

Consolidated Financial Results
for the Six Months Ended September 30, 2016
[Japanese GAAP]



November 8, 2016

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: November 9, 2016
 Scheduled date of commencing dividend payments: December 1, 2016
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 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	%
Six months ended September 30, 2016	8,001	(18.0)	747	(39.1)	722	(40.5)	341	(31.1)
September 30, 2015	9,753	0.6	1,228	75.1	1,214	71.7	495	30.3

(Note) Comprehensive income: Six months ended September 30, 2016: ¥ 137 million [(84.4)%]
 Six months ended September 30, 2015: ¥ 880 million [117.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2016	29.74	—
September 30, 2015	43.18	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2016	25,455	16,393	57.2
As of March 31, 2016	25,848	16,440	56.5

(Reference) Equity: As of September 30, 2016: ¥ 14,571 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: Yes

* 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):

September 30, 2016: 11,500,000 shares

March 31, 2016: 11,500,000 shares

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

September 30, 2016: 23,067 shares

March 31, 2016: 23,067 shares

3) Average number of shares during the period:

Six months ended September 30, 2016: 11,476,933 shares

Six months ended September 30, 2015: 11,477,040 shares

Notes regarding the number of issued shares:

* Presentation regarding the implementation status of the quarterly review procedures

At the time of disclosure of these quarterly financial results, quarterly review procedures for the quarterly 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 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 September 30, 2016
Assets		
Current assets		
Cash and deposits	5,441	5,872
Accounts receivable - trade	4,192	4,186
Merchandise and finished goods	3,445	3,732
Work in process	388	310
Raw materials and supplies	861	748
Other	406	277
Total current assets	14,735	15,128
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	7,660	6,842
Other, net	2,590	2,635
Total property, plant and equipment	10,251	9,477
Intangible assets	60	52
Investments and other assets	800	797
Total non-current assets	11,112	10,327
Total assets	25,848	25,455

(Million yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	1,510	1,866
Short-term loans payable	2,022	1,906
Income taxes payable	419	386
Provision for directors' bonuses	19	9
Other	1,215	1,347
Total current liabilities	5,186	5,517
Non-current liabilities		
Long-term loans payable	1,277	680
Provision for directors' retirement benefits	105	44
Net defined benefit liability	1,829	1,843
Other	1,009	976
Total non-current liabilities	4,221	3,544
Total liabilities	9,407	9,061
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	12,204	12,361
Treasury shares	(14)	(14)
Total shareholders' equity	14,703	14,860
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20	43
Foreign currency translation adjustment	49	(203)
Remeasurements of defined benefit plans	(169)	(129)
Total accumulated other comprehensive income	(99)	(288)
Non-controlling interests	1,836	1,822
Total net assets	16,440	16,393
Total liabilities and net assets	25,848	25,455

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

(Million yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016
Net sales	9,753	8,001
Cost of sales	7,590	6,322
Gross profit	2,163	1,678
Selling, general and administrative expenses	935	930
Operating income	1,228	747
Non-operating income		
Interest income	0	0
Dividend income	3	3
Refunded income taxes	8	2
Other	11	6
Total non-operating income	22	12
Non-operating expenses		
Interest expenses	32	25
Loss on retirement of non-current assets	0	9
Other	3	3
Total non-operating expenses	36	38
Ordinary income	1,214	722
Profit before income taxes	1,214	722
Income taxes	458	188
Profit	755	533
Profit attributable to non-controlling interests	260	192
Profit attributable to owners of parent	495	341

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016
Profit	755	533
Other comprehensive income		
Valuation difference on available-for-sale securities	8	23
Foreign currency translation adjustment	134	(460)
Remeasurements of defined benefit plans, net of tax	(17)	40
Total other comprehensive income	124	(396)
Comprehensive income	880	137
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	560	151
Comprehensive income attributable to non-controlling interests	320	(14)