

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of December 31 and March 31, 2009

	Unit : Millions of yen	
	December 31, 2009	March 31, 2009
Assets		
Current assets		
Cash and deposits	4,134	4,554
Notes and accounts receivable-trade	5,694	5,485
Short-term investment securities	606	2,288
Merchandise and finished goods	1,539	1,656
Work in process	13	17
Raw materials and supplies	515	602
Other	573	705
Allowance for doubtful accounts	(0)	(0)
Total current assets	13,077	15,309
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,841	19,612
Accumulated depreciation and impairment loss	(12,318)	(11,925)
Buildings and structures, net	7,522	7,686
Machinery, equipment and vehicles	23,390	22,716
Accumulated depreciation and impairment loss	(19,201)	(18,142)
Machinery, equipment and vehicles, net	4,188	4,574
Land	7,639	7,639
Lease assets	31	25
Accumulated depreciation	(5)	(2)
Lease assets, net	25	22
Construction in progress	490	67
Other	2,386	2,360
Accumulated depreciation and impairment loss	(2,015)	(1,919)
Other, net	370	440
Total property, plant and equipment	20,237	20,431
Intangible assets	305	363
Investments and other assets		
Investment securities	8,705	8,763
Other	668	887
Allowance for doubtful accounts	(88)	(169)
Allowance for investment loss	(204)	(204)
Total investments and other assets	9,081	9,276
Total non-current assets	29,623	30,071
Total assets	42,701	45,380

	Unit : Millions of yen	
	December 31, 2009	March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,620	2,293
Short-term loans payable	1,000	2,600
Current portion of long-term loans payable	750	1,400
Accounts payable-other	983	1,599
Income taxes payable	49	44
Provision for bonuses	85	135
Other	190	56
Total current liabilities	5,679	8,128
Non-current liabilities		
Long-term loans payable	2,155	2,775
Provision for retirement benefits	974	955
Provision for environmental measures	6	6
Negative goodwill	57	77
Other	332	331
Total non-current liabilities	3,525	4,145
Total liabilities	9,205	12,273
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,905	25,977
Retained earnings	6,811	6,589
Treasury stock	(4,705)	(4,701)
Total shareholders' equity	33,011	32,864
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(6)	(185)
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustment	(285)	(310)
Total valuation and translation adjustments	(292)	(496)
Minority interests	777	738
Total net assets	33,496	33,106
Total liabilities and net assets	42,701	45,380

Consolidated Statements of income

For the first three quarters ended December 31, 2008 and 2009

	Unit : Millions of yen	
	April - December 2008	April - December 2009
Net sales	18,092	14,051
Cost of sales	15,629	11,938
Gross profit	2,463	2,112
Selling, general and administrative expenses	2,328	1,953
Operating income	134	159
Non-operating income		
Interest income	120	94
Dividends income	58	21
Amortization of negative goodwill	19	19
Equity in earnings of affiliates	12	—
Other	54	40
Total non-operating income	265	176
Non-operating expenses		
Interest expenses	67	49
Equity in losses of affiliates	—	6
Foreign exchange losses	54	8
Other	53	13
Total non-operating expenses	175	77
Ordinary income	224	258
Extraordinary income		
Gain on bad debts recovered	25	—
Reversal of allowance for doubtful accounts	0	75
Gain on insurance adjustment	—	98
Total extraordinary income	26	173
Extraordinary loss		
Loss on disposal of non-current assets	149	31
Loss on valuation of investment securities	4	—
Loss on sales of investment securities	2	—
Directors' retirement benefits	3	—
Total extraordinary losses	159	31
Income before income taxes	91	400
Income taxes-current	86	52
Income taxes-deferred	(36)	48
Total income taxes	49	101
Minority interests in income	120	76
Net income (loss)	(77)	222