

**Financial Statements for Fiscal 2017**  
**(April 1, 2017 to March 31, 2018)**

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

**Consolidated Operating Performances**

For the two years ended March 31, 2018 and 2017

	Millions of yen		
	2018	2017	<i>Increase or decrease from previous term</i>
Net sales	200,767	174,227	26,539
Operating income	16,066	4,419	11,646
Ordinary profits	15,277	4,776	10,501
Profit attributable to owners of parent	9,316	4,186	5,130

**Consolidated Balance Sheets**

March 31, 2018 and 2017

	Millions of yen	
	2018	2017
<b>ASSETS</b>		
<b>Current assets:</b>	82,091	72,828
Cash and bank deposits	4,478	4,543
Notes and accounts receivable-trade	38,222	35,179
Inventories	24,480	23,197
Other	15,054	10,000
Allowance for doubtful accounts	(-) 143	(-) 91
<b>Fixed assets:</b>	73,009	74,483
<b>Tangible fixed assets:</b>	38,254	44,105
Buildings and structures	12,757	14,499
Machinery and equipment	8,677	10,823
Land	15,604	15,834
Other	1,214	2,947
<b>Intangible fixed assets:</b>	220	283
<b>Investments in securities and other assets:</b>	34,533	30,095
Investments in securities	25,215	20,181
Deferred tax assets	4,261	4,402
Other	5,232	5,608
Allowance for doubtful accounts	(-)175	(-)97
<b>Total assets</b>	<b>155,100</b>	<b>147,312</b>

**Consolidated Balance Sheets**

March 31, 2018 and 2017

	Millions of yen	
	2018	2017
<b>LIABILITIES</b>		
<b>Current liabilities</b>	46,061	47,507
Notes and accounts payable-trade	24,619	28,462
Short-term loans	3,386	5,977
Accrued expenses	1,948	1,746
Accounts payable	10,683	9,485
Other	5,423	1,835
<b>Long-term liabilities</b>	15,405	17,080
Long-term loans	1,125	1,419
Deferred tax liabilities related to land revaluation	1,171	1,172
Accrued employees' retirement benefits	12,568	13,359
Other	540	1,130
<b>Total liabilities</b>	61,466	64,587
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>	88,421	80,364
Common stock	5,000	5,000
Additional paid-in capital surplus	8,385	8,385
Retained earnings	75,036	66,979
<b>Total accumulated other comprehensive income</b>	2,947	1,550
Unrealized holding gains and other securities	88	70
Unrealized gains on revaluation of land	2,655	2,655
Foreign currency translation adjustment	902	(248)
Remeasurements of defined benefit plans	(699)	(927)
<b>Non-controlling interests in consolidated subsidiaries</b>	2,264	809
<b>Total net assets</b>	93,634	82,725
<b>Total</b>	155,100	147,312

**Consolidated Statements of Income**

For the two years ended March 31, 2018 and 2017

	Millions of yen			
	2018		2017	
<b>Net sales</b>	200,767	100.0%	174,227	100.0%
Cost of sales	163,977		149,574	
Selling, general and administrative expenses	20,723		20,233	
<b>Operating costs and expenses</b>	184,700		169,808	
<b>Operating income</b>	16,066	8.0	4,419	2.5
Interest income	35		19	
Dividend income	287		174	
Equity in income of affiliates	121		935	
Other	1,203		931	
<b>Non-operating profit</b>	1,649		2,060	
Interest expense	42		98	
Foreign exchange loss	592		33	
Loss on disposal of tangible fixed assets	850		382	
Other	952		1,189	
<b>Non-operating costs and expenses</b>	2,437		1,703	
<b>Non-operating profit</b>	(788)		357	
<b>Ordinary profit</b>	15,277	7.6	4,776	2.7
<b>Special loss</b>	(754)		—	
<b>Income before income taxes and minority interests</b>	14,523	7.2	4,776	2.7
<b>Income taxes: Current</b>	3,883		1,369	
<b>Income taxes: Deferred</b>	(359)		1,152	
<b>Profit</b>	10,998		2,254	
<b>Profit attributable to non-controlling interests</b>	(1,681)		1,932	
<b>Profit attributable to owners of parent</b>	9,316	4.6	4,186	2.4

**Consolidated Statements of Changes in Net Assets**

March 31, 2018 and 2017

Millions of yen

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
<b>Balance at March 31, 2017</b>	5,000	8,385	66,979	80,364
Changes of items during period				
Cash dividends	—	—	(1,260)	(1,260)
Profit attributable to owners of parent	—	—	9,316	9,316
Increase (decrease) due to the acquisition of shares of consolidated companies	—	(0)	—	(0)
Total change for fiscal 2017	—	(0)	8,056	8,056
<b>Balance at March 31, 2018</b>	5,000	8,385	75,036	88,421

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		
<b>Balance at March 31, 2017</b>	70	2,655	(248)	(927)	1,550	809	82,725
Changes of items during period							
Cash dividends	—	—	—	—	—	—	(1,260)
Profit attributable to owners of parent	—	—	—	—	—	—	9,316
Increase (decrease) due to the acquisition of shares of consolidated companies	—	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	17	0	1,086	227	1,333	1,454	2,788
Total change for fiscal 2017	17	0	1,086	227	1,333	1,454	10,844
<b>Balance at March 31, 2018</b>	88	2,655	838	(699)	2,883	2,264	93,569

**Consolidated Statements of Comprehensive Income**

For the two years ended March 31, 2018 and 2017

	Millions of yen	
	2018	2017
<b>Profit</b>	10,998	2,254
<b>Other comprehensive income</b>		
Unrealized gains on available-for-sale securities	7	(13)
Remeasurements of defined benefit plants	229	243
Unrealized gains on revaluation of land	0	—
Foreign currency translation adjustments	(32)	(408)
Share of other comprehensive income of associates accounted for using equity method	1,199	(786)
Total other comprehensive income	1,404	(964)
<b>Comprehensive income</b>	12,402	1,289
(attributable to)		
Comprehensive income attributable to owners of parent	10,715	3,283
Comprehensive income attributable to non-controlling interests	1,686	(1,994)

**Consolidated Statements of Cash Flows**

For the two years ended March 31, 2018 and 2017

	Millions of yen	
	2018	2017
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	14,523	4,776
Depreciation and amortization	5,094	5,271
Interest and dividend income	(323)	(193)
Interest expense	42	98
Equity in income of unconsolidated subsidiaries and affiliates	(121)	(935)
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	(6,395)	(619)
Changes in inventories	(1,501)	(49)
Other	4,508	958
<b>Subtotal</b>	<b>15,826</b>	<b>9,306</b>
Interest and dividend income (cash basis)	847	837
Interest expense (cash basis)	(41)	(98)
Income taxes (cash basis)	(1,457)	(1,085)
<b>Net cash provided by operating activities</b>	<b>15,175</b>	<b>8,960</b>
<b>Cash flows from investing activities:</b>		
Payments for purchases of tangible fixed assets	(5,262)	(5,413)
Proceeds from sales of tangible fixed assets	1,254	509
Proceeds from sales of subsidiaries and affiliates resulting in change in scope of consolidation	1,872	—
Acquisition of shares of subsidiaries and affiliates	(2,798)	—
Proceeds from sales of investment in securities	436	759
Other	(357)	(685)
<b>Net cash used in investing activities</b>	<b>(4,855)</b>	<b>(4,830)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) of proceeds from loans and payments of loans	(1,956)	(1,955)
Cash dividends	(1,260)	—
Cash dividends paid to minority shareholders	—	(104)
Other	(949)	(1,683)
<b>Net cash used in financing activities</b>	<b>(4,166)</b>	<b>(3,744)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(158)</b>	<b>(299)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,996</b>	<b>86</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4,777</b>	<b>5,401</b>
<b>Increase (decrease) in cash and cash equivalents due to the change in the number of consolidated companies</b>	<b>—</b>	<b>(710)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,773</b>	<b>4,777</b>