Nippon Steel Chemical Co., Ltd.

ANNUAL REPORT 2003

APRIL 1, 2002-MARCH 31, 2003

Nippon Steel Chemical Co., Ltd.

Nippon Steel Chemical Co., Ltd. was established in 1956 as an independent subsidiary of Nippon Steel Corporation. In 1984, the company merged with another subsidiary, Nittetsu Chemical Industrial Co., Ltd., becoming the core chemical arm of the Nippon Steel group. This alliance with the world's largest steel maker affords Nippon Steel Chemical enormous advantages and supports the company's diversification into new business fields.

More than 40 years have elapsed since Nippon Steel Chemical was founded. In that time, the company has built a leading presence in numerous sectors of the worldwide chemical industry. Operations range from cokes and other carbon-derived materials and petrochemicals to electronic materials, industrial gases, paints, plastics and construction materials. Tightly focused research and development activities are ushering the company into promising new fields and at the same time bolstering the competitiveness of existing ones. The company's position of leadership is further enhanced by a streamlined operating foundation and a network of strategic tie-ups with partners in Japan and overseas.

Contents

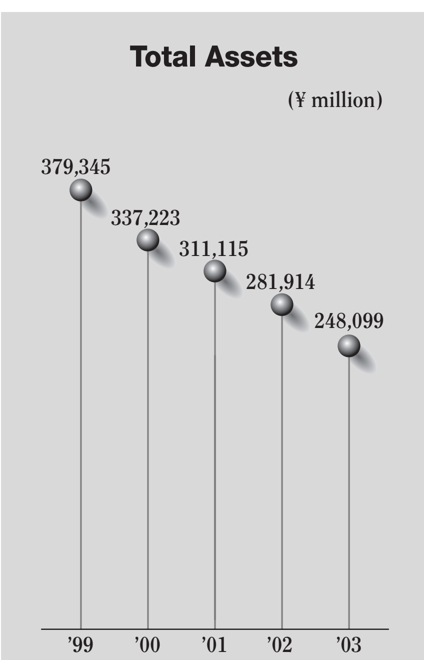
Financial Highlights

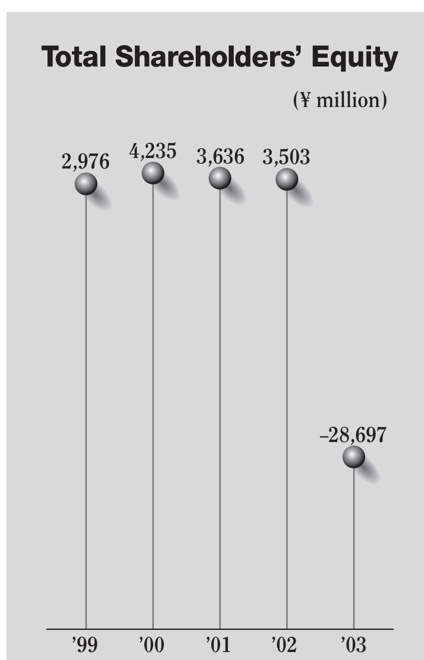
As of or for the years ended March 31, 2003 and 2002

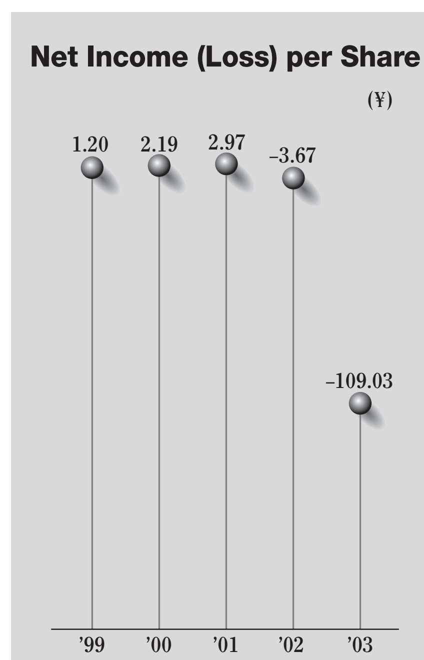
(Yen in millions, U.S. dollars in thousands, except per share amount)

	2003	2002	% Change	***2003***
For the Year				
Net Sales	**¥ 296,116**	¥ 280,102	5.7	***$ 2,463,527***
Operating Income	**12,321**	9,223	33.6	***102,504***
Net Loss	**(31,776)**	(1,071)	—	***(264,360)***
At Year-End				
Total Assets	**¥ 248,099**	¥ 281,914	(12.0)	***$ 2,064,052***
Total Shareholders' Equity	**(28,697)**	3,503	—	***(238,744)***
Per Share				
Net Loss	**¥ (109.03)**	¥ (3.67)	—	***$ (0.91)***

Note: U.S.$ amounts are calculated solely for the readers' convenience, at the rate of US$1=¥120.20 for the year ended March 31st, 2003.







To Our Shareholders

The Japanese economy was severely battered during the year ended March 31, 2003. Although the first half of the year saw signs of improved business activity, the latter half of the year fell into a deflationary trend. This was caused by bearishness in the world's stock markets stemming from the U.S. economy which remained mired in the aftermath of September 11, 2001. Other adverse factors included the increasingly strained Iraqi situation.

Corporate performance in the Japanese chemical industry recovered sharply in the first half of the year thanks to rapid improvement in IT-related sales and to expanded exports of major petrochemical products to Asia. But, upon entering the latter half of the year, the tense Iraqi situation temporarily boosted crude oil and naphtha prices to the highest levels since the 1991 Gulf war. Although the general trend towards recovery noted in the first half of the year continued into the second, growing uncertainties clouded optimism for the future.

In the midst of this environment, the Nippon Steel Chemical group remained firmly committed to accomplishing the stated goals of the Medium-Term Consolidated Management Plan (FY2000-2002) during its final year. Specifically, the group companies acted in unison to improve corporate earnings not only by doggedly cutting costs but also by implementing measures to strengthen their corporate structure.

Review of Operations

• Carbon Materials and Industrial Gases

With regard to business operations in carbon materials and industrial gases during the year ended March 31, 2003, metallurgical coke benefited from a recovery in crude steel output at Nippon Steel, a leading customer. Both production and sales were higher than in the previous year.

In the area of carbon materials, domestic sales of pitch coke remained firm thanks to higher operating levels among domestic electrode makers who are major users. But, dormancy in both overseas demand and prices caused an overall decline in earnings.

In January 2003, the Nippon Steel Chemical subsidiary NSCC Techno-Carbon Co. was integrated with the specialty carbon products operation of Nippon Carbon Co., Ltd. The new company began operating as Nippon Techno-Carbon Co., Ltd. with the aim of establishing an unrivaled level of business acumen in the world of specialty carbon products.

The area of industrial gases secured stable earnings supported by brisk demand from the steel and semiconductor-related industries and by successful endeavors to develop new sales outlets.

As a result, consolidated sales in the sector of carbon materials and industrial gases during the year ended March 31, 2003 amounted to ¥95,091 million, up ¥794 million from the previous year, and consolidated operating profit totaled ¥2,694 million, down ¥1,819 million.

• Basic Chemicals

The basic chemicals business saw styrene monomer register a conspicuous gain in earnings that was buttressed by a recovery in market prices. But, phenol and bisphenol A suffered lower profits because of a rapidly deteriorating market climate caused by a widening gap between supply and demand in the first half of the year. This drop in profits could not be offset in spite of a recovery in market prices in the latter half. A new bisphenol A plant went smoothly onstream in January 2003 at a joint venture in Korea.

Price improvements in styrene resins, combined with especially high levels of domestic sales and overseas exports for MS resins, enabled the resin materials business to register an annual gain in earnings.

In the area of resin compounds and molding, the operations of overseas affiliates continued at a firm pace due to steadily growing sales and cost curtailments. Notwithstanding this success, the business environment for domestic subsidiaries remained extremely severe. Nippon Steel Chemical decided to sell or spin off the operations of some of its subsidiaries.

Specifically, Nitto Lite Co., a wholly-owned subsidiary engaged in the resin molding business, faced an unprecedentedly difficult operating environment that was brought about by the shift to overseas production by the home electric appliance makers, who are the company's major domestic users. As a result, projections call for a projected gradual decline in demand from the domestic home electric appliance industry. In light of this, it is unlikely that Nitto Lite will drastically improve its earnings and will therefore find it difficult to continue operating independently. The same can be said of the polystyrene compound business of NSCC Polymer Co., another subsidiary suffering from steadily shrinking demand. Under these circumstances and in light of the Nippon Steel Chemical group's overall business operations and future development, Nippon Steel Chemical decided in March 2003 to transfer the operations of Nitto Lite to the Daiho Industrial Co. group that runs plastic resin molding. It was also decided to shift the polystyrene compound business and assets of NSCC Polymer to Toyo-Styrene Co., Ltd.

As a result, consolidated sales in the basic chemicals sector amounted to ¥124,239 million during the year ended March 31, 2003, up ¥15,591 million over the previous year, and consolidated operating profits totaled ¥6,592 million, up ¥4,518 million.

• Specialty Chemicals

A harsh operating environment continued in the field of specialty chemicals, particularly specialty and precision chemicals. While such new products as organic EL (electroluminescence) materials, specialty solvents and high-performance lubricating oils steadily gained market acceptance, the domestic demand for tar fine chemicals and other existing products remained stagnant.

In the area of electronic materials, adhesive-free copper-clad laminated sheet for flexible printed circuit boards received high marks from both foreign and domestic users for its excellent flexibility, bonding strength, insulation and dimensional stability. Used mainly in cell phones and digital cameras, adhesive-free copper-clad laminated sheet recorded substantial gains in sales and earnings during the year ended March 31, 2003. The addition of new production lines in May 2002 was followed by the reinforcement in May 2003 of the hardening and inspection processes. The construction of additional new lines has also begun and is slated for completion in December 2003. Continuous efforts will be made to secure sufficient production capacity for meeting the robust demand for adhesive-free copper-clad laminated sheet.

The paint business posted a decline in earnings. Aggressive sales promotions were pursued for high-performance paint systems, but the general-purpose paint systems that account for the vast majority of sales suffered price stagnation due to a fall in domestic business activity.

Meanwhile, sales competition has recently intensified for the rigid circuit board business promoted by the foreign and domestic subsidiaries of Nippon Steel Chemical. In light of the greater sophistication of related technologies and products, it will be difficult for these subsidiaries to establish themselves as core firms in their market. Nippon Steel Chemical therefore decided in March 2003 to withdraw from this area by transferring the business operations of the Nippon Elec Co. group to the Kyoden Co. group, who is in the process of strengthening its printed circuit board business.

As a result, consolidated sales in the sector of specialty chemicals during the year ended March 31, 2003 amounted to ¥39,741 million, up ¥3,885 billion over the previous year, and consolidated operating profits totaled ¥1,872 million, up ¥235 million.

Operating Revenues

As a result of the foregoing, the Nippon Steel Chemical group chalked up consolidated total sales of ¥296,116 million in the year ended March 31, 2003, a gain of ¥16,013 million over the previous year. Strenuous management efforts enabled the group to register consolidated ordinary profits of ¥9,180 million during the year, an increase of ¥2,469 million over the previous year. But, because special losses related to business restructuring and the disposal of idle assets were posted as a result of measures to drastically strengthen the group's managerial footing, the year saw a consolidated net loss of ¥31,776 million, a deficit increase of ¥30,705 million over the previous year.

In this environment, the 64th Nippon Steel Chemical annual general shareholders' meeting held on June 24, 2003 approved the nonpayment of cash dividends for the year. The general meeting also approved a share-for-share exchange agreement with Nippon Steel Corporation making Nippon Steel Chemical a wholly owned subsidiary of Nippon Steel Corporation. This was done with the aim of drastically strengthening the management foundation of Nippon Steel Chemical.

Future Management Tasks

Nippon Steel Chemical worked out a new Medium-Term Consolidated Management Plan (FY2003-2005). Called the "START-EX Plan," this program ultimately aims to make Nippon Steel Chemical an "excellent company with distinctive features." It aims to create a highly profitable enterprise capable of fully contributing to the society through the exhaustive development of aromatic chemicals and the creation of advanced materials marked by special performance features. As the chemical industry moves rapidly towards market globalization and faces an increasingly stringent need for chemical materials, this plan aims to clarify the scope of the businesses that Nippon Steel Chemical should pursue and to promote a restructuring of its operations. This plan will serve as the starting point as the company meets new challenges. By implementing the plan, the Nippon Steel Chemical group demonstrates that it is committed to the creation of a clearly defined business structure and to the establishment of an enterprise group characterized by a highly profitable and sound financial structure.

Now that Nippon Steel Chemical has become a wholly owned subsidiary of Nippon Steel Corporation through a share-for-share exchange, it intends to exert the utmost effort in developing the businesses of Nippon Steel Chemical and thereby increasing the value to shareholders of both itself and Nippon Steel Corporation.

Tsuneyoshi Nishi
President

June 24, 2003

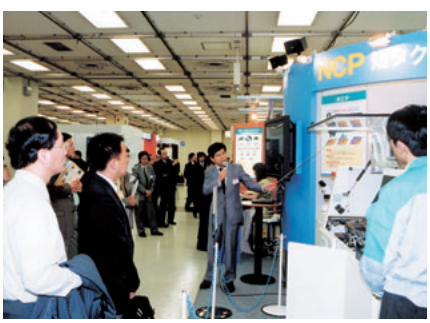
Highlights of the Year

(For the year ended March 31, 2003)

April 2002

Demonstration of Flip Chip Packaging

At the "2002 Microelectronics Show" held in Tokyo, the Advanced Materials Division of Nippon Steel Chemical exhibited the company's kaldo-type insulation film and its ESAREX Series of advanced adhesive materials, such as non-conductive paste (NCP), under-fill (UF) and non-conductive film (NCF). A demonstration of NCP packaging using a flip chip bonder attracted the attention of many of the show's visitors and illustrated such inherent features of the product as its high productivity, practical applicability and ease-of-treatment.



Demonstration of flip chip packaging

Electronic devices in growing downsizing and higher functions

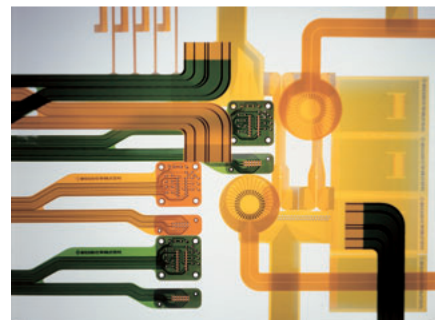
June 2002

Development of Extrathin-copper Grade ESPANEX

Adhesive-free copper-clad laminated sheet for flexible printed circuit boards (double-layer CCL) is marketed by Nippon Steel Chemical under the brand name of ESPANEX. This product is a major item in the company's electronic materials business. An extrathin-copper grade (5 and 9 microns) of this series has now been developed, with samples currently being shipped. The product was developed to meet the need for 30-micron level fine-pitch COFs (chips on film) that are used for packaging the driver ICs of the color liquid crystal displays used in next-generation cell phones and other devices.

Without diminishing such inherent features of ESPANEX as reliable copper foil adhesion and dimensional stability, this extrathin-copper grade allows the formation of a fine pitch similar or superior to the double-layer CCLs produced by the sputter-coating method, which is conventionally the predominant method for growing thinner-gauge CCLs. Thus far, the thinnest-gauge of copper foil available using the present casting method is 12 microns. This has been significantly reduced by an etching method that uses special chemicals to uniformly melt the copper foil layer of double-layer CCLs.

The Advanced Materials Division has introduced a precision etching line with a monthly capacity of 50,000 m^2 at the Kisarazu Works. This line went into full operation in July.



Fabrication examples of ESPANEX

June 2002

Reinforcement of ESPANEX Production Capacity

Newly installed casting equipment has begun commercial operation at the Kisarazu Works of the Advanced Materials Division and has expanded the ESPANEX annual production system to 1.8 million m^2.

For the last few years, the demand for double-layer CCLs has continued to rise because they are indispensable for the higher-density packaging of printed circuit boards that are used in a variety of increasingly smaller, lighter and higher performing electronic devices such as cell phones, digital video cameras and DVDs.

Compared to other double-layer CCLs, ESPANEX has excellent dimensional stability, highly reliable copper foil adhesion and high migration resistance, all of which are necessary when forming the fine circuitry of COFs etc. In fact, ESPANEX has become the standard material in the field of double-layer CCLs.

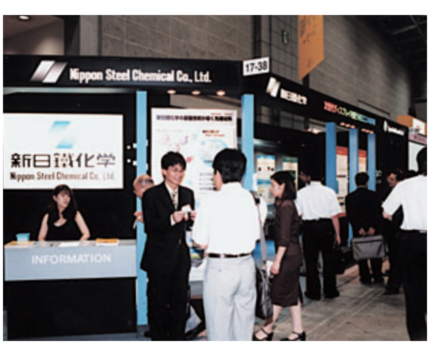
The demand for ESPANEX has grown rapidly since the spring of 2002 mainly because of its use in cell phones. The current reinforcement of ESPANEX production capacity will meet this rising need.

July 2002

Promotion of Products for FPDs

At the "12th FPD Manufacturing Technology EXPO" held in Tokyo, the Advanced Materials Division exhibited product lines for use in flat panel displays. These included RGB Resist, BK Resist and Over Coat (protective film); HT Sheet (extrahigh-heat resistant plastic cell substrates); and kaldo-type insulation films. This exhibit marked the first full-scale participation by Nippon Steel Chemical in an FDP-related exhibition in which the company presented its involvement in the development, manufacture and marketing of diverse kinds of resists and related materials.

Many visitors came to Nippon Steel Chemical's booth at the exhibition and paid particular attention to the newly-developed HT Sheet.



Promotion of product lines for FPDs

August 2002

Acquisition of ISO9001 Accreditation for Argon Gas Production

Argon gas is a mainstream product in the field of industrial gas business of Nippon Steel Chemical. The company acquired ISO9001 (2000 version) accreditation, effective August 22, for its argon gas production plant. Making full use of the experience gained in obtaining this accreditation, the company will step up its efforts in the future not only to further enhance product quality and services in peripheral areas but also to promote the acquisition of accreditation by other production plants.

September 2002

Operation of Plastic Waste Recycling Facility

Nippon Steel Chemical, in cooperation with Toshiba Corporation, has established a material recycling technology that recycles the plastic from discarded TVs into the production of new TVs. A recycling facility with a yearly capacity of 1,000 tons began commercial operation within the precincts of the Kyushu Works. Construction and operation of the facility was undertaken by Material Recycle of Japan, a wholly-owned subsidiary of Nichiho Kosan Co., Ltd. (13% equity participation by Nippon Steel Chemical).

Plastic waste recycling facility in operation

September 2002

Establishment of Integrated Mass-production System for Organic EL Materials

Two new mass-production lines for organic EL (electro-luminescence) materials were added to four conventional lines. Parallel to this reinforcement of the current production line was the consolidation of various facilities scattered throughout the Research & Development Laboratories into a newly-built clean room. These facilities ranged from production lines for small lots, variegated product types, medium lots, and mass production to facilities for testing and inspection. In addition, improvements were made to the efficiency of a series of processes extending from the charging of raw materials to production, quality control and shipping.

The future market for organic EL panel materials (light emitting materials, electronics transport materials, hole transport materials and hole pouring materials) is forecasted at ¥100 to ¥300 billion. Nippon Steel Chemical has established a production system that can independently supply this expanding market.

October 2002

Further Reinforcement of ESPANEX Capacity

The Advanced Materials Division began work at the Kisarazu Works to expand the annual production capacity of ESPANEX to 3 million m^2 (scheduled for completion in spring of 2003). With an additional investment of about ¥2.5 billion, new production lines will be built at the Kisarazu Works that, by the autumn of 2003, will more than double the current annual capacity to 4 million m^2.

Because the demand for ESPANEX continues to grow rapidly, especially for use in cell phone hinges (folding part) and the driver ICs of liquid crystal panels, ESPANEX lines have remained in full operation since the spring of 2002. Forecasts call for the growth in demand to continue.

November 2002

Operation of Forming Machines Begins at Dalian Nitto Plastic Molding

Dalian Nitto Plastic Molding Co., Ltd. in China, a subsidiary of Nippon Steel Chemical, supplies all the TV cabinets for Toshiba Corporation in Dalian. The company completed the construction of its No. 2 plant which has begun commercial operations and will supply small- and medium-size molded products to the Japanese electric home appliance makers operating there.

A total of 21 molding machines are operating in the newly built No. 2 plant. Seven additional molding machines are planned for installation in 2003. Due to conspicuous economic growth in China, expectations are high for expanded sales of molded products for OA equipment and electric home appliances there.

November 2002

Participation in WESTEC 2002

Nippon Steel Chemical participated in the “WESTEC 2002: Waste Control and Recycling Technology Exhibition” held in Makuhari, Chiba. Emphasizing denitrification and dephosphorization, the company exhibited nitrate nitrogen treatment technology and rock wool-type water neutralizers.

With the enforcement of the “Fifth Total Emission Restriction” that will take effect in fiscal 2004 and limit the total emissions of agricultural and industrial waste water, the exhibition attracted much attention. The total number of visitors during the four-day exhibition was 107,000, widely surpassing the previous year’s level.

January 2003

Operational Start of Bisphenol A Production Plant at Kumho P&B Chemicals

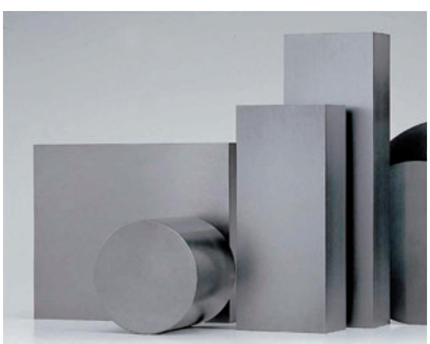
The construction of a bisphenol A production plant with a yearly capacity of 100,000 tons that was underway at the Yosu Plant of Kumho P&B Chemicals, Inc. of Korea, a subsidiary of Nippon Steel Chemical, was completed and has started steady operation.

Nippon Steel Chemical will receive over 30,000 tons of the 100,000 tons of bisphenol A to be produced by the new plant. The base of marketing operations for this product will be the Seoul Branch that opened in November 2002 from where marketing will be done directed at the Korean makers of polycarbonate resin and epoxy resin.

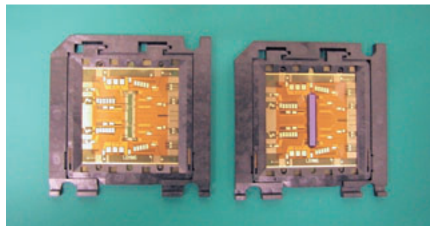
January 2003

New Operating System of Nippon Techno-Carbon

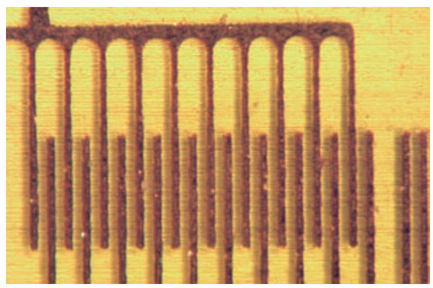
Jointly established by Nippon Steel Chemical and Nippon Carbon Co., Ltd., Nippon Techno-Carbon Co., Ltd. employs a new system of operation. The new company aims to become a leader in the field of specialty chemicals by combining the developmental and technological capabilities in coal chemicals possessed by the Nippon Steel Chemical group with the strength in product and functional design possessed by the Nippon Carbon group in the field of advanced materials.



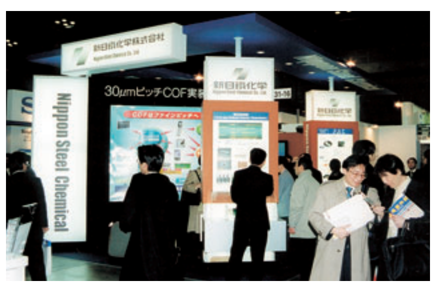
Ultralarge-size graphite blocks



Examples of flip chip packaging in printed circuit boards (left: before packaging; right: after packaging)



Example of 30 μm-pitch ultra-precise wiring



30 μm-pitch COF (chip on film) packaging material

January 2003

Promotion of 30 μm-pitch COF Packaging Materials

At the “Printed Wiring Boards EXPO” held in Tokyo, the Advanced Materials Division introduced a 30 μm-pitch COF (chip on film) packaging material which the division boasts as being the cutting-edge technology in the field of printed wiring boards. This packaging material attracted much attention among the visitors.

Other advanced materials exhibited by Nippon Steel Chemical included the ESPANEX-related L-series that employs a liquid crystal polymer in the insulation layer and the M-series with low water absorption and high dimensional accuracy. Also on exhibit were packaging-related materials such as IC protective film, non-conductive paste, under-fill, insulation paste and photo-sensitive overlay film.

March 2003

Announcement of START-EX Management Plan

Nippon Steel Chemical announced the plan titled “Strengthening Management Foundations in the Nippon Steel Chemical Group.” The essential measures announced are the liquidation and reorganization of certain business activities of the group companies, the decision to sell idle assets etc., the conversion of Nippon Steel Chemical into a wholly-owned subsidiary of Nippon Steel Corporation, the implementation of drastic financial measures, and the framing of the “START-EX Plan,” a three-year Medium-Term Consolidated Management Plan starting in fiscal 2003 (for more details, please refer the plan on page 4).

It is the aim of Nippon Steel Chemical to develop into a core enterprise of the Nippon Steel group by actively implementing the measures described above.

Financial Statements

Financial Review

• Income Analysis

Net sales of Nippon Steel Chemical Co., Ltd. and its consolidated subsidiaries for the year ended March 31, 2003 increased by 5.7 percent, or ¥16,014 million, to ¥296,116 million (US$2,464 million).

Operating income increased by 33.6 percent, or ¥3,098 million, to ¥12,321 million (US$103 million) while net loss was ¥31,776 million (US$264 million).

• Financial position

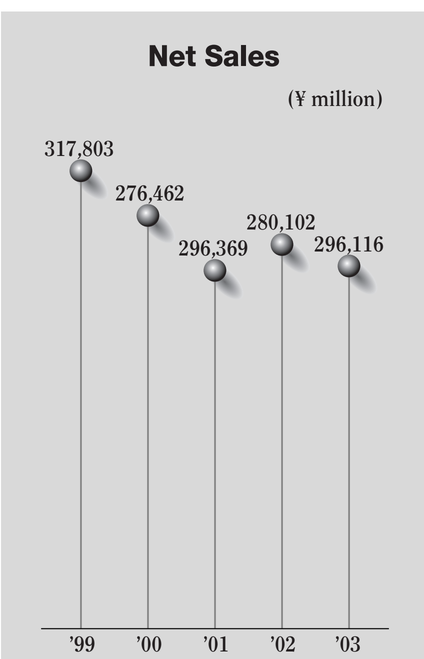
Total assets at March 31, 2003, decreased by 12.0 percent, or ¥33,815 million, to ¥248,099 million (US$2,064 million). Current assets increased by 1.5 percent, or ¥1,279 million, to ¥ 87,535 million (US$728 million). Investments and advances decreased by 22.1 percent, or ¥7,237 million, to ¥25,478 million (US$212 million). Property, plant and equipment decreased by 18.7 percent, or ¥26,102 million, to ¥113,701 million (US$946 million).

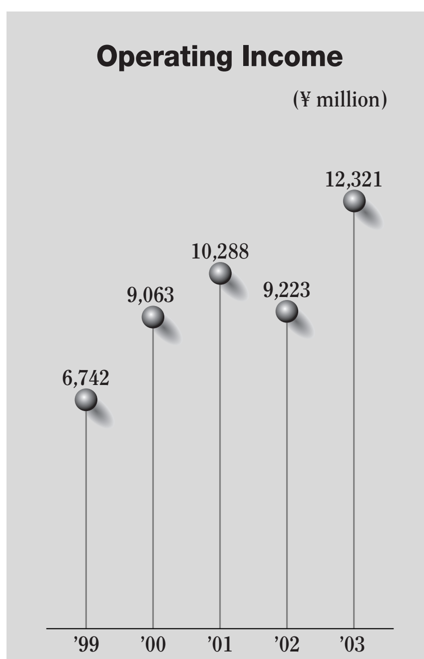
On the other side of the balance sheet, current liabilities decreased by 3.9 percent, or ¥8,374 million, to ¥208,462 million (US$1,734 million). Long-term liabilities increased by 10.7 percent, or ¥6,385 million, to ¥66,068 million (US$550 million). Shareholders' equity decreased by ¥32,200 million, to negative ¥28,697 million (negative US$239 million). The shareholders' equity ratio at the end of the year was negative 11.5 percent, compared with 1.2 percent at the end of the previous year.

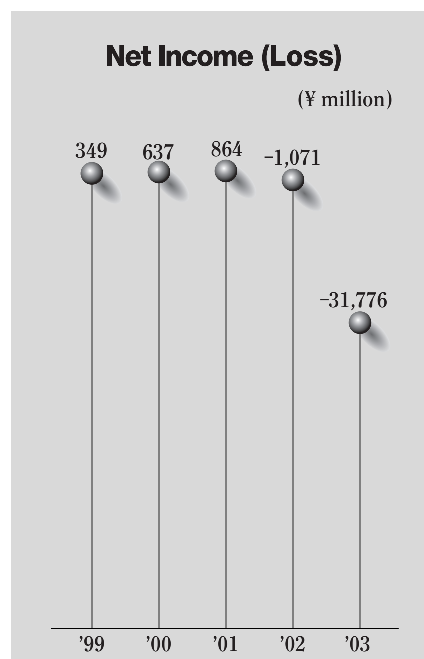
• Cash Flows

A consolidated statement of cash flows was prepared with effect for the year ended March 31, 2003.

Net cash provided by operating activities was ¥20,917 million (US$174 million). Net cash of ¥6,507 million (US$54 million) was used in investing activities. Net cash of ¥12,892 million (US$107 million) was used in financing activities. As a result of the above, there was an ¥810 million increase in cash and cash equivalents to ¥9,245 million (US$77 million).







Consolidated Balance Sheets

March 31, 2003 and 2002

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2003	2002	***2003***
ASSETS			
Current assets:			
Cash and bank deposits (Note 4)	**¥ 8,522**	¥ 6,867	***$ 70,898***
Notes and accounts receivable-trade:			
Outside customers	**38,925**	36,996	***323,836***
"NSC"	**1,898**	5,477	***15,790***
Non-consolidated subsidiaries and affiliates	**2,518**	1,572	***20,948***
	43,341	44,045	***360,574***
Allowance for doubtful accounts	**(158)**	(172)	***(1,314)***
	43,183	43,873	***359,260***
Inventories (Note 7)	**26,665**	27,583	***221,839***
Deferred income taxes (Note 11)	**525**	605	***4,368***
Other current assets (Note 4)	**8,640**	7,328	***71,880***
Total current assets	**87,535**	86,256	***728,245***
Fixed assets:			
Property, plant and equipment (Note 8):			
Buildings and structures	**74,933**	76,973	***623,403***
Machinery and equipment	**323,196**	335,257	***2,688,819***
	398,129	412,230	***3,312,222***
Accumulated depreciation	**(311,890)**	(308,457)	***(2,594,759)***
	86,239	103,773	***717,463***
Land (Note 15)	**25,565**	32,716	***212,687***
Construction-in-progress	**1,897**	3,314	***15,782***
	113,701	139,803	***945,932***
Investments and advances:			
Investments in securities (Notes 5 and 8)	**3,828**	5,787	***31,847***
Investments in and advances to non-consolidated subsidiaries and affiliates	**13,966**	15,828	***116,190***
Long-term loans and other investments	**7,684**	11,100	***63,927***
	25,478	32,715	***211,964***
Deferred income taxes (Note 11)	**20,808**	22,450	***173,111***
Deferred charges and intangibles	**577**	690	***4,800***
Total fixed assets	**160,564**	195,658	***1,335,807***
	¥248,099	¥281,914	***$2,064,052***

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	***2003***
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans (Note 8)	**¥116,680**	¥147,720	***$970,715***
Current portion of long-term debt (Note 8)	**28,369**	20,051	***236,015***
Notes and accounts payable-trade:			
Outside suppliers	**26,159**	21,958	***217,629***
"NSC"	**5,840**	5,678	***48,586***
Non-consolidated subsidiaries and affiliates	**4,263**	2,380	***35,466***
	36,262	30,016	***301,681***
Income taxes payable (Note 11)	**322**	295	***2,679***
Accrued expenses	**9,439**	8,357	***78,527***
Accrual for loss on restructuring measures (Note 14)	**6,426**	—	***53,461***
Other current liabilities	**10,964**	10,397	***91,216***
Total current liabilities	**208,462**	216,836	***1,734,294***
Long-term liabilities:			
Long-term debt (Note 8)	**55,146**	47,782	***458,785***
Accrued employees' retirement benefits (Note 9)	**9,082**	7,567	***75,557***
Deferred income tax related to land revaluation (Note 15)	**1,316**	1,277	***10,948***
Other long-term liabilities	**524**	3,057	***4,359***
Total long-term liabilities	**66,068**	59,683	***549,649***
Minority interests	**2,266**	1,892	***18,853***
Contingent liabilities (Note 10)			
Shareholders' equity:			
Common stock (Note 16):			
Authorized: 600,000,000 shares at March 31, 2003 and 2002			
Issued: 291,455,003 shares at March 31, 2003 and 2002	**40,966**	40,966	***340,815***
Reserve for revaluation of land (Note 15)	**1,975**	1,763	***16,431***
Accumulated deficit (Note 18)	**(70,192)**	(38,806)	***(583,960)***
Unrealized holding losses on other securities (Note 5)	**(144)**	(779)	***(1,198)***
Foreign currency translation adjustment	**(1,296)**	359	***(10,782)***
	(28,691)	3,503	***(238,694)***
Common stock in treasury, at cost	**(6)**	—	***(50)***
Total shareholders' equity	**(28,697)**	3,503	***(238,744)***
	¥248,099	¥281,914	***$2,064,052***

The accompanying notes are an integral part of these statements.

Consolidated Statements of Loss

For the two years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	***2003***
Net sales (Note 12)	**¥296,116**	¥280,102	***$2,463,527***
Cost of sales (Note 12)	**261,116**	248,685	***2,172,346***
Gross profit	**35,000**	31,417	***291,181***
Selling, general and administrative expenses (Note 13)	**22,679**	22,194	***188,677***
Operating income	**12,321**	9,223	***102,504***
Other income (expenses):			
Interest and dividend income	**226**	274	***1,880***
Interest expense	**(2,808)**	(3,072)	***(23,361)***
Loss (gain) on sales of investment securities, net (Note 5)	**(268)**	116	***(2,230)***
Loss on disposal of property	**(14,916)**	(3,066)	***(124,093)***
Loss on restructuring measures (Note 14)	**(16,059)**	(1,259)	***(133,602)***
Special retirement benefits paid	**(442)**	(831)	***(3,677)***
Write-down of investment securities	**(2,456)**	(1,365)	***(20,433)***
Write-down of inventories	**—**	(1,092)	***—***
Foreign exchange loss (gain), net	**(505)**	492	***(4,201)***
Provision for doubtful accounts	**(2,432)**	(498)	***(20,233)***
Amortization of cumulative effect of change in accounting for employees' retirement benefits	**(2,239)**	(2,239)	***(18,627)***
Equity in income of affiliates	**125**	152	***1,040***
Other, net	**138**	(115)	***1,148***
	(41,636)	(12,503)	***(346,389)***
Loss before income taxes and minority interests	**(29,315)**	(3,280)	***(243,885)***
Income taxes (Note 11) :			
Current	**456**	488	***3,794***
Deferred	**1,252**	(2,942)	***10,416***
	1,708	(2,454)	***14,210***
Minority interests in income of consolidated subsidiaries	**(753)**	(245)	***(6,265)***
Net loss	**¥(31,776)**	¥ (1,071)	***$ (264,360)***

	Yen		U.S. dollars (Note 3)
Per share data:			
Net loss	**¥(109.03)**	¥ (3.67)	***$ (0.91)***
Weighted average number of shares of common stock (in thousands)	**291,435**	291,455	

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

For the two years ended March 31, 2003 and 2002

		Millions of yen					
	Number of shares of common stock	Common stock	Reserve for revaluation of land	Accumulated deficit	Unrealized holding losses on other securities	Foreign currency translation adjustment	Common stock in treasury
Balance at March 31, 2001	291,455,003	¥40,966	¥1,685	¥(37,648)	¥(480)	¥(887)	¥—
Net loss	—	—	—	(1,071)	—	—	—
Transfer of reserve for revaluation of land	—	—	78	(78)	—	—	—
Unrealized holding losses on other securities	—	—	—	—	(299)	—	—
Foreign currency translation adjustment	—	—	—	—	—	1,246	—
Other	—	—	—	(9)	—	—	—
Balance at March 31, 2002	**291,455,003**	**40,966**	**1,763**	**(38,806)**	**(779)**	**359**	**—**
Net loss	**—**	**—**	**—**	**(31,776)**	**—**	**—**	**—**
Gain on consolidated subsidiaries' issue of new shares	**—**	**—**	**—**	**546**	**—**	**—**	**—**
Transfer of reserve for revaluation of land	**—**	**—**	**146**	**(146)**	**—**	**—**	**—**
Increase of reserve for revaluation of land due to decrease of related deferred tax resulting from change in tax rate	**—**	**—**	**66**	**—**	**—**	**—**	**—**
Unrealized holding losses on other securities	**—**	**—**	**—**	**—**	**635**	**—**	**—**
Foreign currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**(1,655)**	**—**
Acquisition of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**(6)**
Other	**—**	**—**	**—**	**(10)**	**—**	**—**	**—**
Balance at March 31, 2003	**291,455,003**	**¥40,966**	**¥1,975**	**¥(70,192)**	**¥(144)**	**¥(1,296)**	**¥(6)**

		Thousands of U.S. dollars (Note 3)					
	Number of shares of common stock	Common stock	Reserve for revaluation of land	Accumulated deficit	Unrealized holding losses on other securities	Foreign currency translation adjustment	Common stock in treasury
Balance at March 31, 2002	***291,455,003***	***$340,815***	***$14,667***	***$(322,845)***	***$(6,481)***	***$2,986***	***$—***
Net loss	—	—	—	***(264,360)***	—	—	—
Gain on consolidated subsidiaries' issue of new shares	—	—	—	***4,542***	—	—	—
Transfer of reserve for revaluation of land	—	—	***1,215***	***(1,215)***	—	—	—
Increase of reserve for revaluation of land due to decrease of related deferred tax resulting from change in tax rate	—	—	***549***	—	—	—	—
Unrealized holding losses on other securities	—	—	—	—	***5,283***	—	—
Foreign currency translation adjustment	—	—	—	—	—	***(13,768)***	—
Acquisition of treasury stock	—	—	—	—	—	—	***(50)***
Other	—	—	—	***(82)***	—	—	—
Balance at March 31, 2003	***291,455,003***	***$340,815***	***$16,431***	***$(583,960)***	***$(1,198)***	***$(10,782)***	***$(50)***

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

For the two years ended March 31, 2003 and 2002

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2003	2002	***2003***
Cash flows from operating activities:			
Loss before income taxes and minority interests	**¥(29,315)**	¥ (3,280)	***$(243,885)***
Adjustments for:			
Depreciation and amortization	**11,975**	15,665	***99,626***
Interest and dividend income	**(227)**	(274)	***(1,889)***
Interest expenses	**2,808**	3,072	***23,361***
Equity in income of affiliates	**(125)**	(152)	***(1,040)***
Loss on disposal of property	**14,916**	3,204	***124,093***
Write-down of investment securities	**2,456**	1,365	***20,433***
Loss (gain) on sales of investment securities, net	**268**	(116)	***2,230***
Loss on restructuring measures	**16,059**	—	***133,602***
Provision for doubtful accounts	**2,432**	—	***20,233***
Provision for retirement benefits	**2,239**	2,239	***18,627***
Increase (decrease) in trade receivables	**(608)**	10,788	***(5,058)***
Increase (decrease) in inventories	**(1,222)**	3,647	***(10,166)***
Increase (decrease) in trade payables	**6,902**	(9,014)	***57,421***
Other	**(4,579)**	(2,952)	***(38,095)***
Subtotal	**23,979**	24,192	***199,493***
Interest and dividend income received	**297**	337	***2,471***
Interest paid	**(2,832)**	(3,023)	***(23,561)***
Income taxes paid	**(527)**	(433)	***(4,384)***
Net cash provided by operating activities	**20,917**	21,073	***174,019***
Cash flows from investing activities:			
Placement of non-cash time deposits with bank	**(988)**	—	***(8,220)***
Payments for purchases of property, plant and equipment	**(8,647)**	(11,008)	***(71,938)***
Proceeds from sales of property, plant and equipment	**13**	2,330	***108***
Payments for purchases of investment securities	**(9)**	(26)	***(75)***
Proceeds from sales of investments securities	**3,031**	1,525	***25,216***
Payments for purchase of investments in subsidiaries	**(114)**	—	***(948)***
Other	**207**	3,114	***1,722***
Net cash used in investing activities	**(6,507)**	(4,065)	***(54,135)***
Cash flows from financing activities:			
Decrease in short-term debt, net	**(28,600)**	(23,777)	***(237,938)***
Proceeds from borrowing of long-term debt	**37,771**	17,011	***314,235***
Repayment of long-term debt	**(18,728)**	(13,517)	***(155,807)***
Payments for purchase of convertible bonds for retirement	**(3,100)**	(823)	***(25,790)***
Cash dividends paid to minority shareholders	**(229)**	(137)	***(1,905)***
Purchase of common stock in treasury	**(6)**	—	***(50)***
Net cash used in financing activities	**(12,892)**	(21,243)	***(107,255)***
Effect of exchange rate changes on cash and cash equivalents	**(194)**	341	***(1,615)***
Net increase (decrease) in cash and cash equivalents	**1,324**	(3,894)	***11,014***
Cash and cash equivalents at beginning of year	**8,435**	12,332	***70,175***
Effect of change on scope of consolidated subsidiaries	**(514)**	(3)	***(4,276)***
Cash and cash equivalents at end of year (Note 4)	**¥ 9,245**	¥ 8,435	***$ 76,913***

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

(1) Accounting principles

The accompanying consolidated financial statements have been prepared from accounts and records maintained by Nippon Steel Chemical 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 from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan, as required by the Securities and Exchange Law of Japan, have been reclassified for the convenience of readers outside Japan.

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

(2) Significant shareholder

The Company is a subsidiary of Nippon Steel Corporation ("NSC"), who owned 196,978 thousand shares of common stock of the Company at March 31, 2003 and 2002, representing 67.83% and 67.53% of the shares outstanding at March 31, 2003 and 2002, respectively.

(3) Capital deficiency and management's plans

As a result of disposal of certain unprofitable businesses and idle plant and equipment, the Company incurred a net loss of ¥31,776 million *($264,360 thousand)* for the year ended March 31, 2003 on consolidated basis and has a net capital deficiency of ¥28,697 million *($238,744 thousand)* at March 31, 2003.

In order to improve its operational basis, the Company, in addition to the business and asset dispositions, entered into a basic agreement with NSC on April 25, 2003, under which the Company will become a wholly-owned subsidiary of NSC through an exchange of stock scheduled on July 29, 2003. Further, an infusion of new capital from NSC of approximately ¥35,000 million *($291,181 thousand)* and a reduction of capital stock against accumulated deficit for approximately ¥63,000 million *($524,126 thousand)* are planned following this stock-exchange.

Based on the above-mentioned plans, the accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries. All significant intercompany accounts and transactions have been eliminated on consolidation.

Investments in major affiliates are accounted for using the equity method.

The excess of the purchase price over the value of the net assets of businesses acquired is amortized generally over a 5-year period using the straight-line method.

(2) Cash and cash equivalents

"Cash and cash equivalents" shown on the consolidated statements of cash flows comprises cash on hand, bank deposits withdrawable on demand and short-term investments with an original maturity of 3 months or less, which are subject to a minor risk of fluctuations in value.

(3) Financial instruments

a) Debt and equity securities:

Debt securities which the Company and its consolidated subsidiaries have both the positive intent and ability to hold to maturity are classified as 'held-to-maturity debt securities' and carried at amortized cost. Trading securities, of which the Company and its consolidated subsidiaries had none at March 31, 2003 and 2002, are carried at fair value with changes in fair value recognized in income in the year in which they occur. Securities other than 'held-to-maturity debt securities', 'trading securities' and 'equity investments in non-consolidated subsidiaries and affiliates' are called 'other securities' (available-for-sale securities) and are carried at fair value with any unrealized holding gains and losses, net of tax, being reported as a separate component of "Shareholders' equity". For the purpose of computing gains and losses on securities sold, the cost of securities is determined using the moving average method. Securities that do not have readily determinable fair values are recorded at cost.

Trading securities and debt securities due within one year are presented as "Marketable securities" under "Current assets" and all other securities are presented as "Investments in securities" or "Long-term loans and other investments".

Additional information on marketable debt and equity securities is presented in Note 5.

b) Derivatives

Derivative financial instruments are measured at fair value, if determinable, and resulting gains or losses are included in net income, with the exception that gains or losses on certain qualified hedging instruments may be deferred as an asset or liability until the gains or losses on the hedged items are recognized. The Company and its consolidated subsidiaries enter into interest rate swap and cap agreements only as hedges against interest rate exposure on outstanding debt issued by the Company and its consolidated subsidiaries. The differential to be paid or received on such interest rate swap agreements as well as the amortization of cap premiums is recognized over the life of the agreements.

Additional information on derivatives is presented in Note 6.

(4) Allowance for doubtful accounts

An allowance for doubtful accounts has been provided at the estimated amount of specific probable bad debts plus an amount calculated by applying historical credit loss rates to the remainder of outstanding receivables.

(5) Inventories

Coke operations' inventories are stated at the lower of cost or market value, cost being determined by the moving average method. Other inventories are stated at the lower of cost or market value, cost being determined principally by the last-in, first-out method. (See Note 7)

(6) Property, plant and equipment, and depreciation

Property, plant and equipment, including significant renewals and additions, are stated at cost. Repairs and maintenance expenses are charged to income as incurred.

Depreciation is principally computed on the straight-line method.

(7) Accrued employees' retirement benefits

The Company and most of its domestic consolidated subsidiaries have defined benefit pension and retirement allowance plans covering substantially all employees.

"Accrued employees' retirement benefits" represents the estimated present value of projected benefit obligations in excess of the fair value of plan assets, except for the unrecognized transition amount, unrecognized prior service costs and unrecognized actuarial differences. The unrecognized transition amount of ¥11,197 million *($93,153 thousand)* is being amortized on a straight-line basis over a 5-year period beginning in 2001 and charged to "Other income (expenses)". Unrecognized prior service costs are amortized on a straight-line basis over a 5-year period. Unrecognized actuarial differences are amortized on a straight-line basis over 13 years from the year following that in which they arise. (See Note 9)

(8) Accrual for loss on restructuring measures

It prepared for the loss to be generated with the business transfer which determined the plan in the 2002 fiscal year, and the prospective frame is added up. (See Note 14)

(9) Research and development costs, and computer software

Research and development expenditure is charged to income when incurred. Expenditure on computer software developed for internal use is charged to income when incurred, except when it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and amortized using the straight-line method over its estimated useful life of 5 years. (See Note 13)

(10) Income taxes

Income taxes payable are provided for on the basis of income tax returns. Deferred income taxes are recorded for the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. (See Note 11)

(11) Leases

Finance leases, other than those in which the ownership of the leased assets is deemed to transfer to the lessees, are accounted for using a method similar to that applicable to operating leases. (See Note 10)

(12) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net income or loss for the period.

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Revenue and expense accounts for the year are translated into Japanese yen using the average exchange rate during the year or, alternatively, using the exchange rates prevailing at the balance sheet date. The resulting translation adjustments are reported as a separate component of "Shareholders' equity", except for the minority interest portion which is allocated to "Minority interests".

(13) Consumption tax

Consumption tax is imposed, with certain exemptions, at a flat rate of 5% on all domestic consumption of goods and services. Consumption tax is recorded separately and is not included in each revenue or expense account.

(14) Appropriation of retained earnings (Disposal of accumulated deficit)

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, any plan proposed by the Board of Directors, for the appropriation of retained earnings, (or the disposal of an accumulated deficit) including cash dividend payments, should be approved at the shareholders' meeting which must be held within 3 months of the end of each financial year. Such an appropriation of retained earnings (or disposal of an accumulated deficit) is reflected in the consolidated statement of shareholders' equity in the financial year in which the appropriation or disposal is approved at the shareholders' meeting.

(15) Net loss per share

Net loss per share of common stock is based upon the weighted average number of shares of common stock outstanding during the respective year.

Since net loss per share was recorded for the year ended March 31, 2003 and 2002, diluted net income per share has not been presented.

3. United States Dollar Amounts

The dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on the basis of ¥120.20 = U.S.$1, the approximate effective rate of exchange on March 31, 2003. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that the yen amounts have been or could have been converted, realized or settled in dollars at this or any other rate.

4. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of statements of cash flows at March 31, 2003 and 2002 consisted of:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Cash and bank deposits	**¥8,522**	¥6,867	***$70,898***
Less: time deposits with an original maturity o f more than 3 months	**(988)**	—	***(8,219)***
Other current assets (liquid money deposited)	**1,711**	1,568	***14,234***
Cash and cash equivalents	**¥9,245**	¥8,435	***$76,913***

5. Investments in Securities

Investments in debt and equity securities that have a readily determinable fair value at March 31, 2003 and 2002 and which are included in "Investments in securities" are summarized as follows:

	Millions of yen			
	2003			
	Cost	Fair value	Gross unrealized gains	Gross unrealized losses
Held-to-maturity debt securities	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Other securities:				
Marketable equity securities	**2,564**	**2,375**	**39**	**228**
Fund trust	**—**	**—**	**—**	**—**
Total other securities	**2,564**	**2,375**	**39**	**228**
	¥2,564	**¥2,375**	**¥39**	**¥228**

	Millions of yen			
	2002			
	Cost	Fair value	Gross unrealized gains	Gross unrealized losses
Held-to-maturity debt securities	¥ —	¥ —	¥ —	¥ —
Other securities:				
Marketable equity securities	5,450	4,128	113	1,435
Fund trust	—	—	—	—
Total other securities	5,450	4,128	113	1,435
	¥5,450	¥4,128	¥113	¥1,435

	Thousands of U.S. dollars			
	2003			
	Cost	Fair value	Gross unrealized gains	Gross unrealized losses
Held-to-maturity debt securities	***$ —***	***$ —***	***$ —***	***$ —***
Other securities:				
Marketable equity securities	***21,331***	***19,758***	***324***	***1,897***
Fund trust	—	—	—	—
Total other securities	***21,331***	***19,758***	***324***	***1,897***
	$21,331	***$19,758***	***$ 324***	***$1,897***

The proceeds from sales of other securities for the years ended March 31, 2003 and 2002 were ¥623 million *($5,183 thousand)* and ¥1,525 million, respectively. The gross realized gains on those sales for the years ended March 31, 2003 and 2002 were ¥34 million *($283 thousand)* and ¥82 million, respectively, and gross realized losses were ¥302 million *($2,512 thousand)* and ¥231 million, respectively.

At March 31, 2003 and 2002, the Company and its consolidated subsidiaries had no debt securities.

6. Information on Derivatives

The Company and certain subsidiaries use derivative financial instruments, which comprise interest rate swap and interest cap transactions to reduce their exposure to market risks from fluctuations in interest rates. The Company and the relevant subsidiaries do not hold or issue financial instruments for trading or speculative purposes.

Although the Company and the relevant subsidiaries may be exposed to losses in the event of non-performance by counterparties or interest rate fluctuations, no significant losses are anticipated from the arrangements described above.

The Company's Board of Directors decides the limit on the volume of derivative transactions (swap transactions) annually, and management in charge of derivative transactions (swap transactions) report to the Board of Directors quarterly on transactions entered into in the quarter.

Information on contract value, fair value and valuation gain or loss in respect of interest rate swap and cap contracts outstanding at March 31, 2003 and 2002 are not presented as they are not required because hedge accounting has been applied, as explained in Note 2 (3).

7. Inventories

Inventories at March 31, 2003 and 2002 consisted of:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Products	**¥12, 632**	¥12,679	***$105,092***
Semi-finished products	**4,168**	4,614	***34,675***
Raw materials and supplies	**9,865**	10,290	***82,072***
	¥26,665	¥27,583	***$221,839***

8. Short-term Bank Loans and Long-term Debt

Short-term bank loans outstanding at March 31, 2003 and 2002 generally represented notes with several months maturities issued by the Company and its consolidated subsidiaries to banks, bearing interest at a weighted average annual rate of 1.1% and 1.2% at March 31, 2003 and 2002, respectively. Customarily these notes are renewed at maturity subject to renegotiation of interest rates and other factors.

Long-term debt at March 31, 2003 and 2002 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Long-term borrowings from banks and other financial institutions secured by collateral/mortgages, bearing interest at a weighted average annual rate of 1.3% and 1.6% at March 31, 2003 and 2002, respectively, due through 2012 in installments	**¥73,403**	¥54,621	***$610,673***
2.2% convertible mortgage notes due March 2003 in yen	**—**	2,508	***—***
2.5% convertible mortgage notes due March 2004 in yen	**4,988**	5,261	***41,498***
2.0% convertible mortgage notes due March 2005 in yen	**5, 124**	5,443	***42,629***
	83,515	67,833	***694,800***
Less: Portion due within one year	**(28,369)**	(20,051)	***(236,015)***
	¥55,146	¥47,782	***$458,785***

Additional information with respect to the Company's convertible notes outstanding at March 31, 2003 is as follows (See Note 19):

			Other conditions		
Description	Issued in	Initial principal	Conversion price per share (*1)	Number of shares issuable upon full conversion	Other conditions
		(millions)		(in thousands)	
2.5% convertible mortgage notes due March 2004 in yen	**Dec. 1988**	**10,000**	**947.8**	**5,551**	(*2) (*3)
2.0% convertible mortgage notes due March 2005 in yen	**Feb. 1990**	**15,000**	**1,210.0**	**4,498**	(*2) (*4)
				10,049	

(*1) Subject to adjustment for subsequent free share distribution or in other circumstances.

(*2) Can be repurchased at any time and may be redeemed in whole or in part at prices equivalent to the principal amount plus premiums at prescribed percentages of the principal.

(*3) Annual sinking fund payments are required as follows: ¥500 million on March 31, 1998 and 1999, ¥1,000 million on March 31, 2000 and 2001 and ¥1,500 million on March 31, 2002 and 2003, reduced by subsequent conversions, repurchases and redemptions.

(*4) Annual sinking fund payments are required as follows: ¥750 million on March 31, 1999 and 2000, ¥1,500 million on March 31, 2001 and 2002 and ¥2,250 million on March 31, 2003 and 2004, reduced by subsequent conversions, repurchases and redemptions.

The Company's and its consolidated subsidiaries' assets pledged as collateral for short and long-term debt at March 31, 2003 are summarized as follows:

	Millions of yen	*Thousands of U.S. dollars*
Property, plant and equipment, net of accumulated depreciation:		
Buildings and structures	**¥21,297**	***$177,180***
Machinery and equipment	**45,973**	***382,471***
Land	**12,189**	***101,406***
	¥79,459	***$661,057***
Investments in securities and other	**¥1,819**	***$ 15,133***

The aggregate annual maturities of long-term debt outstanding at March 31, 2003 during the succeeding 5-year period are as follows:

Year ending March 31,	Millions of yen	*Thousands of U.S. dollars*
2004	**¥28,369**	***$236,015***
2005	**16,588**	***138,003***
2006	**31,087**	***258,627***
2007	**3,906**	***32,496***
2008	**1,986**	***16,522***
2009 and after	**1,579**	***13,137***
	¥83,515	***$694,800***

9. Retirement Plan

The following table sets forth the benefit obligation, plan assets and funded status of the Company and its consolidated subsidiaries at March 31, 2003 and 2002:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Projected benefit obligation	**¥26,602**	¥25,030	***$221,314***
Fair value of plan assets	**(6,913)**	(8,680)	***(57,512)***
Benefit obligation in excess of plan assets	**19,689**	16,350	***163,802***
Unrecognized prior service cost	**545**	817	***4,534***
Unrecognized actuarial net loss	**(6,752)**	(2,882)	***(56,173)***
Unrecognized net transition obligation	**(4,400)**	(6,718)	***(36,606)***
Accrued retirement benefits recognized in the consolidated balance sheet	**¥9,082**	¥7,567	***$75,557***

Severance and retirement expenses of the Company and its consolidated subsidiaries included the following components for the years ended March 31, 2003 and 2002:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Service cost	**¥826**	¥913	***$6,872***
Interest cost	**807**	852	***6,714***
Expected return on plan assets	**(285)**	(321)	***(2,371)***
Amortization of prior service cost	**(272)**	(272)	***(2,263)***
Amortization of unrecognized actuarial net loss	**232**	133	***1,930***
Amortization of net transition obligation	**2,239**	2,239	***18,627***
Net benefit expense	**¥3,547**	¥3,544	***$29,509***

In addition to the above benefit expense, the Company and its consolidated subsidiaries paid retirement benefits to resigned employees of ¥603 million *($5,017 thousand)* and ¥875 million during the years ended March 31, 2003 and 2002, respectively.

Assumptions used in accounting for the retirement benefit plans for the years ended March 31, 2003 and 2002 are as follows:

Discount rate	2.50% and 3.50% for 2003 and 2002, respectively
Expected rate of return on plan assets	2.50% and 3.50% for 2003 and 2002, respectively
Method of attributing the projected benefits to periods of service	Straight-line basis

10. Contingent Liabilities and Lease Commitments

At March 31, 2003, the Company was contingently liable for guarantees amounting to ¥156 million *($1,298 thousand)* and forward guarantees amounting to ¥3,280 million *($27,288 thousand)* for the loans and other debt of affiliates.

In addition, contingent liabilities at March 31, 2003 for notes discounted in the ordinary course of business amounted to ¥1,943 million *($16,165 thousand)*.

The Company and its consolidated subsidiaries have various lease contracts as a lessor or a lessee. As described in Note 2 (10), of the lease contracts classified as finance leases, only those in which the ownership is deemed to transfer to the lessee are accounted for as finance lease under the Japanese accounting standard for leases. Others, although classified as finance leases, are accounted for as operating leases with disclosure assuming that they have been capitalized as below.

For a lessee contracts, assumed data as to acquisition cost, accumulated depreciation, net book value and the depreciation expense of leased assets, which includes the portion of interest thereon at March 31, 2003 and 2002, is summarized as follows: Machinery and vehicles

	Millions of yen						*Thousands of U.S. dollars*		
	2003			2002			***2003***		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery and vehicles	**¥1,645**	**¥889**	**¥756**	¥1,372	¥759	¥613	***$13,686***	***$7,396***	***$6,290***
Others	**646**	**364**	**282**	739	347	392	***5,374***	***3,028***	***2,346***
	¥2,291	**¥1,253**	**¥1,038**	¥2,111	¥1,106	¥1,005	***$19,060***	***$10,424***	***$8,636***

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Depreciation	**¥357**	¥399	***$2,970***

Depreciation is calculated using the straight-line method over the lease term of the leased assets.

The scheduled maturities of future lease rental payments on such lease contracts at March 31, 2003 and 2002 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Due within one year	**¥372**	¥317	***$3,095***
Due after one year	**666**	688	***5,541***
	¥1,038	¥1,005	***$8,636***
Lease rental expenses for the year	**¥357**	¥399	***$2,970***

For lessor contracts, acquisition cost, accumulated depreciation, net book value and the depreciation expense of leased assets, which includes the portion of interest thereon at March 31, 2003 and 2002, is summarized as follows:

	Millions of yen						*Thousands of U.S. dollars*		
	2003			2002			***2003***		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery and vehicles	**¥176**	**¥109**	**¥67**	¥176	¥ 97	¥79	***$1,464***	***$907***	***$557***
Others	**154**	**105**	**49**	195	99	96	***1,281***	***873***	***408***
	¥330	**¥214**	**¥116**	¥371	¥196	¥175	***$2,745***	***$1,780***	***$965***

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Depreciation	**¥ 38**	¥110	***$316***

The scheduled maturities of future lease rental receipts on such lease contracts at March 31, 2003 and 2002 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Due within one year	**¥41**	¥72	***$341***
Due after one year	**12**	54	***100***
	¥53	¥126	***$441***
Lease rental revenue for the year	**¥72**	¥174	***$600***

11. Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consisted of corporate income tax (national), enterprise tax (local) and resident income taxes (local), which in aggregate result in normal statutory rates of approximately 42.0% for the years ended March 31, 2003 and 2002. Foreign consolidated subsidiaries are subject to the income taxes of the countries in which they operate.

During the years ended March 31, 2003 and 2002, the Company incurred a loss for both financial reporting and tax reporting purposes. Under current Japanese tax law, a loss is not allowed to be carriedback, but may be carried forward for a five-year period for offset against future taxable income.

The components of deferred tax assets and deferred tax liabilities at March 31, 2003 and 2002 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Deferred tax assets due to:			
Depreciable assets	**¥561**	¥695	***$4,667***
Accrued employees' retirement benefits	**3,637**	2,989	***30,258***
Accrual for loss on restructuring measures	**5,751**	—	***47,845***
Loss carryforwards	**13,521**	18,178	***112,487***
Other	**14,197**	9,257	***118,112***
Gross deferred tax assets	**37,667**	31,119	***313,369***
Valuation allowance	**(16,334)**	(8,064)	***(135,890)***
Deferred tax assets	**¥21,333**	¥23,055	***$177,479***

On March 31, 2003, the Japanese National Diet approved various changes to the calculation of the statutory local enterprise tax for companies with capital in excess of ¥100 million, effective April 1, 2004. As a result of this amendment, the tax rate to be applied to temporary differences between the carrying amount and tax basis of assets and liabilities that are expected to reverse in the years beginning April 1, 2004 decreased from 42 % to 40 % as at March 31, 2003. For the temporary differences that are expected to reverse in the year ending March 31, 2004, the tax rate of 42 % has been used at that date. This resulted in a reduction in deferred tax assets at March 31, 2003 by ¥795 million *($6,614 thousand)*, compared with the assets that would have been recognized had the tax rate of 42 % been fully applied to all temporary differences. Net loss for the year ended March 31, 2003 increased by ¥855 million *($7,113 thousand)* as a result of these changes in local enterprise tax regulations.

12. Related Party Transactions

Sales to and purchases from NSC for the years ended March 31, 2003 and 2002 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Sales	**¥78,321**	¥75,262	***$651,589***
Purchases (cost of sales)	**59,270**	53,431	***493,095***

13. Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2003 and 2002 amounted to ¥2,782 million *($23,145 thousand)* and ¥2,451 million, respectively.

14. Accrual for Loss on Restructuring Measures

During the year ended March 31, 2002, the Company recorded loss on restructuring of composite materials and construction-related products businesses.

In addition, during the year ended March 31, 2003, the Company decided to restructure certain unprofitable businesses including the sale of rigid printed-circuit board business. The Company made an accrual for the losses expected to be incurred upon ultimate disposal of those businesses.

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	***2003***
Loss on sale of rigid printed-circuit board business including accrual for losses	**¥13,857**	¥—	***$115,283***
Loss on restructuring of a part of plastics business	**2,202**	—	***18,319***
Loss on restructuring of composite materials and construction-related products businesses	**—**	1,259	***—***
	¥16,059	¥1,259	***$133,602***

15. Land Revaluation

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1998 and amended on March 31, 1999, land owned by the Company and used for business was revalued as of March 31, 2000, and the unrealized gain on the revaluation, net of deferred tax, was reported as "Reserve for revaluation of land" within "Shareholders' equity". The related deferred tax was included in non-current liabilities as "Deferred income tax related to land revaluation" at March 31, 2000. As a result, total assets, total liabilities and shareholders' equity increased by ¥2,622 million, ¥1,101 million and ¥1,521 million, respectively, at March 31, 2000. As at March 31, 2000, the revaluation date, the book value of the land before revaluation was ¥4,985 million and after revaluation was ¥7,607 million.

Certain revalued pieces of land were sold during the years ended March 31, 2003 and 2002. As a result, part of the "Reserve for revaluation of land", in the amount of ¥146 million *($1,215 thousand)* and ¥78 million, were reclassified to "Accumulated deficit" during the years ended March 31, 2003 and 2002, respectively. The excess of the book value over the market value of the remaining land after revaluation were ¥594 million *($4,942thousand)* and ¥426 million at March 31, 2003 and 2002, respectively.

16. Common Stock

As a result of the revision of the Japanese Commercial Code, which became effective on October 1, 2001, all of the Company's common shares which previously had a par value of ¥500 per share were changed to non-par value shares.

17. Segment Information

The Company and its consolidated subsidiaries' business segments, which are required to be disclosed pursuant to regulations on consolidated financial statements in Japan, consisted of the following, classified based upon marketing methods and internal operating segments:

(1) Carbon materials and industrial gases
Manufacture and sale of coke, carbon materials, special carbon products, industrial gases, etc.

(2) Basic chemicals
Manufacture and sale of basic chemicals, styrene resins, plastic compounds and moldings, etc.

(3) Specialty chemicals
Manufacture and sale of specialty and precision chemicals, paints, electronic materials, fine resins, etc.

(4) Other businesses
Manufacture and sale of construction-related products, composite materials, various types of construction, distribution and trading, services, analysis, etc.

Segment information by business segment for the years ended March 31, 2003 and 2002 is summarized as follows:

	Millions of yen						
	Carbon materials and industrial gases	Basic chemicals	Specialty chemicals	Other businesses	Total	Elimination and Corporate assets*	Consolidated
2003:							
Net sales							
Outside customers	**¥95,091**	**¥124,239**	**¥39,741**	**¥37,045**	**¥296,116**	**¥ —**	**¥296,116**
Inter-segment sales	**2,338**	**4,045**	**2,450**	**9,533**	**18,366**	**(18,366)**	**—**
Total	**97,429**	**128,284**	**42,191**	**46,578**	**314,482**	**(18,366)**	**296,116**
Operating expenses	**94,734**	**121,691**	**40,319**	**45,449**	**302,193**	**(18,398)**	**283,795**
Operating income	**¥ 2,695**	**¥ 6,593**	**¥ 1,872**	**¥ 1,129**	**¥ 12,289**	**¥ 32**	**¥ 12,321**
Assets, depreciation and capital expenditures:							
Assets	**¥64,734**	**¥84,206**	**¥49,351**	**¥28,928**	**¥227,219**	**¥20,880**	**¥248,099**
Depreciation	**5,861**	**2,628**	**2,353**	**1,161**	**12,003**	**(28)**	**11,975**
Capital expenditures	**4,065**	**1,657**	**1,702**	**293**	**7,717**	**(83)**	**7,634**

	Millions of yen						
	Carbon materials and industrial gases	Basic chemicals	Specialty chemicals	Other businesses	Total	Elimination and Corporate assets*	Consolidated
2002:							
Net sales							
Outside customers	¥94,297	¥108,648	¥35,856	¥41,301	¥280,102	¥ —	¥280,102
Inter-segment sales	3,633	4,189	2,561	10,957	21,340	(21,340)	—
Total	97,930	112,837	38,417	52,258	301,442	(21,340)	280,102
Operating expenses	93,416	110,763	36,780	51,288	292,247	(21,368)	270,879
Operating income	¥ 4,514	¥ 2,074	¥ 1,637	¥ 970	¥ 9,195	¥ 28	¥ 9,223
Assets, depreciation and capital expenditures:							
Assets	¥75,870	¥84,903	¥61,999	¥37,899	¥260,671	¥21,243	¥281,914
Depreciation	6,329	5,789	2,241	1,334	15,693	(28)	15,665
Capital expenditures	3,608	3,247	3,505	309	10,669	0	10,669

	Thousands of U.S. dollars						
	Carbon materials and industrial gases	Basic chemicals	Specialty chemicals	Other businesses	Total	Elimination and Corporate assets*	Consolidated
2003:							
Net sales							
Outside customers	***$791,106***	***$1,033,602***	***$330,624***	***$308,195***	***$2,463,527***	***$ —***	***$2,463,527***
Inter-segment sales	***19,451***	***33,652***	***20,382***	***79,310***	***152,795***	***(152,795)***	***—***
Total	***810,557***	***1,067,254***	***351,006***	***387,505***	***2,616,322***	***(152,795)***	***2,463,527***
Operating expenses	***788,136***	***1,012,404***	***335,432***	***378,107***	***2,514,079***	***(153,056)***	***2,361,023***
Operating income	***$ 22,421***	***$ 54,850***	***$ 15,574***	***$ 9,398***	***$ 102,243***	***$ 261***	***$ 102,504***
Assets, depreciation and capital expenditures:							
Assets	***$538,552***	***$700,549***	***$410,583***	***$240,666***	***$1,890,350***	***$173,702***	***$2,064,052***
Depreciation	***48,760***	***21,863***	***19,576***	***9,660***	***99,859***	***(233)***	***99,626***
Capital expenditures	***33,819***	***13,785***	***14,151***	***2,437***	***64,192***	***(682)***	***63,510***

* Inter-segment transactions are eliminated from the consolidated financial statements. Corporate assets of ¥22,023 million *($183,220 thousand)* and ¥21,989 million at March 31, 2003 and 2002, respectively, were included in the consolidated financial statements. Major corporate assets consisted of parent company surplus funds and deferred tax assets.

Segment information by geographic area for the years ended March 31, 2003 and 2002 is not presented pursuant to regulations on consolidated financial statements in Japan, as both net sales and assets in Japan were more than 90% of consolidated net sales and assets.

Information on overseas sales, which consisted of export sales by the Company and its domestic subsidiaries and overseas sales of overseas consolidated subsidiaries, for the years ended March 31, 2003 and 2002 is presented below.

During the year ended March 31, 2003, the Company regrouped its geographic areas as presented below by aggregating North America and Europe into "Other Areas". Previously, "Other areas" consisted of Australia, Egypt, and Turkey only."

	Millions of yen		
	Asia	Other areas	Total
2003:			
Overseas sales	**¥52,277**	**¥3,021**	**¥55,298**
Consolidated net sales			**¥296,116**
Percentage of overseas sales against consolidated net sales	**17.7%**	**1.0%**	**18.7%**

	Millions of yen				
	North America	Europe	Asia	Other areas	Total
2002:					
Overseas sales	¥417	¥3,034	¥42,323	¥229	¥46,003
Consolidated net sales					¥280,102
Percentage of overseas sales against consolidated net sales	0.1%	1.1%	15.1%	0.1%	16.4%

	Thousands of U.S. dollars		
	Asia	Other areas	Total
2003:			
Overseas sales	***$434,917***	***$25,133***	***$460,050***
Consolidated net sales			***$2,463,527***
Percentage of overseas sales against consolidated net sales	***17.7%***	***1.0%***	***18.7%***

18. Appropriations of Retained Earnings (Disposal of Accumulated Deficit)

No cash dividends were proposed or approved at the ordinary general meeting of shareholders of the Company held on June 24, 2003.

19. Subsequent Events

The Company's general shareholders meeting on June 24, 2003 approved the agreement with NSC, under which the Company will become a wholly-owned subsidiary of NSC through an exchange of stock on July 29, 2003 as described in Note 1(3).

On April 25, 2003, the Company's Board of Directors decided to call all of the convertible bonds outstanding at March 31, 2003 on July 25, 2003. The redemption price would be 100% and 101% of the face value of 2.5% convertible bonds and 2.0% convertible bonds, respectively. The amount of the 2.5% and 2.0% convertible bonds outstanding at March 31, 2003 were ¥4,988 million *($41,498 thousand)* and ¥5,124 million *($42,629 thousands)*, respectively (See Note 8).

Report of Independent Auditors

To the Board of Directors
Nippon Steel Chemical Co., Ltd.

We have audited the accompanying consolidated balance sheets of Nippon Steel Chemical Co., Ltd. and its consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of loss, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Steel Chemical Co., Ltd. and its consolidated subsidiaries as of March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan (see Note 1).

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1 (3) to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters, including, among other things, the Company becoming a wholly-owned subsidiary of Nippon Steel Co., Ltd., are also described in Note 1 (3). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Note 19 to the accompanying consolidated financial statements, on April 25, 2003, the Company decided to call all of the outstanding convertible bonds at March 31, 2003 on July 25, 2003.

The amounts 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.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Tokyo, Japan
June 24, 2003

Notice to Readers:
The accompanying consolidated financial statements are not intended to present the consolidated financial positions and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Japan.

Corporate Directory

(As of June 2003)

ORGANIZATION CHART

HEAD OFFICE

- **Personnel Department**

Corporate Planning Bureau
- **General Administration Department**
- **Corporate Planning Department**

Business Support Bureau
- **Budget, Accounts & Finance Department**
- **Purchase & Physical Distribution Department**
- **Environment, Safety & Quality Assurance Department**

Compliance Department

Research & Technical Development Bureau
- **Research & Technical Development Planning Department**

Research & Development Laboratories
- Epoxy Resin Development Center
- Tohto Kasei Laboratories
- Process Development & Engineering Center

- **Electronic Materials Research & Development Laboratories**
- **Kisarazu R&D Administration Center**

Chemicals Division
- **Business Planning Department**
  - Specialty Chemicals Business Planning Section
- **Basic Chemicals Department**
  - Oita Works
  - Sakai Phthalic Anhydride Plant
- **Phenol Department**
  - Seoul Branch
- **Plastics Department**
- **Fine Chemicals Department**
  - Tribology Center
- **Paints Department**
  - Tobata Paints Plant
  - Kisarazu Paints Plant
  - Inorganic Coating Section
- **Osaka Branch**
- **Nagoya Branch**

Electronic Materials Division
- **Business Planning Department**
- **PWD & Assembly Materials Department**
- **Display Materials Department**
  - OEL Section
- **Kisarazu Works**
- **California Branch**

Coke & Coal Tar Chemicals Division
- **Business Planning Section**
- **Carbon Materials Department**
  - Coal Tar Chemicals Section
- **Coke Department**
- **Kimitsu Works**
- **Gas Department**
- **Kyushu Branch**

Kyushu Works

Hirohata Works

BOARD OF DIRECTORS

President

Tsuneyoshi Nishi

Vice Presidents

Takao Nakanishi

Shinichi Kaminaga

Managing Directors

Masateru Nose

Norihito Kawamura

Kazuhiro Mikoshi

Hiroshi Yasunaga

Directors

Junichi Kikuchi

Hidehiro Katahira

Tadashi Komoto

Hiroyuki Yamamoto

Michiro Oguma

Shuhei Konishi

Toshihiro Nada

Standing Auditors

Junji Komatsu

Keizaburo Hama

Auditors

Kaoru Takahashi

Nobuyoshi Fujiwara

MAJOR PRODUCTS

Carbon Materials and Industrial Gases

Metallurgical coke, pitch coke, pitch, creosote oil, industrial gases (hydrogen, argon, oxygen, nitrogen, carbon dioxide), ammonia, ammonium sulfate

Basic Chemicals

Benzene, toluene, xylene, cyclohexane, styrene monomer, naphthalene, phthalic anhydride, phenol, bisphenol A, methanol, styrene resin

Specialty Chemicals

Medical and agricultural raw material and intermediate, information recording material, dye and pigment material and intermediate, functional resin and material, coumarone resin, perfume material, special solvent, heat-transfer medium, high-performance synthetic lubricant, marine paint, industrial equipment and steel water piping paint, circuit board material, semiconductor material, display material, organic EL material

Other Businesses

Rockwool spray work for fire protection

MAJOR SUBSIDIARIES

NSCC Trading Co., Ltd.
7-21-11, Nishi-Gotanda Shinagawa-ku, Tokyo 141-0031

NSCC Polymer Co., Ltd.
598 Owada Shinden, Yachiyo, Chiba Pref. 276-0046

Shinnikka Environmental Engineering Co., Ltd.
46-80, Oaza Nakabaru Sakinohama Tobata-ku, Kita-Kyushu, Fukuoka Pref. 804-0002

Tohto Kasei Co., Ltd.
1-4-16, Nihonbashi Bakurocho Chuo-ku, Tokyo 103-0002

Nippon Steel Chemical Rockwool Co., Ltd.
7-21-11, Nishi-Gotanda Shinagawa-ku, Tokyo 141-0031

Nippon Rockool Corporation
7-21-11, Nishi-Gotanda Shinagawa-ku, Tokyo 141-0031

Nippon Thermal Engineering Corporation
4-16, Yuubarumachi Yawatanishi-ku, Kita-Kyushu, Fukuoka Pref. 807-0813

Nippon Steel Chemical Carbon Co., Ltd.
2-1-11, Nihonbashi Kayabacho Chuo-ku, Tokyo 103-0025

Nippon Phenol Co., Ltd.
7-21-11, Nishi-Gotanda Shinagawa-ku, Tokyo 141-0031

Nippon Bisphenol Co., Ltd.
46-80, Oaza Nakabaru Sakinohama Tobata-ku, Kita-Kyushu, Fukuoka Pref. 804-0002

Nippon Styrene Monomer Co., Ltd.
7-21-11, Nishi-Gotanda Shinagawa-ku, Tokyo 141-0031

SA Carbon Co., Ltd.
46-80, Oaza Nakabaru Sakinohama Tobata-ku, Kita-Kyushu, Fukuoka Pref. 804-0002

Nippon Techno-Carbon Co., Ltd.
62-6, Osatocho Kawauchi Aza Nakasoneyama Kurokawa-gun, Miyagi Pref. 981-3514

Shinnikka Thermal Ceramics Corporation
7-21-11, Nishi-Gotanda Shinagawa-ku, Tokyo 141-0031

NSCC Compounds (Malaysia) Sdn. Bhd.
Lot 72, Jalan Sementa 27/91 Section 27, 40400 Shah Alam Selangor D.E., Malaysia

NSCC ASIA Ltd.
Room F, 5F, Cameron Plaza, 23 Cameron Road, Tsim Sha Tsui, Kowloon, Hong Kong, China

Meiyang Hong Kong Ltd.
Room F, 5F, Cameron Plaza, 23 Cameron Road, Tsim Sha Tsui, Kowloon, Hong Kong, China

Shenzhen Meiyang Plastic Ltd.
Che Gong Miao Industrial District, Shenzhen, China

Dalian Nitto Plastic Molding Co., Ltd.
1A-5-1, Free Trade Zone, Dalian, China

Kumho P&B Chemicals, Inc.
#319 Hwachi-Dong, Yeosu-City Cholla Nam-do, Korea