

Translation

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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
 Director, General Manager of Corporate Strategy Division Atsuya Nakanishi TEL 072-223-4111
 Inquiries: Strategy Division
 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 financial 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

	Net sales		Operating profit		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	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	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	4,500	(1.1)	4,400	2.6	1,900	(6.7)	103.80

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2017	3,137,947 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)

Nine months ended December 31, 2017	17,969,900 shares	Nine months ended December 31, 2016	18,683,757 shares
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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	28,255
Merchandise and finished goods	10,012	9,898
Work in process	2,478	2,530
Raw materials and supplies	4,732	5,411
Other	2,016	1,998
Allowance for doubtful accounts	(63)	(54)
Total current assets	59,889	60,997
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,222	12,639
Machinery, equipment and vehicles, net	9,467	9,506
Land	17,597	15,167
Other, net	1,809	2,623
Total property, plant and equipment	42,097	39,936
Intangible assets		
Goodwill	2,084	1,582
Other	709	704
Total intangible assets	2,794	2,286
Investments and other assets		
Investment securities	14,163	14,685
Other	1,408	1,101
Allowance for doubtful accounts	(30)	(29)
Total investments and other assets	15,540	15,756
Total non-current assets	60,432	57,980
Total assets	120,321	118,977
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,350	9,130
Short-term loans payable	11,364	11,475
Income taxes payable	531	979
Provision for bonuses	1,233	616
Other provision	129	109
Other	4,329	5,360
Total current liabilities	26,938	27,672
Non-current liabilities		
Long-term loans payable	5,238	3,468
Provision for environmental measures	119	120
Net defined benefit liability	4,812	4,858
Other	1,273	1,034
Total non-current liabilities	11,444	9,483
Total liabilities	38,383	37,156

(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)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	61,978	65,386
Cost of sales	48,110	51,127
Gross profit	13,867	14,259
Selling, general and administrative expenses	10,570	10,692
Operating profit	3,296	3,567
Non-operating income		
Interest income	5	4
Dividend income	262	241
Other	75	74
Total non-operating income	343	320
Non-operating expenses		
Interest expenses	78	75
Foreign exchange losses	262	27
Depreciation of inactive non-current assets	95	87
Other	342	235
Total non-operating expenses	778	426
Ordinary profit	2,861	3,462
Extraordinary income		
Gain on sales of non-current assets	70	56
Gain on sales of investment securities	12	1,890
Total extraordinary income	83	1,947
Extraordinary losses		
Impairment loss	1	2,053
Loss on retirement of non-current assets	305	62
Loss on sales of shares of subsidiaries	–	292
Factory rebuilding expense	–	719
Other	6	0
Total extraordinary losses	312	3,127
Profit before income taxes	2,632	2,282
Income taxes	963	1,074
Profit	1,668	1,208
Profit attributable to non-controlling interests	81	61
Profit attributable to owners of parent	1,587	1,147

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended 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