

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 6, 2015

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: General Manager - Accounting Department Toshiaki Sano TEL 072-223-4111
 Scheduled date to file Quarterly Securities Report: November 12, 2015
 Scheduled date to commence dividend payments: December 4, 2015
 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, 2015 (from April 1, 2015 to September 30, 2015)

(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, 2015	43,486	1.6	2,291	4.2	2,312	9.9	1,480	31.4
Six months ended September 30, 2014	42,805	2.0	2,199	26.9	2,103	48.9	1,126	45.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2015	15.28		-	
Six months ended September 30, 2014	11.33		-	

(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, 2015	116,745		80,932		67.1		808.15	
As of March 31, 2015	117,952		81,449		66.8		813.21	

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, 2015	-	4.00	-	4.00	8.00
Year ending March 31, 2016	-	4.00			
Year ending March 31, 2016 (Forecast)			-	4.00	8.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

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	91,000	4.6	4,600	10.4	4,500	6.7	2,600	14.3	26.84	

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(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: Yes
- Changes in accounting policies due to other reasons: Yes
- Changes in accounting estimates: Yes
- 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, 2015	104,939,559 shares	As of March 31, 2015	104,939,559 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	8,061,754 shares	As of March 31, 2015	8,060,043 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, 2015	96,878,447 shares	Six months ended September 30, 2014	99,382,706 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	16,590	15,069
Notes and accounts receivable - trade	25,311	25,383
Merchandise and finished goods	10,642	10,364
Work in process	2,921	2,724
Raw materials and supplies	5,357	5,628
Other	1,906	1,953
Allowance for doubtful accounts	(71)	(68)
Total current assets	62,658	61,054
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,650	11,412
Machinery, equipment and vehicles, net	5,192	5,654
Land	18,171	18,174
Other, net	2,631	3,572
Total property, plant and equipment	36,646	38,814
Intangible assets		
Goodwill	2,649	2,517
Other	448	532
Total intangible assets	3,097	3,049
Investments and other assets		
Investment securities	14,653	12,272
Other	948	1,607
Allowance for doubtful accounts	(51)	(53)
Total investments and other assets	15,550	13,827
Total non-current assets	55,294	55,691
Total assets	117,952	116,745
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,083	10,673
Short-term loans payable	8,878	8,858
Income taxes payable	946	778
Provision for bonuses	1,132	1,189
Other provision	83	71
Other	4,183	4,199
Total current liabilities	26,307	25,770
Non-current liabilities		
Long-term loans payable	3,794	4,097
Provision	387	108
Net defined benefit liability	4,942	4,881
Other	1,070	954
Total non-current liabilities	10,194	10,041
Total liabilities	36,502	35,812

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	35,045	36,138
Treasury shares	(2,460)	(2,461)
Total shareholders' equity	73,448	74,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,697	4,031
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	(186)	(135)
Remeasurements of defined benefit plans	(174)	(143)
Total accumulated other comprehensive income	5,334	3,751
Non-controlling interests	2,666	2,641
Total net assets	81,449	80,932
Total liabilities and net assets	117,952	116,745

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, 2014	Six months ended September 30, 2015
Net sales	42,805	43,486
Cost of sales	34,353	34,573
Gross profit	8,452	8,912
Selling, general and administrative expenses	6,252	6,621
Operating income	2,199	2,291
Non-operating income		
Interest income	4	5
Dividend income	121	137
Foreign exchange gains	158	30
Subsidy income	–	131
Other	120	106
Total non-operating income	405	411
Non-operating expenses		
Interest expenses	63	57
Depreciation of inactive non-current assets	131	50
Other	306	281
Total non-operating expenses	501	390
Ordinary income	2,103	2,312
Extraordinary income		
Compensation for transfer	–	256
Other	–	1
Total extraordinary income	–	257
Extraordinary losses		
Loss on retirement of non-current assets	29	73
Business structure improvement expenses	–	167
Restructuring loss	260	–
Other	11	1
Total extraordinary losses	301	242
Income before income taxes and minority interests	1,802	2,327
Income taxes	663	858
Profit	1,138	1,469
Profit (loss) attributable to non-controlling interests	11	(11)
Profit attributable to owners of parent	1,126	1,480

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	1,138	1,469
Other comprehensive income		
Valuation difference on available-for-sale securities	1,223	(1,674)
Deferred gains or losses on hedges	2	1
Foreign currency translation adjustment	52	53
Remeasurements of defined benefit plans, net of tax	17	30
Total other comprehensive income	1,296	(1,588)
Comprehensive income	2,434	(119)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,433	(103)
Comprehensive income attributable to non-controlling interests	1	(16)