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August 10, 2016

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 31, 2016 <under Japanese GAAP>

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 Listing: Tokyo Stock Exchange
 Securities code: 4979
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Scheduled date to file Quarterly Securities Report: August 10, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly 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 first six months of the fiscal year ending December 31, 2016 (from January 1, 2016 to June 30, 2016)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Six months ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2016	8,173	4.3	1,923	19.9	1,751	9.3	1,221	24.8
June 30, 2015	7,833	1.3	1,603	15.3	1,602	19.3	978	12.5

Note: Comprehensive income Six months ended June 30, 2016: ¥1,109 million [10.9%]

Six months ended June 30, 2015: ¥1,000 million [16.5%]

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2016	228.20	216.90
June 30, 2015	181.95	173.76

Note: The Company conducted a 2-for-1 share split on July 1, 2015. Basic earnings per share and diluted earnings per share were calculated as though the said share split was conducted at the beginning of the fiscal year ended December 31, 2015.

(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, 2016	12,402	4,762	36.4	915.78
December 31, 2015	10,212	4,382	41.6	788.88

Reference: Equity
As of June 30, 2016: ¥4,516 million
As of December 31, 2015: ¥4,244 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, 2015	–	0.00	–	30.00	30.00
Fiscal year ending December 31, 2016	–	0.00			
Fiscal year ending December 31, 2016 (Forecast)			–	30.00	30.00

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

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2016 (from January 1, 2016 to December 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		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, 2016	12,500	3.1	1,250	12.4	1,245	12.6	770	13.5	143.12

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): Yes
New: 1 Company PT.OAT MITOKU AGRIO

(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.: Yes
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement: None

Note: For the details, please refer to “2. Matters regarding summary information (Notes), (3) Changes in accounting policies, changes in accounting estimates, and restatement” on page 4 of the attached materials.

(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, 2016	5,536,000 shares
As of December 31, 2015	5,536,000 shares

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

As of June 30, 2016	603,624 shares
As of December 31, 2015	156,024 shares

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

Six months ended June 30, 2016	5,354,322 shares
Six months ended June 30, 2015	5,380,000 shares

Note: The Company conducted a 2-for-1 share split on July 1, 2015. The number of shares issued (common shares) was calculated as though the said share split was conducted at the beginning of the fiscal year ended December 31, 2015.

*** Indication regarding execution of quarterly review procedures**

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act have been completed.

*** 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. 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, 2017, the Japanese economy showed signs of resiliency in terms of corporate earnings and employment conditions, but the overall sense that business activity is stagnating became further entrenched due to sluggish personal consumption and other negative factors. Meanwhile, the outlook ahead remains unclear amid concerns of adverse developments such as a downturn in corporate earnings due to yen appreciation and falling share prices, against a backdrop of heightened uncertainties regarding overseas economies centered on the United Kingdom's decision to leave the EU.

In the operating results of the OAT Agrio Group (the "Group") in the first six months, there is a trend of considerably higher net sales, operating income 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.

Amid this situation, the Group actively engaged in sales initiatives to expand sales of all products both in Japan and overseas.

Nevertheless, foreign exchange losses recorded under non-operating expenses were ¥166 million on a consolidated basis and ¥160 million on a non-consolidated basis in the first six months under review, due to adverse effects of the rapidly strengthening yen on the Group's net sales and earnings.

As a result, in the first six months under review, net sales was ¥8,173 million, up ¥339 million or 4.3% year on year, operating income was ¥1,923 million, up ¥319 million or 19.9% year on year, ordinary income was ¥1,751 million, up ¥148 million or 9.3% year on year and profit attributable to owners of parent was ¥1,221 million, up ¥242 million or 24.8% 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.

In the agrichemicals field, results in the domestic market were down year on year largely due to a downturn in shipment volumes of certain products such as rice herbicides, but sales of agricultural chemical intermediaries to overseas markets grew, particularly of the acaricide *Cyflumetofen*. As a result, overall net sales in the agrichemicals field increased by ¥283 million, or 4.4% year on year, to ¥6,779 million.

In the fertilizer and biostimulant field, the Group achieved increases in shipments both in the domestic market primarily involving greenhouse fertilizers, and with *Atonik* to overseas markets. As a result, overall net sales in the fertilizer and biostimulant field increased by ¥56 million, or 4.2% year on year, to ¥1,394 million.

(2) Information regarding financial position

a. Position of assets, liabilities, and net assets

Total assets as of June 30, 2016, was ¥12,402 million, an increase of ¥2,189 million compared to December 31, 2015. This was mainly the result of an increase of ¥2,088 million in notes and accounts receivable - trade.

Total liabilities was ¥7,639 million, an increase of ¥1,809 million compared to December 31, 2015. This was mainly the result of increases of ¥1,181 million in short-term loans payable and ¥287 million in income taxes payable.

Net assets was ¥4,762 million, an increase of ¥380 million compared to December 31, 2015. This was mainly the result of an increase of ¥1,096 million in retained earnings.

b. Cash flows

Cash and cash equivalents as of June 30, 2016, was ¥1,868 million, an increase of ¥255 million compared to December 31, 2015.

Net cash provided by operating activities was ¥277 million (¥477 million was used in the same period of the previous fiscal year). The main sources of cash were profit before income taxes of

¥1,751 million and an increase of ¥302 million in notes and accounts payable - trade. The main uses of cash were an increase of ¥1,893 million in notes and accounts receivable - trade and ¥207 million in income taxes paid.

Net cash used in investing activities was ¥394 million (¥173 million was used in the same period of the previous fiscal year). The main uses of cash were purchase of investment securities of ¥77 million and payments for transfer of business of ¥277 million.

Net cash provided by financing activities was ¥448 million (¥518 million was provided in the same period of the previous fiscal year). The main source of cash was an increase of ¥1,317 million in short-term loans payable. The main uses of cash were purchase of treasury shares of ¥724 million and cash dividends paid of ¥161 million.

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

The consolidated earnings forecasts for the fiscal year ending December 31, 2016, announced in “Consolidated Financial Results for the Fiscal Year Ended December 31, 2015” on February 10, 2016, have not been changed.

2. Matters regarding summary information (Notes)

(1) Changes in significant subsidiaries during the period

PT.OAT MITOKU AGRIO, a newly established subsidiary, is included in the scope of consolidation effective from the first three months of the fiscal year ending December 31, 2016.

Although this matter does not constitute a change in a specified subsidiary, Asahi Chemical Europe s.r.o., which was a non-consolidated subsidiary, is included in the scope of consolidation effective from the first three months of the fiscal year ending December 31, 2016, due to an increase in its materiality.

(2) Application of special accounting for preparing quarterly consolidated financial statements

No items to report.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter ended March 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter ended March 31, 2016, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for “net income” and other related items was changed, and the presentation of “minority interests” was changed to “non-controlling interests.” To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the first six months of the previous fiscal year and the previous fiscal year.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the first quarter ended March 31, 2016.

These changes in accounting policies have no impact on profit and loss.

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the second quarter ended June 30, 2016, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight line method.

The effect of this change in accounting policy on profit and loss is immaterial.

3. Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	1,901	2,071
Notes and accounts receivable - trade	2,720	4,809
Merchandise and finished goods	2,185	1,718
Work in process	332	469
Raw materials	374	377
Other	384	714
Allowance for doubtful accounts	(17)	(34)
Total current assets	7,882	10,124
Non-current assets		
Property, plant and equipment	1,436	1,416
Intangible assets		
Goodwill	159	184
Other	143	129
Total intangible assets	303	314
Investments and other assets		
Other	634	547
Allowance for doubtful accounts	(44)	-
Total investments and other assets	590	547
Total non-current assets	2,330	2,277
Total assets	10,212	12,402
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,706	2,011
Short-term loans payable	1,597	2,779
Income taxes payable	204	492
Provision for sales returns	35	28
Provision for sales rebates	46	175
Provision for bonuses	29	30
Other	582	594
Total current liabilities	4,202	6,111
Non-current liabilities		
Long-term loans payable	1,057	1,040
Provision for directors' retirement benefits	13	11
Net defined benefit liability	286	210
Other	269	265
Total non-current liabilities	1,628	1,527
Total liabilities	5,830	7,639

(Millions of yen)

	As of December 31, 2015	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	461	461
Capital surplus	2,717	2,721
Retained earnings	1,261	2,358
Treasury shares	(78)	(788)
Total shareholders' equity	4,362	4,753
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(8)	(47)
Foreign currency translation adjustment	(57)	(176)
Remeasurements of defined benefit plans	(52)	(11)
Total accumulated other comprehensive income	(118)	(236)
Subscription rights to shares	3	3
Non-controlling interests	134	242
Total net assets	4,382	4,762
Total liabilities and net assets	10,212	12,402

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Net sales	7,833	8,173
Cost of sales	4,367	4,402
Gross profit	3,466	3,771
Selling, general and administrative expenses	1,862	1,848
Operating income	1,603	1,923
Non-operating income		
Interest income	9	8
Dividend income	2	3
Foreign exchange gains	0	–
Other	0	4
Total non-operating income	13	16
Non-operating expenses		
Interest expenses	14	13
Foreign exchange losses	–	166
Other	–	8
Total non-operating expenses	14	188
Ordinary income	1,602	1,751
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
Impairment loss	66	–
Total extraordinary losses	66	0
Profit before income taxes	1,536	1,751
Income taxes - current	591	482
Income taxes - deferred	(25)	40
Total income taxes	566	523
Profit	970	1,228
Profit (loss) attributable to non-controlling interests	(8)	6
Profit attributable to owners of parent	978	1,221

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Profit	970	1,228
Other comprehensive income		
Valuation difference on available-for-sale securities	16	(39)
Foreign currency translation adjustment	10	(119)
Remeasurements of defined benefit plans, net of tax	4	40
Total other comprehensive income	30	(118)
Comprehensive income	1,000	1,109
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,007	1,139
Comprehensive income attributable to non-controlling interests	(6)	(29)

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Cash flows from operating activities		
Profit before income taxes	1,536	1,751
Depreciation	129	85
Amortization of goodwill	94	91
Impairment loss	66	–
Increase (decrease) in provision for directors' retirement benefits	0	(2)
Increase (decrease) in net defined benefit liability	(9)	(16)
Increase (decrease) in allowance for doubtful accounts	13	18
Increase (decrease) in provision for sales returns	(33)	(6)
Increase (decrease) in provision for sales rebates	104	128
Increase (decrease) in provision for loss on abandonment of returned product	(33)	–
Increase (decrease) in provision for bonuses	0	1
Interest and dividend income	(11)	(11)
Interest expenses	14	13
Foreign exchange losses (gains)	(3)	47
Loss on retirement of non-current assets	0	0
Decrease (increase) in notes and accounts receivable - trade	(2,304)	(1,893)
Decrease (increase) in inventories	(7)	452
Increase (decrease) in notes and accounts payable - trade	216	302
Other, net	(176)	(475)
Subtotal	(401)	488
Interest and dividend income received	14	10
Interest expenses paid	(14)	(13)
Income taxes paid	(75)	(207)
Net cash provided by (used in) operating activities	(477)	277
Cash flows from investing activities		
Net decrease (increase) in time deposits	97	50
Purchase of property, plant and equipment	(110)	(72)
Purchase of intangible assets	(6)	(16)
Purchase of investment securities	–	(77)
Purchase of shares of subsidiaries and associates	(150)	–
Payments for transfer of business	–	(277)
Payments for lease deposits	(2)	(1)
Other, net	(1)	0
Net cash provided by (used in) investing activities	(173)	(394)

(Millions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	815	1,317
Repayments of long-term loans payable	(143)	(135)
Repayments of lease obligations	(4)	(4)
Proceeds from share issuance to non-controlling shareholders	–	137
Purchase of treasury shares	–	(724)
Proceeds from disposal of treasury shares	–	19
Cash dividends paid	(147)	(161)
Net cash provided by (used in) financing activities	518	448
Effect of exchange rate change on cash and cash equivalents	(10)	(78)
Net increase (decrease) in cash and cash equivalents	(142)	253
Cash and cash equivalents at beginning of period	1,183	1,612
Increase in cash and cash equivalents from newly consolidated subsidiary	52	1
Cash and cash equivalents at end of period	1,094	1,868

(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

Based on a Board of Directors resolution on June 10, 2016, the Company purchased 477,600 treasury shares. In addition, the Company issued 30,000 treasury shares upon the exercise of subscription rights to shares. As a result, treasury shares increased ¥709 million during the first six months ended June 30, 2016, bringing the amount of treasury shares to ¥788 million as of June 30, 2016.

Segment information, etc.

[Segment information]

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