

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2016 (Based on Japanese GAAP)

February 14, 2017

Company name: NIHON NOHYAKU CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4997 URL <http://www.nichino.co.jp/>
 Representative: President Yosuke Tomoi
 Inquiries: Executive Officer, General Manager of Toyokazu Iijima TEL +81-3-6361-1400
 General Affairs Department
 Scheduled date to file Quarterly Securities Report: February 14, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended December 31, 2016 (from October 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended December 31, 2016	12,817	72.0	(388)	–	(216)	–	(581)	–
Three months ended December 31, 2015	7,450	(21.4)	(1,035)	–	(1,414)	–	(1,135)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2016	(8.70)		–	
Three months ended December 31, 2015	(16.99)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	96,006	50,542	49.4
As of September 30, 2016	88,791	48,697	52.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2016	–	7.50	–	7.50	15.00
Year ending September 30, 2017	–				
Year ending September 30, 2017 (Forecast)		7.50	–	7.50	15.00

3. Forecast of consolidated financial results for the year ending September 30, 2017 (from October 1, 2016 to September 30, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending March 31, 2017	35,700	19.0	4,000	(20.2)	3,700	(18.2)	2,500	(14.8)	37.40
Full year	59,500	17.5	3,900	(11.9)	3,600	(6.9)	2,200	112.5	32.92

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2016	70,026,782 shares	As of September 30, 2016	70,026,782 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	3,189,128 shares	As of September 30, 2016	3,189,034 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2016	66,837,700 shares	Three months ended December 31, 2015	66,838,402 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of September 30, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	15,159	12,918
Notes and accounts receivable - trade	19,465	21,037
Electronically recorded monetary claims - operating	603	240
Merchandise and finished goods	10,065	13,414
Work in process	454	709
Raw materials and supplies	4,273	5,786
Other	3,741	5,140
Allowance for doubtful accounts	(418)	(470)
Total current assets	53,344	58,777
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,565	5,751
Machinery, equipment and vehicles, net	3,553	3,682
Land	6,354	6,461
Other, net	1,018	798
Total property, plant and equipment	16,491	16,694
Intangible assets		
Goodwill	7,150	7,838
Other	978	1,096
Total intangible assets	8,128	8,935
Investments and other assets		
Investment securities	6,156	6,917
Other	4,684	4,695
Allowance for doubtful accounts	(13)	(12)
Total investments and other assets	10,827	11,600
Total non-current assets	35,446	37,229
Total assets	88,791	96,006

(Millions of yen)

As of September 30, 2016

As of December 31, 2016

	As of September 30, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,833	14,271
Electronically recorded obligations - operating	460	893
Short-term loans payable	4,449	6,047
Income taxes payable	119	158
Provision for bonuses	630	306
Provision for product recall related costs	1,044	1,044
Other provision	23	30
Electronically recorded obligations - non-operating	138	125
Other	6,809	5,293
Total current liabilities	22,509	28,171
Non-current liabilities		
Bonds payable	1,848	2,123
Long-term loans payable	11,567	10,907
Net defined benefit liability	1,418	1,329
Other provision	91	49
Other	2,657	2,881
Total non-current liabilities	17,583	17,292
Total liabilities	40,093	45,463
Net assets		
Shareholders' equity		
Capital stock	10,939	10,939
Capital surplus	13,235	13,235
Retained earnings	26,351	25,268
Treasury shares	(1,726)	(1,726)
Total shareholders' equity	48,801	47,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,353	1,843
Deferred gains or losses on hedges	–	(4)
Foreign currency translation adjustment	(3,766)	(2,006)
Remeasurements of defined benefit plans	(101)	(103)
Total accumulated other comprehensive income	(2,514)	(270)
Non-controlling interests	2,410	3,095
Total net assets	48,697	50,542
Total liabilities and net assets	88,791	96,006

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

(Millions of yen)

	Three months ended December 31, 2015	Three months ended December 31, 2016
Net sales	7,450	12,817
Cost of sales	4,806	8,920
Gross profit	2,644	3,896
Selling, general and administrative expenses	3,679	4,284
Operating loss	(1,035)	(388)
Non-operating income		
Interest income	9	55
Dividend income	33	40
Real estate rent	20	21
Foreign exchange gains	5	178
Share of profit of entities accounted for using equity method	–	97
Other	28	68
Total non-operating income	97	462
Non-operating expenses		
Interest expenses	39	126
Loss on valuation of derivatives	–	82
Share of loss of entities accounted for using equity method	381	–
Other	55	81
Total non-operating expenses	476	290
Ordinary loss	(1,414)	(216)
Extraordinary losses		
Loss on disposal of non-current assets	3	1
Total extraordinary losses	3	1
Loss before income taxes	(1,417)	(218)
Income taxes	(289)	18
Loss	(1,127)	(236)
Profit attributable to non-controlling interests	8	345
Loss attributable to owners of parent	(1,135)	(581)

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended December 31, 2015	Three months ended December 31, 2016
Loss	(1,127)	(236)
Other comprehensive income		
Valuation difference on available-for-sale securities	366	489
Deferred gains or losses on hedges	-	(4)
Foreign currency translation adjustment	(18)	2,142
Remeasurements of defined benefit plans, net of tax	(2)	(1)
Share of other comprehensive income of entities accounted for using equity method	(1,049)	(42)
Total other comprehensive income	(704)	2,582
Comprehensive income	(1,832)	2,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,839)	1,661
Comprehensive income attributable to non-controlling interests	7	684