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February 14, 2019

Consolidated Financial Results for the Fiscal Year Ended December 31, 2018 <under Japanese GAAP>

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 Listing: Tokyo Stock Exchange
 Securities code: 4979
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Scheduled date of ordinary general meeting of shareholders: March 20, 2019
 Scheduled date to commence dividend payments: March 6, 2019
 Scheduled date to file Annual Securities Report: March 22, 2019
 Preparation of supplementary material on financial results: None
 Holding of financial results presentation meeting: Yes (For institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2018	15,278	8.2	1,762	(6.4)	1,757	(7.0)	1,257	(3.1)
December 31, 2017	14,118	9.1	1,882	17.4	1,890	20.2	1,298	37.8

Note: Comprehensive income Fiscal year ended December 31, 2018: ¥1,018 million [(26.8)%]
 Fiscal year ended December 31, 2017: ¥1,390 million [45.3%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
December 31, 2018	232.42	–	19.9	8.4	11.5
December 31, 2017	260.05	247.42	25.3	16.0	13.3

Reference: Equity in earnings (losses) of affiliates Fiscal year ended December 31, 2018: ¥– million
 Fiscal year ended December 31, 2017: ¥– million

Note: Diluted earnings per share for the fiscal year ended December 31, 2018 is not presented because there are no potential shares.

(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
December 31, 2018	29,527	7,318	22.8	1,246.52
December 31, 2017	12,094	6,333	48.9	1,092.73

Reference: Equity As of December 31, 2018: ¥6,746 million
 As of December 31, 2017: ¥5,914 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2018	(487)	(9,933)	11,093	2,294
December 31, 2017	457	(250)	(1,087)	1,632

2. Dividends

	Dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2017	Yen –	Yen 0.00	Yen –	Yen 36.00	Yen 36.00	Millions of yen 194	% 13.8	% 3.6
Fiscal year ended December 31, 2018	–	0.00	–	40.00	40.00	216	17.2	3.4
Fiscal year ending December 31, 2019 (Forecast)	–	0.00	–	40.00	40.00		21.5	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

(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, 2019	22,995	50.5	1,869	6.0	1,676	(4.6)	1,007	(19.9)	186.06

Note: As the Company manages its operations on an annual basis, consolidated earnings forecasts for the first six months are omitted.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

New: 4 Companies Enhold B.V., Chrysal International B.V.B., Chrysal S.A., INPLANTA INNOVATIONS, INC.

Note: Enhold B.V., Chrysal International B.V.B. and Chrysal S.A. are the subsidiaries of Blue Wave Holding B.V. described in “Announcement regarding the completion of changes in subsidiaries (stock acquisition) (transition of matters to be disclosed)” announced on December 19, 2018.

- (2) 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

- (3) Number of shares issued (common shares)

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

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

- c. Average number of shares outstanding during the period

Fiscal year ended December 31, 2018	5,412,222 shares
Fiscal year ended December 31, 2017	4,993,716 shares

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2018	13,806	1.2	1,659	(10.7)	1,724	(7.3)	955	(30.3)
December 31, 2017	13,646	7.3	1,857	12.9	1,859	13.9	1,370	33.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2018	176.47	–
December 31, 2017	274.36	261.04

Note: Diluted earnings per share for the fiscal year ended December 31, 2018 is not presented because there are no potential shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2018	23,195	6,746	29.1	1,246.50
December 31, 2017	11,505	6,055	52.6	1,118.88

Reference: Equity

As of December 31, 2018:

¥6,746 million

As of December 31, 2017:

¥6,055 million

*** Financial results reports are exempt from audit 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

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year ended December 31, 2018

In the fiscal year ended December 31, 2018, the Japanese economy continued to follow a trend of moderate recovery in business conditions amid improvements in the employment and income environments and ongoing favorable corporate earnings. However, the outlook for the global economy remains uncertain, particularly amid a situation where the U.S. has been engaging in protectionist trade policies, along with ensuing trade friction between the U.S. and China and a resumption of economic sanctions against Iran.

In the environment surrounding the world's agriculture, forecasts call for mounting growth in worldwide demand for agricultural produce, against a backdrop of rising populations globally continuing into the future. As such, development of materials used in agricultural production and crop cultivation technologies is crucial partially in order to minimize effects on ecosystems and also with respect to heightening productivity of agriculture in a manner that makes effective use of finite arable land.

Moreover, we are encountering the need to carry out initiatives geared to sustainability as part of our corporate social responsibility efforts amid heightening momentum in Japan and elsewhere with respect to the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 with the aim of finding solutions regarding the natural environment, social issues and other such concerns.

Against this backdrop, the OAT Agrio Group (the "Group") has been taking steps to better supply safe products that provide peace of mind as demanded by the market such that include engaging in initiatives which involve enhancing its sales framework and streamlining production systems, and also actively investing in sustainable research and development. Moreover, we have also been actively engaging in mergers and acquisitions in Japan and overseas. Such initiatives have included acquiring shares of LIDA Plant Research, S.L. and CAPA Ecosystems, S.L.U. of Spain in July, underwriting a capital increase with respect to Musashi no Tane Co., Ltd. in August, and forming a capital and business alliance with Berg Earth Co., Ltd. and also acquiring shares of Chrysal International B.V. (Blue Wave Holding B.V.) of the Netherlands in December. As a result, we have incurred acquisition-related costs, experiment and research expenses and other upfront costs, but has also actively upgraded operations so that we will be able to keep providing premium quality products into the future.

As a result of the above business activities, in the fiscal year under review, net sales totaled ¥15,278 million, up 8.2% or ¥1,160 million year on year, operating profit was ¥1,762 million, down 6.4% or ¥120 million year on year, ordinary profit was ¥1,757 million, down 7.0% or ¥132 million year on year, and profit attributable to owners of parent was ¥1,257 million, down 3.1% or ¥40 million year on year.

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

With respect to the domestic market, the fiscal year under review was one where the production of agricultural crops was severely affected. This was largely a result of factors such as the occurrence of torrential rains in western Japan in July, and the occurrences of Typhoon No. 21 which caused major damage mainly in the Kinki region of Japan coupled with the Hokkaido Eastern Ibari Earthquake in September. Given this situation, in the agrichemicals field in Japan, we achieved favorable year-on-year results with rice herbicides as a result of active sales initiatives, but insecticide *Oncol* and acaricide *Cyflumetofen* decreased in comparison with the previous year. Meanwhile overseas, sales of acaricide *Cyflumetofen* and fungicide *Kaligreen* increased, but shipments of herbicide *Benzofenap* decreased in comparison with the previous year. As a result, net sales in the agrichemicals field amounted to ¥10,344 million, up ¥99 million or 1.0% year on year.

In the fertilizer and biostimulant^(Note) field in Japan, in addition to the year-on-year increase in shipments of Drip Fertigation Cultivation System and related fertilizers, we achieved firm results with our existing products such as our mainstay greenhouse fertilizers and *OK-F Series fertilizers*. Meanwhile, biostimulant *Atonik* sold overseas has been achieving sales volume growth over several years in the Vietnamese market, and it has also been achieving favorable sales due to active sales initiatives through Czech subsidiary Asahi Chemical Europe.

As a result, overall net sales in the fertilizer and biostimulant field increased ¥1,061 million or 27.4% year on year to ¥4,934 million.

Note: Biostimulant: General name for the materials and technologies that enhance the capacities and functions inherent in plants, and promote cold resistance, heat resistance, pest tolerance and growth stimulation.

(2) Overview of financial position for the fiscal year ended December 31, 2018

a. Position of assets, liabilities, and net assets

(i) Assets

Total assets as of December 31, 2018, was ¥29,527 million, an increase of ¥17,433 million compared to December 31, 2017. This was the result of increases of ¥4,504 million in current assets and ¥12,929 million in non-current assets.

(Current assets)

Total current assets as of December 31, 2018, was ¥13,984 million, an increase of ¥4,504 million compared to December 31, 2017. This was mainly the result of an increase of ¥1,300 million in merchandise and finished goods and an increase of ¥1,555 million in notes and accounts receivable - trade.

(Non-current assets)

Total non-current assets as of December 31, 2018, was ¥15,543 million, an increase of ¥12,929 million compared to December 31, 2017. This was mainly the result of increases of ¥253 million in land and ¥10,527 million in goodwill.

(ii) Liabilities

(Current liabilities)

Total current liabilities as of December 31, 2018, was ¥18,492 million, an increase of ¥14,244 million compared to December 31, 2017. This was mainly the result of an increase of ¥13,005 million in short-term loans payable.

(Non-current liabilities)

Total non-current liabilities as of December 31, 2018, was ¥3,716 million, an increase of ¥2,203 million compared to December 31, 2017. This was mainly the result of increases of ¥1,860 million in long-term loans payable and ¥35 million in net defined benefit liability.

(iii) Net assets

Total net assets as of December 31, 2018, was ¥7,318 million, an increase of ¥985 million compared to December 31, 2017. This was mainly the result of an increase of ¥1,048 million in retained earnings due mainly to the recording of profit.

(3) Overview of cash flows for the fiscal year ended December 31, 2018

Cash and cash equivalents (hereinafter “cash”) as of December 31, 2018 was ¥2,294 million, an increase of ¥662 million compared to December 31, 2017. Cash flows during the fiscal year under review and their causes are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was ¥487 million (¥457 million was provided in the previous fiscal year). The main sources of cash were profit before income taxes of ¥1,758 million and depreciation of ¥255 million. The main uses of cash were increase in notes and accounts receivable - trade of ¥110 million, increase in inventories of ¥1,106 million, and income taxes paid of ¥644 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥9,933 million (¥250 million was used in the previous fiscal year). The main uses of cash were purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥9,542 million and purchase of property, plant and equipment of ¥243 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥11,093 million (¥1,087 million was used in the previous fiscal year). The main source of cash was an increase in short-term loans payable of ¥11,319 million. The main uses of cash were repayments of long-term loans payable of ¥42 million and cash dividends paid of ¥194 million.

Reference: Trends in cash flow indicators

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Equity ratio (%)	37.7	48.9	22.8
Market value equity ratio (%)	57.0	124.7	34.7
Ratio of cash flow to interest-bearing debt (%)	157.8	388.5	(3,414.9)
Interest coverage ratio (times)	63.4	16.9	(11.7)

- Notes: 1. Equity ratio: Equity / Total assets
Market value equity ratio (%): Market capitalization / Total assets
Ratio of cash flow to interest-bearing debt (%): Interest-bearing debt / Cash flow
Interest coverage ratio (times): Cash flow / Interest payments
2. All items are calculated using consolidated financial data.
3. Market capitalization is based on number of shares issued excluding treasury shares.
4. Operating cash flow is used for cash flow.

(4) Future outlook

The Group aims to contribute to society through the provision of technology that boosts food production (agritechnology). Also, guided by the basic policy of increasing corporate profits and enhancing enterprise value, the Group will implement measures to grow earnings and strengthen its financial standing as part of its business activities.

Our forecasts for each business field are as follows.

In the agrichemicals field, the domestic agrichemical market is likely to remain highly competitive. However, we plan to conduct marketing activities that involve protecting market share of products and attempting to provide products and services to customers using new approaches. We will also pick up the pace in developing new products geared achieving low costs and labor savings. Overseas, the Group will work to grow sales of products such as fungicide *Flutianil*, acaricide *Cyflumetofen* and fungicide *Kaligreen* by continuing to increase the number of countries where they are registered and by adding more product applications.

In the fertilizer and biostimulant field, we will further strengthen our partnership with the four subsidiaries ASAHI KAGAKU KOGYO CO., LTD., OAT Agri Frontier Co., Ltd., PT. OAT MITOKU AGRIO, and Runhe (Zhoushan) Plant Science Co., Ltd. We will also take steps to build a future-oriented base for earnings through initiatives that involve developing new products, tapping domestic and overseas markets and providing products tailored to user needs.

With respect to subsidiaries and other such entities subject to investment in the previous fiscal year, we have been making progress in carrying out post-merger integration (PMI) while otherwise striving to swiftly bring about promising synergies in the respective areas of marketing (sales), purchasing, and R&D.

The Group will target cost improvements and earnings gains through initiatives that involve cooperation between sales and production divisions with respect to swiftly addressing market trends and changes in the sales environment. Nevertheless, in the current fiscal year, we expect to incur higher selling, general

and administrative expenses such that comprise an increase in experiment and research expenses amounting to approximately ¥500 million in comparison with the previous fiscal year, incurred for undertaking new product development and swiftly achieving synergies with subsidiaries.

Under those business conditions, for the fiscal year ending December 31, 2019, we forecast net sales of ¥22,995 million, up 50.5% year on year, operating profit of ¥1,869 million, up 6.0% year on year, ordinary profit of ¥1,676 million, down 4.6% year on year, and profit attributable to owners of parent of ¥1,007 million, down 19.9%.

The Company considers the distribution of profit to shareholders as one of the most important issues for management. Accordingly, the Company's basic policy on profit distribution is to carry out the stable payment of dividends while considering the provision of the necessary internal reserves to strengthen the financial base and proactively develop business. Looking ahead, the Company shall strive for sustainable growth by investing business resources in business fields where growth is expected in the medium- to long-term in order to boost corporate value and increase value for shareholders.

The Company plans to pay dividends from surplus for the fiscal year under review of ¥40 per share as per the dividend forecast announced on November 9, 2018.

Concerning the dividends from surplus for the fiscal year ending December 31, 2019, the Company plans to pay an annual dividend of ¥40 per share.

2. Basic stance on selection of accounting standards

The Group uses Japanese accounting standards to facilitate comparison with sector peer companies in Japan.

With respect to adoption of international financial reporting standards (IFRS), the Group follows a policy of responding in a suitable manner after giving consideration to various circumstances in Japan and overseas.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2017	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	1,958	2,474
Notes and accounts receivable - trade	3,580	5,135
Merchandise and finished goods	2,329	3,629
Work in process	377	552
Raw materials and supplies	812	1,469
Deferred tax assets	177	124
Other	275	663
Allowance for doubtful accounts	(31)	(65)
Total current assets	9,479	13,984
Non-current assets		
Property, plant and equipment		
Buildings and structures	864	1,476
Machinery, equipment and vehicles	239	658
Land	552	806
Construction in progress	3	10
Other	162	267
Total property, plant and equipment	1,822	3,219
Intangible assets		
Goodwill	88	10,616
Software	35	121
Other	68	705
Total intangible assets	192	11,442
Investments and other assets		
Investment securities	343	447
Shares of subsidiaries and associates	31	112
Deferred tax assets	6	26
Other	216	294
Total investments and other assets	598	881
Total non-current assets	2,614	15,543
Total assets	12,094	29,527

(Millions of yen)

	As of December 31, 2017	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,212	2,489
Short-term loans payable	777	13,782
Accounts payable - other	485	754
Income taxes payable	366	216
Deferred tax liabilities	–	31
Provision for bonuses	35	33
Provision for sales rebates	45	38
Provision for sales returns	19	15
Other	305	1,129
Total current liabilities	4,247	18,492
Non-current liabilities		
Long-term loans payable	1,000	2,860
Long-term deposits received	208	209
Provision for directors' retirement benefits	2	–
Net defined benefit liability	183	219
Deferred tax liabilities	72	235
Other	45	192
Total non-current liabilities	1,513	3,716
Total liabilities	5,760	22,209
Net assets		
Shareholders' equity		
Capital stock	461	461
Capital surplus	2,410	2,410
Retained earnings	3,229	4,277
Treasury shares	(161)	(161)
Total shareholders' equity	5,939	6,987
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13	(56)
Foreign currency translation adjustment	(36)	(166)
Remeasurements of defined benefit plans	(2)	(18)
Total accumulated other comprehensive income	(25)	(241)
Non-controlling interests	419	572
Total net assets	6,333	7,318
Total liabilities and net assets	12,094	29,527

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Net sales	14,118	15,278
Cost of sales	7,662	8,310
Gross profit	6,455	6,968
Selling, general and administrative expenses	4,572	5,205
Operating profit	1,882	1,762
Non-operating income		
Interest income	21	20
Dividend income	7	8
Subsidy income	6	1
Insurance premiums refunded cancellation	5	4
Other	8	7
Total non-operating income	50	42
Non-operating expenses		
Interest expenses	26	41
Foreign exchange losses	11	4
Commission for purchase of treasury shares	0	0
Other	3	1
Total non-operating expenses	42	47
Ordinary profit	1,890	1,757
Extraordinary income		
Gain on sales of non-current assets	1	3
Total extraordinary income	1	3
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	28	1
Other	0	0
Total extraordinary losses	29	2
Profit before income taxes	1,862	1,758
Income taxes - current	559	431
Income taxes - deferred	7	58
Total income taxes	566	489
Profit	1,296	1,269
Profit (loss) attributable to non-controlling interests	(2)	11
Profit attributable to owners of parent	1,298	1,257

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Profit	1,296	1,269
Other comprehensive income		
Valuation difference on available-for-sale securities	36	(69)
Foreign currency translation adjustment	40	(165)
Remeasurements of defined benefit plans, net of tax	17	(16)
Total other comprehensive income	94	(250)
Comprehensive income	1,390	1,018
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,389	1,045
Comprehensive income attributable to non-controlling interests	0	(27)

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	461	2,721	2,078	(788)	4,474
Changes of items during period					
Profit attributable to owners of parent			1,298		1,298
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(311)		626	315
Dividends of surplus			(147)		(147)
Change of scope of consolidation					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(311)	1,150	626	1,465
Balance at end of current period	461	2,410	3,229	(161)	5,939

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(23)	(73)	(19)	(116)	3	425	4,785
Changes of items during period							
Profit attributable to owners of parent							1,298
Purchase of treasury shares							(0)
Disposal of treasury shares							315
Dividends of surplus							(147)
Change of scope of consolidation							-
Net changes of items other than shareholders' equity	36	37	17	91	(3)	(5)	82
Total changes of items during period	36	37	17	91	(3)	(5)	1,547
Balance at end of current period	13	(36)	(2)	(25)	-	419	6,333

Fiscal year ended December 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	461	2,410	3,229	(161)	5,939
Changes of items during period					
Profit attributable to owners of parent			1,257		1,257
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Dividends of surplus			(194)		(194)
Change of scope of consolidation			(14)		(14)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,048	(0)	1,048
Balance at end of current period	461	2,410	4,277	(161)	6,987

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	13	(36)	(2)	(25)	-	419	6,333
Changes of items during period							
Profit attributable to owners of parent							1,257
Purchase of treasury shares							(0)
Disposal of treasury shares							-
Dividends of surplus							(194)
Change of scope of consolidation							(14)
Net changes of items other than shareholders' equity	(69)	(130)	(16)	(215)		152	(63)
Total changes of items during period	(69)	(130)	(16)	(215)	-	152	985
Balance at end of current period	(56)	(166)	(18)	(241)	-	572	7,318

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,862	1,758
Depreciation	219	255
Amortization of goodwill	27	138
Increase (decrease) in provision for directors' retirement benefits	(9)	(2)
Increase (decrease) in net defined benefit liability	(8)	1
Increase (decrease) in allowance for doubtful accounts	12	(7)
Increase (decrease) in provision for sales returns	(5)	(3)
Increase (decrease) in provision for sales rebates	(4)	(6)
Increase (decrease) in provision for bonuses	(53)	(2)
Interest and dividend income	(28)	(28)
Interest expenses	26	41
Commission for purchase of treasury shares	0	0
Foreign exchange losses (gains)	(17)	(15)
Loss (gain) on sales of non-current assets	(1)	(3)
Loss on valuation of shares of subsidiaries and associates	28	1
Decrease (increase) in notes and accounts receivable - trade	(484)	(110)
Decrease (increase) in inventories	(636)	(1,106)
Increase (decrease) in notes and accounts payable - trade	45	(347)
Increase (decrease) in accounts payable - other	16	136
Other, net	(60)	(522)
Subtotal	930	175
Interest and dividend income received	31	24
Interest expenses paid	(27)	(42)
Income taxes paid	(476)	(644)
Net cash provided by (used in) operating activities	457	(487)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(32)	116
Purchase of property, plant and equipment	(211)	(243)
Purchase of intangible assets	(12)	(9)
Purchase of investment securities	(0)	(203)
Purchase of shares of subsidiaries and associates	-	(35)
Payments of loans receivable from subsidiaries and associates	-	(50)
Payments for lease deposits	(4)	(2)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(9,542)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation		29
Other, net	9	8
Net cash provided by (used in) investing activities	(250)	(9,933)

(Millions of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,200)	11,319
Proceeds from long-term loans payable	–	28
Repayments of long-term loans payable	(34)	(42)
Repayments of lease obligations	(10)	(4)
Purchase of treasury shares	(0)	(0)
Proceeds from exercise of share options	312	–
Cash dividends paid	(147)	(194)
Dividends paid to non-controlling interests	(6)	(12)
Net cash provided by (used in) financing activities	(1,087)	11,093
Effect of exchange rate change on cash and cash equivalents	22	(10)
Net increase (decrease) in cash and cash equivalents	(858)	662
Cash and cash equivalents at beginning of period	2,491	1,632
Cash and cash equivalents at end of period	1,632	2,294

(5) Notes to consolidated financial statements

Notes on premise of going concern

No items to report.

Segment information, etc.

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

Per share information

	(Yen)	
	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Net assets per share	1,092.73	1,246.52
Basic earnings per share	260.05	232.42
Diluted earnings per share	247.42	-

Notes: 1. Diluted earnings per share for the fiscal year ended December 31, 2018 is not presented because there are no potential shares.

2. The basis of calculation of basic earnings per share is as follows.

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	1,298	1,257
Amounts not attributable to common shareholders (millions of yen)	-	
Profit attributable to owners of parent available to common shares (millions of yen)	1,298	1,257
Average number of shares outstanding during the period (shares)	4,993,716	5,412,222
Diluted earnings per share		
Adjustments in profit attributable to owners of parent (millions of yen)	-	
Increase in number of common shares (shares)	254,938	-
[Share acquisition rights included in the above (shares)]	[254,938]	-
Descriptions of potential shares that were not included in the computation of diluted earnings per share because they do not have dilutive effect.	-	-

Significant subsequent events

No items to report.