

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31, 2011 and 2012

	Unit : Millions of yen	
	March 31, 2011	March 31, 2012
Assets		
Current assets		
Cash and deposits	3,624	3,989
Notes and accounts receivable-trade	6,412	7,128
Short-term investment securities	701	1,508
Merchandise and finished goods	1,625	1,955
Work in process	21	23
Raw materials and supplies	758	723
Deferred tax assets	169	238
Other	178	290
Allowance for doubtful accounts	(0)	(0)
Total current assets	13,491	15,856
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,986	19,989
Accumulated depreciation and impairment loss	(12,814)	(13,262)
Buildings and structures, net	7,172	6,727
Machinery, equipment and vehicles	25,153	25,142
Accumulated depreciation and impairment loss	(20,630)	(21,665)
Machinery, equipment and vehicles, net	4,522	3,477
Land	7,639	7,651
Lease assets	35	48
Accumulated depreciation	(14)	(22)
Lease assets, net	21	26
Construction in progress	191	346
Other	2,413	2,428
Accumulated depreciation and impairment loss	(2,118)	(2,165)
Other, net	294	263
Total property, plant and equipment	19,842	18,491
Intangible assets	186	105
Investments and other assets		
Investment securities	9,021	7,216
Deferred tax assets	1	1
Other	637	752
Allowance for doubtful accounts	(86)	(84)
Total investments and other assets	9,574	7,884
Total non-current assets	29,603	26,482
Total assets	43,094	42,339

		Unit : Millions of yen	
		March 31, 2011	March 31, 2012
Liabilities			
Current liabilities			
Accounts payable-trade	3,093	3,023	
Current portion of long-term loans payable	1,252	1,244	
Accounts payable-other	893	996	
Income taxes payable	67	59	
Provision for bonuses	193	214	
Other	56	75	
Total current liabilities	5,557	5,613	
Non-current liabilities			
Long-term loans payable	1,769	525	
Deferred tax liabilities	136	137	
Provision for retirement benefits	1,000	1,003	
Provision for environmental measures	16	16	
Negative goodwill	25	5	
Other	476	461	
Total non-current liabilities	3,425	2,149	
Total liabilities	8,983	7,762	
Net assets			
Shareholders' equity			
Capital stock	5,000	5,000	
Capital surplus	25,689	25,689	
Retained earnings	7,394	8,020	
Treasury stock	(4,709)	(4,713)	
Total shareholders' equity	33,374	33,996	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	219	241	
Foreign currency translation adjustment	(289)	(406)	
Total accumulated other comprehensive income	(69)	(165)	
Minority interests	807	745	
Total net assets	34,111	34,576	
Total liabilities and net assets	43,094	42,339	

Consolidated Statements of income and statements of comprehensive income**Consolidated Statements of income**

For the fiscal year ended March 31, 2011 and 2012

	Unit : Millions of yen	
	April 2010 - March 2011	April 2011 - March 2012
Net sales	22,635	24,070
Cost of sales	18,558	20,156
Gross profit	4,076	3,914
Selling, general and administrative expenses	2,937	2,954
Operating income	1,139	959
Non-operating income		
Interest income	126	115
Dividends income	58	66
Amortization of negative goodwill	26	19
Equity in earnings of affiliates	6	10
Other	72	76
Total non-operating income	289	289
Non-operating expenses		
Interest expenses	43	26
Commission fee	—	41
Other	6	6
Total non-operating expenses	49	74
Ordinary income	1,378	1,174
Extraordinary income		
Gain on sales of non-current assets	—	0
Reversal of allowance for doubtful accounts	1	—
Surrender value of insurance	—	3
Gain on insurance adjustment	—	11
Total extraordinary income	1	15
Extraordinary loss		
Loss on disposal of non-current assets	41	19
Loss on valuation of investment securities	65	41
Loss on valuation of membership	2	4
Provision for environmental measures	10	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	21	—
Total extraordinary losses	140	64
Income before income taxes	1,239	1,125
Income taxes-current	75	60
Income taxes-deferred	11	(68)
Total income taxes	87	(8)
Income before minority interests	1,152	1,133
Minority interests in income	90	76
Net income	1,062	1,057

Consolidated Statements of comprehensive income

For the fiscal year ended March 31, 2011 and 2012

	Unit : Millions of yen	
	April 2010 - March 2011	April 2011 - March 2012
Income before minority interests	1,152	1,133
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	22
Foreign currency translation adjustment	(47)	(195)
Share of other comprehensive income of associates accounted for using equity method	(5)	0
Total other comprehensive income	(98)	(173)
Comprehensive income	1,054	960
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	980	961
Comprehensive income attributable to minority interests	73	(1)

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2011 and 2012

	Unit : Millions of yen	
	April 2010 - March 2011	April 2011 - March 2012
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	25,905	25,689
Changes of items during the period		
Dividends from surplus-other capital surplus	(215)	—
Disposal of treasury stock	(0)	—
Total changes of items during the period	(215)	—
Balance at the end of the period	25,689	25,689
Retained earnings		
Balance at the beginning of the period	6,547	7,394
Changes of items during the period		
Dividends from surplus	(215)	(431)
Net income	1,062	1,057
Total changes of items during the period	846	625
Balance at the end of the period	7,394	8,020
Treasury stock		
Balance at the beginning of the period	(4,706)	(4,709)
Changes of items during the period		
Purchase of treasury stock	(4)	(3)
Disposal of treasury stock	0	—
Total changes of items during the period	(3)	(3)
Balance at the end of the period	(4,709)	(4,713)
Total shareholders' equity		
Balance at the beginning of the period	32,747	33,374
Changes of items during the period		
Dividends from surplus-other capital surplus	(215)	—
Dividends from surplus	(215)	(431)
Net income	1,062	1,057
Purchase of treasury stock	(4)	(3)
Disposal of treasury stock	0	—
Total changes of items during the period	627	622
Balance at the end of the period	33,374	33,996

		Unit : Millions of yen	
		April 2010	April 2011
		- March 2011	- March 2012
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at the beginning of the period		263	219
Changes of items during the period			
Net changes of items other than shareholders' equity		(44)	22
Total changes of items during the period		(44)	22
Balance at the end of the period		219	241
Foreign currency translation adjustment			
Balance at the beginning of the period		(251)	(289)
Changes of items during the period			
Net changes of items other than shareholders' equity		(37)	(117)
Total changes of items during the period		(37)	(117)
Balance at the end of the period		(289)	(406)
Minority interests			
Balance at the beginning of the period		827	807
Changes of items during the period			
Net changes of items other than shareholders' equity		(20)	(62)
Total changes of items during the period		(20)	(62)
Balance at the end of the period		807	745

Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2011 and 2012

	Unit : Millions of yen	
	April 2010 - March 2011	April 2011 - March 2012
Net cash provided by (used in) operating activities		
Income before income taxes	1,239	1,125
Depreciation and amortization	1,884	2,088
Amortization of negative goodwill	(26)	(19)
Increase (decrease) in provision for retirement benefits	18	3
Interest and dividends income	(184)	(182)
Interest expenses	43	26
Loss (gain) on valuation of investment securities	65	41
Decrease (increase) in notes and accounts receivable-trade	(611)	(781)
Decrease (increase) in inventories	(374)	(333)
Increase (decrease) in notes and accounts payable-trade	311	(63)
Other, net	29	9
Subtotal	2,394	1,913
Interest and dividends income received	171	178
Interest expenses paid	(45)	(28)
Income taxes paid	(66)	(105)
Net cash provided by (used in) operating activities	2,453	1,958
Net cash provided by (used in) investing activities		
Proceeds from redemption of securities	910	690
Purchase of property, plant and equipment	(1,932)	(800)
Purchase of investment securities	(1,504)	(401)
Proceeds from sales and redemption of investment securities	0	701
Purchase of stocks of subsidiaries and affiliates	(113)	—
Other, net	53	0
Net cash provided by (used in) investing activities	(2,587)	190
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,000)	—
Repayment of long-term loans payable	(1,252)	(1,252)
Net decrease (increase) in treasury stock	(2)	(1)
Cash dividends paid	(428)	(429)
Cash dividends paid to minority shareholders	(93)	(60)
Net cash provided by (used in) financing activities	(2,776)	(1,744)
Effect of exchange rate change on cash and cash equivalents	(15)	(39)
Net increase (decrease) in cash and cash equivalents	(2,926)	365
Cash and cash equivalents at beginning of period	6,552	3,625
Cash and cash equivalents at end of period	3,625	3,991