

I. Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2015 (FY2015)

1. Consolidated Operating Results

(Billions of yen)

	No	FY2015			FY2014 2nd half (Actual) d	FY2015 1st half (Previous forecast) e	Difference			
		1st half					(i) c-d	(ii) b-a	(iii) c-e	
		1Q (Actual) a	2Q (Actual) b	(Actual) c						
Net sales	1	151.0	159.8	310.8	306.1	313.0	4.7	8.8	(2.2)	
Operating income	2	2.2	6.7	8.9	8.0	8.0	0.9	4.5	0.9	
Ordinary income	Ordinary steel / Special steel	3	2.2	5.1	7.3	6.4	5.0	0.9	2.9	2.3
	Stainless steel	4	(1.0)	2.0	1.0	0.5	2.0	0.5	3.0	(1.0)
	Total	5	1.2	7.1	8.3	6.9	7.0	1.4	5.9	1.3
Net income	6	0.0	5.2	5.2	8.6	4.5	(3.4)	5.2	0.7	
Inventory evaluation	Ordinary steel / Special steel	7	(0.5)	(1.0)	(1.5)	2.5	(1.5)	(4.0)	(0.5)	0.0
	Stainless steel	8	0.5	2.0	2.5	1.0	2.5	1.5	1.5	0.0
	Total	9	0.0	1.0	1.0	3.5	1.0	(2.5)	1.0	0.0

2. Other Information

	No	FY2015			FY2014 2nd half (Actual) d	FY2015 1st half (Previous forecast) e	Difference			
		1st half					(i) c-d	(ii) b-a	(iii) c-e	
		1Q (Actual) a	2Q (Actual) b	(Actual) c						
Crude steel production (10,000tons)	Ordinary steel / Special steel	1	82	86	168	169	12	4	(1)	
	Stainless steel	2	20	19	39	39	0	(1)	0	
	Total	3	102	105	207	195	208	12	3	(1)
Sales volume (10,000tons)	Ordinary steel / Special steel	4	80	80	160	161	159	(1)	0	1
	Stainless steel	5	15	17	32	32	33	0	2	(1)
	Total	6	95	97	192	193	192	(1)	2	0
Average sales price of steel products(1,000yen/tons)	7	124	130	127	124	128	3	6	(1)	
Export ratio(monetary basis:%)	8	17	18	17	17	18	0	1	(1)	
Export exchange rate(yen/US\$)	9	102	104	103	102	102	1	2	1	

3. Breakdown of Differences in Ordinary Income

i) 2nd half of FY2014(Actual) vs 1st half of FY2015(Actual)

(Billions of yen) (Of which stainless steel)

2nd half of FY2014(Actual)	6.9	Breakdown	0.5
Sales related	6.5	Price difference 3.5, Volume and composition difference 2.5, Export exchange difference 0.5	5.0
Purchasing price	(3.0)	Iron ore 2.5, Coking coal 2.5, Nickel (5.5), Import exchange difference (2.0)	(6.5)
Cost improvement, etc.	0.4		0.5
Subsidiaries, etc.	0.0		0.0
Inventory evaluation	(2.5)	3.5→1.0 (Of which, stainless steel 1.0→2.5)	1.5
Total	1.4		0.5
1st half of FY2015(Actual)	8.3		1.0

ii) 1Q of FY2015(Actual) vs 2Q of FY2015(Actual)

(Billions of yen) (Of which stainless steel)

1Q of FY2015(Actual)	1.2	Breakdown	(1.0)
Sales related	3.0	Price difference 1.5, Volume and composition difference 1.5	2.5
Purchasing price	0.0	Iron ore 1.5, Coking coal 1.0, Nickel (2.0), Import exchange difference (0.5)	(2.0)
Cost improvement, etc.	0.9	Rationalization, etc.	0.0
Subsidiaries, etc.	1.0	Unconsolidated affiliates, etc.	1.0
Inventory evaluation	1.0	0.0→1.0 (Of which, stainless steel 0.5→2.0)	1.5
Total	5.9		3.0
2Q of FY2015(Actual)	7.1		2.0

iii) 1st half of FY2015(Previous forecast) vs 1st half of FY2015(Actual)

(Billions of yen) (Of which stainless steel)			
1st half of FY2015(Previous forecast)	7.0	Breakdown	2.0
Sales related	1.0	Price difference 0.5, Volume and composition difference 0.5	0.0
Purchasing price	(0.5)	Iron ore 1.0, Nickel (0.5), Import exchange difference(1.0)	(1.0)
Cost improvement, etc.	0.8	Rationalization, etc.	0.0
Subsidiaries, etc.	0.0		0.0
Inventory evaluation	0.0	1.0→1.0 (Of which, stainless steel 2.5→2.5)	0.0
Total	1.3		(1.0)
1st half of FY2015(Actual)	8.3		1.0

4. Consolidated Balance Sheet (September 30, 2014)

(Billions of yen)					
		vs Mar 31,2014			
Cash on hand and in banks	31.6	(9.2)	Interest-bearing debt	303.6	(19.9)
Accounts receivable	81.0	1.5	Other liabilities	207.0	4.7
Inventories	153.5	9.8	Total liabilities	510.6	(15.1)
Other current assets	22.8	(14.6)	Common stock and additional paid-in capital	121.0	1.0
Tangible and intangible fixed assets	272.7	4.7	Retained earnings	62.5	(3.7)
Investments in securities, etc.	170.0	(2.1)	Treasury stock, at cost	(0.5)	8.2
			Accumulated other comprehensive income	29.6	(0.6)
			Minority interests	8.4	0.3
Total assets	731.8	(9.8)	Total net assets	221.1	5.2
			Total liabilities and net assets	731.8	(9.8)

II . Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2015 (FY2015)

1. Consolidated Earnings Forecasts

(Billions of yen)								
	No	FY2015			FY2015	(i) b-a	(ii) c-d	
		1st half	2nd half	(Forecast)	(Previous forecast)			
		(Actual)	(Forecast)	(Forecast)	d			
Net sales	1	310.8	306.2	617.0	638.0	(4.6)	(21.0)	
Operating income	2	8.9	10.6	19.5	19.5	1.7	0.0	
Ordinary income	Ordinary steel / Special steel	3	7.3	5.7	13.0	12.0	(1.6)	1.0
	Stainless steel	4	1.0	1.5	2.5	3.5	0.5	(1.0)
	Total	5	8.3	7.2	15.5	15.5	(1.1)	0.0
Net income	6	5.2	7.8	13.0	13.0	2.6	0.0	
Inventory evaluation	Ordinary steel / Special steel	7	(1.5)	(1.5)	(3.0)	(2.5)	0.0	(0.5)
	Stainless steel	8	2.5	0.5	3.0	3.5	(2.0)	(0.5)
	Total	9	1.0	(1.0)	0.0	1.0	(2.0)	(1.0)

2. Other Information

(Billions of yen)								
	No	FY2015			FY2015	(i) b-a	(ii) c-d	
		1st half	2nd half	(Forecast)	(Previous forecast)			
		(Actual)	(Forecast)	(Forecast)	d			
Crude steel production (10,000tons)	Ordinary steel / Special steel	1	168	165	333	332	(3)	1
	Stainless steel	2	39	35	74	77	(4)	(3)
	Total	3	207	200	407	409	(7)	(2)
Sales volume (10,000tons)	Ordinary steel / Special steel	4	160	162	322	326	2	(4)
	Stainless steel	5	32	29	61	65	(3)	(4)
	Total	6	192	191	383	391	(1)	(8)
Average sales price of steel products(1,000yen/tons)	7	127	-	-	-	-	-	-
Export ratio(monetary basis;%)	8	17	-	-	-	-	-	-
Export exchange rate(yen/US\$)	9	103	-	-	-	-	-	-

3. Breakdown of Differences in Ordinary Income

i) 1st half of FY2015(Actual) vs 2nd half of FY2015(Forecast)

(Billions of yen) (Of which stainless steel)

1st half of FY2015(Actual)	8.3	Breakdown	1.0
Sales related	(4.5)	Price difference (4.0), Volume and composition difference (0.5)	3.0
Purchasing price	6.0	Iron ore 6.5, Coking coal 1.0, Import exchange difference (2.0)	0.0
Cost improvement, etc.	0.4	Rationalization, etc.	0.5
Subsidiaries, etc.	(1.0)	Unconsolidated affiliates, etc.	(1.0)
Inventory evaluation	(2.0)	1.0→(1.0) (Of which, stainless steel 2.5→0.5)	(2.0)
Total	(1.1)		0.5
2nd half of FY2015(Forecast)	7.2		1.5

ii) FY2015(Previous forecast) vs FY2015(Forecast)

(Billions of yen) (Of which stainless steel)

FY2015(Previous forecast)	15.5	Breakdown	3.5
Sales related	(3.0)	Price difference (3.0), Volume and composition difference (1.5), Export exchange difference 1.5	(1.5)
Purchasing price	3.5	Iron ore 4.5, Nickel 2.0, Import exchange difference (3.0)	1.0
Cost improvement, etc.	0.5	Rationalization, etc.	0.0
Subsidiaries, etc.	0.0		0.0
Inventory evaluation	(1.0)	1.0→0.0 (Of which, stainless steel 3.5→3.0)	(0.5)
Total	0.0		(1.0)
FY2015(Forecast)	15.5		2.5

4. Cash Dividends

After a comprehensive review of numerous factors including our financial and earning positions, we regrettably decided to forgo the dividends for the end of the 2Q.

Our decision on the year-end dividends will be made later.

(Reference 1) Interest-Bearing Debt and Net D/E Ratio

	31-Mar-13	31-Mar-14	30-Sep-14
Cash on hand and in banks(Billions of yen)	43.2	40.8	31.6
Interest-bearing debt(Billions of yen)	333.5	323.5	303.6
Net D/E ratio	1.69	1.36	1.28
" (based on the credit rating) ※	1.35	1.11	1.04

※Hybrid securities that are accepted as capital according to the credit rating by the Japan Credit Rating Agency

(Interest payment deferral provision-unsecured corporate bond with prepayment provision <subordinated corporate bond-limited to qualified institutional investors>)

Net D/E ratio for 50billion yen, 50% of which is considered to be capital.

(Reference 2) Change of Operating Income

(Billions of yen)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Forecast)
Operating income	(21.9)	16.5	19.5
Inventory evaluation	(8.5)	4.0	0.0
Operating income (excluding inventory evaluation) ※	(13.4)	12.5	19.5

※ FY2013 results include Nippon Metal Industry's first 6-months figure

(Operating income:(5.1), Inventory evaluation:(0.5))