

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 6, 2017

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: February 8, 2017  
 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 nine months ended December 31, 2016 (from April 1, 2016 to December 31, 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	%
Nine months ended December 31, 2016	61,978	(4.0)	3,296	(4.3)	2,861	(14.8)	1,587	(12.9)
Nine months ended December 31, 2015	64,534	(1.4)	3,446	6.0	3,359	(2.5)	1,821	(4.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2016	16.99		–	
Nine months ended December 31, 2015	18.85		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2016	117,477	81,084	66.8	857.84
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 nine months ended December 31, 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 December 31, 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 December 31, 2016	13,395,300 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)

Nine months ended December 31, 2016	93,418,785 shares	Nine months ended December 31, 2015	96,613,008 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	13,989	10,741
Notes and accounts receivable - trade	25,685	26,658
Merchandise and finished goods	10,234	10,219
Work in process	2,409	2,378
Raw materials and supplies	5,299	4,853
Other	1,960	2,172
Allowance for doubtful accounts	(69)	(64)
Total current assets	59,509	56,958
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,237	13,166
Machinery, equipment and vehicles, net	7,053	7,663
Land	18,276	18,226
Other, net	5,562	3,592
Total property, plant and equipment	42,130	42,649
Intangible assets		
Goodwill	2,348	2,150
Other	614	697
Total intangible assets	2,962	2,848
Investments and other assets		
Investment securities	11,370	13,921
Other	1,813	1,164
Allowance for doubtful accounts	(51)	(65)
Total investments and other assets	13,132	15,021
Total non-current assets	58,224	60,519
Total assets	117,734	117,477
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,457	9,214
Short-term loans payable	11,312	11,216
Income taxes payable	744	411
Provision for bonuses	1,153	602
Other provision	123	114
Other	4,838	4,109
Total current liabilities	27,630	25,667
Non-current liabilities		
Long-term loans payable	4,587	4,846
Provision	114	118
Net defined benefit liability	4,878	4,974
Other	912	786
Total non-current liabilities	10,493	10,725
Total liabilities	38,124	36,392

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	36,611	37,447
Treasury shares	(3,462)	(4,463)
Total shareholders' equity	74,012	73,848
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,310	5,076
Deferred gains or losses on hedges	0	(4)
Foreign currency translation adjustment	(185)	(307)
Remeasurements of defined benefit plans	(124)	(82)
Total accumulated other comprehensive income	3,001	4,682
Non-controlling interests	2,595	2,554
Total net assets	79,610	81,084
Total liabilities and net assets	117,734	117,477

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	64,534	61,978
Cost of sales	51,018	48,110
Gross profit	13,516	13,867
Selling, general and administrative expenses	10,069	10,570
Operating income	3,446	3,296
Non-operating income		
Interest income	7	5
Dividend income	244	262
Subsidy income	131	–
Other	147	75
Total non-operating income	529	343
Non-operating expenses		
Interest expenses	88	78
Foreign exchange losses	58	262
Depreciation of inactive non-current assets	91	95
Other	379	342
Total non-operating expenses	617	778
Ordinary income	3,359	2,861
Extraordinary income		
Gain on sales of non-current assets	–	70
Gain on sales of investment securities	68	12
Compensation for transfer	256	–
Total extraordinary income	324	83
Extraordinary losses		
Impairment loss	–	1
Loss on retirement of non-current assets	102	305
Business structure improvement expenses	676	–
Other	–	6
Total extraordinary losses	779	312
Profit before income taxes	2,904	2,632
Income taxes	1,092	963
Profit	1,812	1,668
Profit (loss) attributable to non-controlling interests	(9)	81
Profit attributable to owners of parent	1,821	1,587

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

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	1,812	1,668
Other comprehensive income		
Valuation difference on available-for-sale securities	(861)	1,774
Deferred gains or losses on hedges	0	(8)
Foreign currency translation adjustment	(32)	(193)
Remeasurements of defined benefit plans, net of tax	46	42
Total other comprehensive income	(847)	1,615
Comprehensive income	964	3,283
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	996	3,268
Comprehensive income attributable to non-controlling interests	(31)	15