# Gun Ei Chemical Industry Co., Ltd.

# **Consolidated Financial Statements**

## **Consolidated balance sheets**

As of March 31 and September 30, 2014

	Unit : Millions of yen	
	March 31, 2014	September 30, 2014
Assets		
Current assets		
Cash and deposits	6,795	6,324
Notes and accounts receivable-trade	7,322	7,954
Short-term investment securities	508	1,008
Merchandise and finished goods	2,179	2,186
Work in process	55	67
Raw materials and supplies	1,015	985
Other	477	513
Allowance for doubtful accounts	(0)	(0)
Total current assets	18,353	19,041
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,436	21,017
Accumulated depreciation and impairment loss	(13,969)	(14,608)
Buildings and structures, net	6,466	6,408
Machinery, equipment and vehicles	26,871	27,856
Accumulated depreciation and impairment loss	(23,258)	(24,524)
Machinery, equipment and vehicles, net	3,613	3,332
Land	7,646	7,969
Lease assets	102	96
Accumulated depreciation	(25)	(31)
Lease assets, net	77	64
Construction in progress	15	90
Other	2,583	2,626
Accumulated depreciation and impairment loss	(2,254)	(2,284)
Other, net	328	342
Total property, plant and equipment	18,148	18,208
Intangible assets	19	17
Investments and other assets		
Investment securities	7,619	7,775
Other	915	1,100
Allowance for doubtful accounts	(82)	(81)
Total investments and other assets	8,452	8,795
Total non-current assets	26,620	27,021
Total assets	44,974	46,062

	Unit : Millions of yen	
	March 31, 2014	September 30, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	3,484	3,795
Current portion of long-term loans payable	259	259
Accounts payable-other	807	679
Income taxes payable	189	245
Provision for bonuses	208	301
Other	84	265
Total current liabilities	5,033	5,546
Non-current liabilities		
Long-term loans payable	499	369
Provision for environmental measures	16	22
Provision for assets removal	_	26
Net defined benefit liability	1,064	1,179
Other	866	566
Total non-current liabilities	2,446	2,164
Total liabilities	7,480	7,710
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	9,416	10,156
Treasury stock	(4,726)	(4,728)
Total shareholders' equity	35,379	36,117
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	863	1,131
Foreign currency translation adjustment	104	40
Remeasurements of defined benefit plans	(77)	(42)
Total accumulated other comprehensive income	890	1,129
Minority interests	1,223	1,105
Total net assets	37,493	38,351
Total liabilities and net assets	44,974	46,062
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#### Consolidated Statements of income and statements of comprehensive income

## **Consolidated Statements of income**

For the first half ended September 30, 2013 and 2014

April - September 2013April - September 2014Net sales13,38113,970Cost of sales11,10511,666Gross profit2,2762,304Selling, general and administrative expenses1,5551,639Operating income720665Non-operating income3833Dividends income3833Dividends income3837Equity in earnings of affiliates—6Foreign exchange gains—23Other4628Total non-operating income122129Non-operating expenses13Interest expenses413Foreign exchange losses13—Equity in losses of affiliates2—Other53Total non-operating expenses2616Ordinary income817778Extraordinary income—16Extraordinary income—16Extraordinary loss65Income taxes - 065Income taxes - 6655Income taxes - 76(191)Income taxes - 76(191)Income taxes74Non-operating vinceme38Direction - 2534Other5Direction - 2616Other-Straordinary losse-Other-Disposal of non-current assets-Otal extraordinary losses-		Unit : Millions of yen	
Net sales13,38113,970Cost of sales11,10511,666Gross profit2,2762,304Selling, general and administrative expenses1,5551,639Operating income720665Non-operating income3833Dividends income3833Equity in earnings of affiliates—6Foreign exchange gains—23Other4628Total non-operating income122129Non-operating expenses13—Interest expenses413Foreign exchange losses13—Equity in losses of affiliates2—Other53Total non-operating expenses16Ordinary income817778Extraordinary income—16Extraordinary income—16Extraordinary losses65Total extraordinary losses65Income before income taxes810788Income taxes-current102251Income taxes76(191)Income before minority interests734980		April - September	April - September
$\begin{array}{c c} \mbox{Cost of sales} & 11,105 & 11,666 \\ \hline \mbox{Gross profit} & 2,276 & 2,304 \\ \hline \mbox{Selling, general and administrative expenses} & 1,555 & 1,639 \\ \hline \mbox{Operating income} & 720 & 665 \\ \hline \mbox{Non-operating income} & 38 & 33 \\ \hline \mbox{Dividends income} & 38 & 33 \\ \hline \mbox{Dividends income} & 38 & 33 \\ \hline \mbox{Dividends income} & 38 & 37 \\ \hline \mbox{Equity in earnings of affiliates} & - & 66 \\ \hline \mbox{Foreign exchange gains} & - & 23 \\ \hline \mbox{Other} & 46 & 28 \\ \hline \mbox{Total non-operating income} & 122 & 129 \\ \hline \mbox{Non-operating expenses} & 4 & 13 \\ \hline \mbox{Foreign exchange losses} & 13 & - \\ \hline \mbox{Equity in losses of affiliates} & 2 & - \\ \hline \mbox{Other} & 5 & 3 \\ \hline \mbox{Total non-operating expenses} & 26 & 16 \\ \hline \mbox{Ordinary income} & 817 & 778 \\ \hline \mbox{Extraordinary income} & - & 16 \\ \hline \mbox{Extraordinary income} & - & 16 \\ \hline \mbox{Extraordinary losses} & 6 & 5 \\ \hline \mbox{Total extraordinary losses} & 6 & 5 \\ \hline \mbox{Income taxes} & 6 & 5 \\ \hline \mbox{Income taxes} & 6 & 5 \\ \hline \mbox{Income taxes} & - & 00 \\ \hline \mbox{Gain non sales of non-current assets} & 6 & 5 \\ \hline \mbox{Income taxes} & 6 & 5 \\ \hline \mbox{Income taxes} & 76 & (191) \\ \hline \mbox{Income taxes} & 76 & (191) \\ \hline \mbox{Income taxes} & 734 & 980 \\ \hline \end{tabular}$		2013	2014
Gross profit $2,276$ $2,304$ Selling, general and administrative expenses $1,555$ $1,639$ Operating income $720$ $665$ Non-operating income $38$ $33$ Dividends income $38$ $37$ Equity in earnings of affiliates $ 6$ Foreign exchange gains $ 23$ Other $46$ $28$ Total non-operating income $122$ $129$ Non-operating expenses $4$ $13$ Foreign exchange losses $13$ $-$ Equity in losses of affiliates $2$ $-$ Other $5$ $3$ Total non-operating expenses $16$ Interest expenses $4$ $13$ Foreign exchange losses $13$ $-$ Equity in losses of affiliates $2$ $-$ Other $5$ $3$ Total non-operating expenses $26$ $16$ Ordinary income $817$ $778$ Extraordinary income $ 0$ Gain on sales of non-current assets $ 0$ Gain on insurace adjustment $ 16$ Total extraordinary income $ 16$ Extraordinary losses $6$ $5$ Income before income taxes $810$ $788$ Income taxes-deferred $(25)$ $(442)$ Total income taxes $76$ $(191)$ Income before minority interests $734$ $980$	Net sales	13,381	13,970
Selling, general and administrative expenses $1,555$ $1,639$ Operating income720665Non-operating income3833Dividends income3837Equity in earnings of affiliates-6Foreign exchange gains-23Other4628Total non-operating income122129Non-operating expenses1-Interest expenses413Foreign exchange losses13-Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income817778Extraordinary income-16Gain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss65Income before income taxes810788Income taxes-current102251Income taxes76(191)Income before minority interests734980	Cost of sales	11,105	11,666
Operating income720665Non-operating income3833Interest income3833Dividends income3837Equity in earnings of affiliates—6Foreign exchange gains—23Other4628Total non-operating income122129Non-operating expenses413Interest expenses413Foreign exchange losses13—Equity in losses of affiliates2—Other53Total non-operating expenses2616Ordinary income817778Extraordinary income—16Cain on sales of non-current assets—0Gain on sales of non-current assets65Total extraordinary loss65Loss on disposal of non-current assets65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Gross profit	2,276	2,304
Non-operating income3833Interest income3833Dividends income3837Equity in earnings of affiliates—6Foreign exchange gains—23Other4628Total non-operating income122129Non-operating expenses13—Interest expenses413Foreign exchange losses13—Equity in losses of affiliates2—Other53Total non-operating expenses2616Ordinary income817778Extraordinary income—16Gain on sales of non-current assets—0Gain on insurance adjustment—16Total extraordinary losse65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Selling, general and administrative expenses	1,555	1,639
Interest income3833Dividends income3837Equity in earnings of affiliates-6Foreign exchange gains-23Other4628Total non-operating income122129Non-operating expenses413Interest expenses413Foreign exchange losses13-Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income817778Extraordinary income-16Cain on sales of non-current assets-0Gain on sales of non-current assets65Total extraordinary income-16Extraordinary loss65Loss on disposal of non-current assets65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Operating income	720	665
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Non-operating income		
Equity in earnings of affiliates-6Foreign exchange gains-23Other4628Total non-operating income122129Non-operating expenses413Interest expenses413Foreign exchange losses13-Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income817778Extraordinary income817778Extraordinary income-16Total extraordinary income-16Extraordinary loss65Income before income taxes810788Income taxes-current102251Income taxes76(191)Income before minority interests734980	Interest income	38	33
Foreign exchange gains-23Other4628Total non-operating income122129Non-operating expenses13-Interest expenses413Foreign exchange losses13-Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income817778Extraordinary income-0Gain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss65Income before income taxes810788Income taxes-current102251Income taxes76(191)Income before minority interests734980	Dividends income	38	37
Other4628Total non-operating income122129Non-operating expenses413Foreign exchange losses13-Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income817778Extraordinary income817778Cain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss65Loss on disposal of non-current assets65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Equity in earnings of affiliates	—	6
Total non-operating income122129Non-operating expenses413Interest expenses413Foreign exchange losses13-Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income817778Extraordinary income817778Extraordinary income-0Gain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss65Loss on disposal of non-current assets65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Foreign exchange gains	—	23
Non-operating expensesInterest expenses4Interest expenses4Foreign exchange losses13Equity in losses of affiliates2Other5Total non-operating expenses26Ordinary income817Gain on sales of non-current assets-Gain on insurance adjustment-Total extraordinary income-Gain on insurance adjustment-Total extraordinary income-Extraordinary loss6Loss on disposal of non-current assets655Income before income taxes810Income taxes-current1022511000Income taxes76(191)Income before minority interests734980	Other	46	28
Interest expenses413Foreign exchange losses13-Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income $817$ $778$ Extraordinary income $6$ 16Gain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss65Loss on disposal of non-current assets65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Total non-operating income	122	129
Foreign exchange losses13-Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income $817$ $778$ Extraordinary income $817$ $778$ Gain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss65Loss on disposal of non-current assets65Income before income taxes810 $788$ Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes $76$ (191)Income before minority interests $734$ $980$	Non-operating expenses		
Equity in losses of affiliates2-Other53Total non-operating expenses2616Ordinary income817778Extraordinary income817778Gain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss-16Extraordinary loss-5Loss on disposal of non-current assets65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Interest expenses	4	13
Other53Total non-operating expenses $26$ $16$ Ordinary income $817$ $778$ Extraordinary income $817$ $778$ Gain on sales of non-current assets $ 0$ Gain on insurance adjustment $ 16$ Total extraordinary income $ 16$ Extraordinary loss $ 16$ Extraordinary loss $6$ $5$ Income before income taxes $6$ $5$ Income taxes-current $102$ $251$ Income taxes-deferred $(25)$ $(442)$ Total income taxes $76$ $(191)$ Income before minority interests $734$ $980$	Foreign exchange losses	13	—
Total non-operating expenses2616Ordinary income817778Extraordinary income0Gain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss65Loss on disposal of non-current assets65Income before income taxes810788Income taxes-current102251Income taxes76(191)Income before minority interests734980	Equity in losses of affiliates	2	—
Ordinary income817778Extraordinary income0Gain on sales of non-current assets—0Gain on insurance adjustment—16Total extraordinary income—16Extraordinary loss—16Loss on disposal of non-current assets65Total extraordinary losses65Income before income taxes810788Income taxes-current102251Income taxes.deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Other	5	3
Extraordinary income0Gain on sales of non-current assets-0Gain on insurance adjustment-16Total extraordinary income-16Extraordinary loss65Loss on disposal of non-current assets65Total extraordinary losses65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Total non-operating expenses	26	16
Gain on sales of non-current assets0Gain on insurance adjustment16Total extraordinary income16Extraordinary loss16Loss on disposal of non-current assets65Total extraordinary losses65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Ordinary income	817	778
Gain on insurance adjustment—16Total extraordinary income—16Extraordinary loss—16Loss on disposal of non-current assets65Total extraordinary losses65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Extraordinary income		
Total extraordinary income—16Extraordinary lossLoss on disposal of non-current assets65Total extraordinary losses65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Gain on sales of non-current assets	—	0
Extraordinary loss6Loss on disposal of non-current assets6Total extraordinary losses6Income before income taxes810Income taxes-current102102251Income taxes-deferred(25)(442)76Total income taxes734980	Gain on insurance adjustment	_	16
Loss on disposal of non-current assets65Total extraordinary losses65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Total extraordinary income		16
Total extraordinary losses65Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Extraordinary loss		
Income before income taxes810788Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Loss on disposal of non-current assets	6	5
Income taxes-current102251Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Total extraordinary losses	6	5
Income taxes-deferred(25)(442)Total income taxes76(191)Income before minority interests734980	Income before income taxes	810	788
Total income taxes76Income before minority interests734	Income taxes-current	102	251
Income before minority interests 734 980	Income taxes-deferred	(25)	(442)
	Total income taxes	76	(191)
	Income before minority interests	734	980
Minority interests in income (loss) 55 (8)	Minority interests in income (loss)	55	(8)
Net income 679 988	Net income	679	988

# Consolidated Statements of comprehensive income

For the first half ended September 30, 2013 and 2014

		Unit : Millions of yen
	April - September 2013	April - September 2014
Income before minority interests	734	980
Other comprehensive income		
Valuation difference on available-for-sale securities	266	266
Foreign currency translation adjustment	361	(93)
Remeasurements of defined benefit plans, net of tax	—	35
Share of other comprehensive income of associates accounted for using equity method	19	(7)
Total other comprehensive income	647	200
Comprehensive income	1,382	1,180
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,181	1,227
Comprehensive income attributable to minority interests	200	(46)