# Gun Ei Chemical Industry Co., Ltd.

## **Consolidated Financial Statements**

### **Consolidated balance sheets**

As of March 31 and December 31, 2015

	Unit : Millions of yen	
	March 31, 2015	December 31, 2015
Assets		
Current assets		
Cash and deposits	7,524	10,812
Notes and accounts receivable-trade	7,842	7,205
Short-term investment securities	1,808	1,909
Merchandise and finished goods	2,333	2,248
Work in process	44	111
Raw materials and supplies	889	934
Other	479	502
Allowance for doubtful accounts	(0)	(0)
Total current assets	20,922	23,724
Non-current assets	_	
Property, plant and equipment		
Buildings and structures	21,228	21,226
Accumulated depreciation and impairment loss	(14,856)	(15,128)
Buildings and structures, net	6,371	6,097
Machinery, equipment and vehicles	28,650	28,625
Accumulated depreciation and impairment loss	(25,474)	(25,835)
Machinery, equipment and vehicles, net	3,176	2,790
Land	7,969	7,969
Lease assets	96	102
Accumulated depreciation and impairment loss	(49)	(62)
Lease assets, net	46	39
Construction in progress	24	65
Other	2,710	2,748
Accumulated depreciation and impairment loss	(2,364)	(2,399)
Other, net	346	349
Total property, plant and equipment	17,935	17,313
Intangible assets	15	17
Investments and other assets		
Investment securities	8,125	8,332
Other	1,100	1,166
Allowance for doubtful accounts	(81)	(80)
Total investments and other assets	9,144	9,418
Total non-current assets	27,096	26,748
Total assets	48,018	50,473

Unit: Millions of	f yen
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Liabilities           Current portion of long-term loans payable         4,070         3,468           Current portion of long-term loans payable         259         859           Accounts payable-other         1,244         1,330           Income taxes payable         4411         9           Provision for bonuses         288         137           Other         98         276           Total current liabilities         6,404         6,083           Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity         2,569         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income		March 31, 2015	December 31, 2015
Accounts payable-trade         4,070         3,468           Current portion of long-term loans payable         259         859           Accounts payable-other         1,244         1,330           Income taxes payable         441         9           Provision for bonuses         288         137           Other         98         276           Total current liabilities         6,404         6,083           Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         2,219         4,459           Net assets         Shareholders' equity         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         1,652         1,716           Deferr	Liabilities		
Current portion of long-term loans payable         259         859           Accounts payable-other         1,244         1,330           Income taxes payable         441         9           Provision for bonuses         288         137           Other         98         276           Total current liabilities         6,404         6,083           Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity         5,000         5,000           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive incom	Current liabilities		
Accounts payable-other         1,244         1,330           Income taxes payable         441         9           Provision for bonuses         288         137           Other         98         276           Total current liabilities         6,404         6,083           Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         S         25,689           Shareholders' equity         25,689         25,689           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716 <t< td=""><td>Accounts payable-trade</td><td>4,070</td><td>3,468</td></t<>	Accounts payable-trade	4,070	3,468
Income taxes payable         441         9           Provision for bonuses         288         137           Other         98         276           Total current liabilities         6,404         6,083           Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         2,219         4,459           Total liabilities         5,000         5,000           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,733)           Accumulated other comprehensive income         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans	Current portion of long-term loans payable	259	859
Provision for bonuses         288         137           Other         98         276           Total current liabilities         6,404         6,083           Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967	Accounts payable-other	1,244	1,330
Other         98         276           Total current liabilities         6,404         6,083           Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity         25,689         25,689           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plan	Income taxes payable	441	9
Total current liabilities         6,404         6,083           Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity         5,000         5,000           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967	Provision for bonuses	288	137
Non-current liabilities         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests	Other	98	276
Long-term loans payable         239         2,454           Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity         25,689         25,689           Capital stock         5,000         5,000         5,000           Capital surplus         25,689         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-co	Total current liabilities	6,404	6,083
Provision for environmental measures         22         18           Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity         5,000         5,000           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests         1,296         1,185	Non-current liabilities		
Provision for assets removal         21         22           Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Long-term loans payable	239	2,454
Net defined benefit liability         1,197         1,205           Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Provision for environmental measures	22	18
Other         738         758           Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Provision for assets removal	21	22
Total non-current liabilities         2,219         4,459           Total liabilities         8,623         10,542           Net assets         Shareholders' equity           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Net defined benefit liability	1,197	1,205
Total liabilities         8,623         10,542           Net assets         Shareholders' equity           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Other	738	758
Net assets           Shareholders' equity           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Total non-current liabilities	2,219	4,459
Shareholders' equity         5,000         5,000           Capital stock         5,000         5,000           Capital surplus         25,689         25,689           Retained earnings         10,173         11,034           Treasury stock         (4,733)         (4,738)           Total shareholders' equity         36,129         36,986           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         1,652         1,716           Deferred gains or losses on hedges         —         (0)           Foreign currency translation adjustment         375         90           Remeasurements of defined benefit plans         (60)         (47)           Total accumulated other comprehensive income         1,967         1,758           Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Total liabilities	8,623	10,542
Capital stock       5,000       5,000         Capital surplus       25,689       25,689         Retained earnings       10,173       11,034         Treasury stock       (4,733)       (4,738)         Total shareholders' equity       36,129       36,986         Accumulated other comprehensive income       Valuation difference on available-for-sale securities       1,652       1,716         Deferred gains or losses on hedges       —       (0)         Foreign currency translation adjustment       375       90         Remeasurements of defined benefit plans       (60)       (47)         Total accumulated other comprehensive income       1,967       1,758         Non-controlling interests       1,296       1,185         Total net assets       39,394       39,930	Net assets		
Capital surplus       25,689       25,689         Retained earnings       10,173       11,034         Treasury stock       (4,733)       (4,738)         Total shareholders' equity       36,129       36,986         Accumulated other comprehensive income       Valuation difference on available-for-sale securities       1,652       1,716         Deferred gains or losses on hedges       —       (0)         Foreign currency translation adjustment       375       90         Remeasurements of defined benefit plans       (60)       (47)         Total accumulated other comprehensive income       1,967       1,758         Non-controlling interests       1,296       1,185         Total net assets       39,394       39,930	Shareholders' equity		
Retained earnings       10,173       11,034         Treasury stock       (4,733)       (4,738)         Total shareholders' equity       36,129       36,986         Accumulated other comprehensive income	Capital stock	5,000	5,000
Treasury stock (4,733) (4,738) Total shareholders' equity 36,986  Accumulated other comprehensive income  Valuation difference on available-for-sale securities 1,652 1,716  Deferred gains or losses on hedges — (0)  Foreign currency translation adjustment 375 90  Remeasurements of defined benefit plans (60) (47)  Total accumulated other comprehensive income 1,967 1,758  Non-controlling interests 1,296 1,185  Total net assets 39,394 39,930	Capital surplus	25,689	25,689
Total shareholders' equity  Accumulated other comprehensive income  Valuation difference on available-for-sale securities  Deferred gains or losses on hedges  Foreign currency translation adjustment  Remeasurements of defined benefit plans  Total accumulated other comprehensive income  Non-controlling interests  Total net assets  36,129  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716  1,716	Retained earnings	10,173	11,034
Accumulated other comprehensive income  Valuation difference on available-for-sale securities  Deferred gains or losses on hedges  Foreign currency translation adjustment  Remeasurements of defined benefit plans  Total accumulated other comprehensive income  Non-controlling interests  Total net assets  1,296  1,185  1,296  1,185	Treasury stock	(4,733)	(4,738)
Valuation difference on available-for-sale securities1,6521,716Deferred gains or losses on hedges—(0)Foreign currency translation adjustment37590Remeasurements of defined benefit plans(60)(47)Total accumulated other comprehensive income1,9671,758Non-controlling interests1,2961,185Total net assets39,39439,930	Total shareholders' equity	36,129	36,986
Deferred gains or losses on hedges—(0)Foreign currency translation adjustment37590Remeasurements of defined benefit plans(60)(47)Total accumulated other comprehensive income1,9671,758Non-controlling interests1,2961,185Total net assets39,39439,930	Accumulated other comprehensive income		
Foreign currency translation adjustment 375 90 Remeasurements of defined benefit plans (60) (47) Total accumulated other comprehensive income 1,967 1,758 Non-controlling interests 1,296 1,185 Total net assets 39,394 39,930	Valuation difference on available-for-sale securities	1,652	1,716
Remeasurements of defined benefit plans(60)(47)Total accumulated other comprehensive income1,9671,758Non-controlling interests1,2961,185Total net assets39,39439,930	Deferred gains or losses on hedges	_	(0)
Total accumulated other comprehensive income1,9671,758Non-controlling interests1,2961,185Total net assets39,39439,930	Foreign currency translation adjustment	375	90
Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Remeasurements of defined benefit plans	(60)	(47)
Non-controlling interests         1,296         1,185           Total net assets         39,394         39,930	Total accumulated other comprehensive income	1,967	1,758
Total net assets 39,394 39,930		1,296	
		39,394	
	Total liabilities and net assets		50,473

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

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

For the first three quarters ended December 31, 2014 and 2015

		Unit: Millions of yen
	April - December 2014	April - December 2015
Net sales	20,962	19,485
Cost of sales	17,355	15,361
Gross profit	3,607	4,124
Selling, general and administrative expenses	2,446	2,459
Operating income	1,160	1,665
Non-operating income		
Interest income	42	40
Dividends income	41	51
Equity in earnings of affiliates	8	6
Foreign exchange gains	59	_
Other	38	50
Total non-operating income	190	149
Non-operating expenses		
Interest expenses	14	11
Foreign exchange losses	_	55
Other	7	22
Total non-operating expenses	22	90
Ordinary income	1,329	1,724
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	253	68
Gain on insurance adjustment	18	0
Gain on redemption of memberships rights	_	10
Total extraordinary income	271	78
Extraordinary loss		
Loss on disposal of non-current assets	8	17
Provision for environmental measures	_	9
Provision for assets removal	_	2
Total extraordinary losses	8	28
Income before income taxes	1,592	1,773
Income taxes-current	395	253
Income taxes-deferred	(335)	156
Total income taxes	59	409
Profit	1,532	1,363
Profit (loss) attributable to non-controlling interests	(1)	71
Profit attributable to owners of parent	1,534	1,292

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

For the first three quarters ended December 31, 2014 and 2015

		Unit: Millions of yen
	April - December 2014	April - December 2015
Profit	1,532	1,363
Other comprehensive income		
Valuation difference on available-for-sale securities	509	61
Deferred gains or losses on hedges	_	(0)
Foreign currency translation adjustment	154	(396)
Remeasurements of defined benefit plans, net of tax	38	12
Share of other comprehensive income of associates accounted for using equity method	3	(43)
Total other comprehensive income	706	(365)
Comprehensive income	2,239	998
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,180	1,083
Comprehensive income attributable to non-controlling interests	58	(85)