

Consolidated Financial Results for the Six Months Ended September 30, 2018 [Japanese GAAP]



November 6, 2018

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 filing quarterly securities report: November 13, 2018

Scheduled date of commencing dividend payments: December 3, 2018

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, 2018 (April 1, 2018 to September 30, 2018)

(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	%
Six months ended September 30, 2018	9,847	5.1	1,722	7.8	1,711	10.3	1,021	21.4
Six months ended September 30, 2017	9,372	17.1	1,597	113.6	1,551	114.8	841	146.6

(Note) Comprehensive income: Six months ended September 30, 2018: ¥ 1,318 million [(17.1)%]

Six months ended September 30, 2017: ¥ 1,590 million [—%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
Six months ended September 30, 2018	89.01	—
Six months ended September 30, 2017	73.33	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2018	28,011	20,232	63.8
As of March 31, 2018	27,759	19,410	61.3

(Reference) Equity: As of September 30, 2018: ¥ 17,868 million

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

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	10.00	—	18.00	28.00
Fiscal year ending March 31, 2019	—	10.00			
Fiscal year ending March 31, 2019 (Forecast)			—	18.00	28.00

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

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net Income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	21,500	7.0	3,200	(0.2)	3,100	(0.8)	1,650	(4.3)	143.77

(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: No
Excluded: No
- (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: No
 - 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, 2018: 11,500,000 shares
March 31, 2018: 11,500,000 shares
 - 2) Total number of treasury shares at the end of the period:
September 30, 2018: 23,104 shares
March 31, 2018: 23,104 shares
 - 3) Average number of shares during the period:
Six months ended September 30, 2018: 11,476,896 shares
Six months ended September 30, 2017: 11,476,918 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, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	7,918	8,082
Accounts receivable - trade	5,262	4,711
Merchandise and finished goods	2,671	3,485
Work in process	305	334
Raw materials and supplies	1,087	1,135
Other	128	122
Total current assets	17,373	17,872
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	6,794	6,419
Other, net	2,653	2,761
Total property, plant and equipment	9,447	9,181
Intangible assets	36	49
Investments and other assets	901	908
Total non-current assets	10,386	10,139
Total assets	27,759	28,011

(Million yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	2,537	2,269
Short-term loans payable	1,261	1,000
Income taxes payable	618	417
Provision for directors' bonuses	15	14
Other	1,143	1,310
Total current liabilities	5,574	5,011
Non-current liabilities		
Provision for directors' retirement benefits	30	—
Net defined benefit liability	1,888	1,922
Other	854	844
Total non-current liabilities	2,774	2,766
Total liabilities	8,349	7,778
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	14,317	15,132
Treasury shares	(14)	(14)
Total shareholders' equity	16,816	17,631
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61	76
Foreign currency translation adjustment	121	148
Remeasurements of defined benefit plans	21	11
Total accumulated other comprehensive income	205	236
Non-controlling interests	2,388	2,363
Total net assets	19,410	20,232
Total liabilities and net assets	27,759	28,011

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

(Million yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Net sales	9,372	9,847
Cost of sales	6,839	7,097
Gross profit	2,532	2,749
Selling, general and administrative expenses	934	1,026
Operating income	1,597	1,722
Non-operating income		
Dividend income	3	13
Foreign exchange gains	13	—
Other	2	2
Total non-operating income	19	16
Non-operating expenses		
Interest expenses	22	19
Loss on withdrawing business	26	—
Other	15	7
Total non-operating expenses	64	27
Ordinary income	1,551	1,711
Income before income taxes	1,551	1,711
Income taxes	473	446
Net income	1,078	1,264
Net income attributable to non-controlling interests	237	243
Net income attributable to owners of parent	841	1,021

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Net income	1,078	1,264
Other comprehensive income		
Valuation difference on available-for-sale securities	16	14
Foreign currency translation adjustment	460	48
Remeasurements of defined benefit plans, net of tax	34	(10)
Total other comprehensive income	511	53
Comprehensive income	1,590	1,318
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,146	1,052
Comprehensive income attributable to non-controlling interests	444	265