

# Gun Ei Chemical Industry Co., Ltd.

## Consolidated Financial Statements

### Consolidated balance sheets

As of March 31 and December 31, 2011

	Unit : Millions of yen	
	March 31, 2011	December 31, 2011
Assets		
Current assets		
Cash and deposits	3,624	3,317
Notes and accounts receivable-trade	6,412	7,399
Short-term investment securities	701	1,606
Merchandise and finished goods	1,625	1,997
Work in process	21	20
Raw materials and supplies	758	859
Other	348	427
Allowance for doubtful accounts	(0)	(0)
Total current assets	13,491	15,628
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,986	19,979
Accumulated depreciation and impairment loss	(12,814)	(13,142)
Buildings and structures, net	7,172	6,837
Machinery, equipment and vehicles	25,153	25,126
Accumulated depreciation and impairment loss	(20,630)	(21,371)
Machinery, equipment and vehicles, net	4,522	3,754
Land	7,639	7,651
Lease assets	35	42
Accumulated depreciation	(14)	(20)
Lease assets, net	21	22
Construction in progress	191	83
Other	2,413	2,412
Accumulated depreciation and impairment loss	(2,118)	(2,149)
Other, net	294	263
Total property, plant and equipment	19,842	18,612
Intangible assets	186	124
Investments and other assets		
Investment securities	9,021	7,192
Other	639	610
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	9,574	7,716
Total non-current assets	29,603	26,454
Total assets	43,094	42,082

	Unit : Millions of yen	
	March 31, 2011	December 31, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	3,093	3,313
Current portion of long-term loans payable	1,252	1,252
Accounts payable-other	893	620
Income taxes payable	67	33
Provision for bonuses	193	121
Other	56	223
Total current liabilities	5,557	5,565
Non-current liabilities		
Long-term loans payable	1,769	898
Provision for retirement benefits	1,000	994
Provision for environmental measures	16	16
Negative goodwill	25	8
Other	612	501
Total non-current liabilities	3,425	2,420
Total liabilities	8,983	7,985
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,689	25,689
Retained earnings	7,394	7,747
Treasury stock	(4,709)	(4,712)
Total shareholders' equity	33,374	33,725
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	219	20
Foreign currency translation adjustment	(289)	(396)
Total accumulated other comprehensive income	(69)	(375)
Minority interests	807	746
Total net assets	34,111	34,096
Total liabilities and net assets	43,094	42,082

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

For the first three quarters ended December 31, 2010 and 2011

	Unit : Millions of yen	
	April - December 2010	April - December 2011
Net sales	17,028	18,347
Cost of sales	14,058	15,307
Gross profit	2,969	3,039
Selling, general and administrative expenses	2,192	2,218
Operating income	777	821
Non-operating income		
Interest income	94	90
Dividends income	29	33
Equity in earnings of affiliates	5	7
Amortization of negative goodwill	19	16
Other	34	55
Total non-operating income	183	203
Non-operating expenses		
Interest expenses	34	21
Taxes and dues	14	0
Foreign exchange losses	2	8
Commission fee	—	41
Other	4	4
Total non-operating expenses	56	76
Ordinary income	904	948
Extraordinary income		
Gain on sales of non-current assets	—	0
Reversal of allowance for doubtful accounts	0	—
Surrender value of insurance	—	3
Total extraordinary income	0	4
Extraordinary loss		
Loss on disposal of non-current assets	33	15
Loss on valuation of investment securities	65	41
Loss on valuation of membership	2	—
Total extraordinary losses	100	56
Income before income taxes	804	895
Income taxes-current	62	51
Income taxes-deferred	24	(9)
Total income taxes	87	41
Income before minority interests	717	853
Minority interests in income	67	68
Net income	649	784

**Consolidated Statements of comprehensive income**

For the first three quarters ended December 31, 2010 and 2011

	Unit : Millions of yen	
	April - December 2010	April - December 2011
Income before minority interests	717	853
Other comprehensive income		
Valuation difference on available-for-sale securities	(25)	(196)
Foreign currency translation adjustment	3	(174)
Share of other comprehensive income of associates accounted for using equity method	(9)	(3)
Total other comprehensive income	(31)	(374)
Comprehensive income	685	479
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	616	479
Comprehensive income attributable to minority interests	69	(0)