Flash Report
Consolidated Basis
Results for Fiscal 2013
(April 1, 2013—March 31, 2014)

May 9, 2014

Company name:	Nippon Steel & Sumitomo Metal Corporation
Stock listing:	Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges
Code number:	5401
URL:	http://www.nssmc.com/en/index.html
Representative:	Kosei Shindo, Representative Director and President
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Telephone:	81-3-6867-2130
Scheduled date to Ordinary General Meeting of Shareholders:	June 25, 2014
Scheduled date to payment of dividends:	June 26, 2014
Scheduled date to submit Securities Report:	June 25, 2014
Preparation of supplemental explanatory materials:	Yes
Holding of quarterly financial results meeting:	Yes (for investment analysts)

(Figures of less than ¥1 million have been omitted.)

1. Consolidated Financial and Operating Results through Fiscal 2013 (April 1, 2013—March 31, 2014)

(1) Consolidated Operating Results

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2013	**5,516,180**	**25.7**	**298,390**	**—**	**361,097**	**369.4**	**242,753**	**—**
Fiscal 2012	4,389,922	7.3	20,110	(74.7)	76,931	(46.2)	(124,567)	—

(For reference) Comprehensive income: Fiscal 2013 ¥ 269,248 million 70.1%
Fiscal 2012 ¥ 158,302 million _ %

	Net income per share	Net income per share after full dilution	Return on Equity	Return on Assets	Return on Sales
	Yen	Yen	%	%	%
Fiscal 2013	**26.67**	**—**	**9.6**	**5.1**	**5.4**
Fiscal 2012	(16.23)	—	(5.9)	1.3	0.5

(For reference) Equity in net income of unconsolidated subsidiaries and affiliates: Fiscal 2013 ¥62,729 million
Fiscal 2012 ¥52,658 million

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2013	**7,082,288**	**3,237,995**	**37.9**	**294.11**
Fiscal 2012	7,089,498	2,938,283	33.8	263.82

(For reference) Shareholders' equity: Fiscal 2013 ¥ 2,683,659 million
Fiscal 2012 ¥ 2,394,069 million

(3) Consolidated Statements of Cash-Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2013	**574,767**	**(196,856)**	**(367,115)**	**105,464**
Fiscal 2012	313,317	(327,336)	33,332	90,530

2. Dividends

	Dividends per share				
Base date	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2012	—	0.0	—	1.0	1.0
Fiscal 2013	—	**2.0**	—	**3.0**	**5.0**
Fiscal 2014 (Forecast)	—	—	—	—	—

	Cash dividends	Ratio of cash dividends to net income	Ratio of cash dividends to net assets
	Millions of yen	%	%
Fiscal 2012	9,090	—	0.4
Fiscal 2013	**45,705**	**18.7**	**1.8**
Fiscal 2014 (Forecast)		—	

Note: The dividend forecast of end of second quarter and fiscal year is not decided. The Company will announce a dividend distribution plan as soon as it is formulated.

3. Consolidated Financial Forecasts for Fiscal 2014(April 1, 2014—March 31, 2015)

The earnings forecast for fiscal 2014 is not presented because the outlook has not been determined due to the difficulty formulating reasonably accurate estimates at this time. For further details, please refer to page 5, "Outlook for the Year Ending March 31, 2015" of "1.(1) Analysis of Consolidated Results of Operations."

4. Others

(1) Changes in the state of material subsidiaries during the period: None

(2) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
(a) Changes in accounting principles accompanying revisions in accounting standards: Yes
(b) Changes other than those in (a) above: None
(c) Changes in accounting estimates: None
(d) Retrospective restatements: None
Note: For further details, please refer to page 19, "4.(5) Changes in Accounting Principles Accompanying Revisions in Accounting Standards."

(3) Number of shares issued (common shares)
(a) Number of shares issued at the end of the period (including treasury stock)
Fiscal 2013 9,503,214,022 shares
Fiscal 2012 9,503,214,022 shares

(b) Number of treasury stock at the end of the period
Fiscal 2013 378,513,168 shares
Fiscal 2012 428,564,671 shares

(c) Average number of shares issued during the term
Fiscal 2013 9,101,625,645 shares
Fiscal 2012 7,675,024,126 shares

(For Reference) A Summary of Non-Consolidated Financial and Operating Results

Non-Consolidated Financial and Operating Results through Fiscal 2013
(April 1, 2013—March 31, 2014)

(1) Non-Consolidated Operating Results

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2013	**3,720,707**	**29.2**	**186,955**	**—**	**224,965**	**—**	**178,222**	**—**
Fiscal 2012	2,878,837	7.7	(43,214)	—	(17,487)	—	(150,005)	—

	Net income per share	Net income per share after full dilution
	Yen	Yen
Fiscal 2013	**19.55**	**—**
Fiscal 2012	(19.51)	**—**

(2) Non-Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2013	**5,471,384**	**1,780,449**	**32.5**	**194.78**
Fiscal 2012	5,513,037	1,595,372	28.9	175.49

(For reference) Shareholders' equity: Fiscal 2013 ¥1,780,449 million
Fiscal 2012 ¥1,595,372 million

* Status of Performance of Audit Procedures

This flash report is exempt from the audit procedures based on Japan's Financial Instruments and Exchange Act. At the time when this flash report was disclosed, the audit procedures based on the Financial Instruments and Exchange Act had not been completed.

* Explanation of the appropriate use of performance forecasts and other related items

The forward-looking statements included in this flash report are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company's actual results may differ substantially from such statements due to various risks and uncertainties.

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1. Analysis of Consolidated Results of Operations and Financial Position

(1) Analysis of Consolidated Results of Operations

Operating Results for Fiscal Year Ended March 31, 2014 (Fiscal 2013)

Overview of Conditions in Fiscal 2013

The overall global economy continued to expand gradually in the term under review supported by slower but steady economic growth in China and the ASEAN countries, a bottoming out followed by signs of a recovery in business conditions in Europe, and ongoing recovery of business conditions in the United States.

The Japanese economy also showed signs of sustaining steady recovery supported by strong public-sector investment, improving corporate earnings following the adjustment to the overvalued yen, rising capital investment associated with a recovery in production activities, and improving consumer sentiment and spending.

Domestic steel demand increased in the civil engineering and construction fields on continuing firm reconstruction demand and economic policies showing their full effects. Demand from the manufacturing industry also grew on the recovery in capital investment and an upturn in business confidence. Steel exports continued showing signs of recovery supported by improving economic conditions overseas and the yen adjustment, but market conditions for steel materials overseas remained severe amid ongoing stagnant demand for steel materials, caused by persistently strong supply pressure from Chinese and South Korean steelmakers.

In this business environment, the NSSMC Group continued steadily advancing the measures set forth in the Mid-Term Management Plan adopted in March 2013, including pushing forward with technical advances, achieving the industry's highest level of cost-competitiveness to successfully compete with global competition, halting steelmaking and rolling-related equipment operations to construct the optimal production system, continuing to advance our global strategies, and reinforcing the composition of the steelmaking and steel fabrication group companies.

Operating Results by Business Segment for Fiscal 2013

The NSSMC Group strived earnestly as every company in each segment responded to its changing business environment. An overview of operating results by business segment is shown below.

(Billions of yen)

	Net Sales		Ordinary Profit	
	Fiscal 2013	Fiscal 2012	**Fiscal 2013**	Fiscal 2012
Steelmaking and steel fabrication	**4,877.9**	3,790.4	**321.2**	41.5
Engineering and construction	**314.1**	303.0	**17.7**	18.1
Chemicals	**230.1**	195.7	**10.0**	9.7
New materials	**37.2**	42.2	**1.3**	0.9
System solutions	**179.8**	171.9	**12.7**	11.6
Total	**5,639.3**	4,503.3	**363.1**	82.1
Adjustments	**(123.1)**	(113.4)	**(2.1)**	(5.2)
Consolidated	**5,516.1**	4,389.9	**361.0**	76.9

Steelmaking and Steel Fabrication

NSSMC took comprehensive steps to fortify the domestic manufacturing foundation of the steelmaking and steel fabrication segment, including repairing of the Yawata Works No. 4 blast furnace and other investments in equipment upgrades. The Company also took steps to stimulate technological advancement, including collaborating with customers to develop high-functioning products and integrating the manufacturing, sales, technology, and research divisions to enhance its ability to develop solution proposal for customers.

Measures were also implemented to formulate the optimal manufacturing system by integrating the technologies of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd. to increase the competitiveness of production lines while systematically integrating into the more competitive lines. In addition, NSSMC effected the integration and reorganization of the operating structure of its steelworks on April 1, 2014, and continued to integrate and reorganize its core Group companies with the aim of fortifying the domestic business base.

The global strategy was also advanced during the term, including capturing demand in overseas growth markets and reorganizing the operating structure to better respond to customers' global development activities. During the term, NSSMC and ArcelorMittal SA jointly purchased ThyssenKrupp Steel USA, LLC, located in Alabama, United States, and the joint venture AM/NS Calvert LLC began operations to serve the expanding automotive sheet market in the southern areas of the United States.

The segment continued implementing measures to maximize cost structure efficiency, including raising the ratio of usage of low-cost materials, improving yield, and thoroughly constraining fixed costs, and to revise steel material prices with the understanding and cooperation of its customers. The steelmaking and steel fabrication segment recorded net sales of ¥4,877.9 billion and ordinary profit of ¥321.2 billion.

Engineering and Construction

Nippon Steel & Sumikin Engineering Co., Ltd. is developing operations in the areas of steel production plants, environment, energy, offshore projects, pipelines, and construction where it can fully apply its distinct capabilities. Amid recovering domestic demand and brisk overseas demand in the energy field, the company's performance was supported by steady progress advancing projects and efforts to reduce costs and improve earnings. Although sales increased due in part to the yen adjustment, owing to factors such as a difference in the structure of orders and sales, the engineering and construction segment recorded net sales of ¥314.1 billion and ordinary profit of ¥17.7 billion.

Chemicals

Nippon Steel & Sumikin Chemical Co., Ltd. recorded declines in the sales volumes of needle coke, due to sluggish demand for electrodes in Japan and overseas, and in circuit board materials and epoxy resins for electronic devices owing to intensifying market competition. Nevertheless, market conditions for styrene monomer and other general-purpose chemicals improved, demand for superior quality display materials was strong, and applications for organic EL materials in smart devices increased. The chemicals segment recorded net sales of ¥230.1 billion and ordinary profit of ¥10.0 billion.

New Materials

Nippon Steel & Sumikin Materials Co., Ltd. recorded solid demand for surface-treated copper wire, a material alternative to gold bonding wire, and other products in the electronic materials field. Demand increased for social infrastructure maintenance and reinforcement materials in the basic industrial materials and components field and from developing countries for metal substrates in the environmental and energy field. The company also accelerated the shift to production overseas and continued to develop and expand sales of new products. Although sales declined mainly due to lower sales of gold bonding wire, the sales mix improved, leading the new materials segment to post net sales of ¥37.2 billion and ordinary profit of ¥1.3 billion.

System Solutions

NS Solutions Corporation provides comprehensive solutions in the planning, configuration, operation, and maintenance of IT systems for customers in a wide range of businesses and develops leading-edge solutions services to enhance customer capabilities amid changing business conditions. During the term, the company continued to strengthen and expand its cloud computing and other service businesses while expanding its business operations in Asia, including acquiring all shares of the system developer PALSYS Software Co., Ltd. of Thailand. The system solutions segment recorded net sales of ¥179.8 billion and ordinary profit of ¥12.7 billion.

Sales and Income

Consolidated results in fiscal 2013 were boosted by increased steel demand, particularly in the civil engineering and construction industries and the automotive and other manufacturing industries, and from cost improvements, which included integration effects. The Company recorded ¥5,516.1 billion in net sales, ¥298.3 billion in operating profit, ¥361.0 billion in ordinary profit, and ¥242.7 billion in net income.

Outlook for the Year Ending March 31, 2015

The gradual overall growth in the global economy is expected to continue. While the economic outlook for China remains uncertain and the ASEAN economy grows at a slower pace, economic conditions are recovering after a bottoming out in Europe and continue to improve in the United States.

The Japanese economy is also expected to continue recovering. Although the consumption tax increase will likely produce a temporary stagnation, corporate capital investment is expected to be strong while an improving employment environment and income levels provide a firm undertone for private consumption.

Domestic steel demand dipped temporarily from the consumption tax hike, but signs are starting to appear for a recovery beginning in the second quarter. Demand for steel overseas is expected to continue to be firm supported by the recovery in the global economy; however, the soft supply and demand conditions remain for steel materials in East Asia.

While signs of a bottoming out are appearing for market conditions in Asia, NSSMC will continue closely monitoring the trends in steel material supply and demand and raw material prices and taking steps to maximize cost structure efficiency. In these conditions, the Company will enhance its ability to make product proposals to consumers, improve its overseas supply system, and continue revising its steel material prices with the understanding of its customers.

As of this moment, NSSMC is unable to forecast reasonably accurate earnings estimates for fiscal 2014 results due to several factors, including the fact that price trends for primary raw materials and steel material products are uncertain. However, the Company will disclose fiscal 2014 earnings forecasts when reasonable estimates become possible.

(2) Analysis of Consolidated Financial Position

Assets, Liabilities, Net Assets, and Cash Flow

Consolidated total assets at the end of fiscal 2013 were ¥7,082.2 billion, representing a decrease of ¥7.2 billion, from ¥7,089.4 billion at the end of fiscal 2012. Main factors were increases in inventories of ¥68.0 billion, and cash and bank deposits of ¥15.9 billion, which were offset by decreases in deferred tax assets, of ¥96.4 billion, and other factors.

Total liabilities at the end of fiscal 2013 amounted to ¥3,844.2 billion, a decrease of ¥306.9 billion from ¥4,151.2 billion at the end of fiscal 2012. The decline was primarily due to a decrease in interest-bearing debt, which declined by ¥246.7

billion, from ¥2,543.0 billion at the end of the previous fiscal year, to ¥2,296.3 billion at the end of fiscal 2013, due to the steady promotion of operating revenue and asset reduction.

Net assets were ¥3,237.9 billion at the end of fiscal 2013, representing an increase of ¥299.7 billion, from ¥2,938.2 billion at the end of fiscal 2012. This was contributed by net income of ¥242.7 billion and other factors.

Shareholders' equity at the end of fiscal 2013 amounted to ¥2,683.6 billion, and the ratio of interest-bearing debt to shareholders' equity (the D/E ratio) was 0.86, which rapidly achieved the early-stage target of around 1.0 in the Mid-Term Management Plan. NSSMC will strive to further enhance its profitability and financial position with the aim of achieving the level sufficient for an international "A" rating status (around 0.8) in the D/E ratio.

Cash flows provided by operating activities in fiscal 2013 amounted to ¥574.7 billion. The principal factors influencing operating cash flows were inflows from the income before income taxes and minority interests of ¥399.1 billion along with depreciation and amortization of ¥331.8 billion and an increase in notes and accounts payable of ¥63.0 billion. These offset outflows from deductions of ¥62.7 billion in equity in net income of unconsolidated subsidiaries and affiliates and of ¥56.6 billion on income (loss) on sales of investments in securities along with payments of ¥53.5 billion associated with the increase in inventories and ¥52.5 billion in income taxes. Cash flows from investing activities amounted to an outflow of ¥196.8 billion, as outflows including expenses for capital investments of ¥319.4 billion exceeded inflows from proceeds from sales of investments in securities of ¥132.2 billion. The result was a free cash inflow of ¥377.9 billion in the term under review.

Cash flows from financing activities amounted to an outflow of ¥367.1 billion, largely due to the repayment of interest-bearing debt of ¥246.7 billion, in addition to cash dividends of ¥27.3 billion at the end of fiscal 2012 and the end of the first half (interim) of fiscal 2013.

As a result of the above movements in cash flows, the Company's cash and cash equivalents at the end of the fiscal year under review amounted to ¥105.4 billion.

Trend in Cash Flow Indicators

Fiscal year	2009	2010	2011	2012	2013
Ratio of net worth (%)	36.9	37.2	37.1	33.8	37.9
Ratio of net worth at market price (%)	46.2	33.4	29.0	30.1	36.3
Debt redemption term (years)	3.2	3.6	5.6	8.1	4.0
Interest coverage ratio (times)	22.0	20.0	14.6	12.2	22.1

Notes:

Ratio of net worth: (Net assets - Minority interests)/Total assets

Ratio of net worth at market price: Current aggregate value of shares/Total assets

Debt redemption term: Interest-bearing debt/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses

* Each indicator is calculated from the figures in the consolidated financial statements.
* The current aggregate value of shares is calculated by multiplying the common stock price at term-end by the number of shares outstanding (excluding treasury stock) at term-end.
* Interest-bearing debt covers all debt-bearing interest (short-term loans, commercial paper, current portion of corporate bonds, current portion of convertible bonds, corporate bonds, convertible bonds, long-term loans, and lease obligations).
* Cash flow figures from operating activities in the consolidated statements of cash flows are used, and interest expense figures from the consolidated statements of cash flows are used.

(3) Basic Profit Distribution Policy and Distribution of Dividends for Fiscal 2013 and Fiscal 2014

NSSMC's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year after taking into account consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of the Company on a consolidated and a non-consolidated basis. The Company has set a consolidated payout ratio target of approximately 20% for use as an indicator for the distribution of profits.

The level of the first-half dividend is set based on consideration of interim operating results and full-year earnings forecasts.

In accordance with the basic profit distribution policy described above, the Company distributed a dividend of ¥2.00 per share at the end of the first half of fiscal 2013. As announced on January 30, 2014, of results for the third quarter, the Company intends to distribute a year-end dividend payment of ¥3.00 per share (bringing the full-year dividend

distribution amount to ¥5.00 per share, representing a consolidated payout ratio of 18.7% for fiscal 2013). The Company plans to request approval for this at the General Meeting of Shareholders for fiscal 2013.

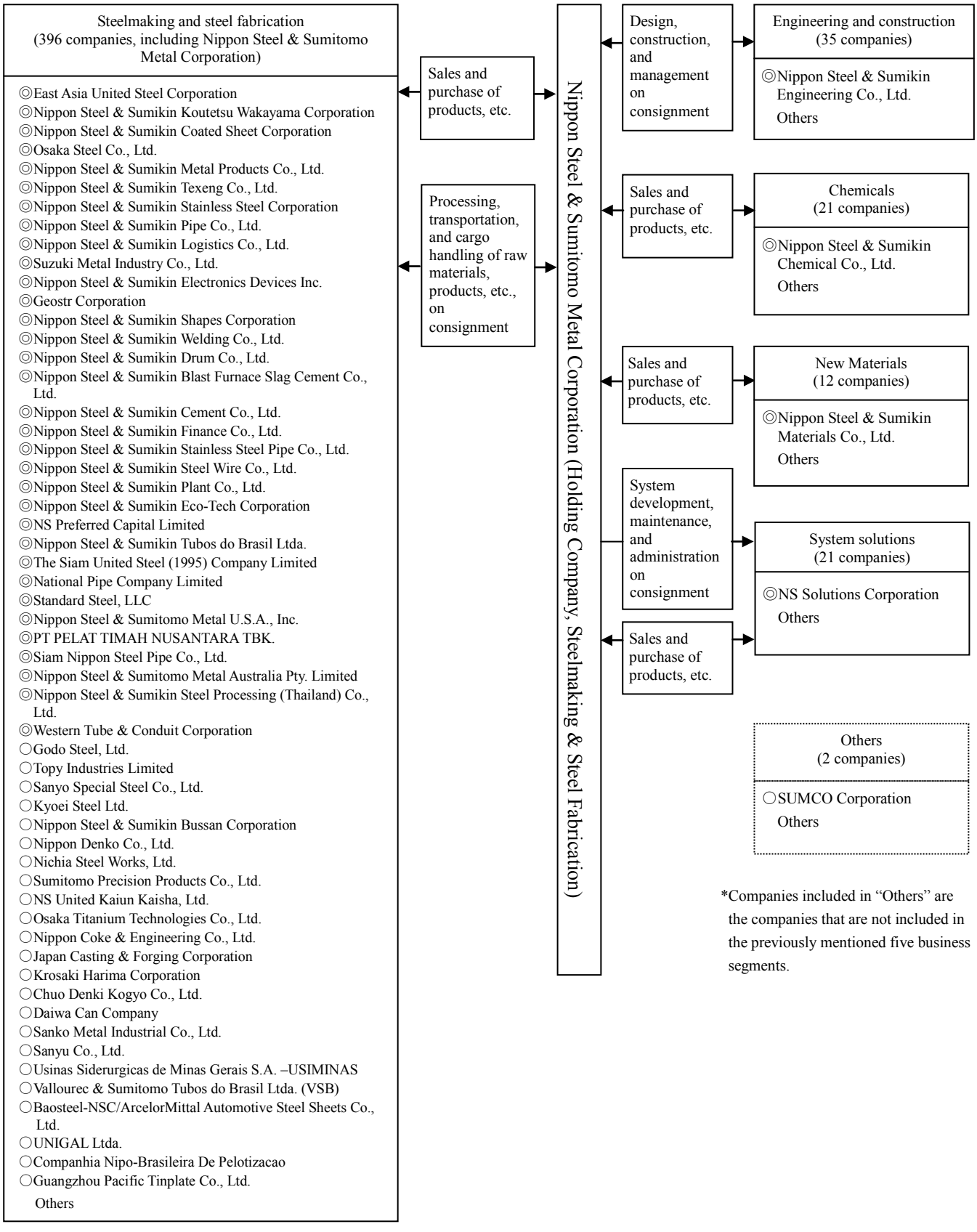
The Company has not determined a dividend distribution plan for fiscal 2014 due to the inability to establish reasonable earnings forecasts. The dividend distribution plan will be disclosed when it becomes available.

2. Corporate Group

Schematic Diagram of Business

The Nippon Steel & Sumitomo Metal Corporation Group is comprised of the parent company Nippon Steel & Sumitomo Metal Corporation, 377 consolidated subsidiaries, and 109 affiliates accounted for by the equity method. The Group's overall businesses are categorized into five business segments: steelmaking and steel fabrication, engineering and construction, chemicals, new materials, and system solutions. The principal businesses and business relations of Nippon Steel & Sumitomo Metal Corporation and its major subsidiaries and affiliates are outlined below.

◎Major consolidated subsidiaries ○Major affiliates accounted for by the equity method



(Note) Of the subsidiaries owned by the Company at the end of this consolidated term (March 31, 2014), the companies for which their stocks are listed on any of the domestic stock exchanges are as follows:

Company name	Stock exchange where listed
Osaka Steel Co., Ltd.	First Section of the Tokyo Stock Exchange
Nippon Steel & Sumikin Texeng Co., Ltd.	First Section of the Tokyo Stock Exchange
Suzuki Metal Industry Co., Ltd.	Second Section of the Tokyo Stock Exchange
Geostr Corporation	Second Section of the Tokyo Stock Exchange
NS Solutions Corporation	First Section of the Tokyo Stock Exchange

3. Management Policy

(Basic Company management policy, management targets, and medium- and long-term management strategies)

No significant changes from the financial report for the term ended March 2013 (released May 10, 2013); therefore, omitted.

Reporting and disclosure materials are available at the following websites.

NSSMC Homepage: http://www.nssmc.com/en/
Please see the Investor Relations section.

Tokyo Stock Exchange: http://www.tse.or.jp/english/listing/
Please see the Listed Company Information section.

(Progress status of the Mid-Term Management Plan and other measures and Progress toward achieving the management targets)

Information on the progress of the Mid-Term Management Plan is available at the following website.

NSSMC Homepage: http://www.nssmc.com/en/
Please see the Investor Relations section.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

ASSETS	March 31, 2013	**March 31, 2014**
Current assets :		
Cash and bank deposits	89,350	**105,303**
Notes and accounts receivable	579,562	**589,802**
Marketable securities	8,024	**8,025**
Inventories	1,156,934	**1,225,014**
Deferred tax assets	81,729	**107,015**
Other	196,594	**239,750**
Less: Allowance for doubtful accounts	(1,461)	**(1,540)**
Total current assets	2,110,734	**2,273,371**
Fixed assets :		
Tangible fixed assets :		
Buildings and structures	734,222	**725,473**
Machinery, equipment and vehicles	1,127,239	**1,078,995**
Tools, furniture and fixtures	36,741	**37,545**
Land	594,824	**582,389**
Lease assets	9,689	**10,021**
Construction in progress	182,782	**177,854**
	2,685,500	**2,612,280**
Intangible fixed assets		
Goodwill	48,065	**41,476**
Lease assets	385	**366**
Patents and utility rights	7,370	**8,006**
Software	40,106	**44,230**
	95,928	**94,079**
Investments and others :		
Investments in securities	1,825,664	**1,836,196**
Long-term loans receivable	58,088	**59,368**
Net defined benefit assets	-	**111,958**
Deferred tax assets	178,127	**56,429**
Other	139,283	**41,928**
Less: Allowance for doubtful accounts	(3,829)	**(3,324)**
	2,197,335	**2,102,557**
Total fixed assets	4,978,763	**4,808,916**
Total assets	7,089,498	**7,082,288**

Millions of yen

LIABILITIES	March 31, 2013	March 31, 2014
Current liabilities :		
Notes and accounts payable	596,230	**661,267**
Short-term loans payable	494,903	**435,357**
Commercial paper	26,000	**32,000**
Bonds due within one year	135,100	**65,000**
Current portion of lease obligations	13,561	**8,278**
Accounts payable-other	405,777	**336,425**
Income taxes payable	20,329	**36,894**
Provision for loss on construction contracts	2,991	**3,078**
Other	286,230	**232,835**
Total current liabilities	1,981,124	**1,811,137**
Long-term liabilities :		
Bonds and notes	504,659	**425,668**
Long-term loans payable	1,346,219	**1,313,248**
Lease obligations (excluding current portion)	19,411	**14,592**
Deferred tax liabilities	29,745	**43,327**
Deferred tax liabilities on revaluation of land	8,567	**8,562**
Accrued pension and severance costs	192,635	**-**
Allowance for retirement benefits of directors and corporate auditors	5,403	**5,132**
Reserve for repairs to blast furnaces	10,499	**8,607**
Net defined benefit liabilities	-	**157,373**
Other	52,948	**56,643**
Total long-term liabilities	2,170,090	**2,033,155**
Total liabilities	4,151,215	**3,844,293**
NET ASSETS		
Shareholders' equity :		
Common stock	419,524	**419,524**
Capital surplus	362,321	**371,465**
Retained earnings	1,430,876	**1,652,054**
Less: Treasury stock, at cost	(70,490)	**(62,882)**
	2,142,233	**2,380,162**
Accumulated other comprehensive income:		
Unrealized gains on available-for-sale securities	168,611	**189,831**
Deferred hedge income (loss)	359	**(3,099)**
Unrealized gains on revaluation of land	2,592	**2,554**
Foreign currency translation adjustments	80,273	**71,565**
Remeasurements of defined benefit plans	-	**42,644**
	251,836	**303,496**
Minority interest in consolidated subsidiaries	544,213	**554,335**
Total net assets	2,938,283	**3,237,995**
Total liabilities and net assets	7,089,498	**7,082,288**

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

Consolidated Statements of Operations — Millions of yen

	Fiscal 2012	**Fiscal 2013**
Operating revenues :		
Net sales	4,389,922	**5,516,180**
Cost of sales	3,982,362	**4,760,308**
Gross margin	407,559	**755,872**
Selling, general and administrative expenses	387,449	**457,482**
Operating profit	20,110	**298,390**
Non-operating profit and loss :		
Non-operating profit :		
Interest	3,869	**4,516**
Dividend income	13,802	**16,578**
Equity in net income of unconsolidated subsidiaries and affiliates	52,658	**62,729**
Other	70,749	**62,491**
	141,079	**146,316**
Non-operating loss :		
Interest expense	23,539	**25,297**
Other	60,719	**58,311**
	84,258	**83,609**
Ordinary profit	76,931	**361,097**
Special profit :		
Gain on sales of investment securities	-	**56,650**
Restructuring profit	5,024	**-**
	5,024	**56,650**
Special loss :		
Impairment loss	132,818	**-**
Loss of inactive facilities	-	**18,600**
Loss on sales of investments in securities	75,307	**-**
Loss on liquidation of business	10,800	**-**
	218,926	**18,600**
Income (loss) before income taxes and minority interests	(136,970)	**399,147**
Income taxes - current	49,446	**71,162**
Income taxes - deferred	(75,045)	**69,405**
	(25,599)	**140,568**
Income (loss) before minority interests	(111,371)	**258,579**
Minority interests in net income of consolidated subsidiaries	13,196	**15,826**
Net income (loss)	(124,567)	**242,753**

Consolidated Statements of Comprehensive Income — Millions of yen

	Fiscal 2012	**Fiscal 2013**
Income (loss) before minority interests	(111,371)	**258,579**
Other comprehensive income		
Unrealized gains on available-for-sale securities	94,610	**18,017**
Deferred hedge income (loss)	1,828	**(2,933)**
Foreign currency translation adjustments	110,206	**(3,586)**
Share of other comprehensive income of associates accounted for using equity method	63,028	**(828)**
Total other comprehensive income	269,673	**10,668**
Comprehensive income	158,302	**269,248**
attribute to		
Comprehensive income attribute to owners of the parent	132,868	**250,295**
Comprehensive income attribute to minority interests	25,433	**18,952**

(3) Consolidated Statements of Changes in Net Assets

Fiscal2012 Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at March 31, 2012	419,524	114,546	1,552,826	(262,573)	1,824,324
Cash dividends			(6,302)		(6,302)
Net income(loss)			(124,567)		(124,567)
Acquisition of treasury stock				(65,828)	(65,828)
Disposal of treasury stock		127		258,536	258,663
Increase due to the merger		247,647			247,647
Increase(decrease) due to the change in the number of consolidated companies			8,875	(624)	8,250
Increase due to reversal of unrealized gains on revaluation of land			45		45
Reclassification of remeasurements of defined benefit plans for foreign companies					-
Net changes of items other than shareholders' equity					
Total change for fiscal year 2012	-	247,775	(121,949)	192,083	317,909
Balance at March 31, 2013	**419,524**	**362,321**	**1,430,876**	**(70,490)**	**2,142,233**

	Accumulated other comprehensive income							
	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains (losses) on revaluation of land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2012	70,834	(1,698)	12,770	(77,327)	-	4,578	518,440	2,347,343
Cash dividends								(6,302)
Net income(loss)								(124,567)
Acquisition of treasury stock								(65,828)
Disposal of treasury stock								258,663
Increase due to the merger								247,647
Increase(decrease) due to the change in the number of consolidated companies								8,250
Increase due to reversal of unrealized gains on revaluation of land								45
Reclassification of remeasurements of defined benefit plans for foreign companies								-
Net changes of items other than shareholders' equity	97,777	2,057	(10,177)	157,600	-	247,257	25,772	273,030
Total change for fiscal year 2012	97,777	2,057	(10,177)	157,600	-	247,257	25,772	590,939
Balance at March 31, 2013	**168,611**	**359**	**2,592**	**80,273**	**-**	**251,836**	**544,213**	**2,938,283**

Fiscal2013 Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at March 31, 2013	419,524	362,321	1,430,876	(70,490)	2,142,233
Cash dividends			(27,373)		(27,373)
Net income(loss)			242,753		242,753
Acquisition of treasury stock				(737)	(737)
Disposal of treasury stock		9,143		8,366	17,509
Increase due to the merger					-
Increase(decrease) due to the change in the number of consolidated companies			926	(21)	904
Increase due to reversal of unrealized gains on revaluation of land					-
Reclassification of remeasurements of defined benefit plans for foreign companies			4,871		4,871
Net changes of items other than shareholders' equity					
Total change for fiscal year 2013	-	9,143	221,177	7,607	237,929
Balance at March 31, 2014	**419,524**	**371,465**	**1,652,054**	**(62,882)**	**2,380,162**

	Accumulated other comprehensive income							
	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains (losses) on revaluation of land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2013	168,611	359	2,592	80,273	-	251,836	544,213	2,938,283
Cash dividends								(27,373)
Net income(loss)								242,753
Acquisition of treasury stock								(737)
Disposal of treasury stock								17,509
Increase due to the merger								-
Increase(decrease) due to the change in the number of consolidated companies								904
Increase due to reversal of unrealized gains on revaluation of land								-
Reclassification of remeasurements of defined benefit plans for foreign companies								4871
Net changes of items other than shareholders' equity	21,220	(3,458)	(37)	(8,708)	42,644	51,660	10,122	61,782
Total change for fiscal year 2013	21,220	(3,458)	(37)	(8,708)	42,644	51,660	10,122	299,712
Balance at March 31, 2014	**189,831**	**(3,099)**	**2,554**	**71,565**	**42,644**	**303,496**	**554,335**	**3,237,995**

(4) Consolidated Statements of Cash-Flows

Millions of yen

	Fiscal 2012	**Fiscal 2013**
Cash flows from operating activities :		
Income (loss) before income taxes and minority interests	(136,970)	**399,147**
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	288,770	**331,801**
Impairment loss	132,818	**-**
Interest and dividend income (accrual basis)	(17,671)	**(21,095)**
Interest expense (accrual basis)	23,539	**25,297**
Exchange loss(gain) on foreign currency transactions	(11,780)	**(12,627)**
Amortization of goodwill	6,054	**9,712**
Equity in net income of unconsolidated subsidiaries and affiliates	(52,658)	**(62,729)**
Loss (gain) on sales of investments in securities	75,307	**(56,650)**
Loss on disposal of tangible and intangible fixed assets	4,437	**4,932**
Gain on sales of tangible and intangible fixed assets	(7,576)	**(8,775)**
Changes in allowance for doubtful accounts	(366)	**(370)**
Changes in notes and accounts receivable	(32,630)	**(5,308)**
Changes in inventories	157,786	**(53,562)**
Changes in notes and accounts payable	(86,297)	**63,056**
Other	26,972	**9,183**
Interest and dividend income (cash basis)	26,347	**35,614**
Interest expense (cash basis)	(25,727)	**(26,058)**
Income taxes (cash basis)	(57,038)	**(56,800)**
Net cash provided by operating activities	313,317	**574,767**
Cash flows from investing activities :		
Acquisition of investments in securities	(80,728)	**(44,702)**
Proceeds from sales of investments in securities	101,005	**132,294**
Acquisition of tangible and intangible fixed assets	(349,817)	**(319,413)**
Proceeds from sales of tangible and intangible fixed assets	13,206	**17,211**
Other	(11,001)	**17,753**
Net cash used in investing activities	(327,336)	**(196,856)**
Cash flows from financing activities :		
Net increase (decrease) in short-term loans	(16,286)	**(72,220)**
Net increase (decrease) in commercial paper	(68,000)	**6,000**
Proceeds from long-term loans	278,698	**234,812**
Payments of long-term loans	(165,864)	**(258,383)**
Proceeds from issuance of bonds and notes	30,000	**-**
Redemption of bonds and notes	(65,000)	**(149,455)**
Payments for purchase of treasury stock	(563)	**(731)**
Cash dividends	(6,302)	**(27,373)**
Other	46,651	**(99,763)**
Net cash provided by (used in) financing activities	33,332	**(367,115)**
Effect of exchange rate changes on cash and cash equivalents	22,229	**3,983**
Net increase (decrease) in cash and cash equivalents	41,542	**14,779**
Cash and cash equivalents at beginning of the year	55,747	**90,530**
Increase (decrease) from the change in the number of companies consolidated	(19,735)	**153**
Increase in cash and cash equivalents resulting from merger	12,975	**-**
Cash and cash equivalents at end of year	90,530	**105,464**

(5) Notes to the Consolidated Financial Statements

(Notes to the Presumption of Going Concerns)

None

(Basic Material Items for the Preparation of the Consolidated Financial Statements)

1) Scope of Consolidation

The Nippon Steel & Sumitomo Metal Group includes 377 consolidated subsidiaries. Major consolidated subsidiaries are presented in the section "2. Corporate Group."

In the consolidated fiscal year under review, the scope of consolidation was expanded by 31 companies—16 newly established or other companies. 24 companies—16 merged companies and 4 liquidations, etc.— were eliminated from the scope of consolidation in the fiscal year under review.

2) Application of the Equity Method

The Company applies equity-method accounting to 109 affiliated companies. Major equity-method affiliated companies are presented in the section "2. Corporate Group."

In the consolidated fiscal year under review, 5 companies were newly added to the scope of equity-method affiliates and 3 companies were eliminated from the scope of equity-method affiliates.

(Changes in Accounting Principles Accompanying Revisions in Accounting Standards)

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, hereinafter referred to as the "Retirement Benefits Accounting Standard") and the "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, hereinafter "Guidance on Retirement Benefits") were applied at the end of the consolidated fiscal year under review (excluding to provisions stated in Section 35 of the Retirement Benefits Accounting Standards and Section 67 of the Guidance on Retirement Benefits). The Company has adopted the method of deducting the amount of pension assets from the retirement benefit obligations and reporting the amount as net defined benefit assets and liabilities and also reporting the unrecognized actuarial differences and unrecognized past service costs as part of net defined benefit assets and liabilities.

In accordance with the transitional treatment prescribed in Section 37 of the Retirement Benefits Accounting Standard, the Company applied the Accounting Standard for Retirement Benefits at the end of the consolidated fiscal year under review, and the effect of the accounting change was reflected as Remeasurements of defined benefit plans in Accumulated other comprehensive income.

As a result, the Company reported net defined benefit assets of ¥111,958 million and net defined benefit liabilities of ¥157,373 million at the end of the fiscal year. Accumulated other comprehensive income increased by ¥42,644 million. Information concerning the effect of this change on a per share basis is presented in the relevant sections of this report.

(Segment Information)

1) Summary of reportable segment

Nippon Steel & Sumitomo Metal Corporation is a company engaged in the steelmaking and steel fabrication businesses, and acts as the holding company for its business segment companies, which are engaged in the engineering and construction, chemicals, new materials, and system solutions businesses. Each business segment company shares the management strategy of the Nippon Steel & Sumitomo Metal Corporation Group, while conducting its business activities independently from and in parallel with other Group members. These five business segments are reportable segments.

Previous reporting has classified reportable segments for Steelmaking and steel fabrication, Engineering and construction, Urban development, Chemicals, New materials, and System solutions. Following the business integration of Nippon Steel City Produce, Inc., and Kowa Real Estate Co., Ltd. on October 1, 2012, the results for the Urban development segment have been excluded from the reportable segments and are presented within the adjustment amount.

Reporting segment	Principal businesses
Steelmaking and steel fabrication	Manufacturing and marketing of steel products
Engineering and construction	Manufacturing and marketing of industrial machinery and equipment as well as steel structures, performance of construction work under contract, waste processing and recycling, and supplying electricity, gas, and heat
Chemicals	Manufacturing and marketing of coal-based chemical products, petrochemicals, and electronic materials
New materials	Manufacturing and marketing of materials for semiconductors and electronic parts, carbon fiber and composite products, and products that apply technologies for metal processing and joining
System solutions	Computer systems engineering and consulting services

2) Method for calculating the sales, income (loss), assets, liabilities, and other items for reporting segments

The accounting methods for the reportable business segments are generally the same as those which are set forth in “Basic Material Items for Preparation of the Consolidated Financial Statements.” Figures for income of reportable segments are on an Ordinary Profit basis, and liabilities are the balance of interest-bearing debt. Please note that inter-segment sales are based on prices employed in transactions with third parties.

3) Information on the amounts of sales, income (loss), assets, liabilities, and other items for reporting segments

Fiscal 2012 (April 1, 2012—March 31, 2013)

(Millions of yen)

	Reportable segment					Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions			
Net sales								
Sales to external customers	3,745,491	248,215	188,442	42,211	134,388	4,358,749	31,173	4,389,922
Inter-segment sales or transfers	44,959	54,787	7,277	－	37,592	144,615	(144,615)	－
Total	3,790,450	303,002	195,719	42,211	171,980	4,503,364	(113,442)	4,389,922
Segment profit <Ordinary Profit>	41,522	18,189	9,778	984	11,673	82,148	(5,217)	76,931
Segment assets	6,557,868	253,789	157,308	31,447	145,081	7,145,495	(55,996)	7,089,498
Segment liabilities <Interest-bearing debt>	2,526,725	3,472	7,043	16,771	681	2,554,693	(14,838)	2,539,855
Other items								
Depreciation and amortization	277,622	3,303	6,674	2,366	3,239	293,207	(4,436)	288,770
Amortization of goodwill	5,892	(3)	－	－	165	6,054	－	6,054
Interest income	3,740	143	9	0	241	4,136	(267)	3,869
Interest expenses	23,101	47	38	95	25	23,309	229	23,539
Equity in net income (loss) of unconsolidated subsidiaries and affiliates	52,576	540	601	－	(2)	53,716	(1,058)	52,658
Balance of investments in equity method companies	977,973	1,874	15,788	－	15	995,651	85,043	1,080,694
Increase (decrease) in tangible/intangible fixed assets (net investment)	359,287	2,920	9,390	1,929	5,151	378,678	(22,805)	355,873

Information of net sales about geographical area

(Millions of yen)

Japan	Overseas			Total
		Asia	Other	
2,796,951	1,592,971	1,108,468	484,502	4,389,922

Note: Sales information is based on the geographical location of customers, and it is classified by region.

Fiscal 2013 (April 1, 2013—March 31, 2014)

(Millions of yen)

	Reportable segment					Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions			
Net sales								
Sales to external customers	4,827,826	284,803	223,082	37,241	143,225	5,516,180	－	5,516,180
Inter-segment sales or transfers	50,082	29,370	7,047	－	36,631	123,132	(123,132)	－
Total	4,877,909	314,174	230,130	37,241	179,856	5,639,312	(123,132)	5,516,180
Segment profit <Ordinary Profit>	321,287	17,702	10,057	1,391	12,760	363,199	(2,101)	361,097
Segment assets	6,495,381	255,702	163,913	30,544	162,127	7,107,670	(25,381)	7,082,288
Segment liabilities <Interest-bearing debt>	2,281,573	3,325	6,449	15,465	2,147	2,308,961	(14,816)	2,294,145
Other items								
Depreciation and amortization	321,140	3,194	5,962	2,161	3,758	336,217	(4,415)	331,801
Amortization of goodwill	9,439	0	－	0	272	9,712	－	9,712
Interest income	4,352	166	13	0	260	4,793	(277)	4,516
Interest expenses	25,187	117	45	103	120	25,575	(277)	25,297
Equity in net income (loss) of unconsolidated subsidiaries and affiliates	59,691	486	660	－	(23)	60,815	1,913	62,729
Balance of investments in equity method companies	1,013,128	2,326	18,502	－	(7)	1,033,949	105,972	1,139,921
Increase (decrease) in tangible/intangible fixed assets (net investment)	244,493	2,508	7,685	1,871	4,278	260,836	(3,816)	257,019

Information of net sales about geographical area

(Millions of yen)

Japan	Overseas			Total
		Asia	Other	
3,323,375	2,192,805	1,469,320	723,485	5,516,180

Note: Sales information is based on the geographical location of customers, and it is classified by region.

(Per Share Information)

(Yen)

	Fiscal 2012 (April 1, 2012－March 31, 2013)	**Fiscal 2013 (April 1, 2013－March 31, 2014)**
Net assets per share	263.82	**294.11**
Net income (loss) per share	(16.23)	**26.67**

Regarding diluted net income per share, no figures for diluted net income per share have been disclosed because no latent shares existed.

As described in "Changes in Accounting Principles Accompanying Revisions in Accounting Standards", the Company applied the Retirement Benefits Accounting Standards, and complied with transitional treatment as prescribed in Section 37 of the Retirement Benefits Accounting Standards. As a result, net assets per share of fiscal 2013 increased by ¥4.67.

Notes: Basis for calculations

1. Net income (loss) per share

(Yen)

	Fiscal 2012 (April 1, 2012－March 31, 2013)	**Fiscal 2013 (April 1, 2013－March 31, 2014)**
Net income (loss) per share		
Net income (loss)	(124,567) Million	**242,753 Million**
Value not attributed to common shares	― Million	**― Million**
Net income (loss) attributed to common shares	(124,567) Million	**242,753 Million**
Average number of outstanding common shares during the period	7,675,024,126 Shares	**9,101,625,645 Shares**

2. Net assets per share

(Yen)

	End of fiscal 2012 (March 31, 2013)	**End of fiscal 2013 (March 31, 2014)**
Total net assets	2,938,283 Million	**3,237,995 Million**
Amounts deducted from total net assets	544,213 Million	**554,335 Million**
Portion of minority interest	544,213 Million	**554,335 Million**
Net assets at fiscal year-end applicable to common shares	2,394,069 Million	**2,683,659 Million**
Number of common shares at fiscal year-end used in calculating net assets per share	9,074,649,351 Shares	**9,124,700,854 Shares**

(Major Subsequent Events)

None