

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2018	18,362	7,503	38.9	1,318.08
December 31, 2017	12,094	6,333	48.9	1,092.73

Reference: Equity As of June 30, 2018: ¥7,133 million
As of December 31, 2017: ¥5,914 million

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2017	–	0.00	–	36.00	36.00
Fiscal year ending December 31, 2018	–	0.00			
Fiscal year ending December 31, 2018 (Forecast)			–	36.00	36.00

Note: Revisions to the dividends forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2018	15,290	8.3	1,913	1.7	1,895	0.3	1,311	1.0	242.33

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- a. Changes in accounting policies in accordance with changes in accounting standards, etc.: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

(4) Number of shares issued (common shares)

- a. Number of shares issued at the end of the period (including treasury shares)

As of June 30, 2018	5,536,000 shares
As of December 31, 2017	5,536,000 shares

- b. Number of treasury shares at the end of the period

As of June 30, 2018	123,817 shares
As of December 31, 2017	123,693 shares

- c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2018	5,412,261 shares
Six months ended June 30, 2017	4,932,376 shares

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors.

Attached Materials

Index

- 1. Qualitative information regarding financial results for the first six months 2
 - (1) Information regarding operating results 2
 - (2) Information regarding financial position 2
 - (3) Information regarding consolidated earnings forecasts and other forward-looking statements 3
- 2. Quarterly consolidated financial statements and significant notes thereto 4
 - (1) Consolidated balance sheet..... 4
 - (2) Consolidated statement of income and consolidated statement of comprehensive income..... 6
 - Consolidated statement of income (cumulative) 6
 - Consolidated statement of comprehensive income (cumulative) 7
 - (3) Consolidated statement of cash flows..... 8
 - (4) Notes to quarterly consolidated financial statements 10
 - Notes on premise of going concern 10
 - Notes on substantial changes in the amount of shareholders’ equity..... 10
 - Segment information, etc..... 10

1. Qualitative information regarding financial results for the first six months

(1) Information regarding operating results

In the first six months of the fiscal year ending December 31, 2018, the Japanese economy continued to follow a trend of moderate recovery owing to such factors as improvements in the employment and income environments and strengthening corporate earnings. However, the outlook for the global economy remains uncertain, particularly due to concerns regarding the protectionist economic policies of the U.S. and volatility in foreign exchange.

Amid this situation, the OAT Agrio Group (the “Group”) actively engaged in sales initiatives to expand sales of all products both in Japan and overseas.

As a result, in the first six months under review, net sales was ¥9,518 million, up ¥744 million or 8.5% year on year, operating profit was ¥2,212 million, up ¥100 million or 4.7% year on year, ordinary profit was ¥2,221 million, up ¥145 million or 7.0% year on year and profit attributable to owners of parent was ¥1,535 million, up ¥127 million or 9.1% year on year.

In the operating results of the Group in the first six months, there is a trend of considerably higher net sales, operating profit and others in comparison with the second half of the fiscal year. This reflects the fact that this is the peak demand season particularly with respect to the domestic agrichemicals business.

The Group has a single business segment, the AgriTechno Business. The operating results by business fields in this segment are as follows.

In the agrichemicals field, results in the domestic market were down year on year due to factors such as the year-on-year decline in shipments of the insecticide. On the other hand, results in the overseas markets were up year on year due to factors such as the year-on-year increase in shipments of the acaricide *Cyflumetofen*, insecticide *Oncol* and fungicide *Kaligreen*. As a result, overall net sales in the agrichemicals field increased by ¥508 million, or 7.5% year on year, to ¥7,273 million.

In the fertilizer and biostimulant field, shipments of Drip Fertigation Cultivation System in the domestic market and shipments of *Atonik* to the overseas markets increased. As a result, overall net sales in the fertilizer and biostimulant field increased by ¥236 million, or 11.8% year on year, to ¥2,245 million.

(2) Information regarding financial position

a. Position of assets, liabilities, and net assets

Total assets as of June 30, 2018, was ¥18,362 million, an increase of ¥6,268 million compared to December 31, 2017. This was mainly the result of increases of ¥2,603 million in cash and deposits and ¥3,128 million in notes and accounts receivable - trade.

Total liabilities was ¥10,858 million, an increase of ¥5,097 million compared to December 31, 2017. This was mainly the result of increases of ¥5,486 million in short-term loans payable and ¥324 million in income taxes payable.

Net assets was ¥7,503 million, an increase of ¥1,170 million compared to December 31, 2017. This was mainly the result of an increase of ¥1,340 million in retained earnings.

b. Cash flows

Cash and cash equivalents as of June 30, 2018, was ¥4,439 million, an increase of ¥2,806 million compared to December 31, 2017.

Net cash used in operating activities was ¥1,356 million (¥566 million was used in the same period of the previous fiscal year). The main sources of cash were profit before income taxes of ¥2,220 million and an increase of ¥393 million in notes and accounts payable - trade. The main uses of cash were increases of ¥3,153 million in notes and accounts receivable - trade and ¥476 million in inventories.

Net cash used in investing activities was ¥110 million (¥66 million was used in the same period of the previous fiscal year). The main use of cash was purchase of property, plant and equipment of ¥175 million.

Net cash provided by financing activities was ¥4,279 million (¥581 million was provided in the same period of the previous fiscal year). The main source of cash was an increase of ¥4,507 million in short-term loans payable. The main use of cash was cash dividends paid of ¥194 million.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts for the fiscal year ending December 31, 2018, announced in “Consolidated Financial Results for the Fiscal Year Ended December 31, 2017” on February 9, 2018, have not been changed.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	1,958	4,561
Notes and accounts receivable - trade	3,580	6,708
Merchandise and finished goods	2,329	2,378
Work in process	377	785
Raw materials and supplies	812	816
Other	452	513
Allowance for doubtful accounts	(31)	(26)
Total current assets	9,479	15,738
Non-current assets		
Property, plant and equipment	1,822	1,797
Intangible assets		
Goodwill	88	66
Other	104	92
Total intangible assets	192	158
Investments and other assets	598	668
Total non-current assets	2,614	2,624
Total assets	12,094	18,362
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,212	2,597
Short-term loans payable	777	6,263
Income taxes payable	366	691
Provision for sales returns	19	16
Provision for sales rebates	45	168
Provision for bonuses	35	39
Other	790	582
Total current liabilities	4,247	10,359
Non-current liabilities		
Long-term loans payable	1,000	–
Provision for directors' retirement benefits	2	1
Net defined benefit liability	183	183
Deferred tax liabilities	72	62
Other	254	251
Total non-current liabilities	1,513	498
Total liabilities	5,760	10,858

(Millions of yen)

	As of December 31, 2017	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	461	461
Capital surplus	2,410	2,410
Retained earnings	3,229	4,569
Treasury shares	(161)	(161)
Total shareholders' equity	5,939	7,279
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13	(14)
Foreign currency translation adjustment	(36)	(130)
Remeasurements of defined benefit plans	(2)	(0)
Total accumulated other comprehensive income	(25)	(146)
Non-controlling interests	419	370
Total net assets	6,333	7,503
Total liabilities and net assets	12,094	18,362

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Net sales	8,773	9,518
Cost of sales	4,615	5,047
Gross profit	4,158	4,470
Selling, general and administrative expenses	2,046	2,258
Operating profit	2,112	2,212
Non-operating income		
Interest income	10	8
Dividend income	3	3
Subsidy income	6	–
Foreign exchange gains	–	11
Other	10	4
Total non-operating income	30	26
Non-operating expenses		
Interest expenses	18	16
Foreign exchange losses	45	–
Other	1	0
Total non-operating expenses	65	17
Ordinary profit	2,076	2,221
Extraordinary income		
Gain on sales of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of shares of subsidiaries and associates	22	1
Total extraordinary losses	23	1
Profit before income taxes	2,053	2,220
Income taxes - current	637	676
Income taxes - deferred	14	13
Total income taxes	652	690
Profit	1,400	1,530
Loss attributable to non-controlling interests	(7)	(4)
Profit attributable to owners of parent	1,407	1,535

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Profit	1,400	1,530
Other comprehensive income		
Valuation difference on available-for-sale securities	6	(27)
Foreign currency translation adjustment	2	(126)
Remeasurements of defined benefit plans, net of tax	1	1
Total other comprehensive income	9	(152)
Comprehensive income	1,410	1,378
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,422	1,414
Comprehensive income attributable to non-controlling interests	(12)	(36)

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	2,053	2,220
Depreciation	101	115
Amortization of goodwill	17	15
Increase (decrease) in provision for directors' retirement benefits	(10)	(1)
Increase (decrease) in net defined benefit liability	(3)	3
Increase (decrease) in allowance for doubtful accounts	12	(3)
Increase (decrease) in provision for sales returns	(4)	(2)
Increase (decrease) in provision for sales rebates	123	122
Increase (decrease) in provision for bonuses	(47)	3
Interest and dividend income	(13)	(11)
Interest expenses	18	16
Foreign exchange losses (gains)	6	(10)
Loss (gain) on sales and retirement of non-current assets	0	(0)
Loss on valuation of shares of subsidiaries and associates	22	1
Decrease (increase) in notes and accounts receivable - trade	(2,553)	(3,153)
Decrease (increase) in inventories	374	(476)
Increase (decrease) in notes and accounts payable - trade	(312)	393
Other, net	(78)	(257)
Subtotal	(293)	(1,024)
Interest and dividend income received	12	11
Interest expenses paid	(14)	(14)
Income taxes paid	(270)	(329)
Net cash provided by (used in) operating activities	(566)	(1,356)
Cash flows from investing activities		
Net decrease (increase) in time deposits	46	181
Purchase of property, plant and equipment	(107)	(175)
Purchase of intangible assets	(6)	(4)
Purchase of investment securities	(0)	(102)
Purchase of shares of subsidiaries and associates	-	(15)
Payments for lease deposits	(1)	(3)
Other, net	2	9
Net cash provided by (used in) investing activities	(66)	(110)

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	767	4,507
Repayments of long-term loans payable	(25)	(17)
Repayments of lease obligations	(6)	(3)
Purchase of treasury shares	–	(0)
Cash dividends paid	(147)	(194)
Dividends paid to non-controlling interests	(6)	(12)
Net cash provided by (used in) financing activities	581	4,279
Effect of exchange rate change on cash and cash equivalents	(8)	(6)
Net increase (decrease) in cash and cash equivalents	(61)	2,806
Cash and cash equivalents at beginning of period	2,491	1,632
Cash and cash equivalents at end of period	2,430	4,439

(4) Notes to quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Notes on substantial changes in the amount of shareholders' equity

No items to report.

Segment information, etc.

[Segment information]

As the Group consists of a single business segment, the AgriTechno Business, this information is omitted.