

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

November 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: November 12, 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 Second Quarter of Fiscal Year Ended March 31, 2019(April 1, 2018 to September 30, 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	%
2Q, 2018	52,232	-1.3	4,580	18.7	4,981	46.1	3,935	56.9
2Q, 2017	52,904	3.3	3,858	110.6	3,409	—	2,508	—

(Note) Comprehensive income: as of September 30, 2018: 3,479million yen(24.1 %),
as of September 30, 2017: 2,804million yen (— %)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
2Q, 2018	98.46		—	
2Q, 2017	62.74		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	millions of yen		Millions of yen		%	
2Q, 2018	166,641		70,616		42.4	
Year ended March 31, 2018	159,767		67,137		42.0	

(Reference) Equity capital: as of September 30, 2018: 70,616million yen, as of March 31, 2018: 67,137million 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
	Yen	Yen	Yen	Yen	Yen
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	7,400	-26.2	7,300	-13.2	4,800	39.4	120.09

(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 September 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 September 30, 2018: 416,578 shares As of March 31, 2018: 415,701 shares
 - 3) Average number of outstanding shares during period
2Q 2018:39,967,885 shares 2Q 2017:39,973,065 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, and Main Notes

(1) Consolidated Balance Sheet

(Unit: millions of yen)

Account Category	As of March,2018 (summary)	As of September 2018
ASSETS		
Current Assets		
Cash and deposits	30,297	33,998
Notes and accounts receivable – trade	29,880	30,678
Merchandise and finished goods	22,908	25,738
Work in process	4,525	5,909
Raw materials and supplies	14,060	12,963
Other	2,128	2,092
Allowance for doubtful accounts	-413	-628
Total current assets	103,387	110,752
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	17,330	17,509
Others, net	23,512	22,951
Total property, plant and equipment	40,843	40,460
Intangible assets	391	378
Investments and other assets		
Investment securities	4,184	4,166
Deferred tax assets	9,587	9,704
Net defined benefit asset	14	13
Other	1,493	1,277
Allowance for doubtful accounts	-133	-111
Total investments and other assets	15,145	15,049
Total non-current assets	56,380	55,888
Total Assets	159,767	166,641

(Unit: millions of yen)

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Account Category	As of March,2018 (summary)	As of September 2018
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	12,088	19,752
Short-term loans payable	23,947	21,252
Current portion of bonds	390	390
Income taxes payable	1,554	591
Reserve	1,198	1,219
Other	8,804	9,757
Total current liabilities	47,984	52,963
Noncurrent liabilities		
Bonds payable	2,010	1,815
Long-term loans payable	20,575	19,220
Provision for environment and safety improvement	3,641	3,423
Other provision	40	59
Net defined benefit liability	12,777	12,807
Liabilities from application of equity method	908	948
Other	4,691	4,786
Total non-current liabilities	44,645	43,061
Total Liabilities	92,629	96,025
NET ASSETS		
Shareholders' equity		
Capital stock	43,420	43,420
Capital surplus	10,627	10,627
Retained earnings	14,735	18,671
Treasury stock	-719	-720
Total shareholders' equity	68,064	71,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	669	630
Deferred gains or losses on hedges	—	0
Foreign currency translation adjustment	-1,071	-1,524
Remeasurements of defined benefit plans	-524	-488
Total accumulated other comprehensive income	-926	-1,382
Total net assets	67,137	70,616
Total Liabilities and Net Assets	159,767	166,641

(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q2 2017 (April 1,2017 to September 30,2017)	Q2 2018 (April 1,2018 to September 30,2018)
Net sales	52,904	52,232
Cost of sales	37,688	35,956
Gross profit	15,215	16,276
Selling, general and administrative expenses	11,357	11,696
Operating income	3,858	4,580
Non-operating income		
Interest income	15	27
Dividend income	155	82
Foreign exchange income	169	715
Gain on sales of raw materials	107	109
Other	161	82
Total non-operating income	609	1,016
Non-operating expenses		
Interest expenses	484	385
Share of loss of entities accounted for using equity method	299	15
Other	273	214
Total non-operating expenses	1,058	615
Ordinary income	3,409	4,981
Extraordinary income		
Gain on sales of non-current assets	—	178
Gain on insurance adjustment	—	34
Total extraordinary income	—	213
Extraordinary loss		
Loss on disposal of non-current assets	417	322
Loss on disaster	0	358
Other	0	—
Total extraordinary loss	418	681
Income before income taxes and minority interests	2,990	4,513
Income taxes-current	441	606
Income taxes – deferred	41	-28
Total income taxes	482	577
Net income	2,508	3,935
Profit attributable to owners of parent	2,508	3,935

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(Unit: millions of yen)

Account Category	Q2 2017 (April 1,2017 to September 30,2017)	Q2 2018 (April 1,2018 to September 30,2018)
Profit	2,508	3,935
Other comprehensive income		
Valuation difference on available-for-sale securities	181	-39
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	114	-468
Remeasurements of defined benefit plans, net of tax	35	36
Share of other comprehensive income of entities accounted for using equity method	-35	15
Total other comprehensive income	295	-455
Comprehensive income	2,804	3,479
(Breakdown)		
Comprehensive income attributable to owners of parent	2,804	3,479

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(3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2017 to September 30, 2017)	Current consolidated FY (April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Income before income taxes and minority interests	2,990	4,513
Depreciation and amortization	2,370	2,376
Loss on disaster	0	358
Increase (decrease) in allowance for doubtful accounts	65	193
Increase (decrease) in net defined benefit liability	110	94
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	-4	-0
Increase (decrease) in allowance for doubtful accounts	-22	-267
Increase (decrease) in other provision	133	88
Interest and dividend income	-170	-109
Interest expenses	484	385
Foreign exchange losses (gains)	-74	-83
Share of (profit) loss of entities accounted for using equity method	299	15
Loss (gain) on disposal of noncurrent assets	142	-60
Decrease (increase) in notes and accounts receivable-trade	-4,211	-1,197
Decrease (increase) in inventories	2,998	-3,509
Decrease (increase) in other current assets	-308	53
Increase (decrease) in notes and accounts payable-trade	7,578	7,989
Increase (decrease) in other current liabilities	1,033	1,055
Other	5	-41
Subtotal	13,421	11,853
Interest and dividends income received	82	106
Interest expenses paid	-440	-374
Proceeds from insurance income	1	40
Income taxes paid	-358	-1,621
Cash flows from operating activities	12,706	10,005

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(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2017 to September 30, 2017)	Current consolidated FY (April 1, 2018 to September 30, 2018)
Cash flows from investing activities		
Payments into time deposits	-0	—
Purchase of investment securities	-6	-6
Purchase of non-current assets	-1,499	-1,618
Proceeds from sales of non-current assets	78	224
Payments of loans receivable	-262	-116
Collection of loans receivable	132	187
Others	-51	4
Cash flows from investing activities	-1,609	-1,323
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-480	-2,410
Proceeds from long-term loans payable	—	3,500
Repayments of long-term loans payable	-7,169	-5,139
Redemption of bonds	-140	-195
Repayments of lease obligations	-263	-242
Repayments of installment payables	-53	-105
Proceeds from deposits received	1,519	1,001
Repayment of deposits payable	-1,218	-1,342
Net decrease (increase) in treasury shares	-3	-1
Cash flows from financing activities	-7,808	-4,935
Effect of exchange rate change on cash and cash equivalents	54	-45
Net increase (decrease) in cash and cash equivalents	3,343	3,701
Cash and cash equivalents at beginning of period	28,156	30,297
Cash and cash equivalents at end of period	31,499	33,998

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6. Segment Information

【Business Segment Information】

2Q of Fiscal Year Ended March 31, 2017(April 1, 2017 to September 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	26,991	24,496	1,416	52,904	—	52,904
(2) Intersegment sales and transfers	—	—	925	925	-925	—
Total	26,991	24,496	2,342	53,829	-925	52,904
Segment profit	4,621	24	97	4,743	-885	3,858

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 885million) includes elimination of transaction between segments(¥ 50million) and corporate expenses not allocated to reporting segments(- ¥ 935million). 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
22,510	10,186	7,122	12,964	120	52,904

(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】

2Q of Fiscal Year Ended March 31, 2019(April 1, 2018 to September 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	27,785	22,719	1,727	52,232	—	52,232
(2) Intersegment sales and transfers	—	—	884	884	-884	—
Total	27,785	22,719	2,611	53,116	-884	52,232
Segment profit	4,653	962	48	5,664	-1,084	4,580

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,084million) includes elimination of transaction between segments(¥ 53million) and corporate expenses not allocated to reporting segments(- ¥ 1,137million). 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.

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(2)Geographical information

Net Sales					(Unit: millions of yen)
Japan	Asia	America	Europe	Other	Total
23,637	11,396	8,321	8,787	89	52,232

(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.