

Financial Statements for Fiscal 2016
(April 1, 2016 to March 31, 2017)

NIPPON STEEL & SUMIKIN CHEMICAL CO., LTD.

Consolidated Operating Performances

For the two years ended March 31, 2017 and 2016

	Millions of yen		
	2017	2016	<i>Increase or decrease from previous term</i>
Net sales	174,227	181,823	(7,596)
Operating income	4,419	(316)	4,736
Ordinary profits	4,776	1,033	3,742
Profit attributable to owners of parent	4,186	(5,901)	10,088

Consolidated Balance Sheets

March 31, 2017 and 2016

	Millions of yen	
	2017	2016
ASSETS		
Current assets:	72,828	71,131
Cash and bank deposits	4,543	4,774
Notes and accounts receivable-trade	35,179	29,175
Inventories	23,197	23,519
Other	10,000	13,788
Allowance for doubtful accounts	(-) 91	(-)126
Fixed assets:	74,483	77,342
Tangible fixed assets:	44,105	45,486
Buildings and structures	14,499	14,540
Machinery and equipment	10,823	8,945
Land	15,834	16,252
Other	2,947	5,747
Intangible fixed assets:	283	321
Investments in securities and other assets:	30,095	31,535
Investments in securities	20,181	21,015
Deferred tax assets	4,402	4,807
Other	5,608	5,808
Allowance for doubtful accounts	(-)97	(-)96
Total assets	147,312	148,474

Consolidated Balance Sheets

March 31, 2017 and 2016

	Millions of yen	
	2017	2016
LIABILITIES		
Current liabilities	47,507	48,975
Notes and accounts payable-trade	28,462	22,802
Short-term loans	5,977	10,843
Accrued expenses	1,746	1,578
Accounts payable	9,485	10,758
Other	1,835	2,992
Long-term liabilities	17,080	17,826
Long-term loans	1,419	1,123
Deferred tax liabilities related to land revaluation	1,172	1,172
Accrued employees' retirement benefits	13,359	14,343
Other	1,130	1,186
Total liabilities	64,587	66,801
NET ASSETS		
Shareholders' equity	80,364	76,078
Common stock	5,000	5,000
Additional paid-in capital surplus	8,385	8,285
Retained earnings	66,979	62,792
Total accumulated other comprehensive income	1,550	2,454
Unrealized holding gains and other securities	70	83
Unrealized gains on revaluation of land	2,655	2,655
Foreign currency translation adjustment	(248)	885
Remeasurements of defined benefit plans	(927)	(1,169)
Non-controlling interests in consolidated subsidiaries	809	3,140
Total net assets	82,725	81,672
Total	147,312	148,474

Consolidated Statements of Income

For the two years ended March 31, 2017 and 2016

Millions of yen

	2017		2016	
Net sales	174,227	100.0%	181,823	100.0%
Cost of sales	149,574		161,349	
Selling, general and administrative expenses	20,233		20,791	
Operating costs and expenses	169,808		182,140	
Operating income	4,419	2.5	(316)	(0.2)
Interest income	19		22	
Dividend income	174		392	
Equity in income of affiliates	935		1,643	
Other	931		1,061	
Non-operating profit	2,060		3,120	
Interest expense	98		88	
Foreign exchange loss	33		655	
Loss on disposal of tangible fixed assets	382		221	
Other	1,189		805	
Non-operating costs and expenses	1,703		1,769	
Non-operating profit	357		1,350	
Ordinary profit	4,776	2.7	1,033	0.6
Special loss	—		12,253	
Income before income taxes and minority interests	4,776	2.7	(11,220)	(6.2)
Income taxes: Current	1,369		814	
Income taxes: Deferred	1,152		1,071	
Profit	2,254		(13,106)	
Profit attributable to non-controlling interests	1,932		7,204	
Profit attributable to owners of parent	4,186	2.4	(5,901)	(3.3)

Consolidated Statements of Changes in Net Assets

March 31, 2017 and 2016

Millions of yen

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2016	5,000	8,285	62,792	76,078
Changes of items during period				
Cash dividends	—	—	—	—
Profit attributable to owners of parent	—	—	4,186	4,186
Increase (decrease) due to the acquisition of shares of consolidated companies	—	100	—	100
Total change for fiscal 2016	—	100	4,186	4,286
Balance at March 31, 2017	5,000	8,385	66,979	80,364

Millions of yen

	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, 2016	83	2,655	885	(1,169)	2,454	3,140	81,672
Changes of items during period							
Cash dividends	—	—	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	—	—	—	4,186
Increase (decrease) due to the acquisition of shares of consolidated companies	—	—	—	—	—	—	100
Net changes of items other than shareholders' equity	(12)	—	(1,133)	242	(903)	(2,330)	(3,234)
Total change for fiscal 2016	(12)	—	(1,133)	242	(903)	(2,330)	1,052
Balance at March 31, 2017	70	2,655	(248)	(927)	1,550	809	82,725

Consolidated Statements of Comprehensive Income

For the two years ended March 31, 2017 and 2016

	Millions of yen	
	2017	2016
Profit	2,254	(13,106)
Other comprehensive income		
Unrealized gains on available-for-sale securities	(13)	(576)
Remeasurements of defined benefit plants	243	436
Unrealized gains on revaluation of land	—	52
Foreign currency translation adjustments	(408)	(152)
Share of other comprehensive income of associates accounted for using equity method	(786)	(732)
Total other comprehensive income	(964)	(971)
Comprehensive income	1,289	(14,078)
(attributable to)		
Comprehensive income attributable to owners of parent	3,283	(6,866)
Comprehensive income attributable to non-controlling interests	(1,994)	(7,211)

Consolidated Statements of Cash Flows

For the two years ended March 31, 2017 and 2016

	Millions of yen	
	2017	2016
Cash flows from operating activities:		
Income before income taxes and minority interests	4,776	(11,220)
Depreciation and amortization	5,271	4,959
Interest and dividend income	(193)	(414)
Interest expense	98	88
Equity in income of unconsolidated subsidiaries and affiliates	(935)	(1,643)
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	(619)	2,980
Changes in inventories	(49)	445
Other	958	10,619
Subtotal	9,306	5,813
Interest and dividend income (cash basis)	837	1,144
Interest expense (cash basis)	(98)	(89)
Income taxes (cash basis)	(1,085)	(160)
Net cash provided by operating activities	8,960	6,706
Cash flows from investing activities:		
Payments for purchases of tangible fixed assets	(5,413)	(7,111)
Proceeds from sales of tangible fixed assets	509	97
Proceeds from sales of investment in securities	759	677
Other	(685)	(660)
Net cash used in investing activities	(4,830)	(6,996)
Cash flows from financing activities:		
Increase (decrease) of proceeds from loans and payments of loans	(1,955)	2,343
Cash dividends	—	(620)
Cash dividends paid to minority shareholders	(104)	(142)
Other	(1,683)	(7)
Net cash used in financing activities	(3,744)	1,574
Effect of exchange rate changes on cash and cash equivalents	(299)	(10)
Net increase (decrease) in cash and cash equivalents	86	1,273
Cash and cash equivalents at the beginning of the year	5,401	4,128
Increase (decrease) in cash and cash equivalents due to the change in the number of consolidated companies	(710)	—
Cash and cash equivalents at the end of the year	4,777	5,401