

# **CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2010 ~ March 31, 2011

 **NIPPON STEEL TRADING CO., LTD.**

(note)

All figures included in this financial statements are stated in millions of yen by discarding fractional amounts less than ¥1 million.

**Nippon Steel Trading Co., Ltd.**  
**CONSOLIDATED BALANCE SHEETS**

As of March 31

(Millions of Yen)

	2010	2011
<b>Assets:</b>		
Current assets:		
Cash and deposits	17,461	21,593
Notes and accounts receivable-trade	209,051	225,331
Lease receivables and investment assets	12,936	5,877
Merchandise and finished goods	23,270	31,500
Deferred tax assets	1,025	1,151
Short-term loans receivable	5	6
Other	7,579	8,628
Allowance for doubtful accounts (Less)	(742)	(698)
Total current assets	270,588	293,390
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	5,103	5,906
Machinery, equipment and vehicles	1,755	1,915
Tools, furniture and fixtures	237	221
Land	6,974	6,478
Lease assets	267	275
Construction in progress	1,189	658
	15,528	15,456
Intangible assets:		
Software	1,998	1,590
Goodwill	97	53
Other	522	406
	2,618	2,050
Investments and other assets:		
Investments securities	12,629	13,091
Long-term loans receivable	250	235
Claims provable in bankruptcy, claims provable in rehabilitation and other	453	-
Deferred tax assets	587	472
Other	7,703	8,175
Allowance for doubtful accounts (Less)	(660)	(482)
	20,963	21,492
Total Noncurrent assets	39,110	38,999
Total assets	309,698	332,390

	(Millions of Yen)	
	<u>2010</u>	<u>2011</u>
<b>Liabilities and Net assets:</b>		
Current liabilities:		
Notes and accounts payable-trade	157,231	168,066
Electronically recorded obligations-operating	-	4,320
Short-term loans payable	62,982	62,906
Current portion of payables		
under fluidity trade receivables	9,394	5,282
Income taxes payable	556	3,690
Provision for bonuses	914	1,016
Other	<u>7,022</u>	<u>8,694</u>
Total current liabilities	238,102	253,977
Noncurrent liabilities:		
Long-term loans payable	13,500	15,000
Payables under fluidity trade receivables	5,881	3,383
Provision for retirement benefits	368	401
Provision for loss on guarantees	470	397
Other	<u>2,865</u>	<u>3,263</u>
Total noncurrent liabilities	23,086	22,445
Total liabilities	<u>261,188</u>	<u>276,423</u>
Net assets:		
Shareholders' equity:		
Capital stock	8,750	8,750
Capital surplus	8,750	8,750
Retained earnings	29,839	33,846
Treasury stock (Less)	<u>(53)</u>	<u>(68)</u>
Total shareholders' equity	47,285	51,277
Accumulated other comprehensive income:		
Valuation difference		
on available-for-sale securities	411	411
Deferred gains or losses on hedges	62	30
Foreign currency translation adjustment	<u>(2,486)</u>	<u>(3,559)</u>
Total accumulated other comprehensive income	(2,012)	(3,117)
Minority interests	3,236	7,808
Total net assets	<u>48,509</u>	<u>55,967</u>
Total liabilities and net assets	<u><u>309,698</u></u>	<u><u>332,390</u></u>

**Nippon Steel Trading Co., Ltd.**  
**CONSOLIDATED STATEMENTS OF INCOME**

Fiscal Year Ended March 31

	2010	2011
	(Millions of Yen)	
Net sales	919,691	1,079,508
Cost of sales	879,512	1,031,830
Gross profit	40,179	47,678
Selling, general and administrative expenses	31,649	35,185
Operating income	8,530	12,493
Non-operating income:		
Interest income	418	382
Dividends income	146	185
Foreign exchange gains	-	71
Equity in earnings of affiliates	-	572
Reversal of allowance for doubtful accounts	396	192
Other	748	400
	1,710	1,803
Non-operating expenses:		
Interest expenses	1,426	1,169
Foreign exchange losses	400	-
Loss on transfer of receivables	40	16
Equity in losses of affiliates	23	-
Other	466	357
	2,356	1,542
Ordinary income	7,883	12,753
Extraordinary income:		
Gain on sales of investment securities	0	26
Gain on negative goodwill	160	-
Gain on sales of noncurrent assets	5	-
	165	26
Extraordinary loss:		
Loss on liquidation of business	79	465
Loss on disaster	-	199
Loss on sales of noncurrent assets	-	65
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	53
Loss on valuation of investment securities	11	29
Loss on change in equity	-	24
Loss on retirement of noncurrent assets	-	17
Loss on valuation of golf club membership	11	13
Impairment loss	73	12
Loss on sales of investment securities	272	-
	449	880
Income before income taxes and minority interests	7,599	11,899
Income taxes-current	1,124	4,185
Income taxes-deferred	1,249	68
	2,373	4,254
Income before minority interests	5,225	7,645
Minority interests in income(loss)	(20)	213
Net income	5,245	7,432

**Nippon Steel Trading Co., Ltd.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Fiscal Year Ended March 31

	<u>2010</u>	<u>2011</u>
		(Millions of Yen)
Income before minority interests	-	7,645
Other comprehensive income:		
Valuation difference on available-for-sale securities	-	(4)
Deferred gains or losses on hedges	-	(31)
Foreign currency translation adjustment	-	(1,066)
Share of other comprehensive income of associates accounted for using equity method	-	(165)
Total other comprehensive income	-	(1,267)
Comprehensive income	-	6,377
Comprehensive income attributable to:		
Comprehensive income		
attributable to owners of the parent	-	6,327
Comprehensive income		
attributable to minority interests	-	50

**Nippon Steel Trading Co., Ltd.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND OTHERS**

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income			Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at March 31,2009	8,750	8,750	27,608	(51)	45,057	58	117	(3,432)	3,412	45,213
Dividends from surplus			(1,015)		(1,015)					(1,015)
Net income			5,245		5,245					5,245
Purchase of treasury stock				(2,002)	(2,002)					(2,002)
Retirement of treasury stock		(2,000)		2,000	-					-
Transfer to other retained earnings from negative other capital surplus		2,000	(2,000)		-					-
Net changes of items other than shareholders' equity						352	(54)	945	(175)	1,068
Total changes of items during the period	-	-	2,230	(2)	2,228	352	(54)	945	(175)	3,296
Balance at March 31,2010	8,750	8,750	29,839	(53)	47,285	411	62	(2,486)	3,236	48,509

**Nippon Steel Trading Co., Ltd.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND OTHERS**

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income			Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at March 31,2010	8,750	8,750	29,839	(53)	47,285	411	62	(2,486)	3,236	48,509
Dividends from surplus			(1,425)		(1,425)					(1,425)
Net income			7,432		7,432					7,432
Purchase of treasury stock				(2,015)	(2,015)					(2,015)
Retirement of treasury stock		(2,000)		2,000	-					-
Transfer to other retained earnings from negative other capital surplus		2,000	(2,000)		-					-
Net changes of items other than shareholders' equity						0	(31)	(1,073)	4,571	3,466
Total changes of items during the period	-	-	4,006	(15)	3,991	0	(31)	(1,073)	4,571	7,457
Balance at March 31,2011	8,750	8,750	33,846	(68)	51,277	411	30	(3,559)	7,808	55,967

**Nippon Steel Trading Co., Ltd.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Fiscal Year Ended March 31

(Millions of Yen)

	<u>2010</u>	<u>2011</u>
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	7,599	11,899
Depreciation and amortization	1,541	1,438
Impairment loss	73	12
Increase (decrease) in allowance for doubtful accounts	(879)	(201)
Increase (decrease) in other provision	(147)	68
Interest and dividends income	(565)	(567)
Interest expenses	1,426	1,169
Equity in (earnings) losses of affiliates	23	(572)
Loss (gain) on sales of investment securities	272	(26)
Gain on negative goodwill	(160)	-
Loss (gain) on valuation of investment securities	11	29
Loss on retirement of property, plant and equipment and intangible assets	-	17
Loss (gain) on sales of property, plant and equipment and intangible assets	(5)	65
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	53
Loss on liquidation of business	79	465
Loss on disaster	-	199
Loss (gain) on change in equity	-	24
Loss on valuation of golf club memberships	11	13
Decrease (increase) in notes and accounts receivable-trade	9,261	(12,011)
Decrease (increase) in inventories	31,202	(9,139)
Decrease (increase) in other current assets	7,186	(1,455)
Increase (decrease) in notes and accounts payable-trade	(19,744)	18,057
Increase (decrease) in other current liabilities	(4,513)	(2,645)
Increase (decrease) in other noncurrent liabilities	(8,845)	(2,324)
Other, net	394	230
Subtotal	<u>24,223</u>	<u>4,801</u>
Interest and dividends income received	616	621
Interest expenses paid	(1,565)	(1,211)
Income taxes paid	<u>(4,565)</u>	<u>(1,052)</u>
Net cash provided by (used in) operating activities	18,708	3,158
Net cash provided by (used in) investing activities:		
Payments into time deposits	(1,273)	(544)
Proceeds from withdrawal of time deposits	1,194	311
Purchase of property, plant and equipment and intangible assets	(1,651)	(1,232)
Proceeds from sales of property, plant and equipment and intangible assets	29	194
Purchase of investment securities	(525)	(428)
Proceeds from sales of investment securities	59	93
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(745)	-
Payments of loans receivable	(31)	(42)
Collection of loans receivable	43	55
Other, net	(23)	31
Net cash provided by (used in) investing activities	<u>(2,924)</u>	<u>(1,562)</u>
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(33,011)	4,055
Proceeds from long-term loans payable	7,500	7,500
Repayment of long-term loans payable	(11,570)	(9,500)
Repayments of lease obligations	(53)	(32)
Proceeds from stock issuance to minority shareholders	-	4,563
Purchase of treasury stock	(2,002)	(2,015)
Cash dividends paid	(1,015)	(1,425)
Cash dividends paid to minority shareholders	(79)	(53)
Net cash provided by (used in) financing activities	<u>(40,232)</u>	<u>3,092</u>
Effect of exchange rate change on cash and cash equivalents	146	(679)
Net increase (decrease) in cash and cash equivalents	<u>(24,301)</u>	<u>4,008</u>
Cash and cash equivalents at beginning of period	<u>40,599</u>	<u>16,297</u>
Cash and cash equivalents at end of period	<u>16,297</u>	<u>20,305</u>