

Consolidated Balance Sheets

Nippon Kayaku Co., Ltd. and Consolidated Subsidiaries
As of May 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	2005
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 17,191	¥ 17,402	\$ 159,013
Time deposits.....	26	10	240
Trade receivables (Note 6).....	46,523	47,966	430,330
Less allowance for doubtful receivables.....	(47)	(49)	(434)
Inventories (Note 3).....	24,144	23,110	223,328
Deferred income taxes (Note 7).....	2,010	2,013	18,592
Other current assets.....	2,866	3,198	26,510
Total current assets.....	92,716	93,651	857,607
Property, plant and equipment (Notes 5 and 6):	174,468	172,566	1,613,800
Less accumulated depreciation.....	(116,935)	(115,496)	1,081,629
Property, plant and equipment, net	57,533	57,069	532,170
Investments and other assets:			
Investment securities (Notes 4 and 6).....	17,938	16,461	165,923
Goodwill.....	2,913	3,322	26,944
Deferred income taxes (Note 7).....	894	650	8,269
Other assets.....	9,369	8,668	86,661
Total investments and other assets	31,115	29,102	287,808
Total assets	¥181,364	¥179,823	\$1,677,587

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	2005
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank loans (Note 6)	¥ 2,203	¥ 3,775	\$ 20,377
Current portion of long-term debt (Note 6).....	2,547	4,041	23,559
Payables:			
Trade	16,460	17,259	152,252
Unconsolidated subsidiaries and affiliates.....	288	89	2,663
Construction	1,724	2,525	15,946
Other	3,467	4,001	32,069
Accrued expenses	4,759	4,690	44,019
Accrued income taxes (Note 7)	2,189	2,279	20,247
Other current liabilities	1,868	726	17,278
Total current liabilities	35,509	39,389	328,452
Non-current liabilities:			
Long-term debt, less current portion (Note 6).....	9,785	8,509	90,509
Retirement benefits (Note 8)	8,419	7,680	77,874
Other non-current liabilities	15,635	16,627	144,621
Deferred income taxes (Note 7).....	1,397	1,340	12,922
Total non-current liabilities	35,237	34,157	325,936
Minority interests	6,805	6,068	62,945
Contingent liabilities (Note 10)			
Shareholders' equity (Notes 11 and 15):			
Common stock:			
Authorized – 700,000,000 shares			
Issued – 182,503,570 shares in 2005 and 2004.....	14,932	14,932	138,118
Additional paid-in capital	17,260	17,257	159,652
Retained earnings	68,109	64,973	629,997
Translation adjustments	571	315	5,281
Unrealized holding gains on other securities.....	3,231	2,946	29,886
Less treasury stock, at cost.....	(294)	(218)	(2,719)
Total shareholders' equity	103,810	100,207	960,225
Total liabilities and shareholders' equity	¥181,364	¥179,823	\$1,677,587

See accompanying notes to consolidated financial statements.