful debts	(3,393)	(3,620)
Total current assets	8,804,233	9,284,945
Non-current assets		
Property, plant and equipment		
Buildings and structures(net)	1,036,414	969,309
Machinery, equipment and vehicles(net)	1,695,551	1,370,199
Land	※ <sup>3</sup> 2,048,834	※ <sup>3</sup> 2,048,834
Construction in progress	-	38,599
Other non-current assets(net)	97,462	97,010
Total property, plant and equipment	※ <sup>1</sup> 4,878,263	※ <sup>1</sup> 4,523,952
Intangible assets		
Goodwill	577,809	512,640
Other intangible assets	87,228	76,023
Total intangible assets	665,037	588,663
Investments and other assets		
Investment securities	※ <sup>2</sup> 6,383,613	※ <sup>2</sup> 5,805,342
Long-term loans receivable	4,104	3,698
Long-term loans receivable from subsidiaries	2,009,124	2,078,347
Other	269,872	263,758
Allowance for doubtful debts	(50,589)	(37,806)
Total investments and other assets	8,616,124	8,113,341
Total non-current assets	14,159,425	13,225,958
<b>Total Assets</b>	<b>22,963,658</b>	<b>22,510,903</b>

(Thousand Yen)

	Fiscal Year 2015 (As of March 31,2015)	Fiscal Year 2016 (As of March 31,2016)
<b>Liabilities</b>		
Current liabilities		
Notes and account payable-trade	1,324,447	1,451,251
Short-term loans payable	1,360,947	1,296,387
Income taxes payable	209,316	317,892
Accrued consumption taxes	141,676	118,371
Provision for bonuses	99,733	104,783
Other current liabilities	827,683	797,046
Total current liabilities	3,963,805	4,085,732
Non-current liabilities		
Long-term loans payable	1,466,481	1,258,468
Deferred tax liabilities	752,043	550,031
Provision for directors' retirement benefits	183,039	172,354
Net defined benefit liability	6,018	59,102
Liabilities on asset disposal	64,051	64,686
Other non-current liabilities	※3 422,076	※3 433,045
Total non-current liabilities	2,893,710	2,537,688
Total liabilities	6,857,515	6,623,420
<b>Net Equity</b>		
Shareholders' equity		
Share capital	1,524,460	1,524,460
Capital surplus	2,530,171	2,530,171
Retained earnings	10,391,064	10,773,108
Treasury stock	(716,247)	(716,921)
Total shareholders' equity	13,729,448	14,110,817
Cumulative other comprehensive income		
Valuation difference on available-for-sales securities	1,827,960	1,525,527
Foreign currency translation adjustment	152,501	93,726
Re-measurements of Defined benefit plans	11,803	(42,712)
Total cumulative other comprehensive income	1,992,264	1,576,540
Non-controlling interests	384,430	200,123
Total Equity	16,106,143	15,887,482
Total Liabilities and Equity	22,963,658	22,510,903



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

Consolidated Statements of Profit or Loss

(Thousand Yen)

	Fiscal year 2014 (April 1, 2014 to March 31, 2015)	Fiscal year 2015 (April 1, 2015 to March 31, 2016)
Net sales	19,038,115	19,312,581
Cost of sales	※1 15,208,391	※1 15,124,971
Gross profit	3,829,723	4,187,609
Selling general and administrative expenses	※2, ※3 3,183,757	※2, ※3 3,228,503
Operating profit	645,966	959,106
Non-operating income		
Interest income	43,309	41,909
Dividends received	70,058	62,049
Foreign exchange gains	58,367	-
Share of equity in earnings of affiliates	44,142	-
Other non-operating income	44,276	40,864
Total non-operating income	260,155	144,823
Non-operating expenses		
Interest expenses	38,222	35,184
Foreign exchange loss	-	73,985
Equity in losses of affiliates	-	21,991
Other non-operating expenses	3,703	14,684
Total non-operating expenses	41,926	145,845
Ordinary Profit or loss	864,195	958,083
Extraordinary income		
Gain on sales of investment securities	74,284	1,825
Total extraordinary income	74,284	1,825
Extraordinary loss		
Loss on disposal of fixed assets	※4 257	※4 4,558
Impairment losses	※5 45,916	-
Loss on valuation of investment securities	457	142
Total extraordinary losses	46,631	4,700
Profit or loss before corporate income taxes	891,848	955,207
Income taxes-current	387,969	495,227
Income taxes-deferred	(2,777)	(40,014)
Total income taxes	385,191	455,212
Profit for the year	506,656	499,995
Loss attributable to non-controlling interests	(61,764)	(123,737)
Profit for the year attributable to owners of parent	568,421	623,732

Consolidated Statements of Other Comprehensive Profit or Loss

	(Thousand Yen)	
	Fiscal Year 2014 (April 1,2014 to March 31,2015)	Fiscal Year 2015 (April 1,2015 to March 31,2014)
Net income	506,656	499,995
Other comprehensive profit or loss		
Evaluation at fair value on marketable securities	807,341	(302,433)
Foreign currency translation adjustment	133,963	(96,332)
Re-measurements of defined benefit plans(net of tax)	31,022	(54,515)
Share of other comprehensive profit or loss of affiliated companies by applying equity method	1,068	(4,592)
Total other comprehensive profit or loss for the year	973,395	(457,874)
Comprehensive profit or loss for the year	1,480,052	42,120
Comprehensive profit or loss attributable to:		
Owners of parent	1,481,533	209,120
Non-controlling interests	(1,480)	(166,999)

### (3) Consolidated Statements of Changes in Equity

Fiscal Year 2014 (April 1, 2014 to March 31, 2015)

(Thousand Yen)

	Shareholders' Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at beginning of current period	1,524,460	2,530,171	10,016,829	(714,805)	13,356,655
Cumulative effects on changes of accounting policies			47,538		47,538
Restated balance	1,524,460	2,530,171	10,064,368	(714,805)	13,404,194
Changes					
Dividends			(241,725)		(241,725)
Profit for the year attributable to owners of parent			568,421		568,421
Purchase of treasury shares				(1,442)	(1,442)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	326,696	(1,442)	325,253
Balance at the end of the period	1,524,460	2,530,171	10,391,064	(716,247)	13,729,448

	Cumulative Other Comprehensive Income				Non-controlling Interests	Total Equity
	Valuation at fair value on Marketable Securities	Foreign Currency Translation Adjustment	Re-measurements of Defined Benefit Plans	Total Cumulative Other Comprehensive Income		
Balance at beginning of current period	1,020,619	77,752	(19,219)	1,079,152	385,910	14,821,719
Cumulative effects on changes of accounting policies						47,538
Restated balance	1,020,619	77,752	(19,219)	1,079,152	385,910	14,869,258
Changes						
Dividends						(241,725)
Profit for the year attributable to owners of parent						568,421
Purchase of treasury shares						(1,442)
Net changes of items other than shareholders' equity	807,341	74,748	31,022	913,111	(1,480)	911,631
Total changes of items during the period	807,341	74,748	31,022	913,111	(1,480)	1,236,884
Balance at the end of current period	1,827,960	152,501	11,803	1,992,264	384,430	16,106,143

Fiscal Year 2015 (April 1, 2015 to March 31, 2016)

(Thousand Yen)

	Shareholders' Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at beginning of current period	1,524,460	2,530,171	10,391,064	(716,247)	13,729,448
Cumulative effects on changes of accounting policies					
Restated balance	1,524,460	2,530,171	10,391,064	(716,247)	13,729,448
Changes					
Dividends			(241,689)		(241,689)
Profit for the year attributable to owners of parent			623,732		623,732
Purchase of treasury shares				(674)	(674)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	382,043	(674)	381,369
Balance at the end of current period	1,524,460	2,530,171	10,773,108	(716,921)	14,110,817

	Cumulative Other Comprehensive Income				Non-controlling Interests	Total Equity
	Valuation at fair value on marketable securities	Foreign Currency Translation Adjustment	Re-measurements of Defined Benefit Plans	Total Cumulative Other Comprehensive Income		
Balance at beginning of current period	1,827,960	152,501	11,803	1,992,264	384,430	16,106,143
Cumulative effects on changes of accounting policies						
Restated balance	1,827,960	152,501	11,803	1,992,264	384,430	16,106,143
Changes						
Dividends						(241,689)
Profit for the year attributable to owners of parent						623,732
Purchase of treasury shares						(674)
Total change of items during the period	(302,433)	(58,775)	(54,515)	(415,723)	(184,306)	(600,029)
Total changes of items during the period	(302,433)	(58,775)	(54,515)	(415,723)	(184,306)	(218,660)
Balance at the end of current period	1,525,527	93,726	(42,712)	1,576,540	200,123	15,887,482

## (4) Consolidated Statements of Cash Flow

	(Thousand Yen)	
	Fiscal Year 2014 (April 1, 2014 to March 31, 2015)	Fiscal Year 2015 (April 1, 2015 to March 31 2016)
<b>Cash Flows from Operating Activities</b>		
Profit before income taxes	891,848	955,207
Depreciation and amortization	326,352	333,874
Amortization of goodwill	107,989	107,989
Impairment loss	45,916	-
Increase (decrease) in provision for bonuses	(11,163)	5,049
Increase (decrease) in provision for directors' bonuses	(9,100)	-
Increase (decrease) in allowance for doubtful debts	(13,439)	(12,557)
Increase (decrease) in provision for directors' retirement benefits	(136)	(10,685)
Increase (decrease) in defined benefit liability	(76,010)	(25,895)
Interest earned and dividend income	(113,368)	(103,958)
Interest expenses	38,222	35,184
Foreign exchange losses (gains)	(71,065)	81,531
Share of equity in (earning) losses of affiliates	(44,142)	21,991
Loss (gain) on sales of investment securities	(74,284)	(1,825)
Loss (gain) on valuation of investment securities	457	142
Loss on disposal of fixed assets	257	4,558
Decrease (increase) in notes and accounts receivable-trade	55,062	(5,791)
Decrease (increase) in inventories	(507,836)	290,347
Decrease (increase) in accrued receivable-other	(20,957)	(13,269)
Decrease (increase) in other current assets	(4,229)	(11,988)
Increase (decrease) in notes and accounts payable-trade	(183,370)	123,202
Increase (decrease) in accrued consumption taxes	70,862	(23,304)
Increase (decrease) in other current liabilities	(28,048)	(9,615)
Increase (decrease) in other non-current liabilities	(3,307)	(1,026)
Other (net amount)	19,788	11,350
<b>Subtotal</b>	<b>396,298</b>	<b>1,750,510</b>
Interest and dividends received	142,871	132,826
Interest expenses paid	(36,516)	(32,919)
Corporate income taxes paid	(382,651)	(397,429)
<b>Net cash provided by (used in) operating activities</b>	<b>120,002</b>	<b>1,452,988</b>

	(Thousand Yen)	
	Fiscal Year 2014 (April 1, 2014 to March 31, 2015)	Fiscal Year 2015 (April 1, 2015 to March 31, 2016)
Net Cash provided by (used in) Investing Activities		
Redemption from time deposit	-	2,000
Proceeds from sales and redemption of securities	94,834	27,176
Purchase of investment securities	(110,141)	(1,361)
Purchase of fixed assets	(125,818)	(153,892)
Purchase of intangible assets	(6,447)	(7,470)
Disbursement of short-term loans receivable	-	(102,569)
Collection of long-term loans receivable	982,006	1,003,992
Disbursement of long-term loans receivable	(1,025,857)	(1,111,302)
Proceeds from acquisition of shares of subsidiaries resulting in change in scope of consolidation	-	6,131
Payment for acquisition of subsidiaries interests	-	(10,631)
Net cash provided by (used in) investing activities	(191,423)	(347,926)
Net cash provided by (used in) Financing Activities		
Net increase (decrease) in short-term loans payable	(42,455)	114,785
Borrowing against long-term loans payable	181,757	-
Repayment of long-term loans payable	(142,696)	(354,687)
Purchase of treasury stock	(1,442)	(674)
Dividends paid	(241,725)	(241,689)
Net cash provided by (used in) financing activities	(246,561)	(482,265)
Effect of exchange rate change on cash and cash equivalents	14,017	(5,810)
Net increase (decrease) in Cash and cash equivalents	(303,964)	616,985
Cash and cash equivalents at the beginning of period	2,495,415	2,191,450
Cash and cash equivalents at the end of period	2,191,450	2,808,436

## (5)Notes on Consolidated Financial Statements

(Notes on assumption of a going concern)

None

(Matters concerning accounting standard)

(1) Evaluation standard and evaluation method of important assets

(i ) Securities

Available-for-sale securities

Securities with market value

Market value method based on market prices as of the closing date. (Valuation difference is reported as a component of shareholders' equity, and cost of securities sold is calculated by the moving-average method.)

Securities without market value

Cost method based on the moving-average method.

Regarding the investment for the investment limited partnership and other associations categorized as the same (Marketable securities defined by Financial Instruments and Exchange Act No.2-2), they are posted net share of other comprehensive profit or loss by applying equity method based on the most current financial statements as of the announce date stipulated in the Association Agreement.

(ii ) Derivatives

Market value method in principle

(iii ) Inventories

Merchandise

Evaluating by the cost method based on the moving-average method.

Amounts in the balance sheets are calculated by devaluating book values based on a decrease in profitability.

Finished goods, work in progress and Raw materials

First-in first-out method.

Amounts in the balance sheets are calculated by devaluating book values based on a decrease in profitability.

Supplies

Historical cost method based on the moving-average method.

Amounts in the balance sheets are calculated by devaluating book values based on a decrease in profitability.

(2) Method of depreciation of important depreciable assets

(i ) Property, plant and equipment

The Company and the consolidated domestic company mainly use the straight-line method for buildings (excluded supplementary equipment) acquired since April 1<sup>st</sup> 1998 and supplementary equipment & structures acquired since April 1<sup>st</sup> 2016, and uses the declining-balance method for other property, plant and equipment.

The consolidated overseas companies use the straight-line method.

Useful life of major categories is as follows:

Buildings and structures 3 -50 years

Machinery, equipment and vehicles 2 -10 years

(ii ) Intangible fixed assets

Amortization of intangible fixed assets also is calculated mainly using the straight-line method. Computer software held by the Company for internal use is amortized by the straight-line method over the estimated useful life (5 years).

(3) Standard to record important allowance and provision

(i ) Allowance for doubtful debts

In preparation for bad debt, for general accounts receivable, a loan loss ratio is taken into account while for certain receivables such as doubtful accounts receivable, collectability of each receivable is considered in recording the estimated uncollectible amount.

(ii ) Provision for bonuses

In preparation for the payment of bonuses to employees, the estimated amount by the end of the fiscal year in

accordance with internal rules is posted.

(iii ) Provision for directors' retirement benefit

In preparation for the payment of directors' retirement benefits, our company and some consolidated subsidiaries post the necessary amount accrued at the end of the fiscal year in accordance with internal rules.

(4) Accounting treatment of retirement benefits

(i ) Method of attributing expected benefit to financial periods

When calculating retirement benefit liabilities, the benefit formula method is used to allocate expected benefit payments to the period until this fiscal year end.

(ii ) Method for booking actuarial difference

Actuarial difference is first prorated by the straight-line method over a certain period (10 years) up to ceiling of employees' average remaining service period in each fiscal year at the time of accrual, and the each prorated amount is charged to P/L accounts from the fiscal year after the year of accrual started.

(5) Standard to convert important foreign-currency-denominated assets and liabilities into local currency

Balance of foreign currency receivable and payable is converted into yen based on the spot exchange rate as of the consolidated closing date, and translation difference is recorded as income or expenses. Assets and liabilities of foreign subsidiaries are converted into yen based on the spot exchange rate as the closing date, income and expenses are converted into yen based on the average rate during the period, and translation difference is included in the foreign currency translation adjustment on the net assets section and non-controlling interests.

(6) Method of important hedge accounting

(i ) Method of hedge accounting

Deferred hedge accounting is adopted. To achieve hedge accounting for foreign exchange contracts requires designated hedges accounting if fulfill designated hedge conditions, and special accounting treatment if fulfill special accounting treatment of interest rate swap.

(ii ) Hedging instruments and hedged items

a. Hedging instruments : Foreign exchange forwards contracts

Hedged items: Foreign currency receivable and payable

b. Hedging instruments : Interest-rate swap transactions

Hedged items : Interest on borrowing

(iii ) Hedging policy

Foreign exchange forwards contracts are used to hedge the foreign currency risk of raw sugar import within the range required based on the balance of foreign currency receivable and payable, and the interest-rate risk of loan payable within the range required based on the balance of borrowings.

Also regarding derivative transactions, the Company uses it based on internal rules for derivative transactions.

Our policy does not execute derivative transactions for speculation purposes.

(iv ) Method to evaluate effectiveness of hedging

Regarding method to evaluate effectiveness of hedging, we assume the effectiveness working without unexpected risks based on careful monitoring of both of factors which are market fluctuation of hedged items or cumulative amount of cash flow changes, and fluctuation of market rates of hedging instruments or cumulative amount of cash flow changes on the period from the commencement of hedging to evaluating the effectiveness in principle.

We evaluate the effectiveness of interest rate swaps before the commencing dates of each transaction.

(7) Method and period of goodwill amortization

Goodwill is amortized on a straight-line basis during the designated amortization period by reasonable years.

(8) Scope of funds in the consolidated statements of cash flows

Funds consist of cash on hand, deposit cashable anytime and short-term investments (to be redeemed within three months from the date of acquisition) that are easily realizable and have limited risk of changes in value.

(9) Other important matters for preparation of consolidated financial statements

Accounting for consumption taxes

Consumption taxes are recorded net of tax



(Change in accounting policies)

The Company has applied the “ Accounting Standard for Business Combinations” (Accounting Standards Board of Japan Statement No.21, September 13, 2013), the “ Accounting Standard for Consolidated Financial Statements” statement No.22, September 13, 2013), the “ Accounting Standard for Business Divestures” (Accounting Standard Board of Japan Statement No.7, September 13, 2013) from the fiscal year 2016 under review. As a result, the presentation method for “ net profit for the year” has been changed, and references to “ minority interests” have been changed to “ non-controlling interests.” To reflect these changes, the Company has reclassified its full-year consolidated financial statements for the previous fiscal year.

(Segment information)

1. Outline on Segments

The company's reporting segments are the compositional units of the Company for which separate financial information is available. They are periodically reviewed by the Board of Directors for the purpose of deciding on allocation of management resource and evaluating business performance.

The major company's products and services are classified as follows, at its each basis of each operation and services formulating own comprehensive strategies against the four reporting segments: " Sugar Business" , " Functional Materials Business" , " Real Estate Business" and " Other Food Business"

Reporting Segment	Major Products and Services
Sugar Business	Sugar, Liquid sugar, Sugar related products, etc.
Functional Materials Business	Food materials, Food additives, Flower freshness preservation agent, Processed fruit materials, etc.
Real Estate Business	Real estate lease, etc.
Other Food Business	Baking

2. Calculation method of net sales, profit or loss, assets, liabilities and other items by each reporting segment

Accounting method of reporting business segments is basically the same as those described in the " Important matters concerning preparation of consolidated financial statements."

3. Information on numbers of net sales, profit or loss, assets, liabilities and other items by each reporting segment

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

( Thousand Yen )

	Reporting Segment				Adjustments (Note:1)	Amount recorded in Consolidated Financial Statements (Note:2)
	Sugar Business	Functional Materials Business	Real Estate Business	Total		
Net sales						
Net sales to third-party customers	12,325,188	6,115,308	597,618	19,038,115	—	19,038,115
Intersegment net sales and transfer	—	—	2,224	2,224	(2,224)	—
Total	12,325,188	6,115,308	599,842	19,040,339	(2,224)	19,038,115
Segment profit (loss)	1,010,471	(207,009)	530,967	1,334,429	(688,463)	645,966
Segment assets	10,596,800	6,072,862	1,461,854	18,131,517	4,832,141	22,963,658
Other items						
Depreciation and amortization	65,162	242,523	18,666	326,352	—	326,352
Impairment loss	—	45,916	—	45,916	—	45,916
Amortization of goodwill	—	107,989	—	107,989	—	107,989
Increase in property, plant and equipment, and intangible assets	24,897	294,983	730	320,610	—	320,610

Notes: 1 Adjustments are as follows:

- (1) Adjustment for segment loss of (688,463) thousand yen is unallocated expenses. Unallocated expenses are mainly general and administrative expenses of administrative department and research and development department.
  - (2) Adjustment for segment assets of 4,832,141 thousand yen is unallocated assets. Major components of the unallocated assets are the property, using surplus working fund (Cash and deposit, Marketable Securities) and investment fund (investment securities).
- 2 Segment profit is adjusted against the operating profit recorded in the consolidated profit or loss statement.

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

( Thousand Yen )

	Reporting Segment					Adjustments (Note:1)	Amount recorded in Consolidated Financial Statement (Note:2)
	Sugar Business	Functional Materials Business	Real Estate Business	Other Food Business s	Total		
Net sales							
Net sales to third-party customers	11,970,703	6,741,710	600,168	–	19,312,581	–	19,312,581
Intersegment net sales and transfer	–	–	2,223	–	2,223	(2,223)	–
Total	11,970,703	6,741,710	602,391	–	19,314,805	(2,223)	19,312,581
Segment profit (loss)	1,275,839	(154,529)	525,670	–	1,646,979	(687,873)	959,106
Segment assets	10,167,284	5,773,166	1,445,475	167,535	17,553,460	4,957,442	22,510,903
Other items							
Depreciation and amortization	61,162	256,390	16,321	–	333,874	–	333,874
Amortization of goodwill	–	107,989	–	–	107,989	–	107,989
Increase of property, plant and equipment and intangible assets	39,938	133,953	–	168,085	341,977	–	341,977

Notes: 1 Adjustments are follows:

- (1) Adjustment for segment loss of (687,873) thousand yen is unallocated expenses. Unallocated expenses are mainly general and administrative expenses of administrative department and research and development department.
- (2) Adjustment for segment assets of 4,957,442 thousand yen is unallocated assets. Major components of the unallocated assets are the property, using surplus working fund (cash and deposit, Marketable Securities) and investment fund (investment securities).

2 Segment profit is adjusted against the operating profit recorded in the consolidated statement.