

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Japanese GAAP)



April 26, 2013
Stock Exchange: Tokyo

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

Scheduled ordinary general meeting of shareholders: June 21, 2013
Start of cash dividend payments: June 24, 2013
Securities report to be submitted: June 21, 2013
Supplementary Materials: Yes
IR Conference: Yes (for institutional investors and analysts)

(Figures rounded down to nearest million yen)

1. Consolidated earnings of FY 2012 ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(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, 2013 | 1,026,354 | (5.6) | 9,930 | (7.6) | 9,782 | (12.9) | 6,138 | (10.7) |
| March 31, 2012 | 1,087,512 | 0.7 | 10,742 | (14.0) | 11,232 | (11.9) | 6,876 | (7.5) |

Note: Comprehensive Income
FY ended March 2013: ¥9,662 million 53.4%
FY ended March 2012: ¥6,299 million (1.2%)

| 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, 2013 | 45.64 | – | 12.0 | 3.3 | 1.0 |
| March 31, 2012 | 50.70 | – | 14.1 | 3.4 | 1.0 |

Reference: Equity in Earnings of Affiliates
FY ended March 2013: ¥489 million
FY ended March 2012: ¥479 million

(2) Consolidated financial position

| As of | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|----------------|--------------|-------------|--------------|----------------------|
| | Million Yen | Million Yen | % | Yen |
| March 31, 2013 | 262,171 | 62,848 | 20.1 | 392.77 |
| March 31, 2012 | 333,358 | 58,189 | 14.8 | 345.44 |

Reference: Equity Capital
As of March 31, 2013: ¥52,822 million
As of March 31, 2012: ¥49,250 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, 2013 | 3,891 | 97 | (7,473) | 19,030 |
| March 31, 2012 | 19,859 | (2,363) | (18,391) | 19,621 |

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 2012 | – | 3.00 | – | 4.00 | 7.00 | 941 | 13.8 | 2.1 |
| FY Ended March 2013 | – | 4.00 | – | 4.00 | 8.00 | 1,076 | 17.5 | 2.2 |
| FY Ending March 2014 (Est.) | – | 5.00 | – | – | – | | – | |

Note: End of period dividends for the year ending March 2014 have not been determined. We plan to disclose the dividend projections as soon as possible.

3. Consolidated earnings projections for FY 2013 ending March 31, 2014

(%: 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) | 540,000 | 4.2 | 4,800 | 1.9 | 5,000 | 4.6 | 3,100 | 14.7 | 23.05 |
| End of FY | 1,100,000 | 7.2 | 10,500 | 5.7 | 11,000 | 12.4 | 6,800 | 10.8 | 50.56 |

* 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.: Yes

ii. Other accounting policy changes: None

iii. Changes in accounting estimates: Yes

iv. Restatements: None

Note: This is applicable to "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" Article 7 (Changes to accounting policies for which distinction from accounting estimates is problematic). For details, refer to attached document P. 16 "4. Consolidated Financial Statements, (5) Notes on Consolidated Financial Statements (Changes of Accounting Policies)."

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury stock)

As of March 31, 2013 134,801,000 shares

As of March 31, 2012 134,801,000 shares

(ii) Number of shares of treasury stock at the end of the period

As of March 31, 2013 315,435 shares

As of March 31, 2012 309,291 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2013 134,487,974 shares

Fiscal year ended March 31, 2012 134,500,660 shares

(Reference) Overview of non-consolidated earnings

1. Non-consolidated earnings of FY 2012 ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(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, 2013 | 912,389 | (7.5) | 7,453 | (16.0) | 5,009 | (0.0) |
| March 31, 2012 | 986,010 | (0.8) | 8,868 | 3.7 | 5,011 | 0.8 |

| Fiscal year ended | Net Income per Share | Net Income per Share (Diluted) |
|-------------------|----------------------|-----------------------------------|
| | Yen | Yen |
| March 31, 2013 | 37.24 | – |
| March 31, 2012 | 36.82 | – |

(2) Non-consolidated financial position

| As of | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|----------------|--------------|-------------|--------------|----------------------|
| | Million Yen | Million Yen | % | Yen |
| March 31, 2013 | 196,530 | 36,688 | 18.7 | 272.73 |
| March 31, 2012 | 269,606 | 36,628 | 13.6 | 256.78 |

Reference: Equity Capital
 As of March 31, 2013: ¥36,688 million
 As of March 31, 2012: ¥36,628 million

2. Non-consolidated earnings projections for FY 2013 ending March 31, 2014

(%: 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) | 480,000 | 3.5 | 4,200 | 6.7 | 2,800 | 17.2 | 20.81 |
| End of FY | 980,000 | 7.4 | 8,200 | 10.0 | 5,300 | 5.8 | 39.40 |

* 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 the publication of these materials, and are not intended as pledges on the part of the Company that the said projections will be achieved. Actual results may differ materially from projections due to various factors that may occur in the future. For the assumptions on which these earnings projections were based, see “1. Analysis of Business Results and Financial Position, (1) Analysis of Business Results” on page 2 of the attachment.

(How to acquire supplementary materials)

The Company has scheduled an IR conference for institutional investors and analysts on Wednesday, May 22, 2013. Soon after the conference is over, IR materials distributed during the event will be posted on the Company’s website.

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1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

A. Business results for the period

The world economy during the consolidated fiscal year under review weakened overall compared to the previous year. Among industrialized countries, while the US economy recovered slightly due to improvement in the housing market, the European economy suffered negative growth due to debt problems and financial unrest. Meanwhile, newly emerging economies saw decelerated growth due to reduced exports to industrialized countries.

The Japanese economy failed to achieve significant recovery due to slower-than-expected demand following the Great East Japan Earthquake, a persistently strong yen, and stagnant exports due to deceleration in foreign economies.

The steel industry saw domestic demand that was consistent with the previous year but overall steel demand grew due to recovery from the drop after the Great East Japan Earthquake. While domestic demand among manufacturing segments decreased particularly in the shipbuilding and industrial machinery segments, construction demand increased particularly in the civil engineering and architecture segments due to public investment projects. Owing to these circumstances, domestic crude steel production increased 0.8% year-on-year to 107 million tons, maintaining production above 100 million tons for three consecutive years.

Net sales in the consolidated fiscal year under review saw a year-on-year decrease of 6% for consolidated and 7% for non-consolidated to ¥1,026,300 million and ¥912,300 million respectively. While sales volume driven by mainly steel product exports increased significantly, the sales price of steel products decreased year-on-year. Consolidated ordinary income decreased 13% year-on-year to ¥9,700 million and non-consolidated ordinary income decreased 16% year-on-year to ¥7,400 million. Consolidated net income decreased 11% year-on-year to ¥6,100 million while non-consolidated ordinary income was basically flat at ¥5,000 million as a result of having recorded ¥200 million as extraordinary income from the reversal of the compensation loss reserve recorded in the previous fiscal year and ¥200 million recorded as extraordinary losses for losses on valuation of investment securities, losses on revision of affiliate company retirement benefit plan and so on.

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

(Steel Products)

Sales prices for the steel products business fell both domestically and overseas due to the easing of demand. Consequently, non-consolidated net sales were down year on year, but sales volumes both domestically and in exports increased year on year. While our consolidated subsidiary in China saw lower revenues, consolidated subsidiaries as a whole enjoyed enhanced revenues thanks to the effects of the integration of the domestic coil center and higher revenues for overseas subsidiaries in the United States and Thailand. Owing to these circumstances, net sales decreased to ¥867,100 million (down ¥31,900 million or 4% year-on-year) but segment profit grew to ¥7,100 million (up ¥300 million or 6% year-on-year).

Now, starting from this consolidated accounting period, the segment handling semi-finished products has changed from the Raw Materials to the Steel Products.

(Raw Materials)

Although pig iron handling volume increased, the falling price of stainless steel scrap materials resulted in a year-on-year decrease in non-consolidated sales of raw materials. Furthermore, our subsidiary holding coal interests in Australia also suffered a decrease in sales due to the fall in resource prices. Owing to these circumstances, net sales decreased to ¥115,200 million (down ¥8,700 million or 7% year-on-year) and segment profit decreased to ¥1,700 million (down ¥500 million or 23% year-on-year).

(Machinery & Materials and Energy Projects)

Both non-consolidated sales and sales at our crane manufacturing and distribution subsidiary decreased year-on-year for machinery and materials due to ongoing constraints on capital investment by steel manufacturers such as Nippon Steel & Sumitomo Metal Corporation.

In the industrial machinery business, exports of construction machinery, machine components and pipeline steel products to Russia fell due to poor business conditions in Europe. Net sales also decreased for our Russian construction machinery subsidiary.

Owing to these circumstances, net sales decreased to ¥43,900 million (down ¥20,400 million or 32% year-on-year) and segment profit decreased to ¥800 million (down ¥1,200 million or 61% year-on-year).

The overseas sales ratio was 33.0% and the non-consolidated foreign trade ratio was 34.3%, both of which represent a year-on-year increase of 2.4 points and 1.8 points respectively.

During the period, we had 38 consolidated subsidiaries (36 the year before) and 17 equity-method affiliates (18 the year before).

B. Outlook for next period

While the US economy continues to see mild recovery driven by a stable housing sector, due to the high possibility of long-term stagnancy in Europe we forecast industrialized countries will see growth that is nearly on par with the previous year. With strong consumer demand and recovering export volume, we forecast newly emerging and developing countries will experience growth that slightly exceeds the previous year.

The Japanese economy is expected to transition toward gradual recovery due to dramatic monetary easing by the Bank of Japan and economic stimulus measures implemented under the new regime. Exports also are expected to transition toward mild recovery due to yen depreciation and recovery in overseas economies.

Despite the slowdown of growth in China, due to the growth of global demand for steel products in other newly emerging countries we forecast demand in the steel industry for the fiscal year ending March 2014 to increase 3% year-on-year. We also expect the recovery of domestic growth driven by intensified rebuilding demand from the Great East Japan Earthquake and expanded capital investment due to currently improved economic outlooks. While we expect exports to continue to increase due to the recovery of overseas economies and yen depreciation, we continue to remain cautious due to the easing of steel demand in Asian markets.

Our consolidated earnings forecast for the fiscal year ending March 2014 is as follows: consolidated net sales of ¥1,100,000 million (vs. ¥1,026,300 million in the fiscal year under review), operating income of ¥10,500 million (vs. ¥9,900 million), ordinary income of ¥11,000 million (vs. ¥9,700 million) and net income of ¥6,800 million (vs. ¥6,100 million). For non-consolidated, we forecast net sales of ¥980,000 million (vs. ¥912,300 million in the fiscal year under review), ordinary income of ¥8,200 million (vs. ¥7,400 million) and net income of ¥5,300 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 ¥262,100 million (down ¥71,100 million year-on-year) due to a decrease in sales and a decrease in receivables under fluidity trade receivables.

Total liabilities decreased to ¥199,300 million (down ¥75,800 million year-on-year) due to changes in payment conditions for major suppliers and a decrease in notes and accounts payable-trade as a result of a decrease in sales.

Total net assets reached ¥62,800 million (up ¥4,600 million vs. the end of the previous fiscal year) due to the recording of net income, which offset the payment of dividends and a decrease in the acquisition and cancellation of Class B shares.

Retained earnings came to ¥36,500 million, equity capital came to ¥52,800 million, and the shareholders' equity ratio rose 5.4 points to 20.1%.

Loans payable amounted to ¥65,800 million. Our debt/equity ratio was 1.2, representing an improvement of 0.1 point 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 decreased ¥500 million from the end of the previous period to ¥19,000 million, as cash used for financing activities outpaced income provided by operating activities.

Net cash provided by operating activities in the fiscal year under review was ¥3,800 million (compared to net income of ¥19,800 million the previous year) due mainly to net income. While net cash was used during investing activities such as expenditures for the acquisition of property, plants and equipment belonging to overseas subsidiaries, the sale of noncurrent assets by our South China subsidiary resulted in the slight increase of net cash (compared to ¥2,300 million used the previous year). Net cash used in financing activities was ¥7,400 million (compared to ¥18,300 million used the previous year) due to the payment of dividends, acquisition of some Class B shares, and repayment of loans payable.

C. Cash flow indicators

| | Fiscal year ended March 31, 2010 | Fiscal year ended March 31, 2011 | Fiscal year ended March 31, 2012 | Fiscal year ended March 31, 2013 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Equity ratio (%) | 14.6 | 14.5 | 14.8 | 20.1 |
| Equity ratio (%), market value basis | 11.3 | 12.5 | 12.1 | 14.9 |
| Interest-bearing debt/cash flow ratio (year) | 4.1 | 24.7 | 3.4 | 16.9 |
| Interest coverage ratio | 12.0 | 2.6 | 17.7 | 3.3 |

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

- * All calculations are based on consolidated financial figures
- * Total market capitalization is calculated by multiplying the closing stock price at fiscal year end by the number of shares outstanding at fiscal year end (minus treasury stock).
Prior to the term ending March 2012, the issue price of Class B shares was added to this amount.
- * 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.

As previously announced, an end of period dividend of ¥4 per share (¥8 for the term after adding the ¥4 interim dividend) will be proposed at the Ordinary General Meeting of Shareholders.

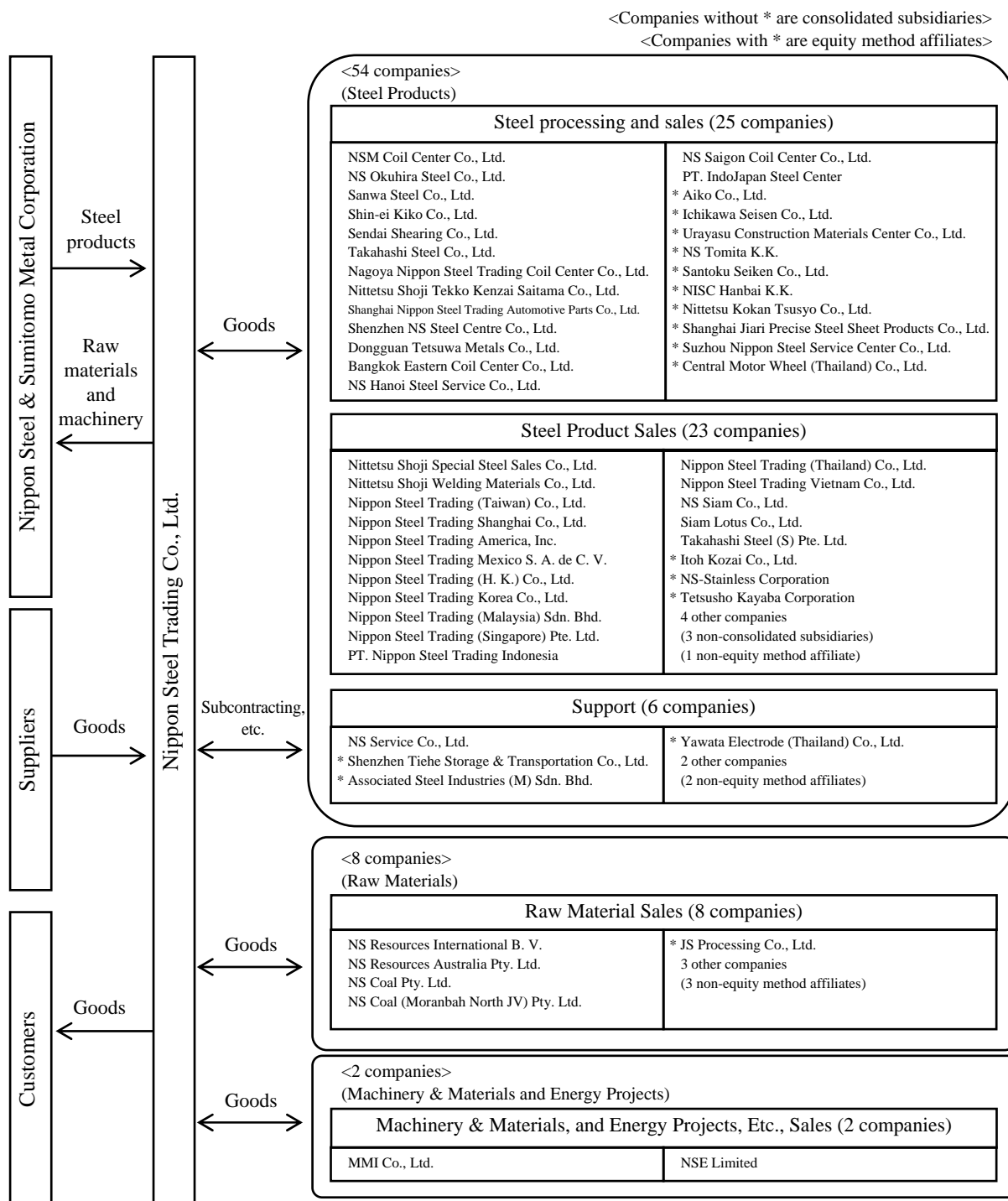
We are planning an interim dividend of ¥5 per share for the retained earnings dividend for the next term. As for the end of period dividend, we will disclose this figure as soon as it becomes possible to disclose the dividend forecast.

2. Status of the Business Group

The Nippon Steel Trading Group consists of Nippon Steel Trading Co., Ltd., 41 subsidiaries and 23 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 & Sumitomo Metal 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 & Sumitomo Metal Corporation 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

<Medium-Term Vision>

Nippon Steel Trading strives to be the core trading house of the Nippon Steel & Sumitomo Metal Corporation Group. As such, we will work to respond aggressively to market changes in Japan and abroad, increase our value as a trading house, and continue to work towards improved productivity.

<Business Progress and Results>

We implemented the following measures based on the operating strategies outlined in our “Medium-Term Vision,” for which the current consolidated accounting period marks the inaugural year of implementation.

To reinforce a sales strategy based on close-knit community and customer relations as well as promote a diversified product sales strategy, our domestic steel products business established multiple new regional sales centers, including offices in northern Kanto and Kumamoto. Additionally, we implemented initiatives to promote close-knit market relationships by expanding sales of construction materials and thin boards in the roofing and exterior furnishing segment for the Kinki region. This was achieved by taking advantage of the processing and construction capabilities of NS Okuhira Steel (founded in December 2012). We also have begun evaluating numerous proposals as part of proactive efforts to plan other reorganization and consolidation in the steel processing and distribution market.

Activities by our overseas steel products business included full acquisition of the coil center (PT. IndoJapan Steel Center) established in Indonesia as part of a merger with a local corporation, establishment of a new office in Dhaka, Bangladesh and the hiring of additional personnel, and the decision to expand facilities at our coil center in Thailand (Bangkok Eastern Coil Center Co., Ltd.) in order to respond proactively to increasing demand for automotive steel plating in Thailand. Additionally, we have begun evaluating the expansion of operations in developing countries as we continue to plan for the enhancement and expansion of processing centers and sales office in Asia, which is projected to see continued growth in demand for steel.

In the area of raw materials business, we have been serving as the manufacturer and trading house for the Mozambique Coking Coal Development Project being conducted in collaboration with the Nippon Steel & Sumitomo Metal Corporation. We had been handling the switch from exploration rights to excavation rights for the project and in April 2013 we acquired excavation rights from the Mozambique government.

In the area of machinery & materials and energy projects, in addition to materials and machinery sales to the Nippon Steel & Sumitomo Metal Corporation Group we also worked to expand our product lineup, including compressors, steel manufacturing equipment, and water processing facilities, offered to the Russian construction and industrial machinery markets.

For details about the Medium-Term Vision, see the “Notice of Establishment of Medium-Term Vision,” issued 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>

(3) Business Integration with Sumikin Bussan Corporation

On February 7, 2013, Nippon Steel Trading Co., Ltd. and Sumikin Bussan Corporation agreed to initiate evaluations concerning business integration and have since then been holding discussions to this effect. On April 26, we executed a merger agreement. Please see the "Notification Concerning the Execution of a Merger Agreement between Sumikin Bussan Corporation and Nippon Steel Trading Co., Ltd. (Merger)" released separately today (April 26, 2013) for details.

Through the business integration, the companies agree to combine management resources accumulated by both companies and strive for sustained growth as a trading house with multifaceted operations based on the Nippon Steel & Sumitomo Metal Corporation Group core businesses including steel, textiles, foodstuffs, raw materials, machinery, and infrastructure.

If the merger is approved at the general meeting of shareholders of both companies, the new consolidated company will work as one to effectively utilize management resources in order to improve operational efficiency, accelerate a global strategy that meets customer and market needs, strengthen sales capabilities, and expand customer and market bases.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million Yen)

| | FY 2011 (March 31, 2012) | FY 2012 (March 31, 2013) |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,860 | 19,536 |
| Notes and accounts receivable - trade | 227,531 | 159,123 |
| Lease receivables and investment assets | 4,586 | 3,178 |
| Merchandise and finished goods | 28,125 | 27,844 |
| Deferred tax assets | 1,138 | 1,164 |
| Short-term loans receivable | 5 | 5 |
| Other | 9,526 | 8,622 |
| Allowance for doubtful accounts | (480) | (452) |
| Total current assets | 291,293 | 219,024 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 11,628 | 12,633 |
| Accumulated depreciation | (5,018) | (5,668) |
| Buildings and structures, net | 6,610 | 6,965 |
| Machinery, equipment and vehicles | 7,321 | 7,837 |
| Accumulated depreciation | (4,668) | (5,155) |
| Machinery, equipment and vehicles, net | 2,652 | 2,681 |
| Tools, furniture and fixtures | 1,110 | 1,253 |
| Accumulated depreciation | (810) | (941) |
| Tools, furniture and fixtures, net | 299 | 312 |
| Land | 8,283 | 8,302 |
| Lease assets | 356 | 374 |
| Accumulated depreciation | (131) | (180) |
| Lease assets, net | 224 | 194 |
| Construction in progress | 72 | 231 |
| Total property, plant and equipment | 18,143 | 18,686 |
| Intangible assets | | |
| Software | 1,209 | 720 |
| Goodwill | 10 | - |
| Other | 325 | 341 |
| Total intangible assets | 1,544 | 1,061 |
| Investments and other assets | | |
| Investment securities | 13,065 | 14,001 |
| Long-term loans receivable | 208 | 213 |
| Deferred tax assets | 570 | 443 |
| Other | 9,069 | 9,079 |
| Allowance for doubtful accounts | (538) | (339) |
| Total investments and other assets | 22,375 | 23,398 |
| Total noncurrent assets | 42,064 | 43,146 |
| Total assets | 333,358 | 262,171 |

(Million Yen)

| | FY 2011 (March 31, 2012) | FY 2012 (March 31, 2013) |
|--|-----------------------------|-----------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 177,255 | 107,120 |
| Electronically recorded obligations-operating | 7,044 | 7,490 |
| Short-term loans payable | 52,205 | 50,868 |
| Current portion of payables under fluidity trade receivables | 2,917 | 3,111 |
| Income taxes payable | 2,451 | 1,317 |
| Provision for bonuses | 1,056 | 884 |
| Other | 8,508 | 7,504 |
| Total current liabilities | 251,439 | 178,298 |
| Noncurrent liabilities | | |
| Long-term loans payable | 15,000 | 15,000 |
| Payables under fluidity trade receivables | 4,312 | 1,747 |
| Provision for retirement benefits | 505 | 616 |
| Provision for loss on compensation | 444 | – |
| Provision for loss on guarantees | 143 | 104 |
| Provision for loss on litigation | 245 | 245 |
| Other | 3,078 | 3,310 |
| Total noncurrent liabilities | 23,729 | 21,024 |
| Total liabilities | 275,169 | 199,322 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 8,750 | 8,750 |
| Capital surplus | 8,750 | 8,750 |
| Retained earnings | 35,560 | 36,594 |
| Treasury stock | (72) | (73) |
| Total shareholders' equity | 52,988 | 54,020 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 341 | 603 |
| Deferred gains or losses on hedges | (46) | (69) |
| Foreign currency translation adjustment | (4,032) | (1,732) |
| Total accumulated other comprehensive income | (3,737) | (1,198) |
| Minority interests | 8,938 | 10,026 |
| Total net assets | 58,189 | 62,848 |
| Total liabilities and net assets | 333,358 | 262,171 |

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

(Consolidated Statements of Income)

(Million Yen)

| | FY 2011 (April 1, 2011 – March 31, 2012) | FY 2012 (April 1, 2012 – March 31, 2013) |
|---|--|--|
| Net sales | 1,087,512 | 1,026,354 |
| Cost of sales | 1,041,924 | 980,535 |
| Gross profit | 45,588 | 45,818 |
| Selling, general and administrative expenses | 34,846 | 35,888 |
| Operating income | 10,742 | 9,930 |
| Non-operating income | | |
| Interest income | 331 | 369 |
| Dividends income | 178 | 192 |
| Foreign exchange gains | 60 | – |
| Equity in earnings of affiliates | 479 | 489 |
| Reversal of allowance for doubtful accounts | 467 | 129 |
| Other | 489 | 663 |
| Total non-operating income | 2,006 | 1,843 |
| Non-operating expenses | | |
| Interest expenses | 1,182 | 1,148 |
| Exchange rate loss | – | 384 |
| Loss on transfer of receivables | 17 | 90 |
| Other | 316 | 367 |
| Total non-operating expenses | 1,515 | 1,991 |
| Ordinary income | 11,232 | 9,782 |
| Extraordinary income | | |
| Reversal of provision for loss on compensation | – | 278 |
| Gain on sales of noncurrent assets | 1,318 | – |
| Gain on negative goodwill | 64 | – |
| Total extraordinary income | 1,382 | 278 |
| Extraordinary loss | | |
| Loss on valuation of investment securities | 222 | 137 |
| Loss on revision of retirement benefit plan | – | 101 |
| Golf club membership loss on sale | – | 16 |
| Provision for loss on compensation | 444 | – |
| Provision for loss on litigation | 245 | – |
| Impairment loss | 78 | – |
| Loss on sales of investment securities | 32 | – |
| Total extraordinary losses | 1,023 | 255 |
| Income before income taxes and minority interests | 11,592 | 9,804 |
| Income taxes-current | 4,515 | 3,258 |
| Income taxes-deferred | (212) | 175 |
| Total income taxes | 4,302 | 3,434 |
| Income before minority interests | 7,290 | 6,370 |
| Minority interests in income | 413 | 232 |
| Net income | 6,876 | 6,138 |

(Consolidated Statements of Comprehensive Income)

(Million Yen)

| | FY 2011 (April 1, 2011 – March 31, 2012) | FY 2012 (April 1, 2012 – March 31, 2013) |
|--|--|--|
| Income before minority interests | 7,290 | 6,370 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (65) | 258 |
| Deferred gains or losses on hedges | (77) | (22) |
| Foreign currency translation adjustment | (1,028) | 2,568 |
| Share of other comprehensive income of associates accounted for using equity method | 180 | 486 |
| Total other comprehensive income | (990) | 3,292 |
| Comprehensive income | 6,299 | 9,662 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 6,256 | 8,678 |
| Comprehensive income attributable to minority interests | 42 | 984 |

(3) Consolidated Statements of Changes in Net Assets

(Million Yen)

| | FY 2011 (April 1, 2011 – March 31, 2012) | FY 2012 (April 1, 2012 – March 31, 2013) |
|---|--|--|
| 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 | (4,000) | (4,000) |
| Transfer to other retained earnings from negative other capital surplus | 4,000 | 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 | 33,846 | 35,560 |
| Changes of items during the period | | |
| Dividends from surplus | (1,162) | (1,105) |
| Net income | 6,876 | 6,138 |
| Transfer to other retained earnings from negative other capital surplus | (4,000) | (4,000) |
| Total changes of items during the period | 1,714 | 1,033 |
| Balance at the end of current period | 35,560 | 36,594 |
| Treasury stock | | |
| Balance at the beginning of current period | (68) | (72) |
| Changes of items during the period | | |
| Purchase of treasury stock | (4,003) | (4,001) |
| Retirement of treasury stock | 4,000 | 4,000 |
| Total changes of items during the period | (3) | (1) |
| Balance at the end of current period | (72) | (73) |
| Total shareholders' equity | | |
| Balance at the beginning of current period | 51,277 | 52,988 |
| Changes of items during the period | | |
| Dividends from surplus | (1,162) | (1,105) |
| Net income | 6,876 | 6,138 |
| Purchase of treasury stock | (4,003) | (4,001) |
| Total changes of items during the period | 1,711 | 1,032 |
| Balance at the end of current period | 52,988 | 54,020 |

(Million Yen)

| | FY 2011 (April 1, 2011 – March 31, 2012) | FY 2012 (April 1, 2012 – March 31, 2013) |
|---|--|--|
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the beginning of current period | 411 | 341 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (69) | 262 |
| Total changes of items during the period | (69) | 262 |
| Balance at the end of current period | 341 | 603 |
| Deferred gains or losses on hedges | | |
| Balance at the beginning of current period | 30 | (46) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (77) | (22) |
| Total changes of items during the period | (77) | (22) |
| Balance at the end of current period | (46) | (69) |
| Foreign currency translation adjustment | | |
| Balance at the beginning of current period | (3,559) | (4,032) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (472) | 2,299 |
| Total changes of items during the period | (472) | 2,299 |
| Balance at the end of current period | (4,032) | (1,732) |
| Total accumulated other comprehensive income | | |
| Balance at the beginning of current period | (3,117) | (3,737) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (619) | 2,539 |
| Total changes of items during the period | (619) | 2,539 |
| Balance at the end of current period | (3,737) | (1,198) |
| Minority interests | | |
| Balance at the beginning of current period | 7,808 | 8,938 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 1,130 | 1,087 |
| Total changes of items during the period | 1,130 | 1,087 |
| Balance at the end of current period | 8,938 | 10,026 |
| Total net assets | | |
| Balance at the beginning of current period | 55,967 | 58,189 |
| Changes of items during the period | | |
| Dividends from surplus | (1,162) | (1,105) |
| Net income | 6,876 | 6,138 |
| Purchase of treasury stock | (4,003) | (4,001) |
| Net changes of items other than shareholders' equity | 510 | 3,627 |
| Total changes of items during the period | 2,221 | 4,659 |
| Balance at the end of current period | 58,189 | 62,848 |

(4) Consolidated Statements of Cash Flows

(Million Yen)

| | FY 2011 (April 1, 2011 – March 31, 2012) | FY 2012 (April 1, 2012 – March 31, 2013) |
|---|--|--|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 11,592 | 9,804 |
| Depreciation and amortization | 1,581 | 1,742 |
| Impairment loss | 78 | – |
| Increase (decrease) in allowance for doubtful accounts | (139) | (259) |
| Increase (decrease) in other provision | (226) | (307) |
| Reversal of provision for loss on compensation | – | (278) |
| Compensation loss reserve | 444 | – |
| Provision for loss on litigation | 245 | – |
| Interest and dividends income | (509) | (562) |
| Interest expenses | 1,182 | 1,148 |
| Equity in (earnings) losses of affiliates | (479) | (489) |
| Gain on negative goodwill | (64) | – |
| Loss (gain) on sales of investment securities | 32 | – |
| Loss (gain) on valuation of investment securities | 222 | 137 |
| Loss (gain) on sales of property, plant and equipment and intangible assets | (1,318) | – |
| Profit (loss) on sale of golf club memberships | – | 16 |
| Decrease (increase) in notes and accounts receivable -trade | 3,002 | 72,106 |
| Decrease (increase) in inventories | 6,029 | 1,602 |
| Decrease (increase) in other current assets | 719 | 108 |
| Increase (decrease) in notes and accounts payable-trade | 6,097 | (72,396) |
| Increase (decrease) in other current liabilities | (3,621) | (960) |
| Increase (decrease) in other noncurrent liabilities | 818 | (2,103) |
| Other, net | (43) | (256) |
| Subtotal | 25,643 | 9,053 |
| Interest and dividends income received | 531 | 673 |
| Interest expenses paid | (1,125) | (1,180) |
| Income taxes paid | (5,189) | (4,655) |
| Net cash provided by (used in) operating activities | 19,859 | 3,891 |

(Million Yen)

| | FY 2011 (April 1, 2011 – March 31, 2012) | FY 2012 (April 1, 2012 – March 31, 2013) |
|--|--|--|
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (634) | (282) |
| Proceeds from withdrawal of time deposits | 653 | 1,188 |
| Purchase of property, plant and equipment and intangible assets | (1,418) | (1,225) |
| Proceeds from sales of property, plant and equipment and intangible assets | 60 | 1,391 |
| Purchase of investment securities | (551) | (606) |
| Proceeds from sales of investment securities | 21 | 148 |
| Payments of loans receivable | (26) | (28) |
| Collection of loans receivable | 43 | 35 |
| Other, net | (512) | (522) |
| Net cash provided by (used in) investing activities | (2,363) | 97 |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (6,892) | (2,240) |
| Repayment of long-term loans payable | (6,200) | – |
| Repayments of lease obligations | (46) | (59) |
| Proceeds from stock issuance to minority shareholders | – | 1 |
| Purchase of treasury stock | (4,003) | (4,001) |
| Cash dividends paid | (1,162) | (1,105) |
| Cash dividends paid to minority shareholders | (86) | (67) |
| Net cash provided by (used in) financing activities | (18,391) | (7,473) |
| Effect of exchange rate change on cash and cash equivalents | (512) | 2,043 |
| Net increase (decrease) in cash and cash equivalents | (1,407) | (1,440) |
| Cash and cash equivalents at beginning of period | 20,305 | 19,621 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 723 | 850 |
| Cash and cash equivalents at end of period | 19,621 | 19,030 |

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes of Accounting Policies)

(Changes to accounting policies for which distinction from accounting estimates is problematic)

The Company and its domestic consolidated subsidiaries have adopted depreciation and amortization methods based on the revised Corporate Tax Act for Property, plant and equipment acquired after April 1, 2012 following this consolidated accounting period concomitant with corporate tax reform.

The effect of this on profits or losses is slight.

(Additional Information)

(Provision for retirement benefits)

For the consolidated fiscal accounting period under review, certain domestic consolidated subsidiaries have conducted revisions to their retirement benefit plans. As a result, past service liabilities have been treated as expenses for the consolidated accounting fiscal accounting period during which they were incurred.

(Segment Information, Etc.)

a. Segment information

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, semi-finished products

Raw Materials: Coal, steel scrap, 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 the 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

Now, the segment handling semi-finished products has been changed from "Raw Materials" to "Steel Products" from this consolidated accounting period concomitant with the reorganization dated April 1, 2012.

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 the method of accounting used to prepare consolidated financial statements."

Profits of reporting segments are based on ordinary income.

(Changes to accounting policies for which distinction from accounting estimates is problematic)

The Company and its domestic consolidated subsidiaries have adopted depreciation and amortization methods based on the revised Corporate Tax Act for Property, plant and equipment acquired after April 1, 2012 following this consolidated accounting period concomitant with corporate tax reform.

The effect of this on profits or losses is slight.

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

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

(Million Yen)

| | Reporting segments (Note 1) | | | | Adjusted amount (Note 2) | Consolidated financial statements amount (Note 3) |
|--|-----------------------------|---------------|---|-----------|--------------------------|---|
| | Steel Products | Raw Materials | Machinery & Materials and Energy Projects | Total | | |
| Net sales | | | | | | |
| Sales to external customers | 899,161 | 123,961 | 64,389 | 1,087,512 | – | 1,087,512 |
| Intersegment internal sales and transfers | 6 | – | 0 | 7 | (7) | – |
| Total | 899,168 | 123,961 | 64,389 | 1,087,519 | (7) | 1,087,512 |
| Segment income (Ordinary income) | 6,799 | 2,317 | 2,113 | 11,230 | 2 | 11,232 |
| Segment assets | 271,018 | 25,423 | 29,198 | 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 | 884 | 221 | 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 4) | 3,941 | 399 | 23 | 4,365 | – | 4,365 |

(Notes) 1. Amounts are based on reporting segment distinctions made following changes to handled goods concomitant with the reorganization dated April 1, 2012.

2. 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.

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

4. 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.

| | 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 | 867,163 | 115,226 | 43,963 | 1,026,354 | – | 1,026,354 |
| Intersegment internal sales and transfers | 5 | – | 1 | 7 | (7) | – |
| Total | 867,169 | 115,226 | 43,964 | 1,026,361 | (7) | 1,026,354 |
| Segment income (Ordinary income) | 7,176 | 1,788 | 814 | 9,780 | 2 | 9,782 |
| Segment assets | 200,704 | 30,910 | 22,774 | 254,388 | 7,782 | 262,171 |
| Other items | | | | | | |
| Depreciation and amortization | 1,433 | 191 | 119 | 1,745 | (2) | 1,742 |
| Interest income | 304 | 21 | 43 | 369 | – | 369 |
| Interest expenses | 929 | 156 | 63 | 1,148 | – | 1,148 |
| Equity in earnings of affiliates | 482 | 6 | – | 489 | – | 489 |
| Investment in equity method affiliates | 7,531 | 2 | – | 7,534 | – | 7,534 |
| Increase in property, plant and equipment and intangible fixed assets | 828 | 414 | 12 | 1,255 | – | 1,255 |

(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 ¥7,782 million in segment assets represents ¥7,788 million in Company-wide assets not allocated to any reporting segment and an elimination of ¥6 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.

b. Related information

I. 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.

FY 2012 (April 1, 2012 - March 31, 2013)

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 |
|---------|---------|--------|-----------|
| 687,309 | 283,054 | 55,990 | 1,026,354 |

(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 |
|--------|-------|-----------|-------|--------|
| 12,343 | 2,119 | 2,217 | 2,006 | 18,686 |

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

No such events occurred.

FY 2012 (April 1, 2012 - March 31, 2013)

No such events occurred.

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

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

No such events occurred.

FY 2012 (April 1, 2012 - March 31, 2013)

No such events occurred.

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

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

No such events occurred.

FY 2012 (April 1, 2012 - March 31, 2013)

No such events occurred.

(Per-Share Information)

| | FY 2011 (April 1, 2011 – March 31, 2012) | FY 2012 (April 1, 2012 – March 31, 2013) |
|----------------------|--|--|
| Net assets per share | ¥345.44 | ¥392.77 |
| Net income per share | ¥50.70 | ¥45.64 |

(Note) 1 No data is given for fully diluted net income per share because there are no dilutive shares.

2. Basis for calculating net income per share

| | FY 2011 (April 1, 2011 – March 31, 2012) | FY 2012 (April 1, 2012 – March 31, 2013) |
|--|--|--|
| Net income (million yen) | 6,876 | 6,138 |
| Amount not belonging to common stockholders (of which, preferred dividends on Class B shares) | 57 (57) | – (–) |
| Net income on common stock (million yen) | 6,819 | 6,138 |
| Average common shares during the period (1,000 shares) | 134,500 | 134,487 |

3. Basis for calculating net income per share

| | End of FY 2011 (March 31, 2012) | End of FY 2012 (March 31, 2013) |
|---|------------------------------------|------------------------------------|
| Total net assets (million yen) | 58,189 | 62,848 |
| Amount deducted from total net assets (million yen) | 8,967 | 10,026 |
| (of which, minority shareholders' interests) | (8,938) | (10,026) |
| (of which, preferred dividends on Class B shares) | (28) | (–) |
| Net assets on common stock at end of period (million yen) | 49,221 | 52,822 |
| Number of common shares at end of period used to calculate net assets per share (1,000 shares) | 142,491 | 134,485 |
| (of which, number of common shares at end of period) | (134,491) | (134,485) |
| (of which, number of Class B shares at end of period × 20) | (8,000) | (–) |

4. 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 29, 2012 and cancelled them the same day. Acquisition and deletion of all issued Class B shares has been completed.

(Subsequent Events)

Nippon Steel Trading Co., Ltd. and Sumikin Bussan Corporation reached a final agreement to conduct the business integration of both companies on October 1, 2013. Having received approval from the board of directors on each company on April 26, 2013, the merger agreement was executed.

For details, refer to P. 7, "3. Management Policy (3) Business Integration with Sumikin Bussan Corporation."