

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 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: November 8, 2018  
 Scheduled date to commence dividend payments: December 4, 2018  
 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, 2018 (from April 1, 2018 to September 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	%
Six months ended September 30, 2018	43,747	1.9	2,328	0.3	2,412	9.2	1,528	26.8
Six months ended September 30, 2017	42,931	6.0	2,322	24.3	2,210	64.6	1,205	84.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	87.67	–
Six months ended September 30, 2017	66.84	–

(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, 2018	120,338	81,891	65.6	4,579.89
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	–	30.00	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	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
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 six months ended September 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 September 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 September 30, 2018	3,754,044 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)

Six months ended September 30, 2018	17,429,552 shares	Six months ended September 30, 2017	18,029,827 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,091	11,362
Notes and accounts receivable - trade	28,032	27,997
Merchandise and finished goods	9,948	10,852
Work in process	2,641	3,013
Raw materials and supplies	5,113	6,166
Other	963	2,228
Allowance for doubtful accounts	(51)	(49)
Total current assets	60,739	61,572
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,461	11,997
Machinery, equipment and vehicles, net	9,456	10,375
Land	14,866	14,765
Other, net	3,023	4,019
Total property, plant and equipment	39,807	41,157
Intangible assets		
Goodwill	1,554	1,614
Other	650	598
Total intangible assets	2,205	2,212
Investments and other assets		
Investment securities	12,830	13,696
Other	1,935	1,731
Allowance for doubtful accounts	(32)	(31)
Total investments and other assets	14,734	15,395
Total non-current assets	56,746	58,766
Total assets	117,486	120,338
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,756	9,053
Short-term loans payable	11,055	13,073
Income taxes payable	1,446	909
Provision for bonuses	1,259	1,303
Other provision	119	123
Other	5,342	5,418
Total current liabilities	27,978	29,882
Non-current liabilities		
Long-term loans payable	3,521	3,229
Provision for environmental measures	121	121
Net defined benefit liability	4,877	4,960
Other	223	252
Total non-current liabilities	8,743	8,564
Total liabilities	36,722	38,446

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,041
Retained earnings	39,504	40,682
Treasury shares	(6,466)	(7,285)
Total shareholders' equity	73,901	74,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,234	4,853
Deferred gains or losses on hedges	(2)	18
Foreign currency translation adjustment	(243)	(274)
Remeasurements of defined benefit plans	58	55
Total accumulated other comprehensive income	4,047	4,652
Non-controlling interests	2,815	2,962
Total net assets	80,763	81,891
Total liabilities and net assets	117,486	120,338

**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, 2017	Six months ended September 30, 2018
Net sales	42,931	43,747
Cost of sales	33,576	34,380
Gross profit	9,354	9,367
Selling, general and administrative expenses	7,032	7,038
Operating profit	2,322	2,328
Non-operating income		
Interest income	3	3
Dividend income	148	151
Foreign exchange gains	–	7
Other	46	43
Total non-operating income	198	207
Non-operating expenses		
Interest expenses	50	43
Foreign exchange losses	35	–
Depreciation of inactive non-current assets	59	1
Other	165	78
Total non-operating expenses	311	123
Ordinary profit	2,210	2,412
Extraordinary income		
Gain on sales of non-current assets	56	166
Gain on sales of investment securities	0	–
Total extraordinary income	57	166
Extraordinary losses		
Impairment loss	–	91
Loss on retirement of non-current assets	43	22
Loss on sales of shares of subsidiaries	292	–
Other	0	14
Total extraordinary losses	336	128
Profit before income taxes	1,931	2,450
Income taxes	706	837
Profit	1,225	1,613
Profit attributable to non-controlling interests	20	85
Profit attributable to owners of parent	1,205	1,528

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

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	1,225	1,613
Other comprehensive income		
Valuation difference on available-for-sale securities	1,331	625
Deferred gains or losses on hedges	6	22
Foreign currency translation adjustment	(48)	(46)
Remeasurements of defined benefit plans, net of tax	(3)	(2)
Total other comprehensive income	1,286	598
Comprehensive income	2,511	2,211
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,472	2,133
Comprehensive income attributable to non-controlling interests	38	77