

# 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) |

|  | <u>FY2015</u><br>(November 1,<br>2014-October 31, 2015) | <u>FY2014</u><br>(November 1,<br>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<br>the year (in yen): | 8.0   | 7.0   |
| Shareholders' equity to total assets (%):                    | 62.8  | 66.7  |

## CONSOLIDATED BALANCE SHEETS (1)

| <b>Fiscal Year Ending:</b>           | Millions of Yen |               |
|--------------------------------------|-----------------|---------------|
|                                      | <b>FY2015</b>   | <b>FY2014</b> |
| <b>ASSETS</b>                        |                 |               |
| <b>CURRENT ASSETS</b>                |                 |               |
| 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)           |
| <b>Total current assets</b>          | <b>34,918</b>   | <b>34,427</b> |
| <b>FIXED ASSETS</b>                  |                 |               |
| <b>Tangible fixed assets</b>         |                 |               |
| Land                                 | 6,413           | 6,376         |
| Buildings and structures             | 3,789           | 3,780         |
| Machinery and equipment              | 1,939           | 2,105         |
| Construction in progress             | -               | -             |
| Other property, plants and equipment | 511             | 566           |
| Total tangible fixed assets          | 12,839          | 12,828        |
| <b>Intangible fixed assets</b>       | 272             | 262           |
| <b>Investments and other assets</b>  |                 |               |
| 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        |
| <b>Total fixed assets</b>            | <b>50,171</b>   | <b>35,850</b> |
| <b>TOTAL ASSETS</b>                  | <b>85,089</b>   | <b>70,277</b> |

## CONSOLIDATED BALANCE SHEETS (2)

| <b>Fiscal Year Ending:</b>                             | Millions of Yen |               |
|--|-----------------|---------------|
|  | <b>FY2015</b>   | <b>FY2014</b> |
| <b>LIABILITIES</b>                                     |                 |               |
| <b>CURRENT LIABILITIES</b>                             |                 |               |
| 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           |
| <b>Total current liabilities</b>                       | <b>17,712</b>   | <b>14,394</b> |
| <b>LONG-TERM LIABILITIES</b>                           |                 |               |
| 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           |
| <b>Total long-term liabilities</b>                     | <b>10,590</b>   | <b>6,214</b>  |
| <b>TOTAL LIABILITIES</b>                               | <b>28,302</b>   | <b>20,609</b> |
| <b>NET ASSETS</b>                                      |                 |               |
| <b>SHAREHOLDERS' EQUITY</b>                            |                 |               |
| 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 )      |
| <b>Total shareholder's equity</b>                      | <b>50,026</b>   | <b>44,319</b> |
| <b>VALUATION AND TRANSLATION ADJUSTMENTS</b>           |                 |               |
| Valuation differences on available-for-sale securities | 3,770           | 3,201         |
| Foreign currency translation adjustments               | (89 )           | (321 )        |
| Remeasurements of defined benefit plans                | (307 )          | (317 )        |
| <b>Total valuation and translation adjustments</b>     | <b>3,374</b>    | <b>2,563</b>  |
| <b>MINORITY INTERESTS</b>                              | <b>3,386</b>    | <b>2,786</b>  |
| <b>TOTAL NET ASSETS</b>                                | <b>56,787</b>   | <b>49,668</b> |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                | <b>85,089</b>   | <b>70,277</b> |

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

**(CONSOLIDATED STATEMENTS OF INCOME)**

| <b><u>Fiscal Year Ending:</u></b>                       | Millions of Yen |               |
|---|-----------------|---------------|
|   | <b>FY2015</b>   | <b>FY2014</b> |
| <b>NET SALES</b>  | <b>61,124</b>   | <b>55,360</b> |
| <b>COST OF SALES</b>                                    | <b>47,881</b>   | <b>43,474</b> |
| <b>GROSS PROFIT</b>                                     | <b>13,243</b>   | <b>11,886</b> |
| <b>SELLING, GENERAL AND ADMINISTRATIVE<br/>EXPENSES</b> | <b>9,521</b>    | <b>9,256</b>  |
| <b>OPERATING INCOME</b>                                 | <b>3,723</b>    | <b>2,629</b>  |
| <b>NON-OPERATING INCOME</b>                             |                 |               |
| 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           |
| <b>Total non-operating income</b>                       | <b>4,459</b>    | <b>1,768</b>  |
| <b>NON-OPERATING EXPENSES</b>                           |                 |               |
| Interest expenses                                       | 17              | 8             |
| Sales discounts   | 42              | 43            |
| Other expenses  | 59              | 56            |
| <b>Total non-operating expenses</b>                     | <b>118</b>      | <b>107</b>    |
| <b>ORDINARY INCOME</b>                                  | <b>8,064</b>    | <b>4,290</b>  |
| <b>EXTRAORDINARY INCOME</b>                             |                 |               |
| Gain on disposal of fixed assets                        | 51              | 1             |
| Gain on sales of investment securities                  | 62              | 40            |
| Intellectual property rights gains                      | 883             | -             |
| <b>Total extraordinary income</b>                       | <b>996</b>      | <b>41</b>     |
| <b>EXTRAORDINARY LOSS</b>                               |                 |               |
| 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             |
| <b>Total extraordinary loss</b>                         | <b>826</b>      | <b>58</b>     |
| <b>INCOME BEFORE INCOME TAXES</b>                       | <b>8,234</b>    | <b>4,273</b>  |
| <b>INCOME TAXES</b>                                     |                 |               |
| Current   | 1,486           | 1,265         |
| Deferred  | (31)            | (181)         |
| <b>Total income taxes</b>                               | <b>1,455</b>    | <b>1,084</b>  |
| <b>MINORITY INTERESTS IN INCOME</b>                     | <b>216</b>      | <b>138</b>    |
| <b>NET INCOME</b>                                       | <b>6,563</b>    | <b>3,051</b>  |

**(CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)**

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