

**Consolidated Financial Results**  
**for the Fiscal Year Ended March 31, 2017**  
**[Japanese GAAP]**



May 12, 2017

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 & Finance Dept.  
 Phone: +81-3-3272-1482  
 Scheduled date of Annual General Meeting of Shareholders: June 27, 2017  
 Scheduled date of filing annual securities report: June 27, 2017  
 Scheduled date of commencing dividend payments: June 28, 2017  
 Availability of supplementary briefing material on annual financial results: Available  
 Schedule of annual financial results briefing session: Scheduled

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

**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)**

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2017	17,373	(5.7)	2,047	2.9	2,003	4.9	986	31.4
March 31, 2016	18,420	(10.9)	1,989	(36.6)	1,910	(38.6)	751	(53.3)

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥ 1,331 million [42.0%]  
 Fiscal year ended March 31, 2016: ¥ 937 million [(44.4) %]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
March 31, 2017	86.00	—	6.6	7.8	11.8
March 31, 2016	65.44	—	5.2	7.1	10.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2017: ¥—million  
 Fiscal year ended March 31, 2016: ¥—million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2017	25,450	17,311	60.2	1,334.11
As of March 31, 2016	25,848	16,440	56.5	1,272.44

(Reference) Equity: As of March 31, 2017: ¥ 15,311 million  
 As of March 31, 2016: ¥ 14,603 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
March 31, 2017	3,310	(889)	(1,477)	6,313
March 31, 2016	2,297	(682)	(1,601)	5,441

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2016	—	10.00	—	16.00	26.00	298	39.7	2.1
March 31, 2017	—	10.00	—	16.00	26.00	298	30.2	2.0
Fiscal year ending March 31, 2018 (Forecast)	—	10.00	—	16.00	26.00		29.8	

## 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

### \* 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) 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) Please refer to the attached document "3. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements" for details.

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

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

March 31, 2017: 11,500,000 shares

March 31, 2016: 11,500,000 shares

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

March 31, 2017: 23,067 shares

March 31, 2016: 23,067 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2017: 11,476,933 shares

Fiscal Year ended March 31, 2016: 11,476,986 shares

(Reference) Summary of Non-consolidated Financial Results

**Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2017	13,979	(5.0)	656	43.9	800	(1.0)	645	11.0
March 31, 2016	14,712	(16.6)	456	(77.4)	808	(63.6)	582	(59.8)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2017	56.28	—
March 31, 2016	50.71	—

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2017	20,397	13,804	67.7	1,202.76
March 31, 2016	19,722	13,416	68.0	1,168.98

(Reference) Equity: As of March 31, 2017: ¥ 13,804 million

As of March 31, 2016: ¥ 13,416 million

\* This Consolidated Financial Results is exempt from the audit procedures.

\* Explanation for the appropriate use of performance forecasts and other special notes

The performance forecasts and other descriptions 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.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	5,441	6,313
Accounts receivable - trade	4,192	4,691
Merchandise and finished goods	3,445	3,016
Work in process	388	270
Raw materials and supplies	861	645
Deferred tax assets	62	94
Other	343	167
Total current assets	14,735	15,199
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,668	4,778
Accumulated depreciation	(2,895)	(2,984)
Buildings and structures, net	1,773	1,793
Machinery, equipment and vehicles	35,047	34,844
Accumulated depreciation	(27,386)	(28,129)
Machinery, equipment and vehicles, net	7,660	6,714
Land	548	543
Construction in progress	83	54
Other	1,363	1,502
Accumulated depreciation	(1,178)	(1,207)
Other, net	185	294
Total property, plant and equipment	10,251	9,400
Intangible assets		
Other	60	48
Total intangible assets	60	48
Investments and other assets		
Investment securities	146	191
Deferred tax assets	588	516
Other	66	95
Total investments and other assets	800	803
Total non-current assets	11,112	10,251
Total assets	25,848	25,450

(Million yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,510	1,714
Short-term loans payable	1,000	1,000
Current portion of long-term loans payable	1,022	958
Accounts payable - other	448	401
Income taxes payable	419	307
Accounts payable - facilities	295	259
Provision for directors' bonuses	19	15
Other	472	459
<b>Total current liabilities</b>	<b>5,186</b>	<b>5,116</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,277	239
Lease obligations	954	896
Provision for directors' retirement benefits	105	55
Net defined benefit liability	1,829	1,797
Other	55	34
<b>Total non-current liabilities</b>	<b>4,221</b>	<b>3,023</b>
<b>Total liabilities</b>	<b>9,407</b>	<b>8,139</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	12,204	12,892
Treasury shares	(14)	(14)
<b>Total shareholders' equity</b>	<b>14,703</b>	<b>15,391</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	20	60
Foreign currency translation adjustment	49	(90)
Remeasurements of defined benefit plans	(169)	(50)
<b>Total accumulated other comprehensive income</b>	<b>(99)</b>	<b>(80)</b>
<b>Non-controlling interests</b>	<b>1,836</b>	<b>1,999</b>
<b>Total net assets</b>	<b>16,440</b>	<b>17,311</b>
<b>Total liabilities and net assets</b>	<b>25,848</b>	<b>25,450</b>

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

(Million yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Net sales	18,420	17,373
Cost of sales	14,550	13,454
Gross profit	3,869	3,918
Selling, general and administrative expenses	1,879	1,870
Operating income	1,989	2,047
Non-operating income		
Interest income	0	0
Dividend income	3	3
Compensation income	—	23
Other	28	7
Total non-operating income	32	34
Non-operating expenses		
Interest expenses	61	49
Dismantlement cost	23	13
Loss on retirement of non-current assets	25	15
Other	2	1
Total non-operating expenses	112	79
Ordinary income	1,910	2,003
Profit before income taxes	1,910	2,003
Income taxes - current	664	594
Income taxes - deferred	11	(17)
Total income taxes	676	576
Profit	1,233	1,426
Profit attributable to non-controlling interests	482	439
Profit attributable to owners of parent	751	986

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Profit	1,233	1,426
Other comprehensive income		
Valuation difference on available-for-sale securities	(37)	40
Foreign currency translation adjustment	(47)	(254)
Remeasurements of defined benefit plans, net of tax	(211)	118
Total other comprehensive income	(296)	(95)
Comprehensive income	937	1,331
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	475	1,006
Comprehensive income attributable to non-controlling interests	461	325

(3) Consolidated Statements of Changes in Net Assets  
For the fiscal year ended March 31, 2016

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,500	1,013	11,751	(14)	14,250
Changes of items during period					
Dividends of surplus			(298)		(298)
Profit attributable to owners of parent			751		751
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	452	(0)	452
Balance at end of current period	1,500	1,013	12,204	(14)	14,703

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	58	75	41	175	1,732	16,159
Changes of items during period						
Dividends of surplus						(298)
Profit attributable to owners of parent						751
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(37)	(25)	(211)	(275)	103	(171)
Total changes of items during period	(37)	(25)	(211)	(275)	103	280
Balance at end of current period	20	49	(169)	(99)	1,836	16,440



For the fiscal year ended March 31, 2017

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,500	1,013	12,204	(14)	14,703
Changes of items during period					
Dividends of surplus			(298)		(298)
Profit attributable to owners of paren			986		986
Purchase of treasury shares				—	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	688	—	688
Balance at end of current period	1,500	1,013	12,892	(14)	15,391

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	20	49	(169)	(99)	1,836	16,440
Changes of items during period						
Dividends of surplus						(298)
Profit attributable to owners of parent						986
Purchase of treasury shares						—
Net changes of items other than shareholders' equity	40	(139)	118	19	163	182
Total changes of items during period	40	(139)	118	19	163	870
Balance at end of current period	60	(90)	(50)	(80)	1,999	17,311

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,910	2,003
Depreciation	1,524	1,373
Loss on retirement of non-current assets	25	15
Increase (decrease) in provision for directors' retirement benefits	25	(49)
Increase (decrease) in net defined benefit liability	351	(31)
Interest and dividend income	(3)	(3)
Interest expenses	61	49
Decrease (increase) in notes and accounts receivable - trade	650	(523)
Decrease (increase) in inventories	315	756
Increase (decrease) in notes and accounts payable - trade	(1,135)	209
Other, net	(199)	61
Subtotal	3,527	3,861
Interest and dividend income received	3	3
Interest expenses paid	(62)	(49)
Income taxes paid	(1,170)	(504)
Net cash provided by (used in) operating activities	2,297	3,310
Cash flows from investing activities		
Purchase of property, plant and equipment	(647)	(883)
Other, net	(34)	(6)
Net cash provided by (used in) investing activities	(682)	(889)
Cash flows from financing activities		
Repayments of long-term loans payable	(894)	(958)
Cash dividends paid	(297)	(297)
Dividends paid to non-controlling interests	(357)	(162)
Repayments of lease obligations	(51)	(59)
Other, net	(0)	—
Net cash provided by (used in) financing activities	(1,601)	(1,477)
Effect of exchange rate change on cash and cash equivalents	7	(72)
Net increase (decrease) in cash and cash equivalents	21	871
Cash and cash equivalents at beginning of period	5,419	5,441
Cash and cash equivalents at end of period	5,441	6,313