

Translation

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**Summary of Consolidated Financial Results  
for the Three Months Ended June 30, 2018  
(Based on Japanese GAAP)**

August 8, 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: August 8, 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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(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	%
Three months ended June 30, 2018	20,874	(3.5)	1,210	(11.1)	1,234	(7.1)	848	(0.6)
Three months ended June 30, 2017	21,630	6.6	1,361	43.8	1,328	75.1	853	152.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	48.46	–
Three months ended June 30, 2017	46.94	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2018	117,452	81,048	66.6	4,467.91
As of March 31, 2018	117,486	80,763	66.3	4,450.92

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, 2018	–	4.00	–	20.00	–
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	30.00	–	20.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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
Six months ending September 30, 2018	45,000	4.8	2,300	(0.9)	2,200	(0.5)	1,500	24.5	85.65
Full year	90,000	3.2	5,400	15.1	5,000	16.8	3,300	41.6	188.43

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018  
 (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 June 30, 2018	20,987,911 shares	As of March 31, 2018	20,987,911 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	3,474,949 shares	As of March 31, 2018	3,474,922 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	17,512,980 shares	Three months ended June 30, 2017	18,184,143 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,091	13,788
Notes and accounts receivable - trade	28,032	27,212
Merchandise and finished goods	9,948	11,144
Work in process	2,641	2,898
Raw materials and supplies	5,113	5,422
Other	963	1,054
Allowance for doubtful accounts	(51)	(45)
Total current assets	60,739	61,476
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,461	12,116
Machinery, equipment and vehicles, net	9,456	10,225
Land	14,866	14,462
Other, net	3,023	2,437
Total property, plant and equipment	39,807	39,242
Intangible assets		
Goodwill	1,554	1,526
Other	650	634
Total intangible assets	2,205	2,161
Investments and other assets		
Investment securities	12,830	12,642
Other	1,935	1,961
Allowance for doubtful accounts	(32)	(31)
Total investments and other assets	14,734	14,571
Total non-current assets	56,746	55,976
Total assets	117,486	117,452
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,756	9,669
Short-term loans payable	11,055	10,962
Income taxes payable	1,446	464
Provision for bonuses	1,259	1,756
Other provision	119	58
Other	5,342	5,011
Total current liabilities	27,978	27,923
Non-current liabilities		
Long-term loans payable	3,521	3,265
Provision for environmental measures	121	121
Net defined benefit liability	4,877	4,879
Other	223	214
Total non-current liabilities	8,743	8,481
Total liabilities	36,722	36,404

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,025
Retained earnings	39,504	40,002
Treasury shares	(6,466)	(6,466)
Total shareholders' equity	73,901	74,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,234	4,067
Deferred gains or losses on hedges	(2)	6
Foreign currency translation adjustment	(243)	(285)
Remeasurements of defined benefit plans	58	56
Total accumulated other comprehensive income	4,047	3,846
Non-controlling interests	2,815	2,802
Total net assets	80,763	81,048
Total liabilities and net assets	117,486	117,452

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	21,630	20,874
Cost of sales	16,732	16,168
Gross profit	4,897	4,706
Selling, general and administrative expenses	3,536	3,495
Operating profit	1,361	1,210
Non-operating income		
Interest income	1	1
Dividend income	127	141
Other	24	32
Total non-operating income	153	175
Non-operating expenses		
Interest expenses	25	21
Foreign exchange losses	52	88
Depreciation of inactive non-current assets	28	1
Other	79	40
Total non-operating expenses	186	151
Ordinary profit	1,328	1,234
Extraordinary income		
Gain on sales of non-current assets	–	165
Total extraordinary income	–	165
Extraordinary losses		
Loss on retirement of non-current assets	37	7
Other	0	–
Total extraordinary losses	37	7
Profit before income taxes	1,291	1,392
Income taxes	428	511
Profit	862	881
Profit attributable to non-controlling interests	8	32
Profit attributable to owners of parent	853	848

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	862	881
Other comprehensive income		
Valuation difference on available-for-sale securities	756	(161)
Deferred gains or losses on hedges	0	9
Foreign currency translation adjustment	(52)	(63)
Remeasurements of defined benefit plans, net of tax	(1)	(1)
Total other comprehensive income	702	(216)
Comprehensive income	1,564	664
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,553	647
Comprehensive income attributable to non-controlling interests	11	16