

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

February 12, 2019
Listed Exchanges: TSE

Name of Listed Company: Ishihara Sangyo Kaisha, Ltd.
Code: 4028 URL <https://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, 2019
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, 2019(April 1, 2018 to December 31, 2018)

(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, 2018	75,580	-3.5	5,859	9.9	5,805	41.0	4,278	57.9
3Q, 2017	78,289	5.0	5,331	82.0	4,117	743.0	2,710	—

(Note) Comprehensive income: as of December 31, 2018: 3,952 million yen (19.8%),
as of December 31, 2017: 3,299 million yen (—%)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
3Q, 2018	107.06		—	
3Q, 2017	67.81		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
3Q, 2018	162,171	71,087	43.8
Year ended March 31, 2018	159,767	67,137	42.0

(Reference) Equity capital: as of December 31, 2018: 71,087 million 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	—	0.00	—	0.00	0.00
Year ended March 31, 2019	—	0.00	—	—	—
Year ending March 31, 2019 (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, 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		Net income		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full year	108,000	-0.0	10,000	-0.2	9,900	17.7	7,300	112.1	182.64

(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: 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, 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 December 31, 2018: 417,540 shares As of March 31, 2018: 415,701 shares
 - 3) Average number of outstanding shares during period
3Q 2018: 39,967,540 shares 3Q 2017: 39,972,167 shares

*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, 2018 (summary)	As of December 31, 2018
ASSETS		
Current Assets		
Cash and deposits	30,297	24,431
Notes and accounts receivable – trade	29,880	29,091
Merchandise and finished goods	22,908	28,339
Work in process	4,525	6,699
Raw materials and supplies	14,060	13,517
Other	2,128	3,349
Allowance for doubtful accounts	-413	-493
Total current assets	103,387	104,936
Noncurrent Assets		
Property, plant and equipment		
Machinery equipment, net	17,330	17,256
Others, net	23,512	25,142
Total property, plant and equipment	40,843	42,399
Intangible assets	391	382
Investments and other assets		
Investment securities	4,184	3,676
Deferred tax assets	9,587	9,560
Net defined benefit asset	14	14
Other	1,493	1,312
Allowance for doubtful accounts	-133	-110
Total investments and other assets	15,145	14,453
Total non-current assets	56,380	57,234
Total Assets	159,767	162,171

* 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 31, 2018 (summary)	As of December 31, 2018
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	12,088	17,636
Short-term loans payable	23,947	20,956
Currents portion of bonds	390	390
Income taxes payable	1,554	223
Provision	1,198	611
Other	8,804	10,422
Total current liabilities	47,984	50,240
Noncurrent Liabilities		
Bonds payable	2,010	1,710
Long-term loans payable	20,575	17,427
Provision for environment and safety improvement	3,641	3,202
Other provision	40	97
Net defined benefit liability	12,777	12,822
Liabilities application from equity method	908	750
Other	4,691	4,833
Total non-current liabilities	44,645	40,843
Total Liabilities	92,629	91,084
NET ASSETS		
Shareholder's equity		
Capital stock	43,420	43,420
Capital surplus	10,627	10,627
Retained earnings	14,735	19,014
Treasury shares	-719	-721
Total shareholders' equity	68,064	72,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	669	370
Deferred gains or losses on hedges	–	-0
Foreign currency translation adjustment	-1,071	-1,157
Remeasurements of defined benefit plans	-524	-465
Total accumulated other comprehensive income	-926	-1,253
Total net assets	67,137	71,087
Total Liabilities and Net Assets	159,767	162,171

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(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q3 2017 (April 1, 2017 to December 31, 2017)	Q3 2018 (April 1, 2018 to December 31, 2018)
Net sales	78,289	75,580
Cost of sales	55,796	52,571
Gross profit	22,493	23,009
Selling, general and administrative expenses	17,161	17,149
Operating income	5,331	5,859
Non-operating income		
Interest income	21	36
Dividend income	170	98
Share of profit entities accounted for using equity method	—	58
Foreign exchange income	198	294
Commission fee	130	96
Gain sales of raw materials	121	83
Other	136	136
Total non-operating income	778	804
Non-operating expenses		
Interest expenses	718	557
Share of loss of entities accounted for using equity method	723	—
Other	550	300
Total non-operating expenses	1,992	858
Ordinary income	4,117	5,805
Extraordinary income		
Gain on sale of non-current assets	—	181
Gain on insurance adjustment	—	34
Total extraordinary income	—	216
Extraordinary loss		
Loss on disposal of non-current assets	489	378
Loss on disaster	10	371
Provision for environmental measures	11	—
Other	0	—
Total extraordinary loss	512	750
Income before income taxes and minority interests	3,605	5,272
Income taxes-current	740	767
Income taxes – deferred	153	225
Total income taxes	894	993
Net income	2,710	4,278
Profit attributable to owners of parent	2,710	4,278

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(Unit: millions of yen)

Account Category	Q3 2017 (April 1, 2017 to December 31, 2017)	Q3 2018 (April 1, 2018 to December 31, 2018)
Profit	2,710	4,278
Other comprehensive income		
Valuation difference on available for sale securities	272	-298
Deferred gains or losses on hedges	0	-0
Foreign currency translation adjustment	379	-116
Remeasurements of defined benefit plans, net of tax	54	59
Share of other comprehensive income of entities accounted for using equity method	-119	30
Total other comprehensive income	588	-326
Comprehensive income	3,299	3,952
(Breakdown)		
Comprehensive income attributable to owners of parent	3,299	3,952

(3) Notes to Quarterly Consolidated Financial Statements

(Note to events and conditions which indicate there could be substantial doubt about going concern assumption)

We do not note significant changes.

(Note to significant changes in shareholders' equity)

We do not note significant changes.

(Changes in significant subsidiaries during the third quarter under review)

We do not note significant changes.

Although not categorized as a specified subsidiary, Yokkaichi Energy Service Co., Ltd., a consolidated subsidiary of the Company in the third quarter under review, was dissolved through an absorption-type merger, in which the Company became the surviving company (effective date of merger: October 1, 2018), and accordingly was removed from the scope of consolidation.

(Additional Information)

(Adoption of the "Partial Amendment to 'Accounting Standard for Tax Effect Accounting'")

The Company Group has adopted the 'Partial Amendment to Accounting Standard for Tax Effect Accounting' (Accounting Standards Board of Japan Statement No. 28 issued on February 16, 2018) from the beginning of the first quarter consolidated period under review. Accordingly, deferred tax assets are presented in the section of investments and other assets, and deferred tax liabilities are presented in the section of non-current liabilities.

6. Segment Information

[Business Segment Information]

3Q of Fiscal Year Ended March 31, 2018 (April 1, 2017 to December 31, 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	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

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,407million) includes elimination of transaction between segments(¥ 35million) and corporate expenses not allocated to reporting segments(- ¥ 1,443million). 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
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 fixed assets by segment

We do not note significant changes.

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2019(April 1, 2018 to December31, 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	41,605	31,511	2,463	75,580	—	75,580
(2) Intersegment sales and transfers	—	—	2,768	2,768	-2,768	—
Total	41,605	31,511	5,231	78,349	-2,768	75,580
Segment profit	5,632	1,773	271	7,678	-1,818	5,859

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥1,818 million) includes elimination of transaction between segments(¥6 million) and corporate expenses not allocated to reporting segments(- ¥1,824 million). 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
34,984	16,483	11,715	12,156	240	75,580

(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.