

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

February 9, 2018
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: February 13, 2018
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, 2018(April 1, 2017 to December 31, 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	%
3Q, 2017	78,289	5.0	5,331	82.0	4,104	129.8	2,648	165.6
3Q, 2016	74,535	-3.7	2,930	19.8	1,786	195.7	997	-72.8

(Note) Comprehensive income: as of December 31, 2017: 3,601 million yen (—%),
as of December 31, 2016: -653 million yen (—%)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
3Q, 2017	66.25		—	
3Q, 2016	24.94		—	

* 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	%
3Q, 2017	163,083	70,165	43.0
Year ended March 31, 2017	159,856	66,571	41.6

(Reference) Equity capital: as of December 31, 2017:70,165 million yen, as of March 31, 2017: 66,571 million yen

2. Dividends

	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

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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 December 31, 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 December 31, 2017: 414,501 shares As of March 31, 2017: 409,374 shares
 - 3) Average number of outstanding shares during period
3Q 2017: 39,672,167 shares 3Q 2016: 39,980,557 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
(1) Consolidated Balance Sheet

(Unit: millions of yen)

Account Category	As of March 31, 2017 (summary)	As of December 31, 2017
ASSETS		
Current Assets		
Cash and deposits	28,346	29,990
Notes and accounts receivable – trade	25,407	29,464
Merchandise and finished goods	30,242	24,430
Work in process	3,932	5,888
Raw materials and supplies	12,930	13,710
Deferred tax assets	1,431	1,434
Other	1,901	2,384
Allowance for doubtful accounts	-194	-417
Total current assets	103,997	106,886
Noncurrent Assets		
Property, plant and equipment		
Machinery equipment, net	17,171	17,175
Others, net	22,011	22,702
Total property, plant and equipment	39,183	39,878
Intangible assets	181	361
Investments and other assets		
Investment securities	6,785	6,775
Deferred tax assets	7,944	7,732
Net defined benefit asset	16	16
Other	1,914	1,568
Allowance for doubtful accounts	-167	-136
Total investments and other assets	16,493	15,957
Total non-current assets	55,858	56,196
Total Assets	159,856	163,083

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(Unit: millions of yen)

Account Category	As of March 31, 2017 (summary)	As of December 31, 2017
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	10,341	19,619
Short-term loans payable	27,139	23,696
Currents portion of bonds	280	210
Income taxes payable	743	653
Provision	1,048	664
Other	7,757	9,184
Total current liabilities	47,310	54,029
Noncurrent Liabilities		
Bonds payable	280	1,290
Long-term loans payable	27,500	19,248
Provision	1,116	978
Net defined benefit liability	12,602	12,688
Other	4,473	4,683
Total non-current liabilities	45,974	38,889
Total Liabilities	93,284	92,918
NET ASSETS		
Shareholder's equity		
Capital stock	43,420	43,420
Capital surplus	10,626	10,626
Retained earnings	15,188	17,836
Treasury shares	-709	-716
Total shareholders' equity	68,526	71,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	565	838
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	-1,975	-1,350
Remeasurements of defined benefit plans	-545	-490
Total accumulated other comprehensive income	-1,955	-1,002
Total net assets	66,571	70,165
Total Liabilities and Net Assets	159,856	163,083

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(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q3 2016 (April 1, 2016 to December 31, 2016)	Q3 2017 (April 1, 2017 to December 31, 2017)
Net sales	74,535	78,289
Cost of sales	55,775	55,796
Gross profit	18,760	22,493
Selling, general and administrative expenses	15,829	17,161
Operating income (loss)	2,930	5,331
Non-operating income	—	
Interest income	22	21
Dividend income	85	170
Foreign exchange income	—	198
Commission fee	173	130
Gain sales of raw materials	85	121
Other	159	136
Total non-operating income	526	778
Non-operating expenses		
Interest expenses	860	718
Share of loss of entities accounted for using equity method	209	736
Foreign exchange losses	219	—
Other	380	550
Total non-operating expenses	1,670	2,005
Ordinary income	1,786	4,104
Extraordinary loss		
Impairment loss	75	—
Loss on disposal of non-current assets	379	489
Provision for environmental measures	1	11
Other	6	11
Total extraordinary loss	462	512
Income before income taxes and minority interests	1,323	3,592
Income taxes-current	399	740
Income taxes – deferred	-73	203
Total income taxes	326	943
Net income	997	2,648
Profit attributable to owners of parent	997	2,648

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(Unit: millions of yen)

Account Category	Q3 2016 (April 1, 2016 to December 31, 2016)	Q3 2017 (April 1, 2017 to December 31, 2017)
Net income	997	2,648
Other comprehensive income		
Valuation difference on available for sale securities	232	272
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	-1,641	478
Remeasurements of defined benefit plans, net of tax	48	54
Share of other comprehensive income of entities accounted for using equity method	-290	146
Total other comprehensive income	-1,650	953
Comprehensive income	-653	3,601
(Breakdown)		
Comprehensive income attributable to owners of parent	-653	3,601

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6. Segment Information

【Business Segment Information】

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

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,400million) includes elimination of transaction between segments(¥ 4million) and corporate expenses not allocated to reporting segments(- ¥ 1,405million). 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
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 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 third quarter cumulative period under review is 75 million yen.

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2018(April 1, 2017 to December31, 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	40,772	35,169	2,348	78,289	—	78,289
(2) Intersegment sales and transfers	—	—	2,240	2,240	-2,240	—
Total	40,772	35,169	4,588	80,530	-2,240	78,289
Segment profit	5,660	718	361	6,739	-1,407	5,331

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(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,407 million) includes elimination of transaction between segments(¥ 35 million) and corporate expenses not allocated to reporting segments(- ¥ 1,443 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, 2018(April 1, 2017 to December31, 2017)

(2)Geographical information

Net Sales					(Unit: millions of yen)
Japan	Asia	America	Europe	Other	Total
33,823	15,994	9,812	18,409	249	78,289

(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.