



## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2014	12,268	4,331	34.2
December 31, 2013	10,048	3,330	31.8

Reference: Equity      As of June 30, 2014:      ¥4,206 million  
As of December 31, 2013:      ¥3,196 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, 2013	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2014	–	0.00			
Fiscal year ending December 31, 2014 (Forecast)			–	55.00	55.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2014 (from January 1, 2014 to December 31, 2014)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2014	12,007	10.6	1,247	75.8	1,219	64.1	756	62.0	280.92

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, 2014	2,768,000 shares
As of December 31, 2013	2,840,000 shares

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

As of June 30, 2014	78,000 shares
As of December 31, 2013	0 shares

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

Six months ended June 30, 2014	2,810,564 shares
Six months ended June 30, 2013	2,766,589 shares

Note: The Company conducted a 1:1,000 share split of its common shares on November 28, 2013. The number of shares issued (common shares) was calculated on the assumption that this share split was conducted at the beginning of the previous fiscal year.

**\* 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 are complete.

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

The introduction of a new evaluation method for the registration system for agricultural chemicals was previously announced by the relevant ministry. However, following an abrupt announcement on the details of this new method in July, the registered items with respect to some agricultural chemical products are now expected to be changed. This change may have a substantial impact on operating results in the future, but at present, the details of the time period of the change are yet to be finalized.

(Please note that the supplementary material on quarterly financial results disclosed on the Tokyo Stock Exchange's TDnet (Timely Disclosure network) on the same date, contains more detailed explanations on the registration system for agricultural chemicals and other matters.)

In addition, while incentive fees for jointly developed agrichemicals from licensing out of originally developed products were recorded in the business plan for the fiscal year ending December 31, 2014, the development schedule may be changed because registration of the said developed products in Europe is expected to be delayed.

As of today it is difficult to reasonably estimate the impact of the above-mentioned factors on the operating results of the OAT Agrio Group (the "Group"). Consequently, the consolidated earnings forecasts for the fiscal year ending December 31, 2014, announced on June 25, 2014, have not been changed.

New consolidated earnings forecasts will be promptly announced once it becomes possible to disclose earnings forecasts.

Note: 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, 2014, the Japanese economy followed a trend of moderate recovery characterized by an improvement in corporate earnings and a pickup in the employment situation, despite a pullback in demand following a surge caused by a consumption tax hike in April 2014. Nevertheless, although the U.S. economy was strong, there were uncertainties in overseas economies such as slower economic growth in China and political instability in Thailand.

Amid this situation, the operating results of the OAT Agrio Group (the "Group") in the first six months were steady and did not suffer a significant adverse impact from the predicted pullback in demand following the surge caused by the consumption tax hike.

As a result, in the first six months net sales was ¥7,736 million, operating income was ¥1,390 million, ordinary income was ¥1,343 million and net income was ¥870 million.

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

In the field of plant protection technology, results in the Japanese market were firm, particularly for the core product area of insecticides. In overseas markets, sales were steady reflecting expansion in the regions where the products are sold thanks to further progress in registering products in various countries. As a result, net sales in the plant protection technology field was ¥6,360 million.

In the field of drip fertilization and irrigation, results were generally steady despite the impact of the surge in demand ahead of the consumption tax hike and the subsequent demand pullback. As a result, net sales in the drip fertilization and irrigation field was ¥1,051 million.

In the biostimulant field, net sales was ¥324 million reflecting expansion in the regions where the products are sold thanks to progress in work to register *Atonik* primarily in Europe and Southeast Asia.

### (2) Information regarding financial position

#### a. Assets, liabilities and net assets

Total assets as of June 30, 2014, was ¥12,268 million, an increase of ¥2,219 million compared to December 31, 2013. This was mainly the result of an increase of ¥1,976 million in notes and accounts receivable - trade.

Total liabilities was ¥7,937 million, an increase of ¥1,218 million compared to December 31, 2013. This was mainly the result of increases of ¥344 million in income taxes payable and ¥856 million in long-term loans payable.

Net assets was ¥4,331 million, an increase of ¥1,000 million compared to December 31, 2013. This was mainly the result of increases of ¥870 million in retained earnings and ¥220 million in capital surplus from net income.

#### b. Cash flows

Cash and cash equivalents in the first six months was ¥1,909 million, an increase of ¥289 million compared to December 31, 2013.

Net cash used in operating activities was ¥245 million. The main sources of cash were income before income taxes and minority interests of ¥1,333 million and an increase of ¥225 million in notes and accounts payable - trade. The main uses of cash were ¥2,028 million in increase in notes and accounts receivable - trade and ¥207 million in income taxes paid.

Net cash used in investing activities was ¥231 million. The main use of cash was ¥140 million in purchase of property, plant and equipment.

Net cash provided by financing activities was ¥773 million. The main sources of cash were ¥1,000 million in proceeds from long-term loans payable and ¥392 million in proceeds from sales of treasury shares. The main uses of cash were ¥200 million in net decrease in short-term loans payable and ¥250 million in purchase of treasury shares.

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

The introduction of a new evaluation method for the registration system for agricultural chemicals was previously announced by the relevant ministry. However, following an abrupt announcement on the details of this new method in July, the registered items with respect to some agricultural chemical products are now expected to be changed. This change may have a substantial impact on operating results in the future, but at present, the details of the time period of the change are yet to be finalized.

(Please note that the supplementary material on quarterly financial results disclosed on the Tokyo Stock Exchange's TDnet (Timely Disclosure network) on August 14, 2014, contains more detailed explanations on the registration system for agricultural chemicals and other matters.)

In addition, while incentive fees for jointly developed agrichemicals from licensing out of originally developed products were recorded in the business plan for the fiscal year ending December 31, 2014, the development schedule may be changed because registration of the said developed products in Europe is expected to be delayed.

As of today, it is difficult to reasonably estimate the impact of the above-mentioned factors on the operating results of the Group. Consequently, the consolidated earnings forecasts for the fiscal year ending December 31, 2014, announced on June 25, 2014, have not been changed. New consolidated earnings forecasts will be promptly announced once it becomes possible to disclose earnings forecasts.

## **2. Matters regarding summary information (Notes)**

### **(1) Changes in significant subsidiaries during the period**

No items to report.

### **(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**

No items to report.

### 3. Quarterly consolidated financial statements

#### (1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2013	As of June 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	1,886	2,207
Notes and accounts receivable - trade	2,738	4,715
Merchandise and finished goods	1,900	1,692
Work in process	377	350
Raw materials	338	529
Other	242	255
Allowance for doubtful accounts	(0)	(15)
Total current assets	7,482	9,735
Non-current assets		
Property, plant and equipment	1,299	1,388
Intangible assets		
Goodwill	508	421
Other	122	127
Total intangible assets	630	549
Investments and other assets		
Other	636	639
Allowance for doubtful accounts	–	(44)
Total investments and other assets	636	595
Total non-current assets	2,566	2,532
Total assets	10,048	12,268
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,873	2,098
Short-term loans payable	2,935	2,720
Income taxes payable	205	550
Provision for sales returns	44	46
Provision for sales rebates	63	186
Provision for bonuses	27	29
Other	538	476
Total current liabilities	5,689	6,108
Non-current liabilities		
Long-term loans payable	394	1,250
Provision for directors' retirement benefits	26	12
Provision for retirement benefits	307	291
Other	300	274
Total non-current liabilities	1,029	1,828
Total liabilities	6,718	7,937
<b>Net assets</b>		
Shareholders' equity		
Capital stock	461	461
Capital surplus	2,496	2,717
Retained earnings	358	1,229
Treasury shares	–	(78)
Total shareholders' equity	3,317	4,330
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(34)	(31)
Foreign currency translation adjustment	(86)	(92)
Total accumulated other comprehensive income	(120)	(123)
Subscription rights to shares	4	3
Minority interests	129	120
Total net assets	3,330	4,331
Total liabilities and net assets	10,048	12,268

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

### Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2014
Net sales	7,736
Cost of sales	4,448
Gross profit	3,288
Selling, general and administrative expenses	1,897
Operating income	1,390
Non-operating income	
Interest income	10
Dividend income	2
Other	2
Total non-operating income	16
Non-operating expenses	
Interest expenses	18
Foreign exchange losses	19
Going public expenses	19
Share issuance cost	5
Total non-operating expenses	63
Ordinary income	1,343
Extraordinary losses	
Loss on retirement of non-current assets	0
Office transfer expenses	8
Company name change expenses	1
Total extraordinary losses	10
Income before income taxes and minority interests	1,333
Income taxes - current	538
Income taxes - deferred	(68)
Total income taxes	470
Income before minority interests	863
Minority interests in loss	(6)
Net income	870



## Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2014
Income before minority interests	863
Other comprehensive income	
Valuation difference on available-for-sale securities	3
Foreign currency translation adjustment	(7)
Total other comprehensive income	(3)
Comprehensive income	859
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	868
Comprehensive income attributable to minority interests	(8)

### (3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2014
Cash flows from operating activities	
Income before income taxes and minority interests	1,333
Depreciation	150
Increase (decrease) in provision for directors' retirement benefits	(14)
Increase (decrease) in provision for retirement benefits	(15)
Increase (decrease) in allowance for doubtful accounts	59
Increase (decrease) in provision for sales returns	2
Increase (decrease) in provision for sales rebates	124
Increase (decrease) in provision for bonuses	1
Interest and dividend income	(13)
Interest expenses	18
Going public expenses	19
Share issuance cost	5
Foreign exchange losses (gains)	4
Loss on retirement of non-current assets	0
Office transfer expenses	8
Decrease (increase) in notes and accounts receivable - trade	(2,028)
Decrease (increase) in inventories	42
Increase (decrease) in notes and accounts payable - trade	225
Other, net	41
Subtotal	(34)
Interest and dividend income received	23
Interest expenses paid	(18)
Payments of office transfer expenses	(8)
Income taxes paid	(207)
Net cash provided by (used in) operating activities	(245)
Cash flows from investing activities	
Net decrease (increase) in time deposits	(33)
Purchase of property, plant and equipment	(140)
Purchase of intangible assets	(17)
Proceeds from sales of investment securities	3
Collection of loans receivable	0
Payments for lease deposits	(39)
Other, net	(3)
Net cash provided by (used in) investing activities	(231)
Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	(200)
Proceeds from long-term loans payable	1,000
Repayments of long-term loans payable	(159)
Repayments of lease obligations	(3)
Purchase of treasury shares	(250)
Proceeds from sales of treasury shares	392
Going public expenses	(6)
Net cash provided by (used in) financing activities	773
Effect of exchange rate change on cash and cash equivalents	(5)
Net increase (decrease) in cash and cash equivalents	289
Cash and cash equivalents at beginning of period	1,619
Cash and cash equivalents at end of period	1,909

#### **(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**

Following resolutions to acquire treasury shares passed at an extraordinary general meeting of shareholders held on January 17, 2014, and a meeting of the Board of Directors held on February 7, 2014, OAT Agrio Co., Ltd. (the "Company") acquired 250,000 treasury shares for ¥250 million on March 14, 2014. In addition, following a resolution to retire treasury shares passed at a meeting of the Board of Directors held on April 18, 2014, the Company retired 72,000 shares for ¥72 million on the same date. Furthermore, the Company sold 100,000 treasury shares through a general public offering (public offering by book-building method) with June 24, 2014, as the payment date.

As a result, in the first six months, capital surplus increased by ¥220 million and treasury shares increased by ¥78 million.

##### **Segment information, etc.**

[Segment information]

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