

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP]



May 15, 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 Annual General Meeting of Shareholders: June 22, 2018  
 Scheduled date of filing annual securities report: June 22, 2018  
 Scheduled date of commencing dividend payments: June 25, 2018  
 Availability of supplementary briefing material on annual financial results: Available  
 Schedule of annual financial results briefing session: Scheduled for Institutional investors and Securities analysts

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

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 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	%
Fiscal year ended March 31, 2018	20,086	15.6	3,207	56.7	3,126	56.1	1,723	74.6
March 31, 2017	17,373	(5.7)	2,047	2.9	2,003	4.9	986	31.4

(Note) Comprehensive income: Fiscal year ended March 31, 2018: ¥ 2,686 million [101.8%]  
 Fiscal year ended March 31, 2017: ¥ 1,331 million [42.0 %]

	Net income per share	Diluted net income per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2018	150.19	—	10.7	11.8	16.0
March 31, 2017	86.00	—	6.6	7.8	11.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2018: ¥— million  
 Fiscal year ended March 31, 2017: ¥— million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	27,759	19,410	61.3	1,483.19
As of March 31, 2017	25,450	17,311	60.2	1,334.11

(Reference) Equity: As of March 31, 2018: ¥ 17,022 million  
 As of March 31, 2017: ¥ 15,311 million

## (3) Consolidated Cash Flows

	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
Fiscal year ended March 31, 2018	4,334	(1,114)	(1,697)	7,918
March 31, 2017	3,310	(889)	(1,477)	6,313

## 2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q	2Q	3Q	4Q	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2017	—	10.00	—	16.00	26.00	298	30.2	2.0
March 31, 2018	—	10.00	—	18.00	28.00	321	18.6	2.0
Fiscal year ending March 31, 2019 (Forecast)	—	10.00	—	18.00	28.00		23.8	

## 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	21,500	7.0	2,800	(12.7)	2,700	(13.6)	1,350	(21.7)	117.63

### \* 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) 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
- (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, 2018: 11,500,000 shares  
March 31, 2017: 11,500,000 shares
  - 2) Total number of treasury shares at the end of the period:  
March 31, 2018: 23,104 shares  
March 31, 2017: 23,067 shares
  - 3) Average number of shares during the period:  
Fiscal Year ended March 31, 2018: 11,476,907 shares  
Fiscal Year ended March 31, 2017: 11,476,933 shares

(Reference) Summary of Non-consolidated Financial Results

**Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)**

(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, 2018	16,275	16.4	1,613	145.8	1,884	135.5	1,462	126.3
March 31, 2017	13,979	(5.0)	656	43.9	800	(1.0)	645	11.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2018	127.40	—
March 31, 2017	56.28	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	22,784	14,968	65.7	1,304.25
As of March 31, 2017	20,397	13,804	67.7	1,202.76

(Reference) Equity: As of March 31, 2018: ¥ 14,968 million

As of March 31, 2017: ¥ 13,804 million

\* Presentation regarding the implementation status of the audit process

At the time of disclosure of these financial results, audit procedures for the financial statements under the Financial Instruments and Exchange Act had not been completed.

\* 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, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	6,313	7,918
Accounts receivable - trade	4,691	5,262
Merchandise and finished goods	3,016	2,671
Work in process	270	305
Raw materials and supplies	645	1,087
Deferred tax assets	94	113
Other	167	128
Total current assets	15,199	17,487
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,778	4,898
Accumulated depreciation	(2,984)	(3,103)
Buildings and structures, net	1,793	1,794
Machinery, equipment and vehicles	34,844	36,069
Accumulated depreciation	(28,129)	(29,274)
Machinery, equipment and vehicles, net	6,714	6,794
Land	543	549
Construction in progress	54	74
Other	1,502	1,508
Accumulated depreciation	(1,207)	(1,274)
Other, net	294	233
Total property, plant and equipment	9,400	9,447
Intangible assets		
Other	48	36
Total intangible assets	48	36
Investments and other assets		
Investment securities	191	193
Deferred tax assets	516	530
Other	95	63
Total investments and other assets	803	787
Total non-current assets	10,251	10,272
Total assets	25,450	27,759

(Million yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,714	2,537
Short-term loans payable	1,000	1,000
Current portion of long-term loans payable	958	261
Accounts payable - other	401	407
Income taxes payable	307	618
Accounts payable - facilities	259	243
Provision for directors' bonuses	15	15
Other	459	492
Total current liabilities	5,116	5,574
Non-current liabilities		
Long-term loans payable	239	—
Lease obligations	896	831
Provision for directors' retirement benefits	55	30
Net defined benefit liability	1,797	1,888
Other	34	22
Total non-current liabilities	3,023	2,774
Total liabilities	8,139	8,349
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	12,892	14,317
Treasury shares	(14)	(14)
Total shareholders' equity	15,391	16,816
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60	61
Foreign currency translation adjustment	(90)	121
Remeasurements of defined benefit plans	(50)	21
Total accumulated other comprehensive income	(80)	205
Non-controlling interests	1,999	2,388
Total net assets	17,311	19,410
Total liabilities and net assets	25,450	27,759

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

(Million yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net sales	17,373	20,086
Cost of sales	13,454	14,939
Gross profit	3,918	5,147
Selling, general and administrative expenses	1,870	1,939
Operating income	2,047	3,207
Non-operating income		
Interest income	0	0
Dividend income	3	4
Foreign exchange gains	—	14
Profit on sales of scrap	2	5
Compensation income	23	2
Other	4	1
Total non-operating income	34	28
Non-operating expenses		
Interest expenses	49	43
Dismantlement cost	13	23
Loss on retirement of non-current assets	15	39
Other	1	2
Total non-operating expenses	79	109
Ordinary income	2,003	3,126
Profit before income taxes	2,003	3,126
Income taxes - current	594	966
Income taxes - deferred	(17)	(66)
Total income taxes	576	899
Profit	1,426	2,226
Profit attributable to non-controlling interests	439	503
Profit attributable to owners of parent	986	1,723

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net income	1,426	2,226
Other comprehensive income		
Valuation difference on available-for-sale securities	40	1
Foreign currency translation adjustment	(254)	385
Remeasurements of defined benefit plans, net of tax	118	72
Total other comprehensive income	(95)	459
Comprehensive income	1,331	2,686
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,006	2,009
Comprehensive income attributable to non-controlling interests	325	676

(3) Consolidated Statements of Changes in Net Assets  
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 parent			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



For the fiscal year ended March 31, 2018

(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	12,892	(14)	15,391
Changes of items during period					
Dividends of surplus			(298)		(298)
Profit attributable to owners of paren			1,723		1,723
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,425	(0)	1,425
Balance at end of current period	1,500	1,013	14,317	(14)	16,816

	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	60	(90)	(50)	(80)	1,999	17,311
Changes of items during period						
Dividends of surplus						(298)
Profit attributable to owners of parent						1,723
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	1	212	72	285	388	674
Total changes of items during period	1	212	72	285	388	2,099
Balance at end of current period	61	121	21	205	2,388	19,410

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes	2,003	3,126
Depreciation	1,373	1,399
Loss on retirement of non-current assets	15	39
Increase (decrease) in provision for directors' retirement benefits	(49)	(24)
Increase (decrease) in net defined benefit liability	(31)	91
Interest and dividend income	(3)	(4)
Interest expenses	49	43
Decrease (increase) in notes and accounts receivable - trade	(523)	(542)
Decrease (increase) in inventories	756	(122)
Increase (decrease) in notes and accounts payable - trade	209	814
Other, net	61	223
Subtotal	3,861	5,045
Interest and dividend income received	3	4
Interest expenses paid	(49)	(43)
Income taxes paid	(504)	(671)
Net cash provided by (used in) operating activities	3,310	4,334
Cash flows from investing activities		
Purchase of property, plant and equipment	(883)	(1,105)
Other, net	(6)	(9)
Net cash provided by (used in) investing activities	(889)	(1,114)
Cash flows from financing activities		
Repayments of long-term loans payable	(958)	(1,044)
Cash dividends paid	(297)	(297)
Dividends paid to non-controlling interests	(162)	(288)
Repayments of lease obligations	(59)	(67)
Other, net	—	(0)
Net cash provided by (used in) financing activities	(1,477)	(1,697)
Effect of exchange rate change on cash and cash equivalents	(72)	82
Net increase (decrease) in cash and cash equivalents	871	1,605
Cash and cash equivalents at beginning of period	5,441	6,313
Cash and cash equivalents at end of period	6,313	7,918