

Consolidated Financial Results Highlights for the Fiscal Year Ended March 31, 2014

[Japanese GAAP]



May 12, 2014

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 26, 2014
 Scheduled submission date of Securities Report: June 27, 2014
 Scheduled date to commence dividend payments: June 27, 2014
 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 2014 (From April 1, 2013 to March 31, 2014)

(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, 2014	75,174	17.1	875	51.9	2,607	83.4	280	29.7
FY Ended March 31, 2013	64,203	(10.3)	576	(81.5)	1,421	(34.2)	216	(78.6)

(Note) Comprehensive income: FY Ended March 31, 2014: 2,461million yen [258.6%], FY Ended March 31, 2013: 686 million yen [(11.2%)]

	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, 2014	10.80	—	1.0	4.0	1.2
FY Ended March 31, 2013	8.33	—	0.8	2.3	0.9

(Reference) Equity in net income of affiliated companies FY Ended March 31, 2014: 41 million yen, FY Ended March 31, 2013: 22 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, 2014	70,471	31,465	42.2	1,145.11
At March 31, 2013	61,355	29,822	46.5	1,098.70

(Reference) Equity: FY Ended March 31, 2014: 29,714 million yen, FY Ended March 31, 2013: 28,510 million 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, 2014	1,567	(1,084)	1,915	6,630
FY Ended March 31, 2013	3,234	(2,171)	(3,116)	3,470

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, 2013	—	7.00	—	7.00	14.00	363	168.1	1.3
FY Ended March 31, 2014	—	7.00	—	7.00	14.00	363	129.7	1.2
FY Ending March 31, 2015(Forecast)	—	7.00	—	7.00	14.00		36.3	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q(cumulative)	40,000	11.0	900	175.0	900	12.6	400	—	15.41
Full year	82,500	9.7	2,200	151.2	2,200	(15.6)	1,000	256.9	38.54

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, 2014	26,080,396 shares
Fiscal Year Ended March 31, 2013	26,080,396 shares

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

Fiscal Year Ended March 31, 2014	131,442 shares
Fiscal Year Ended March 31, 2013	131,247 shares

- (iii) Average number of shares during the period

Fiscal Year Ended March 31, 2014	25,949,060 shares
Fiscal Year Ended March 31, 2013	25,949,198 shares

(Reference) Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(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, 2014	2,840	(82.4)	824	119.5	2,301	55.9	(1,595)	—
FY Ended March 31, 2013	16,113	(49.1)	375	(69.1)	1,475	3.3	834	(19.2)

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY Ended March 31, 2014	(61.50)	—
FY Ended March 31, 2013	32.16	—

(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, 2014	45,483	26,349	57.9	1,015.43
At March 31, 2013	44,180	27,921	63.2	1,076.02

(Reference) Equity: FY Ended March 31, 2014: 26,349 million yen, FY Ended March 31, 2013: 27,921 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:

Harima Chemicals Group, Inc. (this company) became a holding company from October, 2012. And the non-consolidated results of operations above for the FY ended March 31, 2013 are calculated based on the non-consolidated results of operations of Harima Chemicals, Inc. for the first half FY ended March 31, 2013.

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, 2012 to March 31, 2013)

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	20,543,289	12,419,303	4,366,583	25,296,566	62,625,742
Intersegment sales or transfers	276,601	571,086	200	246,006	1,093,894
Total	20,819,891	12,990,389	4,366,783	25,542,572	63,719,637
Segment income(loss)	172,448	816,994	155,254	(876,692)	268,004
Depreciation	687,141	550,941	187,824	489,037	1,914,945
Amortization of goodwill	—	—	—	87,748	87,748
Interest income and interest expenses	(48,888)	(16,516)	(14,724)	(18,474)	(98,603)
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	1,597,206	64,222,949	(19,940)	64,203,008
Intersegment sales or transfers	148,227	1,242,122	(1,242,122)	—
Total	1,745,434	65,465,071	(1,262,063)	64,203,008
Segment income(loss)	85,507	353,512	1,068,060	1,421,573
Depreciation	191,495	2,106,441	—	2,106,441
Amortization of goodwill	1,142	88,891	—	88,891
Interest income and interest expenses	(19,920)	(118,523)	(207,843)	(326,366)
Equity in income of affiliated companies	—	—	22,621	22,621

(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 (60,191) thousand yen and also includes the foreign exchange gain and loss 888,193 thousand yen and company-wide expenses (90,681) thousand yen, etc. that are not attributable to reportable segment.
3. Segment income is adjusted to reflect ordinary 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, 2013 to March 31, 2014)

(Thousands of yen)

	Reporting segment				
	Resin & Tall Oil Products	Paper Chemicals	Electronics Materials	Lawter	Subtotal
Net sales					
Net sales to external customers	21,227,654	14,832,929	5,230,785	32,236,112	73,527,481
Intersegment sales or transfers	218,450	627,822	—	224,815	1,071,088
Total	21,446,105	15,460,751	5,230,785	32,460,927	74,598,570
Segment income(loss)	386,469	680,885	407,562	(307,219)	1,167,697
Depreciation	666,533	603,599	155,181	534,344	1,959,659
Amortization of goodwill	7,232	—	—	125,823	133,056
Interest income and interest expenses	(41,835)	209	(14,362)	(20,747)	(76,735)
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	1,642,207	75,169,689	4,831	75,174,520
Intersegment sales or transfers	131,088	1,202,176	(1,202,176)	—
Total	1,773,296	76,371,866	(1,197,345)	74,174,520
Segment income (loss)	141,458	1,309,156	1,298,489	2,607,646
Depreciation	189,667	2,149,327	—	2,149,327
Amortization of goodwill	1,142	134,199	—	134,199
Interest income and interest expenses	(17,675)	(94,411)	(191,365)	(285,776)
Equity in income of affiliated companies	—	—	41,457	41,457

(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 322,872 thousand yen and also includes the foreign exchange gain and loss 1,217,086 thousand yen and company-wide expenses (557,312) thousand yen, etc. that are not attributable to reportable segment.

3. Segment income is adjusted to reflect ordinary 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.