

# Gun Ei Chemical Industry Co., Ltd.

## Consolidated Financial Statements

### Consolidated balance sheets

As of June 30 and March 31, 2008

	Unit : Millions of yen	
	June 30, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	3,714	3,798
Notes and accounts receivable-trade	7,203	6,998
Short-term investment securities	3,007	4,804
Merchandise	56	28
Finished goods	1,501	1,358
Semi-finished goods	422	314
Raw materials	588	531
Work in process	43	126
Supplies	56	66
Other	329	274
Allowance for doubtful accounts	(0)	(1)
Total current assets	16,923	18,301
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,994	18,926
Accumulated depreciation	(12,996)	(12,932)
Buildings and structures, net	5,998	5,994
Machinery, equipment and vehicles	23,780	23,602
Accumulated depreciation	(20,000)	(19,920)
Machinery, equipment and vehicles, net	3,780	3,682
Land	7,634	7,634
Construction in progress	3,435	2,388
Other	2,348	2,359
Accumulated depreciation	(1,926)	(1,899)
Other, net	422	459
Total property, plant and equipment	21,271	20,159
Intangible assets	317	323
Investments and other assets		
Investment securities	14,247	14,166
Other	989	979
Allowance for doubtful accounts	(176)	(172)
Allowance for investment loss	(204)	(204)
Total investments and other assets	14,855	14,769
Total non-current assets	36,444	35,252
Total assets	53,367	53,553

		Unit : Millions of yen	
		June 30, 2008	March 31, 2008
Liabilities			
Current liabilities			
Notes and accounts payable-trade		3,761	3,401
Short-term loans payable		2,000	2,000
Current portion of long-term loans payable		2,049	2,049
Income taxes payable		62	127
Provision for bonuses		83	168
Provision for directors' bonuses		7	10
Other		3,537	3,275
Total current liabilities		11,501	11,032
Non-current liabilities			
Long-term loans payable		3,875	4,175
Provision for retirement benefits		1,032	1,077
Provision for directors' retirement benefits		—	37
Provision for environmental measures		6	6
Negative goodwill		97	103
Other		967	886
Total non-current liabilities		5,978	6,287
Total liabilities		17,479	17,320
Net assets			
Shareholders' equity			
Capital stock		5,000	5,000
Capital surplus		26,197	26,416
Retained earnings		7,506	7,289
Treasury stock		(4,509)	(4,508)
Total shareholders' equity		34,195	34,197
Valuation and translation adjustments			
Valuation difference on available-for-sale securities		921	842
Deferred gains or losses on hedges		(5)	(4)
Foreign currency translation adjustment		(65)	186
Total valuation and translation adjustments		849	1,024
Minority interests		842	1,011
Total net assets		35,887	36,233
Total liabilities and net assets		53,367	53,553

**Consolidated Statements of income**

For the first quarter ended June 30, 2008

	Unit : Millions of yen
	April - June 2008
Net sales	6,273
Cost of sales	5,201
Gross profit	1,071
Selling, general and administrative expenses	776
Operating income	294
Non-operating income	
Interest income	42
Dividends income	14
Amortization of negative goodwill	6
Equity in earnings of affiliates	2
Other	8
Total non-operating income	75
Non-operating expenses	
Interest expenses	23
Foreign exchange losses	21
Other	11
Total non-operating expenses	56
Ordinary income	312
Extraordinary income	
Gain on bad debts recovered	20
Reversal of allowance for doubtful accounts	0
Total extraordinary income	20
Extraordinary loss	
Loss on disposal of non-current assets	7
Directors' retirement benefits	3
Total extraordinary losses	10
Income before income taxes	322
Income taxes-current	39
Income taxes-deferred	22
Total income taxes	62
Minority interests in income	42
Net income	217