

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and September 30, 2018

Unit : Millions of yen

	March 31, 2018	September 30, 2018
Assets		
Current assets		
Cash and deposits	7,693	5,875
Notes and accounts receivable-trade	8,115	8,135
Short-term investment securities	2,000	1,900
Merchandise and finished goods	1,831	1,832
Work in process	595	823
Raw materials and supplies	1,214	1,261
Other	216	265
Allowance for doubtful accounts	(0)	(0)
Total current assets	21,667	20,094
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,172	22,168
Accumulated depreciation and impairment loss	(15,898)	(16,072)
Buildings and structures, net	6,273	6,096
Machinery, equipment and vehicles	30,707	30,760
Accumulated depreciation and impairment loss	(27,453)	(27,584)
Machinery, equipment and vehicles, net	3,253	3,175
Land	7,969	7,969
Lease assets	111	111
Accumulated depreciation and impairment loss	(71)	(80)
Lease assets, net	40	31
Construction in progress	343	1,074
Other	2,908	2,934
Accumulated depreciation and impairment loss	(2,492)	(2,535)
Other, net	416	398
Total property, plant and equipment	18,297	18,745
Intangible assets		
Goodwill	—	703
Other	31	40
Total intangible assets	31	743
Investments and other assets		
Investment securities	10,990	10,974
Other	1,296	1,303
Allowance for doubtful accounts	(77)	(76)
Total investments and other assets	12,209	12,201
Total non-current assets	30,537	31,689
Total assets	52,205	51,784

Unit : Millions of yen

	March 31, 2018	September 30, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	3,944	3,727
Current portion of long-term loans payable	600	600
Accounts payable-other	1,485	1,468
Income taxes payable	371	251
Provision for bonuses	366	385
Other	125	143
Total current liabilities	<u>6,894</u>	<u>6,578</u>
Non-current liabilities		
Long-term loans payable	1,050	750
Provision for environmental measures	11	7
Provision for assets removal	25	25
Net defined benefit liability	1,705	1,685
Other	565	556
Total non-current liabilities	<u>3,356</u>	<u>3,025</u>
Total liabilities	<u>10,250</u>	<u>9,603</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	13,496	13,922
Treasury stock	(5,463)	(5,472)
Total shareholders' equity	<u>38,723</u>	<u>39,140</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,758	1,671
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	127	39
Remeasurements of defined benefit plans	(39)	(31)
Total accumulated other comprehensive income	<u>1,847</u>	<u>1,679</u>
Non-controlling interests	<u>1,383</u>	<u>1,361</u>
Total net assets	<u>41,954</u>	<u>42,180</u>
Total liabilities and net assets	<u>52,205</u>	<u>51,784</u>

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first half ended September 30, 2017 and 2018

	Unit : Millions of yen	
	April - September 2017	April - September 2018
Net sales	13,052	13,730
Cost of sales	10,022	11,056
Gross profit	3,029	2,673
Selling, general and administrative expenses	1,785	1,767
Operating income	1,244	906
Non-operating income		
Interest income	28	30
Dividends income	57	66
Equity in earnings of affiliates	12	—
Other	53	40
Total non-operating income	152	137
Non-operating expenses		
Interest expenses	3	2
Other	11	34
Total non-operating expenses	14	36
Ordinary income	1,381	1,007
Extraordinary income		
Gain on insurance adjustment	9	—
Other	0	1
Total extraordinary income	10	1
Extraordinary loss		
Loss on disposal of non-current assets	13	30
Other	—	0
Total extraordinary losses	13	30
Income before income taxes	1,378	978
Income taxes-current	317	211
Income taxes-deferred	32	3
Total income taxes	350	214
Profit	1,028	764
Profit attributable to non-controlling interests	46	60
Profit attributable to owners of parent	982	703

Consolidated Statements of comprehensive income

For the first half ended September 30, 2017 and 2018

	Unit : Millions of yen	
	April - September 2017	April - September 2018
Profit	1,028	764
Other comprehensive income		
Valuation difference on available-for-sale securities	324	(86)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	23	(144)
Remeasurements of defined benefit plans, net of tax	13	7
Share of other comprehensive income of associates accounted for using equity method	(4)	—
Total other comprehensive income	357	(223)
Comprehensive income	1,385	540
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,330	534
Comprehensive income attributable to non-controlling interests	55	5