

CONSOLIDATED FINANCIAL STATEMENTS

(FY2011:November 1, 2010-October 31, 2011)

KUMIAI CHEMICAL INDUSTRY CO., LTD.

4-26, Ikenohata 1-Chome
Taitoh-Ku, Tokyo 110-8782

J A P A N

Telephone:	03-3822-5036
Main Business:	Agricultural chemicals
Foundation:	06/1949
Paid-in Capital (000):	¥4,534,270
Number of Employees:	604
Number of Shareholders:	7,247
Representative:	Eisuke, Ishihara (President)

	<u>FY2011</u> (November 1, 2010-October 31, 2011)	<u>FY2010</u> (November 1, 2009-October 31, 2010)
Net sales (millions of Yen):	42,095	38,252
Net income (millions of Yen):	1,360	1,292
Cash dividends per share applicable to the year (in yen):	5.0	3.0
Shareholders' equity to total assets (%):	73.0	72.7

CONSOLIDATED BALANCE SHEETS (1)

Fiscal Year Ending:	Millions of Yen	
	FY2011	FY2010
ASSETS		
CURRENT ASSETS		
Cash and deposits with banks	7,802	12,753
Trade notes and accounts receivable	7,883	5,732
Marketable securities	459	55
Merchandise and finished products	6,319	5,816
Work in process	2,405	2,176
Raw materials and supplies	1,542	1,063
Deferred tax assets	672	592
Other current assets	601	381
Allowance for doubtful accounts	(2)	(2)
Total current assets	27,680	28,566
FIXED ASSETS		
Tangible fixed assets		
Land	6,280	6,310
Buildings and structures	3,636	3,573
Machinery and equipments	733	829
Construction in progress	39	-
Other properties, plants and equipments	541	568
Total tangible fixed assets	11,229	11,280
Intangible fixed assets	221	247
Investments and other assets		
Investments in securities	12,913	10,479
Deferred tax assets	156	158
Other	948	975
Allowance for doubtful accounts	-	(1)
Total investments and other assets	14,017	11,611
Total fixed assets	25,467	23,138
TOTAL ASSETS	53,146	51,704

CONSOLIDATED BALANCE SHEETS (2)

Fiscal Year Ending:	Millions of Yen	
	FY2011	FY2010
LIABILITIES		
CURRENT LIABILITIES		
Trade notes and accounts payable	6,606	6,020
Short-term loan payable	11	11
Accrued amount payable	1,271	1,376
Accrued income taxes	322	406
Accrued bonuses	478	453
Reserve for environmental measures	-	50
Other	401	452
Total current liabilities	9,089	8,768
LONG-TERM LIABILITIES		
Long-term loan payable	6	17
Deferred tax liabilities	695	552
Reserve for employee retirement benefits	1,841	1,951
Reserve for directors' and corporate auditors' retirement benefits	322	470
Asset retirement obligations	34	-
Other	384	420
Total long-term liabilities	3,281	3,410
TOTAL LIABILITIES	12,370	12,179
NET ASSETS		
SHAREHOLDERS' EQUITY		
Capital stock	4,534	4,534
Capital surplus	4,833	4,833
Retained earnings	29,773	28,656
Less treasury stocks, at cost	(1,228)	(1,226)
Total shareholder's equity	37,913	36,797
VALUATION AND TRANSLATION ADJUSTMENTS		
Valuation differences on available-for-sale securities	1,248	1,166
Foreign currency translation adjustments	(379)	(374)
Total valuation and translation adjustments	869	791
MINORITY INTERESTS	1,994	1,937
TOTAL NET ASSETS	40,777	39,525
TOTAL LIABILITIES AND NET ASSETS	53,146	51,704

**CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME**

(CONSOLIDATED STATEMENTS OF INCOME)

<u>Fiscal Year Ending:</u>	Millions of Yen	
	FY2011	FY2010
NET SALES	42,095	38,252
COST OF SALES	32,105	28,955
GROSS PROFIT	9,989	9,297
SELLING GENERAL AND ADMINISTRATIVE EXPENSES	8,543	8,307
OPERATING INCOME	1,446	990
NON-OPERATING INCOME		
Interest income	60	39
Dividends received	251	219
Equity in earnings affiliates	306	306
Foreign exchange gains	7	79
Other income	97	170
Total non-operating income	719	813
NON-OPERATING EXPENSES		
Interest payable	1	1
Sales discount	37	36
Other expenses	69	59
Total non-operating expenses	107	97
ORDINARY INCOME	2,059	1,706
EXTRAORDINARY INCOME		
Gain on disposal of fixed assets	194	1
Gain on sales of investment securities	18	-
Compensation income	-	97
Gain on transfer of intellectual property right	-	335
Other extraordinary income	21	-
Total extraordinary income	233	432
EXTRAORDINARY LOSS		
Loss on disposal of fixed assets	26	87
Environmental expenditures	-	20
Loss due to disaster	155	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	29	-
Other extraordinary loss	1	-
Total extraordinary loss	211	106
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	2,081	2,033
INCOME TAXES		
Current	614	491
Correction	8	170
Total income taxes	622	660
MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	100	80
NET INCOME	1,360	1,292

(CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)

<u>Fiscal Year Ending:</u>	Millions of Yen	
	FY2011	FY2010
INCOME BEFORE MINORITY INTERESTS	1,460	-
OTHER COMPREHENSIVE INCOME		
Net unrealized holding gain (loss) on securities	92	-
Foreign currency translation adjustment	5	-
Share of other comprehensive income of associates accounted for using equity method	(18)	-
Total other comprehensive income	80	-
COMPREHENSIVE INCOME	1539	
(Breakdown)		
Comprehensive income attributable to owners of the parent	1439	-
Comprehensive income attributable to minority interests	100	-