

[Updated] Summary of Consolidated Financial Statements **for First Quarter of Fiscal Year Ending March 31, 2017(Japan GAAP)**

August 10, 2016
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
Contact: (Title) Director (Name) Yoshinari_Terakawa Tel +81-6-6444-1850
Scheduled date of securities report submission: August 12, 2016
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, 2017(April 1, 2016 to June 30, 2016)

(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, 2016 | 27,490 | -4.4 | 815 | -35.9 | -497 | — | -656 | — |
| 1Q, 2015 | 28,761 | 14.7 | 1,271 | — | 978 | — | 541 | — |

(Note) Comprehensive income: as of June 30, 2016: -1,161million yen (—%), as of June 30, 2015: 90million yen (—%)

| | Net income per share | Net income per share after full dilution |
|----------|----------------------|--|
| | Yen | Yen |
| 1Q, 2016 | -1.64 | — |
| 1Q, 2015 | 1.35 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|---------------------------|-----------------|-----------------|------------------------|
| | millions of yen | millions of yen | % |
| 1Q, 2016 | 158,440 | 57,772 | 36.5 |
| Year ended March 31, 2016 | 163,056 | 58,933 | 36.1 |

(Reference) Equity capital: as of June 30, 2016: 57,772 million yen, as of March 31, 2016: 58,933 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 | — | — | — | — | — |
| Year ending March 31, 2017 (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, 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 | | 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) | 52,000 | -1.6 | 500 | -85.7 | -1,600 | — | -2,200 | — | -5.50 |
| Full year | 99,000 | -3.8 | 3,500 | -57.9 | 1,700 | -75.7 | 800 | -91.3 | 2.00 |

(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, 2016: 403,839,431 shares As of March 31, 2016: 403,839,431 shares
 - 2) Number of shares of treasury stock as of period-end
As of June 30, 2016: 4,024,325 shares As of March 31, 2016: 4,019,665 shares
 - 3) Average number of outstanding shares during period
1Q 2016: 399,818,006 shares 1Q 2015: 399,860,789 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,2016 (summary) | As of June 2016 |
|---|-------------------------------|-----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and deposits | 29,398 | 30,248 |
| Notes and accounts receivable – trade | 25,225 | 31,011 |
| Merchandise and finished goods | 34,317 | 25,758 |
| Work in process | 3,907 | 4,461 |
| Raw materials and supplies | 14,845 | 12,604 |
| Deferred tax assets | 1,107 | 1,240 |
| Other | 1,876 | 1,733 |
| Allowance for doubtful accounts | -184 | -171 |
| Total current assets | 110,494 | 106,887 |
| Noncurrent Assets | | |
| Property, plant and equipment | | |
| Machinery, equipment net | 17,501 | 17,874 |
| Others , net | 21,232 | 19,908 |
| Total property , plant and equipment | 38,733 | 37,783 |
| Intangible assets | 223 | 216 |
| Investments and other assets | | |
| Investment securities | 3,331 | 3,289 |
| Deferred tax assets | 8,016 | 8,136 |
| Net defined benefit asset | 16 | 15 |
| Other | 2,433 | 2,301 |
| Allowance for doubtful accounts | -193 | -190 |
| Total investments and other assets | 13,605 | 13,553 |
| Total noncurrent assets | 52,562 | 51,552 |
| Total Assets | 163,056 | 158,440 |

(Unit: millions of yen)

| Account Category | As of March,2016 (summary) | As of June 2016 |
|---|-------------------------------|-----------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Notes and accounts payable – trade | 10,341 | 10,556 |
| Short-term loans payable | 27,950 | 28,622 |
| Currents portion of bonds | 280 | 280 |
| Income tax payable | 571 | 293 |
| Reserve | 1,698 | 1,986 |
| Other | 8,882 | 7,776 |
| Total current liabilities | 49,725 | 49,515 |
| Noncurrent Liabilities | | |
| Bonds payable | 560 | 560 |
| Long-term loans payable | 35,167 | 31,998 |
| Provision | 1,086 | 1,080 |
| Provision for retirement benefits | 12,957 | 12,826 |
| Liabilities from application of equity method | 669 | 750 |
| Other | 3,956 | 3,937 |
| Total noncurrent liabilities | 54,396 | 51,152 |
| Total Liabilities | 104,122 | 100,668 |
| NET ASSETS | | |
| Shareholder's equity | | |
| Capital stock | 43,420 | 43,420 |
| Capital surplus | 10,626 | 10,626 |
| Retained earnings | 7,489 | 6,833 |
| Treasury stock | -702 | -702 |
| Total shareholder's equity | 60,834 | 60,177 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | | |
| Deferred gains or losses on hedges | 243 | 177 |
| Foreign currency translation adjustment | – | 0 |
| Remeasurements of defined benefit plans | -1,363 | -1,817 |
| Total valuation and translation adjustments | -780 | -764 |
| Minority interests | -1,900 | -2,405 |
| Total net assets | 58,933 | 57,772 |
| Total Liabilities and Net Assets | 163,056 | 158,440 |

(2) Consolidated Statements of Income

(Unit: millions of yen)

| Account Category | Q1 2015 (April 1,2015to June 30,2015) | Q1 2016 (April 1,2016 to June 30,2016) |
|--|---|--|
| Net sales | 28,761 | 27,490 |
| Cost of sales | 21,662 | 21,281 |
| Gross profit | 7,099 | 6,208 |
| Selling, general and administrative expenses | 5,827 | 5,393 |
| Operating income | 1,271 | 815 |
| Non-operating income | | |
| Interest income | 6 | 7 |
| Dividends income | 58 | 54 |
| Foreign exchange income | 66 | — |
| Other | 137 | 66 |
| Total non-operating income | 269 | 128 |
| Non-operating expenses | | |
| Interest expenses | 373 | 292 |
| Equity in losses of affiliates | 88 | 56 |
| Foreign exchange losses | — | 1,011 |
| Other | 100 | 80 |
| Total non-operating expenses | 563 | 1,441 |
| Ordinary income (loss) | 978 | -497 |
| Extraordinary loss | | |
| Loss on disposal of non-current assets | 112 | 141 |
| Other | 0 | 5 |
| Total extraordinary loss | 112 | 146 |
| Income (loss) before income taxes and minority interests | 865 | -644 |
| Income taxes | 269 | 195 |
| Income taxes – deferred | 54 | -183 |
| Total income taxes | 323 | 11 |
| Profit (loss) | 541 | -656 |
| Profit (loss) attributable to owners of parent | 541 | -656 |

(Unit: millions of yen)

| Account Category | Q1 2015 (April 1,2015 to June 30,2015) | Q1 2016 (April 1,2016 to June 30,2016) |
|---|--|--|
| Profit (loss) | 541 | -656 |
| Other comprehensive income | | |
| Valuation difference on available for sale securities | 71 | -66 |
| Deferred gains or losses on hedges | -0 | 0 |
| Foreign currency translation adjustment | -492 | -470 |
| Remeasurements of defined benefit plans, net of tax | 11 | 15 |
| Equity in profit / loss of affiliated companies | -41 | 16 |
| Total other comprehensive income | -451 | -505 |
| Comprehensive income | 90 | -1,161 |
| (Breakdown) | | |
| Comprehensive income attributable to the parent company | 90 | -1,161 |

6. Segment Information

【Business Segment Information】

1Q of Fiscal Year Ended March 31, 2016 (April 1, 2015 to June 30, 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 | 13,170 | 14,838 | 751 | 28,761 | — | 28,761 |
| (2) Intersegment sales and transfers | — | — | 232 | 232 | -232 | — |
| Total | 13,170 | 14,838 | 984 | 28,994 | -232 | 28,761 |
| Operating income or operating loss (-) | 1,713 | 56 | -71 | 1,698 | -427 | 1,271 |

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥427million) includes elimination of transaction between segments(¥40million) and corporate expenses not allocated to reporting segments(- ¥467million). Corporate expenses mainly comprise general expenses not allocated segments.
- (2) Segment profits are adjusted with the operating profit reported on the consolidated profit and loss statement for Q1.

(2) Geographical information

Net Sales

(Unit: millions of yen)

| Japan | Asia | America | Europe | Other | Total |
|--------|-------|---------|--------|-------|--------|
| 10,712 | 4,358 | 3,011 | 10,636 | 41 | 28,761 |

(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】

1Q of Fiscal Year Ended March 31, 2017 (April 1, 2016 to June 30, 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 | 11,679 | 14,988 | 822 | 27,490 | — | 27,490 |
| (2) Intersegment sales and transfers | — | — | 318 | 318 | -318 | — |
| Total | 11,679 | 14,988 | 1,141 | 27,809 | -318 | 27,490 |
| Segment profit | 1,113 | 83 | 60 | 1,256 | -441 | 815 |

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥441million) includes elimination of transaction between segments(¥21million) and corporate expenses not allocated to reporting segments(- ¥462million). 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 Q1.

(2)Geographical information

Net Sales

(Unit: millions of yen)

| Japan | Asia | America | Europe | Other | Total |
|--------|-------|---------|--------|-------|--------|
| 10,033 | 3,747 | 3,080 | 10,574 | 54 | 27,490 |

(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.