

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2011 (Japanese GAAP)



October 28, 2011
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

Quarterly report to be submitted: November 10, 2011
Start of cash dividend payments: December 1, 2011
Supplementary Materials: Attached
IR Conference: Scheduled (for institutional investors and analysts)

(Figures rounded down to nearest million yen)

1. Consolidated earnings through second quarter (April 1, 2011 - September 30, 2011) of FY2011 ending March 31, 2012

(1) Consolidated financial results (cumulative) (%: Year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Six months ended September 30, 2011	555,668	6.2	5,793	0.8	6,108	2.1	3,489	-0.4
September 30, 2010	523,253	22.5	5,748	72.0	5,980	139.4	3,502	211.5

Note: Comprehensive Income

2Q FY Ending March 2012 ¥3,068 million (18.6%)
2Q FY Ended March 2011 ¥2,588 million (-%)

	Net Income per Share	Net Income per Share (Diluted)
Six months ended	Yen	Yen
September 30, 2011	25.73	-
September 30, 2010	25.59	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
As of	Million Yen	Million Yen	%
September 30, 2011	326,817	54,145	14.2
March 31, 2011	332,390	55,967	14.5

(Reference) Equity Capital

As of September 30, 2011 ¥46,490 million
As of March 31, 2011 ¥48,159 million

2. Cash dividends for shareholders

	Annual Dividends				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
FY Ended March 2011	-	2.00	-	5.00	7.00
FY Ending March 2012	-	3.00	-	-	-
FY Ending March 2012 (Est.)	-	-	-	3.00	6.00

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

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

3. Consolidated earnings projections for FY 2011 ending March 31, 2012

(%: 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
FY Ending March 2012	1,180,000	9.3	12,000	(3.9)	12,000	(5.9)	7,500	0.9	55.33

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

4. Others

- (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 the preparation of quarterly consolidated financial statements: Yes
- (3) Changes of accounting policies, changes of accounting estimates and retrospective restatements
 - i. Changes in accounting policies resulting from changes in accounting standards, etc.: None
 - ii. Other accounting policy changes: None
 - iii. Changes in accounting estimates: None
 - iv. Restatements: None
- (4) Number of shares outstanding (common stock)
 - (1) Number of shares outstanding at the end of the period (including treasury stock)

As of September 30, 2011	134,801,000 shares
As of March 31, 2011	134,801,000 shares
 - (2) Number of shares of treasury stock at the end of the period

As of September 30, 2011	298,811 shares
As of March 31, 2011	294,717 shares
 - (3) Average number of shares during the period (cumulative quarter)

As of September 30, 2011	134,504,231 shares
As of September 30, 2010	134,565,390 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 Law, and quarterly 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 Company has revised the consolidated earnings projections announced September 16, 2011. For details, see the "Notice of Revised Earnings Projections," issued today (October 28, 2011).

The preceding projections are based on information available at the time of publication. Actual results may differ materially from projections due to various factors that may occur in the future. For assumptions on which these earnings projections were based, see "1. Qualitative Information on Quarterly Settlement of Accounts, (3) Qualitative Information on Consolidated Earnings Projections" on p. 3 of the attachment.

(How to acquire supplementary materials)

The Company has scheduled a briefing session for institutional investors and analysts on Thursday, November 10, 2011. Soon after the session is over, IR materials distributed during the event will be posted on the Company's website.

Dividends on Classified Stock

Below is a breakdown of dividends per share of classified stock, which has different rights than common stock.

Class B shares	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen		Yen	Yen Yen
FY Ended March 2011	-	73.50	-	71.50	145.00
FY Ending March 2012	-	72.0355			
FY Ending March 2012 (Est.)			-	72.0355	144.071

(Notes)

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

If an interim dividend was paid, the amount of the year-end dividend per share is found by subtracting the amount of the interim dividend per share.
- The amount of the interim dividend is capped at an amount determined by adding 1% to the 6-month TIBOR of September 30 (or the previous business day if September 30 is a bank holiday), and multiplying this rate by half the issue price per Class B share.
- The dividend per share projected for the fiscal year ending March 31, 2012 is calculated from the rate for September 30, 2011.
- The number of issued Class B shares at the end of the second quarter under review was 400,000 (there were 800,000 issued shares as of March 31, 2011 (the end of fiscal year 2010)).

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1. Qualitative Information on Quarterly Settlement of Accounts

(1) Qualitative Information on Consolidated Financial Results

The world economy during the cumulative consolidated second quarter under review (below, second quarter) experienced slow growth overall in the industrialized nations, with the deceleration of the US economy, fiscal and monetary instability in Europe and the lingering impact of earthquake in Japan. Newly emerging economies, on the other hand, maintained a relatively high rate of growth, although the tempo of expansion slowed somewhat owing to monetary tightening over inflation concerns and a decline in exports to industrialized nations.

After the Great East Japan Earthquake and nuclear power accidents of last March, the Japanese economy got back on course with such developments as the recovery of automobile production now that supply chains have been restored, but the nation has been badly hurt by the unprecedented high yen.

The steel industry, following the March earthquake and the subsequent severe downturn in sales particularly to the manufacturing industry, saw its business pick up in Japan with the recovery of orders for automobiles, though business was still somewhat slower than the same period a year ago. Export demand was down from a year ago as world economic growth slowed and the yen rose to such high levels. With demand down abroad and at home, crude steel production declined 4% year-on-year to 53,310,000 tons.

Facing these circumstances, the Steel Products segment saw profits decline from such factors as earthquake, while the Machinery, Materials and Energy Projects segment boosted its profitability especially with strong exports to Russia.

As a result, Group earnings for the second quarter under review featured net sales of ¥555,668 million, an increase of ¥32,400 million or 6.2% year-on-year. Operating income was ¥5,793 million (up ¥44 million or 0.8% year-on-year) and ordinary income was ¥6,108 million (up ¥127 million or 2.1% year-on-year). Quarterly net income was ¥3,489 million, about the same year-on-year.

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

(Steel Products)

While the domestic market for steel products was impacted by the earthquake, the sales volume remained about the same as the year before, and sales prices rose because of the rising cost of raw materials. The result was a year-on-year increase in non-consolidated sales, but consolidated subsidiaries such as Coil Center were deeply impacted by the earthquake and saw profitability fall.

On the overseas market for steel products, sales declined to China but rose particularly to other parts of Asia, while sales prices rose, resulting in a year-on-year increase in non-consolidated sales. Among our subsidiaries outside Japan, the earthquake resulted in lower profitability for some, but overall profitability was up thanks in part to a strong performance from our US sales subsidiary.

As a result, sales in the Steel Products segment reached ¥433,000 million (up ¥35,700 million or 9.0% year-on-year), though segment profits were ¥3,613 million (down ¥267 million or 6.9% year-on-year).

(Raw Materials)

The March earthquake led to slowdowns at demand industries in Japan and abroad, so that steel manufacturers in turn cut production. As a result, semi-finished products, stainless steel scrap, coke, etc., were handled at lower volumes, causing non-consolidated sales to decline year-on-year. Our subsidiary holding coal interests in Australia increased its profitability slightly.

As a result, sales in the Raw Materials segment were ¥89,800 million (down ¥11,600 million or 11.4% year-on-year), though segment profits were ¥1,036 million (up slightly year-on-year).

(Machinery, Materials and Energy Projects)

Non-consolidated sales for machinery and materials were about the same year-on-year owing to earthquake aftereffects and sluggish capital investment by domestic manufacturers like Nippon Steel Corporation. Our domestic subsidiary manufacturing and selling cranes posted lower profitability as a result of falling capital investment by customers and increased competition from other manufacturers.

Industrial machinery benefited from solid energy-related investment. There were increased exports to Russia of construction machinery, machine components, pipeline steel products and more, leading non-consolidated sales to rise sharply. Sales were also up at our Russian construction machinery subsidiary.

As a result, sales in the Machinery, Materials and Energy Projects segment reached ¥32,700 million (up ¥8,200 million or 33.5% year-on-year), while segment profits were ¥1,457 million (up ¥356 million or 32.4% year-on-year).

(2) Qualitative Information on Consolidated Financial Position

(Assets, liabilities and net assets)

Total assets at the end of the second quarter consolidated accounting period under review were ¥326,800 million (down ¥5,500 million year-on-year). While lease receivables rose, notes and accounts receivable-trade declined and inventories shrunk, among other factors.

Total liabilities were ¥272,600 million (down ¥3,700 million year-on-year) owing to a decrease in notes and accounts payable-trade, though this was offset partially by an increase in the current portion of payables under fluidity trade receivables.

Total net assets were ¥54,100 million (down ¥1,800 million year-on-year). Quarterly net income was recorded for the second quarter under review, but payment of dividends, buyback and cancellation of some Class B shares and a market price drop in shares we own, etc., led to the negative result.

(Cash flows)

Cash and cash equivalents at the end of the second quarter consolidated accounting period under review were ¥20,300 million, slightly up year-on-year.

Net cash provided by operating activities in the second quarter under review showed a net income of ¥6,500 million (compared to ¥1,700 million used a year ago). The Group paid income taxes, etc., but also received income as quarterly net income, and decreases in notes and accounts receivable-trade and inventories exceeded the decrease in notes and accounts payable-trade.

Net cash used in investing activities was ¥800 million (compared to ¥600 million used a year before). Net cash used in financing activities was ¥5,500 million (compared to ¥1,300 million provided a year before), owing to the payment of dividends, buyback of some Class B shares and repayment of loans payable.

(3) Qualitative Information on Consolidated Earnings Projections

We revised our earnings projections for the full fiscal year due to several factors. Among them, our subsidiary in Thailand will inevitably see its earnings worsen because of reduced steel product exports to that country due to serious flooding there. Additionally, European fiscal and monetary instability is impacting the real economy, and there are worries about a softening of the steel market around the world, even in newly emerging economies.

Earnings projections following revisions to the earlier projections announced September 16, 2011 are as below.

Consolidated earnings projections for FY 2011 ending March 31, 2012

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous Projection (A)	1,210,000	13,000	13,000	8,000	59.05
Revised Projection (B)	1,180,000	12,000	12,000	7,500	55.33
Change (B-A)	(30,000)	(1,000)	(1,000)	(500)	—
Change (%)	(2.5)	(7.7)	(7.7)	(6.3)	—

Non-consolidated earnings projections for FY 2011 ending March 31, 2012

	Net Sales	Ordinary Income	Net Income	Net Income per Share
	Million Yen	Million Yen	Million Yen	Yen
Previous Projection (A)	1,110,000	9,300	5,500	40.45
Revised Projection (B)	1,090,000	8,900	5,300	38.96
Change (B-A)	(20,000)	(400)	(200)	—
Change (%)	(1.8)	(4.3)	(3.6)	—

2. Summary Information (Other)

Use of Special Accounting Methods for Creating Quarterly Consolidated Financial Statements

Tax expenses were calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to net income before taxes for the consolidated fiscal year, including the second quarter consolidated accounting period under review, and multiplying the estimated effective tax rate by the quarterly net income before taxes.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million Yen)

	FY 2010 (March 31, 2011)	2Q FY2011 (September 30, 2011)
Assets		
Current assets		
Cash and deposits	21,593	21,727
Notes and accounts receivable-trade	225,331	220,212
Lease receivables and investment assets	5,877	8,844
Merchandise and finished goods	31,500	27,202
Other	9,786	11,056
Allowance for doubtful accounts	(698)	(655)
Total current assets	293,390	288,387
Noncurrent assets		
Property, plant and equipment	15,456	15,888
Intangible assets		
Goodwill	53	32
Other	1,997	1,778
Total intangible assets	2,050	1,811
Investments and other assets		
Other	21,975	21,198
Allowance for doubtful accounts	(482)	(468)
Total investments and other assets	21,492	20,730
Total noncurrent assets	38,999	38,429
Total assets	332,390	326,817

(Million Yen)

	FY 2010 (March 31, 2011)	2Q FY2011 (September 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	168,066	163,452
Electronically recorded obligations-operating	4,320	5,712
Short-term loans payable	62,906	62,079
Current portion of payables under fluidity trade receivables	5,282	3,999
Income taxes payable	3,690	2,312
Provision	1,016	958
Other	8,694	9,769
Total current liabilities	253,977	248,285
Noncurrent liabilities		
Long-term loans payable	15,000	15,000
Payables under fluidity trade receivables	3,383	5,726
Provision	799	780
Other	3,263	2,879
Total noncurrent liabilities	22,445	24,386
Total liabilities	276,423	272,672
Net assets		
Shareholders' equity		
Capital stock	8,750	8,750
Capital surplus	8,750	8,750
Retained earnings	33,846	32,605
Treasury stock	(68)	(69)
Total shareholders' equity	51,277	50,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	411	(116)
Deferred gains or losses on hedges	30	113
Foreign currency translation adjustment	(3,559)	(3,542)
Total accumulated other comprehensive income	(3,117)	(3,545)
Minority interests	7,808	7,654
Total net assets	55,967	54,145
Total liabilities and net assets	332,390	326,817

(2) **Quarterly Consolidated Statements of Income and Quarterly Consolidated Statement of Comprehensive Income**
(Quarterly Consolidated Statements of Income)
(Cumulative Consolidated Second Quarter)

(Million Yen)

	2Q FY2010 (April 1, 2010 – September 30 2010)	2Q FY2011 (April 1, 2011 – September 30 2011)
Net sales	523,253	555,668
Cost of sales	500,675	532,415
Gross profit	22,577	23,252
Selling, general and administrative expenses	16,829	17,458
Operating income	5,748	5,793
Non-operating income		
Interest income	170	143
Dividends income	89	64
Foreign exchange gains	37	67
Equity in earnings of affiliates	391	404
Other	282	391
Total non-operating income	970	1,072
Non-operating expenses		
Interest expenses	604	597
Other	134	159
Total non-operating expenses	738	757
Ordinary income	5,980	6,108
Extraordinary income		
Gain on negative goodwill	—	10
Gain on sales of investment securities	26	—
Total extraordinary income	26	10
Extraordinary loss		
Loss on valuation of investment securities	27	199
Impairment loss	29	75
Loss on liquidation of business	367	—
Loss on sales of noncurrent assets	95	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	53	—
Loss on valuation of golf club membership	0	—
Total extraordinary losses	574	274
Income before income taxes and minority interests	5,432	5,843
Income taxes	1,805	2,313
Income before minority interests	3,626	3,530
Minority interests in income	123	41
Net income	3,502	3,489

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

(Million Yen)

	2Q FY2010 (April 1, 2010 – September 30 2010)	2Q FY2011 (April 1, 2011 – September 30 2011)
Income before minority interests	3,626	3,530
Other comprehensive income		
Valuation difference on available-for-sale securities	(340)	(520)
Deferred gains or losses on hedges	13	82
Foreign currency translation adjustment	(613)	123
Share of other comprehensive income of associates accounted for using equity method	(98)	(148)
Total other comprehensive income	<u>(1,038)</u>	<u>(462)</u>
Comprehensive income	<u>2,588</u>	<u>3,068</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,530	3,061
Comprehensive income attributable to minority interests	57	6

(3) Quarterly Consolidated Cash Flow Statements

(Million Yen)

	2Q FY2010 (April 1, 2010 – September 30 2010)	2Q FY2011 (April 1, 2011 – September 30 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,432	5,843
Depreciation and amortization	736	780
Impairment loss	29	75
Increase (decrease) in allowance for doubtful accounts	(27)	(48)
Increase (decrease) in other provision	63	(107)
Interest and dividends income	(259)	(208)
Interest expenses	604	597
Equity in (earnings) losses of affiliates	(391)	(404)
Loss (gain) on sales of investment securities	(26)	—
Gain on negative goodwill	—	(10)
Loss (gain) on valuation of investment securities	27	199
Loss (gain) on sales of property, plant and equipment and intangible assets	95	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	53	—
Loss on liquidation of business	367	—
Loss on valuation of golf club memberships	0	—
Decrease (increase) in notes and accounts receivable-trade	1,082	1,903
Decrease (increase) in inventories	(6,712)	4,163
Decrease (increase) in other current assets	(192)	(1,026)
Increase (decrease) in notes and accounts payable-trade	3,315	(3,061)
Increase (decrease) in other current liabilities	(2,382)	(855)
Increase (decrease) in other noncurrent liabilities	(2,963)	2,215
Other, net	125	81
Subtotal	(1,019)	10,138
Interest and dividends income received	306	302
Interest expenses paid	(614)	(600)
Income taxes paid	(446)	(3,273)
Net cash provided by (used in) operating activities	(1,774)	6,567

(million yen)

	2Q FY2010 (April 1, 2010 – September 30 2010)	2Q FY2011 (April 1, 2011 – September 30 2011)
Net cash provided by (used in) investing activities		
Payments into time deposits	(135)	(74)
Proceeds from withdrawal of time deposits	—	27
Purchase of property, plant and equipment and intangible assets	(356)	(461)
Proceeds from sales of property, plant and equipment and intangible assets	189	10
Purchase of investment securities	(405)	(251)
Proceeds from sales of investment securities	61	—
Payments of loans receivable	(21)	(11)
Collection of loans receivable	13	29
Other, net	41	(145)
Net cash provided by (used in) investing activities	(614)	(877)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	8,990	3,804
Proceeds from long-term loans payable	2,500	—
Repayment of long-term loans payable	(7,000)	(4,500)
Repayments of lease obligations	(14)	(18)
Purchase of treasury stock	(2,000)	(4,000)
Cash dividends paid	(1,097)	(729)
Cash dividends paid to minority shareholders	(53)	(86)
Net cash provided by (used in) financing activities	1,323	(5,531)
Effect of exchange rate change on cash and cash equivalents	(375)	(99)
Net increase (decrease) in cash and cash equivalents	(1,439)	59
Cash and cash equivalents at beginning of period	16,297	20,305
Cash and cash equivalents at end of period	14,857	20,364

□

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

Not applicable.

(5) **Segment Information, Etc.**

I. Previous cumulative consolidated second quarter (April 1, 2010 - September 30, 2010)

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

(Million Yen)

	Reporting segments				Adjusted amount (Note 1)	Quarterly consolidated statement of income amount (Note 2)
	Steel Products	Raw Materials	Machinery, Materials and Energy Projects	Total		
Net sales						
Sales to external customers	397,268	101,426	24,558	523,253	—	523,253
Intersegment internal sales and transfers	3	—	0	4	(4)	—
Total	397,271	101,426	24,559	523,257	(4)	523,253
Segment income (Ordinary income)	3,881	997	1,100	5,979	1	5,980

(Notes) 1. The adjustment of ¥1 million in segment income represents the amount of intersegment trade eliminated.

2. Segment income is adjusted from the ordinary income in the quarterly consolidated statement of income.

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

No such events occurred.

II. Cumulative consolidated second quarter under review (April 1, 2011 - September 30, 2011)

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

(million yen)

	Reporting segments				Adjustment amount (Note 1)	Quarterly consolidated statement of income amount (Note 2)
	Steel Products	Raw Materials	Machinery, Materials and Energy Projects	Total		
Net Sales						
Sales to external customers	433,049	89,823	32,795	555,668	—	555,668
Intersegment internal sales and transfers	3	—	0	3	(3)	—
Total	433,052	89,823	32,795	555,671	(3)	555,668
Segment income (Ordinary income)	3,613	1,036	1,457	6,106	1	6,108

(Notes) 1. The adjustment of ¥1 million in segment income represents the amount of intersegment trade eliminated.

2. Segment income is adjusted from the ordinary income in the quarterly consolidated statement of income.

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

No such events occurred.

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

The Company bought back 400,000 shares of treasury stock (Class B shares) as of June 30, 2011 at a cost of ¥4,000 million and cancelled them all the same day. As a result, retained earnings were reduced by ¥4,000 million in the cumulative consolidated second quarter under review.

A summary of changes in retained earnings in the cumulative consolidated second quarter under review is given below.

	Retained earnings
March 31, 2011 balance (million yen)	33,846
Amount of change in cumulative consolidated second quarter under review	
Dividends from surplus	(729)
Quarterly net income	3,489
Cancellation of treasury stock	(4,000)
Total change in cumulative consolidated second quarter under review (million yen)	(1,240)
September 30, 2011 balance (million yen)	32,605