

Consolidated Financial Results
for the Nine Months Ended December 31, 2016
[Japanese GAAP]



February 14, 2017

Company name: Honshu Chemical Industry Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4115
 URL: <http://www.honshuchemical.co.jp/>
 Representative: Toshiyuki Ikusaka, President and CEO
 Contact: Kazuoki Wada, General Manager of Accounting
 Phone: +81-3-3272-1482
 Scheduled date of filing quarterly securities report: February 14, 2017
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2016	12,464	(10.7)	1,507	(14.0)	1,481	(13.3)	773	8.3
December 31, 2015	13,960	(8.5)	1,753	(10.6)	1,707	(12.5)	713	(33.8)

(Note) Comprehensive income: Nine months ended December 31, 2016: ¥ 1,031 million [(7.1)%]
 Nine months ended December 31, 2015: ¥ 1,110 million [(23.0)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2016	67.37	—
December 31, 2015	62.19	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2016	25,952	17,011	58.2
As of March 31, 2016	25,848	16,440	56.5

(Reference) Equity: As of December 31, 2016: ¥ 15,097 million
 As of March 31, 2016: ¥ 14,603 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	10.00	—	16.00	26.00
Fiscal year ending March 31, 2017	—	10.00	—		
Fiscal year ending March 31, 2017 (Forecast)				16.00	26.00

(Note) Revision to the dividend forecast announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	18,000	(2.3)	1,650	(17.1)	1,550	(18.9)	700	(6.8)	60.99

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
 Newly included: — (Company name:)
 Excluded: — (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2016: 11,500,000 shares

March 31, 2016: 11,500,000 shares

2) Total number of treasury shares at the end of the period:

December 31, 2016: 23,067 shares

March 31, 2016: 23,067 shares

3) Average number of shares during the period:

Nine months ended December 31, 2016: 11,476,933 shares

Nine months ended December 31, 2015: 11,477,004 shares

Notes regarding the number of issued shares:

* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, however, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have been completed.

* Explanation for the appropriate use of performance forecasts and other special notes

The performance forecasts and other statements on future events presented in this material are based on information that was available at the time of preparation of this material and based on certain assumptions considered to be reasonable. The actual performance, etc. may differ materially from these forecasts due to various factors.

3. Quarterly Consolidated Financial Statements
 (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	5,441	6,199
Accounts receivable - trade	4,192	4,078
Merchandise and finished goods	3,445	3,884
Work in process	388	195
Raw materials and supplies	861	719
Other	406	362
Total current assets	14,735	15,440
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	7,660	6,943
Other, net	2,590	2,705
Total property, plant and equipment	10,251	9,648
Intangible assets	60	53
Investments and other assets	800	810
Total non-current assets	11,112	10,512
Total assets	25,848	25,952

(Million yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	1,510	2,039
Short-term loans payable	2,022	1,981
Income taxes payable	419	220
Provision for directors' bonuses	19	14
Other	1,215	1,312
Total current liabilities	5,186	5,568
Non-current liabilities		
Long-term loans payable	1,277	490
Provision for directors' retirement benefits	105	50
Net defined benefit liability	1,829	1,867
Other	1,009	964
Total non-current liabilities	4,221	3,372
Total liabilities	9,407	8,941
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	12,204	12,678
Treasury shares	(14)	(14)
Total shareholders' equity	14,703	15,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20	70
Foreign currency translation adjustment	49	(41)
Remeasurements of defined benefit plans	(169)	(108)
Total accumulated other comprehensive income	(99)	(80)
Non-controlling interests	1,836	1,914
Total net assets	16,440	17,011
Total liabilities and net assets	25,848	25,952

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income

(Million yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Net sales	13,960	12,464
Cost of sales	10,818	9,570
Gross profit	3,141	2,894
Selling, general and administrative expenses	1,388	1,386
Operating income	1,753	1,507
Non-operating income		
Interest income	0	0
Dividend income	3	3
Compensation income	—	24
Other	24	5
Total non-operating income	27	33
Non-operating expenses		
Interest expenses	48	37
Loss on retirement of non-current assets	12	15
Other	13	7
Total non-operating expenses	73	60
Ordinary income	1,707	1,481
Profit before income taxes	1,707	1,481
Income taxes	621	391
Profit	1,086	1,089
Profit attributable to non-controlling interests	372	316
Profit attributable to owners of parent	713	773

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Profit	1,086	1,089
Other comprehensive income		
Valuation difference on available-for-sale securities	1	49
Foreign currency translation adjustment	48	(167)
Remeasurements of defined benefit plans, net of tax	(26)	60
Total other comprehensive income	24	(57)
Comprehensive income	1,110	1,031
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	716	792
Comprehensive income attributable to non-controlling interests	393	239