

Consolidated Financial Results
for the Three Months Ended June 30, 2017
[Japanese GAAP]



August 8, 2017

Company name: Honshu Chemical Industry Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4115
 URL: <http://www.honshuchemical.co.jp/>
 Representative: Yuji Fukuyama, President and CEO
 Contact: Kazuoki Wada, General Manager of Accounting
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 Scheduled date of filing quarterly securities report: August 9, 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 Three Months Ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(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, 2017	4,714	14.0	1,023	102.8	1,015	106.9	669	188.4
June 30, 2016	4,135	(27.9)	504	(47.1)	490	(48.3)	232	(55.4)

(Note) Comprehensive income: Three months ended June 30, 2017: ¥ 1,120 million [-%]
 Three months ended June 30, 2016: ¥ (76) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	58.37	—
June 30, 2016	20.24	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2017	26,859	18,248	59.6
As of March 31, 2017	25,450	17,311	60.2

(Reference) Equity: As of June 30, 2017: ¥ 15,997 million
 As of March 31, 2017: ¥ 15,311 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, 2017	—	10.00	—	16.00	26.00
Fiscal year ending March 31, 2018	—				
Fiscal year ending March 31, 2018 (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, 2018 (April 1, 2017 to March 31, 2018)

(% 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	18,500	6.5	2,100	2.6	2,000	(0.2)	1,000	1.3	87.13

(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: 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):

June 30, 2017: 11,500,000 shares

March 31, 2017: 11,500,000 shares

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

June 30, 2017: 23,067 shares

March 31, 2017: 23,067 shares

3) Average number of shares during the period:

Three months ended June 30, 2017: 11,476,933 shares

Three months ended June 30, 2016: 11,476,933 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, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	6,313	6,980
Accounts receivable - trade	4,691	4,889
Merchandise and finished goods	3,016	3,459
Work in process	270	305
Raw materials and supplies	645	655
Other	261	283
Total current assets	15,199	16,574
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	6,714	6,745
Other, net	2,685	2,695
Total property, plant and equipment	9,400	9,441
Intangible assets	48	43
Investments and other assets	803	799
Total non-current assets	10,251	10,284
Total assets	25,450	26,859

(Million yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	1,714	2,339
Short-term loans payable	1,958	2,023
Income taxes payable	307	288
Provision for directors' bonuses	15	3
Other	1,120	1,203
Total current liabilities	5,116	5,859
Non-current liabilities		
Long-term loans payable	239	—
Provision for directors' retirement benefits	55	15
Net defined benefit liability	1,797	1,820
Other	930	915
Total non-current liabilities	3,023	2,751
Total liabilities	8,139	8,611
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	12,892	13,378
Treasury shares	(14)	(14)
Total shareholders' equity	15,391	15,878
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60	76
Foreign currency translation adjustment	(90)	76
Remeasurements of defined benefit plans	(50)	(33)
Total accumulated other comprehensive income	(80)	119
Non-controlling interests	1,999	2,250
Total net assets	17,311	18,248
Total liabilities and net assets	25,450	26,859

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

(Million yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Net sales	4,135	4,714
Cost of sales	3,156	3,234
Gross profit	979	1,479
Selling, general and administrative expenses	475	456
Operating income	504	1,023
Non-operating income		
Dividend income	2	2
Foreign exchange gains	0	4
Refunded income taxes	2	—
Other	1	0
Total non-operating income	7	8
Non-operating expenses		
Interest expenses	13	11
Loss on retirement of non-current assets	8	3
Other	0	0
Total non-operating expenses	21	16
Ordinary income	490	1,015
Profit before income taxes	490	1,015
Income taxes	155	231
Profit	334	784
Profit attributable to non-controlling interests	102	114
Profit attributable to owners of parent	232	669

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Profit	334	784
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	15
Foreign currency translation adjustment	(427)	303
Remeasurements of defined benefit plans, net of tax	20	17
Total other comprehensive income	(410)	336
Comprehensive income	(76)	1,120
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13	869
Comprehensive income attributable to non-controlling interests	(89)	250