

Consolidated Financial Results
for the Three Months Ended June 30, 2016
[Japanese GAAP]



August 10, 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
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 Scheduled date of filing quarterly securities report: August 10, 2016
 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 Three Months Ended June 30, 2016 (April 1, 2016 to June 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	%
Three months ended June 30, 2016	4,135	(27.9)	504	(47.1)	490	(48.3)	232	(55.4)
June 30, 2015	5,736	15.7	954	45.3	949	37.5	520	24.2

(Note) Comprehensive income: Three months ended June 30, 2016: ¥ (76) million [— %]

Three months ended June 30, 2015: ¥ 851 million [128.9 %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2016	20.24	—
June 30, 2015	45.37	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2016	25,729	16,180	56.1
As of March 31, 2016	25,848	16,440	56.5

(Reference) Equity: As of June 30, 2016: ¥ 14,433 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
Fiscal year ended March 31, 2016	Yen —	Yen 10.00	Yen —	Yen 16.00	Yen 26.00
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31, 2017 (Forecast)		10.00	—	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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,300	10.2	2,700	35.7	2,600	36.1	1,350	79.7	117.63

(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

(Note) For details, please refer to “(2) Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements” on page 4 of the attached material.

(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

(Note) For details, please refer to “(3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement” on page 4 of the attached material.

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

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

June 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:

June 30, 2016: 23,067 shares

March 31, 2016: 23,067 shares

3) Average number of shares during the period:

Three months ended June 30, 2016: 11,476,933 shares

Three months ended June 30, 2015: 11,477,129 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 June 30, 2016
Assets		
Current assets		
Cash and deposits	5,441	5,818
Accounts receivable - trade	4,192	4,116
Merchandise and finished goods	3,445	3,992
Work in process	388	302
Raw materials and supplies	861	697
Other	406	381
Total current assets	14,735	15,308
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	7,660	6,945
Other, net	2,590	2,635
Total property, plant and equipment	10,251	9,580
Intangible assets	60	56
Investments and other assets	800	783
Total non-current assets	11,112	10,420
Total assets	25,848	25,729
Liabilities		
Current liabilities		
Accounts payable - trade	1,510	2,132
Short-term loans payable	2,022	1,915
Income taxes payable	419	413
Provision for directors' bonuses	19	4
Other	1,215	1,274
Total current liabilities	5,186	5,740
Non-current liabilities		
Long-term loans payable	1,277	915
Provision for directors' retirement benefits	105	39
Net defined benefit liability	1,829	1,854
Other	1,009	998
Total non-current liabilities	4,221	3,808
Total liabilities	9,407	9,548

(Million yen)

	As of March 31, 2016	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	12,204	12,252
Treasury shares	(14)	(14)
Total shareholders' equity	14,703	14,751
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20	17
Foreign currency translation adjustment	49	(185)
Remeasurements of defined benefit plans	(169)	(149)
Total accumulated other comprehensive income	(99)	(317)
Non-controlling interests	1,836	1,746
Total net assets	16,440	16,180
Total liabilities and net assets	25,848	25,729

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

(Million yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Net sales	5,736	4,135
Cost of sales	4,301	3,156
Gross profit	1,435	979
Selling, general and administrative expenses	480	475
Operating income	954	504
Non-operating income		
Interest income	0	—
Dividend income	2	2
Refunded income taxes	6	2
Other	2	2
Total non-operating income	12	7
Non-operating expenses		
Interest expenses	16	13
Loss on retirement of non-current assets	0	8
Other	0	0
Total non-operating expenses	17	21
Ordinary income	949	490
Profit before income taxes	949	490
Income taxes	304	155
Profit	645	334
Profit attributable to non-controlling interests	124	102
Profit attributable to owners of parent	520	232

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Profit	645	334
Other comprehensive income		
Valuation difference on available-for-sale securities	10	(3)
Foreign currency translation adjustment	204	(427)
Remeasurements of defined benefit plans, net of tax	(8)	20
Total other comprehensive income	206	(410)
Comprehensive income	851	(76)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	635	13
Comprehensive income attributable to non-controlling interests	216	(89)