

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and September 30, 2016

	Unit : Millions of yen	
	March 31, 2016	September 30, 2016
Assets		
Current assets		
Cash and deposits	10,648	9,686
Notes and accounts receivable-trade	6,842	6,725
Short-term investment securities	1,309	2,112
Merchandise and finished goods	2,138	1,453
Work in process	54	544
Raw materials and supplies	814	865
Other	356	384
Allowance for doubtful accounts	(0)	(0)
Total current assets	22,163	21,772
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,327	21,394
Accumulated depreciation and impairment loss	(15,232)	(15,349)
Buildings and structures, net	6,095	6,044
Machinery, equipment and vehicles	28,719	28,575
Accumulated depreciation and impairment loss	(26,126)	(26,206)
Machinery, equipment and vehicles, net	2,592	2,368
Land	7,969	7,969
Lease assets	102	125
Accumulated depreciation and impairment loss	(66)	(75)
Lease assets, net	35	50
Construction in progress	175	486
Other	2,762	2,765
Accumulated depreciation and impairment loss	(2,350)	(2,366)
Other, net	411	398
Total property, plant and equipment	17,280	17,318
Intangible assets	17	24
Investments and other assets		
Investment securities	7,973	8,366
Other	1,451	1,428
Allowance for doubtful accounts	(79)	(79)
Total investments and other assets	9,344	9,715
Total non-current assets	26,643	27,058
Total assets	48,806	48,830

	Unit : Millions of yen	
	March 31, 2016	September 30, 2016
Liabilities		
Current liabilities		
Accounts payable-trade	3,034	2,991
Current portion of long-term loans payable	784	709
Accounts payable-other	1,297	1,327
Income taxes payable	161	376
Provision for bonuses	317	378
Other	98	225
Total current liabilities	<u>5,695</u>	<u>6,010</u>
Non-current liabilities		
Long-term loans payable	2,304	1,950
Provision for environmental measures	38	38
Provision for assets removal	21	21
Net defined benefit liability	1,301	1,303
Other	576	578
Total non-current liabilities	<u>4,243</u>	<u>3,891</u>
Total liabilities	<u>9,938</u>	<u>9,902</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	11,103	11,893
Treasury stock	(5,013)	(5,449)
Total shareholders' equity	<u>36,780</u>	<u>37,133</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	851	946
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	112	(138)
Remeasurements of defined benefit plans	(102)	(89)
Total accumulated other comprehensive income	<u>861</u>	<u>718</u>
Non-controlling interests	<u>1,227</u>	<u>1,076</u>
Total net assets	<u>38,868</u>	<u>38,928</u>
Total liabilities and net assets	<u>48,806</u>	<u>48,830</u>

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first half ended September 30, 2015 and 2016

	Unit : Millions of yen	
	April - September 2015	April - September 2016
Net sales	13,429	12,599
Cost of sales	10,506	9,513
Gross profit	2,922	3,085
Selling, general and administrative expenses	1,680	1,752
Operating income	1,241	1,332
Non-operating income		
Interest income	28	31
Dividends income	50	48
Equity in earnings of affiliates	2	7
Other	21	24
Total non-operating income	103	112
Non-operating expenses		
Interest expenses	7	9
Foreign exchange losses	49	46
Other	19	15
Total non-operating expenses	77	70
Ordinary income	1,267	1,374
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	—	0
Gain on insurance adjustment	0	0
Gain on redemption of memberships rights	10	—
Settlement received	—	43
Total extraordinary income	10	43
Extraordinary loss		
Loss on disposal of non-current assets	13	25
Provision for environmental measures	3	—
Provision for assets removal	2	—
Other	—	0
Total extraordinary losses	20	26
Income before income taxes	1,258	1,391
Income taxes-current	199	327
Income taxes-deferred	54	(24)
Total income taxes	254	303
Profit	1,003	1,087
Profit attributable to non-controlling interests	65	85
Profit attributable to owners of parent	937	1,002

Consolidated Statements of comprehensive income

For the first half ended September 30, 2015 and 2016

	Unit : Millions of yen	
	April - September 2015	April - September 2016
Profit	1,003	1,087
Other comprehensive income		
Valuation difference on available-for-sale securities	(273)	96
Deferred gains or losses on hedges	—	0
Foreign currency translation adjustment	(70)	(416)
Remeasurements of defined benefit plans, net of tax	8	13
Share of other comprehensive income of associates accounted for using equity method	(13)	(1)
Total other comprehensive income	(348)	(308)
Comprehensive income	655	779
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	616	859
Comprehensive income attributable to non-controlling interests	38	(79)