

Consolidated Balance Sheets

Nippon Soda Co., Ltd. and subsidiaries

As of March 31	Millions of Yen		Thousands of U.S. Dollars
ASSETS	2006	2007	2007
Current assets			
Cash and deposits with banks	¥ 13,376	¥ 8,904	\$ 75,460
Notes and accounts receivable - trade	45,243	51,302	434,766
Inventories	23,580	24,535	207,925
Deferred tax assets	3,052	2,096	17,767
Other	4,201	2,108	17,865
Allowance for doubtful accounts	(49)	(78)	(667)
Total current assets	89,406	88,867	753,116
Fixed assets			
Tangible fixed assets			
Buildings and structures	17,724	17,782	150,703
Machinery, equipment and vehicles	15,276	14,370	121,782
Tools, furniture and fixtures	1,729	1,721	14,586
Land	15,086	15,043	127,488
Construction in progress	1,050	1,058	8,966
Total tangible fixed assets	50,868	49,975	423,525
Intangible fixed assets			
Goodwill	3,911	—	—
Trade right	—	2,607	22,098
Other	1,603	1,411	11,960
Total intangible fixed assets	5,514	4,018	34,058
Investments and other assets			
Investment securities	26,100	26,404	223,764
Long-term loans receivable	45	—	—
Long-term prepaid expenses	682	546	4,633
Deferred tax assets	2,951	3,595	30,473
Other	1,931	2,773	23,500
Allowance for doubtful accounts	(48)	(66)	(561)
Total investments and other assets	31,663	33,253	281,809
Total fixed assets	88,046	87,248	739,393
Total assets	¥ 177,452	¥ 176,116	\$ 1,492,509

The financial statements are translation of Japanese annual security report's financial statement.

As of March 31	Millions of Yen		Thousands of U.S. Dollars
LIABILITIES	2006	2007	2007
Current liabilities			
Notes and accounts payable - trade	¥ 23,322	¥ 28,998	\$ 245,752
Short-term borrowings	50,389	43,360	367,463
Corporation and inhabitants taxes payable	773	577	4,897
Accrued bonuses	2,361	2,524	21,395
Allowance for restructuring	2,329	793	6,723
Other	4,383	5,325	45,134
Total current liabilities	83,559	81,580	691,364
Long-term liabilities			
Conversion of bonds with warrant attached	5,000	—	—
Long-term borrowings	19,748	18,390	155,849
Deferred tax liabilities	438	413	3,503
Reserve for retirement benefits	3,969	2,620	22,211
Reserve for retirement benefits for directors and corporate auditors	—	561	4,755
Other	2,415	2,164	18,339
Total long-term liabilities	31,573	24,149	204,657
Total liabilities	115,133	105,730	896,021
Minority interest	4,410	—	—
Shareholders' equity			
Capital stock	26,666	—	—
Capital surplus	23,594	—	—
Retained earnings	3,391	—	—
Difference on revaluation of other marketable securities	4,245	—	—
Translation adjustments	553	—	—
Treasury stock	(542)	—	—
Total shareholders' equity	57,908	—	—
Total liabilities, minority interest and shareholders' equity	¥ 177,452	—	—
NET ASSETS			
Shareholders' equity			
Capital stock	—	29,166	247,175
Capital surplus	—	26,094	221,137
Retained earnings	—	6,809	57,706
Treasury stock	—	(557)	(4,725)
Total shareholders' equity	—	61,512	521,293
Valuation and translation adjustments			
Difference on revaluation of other marketable securities	—	3,336	28,279
Deferred hedge gains and losses	—	6	59
Translation adjustments	—	857	7,265
Total translation adjustments	—	4,201	35,603
Minority interest	—	4,671	39,592
Total net assets	—	70,385	596,488
Total liabilities and net assets	—	¥ 176,116	\$ 1,492,509

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Consolidated Statements of Income

Nippon Soda Co., Ltd. and subsidiaries

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2006	2007	2007
Net sales	¥ 143,934	¥ 145,300	\$ 1,231,357
Cost of sales	112,599	110,612	937,394
Gross profit	31,335	34,687	293,963
Selling, general and administrative expenses	25,683	25,740	218,138
Operating income	5,651	8,947	75,824
Nonoperating income	1,624	2,509	21,271
Interest income	48	67	527
Dividends received	369	260	2,206
Rent income	514	523	4,438
Insurance money received	—	549	4,658
Income from investments accounted for by equity method	—	356	3,017
Other	690	752	6,379
Nonoperating expenses	2,662	2,995	25,383
Interest expenses	868	875	7,418
Loss on disposal of inventories	423	673	5,709
Cost - lease	352	426	3,612
Loss on investments accounted for by equity method	384	—	—
Other	635	1,019	8,644
Ordinary income	4,612	8,462	71,712
Special income	111	307	2,607
Gain on sales of fixed assets	104	274	2,330
Gain on sales of investment securities	2	31	267
Other	4	1	10
Special loss	13,903	2,928	24,817
Structure improvement expenses	2,660	948	8,038
Loss on litigation	—	684	5,800
Loss on disposal of fixed assets	517	537	4,556
Impairment loss	10,021	296	2,513
Provision for reserve for retirement benefits for directors and corporate auditors	—	222	1,890
Other	704	238	2,021
Income before income taxes and minority interests	—	5,841	49,502
Loss before income taxes and minority interests	9,179	—	—
Corporation, inhabitants and enterprise taxes	1,257	1,147	9,721
Deferred income taxes and other	(4,531)	957	8,113
Minority interest in net income	358	309	2,627
Net income	—	¥ 3,426	\$ 29,041
Net loss	¥ 6,263	—	—

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Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2007	Millions of Yen											
	Shareholders' equity					Valuation and translation adjustments					Minority Interest	Total Net Assets
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities	Deferred hedge gains and losses	Translation adjustments	Total valuation and translation adjustments			
Balance as of March 31, 2006	¥ 26,666	¥ 23,594	¥ 3,391	¥ (542)	¥ 53,109	¥ 4,245	¥ —	¥ 553	¥ 4,799	¥ 4,410	¥ 62,319	
Changes during the current year												
Conversion of bonds with warrant attached	2,499	2,499			4,999						4,999	
Net income			3,426		3,426						3,426	
Acquisition of treasury stock				(14)	(14)						(14)	
Increase in surplus due to increase of consolidated subsidiaries			79		79						79	
Increase in surplus due to increase of affiliates accounted for by the equity method			(87)		(87)						(87)	
Net changes in items other than shareholders equity						(908)	6	303	(597)	260	(337)	
Total changes during the current year	2,499	2,499	3,418	(14)	8,403	(908)	6	303	(597)	260	8,066	
Balance at March 31, 2007	¥ 29,166	¥ 26,094	¥ 6,809	¥ (557)	¥ 61,512	¥ 3,336	¥ 6	¥ 857	¥ 4,201	¥ 4,671	¥ 70,385	

For the year ended March 31, 2007	Thousands of U.S. Dollars											
	Shareholders' equity					Valuation and translation adjustments					Minority Interest	Total Net Assets
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities	Deferred hedge gains and losses	Translation adjustments	Total valuation and translation adjustments			
Balance as of March 31, 2006	\$ 225,989	\$ 199,951	\$ 28,738	\$ (4,598)	\$ 450,079	\$ 35,975	\$ —	\$ 4,695	\$ 40,670	\$ 37,381	\$ 528,131	
Changes during the current year												
Conversion of bonds with warrant attached	21,186	21,186			42,373						42,373	
Net income			29,041		29,041						29,041	
Acquisition of treasury stock				(127)	(127)						(127)	
Increase in surplus due to increase of consolidated subsidiaries			670		670						670	
Increase in surplus due to increase of affiliates accounted for by the equity method			(744)		(744)						(744)	
Net changes in items other than shareholders equity						(7,696)	59	2,570	(5,067)	2,211	(2,856)	
Total changes during the current year	21,186	21,186	28,967	(127)	71,214	(7,696)	59	2,570	(5,067)	2,211	68,357	
Balance at March 31, 2007	\$ 247,175	\$ 221,137	\$ 57,706	\$ (4,725)	\$ 521,293	\$ 28,279	\$ 59	\$ 7,265	\$ 35,603	\$ 39,592	\$ 596,488	

The financial statements are translation of Japanese annual security report's financial statement.

Consolidated Statements of Cash Flows

For the years ended March 31

Millions of Yen

Thousands of
U.S. Dollars

	2006	2007	2007
Cash flows from operating activities			
Income before income taxes and minority interests	¥ (9,179)	¥ 5,841	\$ 49,502
Depreciation	7,469	5,334	45,211
Impairment loss	10,021	296	2,513
Amortization of consolidation goodwill	159	—	—
Amortization of goodwill	—	1,301	11,026
Gain/loss on investments accounted for by equity method	384	(356)	(3,017)
Exchange gain/loss	59	(27)	(234)
Decrease in reserve for retirement benefits	(1,986)	(1,376)	(11,667)
Increase/decrease in accrued bonuses	(62)	139	1,183
Increase/decrease in allowance for doubtful accounts	(13)	46	390
Increase/decrease in allowance for restructuring	2,329	(1,535)	(13,014)
Interest and dividends income	(418)	(327)	(2,779)
Interest expenses	868	875	7,418
Gain on sales of investment securities	(2)	(32)	(271)
Gain/loss on sales of fixed assets	153	(273)	(2,322)
Loss on disposal of fixed assets	542	569	4,828
Loss on litigation	—	684	5,800
Increase/decrease in notes and accounts receivable - trade	8,836	(5,952)	(50,448)
Decrease in inventories	349	1,066	9,034
Increase/decrease in account payables - purchases	(2,862)	5,472	46,376
Other	(705)	535	4,542
Subtotal	15,943	12,280	104,073
Interests and dividend received	553	400	3,394
Interest paid	(868)	(866)	(7,340)
Payments of income taxes, etc.	(1,472)	(1,358)	(11,516)
Payments of loss on lawsuit	—	(828)	(7,018)
Cash flows from operating activities	14,157	9,627	81,593
Cash flows from investing activities			
Purchases of tangible fixed assets	(4,304)	(4,527)	(38,370)
Proceeds from sales of tangible fixed assets	568	516	4,377
Purchases of intangible fixed assets	(412)	(286)	(2,430)
Purchases of investment securities	(167)	(1,661)	(14,079)
Proceeds from sales of investment securities	348	9	82
Proceeds from sales of investments in stock of affiliated companies	—	47	400
Payments for loans receivable	(224)	(342)	(2,900)
Proceeds from loans receivable	528	869	7,372
Other	(129)	(462)	(3,920)
Cash flows from investing activities	(3,792)	(5,836)	(49,464)
Cash flows from financing activities			
Net decrease in short-term borrowings	(4,780)	(5,780)	(48,983)
Proceeds from long-term borrowings	8,000	8,555	72,500
Repayment of long-term borrowings	(11,370)	(11,162)	(94,597)
Proceeds from bond issued	4,990	—	—
Dividends paid	(698)	(4)	(42)
Dividends paid to minority interest	(67)	(77)	(655)
Other	(7)	(14)	(127)
Cash flows from financing activities	(3,933)	(8,484)	(71,904)
Translation differences on cash and cash equivalents	(22)	127	1,080
Increase/decrease in cash and cash equivalents	6,408	(4,566)	(38,695)
Cash and cash equivalents at beginning of period	6,839	13,354	113,176
Increase in cash and cash equivalents due to newly consolidated subsidiaries	106	93	791
Cash and cash equivalents at end of period	¥ 13,354	¥ 8,882	\$ 75,272

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