

Financial Statements for Fiscal 2015
(April 1, 2015 to March 31, 2016)

NIPPON STEEL & SUMIKIN CHEMICAL CO., LTD.

Consolidated Operating Performances

For the two years ended March 31, 2016 and 2015

	Millions of yen		
	2016	2015	<i>Increase or decrease from previous term</i>
Net sales	181,823	212,777	(30,954)
Operating income	(316)	3,296	(3,613)
Ordinary profits	1,033	6,759	(5,725)
Profit attributable to owners of parent	(5,901)	2,471	(8,372)

Consolidated Balance Sheets

March 31, 2016 and 2015

	Millions of yen	
	2016	2015
ASSETS		
Current assets:	71,131	79,984
Cash and bank deposits	4,774	4,022
Notes and accounts receivable-trade	29,175	36,741
Inventories	23,519	23,879
Other	13,788	15,361
Allowance for doubtful accounts	(-)126	(-)20
Fixed assets:	77,342	88,866
Tangible fixed assets:	45,486	54,902
Buildings and structures	14,540	15,622
Machinery and equipment	8,945	9,406
Land	16,252	16,252
Other	5,747	13,620
Intangible fixed assets:	321	471
Investments in securities and other assets:	31,535	33,491
Investments in securities	21,015	21,692
Deferred tax assets	4,807	5,601
Other	5,808	6,830
Allowance for doubtful accounts	(-)96	(-)632
Total assets	148,473	168,850

Consolidated Balance Sheets

March 31, 2016 and 2015

	Millions of yen	
	2016	2015
LIABILITIES		
Current liabilities	48,975	51,476
Notes and accounts payable-trade	22,802	27,383
Short-term loans	10,843	6,409
Accrued expenses	1,578	1,679
Accounts payable	10,758	13,053
Other	2,992	2,950
Long-term liabilities	17,826	20,910
Long-term loans	1,123	3,376
Deferred tax liabilities related to land revaluation	1,172	1,225
Accrued employees' retirement benefits	14,343	15,129
Other	1,186	1,180
Total liabilities	66,801	72,386
NET ASSETS		
Shareholders' equity	76,078	82,599
Common stock	5,000	5,000
Additional paid-in capital surplus	8,285	8,284
Retained earnings	62,792	69,314
Total accumulated other comprehensive income	2,454	3,371
Unrealized holding gains and other securities	83	588
Unrealized gains on revaluation of land	2,655	2,602
Foreign currency translation adjustment	885	1,757
Remeasurements of defined benefit plans	(1,169)	(1,576)
Non-controlling interests in consolidated subsidiaries	3,140	10,493
Total net assets	81,672	96,464
Total	148,474	168,850

Consolidated Statements of Income

For the two years ended March 31, 2016 and 2015

	Millions of yen			
	2016		2015	
Net sales	181,823	100.0%	212,777	100.0%
Cost of sales	161,349		188,151	
Selling, general and administrative expenses	20,791		21,329	
Operating costs and expenses	182,140		209,481	
Operating income	(316)	(0.2)	3,296	1.6
Interest income	22		27	
Dividend income	392		663	
Foreign exchange profit	—		1,708	
Equity in income of affiliates	1,643		1,005	
Other	1,061		1,500	
Non-operating profit	3,120		4,905	
Interest expense	88		28	
Foreign exchange loss	655		—	
Loss on disposal of tangible fixed assets	221		253	
Other	805		1,161	
Non-operating costs and expenses	1,769		1,443	
Non-operating profit	1,350		3,462	
Ordinary profit	1,033	0.6	6,759	3.2
Special loss	12,253		3,552	
Income before income taxes and minority interests	(11,220)	(6.2)	3,206	1.5
Income taxes: Current	814		613	
Income taxes: Deferred	1,071		1,535	
Profit	(13,106)		1,058	
Profit attributable to non-controlling interests	7,204		1,412	
Profit attributable to owners of parent	(5,901)	(3.3)	2,471	1.2

Consolidated Statements of Changes in Net Assets

March 31, 2016 and 2015

Millions of yen

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2015	5,000	8,284	69,314	82,599
Changes of items during period				
Cash dividends	—	—	(620)	(620)
Profit attributable to owners of parent	—	—	(5,901)	(5,901)
Increase (decrease) due to the change in the number of consolidated companies	—	0	—	0
Total change for fiscal 2015	—	0	(6,521)	(6,520)
Balance at March 31, 2016	5,000	8,285	62,792	76,078

	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, 2015	588	2,602	1,757	(1,576)	3,371	10,493	96,464
Changes of items during period							
Cash dividends	—	—	—	—	—	—	(620)
Profit attributable to owners of parent	—	—	—	—	—	—	(5,901)
Net changes of items other than shareholders' equity	(504)	52	(872)	406	(917)	(7,353)	(8,270)
Total change for fiscal 2015	(504)	52	(872)	406	(917)	(7,353)	(14,791)
Balance at March 31, 2016	83	2,655	885	(1,169)	2,454	3,140	81,672

Consolidated Statements of Comprehensive Income

For the two years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Income before minority interests	(13,106)	1,058
Other comprehensive income		
Unrealized gains on available-for-sale securities	(576)	(84)
Remeasurements of defined benefit plants	436	533
Unrealized gains on revaluation of land	52	114
Foreign currency translation adjustments	(152)	840
Share of other comprehensive income of associates accounted for using equity method	(732)	1,075
Total other comprehensive income	(971)	2,480
Comprehensive income	(14,078)	3,538
(attributable to)		
Comprehensive income attributable to owners of parent	(6,866)	4,678
Comprehensive income attributable to minority interests	(7,211)	(1,139)

Consolidated Statements of Cash Flows

For the two years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Cash flows from operating activities:		
Income before income taxes and minority interests	(11,220)	3,206
Depreciation and amortization	4,959	5,072
Interest and dividend income	(414)	(690)
Interest expense	88	28
Equity in income of unconsolidated subsidiaries and affiliates	(1,643)	(1,005)
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	2,980	(2,550)
Changes in inventories	445	1,856
Other	10,619	2,871
Subtotal	5,813	8,789
Interest and dividend income (cash basis)	1,144	939
Interest expense (cash basis)	(89)	(25)
Income taxes (cash basis)	(160)	(1,614)
Net cash provided by operating activities	6,706	8,088
Cash flows from investing activities:		
Payments for purchases of tangible fixed assets	(7,111)	(11,233)
Proceeds from sales of tangible fixed assets	97	0
Proceeds from sales of investment in securities	677	921
Other	(660)	(309)
Net cash used in investing activities	(6,996)	(10,620)
Cash flows from financing activities:		
Increase (decrease) of proceeds from loans and payments of loans	2,343	101
Cash dividends	(620)	(1,600)
Cash dividends paid to minority shareholders	(142)	(398)
Other	(7)	(12)
Net cash used in financing activities	1,574	(1,909)
Effect of exchange rate changes on cash and cash equivalents	(10)	17
Net increase (decrease) in cash and cash equivalents	1,273	(4,424)
Cash and cash equivalents at the beginning of the year	4,128	8,552
Cash and cash equivalents at the end of the year	5,401	4,128