

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended August 31, 2016 (Based on Japanese GAAP)

October 5, 2016

Company name: KANEKO SEEDS CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 1376 URL <http://www.kanekoseeds.jp>  
 Representative: PRESIDENT MASAHIKO KANEKO  
 Inquiries: SENIOR MANAGING DIRECTOR HIROKATSU HASE TEL 027-251-1619  
 FINANCE DEPARTMENT  
 Scheduled date to file Quarterly Securities Report: October 11, 2016  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended August 31, 2016 (from June 1, 2016 to August 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended August 31, 2016	13,243	(3.1)	303	(32.4)	326	(33.2)	225	(29.1)
Three months ended August 31, 2015	13,668	6.1	449	43.5	488	45.4	317	50.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2016	19.20	–
Three months ended August 31, 2015	27.07	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2016	37,663	16,234	43.1	1,382.67
As of May 31, 2016	43,186	16,198	37.5	1,379.56

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended May 31, 2016	–	11.00	–	16.00	27.00
Year ending May 31, 2017	–	–	–	–	–
Year ending May 31, 2017 (Forecast)	–	11.00	–	14.00	25.00

3. Forecast of consolidated financial results for the year ending May 31, 2017 (from June 1, 2016 to May 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 30, 2016	–	–	–	–	–	–	–	–	–
Full year	58,100	0.0	2,050	(4.4)	2,200	(3.6)	1,470	0.3	125.20

4. Notes

- (1) Changes in significant subsidiaries during the three months ended August 31, 2016  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2016	11,772,626 shares	As of May 31, 2016	11,772,626 shares
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Number of treasury shares at the end of the period

As of August 31, 2016	31,252 shares	As of May 31, 2016	31,189 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended August 31, 2016	11,741,411 shares	Three months ended August 31, 2015	11,742,456 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of May 31, 2016	As of August 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	4,225,368	4,069,935
Notes and accounts receivable - trade	22,162,699	17,124,397
Merchandise	7,254,228	6,248,038
Other	1,343,698	2,059,092
Allowance for doubtful accounts	(76,747)	(60,006)
Total current assets	34,909,248	29,441,456
Non-current assets		
Property, plant and equipment		
Land	4,196,523	4,196,523
Other, net	1,714,512	1,684,913
Total property, plant and equipment	5,911,036	5,881,437
Intangible assets	55,534	47,888
Investments and other assets		
Other	2,323,724	2,307,309
Allowance for doubtful accounts	(12,564)	(15,080)
Total investments and other assets	2,311,159	2,292,229
Total non-current assets	8,277,730	8,221,556
Total assets	43,186,978	37,663,012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,501,299	14,459,451
Short-term loans payable	935,000	4,035,000
Income taxes payable	367,467	104,337
Other	1,274,069	932,747
Total current liabilities	25,077,836	19,531,536
Non-current liabilities		
Net defined benefit liability	1,658,399	1,664,003
Provision for directors' retirement benefits	127,075	108,900
Other	125,617	124,142
Total non-current liabilities	1,911,091	1,897,046
Total liabilities	26,988,928	21,428,582
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,491,267	1,491,267
Capital surplus	1,765,221	1,765,221
Retained earnings	12,835,421	12,872,976
Treasury shares	(20,984)	(21,066)
Total shareholders' equity	16,070,925	16,108,398
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	518,337	506,022
Remeasurements of defined benefit plans	(391,212)	(379,991)
Total accumulated other comprehensive income	127,125	126,031
Total net assets	16,198,050	16,234,429
Total liabilities and net assets	43,186,978	37,663,012

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended August 31, 2015	Three months ended August 31, 2016
Net sales	13,668,959	13,243,935
Cost of sales	11,492,354	11,201,124
Gross profit	2,176,604	2,042,811
Selling, general and administrative expenses	1,727,459	1,739,272
Operating income	449,144	303,538
Non-operating income		
Dividend income	14,774	15,431
House rent income	15,625	14,216
Other	17,659	5,185
Total non-operating income	48,059	34,833
Non-operating expenses		
Interest expenses	8,985	6,960
Foreign exchange losses	–	5,106
Total non-operating expenses	8,985	12,067
Ordinary income	488,219	326,303
Extraordinary losses		
Loss on disposal of non-current assets	30	28
Total extraordinary losses	30	28
Profit before income taxes	488,188	326,275
Income taxes	170,329	100,856
Profit	317,859	225,418
Profit attributable to owners of parent	317,859	225,418

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended August 31, 2015	Three months ended August 31, 2016
Profit	317,859	225,418
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,971)	(12,314)
Remeasurements of defined benefit plans, net of tax	1,824	11,220
Total other comprehensive income	(10,147)	(1,093)
Comprehensive income	307,712	224,324
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	307,712	224,324