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Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2016 (Japanese GAAP)

February 5, 2016
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL & SUMIKIN BUSSAN CORPORATION**
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Quarterly securities report to be submitted: February 12, 2016
Start of cash dividend payments: –
Supplementary materials: Yes (Japanese only)
IR conference: None

(Figures rounded down to nearest million yen)

1. Consolidated Earnings through the Third Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 2015)

(1) Consolidated Operating Results (Cumulative)

(%: change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FYE March 31, 2016	1,462,576	(6.8)	19,989	(2.8)	21,612	2.1	12,931	(1.4)
3Q FYE March 31, 2015	1,569,208	–	20,572	–	21,171	–	13,116	–

Note: Comprehensive income
3Q FYE March 31, 2016: ¥10,052 million (-45.8%)
3Q FYE March 31, 2015: ¥18,561 million (–%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3Q FYE March 31, 2016	41.83		–	
3Q FYE March 31, 2015	42.42		–	

Note: Nippon Steel Trading Co., Ltd. merged with Sumikin Bussan Corporation on October 1, 2013, and so the consolidated results for 3Q FYE March 31, 2015 differ considerably from the results of the same quarter of the previous fiscal year for both companies prior to the merger. Accordingly, a comparison with the same quarter of the previous fiscal year has been omitted.

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2015	690,038		188,504		25.0	
As of March 31, 2015	692,899		183,693		24.1	

Reference: Equity capital
As of December 31, 2015: ¥172,251 million
As of March 31, 2015: ¥166,774 million

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2015	–	6.00	–	6.00	12.00
FYE March 31, 2016	–	7.50	–		
FYE March 31, 2016 (Est.)				7.50	15.00

Note: Revisions of dividends projections since most recent announcement: None

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(%: change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	1,950,000	(7.3)	27,500	(4.1)	29,000	(5.1)	17,000	(2.5)	54.99

Note: Revisions of earnings projections since most recent announcement: Yes

* Notes

- (1) Material changes in consolidated subsidiaries during the cumulative consolidated period (changes in specific subsidiaries resulting in changes in scope of consolidation): None
- (2) Use of special accounting methods for creating quarterly consolidated financial statements: None
- (3) 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: None
 - iv. Restatements: None

Note: For more detailed information, see “2. Notes on Summary Information, (3) Changes of Accounting Policies, Changes of Accounting Estimates and Retrospective Restatements” on page 3 of the attachment.

- (4) Number of shares outstanding (common shares)
 - i. Number of shares outstanding at the end of the period (including treasury shares)

As of December 31, 2015	309,578,001 shares
As of March 31, 2015	309,578,001 shares
 - ii. Number of treasury shares at the end of the period

As of December 31, 2015	424,806 shares
As of March 31, 2015	408,443 shares
 - iii. Average number of shares during the period (cumulative quarter)

3Q FYE March 31, 2016	309,162,805 shares
3Q FYE March 31, 2015	309,190,826 shares

*Statement relating to the status of quarterly review procedures

This summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act, and quarterly financial statement review procedures based on the Financial Instruments and Exchange Act are not yet completed at the time of disclosure of this report.

*Explanation for the proper use of earnings projections, and other special matters

(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. Qualitative Information on Quarterly Settlement of Accounts; (3) Explanation of Consolidated Earnings Projections and Other Forecasts” on page 3 of the attachment.

(How to acquire supplementary materials)

Supplementary materials were published on TDnet as of February 5, 2016, and they were published on the Company’s website on the same date.

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1. Qualitative Information on Quarterly Settlement of Accounts

From the first quarter of this fiscal year, the Company has applied Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013). Accordingly, “net income” is stated as “profit attributable to owners of parent.”

(1) Explanation of Operating Results

Regarding the world economy during the cumulative third quarter under review, the economic outlook remains uncertain given an economic slowdown in China and newly emerging economies, and geopolitical risks in the Middle East, while economically advanced countries maintained a moderate pace of recovery, with the U.S. economy being supported by robust personal consumption.

As for Japan, the pace of recovery was sluggish overall. While there was an increase in corporate earnings supported by the weakened yen and a moderate recovery in capital investment, personal consumption did not recover adequately and automobile sales were down from the previous year.

Against this business environment, the Company’s consolidated earnings were as follows: Net sales were ¥1,462.5 billion, down ¥106.6 billion (6.8%) from the same period of the previous fiscal year. Operating income was ¥19.9 billion, down ¥500 million (2.8%) from the same period of the previous fiscal year. Ordinary income was ¥21.6 billion, up ¥400 million (2.1%) from the same period of the previous fiscal year, which reflects a rise in share of profit of entities accounted for using equity method despite an increase in foreign exchange losses. Quarterly profit attributable to owners of parent was ¥12.9 billion, down ¥100 million (1.4%) from the same period of the previous fiscal year due to the recording of extraordinary losses on liquidation of subsidiaries and associates, etc.

Earnings for reportable segments are as below.

(Steel)

In the Steel business, domestic demand for steel, which was expected to pick up, declined year on year among manufacturing companies and construction companies. Overseas demand for steel also declined, particularly in China and ASEAN countries. As a result, nationwide crude steel production during the cumulative third quarter was down 5.6% compared with the corresponding period of the previous year. The Company’s domestic sales reflected this trend with a decrease in sales volume and a decline in sales price. As for exports, while market conditions continued to weaken, export sales increased due to factors such as strong sales to distant regions. As a result, net sales in this segment reached ¥1,148.1 billion, down ¥102.9 billion (8.2%), and ordinary income was ¥13.8 billion, down ¥1.1 billion (7.6%) due to factors such as foreign exchange losses of Chinese subsidiaries caused by the weak yuan.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, net sales reached ¥70.0 billion, up ¥1.1 billion (1.7%). This was due to factors such as an increase in sales of machine tools to North America. Furthermore, ordinary income reached ¥3.1 billion, up ¥1.1 billion (56.5%), reflecting the increased profits in a Thailand-based entity accounted for using equity method, as well as the recording of transitory profits related to the entity's merger.

(Textiles)

In the Textiles business, sales to key customers fell due to a declining trend in families’ expenditure on clothing, and the persistent unseasonable weather. As a result, net sales were ¥128.8 billion, down ¥900 million (0.7%), while ordinary income reached ¥2.3 billion, up ¥700 million (44.2%), owing to an improvement in share of profit of entities accounted for using equity method.

(Foodstuffs)

In the Foodstuffs business, meat prices continued to be bearish in reaction to the high prices of the previous financial year, such that profit margins declined. As a result, net sales were ¥114.5 billion, down ¥3.9 billion (3.4%), and ordinary income was ¥2.2 billion, down ¥200 million (11.4%).

(2) Explanation of Financial Position

Total assets at the end of the third quarter under review were ¥690.0 billion, down ¥2.8 billion from the end of the previous period, due to a decrease in cash and deposits, which offset an increase in notes and accounts receivable - trade.

Total liabilities were ¥501.5 billion, down ¥7.6 billion from the end of the previous period due to a decrease in notes and accounts payable - trade, etc.

Total net assets reached ¥188.5 billion, up ¥4.8 billion from the end of the previous period. This was due to the recording of profit attributable to owners of parent for the cumulative third quarter under review, which offset the payment of dividends.

(3) Explanation of Consolidated Earnings Projections and Other Forecasts

Regarding the consolidated earnings projections for the fiscal year ending March 31, 2016, the Steel segment's results for the fourth quarter of the current fiscal year are expected to be affected by delayed recovery in domestic demand for steel, a stagnation of demand for steel overseas, and a slump in sales prices, while extraordinary losses on liquidation of subsidiaries and associates, etc. are down from the previous forecast. Accordingly, the projections announced on November 5, 2015 have been revised down. The revised forecasts are net sales of ¥1,950.0 billion, operating income of ¥27.5 billion, ordinary income of ¥29.0 billion, and profit attributable to owners of parent of ¥17.0 billion.

2. Notes on Summary Information

(1) Material Changes in Consolidated Subsidiaries during the Cumulative Consolidated Period

Not applicable.

(2) Use of Special Accounting Methods for Creating Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes of Accounting Policies, Changes of Accounting Estimates and Retrospective Restatements

(Application of Accounting Standards for Business Combinations, etc.)

From the first quarter of this fiscal year, the Company has applied the Accounting Standard for Business Combinations, (Accounting Standard Board of Japan [ASBJ] Statement No. 21, September 13, 2013, hereinafter "BCA Standard"), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter "CFSA Standard"), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter "BDA Standard"). Consequently, the accounting method was changed such that difference arising from changes in the equity in subsidiaries under ongoing control of the Company is now recorded as capital surplus, and acquisition-related costs are now recorded as expenses for the fiscal year in which they are incurred. In addition, with respect to any business combination entered into on or after the first day of the first quarter of this fiscal year, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the quarterly financial period in which the relevant business combinations became or will become effective. Furthermore, the presentation of profit, etc., was changed, and minority interests was changed to non-controlling interests. In order to reflect the changes in the presentation, certain reclassifications have been made to the quarterly consolidated financial statements and consolidated financial statements with respect to the cumulative third quarter of the previous fiscal year and the fiscal year in full.

The Company has applied the Accounting Standard for Business Combinations, etc. in accordance with transitional provisions in paragraph 58-2(4) of the BCA Standard, paragraph 44-5(4) of the CFSA Standard, and paragraph 57-4(4) of the BDA Standard, prospectively at the beginning of the first quarter of this fiscal year.

The above has minor impact on quarterly consolidated financial statements with respect to the cumulative third quarter under review.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2015)	Third Quarter Under Review (As of December 31, 2015)
Assets		
Current assets		
Cash and deposits	29,022	18,670
Notes and accounts receivable - trade	396,162	402,626
Inventories	106,275	103,587
Other	20,948	26,136
Allowance for doubtful accounts	(1,654)	(1,338)
Total current assets	550,754	549,681
Non-current assets		
Property, plant and equipment	63,009	61,321
Intangible assets		
Goodwill	189	148
Other	1,009	938
Total intangible assets	1,198	1,086
Investments and other assets		
Other	82,466	82,438
Allowance for doubtful accounts	(4,529)	(4,489)
Total investments and other assets	77,936	77,948
Total non-current assets	142,144	140,356
Total assets	692,899	690,038
Liabilities		
Current liabilities		
Notes and accounts payable - trade	249,831	247,153
Short-term loans payable	172,345	139,867
Income taxes payable	5,756	1,967
Provision	3,270	2,763
Other	30,813	28,859
Total current liabilities	462,018	420,611
Non-current liabilities		
Long-term loans payable	33,936	67,135
Provision	442	448
Net defined benefit liability	1,720	1,811
Other	11,087	11,526
Total non-current liabilities	47,187	80,922
Total liabilities	509,206	501,533
Net assets		
Shareholders' equity		
Capital stock	12,335	12,335
Capital surplus	50,645	50,657
Retained earnings	88,668	97,282
Treasury shares	(108)	(115)
Total shareholders' equity	151,540	160,159
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,845	6,758
Deferred gains or losses on hedges	(554)	(1,029)
Foreign currency translation adjustment	9,157	5,536
Remeasurements of defined benefit plans	786	826
Total accumulated other comprehensive income	15,233	12,092
Non-controlling interests	16,918	16,253
Total net assets	183,693	188,504
Total liabilities and net assets	692,899	690,038

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

(Quarterly Consolidated Statements of Income)

(Cumulative Third Quarter)

(Millions of yen)

	Cumulative Third Quarter of Previous Fiscal Year (April 1, 2014 to December 31, 2014)	Cumulative Third Quarter Under Review (April 1, 2015 to December 31, 2015)
Net sales	1,569,208	1,462,576
Cost of sales	1,476,329	1,364,174
Gross profit	92,879	98,401
Selling, general and administrative expenses	72,306	78,412
Operating income	20,572	19,989
Non-operating income		
Interest income	312	354
Dividend income	588	692
Share of profit of entities accounted for using equity method	284	2,173
Purchase discounts	587	513
Other	1,531	1,131
Total non-operating income	3,303	4,866
Non-operating expenses		
Interest expenses	1,965	1,928
Other	738	1,313
Total non-operating expenses	2,703	3,242
Ordinary income	21,171	21,612
Extraordinary income		
Gain on sales of non-current assets	23	–
Gain on sales of investment securities	4	176
Gain on sales of investments in capital	–	2
Gain on bargain purchase	125	–
Gain on change in equity	15	–
Total extraordinary income	168	178
Extraordinary losses		
Loss on sales of investment securities	2	–
Loss on valuation of investment securities	7	199
Loss on change in equity	8	111
Loss on valuation of investments in capital	30	–
Loss on liquidation of subsidiaries and associates	138	2,065
Total extraordinary losses	187	2,376
Income before income taxes and minority interests	21,152	19,414
Income taxes	7,499	5,975
Profit	13,652	13,438
Profit attributable to non-controlling interests	536	507
Profit attributable to owners of parent	13,116	12,931

(Quarterly Consolidated Statements of Comprehensive Income)
(Cumulative Third Quarter)

(Millions of yen)

	Cumulative Third Quarter of Previous Fiscal Year (April 1, 2014 to December 31, 2014)	Cumulative Third Quarter Under Review (April 1, 2015 to December 31, 2015)
Profit	13,652	13,438
Other comprehensive income		
Valuation difference on available-for-sale securities	1,962	960
Deferred gains or losses on hedges	401	(476)
Foreign currency translation adjustment	1,563	(1,923)
Remeasurements of defined benefit plans, net of tax	34	40
Share of other comprehensive income of entities accounted for using equity method	947	(1,986)
Total other comprehensive income	4,909	(3,386)
Comprehensive income	18,561	10,052
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,564	9,738
Comprehensive income attributable to non-controlling interests	997	314

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes to Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

I Cumulative Third Quarter of Previous Fiscal Year (April 1, 2014 to December 31, 2014)

1 Information on sales and income/loss in each reporting segment

(Millions of yen)

	Reportable segments					Other (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,251,085	68,891	129,731	118,584	1,568,293	914	1,569,208	–	1,569,208
Intersegment sales or transfers	582	1,679	2	–	2,263	263	2,527	(2,527)	–
Total	1,251,668	70,570	129,733	118,584	1,570,557	1,178	1,571,735	(2,527)	1,569,208
Segment income (Ordinary income)	14,962	2,006	1,601	2,521	21,093	77	21,170	1	21,171

(Notes) 1. "Other" represents items not included under "reportable segments," and it includes real estate business.

2. The adjustment of ¥1 million in "segment income" represents the elimination of inter-segment trade.

3. The total income of the "reportable segments" and "other" aligns with the ordinary income in the quarterly consolidated statement of income excepting the downward adjustment of ¥1 million.

2 Information on impairment loss on noncurrent assets, goodwill, etc., for each reporting segment

Not applicable.

II Cumulative Third Quarter Under Review (April 1, 2015 to December 31, 2015)

1 Information on sales and income/loss in each reporting segment

(Millions of yen)

	Reportable segments					Other (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,148,130	70,049	128,809	114,595	1,461,584	991	1,462,576	–	1,462,576
Intersegment sales or transfers	708	1,298	3	–	2,010	160	2,170	(2,170)	–
Total	1,148,839	71,347	128,812	114,595	1,463,595	1,152	1,464,747	(2,170)	1,462,576
Segment income (Ordinary income)	13,832	3,141	2,309	2,232	21,516	96	21,613	(0)	21,612

(Notes) 1. "Other" represents items not included under "reportable segments," and it includes real estate business.

2. The downward adjustment of ¥0 million in "segment income" represents the elimination of inter-segment trade.

3. The total income of the "reportable segments" and "other" aligns with the ordinary income in the quarterly consolidated statement of income excepting the adjustment of ¥0 million.

2 Information on impairment loss on non-current assets, goodwill, etc., for each reporting segment

Not applicable.