

Financial Statements for Fiscal 2012
(April 1, 2012 to March 31, 2013)

NIPPON STEEL & SUMIKIN CHEMICAL CO., LTD.

Consolidated Operating Performances

March 31, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars
	2013	2012	<i>Increase or decrease from previous term</i>	2013
Net sales	195,719	196,979	(1,259)	2,081,010
Operating income	8,853	11,084	(2,231)	94,131
Ordinary profits	9,737	13,431	(3,693)	103,530
Net income	5,830	12,460	(6,629)	61,988

Note: U.S.\$ amounts are calculated solely for the reader's convenience, at the rate of US\$1=¥94.05 for the year ended March 31, 2013.

Consolidated Balance Sheets

March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
ASSETS			
Current assets:	82,283	74,904	874,886
Cash and bank deposits	1,945	1,691	20,680
Notes and accounts receivable-trade	40,207	36,863	427,507
Inventories	23,410	20,012	248,910
Other	16,733	16,351	177,916
Allowance for doubtful accounts	(-13)	(-14)	(-138)
Fixed assets:	74,717	69,343	794,439
Tangible fixed assets:	46,129	45,284	490,473
Buildings and structures	15,812	16,136	168,123
Machinery and equipment	9,935	11,241	105,635
Land	16,426	16,426	174,652
Other	3,954	1,479	42,041
Intangible fixed assets:	79	103	840
Investments in securities and other assets:	28,508	23,955	303,115
Investments in securities	17,856	15,616	189,856
Deferred tax assets	4,335	3,715	46,093
Other	6,950	5,270	73,897
Allowance for doubtful accounts	(-634)	(-646)	(-6,741)
Total assets	157,000	144,248	1,669,325

Consolidated Balance Sheets

March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
LIABILITIES			
Current liabilities	53,953	49,880	573,663
Notes and accounts payable-trade	34,427	27,170	366,050
Short-term loans	4,807	9,157	51,111
Accrued expenses	1,423	7,536	15,130
Accounts payable	9,343	2,639	99,341
Other	3,952	3,377	42,020
Long-term liabilities	13,724	12,002	145,922
Long-term loans	2,205	—	23,445
Deferred tax liabilities related to land revaluation	1,340	1,340	14,248
Accrued employees' retirement benefits	9,653	9,580	102,637
Other	526	1,082	5,593
Total liabilities	67,678	61,883	719,596
NET ASSETS			
Shareholders' equity	76,853	73,023	53,163
Common stock	5,000	5,000	88,081
Additional paid-in capital surplus	8,284	8,284	675,906
Retained earnings	63,569	59,739	817,150
Valuation and translation adjustments	883	(1,140)	9,389
Unrealized holding gains and other securities	627	437	6,667
Unrealized gains on revaluation of land	2,487	2,487	26,443
Foreign currency translation adjustment	(2,231)	(4,065)	(23,721)
Minority interests	11,584	10,482	123,169
Total net assets	89,321	82,365	949,718
Total	157,000	144,248	1,669,325

Consolidated Statements of Income

For the two years ended March 31, 2013 and 2012

	Millions of yen				Thousands of U.S. dollars
	2013		2012		2013
Net sales	195,719	100.0%	196,979	100.0%	2,081,010
Cost of sales	163,690		163,750		1,740,547
Selling, general and administrative expenses	23,176		22,144		246,422
Operating costs and expenses	186,866		185,895		1,986,879
Operating income	8,853	4.5	11,084	5.6	94,131
Interest income	9		15		96
Dividend income	375		351		3,987
Foreign exchange profit	1,663		—		17,682
Equity in income of affiliates	591		1,714		6,284
Other	820		1,819		8,719
Non-operating profit	3,461		3,901		36,800
Interest expense	38		96		404
Foreign exchange loss	—		324		—
Loss on disposal of tangible fixed assets	198		452		2,105
Other	2,338		681		24,859
Non-operating costs and expenses	2,576		1,554		27,390
Non-operating profit (loss)	884		2,347		9,399
Ordinary profit	9,737	5.0	13,431	6.8	103,530
Gain on sale of investments in securities	—		641		—
Special profit	—		641		—
Special profit (loss)	—		641		—
Income before income taxes and minority interests	9,737	5.0	14,073	7.1	103,530
Income taxes: Current	3,366		3,356		35,789
Income taxes: Deferred	(-1,155)		(-3,476)		(-12,281)
Income before minority interests	7,526		14,193		80,021
Minority interests in income of consolidated subsidiaries	(1,696)		(1,732)		(18,033)
Net income	5,830	3.0	12,460	6.3	61,988

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013

	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, 2012	5,000	8,284	59,739	437	2,487	(4,065)	10,482	82,365
Cash dividends	—	—	(2,000)	—	—	—	—	(2,000)
Net income for fiscal 2011	—	—	5,830	—	—	—	—	5,830
Net changes of items other than shareholders' equity for fiscal 2011 (net)	—	—	—	189	—	1,833	1,102	3,126
Total change for this fiscal year 2011	—	—	3,830	189	—	1,833	1,102	6,956
Balance at March 31, 2013	5,000	8,284	63,569	627	2,487	(2,231)	11,584	89,321

	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, 2012	53,163	88,081	635,183	4,646	26,443	(43,222)	111,451	875,758
Cash dividends	—	—	(21,265)	—	—	—	—	(21,265)
Net income for fiscal 2011	—	—	61,988	—	—	—	—	61,988
Net changes of items other than shareholders' equity for fiscal 2011 (net)	—	—	—	2,010	—	19,490	11,717	33,238
Total change for this fiscal year 2011	—	—	40,723	2,010	—	19,490	11,717	73,961
Balance at March 31, 2013	53,163	88,081	675,906	6,667	26,443	(23,721)	123,169	949,718

Consolidated Statements of Cash Flows

For the two years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes and minority interests	9,737	14,073	103,530
Depreciation and amortization	6,015	6,923	63,955
Interest and dividend income	(385)	(367)	(4,094)
Interest expense	38	96	404
Equity in income of unconsolidated subsidiaries and affiliates	(591)	(1,714)	(6,284)
Gain (loss) on sale of investments in securities	—	(641)	—
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	3,948	897	41,978
Changes in inventories	(3,395)	985	(36,098)
Other	(333)	548	(3,541)
Subtotal	15,035	20,801	159,862
Interest and dividend income (cash basis)	681	676	7,241
Interest expense (cash basis)	(46)	(95)	(489)
Income taxes (cash basis)	(3,717)	(3,531)	(39,522)
Net cash provided by operating activities	11,952	17,850	127,081
Cash flows from investing activities:			
Payments for purchases of tangible fixed assets	(7,708)	(4,684)	(81,956)
Proceeds from subsidy	1,016	—	10,803
Proceeds from sales of tangible fixed assets	17	71	181
Proceeds from sales of investment in securities	—	711	—
Payments for sales of subsidiaries' shares	—	1,225	—
Other	(2,203)	(824)	(23,424)
Net cash used in investing activities	(8,877)	(3,500)	(94,386)
Cash flows from financing activities:			
Increase (decrease) of proceeds from loans and payments of loans	(2,145)	(8,458)	(22,807)
Cash dividends	(2,000)	(2,000)	(21,265)
Cash dividends paid to minority shareholders	(594)	(480)	(6,316)
Other	(32)	(33)	(340)
Net cash used in financing activities	(4,772)	(10,972)	(50,739)
Effect of exchange rate changes on cash and cash equivalents	204	(41)	2,169
Net increase (decrease) in cash and cash equivalents	(1,492)	3,337	(15,864)
Cash and cash equivalents at the beginning of the year	6,505	3,168	69,165
Cash and cash equivalents at the end of the year	5,012	6,505	53,291