

**Financial Statements for Fiscal 2010**  
**(April 1, 2010 to March 31, 2011)**

**Nippon Steel Chemical Co., Ltd.**

**Consolidated Operating Performances**

March 31, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars
	2011	2010	<i>Increase or decrease from previous term</i>	2011
Net sales	195,378	179,381	15,997	2,349,705
Operating income	14,299	10,574	3,725	171,966
Ordinary profits	12,956	9,143	3,813	155,815
Net income	9,768	6,195	3,573	117,474

Note: U.S.\$ amounts are calculated solely for the reader's convenience, at the rate of US\$1=¥83.15 for the year ended March 31, 2011.

**Consolidated Balance Sheets**

March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>ASSETS</b>			
<b>Current assets:</b>	77,008	67,204	926,133
Cash and bank deposits	906	1,611	10,896
Notes and accounts receivable-trade:	41,731	36,871	501,876
Inventories	20,999	19,300	252,544
Other	13,385	9,427	160,974
Allowance for doubtful accounts	(-13)	(-6)	(-156)
<b>Fixed assets:</b>	68,870	73,836	828,262
<b>Tangible fixed assets:</b>	47,372	50,845	569,717
Buildings and structures	16,833	17,061	202,441
Machinery and equipment	13,177	15,895	158,473
Land	16,446	16,446	197,787
Other	916	1,443	11,016
<b>Intangible fixed assets:</b>	117	41	1,407
<b>Investments in securities and other assets:</b>	21,380	22,949	257,126
Investments in securities	15,415	16,210	185,388
Deferred tax assets	1,070	1,571	12,868
Other	5,679	5,834	68,298
Allowance for doubtful accounts	(-784)	(-666)	(-9,429)
<b>Total assets</b>	<b>145,879</b>	<b>141,040</b>	<b>1,754,408</b>

**Consolidated Balance Sheets**

March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>LIABILITIES</b>			
<b>Current liabilities</b>	57,479	60,187	691,269
Notes and accounts payable-trade:	31,184	26,758	375,033
Short-term loans	12,115	19,861	145,701
Accrued expenses	7,109	6,359	85,496
Other	7,070	7,208	85,027
<b>Long-term liabilities</b>	18,000	18,234	216,476
Long-term loans	5,500	5,638	66,146
Deferred tax liabilities related to land revaluation	1,531	1,531	18,413
Accrued employees' retirement benefits	9,798	9,913	117,835
Other	1,170	1,151	14,071
<b>Total liabilities</b>	75,480	78,421	907,757
<b>NET ASSETS</b>			
<b>Shareholders' equity</b>	62,613	55,109	753,013
Common stock	5,000	5,000	60,132
Additional paid-in capital surplus	8,284	8,284	99,627
Retained earnings	49,328	41,825	593,241
<b>Valuation and translation adjustments</b>	(219)	302	(2,634)
Unrealized holding gains and other securities	1,101	807	13,241
Unrealized gains on revaluation of land	2,296	2,296	27,613
Foreign currency translation adjustment	(3,617)	(2,801)	(43,500)
<b>Minority interests</b>	8,005	7,206	96,272
<b>Total net assets</b>	70,398	62,618	846,639
<b>Total</b>	145,879	141,040	1,754,408

**Consolidated Statements of Income**

For the two years ended March 31, 2011 and 2010

	Millions of yen				<i>Thousands of U.S. dollars</i>
	2011		2010		2011
<b>Net sales</b>	195,378	100.0%	179,381	100.0%	2,349,705
Cost of sales	161,182		151,091		1,938,449
Selling, general and administrative expenses	19,896		17,715		239,278
<b>Operating costs and expenses</b>	181,079		168,807		2,177,739
<b>Operating income</b>	14,299	7.3	10,574	5.9	171,966
Interest income	5		24		60
Dividend income	209		237		2,514
Equity in income of affiliates	1,138		548		13,686
Other	875		1,069		10,523
<b>Non-operating profit</b>	2,229		1,879		26,807
Interest expense	144		356		1,732
Foreign exchange loss	1,370		802		16,476
Loss on disposal of tangible fixed assets	1,008		1,600		12,123
Other	1,049		550		12,616
<b>Non-operating costs and expenses</b>	3,572		3,310		42,959
<b>Non-operating profit (loss)</b>	(1,343)		(1,431)		(16,152)
<b>Ordinary profit</b>	12,956		9,143	6.6	155,815
Gain on sale of investments in securities	—		449		—
Other	1,392		—		16,741
<b>Special profit</b>	1,392		449		16,741
Loss on disaster	646		—		7,769
<b>Special loss</b>	646		—		7,769
<b>Special profit (loss)</b>	746		449		8,972
<b>Income before income taxes and minority interests</b>	13,702	7.0	9,593	5.4	164,787
<b>Income taxes: Current</b>	2,843		1,058		34,191
<b>Income taxes: Deferred</b>	(-91)		1,816		(-1,094)
<b>Income before minority interests</b>	10,950		—		131,690
<b>Minority interests in income of consolidated subsidiaries</b>	(1,182)		(523)		(14,215)
<b>Net income</b>	9,768	5.0	6,195	3.5	117,474

**Consolidated Statements of Changes in Net Assets**

Year ended March 31, 2011

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, 2010	5,000	8,284	41,825	807	—	2,296	(2,801)	7,206	62,618
Cash dividends	—	—	(1,200)	—	—	—	—	—	(1,200)
Net income for fiscal year 2010	—	—	9,768	—	—	—	—	—	9,768
Increase due to the change in the number of consolidated subsidiaries	—	—	(1,064)	—	—	—	—	—	(1,064)
Increase due to reversal of unrealized gains on revaluation of land	—	—	—	—	—	—	—	—	—
Other changes for fiscal 2010 (net)	—	—	—	293	—	—	(816)	799	276
Total change for this fiscal year 2010	—	—	7,503	293	—	—	(816)	799	7,780
<b>Balance at March 31, 2011</b>	<b>5,000</b>	<b>8,284</b>	<b>49,328</b>	<b>1,101</b>		<b>2,296</b>	<b>(3,617)</b>	<b>8,005</b>	<b>70,398</b>

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, 2010	60,132	99,627	503,007	9,705	—	27,613	(33,686)	86,663	753,073
Cash dividends	—	—	(14,432)	—	—	—	—	—	(14,432)
Net income for fiscal year 2010	—	—	117,474	—	—	—	—	—	117,474
Increase due to the change in the number of consolidated subsidiaries	—	—	(12,796)	—	—	—	—	—	(12,796)
Increase due to reversal of unrealized gains on revaluation of land	—	—	—	—	—	—	—	—	—
Other changes for fiscal 2010 (net)	—	—	—	3,524	—	—	(9,814)	9,609	3,319
Total change for this fiscal year 2010	—	—	90,235	3,524	—	—	(9,814)	9,609	93,566
<b>Balance at March 31, 2011</b>	<b>60,132</b>	<b>99,627</b>	<b>593,241</b>	<b>13,241</b>		<b>27,613</b>	<b>(43,500)</b>	<b>96,272</b>	<b>846,639</b>

**Consolidated Statements of Cash Flows**

For the two years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	13,702	9,593	164,787
Depreciation and amortization	7,599	7,674	91,389
Interest and dividend income	(215)	(264)	(2,586)
Interest expense	144	356	1,732
Equity in income of unconsolidated subsidiaries and affiliates	(1,138)	(548)	(13,686)
Loss on sale of fixed assets	77	—	926
Gain (loss) on sale of investments in securities	61	(449)	734
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	(430)	1,891	(5,171)
Changes in inventories	(1,701)	451	(20,457)
Other	(1,725)	(1,100)	(20,746)
<b>Subtotal</b>	<b>16,374</b>	<b>17,603</b>	<b>196,921</b>
Interest and dividend income (cash basis)	384	396	4,618
Interest expense (cash basis)	(159)	(411)	(1,912)
Income taxes (cash basis)	(1,691)	(2,630)	(20,337)
<b>Net cash provided by operating activities</b>	<b>14,908</b>	<b>14,956</b>	<b>179,290</b>
<b>Cash flows from investing activities:</b>			
Payments for purchases of tangible fixed assets	(4,933)	(5,948)	(59,327)
Proceeds from sales of tangible fixed assets	9	130	108
Proceeds from sale of investment in securities	56	1,400	673
Payments for acquisition of subsidiaries' shares	(171)	—	(2,057)
Other	874	(333)	10,511
<b>Net cash used in investing activities</b>	<b>(4,165)</b>	<b>(4,751)</b>	<b>(50,090)</b>
<b>Cash flows from financing activities:</b>			
Increase (decrease) of proceeds from loans and payments of loans	(7,884)	(9,736)	(94,817)
Cash dividends	(1,200)	—	(14,432)
Cash dividends paid to minority shareholders	(179)	(982)	(2,153)
Other	(30)	0	(361)
<b>Net cash used in financing activities</b>	<b>(9,294)</b>	<b>(10,719)</b>	<b>(111,774)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(110)</b>	<b>(17)</b>	<b>(1,323)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,337</b>	<b>(531)</b>	<b>16,079</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,830</b>	<b>2,361</b>	<b>22,008</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,168</b>	<b>1,830</b>	<b>38,100</b>