# I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (FY2016)

### 1. Consolidated Operating Results

1. Consolidated Ope	erating Results					( Billions	s of yen)
			FY2	2016	FY2015	Differ	ence
			(Actual)	(Forecastl)	(Actual)	(i)	( ii )
		No	а	b	С	a-b	a-c
Net sales		1	547.0	549.0	617.5	(2.0)	(70.5)
Operating income		2	10.0	11.0	21.0	(1.0)	(11.0)
Ordinary income	Ordinary steel / Special steel	3	17.2	17.0	16.1	0.2	1.1
	Stainless steel	4	(11.0)	(10.5)	3.5	(0.5)	(14.5)
	Total	5	6.2	6.5	19.6	(0.3)	(13.4)
Profit attributable to ow	vners of parent	6	(6.6)	1.0	16.9	(7.6)	(23.5)
Inventory evaluation	Ordinary steel / Special steel	7	(4.5)	(6.0)	(2.5)	1.5	(2.0)
	Stainless steel	8	(9.0)	(8.0)	2.5	(1.0)	(11.5)
	Total	9	(13.5)	(14.0)	0.0	0.5	(13.5)

#### 2. Other Information

			FY2	2016	FY2015	Diffe	rence
			(Actual)	(Forecastl)	(Actual)	(i)	( ii )
		No	а	b	С	a-b	a-c
Crude steel production	Ordinary steel / Special steel	1	314	319	327	(5)	(13)
(10,000tons)	Stainless steel	2	65	66	71	(1)	(6)
	Total	3	379	385	398	(6)	(19)
Sales volume	Ordinary steel / Special steel	4	306	304	321	2	(15)
(10,000tons)	Stainless steel	5	52	53	60	(1)	(8)
	Total	6	358	357	381	1	(23)
Average sales price of steel products(1,000yen/tons)		7	117	118	127	(1)	(10)
Export ratio(monetary basis;%)		8	15	15	17	0	(2)
Export exchange rate(y	en/US\$)	9	120	121	109	(1)	11

### 3. Breakdown of Differences in Ordinary Income

i) FY2016(Forecast) vs FY2016(Actual)

(Billions of yen) (Of which stainless steel)

FY2016(Forecast)	016(Forecast) 6.5 Breakdown		(10.5)
Sales related	(1.5)	Price difference (1.0), Volume and composition difference (0.5)	
Purchasing price	0.5	Nickel 0.5	0.5
Cost improvement, etc.	0.2		0.5
Subsidiaries, etc.	0.0		0.0
Inventory evaluation	0.5	$(14.0) \rightarrow (13.5)$ ( Of which, stainless steel $(8.0) \rightarrow (9.0)$ )	(10.0)
Total	(0.3)		(0.5)
FY2016(Actual)	6.2		(11.0)

### ii ) FY2015(Actual) vs FY2016(Actual)

(Billions of yen) (Of which stainless steel)

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FY2015(Actual)	19.6	Breakdown	3.5
Sales related	(36.0)	Price difference (34.0), Volume and composition difference(8.0),	(14.0)
		Export exchange difference 6.0	
Purchasing price	41.5	Iron ore 25.0, Coking coal 4.5, Oil 10.5, Nickel 19.0,	16.0
		Import exchange difference (22.5)	
Cost improvement, etc.	0.6	Rationalization, etc.	0.5
Subsidiaries, etc.	(6.0)	Consolidated subsidiaries, etc.(6.0)	(5.5)
Inventory evaluation	(13.5)	0.0→(13.5) ( Of which, stainless steel 2.5→(9.0))	(11.5)
Total	(13.4)		(14.5)
FY2016(Actual)	6.2		(11.0)

### 4. Cash Dividends

We have decided to pay year-end cash dividends of  $\pm 25.0$  per share considering stable shareholder returns and consolidated results and earnings forecasts for the current FY. As a result, overall annual cash dividends will be  $\pm 40.0$  per share.

### 5. Financial Status, etc.

i ) Consolidated Balance Sheet ( Summary )

				( E	Billions of yen )
		vs Mar 31,2015			vs Mar 31,2015
			Interest-bearing debt	279.5	(10.3
Cash on hand and in banks	31.4	5.1	Other liabilities	210.6	1.9
Accounts receivable	77.5	(1.4)	Total liabilities	490.1	(8.4
Inventories	124.7	(19.4)	Common stock and additional paid-in capital	106.3	(14.7
Other current assets	25.6	(5.2)	Retained earnings	78.2	4.0
Tangible and intangible fixed assets	278.8	1.0	Treasury stock, at cost	(0.5)	(0.0
Investments in securities, etc.	169.9	(42.4)	Accumulated other comprehensive income	27.6	(40.5
			Non-controlling interests	6.2	(2.7
			Total net assets	217.9	(54.0
Total assets	708.1	(62.4)	Total liabilities and net assets	708.1	(62.4

### ii ) Consolidated Cash Flows

			( Billio	ons of yen)
	FY 2016	Main factor		FY 2015
Cash flows from operating activities	50.5	Income before provision for income taxes Depreciation and amortization Accounts receivable (Decrease) Inventories (Decrease) Accounts payable (Decreace)	(1.4) 26.5 1.0 19.1 (0.6)	39.3
Cash flows from investing activities	(28.2)	Acquisition of property, plant and equipment	(24.8)	(29.3)
Cash flows from financing activities	(16.5)	Decrease in interest-bearing debt Cash dividends	(10.3) (6.0)	(26.0)
Cash and cash equivalents at end of year	31.3			26.1

### II . Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2017 (FY2017)

### 1. Consolidated Earnings Forecasts

						( B	illic	ons of yen)
			FY	2017(Foreca	ist)	FY2016		Difference
			1st half	2nd half		(Actual)		(i)
		No	а	b	с	d		c-d
Net sales		1	254.0	267.0	521.0	547.0		(26.0)
Operating income		2	9.0	16.5	25.5	10.0		15.5
Ordinary income	Ordinary steel / Special steel	3	7.5	14.0	21.5	17.2		4.3
	Stainless steel	4	(2.5)	1.0	(1.5)	(11.0)		9.5
	Total	5	5.0	15.0	20.0	6.2		13.8
Profit attributable to ow	ners of parent	6	3.0	11.5	14.5	(6.6)		21.1
		-						
Inventory evaluation	Ordinary steel / Special steel	7	(3.5)	(1.5)	(5.0)	(4.5)		(0.5)
	Stainless steel	8	(2.0)	(0.5)	(2.5)	(9.0)	l	6.5
	Total	9	(5.5)	(2.0)	(7.5)	(13.5)		6.0

#### 2. Other Information

			FY2017(Forecast)			FY2016	Difference
			1st half	2nd half		(Actual)	(i)
		No	а	b	с	d	c-d
Crude steel production	Ordinary steel / Special steel	1	163	161	324	314	10
(10,000tons)	Stainless steel	2	35	33	68	65	3
	Total	3	198	194	392	379	13
Sales volume	Ordinary steel / Special steel	4	150	157	307	306	1
(10,000tons)	Stainless steel	5	27	30	57	52	5
	Total	6	177	187	364	358	6
Average sales price of s	teel products(1,000yen/tons)	7	110	111	110	117	(7)
Export ratio(monetary basis;%)		8	15	15	15	15	0
Export exchange rate(yen/US\$)		9	110	110	110	120	(10)

# 3. Breakdown of Differences in Ordinary Income

### i) FY2016(Actual) vs FY2017(Forecast)

(Billions of yen)	(Of which stainless steel)
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FY2016(Actual)	6.2	Breakdown	(11.0)
Sales related	(29.0)	Price difference (28.5), Volume and composition difference 4.5,	(12.0)
		Export exchange difference(5.0)	
Purchasing price	32.5	Iron ore 6.5, Coking coal 1.5, Oil 3.0, Nickel 5.0,	13.0
		Import exchange difference 11.0	
Cost improvement, etc.	5.3	Rationalization, etc.	2.5
Subsidiaries, etc.	(1.0)	Consolidated subsidiaries, etc.(1.0)	(0.5)
Inventory evaluation	6.0	(13.5)→(7.5) ( Of which, stainless steel (9.0)→(2.5))	6.5
Total	13.8		9.5
FY2017(Forecast)	20.0		(1.5)

#### (Reference)

#### i) Capital Expenditures (Tangible)/ Depreciation and Amoritization

(Billions of yen						
	FY 2014	FY 2015	FY 2016			
Capital expenditures (Tangible)	21.1	30.1	28.8			
Depreciation and amortization	22.1	24.1	26.5			

### ii) Interest-Bearing Dept and Net D/E Ratio

	31-Mar-14	31-Mar-15	31-Mar-16
Cash on hand and in banks(Billions of yen)	40.8	26.3	31.4
Interest-bearing debt(Billions of yen)	323.5	289.8	279.5
Net D/E ratio	1.36	1.00	1.17
" (based on the credit rating) ※	1.11	0.86	0.98

XNet D/E ratio with 50% of the principal of hybrid securities/hybrid loans,

which receive equity credit from Japan Credit Rating Agency, deemed as capital.

(50% of 50 billion yen at the end of March of 2014,

as well as 50% of 40 billion yen each at the end of March of 2015 and 2016 entered as capital respectively)