Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and December 31, 2017

	Unit: Millions of yen	
	March 31, 2017	December 31, 2017
Assets		
Current assets	0.750	0.724
Cash and deposits	9,758	8,526
Notes and accounts receivable-trade	6,857	7,782
Short-term investment securities	2,101	1,500
Merchandise and finished goods	1,515	1,781
Work in process	532	661
Raw materials and supplies	916	1,126
Other	398	327
Allowance for doubtful accounts	(0)	(0)
Total current assets	22,079	21,703
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,665	22,084
Accumulated depreciation and impairment loss	(15,520)	(15,780)
Buildings and structures, net	6,144	6,304
Machinery, equipment and vehicles	29,628	30,279
Accumulated depreciation and impairment loss	(26,619)	(27,049)
Machinery, equipment and vehicles, net	3,009	3,230
Land	7,969	7,969
Lease assets	138	111
Accumulated depreciation and impairment loss	(84)	(66)
Lease assets, net	53	45
Construction in progress	397	155
Other	2,799	2,889
Accumulated depreciation and impairment loss	(2,399)	(2,454)
Other, net	399	435
Total property, plant and equipment	17,974	18,139
Intangible assets	34	31
Investments and other assets		
Investment securities	9,871	11,428
Other	1,334	1,242
Allowance for doubtful accounts	(78)	(77)
Total investments and other assets	11,127	12,593
Total non-current assets	29,136	30,764
Total assets	51,216	52,467
10(41 4550)5	31,210	J2, 4 07

	March 31, 2017	December 31, 2017
Liabilities		
Current liabilities		
Accounts payable-trade	3,103	3,971
Current portion of long-term loans payable	654	600
Accounts payable-other	1,866	1,323
Income taxes payable	646	115
Provision for bonuses	362	216
Other	123	233
Total current liabilities	6,758	6,460
Non-current liabilities		<u> </u>
Long-term loans payable	1,650	1,200
Provision for environmental measures	35	11
Provision for assets removal	21	25
Net defined benefit liability	1,711	1,698
Other	586	921
Total non-current liabilities	4,005	3,856
Total liabilities	10,763	10,317
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,690
Retained earnings	12,469	13,339
Treasury stock	(5,454)	(5,462)
Total shareholders' equity	37,705	38,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,531	2,215
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	25	91
Remeasurements of defined benefit plans	(61)	(41)
Total accumulated other comprehensive income	1,495	2,265
Non-controlling interests	1,251	1,317
Total net assets	40,452	42,150
Total liabilities and net assets	51,216	52,467

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first three quarters ended December 31, 2016 and 2017

Net sales April - December 2016 April - December 2017 Net sales 19,154 19,707 Cost of sales 14,283 15,044 Gross profit 4,871 4,663 Selling, general and administrative expenses 2,648 2,684 Operating income 2,223 1,978 Non-operating income 47 41 Intrest income 47 41 Dividends income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures - 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 9 4 Gain on sales of investment securities 0 9 Gain on insurance adjustment 0 9		Unit: Millions of yen	
Net sales 19,154 19,707 Cost of sales 14,283 15,044 Gross profit 4,871 4,663 Selling, general and administrative expenses 2,648 2,684 Operating income 2,223 1,978 Non-operating income 47 41 Dividends income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures - 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 9 4 Gain on sales of investment securities 0 9 Gain on insurance adjustment 0 9 Settlement received 128 - Other 0 0 Total extraordinary income <th></th> <th>April - December</th> <th>April - December</th>		April - December	April - December
Cost of sales 14,283 15,044 Gross profit 4,871 4,663 Selling, general and administrative expenses 2,648 2,684 Operating income 3,223 1,978 Non-operating income 47 41 Interest income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures - 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 2,348 2,154 Extraordinary income 128 - Gain on sales of investment securities 0 9 Gain on insurance adjustment 0 9 Other 0 0 0 Other 0 0 0 <t< td=""><td></td><td></td><td></td></t<>			
Gross profit 4,871 4,663 Selling, general and administrative expenses 2,648 2,684 Operating income 3,223 1,978 Non-operating income 47 41 Interest income 47 41 Dividends income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures - 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 4 Other 27 13 4 Other 23,48 2,154 2,154 Extraordinary income 2,348 2,154 2,154 Extraordinary income 2,348 2,154 2,24 Extraordinary income 128 - 0 Gain on sales of investment securities 0 9 9 Settlement received 128 - 0			
Selling, general and administrative expenses 2,648 2,684 Operating income 2,223 1,978 Non-operating income 47 41 Dividends income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures — 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 39 18 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 94 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision	Cost of sales	14,283	15,044
Operating income 2,223 1,978 Non-operating income 47 41 Dividends income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures — 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Interest expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 2,348 2,154 Extraordinary income 0 9 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal — — Other 0 —	Gross profit	4,871	4,663
Non-operating income 47 41 Dividends income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures — 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 111 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal — — Other 0 — Total extraordinary losses 35	Selling, general and administrative expenses	2,648	2,684
Interest income 47 41 Dividends income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures - 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 9 Gain on sales of investment securities 0 9 Settlement received 128 - Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 </td <td>Operating income</td> <td>2,223</td> <td>1,978</td>	Operating income	2,223	1,978
Dividends income 50 59 Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures — 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary losse 35 24 Provision for assets removal — — Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-deferred 18<	Non-operating income		
Equity in earnings of affiliates 12 17 Reversal of provision for environmental measures — 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 9 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-deferred 18 230 Total income taxes 59	Interest income	47	41
Reversal of provision for environmental measures — 23 Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes deferred 18 230 Total income taxes 591	Dividends income	50	59
Other 55 53 Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 - Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes deferred 18 230 Total income taxes 591 718 Profit attributable to non-controlling interests 122	Equity in earnings of affiliates	12	17
Total non-operating income 165 195 Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 - Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 1	Reversal of provision for environmental measures	_	23
Non-operating expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 - Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Other	55	53
Interest expenses 11 4 Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income 0 94 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 - Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Total non-operating income	165	195
Other 27 13 Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 - Other 0 0 Total extraordinary income 129 105 Extraordinary loss Loss on disposal of non-current assets 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Non-operating expenses		
Total non-operating expenses 39 18 Ordinary income 2,348 2,154 Extraordinary income	Interest expenses	11	4
Ordinary income 2,348 2,154 Extraordinary income 94 Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Other	27	13
Extraordinary income Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Total non-operating expenses	39	18
Gain on sales of investment securities 0 94 Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss 35 24 Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Ordinary income	2,348	2,154
Gain on insurance adjustment 0 9 Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss Loss on disposal of non-current assets 35 24 Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Extraordinary income		
Settlement received 128 — Other 0 0 Total extraordinary income 129 105 Extraordinary loss Loss on disposal of non-current assets 35 24 Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Gain on sales of investment securities	0	94
Other 0 0 Total extraordinary income 129 105 Extraordinary loss Loss on disposal of non-current assets 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Gain on insurance adjustment	0	9
Total extraordinary income 129 105 Extraordinary loss Loss on disposal of non-current assets 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Settlement received	128	_
Extraordinary loss 35 24 Provision for assets removal - 3 Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Other	0	0
Loss on disposal of non-current assets 35 24 Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Total extraordinary income	129	105
Provision for assets removal — 3 Other 0 — Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Extraordinary loss		
Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Loss on disposal of non-current assets	35	24
Other 0 - Total extraordinary losses 35 27 Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Provision for assets removal	_	3
Income before income taxes 2,441 2,231 Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Other	0	_
Income taxes-current 573 487 Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Total extraordinary losses	35	27
Income taxes-deferred 18 230 Total income taxes 591 718 Profit 1,850 1,513 Profit attributable to non-controlling interests 122 86	Income before income taxes	2,441	2,231
Total income taxes591718Profit1,8501,513Profit attributable to non-controlling interests12286	Income taxes-current	573	487
Profit1,8501,513Profit attributable to non-controlling interests12286	Income taxes-deferred	18	230
Profit attributable to non-controlling interests 122 86	Total income taxes	591	718
Profit attributable to non-controlling interests 122 86	Profit	1,850	
			-
	Profit attributable to owners of parent	1,728	1,427

Consolidated Statements of comprehensive income

For the first three quarters ended December 31, 2016 and 2017

		Unit: Millions of yen
	April - December	April - December
	2016	2017
Profit	1,850	1,513
Other comprehensive income		
Valuation difference on available-for-sale securities	774	687
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(451)	109
Remeasurements of defined benefit plans, net of tax	20	20
Share of other comprehensive income of associates accounted for using equity method	(0)	(4)
Total other comprehensive income	342	813
Comprehensive income	2,193	2,327
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,250	2,197
Comprehensive income attributable to non-controlling interests	(57)	130