

Financial Statements for Fiscal 2009
(April 1, 2009 to March 31, 2010)

Nippon Steel Chemical Co., Ltd.

Consolidated Operating Performances

March 31, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars
	2010	2009	<i>Increase or decrease from previous term</i>	2010
Net sales	179,381	211,846	(32,645)	1,927,999
Operating income	10,574	924	9,650	113,650
Ordinary profits	9,143	(594)	9,737	98,270
Net income	6,195	(17,613)	23,808	66,584

Note: U.S.\$ amounts are calculated solely for the reader's convenience, at the rate of US\$1=¥93.04 for the year ended March 31, 2010.

Consolidated Balance Sheets

March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
ASSETS			
Current assets:	67,204	53,257	722,313
Cash and bank deposits	1,611	1,364	17,315
Notes and accounts receivable-trade:	36,871	23,094	396,292
Inventories	19,300	19,751	207,438
Other	9,427	9,048	101,322
Allowance for doubtful accounts	(-6)	(-1)	(-64)
Fixed assets:	73,836	77,044	793,594
Tangible fixed assets:	50,845	53,900	546,485
Buildings and structures	17,061	17,815	183,373
Machinery and equipment	15,895	16,789	170,840
Land	16,446	16,499	176,763
Other	1,443	2,796	15,509
Intangible fixed assets:	41	48	441
Investments in securities and other assets:	22,949	23,094	246,657
Investments in securities	16,210	16,039	174,226
Deferred tax assets	1,571	1,667	16,885
Other	5,834	6,105	62,704
Allowance for doubtful accounts	(-666)	(-717)	(-7,158)
Total assets	141,040	130,302	1,515,907

Consolidated Balance Sheets

March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
LIABILITIES			
Current liabilities	60,187	59,524	646,894
Notes and accounts payable-trade:	26,758	11,112	287,597
Short-term loans	19,861	33,683	213,467
Accrued expenses	6,359	6,239	68,347
Other	7,208	8,490	77,472
Long-term liabilities	18,234	14,617	195,980
Long-term loans	5,638	1,552	60,598
Deferred tax liabilities related to land revaluation	1,531	1,531	16,455
Accrued employees' retirement benefits	9,913	10,162	106,546
Other	1,151	1,371	12,371
Total liabilities	78,421	74,142	842,874
NET ASSETS			
Shareholders' equity	55,109	48,914	592,315
Common stock	5,000	5,000	53,740
Additional paid-in capital surplus	8,284	8,284	89,037
Retained earnings	41,825	35,629	449,538
Valuation and translation adjustments	302	(417)	3,246
Unrealized holding gains and other securities	807	369	8,674
Unrealized gains on revaluation of land	2,296	2,296	24,678
Foreign currency translation adjustment	(2,801)	(3,082)	(30,105)
Minority interests	7,206	7,663	77,451
Total net assets	62,618	56,160	673,022
Total	141,040	130,302	1,515,907

Consolidated Statements of Income

For the two years ended March 31, 2010 and 2009

	Millions of yen				Thousands of U.S. dollars
	2010		2009		2010
Net sales	179,381	100.0%	211,846	100.0%	1,927,999
Cost of sales	151,091		190,909		1,623,936
Selling, general and administrative expenses	17,715		20,011		190,402
Operating costs and expenses	168,807		210,921		1,814,349
Operating income	10,574	5.9	924	0.4	113,650
Interest income	24		30		258
Dividend income	237		343		2,547
Equity in income of affiliates	548		959		5,890
Other	1,069		541		11,490
Non-operating profit	1,879		1,875		20,196
Interest expense	356		375		3,826
Foreign exchange loss	802		237		8,620
Loss on disposal of tangible fixed assets	1,600		1,200		17,197
Other	550		1,580		5,911
Non-operating costs and expenses	3,310		3,394		35,576
Non-operating profit (loss)	(1,431)		(1,519)		(15,380)
Ordinary profit	9,143	5.1	(594)	(0.3)	98,270
Gain on sale of investments in securities	449		—		4,826
Special profit	449		—		4,826
Loss on sale of fixed assets	—		114		—
Loss on sale of investments in securities	—		13		—
Loss on valuation of investments in securities	—		169		—
Special loss	—		296		—
Special profit (loss)	449		(296)		4,826
Income before income taxes and minority interests	9,593	5.4	(891)	(0.4)	103,106
Income taxes: Current	1,058		4,916		11,371
Income taxes: Deferred	1,816		9,400		19,518
Minority interests in income of consolidated subsidiaries	(523)		(2,405)		(5,621)
Net income	6,195	3.5	(17,613)	(8.3)	66,584

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2010

Millions of yen

	Common stock	Capital surplus	Retained earnings	Unrealized gains on available- for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	Total
Balance at March 31, 2009	5,000	8,284	35,629	369	—	2,296	(3,082)	7,663	56,160
Cash dividends	—	—	—	—	—	—	—	—	—
Net income for fiscal year 2009	—	—	6,195	—	—	—	—	—	6,195
Increase due to the change in the number of consolidated subsidiaries	—	—	—	—	—	—	—	—	—
Increase due to reversal of unrealized gains on revaluation of land	—	—	—	—	—	—	—	—	—
Other changes for fiscal 2009 (net)	—	—	—	438	—	—	281	(457)	262
Total change for this fiscal year 2009	—	—	6,195	438	—	—	281	(457)	6,458
Balance at March 31, 2010	5,000	8,284	41,825	807		2,296	(2,801)	7,206	62,618

Thousands of U.S. dollars

	Common stock	Capital surplus	Retained earnings	Unrealized gains on available- for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	Total
Balance at March 31, 2009	53,740	89,037	382,943	3,966	—	24,678	(33,126)	82,362	603,611
Cash dividends	—	—	—	—	—	—	—	—	—
Net income for fiscal year 2009	—	—	66,584	—	—	—	—	—	66,584
Increase due to the change in the number of consolidated subsidiaries	—	—	—	—	—	—	—	—	—
Increase due to reversal of unrealized gains on revaluation of land	—	—	—	—	—	—	—	—	—
Other changes for fiscal 2009 (net)	—	—	—	4,708	—	—	3,020	(4,912)	2,816
Total change for this fiscal year 2009	—	—	66,584	4,708	—	—	3,020	(4,912)	69,411
Balance at March 31, 2010	53,740	89,037	449,538	8,674		24,678	(30,105)	77,451	673,022

Consolidated Statements of Cash Flows

For the two years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash flows from operating activities:			
Income before income taxes and minority interests	9,593	(891)	103,106
Depreciation and amortization	7,674	8,891	82,481
Interest and dividend income	(264)	(374)	(2,837)
Interest expense	356	375	3,826
Equity in income of unconsolidated subsidiaries and affiliates	(548)	(959)	5,890
Loss on sale of fixed assets	—	114	—
Gain (loss) on sale of investments in securities	(449)	—	(4,826)
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	1,891	(5,414)	20,325
Changes in inventories	451	2,452	4,847
Other	(1,100)	9,007	(11,823)
Subtotal	17,603	13,201	189,198
Interest and dividend income (cash basis)	396	713	4,256
Interest expense (cash basis)	(411)	(355)	(4,417)
Income taxes (cash basis)	(2,630)	(4,488)	(28,267)
Net cash provided by operating activities	14,956	9,071	160,748
Cash flows from investing activities:			
Payments for purchases of tangible fixed assets	(5,948)	(7,035)	(63,929)
Proceeds from sales of tangible fixed assets	130	82	1,397
Proceeds from sale of investment in securities	1,400	49	15,047
Other	(333)	(309)	(3,579)
Net cash used in investing activities	(4,751)	(7,212)	(51,064)
Cash flows from financing activities:			
Increase (decrease) of proceeds from loans and payments of loans	(9,736)	1,100	(104,643)
Cash dividends	—	(2,000)	—
Cash dividends paid to minority shareholders	(982)	(943)	(10,555)
Net cash used in financing activities	(10,719)	(1,843)	(115,209)
Effect of exchange rate changes on cash and cash equivalents	(17)	(132)	(183)
Net increase (decrease) in cash and cash equivalents	(531)	(117)	(5,707)
Cash and cash equivalents at the beginning of the year	2,361	2,480	25,376
Cash and cash equivalents at the end of the year	1,830	2,361	19,669