

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31, 2012 and 2013

	Unit : Millions of yen	
	March 31, 2012	March 31, 2013
Assets		
Current assets		
Cash and deposits	3,989	4,616
Notes and accounts receivable-trade	7,128	7,670
Short-term investment securities	1,508	584
Merchandise and finished goods	1,955	2,135
Work in process	23	20
Raw materials and supplies	723	956
Deferred tax assets	238	203
Other	290	352
Allowance for doubtful accounts	(0)	(0)
Total current assets	15,856	16,539
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,989	20,163
Accumulated depreciation and impairment loss	(13,262)	(13,692)
Buildings and structures, net	6,727	6,470
Machinery, equipment and vehicles	25,142	25,783
Accumulated depreciation and impairment loss	(21,665)	(22,370)
Machinery, equipment and vehicles, net	3,477	3,412
Land	7,651	7,646
Lease assets	48	59
Accumulated depreciation	(22)	(33)
Lease assets, net	26	26
Construction in progress	346	780
Other	2,428	2,494
Accumulated depreciation and impairment loss	(2,165)	(2,217)
Other, net	263	276
Total property, plant and equipment	18,491	18,612
Intangible assets	105	24
Investments and other assets		
Investment securities	7,216	7,575
Deferred tax assets	1	1
Other	752	1,154
Allowance for doubtful accounts	(84)	(83)
Total investments and other assets	7,884	8,648
Total non-current assets	26,482	27,285
Total assets	42,339	43,825

		Unit : Millions of yen	
		March 31, 2012	March 31, 2013
Liabilities			
Current liabilities			
Accounts payable-trade	3,023	3,309	
Current portion of long-term loans payable	1,244	259	
Accounts payable-other	996	968	
Income taxes payable	59	134	
Provision for bonuses	214	195	
Provision for surcharge	—	83	
Other	75	86	
Total current liabilities	5,613	5,037	
Non-current liabilities			
Long-term loans payable	525	759	
Deferred tax liabilities	137	324	
Provision for retirement benefits	1,003	981	
Provision for environmental measures	16	16	
Negative goodwill	5	—	
Other	461	451	
Total non-current liabilities	2,149	2,533	
Total liabilities	7,762	7,571	
Net assets			
Shareholders' equity			
Capital stock	5,000	5,000	
Capital surplus	25,689	25,689	
Retained earnings	8,020	8,686	
Treasury stock	(4,713)	(4,716)	
Total shareholders' equity	33,996	34,660	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	241	714	
Foreign currency translation adjustment	(406)	(173)	
Total accumulated other comprehensive income	(165)	540	
Minority interests	745	1,053	
Total net assets	34,576	36,254	
Total liabilities and net assets	42,339	43,825	

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

For the fiscal year ended March 31, 2012 and 2013

	Unit : Millions of yen	
	April 2011 - March 2012	April 2012 - March 2013
Net sales	24,070	24,907
Cost of sales	20,156	20,320
Gross profit	3,914	4,587
Selling, general and administrative expenses	2,954	3,059
Operating income	959	1,527
Non-operating income		
Interest income	115	105
Dividends income	66	69
Amortization of negative goodwill	19	5
Equity in earnings of affiliates	10	0
Foreign exchange gains	2	35
Other	74	48
Total non-operating income	289	265
Non-operating expenses		
Interest expenses	26	17
Taxes and dues	0	5
Commission fee	41	—
Other	5	18
Total non-operating expenses	74	41
Ordinary income	1,174	1,751
Extraordinary income		
Gain on sales of investment securities	—	24
Gain on liquidation of subsidiaries	—	7
Surrender value of insurance	3	—
Other	11	2
Total extraordinary income	15	34
Extraordinary loss		
Loss on disposal of non-current assets	19	65
Loss on valuation of investment securities	41	214
Loss on valuation of membership	4	15
Provision for surcharge	—	83
Total extraordinary losses	64	378
Income before income taxes	1,125	1,407
Income taxes-current	60	140
Income taxes-deferred	(68)	34
Total income taxes	(8)	175
Income before minority interests	1,133	1,231
Minority interests in income	76	129
Net income	1,057	1,101

Consolidated Statements of comprehensive income

For the fiscal year ended March 31, 2012 and 2013

	Unit : Millions of yen	
	April 2011 - March 2012	April 2012 - March 2013
Income before minority interests	1,133	1,231
Other comprehensive income		
Valuation difference on available-for-sale securities	22	472
Foreign currency translation adjustment	(195)	365
Share of other comprehensive income of associates accounted for using equity method	0	11
Total other comprehensive income	(173)	849
Comprehensive income	960	2,081
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	961	1,807
Comprehensive income attributable to minority interests	(1)	273

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2012 and 2013

	Unit : Millions of yen	
	April 2011 - March 2012	April 2012 - March 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of the period	5,000	5,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	5,000	5,000
Capital surplus		
Balance at the beginning of the period	25,689	25,689
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	25,689	25,689
Retained earnings		
Balance at the beginning of the period	7,394	8,020
Changes of items during the period		
Dividends from surplus	(431)	(431)
Net income	1,057	1,101
Change of scope of equity method	—	(4)
Total changes of items during the period	625	666
Balance at the end of the period	8,020	8,686
Treasury stock		
Balance at the beginning of the period	(4,709)	(4,713)
Changes of items during the period		
Purchase of treasury stock	(3)	(3)
Total changes of items during the period	(3)	(3)
Balance at the end of the period	(4,713)	(4,716)
Total shareholders' equity		
Balance at the beginning of the period	33,374	33,996
Changes of items during the period		
Dividends from surplus	(431)	(431)
Net income	1,057	1,101
Change of scope of equity method	—	(4)
Purchase of treasury stock	(3)	(3)
Total changes of items during the period	622	663
Balance at the end of the period	33,996	34,660
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	219	241
Changes of items during the period		
Net changes of items other than shareholders' equity	22	472
Total changes of items during the period	22	472
Balance at the end of the period	241	714
Foreign currency translation adjustment		
Balance at the beginning of the period	(289)	(406)
Changes of items during the period		
Net changes of items other than shareholders' equity	(117)	232
Total changes of items during the period	(117)	232
Balance at the end of the period	(406)	(173)
Minority interests		
Balance at the beginning of the period	807	745
Changes of items during the period		
Net changes of items other than shareholders' equity	(62)	308
Total changes of items during the period	(62)	308
Balance at the end of the period	745	1,053

Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2012 and 2013

	Unit : Millions of yen	
	April 2011 - March 2012	April 2012 - March 2013
Net cash provided by (used in) operating activities		
Income before income taxes	1,125	1,407
Depreciation and amortization	2,088	1,678
Amortization of negative goodwill	(19)	(5)
Increase (decrease) in provision for retirement benefits	3	(22)
Interest and dividends income	(182)	(175)
Interest expenses	26	17
Loss (gain) on valuation of investment securities	41	214
Decrease (increase) in notes and accounts receivable-trade	(781)	(425)
Decrease (increase) in inventories	(333)	(343)
Increase (decrease) in notes and accounts payable-trade	(63)	274
Other, net	9	(214)
Subtotal	1,913	2,405
Interest and dividends income received	178	164
Interest expenses paid	(28)	(12)
Income taxes paid	(105)	(100)
Net cash provided by (used in) operating activities	1,958	2,455
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	—	(255)
Proceeds from redemption of securities	690	1,500
Purchase of property, plant and equipment	(800)	(1,614)
Purchase of investment securities	(401)	(902)
Proceeds from sales and redemption of investment securities	701	453
Other, net	0	31
Net cash provided by (used in) investing activities	190	(787)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	—	520
Repayment of long-term loans payable	(1,252)	(1,270)
Proceeds from stock issuance to minority shareholders	—	93
Net decrease (increase) in treasury stock	(1)	(1)
Cash dividends paid	(429)	(429)
Cash dividends paid to minority shareholders	(60)	(58)
Other, net	—	0
Net cash provided by (used in) financing activities	(1,744)	(1,146)
Effect of exchange rate change on cash and cash equivalents	(39)	44
Net increase (decrease) in cash and cash equivalents	365	566
Cash and cash equivalents at beginning of period	3,625	3,991
Cash and cash equivalents at end of period	3,991	4,557