

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of September 30 and March 31, 2008

	Unit : Millions of yen	
	September 30, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	4,574	3,798
Notes and accounts receivable-trade	7,051	6,998
Short-term investment securities	1,506	4,804
Merchandise	45	28
Finished goods	1,499	1,358
Semi-finished goods	377	314
Raw materials	695	531
Work in process	38	126
Supplies	65	66
Other	400	274
Allowance for doubtful accounts	(1)	(1)
Total current assets	16,252	18,301
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,401	18,926
Accumulated depreciation	(13,071)	(12,932)
Buildings and structures, net	6,329	5,994
Machinery, equipment and vehicles	24,027	23,602
Accumulated depreciation	(20,186)	(19,920)
Machinery, equipment and vehicles, net	3,841	3,682
Land	7,634	7,634
Construction in progress	2,824	2,388
Other	2,409	2,359
Accumulated depreciation	(1,958)	(1,899)
Other, net	450	459
Total property, plant and equipment	21,079	20,159
Intangible assets	375	323
Investments and other assets		
Investment securities	12,541	14,166
Other	931	979
Allowance for doubtful accounts	(174)	(172)
Allowance for investment loss	(204)	(204)
Total investments and other assets	13,093	14,769
Total non-current assets	34,549	35,252
Total assets	50,801	53,553

		Unit : Millions of yen	
		September 30, 2008	March 31, 2008
Liabilities			
Current liabilities			
Notes and accounts payable-trade		3,621	3,401
Short-term loans payable		2,000	2,000
Current portion of long-term loans payable		2,049	2,049
Income taxes payable		81	127
Provision for bonuses		137	168
Provision for directors' bonuses		15	10
Other		2,422	3,275
Total current liabilities		10,328	11,032
Non-current liabilities			
Long-term loans payable		3,150	4,175
Provision for retirement benefits		994	1,077
Provision for directors' retirement benefits		—	37
Provision for environmental measures		6	6
Negative goodwill		90	103
Other		629	886
Total non-current liabilities		4,871	6,287
Total liabilities		15,199	17,320
Net assets			
Shareholders' equity			
Capital stock		5,000	5,000
Capital surplus		26,197	26,416
Retained earnings		7,669	7,289
Treasury stock		(4,511)	(4,508)
Total shareholders' equity		34,355	34,197
Valuation and translation adjustments			
Valuation difference on available-for-sale securities		442	842
Deferred gains or losses on hedges		(3)	(4)
Foreign currency translation adjustment		(75)	186
Total valuation and translation adjustments		364	1,024
Minority interests		882	1,011
Total net assets		35,602	36,233
Total liabilities and net assets		50,801	53,553

Consolidated Statements of income

For the first half ended September 30, 2008

	Unit : Millions of yen
	April - September
	2008
Net sales	12,430
Cost of sales	10,415
Gross profit	2,015
Selling, general and administrative expenses	1,579
Operating income	435
Non-operating income	
Interest income	88
Dividends income	41
Amortization of negative goodwill	13
Equity in earnings of affiliates	8
Other	40
Total non-operating income	190
Non-operating expenses	
Interest expenses	46
Foreign exchange losses	19
Other	20
Total non-operating expenses	86
Ordinary income	539
Extraordinary income	
Gain on bad debts recovered	25
Reversal of allowance for doubtful accounts	0
Total extraordinary income	26
Extraordinary loss	
Loss on disposal of non-current assets	24
Loss on sales of investment securities	2
Directors' retirement benefits	3
Total extraordinary losses	31
Income before income taxes	535
Income taxes-current	65
Income taxes-deferred	1
Total income taxes	66
Minority interests in income	89
Net income	379