

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and June 30, 2018

	Unit : Millions of yen	
	March 31, 2018	June 30, 2018
Assets		
Current assets		
Cash and deposits	7,693	6,989
Notes and accounts receivable-trade	8,115	8,169
Short-term investment securities	2,000	1,900
Merchandise and finished goods	1,831	1,870
Work in process	595	745
Raw materials and supplies	1,214	1,245
Other	216	203
Allowance for doubtful accounts	(0)	(0)
Total current assets	21,667	21,122
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,172	22,172
Accumulated depreciation and impairment loss	(15,898)	(15,988)
Buildings and structures, net	6,273	6,183
Machinery, equipment and vehicles	30,707	30,766
Accumulated depreciation and impairment loss	(27,453)	(27,622)
Machinery, equipment and vehicles, net	3,253	3,143
Land	7,969	7,969
Lease assets	111	111
Accumulated depreciation and impairment loss	(71)	(76)
Lease assets, net	40	35
Construction in progress	343	942
Other	2,908	2,934
Accumulated depreciation and impairment loss	(2,492)	(2,521)
Other, net	416	412
Total property, plant and equipment	18,297	18,688
Intangible assets	31	39
Investments and other assets		
Investment securities	10,990	10,864
Other	1,296	1,236
Allowance for doubtful accounts	(77)	(77)
Total investments and other assets	12,209	12,023
Total non-current assets	30,537	30,751
Total assets	52,205	51,873

	Unit : Millions of yen	
	March 31, 2018	June 30, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	3,944	3,849
Current portion of long-term loans payable	600	600
Accounts payable-other	1,485	1,737
Income taxes payable	371	81
Provision for bonuses	366	199
Other	125	346
Total current liabilities	<u>6,894</u>	<u>6,813</u>
Non-current liabilities		
Long-term loans payable	1,050	900
Provision for environmental measures	11	8
Provision for assets removal	25	25
Net defined benefit liability	1,705	1,693
Other	565	559
Total non-current liabilities	<u>3,356</u>	<u>3,186</u>
Total liabilities	<u>10,250</u>	<u>10,000</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	13,496	13,569
Treasury stock	(5,463)	(5,463)
Total shareholders' equity	<u>38,723</u>	<u>38,796</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,758	1,663
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	127	89
Remeasurements of defined benefit plans	(39)	(35)
Total accumulated other comprehensive income	<u>1,847</u>	<u>1,717</u>
Non-controlling interests	<u>1,383</u>	<u>1,358</u>
Total net assets	<u>41,954</u>	<u>41,873</u>
Total liabilities and net assets	<u>52,205</u>	<u>51,873</u>

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first quarter ended June 30, 2017 and 2018

	Unit : Millions of yen	
	April - June 2017	April - June 2018
Net sales	6,672	6,828
Cost of sales	5,092	5,479
Gross profit	1,580	1,349
Selling, general and administrative expenses	883	856
Operating income	696	493
Non-operating income		
Interest income	14	15
Dividends income	9	14
Equity in earnings of affiliates	3	—
Other	15	17
Total non-operating income	42	47
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	—	10
Other	5	21
Total non-operating expenses	7	32
Ordinary income	731	508
Extraordinary income		
Gain on insurance adjustment	9	—
Other	0	0
Total extraordinary income	9	0
Extraordinary loss		
Loss on disposal of non-current assets	5	2
Other	—	0
Total extraordinary losses	5	2
Income before income taxes	736	505
Income taxes-current	107	46
Income taxes-deferred	111	80
Total income taxes	219	127
Profit	516	378
Profit attributable to non-controlling interests	22	27
Profit attributable to owners of parent	494	351

Consolidated Statements of comprehensive income

For the first quarter ended June 30, 2017 and 2018

	Unit : Millions of yen	
	April - June 2017	April - June 2018
Profit	516	378
Other comprehensive income		
Valuation difference on available-for-sale securities	172	(94)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(0)	(62)
Remeasurements of defined benefit plans, net of tax	6	3
Share of other comprehensive income of associates accounted for using equity method	0	—
Total other comprehensive income	179	(153)
Comprehensive income	696	224
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	674	221
Comprehensive income attributable to non-controlling interests	21	3