

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2019
[Japanese GAAP]



May 14, 2019

Company name: Honshu Chemical Industry Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4115

URL: <http://www.honshuchemical.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders: June 21, 2019

Scheduled date of filing annual securities report: June 21, 2019

Scheduled date of commencing dividend payments: June 24, 2019

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled for Institutional investors and Securities analysts

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	20,798	3.5	3,139	(2.1)	3,047	(2.5)	1,751	1.6
March 31, 2018	20,086	15.6	3,207	56.7	3,126	56.1	1,723	74.6

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥ 1,919 million [(28.5)%]

Fiscal year ended March 31, 2018: ¥ 2,686 million [101.8 %]

	Net income per share	Diluted net income per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2019	152.65	—	9.9	10.8	15.1
March 31, 2018	150.19	—	10.7	11.8	16.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2019: ¥—million

Fiscal year ended March 31, 2018: ¥—million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	28,745	20,430	63.5	1,590.69
As of March 31, 2018	27,759	19,410	61.3	1,483.19

(Reference) Equity: As of March 31, 2019: ¥ 18,256 million

As of March 31, 2018: ¥ 17,022 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2019	1,435	(985)	(1,219)	7,138
March 31, 2018	4,334	(1,114)	(1,697)	7,918

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q	2Q	3Q	4Q	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2018	—	10.00	—	18.00	28.00	321	18.6	2.0
March 31, 2019	—	10.00	—	18.00	28.00	321	18.3	1.8
Fiscal year ending March 31, 2020 (Forecast)	—	12.00	—	20.00	32.00		20.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	23,000	10.6	3,400	8.3	3,200	5.0	1,800	2.7	156.84

* 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: No
Excluded: No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2019: 11,500,000 shares
March 31, 2018: 11,500,000 shares
 - 2) Total number of treasury shares at the end of the period:
March 31, 2019: 23,106 shares
March 31, 2018: 23,104 shares
 - 3) Average number of shares during the period:
Fiscal Year ended March 31, 2019: 11,476,895 shares
Fiscal Year ended March 31, 2018: 11,476,907 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2019	17,221	5.8	1,687	4.6	2,306	22.4	1,895	29.6
March 31, 2018	16,275	16.4	1,613	145.8	1,884	135.5	1,462	126.3

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2019	165.12	—
March 31, 2018	127.40	—

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2019	24,427	16,525	67.7	1,439.90
March 31, 2018	22,784	14,968	65.7	1,304.25

(Reference) Equity: As of March 31, 2019: ¥ 16,525 million

As of March 31, 2018: ¥ 14,968 million

* Presentation regarding the implementation status of the audit process

At the time of disclosure of these financial results, audit procedures for the financial statements under the Financial Instruments and Exchange Act had not been completed.

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

The performance forecasts and other descriptions 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.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	7,918	7,138
Accounts receivable - trade	5,262	6,092
Merchandise and finished goods	2,671	3,363
Work in process	305	311
Raw materials and supplies	1,087	1,234
Other	128	250
Total current assets	17,373	18,389
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,898	5,044
Accumulated depreciation	(3,103)	(3,144)
Buildings and structures, net	1,794	1,899
Machinery, equipment and vehicles	36,069	36,307
Accumulated depreciation	(29,274)	(29,837)
Machinery, equipment and vehicles, net	6,794	6,470
Land	549	546
Construction in progress	74	147
Other	1,508	1,561
Accumulated depreciation	(1,274)	(1,243)
Other, net	233	317
Total property, plant and equipment	9,447	9,381
Intangible assets		
Other	36	50
Total intangible assets	36	50
Investments and other assets		
Investment securities	193	174
Deferred tax assets	644	699
Other	63	50
Total investments and other assets	901	924
Total non-current assets	10,386	10,356
Total assets	27,759	28,745

(Million yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	2,537	2,066
Short-term loans payable	1,000	1,000
Current portion of long-term loans payable	261	—
Accounts payable - other	407	611
Income taxes payable	618	371
Accounts payable - facilities	243	898
Provision for directors' bonuses	15	32
Other	492	452
Total current liabilities	5,574	5,433
Non-current liabilities		
Lease obligations	831	760
Provision for directors' retirement benefits	30	—
Net defined benefit liability	1,888	2,074
Other	22	47
Total non-current liabilities	2,774	2,882
Total liabilities	8,349	8,315
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	14,317	15,748
Treasury shares	(14)	(14)
Total shareholders' equity	16,816	18,247
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61	45
Foreign currency translation adjustment	121	10
Remeasurements of defined benefit plans	21	(46)
Total accumulated other comprehensive income	205	8
Non-controlling interests	2,388	2,174
Total net assets	19,410	20,430
Total liabilities and net assets	27,759	28,745

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

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net sales	20,086	20,798
Cost of sales	14,939	15,548
Gross profit	5,147	5,249
Selling, general and administrative expenses	1,939	2,110
Operating income	3,207	3,139
Non-operating income		
Interest income	0	0
Dividend income	4	14
Foreign exchange gains	14	—
Profit on sales of scrap	5	3
Compensation income	2	—
Other	1	1
Total non-operating income	28	20
Non-operating expenses		
Interest expenses	43	39
Dismantlement cost	23	43
Loss on retirement of non-current assets	39	15
Other	2	12
Total non-operating expenses	109	111
Ordinary income	3,126	3,047
Profit before income taxes	3,126	3,047
Income taxes - current	966	862
Income taxes - deferred	(66)	(21)
Total income taxes	899	840
Profit	2,226	2,207
Profit attributable to non-controlling interests	503	455
Profit attributable to owners of parent	1,723	1,751

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net income	2,226	2,207
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(16)
Foreign currency translation adjustment	385	(202)
Remeasurements of defined benefit plans, net of tax	72	(68)
Total other comprehensive income	459	(288)
Comprehensive income	2,686	1,919
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,009	1,555
Comprehensive income attributable to non-controlling interests	676	364

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2018

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,500	1,013	12,892	(14)	15,391
Changes of items during period					
Dividends of surplus			(298)		(298)
Profit attributable to owners of parent			1,723		1,723
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,425	(0)	1,425
Balance at end of current period	1,500	1,013	14,317	(14)	16,816

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	60	(90)	(50)	(80)	1,999	17,311
Changes of items during period						
Dividends of surplus						(298)
Profit attributable to owners of parent						1,723
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	1	212	72	285	388	674
Total changes of items during period	1	212	72	285	388	2,099
Balance at end of current period	61	121	21	205	2,388	19,410

For the fiscal year ended March 31, 2019

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,500	1,013	14,317	(14)	16,816
Changes of items during period					
Dividends of surplus			(321)		(321)
Profit attributable to owners of parent			1,751		1,751
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,430	(0)	1,430
Balance at end of current period	1,500	1,013	15,748	(14)	18,247

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	61	121	21	205	2,388	19,410
Changes of items during period						
Dividends of surplus						(321)
Profit attributable to owners of parent						1,751
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(16)	(111)	(68)	(196)	(214)	(410)
Total changes of items during period	(16)	(111)	(68)	(196)	(214)	1,019
Balance at end of current period	45	10	(46)	8	2,174	20,430

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Cash flows from operating activities		
Income before income taxes	3,126	3,047
Depreciation	1,399	1,424
Loss on retirement of non-current assets	39	15
Increase (decrease) in provision for directors' retirement benefits	(24)	(30)
Increase (decrease) in net defined benefit liability	91	185
Interest and dividend income	(4)	(14)
Interest expenses	43	39
Decrease (increase) in notes and accounts receivable - trade	(542)	(844)
Decrease (increase) in inventories	(122)	(851)
Increase (decrease) in notes and accounts payable - trade	814	(466)
Other, net	223	47
Subtotal	5,045	2,553
Interest and dividend income received	4	14
Interest expenses paid	(43)	(39)
Income taxes paid	(671)	(1,093)
Net cash provided by (used in) operating activities	4,334	1,435
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,105)	(891)
Other, net	(9)	(94)
Net cash provided by (used in) investing activities	(1,114)	(985)
Cash flows from financing activities		
Repayments of long-term loans payable	(1,044)	(249)
Cash dividends paid	(297)	(321)
Dividends paid to non-controlling interests	(288)	(578)
Repayments of lease obligations	(67)	(70)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,697)	(1,219)
Effect of exchange rate change on cash and cash equivalents	82	(10)
Net increase (decrease) in cash and cash equivalents	1,605	(780)
Cash and cash equivalents at beginning of period	6,313	7,918
Cash and cash equivalents at end of period	7,918	7,138