

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended March 31, 2018
(Based on Japanese GAAP)**

May 14, 2018

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 Shirou Takahashi TEL +81-3-6361-1400
 General Affairs & Legal Department
 Scheduled date to file Quarterly Securities Report: May 14, 2018
 Scheduled date to commence dividend payments: June 12, 2018
 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, 2018 (from October 1, 2017 to March 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2018	36,955	4.1	3,732	3.7	3,955	4.3	2,525	5.9
Six months ended March 31, 2017	35,489	18.3	3,600	(28.2)	3,794	(16.1)	2,384	(18.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2018	37.79		-	
Six months ended March 31, 2017	35.68		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2018	101,152	50,408	47.5
As of September 30, 2017	88,713	48,867	52.8

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, 2017	-	7.50	-	7.50	15.00
Year ending September 30, 2018	-	7.50			
Year ending September 30, 2018 (Forecast)			-	7.50	15.00

3. Forecast of consolidated financial results for the year ending September 30, 2018 (from October 1, 2017 to September 30, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	68,000	13.3	4,400	25.8	3,800	5.6	2,200	28.1	32.92

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2018
 (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, 2018	70,026,782 shares	As of September 30, 2017	70,026,782 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	3,190,468 shares	As of September 30, 2017	3,189,804 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, 2018	66,836,574 shares	Six months ended March 31, 2017	66,837,634 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of September 30, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	11,620	9,892
Notes and accounts receivable - trade	21,220	33,793
Electronically recorded monetary claims - operating	895	1,335
Merchandise and finished goods	9,986	10,801
Work in process	660	791
Raw materials and supplies	4,465	4,830
Other	3,868	4,218
Allowance for doubtful accounts	(441)	(539)
Total current assets	52,276	65,123
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,648	5,530
Machinery, equipment and vehicles, net	3,521	3,637
Land	6,458	6,424
Other, net	908	882
Total property, plant and equipment	16,536	16,474
Intangible assets		
Goodwill	6,745	6,380
Other	1,078	1,203
Total intangible assets	7,824	7,584
Investments and other assets		
Investment securities	7,156	6,997
Other	4,947	4,989
Allowance for doubtful accounts	(27)	(16)
Total investments and other assets	12,076	11,969
Total non-current assets	36,436	36,028
Total assets	88,713	101,152

(Millions of yen)

As of September 30, 2017

As of March 31, 2018

Liabilities	As of September 30, 2017	As of March 31, 2018
Current liabilities		
Notes and accounts payable - trade	9,546	13,028
Electronically recorded obligations - operating	753	1,501
Short-term loans payable	3,838	9,777
Income taxes payable	642	1,437
Provision for bonuses	722	664
Provision for product recall related costs	137	-
Provision for environmental measures	114	-
Other provision	30	61
Electronically recorded obligations - non-operating	100	271
Other	7,282	6,168
Total current liabilities	23,168	32,911
Non-current liabilities		
Bonds payable	2,014	2,035
Long-term loans payable	10,405	11,860
Net defined benefit liability	1,423	1,396
Other provision	58	43
Other	2,775	2,496
Total non-current liabilities	16,676	17,831
Total liabilities	39,845	50,743
Net assets		
Shareholders' equity		
Capital stock	10,939	10,939
Capital surplus	11,057	11,057
Retained earnings	27,067	29,091
Treasury shares	(1,726)	(1,727)
Total shareholders' equity	47,337	49,361
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,077	1,728
Foreign currency translation adjustment	(2,487)	(2,933)
Remeasurements of defined benefit plans	(97)	(99)
Total accumulated other comprehensive income	(507)	(1,304)
Non-controlling interests	2,038	2,352
Total net assets	48,867	50,408
Total liabilities and net assets	88,713	101,152

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, 2017	Six months ended March 31, 2018
Net sales	35,489	36,955
Cost of sales	23,264	24,743
Gross profit	12,225	12,212
Selling, general and administrative expenses	8,625	8,479
Operating profit	3,600	3,732
Non-operating income		
Interest income	97	81
Dividend income	45	60
Real estate rent	42	40
Foreign exchange gains	377	70
Share of profit of entities accounted for using equity method	220	261
Other	109	68
Total non-operating income	892	581
Non-operating expenses		
Interest expenses	243	256
Loss on valuation of derivatives	260	29
Other	194	72
Total non-operating expenses	698	358
Ordinary profit	3,794	3,955
Extraordinary income		
Gain on sales of investment securities	169	133
Total extraordinary income	169	133
Extraordinary losses		
Loss on disposal of non-current assets	3	21
Product recall related costs	113	57
Environmental expenses	-	17
Total extraordinary losses	116	96
Profit before income taxes	3,847	3,992
Income taxes	1,272	1,156
Profit	2,575	2,836
Profit attributable to non-controlling interests	190	310
Profit attributable to owners of parent	2,384	2,525

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Six months ended March 31, 2017	Six months ended March 31, 2018
Profit	2,575	2,836
Other comprehensive income		
Valuation difference on available-for-sale securities	324	(348)
Foreign currency translation adjustment	1,941	(505)
Remeasurements of defined benefit plans, net of tax	(4)	(2)
Share of other comprehensive income of entities accounted for using equity method	(265)	72
Total other comprehensive income	1,996	(784)
Comprehensive income	4,571	2,052
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,047	1,728
Comprehensive income attributable to non-controlling interests	523	323

Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	3,847	3,992
Depreciation	744	710
Amortization of goodwill	309	209
Decrease (increase) in net defined benefit asset	(20)	(21)
Increase (decrease) in net defined benefit liability	(63)	(41)
Increase (decrease) in provision for product recall related costs	(906)	(137)
Increase (decrease) in provision for bonuses	(19)	(52)
Interest and dividend income	(143)	(141)
Interest expenses	243	256
Share of (profit) loss of entities accounted for using equity method	(220)	(261)
Loss (gain) on sales of investment securities	(169)	(133)
Decrease (increase) in notes and accounts receivable - trade	(11,824)	(13,183)
Decrease (increase) in inventories	424	(1,466)
Increase (decrease) in notes and accounts payable - trade	1,686	4,269
Increase (decrease) in provision for environmental measures	–	(114)
Other, net	(328)	(1,086)
Subtotal	(6,440)	(7,201)
Interest and dividend income received	143	141
Interest expenses paid	(240)	(244)
Income taxes paid	(242)	(513)
Net cash provided by (used in) operating activities	(6,780)	(7,818)
Cash flows from investing activities		
Purchase of property, plant and equipment	(531)	(733)
Purchase of intangible assets	(134)	(178)
Purchase of investment securities	(50)	(48)
Proceeds from sales of investment securities	229	171
Payments into time deposits	(288)	(452)
Proceeds from withdrawal of time deposits	303	474
Other, net	509	(0)
Net cash provided by (used in) investing activities	36	(766)
Cash flows from financing activities		
Increase in short-term loans payable	6,463	6,712
Decrease in short-term loans payable	(599)	(706)
Proceeds from long-term loans payable	–	3,000
Repayments of long-term loans payable	(1,658)	(1,574)
Repayments of lease obligations	(66)	(65)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(501)	(501)
Dividends paid to non-controlling interests	(12)	(9)
Net cash provided by (used in) financing activities	3,624	6,854
Effect of exchange rate change on cash and cash equivalents	399	28
Net increase (decrease) in cash and cash equivalents	(2,719)	(1,702)
Cash and cash equivalents at beginning of period	13,629	10,128
Cash and cash equivalents at end of period	10,910	8,426