

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and December 31, 2016

	Unit : Millions of yen	
	March 31, 2016	December 31, 2016
Assets		
Current assets		
Cash and deposits	10,648	9,801
Notes and accounts receivable-trade	6,842	7,419
Short-term investment securities	1,309	1,602
Merchandise and finished goods	2,138	1,472
Work in process	54	505
Raw materials and supplies	814	901
Other	356	342
Allowance for doubtful accounts	(0)	(0)
Total current assets	22,163	22,046
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,327	21,468
Accumulated depreciation and impairment loss	(15,232)	(15,406)
Buildings and structures, net	6,095	6,061
Machinery, equipment and vehicles	28,719	28,942
Accumulated depreciation and impairment loss	(26,126)	(26,295)
Machinery, equipment and vehicles, net	2,592	2,647
Land	7,969	7,969
Lease assets	102	128
Accumulated depreciation and impairment loss	(66)	(79)
Lease assets, net	35	48
Construction in progress	175	485
Other	2,762	2,775
Accumulated depreciation and impairment loss	(2,350)	(2,389)
Other, net	411	386
Total property, plant and equipment	17,280	17,598
Intangible assets	17	24
Investments and other assets		
Investment securities	7,973	9,472
Other	1,451	1,266
Allowance for doubtful accounts	(79)	(79)
Total investments and other assets	9,344	10,660
Total non-current assets	26,643	28,283
Total assets	48,806	50,329

	Unit : Millions of yen	
	March 31, 2016	December 31, 2016
Liabilities		
Current liabilities		
Accounts payable-trade	3,034	3,354
Current portion of long-term loans payable	784	654
Accounts payable-other	1,297	1,486
Income taxes payable	161	416
Provision for bonuses	317	208
Other	98	323
Total current liabilities	<u>5,695</u>	<u>6,444</u>
Non-current liabilities		
Long-term loans payable	2,304	1,800
Provision for environmental measures	38	35
Provision for assets removal	21	21
Net defined benefit liability	1,301	1,316
Other	576	651
Total non-current liabilities	<u>4,243</u>	<u>3,824</u>
Total liabilities	<u>9,938</u>	<u>10,268</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	11,103	12,341
Treasury stock	(5,013)	(5,452)
Total shareholders' equity	<u>36,780</u>	<u>37,579</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	851	1,625
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	112	(159)
Remeasurements of defined benefit plans	(102)	(81)
Total accumulated other comprehensive income	<u>861</u>	<u>1,383</u>
Non-controlling interests	<u>1,227</u>	<u>1,097</u>
Total net assets	<u>38,868</u>	<u>40,060</u>
Total liabilities and net assets	<u>48,806</u>	<u>50,329</u>

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first three quarters ended December 31, 2015 and 2016

	Unit : Millions of yen	
	April - December 2015	April - December 2016
Net sales	19,485	19,154
Cost of sales	15,361	14,283
Gross profit	4,124	4,871
Selling, general and administrative expenses	2,459	2,648
Operating income	1,665	2,223
Non-operating income		
Interest income	40	47
Dividends income	51	50
Equity in earnings of affiliates	6	12
Other	50	55
Total non-operating income	149	165
Non-operating expenses		
Interest expenses	11	11
Foreign exchange losses	55	—
Other	22	27
Total non-operating expenses	90	39
Ordinary income	1,724	2,348
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	68	0
Gain on insurance adjustment	0	0
Gain on redemption of memberships rights	10	—
Settlement received	—	128
Total extraordinary income	78	129
Extraordinary loss		
Loss on disposal of non-current assets	17	35
Provision for environmental measures	9	—
Provision for assets removal	2	—
Other	—	0
Total extraordinary losses	28	35
Income before income taxes	1,773	2,441
Income taxes-current	253	573
Income taxes-deferred	156	18
Total income taxes	409	591
Profit	1,363	1,850
Profit attributable to non-controlling interests	71	122
Profit attributable to owners of parent	1,292	1,728

Consolidated Statements of comprehensive income

For the first three quarters ended December 31, 2015 and 2016

	Unit : Millions of yen	
	April - December 2015	April - December 2016
Profit	1,363	1,850
Other comprehensive income		
Valuation difference on available-for-sale securities	61	774
Deferred gains or losses on hedges	Δ0	0
Foreign currency translation adjustment	(396)	(451)
Remeasurements of defined benefit plans, net of tax	12	20
Share of other comprehensive income of associates accounted for using equity method	(43)	(0)
Total other comprehensive income	(365)	342
Comprehensive income	998	2,193
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,083	2,250
Comprehensive income attributable to non-controlling interests	(85)	(57)