

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of December 31 and March 31, 2010

	Unit : Millions of yen	
	December 31, 2010	March 31, 2010
Assets		
Current assets		
Cash and deposits	3,973	6,550
Notes and accounts receivable-trade	6,794	5,814
Short-term investment securities	1,300	904
Merchandise and finished goods	1,555	1,411
Work in process	57	19
Raw materials and supplies	774	606
Other	404	497
Allowance for doubtful accounts	(1)	(0)
Total current assets	14,860	15,803
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,988	19,837
Accumulated depreciation and impairment loss	(12,703)	(12,446)
Buildings and structures, net	7,284	7,390
Machinery, equipment and vehicles	24,767	23,460
Accumulated depreciation and impairment loss	(20,388)	(19,511)
Machinery, equipment and vehicles, net	4,378	3,949
Land	7,639	7,639
Lease assets	35	31
Accumulated depreciation	(12)	(7)
Lease assets, net	22	23
Construction in progress	234	867
Other	2,408	2,381
Accumulated depreciation and impairment loss	(2,098)	(2,036)
Other, net	310	345
Total property, plant and equipment	19,870	20,216
Intangible assets	207	281
Investments and other assets		
Investment securities	8,661	8,637
Other	655	681
Allowance for doubtful accounts	(86)	(87)
Allowance for investment loss	—	(382)
Total investments and other assets	9,229	8,848
Total non-current assets	29,308	29,346
Total assets	44,168	45,150

	Unit : Millions of yen	
	December 31, 2010	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,255	2,784
Short-term loans payable	500	1,000
Current portion of long-term loans payable	1,252	1,252
Accounts payable-other	1,371	1,536
Income taxes payable	38	71
Provision for bonuses	101	156
Other	105	52
Total current liabilities	6,624	6,853
Non-current liabilities		
Long-term loans payable	2,150	3,022
Provision for retirement benefits	993	982
Provision for environmental measures	6	6
Negative goodwill	31	51
Other	617	647
Total non-current liabilities	3,800	4,710
Total liabilities	10,424	11,564
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,905
Retained earnings	6,981	6,547
Treasury stock	(4,709)	(4,706)
Total shareholders' equity	32,961	32,747
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	237	263
Foreign currency translation adjustment	(258)	(251)
Total valuation and translation adjustments	(21)	12
Minority interests	803	827
Total net assets	33,744	33,586
Total liabilities and net assets	44,168	45,150

Consolidated Statements of income

For the first three quarters ended December 31, 2009 and 2010

	Unit : Millions of yen	
	April - December 2009	April - December 2010
Net sales	14,051	17,028
Cost of sales	11,938	14,058
Gross profit	2,112	2,969
Selling, general and administrative expenses	1,953	2,192
Operating income	159	777
Non-operating income		
Interest income	94	94
Dividends income	21	29
Equity in earnings of affiliates	—	5
Amortization of negative goodwill	19	19
Other	40	34
Total non-operating income	176	183
Non-operating expenses		
Interest expenses	49	34
Equity in losses of affiliates	6	—
Taxes and dues	—	14
Foreign exchange losses	8	2
Other	13	4
Total non-operating expenses	77	56
Ordinary income	258	904
Extraordinary income		
Reversal of allowance for doubtful accounts	75	0
Gain on insurance adjustment	98	—
Total extraordinary income	173	0
Extraordinary loss		
Loss on disposal of non-current assets	31	33
Loss on valuation of investment securities	—	65
Loss on valuation of membership	—	2
Total extraordinary losses	31	100
Income before income taxes	400	804
Income taxes-current	52	62
Income taxes-deferred	48	24
Total income taxes	101	87
Income before minority interests	—	717
Minority interests in income	76	67
Net income	222	649