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MEMBERSHIP

May 10, 2018

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending December 31, 2018 <under Japanese GAAP>

Company name: **OAT Agrio Co., Ltd.**
 Listing: Tokyo Stock Exchange
 Securities code: 4979
 URL: <http://www.oat-agrio.co.jp>
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Scheduled date to file Quarterly Securities Report: May 10, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results presentation meeting: None

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

1. Consolidated financial results for the first three months of the fiscal year ending December 31, 2018 (from January 1, 2018 to March 31, 2018)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Three months 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	%
March 31, 2018	5,878	10.7	1,809	18.5	1,739	17.4	1,204	19.2
March 31, 2017	5,307	(3.1)	1,526	(7.4)	1,481	(5.6)	1,010	(7.1)

Note: Comprehensive income Three months ended March 31, 2018: ¥1,099 million [11.4%]

Three months ended March 31, 2017: ¥986 million [(2.7)%]

Three months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2018	222.61	–
March 31, 2017	204.86	194.65

Note: Diluted earnings per share for the three months ended March 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
March 31, 2018	15,886	7,237	43.1	1,265.18
December 31, 2017	12,094	6,333	48.9	1,092.73

Reference: Equity
As of March 31, 2018: ¥6,847 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	–				
Fiscal year ending December 31, 2018 (Forecast)		0.00	–	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

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): 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 March 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 March 31, 2018	123,739 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)

Three months ended March 31, 2018	5,412,282 shares
Three months ended March 31, 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

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

(1) Information regarding operating results

In the first three 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 employment and income environments, as well as corporate earnings. However, due to political uncertainty in the U.S. and Europe, the outlook for the global economy, including the trend for foreign exchange, remains uncertain.

Net sales and operating profit of OAT Agrio Group (the “Group”) tend to be higher in the first quarter of the consolidated fiscal year compared with the other three quarters because it is the period for deliveries in preparation for peak demand seasons, particularly with respect to the domestic agrichemicals business.

As a result, in the first three months under review, net sales was ¥5,878 million, up ¥570 million or 10.7% year on year, operating profit was ¥1,809 million, up ¥283 million or 18.5% year on year, ordinary profit was ¥1,739 million, up ¥258 million or 17.4% year on year and profit attributable to owners of parent was ¥1,204 million, up ¥194 million or 19.2% 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, shipments in the domestic market were down year on year and net sales decreased, but net sales to overseas markets increased primarily due to a year-on-year increase in shipment volumes of the acaricide *Cyflumetofen*. As a result, overall net sales in the agrichemicals field increased by ¥369 million, or 8.7% year on year, to ¥4,597 million.

In the fertilizer and biostimulant field, shipments of Drip Fertigation Cultivation System and related fertilizers to the domestic market were robust. In the biostimulant field, net sales increased as a result of growth in shipments of *Atonik* through subsidiary Asahi Chemical Europe in Europe, and through subsidiary PT. OAT MITOKU AGRIO in Indonesia. As a result, overall net sales in the fertilizer and biostimulant field increased by ¥200 million, or 18.6% year on year, to ¥1,280 million.

(2) Information regarding financial position

Total assets as of March 31, 2018, was ¥15,886 million, an increase of ¥3,791 million compared to December 31, 2017. This was mainly the result of an increase of ¥3,478 million in notes and accounts receivable - trade.

Total liabilities was ¥8,648 million, an increase of ¥2,887 million compared to December 31, 2017. This was mainly the result of increases of ¥938 million in notes and accounts payable - trade and ¥2,726 million in short-term loans payable.

Net assets was ¥7,237 million, an increase of ¥904 million compared to December 31, 2017. This was mainly the result of an increase of ¥1,009 million in retained earnings.

(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 March 31, 2018
Assets		
Current assets		
Cash and deposits	1,958	1,817
Notes and accounts receivable - trade	3,580	7,059
Merchandise and finished goods	2,329	2,335
Work in process	377	558
Raw materials and supplies	812	1,007
Other	452	449
Allowance for doubtful accounts	(31)	(28)
Total current assets	9,479	13,199
Non-current assets		
Property, plant and equipment	1,822	1,829
Intangible assets		
Goodwill	88	73
Other	104	98
Total intangible assets	192	172
Investments and other assets	598	684
Total non-current assets	2,614	2,686
Total assets	12,094	15,886
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,212	3,151
Short-term loans payable	777	3,503
Income taxes payable	366	573
Provision for sales returns	19	20
Provision for sales rebates	45	117
Provision for bonuses	35	134
Other	790	642
Total current liabilities	4,247	8,142
Non-current liabilities		
Long-term loans payable	1,000	–
Provision for directors' retirement benefits	2	3
Net defined benefit liability	183	180
Deferred tax liabilities	72	69
Other	254	251
Total non-current liabilities	1,513	505
Total liabilities	5,760	8,648

(Millions of yen)

	As of December 31, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	461	461
Capital surplus	2,410	2,410
Retained earnings	3,229	4,239
Treasury shares	(161)	(161)
Total shareholders' equity	5,939	6,949
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13	5
Foreign currency translation adjustment	(36)	(106)
Remeasurements of defined benefit plans	(2)	(1)
Total accumulated other comprehensive income	(25)	(102)
Non-controlling interests	419	390
Total net assets	6,333	7,237
Total liabilities and net assets	12,094	15,886

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Net sales	5,307	5,878
Cost of sales	2,779	3,002
Gross profit	2,528	2,875
Selling, general and administrative expenses	1,001	1,065
Operating profit	1,526	1,809
Non-operating income		
Interest income	5	5
Dividend income	0	0
Insurance premiums refunded cancellation	2	–
Other	2	2
Total non-operating income	10	8
Non-operating expenses		
Interest expenses	8	7
Foreign exchange losses	47	70
Other	0	0
Total non-operating expenses	56	78
Ordinary profit	1,481	1,739
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
Total extraordinary losses	0	0
Profit before income taxes	1,481	1,739
Income taxes - current	455	548
Income taxes - deferred	16	(10)
Total income taxes	471	537
Profit	1,009	1,201
Loss attributable to non-controlling interests	(0)	(2)
Profit attributable to owners of parent	1,010	1,204

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Profit	1,009	1,201
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(7)
Foreign currency translation adjustment	(22)	(96)
Remeasurements of defined benefit plans, net of tax	0	1
Total other comprehensive income	(22)	(102)
Comprehensive income	986	1,099
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	996	1,128
Comprehensive income attributable to non-controlling interests	(9)	(28)

(3) 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.