

Consolidated Financial Results Highlights for the Fiscal Year Ended March 31, 2016



[Japanese GAAP]

May 10, 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
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Scheduled date of Ordinary General Shareholders' Meeting: June 24, 2016
Scheduled submission date of Securities Report: June 27, 2016
Scheduled date to commence dividend payments: June 27, 2016
Availability of supplementary briefing material on Financial Results: Available
Schedule of Financial Results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 2016 (From April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY Ended March 31, 2016	80,977	△2.1	2,437	150.5	3,225	—	1,222	—
FY Ended March 31, 2015	82,691	10.0	972	11.1	248	(90.5)	(1,025)	—

(Note) Comprehensive income: FY Ended March 31, 2016: △1,280million yen (—), FY Ended March 31, 2015: 1,823million yen [(25.9%)]

	Net income per share	Fully diluted net income per share	Return on equity	Return on assets	Operating profit on sales
	Yen	Yen	%	%	%
FY Ended March 31, 2016	47.12	—	4.1	4.4	3.0
FY Ended March 31, 2015	(39.53)	—	(3.4)	0.3	1.2

(Reference) Equity in net income of affiliated companies FY Ended March 31, 2016: 39 million yen, FY Ended March 31, 2015: 44 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
At March 31, 2016	70,772	31,362	41.3	1,126.65
At March 31, 2015	75,255	33,079	41.3	1,196.97

(Reference) Equity: FY Ended March 31, 2016: 29,234 million yen, FY Ended March 31, 2015: 31,059million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at Year end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY Ended March 31, 2016	4,209	(2,718)	(895)	5,880
FY Ended March 31, 2015	350	(3,707)	1,686	5,435

2. Dividends

	Annual dividend					Dividend	Dividend payout ratio	Dividend on equity ratio
	1Q	2Q	3Q	Year end	Total	(Total)	(Consolidated)	(Consolidated)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY Ended March 31, 2015	—	7.00	—	7.00	14.00	363	—	1.2
FY Ended March 31, 2016	—	7.00	—	7.00	14.00	363	29.7	1.2
FY Ending March 31, 2017(Forecast)	—	7.00	—	7.00	14.00		20.2	

3. Forecast of Consolidated Financial Results for the 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

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) Changes in accounting policies, changes in accounting estimates and corrections of errors
- (i) Changes in accounting policies accompanying the revisions to items such as accounting standards: Yes
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Corrections of errors: None
- (3) Number of shares issued (common stock)

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

Fiscal Year Ended March 31, 2016	26,080,396 shares
Fiscal Year Ended March 31, 2015	26,080,396 shares

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

Fiscal Year Ended March 31, 2016	131,882 shares
Fiscal Year Ended March 31, 2015	131,642 shares

- (iii) Average number of shares during the period

Fiscal Year Ended March 31, 2016	25,948,634 shares
Fiscal Year Ended March 31, 2015	25,948,869 shares

(Reference) Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(1) Non-consolidated Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY Ended March 31, 2016	2,758	18.0	663	53.4	1,083	—	845	—
FY Ended March 31, 2015	2,337	(17.7)	432	(47.5)	(599)	—	(965)	—

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY Ended March 31, 2016	32.58	—
FY Ended March 31, 2015	(37.22)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
At March 31, 2016	39,970	25,594	64.0	986.34
At March 31, 2015	47,081	25,598	54.4	986.51

(Reference) Equity: FY Ended March 31, 2016: 25,594 million yen, FY Ended March 31, 2015: 25,598 million yen

* Statement relating to the execution status for audit procedures:

This summary of consolidated financial results falls outside the scope of audit procedures based on the Japanese Financial Instruments and Exchange Law. Therefore, the audit procedures for financial statements based on the Law have not been completed at the time this financial summary was disclosed.

* 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. For the previous fiscal year (April 1, 2014 to March 31, 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	22,077,112	17,150,143	5,278,803	36,730,521	81,236,581
Intersegment sales or transfers	193,044	585,896	—	207,981	986,922
Total	22,270,157	17,736,039	5,278,803	36,938,503	82,223,503
Segment income(loss)	1,166,791	1,285,413	441,819	(1,202,397)	1,691,627
Depreciation	604,686	496,779	147,201	924,781	2,173,449
Amortization of goodwill	—	—	—	86,191	86,191
Interest income and interest expenses	(54,278)	(137)	(8,368)	(28,174)	(90,960)
Equity in income of affiliated companies	—	—	—	—	—

	Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statement of income (Note 3)
Net sales				
Net sales to external customers	1,525,729	82,762,310	(70,597)	82,691,713
Intersegment sales or transfers	164,771	1,151,694	(1,151,694)	—
Total	1,690,501	83,914,005	(1,222,291)	82,691,713
Segment income (loss)	116,956	1,808,584	(835,739)	972,845
Depreciation	166,506	2,339,955	—	2,339,955
Amortization of goodwill	1,142	87,333	—	87,333
Interest income and interest expenses	(16,712)	(107,672)	(206,305)	(313,978)
Equity in income of affiliated companies	—	—	44,929	44,929

(Notes) 1. “Others” division is business segment not attributable to reportable segment and includes mainly real estate management, etc.

2. The adjustment amount of segment income includes the adjustment of inventories 19,042 thousand yen and company-wide expenses (905,945) thousand yen, etc. that are not attributable to reportable segment.
3. Segment income is adjusted to reflect operating income as recorded in the consolidated statement of income.
4. Assets are not allocated into reportable segments how to determine the allocation of management resources and how to assess performance of the Company.

II. For the current fiscal year (April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Reporting segment				
	Resin & Tall Oil Products	Paper Chemicals	Electronics Materials	Lawter	Subtotal
Net sales					
Net sales to external customers	20,092,023	18,131,239	5,008,413	36,123,069	79,354,746
Intersegment sales or transfers	507,765	383,376	—	222,495	1,113,638
Total	20,599,789	18,514,616	5,008,413	36,345,565	80,468,385
Segment income(loss)	1,155,702	1,761,369	420,724	(303,378)	3,034,418
Depreciation	626,182	549,117	137,638	670,549	1,983,486
Amortization of goodwill	—	—	—	86,071	86,071
Interest income and interest expenses	(38,890)	(10,867)	(6,927)	(77,165)	(133,849)
Equity in income of affiliated companies	—	—	—	—	—

	Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statement of income (Note 3)
Net sales				
Net sales to external customers	1,640,025	80,994,771	(17,218)	80,977,553
Intersegment sales or transfers	137,108	1,250,747	(1,250,747)	—
Total	1,777,134	82,245,519	(1,267,965)	80,977,553
Segment income (loss)	93,645	3,128,064	(690,980)	2,437,083
Depreciation	142,982	2,126,469	—	2,126,469
Amortization of goodwill	1,142	87,214	—	87,214
Interest income and interest expenses	(14,486)	(148,336)	(154,705)	(303,041)
Equity in income of affiliated companies	—	—	39,395	39,395

(Notes) 1. “Others” division is business segment not attributable to reportable segment and includes mainly real estate management, etc.

2. The adjustment amount of segment income includes the adjustment of inventories (6,895) thousand yen and company-wide expenses (754,735) thousand yen, etc. that are not attributable to reportable segment.

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

4. Assets are not allocated into reportable segments how to determine the allocation of management resources and how to assess performance of the Company.