

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 8, 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 Corporate Strategy Division Atsuya Nakanishi TEL 072-223-4111  
 Inquiries: Strategy Division  
 Scheduled date to file Quarterly Securities Report: August 9, 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 three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

#### (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	%
Three months ended June 30, 2017	21,630	6.6	1,361	43.8	1,328	75.1	853	152.6
Three months ended June 30, 2016	20,293	(6.4)	946	(12.8)	758	(27.8)	337	(49.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	9.39		–	
Three months ended June 30, 2016	3.58		–	

#### (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, 2017	120,743	82,560	66.2	885.53
As of March 31, 2017	120,321	81,938	65.9	865.85

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	4.00	–	4.00	8.00
Year ending March 31, 2018	–	–	–	–	–
Year ending March 31, 2018 (Forecast)	–	4.00	–	20.00	–

### 3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 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
Six months ending September 30, 2017	42,000	3.7	1,900	1.7	1,500	11.7	800	22.2	8.74
Full year	86,000	2.5	3,900	(14.3)	3,300	(23.1)	1,700	(16.6)	92.85

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2017  
 (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, 2017	104,939,559 shares	As of March 31, 2017	104,939,559 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	14,719,356 shares	As of March 31, 2017	13,397,942 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, 2017	90,920,719 shares	Three months ended June 30, 2016	94,491,190 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	14,824	13,654
Notes and accounts receivable - trade	25,887	26,197
Merchandise and finished goods	10,012	10,080
Work in process	2,478	2,604
Raw materials and supplies	4,732	4,454
Other	2,016	2,634
Allowance for doubtful accounts	(63)	(51)
Total current assets	59,889	59,573
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,222	13,103
Machinery, equipment and vehicles, net	9,467	9,578
Land	17,597	17,592
Other, net	1,809	1,483
Total property, plant and equipment	42,097	41,757
Intangible assets		
Goodwill	2,084	2,018
Other	709	801
Total intangible assets	2,794	2,820
Investments and other assets		
Investment securities	14,163	15,274
Other	1,408	1,348
Allowance for doubtful accounts	(30)	(30)
Total investments and other assets	15,540	16,592
Total non-current assets	60,432	61,170
Total assets	120,321	120,743
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,350	9,322
Short-term loans payable	11,364	11,291
Income taxes payable	531	343
Provision for bonuses	1,233	1,711
Other provision	129	53
Other	4,329	4,069
Total current liabilities	26,938	26,792
Non-current liabilities		
Long-term loans payable	5,238	4,905
Provision for environmental measures	119	121
Net defined benefit liability	4,812	4,797
Other	1,273	1,566
Total non-current liabilities	11,444	11,390
Total liabilities	38,383	38,183

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	37,897	38,384
Treasury shares	(4,464)	(5,020)
Total shareholders' equity	74,297	74,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,140	5,886
Deferred gains or losses on hedges	(2)	(1)
Foreign currency translation adjustment	(223)	(269)
Remeasurements of defined benefit plans	50	48
Total accumulated other comprehensive income	4,963	5,663
Non-controlling interests	2,676	2,667
Total net assets	81,938	82,560
Total liabilities and net assets	120,321	120,743

**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, 2016	Three months ended June 30, 2017
Net sales	20,293	21,630
Cost of sales	15,843	16,732
Gross profit	4,450	4,897
Selling, general and administrative expenses	3,504	3,536
Operating profit	946	1,361
Non-operating income		
Interest income	2	1
Dividend income	149	127
Other	22	24
Total non-operating income	174	153
Non-operating expenses		
Interest expenses	27	25
Foreign exchange losses	205	52
Depreciation of inactive non-current assets	30	28
Other	97	79
Total non-operating expenses	361	186
Ordinary profit	758	1,328
Extraordinary income		
Gain on sales of non-current assets	69	–
Total extraordinary income	69	–
Extraordinary losses		
Loss on retirement of non-current assets	204	37
Other	2	0
Total extraordinary losses	206	37
Profit before income taxes	621	1,291
Income taxes	283	428
Profit	338	862
Profit attributable to non-controlling interests	0	8
Profit attributable to owners of parent	337	853

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

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	338	862
Other comprehensive income		
Valuation difference on available-for-sale securities	(574)	756
Deferred gains or losses on hedges	(4)	0
Foreign currency translation adjustment	(80)	(52)
Remeasurements of defined benefit plans, net of tax	14	(1)
Total other comprehensive income	(645)	702
Comprehensive income	(307)	1,564
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(269)	1,553
Comprehensive income attributable to non-controlling interests	(37)	11