

# Gun Ei Chemical Industry Co., Ltd.

## Consolidated Financial Statements

### Consolidated balance sheets

As of March 31, 2018 and 2019

Unit : Millions of yen

	March 31, 2018	March 31, 2019
Assets		
Current assets		
Cash and deposits	7,693	5,475
Notes and accounts receivable-trade	8,115	8,418
Short-term investment securities	2,000	1,900
Merchandise and finished goods	1,831	2,179
Work in process	595	596
Raw materials and supplies	1,214	1,165
Other	216	309
Allowance for doubtful accounts	(0)	(0)
Total current assets	21,667	20,044
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,172	22,418
Accumulated depreciation and impairment loss	(15,898)	(16,244)
Buildings and structures, net	6,273	6,174
Machinery, equipment and vehicles	30,707	31,644
Accumulated depreciation and impairment loss	(27,453)	(27,848)
Machinery, equipment and vehicles, net	3,253	3,796
Land	7,969	7,969
Lease assets	111	111
Accumulated depreciation and impairment loss	(71)	(84)
Lease assets, net	40	27
Construction in progress	343	783
Other	2,908	2,956
Accumulated depreciation and impairment loss	(2,492)	(2,521)
Other, net	416	434
Total property, plant and equipment	18,297	19,185
Intangible assets		
Goodwill	—	629
Other	31	50
Total intangible assets	31	679
Investments and other assets		
Investment securities	10,990	9,655
Deferred tax assets	68	363
Other	1,228	1,196
Allowance for doubtful accounts	(77)	(76)
Total investments and other assets	12,209	11,139
Total non-current assets	30,537	31,004
Total assets	52,205	51,048

Unit : Millions of yen

	March 31, 2018	March 31, 2019
Liabilities		
Current liabilities		
Accounts payable-trade	3,944	3,915
Current portion of long-term loans payable	600	600
Accounts payable-other	1,485	1,485
Income taxes payable	371	98
Provision for bonuses	366	305
Other	125	123
Total current liabilities	<u>6,894</u>	<u>6,528</u>
Non-current liabilities		
Long-term loans payable	1,050	450
Deferred tax liabilities	96	96
Provision for environmental measures	11	7
Provision for assets removal	25	24
Net defined benefit liability	1,705	1,741
Other	469	454
Total non-current liabilities	<u>3,356</u>	<u>2,774</u>
Total liabilities	<u>10,250</u>	<u>9,302</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	13,496	14,118
Treasury shares	(5,463)	(5,474)
Total shareholders' equity	<u>38,723</u>	<u>39,334</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,758	915
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	127	86
Remeasurements of defined benefit plans	(39)	(53)
Total accumulated other comprehensive income	<u>1,847</u>	<u>948</u>
Non-controlling interests	1,383	1,463
Total net assets	<u>41,954</u>	<u>41,746</u>
Total liabilities and net assets	<u>52,205</u>	<u>51,048</u>

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

For the fiscal year ended March 31, 2018 and 2019

	Unit : Millions of yen	
	April 2017 - March 2018	April 2018 - March 2019
Net sales	26,393	27,636
Cost of sales	20,311	22,393
Gross profit	6,081	5,242
Selling, general and administrative expenses	3,621	3,627
Operating income	2,459	1,614
Non-operating income		
Interest income	55	58
Dividends income	114	134
Equity in earnings of affiliates	17	—
Other	86	83
Total non-operating income	273	276
Non-operating expenses		
Interest expenses	6	4
Litigation expenses	4	36
Other	13	14
Total non-operating expenses	24	55
Ordinary income	2,708	1,836
Extraordinary income		
Other	107	3
Total extraordinary income	107	3
Extraordinary loss		
Impairment loss	229	99
Loss on disposal of non-current assets	38	71
Other	4	0
Total extraordinary losses	272	170
Income before income taxes	2,543	1,668
Income taxes-current	720	384
Income taxes-deferred	127	8
Total income taxes	847	393
Profit	1,695	1,275
Profit attributable to non-controlling interests	112	98
Profit attributable to owners of parent	1,583	1,176

## Consolidated Statements of comprehensive income

For the fiscal year ended March 31, 2018 and 2019

	Unit : Millions of yen	
	April 2017 - March 2018	April 2018 - March 2019
Profit	1,695	1,275
Other comprehensive income		
Valuation difference on available-for-sale securities	231	(842)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	170	(66)
Remeasurements of defined benefit plans, net of tax	22	(14)
Share of other comprehensive income of associates accounted for using equity method	(4)	—
Total other comprehensive income	420	(923)
Comprehensive income	2,116	351
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,935	277
Comprehensive income attributable to non-controlling interests	180	73

**Consolidated Statements of Changes in Net Assets**

For the fiscal year ended March 31, 2018

(Unit : Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at the beginning of the period	5,000	25,689	12,469	(5,454)	37,705
Changes of items during the period					
Dividends of surplus			(555)		(555)
Profit attributable to owners of parent			1,583		1,583
Change of scope of equity method			(2)	33	31
Purchase of treasury shares				(43)	(43)
Disposal of treasury shares		0		0	0
Total changes of items during the period	—	0	1,026	(9)	1,017
Balance at the end of the period	5,000	25,690	13,496	(5,463)	38,723

	Accumulated other comprehensive income				Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
Balance at the beginning of the period	1,531	(0)	25	(61)	1,251
Changes of items during the period					
Net changes of items other than shareholders' equity	226	0	102	22	132
Total changes of items during the period	226	0	102	22	132
Balance at the end of the period	1,758	(0)	127	(39)	1,383

For the fiscal year ended March 31, 2019

(Unit : Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at the beginning of the period	5,000	25,690	13,496	(5,463)	38,723
Changes of items during the period					
Dividends from surplus			(554)		(554)
Profit attributable to owners of parent			1,176		1,176
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares		0		0	0
Total changes of items during the period	—	0	622	(10)	611
Balance at the end of the period	5,000	25,690	14,118	(5,474)	39,334

	Accumulated other comprehensive income				Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
Balance at the beginning of the period	1,758	(0)	127	(39)	1,383
Changes of items during the period					
Net changes of items other than shareholders' equity	(842)	0	(41)	(14)	79
Total changes of items during the period	(842)	0	(41)	(14)	79
Balance at the end of the period	915	(0)	86	(53)	1,463

## Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2018 and 2019

Unit : Millions of yen

	April 2017 - March 2018	April 2018 - March 2019
Net cash provided by (used in) operating activities		
Income before income taxes	2,543	1,668
Depreciation	1,303	1,435
Impairment loss	229	99
Amortization of goodwill	—	111
Increase (decrease) in net defined benefit liability	(8)	36
Interest and dividends income	(169)	(193)
Interest expenses	6	4
Decrease (increase) in notes and accounts receivable-trade	(1,198)	(314)
Decrease (increase) in inventories	(650)	(57)
Increase (decrease) in notes and accounts payable - trade	828	(26)
Other, net	(328)	(77)
Subtotal	<u>2,555</u>	<u>2,685</u>
Interest and dividends income received	174	188
Interest expenses paid	(7)	(4)
Income taxes paid	(949)	(641)
Net cash provided by (used in) operating activities	<u>1,773</u>	<u>2,227</u>
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(1,900)	3,500
Purchase of securities	(1,000)	(1,299)
Proceeds from redemption of securities	1,800	1,200
Purchase of property, plant and equipment	(1,993)	(2,566)
Purchase of investment securities	(1,409)	(905)
Proceeds from sales and redemption of investment securities	551	801
Payments for transfer of business	—	(987)
Other, net	(7)	3
Net cash provided by (used in) investing activities	<u>(3,959)</u>	<u>(254)</u>
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(654)	(600)
Proceeds from share issuance to non-controlling shareholders	24	84
Net decrease (increase) in treasury shares	(42)	(10)
Cash dividends paid	(553)	(552)
Dividends paid to non-controlling interests	(72)	(78)
Net cash provided by (used in) financing activities	<u>(1,300)</u>	<u>(1,157)</u>
Effect of exchange rate change on cash and cash equivalents	21	(33)
Net increase (decrease) in cash and cash equivalents	<u>(3,464)</u>	<u>781</u>
Cash and cash equivalents at beginning of period	<u>8,243</u>	<u>4,778</u>
Cash and cash equivalents at end of period	<u>4,778</u>	<u>5,560</u>