

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 7, 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: November 8, 2017
 Scheduled date to commence dividend payments: December 5, 2017
 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, 2017 (from April 1, 2017 to September 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	%
Six months ended September 30, 2017	42,931	6.0	2,322	24.3	2,210	64.6	1,205	84.1
Six months ended September 30, 2016	40,515	(6.8)	1,868	(18.5)	1,342	(41.9)	654	(55.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	66.84		-	
Six months ended September 30, 2016	34.75		-	

(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, 2017	120,707	83,061	66.6	4,502.20
As of March 31, 2017	120,321	81,938	65.9	4,329.25

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	-	4.00	-	-	-
Year ending March 31, 2018 (Forecast)	-	-	-	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
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 six months ended September 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 September 30, 2017	20,987,911 shares	As of March 31, 2017	20,987,911 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	3,137,330 shares	As of March 31, 2017	2,679,588 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, 2017	18,029,827 shares	Six months ended September 30, 2016	18,841,777 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	14,824	13,822
Notes and accounts receivable - trade	25,887	26,315
Merchandise and finished goods	10,012	9,611
Work in process	2,478	2,751
Raw materials and supplies	4,732	5,327
Other	2,016	1,889
Allowance for doubtful accounts	(63)	(52)
Total current assets	59,889	59,665
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,222	12,993
Machinery, equipment and vehicles, net	9,467	9,588
Land	17,597	17,013
Other, net	1,809	1,783
Total property, plant and equipment	42,097	41,379
Intangible assets		
Goodwill	2,084	1,610
Other	709	757
Total intangible assets	2,794	2,367
Investments and other assets		
Investment securities	14,163	16,078
Other	1,408	1,247
Allowance for doubtful accounts	(30)	(31)
Total investments and other assets	15,540	17,295
Total non-current assets	60,432	61,042
Total assets	120,321	120,707
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,350	8,936
Short-term loans payable	11,364	11,723
Income taxes payable	531	680
Provision for bonuses	1,233	1,249
Other provision	129	75
Other	4,329	4,177
Total current liabilities	26,938	26,843
Non-current liabilities		
Long-term loans payable	5,238	4,085
Provision for environmental measures	119	122
Net defined benefit liability	4,812	4,823
Other	1,273	1,769
Total non-current liabilities	11,444	10,802
Total liabilities	38,383	37,646

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	37,897	38,736
Treasury shares	(4,464)	(5,464)
Total shareholders' equity	74,297	74,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,140	6,449
Deferred gains or losses on hedges	(2)	1
Foreign currency translation adjustment	(223)	(266)
Remeasurements of defined benefit plans	50	46
Total accumulated other comprehensive income	4,963	6,231
Non-controlling interests	2,676	2,694
Total net assets	81,938	83,061
Total liabilities and net assets	120,321	120,707

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, 2016	Six months ended September 30, 2017
Net sales	40,515	42,931
Cost of sales	31,627	33,576
Gross profit	8,888	9,354
Selling, general and administrative expenses	7,020	7,032
Operating profit	1,868	2,322
Non-operating income		
Interest income	3	3
Dividend income	158	148
Other	42	46
Total non-operating income	204	198
Non-operating expenses		
Interest expenses	54	50
Foreign exchange losses	414	35
Depreciation of inactive non-current assets	63	59
Other	198	165
Total non-operating expenses	730	311
Ordinary profit	1,342	2,210
Extraordinary income		
Gain on sales of non-current assets	69	56
Gain on sales of investment securities	–	0
Total extraordinary income	69	57
Extraordinary losses		
Loss on retirement of non-current assets	223	43
Loss on sales of shares of subsidiaries	–	292
Other	2	0
Total extraordinary losses	226	336
Profit before income taxes	1,185	1,931
Income taxes	517	706
Profit	668	1,225
Profit attributable to non-controlling interests	13	20
Profit attributable to owners of parent	654	1,205

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	668	1,225
Other comprehensive income		
Valuation difference on available-for-sale securities	517	1,331
Deferred gains or losses on hedges	(0)	6
Foreign currency translation adjustment	(183)	(48)
Remeasurements of defined benefit plans, net of tax	28	(3)
Total other comprehensive income	362	1,286
Comprehensive income	1,030	2,511
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,086	2,472
Comprehensive income attributable to non-controlling interests	(56)	38