

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2015 (Based on Japanese GAAP)

February 5, 2016

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: February 10, 2016
 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, 2015 (from April 1, 2015 to December 31, 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	%
Nine months ended December 31, 2015	64,534	(1.4)	3,446	6.0	3,359	(2.5)	1,821	(4.2)
Nine months ended December 31, 2014	65,435	2.2	3,251	11.4	3,444	29.3	1,900	34.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2015	18.85		–	
Nine months ended December 31, 2014	19.12		–	

(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, 2015	116,878	80,767	66.9	823.85
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 nine months ended December 31, 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 December 31, 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 December 31, 2015	10,069,217 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)

Nine months ended December 31, 2015	96,613,008 shares	Nine months ended December 31, 2014	99,382,137 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	16,590	12,589
Notes and accounts receivable - trade	25,311	26,153
Merchandise and finished goods	10,642	10,536
Work in process	2,921	2,266
Raw materials and supplies	5,357	5,257
Other	1,906	2,190
Allowance for doubtful accounts	(71)	(69)
Total current assets	62,658	58,924
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,650	11,358
Machinery, equipment and vehicles, net	5,192	6,140
Land	18,171	18,170
Other, net	2,631	4,682
Total property, plant and equipment	36,646	40,351
Intangible assets		
Goodwill	2,649	2,452
Other	448	562
Total intangible assets	3,097	3,014
Investments and other assets		
Investment securities	14,653	13,437
Other	948	1,204
Allowance for doubtful accounts	(51)	(53)
Total investments and other assets	15,550	14,588
Total non-current assets	55,294	57,954
Total assets	117,952	116,878
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,083	9,606
Short-term loans payable	8,878	11,067
Income taxes payable	946	450
Provision for bonuses	1,132	584
Other provision	83	87
Other	4,183	4,938
Total current liabilities	26,307	26,734
Non-current liabilities		
Long-term loans payable	3,794	3,423
Provision	387	111
Net defined benefit liability	4,942	4,883
Other	1,070	958
Total non-current liabilities	10,194	9,377
Total liabilities	36,502	36,111

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	35,045	36,091
Treasury shares	(2,460)	(3,305)
Total shareholders' equity	73,448	73,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,697	4,832
Deferred gains or losses on hedges	(1)	(1)
Foreign currency translation adjustment	(186)	(193)
Remeasurements of defined benefit plans	(174)	(128)
Total accumulated other comprehensive income	5,334	4,509
Non-controlling interests	2,666	2,608
Total net assets	81,449	80,767
Total liabilities and net assets	117,952	116,878

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, 2014	Nine months ended December 31, 2015
Net sales	65,435	64,534
Cost of sales	52,528	51,018
Gross profit	12,907	13,516
Selling, general and administrative expenses	9,656	10,069
Operating income	3,251	3,446
Non-operating income		
Interest income	6	7
Dividend income	212	244
Foreign exchange gains	466	–
Subsidy income	–	131
Other	154	147
Total non-operating income	840	529
Non-operating expenses		
Interest expenses	93	88
Depreciation of inactive non-current assets	193	91
Other	359	437
Total non-operating expenses	646	617
Ordinary income	3,444	3,359
Extraordinary income		
Gain on sales of investment securities	250	68
Compensation for transfer	–	256
Total extraordinary income	250	324
Extraordinary losses		
Loss on retirement of non-current assets	45	102
Business structure improvement expenses	–	676
Restructuring loss	511	–
Other	20	–
Total extraordinary losses	577	779
Income before income taxes and minority interests	3,118	2,904
Income taxes	1,197	1,092
Profit	1,921	1,812
Profit (loss) attributable to non-controlling interests	20	(9)
Profit attributable to owners of parent	1,900	1,821

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	1,921	1,812
Other comprehensive income		
Valuation difference on available-for-sale securities	1,833	(861)
Deferred gains or losses on hedges	(1)	0
Foreign currency translation adjustment	(30)	(32)
Remeasurements of defined benefit plans, net of tax	26	46
Total other comprehensive income	1,828	(847)
Comprehensive income	3,749	964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,703	996
Comprehensive income attributable to non-controlling interests	46	(31)