

**Financial Statements for Fiscal 2013**  
**(April 1, 2013 to March 31, 2014)**

**NIPPON STEEL & SUMIKIN CHEMICAL CO., LTD.**

**Consolidated Operating Performances**

March 31, 2014 and 2013

	Millions of yen		
	2014	2013	<i>Increase or decrease from previous term</i>
Net sales	230,130	195,719	34,410
Operating income	9,644	8,853	791
Ordinary profits	10,114	9,737	377
Net income	7,975	5,830	2,145

**Consolidated Balance Sheets**

March 31, 2014 and 2013

Millions of yen

	2014	2013
<b>ASSETS</b>		
<b>Current assets:</b>	85,062	82,283
Cash and bank deposits	8,023	1,945
Notes and accounts receivable-trade	37,835	40,207
Inventories	25,722	23,410
Other	13,486	16,733
Allowance for doubtful accounts	(-)5	(-)13
<b>Fixed assets:</b>	79,923	74,717
<b>Tangible fixed assets:</b>	47,344	46,129
Buildings and structures	15,596	15,812
Machinery and equipment	9,662	9,935
Land	16,252	16,426
Other	5,832	3,954
<b>Intangible fixed assets:</b>	438	79
<b>Investments in securities and other assets:</b>	32,139	28,508
Investments in securities	20,831	17,856
Deferred tax assets	5,692	4,335
Other	6,248	6,950
Allowance for doubtful accounts	(-)632	(-)634
<b>Total assets</b>	<b>164,985</b>	<b>157,000</b>

**Consolidated Balance Sheets**

March 31, 2014 and 2013

	Millions of yen	
	2014	2013
<b>LIABILITIES</b>		
<b>Current liabilities</b>	49,923	53,953
Notes and accounts payable-trade	31,012	34,427
Short-term loans	5,754	4,807
Accrued expenses	1,803	1,423
Accounts payable	8,769	9,343
Other	2,583	3,952
<b>Long-term liabilities</b>	18,254	13,724
Long-term loans	<del>3,404</del>	2,205
Deferred tax liabilities related to land revaluation	1,340	1,340
Accrued employees' retirement benefits	12,983	9,653
Other	526	526
<b>Total liabilities</b>	68,177	67,678
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>	83,540	76,853
Common stock	5,000	5,000
Additional paid-in capital surplus	8,284	8,284
Retained earnings	70,255	63,569
<b>Total accumulated other comprehensive income</b>	1,257	883
Unrealized holding gains and other securities	664	627
Unrealized gains on revaluation of land	2,487	2,487
Foreign currency translation adjustment	122	(2,231)
Remeasurements of defined benefit plans	(2,017)	—
<b>Minority interests</b>	12,010	11,584
<b>Total net assets</b>	96,807	89,321
<b>Total</b>	164,985	157,000

**Consolidated Statements of Income**

For the two years ended March 31, 2014 and 2013

Millions of yen

	2014		2013	
<b>Net sales</b>	230,130	100.0%	195,719	100.0%
Cost of sales	197,528		163,690	
Selling, general and administrative expenses	22,957		23,176	
<b>Operating costs and expenses</b>	220,485		186,866	
<b>Operating income</b>	9,644	4.2	8,853	4.5
Interest income	13		9	
Dividend income	407		375	
Foreign exchange profit	732		1,663	
Equity in income of affiliates	663		591	
Other	1,543		820	
<b>Non-operating profit</b>	3,360		3,461	
Interest expense	45		38	
Loss on disposal of tangible fixed assets	455		198	
Other	2,388		2,338	
<b>Non-operating costs and expenses</b>	2,890		2,576	
<b>Non-operating profit</b>	470		884	
<b>Ordinary profit</b>	10,114	4.4	9,737	5.0
<b>Income before income taxes and minority interests</b>	10,114	5.0	9,737	5.0
<b>Income taxes: Current</b>	1,935		3,366	
<b>Income taxes: Deferred</b>	(-)366		(-)1,155	
<b>Income before minority interests</b>	8,546		7,526	
<b>Minority interests in income of consolidated subsidiaries</b>	(571)		(1,696)	
<b>Net income</b>	7,975	3.5	5,830	3.0

**Consolidated Statements of Comprehensive Income**

Year ended March 31, 2014

	Millions of yen	
	2014	2013
<b>Income before minority interests</b>	8,546	
<b>Other comprehensive income</b>		
Unrealized gains on available-for-sale securities	40	
Foreign currency translation adjustments	916	
Share of other comprehensive income of associates accounted for using equity method	1,591	
Total other comprehensive income	2,548	
<b>Comprehensive income</b>	11,094	
(attributable to)		
Comprehensive income attributable to owners of the parent	10,367	
Comprehensive income attributable to minority interests	727	

**Consolidated Statements of Cash Flows**

For the two years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	10,114	9,737
Depreciation and amortization	5,426	6,015
Interest and dividend income	(421)	(385)
Interest expense	45	38
Equity in income of unconsolidated subsidiaries and affiliates	(663)	(591)
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	(1,048)	3,948
Changes in inventories	(2,260)	(3,395)
Other	2,802	(333)
<b>Subtotal</b>	<b>13,996</b>	<b>15,035</b>
Interest and dividend income (cash basis)	577	681
Interest expense (cash basis)	(47)	(46)
Income taxes (cash basis)	(2,838)	(3,717)
<b>Net cash provided by operating activities</b>	<b>11,688</b>	<b>11,952</b>
<b>Cash flows from investing activities:</b>		
Payments for purchases of tangible fixed assets	(8,073)	(7,708)
Proceeds from subsidy	95	1,016
Proceeds from sales of tangible fixed assets	344	17
Proceeds from sales of investment in securities	272	—
Payments for purchases of investments in securities	(412)	—
Other	(869)	(2,203)
<b>Net cash used in investing activities</b>	<b>(8,642)</b>	<b>(8,877)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) of proceeds from loans and payments of loans	1,944	(2,145)
Proceeds from issuance of common stock to minority shareholders	131	—
Cash dividends	(1,200)	(2,000)
Cash dividends paid to minority shareholders	(732)	(594)
Other	(13)	(32)
<b>Net cash used in financing activities</b>	<b>128</b>	<b>(4,772)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>612</b>	<b>204</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,786</b>	<b>(1,492)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,012</b>	<b>6,505</b>
<b>Increase (decrease) from the change in the number of consolidated companies</b>	<b>(246)</b>	<b>—</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>8,552</b>	<b>5,012</b>