

# Gun Ei Chemical Industry Co., Ltd.

## Consolidated Financial Statements

### Consolidated balance sheets

As of March 31 and December 31, 2017

	Unit : Millions of yen	
	March 31, 2017	December 31, 2017
Assets		
Current assets		
Cash and deposits	9,758	8,526
Notes and accounts receivable-trade	6,857	7,782
Short-term investment securities	2,101	1,500
Merchandise and finished goods	1,515	1,781
Work in process	532	661
Raw materials and supplies	916	1,126
Other	398	327
Allowance for doubtful accounts	(0)	(0)
Total current assets	22,079	21,703
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,665	22,084
Accumulated depreciation and impairment loss	(15,520)	(15,780)
Buildings and structures, net	6,144	6,304
Machinery, equipment and vehicles	29,628	30,279
Accumulated depreciation and impairment loss	(26,619)	(27,049)
Machinery, equipment and vehicles, net	3,009	3,230
Land	7,969	7,969
Lease assets	138	111
Accumulated depreciation and impairment loss	(84)	(66)
Lease assets, net	53	45
Construction in progress	397	155
Other	2,799	2,889
Accumulated depreciation and impairment loss	(2,399)	(2,454)
Other, net	399	435
Total property, plant and equipment	17,974	18,139
Intangible assets	34	31
Investments and other assets		
Investment securities	9,871	11,428
Other	1,334	1,242
Allowance for doubtful accounts	(78)	(77)
Total investments and other assets	11,127	12,593
Total non-current assets	29,136	30,764
Total assets	51,216	52,467

	Unit : Millions of yen	
	March 31, 2017	December 31, 2017
Liabilities		
Current liabilities		
Accounts payable-trade	3,103	3,971
Current portion of long-term loans payable	654	600
Accounts payable-other	1,866	1,323
Income taxes payable	646	115
Provision for bonuses	362	216
Other	123	233
Total current liabilities	<u>6,758</u>	<u>6,460</u>
Non-current liabilities		
Long-term loans payable	1,650	1,200
Provision for environmental measures	35	11
Provision for assets removal	21	25
Net defined benefit liability	1,711	1,698
Other	586	921
Total non-current liabilities	<u>4,005</u>	<u>3,856</u>
Total liabilities	<u>10,763</u>	<u>10,317</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,690
Retained earnings	12,469	13,339
Treasury stock	(5,454)	(5,462)
Total shareholders' equity	<u>37,705</u>	<u>38,567</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,531	2,215
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	25	91
Remeasurements of defined benefit plans	(61)	(41)
Total accumulated other comprehensive income	<u>1,495</u>	<u>2,265</u>
Non-controlling interests	<u>1,251</u>	<u>1,317</u>
Total net assets	<u>40,452</u>	<u>42,150</u>
Total liabilities and net assets	<u>51,216</u>	<u>52,467</u>

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

### **Consolidated Statements of income**

For the first three quarters ended December 31, 2016 and 2017

	Unit : Millions of yen	
	April - December 2016	April - December 2017
Net sales	19,154	19,707
Cost of sales	14,283	15,044
Gross profit	4,871	4,663
Selling, general and administrative expenses	2,648	2,684
Operating income	2,223	1,978
Non-operating income		
Interest income	47	41
Dividends income	50	59
Equity in earnings of affiliates	12	17
Reversal of provision for environmental measures	—	23
Other	55	53
Total non-operating income	165	195
Non-operating expenses		
Interest expenses	11	4
Other	27	13
Total non-operating expenses	39	18
Ordinary income	2,348	2,154
Extraordinary income		
Gain on sales of investment securities	0	94
Gain on insurance adjustment	0	9
Settlement received	128	—
Other	0	0
Total extraordinary income	129	105
Extraordinary loss		
Loss on disposal of non-current assets	35	24
Provision for assets removal	—	3
Other	0	—
Total extraordinary losses	35	27
Income before income taxes	2,441	2,231
Income taxes-current	573	487
Income taxes-deferred	18	230
Total income taxes	591	718
Profit	1,850	1,513
Profit attributable to non-controlling interests	122	86
Profit attributable to owners of parent	1,728	1,427

## Consolidated Statements of comprehensive income

For the first three quarters ended December 31, 2016 and 2017

	Unit : Millions of yen	
	April - December 2016	April - December 2017
Profit	1,850	1,513
Other comprehensive income		
Valuation difference on available-for-sale securities	774	687
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(451)	109
Remeasurements of defined benefit plans, net of tax	20	20
Share of other comprehensive income of associates accounted for using equity method	(0)	(4)
Total other comprehensive income	342	813
Comprehensive income	2,193	2,327
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,250	2,197
Comprehensive income attributable to non-controlling interests	(57)	130