CONSOLIDATED FINANCIAL STATEMENTS

(FY2015: November 1, 2014-October 31, 2015)

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: 652 Number of Shareholders: 5,889

Representative: Yoshitomo, Koike (President)

	FY2015	FY2014
	(November 1,	(November 1,
	2014-October 31, 2015)	2013-October 31, 2014)
Net sales (millions of Yen):	61,124	55,360
Net income (millions of Yen):	6,563	3,051
Cash dividends per share applicable to	8.0	7.0
the year (in yen):		
Shareholders' equity to total assets (%):	62.8	66.7

CONSOLIDATED BALANCE SHEETS (1)

Fiscal Year Ending:	Millions of Yen	
	FY2015	FY2014
ASSETS		
CURRENT ASSETS		
Cash and deposits	9,742	12,372
Notes and accounts receivable-trade	10,014	8,731
Securities	645	453
Merchandise and finished products	8,630	7,554
Work in process	2,663	2,265
Raw materials and supplies	1,574	1,343
Deferred tax assets	793	840
Other current assets	862	871
Allowance for doubtful accounts	(3)	(2)
Total current assets	34,918	34,427
FIXED ASSETS		
Tangible fixed assets		
Land	6,413	6,376
Buildings and structures	3,789	3,780
Machinery and equipment	1,939	2,105
Construction in progress	, <u>-</u>	-
Other property, plants and equipment	511	566
Total tangible fixed assets	12,839	12,828
Intangible fixed assets	272	262
Investments and other assets		
Investments in securities	36,151	21,574
Deferred tax assets	302	329
Net defined benefit asset	11	=
Other	595	856
Total investments and other assets	37,060	22,759
Total fixed assets	50,171	35,850
TOTAL ASSETS	85,089	70,277

CONSOLIDATED BALANCE SHEETS (2)

Fiscal Year Ending:	Millions of Yen	
	FY2015	FY2014
LIABILITIES		
CURRENT LIABILITIES		
Notes and accounts payable-trade	10,296	8,349
Short-term loan payable	3,580	2,500
Accounts payable-other	1,787	1,615
Income taxes payable	846	829
Provision for bonuses	639	600
Other	564	501
Total current liabilities	17,712	14,394
LONG-TERM LIABILITIES		
Long-term loan payable	5,650	1,500
Deferred tax liabilities	1,686	1,834
Provision for directors' retirement benefits	391	419
Net defined benefit liability	2,554	2,108
Asset retirement obligations	36	36
Other	273	318
Total long-term liabilities	10,590	6,214
TOTAL LIABILITIES	28,302	20,609
NET ASSETS		
SHAREHOLDERS' EQUITY		
Capital stock	4,534	4,534
Capital surplus	5,033	5,033
Retained earnings	42,024	36,210
Less treasury stocks, at cost	(1,565)	(1,459)
Total shareholder's equity	50,026	44,319
VALUATION AND TRANSLATION ADJUSTMENTS	,	,
Valuation differences on available-for-sale securities	3,770	3,201
Foreign currency translation adjustments	(89)	(321)
Remeasurements of defined benefit plans	(307)	(317)
Total valuation and translation adjustments	3,374	2,563
MINORITY INTERESTS	3,386	2,786
TOTAL NET ASSETS	56,787	49,668
TOTAL LIABILITIES AND NET ASSETS	85,089	70,277

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(CONSOLIDATED STATEMENTS OF INCOME)

NET SALES	Fiscal Year Ending:	Millions of Yen	
COST OF SALES 47,881 43,474 GROSS PROFIT 13,243 11,886 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 9,521 9,256 OPERATING INCOME 3,723 2,629 NON-OPERATING INCOME Interest income 69 76 Dividends income 324 188 Equity in earnings affiliates 3,783 1,204 Foreign exchange gains 112 183 Other income 172 117 Total non-operating income 4,459 1,768 NON-OPERATING EXPENSES 17 8 Interest expenses 17 8 Sales discounts 42 43 Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 62 40 Gain on sales of investment securities 62 40 Intellectual property rights gains 8833 - Total extraordinary income 78 25 </th <th></th> <th>FY2015</th> <th>FY2014</th>		FY2015	FY2014
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 9,521 9,256	NET SALES	61,124	55,360
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 9,521 9,256 OPERATING INCOME 3,723 2,629 NON-OPERATING INCOME 324 188 Interest income 324 188 Equity in earnings affiliates 3,783 1,204 Foreign exchange gains 112 183 Other income 172 117 Total non-operating income 4,459 1,768 NON-OPERATING EXPENSES 17 8 Interest expenses 17 8 Sales discounts 42 43 Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 59 56 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS 1 1 Loss on disposal of nocurrent assets 78 25	COST OF SALES	47,881	43,474
EXPENSES 9,321 3,256	GROSS PROFIT	13,243	11,886
NON-OPERATING INCOME Interest income 69 76 Dividends income 324 188 Equity in earnings affiliates 3,783 1,204 Foreign exchange gains 112 183 Other income 172 117 Total non-operating income 4,459 1,768 NON-OPERATING EXPENSES Interest expenses 17 8 Sales discounts 42 43 Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 51 1 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265 Deferred 1,485 1,084 MINORITY INTERESTS IN INCOME 216 138		9,521	9,256
Interest income	OPERATING INCOME	3,723	2,629
Dividends income 324 188 Equity in earnings affiliates 3,783 1,204 Foreign exchange gains 112 183 Other income 172 117 Total non-operating income 4,459 1,768 NON-OPERATING EXPENSES Interest expenses 17 8 Sales discounts 42 43 Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 51 1 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS 25 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of investment securities 13 21 Loss on sales of membership </td <td>NON-OPERATING INCOME</td> <td>·</td> <td></td>	NON-OPERATING INCOME	·	
Equity in earnings affiliates 3,783 1,204 Foreign exchange gains 112 183 Other income 172 117 Total non-operating income 4,459 1,768 NON-OPERATING EXPENSES Interest expenses 17 8 Sales discounts 42 43 Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 62 40 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS 25 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on sales of mem	Interest income	69	76
Foreign exchange gains	Dividends income	324	188
Other income 172 117 Total non-operating income 4,459 1,768 NON-OPERATING EXPENSES Interest expenses Interest expenses 17 8 Sales discounts 42 43 Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 51 1 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS S 25 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of investment securities 13 21 Loss on asles of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222	Equity in earnings affiliates	3,783	1,204
Total non-operating income 4,459 1,768 NON-OPERATING EXPENSES 17 8 Interest expenses 17 8 Sales discounts 42 43 Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 51 1 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS S Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 -	Foreign exchange gains	112	183
NON-OPERATING EXPENSES 17	Other income	172	117
NON-OPERATING EXPENSES 17	Total non-operating income	4,459	1,768
Sales discounts 42 43 Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 51 1 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS 25 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265		,	,
Other expenses 59 56 Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 51 1 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS 38 25 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 3,234	Interest expenses	17	8
Total non-operating expenses 118 107 ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 4,290 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS 3996 41 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES (31) (181) Total income taxes 1,486	Sales discounts	42	43
ORDINARY INCOME 8,064 4,290 EXTRAORDINARY INCOME 3,064 4,290 Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS 396 41 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES (31) (181) Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 </td <td>Other expenses</td> <td>59</td> <td>56</td>	Other expenses	59	56
EXTRAORDINARY INCOME Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS Stransparent securities 13 25 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 2222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Total non-operating expenses	118	107
Gain on disposal of fixed assets 51 1 Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS - - Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	ORDINARY INCOME	8,064	4,290
Gain on sales of investment securities 62 40 Intellectual property rights gains 883 - Total extraordinary income 996 41 EXTRAORDINARY LOSS 3 25 Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	EXTRAORDINARY INCOME	·	
Intellectual property rights gains	Gain on disposal of fixed assets	51	1
Total extraordinary income 996 41 EXTRAORDINARY LOSS	Gain on sales of investment securities	62	40
EXTRAORDINARY LOSS Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265 Current 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Intellectual property rights gains	883	-
Loss on disposal of noncurrent assets 78 25 Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 3,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Total extraordinary income	996	41
Loss on sales of investment securities 13 21 Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	EXTRAORDINARY LOSS		
Loss on sales of membership - 11 Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Loss on disposal of noncurrent assets	78	25
Loss on abandonment of inventories 113 - Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Loss on sales of investment securities	13	21
Environmental expenses 399 - Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES - 2 Current 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Loss on sales of membership	-	11
Retirement benefit expenses 222 - Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 5 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Loss on abandonment of inventories	113	-
Loss due to disaster - 2 Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 3 4 Current 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Environmental expenses	399	-
Total extraordinary loss 826 58 INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 3,486 1,265 Current (31) (181) Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Retirement benefit expenses	222	-
INCOME BEFORE INCOME TAXES 8,234 4,273 INCOME TAXES 3,265 3,265 Current (31) (181) Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Loss due to disaster	-	2
INCOME TAXES Current 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Total extraordinary loss	826	58
Current 1,486 1,265 Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	INCOME BEFORE INCOME TAXES	8,234	4,273
Deferred (31) (181) Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	INCOME TAXES	·	
Total income taxes 1,455 1,084 MINORITY INTERESTS IN INCOME 216 138	Current	1,486	1,265
MINORITY INTERESTS IN INCOME 216 138	Deferred	(31)	(181)
MINORITY INTERESTS IN INCOME 216 138	Total income taxes		
NET INCOME 6,563 3,051	MINORITY INTERESTS IN INCOME		· · · · · · · · · · · · · · · · · · ·
	NET INCOME	6,563	3,051

(CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)

Fiscal Year Ending:	Millions of Yen	
	FY2015	FY2014
INCOME BEFORE MINORITY INTERESTS	6,779	3,189
OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	571	(1,704)
Foreign currency translation adjustment	(33)	59
Share of other comprehensive income of associates accounted for using equity method	257	397
Total other comprehensive income	804	(1,248)
CONPREHENSIVE INCOME	7,583	1,940
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,375	1,905
Comprehensive income attributable to minority interests	208	36