

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and September 30, 2017

	Unit : Millions of yen	
	March 31, 2017	September 30, 2017
Assets		
Current assets		
Cash and deposits	9,758	8,789
Notes and accounts receivable-trade	6,857	7,553
Short-term investment securities	2,101	1,601
Merchandise and finished goods	1,515	1,601
Work in process	532	677
Raw materials and supplies	916	989
Other	398	407
Allowance for doubtful accounts	(0)	—
Total current assets	22,079	21,619
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,665	21,750
Accumulated depreciation and impairment loss	(15,520)	(15,695)
Buildings and structures, net	6,144	6,054
Machinery, equipment and vehicles	29,628	29,703
Accumulated depreciation and impairment loss	(26,619)	(26,897)
Machinery, equipment and vehicles, net	3,009	2,806
Land	7,969	7,969
Lease assets	138	111
Accumulated depreciation and impairment loss	(84)	(61)
Lease assets, net	53	50
Construction in progress	397	938
Other	2,799	2,856
Accumulated depreciation and impairment loss	(2,399)	(2,422)
Other, net	399	433
Total property, plant and equipment	17,974	18,254
Intangible assets	34	32
Investments and other assets		
Investment securities	9,871	10,619
Other	1,334	1,248
Allowance for doubtful accounts	(78)	(78)
Total investments and other assets	11,127	11,790
Total non-current assets	29,136	30,076
Total assets	51,216	51,696

	Unit : Millions of yen	
	March 31, 2017	September 30, 2017
Liabilities		
Current liabilities		
Accounts payable-trade	3,103	3,602
Current portion of long-term loans payable	654	600
Accounts payable-other	1,866	1,411
Income taxes payable	646	350
Provision for bonuses	362	383
Other	123	179
Total current liabilities	<u>6,758</u>	<u>6,528</u>
Non-current liabilities		
Long-term loans payable	1,650	1,350
Provision for environmental measures	35	11
Provision for assets removal	21	21
Net defined benefit liability	1,711	1,696
Other	586	634
Total non-current liabilities	<u>4,005</u>	<u>3,713</u>
Total liabilities	<u>10,763</u>	<u>10,241</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	12,469	13,174
Treasury stock	(5,454)	(5,495)
Total shareholders' equity	<u>37,705</u>	<u>38,368</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,531	1,851
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	25	39
Remeasurements of defined benefit plans	(61)	(48)
Total accumulated other comprehensive income	<u>1,495</u>	<u>1,843</u>
Non-controlling interests	<u>1,251</u>	<u>1,242</u>
Total net assets	<u>40,452</u>	<u>41,454</u>
Total liabilities and net assets	<u>51,216</u>	<u>51,696</u>

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first half ended September 30, 2016 and 2017

	Unit : Millions of yen	
	April - September 2016	April - September 2017
Net sales	12,599	13,052
Cost of sales	9,513	10,022
Gross profit	3,085	3,029
Selling, general and administrative expenses	1,752	1,785
Operating income	1,332	1,244
Non-operating income		
Interest income	31	28
Dividends income	48	57
Equity in earnings of affiliates	7	12
Reversal of provision for environmental measures	—	23
Other	24	29
Total non-operating income	112	152
Non-operating expenses		
Interest expenses	9	3
Foreign exchange losses	46	—
Other	15	11
Total non-operating expenses	70	14
Ordinary income	1,374	1,381
Extraordinary income		
Gain on insurance adjustment	0	9
Settlement received	43	—
Other	0	0
Total extraordinary income	43	10
Extraordinary loss		
Loss on disposal of non-current assets	25	13
Other	0	—
Total extraordinary losses	26	13
Income before income taxes	1,391	1,378
Income taxes-current	327	317
Income taxes-deferred	(24)	32
Total income taxes	303	350
Profit	1,087	1,028
Profit attributable to non-controlling interests	85	46
Profit attributable to owners of parent	1,002	982

Consolidated Statements of comprehensive income

For the first half ended September 30, 2016 and 2017

	Unit : Millions of yen	
	April - September 2016	April - September 2017
Profit	1,087	1,028
Other comprehensive income		
Valuation difference on available-for-sale securities	96	324
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(416)	23
Remeasurements of defined benefit plans, net of tax	13	13
Share of other comprehensive income of associates accounted for using equity method	(1)	(4)
Total other comprehensive income	(308)	357
Comprehensive income	779	1,385
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	859	1,330
Comprehensive income attributable to non-controlling interests	(79)	55