

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation, nor for direct, indirect, or any other form of damages that may arise from use of this translation.

Summary of Consolidated Financial Results for Fiscal Year Ended March 31, 2017 (Japanese GAAP)



May 11, 2017
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL & SUMIKIN BUSSAN CORPORATION**
Code No.: 9810
URL: <http://www.nssb.nssmc.com/en/index.html>
Representative name: Kenji Hiwatari, President and Representative Director
Tel. +81-(0)3-5412-5003

Scheduled ordinary general meeting of shareholders: June 27, 2017
Start of cash dividend payments: June 28, 2017
Securities report to be submitted: June 27, 2017
Supplementary materials: Yes (Japanese only)
IR conference: Yes (for institutional investors and analysts; Japanese only)

(Figures rounded down to nearest million yen)

1. Consolidated Earnings through the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 31, 2017	1,841,353	(4.6)	30,832	10.6	30,915	6.5	18,238	5.2
FYE March 31, 2016	1,930,845	(8.3)	27,885	(2.7)	29,025	(5.1)	17,329	(0.6)

Note: Comprehensive income
FYE March 31, 2017 ¥21,562 million (81.7%)
FYE March 31, 2016 ¥11,866 million (-60.3%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
FYE March 31, 2017	589.96	—	10.0	4.6	1.7
FYE March 31, 2016	560.55	—	10.2	4.3	1.4

Reference: Shares of profit/loss of entities accounted for using equity method
FYE March 31, 2017 ¥1,220 million
FYE March 31, 2016 ¥2,305 million

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the earnings per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	673,078	206,187	28.2	6,143.38
As of March 31, 2016	660,664	190,264	26.3	5,612.63

Reference: Equity capital

As of March 31, 2017 ¥189,906 million

As of March 31, 2016 ¥173,512 million

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the net assets per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2017	22,282	(4,043)	(14,788)	21,889
As of March 31, 2016	146	(3,054)	(4,855)	18,904

2. Dividends

	Annual dividends per share					Dividends paid (total)	Payout ratio (consolidated)	Dividends on equity ratio (consolidated)
	1Q	2Q	3Q	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FYE March 31, 2016	-	7.50	-	7.50	15.00	4,637	26.8	2.7
FYE March 31, 2017	-	7.50	-	105.00	-	5,564	30.5	3.1
FYE March 31, 2018 (Est.)	-	90.00	-	90.00	180.00		28.5	

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the field for total annual dividends per share for the fiscal year ended March 31, 2017 displays a hyphen (-). When the share consolidation is counted, the dividends per share for the second quarter-end of the fiscal year ended March 31, 2017 are ¥75.00 and total annual dividends are ¥180.00.

**3. Projected Consolidated Results for Fiscal Year Ending March 31, 2018
(April 1, 2017 to March 31, 2018)**

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

	Net sales		Operating profit		Ordinary profit		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	2,000,000	8.6	32,500	5.4	33,000	6.7	19,500	6.9	630.81

* Notes

(1) Material changes in consolidated subsidiaries during 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: None

iv. Restatements: None

Note: For more detailed information, see “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes on Consolidated Financial Statements (Changes of Accounting Policies)” on page 13 of the attachment.

(3) Number of shares outstanding (common shares)

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

As of March 31, 2017 30,957,800 shares

As of March 31, 2016 30,957,800 shares

ii. Number of treasury shares at the end of the period

As of March 31, 2017 45,368 shares

As of March 31, 2016 43,123 shares

iii. Average number of shares during the period

FYE March 31, 2017 30,913,786 shares

FYE March 31, 2016 30,915,931 shares

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the number of shares outstanding at the end of the period, number of treasury shares at the end of the period and average number of shares during the period have been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

(Reference) Overview of Non-consolidated Financial Results

**Non-consolidated Results for Fiscal Year Ended March 31, 2017
(April 1, 2016 to March 31, 2017)**

(1) Non-consolidated Operating Results (%: change from the same period of the previous year)

	Net sales		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 31, 2017	1,586,045	(4.6)	21,620	(1.5)	14,324	1.6
FYE March 31, 2016	1,662,325	(9.2)	21,955	(3.2)	14,103	(5.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
FYE March 31, 2017	463.32		-	
FYE March 31, 2016	456.14		-	

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the earnings per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	521,030	140,829	27.0	4,555.31
As of March 31, 2016	507,473	127,079	25.0	4,110.26

Reference: Equity capital

As of March 31, 2017 ¥140,829 million

As of March 31, 2016 ¥127,079 million

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the net assets per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

*This summary report is not subject to the auditing procedures.

*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. Overview of Operating Results and Others, (1) Overview of Operating Results for the Fiscal Year” on page 2 of the attachment.

(How to acquire supplementary materials)

Supplementary materials were published on TDnet as of May 11, 2017, and they were published on the Group’s website on the same date.

(How to acquire materials for briefing session)

The Company has scheduled a briefing session for institutional investors and analysts on May 23, 2017. Soon after the session is over, the presentation materials distributed during the event will be posted on the Company’s website (Japanese only).

Index of attached documents

1. Overview of Operating Results and Others.....	2
(1) Outline of Operating Results for the Period.....	2
(2) Overview of Financial Position for the Fiscal Year	3
(3) Basic Policy on Distribution of Profits, and Dividends in Period under Review and Subsequent Period.....	4
2. Basic Philosophy for Selecting Accounting Standards	4
3. Consolidated Financial Statements and Significant Notes Thereto.....	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
(3) Consolidated Statements of Changes in Equity	9
(4) Consolidated Statements of Cash Flows	11
(5) Notes on Consolidated Financial Statements.....	13
(Notes on Going Concern Assumption).....	13
(Changes of Accounting Policies).....	13
(Additional Information).....	13
(Segment Information, etc.).....	14
(Per Share Information)	19
(Subsequent Events)	19

1. Overview of Operating Results and Others

(1) Outline of Operating Results for the Period

A. Overview of Operating Results for the Fiscal Year

The world economy during the fiscal year under review generally continued on a path of modest growth. The U.S. economy performed well, particularly in terms of personal consumption, and European countries maintained the recovery trend. Despite the continuing slowdown, China's economy held firm thanks to the government's stimulus measures, while the slump in commodity prices among newly emerging economies showed signs of bottoming out.

As for the Japanese economy, during the first half, the strong yen trend appeared to cause a downturn in corporate earnings, but exports picked up in the second half, buoyed by global economic growth and a weak yen trend. Consequently, the economy sustained its moderate recovery trend on the whole.

The Company's consolidated earnings, as compared with the previous period, were as follows: Net sales were ¥1,841.3 billion, down ¥89.4 billion (4.6%). Operating profit was ¥30.8 billion, up ¥2.9 billion (10.6%) and ordinary profit was ¥30.9 billion, up ¥1.8 billion (6.5%). Profit attributable to owners of parent was ¥18.2 billion, up ¥900 million (5.2%).

Earnings for reportable segments are as below.

(Steel)

In the Steel business, domestic steel demand for manufacturing and construction sectors exceeded the level of the previous period, and overseas demand also increased thanks to the global recovery trend. On the other hand, there was an increasing shift toward protectionism around the world, including a trade dispute arising from an excess of Chinese exports. While the steel market in Japan and overseas was sluggish during the first half, it was bullish in the second half following a rise in prices of steel raw materials which reflected the recovery in the demand for steel in China and supply restrictions at some mines.

To respond precisely to users' needs, the Company proactively expanded business in the steel, raw materials, and equipment markets. Net sales in the Steel segment amounted to ¥1,448.4 billion, down ¥62.6 billion (4.1%), reflecting the impact of the slump in the steel materials market during the first half, but ordinary profit was ¥19.6 billion, up ¥1.2 billion (6.6%) due to factors such as an improvement in profits among overseas group companies.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, the Company promoted its automotive headrest parts business, which has a 10% world share, and promoted sales of aluminum products, for which demand continues to grow on a worldwide scale. However, with factors such as the slow pace of economic recovery in Thailand where the Company runs industrial park projects, and the impact of Russia's economic slump on the industrial machinery business, net sales amounted to ¥86.3 billion, down ¥6.8 billion (7.4%). Ordinary profit amounted to ¥2.2 billion, down ¥1.0 billion (30.5%), reflecting factors such as the absence of temporary profits in the previous fiscal year.

(Textiles)

In the Textiles business, the sales environment remained harsh with the continued apparel slump and irregular weather in early autumn. As a result, net sales were ¥160.8 billion, down ¥15.2 billion (8.6%). On the other hand, through efforts to accommodate customers' demand for shorter delivery times and improve sufficiency in production sites, coupled with better profits among Group companies, ordinary profit was ¥5.4 billion, up ¥1.1 billion (27.0%).

(Foodstuffs)

In the Foodstuffs business, imported meat prices continued to be bearish on the whole. As a result, net sales were ¥144.1 billion, down ¥4.8 billion (3.3%), while ordinary profit was ¥3.3 billion, up ¥500 million (18.7%) due to factors such as an improvement in profit margin of meat sales.

B. Future Outlook

The global economic situation is expected to recover slowly on the whole, but the outlook remains cloudy, with anxieties over the policies of the new U.S. administration, political uncertainties in Europe, and concern about the future direction of China and other newly emerging economies.

Japan is also expected to continue on the path of modest economic recovery, but the impact of the global economic factors mentioned above has created a strong sense of uncertainty, and it is difficult to expect significant improvement in personal consumption.

Regarding the outlook for the Steel business, a core business of the Company, it is expected that global economic recovery will drive up demand for steel materials and that some progress will be made in solving China's excess capacity problem. On the other hand, with increased production and supply restrictions pushing up steel raw material prices, the rising tide of protectionism, and a global trend toward industry reorganization, it appears that competition will further intensify, including among steel trading companies.

The Company's consolidated earnings forecast for the fiscal year ending March 31, 2018 is as follows: The Company forecasts net sales of ¥2.0 trillion, operating profit of ¥32.5 billion, ordinary profit of ¥33.0 billion, and profit attributable to owners of parent of ¥19.5 billion.

(2) Overview of Financial Position for the Fiscal Year

A. Assets, Liabilities, and Net Assets

Total assets at the end of the consolidated fiscal year under review were ¥673.0 billion, up ¥12.4 billion from the end of the previous period. This result reflects the impact of factors such as an increase in accounts receivable - trade, which occurred after a rise in unit prices for steel products at the end of the fiscal year. Total liabilities were ¥466.8 billion, down ¥3.5 billion from the end of the previous period, due to a decrease in loans payable. Total net assets were ¥206.1 billion, up ¥15.9 billion from the end of the previous period, due to the recording of ¥18.2 billion of profit attributable to owners of parent.

As of the end of the consolidated fiscal year under review, equity capital was ¥189.9 billion, the equity ratio was 28.2%, and net interest-bearing debt to equity ratio (net debt-to-equity ratio) was 0.9.

B. Cash Flows

Cash and cash equivalents at the end of the fiscal year under review increased ¥2.9 billion from the end of the previous period to ¥21.8 billion.

While there was an increase in notes and accounts receivable - trade, net cash provided by operating activities in the fiscal year under review was ¥22.2 billion due to an increase in notes and accounts payable - trade and profit. Net cash used in investing activities was ¥4.0 billion due in part to the acquisitions of property, plant and equipment. Net cash used in financing activities was ¥14.7 billion due to repayment of loans payable.

C. Cash Flow Indicators

	FYE March 31, 2014	FYE March 31, 2015	FYE March 31, 2016	FYE March 31, 2017
Equity ratio (%)	22.2	24.1	26.3	28.2
Equity ratio, market value basis (%)	15.9	18.5	17.5	21.5
Interest-bearing debt/cash flow ratio (year)	–	39.4	1,401.8	8.8
Interest coverage ratio (times)	–	2.0	0.1	8.3

(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 operating activities
 Interest coverage ratio (times): Cash flows from operating activities/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 shares).
- * Cash flows from operating activities are 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

The Company's most important management goal is to improve profit returns to our shareholders. The Company's basic dividend policy is to realize dividends that are in line with business results while balancing profit trends and financial condition. The targeted payout ratio is 25%-30%.

According to this policy, a year-end dividend of ¥105 per share (¥7.5 interim dividend) will be proposed at the Ordinary General Meeting of Shareholders.

Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. When the effect of the share consolidation is taken into account, the interim dividend of ¥7.5 comes to ¥75, and the annual dividend (including the proposed year-end dividend) comes to ¥180 per share, and the payout ratio comes to 30.5%.

The Company is planning an annual dividend of ¥180 per share (¥90 interim dividend) for the next term.

2. Basic Philosophy for Selecting Accounting Standards

The Company commits itself to preparing all consolidated financial statements in accordance with the Japanese Accounting Standards, while giving consideration to inter-period comparability and inter-company comparability.

The Company will appropriately respond to the application of IFRS (International Financial Reporting Standards) in consideration of the situation inside and outside Japan.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	19,767	22,690
Notes and accounts receivable - trade	393,147	403,720
Inventories	96,614	91,675
Deferred tax assets	5,210	3,565
Other	12,520	16,810
Allowance for doubtful accounts	(1,380)	(1,011)
Total current assets	525,878	537,450
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,412	18,358
Machinery, equipment and vehicles, net	12,884	12,168
Tools, furniture and fixtures, net	2,058	2,105
Land	22,966	22,718
Leased assets, net	1,581	1,528
Construction in progress	721	904
Total property, plant and equipment	60,625	57,783
Intangible assets		
Goodwill	136	91
Other	922	771
Total intangible assets	1,058	862
Investments and other assets		
Investment securities	58,358	63,250
Long-term loans receivable	331	245
Net defined benefit asset	1,783	1,281
Deferred tax assets	645	631
Other	16,126	14,815
Allowance for doubtful accounts	(4,143)	(3,241)
Total investments and other assets	73,102	76,982
Total non-current assets	134,786	135,628
Total assets	660,664	673,078

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	217,260	224,266
Short-term loans payable	134,771	127,883
Lease obligations	771	738
Income taxes payable	4,650	3,324
Deferred tax liabilities	70	79
Provision for bonuses	3,388	3,540
Provision for loss on liquidation of subsidiaries and associates	269	251
Other	26,524	25,509
Total current liabilities	387,707	385,594
Non-current liabilities		
Long-term loans payable	70,840	68,216
Lease obligations	785	655
Deferred tax liabilities	4,047	5,911
Provision for directors' retirement benefits	493	554
Net defined benefit liability	1,879	1,891
Other	4,645	4,067
Total non-current liabilities	82,692	81,296
Total liabilities	470,400	466,891
Net assets		
Shareholders' equity		
Capital stock	12,335	12,335
Capital surplus	50,649	50,721
Retained earnings	101,678	115,308
Treasury shares	(117)	(127)
Total shareholders' equity	164,546	178,237
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,817	8,266
Deferred gains or losses on hedges	(1,272)	(355)
Foreign currency translation adjustment	5,659	3,696
Remeasurements of defined benefit plans	(237)	61
Total accumulated other comprehensive income	8,966	11,668
Non-controlling interests	16,751	16,280
Total net assets	190,264	206,187
Total liabilities and net assets	660,664	673,078

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

(Consolidated Statements of Income)

(Millions of yen)

	Previous Fiscal Year (April 1, 2015 to March 31, 2016)	Current Fiscal Year (April 1, 2016 to March 31, 2017)
Net sales	1,930,845	1,841,353
Cost of sales	1,798,981	1,713,223
Gross profit	131,864	128,130
Selling, general and administrative expenses	103,978	97,297
Operating profit	27,885	30,832
Non-operating income		
Interest income	461	357
Dividend income	933	914
Share of profit of entities accounted for using equity method	2,305	1,220
Purchase discounts	666	479
Other	1,513	1,339
Total non-operating income	5,880	4,311
Non-operating expenses		
Interest expenses	2,584	2,702
Foreign exchange losses	989	745
Other	1,166	780
Total non-operating expenses	4,741	4,228
Ordinary profit	29,025	30,915
Extraordinary income		
Gain on sales of non-current assets	-	107
Gain on sales of investment securities	394	267
Gain on sales of investments in capital	2	-
Gain on change in equity	93	-
Gain on step acquisitions	-	101
Gain on bargain purchase	-	41
Total extraordinary income	490	518
Extraordinary losses		
Impairment loss	289	1,901
Loss on sales of investment securities	6	156
Loss on valuation of investment securities	174	91
Loss on sales of investments in capital	-	8
Loss on valuation of investments in capital	36	68
Loss on change in equity	111	79
Loss on liquidation of subsidiaries and associates	1,852	238
Total extraordinary losses	2,472	2,543
Profit before income taxes	27,043	28,890
Income taxes - current	9,739	8,191
Income taxes - deferred	(1,053)	1,413
Total income taxes	8,686	9,605
Profit	18,356	19,284
Profit attributable to non-controlling interests	1,027	1,046
Profit attributable to owners of parent	17,329	18,238

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous Fiscal Year (April 1, 2015 to March 31, 2016)	Current Fiscal Year (April 1, 2016 to March 31, 2017)
Profit	18,356	19,284
Other comprehensive income		
Valuation difference on available-for-sale securities	(982)	3,423
Deferred gains or losses on hedges	(721)	915
Foreign currency translation adjustment	(1,824)	(1,608)
Remeasurements of defined benefit plans, net of tax	(1,023)	299
Share of other comprehensive income of entities accounted for using equity method	(1,937)	(751)
Total other comprehensive income	(6,490)	2,277
Comprehensive income	11,866	21,562
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,009	20,930
Comprehensive income attributable to non-controlling interests	856	632

(3) Consolidated Statements of Changes in Equity

Previous Fiscal Year (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,335	50,645	88,668	(108)	151,540
Changes of items during period					
Dividends of surplus			(4,174)		(4,174)
Profit attributable to owners of parent			17,329		17,329
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		0		0	0
Change of scope of consolidation			(144)		(144)
Change of scope of equity method					-
Difference on change in equity		4	(1)		3
Net changes of items other than shareholders' equity					
Total changes of items during period	-	4	13,010	(9)	13,005
Balance at end of current period	12,335	50,649	101,678	(117)	164,546

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,845	(554)	9,157	786	15,233	16,918	183,693
Changes of items during period							
Dividends of surplus							(4,174)
Profit attributable to owners of parent							17,329
Purchase of treasury shares							(9)
Disposal of treasury shares							0
Change of scope of consolidation							(144)
Change of scope of equity method							-
Difference on change in equity							3
Net changes of items other than shareholders' equity	(1,027)	(717)	(3,497)	(1,023)	(6,267)	(167)	(6,434)
Total changes of items during period	(1,027)	(717)	(3,497)	(1,023)	(6,267)	(167)	6,570
Balance at end of current period	4,817	(1,272)	5,659	(237)	8,966	16,751	190,264

Current Fiscal Year (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,335	50,649	101,678	(117)	164,546
Changes of items during period					
Dividends of surplus			(4,637)		(4,637)
Profit attributable to owners of parent			18,238		18,238
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		0		0	0
Change of scope of consolidation			30		30
Change of scope of equity method			(0)		(0)
Difference on change in equity		70			70
Net changes of items other than shareholders' equity					
Total changes of items during period	-	71	13,629	(9)	13,691
Balance at end of current period	12,335	50,721	115,308	(127)	178,237

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,817	(1,272)	5,659	(237)	8,966	16,751	190,264
Changes of items during period							
Dividends of surplus							(4,637)
Profit attributable to owners of parent							18,238
Purchase of treasury shares							(10)
Disposal of treasury shares							0
Change of scope of consolidation							30
Change of scope of equity method							(0)
Difference on change in equity							70
Net changes of items other than shareholders' equity	3,449	916	(1,962)	299	2,702	(471)	2,231
Total changes of items during period	3,449	916	(1,962)	299	2,702	(471)	15,923
Balance at end of current period	8,266	(355)	3,696	61	11,668	16,280	206,187

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (April 1, 2015 to March 31, 2016)	Current Fiscal Year (April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	27,043	28,890
Depreciation	5,855	5,605
Impairment loss	289	1,901
Amortization of goodwill	52	45
Increase (decrease) in allowance for doubtful accounts	(632)	(1,236)
Increase (decrease) in provision for bonuses	149	153
Increase (decrease) in net defined benefit liability	163	16
Interest and dividend income	(1,395)	(1,272)
Interest expenses	2,584	2,702
Share of (profit) loss of entities accounted for using equity method	(2,305)	(1,220)
Gain on bargain purchase	-	(41)
Loss (gain) on sales of non-current assets	-	(107)
Loss (gain) on sales of investment securities	(388)	(110)
Loss (gain) on valuation of investment securities	174	91
Loss (gain) on sales of investments in capital	(2)	8
Loss on valuation of investments in capital	36	68
Decrease (increase) in notes and accounts receivable - trade	1,750	(12,130)
Decrease (increase) in inventories	8,810	3,997
Increase (decrease) in notes and accounts payable - trade	(31,847)	7,835
Other, net	1,092	(2,619)
Subtotal	11,433	32,575
Interest and dividend income received	2,260	1,986
Interest expenses paid	(2,571)	(2,683)
Income taxes paid	(10,974)	(9,596)
Net cash provided by (used in) operating activities	146	22,282
Cash flows from investing activities		
Decrease (increase) in time deposits	747	11
Purchase of property, plant and equipment	(4,025)	(4,258)
Proceeds from sales of property, plant and equipment	137	233
Purchase of intangible assets	(74)	(39)
Purchase of investment securities	(1,268)	(1,099)
Proceeds from sales of investment securities	861	1,083
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(336)
Decrease (increase) in short-term loans receivable	110	155
Payments of long-term loans receivable	(40)	(30)
Collection of long-term loans receivable	69	56
Other, net	429	181
Net cash provided by (used in) investing activities	(3,054)	(4,043)

(Millions of yen)

	Previous Fiscal Year (April 1, 2015 to March 31, 2016)	Current Fiscal Year (April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(30,193)	(2,334)
Proceeds from long-term loans payable	44,973	1,032
Repayments of long-term loans payable	(13,669)	(6,819)
Cash dividends paid	(4,173)	(4,636)
Dividends paid to non-controlling interests	(467)	(532)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(447)	(561)
Other, net	(877)	(936)
Net cash provided by (used in) financing activities	(4,855)	(14,788)
Effect of exchange rate change on cash and cash equivalents	(740)	(581)
Net increase (decrease) in cash and cash equivalents	(8,503)	2,869
Cash and cash equivalents at beginning of period	27,359	18,904
Increase in cash and cash equivalents from newly consolidated subsidiary	48	115
Cash and cash equivalents at end of period	18,904	21,889

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes of Accounting Policies)

(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 fiscal year 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 consolidated financial statements with respect to the fiscal year under review.

(Additional Information)

(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 fiscal year under review.

(Commencement of Discussion for the Partial Acquisition of the Steel Products Business of the Mitsui & Co. group and for the Additional Purchase of the Company’s Shares by Mitsui & Co., Ltd.)

In accordance with a resolution of its board of directors meeting held on March 22, 2017, the Company entered into a basic agreement to commence discussion with Mitsui & Co., Ltd. (“Mitsui & Co.”) (the “Discussion”) of the Company’s acquisition of part of the steel products business of the Mitsui & Co. group, aiming for April 2018 to complete it (the “Business Acquisition”), and the additional share purchase of the Company by Mitsui & Co. in order to strengthen the capital relationship between the companies (the “Share Purchase,” and together with the Business Acquisition, the “Transaction”).

I. Purpose of the Transaction

Upon commencement of the Discussion, the Company intends to take the opportunity of the Transaction to deepen its cooperative relationship with Mitsui & Co. and, as more specific goals, the Company intends to realize each of the following goals through the Transaction.

1. Further Improvement in Customer Satisfaction

The companies will use the knowledge of the steel business, their comprehensive power and the value chains that they have respectively fostered over the years, thereby aiming to provide better services to their customers.

2. Improvement and Enhancement of Competitiveness in the Steel Business

By combining the companies’ sales forces and customer bases, their capabilities in terms of the products and services and the business networks in which they have particular strength, and their manufacturing facilities, they shall aim to expand their steel businesses and increase their competitive power by utilizing their combined strength and the synergy they gain to its fullest.

3. Acceleration of Global Strategies

In overseas markets, where the demand for steel materials is increasing, in order to meet the demand from not only Japanese companies but also local companies, the Company and Mitsui & Co. will use their respective operational capabilities and business competitiveness of their groups to the maximum extent, thereby aiming to be the most suitable partners for one another, capable of planning and proposing total solutions that meet the global needs of customers all over the world.

II. Overview of the Transaction

1. The Business Acquisition

The Company aims to acquire part of the steel products business of the Mitsui & Co. group; the terms and conditions of the acquisition, including the scope of the specific business operations to be acquired, the acquisition method, and the consideration to be provided, will be discussed between the companies at a later date.

2. The Share Purchase

Through the Share Purchase, Mitsui & Co. aims to acquire the Company shares additionally, increase its ownership ratio of voting rights in the Company to 20%, and make the Company its equity-method investee. The companies are contemplating execution of the Share Purchase through allocation of shares to Mitsui & Co. in conjunction with acquisition of shares from current shareholders by Mitsui & Co. (through transactions outside of the stock market / through the stock market). However, the companies will consider and negotiate the precise details including the method, the timeframe, and the price to be offered at a later time. The companies are planning to further consider the matter of how many shares would be issued to Mitsui & Co. in a share allocation based upon various factors such as capital needs of the Company, the scale of share dilution which would occur, and the shareholder structure of the Company. The companies are considering an upper limit of 2,500,000 shares to be issued.

3. Schedule

The Company will promptly commence the Discussion with Mitsui & Co.; upon reaching an agreement, the companies will enter into a final agreement, aiming at September this year for the execution of the final agreement. After obtaining approval from competition authorities in and out of Japan and taking other necessary procedures, the companies will implement the Business Acquisition, aiming for April 2018 to complete it.

- (1) March 22, 2017: Execution of the basic agreement for the Discussion
- (2) September 2017 (planned): Execution of the final agreement for the Business Acquisition
- (3) April 2018 (planned): Effective date of the Business Acquisition

The allocation of shares for the Share Purchase is planned to be implemented around April 2018; the precise schedule, as well as the particular method of the Share Purchase, will be discussed between the companies.

III. Future Prospects

The companies will consider and discuss remaining undecided aspects of the Transaction, and will announce their determinations at a later time in separate announcements upon reaching an agreement thereon.

There will be no impact on the Company's business results for this fiscal year. Impact on the Company's business results for the following fiscal years has not yet been determined.

(Segment Information, etc.)

[Segment Information]

1. Overview of Reportable Segments

Reportable segments of the Company 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.

The Company is primarily engaged in the sale of steel, industrial supply and infrastructure, textiles, foodstuffs, 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, the Company consists of four business divisions based on the products it handles and has four reportable segments: Steel, Industrial Supply and Infrastructure, Textiles, and Foodstuffs.

The major products handled in the Steel segment are steel plates and sheets, steel pipes and tubes, bars and special steel, structural products, raw materials and fuels, and machinery. The major products handled in the Industrial Supply and Infrastructure segment are industrial machinery, non-ferrous metals, cast and forged products, railroad machinery. Also in this segment, industrial estates are developed and sold, and power generation facilities developed through equity method affiliates. The major products handled in the Textiles segment are textiles products and materials. The major products handled in the Foodstuffs segment are imported meats and sea food.

2. Methods of Calculating Amounts of Each Reporting Segment's Net Sales, Profit/Loss, Assets and Other Items

The methods of accounting the results reported by each segment are as stated in "Significant matters forming the basis for preparing Consolidated Financial Statements."

Profits of reportable segments are based on ordinary profit. Inter-segment trade is treated as inter-company trade, and as such is based on market prices, etc.

3. Information on Amounts of Each Reporting Segment's Net Sales, Profit/Loss, Assets and Other Items

Previous Fiscal Year (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Notes 2, 3)	Consolidated financial statement amount (Note 4)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,511,100	93,267	176,118	149,043	1,929,530	1,315	1,930,845	–	1,930,845
Intersegment sales or transfers	937	1,738	4	–	2,679	162	2,841	(2,841)	–
Total	1,512,037	95,006	176,122	149,043	1,932,209	1,477	1,933,687	(2,841)	1,930,845
Segment profit (Ordinary profit)	18,439	3,296	4,307	2,841	28,884	142	29,027	(1)	29,025
Segment assets	464,478	59,699	89,947	38,606	652,731	5,344	658,076	2,588	660,664
Others									
Depreciation	3,565	562	1,513	201	5,843	12	5,855	–	5,855
Amortization of goodwill	47	–	5	–	52	–	52	–	52
Interest income	377	12	25	43	458	3	461	–	461
Interest expenses	2,080	86	266	103	2,537	47	2,584	–	2,584
Equity in earnings (losses) of affiliates	549	1,755	0	–	2,305	–	2,305	–	2,305
Investment in equity method affiliates	9,661	17,474	238	–	27,375	–	27,375	–	27,375
Increase in property, plant and equipment and intangible assets	2,795	759	335	205	4,096	3	4,100	–	4,100

- (Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.
2. The downward adjustment of ¥1 million in "segment profit" represents the elimination of inter-segment trade.
3. The adjustment of ¥2,588 million in "segment assets" represents ¥3,157 million in the Group-wide assets not allocated to any reportable segment and an elimination of ¥569 million in inter-segment trade. The Group-wide assets consist primarily of the parent company's cash and deposits.
4. The total profit of the "reportable segments" and "others" aligns with the ordinary profit in the consolidated statement of income excepting the downward adjustment of ¥1 million.

Current Fiscal Year (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Notes 2, 3)	Consolidated financial statement amount (Note 4)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,448,405	86,396	160,895	144,189	1,839,887	1,465	1,841,353	-	1,841,353
Intersegment sales or transfers	854	1,172	3	0	2,031	184	2,216	(2,216)	-
Total	1,449,260	87,568	160,899	144,190	1,841,919	1,650	1,843,569	(2,216)	1,841,353
Segment profit (Ordinary profit)	19,657	2,290	5,471	3,373	30,793	114	30,907	7	30,915
Segment assets	487,277	56,547	80,539	38,881	663,245	5,077	668,323	4,755	673,078
Others									
Depreciation	3,598	679	1,156	156	5,591	13	5,605	-	5,605
Amortization of goodwill	45	-	-	-	45	-	45	-	45
Interest income	294	12	22	25	354	2	357	-	357
Interest expenses	2,231	152	225	47	2,656	46	2,702	-	2,702
Equity in earnings (losses) of affiliates	559	656	4	-	1,220	-	1,220	-	1,220
Investment in equity method affiliates	9,797	17,597	162	-	27,557	-	27,557	-	27,557
Increase in property, plant and equipment and intangible assets	2,512	1,028	665	91	4,298	0	4,298	-	4,298

- (Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.
2. The adjustment of ¥7 million in "segment profit" represents the elimination of inter-segment trade.
3. The adjustment of ¥4,755 million in "segment assets" represents ¥5,161 million in the Group-wide assets not allocated to any reportable segment and an elimination of ¥406 million in inter-segment trade. The Group-wide assets consist primarily of the parent company's cash and deposits.
4. The total profit of the "reportable segments" and "others" aligns with the ordinary profit in the consolidated statement of income excepting the adjustment of ¥7 million.

[Related information]

Previous Fiscal Year (April 1, 2015 to March 31, 2016)

1. Product- and service-specific information

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

2. Region-specific information

(1) Net sales

(Millions of yen)

Japan	Asia	Others	Total
1,427,752	417,522	85,571	1,930,845

(Note) Net sales are based on customers' locations, and are categorized according to country/region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
38,378	13,653	8,593	60,625

3. Major customer-specific information

There are no customers this item applies to.

Current Fiscal Year (April 1, 2016 to March 31, 2017)

1. Product- and service-specific information

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

2. Region-specific information

(1) Net sales

(Millions of yen)

Japan	Asia	Others	Total
1,360,827	398,934	81,591	1,841,353

(Note) Net sales are based on customers' locations, and are categorized according to country/region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
37,628	11,663	8,490	57,783

3. Major customer-specific information

There are no customers this item applies to.

[Information on Impairment Loss on Non-current Assets for Each Reporting Segment]

Previous Fiscal Year (April 1 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/ elimination	Consolidated financial statements amount
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Impairment loss	–	–	239	50	289	–	289	–	289

(Note) Losses on liquidation of subsidiaries and associates, which were recorded as an extraordinary losses item in addition to impairment loss above, include ¥641 million yen in impairment loss on non-current assets that occurred in the Textiles segment.

Current Fiscal Year (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/ elimination	Consolidated financial statements amount
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Impairment loss	1,392	60	358	89	1,901	–	1,901	–	1,901

[Information on Amortized and Unamortized Amounts of Goodwill for Each Reportable Segment]

Previous Fiscal Year (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/ elimination	Consolidated financial statements amount
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Amortization in current period	47	–	5	–	52	–	52	–	52
Balance at end of current period	136	–	–	–	136	–	136	–	136

Current Fiscal Year (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/ elimination	Consolidated financial statements amount
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Amortization in current period	45	–	–	–	45	–	45	–	45
Balance at end of current period	91	–	–	–	91	–	91	–	91

[Information on Gain on Bargain Purchase for Each Reportable Segment]

Previous Fiscal Year (April 1, 2015 to March 31, 2016)

No such events occurred.

Current Fiscal Year (April 1, 2016 to March 31, 2017)

No such events occurred.

(Per Share Information)

	Previous Fiscal Year (April 1, 2015 to March 31, 2016)	Current Fiscal Year (April 1, 2016 to March 31, 2017)
Net assets per share	¥5,612.63	¥6,143.38
Earnings per share	¥560.55	¥589.96

(Notes) 1. Earnings per share after adjustment for the effects of dilutive potential shares is not reported due to the absence of dilutive potential shares.

2. Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the net assets per share and earnings per share have been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

3. The basis for calculating earnings per share during the period is as follows.
The average number of shares during the period was calculated by deducting the treasury shares from the number of shares outstanding during the period.

	Previous Fiscal Year (April 1, 2015 to March 31, 2016)	Current Fiscal Year (April 1, 2016 to March 31, 2017)
Profit attributable to owners of parent (millions of yen)	17,329	18,238
Amount not belonging to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent on common stock (millions of yen)	17,329	18,238
Average common shares during the period (1,000 shares)	30,915	30,913

4. The basis for calculating net assets per share is as follows.

	End of Previous Fiscal Year (March 31, 2016)	End of Current Fiscal Year (March 31, 2017)
Total net assets (millions of yen)	190,264	206,187
Amount deducted from total net assets (millions of yen)	16,751	16,280
(of which, non-controlling interests)	(16,751)	(16,280)
Net assets on common stock at end of period (millions of yen)	173,512	189,906
Number of common shares at end of period used to calculate net assets per share (1,000 shares)	30,914	30,912

(Subsequent Events)

No such events occurred.