

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2016 (Based on Japanese GAAP)

August 8, 2016

Company name: Sakai Chemical Industry Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4078 URL <http://www.sakai-chem.co.jp>
 Representative: President, Representative Director Masaaki Yabe
 Director, General Manager of Accounting & Finance Department Toshiaki Sano
 Inquiries: TEL 072-223-4111
 Scheduled date to file Quarterly Securities Report: August 10, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

(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	%
Three months ended June 30, 2016	20,293	(6.4)	946	(12.8)	758	(27.8)	337	(49.5)
Three months ended June 30, 2015	21,676	0.3	1,085	(2.6)	1,050	(1.2)	669	(2.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	3.58		–	
Three months ended June 30, 2015	6.91		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	116,650	78,898	65.5	808.19
As of March 31, 2016	117,734	79,610	65.4	815.04

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2016	–	4.00	–	4.00	8.00
Year ending March 31, 2017	–	–	–	–	–
Year ending March 31, 2017 (Forecast)	–	4.00	–	4.00	8.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 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 September 30, 2016	43,000	(1.1)	2,200	(4.0)	1,900	(17.8)	1,200	(18.9)	12.70
Full year	87,000	1.7	4,700	1.8	4,500	1.8	2,500	6.8	26.46

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2016
 (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 June 30, 2016	104,939,559 shares	As of March 31, 2016	104,939,559 shares
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Number of treasury shares at the end of the period

As of June 30, 2016	10,448,594 shares	As of March 31, 2016	10,448,217 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2016	94,491,190 shares	Three months ended June 30, 2015	96,878,980 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	13,989	14,114
Notes and accounts receivable - trade	25,685	24,514
Merchandise and finished goods	10,234	10,374
Work in process	2,409	2,509
Raw materials and supplies	5,299	4,902
Other	1,960	2,103
Allowance for doubtful accounts	(69)	(59)
Total current assets	59,509	58,458
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,237	13,479
Machinery, equipment and vehicles, net	7,053	7,953
Land	18,276	18,247
Other, net	5,562	3,048
Total property, plant and equipment	42,130	42,728
Intangible assets		
Goodwill	2,348	2,282
Other	614	637
Total intangible assets	2,962	2,919
Investments and other assets		
Investment securities	11,370	10,802
Other	1,813	1,794
Allowance for doubtful accounts	(51)	(52)
Total investments and other assets	13,132	12,544
Total non-current assets	58,224	58,192
Total assets	117,734	116,650
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,457	9,747
Short-term loans payable	11,312	11,590
Income taxes payable	744	239
Provision for bonuses	1,153	1,626
Other provision	123	51
Other	4,838	4,470
Total current liabilities	27,630	27,726
Non-current liabilities		
Long-term loans payable	4,587	4,339
Provision	114	116
Net defined benefit liability	4,878	4,872
Other	912	696
Total non-current liabilities	10,493	10,025
Total liabilities	38,124	37,752

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	36,611	36,571
Treasury shares	(3,462)	(3,462)
Total shareholders' equity	74,012	73,972
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,310	2,745
Deferred gains or losses on hedges	0	(1)
Foreign currency translation adjustment	(185)	(238)
Remeasurements of defined benefit plans	(124)	(110)
Total accumulated other comprehensive income	3,001	2,393
Non-controlling interests	2,595	2,532
Total net assets	79,610	78,898
Total liabilities and net assets	117,734	116,650

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	21,676	20,293
Cost of sales	17,323	15,843
Gross profit	4,353	4,450
Selling, general and administrative expenses	3,267	3,504
Operating income	1,085	946
Non-operating income		
Interest income	2	2
Dividend income	128	149
Foreign exchange gains	25	–
Other	51	22
Total non-operating income	208	174
Non-operating expenses		
Interest expenses	28	27
Foreign exchange losses	–	205
Depreciation of inactive non-current assets	21	30
Other	193	97
Total non-operating expenses	243	361
Ordinary income	1,050	758
Extraordinary income		
Gain on sales of non-current assets	–	69
Total extraordinary income	–	69
Extraordinary losses		
Loss on retirement of non-current assets	5	204
Other	–	2
Total extraordinary losses	5	206
Profit before income taxes	1,044	621
Income taxes	394	283
Profit	650	338
Profit (loss) attributable to non-controlling interests	(19)	0
Profit attributable to owners of parent	669	337

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	650	338
Other comprehensive income		
Valuation difference on available-for-sale securities	220	(574)
Deferred gains or losses on hedges	(0)	(4)
Foreign currency translation adjustment	0	(80)
Remeasurements of defined benefit plans, net of tax	15	14
Total other comprehensive income	236	(645)
Comprehensive income	886	(307)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	900	(269)
Comprehensive income attributable to non-controlling interests	(14)	(37)