

# Consolidated Balance Sheets

Nippon Kayaku Co., Ltd. and Consolidated Subsidiaries  
As of May 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents (Note 14).....	¥ 41,304	¥ 35,813	\$ 510,682
Time deposits (Note 14).....	120	126	1,483
Trade receivables (Note 14).....	46,945	47,181	580,427
Allowance for doubtful receivables.....	(36)	(145)	(445)
Inventories (Note 4).....	24,647	25,156	304,735
Deferred tax assets (Note 10).....	2,682	6,068	33,160
Other current assets (Note 14).....	7,468	3,371	92,334
<b>Total current assets</b>	<b>123,132</b>	<b>117,572</b>	<b>1,522,403</b>
<b>Property, plant and equipment (Notes 5, 6 and 17):</b> .....	<b>192,255</b>	<b>193,420</b>	<b>2,377,040</b>
Accumulated depreciation (Including accumulated impairment loss).....	<b>(131,702)</b>	<b>(131,782)</b>	<b>(1,628,363)</b>
<b>Property, plant and equipment, net</b> .....	<b>60,553</b>	<b>61,637</b>	<b>748,677</b>
<b>Investments and other assets:</b>			
Investment securities (Notes 6, 14 and 15).....	13,323	13,896	164,725
Goodwill.....	1,423	1,835	17,593
Deferred tax assets (Note 10).....	329	315	4,067
Other assets.....	6,347	7,383	78,474
<b>Total investments and other assets</b> .....	<b>21,424</b>	<b>23,430</b>	<b>264,886</b>
<b>Total assets</b> .....	<b>¥205,110</b>	<b>¥202,641</b>	<b>\$2,535,979</b>

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
<b>Liabilities and net assets</b>			
<b>Current liabilities:</b>			
Short-term bank loans (Notes 6 and 14).....	¥ 5,388	¥ 6,353	\$ 66,617
Current portion of long-term debt (Notes 6 and 14) .....	5,529	5,794	68,360
Payables:			
Trade (Note 14).....	14,121	14,420	174,591
Unconsolidated subsidiaries and affiliates (Note 14).....	140	111	1,730
Construction.....	2,677	2,355	33,098
Other.....	4,210	4,438	52,052
Accrued expenses.....	5,818	5,935	71,933
Accrued income taxes .....	1,633	2,055	20,190
Other current liabilities (Notes 11 and 14) .....	1,373	1,484	16,975
<b>Total current liabilities</b> .....	<b>40,893</b>	<b>42,947</b>	<b>505,600</b>
<b>Non-current liabilities:</b>			
Long-term debt, less current portion (Notes 6 and 14).....	11,143	11,672	137,772
Provision for retirement benefits (Note 7) .....	3,455	4,625	42,717
Other non-current liabilities (Notes 11 and 14).....	11,226	12,437	138,798
Deferred income taxes (Note 10).....	2,594	3,128	32,072
<b>Total non-current liabilities</b> .....	<b>28,419</b>	<b>31,864</b>	<b>351,372</b>
<b>Total liabilities</b> .....	<b>69,313</b>	<b>74,812</b>	<b>856,985</b>
<b>Contingent liabilities</b> (Note 12)			
<b>Net assets</b> (Note 13):			
<b>Shareholders' equity</b>			
Common stock:			
Authorized – 700,000,000 shares			
Issued – 182,503,750 shares .....	14,932	14,932	184,619
Additional paid-in capital.....	17,265	17,264	213,464
Retained earnings .....	97,990	88,613	1,211,547
Treasury stock, at cost .....	(797)	(713)	(9,854)
<b>Total shareholders' equity</b> .....	<b>129,391</b>	<b>120,097</b>	<b>1,599,789</b>
<b>Accumulated other comprehensive income</b>			
Unrealized holding gains on other securities.....	131	460	1,619
Translation adjustments.....	(1,769)	(116)	(21,871)
<b>Total accumulated other comprehensive income</b> .....	<b>(1,638)</b>	<b>343</b>	<b>(20,252)</b>
<b>Minority interests</b> .....	<b>8,044</b>	<b>7,387</b>	<b>99,455</b>
<b>Total net assets</b> .....	<b>135,796</b>	<b>127,829</b>	<b>1,678,981</b>
<b>Total liabilities and net assets</b> .....	<b>¥205,110</b>	<b>¥202,641</b>	<b>\$2,535,979</b>

See accompanying notes to consolidated financial statements.