

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and June 30, 2011

	Unit : Millions of yen	
	March 31, 2011	June 30, 2011
Assets		
Current assets		
Cash and deposits	3,624	3,597
Notes and accounts receivable-trade	6,412	7,129
Short-term investment securities	701	611
Merchandise and finished goods	1,625	1,734
Work in process	21	108
Raw materials and supplies	758	797
Other	348	330
Allowance for doubtful accounts	(0)	(0)
Total current assets	13,491	14,309
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,986	20,017
Accumulated depreciation and impairment loss	(12,814)	(12,940)
Buildings and structures, net	7,172	7,077
Machinery, equipment and vehicles	25,153	25,297
Accumulated depreciation and impairment loss	(20,630)	(20,987)
Machinery, equipment and vehicles, net	4,522	4,309
Land	7,639	7,639
Lease assets	35	42
Accumulated depreciation	(14)	(16)
Lease assets, net	21	26
Construction in progress	191	118
Other	2,413	2,424
Accumulated depreciation and impairment loss	(2,118)	(2,139)
Other, net	294	285
Total property, plant and equipment	19,842	19,457
Intangible assets	186	166
Investments and other assets		
Investment securities	9,021	8,896
Other	639	626
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	9,574	9,436
Total non-current assets	29,603	29,059
Total assets	43,094	43,368

		Unit : Millions of yen	
		March 31, 2011	June 30, 2011
Liabilities			
Current liabilities			
Notes and accounts payable-trade	3,093	3,648	
Current portion of long-term loans payable	1,252	1,252	
Accounts payable-other	893	688	
Income taxes payable	67	58	
Provision for bonuses	193	102	
Other	56	174	
Total current liabilities	5,557	5,924	
Non-current liabilities			
Long-term loans payable	1,769	1,469	
Provision for retirement benefits	1,000	991	
Provision for environmental measures	16	16	
Negative goodwill	25	18	
Other	612	603	
Total non-current liabilities	3,425	3,100	
Total liabilities	8,983	9,025	
Net assets			
Shareholders' equity			
Capital stock	5,000	5,000	
Capital surplus	25,689	25,689	
Retained earnings	7,394	7,569	
Treasury stock	(4,709)	(4,710)	
Total shareholders' equity	33,374	33,549	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	219	200	
Foreign currency translation adjustment	(289)	(259)	
Total accumulated other comprehensive income	(69)	(59)	
Minority interests	807	853	
Total net assets	34,111	34,343	
Total liabilities and net assets	43,094	43,368	

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

For the first quarter ended June 30, 2010 and 2011

	Unit : Millions of yen	
	April - June 2010	April - June 2011
Net sales	5,732	6,310
Cost of sales	4,723	5,179
Gross profit	1,008	1,130
Selling, general and administrative expenses	731	740
Operating income	277	390
Non-operating income		
Interest income	32	31
Dividends income	6	6
Equity in earnings of affiliates	0	1
Amortization of negative goodwill	6	6
Other	8	36
Total non-operating income	54	82
Non-operating expenses		
Interest expenses	12	7
Taxes and dues	4	0
Foreign exchange losses	2	4
Other	2	1
Total non-operating expenses	22	14
Ordinary income	309	458
Extraordinary income		
Reversal of allowance for doubtful accounts	0	0
Surrender value of insurance	—	3
Total extraordinary income	0	4
Extraordinary loss		
Loss on disposal of non-current assets	14	0
Loss on valuation of membership	2	—
Total extraordinary losses	17	0
Income before income taxes	292	462
Income taxes-current	14	19
Income taxes-deferred	35	23
Total income taxes	49	42
Income before minority interests	243	419
Minority interests in income	16	28
Net income	227	391

Consolidated Statements of comprehensive income

For the first quarter ended June 30, 2010 and 2011

	Unit : Millions of yen	
	April - June 2010	April - June 2011
Income before minority interests	243	419
Other comprehensive income		
Valuation difference on available-for-sale securities	(156)	(18)
Foreign currency translation adjustment	90	44
Share of other comprehensive income of associates accounted for using equity method	(0)	2
Total other comprehensive income	(66)	28
Comprehensive income	176	447
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	123	401
Comprehensive income attributable to minority interests	53	45