

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Year Ended September 30, 2016 (Based on Japanese GAAP)

November 14, 2016

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  
 General Affairs Department Toyokazu Iijima TEL +81-3-6361-1400  
 Scheduled date of ordinary general meeting of shareholders: December 20, 2016  
 Scheduled date to file Securities Report: December 21, 2016  
 Scheduled date to commence dividend payments: December 21, 2016  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2016 (from October 1, 2015 to September 30, 2016)

(1) Consolidated operating results

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	%
Year ended September 30, 2016	50,641	(11.0)	4,426	(55.5)	3,864	(58.8)	1,035	(81.6)
Year ended September 30, 2015	56,930	0.4	9,951	5.8	9,375	0.2	5,625	(8.4)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2016	15.49	–	2.1	4.5	8.7
Year ended September 30, 2015	84.16	–	11.8	12.5	17.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	88,791	48,697	52.1	692.53
As of September 30, 2015	81,237	51,034	61.6	748.99

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2016	3,968	(958)	2,069	13,629
Year ended September 30, 2015	6,745	(13,063)	7,341	7,835

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2015	–	7.50	–	7.50	15.00	1,002	17.8	2.1
Year ended September 30, 2016	–	7.50	–	7.50	15.00	1,002	96.8	2.1
Year ending September 30, 2017 (Forecast)	–	7.50	–	7.50	15.00		45.6	

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 year ended September 30, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) 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:

Yes

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of September 30, 2016	70,026,782 shares	As of September 30, 2015	70,026,782 shares
--------------------------	-------------------	--------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2016	3,189,034 shares	As of September 30, 2015	3,188,266 shares
--------------------------	------------------	--------------------------	------------------

Average number of shares during the period

Year ended September 30, 2016	66,838,202 shares	Year ended September 30, 2015	66,839,260 shares
-------------------------------	-------------------	-------------------------------	-------------------

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2015	As of September 30, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,382	15,159
Notes and accounts receivable - trade	14,181	19,465
Electronically recorded monetary claims - operating	585	603
Merchandise and finished goods	9,485	10,065
Work in process	436	454
Raw materials and supplies	4,239	4,273
Deferred tax assets	730	529
Other	2,435	3,211
Allowance for doubtful accounts	(19)	(418)
<b>Total current assets</b>	<b>41,455</b>	<b>53,344</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	5,191	5,565
Machinery, equipment and vehicles	3,172	3,553
Land	6,382	6,354
Construction in progress	124	194
Other	949	823
<b>Total property, plant and equipment</b>	<b>15,820</b>	<b>16,491</b>
<b>Intangible assets</b>		
Goodwill	5,836	7,150
Software	173	181
Other	836	796
<b>Total intangible assets</b>	<b>6,845</b>	<b>8,128</b>
<b>Investments and other assets</b>		
Investment securities	13,438	6,156
Long-term loans receivable	1,920	–
Deferred tax assets	194	1,659
Net defined benefit asset	403	281
Other	1,216	2,744
Allowance for doubtful accounts	(58)	(13)
<b>Total investments and other assets</b>	<b>17,115</b>	<b>10,827</b>
<b>Total non-current assets</b>	<b>39,781</b>	<b>35,446</b>
<b>Total assets</b>	<b>81,237</b>	<b>88,791</b>

(Millions of yen)

As of September 30, 2015

As of September 30, 2016

	As of September 30, 2015	As of September 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,947	8,833
Electronically recorded obligations - operating	501	460
Short-term loans payable	3,161	4,449
Accrued expenses	4,617	4,840
Income taxes payable	1,029	119
Provision for bonuses	669	630
Provision for directors' bonuses	26	1
Provision for sales returns	24	22
Provision for product recall related costs	–	1,044
Electronically recorded obligations - non-operating	55	138
Other	1,639	1,968
<b>Total current liabilities</b>	<b>16,672</b>	<b>22,509</b>
<b>Non-current liabilities</b>		
Bonds payable	–	1,848
Long-term loans payable	9,020	11,567
Deferred tax liabilities	943	822
Provision for directors' retirement benefits	97	91
Net defined benefit liability	1,900	1,418
Other	1,568	1,834
<b>Total non-current liabilities</b>	<b>13,530</b>	<b>17,583</b>
<b>Total liabilities</b>	<b>30,202</b>	<b>40,093</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	10,939	10,939
Capital surplus	13,235	13,235
Retained earnings	26,319	26,351
Treasury shares	(1,725)	(1,726)
<b>Total shareholders' equity</b>	<b>48,768</b>	<b>48,801</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,766	1,353
Foreign currency translation adjustment	(314)	(3,766)
Remeasurements of defined benefit plans	(159)	(101)
<b>Total accumulated other comprehensive income</b>	<b>1,292</b>	<b>(2,514)</b>
<b>Non-controlling interests</b>	<b>972</b>	<b>2,410</b>
<b>Total net assets</b>	<b>51,034</b>	<b>48,697</b>
<b>Total liabilities and net assets</b>	<b>81,237</b>	<b>88,791</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

	(Millions of yen)	
	Year ended September 30, 2015	Year ended September 30, 2016
Net sales	56,930	50,641
Cost of sales	30,930	30,496
Gross profit	25,999	20,144
Selling, general and administrative expenses	16,047	15,718
Operating income	9,951	4,426
Non-operating income		
Interest income	19	39
Dividend income	158	88
Real estate rent	78	82
Foreign exchange gains	–	353
Other	47	111
Total non-operating income	304	676
Non-operating expenses		
Interest expenses	113	166
Sales discounts	15	13
Loss on abandonment of inventories	100	75
Foreign exchange losses	62	–
Share of loss of entities accounted for using equity method	433	903
Other	155	78
Total non-operating expenses	880	1,237
Ordinary income	9,375	3,864
Extraordinary income		
Gain on sales of non-current assets	–	84
Total extraordinary income	–	84
Extraordinary losses		
Loss on disposal of non-current assets	16	119
Product recall related costs	–	1,356
Impairment loss	948	–
Other	–	3
Total extraordinary losses	964	1,479
Profit before income taxes	8,411	2,470
Income taxes - current	2,862	1,056
Income taxes - deferred	(138)	329
Total income taxes	2,723	1,385
Profit	5,687	1,084
Profit attributable to non-controlling interests	62	49
Profit attributable to owners of parent	5,625	1,035

**Consolidated statements of comprehensive income**

	(Millions of yen)	
	Year ended September 30, 2015	Year ended September 30, 2016
Profit	5,687	1,084
Other comprehensive income		
Valuation difference on available-for-sale securities	355	(412)
Foreign currency translation adjustment	(503)	(2,408)
Remeasurements of defined benefit plans, net of tax	50	58
Share of other comprehensive income of entities accounted for using equity method	(161)	(1,947)
Total other comprehensive income	(258)	(4,710)
Comprehensive income	5,428	(3,625)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,423	(2,771)
Comprehensive income attributable to non-controlling interests	5	(854)

**Consolidated statements of changes in equity**

Year ended September 30, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,939	13,235	21,509	(1,723)	43,961
Cumulative effects of changes in accounting policies			253		253
Restated balance	10,939	13,235	21,763	(1,723)	44,215
Changes of items during period					
Dividends of surplus			(1,069)		(1,069)
Profit attributable to owners of parent			5,625		5,625
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,555	(2)	4,553
Balance at end of current period	10,939	13,235	26,319	(1,725)	48,768

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,410	294	(210)	1,495	263	45,719
Cumulative effects of changes in accounting policies						253
Restated balance	1,410	294	(210)	1,495	263	45,973
Changes of items during period						
Dividends of surplus						(1,069)
Profit attributable to owners of parent						5,625
Purchase of treasury shares						(2)
Net changes of items other than shareholders' equity	355	(609)	50	(202)	709	507
Total changes of items during period	355	(609)	50	(202)	709	5,061
Balance at end of current period	1,766	(314)	(159)	1,292	972	51,034

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,939	13,235	26,319	(1,725)	48,768
Cumulative effects of changes in accounting policies					–
Restated balance	10,939	13,235	26,319	(1,725)	48,768
Changes of items during period					
Dividends of surplus			(1,002)		(1,002)
Profit attributable to owners of parent			1,035		1,035
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	32	(0)	32
Balance at end of current period	10,939	13,235	26,351	(1,726)	48,801

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,766	(314)	(159)	1,292	972	51,034
Cumulative effects of changes in accounting policies						–
Restated balance	1,766	(314)	(159)	1,292	972	51,034
Changes of items during period						
Dividends of surplus						(1,002)
Profit attributable to owners of parent						1,035
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(412)	(3,452)	58	(3,807)	1,438	(2,368)
Total changes of items during period	(412)	(3,452)	58	(3,807)	1,438	(2,336)
Balance at end of current period	1,353	(3,766)	(101)	(2,514)	2,410	48,697

**Consolidated statements of cash flows**

(Millions of yen)

	Year ended September 30, 2015	Year ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	8,411	2,470
Depreciation	1,349	1,403
Impairment loss	948	–
Amortization of goodwill	535	425
Increase (decrease) in net defined benefit liability	(239)	(91)
Increase (decrease) in provision for directors' retirement benefits	0	(6)
Increase (decrease) in provision for product recall related costs	–	1,044
Increase (decrease) in allowance for doubtful accounts	(25)	(41)
Increase (decrease) in provision for bonuses	(56)	(38)
Increase (decrease) in provision for directors' bonuses	1	(25)
Increase (decrease) in provision for sales returns	(5)	(2)
Interest and dividend income	(178)	(128)
Interest expenses	113	166
Share of (profit) loss of entities accounted for using equity method	433	903
Loss on retirement of property, plant and equipment	4	36
Decrease (increase) in notes and accounts receivable - trade	1,804	(1,813)
Decrease (increase) in inventories	(1,210)	1,066
Increase (decrease) in notes and accounts payable - trade	(3,912)	1,205
Decrease (increase) in net defined benefit asset	(399)	(171)
Increase (decrease) in accrued consumption taxes	282	48
Other, net	2,439	(625)
Subtotal	10,296	5,828
Interest and dividend income received	200	267
Interest expenses paid	(100)	(177)
Income taxes paid	(3,650)	(1,950)
Net cash provided by (used in) operating activities	6,745	3,968
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,743)	(1,069)
Purchase of intangible assets	(168)	(110)
Purchase of investment securities	(1,699)	(533)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,202)	–
Payments into time deposits	(505)	(288)
Proceeds from withdrawal of time deposits	415	785
Payments of short-term loans receivable	(625)	(258)
Payments of long-term loans receivable	(1,920)	–
Collection of loans receivable	358	367
Other, net	26	149
Net cash provided by (used in) investing activities	(13,063)	(958)

(Millions of yen)

	Year ended September 30, 2015	Year ended September 30, 2016
Cash flows from financing activities		
Increase in short-term loans payable	6,168	6,607
Decrease in short-term loans payable	(5,731)	(6,653)
Proceeds from long-term loans payable	9,920	6,000
Repayments of long-term loans payable	(1,600)	(2,774)
Redemption of bonds	(200)	-
Repayments of lease obligations	(107)	(79)
Purchase of treasury shares	(2)	(0)
Cash dividends paid	(1,069)	(1,002)
Dividends paid to non-controlling interests	(36)	(26)
Net cash provided by (used in) financing activities	7,341	2,069
Effect of exchange rate change on cash and cash equivalents	80	(341)
Net increase (decrease) in cash and cash equivalents	1,103	4,738
Cash and cash equivalents at beginning of period	6,731	7,835
Increase in cash and cash equivalents from newly consolidated subsidiary	-	1,056
Cash and cash equivalents at end of period	7,835	13,629