

Financial Statements for Fiscal 2011
(April 1, 2011 to March 31, 2012)

Nippon Steel Chemical Co., Ltd.

Consolidated Operating Performances

March 31, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars
	2012	2011	<i>Increase or decrease from previous term</i>	2012
Net sales	196,979	195,378	1,600	2,396,630
Operating income	11,084	14,299	(3,215)	134,858
Ordinary profits	13,431	12,956	475	163,414
Net income	12,460	9,768	2,692	151,600

Note: U.S.\$ amounts are calculated solely for the reader's convenience, at the rate of US\$1=¥82.19 for the year ended March 31, 2012.

Consolidated Balance Sheets

March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
ASSETS			
Current assets:	74,904	77,008	911,352
Cash and bank deposits	1,691	906	20,574
Notes and accounts receivable-trade	36,863	41,731	448,510
Inventories	20,012	20,999	243,485
Other	16,351	13,385	198,941
Allowance for doubtful accounts	(-14)	(-13)	(-170)
Fixed assets:	69,343	68,870	843,691
Tangible fixed assets:	45,284	47,372	550,967
Buildings and structures	16,136	16,833	196,326
Machinery and equipment	11,241	13,177	136,768
Land	16,426	16,446	199,854
Other	1,479	916	17,995
Intangible fixed assets:	103	117	1,253
Investments in securities and other assets:	23,955	21,380	291,459
Investments in securities	15,616	15,415	189,999
Deferred tax assets	3,715	1,070	45,200
Other	5,270	5,679	64,120
Allowance for doubtful accounts	(-646)	(-784)	(-7,860)
Total assets	144,248	145,879	1,755,055

Consolidated Balance Sheets

March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
LIABILITIES			
Current liabilities	49,880	57,479	606,886
Notes and accounts payable-trade	27,170	31,184	330,575
Short-term loans	9,157	12,115	111,413
Accrued expenses	7,536	7,109	91,690
Other	6,017	7,070	73,208
Long-term liabilities	12,002	18,000	146,027
Long-term loans	—	5,500	—
Deferred tax liabilities related to land revaluation	1,340	1,531	16,304
Accrued employees' retirement benefits	9,580	9,798	116,559
Other	1,082	1,170	13,165
Total liabilities	61,883	75,480	752,926
NET ASSETS			
Shareholders' equity	73,023	62,613	888,466
Common stock	5,000	5,000	60,835
Additional paid-in capital surplus	8,284	8,284	100,791
Retained earnings	59,739	49,328	726,840
Valuation and translation adjustments	(1,140)	(219)	(13,870)
Unrealized holding gains and other securities	437	1,101	5,317
Unrealized gains on revaluation of land	2,487	2,296	30,259
Foreign currency translation adjustment	(4,065)	(3,617)	(49,459)
Minority interests	10,482	8,005	127,534
Total net assets	82,364	70,398	1,002,117
Total	144,247	145,879	1,755,043

Consolidated Statements of Income

For the two years ended March 31, 2012 and 2011

	Millions of yen				<i>Thousands of U.S. dollars</i>
	2012		2011		2012
Net sales	196,979	100.0%	195,378	100.0%	2,396,630
Cost of sales	163,750		161,182		1,992,335
Selling, general and administrative expenses	22,144		19,896		269,425
Operating costs and expenses	185,895		181,079		2,261,772
Operating income	11,084	5.6	14,299	7.3	134,858
Interest income	15		5		183
Dividend income	351		209		4,271
Equity in income of affiliates	1,714		1,138		20,854
Other	1,819		875		22,132
Non-operating profit	3,901		2,229		47,463
Interest expense	96		144		1,168
Foreign exchange loss	324		1,370		3,942
Loss on disposal of tangible fixed assets	452		1,008		5,499
Other	681		1,049		8,286
Non-operating costs and expenses	1,554		3,572		18,907
Non-operating profit (loss)	2,347		(1,343)		28,556
Ordinary profit	13,431	6.8	12,956		163,414
Gain on sale of investments in securities	641		—		7,799
Other	—		1,392		—
Special profit	641		1,392		7,799
Loss on disaster	—		646		—
Special loss	—		646		—
Special profit (loss)	641		746		7,799
Income before income taxes and minority interests	14,073	7.1	13,702	7.0	171,225
Income taxes: Current	3,356		2,843		40,832
Income taxes: Deferred	(-)3,476		(-)91		(-)42,292
Income before minority interests	14,193		10,950		172,685
Minority interests in income of consolidated subsidiaries	(1,732)		(1,182)		(21,073)
Net income	12,460	6.3	9,768	5.0	151,600

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2012

	Millions of yen							
	Common stock	Capital surplus	Retained earnings	Unrealized gains on available-for-sale securities	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	Total
Balance at March 31, 2011	5,000	8,284	49,328	1,101	2,296	(3,617)	8,005	70,398
Cash dividends	—	—	(2,050)	—	—	—	—	(2,050)
Net income for fiscal 2011	—	—	12,460	—	—	—	—	12,460
Net changes of items other than shareholders' equity for fiscal 2011 (net)	—	—	—	(663)	191	(447)	2,476	1,556
Total change for this fiscal year 2011	—	—	10,410	(663)	191	(447)	2,476	11,966
Balance at March 31, 2012	5,000	8,284	59,739	437	2,487	(4,065)	10,482	82,365

	Thousands of U.S. dollars							
	Common stock	Capital surplus	Retained earnings	Unrealized gains on available-for-sale securities	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	Total
Balance at March 31, 2011	60,835	100,791	600,170	13,396	27,935	(44,008)	97,396	856,528
Cash dividends	—	—	(24,942)	—	—	—	—	(24,942)
Net income for fiscal 2011	—	—	151,600	—	—	—	—	151,600
Net changes of items other than shareholders' equity for fiscal 2011 (net)	—	—	—	(8,067)	2,324	(5,439)	30,125	18,932
Total change for this fiscal year 2011	—	—	126,658	(8,067)	2,324	(5,439)	30,125	145,589
Balance at March 31, 2012	60,835	100,791	726,840	5,317	30,259	(49,459)	127,534	1,002,129

Consolidated Statements of Cash Flows

For the two years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	14,073	13,702	171,225
Depreciation and amortization	6,923	7,599	84,232
Interest and dividend income	(367)	(215)	(4,465)
Interest expense	96	144	1,168
Equity in income of unconsolidated subsidiaries and affiliates	(1,714)	(1,138)	(20,854)
Loss on sale of fixed assets	—	77	—
Gain (loss) on sale of investments in securities	(641)	—	(7,799)
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	897	(430)	10,914
Changes in inventories	985	(1,701)	11,984
Other	548	(1,663)	6,667
Subtotal	20,801	16,374	253,084
Interest and dividend income (cash basis)	676	384	8,225
Interest expense (cash basis)	(95)	(159)	(1,156)
Income taxes (cash basis)	(3,531)	(1,691)	(42,961)
Net cash provided by operating activities	17,850	14,908	217,180
Cash flows from investing activities:			
Payments for purchases of tangible fixed assets	(4,684)	(4,933)	(56,990)
Proceeds from sales of tangible fixed assets	71	9	864
Proceeds from sale of investment in securities	711	56	8,651
Payments for acquisition of subsidiaries' shares	—	(171)	—
Payments for sales of subsidiaries' shares	1,225	—	14,904
Other	(824)	874	(10,026)
Net cash used in investing activities	(3,500)	(4,165)	(42,584)
Cash flows from financing activities:			
Increase (decrease) of proceeds from loans and payments of loans	(8,458)	(7,884)	(102,908)
Cash dividends	(2,000)	(1,200)	(24,334)
Cash dividends paid to minority shareholders	(480)	(179)	(5,840)
Other	(33)	(30)	(402)
Net cash used in financing activities	(10,972)	(9,294)	(133,496)
Effect of exchange rate changes on cash and cash equivalents	(41)	(110)	(499)
Net increase (decrease) in cash and cash equivalents	3,337	1,337	40,601
Cash and cash equivalents at the beginning of the year	3,168	1,830	38,545
Cash and cash equivalents at the end of the year	6,505	3,168	79,146