

# Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 (Japanese GAAP)



April 26, 2012  
Stock Exchange: Tokyo

Listed company name: **Nippon Steel Trading Co., Ltd.**  
 Code No.: 9810  
 URL: <http://www.ns-net.co.jp/>  
 Representative: (Title) President and Representative Director (Name) Tetsuo Imakubo

Scheduled regular general meeting of shareholders: June 27, 2012  
 Start of cash dividend payments: June 28, 2012  
 Securities report to be submitted: June 27, 2012  
 Supplementary Materials: Yes  
 IR Conference: Yes (for institutional investors and analysts)

(Figures rounded down to nearest million yen)

## 1. Consolidated earnings of FY 2011 ended March 31, 2012 (April 1, 2011 – March 31, 2012)

### (1) Consolidated financial results

(%: Year-on-year change)

Fiscal year ended	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
March 31, 2012	1,087,512	0.7	10,742	(14.0)	11,232	(11.9)	6,876	(7.5)
March 31, 2011	1,079,508	17.4	12,493	46.5	12,753	61.8	7,432	41.7

Note: Comprehensive Income  
 FY ended March 2012: ¥6,299 million (1.2%)  
 FY ended March 2011: ¥6,377 million (2.3%)

Fiscal year ended	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Return on Assets	Operating Income Margin
	Yen	Yen	%	%	%
March 31, 2012	50.70	–	14.1	3.4	1.0
March 31, 2011	54.38	–	15.9	4.0	1.2

Reference: Equity in Earnings of Affiliates  
 FY ended March 2012: ¥479 million  
 FY ended March 2011: ¥572 million

### (2) Consolidated financial position

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
March 31, 2012	333,358	58,189	14.8	345.44
March 31, 2011	332,390	55,967	14.5	319.60

Reference: Equity Capital  
 As of March 31, 2012: ¥49,250 million  
 As of March 31, 2011: ¥48,159 million

### (3) Consolidated cash flows

Fiscal year ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Million Yen	Million Yen	Million Yen	Million Yen
March 31, 2012	19,859	(2,363)	(18,391)	19,621
March 31, 2011	3,158	(1,562)	3,092	20,305

## 2. Cash dividends for shareholders

	Annual Dividends					Dividends Paid (Total)	Payout Ratio (Consolidated)	Dividends on Equity [%] (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY Ended March 2011	–	2.00	–	5.00	7.00	941	12.9	2.3
FY Ended March 2012	–	3.00	–	4.00	7.00	941	13.8	2.1
FY Ending March 2013 (Est.)	–	4.00	–	4.00	8.00		14.3	

Note: The section “Cash dividends for shareholders” above refers to cash dividends on common stock. See “Dividends on Classified Stock” below for cash dividends on classified (unlisted) stock, which has different rights than the common stock issued by the Company.

## 3. Consolidated earnings projections for FY 2012 ending March 31, 2013

(%: Year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
End of 2Q (cumulative)	560,000	0.8	5,500	(5.1)	5,500	(10.0)	3,400	(2.6)	25.28
End of FY	1,180,000	8.5	12,500	16.4	12,500	11.3	7,500	9.1	55.77

\* Note:

- (1) Material changes in consolidated subsidiaries during the cumulative consolidated period (changes in specific subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes of accounting policies, changes of accounting estimates and retrospective restatements
  - i. Changes in accounting policies resulting from changes in accounting standards, etc.: None
  - ii. Other accounting policy changes: None
  - iii. Changes in accounting estimates: None
  - iv. Restatements: None
- (3) Number of shares outstanding (common stock)
  - (1) Number of shares outstanding at the end of the period (including treasury stock)

As of March 31, 2012	134,801,000 shares
As of March 31, 2011	134,801,000 shares
  - (2) Number of shares of treasury stock at the end of the period

As of March 31, 2012	309,291 shares
As of March 31, 2011	294,717 shares
  - (3) Average number of shares during the period

As of March 31, 2012	134,500,660 shares
As of March 31, 2011	134,549,080 shares

(Reference) Overview of non-consolidated earnings

## 1. Non-consolidated earnings, FY 2011 (April 1, 2011 – March 31, 2012)

### (1) Non-consolidated financial results

(%: Year-on-year change)

Fiscal year ended	Net Sales		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%
March 31, 2012	986,010	(0.8)	8,868	3.7	5,011	0.8
March 31, 2011	993,850	19.1	8,549	41.5	4,970	7.3

Fiscal year ended	Net Income per Share	Net Income per Share (Diluted)
	Yen	Yen
March 31, 2012	36.82	–
March 31, 2011	36.07	–

### (2) Non-consolidated financial position

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
March 31, 2012	269,606	36,628	13.6	256.78
March 31, 2011	272,242	36,935	13.6	244.97

Reference Equity Capital

As of March 31, 2012: ¥36,628 million

As of March 31, 2011: ¥36,935 million

## 2. Non-consolidated earnings projections for FY 2012 ending March 31, 2013

(%: Year-on-year change)

	Net Sales		Ordinary Income		Net Income		Net Income per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Yen
End of 2Q (cumulative)	490,000	(4.6)	4,000	(21.3)	2,700	(12.1)	20.07
End of FY	1,050,000	6.5	9,000	1.5	5,700	13.7	42.37

#### \* Statement relating to the status of auditing procedures

This summary report is not subject to the auditing procedures based on the Financial Instruments and Exchange Law, and financial statement review procedures based on the Financial Instruments and Exchange Law are still ongoing at the time of disclosure of this report.

#### \* Explanation for the proper use of earnings projections, and other notes

(Caution on description of future events, etc.)

The preceding projections are based on information available at the time of publication. Actual results may differ materially from projections due to various factors that may occur in the future.

(How to acquire supplementary materials)

The Company has scheduled a briefing session for institutional investors and analysts on Tuesday, May 22, 2012. Soon after the session is over, IR materials distributed during the event will be posted on the Company's website.

## Dividends on Classified Stock

Below is a per-share dividends breakdown and total dividends for classified stock, which has different rights than common stock.

### Class B shares

	Annual dividends					Total dividends (Million yen)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual	
	Yen	Yen	Yen	Yen	Yen	%
FY Ended March 2011	–	73.50	–	71.50	145.00	116
FY Ended March 2012	–	72.0355	–	72.0355	144.071	57
FY Ending March 2013 (Est.)	–	–	–	–	–	

(Notes) 1. As prescribed in our articles of incorporation, the amount of the preferred dividend per Class B share is determined by adding 1% to the 6-month Japanese Yen Tokyo Interbank Offered Rate (6-month TIBOR) published each March 31 (or the previous business day if March 31 is a bank holiday) by the Japanese Bankers Association, and multiplying this rate by the issue price per Class B share (¥10,000/share).

If an interim dividend was paid, the amount of the year-end dividend per share is found by subtracting the amount of the interim dividend per share.

2. The amount of the interim dividend is capped at an amount determined by adding 1% to the 6-month TIBOR of September 30 (or the previous business day if September 30 is a bank holiday), and multiplying this rate by half the issue price per Class B share.
3. The number of issued Class B shares at the end of the fiscal year under review was 400,000 (there were 800,000 issued shares as of March 31, 2011 [the end of FY 2010]). The acquisition of 400,000 shares of Class B treasury stock is to be discussed at the 35th ordinary general meeting of shareholders (scheduled for June 27, 2012), and the Company plans to acquire all issued Class B shares in June. Therefore, no estimate of dividends on these shares for the next fiscal year is given.

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## 1. Business Results

### (1) Analysis of Business Results

#### A. Business results for the period

The world economy during the consolidated fiscal year under review grew at a slow pace owing to several factors: Europe's persistent debt problem, the Japanese earthquake, stagnation in the economies of industrialized countries and slowing in even the economies of newly emerging economies like China as their exports to industrialized countries decelerated.

The Japanese economy showed signs of mild recovery following the steep drop after the Great East Japan Earthquake, but the historically high yen stunted exports, keeping real GDP about even with the previous fiscal year.

The steel industry saw domestic demand slipping below that of the year before as sales slipped to the manufacturing industry, which continued to be hurt by the earthquake as well as declining exports. Exports were off sharply owing to the high yen and serious flooding in Thailand. Owing to these circumstances, crude steel production in Japan fell 3.9% year-on-year to 106 million tons, the first decline in two years.

Net sales in the consolidated fiscal year under review were basically flat: ¥1,087,500 million consolidated and ¥986,000 million non-consolidated. The post-earthquake downturn was balanced by rising steel prices relative to the previous year. Consolidated ordinary income declined 12% year-on-year to ¥11,200 million on declining profitability at subsidiaries, but the non-consolidated figure rose 4% to ¥8,800 million. Net income declined 7% year-on-year to ¥6,800 million consolidated, but rose 1% to ¥5,000 million non-consolidated, after our South China subsidiary made an extraordinary income of ¥1,300 million that included land sale revenue, while an extraordinary loss of ¥1,000 million was recorded for a compensation loss reserve for machinery and materials sales, an affiliate litigation loss reserve, loss on valuation of investment securities and so on.

Earnings for reporting segments are as below (segment profits shown are ordinary income).

#### (Steel Products)

On a non-consolidated basis, steel products were impacted in Japan by the earthquake and outside Japan by the Thai flooding, slowdown in sales to China and the high yen, but average sales prices for the year were up over the previous period, resulting in income growth. Subsidiaries in Japan and abroad saw generally lower profits, especially in China and Thailand, which were impacted by the Japanese earthquake and Thai flooding. The major exception was the boosted profit resulting from the merger of our domestic subsidiary Nippon Steel Trading Coil Center. As a result, sales reached ¥866,700 million (up ¥43,800 million or 5% year-on-year), though segment profits were ¥6,700 million (down ¥1,100 million or 14% year-on-year).

#### (Raw Materials)

Factors such as the earthquake led to slowdowns at demand industries in Japan and abroad, so that steel manufacturers in turn cut production. As a result, stainless steel scrap, coking coal, etc., were handled at lower volumes, causing income from raw materials to decline. Our subsidiary holding coal interests in Australia also saw its income fall with lower production. As a result, sales declined to ¥156,400 million (down ¥39,500 million or 20% year-on-year), with segment profits of ¥2,300 million (down ¥100 million or 4%).

#### (Machinery & Materials and Energy Projects)

In the segment, machinery and materials were impacted by the earthquake, but income rose in part on large equipment orders from Nippon Steel Corporation. Income from industrial machinery rose with help from increasing exports of compressors and other equipment, overcoming a decline in exports of pipeline steel and construction machinery to Russia. Income was down at our Russian construction machinery subsidiary. As a result, though sales in the segment rose to ¥64,300 million (up ¥3,700 million or 6% year-on-year), segment profits declined to ¥2,100 million (down ¥200 million or 12%).

The overseas sales ratio was 30.7% and the non-consolidated foreign trade ratio was 32.5%, both of which represented a slight decline year-on-year.

During the period, we had 36 consolidated subsidiaries (37 the year before) and 18 equity-method affiliates (17 the year before).

## **B. Outlook for next period**

The US economy is on a mild recovery footing, characterized by an improving employment picture and rising production and personal consumption after a period of bottoming out. However, there are many causes for concern about the world economy going forward: Europe remains unstable, the extended European debt crisis could ripple out to China and Southeast Asia, the Iran situation is tense and crude oil prices remain high.

The Japanese economy is expected to stay in recovery mode as rebuilding demand from the Great East Japan Earthquake picks up the pace and boosts business, the US economy recovers, the economies of China and other newly developing countries pick up and the yen comes down from its drastically high levels.

Domestic demand is expected to recover for the steel industry because of more public works to rebuild after the earthquake and because of a return to growth in capital investment after a period of decline. Foreign demand will continue to face challenging conditions, including economic stagnation in Europe and severe competition in East Asian markets, but is expected to return to a mild recovery overall since sustained growth in steel demand can be expected particularly in the newly emerging economies of Asia.

Our consolidated earnings forecast for the fiscal year ending March 2013 is as follows: net sales of ¥1,180,000 million (vs. ¥1,087,500 million in the fiscal year under review), operating income of ¥12,500 million (vs. ¥10,700 million), ordinary income of ¥12,500 million (vs. ¥11,200 million) and net income of ¥7,500 million (vs. ¥6,800 million). Non-consolidated, we forecast net sales of ¥1,050,000 million (vs. ¥986,000 million in the fiscal year under review), ordinary income of ¥9,000 million (vs. ¥8,800 million) and net income of ¥5,700 million (vs. ¥5,000 million).

## **(2) Analysis of Financial Position**

### **A. Assets, liabilities and net assets**

Total assets at the end of the consolidated fiscal year under review were ¥333,300 million (up ¥900 million year-on-year). While lease receivables recovery and inventory assets declined, the merger of our domestic coil center subsidiary increased assets.

Total liabilities declined to ¥275,100 million (down ¥1,200 million year-on-year) owing to repayments of short-term loans payable and current portion of payables under fluidity trade receivables, though this was offset partially by an increase in notes and accounts payable – trade.

Total net assets reached ¥58,100 million (up ¥2,200 million vs. the end of the previous fiscal year) due to the recording of net income, balanced against the payment of dividends based on the FY 2010 settlement of accounts, the acquisition and cancellation of Class B shares and a decline in foreign currency translation adjustment caused by the high yen.

Retained earnings came to ¥35,500 million consolidated and ¥18,900 million non-consolidated, equity capital ¥49,200 million consolidated and ¥36,600 million non-consolidated, while shareholders' equity ratio rose 0.3 points to 14.8% consolidated and stayed flat at 13.6% non-consolidated.

Loans payable amounted to ¥67,200 million consolidated and ¥55,700 million non-consolidated. Our debt/equity ratio was 1.4 consolidated and 1.5 non-consolidated, representing an improvement of 0.2 and 0.3 points respectively vs. the end of the previous fiscal year.

### **B. Cash flows**

Cash and cash equivalents at the end of the consolidated fiscal year under review declined ¥600 million from the end of the previous period to ¥19,600 million, as cash used for investing and financing activities outpaced income provided by operating activities.

Net cash provided by operating activities in the fiscal year under review was ¥19,800 million (compared to net income of ¥3,100 million a year earlier) due mainly to the fact that the Group had net income, increased its notes and accounts payable – trade and decreased its inventories. Net cash used by investing activities came to ¥2,300 million (compared to ¥1,500 million the year before), the result of such expenditures as the acquisition of property, plant and equipment by overseas subsidiaries. Net cash used in financing activities was ¥18,300 million (compared to ¥3,000 million provided a year before), owing to the payment of dividends, buyback of some Class B shares and repayment of loans payable.

### C. Cash flow indicators

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Equity ratio (%)	11.0	14.6	14.5	14.8
Equity ratio (%), market value basis	7.7	11.3	12.5	12.1
Interest-bearing debt/cash flow ratio	–	4.1	24.7	3.4
Interest coverage ratio	–	12.0	2.6	17.7

(Note) Equity ratio (%): Equity capital/total assets  
Equity ratio (%), market value basis: Market capitalization /total assets  
Interest-bearing debt/cash flow ratio: Interest-bearing debts/cash flow from operations  
Interest coverage ratio: Cash flow from operations/ interest payments

- \* All calculations are based on consolidated financial figures.
- \* Market capitalization is calculated by multiplying the closing stock price at fiscal year end and number of common stock shares issued at fiscal year end (minus treasury stock), then adding the issue price of Class B shares.
- \* Cash flow from operations is taken from the Consolidated Statements of Cash Flows.
- \* Interest-bearing debts include all those on the consolidated balance sheet on which interest is being paid.
- \* Interest payments are taken from the Consolidated Statements of Cash Flows.

### (3) Basic Policy on Distribution of Profits, and Dividends in Period under Review and Subsequent Period

Setting a policy on the distribution of profits is a very important management task, and at Nippon Steel Trading we approach this task by looking at earnings, considering all needs involved such as keeping enough equity capital to shore up our business foundation and fiscal health, investing to increase corporate value and redeeming classified stock. Moreover, before the final decision is made, we take care to ensure that we return profits to our shareholders in a stable and ongoing manner.

While we previously announced our intention to pay ¥3 per share at the end of the period, we have chosen to discuss the idea of paying ¥4 per share (for a total dividend of ¥7 after adding the ¥3 interim dividend) at the regular general meeting of shareholders.

In FY 2012, we plan to distribute ¥8 per share for the year (including a ¥4 interim dividend).

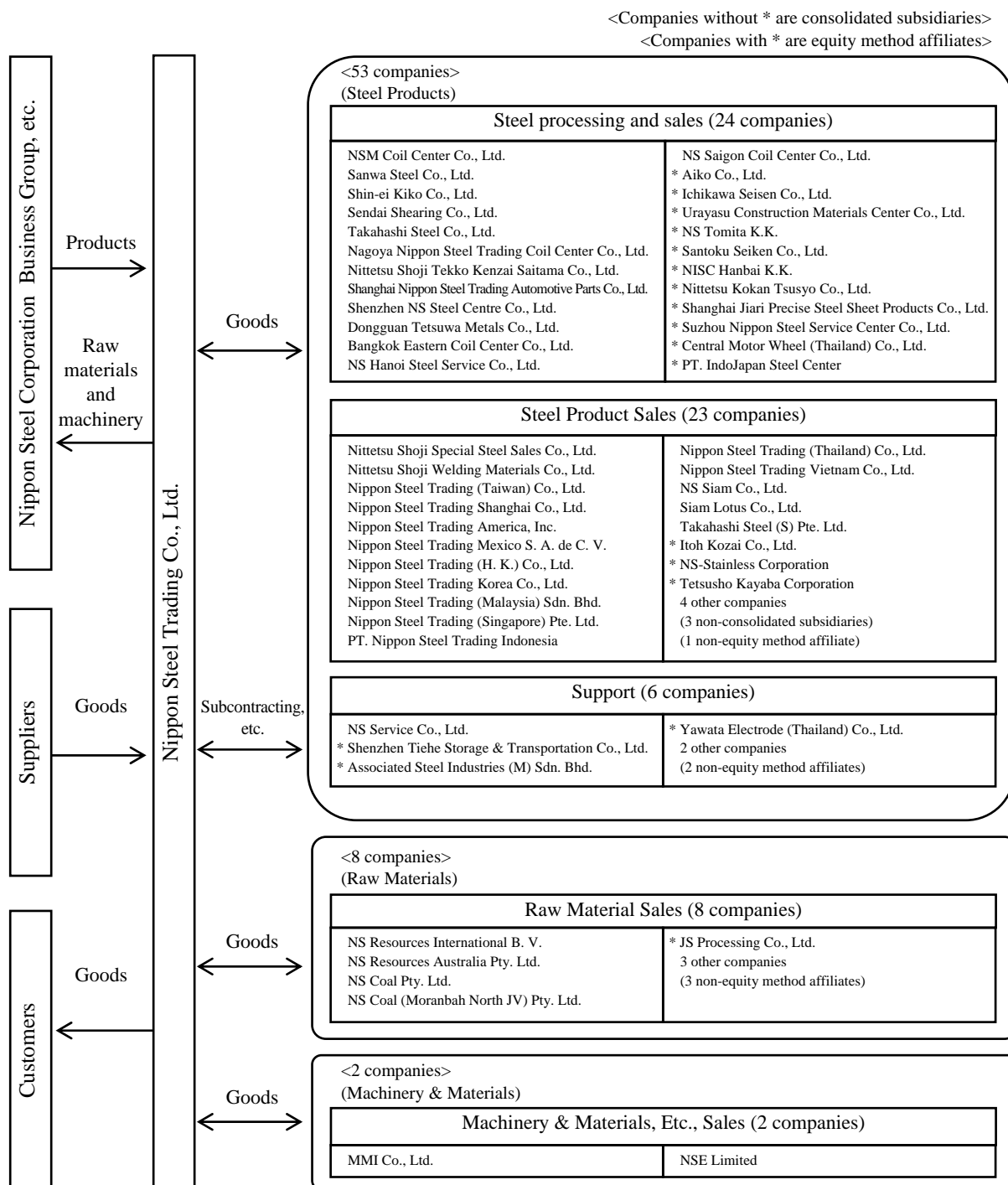


## 2. Status of the Business Group

The Nippon Steel Trading Group consists of Nippon Steel Trading Co., Ltd., 39 subsidiaries and 24 affiliated companies and is engaged in the sale of steel products, raw materials, machinery and other products in Japan and abroad.

The following figure illustrates our business organization, including each reporting segment (arranged by products handled) and the relative positions of our affiliates.

(Note) Apart from these, Nippon Steel Corporation is our major associated company.



### 3. Management Policy

#### (1) Basic Policy on Company Management

##### <Basic Philosophy>

As the core trading house of the Nippon Steel Group, we will aim to achieve the basic philosophy “contribute to industry's growth and people's livelihood by creating and offering precious values.”

##### <Corporate Management Guiding Principles>

We will define “pursuing the worth of our existence” and “gaining higher productivity” as our corporate management guiding principles, adhering to compliance as our cornerstone.

#### (2) Management Indicator Targets, Medium/Long-Term Company Management Strategy, and Issues Facing Company

##### <Establishment of medium-term management vision>

Having overcome the financial crisis of a decade ago, the Nippon Steel Trading Group will finish the repayment of classified stock at the end of June this year, thus completing the restructuring process. Now, we have established our Medium-Term Vision describing the enterprise group we wish to be hereafter.

##### <Main points of medium-term management vision>

Just as in the past, Nippon Steel Trading aims to be the core trading house of the new Nippon Steel & Sumikin Group forming in October of this year. As such, we will work to respond proactively to market changes in Japan and abroad, enhancing our value as a trading house and raising productivity at the same time.

We target consolidated net sales of ¥1,500,000 million and ordinary income of ¥15,000 million.

<Consolidated profitability and financial targets, etc.>	Targets	Recent results <FY 2009-2011>
Net sales	¥1,500,000 million	¥1,000,000 million (3-year average)
Ordinary income	¥15,000 million	¥10,600 million (ditto)
Overseas sales ratio	40-50%	30.5% (ditto)
Equity ratio	20%	14.8% (end of FY 2011)

For details about the Medium-Term Vision, see the “Notice of Establishment of Medium-Term Vision,” issued today (April 26, 2012).

This announcement (Japanese only) may be found at the following URLs.

(Nippon Steel Trading web site)

<http://www.ns-net.co.jp/>

(Tokyo Stock Exchange web site [listed company information search page])

<http://www.tse.or.jp/listing/compsearch/index.html>

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Million Yen)

	FY 2010 (March 31, 2011)	FY 2011 (March 31, 2012)
Assets		
Current assets		
Cash and deposits	21,593	20,860
Notes and accounts receivable-trade	225,331	227,531
Lease receivables and investment assets	5,877	4,586
Merchandise and finished goods	31,500	28,125
Deferred tax assets	1,151	1,138
Short-term loans receivable	6	5
Other	8,628	9,526
Allowance for doubtful accounts	(698)	(480)
Total current assets	293,390	291,293
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	10,789	11,628
Accumulated depreciation	(4,883)	(5,018)
Buildings and structures, net	5,906	6,610
Machinery, equipment and vehicles	6,472	7,321
Accumulated depreciation	(4,556)	(4,668)
Machinery, equipment and vehicles, net	1,915	2,652
Tools, furniture and fixtures	983	1,110
Accumulated depreciation	(762)	(810)
Tools, furniture and fixtures, net	221	299
Land	6,478	8,283
Lease assets	374	356
Accumulated depreciation	(98)	(131)
Lease assets, net	275	224
Construction in progress	658	72
Total property, plant and equipment	15,456	18,143
Intangible assets		
Software	1,590	1,209
Goodwill	53	10
Other	406	325
Total intangible assets	2,050	1,544
Investments and other assets		
Investment securities	13,091	13,065
Long-term loans receivable	235	208
Deferred tax assets	472	570
Other	8,175	9,069
Allowance for doubtful accounts	(482)	(538)
Total investments and other assets	21,492	22,375
Total noncurrent assets	38,999	42,064
Total assets	332,390	333,358

(Million Yen)

	FY 2010 (March 31, 2011)	FY 2011 (March 31, 2012)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	168,066	177,255
Electronically recorded obligations-operating	4,320	7,044
Short-term loans payable	62,906	52,205
Current portion of payables under fluidity trade receivables	5,282	2,917
Income taxes payable	3,690	2,451
Provision for bonuses	1,016	1,056
Other	8,694	8,508
<b>Total current liabilities</b>	<b>253,977</b>	<b>251,439</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	15,000	15,000
Payables under fluidity trade receivables	3,383	4,312
Provision for retirement benefits	401	505
Provision for loss on compensation	–	444
Provision for loss on guarantees	397	143
Provision for loss on litigation	–	245
Other	3,263	3,078
<b>Total noncurrent liabilities</b>	<b>22,445</b>	<b>23,729</b>
<b>Total liabilities</b>	<b>276,423</b>	<b>275,169</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	8,750	8,750
Capital surplus	8,750	8,750
Retained earnings	33,846	35,560
Treasury stock	(68)	(72)
<b>Total shareholders' equity</b>	<b>51,277</b>	<b>52,988</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	411	341
Deferred gains or losses on hedges	30	(46)
Foreign currency translation adjustment	(3,559)	(4,032)
<b>Total accumulated other comprehensive income</b>	<b>(3,117)</b>	<b>(3,737)</b>
<b>Minority interests</b>	<b>7,808</b>	<b>8,938</b>
<b>Total net assets</b>	<b>55,967</b>	<b>58,189</b>
<b>Total liabilities and net assets</b>	<b>332,390</b>	<b>333,358</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

(Consolidated Statements of Income)

(Million Yen)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
Net sales	1,079,508	1,087,512
Cost of sales	1,031,830	1,041,924
Gross profit	47,678	45,588
Selling, general and administrative expenses	35,185	34,846
Operating income	12,493	10,742
Non-operating income		
Interest income	382	331
Dividends income	185	178
Foreign exchange gains	71	60
Equity in earnings of affiliates	572	479
Reversal of allowance for doubtful accounts	192	467
Other	400	489
Total non-operating income	1,803	2,006
Non-operating expenses		
Interest expenses	1,169	1,182
Loss on transfer of receivables	16	17
Other	357	316
Total non-operating expenses	1,542	1,515
Ordinary income	12,753	11,232
Extraordinary income		
Gain on sales of noncurrent assets	–	1,318
Gain on negative goodwill	–	64
Gain on sales of investment securities	26	–
Total extraordinary income	26	1,382
Extraordinary loss		
Provision for loss on compensation	–	444
Provision for loss on litigation	–	245
Loss on valuation of investment securities	29	222
Impairment loss	12	78
Loss on sales of investment securities	–	32
Loss on liquidation of business	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 change in equity	24	–
Loss on retirement of noncurrent assets	17	–
Loss on valuation of golf club membership	13	–
Total extraordinary losses	880	1,023
Income before income taxes and minority interests	11,899	11,592
Income taxes-current	4,185	4,515
Income taxes-deferred	68	(212)
Total income taxes	4,254	4,302
Income before minority interests	7,645	7,290
Minority interests in income	213	413
Net income	7,432	6,876

## (Consolidated Statements of Comprehensive Income)

(Million Yen)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
Income before minority interests	7,645	7,290
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	(65)
Deferred gains or losses on hedges	(31)	(77)
Foreign currency translation adjustment	(1,066)	(1,028)
Share of other comprehensive income of associates accounted for using equity method	(165)	180
Total other comprehensive income	(1,267)	(990)
Comprehensive income	6,377	6,299
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,327	6,256
Comprehensive income attributable to minority interests	50	42

**(3) Consolidated Statements of Changes in Net Assets**

(Million Yen)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	8,750	8,750
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	8,750	8,750
Capital surplus		
Balance at the beginning of current period	8,750	8,750
Changes of items during the period		
Retirement of treasury stock	(2,000)	(4,000)
Transfer to other retained earnings from negative other capital surplus	2,000	4,000
Total changes of items during the period	–	–
Balance at the end of current period	8,750	8,750
Retained earnings		
Balance at the beginning of current period	29,839	33,846
Changes of items during the period		
Dividends from surplus	(1,425)	(1,162)
Net income	7,432	6,876
Transfer to other retained earnings from negative other capital surplus	(2,000)	(4,000)
Total changes of items during the period	4,006	1,714
Balance at the end of current period	33,846	35,560
Treasury stock		
Balance at the beginning of current period	(53)	(68)
Changes of items during the period		
Purchase of treasury stock	(2,015)	(4,003)
Retirement of treasury stock	2,000	4,000
Total changes of items during the period	(15)	(3)
Balance at the end of current period	(68)	(72)
Total shareholders' equity		
Balance at the beginning of current period	47,285	51,277
Changes of items during the period		
Dividends from surplus	(1,425)	(1,162)
Net income	7,432	6,876
Purchase of treasury stock	(2,015)	(4,003)
Total changes of items during the period	3,991	1,711
Balance at the end of current period	51,277	52,988

(Million Yen)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	411	411
Changes of items during the period		
Net changes of items other than shareholders' equity	0	(69)
Total changes of items during the period	0	(69)
Balance at the end of current period	411	341
Deferred gains or losses on hedges		
Balance at the beginning of current period	62	30
Changes of items during the period		
Net changes of items other than shareholders' equity	(31)	(77)
Total changes of items during the period	(31)	(77)
Balance at the end of current period	30	(46)
Foreign currency translation adjustment		
Balance at the beginning of current period	(2,486)	(3,559)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,073)	(472)
Total changes of items during the period	(1,073)	(472)
Balance at the end of current period	(3,559)	(4,032)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(2,012)	(3,117)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,105)	(619)
Total changes of items during the period	(1,105)	(619)
Balance at the end of current period	(3,117)	(3,737)
Minority interests		
Balance at the beginning of current period	3,236	7,808
Changes of items during the period		
Net changes of items other than shareholders' equity	4,571	1,130
Total changes of items during the period	4,571	1,130
Balance at the end of current period	7,808	8,938
Total net assets		
Balance at the beginning of current period	48,509	55,967
Changes of items during the period		
Dividends from surplus	(1,425)	(1,162)
Net income	7,432	6,876
Purchase of treasury stock	(2,015)	(4,003)
Net changes of items other than shareholders' equity	3,466	510
Total changes of items during the period	7,457	2,221
Balance at the end of current period	55,967	58,189



**(4) Consolidated Statements of Cash Flows**

(Million Yen)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,899	11,592
Depreciation and amortization	1,438	1,581
Impairment loss	12	78
Increase (decrease) in allowance for doubtful accounts	(201)	(139)
Increase (decrease) in other provision	68	(226)
Interest and dividends income	(567)	(509)
Interest expenses	1,169	1,182
Equity in (earnings) losses of affiliates	(572)	(479)
Loss (gain) on sales of investment securities	(26)	32
Compensation loss reserve	–	444
Provision for loss on litigation	–	245
Gain on negative goodwill	–	(64)
Loss (gain) on valuation of investment securities	29	222
Loss on retirement of property, plant and equipment and intangible assets	17	–
Loss (gain) on sales of property, plant and equipment and intangible assets	65	(1,318)
Loss on adjustment for changes of accounting standard for asset retirement obligations	53	–
Loss on liquidation of business	465	–
Loss on disaster	199	–
Loss (gain) on change in equity	24	–
Loss on valuation of golf club memberships	13	–
Decrease (increase) in notes and accounts receivable-trade	(12,011)	3,002
Decrease (increase) in inventories	(9,139)	6,029
Decrease (increase) in other current assets	(1,455)	719
Increase (decrease) in notes and accounts payable-trade	18,057	6,097
Increase (decrease) in other current liabilities	(2,645)	(3,621)
Increase (decrease) in other noncurrent liabilities	(2,324)	818
Other, net	230	(43)
Subtotal	4,801	25,643
Interest and dividends income received	621	531
Interest expenses paid	(1,211)	(1,125)
Income taxes paid	(1,052)	(5,189)
Net cash provided by (used in) operating activities	3,158	19,859

(Million Yen)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
Net cash provided by (used in) investing activities		
Payments into time deposits	(544)	(634)
Proceeds from withdrawal of time deposits	311	653
Purchase of property, plant and equipment and intangible assets	(1,232)	(1,418)
Proceeds from sales of property, plant and equipment and intangible assets	194	60
Purchase of investment securities	(428)	(551)
Proceeds from sales of investment securities	93	21
Payments of loans receivable	(42)	(26)
Collection of loans receivable	55	43
Other, net	31	(512)
Net cash provided by (used in) investing activities	(1,562)	(2,363)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,055	(6,892)
Proceeds from long-term loans payable	7,500	–
Repayment of long-term loans payable	(9,500)	(6,200)
Repayments of lease obligations	(32)	(46)
Proceeds from stock issuance to minority shareholders	4,563	–
Purchase of treasury stock	(2,015)	(4,003)
Cash dividends paid	(1,425)	(1,162)
Cash dividends paid to minority shareholders	(53)	(86)
Net cash provided by (used in) financing activities	3,092	(18,391)
Effect of exchange rate change on cash and cash equivalents	(679)	(512)
Net increase (decrease) in cash and cash equivalents	4,008	(1,407)
Cash and cash equivalents at beginning of period	16,297	20,305
Increase in cash and cash equivalents from newly consolidated subsidiary	–	723
Cash and cash equivalents at end of period	20,305	19,621

**(5) Notes on Going Concern Assumption**

Not applicable.

**(6) Additional Information**

FY 2011 (April 1, 2011 – March 31, 2012)
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Because of accounting changes and error corrections put into effect since the end of the consolidated accounting period under review, Nippon Steel Trading has applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, December 4, 2009) and the Guidelines on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidelines No. 24, December 4, 2009).
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## (7) Notes on Consolidated Financial Statements

(Segment Information, Etc.)

### a. Segment information

#### I. Previous consolidated fiscal year (April 1, 2010 - March 31, 2011)

##### 1. Overview of reporting segments

Reporting segments of Nippon Steel Trading are those constituent units of the Company for which separate financial information can be derived. These segments are subject to periodic examination in order for the Board of Directors to make decisions on the allocation of management resources and to evaluate earnings.

Nippon Steel Trading is engaged in the sale of steel products, raw materials, machinery and other products in Japan and abroad. For each category of product handled, it establishes sales divisions to draft comprehensive strategies for Japan and abroad and conduct business activities accordingly. Thus, Nippon Steel Trading consists of product-specific segments based on the products we handle and has three reporting segments: "Steel Products," "Raw Materials" and "Machinery & Materials and Energy Projects."

Major products handled in each segment are as below.

"Steel Products"	Wide-flange beams, shaped steel, reinforcing steel bars, wire products, rails, medium-wall and heavy-wall plates, hot-rolled coils, cold-rolled coils, surface-treated steel plates and sheets, tin plates, electromagnetic steel plates and sheets, steel pipe piles, miscellaneous steel pipes, steel sheet piles, materials for civil engineering, building materials, construction work, special steel, stainless steel, titanium products
"Raw Materials"	Coal, steel scrap, semi-finished products, ferro-alloys, pig iron/auxiliary materials for iron and steel production, oil, lubricants, bunker oil for fuel, coke, non-ferrous metals, stainless steel scrap
"Machinery & Materials and Energy Projects"	Steel-making machinery, civil engineering and mining machinery, other industrial machinery, plant steel, electronics, data communication and measuring instruments, cranes, machine components, mill rolls, office automation equipment

##### 2. Methods of calculating amounts of each reporting segment's net sales, profit/loss, assets and other items

Methods of accounting for each reported business segment are largely the same as described in "Major items forming the basis of consolidated financial statements."

Profits of reporting segments are based on ordinary income.

##### 3. Information on amounts of each reporting segment's net sales, profit/loss, assets and other items

(Million Yen)

	Reporting segments				Adjusted amount (Note 1)	Consolidated financial statements amount (Note 2)
	Steel Products	Raw Materials	Machinery & Materials and Energy Projects	Total		
Net sales						
Sales to external customers	822,912	195,929	60,666	1,079,508	–	1,079,508
Intersegment internal sales and transfers	7	–	1	8	(8)	–
Total	822,920	195,929	60,667	1,079,517	(8)	1,079,508
Segment income (ordinary income)	7,897	2,462	2,391	12,751	2	12,753
Segment assets	248,995	39,594	32,737	321,327	11,063	332,390
Other items						
Depreciation and amortization	1,129	149	161	1,440	(2)	1,438
Interest income	285	13	83	382	–	382
Interest expenses	870	271	26	1,169	–	1,169
Equity in earnings of affiliates	583	(11)	–	572	–	572
Investment in equity method affiliates	6,203	(18)	–	6,185	–	6,185
Increase in property, plant and equipment and intangible fixed assets	1,523	682	23	2,229	–	2,229

(Notes) 1. Adjusted amounts are as below.

(1) The downward adjustment of ¥8 million in net sales represents the amount of intersegment trade.

(2) The adjustment of ¥2 million in segment income represents the amount of intersegment trade.

(3) The adjustment of ¥11,063 million in segment assets represents ¥11,074 million in Company-wide assets not allocated to any reporting segment and an elimination of ¥11 million in intersegment trade.

(4) The downward adjustment of ¥2 million in depreciation and amortization represents the amount of intersegment trade.

2. Segment income is adjusted from the ordinary income in the consolidated financial statements.

## II. Consolidated fiscal year under review (April 1, 2011 - March 31, 2012)

### 1. Overview of reporting segments

Reporting segments of Nippon Steel Trading are those constituent units of the Company for which separate financial information can be derived. These segments are subject to periodic examination in order for the Board of Directors to make decisions on the allocation of management resources and to evaluate earnings.

Nippon Steel Trading is engaged in the sale of steel products, raw materials, machinery and other products in Japan and abroad. For each category of product handled, it establishes sales divisions to draft comprehensive strategies for Japan and abroad and conduct business activities accordingly. Thus, Nippon Steel Trading consists of product-specific segments based on the products we handle and has three reporting segments: "Steel Products," "Raw Materials" and "Machinery & Materials and Energy Projects."

Major products handled in each segment are as below.

"Steel Products"	Wide-flange beams, shaped steel, reinforcing steel bars, wire products, rails, medium-wall and heavy-wall plates, hot-rolled coils, cold-rolled coils, surface-treated steel plates and sheets, tin plates, electromagnetic steel plates and sheets, steel pipe piles, miscellaneous steel pipes, steel sheet piles, materials for civil engineering, building materials, construction work, special steel, stainless steel, titanium products
"Raw Materials"	Coal, steel scrap, semi-finished products, ferro-alloys, pig iron/auxiliary materials for iron and steel production, oil, lubricants, bunker oil for fuel, coke, non-ferrous metals, stainless steel scrap
"Machinery & Materials and Energy Projects"	Steel-making machinery, civil engineering and mining machinery, other industrial machinery, plant steel, electronics, data communication and measuring instruments, cranes, machine components, mill rolls, office automation equipment

### 2. Methods of calculating amounts of each reporting segment's net sales, profit/loss, assets and other items

There were no material changes in the consolidated fiscal accounting period under review.

### 3. Information on amounts of each reporting segment's net sales, profit/loss, assets and other items

(Million Yen)

	Reporting segments				Adjusted amount (Note 1)	Consolidated financial statements amount (Note 2)
	Steel Products	Raw Materials	Machinery & Materials and Energy Projects	Total		
Net sales						
Sales to external customers	866,719	156,403	64,389	1,087,512	–	1,087,512
Intersegment internal sales and transfers	6	–	0	7	(7)	–
Total	866,726	156,403	64,389	1,087,519	(7)	1,087,512
Segment income (ordinary income)	6,761	2,355	2,113	11,230	2	11,232
Segment assets	269,268	27,171	29,199	325,640	7,718	333,358
Other items						
Depreciation and amortization	1,275	163	145	1,584	(2)	1,581
Interest income	288	23	18	331	–	331
Interest expenses	877	227	76	1,182	–	1,182
Equity in earnings of affiliates	464	14	–	479	–	479
Investment in equity method affiliates	6,955	(3)	–	6,951	–	6,951
Increase in property, plant and equipment and intangible fixed assets (Note 3)	3,941	399	23	4,365	–	4,365

(Notes) 1. Adjusted amounts are as below.

- (1) The downward adjustment of ¥7 million in net sales represents the amount of intersegment trade.
  - (2) The adjustment of ¥2 million in segment income represents the amount of intersegment trade.
  - (3) The adjustment of ¥7,718 million in segment assets represents ¥7,728 million in Company-wide assets not allocated to any reporting segment and an elimination of ¥9 million in intersegment trade.
  - (4) The downward adjustment of ¥2 million in depreciation and amortization represents the amount of intersegment trade.
2. Segment income is adjusted from the ordinary income in the consolidated financial statements.
  3. The increase in property, plant and equipment and intangible fixed assets in the Steel Products segment includes a ¥2,761 million increase from the merger of a consolidated subsidiary.

b. Related information

I. FY 2010 (April 1, 2010 - March 31, 2011)

1. Product- and service-specific information

Omitted, since it is the same as the reporting segments.

2. Region-specific information

(1) Net sales

(Million Yen)

Japan	Asia	Other	Total
747,134	255,494	76,879	1,079,508

(Notes) 1. Regional classifications are based on geographic proximity.

2. The primary nations and regions in each category are as follows.

(1) Asia: China, South Korea, Thailand, Taiwan, Vietnam, Indonesia, Malaysia

(2) Other: US, Mexico, Russia, Australia

(2) Property, plant and equipment

(Million Yen)

Japan	China	Australia	Other	Total
10,102	2,203	1,656	1,493	15,456

3. Major customer-specific information

There are no customers this item applies to.

II. FY 2011 (April 1, 2011 - March 31, 2012)

1. Product- and service-specific information

Omitted, since it is the same as the reporting segments.

2. Region-specific information

(1) Net sales

(Million Yen)

Japan	Asia	Other	Total
753,917	255,562	78,032	1,087,512

(Notes) 1. Regional classifications are based on geographic proximity.

2. The primary nations and regions in each category are as follows.

(1) Asia: China, South Korea, Thailand, Taiwan, Vietnam, Indonesia, Malaysia

(2) Other: US, Mexico, Russia, Australia

(2) Property, plant and equipment

(Million Yen)

Japan	China	Australia	Other	Total
12,610	2,039	1,800	1,693	18,143

3. Major customer-specific information

There are no customers this item applies to.

c. Information on impairment loss on noncurrent assets for each reporting segment

FY 2010 (April 1, 2010 - March 31, 2011)

No such events occurred.

FY 2011 (April 1, 2011 - March 31, 2012)

No such events occurred.

d. Information on amortized and unamortized amounts of goodwill for each reporting segment

FY 2010 (April 1, 2010 - March 31, 2011)

No such events occurred.

FY 2011 (April 1, 2011 - March 31, 2012)

No such events occurred.

e. Information on gain on negative goodwill for each reporting segment

FY 2010 (April 1, 2010 - March 31, 2011)

No such events occurred.

FY 2011 (April 1, 2011 - March 31, 2012)

No such events occurred.

## (Per-Share Information)

FY 2010 (April 1, 2010 – March 31, 2011)		FY 2011 (April 1, 2011 – March 31, 2012)	
Net assets per share	¥319.60	Net assets per share	¥345.44
Net income per share	¥54.38	Net income per share	¥50.70
No data is given for fully diluted net income per share because there are no dilutive shares.		No data is given for fully diluted net income per share because there are no dilutive shares.	

## (Note) 1 Basis for calculating net income per share

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
Net income on common stock (million yen)	7,316	6,819
Net income on consolidated statement of income (million yen)	7,432	6,876
Amount not belonging to common stockholders (of which, preferred dividends on Class B shares)	116 (116)	57 (57)
Average common shares during the period (1,000 shares)	134,549	134,500

## 2 Basis for calculating net income per share

	End of FY 2010 (March 31, 2011)	End of FY 2011 (March 31, 2012)
Total net assets (million yen)	55,967	58,189
Amount deducted from total net assets (million yen)	7,865	8,967
(of which, minority shareholders' interests)	(7,808)	(8,938)
(of which, preferred dividends on Class B shares)	(57)	(28)
Net assets on common stock at end of period (million yen)	48,102	49,221
Number of common shares at end of period used to calculate net assets per share (1,000 shares)	150,506	142,491
(of which, number of common shares at end of period)	(134,506)	(134,491)
(of which, number of Class B shares at end of period × 20)	(16,000)	(8,000)

3. Class B shares issued by the Company are preferred distribution shares, but residual assets are distributed not by giving preference over common stock but by returning these profits to shareholders on the condition that the Company achieves a certain level of profitability in the future. Thus actual circumstances are considered, and when calculating net assets per share, it is deemed appropriate to handle them as equal to common stock. Following the articles of incorporation as they pertain to the distribution of residual assets for Class B shares, the number of issued Class B shares at the end of the period is multiplied by 20 and added to the number of issued common shares at the end of the period.

Also, the Company acquired 400,000 shares of Class B treasury stock on June 30, 2011 and cancelled them the same day.

## (Subsequent Events)

No such events occurred.