

Translation

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

November 9, 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: November 11, 2016
 Scheduled date to commence dividend payments: December 6, 2016
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 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	%
Six months ended September 30, 2016	40,515	(6.8)	1,868	(18.5)	1,342	(41.9)	654	(55.8)
Six months ended September 30, 2015	43,486	1.6	2,291	4.2	2,312	9.9	1,480	31.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	6.95		-	
Six months ended September 30, 2015	15.28		-	

(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	116,434	79,833	66.4	829.31
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	-	4.00	-	-	-
Year ending March 31, 2017 (Forecast)	-	-	-	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
Full year	83,000	(2.9)	4,000	(13.3)	3,300	(25.4)	1,800	(23.1)	19.30

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2016	11,688,180 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)

Six months ended September 30, 2016	94,208,886 shares	Six months ended September 30, 2015	96,878,447 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	13,989	12,890
Notes and accounts receivable - trade	25,685	24,136
Merchandise and finished goods	10,234	9,755
Work in process	2,409	2,581
Raw materials and supplies	5,299	5,308
Other	1,960	2,423
Allowance for doubtful accounts	(69)	(64)
Total current assets	59,509	57,031
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,237	13,326
Machinery, equipment and vehicles, net	7,053	7,880
Land	18,276	18,229
Other, net	5,562	3,389
Total property, plant and equipment	42,130	42,825
Intangible assets		
Goodwill	2,348	2,216
Other	614	657
Total intangible assets	2,962	2,873
Investments and other assets		
Investment securities	11,370	12,298
Other	1,813	1,464
Allowance for doubtful accounts	(51)	(59)
Total investments and other assets	13,132	13,703
Total non-current assets	58,224	59,402
Total assets	117,734	116,434
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,457	9,237
Short-term loans payable	11,312	11,460
Income taxes payable	744	427
Provision for bonuses	1,153	1,199
Other provision	123	85
Other	4,838	4,110
Total current liabilities	27,630	26,522
Non-current liabilities		
Long-term loans payable	4,587	4,323
Provision	114	119
Net defined benefit liability	4,878	4,924
Other	912	711
Total non-current liabilities	10,493	10,078
Total liabilities	38,124	36,601

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	36,611	36,887
Treasury shares	(3,462)	(3,849)
Total shareholders' equity	74,012	73,901
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,310	3,830
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(185)	(301)
Remeasurements of defined benefit plans	(124)	(96)
Total accumulated other comprehensive income	3,001	3,432
Non-controlling interests	2,595	2,498
Total net assets	79,610	79,833
Total liabilities and net assets	117,734	116,434

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	43,486	40,515
Cost of sales	34,573	31,627
Gross profit	8,912	8,888
Selling, general and administrative expenses	6,621	7,020
Operating income	2,291	1,868
Non-operating income		
Interest income	5	3
Dividend income	137	158
Foreign exchange gains	30	–
Subsidy income	131	–
Other	106	42
Total non-operating income	411	204
Non-operating expenses		
Interest expenses	57	54
Foreign exchange losses	–	414
Depreciation of inactive non-current assets	50	63
Other	281	198
Total non-operating expenses	390	730
Ordinary income	2,312	1,342
Extraordinary income		
Gain on sales of non-current assets	0	69
Compensation for transfer	256	–
Other	0	–
Total extraordinary income	257	69
Extraordinary losses		
Loss on retirement of non-current assets	73	223
Business structure improvement expenses	167	–
Other	1	2
Total extraordinary losses	242	226
Profit before income taxes	2,327	1,185
Income taxes	858	517
Profit	1,469	668
Profit (loss) attributable to non-controlling interests	(11)	13
Profit attributable to owners of parent	1,480	654

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	1,469	668
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,674)	517
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	53	(183)
Remeasurements of defined benefit plans, net of tax	30	28
Total other comprehensive income	(1,588)	362
Comprehensive income	(119)	1,030
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(103)	1,086
Comprehensive income attributable to non-controlling interests	(16)	(56)