

January 26, 2017

**Financial Flash Report for the First Third 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/>  
 Representative: Morifumi Wada, President & CEO  
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 Scheduled filing date of Quarterly Securities Report: February 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, 2016 to December 31, 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	%
Nine months ended Dec. 31, 2016	25,252	4.2	3,382	19.1	3,464	20.5	2,474	31.7
Nine months ended Dec. 31, 2015	24,227	3.0	2,841	31.5	2,874	24.0	1,879	18.2

(Note) Comprehensive income: As of Dec. 31, 2016: 2,495million yen. As of Dec. 31, 2015: 1,850million yen.

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Dec. 31, 2016	135.16		133.67	
Nine months ended Dec. 31, 2015	102.79		101.73	

**(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, 2016	42,053	30,009	70.8	1624.91
As of March 31, 2016	39,266	28,201	71.2	1,529.13

(Reference) Shareholders' equity: As of Dec. 31, 2016: 29,758 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	—	20.00	—		
Fiscal year ending March 2017 (Forecast)				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
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

Notes:

(1) Changes in important subsidiaries during the period - Specified subsidiaries accompanying changes in scope of consolidation - : No

(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.: 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 December 31, 2016: 21,770,719 shares

As of March 31, 2016: 21,770,719 shares

2) Number of treasury stock at term-end

As of December 31, 2016: 3,456,572 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 December 31, 2016: 18,310,118 shares

As of December 31, 2015: 18,285,019 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.

## Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2016 (As of March 31, 2016)	Third Quarter of FY 2017 (As of Dec. 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	8,245	10,264
Notes and accounts receivable - trade	10,233	11,932
Merchandise and finished goods	3,086	2,861
Work in process	1,020	1,049
Raw materials and supplies	805	880
Other	1,236	1,372
Total current assets	24,627	28,361
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,902	17,610
Accumulated depreciation	(10,186)	(10,332)
Buildings and structures, net	4,715	7,278
Machinery, equipment and vehicles	5,317	5,338
Accumulated depreciation	(4,209)	(4,353)
Machinery, equipment and vehicles, net	1,108	985
Tools, furniture and fixtures	3,428	3,472
Accumulated depreciation	(2,759)	(2,857)
Tools, furniture and fixtures, net	669	614
Land	995	996
Construction in progress	1,239	751
Other	737	678
Accumulated depreciation	(398)	(342)
Other, net	338	336
Total property, plant and equipment	9,067	10,963
Intangible assets	637	530
Investments and other assets		
Other	4,941	2,205
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	4,934	2,198
Total non-current assets	14,639	13,691
Total assets	39,266	42,053

(Millions of yen)

	FY 2016 (As of March 31, 2016)	Third Quarter of FY 2017 (As of Dec. 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,136	4,067
Electronically recorded obligations - operating	2,689	2,852
Income taxes payable	426	564
Provision for bonuses	699	354
Provision for sales returns	4	4
Other	2,153	3,192
Total current liabilities	10,109	11,036
Non-current liabilities		
Provision for environmental measures	0	—
Asset retirement obligations	33	34
Other	921	973
Total non-current liabilities	956	1,007
Total liabilities	11,065	12,043
Net assets		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,894
Retained earnings	16,571	18,314
Treasury shares	(3,301)	(3,284)
Total shareholders' equity	28,060	29,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	119	124
Foreign currency translation adjustment	148	106
Remeasurements of defined benefit plans	(350)	(293)
Total accumulated other comprehensive income	(82)	(62)
Subscription rights to shares	224	250
Total net assets	28,201	30,009
Total liabilities and net assets	39,266	42,053

## (2) Quarterly Consolidated Statements of Income

(Millions of yen)

	First nine months of FY 2016 (Apr.1,2015- Dec.31,2015)	First nine months of FY 2017 (Apr.1,2016- Dec.31,2016)
Net sales	24,227	25,252
Cost of sales	14,000	14,296
Gross profit	10,227	10,955
Selling, general and administrative expenses	7,385	7,573
Operating income	2,841	3,382
Non-operating income		
Interest income	6	5
Dividend income	4	5
Foreign exchange gains	—	7
Rent income	15	14
Insurance income	—	35
Other	43	30
Total non-operating income	70	98
Non-operating expenses		
Interest expenses	6	6
Foreign exchange losses	15	—
Depreciation	6	6
Other	7	3
Total non-operating expenses	36	17
Ordinary income	2,874	3,464
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	—	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sales and retirement of non-current assets	174	89
Loss on valuation of investment securities	—	18
Total extraordinary losses	174	107
Profit before income taxes	2,700	3,358
Income taxes	821	883
Profit	1,879	2,474
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,879	2,474

## Consolidated statements of comprehensive income

(Millions of yen)

	First nine months of FY 2016 (Apr.1,2015- Dec.31,2015)	First nine months of FY 2017 (Apr.1,2016- Dec.31,2016)
Profit	1,879	2,474
Other comprehensive income		
Valuation difference on available-for-sale securities	2	5
Foreign currency translation adjustment	(63)	(41)
Remeasurements of defined benefit plans, net of tax	32	56
Total other comprehensive income	(28)	20
Comprehensive income	1,850	2,495
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,850	2,495
Comprehensive income attributable to non-controlling interests	—	—