

# Gun Ei Chemical Industry Co., Ltd.

## Consolidated Financial Statements

### Consolidated balance sheets

As of March 31 and September 30, 2014

|  | Unit : Millions of yen |                       |
|--|------------------------|-----------------------|
|  | March 31,<br>2014      | September 30,<br>2014 |
| Assets                                       |                        |                       |
| Current assets                               |                        |                       |
| Cash and deposits                            | 6,795                  | 6,324                 |
| Notes and accounts receivable-trade          | 7,322                  | 7,954                 |
| Short-term investment securities             | 508                    | 1,008                 |
| Merchandise and finished goods               | 2,179                  | 2,186                 |
| Work in process                              | 55                     | 67                    |
| Raw materials and supplies                   | 1,015                  | 985                   |
| Other  | 477                    | 513                   |
| Allowance for doubtful accounts              | (0)                    | (0)                   |
| Total current assets                         | 18,353                 | 19,041                |
| Non-current assets                           |                        |                       |
| Property, plant and equipment                |                        |                       |
| Buildings and structures                     | 20,436                 | 21,017                |
| Accumulated depreciation and impairment loss | (13,969)               | (14,608)              |
| Buildings and structures, net                | 6,466                  | 6,408                 |
| Machinery, equipment and vehicles            | 26,871                 | 27,856                |
| Accumulated depreciation and impairment loss | (23,258)               | (24,524)              |
| Machinery, equipment and vehicles, net       | 3,613                  | 3,332                 |
| Land   | 7,646                  | 7,969                 |
| Lease assets                                 | 102                    | 96                    |
| Accumulated depreciation                     | (25)                   | (31)                  |
| Lease assets, net                            | 77                     | 64                    |
| Construction in progress                     | 15                     | 90                    |
| Other  | 2,583                  | 2,626                 |
| Accumulated depreciation and impairment loss | (2,254)                | (2,284)               |
| Other, net                                   | 328                    | 342                   |
| Total property, plant and equipment          | 18,148                 | 18,208                |
| Intangible assets                            | 19                     | 17                    |
| Investments and other assets                 |                        |                       |
| Investment securities                        | 7,619                  | 7,775                 |
| Other  | 915                    | 1,100                 |
| Allowance for doubtful accounts              | (82)                   | (81)                  |
| Total investments and other assets           | 8,452                  | 8,795                 |
| Total non-current assets                     | 26,620                 | 27,021                |
| Total assets                                 | 44,974                 | 46,062                |

|   | Unit : Millions of yen |                       |
|---|------------------------|-----------------------|
|   | March 31,<br>2014      | September 30,<br>2014 |
| Liabilities   |                        |                       |
| Current liabilities                                   |                        |                       |
| Accounts payable-trade                                | 3,484                  | 3,795                 |
| Current portion of long-term loans payable            | 259                    | 259                   |
| Accounts payable-other                                | 807                    | 679                   |
| Income taxes payable                                  | 189                    | 245                   |
| Provision for bonuses                                 | 208                    | 301                   |
| Other   | 84                     | 265                   |
| Total current liabilities                             | <u>5,033</u>           | <u>5,546</u>          |
| Non-current liabilities                               |                        |                       |
| Long-term loans payable                               | 499                    | 369                   |
| Provision for environmental measures                  | 16                     | 22                    |
| Provision for assets removal                          | —                      | 26                    |
| Net defined benefit liability                         | 1,064                  | 1,179                 |
| Other   | 866                    | 566                   |
| Total non-current liabilities                         | <u>2,446</u>           | <u>2,164</u>          |
| Total liabilities                                     | <u>7,480</u>           | <u>7,710</u>          |
| Net assets  |                        |                       |
| Shareholders' equity                                  |                        |                       |
| Capital stock   | 5,000                  | 5,000                 |
| Capital surplus                                       | 25,689                 | 25,689                |
| Retained earnings                                     | 9,416                  | 10,156                |
| Treasury stock  | (4,726)                | (4,728)               |
| Total shareholders' equity                            | <u>35,379</u>          | <u>36,117</u>         |
| Accumulated other comprehensive income                |                        |                       |
| Valuation difference on available-for-sale securities | 863                    | 1,131                 |
| Foreign currency translation adjustment               | 104                    | 40                    |
| Remeasurements of defined benefit plans               | (77)                   | (42)                  |
| Total accumulated other comprehensive income          | <u>890</u>             | <u>1,129</u>          |
| Minority interests                                    | 1,223                  | 1,105                 |
| Total net assets                                      | <u>37,493</u>          | <u>38,351</u>         |
| Total liabilities and net assets                      | <u>44,974</u>          | <u>46,062</u>         |

## Consolidated Statements of income and statements of comprehensive income

### **Consolidated Statements of income**

For the first half ended September 30, 2013 and 2014

|  | Unit : Millions of yen    |                           |
|--|---------------------------|---------------------------|
|  | April - September<br>2013 | April - September<br>2014 |
| Net sales                                    | 13,381                    | 13,970                    |
| Cost of sales                                | 11,105                    | 11,666                    |
| Gross profit                                 | 2,276                     | 2,304                     |
| Selling, general and administrative expenses | 1,555                     | 1,639                     |
| Operating income                             | 720                       | 665                       |
| Non-operating income                         |                           |                           |
| Interest income                              | 38                        | 33                        |
| Dividends income                             | 38                        | 37                        |
| Equity in earnings of affiliates             | —                         | 6                         |
| Foreign exchange gains                       | —                         | 23                        |
| Other  | 46                        | 28                        |
| Total non-operating income                   | 122                       | 129                       |
| Non-operating expenses                       |                           |                           |
| Interest expenses                            | 4                         | 13                        |
| Foreign exchange losses                      | 13                        | —                         |
| Equity in losses of affiliates               | 2                         | —                         |
| Other  | 5                         | 3                         |
| Total non-operating expenses                 | 26                        | 16                        |
| Ordinary income                              | 817                       | 778                       |
| Extraordinary income                         |                           |                           |
| Gain on sales of non-current assets          | —                         | 0                         |
| Gain on insurance adjustment                 | —                         | 16                        |
| Total extraordinary income                   | —                         | 16                        |
| Extraordinary loss                           |                           |                           |
| Loss on disposal of non-current assets       | 6                         | 5                         |
| Total extraordinary losses                   | 6                         | 5                         |
| Income before income taxes                   | 810                       | 788                       |
| Income taxes-current                         | 102                       | 251                       |
| Income taxes-deferred                        | (25)                      | (442)                     |
| Total income taxes                           | 76                        | (191)                     |
| Income before minority interests             | 734                       | 980                       |
| Minority interests in income (loss)          | 55                        | (8)                       |
| Net income                                   | 679                       | 988                       |

## Consolidated Statements of comprehensive income

For the first half ended September 30, 2013 and 2014

|  | Unit : Millions of yen    |                           |
|--|---------------------------|---------------------------|
|  | April - September<br>2013 | April - September<br>2014 |
| Income before minority interests   | 734                       | 980                       |
| Other comprehensive income   |                           |                           |
| Valuation difference on available-for-sale securities                                  | 266                       | 266                       |
| Foreign currency translation adjustment  | 361                       | (93)                      |
| Remeasurements of defined benefit plans, net of tax                                    | —                         | 35                        |
| Share of other comprehensive income of<br>associates accounted for using equity method | 19                        | (7)                       |
| Total other comprehensive income   | 647                       | 200                       |
| Comprehensive income   | 1,382                     | 1,180                     |
| (Comprehensive income attributable to)   |                           |                           |
| Comprehensive income attributable to owners of the parent                              | 1,181                     | 1,227                     |
| Comprehensive income attributable to minority interests                                | 200                       | (46)                      |