

Financial Flash Report for the First Third Quarter of Fiscal Year Ending March 31, 2014 [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: February 12, 2014
 Scheduled date of dividend payment: —
 Supplementary materials for the quarterly financial results: No
 Investor conference for the quarterly financial results: No

(Millions of yen rounded down)

1. Consolidated Performance for the First Third Quarter (April 1, 2013 to December 31, 2013)

(1) Consolidated Operating Results (% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Dec. 31, 2013	22,719	3.0	2,511	7.2	2,611	3.5	1,697	7.3
Nine months ended Dec. 31, 2012	22,125	4.3	2,342	(6.7)	2,523	(3.4)	1,581	7.7

(Note) Comprehensive income: As of Dec. 31, 2013: 1,686million yen. As of Dec. 31, 2012: 1,629 million yen.

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Dec. 31, 2013	93.32		92.25	
Nine months ended Dec. 31, 2012	87.01		86.13	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2013	35,118	24,764	70.0	1,351.54
As of March 31, 2013	35,138	23,679	67.0	1,294.26

(Reference) Shareholders' equity: As of Dec. 31, 2013: 24,588 million yen. As of March 31, 2013: 23,526 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 2013	—	15.00	—	20.00	35.00
Fiscal year ended March 2014	—	15.00			
Fiscal year ending March 2014 (Forecast)			—	15.00	30.00

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

3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2014

(April 1, 2013 to March 31, 2014) (% figures represent year-on-year increase or decrease)

	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
Full year	29,760	3.9	2,690	5.6	2,700	(4.0)	1,720	(29.9)	94.54

(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 December 31, 2013: 21,770,719 shares

As of March 31, 2013: 21,770,719 shares

2) Number of treasury stock at term-end

As of December 31, 2013: 3,578,069 shares

As of March 31, 2013: 3,592,829 shares

3) Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)

As of December 31, 2013: 18,188,649 shares

As of December 31, 2012: 18,174,468 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"

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2013 (As of March 31, 2013)	Third Quarter of FY 2014 (As of Sep.30, 2013)
ASSETS		
Current assets		
Cash and deposits	9,568	9,372
Notes and accounts receivable-trade	9,208	9,897
Merchandise and finished goods	3,703	3,287
Work in process	846	878
Raw materials and supplies	630	690
Other	1,336	1,383
Total current assets	25,293	25,510
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	14,009	14,201
Accumulated depreciation	(9,592)	(9,911)
Buildings and structures, net	4,416	4,290
Machinery, equipment and vehicles	4,789	4,875
Accumulated depreciation	(3,889)	(4,024)
Machinery, equipment and vehicles, net	899	850
Tools, furniture and fixtures	2,883	3,042
Accumulated depreciation	(2,657)	(2,726)
Tools, furniture and fixtures, net	226	316
Land	1,006	1,006
Other, net	364	323
Total property, plant and equipment	6,913	6,787
Intangible assets	429	492
Investments and other assets		
Other	2,508	2,334
Allowance for doubtful accounts	(6)	(6)
Total Investments and other assets	2,501	2,327
Total noncurrent assets	9,845	9,607
Total assets	35,138	35,118

(Millions of yen)

	FY 2013 (As of March 31, 2013)	Third Quarter of FY 2014 (As of Sep.30, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	3,766	4,041
Electronically recorded obligations-operating	2,222	2,228
Current portion of long-term loans payable	472	363
Income taxes payable	844	308
Provision for bonuses	655	332
Provision for sales returns	4	5
Asset retirement obligations	2	—
Other	1,832	1,760
Total current liabilities	9,799	9,039
Noncurrent liabilities		
Long-term loans payable	270	—
Provision for environmental measures	5	5
Asset retirement obligations	29	31
Other	1,355	1,277
Total noncurrent liabilities	1,659	1,314
Total liabilities	11,459	10,353
NET ASSETS		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,892
Retained earnings	11,832	12,891
Treasury stock	(3,413)	(3,399)
Total shareholders' equity	23,209	24,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	280	147
Foreign currency translation adjustment	37	159
Total accumulated other comprehensive income	317	306
Subscription rights to shares	152	176
Total net assets	23,679	24,764
Total liabilities and net assets	35,138	35,118

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	First nine months of FY 2013 (Apr.1,2012- Dec.31,2012)	First nine months of FY 2014 (Apr.1,2013- Dec.31,2013)
Net sales	22,125	22,791
Cost of sales	13,059	13,304
Gross profit	9,065	9,486
Selling, general and administrative expenses	6,722	6,975
Operating income	2,342	2,511
Non-operating income		
Interest income	5	2
Dividend income	3	9
Foreign exchange gains	24	45
Subsidy income	35	14
Other	140	51
Total non-operating income	209	123
Non-operating expenses		
Interest expenses	15	10
Depreciation	10	8
Other	2	4
Total non-operating expenses	28	22
Ordinary income	2,523	2,611
Extraordinary income		
Gain sale fixed assets	0	0
Gain on sales of investment securities	—	38
Total extraordinary income	0	38
Extraordinary loss		
Loss sale fixed assets	11	2
Special extra retirement payments	16	—
Loss on cancellation of leasehold contracts	35	—
Total extraordinary losses	64	2
Income before income taxes and minority interests	2,460	2,647
Income taxes	878	950
Income before minority interests	1,581	1,697
Minority interests in income	—	—
Net income	1,581	1,697

Consolidated statements of comprehensive income

(Millions of yen)

	First nine months of FY 2013 (Apr.1,2012- Dec.31,2012)	First nine months of FY 2014 (Apr.1,2013- Dec.31,2013)
Income before minority interests	1,581	1,697
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(132)
Foreign currency translation adjustment	44	122
Other comprehensive income	48	(10)
Comprehensive income	1,629	1,686
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,629	1,686
Comprehensive income attributable to minority interests	—	—

(3) Notes Regarding Going Concern Assumptions

None.

Notes Regarding Significant Changes in Shareholders' Equity

None.