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## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017 (Japanese GAAP)

July 29, 2016  
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL & SUMIKIN BUSSAN CORPORATION**  
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Quarterly securities report to be submitted: August 10, 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 First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)

#### (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	%
1Q FYE March 31, 2017	418,525	(13.9)	7,025	(2.9)	7,223	(18.7)	2,520	(57.7)
1Q FYE March 31, 2016	486,081	(2.1)	7,236	7.5	8,889	28.3	5,964	27.5

Note: Comprehensive income  
1Q FYE March 31, 2017: -¥881 million (-%)  
1Q FYE March 31, 2016: ¥7,328 million (80.6%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
1Q FYE March 31, 2017	8.15		–	
1Q FYE March 31, 2016	19.29		–	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2016	630,012		186,694		27.1	
As of March 31, 2016	660,664		190,264		26.3	

Reference: Equity capital  
As of June 30, 2016: ¥170,806 million  
As of March 31, 2016: ¥173,512 million

## 2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2016	-	7.50	-	7.50	15.00
FYE March 31, 2017	-	-	-	-	-
FYE March 31, 2017 (Est.)	-	7.50	-	75.00	-

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

Effective October 1, 2016, the Company will consolidate its common shares at the ratio of 10 shares to 1 share. Accordingly, the dividend per share entered for the fiscal year end of FYE March 31, 2017 (Est.) reflects the impact of the said share consolidation, and the field for total annual dividends per share displays a hyphen (-). When the share consolidation is discounted, the dividend per share for the fiscal year end of FYE March 31, 2017 (Est.) is ¥7.50 and annual dividends per share are ¥15.00.

## 3. Projected Consolidated Results for Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(%: 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
2Q (cumulative)	920,000	(7.2)	12,500	(7.8)	12,500	(18.9)	7,500	(23.9)	24.26
Full fiscal year	1,970,000	2.0	29,000	4.0	30,000	3.4	17,500	1.0	566.08

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

Effective October 1, 2016, the Company will consolidate its common shares at the ratio of 10 shares to 1 share. Accordingly, in the projected consolidated results for FYE March 31, 2017, the amount of earnings per share for the full fiscal year reflects the impact of the said share consolidation. When the share consolidation is discounted, the amount of earnings per share for the full fiscal year of FYE March 31, 2017 is ¥56.61.

### \* 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 4 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 June 30, 2016	309,578,001 shares
As of March 31, 2016	309,578,001 shares
  - ii. Number of treasury shares at the end of the period
 

As of June 30, 2016	433,014 shares
As of March 31, 2016	431,256 shares
  - iii. Average number of shares during the period (cumulative quarter)
 

1Q FYE March 31, 2017	309,145,930 shares
1Q FYE March 31, 2016	309,167,840 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 July 29, 2016, and they were published on the Company’s website on the same date.

(Dividends and earnings projections after share consolidation)

Having received the approval of the 39th annual general meeting of shareholders, which convened on June 28, 2016, the Company will implement a consolidation of its common shares at the ratio of 10 shares to 1 share effective October 1, 2016. Accordingly, with regard to projected results for FYE March 31, 2017, the dividend per share for the fiscal year end and the amount of earnings per share for the full fiscal year reflect the share consolidation.

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## 1. Qualitative Information on Quarterly Settlement of Accounts

### (1) Explanation of Operating Results

Regarding the world economy during the cumulative first quarter under review, economically advanced countries maintained a recovery trend, with the U.S. economy being supported by robust personal consumption, and major European countries maintaining robust growth underlined by personal consumption. However, a sense of uncertainty about the future is increasing amid the economic slowdown in China and concern about the impact of Brexit (Britain's decision to leave the EU).

The Japanese economy remained at a standstill. Employment conditions improved, but overall conditions were weak with lackluster private consumption, slowing corporate capital expenditure, and concerns about deteriorating corporate earnings of exporters amid the sharp appreciation of the yen.

Against this business environment, the Company's consolidated earnings were as follows: Net sales were ¥418.5 billion, down ¥67.5 billion (13.9%). Operating income was ¥7.0 billion, down ¥200 million (2.9%) and ordinary income was ¥7.2 billion, down ¥1.6 billion (18.7%). Quarterly profit attributable to owners of parent was ¥2.5 billion, down ¥3.4 billion (57.7%) due to the recording of loss on valuation of investment securities (extraordinary loss).

Earnings for reportable segments are as below.

(Steel)

In the Steel business, nationwide crude steel production during the first quarter increased year on year for the first time since the second quarter of FY2014, but domestic shipments of ordinary steel stocks were down year on year for the nineteenth consecutive month. The Company's sales volume was generally on par with the same period of the previous year, but domestic and export sales prices declined significantly. As a result, net sales in the Steel segment reached ¥323.0 billion, down ¥62.3 billion (16.2%), and ordinary income was ¥3.8 billion, down ¥1.6 billion (30.0%) due to the recording of gain on reversal of allowance for doubtful accounts during the same period of the previous fiscal year.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, net sales reached ¥21.4 billion, down ¥2.0 billion (8.8%) due to a decline in the non-ferrous metals market. Furthermore, ordinary income was ¥700 million, down ¥1.1 billion (59.9%), reflecting the decreased profits in a Thailand-based entity accounted for using equity method, as well as a decrease in transitory profits related to the entity's merger.

(Textiles)

In the Textiles business, net sales were ¥37.3 billion, down ¥1.6 billion (4.3%), while ordinary income reached ¥1.6 billion, up ¥800 million (115.7%). This result was achieved because, despite the continuing harsh sales environment, there was a recovery in sales to certain customers, and a decline in costs reflecting the impact of the high yen.

(Foodstuffs)

In the Foodstuffs business, although imported meat prices continued to be bearish on the whole, profit margins improved. As a result, net sales were ¥36.3 billion, down ¥1.4 billion (4.0%), and ordinary income reached ¥900 million, up ¥200 million (38.2%).

### (2) Explanation of Financial Position

Total assets at the end of the first quarter under review were ¥630.0 billion (down ¥30.6 billion from the end of the previous period) due to a decrease in notes and accounts receivable – trade and inventories, etc.

Total liabilities were ¥443.3 billion (down ¥27.0 billion from the end of the previous period) due to a decrease in notes and accounts payable - trade.

Total net assets were ¥186.6 billion (down ¥3.5 billion from the end of the previous period) due to a decrease in foreign currency translation adjustment and the payment of dividends, which offset the recording of profit attributable to owners of parent for the cumulative first quarter under review.

**(3) Explanation of Consolidated Earnings Projections and Other Forecasts**

The consolidated earnings projections for the second quarter of fiscal year ending March 31, 2017, as well as that for the full fiscal year, will remain the same as that announced on May 10, 2016.

## **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 Practical Solution on a change in depreciation method due to Tax Reform 2016)

The Company has applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Accounting Standards Board of Japan [ASBJ], Practical Issues Task Force No. 32, issued on June 17, 2016) from the first quarter under review. Accordingly, the depreciation method has been changed from the declining-balance method to the straight-line method for the facilities of buildings and structures acquired on or after April 1, 2016.

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

### **(4) Additional Information**

(Share consolidation)

The Company resolved, at the meeting of the board of directors held on May 10, 2016, to make a partial amendment of the Articles of Incorporation to change the number of shares in share unit (from 1,000 shares to 100 shares). The Company also submitted proposals for the share consolidation (shares to be consolidated at the ratio of 10 shares to 1 share; total number of authorized shares to be changed from 500,000,000 shares to 50,000,000 shares) to the annual general meeting of shareholders held on June 28 of the same year, and these proposals were subsequently approved. The partial amendment of the Articles of Incorporation and the share consolidation are to take effect on October 1, 2016.

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the Accounting Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) from the first quarter under review.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2016)	First Quarter Under Review (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	19,767	20,723
Notes and accounts receivable - trade	393,147	371,460
Inventories	96,614	89,312
Other	17,730	20,040
Allowance for doubtful accounts	(1,380)	(1,288)
Total current assets	525,878	500,247
Non-current assets		
Property, plant and equipment	60,625	59,340
Intangible assets		
Goodwill	136	125
Other	922	846
Total intangible assets	1,058	971
Investments and other assets		
Other	77,245	73,399
Allowance for doubtful accounts	(4,143)	(3,947)
Total investments and other assets	73,102	69,451
Total non-current assets	134,786	129,764
Total assets	660,664	630,012
Liabilities		
Current liabilities		
Notes and accounts payable - trade	217,260	198,235
Short-term loans payable	134,771	135,130
Income taxes payable	4,650	1,286
Provision	3,658	2,341
Other	27,367	24,609
Total current liabilities	387,707	361,602
Non-current liabilities		
Long-term loans payable	70,840	70,541
Provision	493	471
Net defined benefit liability	1,879	1,880
Other	9,478	8,821
Total non-current liabilities	82,692	81,714
Total liabilities	470,400	443,317
Net assets		
Shareholders' equity		
Capital stock	12,335	12,335
Capital surplus	50,649	50,649
Retained earnings	101,678	101,910
Treasury shares	(117)	(118)
Total shareholders' equity	164,546	164,777
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,817	5,337
Deferred gains or losses on hedges	(1,272)	(1,614)
Foreign currency translation adjustment	5,659	2,500
Remeasurements of defined benefit plans	(237)	(193)
Total accumulated other comprehensive income	8,966	6,029
Non-controlling interests	16,751	15,887
Total net assets	190,264	186,694
Total liabilities and net assets	660,664	630,012

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

**(Quarterly Consolidated Statements of Income)**  
**(Cumulative First Quarter)**

(Millions of yen)

	Cumulative First Quarter of Previous Fiscal Year (April 1, 2015 to June 30, 2015)	Cumulative First Quarter Under Review (April 1, 2016 to June 30, 2016)
Net sales	486,081	418,525
Cost of sales	453,204	387,909
Gross profit	32,877	30,616
Selling, general and administrative expenses	25,640	23,591
Operating income	7,236	7,025
Non-operating income		
Interest income	126	91
Dividend income	453	374
Share of profit of entities accounted for using equity method	1,355	474
Purchase discounts	180	117
Other	400	322
Total non-operating income	2,516	1,381
Non-operating expenses		
Interest expenses	644	660
Foreign exchange losses	-	371
Other	219	150
Total non-operating expenses	863	1,182
Ordinary income	8,889	7,223
Extraordinary income		
Gain on sales of investment securities	141	20
Total extraordinary income	141	20
Extraordinary losses		
Loss on sales of investment securities	-	2
Loss on valuation of investment securities	-	3,235
Loss on valuation of investments in capital	-	38
Loss on change in equity	110	4
Total extraordinary losses	110	3,280
Profit before income taxes	8,920	3,963
Income taxes	2,710	1,162
Profit	6,209	2,800
Profit attributable to non-controlling interests	245	279
Profit attributable to owners of parent	5,964	2,520

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(Cumulative First Quarter)**

(Millions of yen)

	Cumulative First Quarter of Previous Fiscal Year (April 1, 2015 to June 30, 2015)	Cumulative First Quarter Under Review (April 1, 2016 to June 30, 2016)
Profit	6,209	2,800
Other comprehensive income		
Valuation difference on available-for-sale securities	1,456	518
Deferred gains or losses on hedges	(133)	(341)
Foreign currency translation adjustment	(191)	(2,598)
Remeasurements of defined benefit plans, net of tax	13	44
Share of other comprehensive income of entities accounted for using equity method	(26)	(1,306)
Total other comprehensive income	1,119	(3,682)
Comprehensive income	7,328	(881)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,089	(427)
Comprehensive income attributable to non-controlling interests	239	(454)

### (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.)

[Segment Information]

#### I Cumulative First Quarter of Previous Fiscal Year (April 1, 2015 to June 30, 2015)

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

(Millions of yen)

	Reportable segments					Others (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	385,357	23,523	39,037	37,828	485,747	333	486,081		486,081
Intersegment sales or transfers	209	430	1	–	641	28	669	(669)	–
Total	385,566	23,954	39,039	37,828	486,389	361	486,750	(669)	486,081
Segment income (Ordinary income)	5,455	1,952	754	717	8,879	12	8,892	(3)	8,889

- (Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.  
2. The downward adjustment of ¥3 million in "segment income" represents the elimination of inter-segment trade.  
3. The total income of the "reportable segments" and "others" aligns with the ordinary income in the quarterly consolidated statement of income excepting the downward adjustment of ¥3 million.

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

Not applicable.

#### II Cumulative First Quarter Under Review (April 1, 2016 to June 30, 2016)

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

(Millions of yen)

	Reportable segments					Others (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	323,038	21,458	37,356	36,330	418,183	341	418,525	–	418,525
Intersegment sales or transfers	206	337	0	–	545	39	584	(584)	–
Total	323,244	21,795	37,357	36,330	418,728	381	419,110	(584)	418,525
Segment income (Ordinary income)	3,819	783	1,626	990	7,220	2	7,222	1	7,223

- (Notes) 1. "Others" 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 "others" aligns with the ordinary income in the quarterly consolidated statement of income excepting the adjustment of ¥1 million.

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

Not applicable.