

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
 General Affairs Department 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
 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		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 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
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): 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 March 31, 2017	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 March 31, 2017	3,189,288 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)

Six months ended March 31, 2017	66,837,634 shares	Six months ended March 31, 2016	66,838,328 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	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

(Millions of yen)

As of September 30, 2016

As of March 31, 2017

	As of September 30, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
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		
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		
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
Total liabilities and net assets	88,791	100,803

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

	(Millions of yen)	
	Six months ended March 31, 2016	Six months ended March 31, 2017
Net sales	29,996	35,489
Cost of sales	17,405	23,264
Gross profit	12,590	12,225
Selling, general and administrative expenses	7,579	8,625
Operating income	5,011	3,600
Non-operating income		
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	–	220
Other	44	109
Total non-operating income	247	892
Non-operating expenses		
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		
Gain on sales of investment securities	–	169
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
Profit attributable to owners of parent	2,935	2,384

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	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

Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2016	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