

Summary of Consolidated Financial Statements for Third Quarter of Fiscal Year Ending March 31, 2017(Japan GAAP)

February 10, 2017
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
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Scheduled date of securities report submission: February 13, 2017
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 Third Quarter of Fiscal Year Ended March 31, 2017(April 1, 2016 to December 31, 2016)

(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	%
3Q, 2016	74,535	-3.7	2,930	19.8	1,786	195.7	997	-72.8
3Q, 2015	77,395	3.2	2,445	-34.0	603	-86.9	3,671	-1.7

(Note) Comprehensive income: as of December 31, 2016: -653 million yen (—%),
as of December 31, 2015: 3,634 million yen (50.3%)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
3Q, 2016	24.94		—	
3Q, 2015	91.83		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
3Q, 2016	159,281	60,940	38.3
Year ended March 31, 2016	165,050	61,597	37.3

(Reference) Equity capital: as of December 31, 2016: 60,940 million yen, as of March 31, 2016: 61,597 million yen

2. Dividends

(Record date)	Dividends per share				
	June 30 (Q1-end)	September 30 (Q2-end)	December 31 (Q3-end)	March 31 (Year-end)	Annual
Year ended March 31, 2016	—	0.00	—	0.00	0.00
Year ended March 31, 2017	—	0.00	—	—	—
Year ending March 31, 2017 (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, 2017 (April 1, 2016 - March 31, 2017)

(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	101,000	-1.8	7,400	-11.0	6,200	-15.3	4,400	-53.5	110.05

(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 December 31, 2016: 40,383,943 shares As of March 31, 2016: 40,383,943 shares
 - 2) Number of shares of treasury stock as of period-end
As of December 31, 2016: 406,516 shares As of March 31, 2016: 401,966 shares
 - 3) Average number of outstanding shares during period
3Q 2016: 39,980,557 shares 3Q 2015: 39,984,830 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 31, 2016 (summary)	As of December 31, 2016
ASSETS		
Current Assets		
Cash and deposits	29,398	32,875
Notes and accounts receivable – trade	25,225	25,378
Merchandise and finished goods	34,317	27,163
Work in process	3,907	4,732
Raw materials and supplies	14,845	11,457
Deferred tax assets	1,096	700
Other	1,876	1,821
Allowance for doubtful accounts	-184	-224
Total current assets	110,483	103,905
Noncurrent Assets		
Property, plant and equipment		
Machinery equipment, net	17,501	17,205
Others, net	21,232	21,473
Total property, plant and equipment	38,733	38,678
Intangible assets	223	186
Investments and other assets		
Investment securities	5,338	6,107
Deferred tax assets	8,014	8,550
Net defined benefit asset	16	15
Other	2,433	2,005
Allowance for doubtful accounts	-193	-168
Total investments and other assets	15,610	16,510
Total non-current assets	54,567	55,375
Total Assets	165,050	159,281

* 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

(Unit: millions of yen)

Account Category	As of March 31, 2016 (summary)	As of December 31, 2016
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	10,341	16,115
Short-term loans payable	27,950	27,538
Currents portion of bonds	280	280
Income taxes payable	571	360
Provision	1,698	465
Other	8,882	9,149
Total current liabilities	49,725	53,909
Noncurrent Liabilities		
Bonds payable	560	420
Long-term loans payable	35,167	25,992
Provision	1,086	1,106
Net defined benefit liability	12,957	12,793
Other	3,956	4,119
Total non-current liabilities	53,727	44,431
Total Liabilities	103,453	98,341
NET ASSETS		
Shareholder's equity		
Capital stock	43,420	43,420
Capital surplus	10,626	10,626
Retained earnings	10,062	11,059
Treasury shares	-702	-706
Total shareholders' equity	63,407	64,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	243	477
Deferred gains or losses on hedges	—	-0
Foreign currency translation adjustment	-1,272	-3,205
Remeasurements of defined benefit plans	-780	-731
Total accumulated other comprehensive income	-1,809	-3,460
Total net assets	61,597	60,940
Total Liabilities and Net Assets	165,050	159,281

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(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q3 2015 (April 1, 2015 to December 31, 2015)	Q3 2016 (April 1, 2016 to December 31, 2016)
Net sales	77,395	74,535
Cost of sales	58,315	55,775
Gross profit	19,079	18,760
Selling, general and administrative expenses	16,633	15,829
Operating income (loss)	2,445	2,930
Non-operating income		
Interest income	23	22
Dividend income	91	85
Commission fee	—	173
Gain sales of raw materials	177	85
Other	196	159
Total non-operating income	489	526
Non-operating expenses		
Interest expenses	1,090	860
Share of loss of entities accounted for using equity method	269	209
Foreign exchange losses	615	219
Other	355	380
Total non-operating expenses	2,330	1,670
Ordinary income	603	1,786
Extraordinary income		
Gain on sale of non-current assets	4,728	—
Total extraordinary income	4,728	—
Extraordinary loss		
Impairment loss	—	75
Loss on disposal of non-current assets	283	379
Provision for environmental measures	87	1
Other	—	6
Total extraordinary loss	370	462
Income before income taxes and minority interests	4,961	1,323
Income taxes-current	579	399
Income taxes – deferred	709	-73
Total income taxes	1,289	326
Net income	3,671	997
Profit attributable to owners of parent	3,671	997

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(Unit: millions of yen)

Account Category	Q3 2015 (April 1, 2015 to December 31, 2015)	Q3 2016 (April 1, 2016 to December 31, 2016)
Net income	3,671	997
Other comprehensive income		
Valuation difference on available for sale securities	-65	232
Deferred gains or losses on hedges	-0	-0
Foreign currency translation adjustment	6	-1,641
Remeasurements of defined benefit plans, net of tax	40	48
Share of other comprehensive income of entities accounted for using equity method	-18	-290
Total other comprehensive income	-37	-1,650
Comprehensive income	3,634	-653
(Breakdown)		
Comprehensive income attributable to owners of parent	3,634	-653

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6. Segment Information

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2016 (April 1, 2015 to December 31, 2015)

(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	38,433	36,534	2,427	77,395	—	77,395
(2) Intersegment sales and transfers	—	—	1,575	1,575	-1,575	—
Total	38,433	36,534	4,003	78,970	-1,575	77,395
Segment profit	2,061	1,422	253	3,736	-1,290	2,445

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,290 million) includes elimination of transaction between segments(¥ 82 million) and corporate expenses not allocated to reporting segments(- ¥ 1,373 million). Corporate expenses mainly comprise general expenses not allocated segments.
- (2) Segment profits are adjusted with the operating loss reported on the consolidated profit and loss statement for 1ST half of Fiscal Year Ended March 31, 2016(April 1, 2015 to December 31, 2015).

(2) Geographical information

Net Sales

(Unit: millions of yen)

Japan	Asia	America	Europe	Other	Total
32,875	13,547	9,448	21,304	219	77,395

(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 noncurrent assets by segment

We do not note any significant changes.

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2017(April 1, 2016 to December31, 2016)

(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	34,941	37,409	2,185	74,535	—	74,535
(2) Intersegment sales and transfers	—	—	1,907	1,907	-1,907	—
Total	34,941	37,409	4,092	76,442	-1,907	74,535
Segment profit	2,459	1,559	312	4,331	-1,400	2,930

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(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,400 million) includes elimination of transaction between segments(¥ 4 million) and corporate expenses not allocated to reporting segments(- ¥ 1,405 million). 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 1ST half of Fiscal Year Ended March 31, 2017(April 1, 2016 to December31, 2016)

(2)Geographical information

Net Sales					(Unit: millions of yen)
Japan	Asia	America	Europe	Other	Total
30,769	12,937	8,767	21,831	230	74,535

(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 noncurrent assets by segment

(Significant impairment loss on noncurrent assets)

In the Inorganic Chemicals segment and the Organic Chemicals segment, we posted a fixed asset impairment loss of 62 million yen for machineries and 13 million yen for equipment.

Note that the amount of impairment loss posted for the third quarter cumulative period under review is 75 million yen.