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YUHO REPORT **Annual**

Fiscal Year Ended **May 31, 2011**

Traded **TSE1**

Stock Code **1377**



SAKATA SEED CORPORATION

YUHOREPORT

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This report is based on the Company’s Japanese-language annual filing with the Financial Services Agency and supplemented with materials that facilitate comparison with the Company’s peers. The materials from the annual filing with the Financial Services Agency have been edited and reorganized in a format more familiar to the international investment community. All information contained in this report has been obtained from sources believed to be reliable, but the accuracy of the data and the translation and the completeness and timeliness of the information are not warranted by the Company, Pacific Associates, or PRONEXUS. None of the above parties shall be responsible for any error or omission or for results obtained from the use of this information.

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Profile

Financial highlights

Years ended May 31; Millions of yen	2007	2008	2009	2010	2011	Changes 2011/2007
Consolidated						
Net sales	46,671	46,781	45,355	46,518	47,165	101.1%
Ordinary profit	1,378	1,404	675	1,835	3,410	247.5%
Net income	194	294	(1,709)	1,001	1,320	680.4%
Comprehensive income	-	-	-	-	138	
Net assets	88,189	84,169	72,399	73,236	71,321	80.9%
Total assets	102,796	99,215	85,602	85,740	83,332	81.1%
Net assets per share (Yen)	1,780.28	1,699.24	1,574.47	1,592.64	1,582.42	88.9%
Net income per share (Yen)	3.92	5.96	(34.75)	21.80	28.90	737.2%
Net income per share, fully diluted (Yen)	-	-	-	-	-	
Net cash provided by (used in) operating activities	689	3,410	680	3,199	3,567	517.7%
Net cash provided by (used in) investing activities	(1,296)	(979)	2,622	(103)	(476)	
Net cash provided by (used in) financing activities	(910)	(624)	(4,705)	(1,445)	(2,655)	
Cash and cash equivalents at year-end	5,428	7,067	5,304	7,093	7,300	134.5%
Employees	1,711	1,724	1,823	1,825	1,850	108.1%

Peer comparisons

Percentage	2007	2008	2009	2010	2011
Net income / net sales	0.4	0.6	(3.8)	2.2	2.8
Peers	0.8	2.6	2.2	3.8	2.3
Ordinary profit / net sales	3.0	3.0	1.5	3.9	7.2
Peers	4.0	5.3	4.8	6.8	5.5
Net income / assets	0.2	0.3	(1.8)	1.2	1.6
Peers	1.2	3.2	1.1	3.8	2.2
Ordinary profit / assets	1.3	1.4	0.7	2.1	4.0
Peers	4.7	6.2	4.6	6.7	5.2
Equity / assets	85.7	84.8	84.5	85.3	85.5
Peers	45.8	45.9	46.4	47.3	47.3
Net income / equity	0.2	0.3	(2.2)	1.4	1.8
Peers	0.2	5.8	3.4	9.2	5.7

Peers include Kaneko Seeds (1376), Yukiguni Maitake (1378), Hokuto (1379), Akikawa Foods & Farms (1380) and HOB (1382).

Business Overview

Contents of business

The Corporate Group, composed of Sakata Seed Corporation (“the Company”), 39 subsidiaries and 2 affiliated companies, is engaged in selling horticultural products and materials (vegetable seeds, flower seeds, bulbs, seedlings and agricultural and horticultural products).

The Group’s businesses and the relationship of the Company and its subsidiaries and affiliated companies to these businesses are outlined below.

1. Domestic wholesaling (the Company and 7 subsidiaries)

This division produces or procures vegetable seeds, flower seeds, bulbs, seedlings, and agricultural and horticultural products and wholesales these products to distributors, etc., in Japan.

2. Overseas wholesaling (the Company, 29 subsidiaries and 2 affiliated companies)

This division produces or procures vegetable seeds, flower seeds, bulbs, seedlings, and agricultural and horticultural products and wholesales these products to distributors, etc., in Japan and other countries around the world.

3. Retailing (the Company and 1 subsidiary)

The retailing division procures products for gardening hobbyists and sells them to home improvement retailers in Japan. It also operates a mail-order sales business and a garden shop.

4. Others (the Company and 2 subsidiaries)

This division is engaged in landscaping for the public and private sectors and operates an insurance agency and a temporary staffing agency.

The following table presents an outline of the Group’s business segments and the companies participating in them.

Changes in scope of consolidation:

- Addition:

Grupo Sakata Seed de Mexico, S.A. de C. V.

- Subtractions:

FPA Ejendomme A/S (merger with Sakata Ornamentals Europe A/S)

Sakata Ornamentals UK Ltd. (liquidation)

Sakata Seed Oceania Pty Ltd. (liquidation)

Principal operations	Main companies involved
Domestic wholesaling	
Wholesaling of seeds and agricultural and horticultural products to distributors and other producers (Products: vegetable seeds, flower seeds, bulbs and seedlings) 3 companies, including the Company	SAKATA SEED CORPORATION (Consolidated subsidiaries) Sakata Logistics Co., Ltd., Brolead Co., Ltd.
Wholesaling of agricultural and horticultural products to distributors and other producers (Products: agricultural and horticultural materials) 2 companies, including the Company	SAKATA SEED CORPORATION (Consolidated subsidiary) Jiffy Pot Products Co. of Japan, Ltd.
Production of seeds and agricultural and horticultural products for distributors and other producers (Products: vegetable seeds, flower seeds, bulbs and seedlings) 4 companies	(Consolidated subsidiaries) Yamagata Celltop Co., Ltd., Nagano Celltop Co., Ltd., Hida Celltop Co., Ltd., Fukuoka Celltop Co., Ltd.
Overseas wholesaling	
Wholesaling of seeds and agricultural and horticultural products to distributors and other producers (Products: vegetable seeds, flower seeds, bulbs and seedlings) 29 companies, including the Company	SAKATA SEED CORPORATION (Consolidated subsidiaries) Sakata Seed America, Inc., Sakata Seed de Mexico, S.A., Sakata Centroamerica, S.A., Sakata Seed de Guatemala S.A., Alf Christianson Seed Co., Sakata Seed Sudamerica Ltda., Sakata Korea Co., Ltd., Sakata Vegetables Europe S.A.S., Sakata Ornamentals Europe A/S, Sakata Holland B.V., Sakata Seed Iberica S.L., Sakata UK Limited, Sakata Seed Southern Africa (Pty) Ltd., Sakata Seed India Private Limited and 12 other companies (Affiliated companies) Sakata Polska Sp.z o.o. and 1 other company
Production of seeds for distributors and other producers (Products: vegetable seeds, flower seeds, bulbs and seedlings) 3 companies	(Consolidated subsidiaries) Sakata Seed Chile S.A., Sakata Siam Seed Co., Ltd., Sakata Seed (Suzhou) Co., Ltd.
Retailing	
Selling to gardening hobbyists through home improvement retailers 2 companies, including the Company	SAKATA SEED CORPORATION (Consolidated subsidiary) Nishio Shokubutsu Co., Ltd.
Mail-order sales, garden shop The Company	SAKATA SEED CORPORATION
Others	
Landscaping, insurance agency, temporary staffing agency 3 companies, including the Company	SAKATA SEED CORPORATION (Consolidated subsidiaries) Sakata Kosan Co., Ltd. and Sakata Techno Service Ltd.

Group companies

Millions of yen or as indicated	Capital stock	Percent ownership
Sakata Logistics Co., Ltd.	30	100
Sakata Kosan Co., Ltd.	10	100
Brolead Co., Ltd.	50	100
Yamagata Celltop Co., Ltd.	50	100
Nagano Celltop Co., Ltd.	60	70
Hida Celltop Co., Ltd.	70	62
Fukuoka Celltop Co., Ltd.	100	100
Jiffy Pot Products Co. of Japan, Ltd.	18	100
Nishio Shokubutsu Co., Ltd.	21	52
Sakata Techno Service Ltd.	13	100
Sakata America Holding Company Inc.	-	100
Sakata Seed America, Inc.	US\$ 1,500 thousand	100
Sakata Seed de Mexico, S.A.	Mex\$ 55,850 thousand	100
Semillas Sakata de Mexico, Aric	Mex\$ 46 thousand	100
Sakata Mexico, S.A.	Mex\$ 50 thousand	100
Productora de Semillas Sakata, Spr de RI	Mex\$ 58 thousand	100
Grupo Sakata Seed de Mexico, S.A. de C.V.	Mex\$ 50 thousand	100
Agricola Sakata, Spr de RI	Mex\$ 58 thousand	100
Sakata Centroamerica, S.A.	CRC 10 million	100
Sakata Seed de Guatemala S.A.	GTQ 1,541 thousand	100
Alf Christianson Seed Co.	US\$ 7 thousand	100
Alfco, Inc.	US\$ 0 thousand	100
Seaward Investments, Inc.	US\$ 0 thousand	100
Quincy Investments, LLC	-	100
Bayview Ridge Properties, LLC	US\$ 1 thousand	100
European Sakata Holding S.A.S.	EUR 45,050 thousand	100
Sakata Holland B.V.	EUR 420 thousand	100
Sakata Vegetables Europe S.A.S.	EUR 5,630 thousand	100
Sakata Ornamentals Europe A/S	DKK 133 million	100
Sakata Seed Iberica S.L.	EUR 3 thousand	100
Sakata UK Limited	GBP 100 thousand	100
Sakata Seed Southern Africa (Pty) Ltd.	ZAR 598 thousand	100
Sakata Vegenetics RSA (Pty) Ltd.	ZAR 0 thousand	100
Sakata Seed Chile S.A.	CLP 5,089 million	100
Sakata Seed Sudamerica Ltda.	BRL 13,776 thousand	100
Sakata Siam Seed Co., Ltd.	THB 102 million	100
Sakata Seed India Private Limited	INR 100 million	100
Sakata Korea Co., Ltd.	KRW 18,540 million	100
Sakata Seed (Suzhou) Co., Ltd.	RMB 20,659 thousand	96

History

Year	Month	Event
1913	July	Takeo Sakata (the Company's founder) establishes Sakata Noen in Shirosato-mura, Kanagawa (currently, Rokkakubashi, Yokohama).
1916		Company name changed to T. Sakata & Co.
1923	September	Company building lost in fire following the Great Kanto Earthquake.
1930	May	Chigasaki Breeding Station established.
1942	December	Merger of T. Sakata & Co., Atariya Noen, Fujita Zenbei & Co., Enomoto Tokujiro & Co. and Yomoto Co. completed to form T. Sakata & Company, capitalized at 195,000 yen.
1951	December	Retail store operations begun (currently, Garden Center Yokohama).
1959	April	Misato Research Station established.
1960	April	Chogo Research Station established.
1966	August	Hazawa Office established.
1967	August	Fukuoka Sales Branch (currently, Kyushu Branch) opened.
1970	June	Chogo Distribution Center established (closed in May 2006).
1971	June	Kimitsu Research Station established.
	July	Sendai Sales Branch opened.
1974	August	Shirakawa Sales Branch opened (closed in May 2002).
1975	October	Shares of Jiffy Pot Products Co. of Japan, Ltd. acquired.
1976	January	Okayama Sales Branch opened (closed in May 2004).
1977	July	Sakata Seed America, Inc. established.
1979	June	Kyoei Noji Co., Ltd. (currently, Sakata Logistics Co., Ltd.) established.
1980	October	Sapporo Sales Branch opened.
1985	October	Nagoya Sales Branch opened (closed in May 2006).
1986	January	Corporate name changed to Sakata Seed Corporation.
1987	January	Yamagata Vegetable Center, Co., Ltd. (currently, Yamagata Celltop Co., Ltd.) established.
	May	Shares listed on the Second Section of the Tokyo Stock Exchange.
1988	January	Sakata Kosan Co., Ltd. established.
	June	Higashimura Seed Co., Ltd. (currently, Brolead Co., Ltd.) established.
	December	European Representative Office established.
1990	March	European Representative Office upgraded to local subsidiary through establishment of Sakata Seed Europe B.V. (currently, Sakata Holland B.V.).
	April	Takegawa Research Center established.
	May	Nagano Celltop Co., Ltd. established.
	June	Kanto-Kita Sales Branch opened (closed in May 2006).
	November	Hokkaido Research Station established. Shares listed on the First Section of the Tokyo Stock Exchange.
	December	Hida Celltop Co., Ltd. established.
1991	July	Yokohama Sales Branch (currently, Higashi Nihon Branch) opened.
	August	Sakata Seed Chile S.A. established.
1992	May	Fukuoka Celltop Co., Ltd. established.
1993	March	Sakata Seed de Mexico, S.A. established.

S A K A T A S E E D

Year	Month	Event
1994	October	Sakata Seed do Brasil Ltda. established.
	November	Shares of Agroflora S.A. (currently, Sakata Seed Sudamerica Ltda.) acquired by Sakata Seed do Brasil Ltda.
1995	February	Corporate headquarters and head office moved to present site (Tsuzuki-ku, Yokohama).
1996	February	Hokkaido Sales Branch (currently, Hokkaido Branch) established (through move and change of name of Sapporo Sales Branch).
	March	Shares of Samuel Yates Ltd. (currently, Sakata UK Limited) acquired.
	April	Sakata Seed France S.A.R.L. (currently, Sakata Vegetables Europe S.A.S.) established.
	June	Osaka Sales Branch (currently, Nishi Nihon Branch) opened.
		Sakata Siam Seed Co., Ltd. established.
		Sakata Seed Iberica S.L. established.
	September	Shares of Flora Feliz S.A. in Costa Rica (currently, Sakata Centroamerica, S.A.) acquired.
October	Number of shares comprising one trading unit of the Company's stock changed from 1,000 to 100.	
1997	March	Shares of Chung Won Seed Co., Ltd. (currently, Sakata Korea Co., Ltd.) acquired.
	April	Shares of Nishio Shokubutsu, Co., Ltd. acquired.
1998	October	Garden Center Shonan opened (closed in November 2005).
1999	February	Sakata Seed (Suzhou) Co., Ltd. established.
	December	Shares of MayFord Holdings (Pty) Ltd. (currently, Sakata Seed Southern Africa (Pty) Ltd.) acquired.
2001	February	European Sakata Holding S.A.S. established.
	June	Sakata Vegetetics RSA (Pty) Ltd. established.
		Merger of Sakata Seed do Brasil Ltda. and Sakata Seed Sudamerica Ltda. completed.
September	Sakata Techno Service Ltd. established.	
2002	April	Narita Office opened.
		Alf Christianson Seed Co. and Alfco, Inc. incorporated into Group as subsidiaries through share buyback and retirements.
	August	System of regional branches (Hokkaido Branch, Higashi Nihon Branch, Nishi Nihon Branch, Kyushu Branch) established.
2003	July	Sakata Ornaments Europe A/S established following acquisition of the flower division of L. Daehnfeldt A/S.
2006	February	Yaita Logistics Center opened.
2008	May	Sakata Seed India Private Limited established.
2010	January	Sakata Mexico S.A. established.
	February	Sakata America Holding Company Inc. established.
2011	March	Grupo Sakata Seed de Mexico, S.A. de C.V. established.

Risk factors

The following is a discussion of factors that could negatively impact the Company's financial performance and financial condition. The forward-looking statements in the discussion are based on judgments made by the Company as of the last day of the fiscal year under review.

1. Weather-related risks

- Climate changes around the world exert a significant impact on sales of vegetable seeds, flower seeds, bulbs and seedlings; poor weather conditions could thus erode sales and adversely affect the Company's financial performance.
- The Company carries out seed production in 19 countries around the world. In each region, the Company takes steps to disperse risk by consigning seed production to multiple outside producers. Despite these precautions, it may be unable to assure sufficient quality and quantity of production in the event of sudden changes in the local weather. Such circumstances may exert a significant negative impact on its financial results.

2. Impact of geopolitical and social systems

The Company is engaged in production, R&D and sales operations in 21 countries around the world. It operates 5 breeding and research stations in Japan and another 9 overseas (in 7 countries). This extensive base of operations exposes the Company to the following kinds of risks, which could have a significant impact on the Group's financial performance:

- Sudden and unexpected enactment of laws and regulations, or amendments to existing laws and regulations
- Political and economic upheaval
- Social disorder caused by terrorism or other eruptions of violence
- Earthquakes or other natural disasters
- Information age-related problems, including computer viruses and information leakage

3. Development risks, including those related to human resources

- The long-term nature of cultivar development (over 10 years) exposes the Company to the following kinds of risk:
 - 1) Investment risk—that economic payoffs may fall short of expectations
 - 2) Development risk—that efforts may fail to produce the desired cultivar

- 3) Market risk—that market needs may change during the course of development
- 4) Competitive risk—that a product may receive a less favorable reception than a product developed by another company
- In addition to access to genetic resources, successful development hinges to a large extent on the abilities of individual breeders. There is a risk that a breeder may leave the Company midway through a project, thus raising obstacles to its successful completion. Failure to produce an intended high-quality variety could have a significant impact on the Company's financial performance.

4. Risks related to safety

- The Company's creed, articulated by its founder Takeo Sakata, is "Quality, Reliability and Service." With this as a basis, the Company seeks to gain customers' confidence in the quality and safety of its products. Accordingly, it responds quickly and effectively when complaints arise, and works diligently to prevent problems from occurring.
- Because the Company's products are examples of "living genetics," however, appropriate levels of quality or uniformity may not always be achieved. Safety-related problems could also arise from environmental factors or manufacturing technologies, rather than from the seeds themselves. Safety-related problems could have a significant impact on the Company's financial performance.

5. Risks related to currency fluctuations

- Financial statements prepared in local currencies are translated into yen during consolidation. Fluctuations in foreign exchange markets could thus reduce earnings, even if earnings in local currencies remain unchanged.
- Currency fluctuations may also impair the Company's ability to import raw materials and merchandise and pose obstacles to exporting. To minimize such impacts, the Sakata Group maintains a close watch over trends in the foreign exchange markets. Sudden and unexpected market changes could, however, negatively affect the Company's financial performance despite these efforts.

6. Changes in the value of assets held

Because the Sakata Group holds a wide variety of assets, any decline in the price of land, marketable securities or other assets could negatively impact the Group's financial performance.

7. Risks from natural disasters and accidents

The occurrence of natural disasters or other unforeseen events could exact major impacts on the financial performance and/or business activities of the Sakata Group.

Research and development

The R&D Division oversees cultivar development for vegetables and flowers, and develops new varieties for the world's markets. New product R&D relies on an organic collaboration between the domestic and overseas wholesaling operations. In Japan, research is conducted at 5 stations, led by the Company's principal farm in Kakegawa, Shizuoka Prefecture. Overseas, the Company operates 9 research stations in North and South America, Europe and Asia, where it is successfully developing products that are suited to the cultures, climates and soil conditions of the respective regions.

Throughout the Group, 348 people are involved in research and development. Total R&D expenditures amounted to ¥3,909 million during the fiscal year under review.

Domestic and overseas wholesaling

Vegetables—notable developments

1. New cultivars

- *ORANGE MISEI*, an orange cauliflower with thick, heavy flower heads, also suitable for eating raw
- *KOROTAN*, a melon which, at between 300–500 g, can be consumed in one sitting and which features a nice netting on its golden skin that contrasts with its vivid green flesh
- *YUMEIRO HAKUSAI TINY SHUSHU*, a Chinese cabbage with a succulent and refreshing taste; because there are no tiny hairs on the leaves, it has a smooth texture when placed in the mouth, even when eaten raw.

2. Prize-winning cultivars, as judged by the Japan Seed Trade Association

- C0-024 komatsuna
- C0-034 spinach

Flowers

1. “K9-888” viola cultivar

- Prize-winning cultivar, as judged by the Japan Seed Trade Association

- K9-888 selected from the above prize-winning cultivars as winner of the Ministry of Agriculture, Forestry and Fisheries Minister's Award
2. Other prize-winning cultivars—at Japan Best Flower Selection 2010–2011
 - *AMBER DOUBLE WINE* lisianthus, dual winner: Best Flower prize and Color Creation prize
 - *REINA WHITE* large-diameter fringe lisianthus: Best Performance prize
 - *POPPING CANDY RED*, a creeping antirrhinum: Best Flower prize
 3. Business and marketing-related developments
 - *REINA WHITE* lisianthus is making a significant contribution to sales.
 - After a successful launch in limited markets, the *VINCENT ORANGE* (Type II) and *VINCENT CLEAR ORANGE* (Type II) sunflowers will be marketed more extensively, with the Company emphasizing ease of cultivation for farmers and high quality as cut flowers for consumers.

Analysis of financial condition and results of operations

1. Significant accounting policies and estimates
 - The Sakata Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan.
 - In preparing these statements, the Company makes all necessary estimates based on rational standards.
2. Analysis of financial performance (Percentage changes are year-on-year.)

Net sales and operating income

- Net sales: stronger sales of seeds in international markets and an increase in domestic wholesaling revenue contributed to a 1.4% rise in net sales to ¥47,165 million.
- Cost of goods sold
 - 1) Declined by 3.6% to ¥23,402 million.
 - 2) Gross profit on sales thus increased by 6.8% to ¥23,763 million.
- SG&A expenses
 - 1) Declined by 0.2% to ¥20,529 million.
 - 2) Operating income thus increased by 93.0% to ¥3,233 million.

Nonoperating income and expenses

- The nonoperating accounts were positively affected by a ¥73 million decrease in currency-related losses, which resulted in a net gain in these accounts of ¥177 million.
- Ordinary profit consequently increased by 85.8% to ¥3,410 million.

Extraordinary losses and income before taxes and other adjustments

- Losses on valuation of investment securities: ¥767 million
- Impairment losses: ¥550 million
- Thus, income before taxes and other adjustments was ¥2,026 million.

Corporate taxes

- Corporate taxes decreased from ¥717 million in the previous year to ¥697 million.

Net income

- The Company recognized net income for the year of ¥1,320 million, an increase of ¥318 million compared to net income for the previous year.

3. Financial condition

Assets

- Total assets: decreased by ¥2,408 million to ¥83,332 million.
- Principal changes:
 - 1) Increase of ¥802 million in cash and deposits
 - 2) Increase of ¥561 million in inventories
 - 3) Decline of ¥2,063 million in investment securities
 - 4) Decline of ¥747 million in tangible fixed assets
 - 5) Decline of ¥735million in intangible fixed assets

Liabilities

- Total liabilities: declined by ¥493 million to ¥12,010 million.
- Principal changes:
 - 1) Increase of ¥502 million in notes and accounts payable-trade
 - 2) Decline of ¥624 million in short-term borrowings
 - 3) Decline of ¥464 million in other current liabilities

Net Assets

- Total net assets: declined by ¥1,914 million to ¥71,321 million
- Breakdown:
 - 1) Increase in retained earnings of ¥401 million
 - 2) ¥1,133 million decrease as a result of an acquisition of treasury shares
 - 3) ¥1,109 million decrease in foreign currency translation adjustments

Equity ratio

- The equity ratio at the end of the year was consequently 85.5% compared to 85.3% at the end of the previous year.

4. Strategic situation and forecasts

The Company recognizes that achieving sustained growth in a difficult business environment will require it to be better equipped to achieve profitability than ever. With this recognition, it plans to advance the following critical strategies:

- (1) Aim to improve profitability (particularly domestic profitability) through a focus on core strategic products
 - (2) Bolstering the profitability of the retailing division by encouraging greater collaboration between the domestic wholesaling and retailing businesses
 - (3) Taking aggressive steps to cultivate a presence in the major markets of India and China
 - (4) Centralizing management of seed production strategies and ensuring the supply of high-quality seeds
 - (5) Creating a global R&D presence and developing competitive products efficiently
- Outlook
 - 1) Economic
 - a) A gradual recovery in the global economy
 - b) Because of the enormous impact of the Great East Japan Earthquake, however, extreme uncertainty surrounds the outlook for the coming year.
 - 2) Domestic operations
 - a) Wholesaling: a slight year-on-year increase in sales
 - A slight recovery in sales of flower seeds appears achievable, but conditions in this business are likely to remain challenging.

- On the other hand, vegetable seeds, seedlings and horticultural products should continue to perform well.
- b) Retailing: an increase in sales
 - Home improvement retailers: while earthquake-related impacts are likely to erode sales, overall sales should remain even with year-earlier levels as stores compensate by emphasizing faster-moving lines. Profitability issues will be addressed by
 - * Identifying money-losing merchandise
 - * Reducing operating expenses
 - Mail-order: higher sales through
 - * More effective use of the Internet as a tool
 - * Increasing order processing speeds
- 3) Overseas wholesaling: the upward trend in sales should remain intact.
 - a) Vegetable seed sales will remain an engine for growth.
 - b) Although the flower business will again face challenges, new product introductions should expand the market share.

5. Analysis of sources of capital and liquidity

In the following statement, all content related to the future is based on judgments made by the Sakata Group as of the end of the fiscal year under review.

Millions of yen	2007	2008	2009	2010	2011
Equity ratio (%)	85.7	84.8	84.5	85.3	85.5
Market capitalization ratio (%)	74.3	79.4	70.7	65.7	61.2
Interest-bearing debt ratio (%)	380.0	84.4	483.1	82.1	52.9
Interest coverage ratio (times)	5.0	21.6	7.3	43.2	41.1

(Notes)

Equity ratio: total equity/total assets

Market capitalization ratio: total market capitalization/total assets

Interest-bearing debt ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flows/interest paid

1. All indicators are calculated on a consolidated basis.
2. The total market value of the Company's shares is calculated on the basis of the total number of shares outstanding, less treasury stock.
3. Cash flows refer to cash flows from operations from the Company's consolidated statement of cash flows.
4. Interest-bearing debt includes all debt on the consolidated balance sheet on which the Company pays interest.

- Major funding requirements

- 1) In addition to procurement expenses for seeds and horticultural products, the Sakata Group's funding requirements revolve principally around

production-related expenses and SG&A and other operating costs. Its major operating expenditure categories include salaries, bonuses and other personnel costs, transportation expenses, packaging expenses and advertising expenses.

- 2) The Group also maintains a program of ongoing capital investment aimed at upgrading, expanding and rationalizing its production facilities and strengthening its R&D capabilities.
- 3) The Sakata Group's interest payment burden from its interest-bearing debt as of the end of the fiscal year under review was sufficiently low as a percentage of expenditures. At its current level of interest-bearing debt, the impact on the Group's operations of an increase in interest rates would be limited.

- Possibilities for financing

With respect to liquidity, the Group's approach is to deal with unforeseen future situations by ensuring that it has sufficient liquidity on hand. With respect to financing, Sakata Seed Corporation and its domestic and international subsidiaries all maintain good relationships with their correspondent financial institutions, enabling the respective companies to respond appropriately to situations in their locale.

6. Management's assessment of issues and its future policies: see discussion under "Issues requiring action."

Corporate governance

Corporate governance

Basic views regarding corporate governance

- The company creed: Quality, Reliability and Service
- The Company's governing ideal is to contribute to the development of agriculture, horticulture and related businesses while acting ethically in accordance with the spirit of its company creed.
- In accordance with this ideal, the Company will aim to achieve the following by providing high-quality products and services:
 - 1) Contribute to improving the lives and cultural conditions of people around the world
 - 2) Become the world's leading seed company

1. Structure of corporate governance

(1) Outline of the structure of corporate governance

- A company with a Board of Statutory Auditors
 - 1) Fundamentally, corporate governance is effected through the monitoring of the Board of Directors by the Board of Statutory Auditors.
 - 2) To increase the transparency and effectiveness of the Board of Directors, the Company has elected an outside director (in 2007); based on his abundant experience, this director
 - a. Participates in important decisions made by the Board
 - b. Seeks to improve the quality of the Board's decision making
- Composition of Board of Statutory Auditors
 - 1) 3 board members, 2 of whom are appointed from outside the Company
 - 2) The Company established a Company's Auditors Office to support the operations of its statutory auditors and its Board of Statutory Auditors.
- Internal Auditing Office, responsible for internal control
 - 1) The Internal Auditing Office audits the Company and its domestic subsidiaries to ensure the health and soundness of their operations.
 - 2) An "internal control evaluator," appointed by the Board of Directors, reviews the setup and operations of the Internal Auditing Office.

(2) Rationale for adoption of this system

- Based on a judgment that this system will contribute to management transparency, clarification of management responsibilities and strengthening of management oversight
- In addition to the Board of Statutory Auditors' oversight of the Board of Directors, the appointment of a fair and independent outside director strengthens the system of internal control, ensuring that operations are executed in an appropriate and highly transparent manner.
- Through its introduction of a new system of corporate executive officers on June 1, 2007, moreover, the Company has devolved authority for the execution of operations, allowing it to expedite management decision making and to tap the talents of younger personnel.

(3) Other matters related to internal control: thorough and fundamental revisions of the Company's basic policy on internal control were adopted in May 2006. These revisions were necessitated by a Ministry of Justice ordinance aimed at

ensuring that boards of directors act in compliance with the law and with companies' articles of incorporation, and that other actions by joint stock corporations are conducted properly.

June 30, 2011: Resolution adopted by the Board of Directors regarding revision of the Company's basic policy on internal control:

- I. Organizational structures ensuring that, in executing their duties, Board members and employees act in accordance with the law and the Company's Articles of Incorporation
 - Governing ideal (see "Basic views regarding corporate governance" above): the Company's major stakeholders are:
 - 1) Persons employed in agriculture and horticulture and related enterprises
 - 2) Shareholders and employees
 - Establishment and inculcation of a system of compliance
 - 1) Institution of a compliance manual and other rules related to compliance, which prescribe that all directors and employees abide by the law and by standards of corporate ethics
 - 2) Establishment of a compliance committee, chaired by the president, which makes decisions on important policies related to the implementation of training, education and other compliance programs
 - 3) Establishment of points of contact for compliance-related consultations both inside and outside the Company (through independent attorneys under contract with the Company) to enable Group employees to consult with and/or notify the Company concerning matters related to the law or to corporate ethics
 - a. Maintenance of secrecy regarding matters being discussed
 - b. No actions detrimental to the person making the contact shall be conducted in violation of the Whistleblower Protection Act or of any other laws or company regulations.
 - Elimination of antisocial elements
 - 1) The Sakata Group shall stand firm against extortionists and other elements and groups that threaten the Group organization or its ability to function in a sound and healthy manner.
 - 2) The Sakata Group shall respond to antisocial elements by abiding by the three principles of making "no payments," "refusal to employ," and "avoidance of fear"

- 3) The Sakata Group shall endeavor to gather information from related government agencies; and it shall build a system that enables it to reach these government agencies and/or legal experts on an emergency basis should problems of this nature arise, and thus to deal promptly with such problems.
- Improving systems and procedures to ensure the reliability of financial reporting
 - 1) Establishing regulations for internal control, and developing and adopting basic guidelines for internal control related to financial reporting
 - 2) Based on the foregoing, establishing operating procedures and other regulations to ensure that internal controls for financial reporting are put in place and carried out
 - 3) Establishing a process for review of the effectiveness of internal controls related to financial reporting to be carried out by the internal control evaluator
 - 4) With a senior executive (representative director) assuming responsibility, preparing a report on internal controls as required under the Financial Instruments and Exchange Act

II. System to preserve and manage information on the execution of duties by directors

- As prescribed by the Company's regulations concerning document management, all documents (including electronic records) related to the execution of duties by directors, along with related materials, shall be preserved and managed by the departments and sections concerned. Such documents, etc., shall be made accessible for viewing on an as needed basis.
- As regards the management of documents, the Company's basic policy on information security, its regulations related to the management of personal information, and its regulations on the management of technical secrets shall govern the actions taken.

III. Regulations and other structures related to risk management

- Establishment of a risk management structure
 - 1) Development of a risk management manual to minimize losses and other adverse outcomes for the Sakata Group
 - 2) Establishment of an organization-wide risk management structure centered on a risk management committee

- Risk management under normal circumstances
 - 1) The risk management committee shall gather information on and analyze and evaluate the following kinds of risks related to the Company's operations:
 - a. Weather variations
 - b. Geopolitical and societal changes in regions where the Company conducts business
 - c. R&D
 - d. Infringements on intellectual property rights
 - e. Safety
 - f. Finances
 - g. Crimes and misconduct by employees
 - h. Natural disasters and accidents
 - 2) The committee shall also prepare internal regulations, a risk management manual, and a business continuity plan for consideration and adoption by the Board of Directors.
 - 3) The committee shall also support preventative measures against such risks through educational and awareness-raising activities.
- Responses to emergencies
 - 1) When a specific threat arises, the Company shall set up a crisis management response team led by the president, as prescribed by the risk management manual.
 - 2) Under the direction of this crisis management team, the divisions that are directly involved and other related divisions shall team up and respond rapidly to the emergency.

IV. Organizational structures to ensure the efficient execution of directors' duties

- Board of Directors
 - 1) The business of the Board of Directors shall be conducted properly, as prescribed by the Company's regulations governing the Board of Directors.
 - 2) As a rule, the Board of Directors shall hold regular monthly meetings. At these meetings, it shall discuss and make decisions on important management issues, as prescribed by law, by the Articles of Incorporation and by the following Company regulations: regulations governing the Board of Directors; regulations on workplace authority;

list of specific workplace authorities; regulations on the segregation of duties, etc.

- 3) When the Company is in compliance with the provisions stipulated in Article 370 of the Companies Act, it may pass a Board of Directors resolution by means of documents.
- Senior management meeting
 - 1) In accordance with the Company’s regulations on senior management meetings, a senior management meeting comprising the president & CEO and all directors above the rank of managing director shall be established. The objective of the senior management meeting shall be to discuss matters pertaining to the management of the Company and the Sakata Group so that the Board of Directors can discuss and act on such matters in a smooth and expeditious manner.
 - 2) As a rule, the senior management meeting shall meet once every month, as well as at other times as needed.
 - Introduction of a system of corporate executive officers:
 - 1) To expedite decision making by senior management and to enhance the efficiency of execution of operations
 - 2) To establish a clear demarcation between oversight responsibility and operational responsibility
 - Decision-making by “ringi” (circulation of documents for approval)
 - 1) A “ringi”-based decision-making system shall be established based on the Company’s regulations on workplace authority; the aim of this system shall be to enhance the efficiency of everyday operations by directors and employees.
 - 2) The Company shall endeavor to increase the efficiency of specific daily operations by:
 - a) Establishing, through its list of specific areas of workplace authority, detailed assignment of authority that identifies specific tasks and those responsible for them
 - b) Promoting the rationalization and computerization of each operation

V. Organizational structures that ensure appropriate execution of operations by the Group

- Inculcating a thorough understanding of the Group’s operational policies
 - 1) Holding of biannual meetings among senior executives of the Company’s major overseas subsidiaries and the Company’s directors

and divisional general managers to inculcate a thorough understanding of the Group's management policies and business objectives

- 2) When necessary, establishing organizations that extend across domestic and international lines in order to improve and optimize the efficiency of operations from a global standpoint. These organizations, with the relevant headquarters divisions serving as secretariats, shall be established to deal with issues related to R&D; manufacturing and distribution; computer systems; quality control; international sales; and other matters.
- Establishing a compliance structure that applies to both the Company and the Sakata Group
 - Subsidiary management and oversight
 - 1) The Corporate Planning Office shall have jurisdiction in this area
 - 2) In addition, the Company shall assign directors or corporate executive officers as “directors in charge” of individual subsidiaries
 - 3) Based on regulations governing the management of subsidiaries and affiliated companies, the Corporate Planning Office and directors in charge shall establish a system of coordination under which they shall exchange information and interact individually through subsidiaries' board of directors' meetings and other venues to provide proper guidance to subsidiaries, thus building a stronger internal control system for the Group.
- VI. When a statutory auditor is assigned one or more employees to assist in his/her duties: matters related to such employee/s and to the independence of the employee/s from members of the Board of Directors
- In response to a request from the statutory auditors, the Company shall establish a Company's Auditors Office and appoint one or more employees to assist in the statutory auditors' duties
 - The Board of Directors shall discuss matters related to such employee/s with the Board of Statutory Auditors. These discussions shall include the number of employees assigned to this office, their ranks, reporting lines, compensation and personnel transfers.
- VII. Organizational structures for directors and employees to report to statutory auditors; other structures for reporting to statutory auditors
- When a director or regular employee discovers a fact that could cause significant damage or exert a serious impact on the Company or the Sakata Group, the director or employee shall report this fact to the Board of Statutory Auditors. The same shall apply when the “fact” in question

involves misconduct, or a violation of the law or of the Articles of Incorporation, by a director.

- To enable statutory auditors to carry out their duties efficiently and effectively, directors and employees shall report to the statutory auditors on important issues concerning management, the status of operations, etc.
- The statutory auditors shall be entitled to participate in meetings of the corporate executive officers, meetings of the compliance committee, and other important meetings; they shall also be entitled to review “ringi” documents, financial reports and other materials.

VIII. Other organizational structures to ensure that audits by the statutory auditors shall be implemented effectively

- The representative director/s and statutory auditors shall endeavor, through regularly held meetings, to enhance mutual communication.
- When deemed necessary for operational reasons, the statutory auditors shall receive reports from and exchange information with the person/s in charge of internal auditing offices, statutory auditors at subsidiaries, or others of equal status on the progress of ongoing audits or the situation with respect to any operation as a means of increasing the effectiveness of their audits.
- When deemed necessary, the statutory auditors may appoint attorneys, CPAs or other external experts to assist in their auditing.

Status of structure of risk management

- Establishment of a risk management structure (See item III under “Corporate governance” above.)
- Risk management under normal circumstances (See item III under “Corporate governance” above.)
- At the operational level
 - 1) Each operating group is dealing appropriately with specific individual risks, in the manner prescribed by the risk management manual and other regulations.
 - 2) Response to specific threats (See item III under “Corporate governance” above.)

(4) Content of agreements limiting liability

- In accordance with Article 423-1 of the Companies Act, the Company has entered into agreements with all of its outside directors and outside statutory auditors limiting their liability.

- These agreements contain a maximum liability for the payment of damages by outside directors and outside statutory auditors, which is the minimum amount prescribed under Article 425-1 of the Companies Act.

2. Status of internal audits and audits by statutory auditors

(1) Board of Statutory Auditors

- Monthly meetings at which
 - 1) Each statutory auditor reports on important matters related to audits.
 - 2) Necessary discussions and decision-making are conducted in response.
- Special meetings held on an as-needed basis
- Audits by individual statutory auditors: carried out in accordance with the Board of Statutory Auditors' policies and regulations regarding division of duties

(2) Company's Auditors Office

- Established in January 2007 to assist the statutory auditors in the performance of their duties
- In June 2008, assignment of a full-time head of the Company's Auditors Office
- Internal audits are carried out by the Internal Auditing Office in accordance with Company regulations.

(3) Coordination among internal audits, audits by statutory auditors and financial audits

- Mutual exchange of information at all times between statutory auditors and the Internal Auditing Office to maintain effective coordination
- Exchange of opinions and relevant information at all times between the financial auditors and statutory auditors
- Regarding the selection of statutory auditors
 - 1) Primary consideration given to the person's knowledge of finance and accounting
 - 2) For external auditors, primary consideration given to their independence

3. Financial audits

- Conducted by the following certified public accountants and 17 assistants (4 CPAs and 13 others)

- The Company asks KPMG AZSA LLC to conduct its audits in accordance with the Financial Instruments and Exchange Act.

Name	Affiliation	No. of consecutive years of auditing the Company's accounts
Designated limited liability partner/engagement partner: Takahisa Miyamoto	KPMG AZSA LLC	2 years
Designated limited liability partner/engagement partner: Shigemori Akiyama	KPMG AZSA LLC	7 years

4. Relationships between the Company and its external directors and statutory auditors

- Based on wide-ranging knowledge and experience, external members of the Board play the vital roles of providing objective oversight over management and enhancing management transparency.
 - 1) Atsushi Hachiboshi, who was re-elected as an outside director, served as one of the Company's external statutory auditors from August 2003 to August 2007. He is not a former employee of the Company or any of its subsidiaries or affiliated companies; he does not have any ownership, transactional or other interests in the Company.
 - 2) Kunihiko Maeda, one of two external statutory auditors, was elected to replace Atsushi Hachiboshi. He is not a former employee of the Company or any of its subsidiaries or affiliated companies; he does not have any ownership, transactional or other interests in the Company.
 - 3) External auditor Yoshinobu Sato is not a former employee of the Company or any of its subsidiaries or affiliated companies; he does not have any ownership, transactional or other interests in the Company.
- The Company has registered Yoshinobu Sato as an independent director/auditor with the Tokyo Stock Exchange.

5. Directors' compensation

- Compensation by board member category; breakdown by type of compensation; and number of board members in each category

Millions of yen	Total amounts paid out to board members by type of compensation				Number of board members in each category
	Amount paid	Compensation	Bonuses	Retirement benefits	
Directors (excluding External Corporate Directors)	100	74	5	21	8
Statutory Auditors (excluding External Statutory Auditors)	17	16	-	1	1
External Corporate Directors and Auditors	20	19	-	1	3

- Total compensation for each director/auditor of the Company: this information is omitted because no individual's compensation exceeds ¥100 million.
- Significant compensation paid to directors who are also employees: not applicable
- Policy regarding amounts paid to board members and the method of calculating such amounts
 - 1) Basic thinking regarding compensation paid to directors: the system of compensation must
 - a) Enable the Company to secure the services of management personnel capable of driving the growth of the Company as a global enterprise
 - b) Allow the Company to enhance long-term shareholder value
 - c) Contribute to a continuous and stable increase in financial performance
 - d) Be highly objective and transparent in terms of the way the amounts of compensation are determined
 - 2) Amounts paid out as compensation take into consideration
 - a) Comparisons with other companies, ascertained through surveys by outside consultants
 - b) A comprehensive range of other factors, including the rank of the director, his/her operational responsibilities, and his/her contributions to the financial performance of the Company
 - 3) Components of director compensation
 - a) Fixed monthly salary and bonus linked to financial performance
 - b) Bonus evaluations take into account the following for the period under consideration: consolidated sales, consolidated operating income and consolidated net income; bonuses fluctuate according to the degree to which targets under each of these categories are achieved.
 - c) To encourage directors to understand that fostering medium-to-long-term growth in enterprise value and shareholder returns is also in their interest, each director contributes a portion of his/her fixed monthly salary to a directors' share purchasing plan.
 - 4) Compensation for statutory auditors and outside directors: in view of their independent oversight function, no bonuses linked to financial performance are paid.

5) Compensation Committee

- a) This committee is organized under the Board of Directors and deliberates on directors' compensation.
- b) By including the outside director as a member of the committee, the Company seeks to ensure the objectivity and transparency of decisions by the committee.

6. Shareholdings in other companies

- Shares held by the Company for purposes other than pure investment

Number of issues: 22

Total value on balance sheet: ¥5,831 million

- Of these, shares whose balance sheet values exceed one-hundredth the value of shareholders' equity

May 2010 term

Millions of yen	Number of shares	Book value	Investment purpose
Maruichi Steel Tube Ltd. (5463)	1,060,000	1,746	To strengthen business relationships
Yokohama Reito Co., Ltd. (2874)	1,022,000	652	To strengthen business relationships
Kikkoman Corporation (2801)	649,000	608	To strengthen business relationships
The Gunma Bank, Ltd. (8334)	1,178,000	557	To strengthen relationships with financial institutions
MAX Co., Ltd. (6454)	537,000	481	To strengthen business relationships
T&D Holdings, Inc. (8795)	205,800	443	To strengthen business relationships
The Bank of Yokohama, Ltd. (8332)	866,000	376	To strengthen relationships with financial institutions
Sotetsu Holdings, Inc. (9003)	736,000	282	To strengthen business relationships
Amano Corp. (6436)	335,000	259	To strengthen business relationships
Bull-Dog Sauce Co., Ltd. (2804)	1,152,000	228	To strengthen business relationships
Hakuyosha Company, Ltd. (9731)	850,000	226	To strengthen business relationships
Maruzen Showa Unyu Co., Ltd. (9068)	766,000	222	To strengthen business relationships
Mitsubishi Pencil Co., Ltd. (7976)	155,000	198	To strengthen business relationships
Sumitomo Mitsui Financial Group, Inc. (8316)	68,300	184	To strengthen relationships with financial institutions

May 2011 term

Millions of yen	Number of shares	Book value	Investment purpose
Maruichi Steel Tube Ltd. (5463)	560,000	1,153	To strengthen business relationships
MAX Co., Ltd. (6454)	537,000	548	To strengthen business relationships
Yokohama Reito Co., Ltd. (2874)	1,022,000	543	To strengthen business relationships

Millions of yen	Number of shares	Book value	Investment purpose
Kikkoman Corporation (2801)	649,000	539	To strengthen business relationships
The Gunma Bank, Ltd. (8334)	1,078,000	458	To strengthen relationships with financial institutions
T&D Holdings, Inc. (8795)	205,800	402	To strengthen business relationships
The Bank of Yokohama, Ltd. (8332)	866,000	341	To strengthen relationships with financial institutions
Amano Corp. (6436)	335,000	249	To strengthen business relationships
Mitsubishi Pencil Co., Ltd. (7976)	155,000	233	To strengthen business relationships
Bull-Dog Sauce Co., Ltd. (2804)	1,152,000	187	To strengthen business relationships
Maruzen Showa Unyu Co., Ltd. (9068)	766,000	180	To strengthen business relationships
Hakuyosha Company, Ltd. (9731)	850,000	164	To strengthen business relationships
Sotetsu Holdings, Inc. (9003)	736,000	163	To strengthen business relationships
Sumitomo Mitsui Financial Group, Inc. (8316)	68,300	160	To strengthen relationships with financial institutions
Ono Pharmaceutical Co., Ltd. (4528)	26,300	111	To strengthen business relationships
Sodick Co., Ltd. (6143)	158,600	97	To strengthen business relationships
Fuji Nihon Seito Corporation (2114)	313,000	97	To strengthen business relationships
Okamura Corp. (7994)	175,000	82	To strengthen business relationships
Mizuho Financial Group, Inc. (8411)	524,000	67	To strengthen relationships with financial institutions
Sojitz Corporation (2768)	220,000	33	To strengthen business relationships
Mitsubishi UFJ Financial Group, Inc. (8306)	38,900	14	To strengthen relationships with financial institutions
Mitsumura Printing Co., Ltd. (7916)	10,000	2	To strengthen business relationships

• Shares held by the Company for purely investment purposes

Millions of yen	2010		2011		
	Total amount on balance sheet	Total amount on balance sheet	Total amount of dividends received	Total amount of gains or losses from sales	Total amount of valuation losses
Unlisted shares	1,119	1,079	26	28	
Shares other than unlisted shares	312	167	4	78	(13)

7. Required number of directors

The Company has stipulated in its Articles of Incorporation that there shall be no more than 11 directors.

8. Resolutions for the election of directors

The Company has stipulated in its Articles of Incorporation that resolutions concerning the election of directors must be approved as follows: shareholders holding one-third or more of the voting rights of all shareholders eligible to vote must be in attendance, and a majority of these must vote in the affirmative. Cumulative voting is not permitted.

9. Acquisition of the Company's own shares

The Company has stipulated in its Articles of Incorporation that, in accordance with Article 165-2 of the Companies Act, it is authorized to acquire its own shares through market transactions based on a resolution adopted by the Board of Directors. The purpose of such acquisitions is to enable the Company to implement agile and efficient strategies with respect to shareholders and financing.

10. Interim dividends

The Company has stipulated in its Articles of Incorporation that, in accordance with Article 454-5 of the Companies Act, it is authorized to pay an interim dividend with a date of record of November 30 each year based on a resolution adopted by the Board of Directors. The purpose of such interim dividends is to enable the Company to execute a dividend policy that is at once stable, agile and proactive.

11. Requirements for special resolutions by the General Meeting of Shareholders

With respect to special resolutions by the General Meeting of Shareholders, as provided for under Article 309-2 of the Companies Act, the Company has stipulated in its Articles of Incorporation that approval of such resolutions shall require that shareholders holding one-third or more of the voting rights of all shareholders eligible to vote be in attendance, and that two-thirds of the shareholders present vote in the affirmative. The aim of this rule is to promote smoother transaction of business at the General Meeting of Shareholders.

Financial auditors' compensation

1. Compensation paid to financial auditors

Millions of yen	2010		2011	
	Financial audit services	Non-audit services	Financial audit services	Non-audit services
Parent Company	60	-	55	1
Subsidiaries	-	-	-	-
	60	-	55	1

2. Other important compensation

In the fiscal years ended May 2010 and May 2011, the Company paid auditing compensation of ¥77 million and ¥85 million to KPMG, which audited certain of the Company's subsidiaries and which is a member firm of the network of financial auditors that audited the Company.

3. Nature of non-audit services provided by CPAs and the Company's auditing firm

(May 2011 term)

The Company pays its financial auditor for advisory work related to International Financial Reporting Standards (IFRS), which are separate from auditing.

4. Compensation policy for financial audit services

Although there is no policy to report under this section, the Company determines the compensation it pays to its financial auditor based on discussions with the auditor, taking comprehensively into account the auditor's estimation of the number of days required for the audit and the number of auditors whose participation is necessary in light of the Company's size and the characteristics of its operations.

Directors

Name	Title	Date joined company	Current occupations	Date of birth	Term	Thousand shares
Hiroshi Sakata	President and Representative Director	May-81		14-Feb-52	2 years from the General Meeting of Shareholders (GMS) held in August 2011	65.3
Hiroshi Arakawa	Senior Managing Director	Apr-69		20-Jan-46	2 years from GMS held in August 2011	10.4
Makoto Ohta	Managing Director	Jul-90		21-Oct-48	2 years from GMS held in August 2011	7.6
Seiko Tasaki	Director	Sep-92		16-Dec-48	2 years from GMS held in August 2011	1.9
Risho Uchiyama	Director	Apr-84		29-Jan-62	2 years from GMS held in August 2011	3.5
Hideto Kaneko	Director	Apr-90		18-Jun-62	2 years from GMS held in August 2011	200.0
Tsutomu Kagami	Director	Apr-87		17-Jan-62	2 years from GMS held in August 2011	0.8
Shuitsu Honda	Director	Apr-87		25-Nov-62	2 years from GMS held in August 2011	0.7
Akifumi Ujita	Director	May-09		5-Aug-57	2 years from GMS held in August 2011	1.0
Atsushi Hachiboshi	Director	Aug-03	Nagoya Building Co.Ltd.	4-Sep-49	2 years from GMS held in August 2011	1.0
Akishige Sekiya	Standing Statutory Auditor	Apr-70		3-Sep-47	4 years from GMS held in August 2008	5.9
Yoshinobu Sato	Statutory Auditor	Aug-03	Sojitz Foods Corp.	30-Jun-41	4 years from GMS held in August 2011	3.0
Kunihiko Maeda	Statutory Auditor	Aug-07		5-Jul-41	4 years from GMS held in August 2008	-
						301.1

Current assignments and previous positions in the Company have been omitted.

Under law, the Company is required to have a certain number of statutory auditors. To prepare for the possibility that it might not be able to fill the required number of seats, the Company has elected an alternate statutory auditor in accordance with Article 329-2 of the Companies Act.

Name	Title	Current occupations	Date of birth	Thousand shares
Masaaki Kojima	Alternate Statutory Auditor	Ryohin Keikaku Co., Ltd., Japan Corporate Auditors Association	12-Jan-45	-

Employees

Consolidated	2011
Business segment	Number
Domestic wholesaling	210
Overseas wholesaling	1,134
Retailing	92
Others	12
Corporate staff	402
	1,850
Parent	Total or average
Number	629
Average age	36.5
Average years of service	13.2
Average annual salary (thousands of yen)	5,688

Average annual salary includes bonuses and overtime pay.

Union

Sakata Seed Corporation's union is an intra-Company union independent of any outside umbrella organization. The Company enjoys amicable labor relations.

Acquisition of treasury stock

Types of shares

The acquisition of common stock as stipulated under Articles 155-3 and 155-7 of the Companies Act.

Acquisitions in accordance with resolutions of the Board of Directors

Yen	No. of shares	Total value
Details of resolutions of the Board of Directors (January 13, 2011 and April 8, 2011) (Period of acquisition: January 14, 2011 to April 8, 2011)	1,000,000	1,500,000,000
Treasury stock acquired before the year under review	-	-
Treasury stock acquired during the year under review	915,800	1,131,776,800
Total number of shares remaining to be repurchased under the resolutions and total market value of such shares	84,200	368,223,200
Authorized shares remaining as of the end of year under review (%)	8.4	24.5
Treasury stock acquired during the period	-	-
Authorized shares remaining as of the date of filing (%)	8.4	24.5

Acquisitions which are not based on resolutions adopted by the General Meeting of Shareholders or the Board of Directors

Yen	No. of shares	Total value
Treasury stock acquired during the year under review	1,251	1,418,569
Treasury stock acquired during the period under review	146	167,594

Disposal and ownership of treasury stock

Yen	Fiscal year under review		Period under review	
	Number of shares	Total value of disposed shares	Number of shares	Total value of disposed shares
Acquired treasury stock sold to underwriters	-	-	-	-
Acquired treasury stock subsequently cancelled	-	-	-	-
Acquired treasury stock transferred through mergers, share exchanges or corporate divisions	-	-	-	-
Others				
(Treasury stock acquired in response to shareholders' requests to purchase shares of less than one unit)	-	-	-	-
No. of treasury shares held	3,401,255	-	3,401,401	-

Cash Flows

Consolidated statement of cash flows

Years ended May 31; Millions of yen	2009	2010	2011
Net cash provided by (used in) operating activities			
Net income (loss) before taxes and other adjustments	(1,071)	1,729	2,026
Depreciation expenses	1,990	1,946	1,889
Amortization of negative goodwill	(17)	(6)	(1)
Increase (decrease) in allowance for doubtful accounts	293	(78)	58
Interest and dividend income	(548)	(360)	(342)
Interest expenses	96	76	72
Foreign exchange losses	272	167	76
Impairment losses	469	94	550
Losses on valuation of investment securities	938	333	767
Losses (gains) on sales of investment securities	-	(417)	(181)
Losses (gains) from investment securities portfolio	333	(19)	-
Losses (gains) on redemption of investment securities	-	-	(82)
Decrease (increase) in trade receivables	(611)	9	(276)
Decrease (increase) in inventories	(240)	68	(1,222)
Increase (decrease) in notes and accounts payable	3	(437)	745
Increase (decrease) in accounts payable - other	(1,411)	76	(506)
Others	(97)	(31)	132
	397	3,150	3,706
Interest and dividends received	545	361	343
Interest paid	(92)	(74)	(86)
Income taxes refund	55	170	106
Income taxes and others paid	(226)	(409)	(501)
	680	3,199	3,567

Years ended May 31; Millions of yen	2009	2010	2011
Net cash provided by (used in) investing activities			
Increase in time deposits	(6,788)	(1,850)	(1,829)
Proceeds from decrease in time deposits	8,556	1,792	1,185
Payments for purchase of marketable securities	-	(300)	-
Proceeds from sales of marketable securities	-	41	-
Payments for acquisition of tangible fixed assets	(922)	(1,625)	(1,520)
Proceeds from sales of tangible fixed assets	88	264	233
Payments for acquisition of intangible fixed assets	(668)	(89)	(41)
Proceeds from redemption of marketable securities	-	718	330
Payments for purchase of investment securities	(368)	(151)	(245)
Proceeds from sales of investment securities	-	755	1,215
Proceeds from redemption of investment securities	2,600	50	200
Proceeds from maturity of insurance funds	-	397	55
Others	126	(107)	(58)
	2,622	(103)	(476)
Net cash provided by (used in) financing activities			
Increase (decrease) in short-term borrowings	713	(1,632)	(516)
Proceeds from long-term borrowings	-	977	8
Payments for purchase of treasury stock	(4,589)	(1)	(1,133)
Dividend payments	(742)	(691)	(920)
Others	(87)	(97)	(93)
	(4,705)	(1,445)	(2,655)
Effects of exchange rate changes on cash and cash equivalents	(360)	139	(228)
Increase (decrease) in cash and cash equivalents	(1,763)	1,789	207
Cash and cash equivalents at beginning of year	7,067	5,304	7,093
Cash and cash equivalents at end of year	5,304	7,093	7,300

Relationship between the balance of cash and cash equivalents as of term-end and balance sheet items

Years ended May 31; Millions of yen	2009	2010	2011
Cash and deposits	10,192	12,430	13,232
Time deposits, etc., of 3 months or longer	(4,888)	(5,336)	(5,931)
Cash and cash equivalents	5,304	7,093	7,300

Capital expenditures

1. Group-wide: ¥1,663 million
 - Objective: to enhance quality control and physical distribution capabilities
 - Investments made primarily in overseas wholesaling
 - 1) Improvements in seed warehouse at Alf Christianson Seed Co.
 - 2) Seed-processing equipment at Sakata Vegetables Europe S.A.S.
2. Capital investment by business segment
 - Domestic wholesaling: ¥154 million
 - Overseas wholesaling: ¥1,196 million
 - Retailing: ¥62 million
 - Corporate assets: ¥250 million
3. No significant retirements or sales of facilities occurred during the year under review.

Dividend policy

Basic stance on dividends

1. The Company considers returning profits to shareholders to be a significant issue for management.
2. Over the medium-to-long term, its basic policy on dividends will be determined by:
 - The financial results for each term
 - Management's need to ensure sufficient retained earnings to enhance its operational capabilities and to strengthen the foundations of the Company's business
 - The need to maintain stability and continuity of payouts

Payouts

1. Frequency of dividend payouts: twice annually
 - Interim dividend, as determined by the Board of Directors
 - Year-end dividend, as determined by the General Meeting of Shareholders
2. Total dividends: ¥20 per share, of which ¥10 is paid out after the close of the interim period

Allocation of retained earnings

To respond to the changes it foresees in the business environment and to enhance its ability to compete on cost, the Company shall:

1. Strengthen its R&D and production capabilities to respond effectively to market needs
2. Invest in resources that further its global strategies

Articles of Incorporation

1. With regard to interim dividends, under Article 454-5 of the Companies Act, the Company has provided for the following in its Articles of Incorporation.
2. “The Company may pay out interim dividends with a date of record of November 30 each year, based on a resolution by its Board of Directors.”

Dividends paid for the year under review are as shown below.

Date of decision	Dividend payout (Millions of yen)	Dividend per share (Yen)
January 13, 2011 Resolution of Board of Directors	459	10
August 26, 2011 Resolution of General Meeting of Shareholders	450	10

Operations

Consolidated income statement

Years ended May 31; Millions of yen	2009	2010	2011
Net sales	45,355	46,518	47,165
Cost of goods sold	23,859	24,266	23,402
Gross profit on sales	21,496	22,251	23,763
Selling, general and administrative expenses	20,309	20,576	20,529
Operating income	1,186	1,675	3,233
Nonoperating income			
Interest income	265	151	120
Dividend income	283	208	221
Rental income	229	205	186
Amortization of negative goodwill	17	6	1
Others	152	177	93
	948	750	622
Nonoperating expenses			
Interest expenses	96	76	72
Sales discounts	28	26	10
Foreign exchange losses	849	385	312
Losses on investment securities portfolio	333	-	-
Others	151	101	50
	1,459	590	445
Ordinary profit	675	1,835	3,410
Extraordinary income			
Gains on sales of fixed assets	56	20	11
Gains on sales of investment securities	-	417	181
Gains on redemption of investment securities	-	-	82
Others	36	14	25
	93	452	300

Years ended May 31; Millions of yen	2009	2010	2011
Extraordinary losses			
Impairment losses	469	94	550
Losses on valuation of investment securities	938	333	767
Production indemnification expenses	29	-	-
Settlement packages	-	70	-
Losses on valuation of inventories	246	-	-
Others	156	59	366
	1,840	558	1,685
Income before taxes and other adjustments	(1,071)	1,729	2,026
Corporate, inhabitant and other taxes	399	423	837
Adjustment of prior years' corporate taxes	13	-	-
Deferred taxes	208	293	(139)
	621	717	697
Income before minority interests	-	-	1,328
Minority interests in income of consolidated companies	16	10	8
Net income	(1,709)	1,001	1,320

Consolidated statements of comprehensive income

Years ended May 31; Millions of yen	2009	2010	2011
Income before minority interests	-	-	1,328
Other comprehensive income			
Valuation difference on available-for-sale securities	-	-	(79)
Foreign currency translation adjustment	-	-	(1,109)
	-	-	(1,189)
Comprehensive income	-	-	138
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	-	-	131
Comprehensive income attributable to minority interests	-	-	7

Consolidated statements of changes in net assets

Years ended May 31; Millions of yen	2009	2010	2011
Shareholders' equity			
Common stock			
Balance at end of previous term	13,500	13,500	13,500
Changes of items during the term			
Total changes of items during the term	-	-	-
Balance at the end of current term	13,500	13,500	13,500
Capital surplus			
Balance at end of previous term	10,823	10,823	10,823
Changes of items during the term			
Disposal of treasury stock	(0)	-	-
Total changes of items during the term	(0)	-	-
Balance at the end of current term	10,823	10,823	10,823
Retained earnings			
Balance at end of previous term	60,687	58,278	55,235
Effect of changes in accounting policies applied to foreign subsidiaries	42	-	-
Changes of items during the term			
Dividends	(742)	(688)	(918)
Net income (loss)	(1,709)	1,001	1,320
Retirement of treasury stock	-	(3,354)	-
Other	-	0	-
Total changes of items during the term	(2,451)	(3,042)	401
Balance at the end of current term	58,278	55,235	55,637
Treasury stock			
Balance at end of previous term	(2,097)	(6,685)	(3,333)
Changes of items during the term			
Acquisition of treasury stock	(4,589)	(1)	(1,133)
Disposal of treasury stock	0	-	-
Retirement of treasury stock	-	3,354	-
Total changes of items during the term	(4,588)	3,352	(1,133)
Balance at the end of current term	(6,685)	(3,333)	(4,466)

Years ended May 31; Millions of yen	2009	2010	2011
Total shareholders' equity			
Balance at end of previous term	82,913	75,915	76,225
Effect of changes in accounting policies applied to foreign subsidiaries	42	-	-
Changes of items during the term			
Dividends	(742)	(688)	(918)
Net income (loss)	(1,709)	1,001	1,320
Acquisition of treasury stock	(4,589)	(1)	(1,133)
Disposal of treasury stock	0	-	-
Other	-	0	-
Total changes of items during the term	(7,040)	310	(731)
Balance at the end of current term	75,915	76,225	75,494
Accumulated other comprehensive income			
Unrealized gains (losses) on other securities			
Balance at end of previous term	2,429	167	151
Changes of items during the term			
Other changes in non-shareholders' equity items during the term (net)	(2,262)	(16)	(79)
Total changes of items during the term	(2,262)	(16)	(79)
Balance at the end of current term	167	151	71
Foreign currency translation adjustments			
Balance at end of previous term	(1,244)	(3,770)	(3,232)
Changes of items during the term			
Other changes in non-shareholders' equity items during the term (net)	(2,525)	538	(1,109)
Total changes of items during the term	(2,525)	538	(1,109)
Balance at the end of current term	(3,770)	(3,232)	(4,341)
Total of accumulated other comprehensive income			
Balance at end of previous term	1,184	(3,603)	(3,081)
Changes of items during the term			
Other changes in non-shareholders' equity items during the term (net)	(4,788)	521	(1,188)
Total changes of items during the term	(4,788)	521	(1,188)
Balance at the end of current term	(3,603)	(3,081)	(4,270)
Minority shareholders' equity in consolidated companies			
Balance at end of previous term	71	87	91
Changes of items during the term			
Other changes in non-shareholders' equity items during the term (net)	15	4	5
Total changes of items during the term	15	4	5
Balance at the end of current term	87	91	97

Years ended May 31; Millions of yen	2009	2010	2011
Total net assets			
Balance at end of previous term	84,169	72,399	73,236
Effect of changes in accounting policies applied to foreign subsidiaries	42	-	-
Changes of items during the term			
Dividends	(742)	(688)	(918)
Net income (loss)	(1,709)	1,001	1,320
Acquisition of treasury stock	(4,589)	(1)	(1,133)
Disposal of treasury stock	0	-	-
Other	-	0	-
Other changes in non-shareholders' equity items during the term (net)	(4,772)	526	(1,183)
Total changes of items during the term	(11,812)	836	(1,914)
Balance at the end of current term	72,399	73,236	71,321

Results of operations

Fiscal year ended May 31, 2011 (year on year, percentage changes)

Net sales up 1.4% to ¥47,165 million; operating income up 93.0% to ¥3,233 million; ordinary profit up 85.8% to ¥3,410 million; and net income up 31.9% to ¥1,320 million

Economic and other factors affecting operations

1. Global economy

- Continued growth in China and other emerging economies
- US economic recovery, stimulated by monetary and fiscal measures
- Europe affected by heightened tensions in the Middle East and North Africa and by the threat of sovereign credit defaults

2. Japanese economy

- Incipient recovery undermined by the Great East Japan Earthquake of March 11
- Outlook remains clouded by drawn-out response to problems associated with the stricken nuclear power plant

3. Industry and market trends: flat demand in Japan offset by continued growth overseas, particularly in emerging economies

- Vegetables: in wholesaling, both domestically and globally, sales of core strategic products were higher—including sales of broccoli, carrots, cabbage, bunching onions, watermelon, and onions.

- Flowers: despite lower sales in North America and flagging momentum in Japan, flower sales overall showed signs of recovering due to higher exports of lisianthus in Asia and stronger sales of gerbera and primula in Europe.

4. Financial and other

- Financials are negatively impacted by:
 - 1) The yen's appreciation, which reduced sales in yen terms
 - 2) Closure of seedlings businesses in Europe
 - 3) Lower retailing revenues
- Factors offsetting these negatives
 - 1) Strong sales of vegetable seeds in Asia, Europe and North America
 - 2) Higher sales in domestic wholesale operations
- Margins affected positively by:
 - 1) Strong sales of highly profitable vegetable seeds in overseas markets
 - 2) Reduction in SG&A expenses
- Net income reduced by:
 - 1) Valuation losses on investment securities
 - 2) Impairment losses

Segment information by business

1. Wholesaling, domestic: net sales up 1.6% to ¥15,860 million; operating income down 2.4% to ¥6,137 million
 - Strong performance in vegetable seeds, notably bunching onions, tomatoes and cabbage
 - Flower seeds: weakness in pansies and gerbera
 - Horticultural products: growth in nets and other coverings as well as in plastic products
2. Wholesaling, overseas: net sales up 7.8% to ¥18,773 million; operating income up 78.8% to ¥4,117 million
 - By region: except for South America, sales higher in both local currency and yen terms
 - 1) Asia: sharp increase in sales of vegetable seeds accompanied by expansion of commercial footprint
 - 2) North America: decline in sales of flower seeds offset by strong performance in vegetable seeds

- 3) Europe: higher sales of vegetable and flower seeds compensate for the Company's withdrawal from the seedling business.
- 4) South America: sales flat year-on-year
- By product area
 - 1) Vegetables: two core products, broccoli and carrots, record excellent results worldwide.
 - 2) Flowers: except in Europe and Asia, core products do poorly.
3. Retailing: net sales decline by 6.0% to ¥12,044 million; operating deficit worsens by ¥124 million, to a negative ¥304 million.
 - Weakness in personal consumption, affected by the extremely hot summer of 2010 and by the earthquake and tsunami disaster.
 - By business category:
 - 1) Home gardening: consumption of flowers and the demand for horticultural products fall sharply, particularly in eastern Japan; overall sales decline in spite of higher turnover in "green curtain"-related products.
 - 2) Mail order: sales of vegetable seeds flat; sales of flowers and horticultural products slump badly.
 - 3) Garden center: unstable weather and a downturn in personal consumption in the wake of the earthquake and tsunami disaster undermine a number of initiatives to increase sales.
4. Other businesses: net sales decline by 28.5% to ¥487 million; and the operating deficit worsens by ¥51 million to a negative ¥6 million.

Fiscal year ended May 31, 2010 (*year on year, percentage changes*)

Net sales up 2.6% to ¥46,518 million; operating income up 41.2% to ¥1,675 million; ordinary profit up 171.6% to ¥1,835 million; and net income ¥1,001 million, compared to a loss of ¥1,709 million in the previous year.

Economic and other factors affecting operations

1. Global economy: The worst is past but serious problems remain.
 - Led by China, high rates of growth in Asia
 - In the United States, while corporate profits rebound, signs of economic deceleration evident: e.g., weak private sector hiring
 - Growing uncertainty about the market environment in Europe set off by the financial crisis in Greece

- In Japan, continuing economic recovery driven by strong exports, but expectations that the pace of growth will moderate in the near term
2. Industry and market trends: expanding sales of vegetable seeds amid persistent weakness in flowers
- Vegetables: As concerns mount about the world's ability to feed its growing population, demand grows for high value-added vegetable seeds, not only in the advanced nations but also in China, India, the Middle East and other emerging economies. The demand is high for seeds which:
 - 1) Provide safe, worry-free food, and
 - 2) Are easily propagated and produce a tasty product
 - Flowers: Globally, the market continued to weaken as consumers chose to cut spending further and as economic viability for flower producers was further strained.
3. Financially, for the Company, lower currency and portfolio trading-related losses
4. In this environment, the Sakata Group
- Expanded sales of vegetable seeds, notably broccoli, tomato, cabbage, carrots, spinach and bunching onions seeds
 - Minimized the decline in sales of flower seeds through the introduction of varieties with distinctive appeal

Segment information by business

1. Wholesaling: net sales up 4.4% to ¥33,022 million; operating income up 9.7% to ¥6,880 million
- Sales of vegetable seeds increased in both local currency and yen terms in all markets because of the success of core strategic products.
 - 1) Japan: higher sales of tomatoes, bunching onions, etc.
 - 2) South America: recovery in sales
 - 3) Asia, Europe and North America: strong sales of broccoli, etc.
 - Flowers: in Japan and North America, continued weakness, particularly of pansies
 - Seedlings: a decline in revenue due to the withdrawal from the business at 2 Group companies in Europe
 - Bulbs: disappointing results; and, in agricultural and horticultural products, only a slight increase

2. Retailing: net sales down 2.8% to ¥12,813 million; operating loss widened to ¥388 million compared to ¥253 million in the previous year.
 - Home gardening department: despite strong sales of vegetable seeds and seedlings, overall sales lower as a result of weakness in horticultural products and bulbs
 - Mail order: across-the-board weakness
 - Garden center: sales flat
3. Other businesses: net sales up 22.5% to ¥681 million; operating income ¥42 million, compared to an operating loss of ¥82 million in the previous year
 - Focus on rooftop gardening projects, offsetting sharp declines in landscaping orders from both the public and private sectors
 - Accounting recognition of sales from a major rooftop garden project

Segment information by region

1. Japan: net sales up 0.2% to ¥30,805 million; operating income up 11.2% to ¥6,065 million
 - Wholesaling: strong sales of vegetable seeds, seedlings and horticultural products that offset declines in sales of flower seeds and bulbs
 - 1) Vegetables: strength in tomatoes, bunching onions, broccoli; weakness in spinach and melons
 - 2) Flowers: sluggish lisianthus and pansy sales
 - Retailing: sales lower due to weakness in horticultural product and bulb sales
2. North America: net sales up 0.7% to ¥5,307 million; operating loss deteriorated to ¥232 million compared to ¥203 million in the previous year.
 - In local currencies, sales growth was stronger than indicated in yen.
 - This sales growth a result of surging vegetable seed sales: broccoli and spinach strong, offsetting downturns in sales of radish and tomatoes
 - Across-the-board weakness in flowers, leading to large inventory write-offs
3. Europe: net sales down 6.6% to ¥5,656 million; operating income down 29.7% to ¥272 million
 - Strong sales of tomatoes, broccoli and squashes, which were higher in local currencies and in yen

- Seedlings: sales declined due to the withdrawal from the business during the term.
4. Other regions: net sales up 44.6% to ¥4,748 million; operating income up 300.1% to ¥288 million
- South America: higher sales in local currencies amplified by weakness of the yen against the Brazilian real; lettuce, pepper and squashes strong. In flowers, growth in sales of lisianthus
 - Korea: strong sales growth, whether measured in won or yen
 - 1) Vegetables: notable growth in Chinese cabbage, carrots and peppers
 - 2) Flowers: lisianthus higher

Segment information

May 2010 term

Business segment information

Millions of yen	Wholesaling	Retailing	Others	Total	Eliminations	Consolidated
2010						
Sales						
External customers	33,022	12,813	681	46,518	-	46,518
Inter-segment	202	3	139	345	(345)	-
	33,225	12,817	821	46,863	(345)	46,518
Operating expenses	26,344	13,205	778	40,329	4,513	44,842
Operating income	6,880	(388)	42	6,534	(4,859)	1,675
Identifiable assets	46,126	5,959	296	52,382	33,358	85,740
Depreciation	1,032	145	1	1,180	765	1,946
Impairment losses	25	-	-	25	69	94
Capital expenditures	1,499	118	-	1,617	196	1,813

Geographical segment information

Millions of yen					Total	Eliminations	Consolidated
2010	Japan	North America	Europe	Others			
Sales							
External customers	30,805	5,307	5,656	4,748	46,518	-	46,518
Inter-segment	2,544	1,871	808	1,827	7,051	(7,051)	-
	33,349	7,179	6,464	6,576	53,569	(7,051)	46,518
Operating expenses	27,284	7,412	6,192	6,287	47,176	(2,333)	44,842
Operating income	6,065	(232)	272	288	6,392	(4,717)	1,675
Identifiable assets	45,891	9,267	8,400	8,923	72,482	13,257	85,740

Overseas sales

Millions of yen	2010	
	Overseas sales	As % of net sales
North America	5,321	11.4
Europe	5,656	12.2
Other regions	6,432	13.8
	17,409	37.4
Consolidated net sales	46,518	

May 2011 term

1. Segment reporting

The Company's segment reporting is based on organizational units for which clearly separable financial information can be obtained. These units are also subject to regular reviews by the Board of Directors to determine resource allocation and evaluate financial performance.

- Segments are basically determined by type of operation; the Company provides segment information for 3 operations: domestic and overseas wholesaling and retailing
- In domestic wholesaling, the Company produces or procures vegetable seeds, flower seeds, bulbs, seedlings and horticultural products, and wholesales these items to seed companies, etc., in the Japanese market.
- In overseas wholesaling, the Company and/or its overseas subsidiaries produce or procure vegetable seeds, flower seeds, bulbs, seedlings and horticultural products, and wholesale these items to seed companies, etc., in overseas markets.
- In retailing, the Company procures merchandise for gardening enthusiasts and sells this merchandise to home improvement retailers, through catalogues and through its corporate-owned and managed stores.

2. Method of calculating amounts

- Segment profits are reported in terms of operating income.
- Internal sales and transfers between segments are based on market prices.

S A K A T A S E E D

Millions of yen	Segment reporting				Others	Total	Adjustments	Book value
	Domestic wholesaling	Overseas wholesaling	Retailing	Subtotal				
2011								
Net sales								
External customers	15,860	18,773	12,044	46,678	487	47,165	-	47,165
Inter-segment	487	1,618	1	2,107	132	2,240	(2,240)	-
	16,347	20,392	12,045	48,786	620	49,406	(2,240)	47,165
Segment profits	6,137	4,117	(304)	9,951	(6)	9,945	(6,712)	3,233
Segment assets	17,954	27,244	5,398	50,597	318	50,915	32,416	83,332
Other items								
Depreciation	198	664	155	1,017	0	1,018	870	1,889
Increase in tangible fixed assets and intangible fixed assets	154	1,196	62	1,412	-	1,412	250	1,663
2010								
Net sales								
External customers	15,610	17,412	12,813	45,836	681	46,518	-	46,518
Inter-segment	494	1,616	3	2,114	139	2,254	(2,254)	-
	16,104	19,029	12,817	47,951	821	48,772	(2,254)	46,518
Segment profits	6,290	2,303	(179)	8,414	45	8,460	(6,784)	1,675
Segment assets	18,082	25,762	6,022	49,867	297	50,164	35,576	85,740
Other items								
Depreciation	221	667	145	1,034	0	1,035	910	1,946
Increase in tangible fixed assets and intangible fixed assets	135	1,363	118	1,617	-	1,617	190	1,808

(Notes)

- The "Other" classification encompasses businesses not included in the reported segments, specifically landscaping for government agencies and private businesses, the insurance agency and the temporary help agency.
- "Adjusted amounts" break down as follows:
 - "Segment profit/loss adjustments" of negative ¥6,712 million (2011) and ¥6,784 million (2010), which comprise:
 - Inter-segment eliminations: ¥20 million (2011) and ¥2 million (2010)
 - Inventory adjustments: ¥30 million (2011) and ¥20 million (2010)
 - Corporate expenses (primarily parent company R&D and headquarters administration costs) not allocated to the segments: ¥6,763 million (2011) and ¥6,808 million (2010)
 - The "segment asset adjustments" of ¥32,416 million (2011) and ¥35,576 million (2010) represent assets allocated to the company as a whole.
 - The "depreciation adjustments" of ¥870 million (2011) and ¥910 million (2010) represent depreciation expenses on assets allocated to the company as a whole.
 - The increases in the amounts of tangible and intangible fixed assets of ¥250 million (2011) and ¥190 million (2010) represent the amounts of such assets acquired for use by the company as a whole.
- Segment profit/loss adjustments are made to adjust segment profits to operating income on the consolidated income statement.

Related information

Information on products and services

Millions of yen	Seeds and Seedlings	Materials	Others	Total
External customers	35,405	9,850	1,909	47,165

Information by region

Millions of yen	Japan	North America	Europe	Others	Total
Sales	28,335	5,461	5,679	7,689	47,165

Millions of yen	Japan	North America	Europe	Others	Total
Tangible fixed assets	19,845	3,298	1,096	2,150	26,390

Segment information on impairment losses on fixed assets

Millions of yen	Domestic wholesaling	Overseas wholesaling	Retailing	Others	Subtotal	Eliminations	Total
Impairment losses	0	0	500	-	501	49	550

Information on goodwill: amortization and unamortized balances by segment

Millions of yen	Domestic wholesaling	Overseas wholesaling	Retailing	Others	Subtotal	Eliminations	Total
Amortization	-	0	-	-	0	-	0
Ending balance	-	0	-	-	0	-	0

Amortization of the negative goodwill arising from the business combination that took place before April 1, 2010; unamortized balance of this negative goodwill

Millions of yen	Domestic wholesaling	Overseas wholesaling	Retailing	Others	Subtotal	Eliminations	Total
Amortization	0	0	-	-	1	-	1
Ending balance	1	2	-	-	4	-	4

Issues requiring action

1. Recovery from the Great East Japan Earthquake
 - Direct damage to the Sakata Group from the disaster was relatively minor; the ability to function normally has been restored.
 - The Company's efforts are focused on assisting disaster victims by ensuring that seeds and supplies are delivered promptly and without a hitch to disaster areas.
2. Generating new growth as the Company approaches its 100th anniversary in 2013
 - A tailwind for the Company's businesses has sprung from the following trends, which are society-wide:
 - 1) Greater demand for vegetables
 - 2) People aspiring for the sense of ease and well-being offered by flowers
 - 3) Greater public engagement in environmental problems
 - Challenges to growth remain twofold
 - 1) A shrinking agricultural sector in Japan due to the financial difficulties involved in operating farms and the advanced age of farmers

- 2) The accelerating reconfiguration of the seed industry into a few predominant groups, led by pharmaceutical and chemical companies
- Responses by the Company revolve around:
 - 1) Gaining access to generic resources with superior lines, and maintaining and enhancing plant-breeding capabilities that will ensure the development of competitive products
 - 2) Strengthening financial resources by
 - a) Expanding operations domestically and internationally, particularly in Asia
 - b) Increasing profitability
 - c) Improving the efficiency of Group operations

Sales and procurement

Procurement

Millions of yen	2011	
	Amount	Year on year (%)
Domestic wholesaling	7,688	19.5
Overseas wholesaling	8,053	9.3
Retailing	8,378	(10.3)
Total segment reporting	24,121	4.2
Others	442	(25.3)
	24,564	3.5

Sales by business

Millions of yen	2011	
	Amount	Year on year (%)
Domestic wholesaling	15,860	1.6
Overseas wholesaling	18,773	7.8
Retailing	12,044	(6.0)
Total segment reporting	46,678	1.8
Others	487	(28.5)
	47,165	1.4

Selling, general and administrative expenses

Years ended May 31; Millions of yen	2009	2010	2011
Packing expenses	613	582	571
Transportation expenses	1,237	1,230	1,285
Advertising expenses	907	902	825
Provision of allowance for doubtful accounts	181	30	128
Employees' salaries	7,472	7,537	7,460
Provision for directors' and statutory auditors' bonuses	6	8	10
Retirement benefit expenses	303	389	346
Provision for directors' and statutory auditors' retirement benefits	42	50	47
Depreciation expenses	1,610	1,596	1,559
Research and development expenses	3,658	3,712	3,909

Capital Structure

Consolidated balance sheet

Assets

As of May 31; Millions of yen	2009	2010	2011
Current assets			
Cash and deposits	10,192	12,430	13,232
Notes and accounts receivable - trade	12,769	12,750	12,675
Marketable securities	735	330	30
Merchandise and finished goods	14,912	14,890	15,220
Work in process	997	952	1,203
Raw materials and supplies	1,962	1,871	1,818
Costs on uncompleted construction contracts	91	16	49
Deferred tax assets	656	862	1,092
Others	1,830	2,140	2,390
Allowance for doubtful accounts	(260)	(228)	(296)
	43,887	46,017	47,416
Fixed assets			
Tangible fixed assets			
Buildings and structures	25,888	26,110	26,077
Accumulated depreciation	(14,927)	(15,687)	(15,964)
Buildings and structures, net	10,961	10,422	10,112
Machinery, equipment and vehicles	8,162	8,319	8,583
Accumulated depreciation	(6,729)	(6,939)	(6,988)
Machinery, equipment and vehicles, net	1,433	1,380	1,594
Land	13,941	14,039	13,874
Construction in progress	381	785	366
Others	2,379	2,392	2,396
Accumulated depreciation	(1,826)	(1,882)	(1,954)
Others, net	553	509	442
	27,271	27,138	26,390

S A K A T A S E E D

As of May 31; Millions of yen	2009	2010	2011
Intangible fixed assets	1,828	1,460	725
Investments and other assets			
Investment securities	10,577	9,828	7,764
Long-term loans	6	270	238
Deferred tax assets	910	568	423
Long-term time deposits	300	-	-
Others	1,263	792	587
Allowance for doubtful accounts	(442)	(335)	(215)
	12,615	11,124	8,799
Total fixed assets	41,714	39,723	35,915
Total assets	85,602	85,740	83,332

Liabilities and equity

As of May 31; Millions of yen	2009	2010	2011
Current liabilities			
Notes and accounts payable - trade	2,774	2,433	2,936
Short-term borrowings	3,249	1,613	989
Income taxes payable	278	357	564
Deferred tax liabilities	23	35	50
Provision for directors' and statutory auditors' bonuses	6	8	10
Others	3,966	4,083	3,619
	10,299	8,533	8,170
Long-term liabilities			
Long-term borrowings	36	1,011	898
Deferred tax liabilities	201	173	200
Provision for employees' retirement benefits	1,327	1,470	1,441
Provision for directors' and statutory auditors' retirement benefits	228	289	323
Negative goodwill	8	5	4
Others	1,101	1,020	971
	2,904	3,971	3,840
Total liabilities	13,203	12,504	12,010
Net assets			
Shareholders' equity			
Common stock	13,500	13,500	13,500
Capital surplus	10,823	10,823	10,823
Retained earnings	58,278	55,235	55,637
Treasury stock	(6,685)	(3,333)	(4,466)
	75,915	76,225	75,494
Accumulated other comprehensive income			
Unrealized gains (losses) on other securities	167	151	71
Foreign currency translation adjustments	(3,770)	(3,232)	(4,341)
	(3,603)	(3,081)	(4,270)
Minority shareholders' equity in consolidated companies	87	91	97
Total net assets	72,399	73,236	71,321
Total liabilities and net assets	85,602	85,740	83,332

Financial instruments

Policy with respect to financial instruments

- Depending on the requirements of its capital investment plans, the Company may turn to outside financing (primarily bank loans) for the capital necessary to implement its plans.
- Surplus cash is invested primarily in highly liquid financial assets; the Company may use bank borrowings for some of its short-term capital needs.
- The Company uses derivatives to hedge against certain risks, which are discussed below; it does not employ derivatives for speculative purposes.

Types of financial instruments and their attendant risks; risk management policies

- Trade receivables: The Company is exposed to the credit risks of its customers; in its overseas businesses, non-yen-denominated receivables expose it to currency risks, which it offsets partially through payables denominated in the same currencies and through hedging with exchange contracts; it manages credit risks through periodic monitoring and controls that it institutes based on maturity dates and outstanding balances.
- Marketable securities and investment securities: primarily shares in companies with which the Company has business relationships, these investments are exposed to the risk of market fluctuations. The Company also makes long-term loans to its overseas subsidiaries.
- Trade payables (promissory notes and accounts payable): In most instances, these have maturity dates of 3 months or less; payables denominated in foreign currencies expose the Company to currency risks, which are offset by receivables denominated in the same currencies and by hedging with exchange contracts.
- Bank debt primarily constitutes loans taken out to finance capital investments; due dates for repayment vary, with the longest being 4 years from the closing date of the year under review; some of these loans expose the Company to interest rate risks, which it hedges through derivative transactions (interest rate swaps).
- Derivative transactions: These are exchange contracts to hedge against currency risks associated with foreign currency-denominated trade payables and receivables; they are also interest rate swaps to hedge against interest rate fluctuations on borrowings; derivative transactions are governed by internal regulations, which establish systems of control, methods of risk management, and departments that execute transactions; there are personnel responsible for signing off on all transactions. Derivative transactions by subsidiaries require prior approval by corporate headquarters.

- Liquidity risks: The assumption of trade payables and loans exposes the Company to liquidity risks (risks that payments cannot be made on time), which it deals with through the timely preparation and renewal of cash flow plans and through maintenance of sufficient cash on hand.

Supplemental statement regarding the current prices of financial instruments

- In addition to values for instruments with market prices, current prices include values calculated by the Company for instruments that do not have market prices; it applies reasonable methods in calculating these values.
- In these calculations, the Company incorporates variables that can cause outcomes to change depending on the assumptions it makes; this means that the values in question may change.
- The reference to “contract value” in the note on derivative transactions should not be considered as an indication of market risk related to the transactions in question.

Items related to current value

As of May 31; Millions of yen	2010			2011		
	Book value	Current value	Unrealized gain (loss)	Book value	Current value	Unrealized gain (loss)
Cash and deposits	12,430	12,430	-	13,232	13,232	-
Notes and accounts receivable - trade	12,750			12,675		
Allowance for doubtful accounts	(226)			(282)		
	12,523	12,523	-	12,392	12,392	-
Marketable securities	330	330	-	30	30	-
Investment securities	8,159	8,159	-	6,677	6,677	-
Long-term loans receivable (Note 1)	317			285		
Allowance for doubtful accounts (Note 2)	-			(58)		
	317	294	(22)	226	236	10
Total assets	33,761	33,738	(22)	32,559	32,569	10
Notes and accounts payable - trade	2,433	2,433	-	2,936	2,936	-
Short-term borrowings (Note 3)	1,608	1,608	-	981	981	-
Income taxes payable	357	357	-	564	564	-
Long-term borrowings (Note 3)	1,016	1,011	(5)	907	925	18
Total liabilities	5,417	5,412	(5)	5,389	5,407	18
Derivative transactions (Note 4)	(37)	(37)	-	(20)	(20)	-

Notes:

- 1) This figure includes the current portion of long-term loans due, which appears on the balance sheet under other current assets (¥46 million).
- 2) In the May 2011 term, the deductions are allowances for doubtful accounts that have been recognized on specific long-term loans.
- 3) The current portion of long-term borrowings (¥5 million for 2010 and ¥8 million for 2011), which are included under short-term borrowings on the balance sheet, are shown here as long-term borrowings.
- 4) Net receivables or payables arising from derivative transactions are shown as net amounts; parentheses indicate net liabilities.

Methods of calculating current value

Cash and deposits, notes and accounts receivable-trade; trade receivables: book value

Marketable and Investment securities: market value. During the May 2011 term, the Company also recognized impairment losses, writing off ¥381 million on investment securities

Long-term loans receivable: discounting at the interest rate that would apply if the Company were to newly lend the same amount of principal and interest

Notes and accounts payable-trade; short-term borrowings; Income taxes payable: book value

Long-term borrowings: discounting at the interest rate that would apply if the Company were to newly borrow the same amount of principal and interest

Interest rate swaps subject to special treatment procedures are accounted for as an inseparable part of the long-term borrowings that are being hedged; hence, its market value is included as a part of the market value of said long-term borrowings.

Value of financial receivables and investment securities with maturity dates that will be redeemable after the balance sheet date

2011				
Millions of yen	Up to 1 year	Longer than 1 and up to 5 years	Longer than 5 and up to 10 years	Longer than 10 years
Cash and deposits	13,232	-	-	-
Notes and accounts receivable - trade	12,675	-	-	-
Long-term loans receivable	46	219	19	-
	25,954	219	19	-
2010				
Cash and deposits	12,430	-	-	-
Notes and accounts receivable - trade	12,750	-	-	-
Short-term and long term investment securities				
Scheduled redemptions of bonds with maturity dates				
Bonds	30	30	600	-
Others	300	-	-	-
Long-term loans receivable	46	204	65	-
	25,557	234	665	-

Amount of long-term borrowings scheduled for repayment after the balance sheet date

2011				
Millions of yen	Up to 1 year	Longer than 1 and up to 5 years	Longer than 5 and up to 10 years	Longer than 10 years
Long-term borrowings	8	898	-	-
	8	898	-	-
2010				
Long-term borrowings	5	1,011	-	-
	5	1,011	-	-

Market value of securities**Other quoted securities**

Millions of yen	2010			2011		
	Book value	Cost of acquisition	Unrealized gain (loss)	Cost of acquisition	Book value	Unrealized gain (loss)
Securities valued on the consolidated balance sheet at amounts greater than the purchase cost						
Shares	1,884	1,516	368	2,827	2,323	503
Bonds						
JGB, local government bonds, etc.	60	60	0	80	80	0
Corporate bonds	510	427	83	415	409	5
Others	6	6	0	-	-	-
	2,462	2,009	452	3,323	2,813	509
Securities valued on the consolidated balance sheet at amounts not greater than the purchase cost						
Shares	5,532	5,859	(326)	3,248	4,028	(780)
Bonds						
JGB, local government bonds, etc.	-	-	-	49	50	(0)
Corporate bonds	185	203	(18)	79	97	(17)
Others	300	300	-	6	6	(0)
	6,018	6,363	(345)	3,384	4,182	(798)
	8,480	8,372	107	6,707	6,996	(288)

Other marketable securities sold during the years ended May 31, 2010 and May 31, 2011

Millions of yen	2010			2011		
	Amount sold	Total gain on sales	Total loss on sales	Amount sold	Total gain on sales	Total loss on sales
Shares	755	417	-	1,348	181	0
Bonds						
JGB, local government bonds, etc.	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Others	41	-	-	-	-	-
Others	-	-	-	-	-	-
	797	417	-	1,348	181	0

Impairment charges on investment securities

- During the past 2 years: ¥333 million (2010) and ¥767 million (2011)
- Write-downs applied to all securities whose market values had declined by more than 30% from the purchase cost

Derivatives

1. Derivative transactions not subject to hedge accounting

Currency related

Millions of yen	2010				2011			
	Total	Over 1 year	Market value	Unrealized gain (loss)	Total	Over 1 year	Market value	Unrealized gain (loss)
Forward exchange contracts								
Buy side								
Purchase of Japanese yen, sale of US dollars	15	-	0	0	589	-	588	(1)
Purchase of Japanese yen, sale of Euro	173	87	(37)	(37)	113	29	94	(18)
	189	87	(37)	(37)	703	29	683	(20)

2. Derivative transactions subject to hedge accounting

Interest rate related

2011					
Hedge accounting method	Type of transaction	Principal object of hedge	Total	Over 1 year	Market value
(Millions of yen)					
Interest rate swap subject to special treatment procedure	Interest rate swap: receive variable rate; pay fixed rate	Long-term borrowings	565	565	577
2010					
Hedge accounting method	Type of transaction	Principal object of hedge	Total	Over 1 year	Market value
(Millions of yen)					
Interest rate swap subject to special treatment procedure	Interest rate swap: receive variable rate; pay fixed rate	Long-term borrowings	1,016	1,011	1,011

Retirement benefits

The Company and its domestic subsidiaries have established defined-benefit retirement systems that provide employees with either a defined-benefit pension plan or a lump-sum retirement payment. As of the end of the fiscal year under review, 16 companies in the Sakata Group (comprising the Company and its consolidated subsidiaries) have established systems of lump-sum payments at retirement.

Items related to retirement benefit liabilities

Millions of yen	2010	2011
Retirement benefit obligations	(3,522)	(3,347)
Pension assets	1,737	1,715
Unaccrued retirement benefit obligations	(1,785)	(1,631)
Unrecognized actuarial gains or losses	323	197
Unrecognized liabilities for past service costs	(8)	(7)
Prepaid pension expenses	-	-
Liability for retirement benefits	(1,470)	(1,441)

Items related to retirement benefit expenses

Millions of yen	2010	2011
Current service costs	348	301
Interest expenses	61	61
Expected return on plan assets	(32)	(30)
Expensing of differences based on actuarial calculations	59	68
Amount of liabilities for past service costs recognized as expenses	(1)	(1)
Retirement benefit expenses	435	399

Assumptions underlying the calculation of retirement benefit liabilities

	2010	2011
Discount rate	2.0%	2.0%
Expected rate of return	2.0%	2.0%
Method of allocating prospective retirement benefits to each period	Periodic straight-line basis	Periodic straight-line basis
Amortization period for actuarial gains or losses	10 years	10 years
Amortization period for past service costs recognized as expenses	10 years	10 years

Deferred taxes

Millions of yen	2010	2011
Deferred tax assets	1,845	1,997
Deferred tax liabilities	(623)	(733)
Deferred tax assets - net	1,221	1,264
Percentage		
Statutory tax rate		40.6%
(Adjustment)		
Expenses not deductible for tax purposes (such as entertainment expenses)		1.5%
Dividends receivable and other income permanently excluded from taxable income		(1.2)%
Per capita rate of inhabitant tax		1.3%
Decrease in valuation allowance		2.7%
Special corporate tax credit		(10.4)%
Others		(0.2)%
Income tax and others accompanying adoption of tax effect accounting		34.4%

May 2010 term

Since the difference between the effective tax rate as stipulated by law and the corporate tax rate after application of interperiod tax allocation is less than 5 percent, the figure is not reported in this section.

Accounting Policies

Summary of accounting policies: Consolidated

Basis for presentation	Japanese GAAP; consolidated
Marketable and investment securities	<p>Other securities</p> <p>Quoted securities: market value method, based on market prices as of the fiscal year-end</p> <p>All differences in valuations are credited directly to net assets, with the costs of assets sold calculated primarily based on the moving-average method.</p> <p>Nonquoted securities: valued at cost using the moving-average method</p>
Derivatives	Market value method
Inventories	Valued at cost, computed on a periodic-average basis (where amounts shown on the balance sheet take into account declines in book values based on reduced outlooks for profitability).
Depreciation	<p>Tangible fixed assets (except lease assets): declining-balance method</p> <p>Provided that buildings acquired after April 1, 1998 (excluding appurtenances) are depreciated on a straight-line basis.</p> <p>The useful life of buildings and structures is 2-50 years, that of machinery and delivery equipment is 2-15 years and that of others is 2-20 years.</p> <p>Intangible fixed assets (except lease assets): straight-line method</p> <p>Software for internal use is amortized on a straight-line basis (assuming 5 years of internal useful life).</p> <p>Lease assets: leased assets related to finance leases that do not transfer ownership</p> <p>The Company employs lease terms as years of useful life and assumes residual values to be zero; depreciation is assumed to be on a straight-line basis.</p> <p>All lease transactions entered into before March 31, 2008 related to finance leases that do not transfer ownership continue to be treated as ordinary rental transactions.</p>
Allowance for doubtful accounts	The Company recognizes an amount calculated on the basis of a historical bad loss ratio for general accounts receivable, plus an amount for specific accounts for which collection appears doubtful.
Provision for directors' and statutory auditors' bonuses	The Company and a number of its domestic subsidiaries estimate bonuses that are due to directors and statutory auditors, and recognize the amounts they expect to pay in the year under review.
Provision for retirement benefits	The Company recognizes an amount based on retirement benefit liabilities and estimated pension assets as of the fiscal year-end.
Provision for directors' and statutory auditors' retirement benefits	Recognition of the full amount of liabilities at term-end based on internal regulations
Important standards for the recognition of revenues and expenses	<p>Recognition of revenues from construction projects</p> <p>Construction for which progress under construction contracts can be estimated with a high degree of certainty: percentage of completion method (in which the estimate of the percentage of completion is based on the cost-to-cost method)</p> <p>Other construction: completed contract method</p>

Significant hedge accounting methods	<p>Method of accounting for hedges: For interest rate swaps, the Company applies exceptions when the swap in question meets the conditions for application of such exceptions.</p> <p>Hedging instruments and risks hedged: Hedging methods: interest rate swaps Items hedged: debt</p> <p>Hedging policies: Hedging policy: The Company hedges against interest rate and currency-related fluctuations as prescribed in a set of internal regulations entitled "Regulations for the Management of Derivative Transactions."</p> <p>Method of evaluating the effectiveness of hedging: As interest swaps are treated as a special case, there is no evaluation of their effectiveness.</p>
Opinion of independent auditors	<p>Auditors: KPMG AZSA LLC</p> <p>Opinion: unqualified</p>

Share-related Information

Shares issued

Class of shares	Common
Registered or bearer	Registered
Number of shares authorized	104,000,000
Issued	
As of May 31, 2011	48,410,750
As of August 26, 2011	48,410,750
Stock exchange listings	Tokyo Stock Exchange, First Section
Comments	The standard stock of the Company, with no limitations on rights 100-share min. trading unit

Changes in common stock

Millions of yen	Shares outstanding		Common stock		Additional paid-in capital	
	Increase or decrease	Balance	Increase or decrease	Balance	Increase or decrease	Balance
Date	(Shares)					
May 6, 2010	(2,500,000)	48,410,750	-	13,500	-	10,823

Shareholders by type of investor

Type of investor	Number of shareholders		% of total units
	Number of shareholders	Hundreds of shares	
National and local government agencies	-	-	-
Financial institutions	41	103,402	21.39
Financial instrument firms	30	1,668	0.35
Business and other corporations	262	135,165	27.96
Non-residents: other than individuals	99	14,653	3.03
Non-residents: individuals	9	417	0.09
Individuals and others	32,087	228,019	47.18
	32,528	483,324	100.00
Shares less than one unit		78,350	

Largest shareholders

Name	Thousands of shares owned	Thousands of shares held in trust accounts	% of shares outstanding
TM Kosan Co., Ltd.	7,607.9		15.71
Japan Trustee Services Bank, Ltd.	2,245.8	2,216.9	4.63
Mizuho Bank, Ltd.	2,245.5		4.63
Sumitomo Mitsui Banking Corp.	1,990.7		4.11
The Master Trust Bank of Japan, Ltd.	1,189.2	1,169.3	2.45
Maruichi Steel Tube Ltd.	902.2		1.86
The Bank of Yokohama, Ltd.	744.0		1.53
Kikkoman Corporation	678.0		1.40
Yokohama Reito Co., Ltd.	558.2		1.15
Mitsubishi UFJ Trust and Banking Corporation	541.8		1.11
	18,703.5		38.63

Share information

Business year	June 1 to May 31
Ex-rights date	May 31
Dates of record for dividends	November 30 and May 31
Annual General Meeting of Shareholders	August
Trading unit	100 shares
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation, 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Publication of record	<i>The Nihon Keizai Shimbun</i>

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