

Translation

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

November 7, 2016

Company name: KENKO Mayonnaise Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 2915 URL: <http://www.kenkomayo.co.jp>  
 Representative: President Takashi Sumii  
 Inquiries: Director and Managing Executive Officer Takashi Murata TEL 03-5318-7530  
 Scheduled date to file Quarterly Securities Report: November 8, 2016  
 Scheduled date to commence dividend payments: December 2, 2016  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 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 September 30, 2016	36,009	8.3	2,476	35.6	2,490	38.8	1,690	11.1
Six months ended September 30, 2015	33,244	10.5	1,826	31.0	1,793	41.2	1,522	106.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	118.98	–
Six months ended September 30, 2015	107.12	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	44,075	20,804	47.2
As of March 31, 2016	42,306	19,311	45.6

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 March 31, 2016	–	11.00	–	17.00	28.00
Year ending March 31, 2017	–	14.00			
Year ending March 31, 2017 (Forecast)			–	16.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 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	70,800	5.8	4,100	19.3	4,200	22.6	2,680	28.5	188.59

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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: Yes
- 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 September 30, 2016	14,211,000 shares	As of March 31, 2016	14,211,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2016	234 shares	As of March 31, 2016	209 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	14,210,787 shares	Six months ended September 30, 2015	14,210,837 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	7,412	8,353
Notes and accounts receivable - trade	11,242	11,908
Merchandise and finished goods	1,728	1,617
Work in process	13	11
Raw materials and supplies	860	917
Deferred tax assets	309	315
Other	273	141
Allowance for doubtful accounts	(4)	(3)
Total current assets	21,836	23,262
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,601	5,504
Machinery, equipment and vehicles, net	5,848	6,553
Land	4,697	4,697
Construction in progress	352	97
Other, net	370	381
Total property, plant and equipment	16,870	17,234
Intangible assets		
Total intangible assets	332	310
Investments and other assets		
Deferred tax assets	297	407
Other	3,011	2,901
Allowance for doubtful accounts	(42)	(40)
Total investments and other assets	3,266	3,268
Total non-current assets	20,469	20,812
Total assets	42,306	44,075

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,594	9,213
Current portion of long-term loans payable	1,389	1,247
Income taxes payable	466	898
Provision for bonuses	417	424
Other provision	27	134
Other	5,418	5,276
<b>Total current liabilities</b>	<b>16,313</b>	<b>17,195</b>
<b>Non-current liabilities</b>		
Long-term loans payable	2,184	1,888
Net defined benefit liability	486	477
Other provision	908	926
Other	3,101	2,782
<b>Total non-current liabilities</b>	<b>6,680</b>	<b>6,075</b>
<b>Total liabilities</b>	<b>22,994</b>	<b>23,270</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,180	2,180
Capital surplus	2,448	2,448
Retained earnings	14,161	15,710
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>18,790</b>	<b>20,339</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	719	648
Foreign currency translation adjustment	14	(9)
Remeasurements of defined benefit plans	(212)	(174)
<b>Total accumulated other comprehensive income</b>	<b>520</b>	<b>464</b>
<b>Total net assets</b>	<b>19,311</b>	<b>20,804</b>
<b>Total liabilities and net assets</b>	<b>42,306</b>	<b>44,075</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	33,244	36,009
Cost of sales	24,648	26,436
Gross profit	8,596	9,573
Selling, general and administrative expenses	6,770	7,097
Operating income	1,826	2,476
Non-operating income		
Interest income	0	0
Dividend income	16	18
Other	63	49
Total non-operating income	80	68
Non-operating expenses		
Interest expenses	33	29
Share of loss of entities accounted for using equity method	68	14
Other	10	10
Total non-operating expenses	113	54
Ordinary income	1,793	2,490
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	190	–
Subsidy income	–	17
Other	5	5
Total extraordinary income	196	22
Extraordinary losses		
Loss on retirement of non-current assets	9	4
Impairment loss	4	2
Total extraordinary losses	13	6
Profit before income taxes	1,976	2,506
Income taxes - current	452	832
Income taxes - deferred	1	(16)
Total income taxes	453	815
Profit	1,522	1,690
Profit attributable to owners of parent	1,522	1,690

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

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	1,522	1,690
Other comprehensive income		
Valuation difference on available-for-sale securities	(49)	(70)
Remeasurements of defined benefit plans, net of tax	17	38
Share of other comprehensive income of entities accounted for using equity method	(193)	(24)
Total other comprehensive income	(225)	(56)
Comprehensive income	1,297	1,634
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,297	1,634

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	1,976	2,506
Depreciation	743	824
Increase (decrease) in provision	125	30
Increase (decrease) in net defined benefit liability	15	47
Interest and dividend income	(17)	(19)
Interest expenses	33	29
Decrease (increase) in notes and accounts receivable - trade	(1,040)	(665)
Decrease (increase) in inventories	(89)	55
Increase (decrease) in notes and accounts payable - trade	1,197	619
Increase (decrease) in accounts payable - other	(10)	(128)
Other, net	191	(4)
Subtotal	3,124	3,295
Interest and dividend income received	17	19
Interest expenses paid	(33)	(29)
Income taxes paid	(709)	(397)
Net cash provided by (used in) operating activities	2,399	2,888
Cash flows from investing activities		
Purchase of property, plant and equipment	(203)	(1,337)
Purchase of intangible assets	(50)	(36)
Proceeds from sales of investment securities	537	–
Purchase of investment securities	(101)	(10)
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	180	(1,385)
Cash flows from financing activities		
Proceeds from long-term loans payable	–	324
Repayments of long-term loans payable	(576)	(762)
Cash dividends paid	(184)	(241)
Proceeds from installment plan	435	762
Repayments of installment payables	(617)	(643)
Other, net	(0)	(1)
Net cash provided by (used in) financing activities	(943)	(562)
Net increase (decrease) in cash and cash equivalents	1,636	940
Cash and cash equivalents at beginning of period	4,778	7,412
Cash and cash equivalents at end of period	6,414	8,353