# 【Updated】Summary of Consolidated Financial Statements for Third Quarter of Fiscal Year Ending March 31, 2017(Japan GAAP)

February 10, 2017
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: February 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 Third Quarter of Fiscal Year Ended March 31, 2017(April 1, 2016 to December 31, 2016)

(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, 2016 | 74,535 | -3.7 | 2,930 | 19.8 | 488 | 51.2 | -278 | — |
| 3Q, 2015 | 77,395 | 3.2 | 2,445 | -34.0 | 323 | -92.7 | 3,400 | -4.5 |

(Note) Comprehensive income: as of December 31, 2016: -1,426 million yen (—%),
as of December 31, 2015: 3,397 million yen (57.8%)

| | Net income per share | Net income per share after full dilution |
|---|---|---|
| | Yen | Yen |
| 3Q, 2016 | -6.97 | — |
| 3Q, 2015 | 85.03 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|---|---|---|---|
| | millions of yen | Millions of yen | % |
| 3Q, 2016 | 156,611 | 57,503 | 36.7 |
| Year ended March 31, 2016 | 163,056 | 58,933 | 36.1 |

(Reference) Equity capital: as of December 31, 2016: 57,503 million yen, as of March 31, 2016: 58,933 million 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, 2016 | — | 0.00 | — | 0.00 | 0.00 |
| Year ended March 31, 2017 | — | 0.00 | — | | |
| Year ending March 31, 2017 (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, 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 | | Net income | | Earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | millions of yen | % | millions of yen | % | millions of yen | % | millions of yen | % | Yen |
| Full year | 101,000 | -1.8 | 7,400 | -11.0 | 6,200 | -11.6 | 4,400 | -51.9 | 110.05 |

(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 December 31, 2016: 40,383,943 shares As of March 31, 2016: 40,383,943 shares

2) Number of shares of treasury stock as of period-end
As of December 31, 2016: 406,516 shares As of March 31, 2016: 401,966 shares

3) Average number of outstanding shares during period
3Q 2016: 39,980,557 shares 3Q 2015: 39,984,830 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 31, 2016 (summary) | As of December 31, 2016 |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash and deposits | 29,398 | 32,875 |
| Notes and accounts receivable – trade | 25,225 | 25,378 |
| Merchandise and finished goods | 34,317 | 27,163 |
| Work in process | 3,907 | 4,732 |
| Raw materials and supplies | 14,845 | 11,457 |
| Deferred tax assets | 1,107 | 716 |
| Other | 1,876 | 1,821 |
| Allowance for doubtful accounts | -184 | -224 |
| Total current assets | 110,494 | 103,921 |
| Noncurrent Assets | | |
| Property, plant and equipment | | |
| Machinery equipment, net | 17,501 | 17,205 |
| Others, net | 21,232 | 21,473 |
| Total property, plant and equipment | 38,733 | 38,678 |
| Intangible assets | 223 | 186 |
| Investments and other assets | | |
| Investment securities | 3,331 | 3,404 |
| Deferred tax assets | 8,016 | 8,569 |
| Net defined benefit asset | 16 | 15 |
| Other | 2,433 | 2,005 |
| Allowance for doubtful accounts | -193 | -168 |
| Total investments and other assets | 13,605 | 13,825 |
| Total non-current assets | 52,562 | 52,690 |
| Total Assets | 163,056 | 156,611 |

(Unit: millions of yen)

| Account Category | As of March 31, 2016 (summary) | As of December 31, 2016 |
|---|---|---|
| LIABILITIES | | |
| Current Liabilities | | |
| Notes and accounts payable – trade | 10,341 | 16,115 |
| Short-term loans payable | 27,950 | 27,538 |
| Currents portion of bonds | 280 | 280 |
| Income taxes payable | 571 | 360 |
| Provision | 1,698 | 465 |
| Other | 8,882 | 9,149 |
| Total current liabilities | 49,725 | 53,909 |
| Noncurrent Liabilities | | |
| Bonds payable | 560 | 420 |
| Long-term loans payable | 35,167 | 25,992 |
| Provision | 1,086 | 1,106 |
| Net defined benefit liability | 12,957 | 12,793 |
| Liabilities from application of equity method | 669 | 767 |
| Other | 3,956 | 4,119 |
| Total non-current liabilities | 54,396 | 45,199 |
| Total Liabilities | 104,122 | 99,108 |
| NET ASSETS | | |
| Shareholder's equity | | |
| Capital stock | 43,420 | 43,420 |
| Capital surplus | 10,626 | 10,626 |
| Retained earnings | 7,489 | 7,210 |
| Treasury shares | -702 | -706 |
| Total shareholders' equity | 60,834 | 60,551 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 243 | 477 |
| Deferred gains or losses on hedges | — | -0 |
| Foreign currency translation adjustment | -1,363 | -2,793 |
| Remeasurements of defined benefit plans | -780 | -731 |
| Total accumulated other comprehensive income | -1,900 | -3,047 |
| Total net assets | 58,933 | 57,503 |
| Total Liabilities and Net Assets | 163,056 | 156,611 |

(2) Consolidated Statements of Income

(Unit: millions of yen)

| Account Category | Q3 2015 (April 1, 2015 to December 31, 2015) | Q3 2016 (April 1, 2016 to December 31, 2016) |
|---|---|---|
| Net sales | 77,395 | 74,535 |
| Cost of sales | 58,315 | 55,775 |
| Gross profit | 19,079 | 18,760 |
| Selling, general and administrative expenses | 16,633 | 15,829 |
| Operating income (loss) | 2,445 | 2,930 |
| Non-operating income | | |
| Interest income | 23 | 22 |
| Dividend income | 91 | 85 |
| Commission fee | — | 173 |
| Gain sales of raw materials | 177 | 85 |
| Other | 196 | 159 |
| Total non-operating income | 489 | 526 |
| Non-operating expenses | | |
| Interest expenses | 1,090 | 860 |
| Share of loss of entities accounted for using equity method | 550 | 1,507 |
| Foreign exchange losses | 615 | 219 |
| Other | 355 | 380 |
| Total non-operating expenses | 2,611 | 2,967 |
| Ordinary income | 323 | 488 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 4,728 | — |
| Total extraordinary income | 4,728 | — |
| Extraordinary loss | | |
| Impairment loss | — | 75 |
| Loss on disposal of non-current assets | 283 | 379 |
| Provision for environmental measures | 87 | 1 |
| Other | — | 6 |
| Total extraordinary loss | 370 | 462 |
| Income before income taxes and minority interests | 4,680 | 25 |
| Income taxes-current | 579 | 399 |
| Income taxes – deferred | 700 | -94 |
| Total income taxes | 1,280 | 304 |
| Profit (loss) | 3,400 | -278 |
| Profit (loss) attributable to owners of parent | 3,400 | -278 |

(Unit: millions of yen)

| Account Category | Q3 2015 (April 1, 2015 to December 31, 2015) | Q3 2016 (April 1, 2016 to December 31, 2016) |
|---|---|---|
| Profit (loss) | 3,400 | -278 |
| Other comprehensive income | | |
| Valuation difference on available for sale securities | -65 | 232 |
| Deferred gains or losses on hedges | -0 | -0 |
| Foreign currency translation adjustment | 16 | -1,555 |
| Remeasurements of defined benefit plans, net of tax | 40 | 48 |
| Share of other comprehensive income of entities accounted for using equity method | 6 | 126 |
| Total other comprehensive income | -2 | -1,147 |
| Comprehensive income | 3,397 | -1,426 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 3,397 | -1,426 |

## 6. Segment Information

【Business Segment Information】
3Q of Fiscal Year Ended March 31, 2016 (April 1, 2015 to December 31, 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<br>(1) Sales to external customers | 38,433 | 36,534 | 2,427 | 77,395 | ― | 77,395 |
| (2) Intersegment sales and transfers | ― | ― | 1,575 | 1,575 | -1,575 | ― |
| Total | 38,433 | 36,534 | 4,003 | 78,970 | -1,575 | 77,395 |
| Segment profit | 2,061 | 1,422 | 253 | 3,736 | -1,290 | 2,445 |

(Note) 1. Adjustment include the following items

(1) Adjustment in segment profit (-￥1,290 million) includes elimination of transaction between segments(￥82 million) and corporate expenses not allocated to reporting segments(-￥1,373 million). Corporate expenses mainly comprise general expenses not allocated segments.

(2) Segment profits are adjusted with the operating loss reported on the consolidated profit and loss statement for 1ST half of Fiscal Year Ended March 31, 2016(April 1, 2015 to December 31, 2015).

(2) Geographical information

Net Sales (Unit: millions of yen)

| Japan | Asia | America | Europe | Other | Total |
|---|---|---|---|---|---|
| 32,875 | 13,547 | 9,448 | 21,304 | 219 | 77,395 |

(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】
3Q of Fiscal Year Ended March 31, 2017(April 1, 2016 to December31, 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<br>(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 (- ￥1,400 million) includes elimination of transaction between segments( ￥4 million) and corporate expenses not allocated to reporting segments(- ￥1,405 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, 2017(April 1, 2016 to December31, 2016)

(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 noncurrent 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.