

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of December 31 and March 31, 2008

	Unit : Millions of yen	
	December 31, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	3,883	3,798
Notes and accounts receivable-trade	7,133	6,998
Short-term investment securities	2,383	4,804
Merchandise	35	28
Finished goods	1,526	1,358
Semi-finished goods	472	314
Raw materials	570	531
Work in process	6	126
Supplies	65	66
Other	739	274
Allowance for doubtful accounts	(1)	(1)
Total current assets	16,813	18,301
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,661	18,926
Accumulated depreciation	(11,823)	(12,932)
Buildings and structures, net	7,838	5,994
Machinery, equipment and vehicles	23,038	23,602
Accumulated depreciation	(18,115)	(19,920)
Machinery, equipment and vehicles, net	4,922	3,682
Land	7,633	7,634
Construction in progress	63	2,388
Other	2,350	2,359
Accumulated depreciation	(1,884)	(1,899)
Other, net	466	459
Total property, plant and equipment	20,924	20,159
Intangible assets	386	323
Investments and other assets		
Investment securities	10,065	14,166
Other	900	979
Allowance for doubtful accounts	(163)	(172)
Allowance for investment loss	(204)	(204)
Total investments and other assets	10,597	14,769
Total non-current assets	31,908	35,252
Total assets	48,721	53,553

		Unit : Millions of yen	
		December 31, 2008	March 31, 2008
Liabilities			
Current liabilities			
Notes and accounts payable-trade	3,228	3,401	
Short-term loans payable	2,600	2,000	
Current portion of long-term loans payable	2,104	2,049	
Income taxes payable	34	127	
Provision for bonuses	61	168	
Provision for directors' bonuses	22	10	
Other	1,769	3,275	
Total current liabilities	9,822	11,032	
Non-current liabilities			
Long-term loans payable	2,850	4,175	
Provision for retirement benefits	994	1,077	
Provision for directors' retirement benefits	—	37	
Provision for environmental measures	6	6	
Negative goodwill	84	103	
Other	515	886	
Total non-current liabilities	4,450	6,287	
Total liabilities	14,272	17,320	
Net assets			
Shareholders' equity			
Capital stock	5,000	5,000	
Capital surplus	25,977	26,416	
Retained earnings	7,211	7,289	
Treasury stock	(4,610)	(4,508)	
Total shareholders' equity	33,578	34,197	
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	148	842	
Deferred gains or losses on hedges	(1)	(4)	
Foreign currency translation adjustment	(136)	186	
Total valuation and translation adjustments	10	1,024	
Minority interests	859	1,011	
Total net assets	34,449	36,233	
Total liabilities and net assets	48,721	53,553	

Consolidated Statements of income

For the first three quarters ended December 31,2008

	Unit : Millions of yen
	April - December
	2008
Net sales	18,092
Cost of sales	15,629
Gross profit	2,463
Selling, general and administrative expenses	2,328
Operating income	134
Non-operating income	
Interest income	120
Dividends income	58
Amortization of negative goodwill	19
Equity in earnings of affiliates	12
Other	54
Total non-operating income	265
Non-operating expenses	
Interest expenses	67
Foreign exchange losses	54
Other	53
Total non-operating expenses	175
Ordinary income	224
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	149
Loss on valuation of investment securities	4
Loss on sales of investment securities	2
Directors' retirement benefits	3
Total extraordinary losses	159
Income before income taxes	91
Income taxes-current	86
Income taxes-deferred	(36)
Total income taxes	49
Minority interests in income	120
Net loss	(77)