

Summary of Consolidated Financial Statements for First Quarter of Fiscal Year Ending March 31, 2019(Japan GAAP)

August 10, 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: August 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 First Quarter of Fiscal Year Ended March 31, 2019(April 1, 2018 to June 30, 2018)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
1Q, 2018	25,410	-2.9	2,070	63.1	2,227	72.9	1,911	105.5
1Q, 2017	26,164	-4.8	1,269	55.7	1,287	—	930	—

(Note) Comprehensive income: as of June 30, 2018: 1,362million yen (76.5%), as of June 30, 2017: 771million yen (—%)

	Net income per share	Net income per share after full dilution
	Yen	Yen
1Q, 2018	47.82	—
1Q, 2017	23.26	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	millions of yen	%
1Q, 2018	161,353	68,499	42.5
Year ended March 31, 2018	159,767	67,137	42.0

(Reference) Equity capital: as of June 30, 2018: 68,499million yen, as of March 31, 2018: 67,137 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, 2018	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Year ended March 31, 2019	—				
Year ending March 31, 2019 (Forecast)		0.00	—	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, 2019 (April 1, 2018 - March 31, 2019)

(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		Profit attributable to owners of parent		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Interim (First 2Qs)	52,500	-0.8	2,900	-24.8	3,000	-12.0	2,100	-16.3	52.54
Full year	109,000	0.9	4,400	-56.1	3,300	-60.8	1,800	-47.7	45.03

(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: No 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 June 30, 2018: 40,383,943 shares As of March 31, 2018: 40,383,943 shares
 - 2) Number of shares of treasury stock as of period-end
As of June 30, 2018: 416,012 shares As of March 31, 2018: 415,701 shares
 - 3) Average number of outstanding shares during period
1Q 2018: 39,968,080 shares 1Q 2017: 39,973,931 shares

*This quarterly financial results release is not subject to certified public accountants or auditing firm.

* 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,2018 (summary)	As of June 2018
ASSETS		
Current Assets		
Cash and deposits	30,297	29,880
Notes and accounts receivable – trade	29,880	29,313
Merchandise and finished goods	22,908	24,222
Work in process	4,525	5,244
Raw materials and supplies	14,060	14,640
Other	2,128	2,249
Allowance for doubtful accounts	-413	-415
Total current assets	103,387	105,136
Noncurrent Assets		
Property, plant and equipment		
Machinery, equipment net	17,330	17,771
Others , net	23,512	22,763
Total property , plant and equipment	40,843	40,534
Intangible assets	391	396
Investments and other assets		
Investment securities	4,184	4,223
Deferred tax assets	9,587	9,782
Net defined benefit asset	14	14
Other	1,493	1,402
Allowance for doubtful accounts	-133	-136
Total investments and other assets	15,145	15,286
Total noncurrent assets	56,380	56,217
Total Assets	159,767	161,353

(Unit: millions of yen)

* 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

Account Category	As of March,2018 (summary)	As of June 2018
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	12,088	14,664
Short-term loans payable	23,947	22,518
Currents portion of bonds	390	390
Income tax payable	1,554	395
Reserve	1,198	1,788
Other	8,804	8,734
Total current liabilities	47,984	48,491
Noncurrent Liabilities		
Bonds payable	2,010	1,905
Long-term loans payable	20,575	20,255
Provision for environment and safety improvement	3,641	3,610
Other provision	40	48
Net defined benefit liability	12,777	12,798
Liabilities from application of equity method	908	1,072
Other	4,691	4,672
Total noncurrent liabilities	44,645	44,362
Total Liabilities	92,629	92,854
NET ASSETS		
Shareholder's equity		
Capital stock	43,420	43,420
Capital surplus	10,627	10,627
Retained earnings	14,735	16,647
Treasury stock	-719	-719
Total shareholder's equity	68,064	69,975
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	669	596
Foreign currency translation adjustment	-1,071	-1,563
Remeasurements of defined benefit plans	-524	-509
Total accumulated other comprehensive income	-926	-1,475
Total net assets	67,137	68,499
Total Liabilities and Net Assets	159,767	161,353

(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q1 2017 (April 1,2017 to June 30,2017)	Q1 2018 (April 1,2018 to June 30,2018)
Net sales	26,164	25,410
Cost of sales	19,248	17,410
Gross profit	6,916	8,000
Selling, general and administrative expenses	5,646	5,930
Operating income	1,269	2,070
Non-operating income		
Interest income	5	12
Dividends income	145	16
Share of profit of entities accounted for using equity method	—	4
Foreign exchange income	176	313
Other	112	108
Total non-operating income	440	455
Non-operating expenses		
Interest expenses	242	185
Equity in losses of affiliates	55	—
Other	123	113
Total non-operating expenses	421	298
Ordinary income	1,287	2,227
Extraordinary income		
Gain on insurance adjustment	—	34
Other	—	0
Total extraordinary income	—	35
Extraordinary loss		
Loss on disposal of non-current assets	281	201
Total extraordinary loss	281	201
Income before income taxes and minority interests	1,006	2,060
Income taxes	280	258
Income taxes – deferred	-204	-109
Total income taxes	76	149
Profit	930	1,911
Profit attributable to owners of parent	930	1,911

(Unit: millions of yen)

Account Category	Q1 2017 (April 1,2017 to June 30,2017)	Q1 2018 (April 1,2018 to June 30,2018)
Profit	930	1,911
Other comprehensive income		
Valuation difference on available for sale securities	111	-72
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	-226	-475
Remeasurements of defined benefit plans, net of tax	16	15
Equity in profit / loss of affiliated companies	-59	-16
Total other comprehensive income	-158	-549
Comprehensive income	771	1,362
(Breakdown)		
Comprehensive income attributable to the parent company	771	1,362

6. Segment Information

【Business Segment Information】

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

(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	13,813	11,683	668	26,164	—	26,164
(2) Intersegment sales and transfers	—	—	369	369	-369	—
Total	13,813	11,683	1,037	26,534	-369	26,164
Segment profit or loss(-)	2,209	-498	-1	1,709	-439	1,269

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit or loss (- ¥ 439million) includes elimination of transaction between segments(¥ 30million) and corporate expenses not allocated to reporting segments(- ¥ 470million). Corporate expenses mainly comprise general expenses not allocated segments.
- (2) Segment profit or loss 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
10,939	4,695	3,552	6,912	66	26,164

(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】

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

(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	14,095	10,513	801	25,410	—	25,410
(2) Intersegment sales and transfers	—	—	311	311	-311	—
Total	14,095	10,513	1,112	25,722	-311	25,410
Segment profit	2,644	57	16	2,718	-648	2,070

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 648million) includes elimination of transaction between segments(¥ 29million) and corporate expenses not allocated to reporting segments(- ¥ 678million). 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
11,767	5,215	3,947	4,407	72	25,140

(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.