

Summary of Consolidated Financial Statements for Second Quarter of Fiscal Year Ending March 31, 2020(Japan GAAP)

November 8, 2019
Listed Exchanges: TSE

Name of Listed Company: Ishihara Sangyo Kaisha, Ltd.
Code: 4028 URL <http://www.iskwweb.co.jp>
Representative: (Title) Executive Director President (Name) Kenichi Tanaka
Contact: (Title) Director (Name) Yasunobu Kawazoe Tel +81-6-6444-1850
Scheduled date of securities report submission: November 11, 2019
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, 2020(April 1, 2019 to September 30, 2019)

(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, 2019	52,006	-0.4	2,699	-41.1	1,824	-63.4	469	-88.1
2Q, 2018	52,232	-1.3	4,580	18.7	4,981	46.1	3,935	56.9

(Note) Comprehensive income: as of September 30, 2019: -51million yen (— %),
as of September 30, 2018: 3,479million yen (24.1 %)

	Net income per share	Net income per share after full dilution
	Yen	Yen
2Q, 2019	11.73	—
2Q, 2018	98.46	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
2Q, 2019	166,865	74,800	44.8
Year ended March 31, 2019	168,689	75,335	44.7

(Reference) Equity capital: as of September 30, 2019: 74,800million yen, as of March 31, 2019: 75,335million yen

2. Dividends

	Dividends per share				
(Record date)	June 30 (Q1-end)	September 30 (Q2-end)	December 31 (Q3-end)	March 31 (Year-end)	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	0.00	—	12.00	12.00
Year ended March 31, 2020	—	0.00	—	—	—
Year ending March 31, 2020 (Forecast)	—	—	—	12.00	12.00

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

3. Forecast for Consolidated Results for the Full Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(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	102,000	-4.2	5,500	-51.6	4,600	-58.7	2,300	-73.5	57.55

(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, 2019: 40,383,943 shares As of March 31, 2019: 40,383,943 shares
 - 2) Number of shares of treasury stock as of period-end
As of September 30, 2019: 421,189 shares As of March 31, 2019: 418,453 shares
 - 3) Average number of outstanding shares during period
2Q 2019: 39,964,438 shares 2Q 2018: 39,967,885 shares

*Quarterly financial results are outside the scope of quarterly review.

*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, and Main Notes

(1) Consolidated Balance Sheet

(Unit: millions of yen)

Account Category	As of March,2019 (summary)	As of September 2019
ASSETS		
Current Assets		
Cash and deposits	23,983	23,935
Notes and accounts receivable – trade	33,897	31,042
Merchandise and finished goods	25,216	29,705
Work in process	5,976	6,588
Raw materials and supplies	15,590	13,236
Other	2,883	2,587
Allowance for doubtful accounts	-468	-542
Total current assets	107,080	106,643
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	17,706	18,223
Others, net	25,460	24,758
Total property, plant and equipment	43,167	42,982
Intangible assets	370	383
Investments and other assets		
Investment securities	7,018	6,667
Deferred tax assets	9,604	9,044
Net defined benefit asset	11	10
Other	1,547	1,216
Allowance for doubtful accounts	-110	-84
Total investments and other assets	18,071	16,855
Total non-current assets	61,609	60,221
Total Assets	168,689	166,865

(Unit: millions of yen)

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Account Category	As of March,2019 (summary)	As of September 2019
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	15,392	17,509
Short-term loans payable	18,102	17,225
Current portion of bonds	390	390
Income taxes payable	731	297
Reserve	853	854
Other	9,241	9,550
Total current liabilities	44,712	45,826
Noncurrent liabilities		
Bonds payable	1,620	1,425
Long-term loans payable	25,697	23,744
Provision for environment and safety improvement	2,877	2,921
Other provision	150	255
Net defined benefit liability	12,881	12,952
Liabilities from application of equity method	662	656
Other	4,752	4,912
Total non-current liabilities	48,642	46,238
Total Liabilities	93,354	92,064
NET ASSETS		
Shareholders' equity		
Capital stock	43,420	43,420
Capital surplus	10,627	10,627
Retained earnings	23,419	23,408
Treasury stock	-722	-725
Total shareholders' equity	76,744	76,730
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	477	274
Foreign currency translation adjustment	-1,443	-1,797
Remeasurements of defined benefit plans	-442	-406
Total accumulated other comprehensive income	-1,408	-1,929
Total net assets	75,335	74,800
Total Liabilities and Net Assets	168,689	166,865

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(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q2 2018 (April 1,2018 to September 30,2018)	Q2 2019 (April 1,2019 to September 30,2019)
Net sales	52,232	52,006
Cost of sales	35,956	37,853
Gross profit	16,276	14,153
Selling, general and administrative expenses	11,696	11,454
Operating income	4,580	2,699
Non-operating income		
Interest income	27	28
Dividend income	82	258
Foreign exchange income	715	—
Gain on sales of raw materials	109	89
Other	82	45
Total non-operating income	1,016	420
Non-operating expenses		
Interest expenses	385	313
Share of loss of entities accounted for using equity method	15	70
Foreign exchange loss	—	656
Other	214	254
Total non-operating expenses	615	1,295
Ordinary income	4,981	1,824
Extraordinary income		
Gain on sales of non-current assets	178	—
Gain on insurance adjustment	34	62
Total extraordinary income	213	62
Extraordinary loss		
Loss on disposal of non-current assets	322	404
Loss on disaster	358	—
Other	—	55
Total extraordinary loss	681	459
Income before income taxes and minority interests	4,513	1,427
Income taxes-current	606	238
Income taxes – deferred	-28	719
Total income taxes	577	958
Net income	3,935	469
Profit attributable to owners of parent	3,935	469

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(Unit: millions of yen)

Account Category	Q2 2018 (April 1,2018 to September 30,2018)	Q2 2019 (April 1,2019 to September 30,2019)
Profit	3,935	469
Other comprehensive income		
Valuation difference on available-for-sale securities	-39	-203
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	-468	-392
Remeasurements of defined benefit plans, net of tax	36	35
Share of other comprehensive income of entities accounted for using equity method	15	38
Total other comprehensive income	-455	-520
Comprehensive income	3,479	-51
(Breakdown)		
Comprehensive income attributable to owners of parent	3,479	-51

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(3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2018 to September 30, 2018)	Current consolidated FY (April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Income before income taxes and minority interests	4,513	1,427
Depreciation and amortization	2,376	2,513
Loss on disaster	358	—
Increase (decrease) in allowance for doubtful accounts	193	48
Increase (decrease) in net defined benefit liability	94	125
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	-0	—
Increase (decrease) in allowance for doubtful accounts	-267	-635
Increase (decrease) in other provision	88	154
Interest and dividend income	-109	-286
Interest expenses	385	313
Foreign exchange losses (gains)	-83	-15
Share of (profit) loss of entities accounted for using equity method	15	70
Loss (gain) on disposal of noncurrent assets	-60	104
Decrease (increase) in notes and accounts receivable-trade	-1,197	2,583
Decrease (increase) in inventories	-3,509	-3,167
Decrease (increase) in other current assets	53	451
Increase (decrease) in notes and accounts payable-trade	7,989	2,571
Increase (decrease) in other current liabilities	1,055	709
Other	-41	-57
Subtotal	11,853	6,910
Interest and dividends income received	106	285
Interest expenses paid	-374	-332
Proceeds from insurance income	40	76
Payment associated with disaster loss	—	-131
Income taxes paid	-1,621	-632
Cash flows from operating activities	10,005	6,175

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(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2018 to September 30, 2018)	Current consolidated FY (April 1, 2019 to September 30, 2019)
Cash flows from investing activities		
Purchase of investment securities	-6	-110
Purchase of non-current assets	-1,618	-2,154
Proceeds from sales of non-current assets	224	75
Payments of loans receivable	-116	-213
Collection of loans receivable	187	121
Others	4	33
Cash flows from investing activities	-1,323	-2,248
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-2,410	-80
Proceeds from long-term loans payable	3,500	2,000
Repayments of long-term loans payable	-5,139	-4,570
Redemption of bonds	-195	-195
Cash dividends paid	—	-479
Repayments of lease obligations	-242	-256
Repayments of installment payables	-105	-113
Proceeds from deposits received	1,001	—
Repayment of deposits payable	-1,342	—
Net decrease (increase) in treasury shares	-1	-2
Cash flows from financing activities	-4,935	-3,877
Effect of exchange rate change on cash and cash equivalents	-45	-97
Net increase (decrease) in cash and cash equivalents	3,701	-48
Cash and cash equivalents at beginning of period	30,297	23,983
Cash and cash equivalents at end of period	33,998	23,935

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6. Segment Information

【Business Segment Information】

2Q of Fiscal Year Ended March 31, 2019(April 1, 2018 to September 30, 2018)

(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	27,785	22,719	1,727	52,232	—	52,232
(2) Intersegment sales and transfers	—	—	884	884	-884	—
Total	27,785	22,719	2,611	53,116	-884	52,232
Segment profit	4,653	962	48	5,664	-1,084	4,580

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,084million) includes elimination of transaction between segments(¥ 53million) and corporate expenses not allocated to reporting segments(- ¥ 1,137million). Corporate expenses mainly comprise general expenses not allocated segments.
- (2) Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.

(2) Geographical information

Net Sales

(Unit: millions of yen)

Japan	Asia	America	Europe	Other	Total
23,637	11,396	8,321	8,787	89	52,232

(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, 2020(April 1, 2019 to September 30, 2019)

(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	25,908	24,445	1,651	52,006	—	52,006
(2) Intersegment sales and transfers	—	—	1,265	1,265	-1,265	—
Total	25,908	24,445	2,917	53,272	-1,265	52,006
Segment profit	2,682	1,079	40	3,802	-1,103	2,699

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,103million) includes elimination of transaction between segments(¥ 58million) and corporate expenses not allocated to reporting segments(- ¥ 1,161million). Corporate expenses mainly comprise general

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expenses not allocated segments.

(2) Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.

(2)Geographical information

Net Sales					(Unit: millions of yen)
Japan	Asia	America	Europe	Other	Total
23,222	10,056	8,699	9,947	79	52,006

(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, Singapore, and India

(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.