## Gun Ei Chemical Industry Co., Ltd.

## **Consolidated Financial Statements**

## **Consolidated balance sheets**

As of September 30 and March 31, 2009

Assets    Current assets   Cash and deposits   A 2,16   A 5,54     Notes and accounts receivable-trade   5,211   5,485     Short-term investment securities   2,007   2,288     Merchandise and finished goods   1,466   1,656     Work in process   42   17     Raw materials and supplies   574   602     Other   533   705     Allowance for doubtful accounts   (0)   (0)     Total current assets   14,052   15,309     Non-current assets   14,052   15,309     Non-current assets   19,869   19,612     Accumulated depreciation and impairment loss   (12,201)   (11,925)     Buildings and structures   19,869   19,612     Accumulated depreciation and impairment loss   (12,201)   (11,925)     Buildings and structures, net   7,667   7,686     Machinery, equipment and vehicles   23,406   22,716     Accumulated depreciation and impairment loss   (18,888)   (18,142)     Machinery, equipment and vehicles, net   4,518   4,574     Land   7,639   7,639     Lease assets   31   25     Accumulated depreciation   (4)   (2)     Lease assets, net   27   22     Construction in progress   459   67     Other   2,386   2,360     Accumulated depreciation and impairment loss   (1,983)   (1,919)     Other, net   402   440     Total property, plant and equipment   20,714   20,431     Intangible assets   331   363     Investments and other assets   11     Intangible assets   11   8,421   8,763     Other   906   887     Allowance for doubtful accounts   (162)   (169)     Allowance for doubtful accounts   (162)   (169)     Allowance for investment loss   (204)   (204)     Total investments and other assets   8,960   9,276     Total non-current assets   44,958   45,380		Uni	Unit: Millions of yen	
Current assets         4,216         4,554           Notes and accounts receivable-trade         5,211         5,485           Short-term investment securities         2,007         2,288           Merchandise and finished goods         1,466         1,656           Work in process         42         17           Raw materials and supplies         574         602           Other         533         705           Allowance for doubtful accounts         (0)         (0)           Total current assets         14,052         15,309           Non-current assets         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22		•	·	
Cash and deposits         4,216         4,554           Notes and accounts receivable-trade         5,211         5,485           Short-term investment securities         2,007         2,288           Merchandise and finished goods         1,466         1,656           Work in process         42         177           Raw materials and supplies         574         602           Other         533         705           Allowance for doubtful accounts         (0)         (0)           Total current assets         14,052         15,309           Non-current assets         14,052         15,309           Non-current assets         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (81,142           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation and impairment loss         (1,983)				
Notes and accounts receivable-trade         5,211         5,485           Short-term investment securities         2,007         2,288           Merchandise and finished goods         1,466         1,656           Work in process         42         17           Raw materials and supplies         574         602           Other         533         705           Allowance for doubtful accounts         (0)         (0)           Mon-current assets         14,052         15,309           Non-current assets         14,052         15,309           Non-current assets         19,869         19,612           Accumulated depireciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Accumulated depreciation         (4)         (2)           Lease assets         31         25           Accumulated depreciation and impairment loss         (1,983)				
Short-term investment securities         2,007         2,288           Merchandise and finished goods         1,466         1,656           Work in process         42         17           Raw materials and supplies         574         602           Other         533         705           Allowance for doubtful accounts         (0)         (0)           Allowance for doubtful accounts         (0)         (0)           Non-current assets         14,052         15,309           Non-current assets         19,869         19,612           Non-current assets         19,869         19,612           Accumulated equipment         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Land         7,639         7,639         7,639           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67     <			•	
Merchandise and finished goods         1,466         1,656           Work in process         42         17           Raw materials and supplies         574         602           Other         533         705           Allowance for doubtful accounts         (0)         (0)           Total current assets         14,052         15,309           Non-current assets         19,869         19,612           Property, plant and equipment         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depre				
Work in process         42         17           Raw materials and supplies         574         602           Other         533         705           Allowance for doubtful accounts         (0)         (0)           Total current assets         14,052         15,309           Non-current assets         19,869         19,612           Property, plant and equipment         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919) <td></td> <td>·</td> <td></td>		·		
Raw materials and supplies         574         602           Other         533         705           Allowance for doubtful accounts         (0)         (0)           Total current assets         14,052         15,309           Non-current assets         19,869         19,612           Property, plant and equipment         19,869         19,612           Buildings and structures         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant				
Other         533         705           Allowance for doubtful accounts         (0)         (0)           Total current assets         14,052         15,309           Non-current assets         19,869         19,612           Property, plant and equipment         19,869         19,612           Buildings and structures         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant and equipment         20,714         20,431           Investm				
Allowance for doubtful accounts         (0)         (0)           Total current assets         14,052         15,309           Non-current assets         14,052         15,309           Non-current assets         19,869         19,612           Property, plant and equipment         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant and equipment         20,714         20,431		574	602	
Total current assets         14,052         15,309           Non-current assets         14,052         15,309           Property, plant and equipment         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant and equipment         20,714         20,431           Intangible assets         331         363           Investments and other assets         8,421         8,763     <	Other	533	705	
Non-current assets           Property, plant and equipment         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant and equipment         20,714         20,431           Intangible assets         331         363           Investments and other assets         8,421         8,763           Other         906         887           Allowance for doubtful accounts	Allowance for doubtful accounts	(0)	(0)	
Property, plant and equipment       19,869       19,612         Accumulated depreciation and impairment loss       (12,201)       (11,925)         Buildings and structures, net       7,667       7,686         Machinery, equipment and vehicles       23,406       22,716         Accumulated depreciation and impairment loss       (18,888)       (18,142)         Machinery, equipment and vehicles, net       4,518       4,574         Land       7,639       7,639         Lease assets       31       25         Accumulated depreciation       (4)       (2)         Lease assets, net       27       22         Construction in progress       459       67         Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)	Total current assets	14,052	15,309	
Buildings and structures         19,869         19,612           Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant and equipment         20,714         20,431           Intangible assets         331         363           Investments and other assets         8,421         8,763           Other         906         887           Allowance for doubtful accounts         (162)         (169)	Non-current assets			
Accumulated depreciation and impairment loss         (12,201)         (11,925)           Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant and equipment         20,714         20,431           Intangible assets         331         363           Investments and other assets         8,421         8,763           Other         906         887           Allowance for doubtful accounts         (162)         (169)           Allowance for investment loss         (204)         (204) <tr< td=""><td>Property, plant and equipment</td><td></td><td></td></tr<>	Property, plant and equipment			
Buildings and structures, net         7,667         7,686           Machinery, equipment and vehicles         23,406         22,716           Accumulated depreciation and impairment loss         (18,888)         (18,142)           Machinery, equipment and vehicles, net         4,518         4,574           Land         7,639         7,639           Lease assets         31         25           Accumulated depreciation         (4)         (2)           Lease assets, net         27         22           Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant and equipment         20,714         20,431           Intangible assets         331         363           Investments and other assets         8,421         8,763           Other         906         887           Allowance for doubtful accounts         (162)         (169)           Allowance for investment loss         (204)         (204)           Total investments and other assets         8,960         9,276           To	Buildings and structures	19,869	19,612	
Machinery, equipment and vehicles       23,406       22,716         Accumulated depreciation and impairment loss       (18,888)       (18,142)         Machinery, equipment and vehicles, net       4,518       4,574         Land       7,639       7,639         Lease assets       31       25         Accumulated depreciation       (4)       (2)         Lease assets, net       27       22         Construction in progress       459       67         Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Accumulated depreciation and impairment loss	(12,201)	(11,925)	
Accumulated depreciation and impairment loss       (18,888)       (18,142)         Machinery, equipment and vehicles, net       4,518       4,574         Land       7,639       7,639         Lease assets       31       25         Accumulated depreciation       (4)       (2)         Lease assets, net       27       22         Construction in progress       459       67         Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Buildings and structures, net	7,667	7,686	
Machinery, equipment and vehicles, net       4,518       4,574         Land       7,639       7,639         Lease assets       31       25         Accumulated depreciation       (4)       (2)         Lease assets, net       27       22         Construction in progress       459       67         Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Machinery, equipment and vehicles	23,406	22,716	
Land       7,639       7,639         Lease assets       31       25         Accumulated depreciation       (4)       (2)         Lease assets, net       27       22         Construction in progress       459       67         Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Accumulated depreciation and impairment loss	(18,888)	(18,142)	
Lease assets       31       25         Accumulated depreciation       (4)       (2)         Lease assets, net       27       22         Construction in progress       459       67         Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Machinery, equipment and vehicles, net	4,518	4,574	
Accumulated depreciation       (4)       (2)         Lease assets, net       27       22         Construction in progress       459       67         Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Land	7,639	7,639	
Lease assets, net       27       22         Construction in progress       459       67         Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Lease assets	31	25	
Construction in progress         459         67           Other         2,386         2,360           Accumulated depreciation and impairment loss         (1,983)         (1,919)           Other, net         402         440           Total property, plant and equipment         20,714         20,431           Intangible assets         331         363           Investments and other assets         8,421         8,763           Other         906         887           Allowance for doubtful accounts         (162)         (169)           Allowance for investment loss         (204)         (204)           Total investments and other assets         8,960         9,276           Total non-current assets         30,005         30,071	Accumulated depreciation	(4)	(2)	
Other       2,386       2,360         Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Lease assets, net	27	22	
Accumulated depreciation and impairment loss       (1,983)       (1,919)         Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Construction in progress	459	67	
Other, net       402       440         Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Other	2,386	2,360	
Total property, plant and equipment       20,714       20,431         Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Accumulated depreciation and impairment loss	(1,983)	(1,919)	
Intangible assets       331       363         Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Other, net	402	440	
Investments and other assets       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Total property, plant and equipment	20,714	20,431	
Investment securities       8,421       8,763         Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Intangible assets	331	363	
Other       906       887         Allowance for doubtful accounts       (162)       (169)         Allowance for investment loss       (204)       (204)         Total investments and other assets       8,960       9,276         Total non-current assets       30,005       30,071	Investments and other assets			
Allowance for doubtful accounts (162) (169) Allowance for investment loss (204) (204) Total investments and other assets 8,960 9,276 Total non-current assets 30,005 30,071	Investment securities	8,421	8,763	
Allowance for investment loss (204) (204) Total investments and other assets 8,960 9,276 Total non-current assets 30,005 30,071	Other	906	887	
Total investments and other assets 8,960 9,276 Total non-current assets 30,005 30,071	Allowance for doubtful accounts	(162)	(169)	
Total non-current assets 30,005 30,071	Allowance for investment loss	(204)	(204)	
Total non-current assets 30,005 30,071	Total investments and other assets			
	Total non-current assets			
	Total assets	44,058		

Unit: Millions of yen

	September 30,	March 31,
	2009	2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,332	2,293
Short-term loans payable	1,600	2,600
Current portion of long-term loans payable	750	1,400
Accounts payable-other	1,717	1,599
Income taxes payable	55	44
Provision for bonuses	162	135
Other	108	56
Total current liabilities	6,725	8,128
Non-current liabilities		
Long-term loans payable	2,400	2,775
Provision for retirement benefits	967	955
Provision for environmental measures	6	6
Negative goodwill	64	77
Other	412	331
Total non-current liabilities	3,851	4,145
Total liabilities	10,577	12,273
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,905	25,977
Retained earnings	6,604	6,589
Treasury stock	(4,704)	(4,701)
Total shareholders' equity	32,805	32,864
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	115	(185)
Deferred gains or losses on hedges	_	(0)
Foreign currency translation adjustment	(221)	(310)
Total valuation and translation adjustments	(106)	(496)
Minority interests	781	738
Total net assets	33,480	33,106
Total liabilities and net assets	44,058	45,380

## **Consolidated Statements of income**

For the first half ended September 30, 2008 and 2009

		Unit: Millions of yen
	April - September 2008	April - September 2009
Net sales	12,430	9,290
Cost of sales	10,415	7,944
Gross profit	2,015	1,345
Selling, general and administrative expenses	1,579	1,298
Operating income	435	47
Non-operating income		
Interest income	88	63
Dividends income	41	21
Amortization of negative goodwill	13	13
Equity in earnings of affiliates	8	_
Other	40	38
Total non-operating income	190	136
Non-operating expenses		
Interest expenses	46	36
Equity in losses of affiliates	_	6
Foreign exchange losses	19	12
Other	20	8
Total non-operating expenses	86	63
Ordinary income	539	120
Extraordinary income		
Gain on bad debts recovered	25	_
Reversal of allowance for doubtful accounts	0	0
Total extraordinary income	26	0
Extraordinary loss		
Loss on disposal of non-current assets	24	19
Loss on sales of investment securities	2	_
Directors' retirement benefits	3	
Total extraordinary losses	30	19
Income before income taxes	535	101
Income taxes-current	65	29
Income taxes-deferred	1	14
Total income taxes	66	43
Minority interests in income	89	42
Net income	379	15