

July 26, 2016

Financial Flash Report for the First Quarter of Fiscal Year Ending March 31, 2017 [Japanese standards] (Consolidated)

Company name: EIKEN CHEMICAL CO., LTD. Listing: TSE, First Section
 Securities code: 4549 URL: <http://www.eiken.co.jp/en/>
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 Scheduled filing date of Quarterly Securities Report: August 12, 2016
 Scheduled date of dividend payment: —
 Supplementary materials for the quarterly financial results: Yes
 Investor conference for the quarterly financial results: No

(Millions of yen rounded down)

1. Consolidated Performance for the First Quarter (April 1, 2016 to June 30, 2016)

(1) Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2016	8,254	5.4	1,061	22.8	1,071	21.3	775	25.5
Three months ended June 30, 2015	7,831	2.2	864	11.8	883	8.4	617	9.3

(Note) Comprehensive income: As of June 30, 2016: 653million yen. As of June 30, 2015: 666 million yen.

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended June 30, 2016	42.37		41.91	
Three months ended June 30, 2015	33.83		33.46	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	40,341	28,506	70.1	1,544.37
As of March 31, 2016	39,266	28,201	71.2	1,529.13

(Reference) Shareholders' equity: As of June 30, 2016: 28,283 million yen. As of March 31, 2016: 27,977 million yen.

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2016	—	20.00	—	20.00	40.00
Fiscal year ended March 2017	—				
Fiscal year ending March 2017 (Forecast)		20.00	—	20.00	40.00

(Note) Revision of dividends forecast for this period: No

3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2017

(April 1, 2016 to March 31, 2017)

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	16,810	3.1	1,920	(2.0)	1,920	(3.3)	1,410	11.7	76.99
Full year	33,830	5.2	2,710	(23.4)	2,710	(24.1)	1,820	(25.1)	99.38

(Note) Revision of consolidated results forecast for this period: No

※Note:

- (1) Changes in important subsidiaries during the period: No
- (2) Applying specific accounting procedures to preparing quarterly financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, restatements
 - (1) Changes in accounting policies due to revisions to accounting standards, etc.: Yes
 - (2) Other changes in accounting policies: No
 - (3) Changes in accounting estimates: No
 - (4) Restatements: No
- (4) Number of outstanding shares (common stocks)
 - 1) Number of shares outstanding at term-end (including treasury stocks)
 - As of June 30, 2016: 21,770,719 shares
 - As of March 31, 2016: 21,770,719 shares
 - 2) Number of treasury stock at term-end
 - As of June 30, 2016: 3,456,535 shares
 - As of March 31, 2016: 3,474,535 shares
 - 3) Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)
 - As of June 30, 2016: 18,302,054 shares
 - As of June 30, 2015: 18,262,594 shares

* Implementation status of quarterly review procedures

This quarterly financial flash report is not the subject of the quarterly review procedures based on the Financial Instruments and Exchange Act, and at the point in time when this quarterly financial flash report was disclosed, the quarterly review procedures based on the Financial Instruments and Exchange Act had not been completed.

* Explanations for the appropriate use of earnings forecasts, and remarks

Performance forecasts and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational as of the date of this release. Accordingly, the Company cannot make promises to achieve such forecasts. Actual results could significantly differ from the above forecasts due to a variety of factors.

(Millions of yen)

	FY 2016 (As of March 31, 2016)	1Q of FY 2017 (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	8,245	7,262
Notes and accounts receivable - trade	10,233	11,021
Merchandise and finished goods	3,086	3,065
Work in process	1,020	1,073
Raw materials and supplies	805	850
Other	1,236	1,425
Total current assets	24,627	24,699
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,902	14,845
Accumulated depreciation	(10,186)	(10,260)
Buildings and structures, net	4,715	4,584
Machinery, equipment and vehicles	5,317	5,333
Accumulated depreciation	(4,209)	(4,256)
Machinery, equipment and vehicles, net	1,108	1,076
Tools, furniture and fixtures	3,428	3,450
Accumulated depreciation	(2,759)	(2,812)
Tools, furniture and fixtures, net	669	638
Land	995	995
Construction in progress	1,239	2,468
Other	737	696
Accumulated depreciation	(398)	(350)
Other, net	338	346
Total property, plant and equipment	9,067	10,109
Intangible assets	637	594
Investments and other assets		
Other	4,941	4,944
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	4,934	4,938
Total non-current assets	14,639	15,641
Total assets	39,266	40,341

(Millions of yen)

	FY 2016 (As of March 31, 2016)	1Q of FY 2017 (As of June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,136	4,081
Electronically recorded obligations - operating	2,689	2,868
Income taxes payable	426	321
Provision for bonuses	699	353
Provision for sales returns	4	6
Other	2,153	3,238
Total current liabilities	10,109	10,869
Non-current liabilities		
Provision for environmental measures	0	—
Asset retirement obligations	33	33
Other	921	930
Total non-current liabilities	956	964
Total liabilities	11,065	11,834
Net assets		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,894
Retained earnings	16,571	16,981
Treasury shares	(3,301)	(3,284)
Total shareholders' equity	28,060	28,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	119	105
Foreign currency translation adjustment	148	20
Remeasurements of defined benefit plans	(350)	(331)
Total accumulated other comprehensive income	(82)	(204)
Subscription rights to shares	224	223
Total net assets	28,201	28,506
Total liabilities and net assets	39,266	40,341

(Millions of yen)

	First three months of FY 2016 (Apr.1,2015- June.31,2015)	First three months of FY 2017 (Apr.1,2016- June.30,2016)
Net sales	7,831	8,254
Cost of sales	4,517	4,709
Gross profit	3,314	3,545
Selling, general and administrative expenses	2,450	2,483
Operating income	864	1,061
Non-operating income		
Interest income	3	3
Dividend income	2	3
Foreign exchange gains	6	—
Rent income	5	4
Other	9	7
Total non-operating income	27	18
Non-operating expenses		
Interest expenses	2	2
Foreign exchange losses	—	2
Depreciation	2	2
Loss on insurance cancellation	4	—
Other	0	1
Total non-operating expenses	9	8
Ordinary income	883	1,071
Extraordinary income		
Gain on sales of non-current assets	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	1
Loss on valuation of investment securities	—	18
Total extraordinary losses	2	19
Profit before income taxes	880	1,052
Income taxes	262	276
Profit	617	775
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	617	775

(Millions of yen)

	First three months of FY 2016 (Apr.1,2015- June.31,2015)	First three months of FY 2017 (Apr.1,2016- June.30,2016)
Profit	617	775
Other comprehensive income		
Valuation difference on available-for-sale securities	17	(13)
Foreign currency translation adjustment	20	(127)
Remeasurements of defined benefit plans, net of tax	10	18
Total other comprehensive income	49	(121)
Comprehensive income	666	653
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	666	653
Comprehensive income attributable to non-controlling interests	—	—