

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and June 30, 2017

	Unit : Millions of yen	
	March 31, 2017	June 30, 2017
Assets		
Current assets		
Cash and deposits	9,758	9,208
Notes and accounts receivable-trade	6,857	7,161
Short-term investment securities	2,101	1,700
Merchandise and finished goods	1,515	1,517
Work in process	532	618
Raw materials and supplies	916	980
Other	398	313
Allowance for doubtful accounts	(0)	—
Total current assets	22,079	21,499
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,665	21,683
Accumulated depreciation and impairment loss	(15,520)	(15,609)
Buildings and structures, net	6,144	6,073
Machinery, equipment and vehicles	29,628	29,653
Accumulated depreciation and impairment loss	(26,619)	(26,738)
Machinery, equipment and vehicles, net	3,009	2,915
Land	7,969	7,969
Lease assets	138	138
Accumulated depreciation and impairment loss	(84)	(89)
Lease assets, net	53	48
Construction in progress	397	669
Other	2,799	2,811
Accumulated depreciation and impairment loss	(2,399)	(2,413)
Other, net	399	398
Total property, plant and equipment	17,974	18,074
Intangible assets	34	34
Investments and other assets		
Investment securities	9,871	10,193
Other	1,334	1,272
Allowance for doubtful accounts	(78)	(78)
Total investments and other assets	11,127	11,388
Total non-current assets	29,136	29,496
Total assets	51,216	50,996

	Unit : Millions of yen	
	March 31, 2017	June 30, 2017
Liabilities		
Current liabilities		
Accounts payable-trade	3,103	3,512
Current portion of long-term loans payable	654	600
Accounts payable-other	1,866	1,540
Income taxes payable	646	140
Provision for bonuses	362	197
Other	123	358
Total current liabilities	<u>6,758</u>	<u>6,348</u>
Non-current liabilities		
Long-term loans payable	1,650	1,500
Provision for environmental measures	35	35
Provision for assets removal	21	21
Net defined benefit liability	1,711	1,705
Other	586	579
Total non-current liabilities	<u>4,005</u>	<u>3,841</u>
Total liabilities	<u>10,763</u>	<u>10,189</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	12,469	12,686
Treasury stock	(5,454)	(5,454)
Total shareholders' equity	<u>37,705</u>	<u>37,921</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,531	1,705
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	25	25
Remeasurements of defined benefit plans	(61)	(55)
Total accumulated other comprehensive income	<u>1,495</u>	<u>1,675</u>
Non-controlling interests	<u>1,251</u>	<u>1,209</u>
Total net assets	<u>40,452</u>	<u>40,806</u>
Total liabilities and net assets	<u>51,216</u>	<u>50,996</u>

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first quarter ended June 30, 2016 and 2017

	Unit : Millions of yen	
	April - June 2016	April - June 2017
Net sales	6,384	6,672
Cost of sales	4,808	5,092
Gross profit	1,576	1,580
Selling, general and administrative expenses	874	883
Operating income	701	696
Non-operating income		
Interest income	15	14
Dividends income	5	9
Equity in earnings of affiliates	1	3
Other	10	15
Total non-operating income	33	42
Non-operating expenses		
Interest expenses	6	2
Foreign exchange losses	42	—
Other	7	5
Total non-operating expenses	56	7
Ordinary income	679	731
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on insurance adjustment	0	9
Settlement received	43	—
Total extraordinary income	43	9
Extraordinary loss		
Loss on disposal of non-current assets	4	5
Other	0	—
Total extraordinary losses	5	5
Income before income taxes	717	736
Income taxes-current	109	107
Income taxes-deferred	59	111
Total income taxes	169	219
Profit	548	516
Profit attributable to non-controlling interests	44	22
Profit attributable to owners of parent	503	494

Consolidated Statements of comprehensive income

For the first quarter ended June 30, 2016 and 2017

	Unit : Millions of yen	
	April - June 2016	April - June 2017
Profit	548	516
Other comprehensive income		
Valuation difference on available-for-sale securities	(283)	172
Deferred gains or losses on hedges	Δ0	0
Foreign currency translation adjustment	(176)	0
Remeasurements of defined benefit plans, net of tax	5	6
Share of other comprehensive income of associates accounted for using equity method	(3)	0
Total other comprehensive income	(457)	179
Comprehensive income	91	696
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	115	674
Comprehensive income attributable to non-controlling interests	(24)	21