

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31, 2009 and 2010

	Unit : Millions of yen	
	March 31, 2009	March 31, 2010
Assets		
Current assets		
Cash and deposits	4,554	6,550
Notes and accounts receivable-trade	5,485	5,814
Short-term investment securities	2,288	904
Merchandise and finished goods	1,656	1,411
Work in process	17	19
Raw materials and supplies	602	606
Deferred tax assets	224	185
Other	480	312
Allowance for doubtful accounts	(0)	(0)
Total current assets	15,309	15,803
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,612	19,837
Accumulated depreciation and impairment loss	(11,925)	(12,446)
Buildings and structures, net	7,686	7,390
Machinery, equipment and vehicles	22,716	23,460
Accumulated depreciation and impairment loss	(18,142)	(19,511)
Machinery, equipment and vehicles, net	4,574	3,949
Land	7,639	7,639
Lease assets	25	31
Accumulated depreciation	(2)	(7)
Lease assets, net	22	23
Construction in progress	67	867
Other	2,360	2,381
Accumulated depreciation and impairment loss	(1,919)	(2,036)
Other, net	440	345
Total property, plant and equipment	20,431	20,216
Intangible assets	363	281
Investments and other assets		
Investment securities	8,763	8,637
Deferred tax assets	2	—
Other	885	681
Allowance for doubtful accounts	(169)	(87)
Allowance for investment loss	(204)	(382)
Total investments and other assets	9,276	8,848
Total non-current assets	30,071	29,346
Total assets	45,380	45,150

	Unit : Millions of yen	
	March 31, 2009	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,293	2,784
Short-term loans payable	2,600	1,000
Current portion of long-term loans payable	1,400	1,252
Accounts payable-other	1,599	1,536
Income taxes payable	44	71
Provision for bonuses	135	156
Other	56	52
Total current liabilities	8,128	6,853
Non-current liabilities		
Long-term loans payable	2,775	3,022
Deferred tax liabilities	0	179
Provision for retirement benefits	955	982
Provision for environmental measures	6	6
Negative goodwill	77	51
Other	330	468
Total non-current liabilities	4,145	4,710
Total liabilities	12,273	11,564
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,977	25,905
Retained earnings	6,589	6,547
Treasury stock	(4,701)	(4,706)
Total shareholders' equity	32,864	32,747
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(185)	263
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	(310)	(251)
Total valuation and translation adjustments	(496)	12
Minority interests	738	827
Total net assets	33,106	33,586
Total liabilities and net assets	45,380	45,150

Consolidated Statements of income

For the fiscal year ended March 31, 2009 and 2010

	Unit : Millions of yen	
	April 2008 - March 2009	April 2009 - March 2010
Net sales	22,270	19,198
Cost of sales	19,893	16,496
Gross profit	2,376	2,701
Selling, general and administrative expenses	2,979	2,628
Operating income (loss)	(603)	73
Non-operating income		
Interest income	152	123
Dividends income	93	49
Amortization of negative goodwill	26	26
Equity in earnings of affiliates	4	—
Other	91	51
Total non-operating income	368	251
Non-operating expenses		
Interest expenses	88	60
Taxes and dues	79	18
Equity in losses of affiliates	—	1
Foreign exchange losses	53	3
Other	19	2
Total non-operating expenses	240	86
Ordinary income (loss)	(475)	237
Extraordinary income		
Reversal of allowance for doubtful accounts	0	75
Gain on bad debts recovered	26	—
Gain on insurance adjustment	—	98
Gain on sales of investment securities	—	0
Total extraordinary income	26	174
Extraordinary loss		
Loss on disposal of non-current assets	179	53
Loss on sales of investment securities	2	—
Loss on valuation of investment securities	4	—
Loss on valuation of membership	3	—
Directors' retirement benefits	3	—
Provision of allowance for investment loss	—	177
Total extraordinary losses	193	231
Income (loss) before income taxes	(642)	180
Income taxes-current	96	73
Income taxes-deferred	(154)	42
Total income taxes	(58)	116
Minority interests in income	115	105
Net loss	(700)	(41)

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2009 and 2010

	Unit : Millions of yen	
	April 2008 - March 2009	April 2009 - March 2010
Shareholders' equity		
Capital stock		
Balance at the beginning of the period	5,000	5,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	5,000	5,000
Capital surplus		
Balance at the beginning of the period	26,416	25,977
Changes of items during the period		
Dividends from surplus-other capital surplus	(436)	(71)
Disposal of treasury stock	(2)	(0)
Total changes of items during the period	(439)	(71)
Balance at the end of the period	25,977	25,905
Retained earnings		
Balance at the beginning of the period	7,289	6,589
Changes of items during the period		
Net loss	(700)	(41)
Total changes of items during the period	(700)	(41)
Balance at the end of the period	6,589	6,547
Treasury stock		
Balance at the beginning of the period	(4,508)	(4,701)
Changes of items during the period		
Purchase of treasury stock	(202)	(4)
Disposal of treasury stock	9	0
Total changes of items during the period	(193)	(4)
Balance at the end of the period	(4,701)	(4,706)
Total shareholders' equity		
Balance at the beginning of the period	34,197	32,864
Changes of items during the period		
Dividends from surplus-other capital surplus	(436)	(71)
Net loss	(700)	(41)
Purchase of treasury stock	(202)	(4)
Disposal of treasury stock	6	0
Total changes of items during the period	(1,332)	(117)
Balance at the end of the period	32,864	32,747

		Unit : Millions of yen	
		April 2008	April 2009
		- March 2009	- March 2010
Valuation and translation adjustments			
Valuation difference on available-for-sale securities			
Balance at the beginning of the period	842	(185)	
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,028)	449	
Total changes of items during the period	(1,028)	449	
Balance at the end of the period	(185)	263	
Deferred gains or losses on hedges			
Balance at the beginning of the period	(4)	(0)	
Changes of items during the period			
Net changes of items other than shareholders' equity	3	0	
Total changes of items during the period	3	0	
Balance at the end of the period	(0)	—	
Foreign currency translation adjustment			
Balance at the beginning of the period	186	(310)	
Changes of items during the period			
Net changes of items other than shareholders' equity	(496)	59	
Total changes of items during the period	(496)	59	
Balance at the end of the period	(310)	(251)	
Minority interests			
Balance at the beginning of the period	1,011	738	
Changes of items during the period			
Net changes of items other than shareholders' equity	(272)	88	
Total changes of items during the period	(272)	88	
Balance at the end of the period	738	827	

Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2009 and 2010

	Unit : Millions of yen	
	April 2008 - March 2009	April 2009 - March 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(642)	180
Depreciation and amortization	2,035	2,281
Amortization of negative goodwill	(24)	(26)
Increase (decrease) in provision for retirement benefits	(122)	27
Increase (decrease) in provision for directors' retirement benefits	(37)	—
Loss (gain) on valuation of investment securities	4	—
Increase (decrease) in allowance for investment loss	—	177
Interest and dividends income	(246)	(173)
Interest expenses	88	60
Decrease (increase) in notes and accounts receivable-trade	1,230	(294)
Decrease (increase) in inventories	33	249
Increase (decrease) in notes and accounts payable-trade	(1,072)	485
Other, net	(38)	131
Subtotal	1,207	3,099
Interest and dividends income received	277	176
Interest expenses paid	(85)	(67)
Income taxes (paid) refund	(192)	14
Net cash provided by (used in) operating activities	1,207	3,223
Net cash provided by (used in) investing activities		
Proceeds from redemption of securities	1,900	2,300
Purchase of property, plant and equipment	(4,295)	(1,936)
Purchase of investment securities	(837)	(3,061)
Proceeds from sales and redemption of investment securities	2,321	2,901
Net decrease (increase) in time deposits	26	27
Collection of long-term accounts receivable-other	—	233
Other, net	(117)	(67)
Net cash provided by (used in) investing activities	(1,002)	398
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	600	(1,600)
Proceeds from long-term loans payable	—	1,500
Repayment of long-term loans payable	(2,049)	(1,400)
Net decrease (increase) in treasury stock	(194)	(3)
Cash dividends paid	(434)	(72)
Cash dividends paid to minority shareholders	(37)	(62)
Net cash provided by (used in) financing activities	(2,115)	(1,637)
Effect of exchange rate change on cash and cash equivalents	(206)	39
Net increase (decrease) in cash and cash equivalents	(2,117)	2,023
Cash and cash equivalents at beginning of period	6,645	4,528
Cash and cash equivalents at end of period	4,528	6,552