

July 26, 2017

## Financial Flash Report for the First Quarter of Fiscal Year Ending March 31, 2018 [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 10, 2017  
 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, 2017 to June 30, 2017)

#### (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, 2017	8,270	5.6	1,111	4.7	1,131	5.7	821	6.0
Three months ended June 30, 2016	8,254	5.4	1,061	22.8	1,071	21.3	775	25.5

(Note) Comprehensive income: As of June 30, 2017: 842million yen. As of June 30, 2016: 653 million yen.

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended June 30, 2017	44.86		44.35	
Three months ended June 30, 2016	42.37		41.91	

#### (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, 2017	43,214	30,914	70.9	1672.97
As of March 31, 2017	44,252	30,609	68.6	1,656.98

(Reference) Shareholders' equity: As of June 30, 2017: 30,648 million yen. As of March 31, 2017: 30,346 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 2017	—	20.00	—	30.00	50.00
Fiscal year ended March 2018	—				
Fiscal year ending March 2018 (Forecast)		25.00	—	25.00	50.00

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

### 3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2018

#### (April 1, 2017 to March 31, 2018)

(% 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	18,000	7.1	1,400	(39.8)	1,400	(40.3)	1,000	(41.7)	54.59
Full year	35,840	7.7	3,070	(22.8)	3,070	(25.3)	2,180	(25.3)	119.03

(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.: No
  - (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, 2017:	21,770,719 shares
As of March 31, 2017:	21,770,719 shares
  - 2) Number of treasury stock at term-end

As of June 30, 2017:	3,451,101 shares
As of March 31, 2017:	3,456,572 shares
  - 3) Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)

As of June 30, 2017:	18,316,853 shares
As of June 30, 2016:	18,302,054 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.

\* 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 2017 (As of March 31, 2017)	1Q of FY 2018 (As of June 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	10,039	7,937
Notes and accounts receivable - trade	10,356	11,368
Merchandise and finished goods	3,266	2,970
Work in process	1,091	1,126
Raw materials and supplies	812	845
Other	1,418	1,466
<b>Total current assets</b>	<b>26,983</b>	<b>25,715</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,804	18,923
Accumulated depreciation	(10,457)	(10,602)
Buildings and structures, net	8,347	8,320
Machinery, equipment and vehicles	5,777	5,996
Accumulated depreciation	(4,433)	(4,535)
Machinery, equipment and vehicles, net	1,344	1,460
Tools, furniture and fixtures	3,509	3,484
Accumulated depreciation	(2,894)	(2,897)
Tools, furniture and fixtures, net	614	586
Land	996	996
Construction in progress	58	47
Other	648	673
Accumulated depreciation	(320)	(359)
Other, net	328	314
<b>Total property, plant and equipment</b>	<b>11,689</b>	<b>11,726</b>
Intangible assets	499	498
Investments and other assets		
Other	5,087	5,281
Allowance for doubtful accounts	(6)	(6)
<b>Total investments and other assets</b>	<b>5,080</b>	<b>5,274</b>
<b>Total non-current assets</b>	<b>17,269</b>	<b>17,498</b>
<b>Total assets</b>	<b>44,252</b>	<b>43,214</b>

(Millions of yen)

	FY 2017 (As of March 31, 2017)	1Q of FY 2018 (As of June 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,346	4,134
Electronically recorded obligations - operating	2,866	3,192
Income taxes payable	638	358
Provision for bonuses	707	358
Provision for sales returns	4	8
Other	4,108	3,216
Total current liabilities	12,672	11,266
Non-current liabilities		
Asset retirement obligations	34	34
Other	935	998
Total non-current liabilities	970	1,033
Total liabilities	13,642	12,300
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,894	7,898
Retained earnings	18,758	19,030
Treasury shares	(3,284)	(3,279)
Total shareholders' equity	30,265	30,547
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	131	125
Foreign currency translation adjustment	75	87
Remeasurements of defined benefit plans	(126)	(112)
Total accumulated other comprehensive income	80	101
Subscription rights to shares	263	265
Total net assets	30,609	30,914
<b>Total liabilities and net assets</b>	44,252	43,214

(Millions of yen)

	First three months of FY 2017 (Apr.1,2016- June.31,2016)	First three months of FY 2018 (Apr.1,2017- June.30,2017)
Net sales	8,254	8,720
Cost of sales	4,709	5,021
Gross profit	3,545	3,698
Selling, general and administrative expenses	2,483	2,586
Operating profit	1,061	1,111
Non-operating income		
Interest income	3	2
Dividend income	3	3
Rent income	4	4
Fiduciary obligation fee	1	9
Other	6	7
Total non-operating income	18	27
Non-operating expenses		
Interest expenses	2	2
Foreign exchange losses	2	1
Depreciation	2	2
Other	1	1
Total non-operating expenses	8	7
Ordinary profit	1,071	1,131
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	0
Loss on valuation of investment securities	18	—
Total extraordinary losses	19	0
Profit before income taxes	1,052	1,131
Income taxes	276	309
Profit	775	821
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	775	821

(Millions of yen)

	First three months of FY 2017 (Apr.1,2016- June.31,2016)	First three months of FY 2018 (Apr.1,2017- June.30,2017)
Profit	775	821
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	(6)
Foreign currency translation adjustment	(127)	12
Remeasurements of defined benefit plans, net of tax	18	14
Total other comprehensive income	(121)	20
Comprehensive income	653	842
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	653	842
Comprehensive income attributable to non-controlling interests	—	—