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November 10, 2015

## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2015 <under Japanese GAAP>

Company name: **OAT Agrio Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
 Securities code: 4979  
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Scheduled date to file Quarterly Securities Report: November 10, 2015  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the first nine months of the fiscal year ending December 31, 2015 (from January 1, 2015 to September 30, 2015)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2015	10,048	2.6	1,574	21.0	1,572	23.1	1,054	30.7
September 30, 2014	9,792	–	1,300	–	1,277	–	807	–

Note: Comprehensive income  
 Nine months ended September 30, 2015: ¥1,024 million [19.9%]  
 Nine months ended September 30, 2014: ¥854 million [–%]

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2015	196.07	186.81
September 30, 2014	149.95	140.46

- Notes:
- As OAT Agrio Co., Ltd. (the “Company”) did not prepare quarterly consolidated financial statements for the nine months ended September 30, 2013, year-on-year changes for the nine months ended September 30, 2014 are omitted.
  - The Company was listed on the Second Section of the Tokyo Stock Exchange on June 25, 2014. Consequently, the amounts of diluted earnings per share for the nine months ended September 30, 2014, were calculated with the average share price from the date of this new listing to the final date of the nine months ended September 30, 2014, deemed as the average share price during the period.
  - The Company conducted a 2-for-1 share split on July 1, 2015. Basic earnings per share and diluted earnings per share were calculated as though the said share split was conducted at the beginning of the fiscal year ended December 31, 2014.

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2015	10,464	4,752	44.1	858.35
December 31, 2014	9,675	3,852	38.3	689.66

Reference: Equity As of September 30, 2015: ¥4,617 million

As of December 31, 2014: ¥3,710 million

Note: The Company conducted a 2-for-1 share split on July 1, 2015. Net assets per share were calculated as though the said share split was conducted at the beginning of the fiscal year ended December 31, 2014.

## 2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2014	–	0.00	–	55.00	55.00
Fiscal year ending December 31, 2015	–	0.00	–		
Fiscal year ending December 31, 2015 (Forecast)				27.50	27.50

Note: Revisions to the dividends forecasts most recently announced: None

The Company conducted a 2-for-1 share split on July 1, 2015. For the fiscal year ended December 31, 2014, the actual amount of dividends before the said share split was conducted is presented.

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2015 (from January 1, 2015 to December 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2015	12,100	6.1	1,100	65.7	1,100	68.5	620	78.0	115.24

Note: Revisions to the earnings forecasts most recently announced: Yes

For the revisions to the consolidated earnings forecasts, please refer to “Notice Regarding Revisions to Consolidated Earnings Forecasts” released today (November 10, 2015).

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - a. Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
  - d. Restatement: None

Note: For the details, please refer to “2. Matters regarding summary information (Notes), (3) Changes in accounting policies, changes in accounting estimates, and restatement” on page 3 of the attached materials.

- (4) Number of shares issued (common shares)
  - a. Number of shares issued at the end of the period (including treasury shares)

As of September 30, 2015	5,536,000 shares
As of December 31, 2014	5,536,000 shares

- b. Number of treasury shares at the end of the period

As of September 30, 2015	156,024 shares
As of December 31, 2014	156,000 shares

- c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2015	5,379,998 shares
Nine months ended September 30, 2014	5,383,663 shares

Note: The Company conducted a 2-for-1 share split on July 1, 2015. The number of shares issued (common shares) was calculated as though the said share split was conducted at the beginning of the fiscal year ended December 31, 2014.

**\* Indication regarding execution of quarterly review procedures**

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are not complete.

**\* Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company’s actual results. Actual financial and other results may differ substantially from the statements herein due to various factors.

**Attached Materials**

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## 1. Qualitative information regarding financial results for the first nine months

### (1) Information regarding operating results

In the first nine months of the fiscal year ending December 31, 2015, the Japanese economy has continued to follow a trend of moderate recovery amid improvements in corporate earnings and the employment situation on the back of economic measures by the Japanese government and monetary easing by the Bank of Japan. Nevertheless, the global economic outlook has remained increasingly uncertain amid factors that include negative growth in emerging countries, particularly the resource-rich countries such as Russia and Brazil, and the downturn in the stock markets of China.

As for operating results of the OAT Agrio Group (the “Group”), because the first six months of the fiscal year bring peak demand particularly in the domestic agrichemicals business, results in that period tend to account for a higher proportion of net sales, operating income and other full-year earnings figures.

Amid this situation, the Group actively engaged in sales initiatives to expand sales of all products both in Japan and overseas.

As a result, in the first nine months under review, net sales was ¥10,048 million, up ¥256 million or 2.6% year on year, operating income was ¥1,574 million, up ¥273 million or 21.0% year on year, ordinary income was ¥1,572 million, up ¥294 million or 23.1% year on year and net income was ¥1,054 million, up ¥247 million or 30.7% year on year.

The Group has a single business segment, the AgriTechno Business. The operating results by business fields in this segment are as follows.

In the agrichemicals field, net sales in the domestic market were down year on year mainly reflecting the impact of changes in the agricultural chemical registration details for some products. However, there was growth in sales of agricultural chemicals to overseas markets, particularly of the acaricide *Cyflumetofen*, while the depreciation of the yen against other currencies also had a beneficial effect. As a result, overall net sales in the agrichemicals field increased ¥144 million or 1.8% year on year to ¥7,974 million.

In the fertilizer and biostimulant field, there was growth in sales of plant growth agents to overseas markets, particularly *Atonik*, while the depreciation of the yen against other currencies also had a beneficial effect. As a result, overall net sales in the fertilizer and biostimulant field increased ¥112 million or 5.7% year on year to ¥2,074 million.

### (2) Information regarding financial position

Total assets as of September 30, 2015, was ¥10,464 million, an increase of ¥789 million compared to December 31, 2014. This was mainly the result of increases of ¥765 million in cash and deposits and ¥362 million in notes and accounts receivable - trade.

Total liabilities was ¥5,712 million, a decrease of ¥110 million compared to December 31, 2014. This was mainly the result of a decrease of ¥642 million in notes and accounts payable - trade and an increase of ¥354 million in short-term loans payable.

Net assets was ¥4,752 million, an increase of ¥899 million compared to December 31, 2014. This was mainly the result of an increase in retained earnings from net income.

### (3) Information regarding consolidated earnings forecasts and other forward-looking statements

In the consolidated earnings forecasts for the fiscal year ending December 31, 2015, in consequence of growth in sales of agricultural chemicals in overseas markets, and the impact of continued yen depreciation from the beginning of the period which contributed an improvement in profitability in overseas market, net sales, operating income, ordinary income and net income are expected to exceed the previous forecasts, and the full-year consolidated earnings forecasts have been revised.

For the details, please refer to “Notice Regarding Revisions to Consolidated Earnings Forecasts” released today (November 10, 2015).

## **2. Matters regarding summary information (Notes)**

### **(1) Changes in significant subsidiaries during the period**

No items to report.

Although this matter does not constitute a change in a specified subsidiary, OAT Stevia Co., Ltd., which was a non-consolidated subsidiary, is included in the scope of consolidation effective from the second quarter of the fiscal year ending December 31, 2015, due to an increase in its materiality.

### **(2) Application of special accounting for preparing quarterly consolidated financial statements**

No items to report.

### **(3) Changes in accounting policies, changes in accounting estimates, and restatement**

#### **Application of the accounting standard for retirement benefits, etc.**

Regarding the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), effective from the first quarter ended March 31, 2015, the Company has applied the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, and reviewed its calculation method for retirement benefit obligations and current service costs. Accordingly, the Company changed the method of attributing expected retirement benefits to accounting periods from the straight-line basis to the benefit formula basis, and changed the method of determining the discount rate from one that uses a rate based on a maturity period of bonds that forms the basis for determining the discount rate, decided in accordance with a period of years approximate to the average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting the estimated timing of retirement benefit payments and the amount of retirement benefit payment for each estimated payment timing.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the change to the calculation method for retirement benefit obligations and current service costs has been added to or deducted from retained earnings as of the beginning of the first nine months under review.

As a result of this change, as of the beginning of the first nine months under review, net defined benefit liability decreased ¥39 million and retained earnings increased ¥25 million. The effect of this change on operating income, ordinary income and income before income taxes and minority interests for the first nine months under review is immaterial.

### 3. Quarterly consolidated financial statements

#### (1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2014	As of September 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	1,442	2,208
Notes and accounts receivable - trade	2,401	2,763
Merchandise and finished goods	2,024	1,845
Work in process	386	281
Raw materials	364	331
Other	377	592
Allowance for doubtful accounts	(15)	(17)
Total current assets	6,983	8,005
Non-current assets		
Property, plant and equipment	1,502	1,430
Intangible assets		
Goodwill	334	203
Other	185	156
Total intangible assets	519	360
Investments and other assets		
Other	713	713
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	669	668
Total non-current assets	2,691	2,459
Total assets	9,675	10,464
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,705	1,062
Short-term loans payable	1,404	1,758
Income taxes payable	84	435
Provision for sales returns	71	37
Provision for sales rebates	51	185
Provision for loss on abandonment of returned product	33	-
Provision for bonuses	28	115
Other	654	446
Total current liabilities	4,033	4,042
Non-current liabilities		
Long-term loans payable	1,130	1,082
Provision for directors' retirement benefits	11	13
Net defined benefit liability	374	302
Other	272	271
Total non-current liabilities	1,789	1,669
Total liabilities	5,822	5,712

(Millions of yen)

	As of December 31, 2014	As of September 30, 2015
Net assets		
Shareholders' equity		
Capital stock	461	461
Capital surplus	2,717	2,717
Retained earnings	707	1,637
Treasury shares	(78)	(78)
Total shareholders' equity	3,808	4,738
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2)	(7)
Foreign currency translation adjustment	(29)	(55)
Remeasurements of defined benefit plans	(65)	(58)
Total accumulated other comprehensive income	(97)	(120)
Subscription rights to shares	3	3
Minority interests	138	130
Total net assets	3,852	4,752
Total liabilities and net assets	9,675	10,464



## (2) Consolidated statement of income and consolidated statement of comprehensive income

### Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2014	Nine months ended September 30, 2015
Net sales	9,792	10,048
Cost of sales	5,657	5,590
Gross profit	4,135	4,458
Selling, general and administrative expenses	2,834	2,884
Operating income	1,300	1,574
Non-operating income		
Interest income	17	12
Dividend income	4	4
Foreign exchange gains	1	0
Other	3	2
Total non-operating income	26	19
Non-operating expenses		
Interest expenses	26	21
Going public expenses	19	–
Share issuance cost	4	–
Other	–	0
Total non-operating expenses	50	21
Ordinary income	1,277	1,572
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Impairment loss	–	66
Office transfer expenses	8	–
Company name change expenses	7	–
Loss on valuation of inventories	36	–
Provision for loss on abandonment of returned product	33	–
Total extraordinary losses	85	66
Income before income taxes and minority interests	1,191	1,505
Income taxes - current	520	508
Income taxes - deferred	(131)	(56)
Total income taxes	389	452
Income before minority interests	801	1,053
Minority interests in loss	(5)	(1)
Net income	807	1,054

**Consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended September 30, 2014	Nine months ended September 30, 2015
Income before minority interests	801	1,053
Other comprehensive income		
Valuation difference on available-for-sale securities	20	(4)
Foreign currency translation adjustment	31	(32)
Remeasurements of defined benefit plans, net of tax	–	7
Total other comprehensive income	52	(29)
Comprehensive income	854	1,024
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	853	1,030
Comprehensive income attributable to minority interests	0	(7)

### (3) Notes to quarterly consolidated financial statements

#### Notes on premise of going concern

No items to report.

#### Notes on substantial changes in the amount of shareholders' equity

No items to report.

#### Segment information, etc.

[Segment information]

As the Group consists of a single business segment, the AgriTechno Business, this information is omitted.

#### Significant subsequent events

##### Conclusion of agreement on establishment of joint venture company in China

The Company has resolved to conclude an agreement for the establishment of a joint venture company (consolidated subsidiary) to manufacture and sell fertilizers and fertilization and irrigation systems in China at a meeting of the Board of Directors held on November 5, 2015, and concluded the agreement on the same date.

##### 1. Purpose of establishment of joint venture company

The Company, positioning the China business as a business for a market to be expanded more strategically, decided to establish a joint venture company with the purpose of operating a “solution business” incorporating fertigation fertilizers, fertilization and irrigation systems and crop cultivation technologies, in order to meet growing demand for safe, reliable and premium-quality crops in China.

The joint venture company will be established through investments by three companies: the Company, Zhoushan Xiushan Glocal CO., LTD. and HighChem Company Limited. The aims of the joint venture company are to achieve further business expansion and diversification in commercial rights in China.

##### 2. Details of joint venture company (planned)

a. Name	Runhe (Zhoushan) Plant Science Co., Ltd.
b. Location	Ruotiao Village, Xiushan Island, Daishan County, Zhoushan City, Zhejiang Province, P.R. of China
c. Representative	Junji Oka, Chairman
d. Business activities	Development, manufacture and sale of fertilizers and fertilization and irrigation systems, consulting on crop cultivation technologies, etc.
e. Capital stock	¥350 million (approximately RMB17.5 million) (Note)
f. Planned month and year of establishment	January 2016
g. Ownership ratios	OAT Agrio Co., Ltd. 60% Zhoushan Xiushan Glocal CO., LTD. 20% HighChem Company Limited 20%

Note: Calculated at the rate of RMB1 to ¥20.

### Conclusion of agreement on establishment of joint venture company in Indonesia

The Company has resolved to conclude an agreement for the establishment of a joint venture company (consolidated subsidiary) with PT. MITOKU SUKSES MAKMUR (hereafter, "MITOKU"), to manufacture and sell pesticides and fertilizers in the Republic of Indonesia at a meeting of the Board of Directors held on November 2, 2015, and concluded the agreement on the same date.

#### 1. Purpose of establishment of joint venture company

The Company's subsidiary Asahi Chemical Mfg. Co., Ltd. sells agricultural chemical products to MITOKU which is based in the Republic of Indonesia, and in turn MITOKU develops business involving such products primarily in Indonesia's domestic market.

The Company will establish the joint venture company through joint investment with MITOKU, with the aim of generating higher earnings through initiatives involving everything from manufacturing to sales of such products. Moreover, the joint venture company will also be established with the aim of actively expanding business through initiatives that include developing a greater range of product applications and providing technical services in Indonesia.

#### 2. Details of joint venture company (planned)

a. Name	PT. OAT MITOKU AGRIO
b. Location	Jakarta, the Republic of Indonesia
c. Representative	Alexander Herodidjaja Effendie, President Director
d. Business activities	Manufacture and sale of agricultural chemicals and fertilizers
e. Capital stock	USD1.25 million (¥150 million) (Note)
f. Planned month and year of establishment	January 2016
g. Ownership ratios	OAT Agrio Co., Ltd. 60% PT. MITOKU SUKSES MAKMUR 40%

Note: Calculated at the rate of USD1 to ¥120.00.