

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and December 31, 2018

Unit : Millions of yen

	March 31, 2018	December 31, 2018
Assets		
Current assets		
Cash and deposits	7,693	5,504
Notes and accounts receivable-trade	8,115	8,366
Short-term investment securities	2,000	1,900
Merchandise and finished goods	1,831	2,158
Work in process	595	773
Raw materials and supplies	1,214	1,326
Other	216	377
Allowance for doubtful accounts	(0)	(0)
Total current assets	21,667	20,406
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,172	22,200
Accumulated depreciation and impairment loss	(15,898)	(16,169)
Buildings and structures, net	6,273	6,031
Machinery, equipment and vehicles	30,707	30,886
Accumulated depreciation and impairment loss	(27,453)	(27,652)
Machinery, equipment and vehicles, net	3,253	3,234
Land	7,969	7,969
Lease assets	111	111
Accumulated depreciation and impairment loss	(71)	(82)
Lease assets, net	40	29
Construction in progress	343	1,452
Other	2,908	2,986
Accumulated depreciation and impairment loss	(2,492)	(2,575)
Other, net	416	410
Total property, plant and equipment	18,297	19,127
Intangible assets		
Goodwill	—	666
Other	31	45
Total intangible assets	31	711
Investments and other assets		
Investment securities	10,990	9,823
Other	1,296	1,501
Allowance for doubtful accounts	(77)	(76)
Total investments and other assets	12,209	11,248
Total non-current assets	30,537	31,088
Total assets	52,205	51,494

Unit : Millions of yen

	March 31, 2018	December 31, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	3,944	4,135
Current portion of long-term loans payable	600	600
Accounts payable-other	1,485	1,768
Income taxes payable	371	12
Provision for bonuses	366	192
Other	125	215
Total current liabilities	<u>6,894</u>	<u>6,924</u>
Non-current liabilities		
Long-term loans payable	1,050	600
Provision for environmental measures	11	7
Provision for assets removal	25	25
Net defined benefit liability	1,705	1,693
Other	565	553
Total non-current liabilities	<u>3,356</u>	<u>2,880</u>
Total liabilities	<u>10,250</u>	<u>9,804</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	13,496	13,988
Treasury stock	(5,463)	(5,473)
Total shareholders' equity	<u>38,723</u>	<u>39,206</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,758	904
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	127	149
Remeasurements of defined benefit plans	(39)	(28)
Total accumulated other comprehensive income	<u>1,847</u>	<u>1,026</u>
Non-controlling interests	<u>1,383</u>	<u>1,457</u>
Total net assets	<u>41,954</u>	<u>41,690</u>
Total liabilities and net assets	<u>52,205</u>	<u>51,494</u>

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first three quarters ended December 31, 2017 and 2018

	Unit : Millions of yen	
	April - December 2017	April - December 2018
Net sales	19,707	20,889
Cost of sales	15,044	16,808
Gross profit	4,663	4,080
Selling, general and administrative expenses	2,684	2,688
Operating income	1,978	1,391
Non-operating income		
Interest income	41	44
Dividends income	59	67
Equity in earnings of affiliates	17	—
Other	76	49
Total non-operating income	195	161
Non-operating expenses		
Interest expenses	4	3
Other	13	39
Total non-operating expenses	18	42
Ordinary income	2,154	1,510
Extraordinary income		
Other	105	2
Total extraordinary income	105	2
Extraordinary loss		
Loss on disposal of non-current assets	24	40
Other	3	0
Total extraordinary losses	27	40
Income before income taxes	2,231	1,472
Income taxes-current	487	251
Income taxes-deferred	230	85
Total income taxes	718	336
Profit	1,513	1,135
Profit attributable to non-controlling interests	86	88
Profit attributable to owners of parent	1,427	1,047

Consolidated Statements of comprehensive income

For the first three quarters ended December 31, 2017 and 2018

	Unit : Millions of yen	
	April - December 2017	April - December 2018
Profit	1,513	1,135
Other comprehensive income		
Valuation difference on available-for-sale securities	687	(853)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	109	35
Remeasurements of defined benefit plans, net of tax	20	10
Share of other comprehensive income of associates accounted for using equity method	(4)	—
Total other comprehensive income	813	(807)
Comprehensive income	2,327	328
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,197	226
Comprehensive income attributable to non-controlling interests	130	102