

Financial Statements for Fiscal 2014
(April 1, 2014 to March 31, 2015)

NIPPON STEEL & SUMIKIN CHEMICAL CO., LTD.

Consolidated Operating Performances

For the two years ended March 31, 2015 and 2014

	Millions of yen		
	2015	2014	<i>Increase or decrease from previous term</i>
Net sales	212,777	230,130	(17,352)
Operating income	3,296	9,644	(6,347)
Ordinary profits	6,759	10,114	(3,355)
Net income	2,471	7,975	(5,504)

Consolidated Balance Sheets

March 31, 2015 and 2014

Millions of yen

	2015	2014
ASSETS		
Current assets:	79,984	85,062
Cash and bank deposits	4,022	8,023
Notes and accounts receivable-trade	36,741	37,835
Inventories	23,879	25,722
Other	15,361	13,486
Allowance for doubtful accounts	(-)20	(-)5
Fixed assets:	88,866	79,923
Tangible fixed assets:	54,902	47,344
Buildings and structures	15,622	15,596
Machinery and equipment	9,406	9,662
Land	16,252	16,252
Other	13,620	5,832
Intangible fixed assets:	471	438
Investments in securities and other assets:	33,491	32,139
Investments in securities	21,692	20,831
Deferred tax assets	5,601	5,692
Other	6,830	6,248
Allowance for doubtful accounts	(-)632	(-)632
Total assets	168,850	164,985

Consolidated Balance Sheets

March 31, 2015 and 2014

	Millions of yen	
	2015	2014
LIABILITIES		
Current liabilities	51,476	49,923
Notes and accounts payable-trade	27,383	31,012
Short-term loans	6,409	5,754
Accrued expenses	1,679	1,803
Accounts payable	13,053	8,769
Other	2,950	2,583
Long-term liabilities	20,910	18,254
Long-term loans	3,376	3,404
Deferred tax liabilities related to land revaluation	1,225	1,340
Accrued employees' retirement benefits	15,129	12,983
Other	1,180	526
Total liabilities	72,386	68,177
NET ASSETS		
Shareholders' equity	82,599	83,540
Common stock	5,000	5,000
Additional paid-in capital surplus	8,284	8,284
Retained earnings	69,314	70,255
Total accumulated other comprehensive income	3,371	1,257
Unrealized holding gains and other securities	588	664
Unrealized gains on revaluation of land	2,602	2,487
Foreign currency translation adjustment	1,757	122
Remeasurements of defined benefit plans	(1,576)	(2,017)
Minority interests	10,493	12,010
Total net assets	96,464	96,807
Total	168,850	164,985

Consolidated Statements of Income

For the two years ended March 31, 2015 and 2014

	Millions of yen			
	2015		2014	
Net sales	212,777	100.0%	230,130	100.0%
Cost of sales	188,151		197,528	
Selling, general and administrative expenses	21,329		22,957	
Operating costs and expenses	209,481		220,485	
Operating income	3,296	1.6	9,644	4.2
Interest income	27		13	
Dividend income	663		407	
Foreign exchange profit	1,708		732	
Equity in income of affiliates	1,005		663	
Other	1,500		1,543	
Non-operating profit	4,905		3,360	
Interest expense	28		45	
Loss on disposal of tangible fixed assets	253		455	
Other	1,161		2,388	
Non-operating costs and expenses	1,443		2,890	
Non-operating profit	3,462		470	
Ordinary profit	6,759	3.2	10,114	4.4
Costs and expenses for operating structure improvement	3,552		—	
Special loss	3,552		—	
Special profit (loss)	(3,552)		—	
Income before income taxes and minority interests	3,206	1.5	10,114	4.4
Income taxes: Current	613		1,935	
Income taxes: Deferred	1,535		(-)366	
Income before minority interests	1,058		8,546	
Minority interests in income of consolidated subsidiaries	1,412		(571)	
Net income	2,471	1.2	7,975	3.5

Consolidated Statements of Changes in Net Assets

March 31, 2015 and 2014

Millions of yen

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2014	5,000	8,284	70,255	83,540
Cumulative effects of changes in accounting policies	—	—	(1,812)	(1,812)
Restated balance	5,000	8,284	68,443	81,728
Changes of items during period				
Cash dividends	—	—	(1,600)	(1,600)
Net income	—	—	2,471	2,471
Net changes of items other than shareholders' equity	—	—	—	—
Total change for fiscal 2014	—	—	(941)	(941)
Balance at March 31, 2015	5,000	8,284	69,314	82,599

	Accumulated other comprehensive income					Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gains on available-for-sale securities	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2014	664	2,487	122	(2,017)	1,257	12,010	96,807
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	(1,812)
Restated balance	664	2,487	122	(2,017)	1,257	12,010	94,995
Changes of items during period							
Cash dividends	—	—	—	—	—	—	(1,600)
Net income	—	—	—	—	—	—	2,471
Cumulative effect of revision in benefit plan accounting standards	—	—	—	—	—	—	(1,812)
Net changes of items other than shareholders' equity	(76)	114	1,634	440	2,113	(1,516)	597
Total change for fiscal 2014	(76)	114	1,634	440	2,113	(1,516)	(343)
Balance at March 31, 2015	588	2,602	1,757	(1,576)	3,371	10,493	96,464

Consolidated Statements of Comprehensive Income

For the two years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Income before minority interests	1,058	8,546
Other comprehensive income		
Unrealized gains on available-for-sale securities	(84)	40
Remeasurements of defined benefit plants	533	—
Unrealized gains on revaluation of land	114	—
Foreign currency translation adjustments	840	916
Share of other comprehensive income of associates accounted for using equity method	1,075	1,591
Total other comprehensive income	2,480	2,548
Comprehensive income	3,538	11,094
(attributable to)		
Comprehensive income attributable to owners of the parent	4,678	10,367
Comprehensive income attributable to minority interests	(1,139)	727

Consolidated Statements of Cash Flows

For the two years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Cash flows from operating activities:		
Income before income taxes and minority interests	3,206	10,114
Depreciation and amortization	5,072	5,426
Interest and dividend income	(690)	(421)
Interest expense	28	45
Equity in income of unconsolidated subsidiaries and affiliates	(1,005)	(663)
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	(2,550)	(1,048)
Changes in inventories	1,856	(2,260)
Other	2,871	2,802
Subtotal	8,789	13,996
Interest and dividend income (cash basis)	939	577
Interest expense (cash basis)	(25)	(47)
Income taxes (cash basis)	(1,614)	(2,838)
Net cash provided by operating activities	8,088	11,688
Cash flows from investing activities:		
Payments for purchases of tangible fixed assets	(11,233)	(8,073)
Proceeds from subsidy	—	95
Proceeds from sales of tangible fixed assets	0	344
Proceeds from sales of investment in securities	921	272
Payments for purchases of investments in securities	—	(412)
Other	(309)	(869)
Net cash used in investing activities	(10,620)	(8,642)
Cash flows from financing activities:		
Increase (decrease) of proceeds from loans and payments of loans	101	1,944
Proceeds from issuance of common stock to minority shareholders	—	131
Cash dividends	(1,600)	(1,200)
Cash dividends paid to minority shareholders	(398)	(732)
Other	(12)	(13)
Net cash used in financing activities	(1,909)	128
Effect of exchange rate changes on cash and cash equivalents	17	612
Net increase (decrease) in cash and cash equivalents	(4,424)	3,786
Cash and cash equivalents at the beginning of the year	8,552	5,012
Increase (decrease) from the change in the number of consolidated companies	—	(246)
Cash and cash equivalents at the end of the year	4,128	8,552