Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2017 (Based on Japanese GAAP)

May 15, 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

Scheduled date to file Quarterly Securities Report: May 15, 2017 Scheduled date to commence dividend payments: June 13, 2017

Preparation of supplementary material on quarterly financial results: No

General Affairs Department

Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2017 (from October 1, 2016 to March 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales Operating income		ome	Ordinary income		Profit attributable to owners of parent		
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2017	35,489	18.3	3,600	(28.2)	3,794	(16.1)	2,384	(18.8)
Six months ended March 31, 2016	29,996	(14.2)	5,011	(49.7)	4,521	(52.1)	2,935	(54.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2017	35.68	-
Six months ended March 31, 2016	43.91	_

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2017	100,803	52,755	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	Yen	Yen	Yen	Yen			
Year ended September 30, 2016	_	7.50	-	7.50	15.00			
Year ending September 30, 2017	_	7.50						
Year ending September 30, 2017 (Forecast)			_	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 inc	ome	Ordinary inco	ome	Profit attributa owners of pa		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
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 six months ended March 31, 2017 (changes in specified subsidiaries resulting in the change in scope of consolidation):

(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)

Total mamber of issued shares at the end of t	ne perioa (meraamg ereac	only shares)			
As of March 31, 2017	70,026,782 shares	As of September 30, 2016	70,026,782 shares		
Number of treasury shares at the end of the p	period				
As of March 31, 2017	3,189,288 shares	As of September 30, 2016	3,189,034 shares		
Average number of shares during the period (cumulative from the beginning of the fiscal year)					
Six months ended March 31, 2017	66,837,634 shares	Six months ended March 31, 2016	66,838,328 shares		

Quarterly consolidated financial statements **Quarterly consolidated balance sheets**

	As of September 30, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	15,159	12,450
Notes and accounts receivable - trade	19,465	31,924
Electronically recorded monetary claims - operating	603	1,129
Merchandise and finished goods	10,065	10,350
Work in process	454	550
Raw materials and supplies	4,273	4,134
Other	3,741	4,213
Allowance for doubtful accounts	(418)	(487
Total current assets	53,344	64,264
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,565	5,714
Machinery, equipment and vehicles, net	3,553	3,556
Land	6,354	6,464
Other, net	1,018	844
Total property, plant and equipment	16,491	16,580
Intangible assets		
Goodwill	7,150	7,680
Other	978	1,083
Total intangible assets	8,128	8,764
Investments and other assets		
Investment securities	6,156	6,569
Other	4,684	4,650
Allowance for doubtful accounts	(13)	(26
Total investments and other assets	10,827	11,194
Total non-current assets	35,446	36,538
Total assets	88,791	100,803

Notes and accounts payable - trade 8,833 11,019 Electronically recorded obligations - operating 460 1,178 Short-term loans payable 119 1,150 Provision for bonuses 630 611 Provision for product recall related costs 1,044 137 Other provision 23 466 Electronically recorded obligations - non-operating 138 7 Other provision 23 486 Electronically recorded obligations - non-operating 138 7 Other 6,809 7,236 Total current liabilities 22,509 31,822 Non-current liabilities 22,509 31,822 Non-current liabilities 1,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Coher 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets 1,044 138 Shareholders' equity 1,248 1,249 Capital surplus 1,325 1,3235 Retained earnings 26,351 28,235 Tressury shares (1,726) (1,726 Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (1011) (105 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755 Tot		As of September 30, 2016	As of March 31, 2017
Notes and accounts payable - trade 8,833 11,019 Electronically recorded obligations - operating 460 1,178 Short-term loans payable 4,449 10,433 Income taxes payable 119 1,150 Provision for bonuses 630 611 Provision for product recall related costs 1,044 137 Other provision 23 46 Electronically recorded obligations - non-operating 138 7 Other 6,809 7,236 Total current liabilities 22,509 31,822 Non-current liabilities 22,509 31,822 Non-current liabilities 1,848 2,104 Long-term loans payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other provision 9	Liabilities		
Electronically recorded obligations - operating 460 1,178	Current liabilities		
Short-term loans payable 4,449 10,433 Income taxes payable 119 1,150 Provision for bonuses 630 611 Provision for product recall related costs 1,044 137 Other provision 23 46 Electronically recorded obligations - non-operating 138 7 Other 6,809 7,236 Total current liabilities 22,509 31,822 Non-current liabilities 2,509 31,822 Non-current liabilities 1,848 2,104 Long-term loans payable 1,848 2,104 Long-term loans payable 11,567 9,920 Net affined benefit liability 1,418 1,377 Other provision 91 5,4 Other 2,657 2,758 Total non-current liabilities 17,583 16,225 Total stock 10,939 10,939 Capital surplus 13,235 28,235 Teasury shares 1,17,26 1,726 Total shareholders' equity 4	Notes and accounts payable - trade	8,833	11,019
Income taxes payable 119 1,150 Provision for bonuses 630 611 Provision for product recall related costs 1,044 137 Other provision 23 46 Electronically recorded obligations - non-operating 138 7 Other 6,809 7,236 Total current liabilities 22,509 31,822 Non-current liabilities 1,848 2,104 Bonds payable 1,848 2,104 Long-term loans payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity 10,939 10,939 Capital stock 10,939 10,939 10,939 Capital sturplus 13,235 13,235 12,235 Treasury shares (1,726 (1,726 10,	Electronically recorded obligations - operating	460	1,178
Provision for bonuses 630 611 Provision for product recall related costs 1,044 137 Other provision 23 46 Electronically recorded obligations - non-operating 138 7 Other 6,809 7,236 Total current liabilities 22,509 31,822 Non-current liabilities 22,509 31,822 Bonds payable 1,848 2,104 Long-term loans payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity 10,939 10,939 Capital stock 10,939 10,939 10,939 Capital storphus 13,235 13,235 13,235 Treasury shares (1,726) (1,726) (1,726) Total shareholders' equity 48,801	Short-term loans payable	4,449	10,433
Provision for product recall related costs 1,044 137 Other provision 23 46 Electronically recorded obligations - non-operating 6,809 7,236 Other 6,809 7,236 Total current liabilities 22,509 31,822 Non-current liabilities 8 2,104 Bonds payable 1,848 2,104 Long-term loans payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other provision 91 54 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity 10,939 10,939 Capital stock 10,939 10,939 10,939 Capital stock 10,939 10,939 10,939 Capital surplus 13,235 13,235 13,235 Teasury shares (1,726) (1,726) (1,726 Total shareholders' equity	Income taxes payable	119	1,150
Other provision 23 46 Electronically recorded obligations - non-operating 138 7 Other 6,809 7,236 Total current liabilities 22,509 31,822 Non-current liabilities 8 2,104 Bonds payable 1,848 2,104 Long-term loans payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other of the provision 91 59 Total Insurant liabilities 10,939 10,939	Provision for bonuses	630	611
Electronically recorded obligations - non-operating	Provision for product recall related costs	1,044	137
Other 6,809 7,236 Total current liabilities 22,509 31,822 Non-current liabilities 22,509 31,822 Bonds payable 1,848 2,104 Long-term loans payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity 10,939 10,939 Capital stock 10,939 10,939 10,939 Capital surplus 13,235 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment <t< td=""><td>Other provision</td><td>23</td><td>46</td></t<>	Other provision	23	46
Total current liabilities 22,509 31,822	Electronically recorded obligations - non-operating	138	7
Non-current liabilities 1,848 2,104 Bonds payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets 8 20,351 28,235 Capital stock 10,939 10,939 10,939 Capital surplus 13,235 13,235 13,235 Treasury shares (1,726) (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 </td <td>Other</td> <td>6,809</td> <td>7,236</td>	Other	6,809	7,236
Bonds payable 1,848 2,104 Long-term loans payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity 2 Capital stock 10,939 10,939 Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726 Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Total current liabilities	22,509	31,822
Long-term loans payable 11,567 9,920 Net defined benefit liability 1,418 1,377 Other provision 91 54 Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity Capital stock 10,939 10,939 Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726 Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Non-current liabilities		
Net defined benefit liability 1,418 1,377 Other provision 91 54 Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity 10,939 10,939 Capital stock 10,939 10,939 10,939 Capital surplus 13,235 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 <td< td=""><td>Bonds payable</td><td>1,848</td><td>2,104</td></td<>	Bonds payable	1,848	2,104
Other provision 91 54 Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets 8 10,939 10,939 Shareholders' equity 13,235 13,235 13,235 Capital surplus 13,235 28,235 13,235 13,235 Retained earnings 26,351 28,235 1,726 (1,726) (1,726 Total shareholders' equity 48,801 50,684 50,684 Accumulated other comprehensive income 1,353 1,678 50,684 Foreign currency translation adjustment (3,766) (2,423 62,423 62,514 (851 Total accumulated other comprehensive income (2,514) (851 851 Non-controlling interests 2,410 2,922 752 752 752 752 752 752 752 752 752 752 752 752 752 752 752 752 752	Long-term loans payable	11,567	9,920
Other 2,657 2,768 Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity Capital stock 10,939 10,939 Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Net defined benefit liability	1,418	1,377
Total non-current liabilities 17,583 16,225 Total liabilities 40,093 48,047 Net assets Shareholders' equity Capital stock 10,939 10,939 Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 3,766 (2,423) Foreign currency translation adjustment (3,766) (2,423) Remeasurements of defined benefit plans (101) (105) Total accumulated other comprehensive income (2,514) (851) Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Other provision	91	54
Total liabilities 40,093 48,047 Net assets Shareholders' equity Capital stock 10,939 10,939 Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726 Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Other	2,657	2,768
Net assets Shareholders' equity 10,939 10,939 Capital stock 10,939 13,235 Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Total non-current liabilities	17,583	16,225
Shareholders' equity 10,939 10,939 Capital stock 10,939 10,939 Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Total liabilities	40,093	48,047
Capital stock 10,939 10,939 Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Net assets		
Capital surplus 13,235 13,235 Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Shareholders' equity		
Retained earnings 26,351 28,235 Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income 1,353 1,678 Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423 Remeasurements of defined benefit plans (101) (105 Total accumulated other comprehensive income (2,514) (851 Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Capital stock	10,939	10,939
Treasury shares (1,726) (1,726) Total shareholders' equity 48,801 50,684 Accumulated other comprehensive income Valuation difference on available-for-sale securities 1,353 1,678 Foreign currency translation adjustment (3,766) (2,423) Remeasurements of defined benefit plans (101) (105) Total accumulated other comprehensive income (2,514) (851) Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Capital surplus	13,235	13,235
Total shareholders' equity Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans Total accumulated other comprehensive income (2,514) Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Retained earnings	26,351	28,235
Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans Total accumulated other comprehensive income (2,514) Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Treasury shares	(1,726)	(1,726)
Valuation difference on available-for-sale securities1,3531,678Foreign currency translation adjustment(3,766)(2,423Remeasurements of defined benefit plans(101)(105Total accumulated other comprehensive income(2,514)(851Non-controlling interests2,4102,922Total net assets48,69752,755	Total shareholders' equity	48,801	50,684
Foreign currency translation adjustment (3,766) (2,423) Remeasurements of defined benefit plans (101) (105) Total accumulated other comprehensive income (2,514) (851) Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Accumulated other comprehensive income		
Remeasurements of defined benefit plans(101)(105)Total accumulated other comprehensive income(2,514)(851)Non-controlling interests2,4102,922Total net assets48,69752,755	Valuation difference on available-for-sale securities	1,353	1,678
Remeasurements of defined benefit plans(101)(105)Total accumulated other comprehensive income(2,514)(851)Non-controlling interests2,4102,922Total net assets48,69752,755	Foreign currency translation adjustment	(3,766)	(2,423)
Total accumulated other comprehensive income(2,514)(851)Non-controlling interests2,4102,922Total net assets48,69752,755	Remeasurements of defined benefit plans	(101)	(105)
Non-controlling interests 2,410 2,922 Total net assets 48,697 52,755	Total accumulated other comprehensive income	(2,514)	(851)
Total net assets 48,697 52,755	Non-controlling interests		2,922
	Total liabilities and net assets		100,803

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

Cost of sales 17,405 23,264 Gross profit 12,590 12,255 Selling, general and administrative expenses 7,579 8,625 Operating income 5,01 3,600 Non-operating income 21 97 Interest income 38 45 Real estate rent 40 42 Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method Other 44 109 Total non-operating income 247 882 Non-operating expenses 77 243 Interest expenses 77 246 Interest expenses 77 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total non-operating expenses 77 243 Loss on valuation of derivatives - 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Extraordinary income		Six months ended March 31, 2016	Six months ended March 31, 2017
Gross profit 12,590 12,225 Selling, general and administrative expenses 7,579 8,625 Operating income 5,011 3,600 Non-operating income 21 97 Interest income 21 97 Dividend income 38 45 Real estate rent 40 42 Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method Other 44 109 Total non-operating income 247 892 Non-operating expenses 77 243 Loss on valuation of derivatives 5 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income 4,521 3,794 Extraordinary income - 169 Total extraordinary income - 169 Extraordinary income	Net sales	29,996	35,489
Selling, general and administrative expenses 7,579 8,625 Operating income 5,011 3,600 Non-operating income 21 97 Dividend income 38 45 Real estate rent 40 42 Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method - 220 Other 44 109 Total non-operating income 247 892 Non-operating expenses 77 243 Interest expenses 77 243 Loss on valuation of derivatives - 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total ono-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Extraordinary income - 169 Extraordinary income - 169 Extraordinary income - 169	Cost of sales	17,405	23,264
Operating income 5,011 3,600 Non-operating income 21 97 Dividend income 38 45 Real estate rent 40 42 Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method Other 44 109 Total non-operating income 247 882 Non-operating expenses 77 243 Loss on valuation of derivatives 7 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Extraordinary losses - 169 Extraordinary losses - 113	Gross profit	12,590	12,225
Non-operating income 21 97 Dividend income 38 45 Real estate rent 40 42 Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method 4 109 Other 44 109 Total non-operating income 247 892 Non-operating expenses 77 243 Loss on valuation of derivatives - 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total on-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income 4,521 3,794 Extraordinary income - 169 Total extraordinary income - 169	Selling, general and administrative expenses	7,579	8,625
Interest income 21 97 Dividend income 38 45 Real estate rent 40 42 Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method Other 44 109 Total non-operating income 247 892 Non-operating expenses 77 243 Loss on valuation of derivatives - 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income 4,521 3,794 Extraordinary income - 169 Extraordinary loses - 113 Food to tread I related costs - 113 </td <td>Operating income</td> <td>5,011</td> <td>3,600</td>	Operating income	5,011	3,600
Dividend income 38 45 Real estate rent 40 42 Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method Other - 220 Other 44 109 Total non-operating income 247 892 Non-operating expenses 77 243 Loss on valuation of derivatives - 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Extraordinary income - 113 Loss on disposal of non-current assets - 113 <td>Non-operating income</td> <td></td> <td></td>	Non-operating income		
Real estate rent 40 42 Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method Other 4 109 Total non-operating income 247 892 Non-operating expenses 77 243 Loss on valuation of derivatives 7 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Extraordinary income - 113 Total extraordinary losses 3 3	Interest income	21	97
Foreign exchange gains 102 377 Share of profit of entities accounted for using equity method — 220 Other 44 109 Total non-operating income 247 892 Non-operating expenses 77 243 Loss on valuation of derivatives — 260 Share of loss of entities accounted for using equity method 539 — Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income — 169 Total extraordinary income — 169 Extraordinary losses — 169 Extraordinary losses 30 3 Product recall related costs — 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7	Dividend income	38	45
Share of profit of entities accounted for using equity method Other - 220 Other 44 109 Total non-operating income 247 892 Non-operating expenses 77 243 Loss on valuation of derivatives - 260 Share of loss of entities accounted for using equity method Other 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Total extraordinary income - 169 Extraordinary losses 30 3 Loss on disposal of non-current assets 30 3 Product recall related costs - 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Real estate rent	40	42
Other 44 109 Total non-operating income 247 892 Non-operating expenses 77 243 Loss on valuation of derivatives - 260 Share of loss of entities accounted for using equity method Other 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Gain on sales of investment securities - 169 Total extraordinary income - 169 Extraordinary losses 30 3 Loss on disposal of non-current assets 30 3 Product recall related costs - 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit attributable to non-controlling interests 7 190	Foreign exchange gains	102	377
Total non-operating income 247 892 Non-operating expenses - 243 Loss on valuation of derivatives - 260 Share of loss of entities accounted for using equity method 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Total extraordinary income - 169 Extraordinary losses 30 3 Loss on disposal of non-current assets 30 3 Product recall related costs - 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Share of profit of entities accounted for using equity method	_	220
Non-operating expenses 77 243 Loss on valuation of derivatives – 260 Share of loss of entities accounted for using equity method 539 – Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income – 169 Total extraordinary income – 169 Extraordinary losses – 169 Loss on disposal of non-current assets 30 3 Product recall related costs – 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Other	44	109
Interest expenses 77 243 Loss on valuation of derivatives – 260 Share of loss of entities accounted for using equity method 539 – Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income – 169 Total extraordinary income – 169 Extraordinary losses 30 3 Loss on disposal of non-current assets 30 3 Product recall related costs – 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Total non-operating income	247	892
Loss on valuation of derivatives – 260 Share of loss of entities accounted for using equity method 539 – Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income – 169 Total extraordinary income – 169 Extraordinary losses 30 3 Loss on disposal of non-current assets 30 3 Product recall related costs – 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Non-operating expenses		
Share of loss of entities accounted for using equity method 539 - Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Total extraordinary income - 169 Extraordinary losses 30 3 Loss on disposal of non-current assets 30 3 Product recall related costs - 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Interest expenses	77	243
Other 120 194 Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income — 169 Total extraordinary income — 169 Extraordinary losses — 169 Extraordinary losses 30 3 Product recall related costs — 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Loss on valuation of derivatives	_	260
Total non-operating expenses 737 698 Ordinary income 4,521 3,794 Extraordinary income - 169 Gain on sales of investment securities - 169 Total extraordinary income - 169 Extraordinary losses 30 3 Product recall related costs - 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Share of loss of entities accounted for using equity method	539	_
Ordinary income 4,521 3,794 Extraordinary income - 169 Total extraordinary income - 169 Extraordinary losses - 169 Loss on disposal of non-current assets 30 3 Product recall related costs - 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Other	120	194
Extraordinary income — 169 Gain on sales of investment securities — 169 Total extraordinary income — 169 Extraordinary losses — 30 3 Product recall related costs — 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Total non-operating expenses	737	698
Gain on sales of investment securities – 169 Total extraordinary income – 169 Extraordinary losses – 30 Loss on disposal of non-current assets 30 3 Product recall related costs – 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Ordinary income	4,521	3,794
Total extraordinary income – 169 Extraordinary losses Loss on disposal of non-current assets 30 3 Product recall related costs – 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Extraordinary income		
Extraordinary losses Loss on disposal of non-current assets 30 3 Product recall related costs - 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Gain on sales of investment securities	_	169
Loss on disposal of non-current assets 30 3 Product recall related costs - 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Total extraordinary income	_	169
Product recall related costs – 113 Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Extraordinary losses		
Total extraordinary losses 30 116 Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Loss on disposal of non-current assets	30	3
Profit before income taxes 4,490 3,847 Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Product recall related costs	_	113
Income taxes 1,547 1,272 Profit 2,942 2,575 Profit attributable to non-controlling interests 7 190	Total extraordinary losses	30	116
Profit2,9422,575Profit attributable to non-controlling interests7190	Profit before income taxes	4,490	3,847
Profit attributable to non-controlling interests 7 190	Income taxes	1,547	1,272
Profit attributable to non-controlling interests 7 190	Profit		
Profit attributable to owners of parent 2.935 2.384	Profit attributable to non-controlling interests	7	
	Profit attributable to owners of parent	2,935	2,384

Quarterly consolidated statements of comprehensive income

	Six months ended March 31, 2016	Six months ended March 31, 2017
Profit	2,942	2,575
Other comprehensive income		
Valuation difference on available-for-sale securities	(36)	324
Foreign currency translation adjustment	(724)	1,941
Remeasurements of defined benefit plans, net of tax	(5)	(4)
Share of other comprehensive income of entities accounted for using equity method	(685)	(265)
Total other comprehensive income	(1,451)	1,996
Comprehensive income	1,491	4,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,543	4,047
Comprehensive income attributable to non-controlling interests	(52)	523

	Six months ended March 31, 2016	(Millions of yen) Six months ended March 31, 2017
Cash flows from operating activities	-	
Profit before income taxes	4,490	3,847
Depreciation	707	744
Amortization of goodwill	224	309
Decrease (increase) in net defined benefit asset	(123)	(20)
Increase (decrease) in net defined benefit liability	(95)	(63)
Increase (decrease) in provision for product recall related costs	-	(906)
Increase (decrease) in provision for bonuses	(25)	(19)
Interest and dividend income	(60)	(143)
Interest expenses	77	243
Loss (gain) on valuation of derivatives	_	260
Share of (profit) loss of entities accounted for using equity method	539	(220)
Loss (gain) on sales of investment securities	_	(169)
Decrease (increase) in notes and accounts receivable - trade	(12,572)	(11,824)
Decrease (increase) in inventories	(658)	424
Increase (decrease) in notes and accounts payable - trade	3,062	1,686
Other, net	(1,012)	(588)
Subtotal	(5,446)	(6,440)
Interest and dividend income received	42	143
Interest expenses paid	(61)	(240)
Income taxes paid	(1,132)	(242)
Net cash provided by (used in) operating activities	(6,597)	(6,780)
Cash flows from investing activities		
Purchase of property, plant and equipment	(461)	(531)
Purchase of intangible assets	(51)	(134)
Purchase of investment securities	(533)	(50)
Proceeds from sales of investment securities	_	229
Payments into time deposits	(134)	(288)
Proceeds from withdrawal of time deposits	175	303
Other, net	(186)	509
Net cash provided by (used in) investing activities	(1,191)	36
Cash flows from financing activities		
Increase in short-term loans payable	6,448	6,463
Decrease in short-term loans payable	(187)	(599)
Proceeds from long-term loans payable	6,000	_
Repayments of long-term loans payable	(1,200)	(1,658)
Repayments of lease obligations	(62)	(66)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(501)	(501)
Dividends paid to non-controlling interests	(20)	(12)
Net cash provided by (used in) financing activities	10,477	3,624
Effect of exchange rate change on cash and cash equivalents	(27)	399
Net increase (decrease) in cash and cash equivalents	2,660	(2,719)
Cash and cash equivalents at beginning of period	7,835	13,629
Cash and cash equivalents at end of period	10,495	10,910
— — — — — — — — — — — — — — — — — — —	10,7/3	10,910