

Consolidated Financial Results Highlights
for the First Quarter of the Fiscal Year ending March 31, 2017
[Japanese GAAP]



July 29, 2016

Company Name: HARIMA CHEMICALS GROUP, INC.
 Code Number: 4410
 (URL: <http://www.harima.co.jp/>)
 Stock Exchange Listing: Tokyo Stock Exchange
 Representative: Yoshihiro Hasegawa, President
 Contact: Teruo Kaneshiro, Senior Executive Managing Director
 Phone: +81-6-6201-2461
 Scheduled submission date of the Quarterly Securities Report: August 5, 2016
 Scheduled date to commence dividend payments: —
 Availability of supplementary briefing material on quarterly results: Available
 Schedule of quarterly results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2017 (From April 1, 2016 to June 30, 2016)

(1) Consolidated Results of Operations (Cumulative) (% indicates changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to Harima Chemicals Group, INC.	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter ended June 30, 2016	18,283	(11.8)	916	100.1	609	(55.2)	349	(58.0)
June 30, 2015	20,737	4.6	457	(8.5)	1,361	166.6	832	348.5

(Note) Comprehensive income: First quarter ended June 30, 2016: (241)million yen (-%),
 First quarter ended June 30, 2015: (814)million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First Quarter ended June 30, 2016	13.48	—
June 30, 2015	32.07	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First Quarter ended June 30, 2016	69,952	30,869	41.2
Fiscal year ended March 31, 2016	70,772	31,362	41.3

(Reference) Equity: The first quarter of Fiscal year ended March 31, 2017: 28,841 million yen,
 Fiscal year ended March 31, 2016: 29,234 million yen

2. Dividends

	Annual dividend				
	1Q	2Q	3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	7.00	—	7.00	14.00
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31, 2017(Forecast)		7.00	—	7.00	14.00

(Note) Changes in forecasts of dividends from recently announced figures: None

3. Forecast of Consolidated Financial Results for Fiscal Year Ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

(% indicates changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to Harima Chemicals Group,INC.		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q(cumulative)	40,000	(3.3)	1,100	(10.0)	1,200	(45.3)	700	(42.7)	26.98
Full year	82,000	1.3	2,800	14.9	3,000	(7.0)	1,800	47.2	69.37

(Note) Changes in forecasts of financial results from recently announced figures: None

4. Others

- (1) Significant changes of subsidiaries during period under review (affecting specific subsidiaries due to changes in scope of consolidation): None
Newly included: 0 (Company name:) Excluded: 0 (Company name:)
- (2) Application of special accounting method for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and corrections of errors
 - (1) Changes in accounting policies accompanying the revisions to items such as accounting standards: Yes
 - (2) Changes in accounting policies other than (1) above: None
 - (3) Changes in accounting estimates: None
 - (4) Corrections of errors: None
- (4) Number of shares issued (common stock)

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

1Q of fiscal year ending March 31, 2017	26,080,396 shares
Fiscal year ended March 31, 2016	26,080,396 shares

- (2) Total number of treasury stock at the end of the period

1Q of fiscal year ending March 31, 2017	131,882 shares
Fiscal year ended March 31, 2016	131,882 shares

- (3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

1Q of fiscal year ending March 31, 2017	25,948,514 shares
1Q of fiscal year ended March 31, 2016	25,948,754 shares

* Presentation regarding the implementation status of the quarterly review:

This summary of consolidated financial results is not subject to the quarterly review procedures provided for by the Japanese Financial Instruments and Exchange Law. Therefore, at the time of the disclosure of these financial results, the quarterly financial statement review procedures based on the Law have not been completed.

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

The performance forecasts and other forward-looking statements herein are based on information currently available to the Company and certain preconditions which the Company believes to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

Segment Information

I. Three months ended June 30, 2015(April 1, 2015 to June 30, 2015)

Information regarding net sales and income or loss by reporting segment

(Thousands of yen)

	Reporting segment				
	Resin & Tall Oil Products	Paper Chemicals	Electronics Materials	Lawter	Subtotal
Net sales					
Net sales to external customers	5,100,957	4,367,231	1,257,511	9,562,876	20,288,576
Intersegment sales or transfers	151,222	113,421	—	84,673	349,317
Total	5,252,179	4,480,652	1,257,511	9,647,550	20,637,894
Segment income (loss)	180,881	341,559	63,668	(168,549)	417,559

	Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statement of income (Note 3)
Net sales				
Net sales to external customers	416,287	20,704,863	32,713	20,737,577
Intersegment sales or transfers	35,641	384,959	(384,959)	—
Total	451,928	21,089,823	(352,245)	20,737,577
Segment income (loss)	(8,189)	409,369	48,411	457,781

II. Three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)

Information regarding net sales and income or loss by reporting segment

(Thousands of yen)

	Reporting segment				
	Resin & Tall Oil Products	Paper Chemicals	Electronics Materials	Lawter	Subtotal
Net sales					
Net sales to external customers	4,710,125	4,095,837	1,198,838	7,780,667	17,785,467
Intersegment sales or transfers	67,528	76,815	—	38,198	182,541
Total	4,777,653	4,172,652	1,198,838	7,818,865	17,968,009
Segment income	147,348	412,230	40,080	250,859	850,518

	Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statement of income (Note 3)
Net sales				
Net sales to external customers	450,647	18,236,114	47,843	18,283,957
Intersegment sales or transfers	33,021	215,562	(215,562)	—
Total	483,668	18,451,677	(167,719)	18,283,957
Segment income	7,069	857,588	58,533	916,122

(Notes) 1.The “Others” segment includes businesses not included in the reporting segments and mainly includes “Real estate management.”

2.The adjustment amount of segment income includes adjustments for inventories.

3.Segment income is adjusted to reflect operating income as recorded in the quarterly consolidated statement of income.

III. Information about the changes in the reporting segment

(Changes in the method of calculating segment income or loss)

From this quarter ended June 30, 2016, our group has changed the basis of distribution in order to evaluate the segment results adequately.

In addition, the segment information about the first quarter ended June 30, 2015 above has been recalculated on the new distribution basis.