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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 6, 2018

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	
Inquiries:	Director, General Manager of Corporate	Atsuva Nakanishi	TEL 072-223-4111
inquiries.	Strategy Division	Atsuya Nakamsin	TEL 0/2-225-4111
Scheduled date to file Quarterly Securities Report:		February 7, 2018	
Scheduled date to commence dividend payments:		-	
Preparation of supplementary material on quarterly financial results:		No	
Holding of quarterly fin	nancial results meeting:	No	

(Amounts less than one million yen are rounded down)

 1. Consolidated financial results for the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

 (1) Consolidated operating results (cumulative)

 Percentages indicate year-on-year changes

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	Net sales		Operating pr	ofit	Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	65,386	5.5	3,567	8.2	3,462	21.0	1,147	(27.7)
Nine months ended December 31, 2016	61,978	(4.0)	3,296	(4.3)	2,861	(14.8)	1,587	(12.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	63.83	-
Nine months ended December 31, 2016	84.94	-

(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, 2017	118,977	81,821	66.5	4,431.16
As of March 31, 2017	120,321	81,938	65.9	4,329.25

2. Cash dividends

		Annual dividends per share						
	1st quarter-end	st 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 change							ear-on-year changes		
		Net sales		Operating profit		Ordinary profit		Profit attributa owners of pa		Earnings per share
Ī		Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	Full year	86,000	2.5	4,500	(1.1)	4,400	2.6	1,900	(6.7)	103.80

4. Notes					
 Changes in significant subsidiaries during th (changes in specified subsidiaries resulting i 	No				
(2) Application of special accounting methods for preparing quarterly consolidated financial statements:					
(3) Changes in accounting policies, changes in a	eccounting estimates, and r	estatement of prior period finan	cial statements		
Changes in accounting policies due to revis	sions to accounting standar	ds and other regulations:	No		
Changes in accounting policies due to othe	r reasons:		No		
Changes in accounting estimates:			No		
Restatement of prior period financial stater	nents:		No		
(4) Number of issued shares (common shares)					
Total number of issued shares at the end of	the period (including treas	sury shares)			
As of December 31, 2017	20,987,911 shares	As of March 31, 2017		20,987,911	shares
Number of treasury shares at the end of the	period				
As of December 31, 2017	3,137,947 shares	As of March 31, 2017	1	2,679,588	shares
Average number of shares during the perio	d (cumulative from the bes	vinning of the fiscal year)			

Nine menths and ad December 21, 2017	170(0000 shares)	Nine menths and ad December 21, 2010	10 (02 757 -1
Nine months ended December 31, 2017	17.969.900 shares	Nine months ended December 31, 2016	18.683.757 shares

Quarterly consolidated financial statements Consolidated balance sheets

		(Millions of yen
	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	14,824	12,958
Notes and accounts receivable - trade	25,887	28,25
Merchandise and finished goods	10,012	9,89
Work in process	2,478	2,53
Raw materials and supplies	4,732	5,41
Other	2,016	1,99
Allowance for doubtful accounts	(63)	(5
Total current assets	59,889	60,99
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,222	12,63
Machinery, equipment and vehicles, net	9,467	9,50
Land	17,597	15,16
Other, net	1,809	2,62
Total property, plant and equipment	42,097	39,93
Intangible assets		
Goodwill	2,084	1,58
Other	709	70
Total intangible assets	2,794	2,28
Investments and other assets		_,
Investments and other assets	14,163	14,68
Other	1,408	1,10
Allowance for doubtful accounts	(30)	(2
Total investments and other assets	15,540	15,75
Total non-current assets	60,432	57,98
Total assets	120,321	118,97
Current liabilities	0.050	0.12
Notes and accounts payable - trade	9,350	9,13
Short-term loans payable	11,364	11,47
Income taxes payable	531	97
Provision for bonuses	1,233	61
Other provision	129	10
Other	4,329	5,36
Total current liabilities	26,938	27,67
Non-current liabilities		
Long-term loans payable	5,238	3,46
Provision for environmental measures	119	12
Net defined benefit liability	4,812	4,85
Other	1,273	1,03
Total non-current liabilities	11,444	9,48
Total liabilities	38,383	37,15

		(Millions of yen)
	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	37,897	38,321
Treasury shares	(4,464)	(5,466)
Total shareholders' equity	74,297	73,719
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,140	5,586
Deferred gains or losses on hedges	(2)	(0)
Foreign currency translation adjustment	(223)	(253)
Remeasurements of defined benefit plans	50	45
Total accumulated other comprehensive income	4,963	5,376
Non-controlling interests	2,676	2,725
Total net assets	81,938	81,821
Total liabilities and net assets	120,321	118,977

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

Consolidated statements of income (cumulative)

Cost of sales $48,110$ $51,12$ Gross profit $13,867$ $14,25$ Selling, general and administrative expenses $10,570$ $10,69$ Operating profit $3,296$ $3,56$ Non-operating income 5 -7 Interest income 262 24 Other 75 7 Total non-operating income 343 32 Non-operating expenses 78 7 Interest expenses 262 22 Depreciation of inactive non-current assets 95 8 Other 342 23 Total non-operating expenses 778 42 Ordinary profit $2,861$ $3,46$ Extraordinary income 83 $1,94$ Extraordinary income 1 $2,05$ Impairment loss 1 $2,05$ Loss on sales of non-current assets 305 6 Loss on sales of subsidiaries $ 29$ Factory rebuilding expense $ 71$ Other 6 $-$ Impairment loss 1 $2,05$ Loss on sales of subsidiaries $ 29$ Profit extraordinary losses 312 $3,12$ Interest expenses $ 71$ Other 6 $-$ Total extraordinary losses $ 29$ Profit before income taxes $2,632$ $2,22$ Profit attributable to non-controlling interests 81 6			(Millions of yen)
Net sales $61,978$ $65,38$ Cost of sales $48,110$ $51,12$ Gross profit $13,867$ $14,25$ Selling, general and administrative expenses $10,570$ $10,69$ Operating profit $3,296$ $3,56$ Non-operating income 5 10 Interest income 5 77 Total non-operating expenses 78 7 Interest expenses 78 7 <th></th> <th>Nine months ended</th> <th>Nine months ended</th>		Nine months ended	Nine months ended
Cost of sales $48,110$ $51,12$ Gross profit $13,867$ $14,25$ Selling, general and administrative expenses $10,570$ $10,69$ Operating profit $3,296$ $3,56$ Non-operating income 5 -7 Interest income 262 24 Other 75 7 Total non-operating income 343 32 Non-operating expenses 78 7 Interest expenses 262 22 Depreciation of inactive non-current assets 95 8 Other 342 23 Total non-operating expenses 778 42 Ordinary profit $2,861$ $3,46$ Extraordinary income 83 $1,94$ Extraordinary income 1 $2,05$ Impairment loss 1 $2,05$ Loss on sales of non-current assets 305 6 Loss on sales of subsidiaries $ 29$ Factory rebuilding expense $ 71$ Other 6 $-$ Impairment loss 1 $2,05$ Loss on sales of subsidiaries $ 29$ Profit extraordinary losses 312 $3,12$ Interest expenses $ 71$ Other 6 $-$ Total extraordinary losses $ 29$ Profit before income taxes $2,632$ $2,22$ Profit attributable to non-controlling interests 81 6		December 31, 2016	December 31, 2017
Gross profit13,86714,25Selling, general and administrative expenses $10,570$ $10,69$ Operating profit $3,296$ $3,56$ Non-operating income 5 10 Interest income 5 262 Other 75 7 Total non-operating income 343 322 Non-operating expenses 78 7 Interest expenses 262 24 Other 75 7 Total non-operating expenses 262 2 Interest expenses 78 7 Foreign exchange losses 262 2 Depreciation of inactive non-current assets 95 8 Other 342 23 Total non-operating expenses 778 42 Ordinary profit $2,861$ $3,46$ Extraordinary income 1 $2,05$ Gain on sales of non-current assets 70 5 Gain on sales of investment securities 12 $1,89$ Total extraordinary income 312 $3,12$ Loss on retirement of non-current assets 305 6 Loss on sales of shares of subsidiaries $ 29$ Factory rebuilding expense $ 71$ Other 6 $-$ Total extraordinary losses 312 $3,12$ Profit before income taxes $2,632$ $2,28$ Income taxes $2,632$ $2,28$ Income taxes 963 $1,07$ Profit attributable to non-controlling interests 81	Net sales	61,978	65,386
Selling, general and administrative expenses $10,570$ $10,690$ Operating profit $3,296$ $3,56$ Non-operating income 5 $-$ Interest income 262 24 Other 75 7 Total non-operating income 343 322 Non-operating expenses 78 7 Interest expenses 262 2 Depreciation of inactive non-current assets 95 8 Other 342 23 Total non-operating expenses 778 42 Ordinary profit $2,861$ $3,46$ Extraordinary income 83 $1,94$ Cation on sales of investment securities 1 $2,05$ Impairment loss 1 $2,05$ Loss on retirement of non-current assets 305 6 Loss on sales of shares of subsidiaries $ 29$ Factory rebuilding expense $ 71$ Other 6 $-$ Total extraordinary losses 312 $3,12$ Impairment loss 1 $2,05$ Loss on sales of shares of subsidiaries $ 29$ Factory rebuilding expense $ 71$ Other 6 $-$ Total extraordinary losses 312 $3,12$ Income taxes $2,652$ $2,28$ Income taxes $2,663$ $1,07$ Profit attributable to non-controlling interests 81 6	Cost of sales	48,110	51,127
Operating profit3,2963,56Non-operating income5Interest income5Dividend income26224Other757Total non-operating income34332Non-operating expenses787Interest expenses2622Depreciation of inactive non-current assets958Other34223Total non-operating expenses77842Ordinary profit2,8613,463,46Extraordinary income77842Gain on sales of non-current assets705Gain on sales of investment securities121,89Total extraordinary income12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other612Total extraordinary losses3123,12Income taxes9631,02Profit before income taxes9631,02Profit turbutable to non-controlling interests816	Gross profit	13,867	14,259
Non-operating income5Interest income5Dividend income262Other75Total non-operating expenses78Interest expenses78Interest expenses262Depreciation of inactive non-current assets95Other342Total non-operating expenses262Depreciation of inactive non-current assets95Other342Total non-operating expenses778Other2,861Total non-operating expenses70Total non-operating expenses70Total non-operating expenses12Interest extraordinary income12Gain on sales of non-current assets305Impairment loss1Loss on retirement of non-current assets305Loss on sales of shares of subsidiaries-Practory rebuilding expense-Total extraordinary losses312Income taxes2,632Profit extraordinary losses312Income taxes2,632Profit extraordinary losses312Income taxes2,632Other6Total extraordinary losses312Income taxes363Income taxes2,632Other6Total extraordinary losses312Income taxes363Income taxes363Income taxes363Income taxes363Income taxes363Income taxes363	Selling, general and administrative expenses	10,570	10,692
Interest income5Dividend income26224Other757Total non-operating income34332Non-operating expenses787Interest expenses787Foreign exchange losses2622Depreciation of inactive non-current assets958Other34223Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income831,94Gain on sales of non-current assets705Gain on sales of non-current assets705Gain on sales of non-current assets12,05Loss on retirement of non-current assets3056Loss on retirement of non-current assets3056Loss on sales of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit tatributable to non-controlling interests816	Operating profit	3,296	3,567
Dividend income26224Other757Total non-operating income34332Non-operating expenses34332Interest expenses787Foreign exchange losses2622Depreciation of inactive non-current assets958Other34223Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income121,89Gain on sales of non-current assets705Gain on sales of non-current assets705Impairment loss12,05Loss on retirement of non-current assets3056Loss on sales of subsidiaries-29Factory rebuilding expense-71Other670Total extraordinary losses3123,12Impairment loss3123,12Profit before income taxes9631,07Profit turbutable to non-controlling interests816	Non-operating income		
Other757Total non-operating income34332Non-operating expenses134332Interest expenses787Foreign exchange losses2622Depreciation of inactive non-current assets958Other34223Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income705Gain on sales of non-current assets705Gain on sales of non-current assets705Impairment loss12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit tatributable to non-controlling interests816	Interest income	5	4
Total non-operating income34332Non-operating expenses17Interest expenses787Foreign exchange losses2622Depreciation of inactive non-current assets958Other34223Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income12,861Gain on sales of non-current assets705Gain on sales of non-current assets705Impairment loss12,05Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Impairment loss3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit before income taxes816	Dividend income	262	241
Non-operating expenses787Interest expenses787Foreign exchange losses2622Depreciation of inactive non-current assets958Other34223Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income705Gain on sales of non-current assets705Gain on sales of investment securities121,89Total extraordinary income831,94Extraordinary losses12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes9631,07Profit before income taxes9631,07Profit attributable to non-controlling interests816	Other	75	74
Interest expenses787Foreign exchange losses2622Depreciation of inactive non-current assets958Other34223Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income705Gain on sales of non-current assets705Gain on sales of non-current assets705Gain on sales of investment securities121,89Total extraordinary income831,94Extraordinary losses12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Total non-operating income	343	320
Foreign exchange losses2622Depreciation of inactive non-current assets958Other34223Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income13,42Gain on sales of non-current assets705Gain on sales of investment securities121,89Total extraordinary income831,94Extraordinary losses12,05Loss on retirement of non-current assets3056Loss on sales of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit duribuble to non-controlling interests816	Non-operating expenses		
Depreciation of inactive non-current assets958Other 342 23Total non-operating expenses 778 42Ordinary profit $2,861$ $3,46$ Extraordinary income 70 5 Gain on sales of non-current assets 70 5 Gain on sales of non-current assets 12 $1,89$ Total extraordinary income 83 $1,94$ Extraordinary losses 1 $2,05$ Loss on retirement of non-current assets 305 6 Loss on sales of subsidiaries $ 29$ Factory rebuilding expense $ 71$ Other 6 $-$ Total extraordinary losses 312 $3,12$ Profit before income taxes $2,632$ $2,28$ Income taxes 963 $1,07$ Profit attributable to non-controlling interests 81 6	Interest expenses	78	75
Other34223Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income705Gain on sales of non-current assets705Gain on sales of non-current assets121,89Total extraordinary income831,94Extraordinary losses12,05Loss on retirement of non-current assets3056Loss on sales of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Foreign exchange losses	262	27
Total non-operating expenses77842Ordinary profit2,8613,46Extraordinary income705Gain on sales of non-current assets705Gain on sales of investment securities121,89Total extraordinary income831,94Extraordinary losses12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other671Total extraordinary losses3123,12Profit before income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Depreciation of inactive non-current assets	95	87
Ordinary profit2,8613,46Extraordinary income705Gain on sales of non-current assets705Gain on sales of investment securities121,89Total extraordinary income831,94Extraordinary losses12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other670Total extraordinary losses3123,12Profit before income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Other	342	233
Extraordinary income705Gain on sales of non-current assets705Gain on sales of investment securities121,89Total extraordinary income831,94Extraordinary losses12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Total non-operating expenses	778	420
Gain on sales of non-current assets705Gain on sales of investment securities121,89Total extraordinary income831,94Extraordinary losses12,05Impairment loss12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Ordinary profit	2,861	3,462
Gain on sales of investment securities121,89Total extraordinary income831,94Extraordinary losses12,05Impairment loss12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other670Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Extraordinary income		
Total extraordinary income831,94Extraordinary lossesImpairment loss12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Gain on sales of non-current assets	70	50
Extraordinary lossesImpairment loss12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Gain on sales of investment securities	12	1,890
Impairment loss12,05Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other66Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Total extraordinary income	83	1,947
Loss on retirement of non-current assets3056Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Extraordinary losses		
Loss on sales of shares of subsidiaries-29Factory rebuilding expense-71Other6-Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Impairment loss	1	2,053
Factory rebuilding expense-71Other66Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Loss on retirement of non-current assets	305	62
Other6Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Loss on sales of shares of subsidiaries	_	292
Total extraordinary losses3123,12Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests81	Factory rebuilding expense	_	719
Profit before income taxes2,6322,28Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Other	6	(
Income taxes9631,07Profit1,6681,20Profit attributable to non-controlling interests816	Total extraordinary losses	312	3,12
Profit1,6681,20Profit attributable to non-controlling interests816	Profit before income taxes	2,632	2,282
Profit attributable to non-controlling interests 81 6	Income taxes	963	1,074
	Profit	1,668	1,208
Profit attributable to owners of parent 1,587 1,14	Profit attributable to non-controlling interests	81	6
	Profit attributable to owners of parent	1,587	1,147

		(Millions of yen)
	Nine months ended	Nine months ended
	December 31, 2016	December 31, 2017
Profit	1,668	1,208
Other comprehensive income		
Valuation difference on available-for-sale securities	1,774	464
Deferred gains or losses on hedges	(8)	2
Foreign currency translation adjustment	(193)	(28)
Remeasurements of defined benefit plans, net of tax	42	(5)
Total other comprehensive income	1,615	433
Comprehensive income	3,283	1,641
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,268	1,560
Comprehensive income attributable to non-controlling interests	15	81