

# Gun Ei Chemical Industry Co., Ltd.

## Consolidated Financial Statements

### Consolidated balance sheets

As of March 31 and September 30, 2011

	Unit : Millions of yen	
	March 31, 2011	September 30, 2011
Assets		
Current assets		
Cash and deposits	3,624	3,472
Notes and accounts receivable-trade	6,412	6,986
Short-term investment securities	701	1,306
Merchandise and finished goods	1,625	1,841
Work in process	21	22
Raw materials and supplies	758	923
Other	348	469
Allowance for doubtful accounts	(0)	(0)
Total current assets	13,491	15,022
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,986	19,986
Accumulated depreciation and impairment loss	(12,814)	(13,037)
Buildings and structures, net	7,172	6,949
Machinery, equipment and vehicles	25,153	25,301
Accumulated depreciation and impairment loss	(20,630)	(21,270)
Machinery, equipment and vehicles, net	4,522	4,031
Land	7,639	7,639
Lease assets	35	42
Accumulated depreciation	(14)	(18)
Lease assets, net	21	24
Construction in progress	191	159
Other	2,413	2,424
Accumulated depreciation and impairment loss	(2,118)	(2,153)
Other, net	294	271
Total property, plant and equipment	19,842	19,075
Intangible assets	186	145
Investments and other assets		
Investment securities	9,021	8,053
Other	639	609
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	9,574	8,576
Total non-current assets	29,603	27,797
Total assets	43,094	42,819

	Unit : Millions of yen	
	March 31, 2011	September 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,093	3,478
Current portion of long-term loans payable	1,252	1,252
Accounts payable-other	893	608
Income taxes payable	67	61
Provision for bonuses	193	250
Other	56	149
Total current liabilities	5,557	5,800
Non-current liabilities		
Long-term loans payable	1,769	1,143
Provision for retirement benefits	1,000	997
Provision for environmental measures	16	16
Negative goodwill	25	12
Other	612	546
Total non-current liabilities	3,425	2,716
Total liabilities	8,983	8,517
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	7,394	7,787
Treasury stock	(4,709)	(4,711)
Total shareholders' equity	33,374	33,766
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	219	94
Foreign currency translation adjustment	(289)	(318)
Total accumulated other comprehensive income	(69)	(223)
Minority interests	807	759
Total net assets	34,111	34,302
Total liabilities and net assets	43,094	42,819

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

For the first half ended September 30, 2010 and 2011

	Unit : Millions of yen	
	April - September 2010	April - September 2011
Net sales	11,479	12,393
Cost of sales	9,449	10,360
Gross profit	2,030	2,032
Selling, general and administrative expenses	1,470	1,498
Operating income	559	534
Non-operating income		
Interest income	62	64
Dividends income	29	32
Equity in earnings of affiliates	3	3
Amortization of negative goodwill	13	13
Other	24	47
Total non-operating income	132	161
Non-operating expenses		
Interest expenses	25	15
Taxes and dues	10	0
Foreign exchange losses	—	11
Commission fee	—	41
Other	3	2
Total non-operating expenses	38	70
Ordinary income	653	625
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	16	10
Loss on valuation of investment securities	65	—
Loss on valuation of membership	2	—
Total extraordinary losses	83	10
Income before income taxes	570	619
Income taxes-current	40	36
Income taxes-deferred	(31)	(59)
Total income taxes	8	(23)
Income before minority interests	562	642
Minority interests in income	33	33
Net income	528	609

**Consolidated Statements of comprehensive income**

For the first half ended September 30, 2010 and 2011

	Unit : Millions of yen	
	April - September 2010	April - September 2011
Income before minority interests	562	642
Other comprehensive income		
Valuation difference on available-for-sale securities	(162)	(122)
Foreign currency translation adjustment	(27)	(51)
Share of other comprehensive income of associates accounted for using equity method	(5)	(0)
Total other comprehensive income	(195)	(174)
Comprehensive income	366	468
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	343	455
Comprehensive income attributable to minority interests	23	12