

# Gun Ei Chemical Industry Co., Ltd.

## Consolidated Financial Statements

### Consolidated balance sheets

As of June 30 and March 31, 2010

	Unit : Millions of yen	
	June 30, 2010	March 31, 2010
Assets		
Current assets		
Cash and deposits	4,990	6,550
Notes and accounts receivable-trade	6,381	5,814
Short-term investment securities	1,307	904
Merchandise and finished goods	1,486	1,411
Work in process	45	19
Raw materials and supplies	596	606
Other	509	497
Allowance for doubtful accounts	(1)	(0)
Total current assets	15,316	15,803
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,848	19,837
Accumulated depreciation and impairment loss	(12,575)	(12,446)
Buildings and structures, net	7,273	7,390
Machinery, equipment and vehicles	23,538	23,460
Accumulated depreciation and impairment loss	(19,810)	(19,511)
Machinery, equipment and vehicles, net	3,727	3,949
Land	7,639	7,639
Lease assets	31	31
Accumulated depreciation	(9)	(7)
Lease assets, net	22	23
Construction in progress	936	867
Other	2,401	2,381
Accumulated depreciation and impairment loss	(2,061)	(2,036)
Other, net	340	345
Total property, plant and equipment	19,939	20,216
Intangible assets	255	281
Investments and other assets		
Investment securities	8,785	8,637
Other	663	681
Allowance for doubtful accounts	(87)	(87)
Allowance for investment loss	(177)	(382)
Total investments and other assets	9,184	8,848
Total non-current assets	29,379	29,346
Total assets	44,695	45,150

	Unit : Millions of yen	
	June 30, 2010	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,180	2,784
Short-term loans payable	1,000	1,000
Current portion of long-term loans payable	1,252	1,252
Accounts payable-other	1,127	1,536
Income taxes payable	61	71
Provision for bonuses	74	156
Other	154	52
Total current liabilities	6,851	6,853
Non-current liabilities		
Long-term loans payable	2,722	3,022
Provision for retirement benefits	988	982
Provision for environmental measures	6	6
Negative goodwill	44	51
Other	535	647
Total non-current liabilities	4,297	4,710
Total liabilities	11,148	11,564
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,905
Retained earnings	6,774	6,547
Treasury stock	(4,706)	(4,706)
Total shareholders' equity	32,757	32,747
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	105	263
Foreign currency translation adjustment	(197)	(251)
Total valuation and translation adjustments	(91)	12
Minority interests	880	827
Total net assets	33,547	33,586
Total liabilities and net assets	44,695	45,150

**Consolidated Statements of income**

For the first quarter ended June 30, 2009 and 2010

	Unit : Millions of yen	
	April - June 2009	April - June 2010
Net sales	4,598	5,732
Cost of sales	4,030	4,723
Gross profit	567	1,008
Selling, general and administrative expenses	658	731
Operating income (loss)	(90)	277
Non-operating income		
Interest income	33	32
Dividends income	3	6
Equity in earnings of affiliates	—	0
Amortization of negative goodwill	6	6
Other	11	8
Total non-operating income	54	54
Non-operating expenses		
Interest expenses	18	12
Equity in losses of affiliates	0	—
Taxes and dues	—	4
Other	3	4
Total non-operating expenses	22	22
Ordinary income (loss)	(58)	309
Extraordinary income		
Reversal of allowance for doubtful accounts	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on disposal of non-current assets	15	14
Loss on valuation of membership	—	2
Total extraordinary losses	15	17
Income (loss) before income taxes	(73)	292
Income taxes-current	14	14
Income taxes-deferred	63	35
Total income taxes	78	49
Income before minority interests	—	243
Minority interests in income	21	16
Net income (loss)	(173)	227