UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended November 30, 2015

Commission File Number: 1-9852

CHASE CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts	11-1797126
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

26 Summer Street, Bridgewater, Massachusetts 02324

(Address of Principal Executive Offices, Including Zip Code)

(508) 819-4200

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The number of shares of Common Stock outstanding as of December 31, 2015 was 9,230,593.

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For the Quarter Ended November 30, 2015

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Item 1 — Unaudited Financial Statements

CHASE CORPORATION

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

In thousands, except share and per share amounts

	November 30, 2015	August 31, 2015
ASSETS		
Current Assets		
Cash & cash equivalents	$ 51,454	$ 43,819
Accounts receivable, less allowance for doubtful accounts of $759 and $705	34,151	39,488
Inventories	29,332	29,476
Prepaid expenses and other current assets	2,446	2,174
Due from sale of business	457	—
Assets held for sale	—	1,089
Deferred income taxes	2,255	2,255
Total current assets	120,095	118,301
Property, plant and equipment, net	39,348	40,921
Other Assets		
Goodwill	43,967	44,123
Intangible assets, less accumulated amortization of $30,537 and $28,882	42,847	44,852
Cash surrender value of life insurance	7,123	7,133
Restricted investments	1,508	1,410
Funded pension plan	671	634
Deferred income taxes	395	390
Other assets	350	133
	$ 256,304	$ 257,897
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 8,400	$ 8,400
Accounts payable	13,439	15,599
Accrued payroll and other compensation	2,745	6,286
Accrued expenses	3,996	4,448
Dividend payable	5,991	—
Accrued income taxes	2,314	2,783

Total current liabilities	36,885	37,516
Long-term debt, less current portion	41,300	43,400
Deferred compensation	2,303	2,230
Accumulated pension obligation	12,984	12,901
Other liabilities	79	85
Accrued income taxes	1,249	1,249
Deferred income taxes	6,188	6,174
Commitments and Contingencies (Note 10)		
Equity		
First Serial Preferred Stock, $1.00 par value: Authorized 100,000 shares; none issued		
Common stock, $.10 par value: Authorized 20,000,000 shares; 9,228,383 shares at November 30, 2015 and 9,191,958 shares at August 31, 2015 issued and outstanding	923	919
Additional paid-in capital	14,701	14,296
Accumulated other comprehensive loss	(8,879)	(7,986)
Retained earnings	148,571	147,113
Total equity	155,316	154,342
Total liabilities and equity	$ 256,304	$ 257,897

See accompanying notes to the consolidated financial statements

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CHASE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

In thousands, except share and per share amounts

	Three Months Ended November 30,	
	2015	2014
Revenue		
Sales	$ 56,746	$ 55,290
Royalties and commissions	732	643
	57,478	55,933
Costs and Expenses		
Cost of products and services sold	34,717	34,480
Selling, general and administrative expenses	11,510	10,795
Write-down of certain assets under construction (Note 8)	365	—
Operating income	10,886	10,658
Interest expense	(250)	(274)
Gain on sale of business (Note 8)	1,031	—
Other (expense) income	(31)	385
Income before income taxes	11,636	10,769
Income taxes	4,187	3,769
Net income	$ 7,449	$ 7,000
Add: net gain attributable to non-controlling interest	—	(95)
Net income attributable to Chase Corporation	$ 7,449	$ 6,905
Net income available to common shareholders, per common and common equivalent share		
Basic	$ 0.81	$ 0.76
Diluted	$ 0.80	$ 0.74
Weighted average shares outstanding		

Basic	9,141,620	9,050,048
Diluted	9,282,670	9,221,796
Annual cash dividends declared per share	$ 0.65	$ 0.60

See accompanying notes to the consolidated financial statements

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CHASE CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

In thousands, except share and per share amounts

	Three Months Ended November 30,	
	2015	2014
Net income	$ 7,449	$ 7,000
Other comprehensive income:		
Net unrealized gain on restricted investments, net of tax	28	13
Change in funded status of pension plans, net of tax	94	110
Foreign currency translation adjustment	(1,015)	(2,092)
Total other comprehensive income (loss)	(893)	(1,969)
Comprehensive income	6,556	5,031
Comprehensive gain attributable to non-controlling interest	—	(95)
Comprehensive income attributable to Chase Corporation	$ 6,556	$ 4,936

See accompanying notes to the consolidated financial statements

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CHASE CORPORATION

CONSOLIDATED STATEMENT OF EQUITY

THREE MONTHS ENDED NOVEMBER 30, 2015

(UNAUDITED)

In thousands, except share and per share amounts

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive Income	Retained	Total Stockholders'
	Shares	Amount	Capital	(loss)	Earnings	Equity
Balance at August 31, 2015	9,191,958	$ 919	$ 14,296	$ (7,986)	$ 147,113	$ 154,342
Restricted stock grants, net of forfeitures	25,330	3	(3)			-
Amortization of restricted stock grants			248			248
Amortization of stock option grants			70			70
Exercise of stock options	13,398	1	190			191
Common stock received for payment of stock option exercises	(2,303)	(0)	(100)			(100)
Cash dividend accrued, $0.65 per share					(5,991)	(5,991)
Increase in Minimum Pension Liability, net of tax $52				94		94
Foreign currency translation adjustment				(1,015)		(1,015)
Net unrealized gain on restricted investments, net of tax $16				28		28
Net income					7,449	7,449
Balance at November 30, 2015	9,228,383	$ 923	$ 14,701	$ (8,879)	$ 148,571	$ 155,316

See accompanying notes to the consolidated financial statements

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CHASE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

In thousands, except share and per share amounts

	Three Months Ended November 30,			
	2015		2014	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	7,449	$	7,000
Adjustments to reconcile net income to net cash provided by operating activities				
Loss on write-down of certain assets under construction		365		—
Gain on sale of business		(1,031)		—
Depreciation		1,473		1,417
Amortization		1,916		1,183
Provision for allowance for doubtful accounts		61		68
Stock based compensation		318		296
Realized gain on restricted investments		(2)		(1)
Decrease in cash surrender value life insurance		45		45
Excess tax expense from stock based compensation		—		(304)
Increase (decrease) from changes in assets and liabilities				
Accounts receivable		5,008		507
Inventories		36		(1,366)
Prepaid expenses & other assets		(279)		(307)
Accounts payable		(2,113)		(1,074)

Accrued compensation and other expenses	(3,793)	(3,527)
Accrued income taxes	(445)	(28)
Deferred compensation	73	24
Net cash provided by operating activities	9,081	3,933
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(418)	(592)
Cost to acquire intangible assets	—	(3)
Net proceeds from sale of business	1,500	—
Increase in restricted investments	(53)	(23)
Payments for cash surrender value life insurance	(46)	(46)
Net cash provided by (used in) investing activities	983	(664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of principal on debt	(2,100)	(1,750)
Proceeds from exercise of common stock options	91	—
Payments of statutory minimum taxes on stock options and restricted stock	—	(576)
Excess tax benefit from stock based compensation	—	304
Payment for acquisition of non-controlling interest	—	(500)
Net cash used in financing activities	(2,009)	(2,522)
INCREASE IN CASH & CASH EQUIVALENTS	8,055	747
Effect of foreign exchange rates on cash	(420)	(838)

CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD		43,819		53,222
CASH & CASH EQUIVALENTS, END OF PERIOD	$	51,454	$	53,131
Non-cash Investing and Financing Activities				
Common stock received for payment of stock option exercises	$	100	$	1,075
Property, plant & equipment additions included in accounts payable	$	12	$	16
Annual cash dividend declared	$	5,991	$	5,477

See accompanying notes to the consolidated financial statements

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CHASE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In thousands, except share and per share amounts

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Therefore, they do not include all information and footnote disclosure necessary for a complete presentation of Chase Corporation's financial position, results of operations and cash flows, in conformity with generally accepted accounting principles. Chase Corporation (the "Company," "Chase," "we," or "us") filed audited consolidated financial statements, which included all information and notes necessary for such complete presentation for the three years ended August 31, 2015 in conjunction with its 2015 Annual Report on Form 10-K.

The results of operations for the interim period ended November 30, 2015 are not necessarily indicative of the results to be expected for any future period or the entire fiscal year. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2015, which are contained in the Company's 2015 Annual Report on Form 10-K.

The accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring items) which are, in the opinion of management, necessary for a fair presentaion of the Company's financial position as of November 30, 2015, the results of its operations, comprehensive income and cash flows for the interim periods ended November 30, 2015 and 2014, and changes in equity for the interim period ended November 30, 2015.

The financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The Company uses the US dollar as the reporting currency for financial reporting. The financial position and results of operations of the Company's UK-based operations are measured using the UK pound sterling as the functional currency and the financial position and results of operations of the Company's operations based in France are measured using the euro as the functional currency. The functional currency for all our other operations is the US dollar. Foreign currency translation gains and losses are determined using current exchange rates for monetary items and historical exchange rates for other balance sheet items and are recorded as a change in other comprehensive income. Transaction gains and losses generated from the remeasurement of assets and liabilities denominated in currencies other than the functional currency of our foreign operations are included in other (expense) / income on the consolidated statements of operations.

On January 30, 2015, the Company acquired two product lines from Henkel Corporation (the “Seller”) for a purchase price of $33,285, excluding any acquisition-related costs. As part of this transaction, Chase acquired the Seller’s microspheres product line, sold under the Dualite® brand, located in Greenville, SC, and obtained exclusive distribution rights and intellectual property related to the Seller’s polyurethane dispersions product line, operating in the Elgin, IL location. We refer to these collectively as our specialty chemical intermediates product line. Under the agreement, Chase entered into a ten-year facility operating lease at the Seller’s Greenville, SC location. The Seller will perform certain manufacturing and application services for Chase at the Seller’s Elgin, IL location for three years following the acquisition. The purchase was funded entirely with available cash on hand. Since the effective date for this acquisition, the financial results of the specialty chemical intermediates product line have been included in the Company's financial statements within the Company’s Industrial Materials operating segment. Purchase accounting was completed in the quarter ended May 31, 2015 (third quarter of fiscal 2015) with no material adjustments made to the initial amounts recorded at the end of the second quarter of fiscal 2015. Please see Note 14 to the Consolidated Financial Statements for additional information on the acquisition of the specialty chemical intermediates product line.

On October 31, 2014, the Company purchased the 50% non-controlling membership interest of NEPTCO JV LLC (the "JV") owned by its now-former joint venture partner, an otherwise unrelated party. Because of the Company's controlling financial interest, the JV's assets, liabilities and results of operations have been consolidated within the Company's consolidated financial statements since June 27, 2012, the date the Company acquired NEPTCO. The

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CHASE CORPORATION

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(UNAUDITED)

In thousands, except share and per share amounts

Company continues to fully consolidate the assets, liabilities and results of operations of the JV, but no longer records an offsetting amount for a non-controlling interest subsequent to October 31, 2014. The $95 recorded in the Consolidated Statement of Operations as net gain attributable to non-controlling interest for the quarter ended November 30, 2014, represents the now-former joint venture partner's share of the results of operations of the JV for the period from September 1, 2014 through October 31, 2014.

Note 2 — Recent Accounting Policies

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers", which will replace most of the existing revenue recognition guidance under U.S. Generally Accepted Accounting Principles. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The ASU will be effective for the Company beginning September 1, 2018 (fiscal 2019), including interim periods in its fiscal year 2019, and allows for either retrospective or modified retrospective methods of adoption. The Company is in the process of determining the method of adoption and assessing the impact of this ASU on the Company's consolidated financial position, results of operations and cash flows.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." Under this accounting guidance, inventory will be measured at the lower of cost and net realizable value and other options that currently exist for market value will be eliminated. ASU No. 2015-11 defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. No other changes were made to the current guidance on inventory measurement. This accounting guidance is effective for us in the first quarter of fiscal 2018. Early adoption is permitted. We are currently evaluating the impact of the adoption of this accounting standard update on our consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes – Balance Sheet Classification of Deferred Taxes." The purpose of the standard is to simplify the presentation of deferred taxes on a classified balance sheet. Under current GAAP, deferred income tax assets and liabilities are separated into current and noncurrent amounts in the balance sheet. The amendments in ASU 2015-17 require that all deferred tax assets and liabilities be classified as noncurrent in the balance sheet. The ASU will be effective for the Company beginning September 1, 2017 (fiscal 2018), including interim periods in its fiscal year 2018, but with early adoption permitted. The Company does not expect the adoption of ASU 2015-17 to have a material impact on its financial statements or presentation.

Note 3 — Inventories

Inventories consist of the following as of November 30, 2015 and August 31, 2015:

	November 30, 2015	August 31, 2015
Raw materials	$ 12,867	$ 12,937
Work in process	6,494	6,539
Finished goods	9,971	10,000
Total Inventories	$ 29,332	$ 29,476

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In thousands, except share and per share amounts

Note 4 — Net Income Per Share

The Company has unvested share-based payment awards with a right to receive non-forfeitable dividends which are considered participating securities under ASC Topic 260, “Earnings Per Share”. The Company allocates earnings to participating securities and computes earnings per share using the two class method. The determination of earnings per share under the two class method is as follows:

	Three Months Ended November 30, 2015	2014
Basic Earnings per Share		
Net income attributable to Chase Corporation	$ 7,449	$ 6,905
Less: Allocated to participating securities	67	52
Net income available to common shareholders	$ 7,382	$ 6,853
Basic weighted average shares outstanding	9,141,620	9,050,048
Net income per share - Basic	$ 0.81	$ 0.76
Diluted Earnings per Share		
Net income attributable to Chase Corporation	$ 7,449	$ 6,905
Less: Allocated to participating securities	55	51
Net income available to common shareholders	$ 7,394	$ 6,854
Basic weighted average shares outstanding	9,141,620	9,050,048
Additional dilutive common stock equivalents	141,050	171,748
Diluted weighted average shares outstanding	9,282,670	9,221,796
Net income per share - Diluted	$ 0.80	$ 0.74

For the three months ended November 30, 2015, stock options to purchase 31,485 shares of common stock were outstanding, but were not included in the calculation of diluted income per share because their inclusion would be anti-dilutive. For the three months ended November 30, 2014, stock options to purchase 32,974 shares of common stock were outstanding, but were not included in the calculation of diluted income per share because their inclusion would be anti-dilutive. Included in the calculation of dilutive common stock equivalents is the unvested portion of restricted stock and stock options.

Note 5 — Stock Based Compensation

In August 2014, the Board of Directors of the Company approved the fiscal year 2015 Long Term Incentive Plan ("2015 LTIP") for the executive officers and other members of management. The 2015 LTIP is an equity-based plan with a grant date of September 1, 2014 and contains a performance and service-based restricted stock grant of 6,993 shares in the aggregate, subject to adjustment, with a vesting date of August 31, 2017. Based on the fiscal year 2015 financial results, 5,685 additional shares of restricted stock (total of 12,678 shares) were earned and granted subsequent to the end of fiscal year 2015 in accordance with the performance measurement criteria. No further performance-based measurements apply to this award. Compensation expense is being recognized on a ratable basis over the vesting period.

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(UNAUDITED)

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In August 2015, the Board of Directors of the Company approved the fiscal year 2016 Long Term Incentive Plan ("2016 LTIP") for the executive officers and other members of management. The 2016 LTIP is an equity-based plan with a grant date of September 1, 2015 and contains the following equity components:

Restricted Shares — (a) a performance and service-based restricted stock grant of 6,962 shares in the aggregate, subject to adjustment based on fiscal 2016 results, with a vesting date of August 31, 2018. Compensation expense is recognized on a ratable basis over the vesting period based on quarterly probability assessments; (b) time-based restricted stock grant of 7,683 shares in the aggregate, with a vesting date of August 31, 2018. Compensation expense is recognized on a ratable basis over the vesting period.

Stock options — options to purchase 21,275 shares of common stock in the aggregate with an exercise price of $39.50 per share. The options will vest in three equal annual installments beginning on August 31, 2016 and ending on August 31, 2018. The options granted will expire on September 1, 2025. Compensation expense is recognized over the period of the award on an annual basis consistent with the vesting terms.

During the quarter ended November 30, 2015, an additional grant of 5,000 restricted shares was issued to a non-executive member of management with a vesting date of October 20, 2020. Compensation expense is recognized on a ratable basis over the vesting period.

Note 6 — Segment Data & Foreign Operations

The Company is organized into two operating segments, an Industrial Materials segment and a Construction Materials segment. The segments are distinguished by the nature of the products and how they are delivered to their respective markets.

The Industrial Materials segment includes specified products that are used in, or integrated into, another company's product, with demand typically dependent upon general economic conditions. Industrial Materials products include insulating and conducting materials for wire and cable manufacturers, moisture protective coatings for electronics and printing services, laminated durable papers, laminates for the packaging and industrial laminate markets, pulling and detection tapes used in the installation, measurement and location of fiber optic cables and water and natural gas lines, cover tapes essential to delivering semiconductor components via tape and reel packaging, and wind energy composite materials and elements. This segment also includes glass-based strength element products designed to allow fiber optic cables to withstand mechanical and environmental strain and stress and which we operated as a joint venture prior to October 31, 2014. Further, beginning January 30, 2015, the Industrial Materials segment includes microspheres, sold under the Dualite brand, and polyurethane dispersions, both obtained through acquisition, and included in the Company's specialty chemical intermediates product line.

The Construction Materials segment is composed of typically project-oriented product offerings that are primarily sold and used as "Chase" branded products. Construction Materials products include protective coatings for pipeline applications, coating and lining systems for use in liquid storage and containment applications, adhesives and sealants used in architectural and building envelope waterproofing applications, high performance polymeric asphalt additives, and expansion and control joint systems for use in the transportation and architectural markets. The following tables summarize information about the Company's reportable segments:

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CHASE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In thousands, except share and per share amounts

	Three Months Ended November 30, 2015	2014
Revenue		
Industrial Materials	$ 43,299	$ 42,395
Construction Materials	14,179	13,538
Total	$ 57,478	$ 55,933
Income before taxes		
Industrial Materials	$ 12,929 (a)	$ 12,615
Construction Materials	5,455	3,873
Total for reportable segments	18,384	16,488
Corporate and common costs	(6,748)	(5,719)
Total	$ 11,636	$ 10,769
Includes the following costs by segment:		
Industrial Materials		
Interest	$ 187	$ 230
Depreciation	991	977
Amortization	1,560	770
Construction Materials		
Interest	$ 63	$ 44
Depreciation	264	289
Amortization	356	413

(a) Includes both a $1,031 gain on sale of our RodPack® wind energy business contained within our structural composites product line and a $365 write-down on certain assets under construction charge on certain other structural composites assets based on usage constraints following the sale, both recognized in November 2015.

The Company's products are sold worldwide. For the quarters ended November 30, 2015 and 2014, sales from its operations located in the United Kingdom accounted for 9% and 11% of total Company revenue, respectively. No other foreign geographic area accounted for more than 10% of consolidated revenue for the three month periods ended November 30, 2015 and 2014.

Total assets for the Company's reportable segments as of November 30, 2015 and August 31, 2015:

	November 30, 2015	August 31, 2015
Total assets		
Industrial Materials	$ 142,168	$ 146,870
Construction Materials	43,809	48,016
Total for reportable segments	185,977	194,886
Corporate and common assets	70,327	63,011
Total	$ 256,304	$ 257,897

As of November 30, 2015 and August 31, 2015, the Company had long-lived assets (that provide future economic benefit beyond the current year or operating period, including buildings, equipment and leasehold improvements) of

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CHASE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In thousands, except share and per share amounts

$3,818 and $3,947, respectively, located in the United Kingdom. These balances exclude goodwill and intangibles of $7,857 and $8,266, as of November 30, 2015 and August 31, 2015, respectively, associated with its operations in the United Kingdom.

Note 7 — Goodwill and Other Intangibles

The changes in the carrying value of goodwill are as follows:

	Industrial Materials	Construction Materials	Consolidated
Balance at August 31, 2015	$ 33,390	$ 10,733	$ 44,123
Foreign currency translation adjustment	(150)	(6)	(156)
Balance at November 30, 2015	$ 33,240	$ 10,727	$ 43,967

The Company’s goodwill is allocated to each reporting unit based on the nature of the products manufactured by the respective business combinations that originally created the goodwill. The Company has identified ten reporting units within its two operating segments that are used to evaluate the possible impairment of goodwill. Goodwill impairment exists when the carrying value of goodwill exceeds its fair value. Assessments of possible impairment of goodwill are made when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable through future operations. Additionally, testing for possible impairment of recorded goodwill and certain intangible asset balances is required annually. The amount and timing of any impairment charges based on these assessments require the estimation of future cash flows and the fair market value of the related assets based on management’s best estimates of certain key factors, including future selling prices and volumes; operating, raw material and energy costs; and various other projected operating and economic factors. When testing, fair values of the reporting units and the related implied fair values of their respective goodwill are established using public company analysis and discounted cash flows.

The Company evaluates the possible impairment of goodwill annually each fourth quarter and whenever events or circumstances indicate the carrying value of goodwill may not be recoverable.

Intangible assets subject to amortization consist of the following as of November 30, 2015 and August 31, 2015:

	Weighted-Average Amortization Period		Gross Carrying Value	Accumulated Amortization	Net Carrying Value
November 30, 2015					
Patents and agreements	12.5	years	$ 2,514	$ 2,265	$ 249
Formulas and technology	8.4	years	8,389	3,725	4,664
Trade names	5.9	years	7,257	4,306	2,951
Customer lists and relationships	9.3	years	55,224	20,241	34,983
			$ 73,384	$ 30,537	$ 42,847
August 31, 2015					
Patents and agreements	12.5	years	$ 2,568	$ 2,267	$ 301
Formulas and technology	8.4	years	8,415	3,513	4,902
Trade names	5.9	years	7,278	4,088	3,190
Customer lists and relationships	9.3	years	55,473	19,014	36,459
			$ 73,734	$ 28,882	$ 44,852

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CHASE CORPORATION

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(UNAUDITED)

In thousands, except share and per share amounts

Aggregate amortization expense related to intangible assets for the three months ended November 30, 2015 and 2014 was $1,916 and $1,183, respectively. Estimated amortization expense for the remainder of fiscal year 2016 and for the next five years is as follows:

Years ending August 31,	
2016 (remaining 9 months)	$ 5,774
2017	7,280
2018	7,084
2019	6,392
2020	5,520
2021	5,257

Note 8 — Sale of RodPack Business

In November 2015, the Company sold our RodPack wind energy business, contained within our structural composites product line, to an otherwise unrelated party (“Buyer”) for proceeds of $2,186. The Company’s structural composites product line is a part of our Industrial Materials segment. The Company is not restricted in its use of the net proceeds from the sale. At August 31, 2015, the related RodPack assets were recorded as assets held for sale on the consolidated balance sheet.

The following table summarizes information about the RodPack assets sold as of November 10, 2015 (the date of the sale) and August 31, 2015:

	November 10, 2015	August 31, 2015
Property, plant and equipment	$ 846	$ 773

Patents and other intangible assets	309	316
Total	$ 1,155	$ 1,089

The sale resulted in a pre-tax book gain of $1,031 ($660 after-tax gain) which was recorded within the consolidated statement of operations as gain on sale of business in the quarter ended November 30, 2015. The Company received $1,500 of the proceeds in the quarter ended November 30, 2015 and, as per the agreement, will receive the remaining balance in three equal installments of $229 at six month intervals, with the final payment due 18 months after the date of the sale. The $457 current portion of the amount due has been recorded as a current asset (Due from sale of business) as of November 30, 2015, while the portion due in 18 months has been included in other long-term assets. The payment of these owed amounts is not subject to any further contingency or deliverable. Further, the Company will provide ongoing development support to the Buyer for which we will receive additional consideration upon the completion of services.

The sale of this business prompted the Company to perform a review of other long-lived assets within the structural composites product line, as the sale (specifically the sale of the related intangible assets) resulted in a limitation of the Company's capacity to sell certain other goods produced by the product line. This review resulted in the identification of construction in progress assets with a net book value of $365, which the Company fully wrote-down. This charge was recorded within the consolidated statement of operations as write-down of certain assets under construction during the quarter ended November 30, 2015.

Note 9 — Joint Venture

On October 31, 2014, the Company purchased the 50% non-controlling membership interest of NEPTCO JV LLC (the "JV") that had been owned by its joint venture partner, an otherwise unrelated party. The purchase consideration is subject to certain contingent adjustments based on certain future events related to the JV. The purchase price, including

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these contingent adjustments, was not, nor will it be, material to the Company. Because of the Company's controlling financial interest, the JV's assets, liabilities, and results of operations have been consolidated within the Company's consolidated financial statements since June 27, 2012, the date the Company acquired NEPTCO. The Company continues to fully consolidate the assets, liabilities and results of operations of the JV, but no longer records an offsetting amount for a non-controlling interest. The $95 recorded in the consolidated statement of operations as net gain attributable to non-controlling interest for the three months ended November 30, 2014, represents the now-former joint venture partner's share of the results of operations of the JV for the period from September 1, 2014 through October 31, 2014.

The Company accounted for the joint venture partner's non-controlling interest in the JV under ASC Topic 810 "Consolidations" ("ASC 810"). Based on the criteria in ASC 810, the Company had determined that the JV qualified as a variable interest entity ("VIE").

Under the JV agreement, which terminated with the Company's October 2014 acquisition of the 50% outstanding non-controlling membership interest in the JV, the JV had agreed to purchase a minimum of 80% of its total glass fiber requirements from the now-former joint venture partner. Additionally, the JV agreed to purchase private-label products exclusively from an affiliate of the now-former joint venture partner; however, the JV was not subject to a minimum purchase requirement on private-label products. Purchases from the now-former joint venture partner totaled $332 for the period from September 1, 2014 through October 31, 2014. The JV had an amount due to the other joint venture partner of $219 at November 30, 2014.

Note 10 — Commitments and Contingencies

The Company is involved from time to time in litigation incidental to the conduct of its business. Although the Company does not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition, results of operations or cash flows, litigation is inherently unpredictable. Therefore, judgments could be rendered or settlements entered, that could adversely affect the Company's operating results or cash flows in a particular period. The Company routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and records its best forecast of the ultimate loss in situations where the Company assesses the likelihood of loss as probable.

Note 11 — Pensions and Other Post-Retirement Benefits

The components of net periodic benefit cost for the three months ended November 30, 2015 and 2014 are as follows:

	Three Months Ended November 30,	
	2015	2014
Components of net periodic benefit cost		
Service cost	$ 74	$ 91
Interest cost	182	170
Expected return on plan assets	(129)	(153)
Amortization of prior service cost	1	1
Amortization of accumulated loss	143	167
Net periodic benefit cost	$ 271	$ 276

When funding is required, the Company's policy is to contribute amounts that are deductible for federal income tax purposes. As of November 30, 2015, the Company has made contributions of $77 in the current fiscal year to fund its obligations under its pension plans and plans to make the necessary contributions over the remainder of fiscal 2016 to

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CHASE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In thousands, except share and per share amounts

ensure the qualified plan continues to be adequately funded given the current market conditions. The Company made contributions of $16 in the first three months of the prior year.

Note 12 — Fair Value Measurements

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The Company uses a three-tier fair value hierarchy, which classifies the inputs used in measuring fair values. These tiers include: Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company utilizes the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The financial assets classified as Level 1 and Level 2 as of November 30, 2015 and August 31, 2015 represent investments that are restricted for use in a nonqualified retirement savings plan for certain key employees and directors.

The following table sets forth the Company's financial assets that were accounted for at fair value on a recurring basis as of November 30, 2015 and August 31, 2015:

	Fair value measurement category