

CONSOLIDATED BALANCE SHEETS

As at 31st March, 1998 and 1999

Assets

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS (NOTE 3)
31st March	1998	1999	1999
Current Assets:			
Cash and time deposits	¥ 11,170	¥ 9,748	\$ 81,233
Marketable securities (Note 4)	7,818	7,924	66,033
Notes and accounts receivable:			
Trade	44,457	44,120	367,667
Unconsolidated subsidiaries and affiliates	3,868	3,445	28,708
Others	820	404	3,367
	49,145	47,969	399,742
Less: Allowance for doubtful accounts	(383)	(378)	(3,150)
	48,762	47,591	396,592
Inventories	24,951	21,352	177,933
Deferred income taxes (Notes 2 (5) and 7)	—	594	4,950
Other current assets	2,348	2,325	19,375
Total current assets	95,049	89,534	746,116
Investments and Advances:			
Investments in securities (Note 4)	2,940	4,902	40,850
Investments in and advances to unconsolidated subsidiaries and affiliates	11,978	12,512	104,267
Other investments	2,720	2,682	22,350
	17,638	20,096	167,467
Property, Plant and Equipment, at Cost:			
Buildings and structures	46,482	48,908	407,567
Machinery, equipment and tools	104,349	110,773	923,108
	150,831	159,681	1,330,675
Less: Accumulated depreciation	(101,860)	(105,927)	(882,725)
	48,971	53,754	447,950
Land	15,095	15,442	128,683
Construction in progress	2,294	1,845	15,375
	66,360	71,041	592,008
Deferred Charges and Intangibles (Note 2 (6))	2,046	4,290	35,750
Deferred Income Taxes (Notes 2 (5) and 7)	—	1,634	13,617
Difference between Cost of Investment and Equity in Net Assets Acquired (Note 2 (6))	12	—	—
Adjustments on Foreign Currency Statement Translation	—	560	4,667
	¥ 181,105	¥ 187,155	\$ 1,559,625

The accompanying notes are an integral part of the statements.

Liabilities and Shareholders' Equity

	31st March	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS (NOTE 3)
		1998	1999	1999
Current Liabilities:				
Short-term bank loans	¥	42,715	¥ 44,792	\$ 373,267
Current portion of long-term debt		16,087	11,889	99,075
Notes and accounts payable:				
Trade		27,837	21,521	179,342
Unconsolidated subsidiaries and affiliates		7,437	5,719	47,658
Other		1,827	1,417	11,808
		37,101	28,657	238,808
Income taxes payable		2,949	935	7,792
Accrued expenses		4,224	4,143	34,525
Other current liabilities		5,044	4,416	36,800
Total current liabilities		108,120	94,832	790,267
Long-Term Debt		21,822	21,124	176,033
Deferred Income Taxes (Notes 2 (5) and 7)		—	1,606	13,383
Accrued Retirement Benefits		633	610	5,084
Commitments and Contingent Liabilities (Notes 5 and 6)				
Minority Interest in Consolidated Subsidiaries		4,513	4,753	39,608
Shareholders' Equity:				
Common stock, par value ¥50 per share				
Authorised: 240,000,000 shares				
Issued: 123,187,730 shares and				
142,375,347 shares as at 31st March,				
1998 and 1999, respectively		18,912	26,657	222,142
Additional paid-in capital		16,160	23,584	196,533
Legal reserve (Note 2 (6))		684	—	—
Retained earnings (Note 2 (6))		10,264	13,990	116,583
Less: Treasury stock		(3)	(1)	(8)
		46,017	64,230	535,250
	¥	181,105	¥ 187,155	\$ 1,559,625

The accompanying notes are an integral part of the statements.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the years ended 31st March, 1997, 1998 and 1999

	MILLIONS OF YEN			THOUSANDS OF U.S. DOLLARS (NOTE 3)
For the year ended 31st March	1997	1998	1999	1999
Net Sales <i>(Note 8)</i>	¥ 175,136	¥ 182,679	¥ 161,621	\$ 1,346,842
Cost of Sales <i>(Note 8)</i>	139,764	144,588	129,749	1,081,242
Gross profit	35,372	38,091	31,872	265,600
Selling, General and Administrative Expenses <i>(Note 2 (6))</i>	23,518	24,420	24,097	200,808
Income from operations	11,854	13,671	7,775	64,792
Other Income (Expenses):				
Interest and dividend income	178	225	226	1,883
Interest expense	(2,936)	(2,454)	(1,811)	(15,092)
Rental income (expenses)	282	(199)	(235)	(1,959)
Loss on sale or disposal of property	(490)	(748)	(509)	(4,242)
Loss on write-down of marketable securities	—	(582)	(319)	(2,658)
Gain on sale of marketable securities	128	12	179	1,492
Equity in Earnings of Affiliates <i>(Note 2 (6))</i>	—	—	1,739	14,492
New share issue expenses	—	—	(763)	(6,358)
Processing fee income, net	155	66	—	—
Others, net	(1,894)	(991)	(103)	(858)
	(4,577)	(4,671)	(1,596)	(13,300)
Income before income taxes	7,277	9,000	6,179	51,492
Income Taxes <i>(Notes 2 (5) and 7)</i>				
Current	5,117	4,946	2,761	23,008
Deferred	—	—	(23)	(191)
	2,160	4,054	3,441	28,675
Minority Interests in Net Loss (Income) of Consolidated Subsidiaries	45	(219)	(113)	(942)
Amortisation of Difference between Cost of Investment and Equity in Net Assets Acquired <i>(Note 2 (6))</i>	(6)	(4)	—	—
Equity in Earnings of Affiliates <i>(Note 2 (6))</i>	1,520	2,533	—	—
Net income	3,719	6,364	3,328	27,733
Retained Earnings/(Deficit):				
Balance at beginning of year	955	4,891	10,264	85,533
Transfer to retained earnings <i>(Note 2 (6))</i>	—	—	684	5,700
Prior year adjustments of deferred income taxes <i>(Notes 2 (5) and 7)</i>	—	—	551	4,592
Increase/(decrease) due to application of the equity method to investments in an affiliate	393	—	—	—
Increase due to consolidation of additional subsidiaries	121	—	—	—
Appropriations:				
Cash dividends	(263)	(860)	(796)	(6,633)
Transfer to legal reserve	(26)	(89)	—	—
Directors' bonuses	(8)	(42)	(41)	(342)
Balance at end of year	¥ 4,891	¥ 10,264	¥ 13,990	\$ 116,583

	YEN					U.S. DOLLARS	
Per share:							
Basic net income	¥	38.20	¥	54.96	¥	23.65	\$ 0.20
Diluted net income	¥	35.59	¥	51.60	¥	23.63	\$ 0.19

The accompanying notes are an integral part of the statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the accounts of Nippon Soda Co., Ltd. (the "Company") and its consolidated subsidiaries, in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with the Ministry of Finance (the "MOF") in Japan have been

reclassified for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Unless otherwise indicated, as set out below, the following notes should be read in conjunction with the Notes to the Consolidated Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 Scope of Consolidation

The Company had 18 (18 as at 31st March, 1998) subsidiaries (majority-owned companies) as at 31st March, 1999. The consolidated financial statements include the accounts of the Company and 9 of its subsidiaries. The 9 major subsidiaries which have been consolidated with the Company are listed below:

	EQUITY OWNERSHIP PERCENTAGE	PAID-IN CAPITAL (MILLIONS OF YEN)
Nisso Chemicals Co., Ltd.	100.0%	1,800
Nisso Petrochemical Industries Co., Ltd.	66.7%	2,250
Nisso Shoji Co., Ltd.	70.2%	401
Sanwa Soko Co., Ltd.	50.6%	1,831
Nisso Metallochemical Co., Ltd.	88.0%	1,000
Nisso Kensetsu Kogyo Co., Ltd.	100.0%	50
Nisso Construction Co., Ltd.	100.0%	45
Ibaraki Kasei Co., Ltd.	100.0%	150
Shin Fuji Kaseiyaku Co., Ltd.	65.1%	70

All of the above-shown consolidated subsidiaries are domestic corporations and, use a fiscal year ending on 31st March of each year, which is the same as the fiscal year of the Company.

The Company and its consolidated subsidiaries above are hereinafter referred to as the "Companies".

The remaining 9 unconsolidated subsidiaries as at 31st March, 1999 (9 as at 31st March, 1998), whose combined total assets, net sales, net income and total retained earnings in the aggregate are not significant in relation to those of the consolidated financial statements of the Companies, have not been consolidated with the Company.

2 Elimination and Consolidation

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealised profits among the Companies have been eliminated, and the portion thereof attributable to minority interests is charged to minority interests.

Adjustment is made to computation of depreciation in relation to the elimination of unrealised profits included in depreciable assets among the Companies.

Any difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary, which may arise in connection with the elimination of investment, is treated as an asset or a liability, as the case may be, and amortised over a period of five years on a straight-line basis when the amount is significant or is charged/credited to income of the year when the amount is not significant.

Legal reserves of consolidated subsidiaries provided subsequent to the acquisition of such subsidiaries by the Company are included in retained earnings and are not shown separately in the consolidated financial statements.

3 Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The Company had 9 unconsolidated subsidiaries and 15 affiliates (20% to 50% owned companies) as at 31st March, 1999, and applied the equity method to the investments in four major affiliates, Novus International Inc., Nisso Maruzen Chemical Co., Ltd. ("NMC"), Nisso Engineering Co., Ltd. ("NEC") and Koriyama Kasei Co., Ltd. ("KKC").

The investments in the remaining unconsolidated subsidiaries and affiliates are carried at cost or less since these investments would have had no material effect on consolidated net income had they been accounted for by the equity method.

4 Accrued Retirement Benefits

The Company and 5 of the consolidated subsidiaries have funded and qualified pension plans to cover the entire employees' retirement benefits. The remaining 4 consolidated subsidiaries have pension plans which cover only a portion of the retirement benefits payable to employees. Accordingly, these subsidiaries provide 40% of the amount that would be required to be paid if all eligible employees voluntarily severed their employment at the balance sheet date.

5 Income Taxes

Until the year ended 31st March, 1998, income taxes were provided for in an amount currently payable based on the tax returns for the year.

With effective from the year ended 31st March, 1999, the tax effects of items that are included in the determination of consolidated net income for the year but are deductible or taxable in different years (temporary differences) are reflected in the accompanying consolidated financial statements.

As a result, income before income taxes, net income and retained earnings increased by ¥41 million, ¥52 million and ¥602 million respectively.

6 Change in Presentation of Accounts

Due to the amendments of the Consolidated Financial Statements Regulation, the following presentation of the accounts in the consolidated financial statements have been changed for the fiscal year ended 31st March, 1999.

1. "Legal reserve", which was previously reported as a separate account within Shareholder's Equity is, included in "Retained earnings". Accordingly, the ending balance of the fiscal year of "Retained earnings" include "Legal reserve".

2. "Difference between Cost of Investment and Equity in Net Assets Acquired", which was previously reported as a separate account, is included in "Deferred Charges and Intangibles".

3. "Amortisation of Difference between Cost of Investment and Equity in Net Assets Acquired", which was previously reported as a separate account after "Income before income taxes", is included in "Selling, General and Administrative Expenses".

4. "Equity in Earnings of Affiliates", which was previously reported as a separate account after "Net Income before income taxes", is included in "Other Income (Expenses)".

7 Other Accounting Principles and Practices Employed by the Companies

Accounting principles and practices employed by the Company and its consolidated subsidiaries in preparing the accompanying consolidated financial statement, which have significant effects thereon, are explained in Note 2 of the Notes to the Non-Consolidated Financial Statements. Therefore, the accompanying consolidated financial statements should be read in conjunction with such notes.

3. UNITED STATES DOLLARS AMOUNTS

For the basis of translating the Japanese Yen amounts to the U.S. Dollar amounts at the exchange rate of ¥120=U.S.\$1 included in the accompanying consolidated financial statements, see Note 3 of the Notes to the Non-Consolidated Financial Statements.

4. MARKETABLE SECURITIES AND INVESTMENTS IN SECURITIES

The excess of the aggregate market value over the aggregate book value (cost) of shares listed on stock exchanges included in both the "marketable securities" account (current portfolio) and the "investments in securities" account (non-current portfolio) was ¥17 million (\$142 thousand) as at 31st March, 1998 and ¥(257) million (\$2,142 thousand) as at 31st March, 1999.

5. CONTINGENT LIABILITIES

1 As at 31st March, 1999, the Companies had contingent liabilities from notes discounted by banks in the aggregate amount of ¥1,464 million (\$12,200 thousand) and from notes delivered with endorsement for payments in the aggregate amount of ¥191 million (\$1,592 thousand).

2 As at 31st March, 1999, the Company provides guarantees to bank loans drawn mainly by the companies other than consolidated subsidiaries as follows:

LOANS BORROWED BY:	31st March	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS	
			1999		1999
Nisso Maruzen Chemical Co., Ltd.	¥	2,804		\$	23,367
Novus International, Inc.		6,871			57,258
Other		1,558			12,983
	¥	11,233		\$	93,608

In addition, the Companies provide guarantee in an amounting to ¥6,000 million related to liquidation of receivables.

6. LEASE TRANSACTIONS

All finance lease contracts other than those by which the ownership of the leased assets is to be transferred to lessees, are accounted for by the method similar to the operating lease method.

(Lessee side)

Lease rental expenses on finance lease contracts without ownership-transfer for the year ended 31st March, 1999 was summarised as follows:

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
	1999	1999
Lease rental expenses	¥ 472	\$ 3,933

The amount of outstanding future lease payments due at 31st March, 1999 was summarised as follows:

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
	1999	1999
Future lease payments		
Within one year	¥ 462	\$ 3,850
Over one year	917	7,642
Total	¥ 1,379	\$ 11,492

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expenses of the leased assets (machinery, equipment and tools, long-term prepaid expenses), which included the portion of interest thereon, were summarised as follows:

	31st March	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
		1999	1999
Acquisition cost		¥ 2,457	\$ 20,475
Accumulated depreciation		1,077	8,975
Net book value		¥ 1,380	\$ 11,500
Depreciation		¥ 472	\$ 3,933

Depreciation is based on the straight-line method over the lease term of the leased assets.

(Lessor side)

Lease rental incomes and interest incomes on finance lease contracts without ownership-transfer for the year ended 31st March, 1999 were summarised as follows:

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
	1999	1999
Lease rental incomes	¥ 50	\$ 417
Interest incomes	9	75

The amount of outstanding future lease receipts due at 31st March, 1999 was summarised as follows:

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
	1999	1999
Future lease receipts		
Within one year	¥ 44	\$ 367
Over one year	84	700
Total	¥ 128	\$ 1,067

Interest is allocated based on the interest method over the lease term of the leased assets.

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets (machinery, equipment and tools, long-term prepaid expenses), were summarised as follows:

	31st March	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
		1999	1999
Acquisition cost		¥ 194	\$ 1,617
Accumulated depreciation		117	975
Net book value		¥77	\$642
Depreciation		¥ 27	\$ 225

7. INCOME TAXES

Details of deferred tax assets and liabilities classified by sources are as follows:

	31st March	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
		1999	1999
Deferred tax assets:			
Adjustments for unrealized profits		¥ 1,567	\$ 13,058
Deduction for foreign taxes		200	1,667
Undeductible accrued bonuses		153	1,275
Others		350	2,917
Total deferred tax assets		2,270	18,917
Deferred tax liabilities:			
Special tax-purpose reserves		(1,629)	(13,575)
Others		(20)	(167)
Total deferred tax liabilities		(1,649)	(13,742)
 Total deferred tax liabilities, net		¥ 621	\$ 5,175

8. SEGMENT INFORMATION

The Company and its subsidiaries operate principally in two industrial segments: chemicals division and non-chemical division.

INDUSTRY SEGMENT	MAJOR PRODUCTS/SERVICES	
Chemicals division	Basic chemicals	<i>caustic soda, caustic potash and sodium cyanide</i>
	Fine chemicals	<i>feed additives and dyestuffs</i>
	Agrochemicals	<i>herbicides, fungicides and insecticides</i>
	Petrochemicals	<i>ethyleneoxide and ethyleneglycol</i>
	Speciality chemicals and consumer products	<i>water treatment chemicals</i>
	Pharmaceuticals and intermediates	<i>pharmaceuticals and intermediates</i>
Non-chemical division	Traffic and Warehouse	<i>trucking business and warehousing business</i>
	Non-ferrous metal	<i>zinc metal</i>

Sales of the Company and subsidiaries for the years ended 31st March, 1997, 1998 and 1999, classified by industry segments are summarised as follows:

Year ended 31st March, 1997	INDUSTRY SEGMENT			ELIMINATION OF INTER-SEGMENT SALES/TRANSFERS	CONSOLIDATED TOTAL
	CHEMICALS	OTHERS	TOTAL		
I. Sales and Operating Income					
Sales:					
Sales to outside customers	¥ 151,661	¥ 23,475	¥ 175,136	¥ —	¥ 175,136
Inter-segment sales/transfers	9	3,763	3,772	(3,772)	—
Total sales	151,670	27,238	178,908	(3,772)	175,136
Operating expenses	140,943	26,952	167,895	(4,613)	163,282
Operating income	¥ 10,727	¥ 286	¥ 11,013	¥ 841	¥ 11,854
II. Asset Depreciation and Capital Expenditure					
Asset	¥ 150,770	¥ 18,200	¥ 168,970	¥ 23,278*	¥ 192,248
Depreciation	¥ 5,689	¥ 608	¥ 6,297	¥ (5)*	¥ 6,292
Capital expenditure	¥ 7,098	¥ 993	¥ 8,091	¥ 4*	¥ 8,095

Year ended 31st March, 1998	INDUSTRY SEGMENT			ELIMINATION OF INTER-SEGMENT SALES/TRANSFERS	CONSOLIDATED TOTAL
	CHEMICALS	OTHERS	TOTAL		
I. Sales and Operating Income					
Sales:					
Sales to outside customers	¥ 156,376	¥ 26,303	¥ 182,679	¥ —	¥ 182,679
Inter-segment sales/transfers	7	3,095	3,102	(3,102)	—
Total sales	156,383	29,398	185,781	(3,102)	182,679
Operating expenses	143,553	28,733	172,286	(3,278)	169,008
Operating income	¥ 12,830	¥ 665	¥ 13,495	¥ 176	¥ 13,671
II. Asset Depreciation and Capital Expenditure					
Asset	¥ 153,821	¥ 22,439	¥ 176,260	¥ 4,845*	¥ 181,105
Depreciation	¥ 5,517	¥ 658	¥ 6,175	¥ 5*	¥ 6,170
Capital expenditure	¥ 10,900	¥ 1,052	¥ 11,952	¥ 188*	¥ 11,764

Year ended 31st March, 1999	MILLIONS OF YEN					THOUSANDS OF U.S. DOLLARS (NOTE 3)	
	INDUSTRY SEGMENT			ELIMINATION OF INTER-SEGMENT SALES/TRANSFERS	CONSOLIDATED TOTAL	CONSOLIDATED TOTAL	
	CHEMICALS	OTHERS	TOTAL				
I. Sales and Operating Income							
Sales:							
Sales to outside customers	¥ 138,186	¥ 23,435	¥ 161,621	¥ —	¥ 161,621	\$ 1,346,842	
Inter-segment sales/transfers	162	4,077	4,239	(4,239)	—	—	
Total sales	138,348	27,512	165,860	(4,239)	161,621	1,346,842	
Operating expenses	131,391	26,866	158,257	(4,411)	153,846	1,282,050	
Operating income	¥ 6,957	¥ 646	¥ 7,603	¥ 172	¥ 7,775	\$ 64,792	
II. Asset Depreciation and Capital Expenditure							
Asset	¥ 160,001	¥ 22,924	¥ 182,925	¥ 4,230*	¥ 187,155	\$ 1,559,625	
Depreciation	¥ 6,031	¥ 678	¥ 6,709	¥ 9*	¥ 6,700	\$ 55,833	
Capital expenditure	¥ 11,301	¥ 1,665	¥ 12,966	¥ 59*	¥ 12,907	\$ 107,558	

* The Companies' assets unallocable to segments are included in this column.

9. RELATED PARTY TRANSACTIONS

Material transactions of the Company with its unconsolidated subsidiary and related companies (unaudited) for the years ended 31st March, 1997, 1998 and 1999 other than those indicated elsewhere in these statements were as follows:

NAME OF RELATED COMPANY	PAID IN CAPITAL (MILLION)	PRINCIPAL BUSINESS	DIRECT EQUITY OWNERSHIP PERCENTAGE BY THE COMPANY (%)
Nisso Chemical Europe GmbH	DM 0.5	Sales of chemical products and research of technical information	100
Nisso Jyushi Co., Ltd.	¥ 97	Manufacture and sale of plastics	26.3
Nisso Engineering Co., Ltd.	¥ 450	Consultant of chemistry plant	50.0
Japan Thiochemical Co., Ltd.	¥ 400	Manufacture and sale of chemicals	20.0
Koriyama Kasei Co., Ltd.	¥ 180	Manufacture and sale of chemicals	50.0
Novus International Inc.	US\$ 100	Manufacture and sale of chemicals	35.0

MILLIONS OF YEN				THOUSANDS OF U.S. DOLLARS				
TRANSACTIONS FOR THE YEARS ENDED 31st MARCH				RESULTING ACCOUNT BALANCES AT 31st MARCH			TRANSACTION FOR THE YEAR ENDED 31st MARCH, 1999	RESULTING ACCOUNT BALANCES AT 31st MARCH, 1999
DESCRIPTION OF TRANSACTIONS	1997	1998	1999	ACCOUNT	1998	1999		
Sale of products	¥ 159	¥ 558	¥ 662	Accounts receivable	¥ 224	¥ 163	\$ 5,517	\$ 1,358
Purchase of products	¥ 1,533	¥ 1,533	¥ 1,314	Notes and accounts payable	¥ 376	¥ 336	\$ 10,950	\$ 2,800
Inspection of construction work	¥ 2,570	¥ 3,179	¥ 6,055	Notes and accounts payable	¥ 2,153	¥ 2,234	\$ 50,458	\$ 18,617
Sales of products	¥ 720	¥ 656	¥ 643	Receivable	¥ 147	¥ 195	\$ 5,358	\$ 1,625
Purchase of products	¥ 650	¥ 718	¥ 611	Notes and accounts payable	¥ 263	¥ 291	\$ 5,092	\$ 2,425
Guarantee of loans	¥ 5,089	¥ 5,019	¥ 6,871	Contingent liabilities	¥ —	¥ —	\$ 57,258	\$ —

The terms and conditions applicable to the above-mentioned transactions have been determined on the basis of arm's length and by reference to normal market price levels.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
Nippon Soda Co., Ltd.

We have audited the accompanying consolidated balance sheets of Nippon Soda Co., Ltd. and its consolidated subsidiaries as of 31st March, 1998 and 1999, and the related consolidated statements of income and retained earnings for each of the three years in the period ended 31st March, 1999, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Nippon Soda Co., Ltd. and its subsidiaries as of 31st March, 1998 and 1999, and the consolidated results of their operations for each of the three years in the period ended 31st March, 1999, in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

The amount expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

Chuo Audit Corporation

Chuo Audit Corporation

Tokyo, Japan
29th June, 1999