

Consolidated Financial Results
for the Three Months Ended June 30, 2019
[Japanese GAAP]



August 2, 2019

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
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 Scheduled date of filing quarterly securities report: August 9, 2019
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Yes
 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, 2019 (April 1, 2019 to June 30, 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	%
Three Months ended June 30, 2019	5,190	(4.8)	724	(34.8)	698	(37.2)	417	(44.4)
June 30, 2018	5,454	15.7	1,110	8.5	1,112	9.5	752	12.3

(Note) Comprehensive income: Three Months ended June 30, 2019: ¥ 444 million [(42.7)%]
 Three Months ended June 30, 2018: ¥ 774 million [(30.9)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three Months ended June 30, 2019	36.41	—
June 30, 2018	65.53	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2019	28,988	20,667	63.5
As of March 31, 2019	28,745	20,430	63.5

(Reference) Equity: As of June 30, 2019: ¥ 18,415 million
 As of March 31, 2019: ¥ 18,256 million

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	10.00	—	18.00	28.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Forecast)		12.00	—	20.00	32.00

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

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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	23,000	10.6	3,400	8.3	3,200	5.0	1,800	2.7	156.84

(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: 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):
June 30, 2019: 11,500,000 shares
March 31, 2019: 11,500,000 shares
 - 2) Total number of treasury shares at the end of the period:
June 30, 2019: 23,106 shares
March 31, 2019: 23,106 shares
 - 3) Average number of shares during the period:
Three Months ended June 30, 2019: 11,476,894 shares
Three Months ended June 30, 2018: 11,476,896 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, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	7,138	8,042
Accounts receivable - trade	6,092	5,609
Merchandise and finished goods	3,363	3,849
Work in process	311	255
Raw materials and supplies	1,234	1,091
Other	250	119
Total current assets	18,389	18,967
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	6,470	6,136
Other, net	2,911	2,877
Total property, plant and equipment	9,381	9,013
Intangible assets	50	45
Investments and other assets	924	961
Total non-current assets	10,356	10,020
Total assets	28,745	28,988

(Million yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	2,066	2,761
Short-term loans payable	1,000	1,000
Income taxes payable	371	236
Provision for directors' bonuses	32	9
Accounts payable - facilities	898	180
Other	1,063	1,244
Total current liabilities	5,433	5,432
Non-current liabilities		
Net defined benefit liability	2,074	2,100
Other	808	787
Total non-current liabilities	2,882	2,887
Total liabilities	8,315	8,320
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	15,748	15,959
Treasury shares	(14)	(14)
Total shareholders' equity	18,247	18,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45	31
Foreign currency translation adjustment	10	(33)
Remeasurements of defined benefit plans	(46)	(41)
Total accumulated other comprehensive income	8	(43)
Non-controlling interests	2,174	2,252
Total net assets	20,430	20,667
Total liabilities and net assets	28,745	28,988

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

(Million yen)

	For the Three Months ended June 30, 2018	For the Three Months ended June 30, 2019
Net sales	5,454	5,190
Cost of sales	3,829	3,904
Gross profit	1,624	1,285
Selling, general and administrative expenses	514	561
Operating income	1,110	724
Non-operating income		
Interest income	—	0
Dividend income	13	3
Gain on sales of scraps	0	1
Other	0	0
Total non-operating income	13	4
Non-operating expenses		
Interest expenses	10	9
Removal cost	0	19
Other	1	1
Total non-operating expenses	11	30
Ordinary income	1,112	698
Income before income taxes	1,112	698
Income taxes	237	166
Net income	874	532
Net income attributable to non-controlling interests	122	114
Net income attributable to owners of parent	752	417

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the Three Months ended June 30, 2018	For the Three Months ended June 30, 2019
Net income	874	532
Other comprehensive income		
Valuation difference on available-for-sale securities	10	(13)
Foreign currency translation adjustment	(106)	(80)
Remeasurements of defined benefit plans, net of tax	(5)	5
Total other comprehensive income	(100)	(88)
Comprehensive income	774	444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	699	365
Comprehensive income attributable to non-controlling interests	74	78