# Gun Ei Chemical Industry Co., Ltd.

# **Consolidated Financial Statements**

### **Consolidated balance sheets**

As of March 31 and December 31, 2014

Assets         March 31, 2014         December 31, 2014           Current assets           Cash and deposits         6,795         6,582           Notes and accounts receivable-trade         7,322         8,441           Short-term investment securities         508         1,308           Merchandise and finished goods         2,179         2,368           Work in process         55         67           Raw materials and supplies         1,015         1,029           Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         18,353         20,238           Non-current assets         20,436         21,049           Accumulated deprice attion and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969		Unit: Millions of yen	
Current assets         6,795         6,582           Notes and accounts receivable-trade         7,322         8,441           Short-term investment securities         508         1,308           Merchandise and finished goods         2,179         2,368           Work in process         55         67           Raw materials and supplies         1,015         1,029           Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59 <tr< th=""><th></th><th></th><th></th></tr<>			
Cash and deposits         6,795         6,582           Notes and accounts receivable-trade         7,322         8,441           Short-term investment securities         508         1,308           Merchandise and finished goods         2,179         2,368           Work in process         55         67           Raw materials and supplies         1,015         1,029           Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         18,353         20,238           Non-current assets         20,436         21,049           Accumulated depireciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,946         7,964           Accumulated depreciation         (25)         (36)           Lease assets         102			
Notes and accounts receivable-trade         7,322         8,441           Short-term investment securities         508         1,308           Merchandise and finished goods         2,179         2,368           Work in process         55         67           Raw materials and supplies         1,015         1,029           Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191		( 705	( 502
Short-term investment securities         508         1,308           Merchandise and finished goods         2,179         2,368           Work in process         55         67           Raw materials and supplies         1,015         1,029           Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         18,353         20,238           Non-current assets         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191	•	•	•
Merchandise and finished goods         2,179         2,368           Work in process         55         67           Raw materials and supplies         1,015         1,029           Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         20,436         21,049           Property, plant and equipment         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Accumulated depreciation and vehicles, net         3,613         3,239           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309		•	•
Work in process         55         67           Raw materials and supplies         1,015         1,029           Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         8         18,353         20,238           Non-current assets         20,436         21,049           Property, plant and equipment         30,000         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           O			•
Raw materials and supplies         1,015         1,029           Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         18,353         20,238           Non-current assets         20,436         21,049           Property, plant and equipment         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           Other, net         328         351		•	•
Other         477         442           Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         20,436         21,049           Property, plant and equipment         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           Other, net         328         351           Total property, plant and equipment         18,148         18,156      <			
Allowance for doubtful accounts         (0)         (0)           Total current assets         18,353         20,238           Non-current assets         20,436         21,049           Property, plant and equipment         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           Other, net         328         351           Total property, plant and equipment         18,148         18,156           Investments and other assets         19         16	**	•	•
Total current assets         18,353         20,238           Non-current assets         20,436         21,049           Property, plant and equipment         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           Other, net         328         351           Total property, plant and equipment         18,148         18,156           Investments and other assets         19         16           Investments and other assets         7,619         7,90			
Non-current assets           Property, plant and equipment         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           Other, net         328         351           Total property, plant and equipment         18,148         18,156           Investments and other assets         19         16           Investments and other assets         7,619         7,900           Other         915         1,094           Allowance for dou		(0)	(0)
Property, plant and equipment         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           Other, net         328         351           Total property, plant and equipment         18,148         18,156           Investments and other assets         19         16           Investment securities         7,619         7,900           Other         915         1,094           Allowance for doubtful accounts         (82)         (81)	Total current assets	18,353	20,238
Buildings and structures         20,436         21,049           Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           Other, net         328         351           Total property, plant and equipment         18,148         18,156           Investments and other assets         19         16           Investment securities         7,619         7,900           Other         915         1,094           Allowance for doubtful accounts         (82)         (81)      <	Non-current assets		
Accumulated depreciation and impairment loss         (13,969)         (14,705)           Buildings and structures, net         6,466         6,343           Machinery, equipment and vehicles         26,871         28,009           Accumulated depreciation and impairment loss         (23,258)         (24,769)           Machinery, equipment and vehicles, net         3,613         3,239           Land         7,646         7,969           Lease assets         102         96           Accumulated depreciation         (25)         (36)           Lease assets, net         77         59           Construction in progress         15         191           Other         2,583         2,661           Accumulated depreciation and impairment loss         (2,254)         (2,309)           Other, net         328         351           Total property, plant and equipment         18,148         18,156           Investments and other assets         19         16           Investment securities         7,619         7,900           Other         915         1,094           Allowance for doubtful accounts         (82)         (81)           Total investments and other assets         8,452         8,913 <td>Property, plant and equipment</td> <td></td> <td></td>	Property, plant and equipment		
Buildings and structures, net       6,466       6,343         Machinery, equipment and vehicles       26,871       28,009         Accumulated depreciation and impairment loss       (23,258)       (24,769)         Machinery, equipment and vehicles, net       3,613       3,239         Land       7,646       7,969         Lease assets       102       96         Accumulated depreciation       (25)       (36)         Lease assets, net       77       59         Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Investments and other assets       19       16         Investments securities       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Buildings and structures	20,436	21,049
Machinery, equipment and vehicles       26,871       28,009         Accumulated depreciation and impairment loss       (23,258)       (24,769)         Machinery, equipment and vehicles, net       3,613       3,239         Land       7,646       7,969         Lease assets       102       96         Accumulated depreciation       (25)       (36)         Lease assets, net       77       59         Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Investments and other assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Accumulated depreciation and impairment loss	(13,969)	(14,705)
Accumulated depreciation and impairment loss       (23,258)       (24,769)         Machinery, equipment and vehicles, net       3,613       3,239         Land       7,646       7,969         Lease assets       102       96         Accumulated depreciation       (25)       (36)         Lease assets, net       77       59         Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Buildings and structures, net	6,466	6,343
Machinery, equipment and vehicles, net       3,613       3,239         Land       7,646       7,969         Lease assets       102       96         Accumulated depreciation       (25)       (36)         Lease assets, net       77       59         Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Investments and other assets       19       16         Investment securities       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Machinery, equipment and vehicles	26,871	28,009
Land       7,646       7,969         Lease assets       102       96         Accumulated depreciation       (25)       (36)         Lease assets, net       77       59         Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Investments and other assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Accumulated depreciation and impairment loss	(23,258)	(24,769)
Lease assets       102       96         Accumulated depreciation       (25)       (36)         Lease assets, net       77       59         Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Machinery, equipment and vehicles, net	3,613	3,239
Accumulated depreciation       (25)       (36)         Lease assets, net       77       59         Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Land	7,646	7,969
Lease assets, net       77       59         Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Lease assets	102	96
Construction in progress       15       191         Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Accumulated depreciation	(25)	(36)
Other       2,583       2,661         Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Lease assets, net	77	59
Accumulated depreciation and impairment loss       (2,254)       (2,309)         Other, net       328       351         Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Construction in progress	15	191
Other, net       328       351         Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Other	2,583	2,661
Total property, plant and equipment       18,148       18,156         Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Accumulated depreciation and impairment loss	(2,254)	(2,309)
Intangible assets       19       16         Investments and other assets       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Other, net	328	351
Investments and other assets         Investment securities       7,619       7,900         Other       915       1,094         Allowance for doubtful accounts       (82)       (81)         Total investments and other assets       8,452       8,913         Total non-current assets       26,620       27,086	Total property, plant and equipment	18,148	18,156
Investment securities         7,619         7,900           Other         915         1,094           Allowance for doubtful accounts         (82)         (81)           Total investments and other assets         8,452         8,913           Total non-current assets         26,620         27,086	Intangible assets	19	16
Other         915         1,094           Allowance for doubtful accounts         (82)         (81)           Total investments and other assets         8,452         8,913           Total non-current assets         26,620         27,086	Investments and other assets		
Allowance for doubtful accounts  Total investments and other assets  Total non-current assets  (82)  (81)  8,452  8,913  26,620  27,086	Investment securities	7,619	7,900
Total investments and other assets 8,452 8,913  Total non-current assets 26,620 27,086	Other	915	1,094
Total investments and other assets 8,452 8,913 Total non-current assets 26,620 27,086	Allowance for doubtful accounts	(82)	(81)
Total non-current assets 26,620 27,086	Total investments and other assets		
	Total non-current assets	26,620	
	Total assets	44,974	47,325

Unit: Millions of yen	
-----------------------	--

	March 31, 2014	December 31, 2014
Liabilities	2017	2014
Current liabilities		
Accounts payable-trade	3,484	4,202
Current portion of long-term loans payable	259	259
Accounts payable-other	807	749
Income taxes payable	189	274
Provision for bonuses	208	134
Other	84	291
Total current liabilities	5,033	5,912
Non-current liabilities		
Long-term loans payable	499	314
Provision for environmental measures	16	22
Provision for assets removal	_	21
Net defined benefit liability	1,064	1,147
Other	866	714
Total non-current liabilities	2,446	2,220
Total liabilities	7,480	8,132
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	9,416	10,486
Treasury stock	(4,726)	(4,730)
Total shareholders' equity	35,379	36,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	863	1,373
Foreign currency translation adjustment	104	202
Remeasurements of defined benefit plans	(77)	(39)
Total accumulated other comprehensive income	890	1,537
Minority interests	1,223	1,210
Total net assets	37,493	39,193
Total liabilities and net assets	44,974	47,325

# $\underline{\textbf{Consolidated Statements of income and statements of comprehensive income}}$

#### **Consolidated Statements of income**

For the first three quarters ended December 31, 2013 and 2014

	Unit: Millions of yen	
	April - December 2013	April - December 2014
Net sales	20,007	20,962
Cost of sales	16,571	17,355
Gross profit	3,436	3,607
Selling, general and administrative expenses	2,292	2,446
Operating income	1,143	1,160
Non-operating income		
Interest income	55	42
Dividends income	39	41
Equity in earnings of affiliates	_	8
Foreign exchange gains	0	59
Other	46	38
Total non-operating income	141	190
Non-operating expenses		
Interest expenses	5	14
Equity in losses of affiliates	0	_
Other	12	7
Total non-operating expenses	18	22
Ordinary income	1,266	1,329
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	_	253
Gain on insurance adjustment	6	18
Total extraordinary income	6	271
Extraordinary loss		
Loss on disposal of non-current assets	12	8
Loss on valuation of membership	0	_
Total extraordinary losses	12	8
Income before income taxes	1,260	1,592
Income taxes-current	153	395
Income taxes-deferred	50	(335)
Total income taxes	204	59
Income before minority interests	1,056	1,532
Minority interests in income (loss)	82	(1)
Net income	973	1,534

### **Consolidated Statements of comprehensive income**

For the first three quarters ended December 31, 2013 and 2014

		Unit: Millions of yen
	April - December 2013	April - December 2014
Income before minority interests	1,056	1,532
Other comprehensive income		
Valuation difference on available-for-sale securities	285	509
Foreign currency translation adjustment	321	154
Remeasurements of defined benefit plans, net of tax	_	38
Share of other comprehensive income of associates accounted for using equity method	18	3
Total other comprehensive income	624	706
Comprehensive income	1,681	2,239
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,470	2,180
Comprehensive income attributable to minority interests	210	58