

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended August 31, 2017 (Based on Japanese GAAP)

October 3, 2017

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 10, 2017
 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, 2017 (from June 1, 2017 to August 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended August 31, 2017	13,794	4.2	345	14.0	371	13.9	233	3.5
Three months ended August 31, 2016	13,243	(3.1)	303	(32.4)	326	(33.2)	225	(29.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended August 31, 2017	19.87		–	
Three months ended August 31, 2016	19.20		–	

(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, 2017	38,489	17,769	46.2	1,513.45
As of May 31, 2017	43,369	17,686	40.8	1,506.34

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, 2017	–	11.00	–	15.00	26.00
Year ending May 31, 2018	–	–	–	–	–
Year ending May 31, 2018 (Forecast)	–	11.00	–	15.00	26.00

3. Forecast of consolidated financial results for the year ending May 31, 2018 (from June 1, 2017 to May 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2017	–	–	–	–	–	–	–	–	–
Full year	59,500	2.9	2,050	1.7	2,150	1.6	1,450	(2.6)	123.50

4. Notes

- (1) Changes in significant subsidiaries during the three months ended August 31, 2017
(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, 2017	11,772,626 shares	As of May 31, 2017	11,772,626 shares
-----------------------	-------------------	--------------------	-------------------

Number of treasury shares at the end of the period

As of August 31, 2017	31,555 shares	As of May 31, 2017	31,555 shares
-----------------------	---------------	--------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended August 31, 2017	11,741,071 shares	Three months ended August 31, 2016	11,741,411 shares
------------------------------------	-------------------	------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2017	As of August 31, 2017
Assets		
Current assets		
Cash and deposits	4,702,589	4,381,315
Notes and accounts receivable - trade	22,200,662	17,459,546
Merchandise	6,774,347	6,079,448
Other	1,500,654	2,279,630
Allowance for doubtful accounts	(21,792)	(17,769)
Total current assets	35,156,461	30,182,171
Non-current assets		
Property, plant and equipment		
Land	4,196,523	4,196,523
Other, net	1,680,338	1,787,821
Total property, plant and equipment	5,876,862	5,984,345
Intangible assets	44,955	42,079
Investments and other assets		
Other	2,303,425	2,293,017
Allowance for doubtful accounts	(12,619)	(12,613)
Total investments and other assets	2,290,806	2,280,403
Total non-current assets	8,212,624	8,306,829
Total assets	43,369,085	38,489,000
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,201,137	14,521,885
Short-term loans payable	–	3,250,000
Income taxes payable	397,090	131,128
Other	1,208,135	955,394
Total current liabilities	23,806,363	18,858,408
Non-current liabilities		
Net defined benefit liability	1,640,457	1,635,190
Provision for directors' retirement benefits	117,750	112,700
Other	118,495	113,144
Total non-current liabilities	1,876,702	1,861,035
Total liabilities	25,683,066	20,719,444
Net assets		
Shareholders' equity		
Capital stock	1,491,267	1,491,267
Capital surplus	1,765,221	1,765,221
Retained earnings	14,158,524	14,215,292
Treasury shares	(21,497)	(21,497)
Total shareholders' equity	17,393,515	17,450,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	639,772	657,037
Foreign currency translation adjustment	(32,621)	(34,691)
Remeasurements of defined benefit plans	(314,646)	(303,072)
Total accumulated other comprehensive income	292,504	319,273
Total net assets	17,686,019	17,769,556
Total liabilities and net assets	43,369,085	38,489,000

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, 2016	Three months ended August 31, 2017
Net sales	13,243,935	13,794,905
Cost of sales	11,201,124	11,608,454
Gross profit	2,042,811	2,186,451
Selling, general and administrative expenses	1,739,272	1,840,460
Operating profit	303,538	345,991
Non-operating income		
Dividend income	15,431	15,623
House rent income	14,216	15,591
Other	5,185	5,787
Total non-operating income	34,833	37,002
Non-operating expenses		
Interest expenses	6,960	5,709
Foreign exchange losses	5,106	4,668
Other	–	1,075
Total non-operating expenses	12,067	11,453
Ordinary profit	326,303	371,540
Extraordinary losses		
Loss on disposal of non-current assets	28	21,670
Loss on sales of investment securities	–	3,375
Total extraordinary losses	28	25,046
Profit before income taxes	326,275	346,494
Income taxes	100,856	113,183
Profit	225,418	233,310
Profit attributable to owners of parent	225,418	233,310

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended August 31, 2016	Three months ended August 31, 2017
Profit	225,418	233,310
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,314)	17,264
Foreign currency translation adjustment	–	(2,069)
Remeasurements of defined benefit plans, net of tax	11,220	11,574
Total other comprehensive income	(1,093)	26,769
Comprehensive income	224,324	260,080
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	224,324	260,080