

Summary of Consolidated Financial Results for the First Six Months of the 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: November 13, 2017
 Scheduled date of dividend payment: December 1, 2017
 Supplementary materials for the quarterly financial results: Yes
 Investor conference for the quarterly financial results: Yes

(Millions of yen rounded down)

1. Consolidated Performance for the First Second Quarter (April 1, 2017 to September 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	%
Six months ended Sep. 30, 2017	17,462	3.9	2,215	(4.7)	2,255	(3.8)	1,633	(4.7)
Six months ended Sep. 30, 2016	16,804	3.1	2,325	18.7	2,343	18.1	1,715	35.8

(Note) Comprehensive income: As of Sep. 30, 2017: 1,695 million yen. 6.4% As of Sep. 30, 2015: 1,593 million yen. 26.1%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2017	89.19	88.15
Six months ended Sep. 30, 2016	93.68	92.67

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of Sep. 30, 2017	43,783	31,788	71.9	1,719.56
As of March 31, 2017	44,252	30,609	68.6	1,656.98

(Reference) Shareholders' equity: As of Sep. 30, 2017: 31,501 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 ending March 2018	—	25.00			
Fiscal year ending March 2018 (Forecast)			—	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
Full year	35,840	7.7	3,070	(22.8)	3,070	(25.3)	2,180	(25.3)	119.00

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

Notes:

- (1) Changes in important subsidiaries during the period - Specified subsidiaries accompanying changes in scope of consolidation - : None
- (2) Application of special accounting method: 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 September 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 September 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 September 30, 2017: 18,318,235 shares
 - As of September 30, 2016: 18,308,103 shares

* Indication regarding the implementation status of the quarterly review procedure

Financial flash report for this second quarter is not the subject of a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the point in time when these financial flash report was disclosed, review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed.

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

The above forecasts were made based on the information available as of the date of this release. Actual results could significantly differ from the above forecasts due to a variety of factors. For details on the conditions that form the assumptions used for earnings forecasts, and notes on using earnings forecasts, please refer to appendix page 2, “1. Qualitative Information Regarding the Consolidated Performance for the Current Quarter, (3) Qualitative Information Regarding Forecasts for Consolidated Business Performance”

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2017 (As of March 31, 2017)	Second Quarter of FY 2018 (As of Sep.30, 2017)
Assets		
Current assets		
Cash and deposits	10,039	5,037
Notes and accounts receivable - trade	10,356	12,063
Merchandise and finished goods	3,266	2,945
Work in process	1,091	1,199
Raw materials and supplies	812	897
Other	1,418	1,443
Total current assets	26,983	23,586
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,804	18,957
Accumulated depreciation	(10,457)	(10,721)
Buildings and structures, net	8,347	8,236
Machinery, equipment and vehicles	5,777	6,046
Accumulated depreciation	(4,433)	(4,625)
Machinery, equipment and vehicles, net	1,344	1,420
Tools, furniture and fixtures	3,509	3,525
Accumulated depreciation	(2,894)	(2,942)
Tools, furniture and fixtures, net	614	582
Land	996	996
Construction in progress	58	79
Other	648	700
Accumulated depreciation	(320)	(386)
Other, net	328	313
Total property, plant and equipment	11,689	11,629
Intangible assets	499	474
Investments and other assets		
Long-term time deposits	2,900	5,800
Other	2,187	2,299
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	5,080	8,092
Total non-current assets	17,269	20,196
Total assets	44,252	43,783

(Millions of yen)

	FY 2017 (As of March 31, 2017)	Second Quarter of FY 2018 (As of Sep.30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,346	4,085
Electronically recorded obligations - operating	2,866	3,135
Income taxes payable	638	712
Provision for bonuses	707	712
Provision for sales returns	4	6
Other	4,108	2,326
Total current liabilities	12,672	10,978
Non-current liabilities		
Asset retirement obligations	34	34
Other	935	982
Total non-current liabilities	970	1,016
Total liabilities	13,642	11,994
Net assets		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,894	7,898
Retained earnings	18,758	19,842
Treasury shares	(3,284)	(3,279)
Total shareholders' equity	30,265	31,359
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	131	123
Foreign currency translation adjustment	75	117
Remeasurements of defined benefit plans	(126)	(98)
Total accumulated other comprehensive income	80	142
Subscription rights to shares	263	286
Total net assets	30,609	31,788
Total liabilities and net assets	44,252	43,783

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	First six months of FY 2017 (Apr.1,2016- Sep.30,2016)	First six months of FY 2018 (Apr.1,2017- Sep.30,2017)
Net sales	16,804	17,462
Cost of sales	9,557	10,114
Gross profit	7,246	7,348
Selling, general and administrative expenses	4,921	5,132
Operating profit	2,325	2,215
Non-operating income		
Interest income	4	3
Dividend income	3	3
Rent income	8	9
Fiduciary obligation fee	1	11
Other	22	28
Total non-operating income	39	55
Non-operating expenses		
Interest expenses	4	4
Foreign exchange losses	4	4
Depreciation	4	4
Other	6	4
Total non-operating expenses	20	16
Ordinary profit	2,343	2,255
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	3	5
Loss on valuation of investment securities	18	—
Total extraordinary losses	22	5
Profit before income taxes	2,322	2,249
Income taxes	607	615
Profit	1,715	1,633
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,715	1,633

Consolidated statements of comprehensive income

(Millions of yen)

	First six months of FY 2017 (Apr.1,2016- Sep.30,2016)	First six months of FY 2018 (Apr.1,2017- Sep.30,2017)
Profit	1,715	1,633
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	(8)
Foreign currency translation adjustment	(147)	41
Remeasurements of defined benefit plans, net of tax	37	28
Total other comprehensive income	(121)	61
Comprehensive income	1,593	1,695
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,593	1,695
Comprehensive income attributable to non-controlling interests	—	—