

CONSOLIDATED FINANCIAL STATEMENTS

April 1, 2007 ~ March 31, 2008

 **Nippon Steel Trading Co., Ltd.**

(note)

All figures included in this financial statements are stated in millions of yen by discarding fractional amounts less than ¥1 million.

Nippon Steel Trading Co., Ltd.
CONSOLIDATED BALANCE SHEETS

As of March 31

(Millions of Yen)

	2008	2007
Assets:		
Current assets:		
Cash and deposits	15,788	15,259
Notes and accounts receivable-trade	289,835	323,007
Inventories	35,790	30,574
Deferred tax assets	1,301	1,428
Short-term loans receivable	66	73
Other	18,101	13,122
Allowance for doubtful accounts (Less)	(1,479)	(1,549)
Total current assets	359,405	381,917
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	5,823	5,664
Machinery, equipment and vehicles	1,970	1,933
Tools, furniture and fixtures	242	278
Land	7,539	7,708
Construction in progress	290	109
	15,867	15,694
Intangible fixed assets:		
Software	1,567	1,190
Goodwill	179	425
Other	437	432
	2,184	2,049
Investments and others:		
Investments securities	14,253	11,735
Long-term loans receivable	231	254
Claims provable in bankruptcy, claims provable in rehabilitation and other	562	663
Deferred tax assets	340	570
Other	7,188	7,319
Allowance for doubtful accounts (Less)	(1,177)	(950)
	21,398	19,593
Total Noncurrent assets	39,451	37,336
Total assets	398,856	419,254

	(Millions of Yen)	
	<u>2008</u>	<u>2007</u>
Liabilities and Net assets		
Currents liabilities:		
Notes and accounts payable-trade	230,770	262,695
Short-term loans payable	52,335	65,296
Current portion of payables		
under fluidity trade receivables	4,231	-
Income taxes payable	4,821	2,550
Provision for bonuses	1,123	1,075
Deferred income on installment sales	-	2
Other	20,965	15,446
	<u>314,248</u>	<u>347,066</u>
Total current liabilities		
Noncurrent liabilities		
Long-term loans payable	27,107	27,193
Payables under fluidity trade receivables	6,608	-
Provision for retirement benefits	310	301
Provision for loss on guarantees	202	82
Provision for loss on business liquidation	187	434
Other	2,789	4,022
	<u>37,206</u>	<u>32,033</u>
Total noncurrent liabilities		
Total liabilities	<u>351,454</u>	<u>379,100</u>
Net assets:		
Shareholders' equity:		
Capital stock	8,750	8,750
Capital surplus	8,750	8,750
Retained earnings	24,405	16,349
Treasury stock	(43)	(34)
	<u>41,862</u>	<u>33,815</u>
Total shareholders' equity		
Valuation and transaction adjustments:		
Valuation difference		
on available-for-sale securities	1,297	2,738
Deferred gains or losses on hedges	240	33
Foreign currency translation adjustment	194	284
	<u>1,732</u>	<u>3,056</u>
Total valuation and transaction adjustments		
Minority interest	3,807	3,282
Total net assets	<u>47,401</u>	<u>40,153</u>
Total liabilities and net assets	<u><u>398,856</u></u>	<u><u>419,254</u></u>

Nippon Steel Trading Co., Ltd.
CONSOLIDATED STATEMENTS OF INCOME

Fiscal Year Ended March 31

	2008	2007
		(Millions of Yen)
Revenue from operating activities		
Net sales	1,348,801	1,174,958
COS from operating activities		
Cost of sales	1,299,550	1,129,018
Transfer from deferred income on installment sales	2	9
Transfer to deferred income on installment sales (Less)	-	2
	49,253	45,948
Gross profit		
Selling, general and administrative expenses	33,841	31,056
Operating income	15,412	14,891
Non-operating income		
Interest income	406	245
Dividends income	222	201
Foreign exchange gains	249	503
Rent income	80	50
Equity in earnings of affiliates	761	188
Miscellaneous income	868	803
	2,589	1,991
Non-operating expenses:		
Interest expense	2,031	1,689
Miscellaneous expenses	937	742
	2,969	2,431
Ordinary income	15,032	14,451
Extraordinary income:	776	358
Extraordinary loss:	757	1,126
Income before income taxes	15,052	13,683
Income taxes-current	6,290	3,295
Income taxes-deferred	(101)	2,124
Minority interests in income	722	856
Net income	8,140	7,406

Nippon Steel Trading Co., Ltd.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND OTHERS

(Millions of Yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minority interest
Balance at March 31,2007	8,750	8,750	16,349	(34)	2,738	33	284	3,282
Dividends from surplus			(929)					
Net income			8,140					
Purchase of treasury stock				(8)				
Change of scope of consolidation consolidation and equity method			845					
Net changes of items other than shareholders' equity					(1,441)	207	(89)	525
Total changes of items during the period	-	-	8,056	(8)	(1,441)	207	(89)	525
Balance at March 31,2008	8,750	8,750	24,405	(43)	1,297	240	194	3,807

Nippon Steel Trading Co., Ltd.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND OTHERS

(Millions of Yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minority interest
Balance at March 31,2006	8,750	8,750	8,808	(24)	2,641	-	(128)	2,518
Dividends from surplus			(579)					
Net income			7,406					
Purchase of treasury stock				(10)				
Change of scope of consolidation consolidation and equity method			714					
Net changes of items other than shareholders' equity					97	33	413	763
Total changes of items during the period	-	-	7,541	(10)	97	33	413	763
Balance at March 31,2007	8,750	8,750	16,349	(34)	2,738	33	284	3,282