

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2016 (Based on Japanese GAAP)

January 6, 2017

Company name: KANEKO SEEDS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1376 URL <http://www.kanekoseeds.jp>
 Representative: PRESIDENT MASAHIKO KANEKO
 SENIOR MANAGING DIRECTOR
 Inquiries: FINANCE DEPARTMENT HIROKATSU HASE TEL 027-251-1619
 Scheduled date to file Quarterly Securities Report: January 12, 2017
 Scheduled date to commence dividend payments: February 13, 2017
 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 six months ended November 30, 2016 (from June 1, 2016 to November 30, 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	%
Six months ended November 30, 2016	23,900	(3.9)	315	(35.8)	351	(35.7)	237	(32.9)
Six months ended November 30, 2015	24,881	0.3	491	(8.6)	546	(8.5)	354	(4.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended November 30, 2016	20.24		-	
Six months ended November 30, 2015	30.16		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2016	33,179	16,405	49.4	1,397.21
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				
Year ended May 31, 2016	-	11.00	-	16.00	27.00
Year ending May 31, 2017	-	11.00	-	-	-
Year ending May 31, 2017 (Forecast)	-	-	-	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
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 six months ended November 30, 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 November 30, 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 November 30, 2016	31,377 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)

Six months ended November 30, 2016	11,741,346 shares	Six months ended November 30, 2015	11,742,193 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	4,225,368	4,165,256
Notes and accounts receivable - trade	22,162,699	12,830,657
Merchandise	7,254,228	5,852,845
Other	1,343,698	1,938,134
Allowance for doubtful accounts	(76,747)	(44,171)
Total current assets	34,909,248	24,742,723
Non-current assets		
Property, plant and equipment		
Land	4,196,523	4,196,523
Other, net	1,714,512	1,731,191
Total property, plant and equipment	5,911,036	5,927,715
Intangible assets	55,534	40,243
Investments and other assets		
Other	2,323,724	2,488,132
Allowance for doubtful accounts	(12,564)	(18,956)
Total investments and other assets	2,311,159	2,469,175
Total non-current assets	8,277,730	8,437,135
Total assets	43,186,978	33,179,858
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,501,299	11,233,737
Short-term loans payable	935,000	2,395,000
Income taxes payable	367,467	117,467
Other	1,274,069	1,118,147
Total current liabilities	25,077,836	14,864,352
Non-current liabilities		
Net defined benefit liability	1,658,399	1,673,179
Provision for directors' retirement benefits	127,075	111,850
Other	125,617	125,454
Total non-current liabilities	1,911,091	1,910,484
Total liabilities	26,988,928	16,774,836
Net assets		
Shareholders' equity		
Capital stock	1,491,267	1,491,267
Capital surplus	1,765,221	1,765,221
Retained earnings	12,835,421	12,885,231
Treasury shares	(20,984)	(21,236)
Total shareholders' equity	16,070,925	16,120,483
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	518,337	653,308
Remeasurements of defined benefit plans	(391,212)	(368,770)
Total accumulated other comprehensive income	127,125	284,538
Total net assets	16,198,050	16,405,021
Total liabilities and net assets	43,186,978	33,179,858

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended November 30, 2015	Six months ended November 30, 2016
Net sales	24,881,662	23,900,568
Cost of sales	20,988,508	20,167,231
Gross profit	3,893,153	3,733,336
Selling, general and administrative expenses	3,401,418	3,417,585
Operating income	491,735	315,751
Non-operating income		
Dividend income	18,526	16,371
House rent income	30,707	29,094
Other	18,502	8,484
Total non-operating income	67,736	53,950
Non-operating expenses		
Interest expenses	12,505	9,833
Foreign exchange losses	–	8,412
Other	6	–
Total non-operating expenses	12,511	18,245
Ordinary income	546,961	351,456
Extraordinary losses		
Loss on valuation of investment securities	2,772	–
Loss on disposal of non-current assets	2,866	17
Total extraordinary losses	5,638	17
Profit before income taxes	541,322	351,439
Income taxes	187,122	113,765
Profit	354,200	237,673
Profit attributable to owners of parent	354,200	237,673

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended November 30, 2015	Six months ended November 30, 2016
Profit	354,200	237,673
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,260)	134,971
Remeasurements of defined benefit plans, net of tax	3,648	22,441
Total other comprehensive income	(2,612)	157,413
Comprehensive income	351,587	395,086
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	351,587	395,086

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended November 30, 2015	Six months ended November 30, 2016
Cash flows from operating activities		
Profit before income taxes	541,322	351,439
Depreciation	106,003	102,870
Decrease (increase) in notes and accounts receivable - trade	10,663,171	9,376,254
Decrease (increase) in inventories	971,038	1,298,394
Increase (decrease) in notes and accounts payable - trade	(12,706,821)	(11,792,158)
Other, net	(293,703)	(239,300)
Subtotal	(718,989)	(902,500)
Income taxes paid	(469,671)	(328,192)
Other, net	4,672	5,755
Net cash provided by (used in) operating activities	(1,183,988)	(1,224,937)
Cash flows from investing activities		
Purchase of property, plant and equipment	(86,935)	(64,888)
Other, net	14,559	3,426
Net cash provided by (used in) investing activities	(72,375)	(61,462)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,730,000	1,460,000
Cash dividends paid	(163,813)	(181,558)
Other, net	(6,760)	(52,153)
Net cash provided by (used in) financing activities	1,559,426	1,226,288
Net increase (decrease) in cash and cash equivalents	303,062	(60,112)
Cash and cash equivalents at beginning of period	2,365,064	3,891,868
Cash and cash equivalents at end of period	2,668,126	3,831,756