# Gun Ei Chemical Industry Co., Ltd.

# **Consolidated Financial Statements**

## **Consolidated balance sheets**

As of March 31 and June 30, 2016

Assets    Current assets   Cash and deposits   10,648   10,213     Notes and accounts receivable-trade   6,842   6,860     Short-term investment securities   1,309   1,412     Merchandise and finished goods   2,138   1,591     Work in process   54   578     Raw materials and supplies   814   870     Other   356   284     Allowance for doubtful accounts   (0)   (0)     Total current assets   22,163   21,810     Non-current assets   22,163   21,810     Non-current assets   22,163   21,810     Non-current assets   22,163   21,810     Racinitary equipment   10,000   (15,232)   (15,300)     Buildings and structures   21,327   21,447     Accumulated depreciation and impairment loss   (15,232)   (15,300)     Buildings and structures, net   6,095   6,147     Machinery, equipment and vehicles   28,719   28,701     Accumulated depreciation and impairment loss   (26,126)   (26,190)     Machinery, equipment and vehicles, net   2,592   2,511     Land   7,969   7,969     Lease assets   102   105     Accumulated depreciation and impairment loss   (66)   (70)     Lease assets, net   35   34     Construction in progress   175   226     Other   2,762   2,767     Accumulated depreciation and impairment loss   (66)   (70)     Total property, plant and equipment   17,280   17,297     Intangible assets   17   25     Investments and other assets   7,973   7,900     Other   1,451   1,518     Allowance for doubtful accounts   (79)   (79)     Total investments and other assets   9,344   9,339     Total non-current assets   48,806   48,437		Unit: Millions of yen	
Current assets         10,648         10,213           Notes and accounts receivable-trade         6,842         6,860           Short-term investment securities         1,309         1,412           Merchandise and finished goods         2,138         1,591           Work in process         54         578           Raw materials and supplies         814         870           Other         356         284           Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         20,2163         21,810           Property, plant and equipment         35         21,227         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           I.and         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss <th></th> <th>•</th> <th>· ·</th>		•	· ·
Cash and deposits         10,648         10,213           Notes and accounts receivable-trade         6,842         6,860           Short-term investment securities         1,309         1,412           Merchandise and finished goods         2,138         1,591           Work in process         54         578           Raw materials and supplies         814         870           Other         356         284           Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         22,163         21,810           Non-current assets         22,163         21,810           Non-current assets         22,163         21,810           Non-current assets         21,327         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35			
Notes and accounts receivable-trade         6,842         6,860           Short-term investment securities         1,309         1,412           Merchandise and finished goods         2,138         1,591           Work in process         54         578           Raw materials and supplies         814         870           Other         356         284           Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         22,163         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Machinery, equipment and vehicles         28,719         28,701           Lase assets         102         102           Accumulated dep		10.640	10.010
Short-term investment securities         1,309         1,412           Merchandise and finished goods         2,138         1,591           Work in process         54         578           Raw materials and supplies         814         870           Other         356         284           Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         22,163         21,810           Non-current assets         21,327         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226 </td <td>•</td> <td>•</td> <td>-</td>	•	•	-
Merchandise and finished goods         2,138         1,591           Work in process         54         578           Raw materials and supplies         814         870           Other         356         284           Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         22,163         21,810           Non-current assets         22,163         21,810           Property, plant and equipment         32,327         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226 <td></td> <td>•</td> <td>-</td>		•	-
Work in process         54         578           Raw materials and supplies         814         870           Other         356         284           Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         21,327         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226 <td< td=""><td></td><td>•</td><td>-</td></td<>		•	-
Raw materials and supplies         814         870           Other         356         284           Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         22,163         21,810           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)	<del>-</del>		•
Other         356         284           Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         21,327         21,447           Accumulated depricciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)           Other, net         411         407           Total property, plant and equipment         17,280         17,29	Work in process	54	578
Allowance for doubtful accounts         (0)         (0)           Total current assets         22,163         21,810           Non-current assets         22,163         21,810           Non-current assets         21,327         21,447           Property, plant and equipment         21,327         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)           Other, net         411         407           Total property, plant and equipment         17,280 <td>Raw materials and supplies</td> <td>814</td> <td>870</td>	Raw materials and supplies	814	870
Total current assets   22,163   21,810	Other	356	284
Non-current assets           Property, plant and equipment         21,327         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)           Other, net         411         407           Total property, plant and equipment         17,280         17,297           Intangible assets         17         25           Investments and other assets         7,973         7,900           Other         1,451         1,518           Allo	Allowance for doubtful accounts	(0)	(0)
Property, plant and equipment         21,327         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)           Other, net         411         407           Total property, plant and equipment         17,280         17,297           Intangible assets         17         25           Investments and other assets         7,973         7,900           Other         1,451         1,518           Allowance for doubtful accounts         (79)	Total current assets	22,163	21,810
Buildings and structures         21,327         21,447           Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)           Other, net         411         407           Total property, plant and equipment         17,280         17,297           Intangible assets         17         25           Investments and other assets         7,973         7,900           Other         1,451         1,518           Allowance for doubtful accounts         (79)         (79)<	Non-current assets		
Accumulated depreciation and impairment loss         (15,232)         (15,300)           Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)           Other, net         411         407           Total property, plant and equipment         17,280         17,297           Intangible assets         17         25           Investments and other assets         7,973         7,900           Other         1,451         1,518           Allowance for doubtful accounts         (79)         (79)           Total investments and other assets         9,344 <t< td=""><td>Property, plant and equipment</td><td></td><td></td></t<>	Property, plant and equipment		
Buildings and structures, net         6,095         6,147           Machinery, equipment and vehicles         28,719         28,701           Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)           Other, net         411         407           Total property, plant and equipment         17,280         17,297           Intangible assets         17         25           Investments and other assets         7,973         7,900           Other         1,451         1,518           Allowance for doubtful accounts         (79)         (79)           Total investments and other assets         9,344         9,339           Total non-current assets         26,643         26,662  <	Buildings and structures	21,327	21,447
Machinery, equipment and vehicles       28,719       28,701         Accumulated depreciation and impairment loss       (26,126)       (26,190)         Machinery, equipment and vehicles, net       2,592       2,511         Land       7,969       7,969         Lease assets       102       105         Accumulated depreciation and impairment loss       (66)       (70)         Lease assets, net       35       34         Construction in progress       175       226         Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Accumulated depreciation and impairment loss	(15,232)	(15,300)
Accumulated depreciation and impairment loss         (26,126)         (26,190)           Machinery, equipment and vehicles, net         2,592         2,511           Land         7,969         7,969           Lease assets         102         105           Accumulated depreciation and impairment loss         (66)         (70)           Lease assets, net         35         34           Construction in progress         175         226           Other         2,762         2,767           Accumulated depreciation and impairment loss         (2,350)         (2,360)           Other, net         411         407           Total property, plant and equipment         17,280         17,297           Intangible assets         17         25           Investments and other assets         7,973         7,900           Other         1,451         1,518           Allowance for doubtful accounts         (79)         (79)           Total investments and other assets         9,344         9,339           Total non-current assets         26,643         26,662	Buildings and structures, net	6,095	6,147
Machinery, equipment and vehicles, net       2,592       2,511         Land       7,969       7,969         Lease assets       102       105         Accumulated depreciation and impairment loss       (66)       (70)         Lease assets, net       35       34         Construction in progress       175       226         Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Machinery, equipment and vehicles	28,719	28,701
Land       7,969       7,969         Lease assets       102       105         Accumulated depreciation and impairment loss       (66)       (70)         Lease assets, net       35       34         Construction in progress       175       226         Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Accumulated depreciation and impairment loss	(26,126)	(26,190)
Lease assets       102       105         Accumulated depreciation and impairment loss       (66)       (70)         Lease assets, net       35       34         Construction in progress       175       226         Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Machinery, equipment and vehicles, net	2,592	2,511
Accumulated depreciation and impairment loss       (66)       (70)         Lease assets, net       35       34         Construction in progress       175       226         Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Land	7,969	7,969
Lease assets, net       35       34         Construction in progress       175       226         Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Lease assets	102	105
Construction in progress       175       226         Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Accumulated depreciation and impairment loss	(66)	(70)
Construction in progress       175       226         Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Lease assets, net	35	
Other       2,762       2,767         Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662		175	226
Accumulated depreciation and impairment loss       (2,350)       (2,360)         Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662		2,762	
Other, net       411       407         Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	Accumulated depreciation and impairment loss	•	•
Total property, plant and equipment       17,280       17,297         Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	•		
Intangible assets       17       25         Investments and other assets       7,973       7,900         Other       1,451       1,518         Allowance for doubtful accounts       (79)       (79)         Total investments and other assets       9,344       9,339         Total non-current assets       26,643       26,662	·	17,280	17,297
Investments and other assets         7,973         7,900           Other         1,451         1,518           Allowance for doubtful accounts         (79)         (79)           Total investments and other assets         9,344         9,339           Total non-current assets         26,643         26,662			
Investment securities         7,973         7,900           Other         1,451         1,518           Allowance for doubtful accounts         (79)         (79)           Total investments and other assets         9,344         9,339           Total non-current assets         26,643         26,662	-		
Other         1,451         1,518           Allowance for doubtful accounts         (79)         (79)           Total investments and other assets         9,344         9,339           Total non-current assets         26,643         26,662		7,973	7,900
Allowance for doubtful accounts (79) (79) Total investments and other assets 9,344 9,339 Total non-current assets 26,643 26,662		•	•
Total investments and other assets 9,344 9,339 Total non-current assets 26,643 26,662		•	
Total non-current assets 26,643 26,662			
	Total assets	48,806	48,473

Unit	:	Millions	of	ven
	•		-	,

	March 31,	June 30,
	2016	2016
Liabilities		
Current liabilities		
Accounts payable-trade	3,034	3,150
Current portion of long-term loans payable	784	784
Accounts payable-other	1,297	1,340
Income taxes payable	161	149
Provision for bonuses	317	188
Other	98	308
Total current liabilities	5,695	5,922
Non-current liabilities		
Long-term loans payable	2,304	2,100
Provision for environmental measures	38	38
Provision for assets removal	21	21
Net defined benefit liability	1,301	1,300
Other	576	567
Total non-current liabilities	4,243	4,028
Total liabilities	9,938	9,950
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	11,103	11,394
Treasury stock	(5,013)	(5,166)
Total shareholders' equity	36,780	36,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	851	564
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	112	5
Remeasurements of defined benefit plans	(102)	(96)
Total accumulated other comprehensive income	861	473
Non-controlling interests	1,227	1,130
Total net assets	38,868	38,522
Total liabilities and net assets	48,806	48,473

#### **Consolidated Statements of income and statements of comprehensive income**

#### **Consolidated Statements of income**

For the first quarter ended June 30, 2015 and 2016

	Uni	Unit: Millions of yen	
	April - June 2015	April - June 2016	
Net sales	7,044	6,384	
Cost of sales	5,485	4,808	
Gross profit	1,559	1,576	
Selling, general and administrative expenses	858	874	
Operating income	700	701	
Non-operating income			
Interest income	14	15	
Dividends income	7	5	
Equity in earnings of affiliates	1	1	
Other	9	10	
Total non-operating income	31	33	
Non-operating expenses			
Interest expenses	4	6	
Foreign exchange losses	6	42	
Other	18	7	
Total non-operating expenses	28	56	
Ordinary income	703	679	
Extraordinary income			
Gain on sales of non-current assets	0	0	
Gain on insurance adjustment	_	0	
Settlement received		43	
Total extraordinary income	0	43	
Extraordinary loss			
Loss on disposal of non-current assets	6	4	
Other		0	
Total extraordinary losses	6	5	
Income before income taxes	696	717	
Income taxes-current	79	109	
Income taxes-deferred	122	59	
Total income taxes	202	169	
Profit	494	548	
Profit attributable to non-controlling interests	38	44	
Profit attributable to owners of parent	456	503	

## **Consolidated Statements of comprehensive income**

For the first quarter ended June 30, 2015 and 2016

	Uni	Unit: Millions of yen	
	April - June	April - June	
	2015	2016	
Profit	494	548	
Other comprehensive income			
Valuation difference on available-for-sale securities	225	(283)	
Deferred gains or losses on hedges	_	(0)	
Foreign currency translation adjustment	9	(176)	
Remeasurements of defined benefit plans, net of tax	4	5	
Share of other comprehensive income of associates accounted for using equity method	0	(3)	
Total other comprehensive income	239	(457)	
Comprehensive income	734	91	
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of parent	692	115	
Comprehensive income attributable to non-controlling interests	42	(24)	