

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

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

None

(Adoption of Special Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements)

The Company reasonably estimated the effective tax rate following application of tax-effect accounting on profit before income taxes for the consolidated fiscal year, which includes the quarterly period under review, and applied this percentage to quarterly profit before income taxes to determine income taxes.

(Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements)

None

Nippon Steel & Sumitomo Metal Corporation

Code Number: 5401

Listings: Tokyo, Nagoya, Sapporo and Fukuoka Stock Exchanges

Contact: Fumiaki Ohnishi, General Manager, Public Relations Center-Tel: +81-3-6867-2130

Supplementary Information on the Financial Results for the First Half of Fiscal 2017

Japanese Steel Industry

1. Crude Steel Production

(million tons)

	1st half		2nd half		total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
2016FY	26.21	26.33	52.54	52.62	105.17
2017FY	26.09	25.94	52.03	(*)Approx.26.51	

(*)METI forecast

2. Inventory Volume

At the end of:		Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
Sep.	2015	5.79	(150.4)	4.21	0.198
Oct.	2015	5.65	(140.1)	4.13	0.195
Nov.	2015	5.68	(153.0)	4.08	0.189
Dec.	2015	5.72	(161.4)	4.09	0.185
Jan.	2016	5.88	(162.8)	4.27	0.185
Feb.	2016	5.72	(156.5)	4.17	0.192
Mar.	2016	5.50	(135.5)	4.11	0.203
Apr.	2016	5.57	(164.2)	4.08	0.196
May	2016	5.70	(160.8)	4.18	0.198
June	2016	5.56	(146.6)	4.03	0.197
July	2016	5.39	(141.8)	3.91	0.191
Aug.	2016	5.67	(164.7)	4.05	0.187
Sep.	2016	5.61	(149.4)	3.97	0.180
Oct.	2016	5.61	(140.4)	3.96	0.177
Nov.	2016	5.43	(135.3)	3.83	0.173
Dec.	2016	5.48	(146.8)	3.81	0.177
Jan.	2017	5.60	(148.6)	3.89	0.186
Feb.	2017	5.64	(151.9)	3.88	0.200
Mar.	2017	5.37	(125.4)	3.80	0.201
Apr.	2017	5.54	(151.7)	3.88	0.197
May	2017	5.78	(156.1)	4.08	0.197
June	2017	5.56	(140.1)	4.01	0.193
July	2017	5.42	(142.2)	3.95	0.189
Aug.	2017	5.66	(158.3)	4.14	0.179

*1 Hot-rolled, cold-rolled and coated sheets

*2 Inventories of distributors dealing with H-flange beams manufactured by Nippon Steel & Sumitomo Metal Corporation

NSSMC

3. Pig Iron Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2016FY	10.49	10.76	21.26	10.66	10.24	20.89	42.15
2017FY	9.92	10.13	20.05			Approx.21.40	Approx.41.50

*Including Hokkai Iron & Coke Co., Ltd. and Nippon Steel & Sumikin Koutetsu Wakayama Corporation

4. Crude Steel Production

(Consolidated basis (The Company and its domestic consolidated subsidiaries))

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2016FY (*1)	11.16	11.53	22.70	11.52	10.95	22.47	45.17
2017FY (*2)	11.44	11.69	23.12			Approx.24.80	Approx.47.90

*1 Not Including Nisshin Steel Co., Ltd.

*2 Including Nisshin Steel Co., Ltd.

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2016FY	10.58	10.93	21.51	10.84	10.28	21.11	42.62
2017FY	9.90	10.19	20.09			Approx.21.50	Approx.41.60

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2016FY	9.60	10.09	19.68	10.29	9.81	20.09	39.78
2017FY	9.34	9.39	18.72			Approx.20.30	Approx.39.00

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2016FY	68.1	67.9	68.0	70.9	83.6	77.1	72.6
2017FY	84.0	83.00	83.50			Approx.85	Approx.84

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

7. Export Ratio of Steel Products (Value basis)

(%)

	1st half		2nd half		total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
2016FY	43	43	42	41	42
2017FY	42	41			Approx.41

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

8. Foreign Exchange Rate

(¥/\$)

	1st half		2nd half		total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
2016FY	111	103	106	114	109
2017FY	111	111			Approx.110

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
2016FY	351.0	304.7
2017FY	Approx.450.0	Approx.350.0