

# Summary of Consolidated Financial Statements for Second Quarter of Fiscal Year Ending March 31, 2018(Japan GAAP)

November 10, 2017  
Listed Exchanges: TSE

Name of Listed Company: Ishihara Sangyo Kaisha, Ltd.  
Code: 4028 URL <http://www.iskweb.co.jp>  
Representative: (Title) Executive Director President (Name) Kenichi Tanaka  
Contact: (Title) Managing Executive Officer (Name) Yasunobu Kawazoe Tel +81-6-6444-1850  
Scheduled date of securities report submission: November 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 Second Quarter of Fiscal Year Ended March 31, 2018(April 1, 2017 to September 30, 2017)

### (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, 2017	52,904	3.3	3,858	110.6	3,380	—	2,446	—
2Q, 2016	51,211	-3.1	1,831	-47.5	3	-99.9	-794	—

(Note) Comprehensive income: as of September 30, 2017: 2,904million yen( — %),  
as of September 30, 2016: -2,380million yen ( — %)

	Net income per share	Net income per share after full dilution
	Yen	Yen
2Q, 2017	61.20	—
2Q, 2016	-19.85	—

(Note) 1. Year-on-year increase percentage of ordinary income for the 2nd quarter of FY 2017 is indicated as "—" because the figure is in excess of 1,000%.

2. Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, net income per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
2Q, 2017	164,047	69,471	42.3
Year ended March 31, 2017	159,856	66,571	41.6

(Reference) Equity capital: as of September 30, 2017: 69,471million yen, as of March 31, 2017: 66,571 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
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	—	0.00	—	0.00	0.00
Year ended March 31, 2018	—	0.00			
Year ending March 31, 2018 (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, 2018 (April 1, 2017 - March 31, 2018)

(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	107,000	5.3	9,200	9.3	8,600	18.1	6,500	26.8	162.61

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

\* 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

#### 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. | : Not 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, 2017: 40,383,943 shares                               | As of March 31, 2017: 40,383,943 shares |
| 2) Number of shares of treasury stock as of period-end                    |   |
| As of September 30, 2017: 412,632 shares                                  | As of March 31, 2017: 409,374 shares    |
| 3) Average number of outstanding shares during period                     |   |
| 2Q 2017:39,973,065 shares   | 2Q 2016:39,981,325 shares               |

\* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, net income per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

\*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,2017 (summary)	As of September 2017
<b>ASSETS</b>		
Current Assets		
Cash and deposits	28,346	31,689
Notes and accounts receivable – trade	25,407	29,947
Merchandise and finished goods	30,242	27,231
Work in process	3,932	5,196
Raw materials and supplies	12,930	11,741
Deferred tax assets	1,431	1,287
Other	1,901	2,295
Allowance for doubtful accounts	-194	-288
Total current assets	103,997	109,102
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	17,171	17,491
Others, net	22,011	20,662
Total property, plant and equipment	39,183	38,154
Intangible assets	181	299
Investments and other assets		
Investment securities	6,785	6,933
Deferred tax assets	7,944	8,028
Net defined benefit asset	16	16
Other	1,914	1,650
Allowance for doubtful accounts	-167	-136
Total investments and other assets	16,493	16,492
Total non-current assets	55,858	54,945
<b>Total Assets</b>	<b>159,856</b>	<b>164,047</b>

\* 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,2017 (summary)	As of September 2017
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable – trade	10,341	18,036
Short-term loans payable	27,139	24,932
Current portion of bonds	280	280
Income taxes payable	743	630
Provision	1,048	1,062
Other	7,757	8,904
Total current liabilities	47,310	53,846
Non-current liabilities		
Bonds payable	280	140
Long-term loans payable	27,500	22,058
Provision	1,116	1,209
Net defined benefit liability	12,602	12,665
Other	4,473	4,656
Total non-current liabilities	45,974	40,729
Total Liabilities	93,284	94,575
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	43,420	43,420
Capital surplus	10,626	10,626
Retained earnings	15,188	17,634
Treasury shares	-709	-712
Total shareholders' equity	68,526	70,969
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	565	747
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	-1,975	-1,734
Remeasurements of defined benefit plans	-545	-510
Total accumulated other comprehensive income	-1,955	-1,497
Total net assets	66,571	69,471
Total Liabilities and Net Assets	159,856	164,047

\* 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 2016 (April 1,2016 to September 30,2016)	Q2 2017 (April 1,2017 to September 30,2017)
Net sales	51,211	52,904
Cost of sales	38,818	37,688
Gross profit	12,392	15,215
Selling, general and administrative expenses	10,560	11,357
Operating income	1,831	3,858
Non-operating income		
Interest income	16	15
Dividend income	56	155
Foreign exchange income	—	169
Gain sales of raw materials	74	107
Other	128	161
Total non-operating income	275	609
Non-operating expenses		
Interest expenses	600	484
Share of loss of entities accounted for using equity method	193	328
Foreign exchange losses	1,079	—
Other	230	273
Total non-operating expenses	2,104	1,086
Ordinary income	3	3,380
Extraordinary loss		
Impairment loss	75	—
Loss on disposal of non-current assets	321	417
Other	7	0
Total extraordinary loss	405	418
Income (loss) before income taxes and minority interests	-401	2,962
Income taxes-current	276	441
Income taxes – deferred	115	74
Total income taxes	392	515
Net income	-794	2,446
Profit (loss) attributable to owners of parent	-794	2,446

\* 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	Q2 2016 (April 1,2016 to September 30,2016)	Q2 2017 (April 1,2017 to September 30,2017)
Profit (loss)	-794	2,446
Other comprehensive income		
Valuation difference on available-for-sale securities	40	181
Deferred gains or losses on hedges	—	0
Foreign currency translation adjustment	-1,555	165
Remeasurements of defined benefit plans, net of tax	28	35
Share of other comprehensive income of entities accounted for using equity method	-99	75
Total other comprehensive income	-1,586	457
Comprehensive income	-2,380	2,904
(Breakdown )		
Comprehensive income attributable to owners of parent	-,2380	2,904

## (3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2016 to September 30, 2016)	Current consolidated FY (April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	-401	2,962
Depreciation and amortization	2,416	2,370
Impairment loss	75	-
Increase (decrease) in allowance for doubtful accounts	-3	65
Increase (decrease) in net defined benefit liability	-137	110
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	-15	-4
Increase (decrease) in other provision	-299	110
Interest and dividend income	-73	-170
Interest expenses	600	484
Foreign exchange losses (gains)	30	-74
Share of (profit) loss of entities accounted for using equity method	193	328
Loss (gain) on disposal of noncurrent assets	150	142
Decrease (increase) in notes and accounts receivable-trade	-3,867	-4,211
Decrease (increase) in inventories	6,905	2,998
Decrease (increase) in other current assets	235	-308
Increase (decrease) in notes and accounts payable-trade	4,929	7,578
Increase (decrease) in other current liabilities	218	1,033
Other	6	5
Subtotal	10,962	13,421
Interest and dividends income received	66	82
Interest expenses paid	-605	-440
Proceeds from insurance income	11	1
Income taxes paid	-733	-358
Cash flows from operating activities	9,702	12,706

\* 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	Previous consolidated FY (April 1, 2016 to September 30, 2016)	Current consolidated FY (April 1, 2017 to September 30, 2017)
Cash flows from investing activities		
Payments into time deposits	-0	-0
Purchase of investment securities	-1,127	-6
Purchase of non-current assets	-1,721	-1,499
Proceeds from sales of non-current assets	224	78
Payments of loans receivable	-175	-262
Collection of loans receivable	46	132
Others	4	-51
Cash flows from investing activities	-2,748	-1,609
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	373	-480
Proceeds from long-term loans payable	650	—
Repayments of long-term loans payable	-7,079	-7,169
Redemption of bonds	-140	-140
Repayments of lease obligations	-290	-263
Repayments of installment payables	-40	-53
Proceeds from deposits received	884	1,519
Repayment of deposits payable	-988	-1,218
Net decrease (increase) in treasury shares	-1	-3
Cash flows from financing activities	-6,631	-7,808
Effect of exchange rate change on cash and cash equivalents	-423	54
Net increase (decrease) in cash and cash equivalents	-101	3,343
Cash and cash equivalents at beginning of period	29,208	28,156
Cash and cash equivalents at end of period	29,107	31,499

\* 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

## 6. Segment Information

### 【Business Segment Information】

2Q of Fiscal Year Ended March 31, 2017(April 1, 2016 to September 30, 2016)

(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	22,875	26,750	1,585	51,211	—	51,211
(2) Intersegment sales and transfers	—	—	869	869	-869	—
Total	22,875	26,750	2,454	52,080	-869	51,211
Segment profit	1,586	987	124	2,699	-867	1,831

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 867million) includes elimination of transaction between segments( ¥ 29million) and corporate expenses not allocated to reporting segments(- ¥ 897million). 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
20,909	7,642	6,586	15,967	105	51,211

(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

(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 second quarter cumulative period under review is 75 million yen.

### 【Business Segment Information】

2Q of Fiscal Year Ended March 31, 2018(April 1, 2017 to September 30, 2017)

(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	26,991	24,496	1,416	52,904	—	52,904
(2) Intersegment sales and transfers	—	—	925	925	-925	—
Total	26,991	24,496	2,342	53,829	-925	52,904
Segment profit	4,621	24	97	4,743	-885	3,858

\* 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

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 885million) includes elimination of transaction between segments( ¥ 50million) and corporate expenses not allocated to reporting segments(- ¥ 935million). 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
22,510	10,186	7,122	12,964	120	52,904

(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.