

Consolidated Balance Sheets

Nippon Kayaku Co., Ltd. and Consolidated Subsidiaries
As of May 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Assets			
Current assets:			
Cash and cash equivalents	¥ 21,662	¥ 25,589	\$ 216,209
Time deposits	462	109	4,611
Trade receivables	48,731	46,213	486,385
Less allowance for doubtful receivables	(133)	(69)	(1,327)
Inventories (Note 3)	24,503	26,180	244,565
Deferred income taxes (Note 7)	2,144	2,422	21,399
Other current assets	5,746	2,216	57,351
Total current assets	103,117	102,661	1,029,214
Property, plant and equipment (Notes 5 and 6)	189,777	188,640	1,894,171
Less accumulated depreciation	(119,607)	(118,857)	(1,193,801)
Property, plant and equipment, net	70,170	69,783	700,369
Investments and other assets:			
Investment securities (Notes 4 and 6)	23,520	24,375	234,753
Goodwill	3,311	2,042	33,047
Deferred income taxes (Note 7)	277	294	2,764
Other assets	6,870	7,924	68,569
Total investments and other assets	33,979	34,636	339,145
Total assets	¥207,269	¥207,081	\$2,068,759

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Note 6).....	¥ 2,873	¥ 2,112	\$ 28,675
Current portion of long-term debt (Note 6).....	5,301	4,987	52,909
Payables:			
Trade	17,769	15,671	177,353
Unconsolidated subsidiaries and affiliates	216	165	2,155
Construction	2,588	3,529	25,830
Other.....	4,197	3,362	41,890
Accrued expenses.....	5,246	5,129	52,360
Accrued income taxes (Note 7).....	1,514	4,548	15,111
Other current liabilities.....	918	808	9,162
Total current liabilities.....	40,627	40,316	405,499
Non-current liabilities:			
Long-term debt, less current portion (Note 6).....	11,727	12,033	117,047
Retirement benefits (Note 9).....	4,729	3,980	47,200
Other non-current liabilities.....	14,450	15,101	144,225
Deferred income taxes (Note 7).....	4,659	5,414	46,501
Total non-current liabilities	35,567	36,531	354,995
Total liabilities.....	76,194	76,847	760,494
Contingent liabilities (Note 11)			
Net assets (Notes 12 and 17):			
Shareholders' equity:			
Common stock:			
Authorized – 700,000,000 shares			
Issued – 182,503,750 shares.....	14,932	14,932	149,036
Additional paid-in capital	17,270	17,269	172,372
Retained earnings	82,477	79,481	823,205
Less treasury stock, at cost.....	(578)	(514)	(5,769)
Total shareholders' equity	114,102	111,168	1,138,856
Valuation and translation adjustments:			
Unrealized holding gains on other securities	2,821	5,068	28,156
Translation adjustments.....	1,592	1,276	15,889
Total valuation and translation adjustments	4,413	6,345	44,045
Minority interests	12,557	12,719	125,331
Total net assets	131,074	130,233	1,308,254
Total liabilities and net assets	¥207,269	¥207,081	\$2,068,759

See accompanying notes to consolidated financial statements.