

Summary of Consolidated Financial Statements for Second Quarter of Fiscal Year Ending March 31, 2016(Japan GAAP)

November 09, 2015
Listed Exchanges: TSE

Name of Listed Company: Ishihara Sangyo Kaisha, Ltd.
Code: 4028 URL <http://www.iskweb.co.jp>
Representative: (Title) President (Name) Kenichi Tanaka
Contact: (Title) Director (Name) Yoshinari Terakawa Tel +81-6-6444-1850
Scheduled date of securities report submission: November 10, 2015
Scheduled date of dividend payment commencement: —

(Any amount less than one million yen is rounded down to the nearest million yen or nil.)

1. Consolidated Financial Results for Second Quarter of Fiscal Year Ended March 31, 2016(April 1, 2015 to September 30, 2015)

(1) Consolidated Operating Results

(Percentages represent changes from same period in previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
2Q, 2015	52,834	4.6	3,486	39.6	2,360	13.5	1,553	-17.4
2Q, 2014	50,492	-11.1	2,498	—	2,079	—	1,879	—

(Note) Comprehensive income: as of September 30, 2015: 1,163million yen (10.4%),
as of September 30, 2014: 1,053million yen (— %)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
2Q, 2015	3.88		—	
2Q, 2014	4.70		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
2Q, 2015	166,022	54,375	32.8
Year ended March 31, 2015	169,414	53,215	31.4

(Reference) Equity capital: as of September 30, 2015: 54,375million yen, as of March 31, 2015: 53,215 million yen

2. Dividends

	Dividends per share				
	(Record date)	June 30 (Q1-end)	September 30 (Q2-end)	December 31 (Q3-end)	March 31 (Year-end)
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	—	0.00	—	0.00	0.00
Year ended March 31, 2016	—	0.00	—	—	—
Year ending March 31, 2016 (Forecast)	—	—	—	0.00	0.00

(Note) Modification in the dividend forecast for current quarter: No modification

3. Forecast for Consolidated Results for the Full Year Ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(Percentages represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full year	103,000	-0.3	6,900	-37.9	5,200	-55.8	11,400	63.2	28.51

(Note) Modification in the dividend forecast for current quarter: Modified

4. Other information

- (1) Significant changes in subsidiaries during the period
(changes in specified subsidiaries resulting in the change in consolidation scope): No change
- (2) Adoption of simplified accounting treatment and special accounting treatment for quarterly consolidated statement: Not adopted
- (3) Changes in accounting principles, procedures, and the method of presentation
 - 1) Changes due to revisions of accounting standards etc. : Adopted
 - 2) Changes other than those defined in 1) above : Not adopted
 - 3) Changes in accounting procedures : Not adopted
 - 4) Changes in the method of presentation : Not adopted
- (4) Issued shares (common shares)
 - 1) Issued shares as of period-end (including repurchased treasury shares)
As of September 30, 2015: 403,839,431 shares As of March 31, 2015: 403,839,431 shares
 - 2) Number of shares of treasury stock as of period-end
As of September 30, 2015: 3,998,811 shares As of March 31, 2015: 3,973,012 shares
 - 3) Average number of outstanding shares during period
2Q 2015: 399,853,943 shares 2Q 2014: 399,918,491 shares

Notes on proper use of forecast and other matters

The forecast of financial results presented in this document is the result of management's assessment based upon currently available assumptions, prospects and plans for the future. Actual results and dividend payments may differ from these forecasts, due to risks and uncertain factors, such as the global economy, competition, and foreign currency fluctuations.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: millions of yen)

Account Category	As of March,2015 (summary)	As of September 2015
ASSETS		
Current Assets		
Cash and deposits	21,471	23,447
Notes and accounts receivable – trade	29,059	29,554
Merchandise and finished goods	31,869	31,567
Work in process	4,149	4,721
Raw materials and supplies	17,357	13,240
Deferred tax assets	2,263	1,756
Other	1,485	2,018
Allowance for doubtful accounts	-188	-166
Total current assets	107,468	106,139
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	18,253	17,826
Others, net	26,272	25,496
Total property, plant and equipment	44,525	43,323
Intangible assets	147	178
Investments and other assets		
Investment securities	5,496	4,740
Deferred tax assets	8,786	9,116
Net defined benefit asset	14	15
Other	3,071	2,603
Allowance for doubtful accounts	-94	-95
Total investments and other assets	17,273	16,381
Total non-current assets	61,946	59,883
Total Assets	169,414	166,022

(Unit: millions of yen)

Account Category	As of March,2015 (summary)	As of September 2015
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	12,409	17,227
Short-term loans payable	31,472	29,591
Current portion of bonds	280	280
Income taxes payable	747	462
Reserve for loss from Ferosilt removal	2,458	1,248
Provision for loss on liquidation of subsidiaries and associates	323	87
Other provision	728	742
Other	8,472	9,258
Total current liabilities	56,892	58,898
Non-current liabilities		
Bonds payable	840	700
Long-term loans payable	42,447	35,717
Other provision	890	893
Net defined benefit liability	12,084	12,196
Other	3,044	3,240
Total non-current liabilities	59,307	52,748
Total Liabilities	116,199	111,647
NET ASSETS		
Shareholders' equity		
Capital stock	43,420	43,420
Capital surplus	10,626	10,626
Retained earnings	600	2,153
Treasury shares	-697	-700
Total shareholders' equity	53,949	55,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	513	362
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	-849	-1,117
Remeasurements of defined benefit plans	-398	-369
Total accumulated other comprehensive income	-734	-1,124
Total net assets	53,215	54,375
Total Liabilities and Net Assets	169,414	166,022

* This is an English translation of Summary originally written in Japanese and disclosed to TSE.
For official purposes, the Japanese version takes preference over this English translation

(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q2 2014 (April 1,2014 to September 30,2014)	Q2 2015 (April 1,2015 to September 30,2015)
Net sales	50,492	52,834
Cost of sales	36,776	38,216
Gross profit	13,715	14,617
Selling, general and administrative expenses	11,217	11,131
Operating income	2,498	3,486
Non-operating income		
Interest income	24	16
Dividend income	123	77
Foreign exchange gains	900	—
Gain sales of raw materials	7	133
Other	157	149
Total non-operating income	1,213	377
Non-operating expenses		
Interest expenses	803	728
Share of loss of entities accounted for using equity method	404	440
Foreign exchange losses	—	118
Other	424	215
Total non-operating expenses	1,632	1,503
Ordinary income	2,079	2,360
Extraordinary income		
Gain on distribution of residual assets	312	—
Total extraordinary income	312	—
Extraordinary loss		
Loss on disposal of non-current assets	162	241
Other	49	9
Total extraordinary loss	211	250
Income before income taxes and minority interests	2,179	2,109
Income taxes-current	129	371
Income taxes – deferred	169	185
Total income taxes	299	556
Net income	1,879	1,553
Profit attributable to owners of parent	1,879	1,553

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(Unit: millions of yen)

Account Category	Q2 2014 (April 1,2014 to September 30,2014)	Q2 2015 (April 1,2015 to September 30,2015)
Net income	1,879	1,553
Other comprehensive income		
Valuation difference on available-for-sale securities	108	-151
Deferred gains or losses on hedges	13	-0
Foreign currency translation adjustment	-1,185	-187
Remeasurements of defined benefit plans, net of tax	144	28
Share of other comprehensive income of entities accounted for using equity method	92	-79
Total other comprehensive income	-826	-389
Comprehensive income	1,053	1,163
(Breakdown)		
Comprehensive income attributable to owners of parent	1,053	1,163

(3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2014 to September 30, 2014)	Current consolidated FY (April 1, 2015 to September 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	2,179	2,109
Depreciation and amortization	2,825	2,878
Increase (decrease) in allowance for doubtful accounts	8	-21
Increase (decrease) in net defined benefit liability	418	161
Increase (decrease) in reserve for loss from Ferosilt removal	-1,260	-1,210
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	-701	-231
Increase (decrease) in other provision	63	17
Interest and dividend income	-147	-94
Interest expenses	803	728
Foreign exchange losses (gains)	-761	142
Share of (profit) loss of entities accounted for using equity method	404	440
Loss (gain) on disposal of noncurrent assets	94	142
Decrease (increase) in notes and accounts receivable-trade	-2,908	-770
Decrease (increase) in inventories	6,463	3,171
Decrease (increase) in other current assets	-564	-281
Increase (decrease) in notes and accounts payable-trade	1,356	5,100
Increase (decrease) in other current liabilities	1,033	969
Other	-298	42
Subtotal	9,007	13,297
Interest and dividends income received	101	93
Interest expenses paid	-864	-749
Proceeds from insurance income	77	33
Income taxes paid	-509	-669
Cash flows from operating activities	7,812	12,004

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2014 to September 30, 2014)	Current consolidated FY (April 1, 2015 to September 30, 2015)
Cash flows from investing activities		
Payments into time deposits	- 0	-0
Purchase of non-current assets	-2,214	-889
Proceeds from sales of non-current assets	39	220
Payments of loans receivable	-108	-265
Collection of loans receivable	109	174
Proceeds from distribution of residual assets	468	—
Others	392	-30
Cash flows from investing activities	-1,312	-790
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-30	-110
Proceeds from long-term loans payable	1,800	200
Repayments of long-term loans payable	-8,010	-8,699
Redemption of bonds	-140	-140
Repayments of lease obligations	-342	-298
Proceeds from deposits received	1,279	901
Repayment of deposits payable	-1,130	-1,152
Net decrease (increase) in treasury shares	-2	-3
Cash flows from financing activities	-6,576	-9,301
Effect of exchange rate change on cash and cash equivalents	-119	63
Net increase (decrease) in cash and cash equivalents	-196	1,976
Cash and cash equivalents at beginning of period	17,185	21,281
Cash and cash equivalents at end of period	16,989	23,257

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6. Segment Information

【Business Segment Information】

2Q of Fiscal Year Ended March 31, 2015(April 1, 2014 to September 30, 2014)

(1)Information relating sales, profits, losses, for each reporting unit

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Other Businesses	Total	Elimination/Corporate	Consolidated
Sales						
(1) Sales to external customers	25,096	23,869	1,526	50,492	—	50,492
(2) Intersegment sales and transfers	—	—	560	560	-560	—
Total	25,096	23,869	2,087	51,052	-560	50,492
Segment profit	1,687	1,507	25	3,221	-723	2,498

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (-¥723million) includes elimination of transaction between segments(¥94million) and corporate expenses not allocated to reporting segments(-¥818million). Corporate expenses mainly comprise general expenses not allocated segments.
- (2) Segment profits are adjusted with the operating profit reported on the consolidated profit and loss statement for 1ST half of Fiscal Year Ended March 31, 2015(April 1, 2014 to September 30, 2014).

(2) Geographical information

Net Sales

(Unit: millions of yen)

Japan	Asia	America	Europe	Other	Total
22,592	8,205	7,170	12,374	149	50,492

(Note) 1. Net sales by geographic segment are based on nations or regions where customers reside.

2. Grouping of countries and regions is based on the geographic proximity and relevance of businesses.

Countries and regions included in each geographic segment are follows, excluding Japan:

- (1) Asia : China, Taiwan, South Korea, Thailand, Indonesia, and Singapore
- (2) Americas: United States of America, Canada, Brazil, Argentina, and Mexico
- (3) Europe : Germany, Netherlands, France, the United Kingdom, Belgium, Italy, and East Europe and Middle East regions
- (4) Other : Australia, New Zealand and Africa

(3) Information concerning impairment loss or goodwill on fixed assets by segment

We do not note any significant changes.

【Business Segment Information】

2Q of Fiscal Year Ended March 31, 2016(April 1, 2015 to September 30, 2015)

(1)Information relating sales, profits, losses, for each reporting unit

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Other Businesses	Total	Adjustment	Amount reported on consolidated financial statements
Sales						
(1) Sales to external customers	25,581	25,571	1,682	52,834	—	52,834
(2) Intersegment sales and transfers	—	—	533	533	-533	—
Total	25,581	25,571	2,215	53,368	-533	52,834
Operating income or operating loss (-)	2,851	1,471	-30	4,292	-805	3,486

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(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (-¥805million) includes elimination of transaction between segments(¥80million) and corporate expenses not allocated to reporting segments(-¥885million). Corporate expenses mainly comprise general expenses not allocated segments.
- (2) Segment profit are adjusted with the operating profit reported on the consolidated profit and loss statement for 2Q of Fiscal Year Ended March 31, 2016(April 1, 2015 to September30, 2015)

(2)Geographical information

Net Sales					(Unit: millions of yen)	
Japan	Asia	America	Europe	Other	Total	
22,543	8,719	6,629	14,769	171	52,834	

(Note) 1. Net sales by geographic segment are based on nations or regions where customers reside.

2. Grouping of countries and regions is based on the geographic proximity and relevance of businesses.

Countries and regions included in each geographic segment are follows, excluding Japan:

- (1) Asia : China, Taiwan, South Korea, Thailand, Indonesia, and Singapore
- (2) Americas: United States of America, Canada, Brazil, Argentina, and Mexico
- (3) Europe : Germany, Netherlands, France, the United Kingdom, Belgium, Italy, and East Europe and Middle East regions
- (4) Other : Australia, New Zealand and Africa

(3) Significant Changes in Our Shareholders Equity

We do not note any significant changes.