

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2017 (Based on Japanese GAAP)

April 28, 2017

Company name: Nippon Carbon Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 5302 URL <http://www.carbon.co.jp>  
 Representative: President and Representative Director Takafumi Miyashita  
 Corporate Officer and General Manager of  
 Inquiries: Business Control Div. Koji Imai TEL 03-6862-6110  
 Scheduled date to file Quarterly Securities Report: May 10, 2017  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2017 (from January 1, 2017 to March 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2017	5,727	2.5	(61)	–	(50)	–	(112)	–
Three months ended March 31, 2016	5,586	(13.3)	160	(63.4)	131	(65.1)	159	(21.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2017	(1.01)		–	
Three months ended March 31, 2016	1.44		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	52,878	30,117	46.9	223.56
As of December 31, 2016	53,895	30,810	47.2	229.37

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2016	–	0.00	–	5.00	5.00
Year ending December 31, 2017	–				
Year ending December 31, 2017 (Forecast)		0.00	–	5.00	5.00

3. Forecast of consolidated financial results for the year ending December 31, 2017 (from January 1, 2017 to December 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2017	11,200	0.1	200	9.1	100	(25.5)	0	–	0.00
Full year	26,000	13.5	1,000	–	1,100	–	1,000	–	9.02

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2017  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
  - Changes in accounting policies due to other reasons: No
  - Changes in accounting estimates: No
  - Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	118,325,045 shares	As of December 31, 2016	118,325,045 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	7,421,884 shares	As of December 31, 2016	7,419,440 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2017	110,904,414 shares	Three months ended March 31, 2016	110,908,933 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	10,553	11,060
Notes and accounts receivable - trade	6,991	6,800
Merchandise and finished goods	5,852	5,407
Work in process	3,761	3,604
Raw materials and supplies	1,757	1,742
Other	1,487	820
Allowance for doubtful accounts	(4)	(1)
Total current assets	30,400	29,434
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,249	14,292
Accumulated depreciation and impairment loss	(9,037)	(9,109)
Buildings and structures, net	5,212	5,182
Machinery and equipment	38,444	38,911
Accumulated depreciation and impairment loss	(35,835)	(36,090)
Machinery and equipment, net	2,609	2,821
Vehicles, tools, furniture and fixtures	2,803	2,827
Accumulated depreciation and impairment loss	(2,575)	(2,593)
Vehicles, tools, furniture and fixtures, net	228	233
Land	3,514	3,518
Construction in progress	3,925	3,606
Total property, plant and equipment	15,490	15,362
Intangible assets	152	143
Investments and other assets		
Investment securities	5,904	5,948
Long-term loans receivable	38	28
Deferred tax assets	297	367
Other	1,647	1,628
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	7,851	7,937
Total non-current assets	23,495	23,443
Total assets	53,895	52,878

(Millions of yen)

	As of December 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,124	3,056
Short-term loans payable	7,843	7,827
Income taxes payable	177	95
Provision for bonuses	111	191
Provision for directors' bonuses	13	13
Other	1,919	1,600
Total current liabilities	13,189	12,783
Non-current liabilities		
Long-term loans payable	7,095	7,080
Deferred tax liabilities	915	1,035
Net defined benefit liability	1,256	1,237
Provision for directors' retirement benefits	80	80
Provision for environmental measures	22	22
Asset retirement obligations	73	73
Other	450	447
Total non-current liabilities	9,895	9,976
Total liabilities	23,085	22,760
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,402	7,402
Capital surplus	7,800	7,800
Retained earnings	10,226	9,570
Treasury shares	(1,825)	(1,826)
Total shareholders' equity	23,604	22,947
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,904	1,961
Foreign currency translation adjustment	16	(14)
Remeasurements of defined benefit plans	(87)	(101)
Total accumulated other comprehensive income	1,833	1,845
Non-controlling interests	5,372	5,324
Total net assets	30,810	30,117
Total liabilities and net assets	53,895	52,878

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2017
Net sales	5,586	5,727
Cost of sales	4,598	4,909
Gross profit	987	818
Selling, general and administrative expenses	826	879
Operating income (loss)	160	(61)
Non-operating income		
Rent income	5	5
Foreign exchange gains	–	26
Other	17	52
Total non-operating income	23	84
Non-operating expenses		
Interest expenses	21	21
Foreign exchange losses	21	–
Share of loss of entities accounted for using equity method	0	47
Other	9	4
Total non-operating expenses	52	73
Ordinary income (loss)	131	(50)
Extraordinary income		
Compensation income	180	–
Total extraordinary income	180	–
Profit (loss) before income taxes	311	(50)
Income taxes - current	109	38
Income taxes - deferred	41	14
Total income taxes	151	52
Profit (loss)	160	(102)
Profit attributable to non-controlling interests	1	10
Profit (loss) attributable to owners of parent	159	(112)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2017
Profit (loss)	160	(102)
Other comprehensive income		
Valuation difference on available-for-sale securities	(629)	59
Foreign currency translation adjustment	(0)	51
Remeasurements of defined benefit plans, net of tax	2	(13)
Total other comprehensive income	(627)	98
Comprehensive income	(467)	(4)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(470)	(37)
Comprehensive income attributable to non-controlling interests	3	33