

I. Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2017 (FY2017)

1. Consolidated Operating Results

(Billions of yen)

	No	FY2017 1Q (Actual) a	FY2016 1Q (Actual) b	Difference (i) a-b	
Net sales	1	119.4	137.2	(17.8)	
Operating income	2	0.2	1.0	(0.8)	
Ordinary income	Ordinary steel / Special steel	3	1.2	3.8	(2.6)
	Stainless steel	4	(2.5)	(2.0)	(0.5)
	Total	5	(1.3)	1.8	(3.1)
Profit attributable to owners of parent	6	(1.5)	1.2	(2.7)	

Inventory evaluation	Ordinary steel / Special steel	7	(1.5)	(1.0)	(0.5)
	Stainless steel	8	(1.5)	(1.5)	0.0
	Total	9	(3.0)	(2.5)	(0.5)

2. Other Information

	No	FY2017 1Q (Actual) a	FY2016 1Q (Actual) b	Difference (i) a-b	
Crude steel production (10,000tons)	Ordinary steel / Special steel	1	68	79	(11)
	Stainless steel	2	18	15	3
	Total	3	86	94	(8)
Sales volume (10,000tons)	Ordinary steel / Special steel	4	70	74	(4)
	Stainless steel	5	12	12	0
	Total	6	82	86	(4)
Average sales price of steel products(1,000yen/tons)	7	109	124	(15)	
Export ratio(monetary basis;%)	8	15	17	(2)	
Export exchange rate(yen/US\$)	9	108	121	(13)	

3. Breakdown of Differences in Ordinary Income

(i) 1Q of FY2016(Actual) vs 1Q of FY2017(Actual)

(Billions of yen) (Of which stainless steel)

1Q of FY2016(Actual)	1.8	Breakdown	(2.0)
Sales related	(16.0)	Price difference (12.5), Volume and composition difference (2.0), Export exchange difference (1.5)	(7.0)
Purchasing price	15.5	Iron ore 3.5, Coking coal 1.5, Oil 1.5, Nickel 4.5, Import exchange difference 2.0	8.0
Cost, etc.	(1.6)	slower-than-usual restart of operations following a scheduled outage at Kure Works	(0.5)
Subsidiaries, etc.	(0.5)		(1.0)
Inventory evaluation	(0.5)	(2.5)→(3.0) (Of which, stainless steel (1.5)→(1.5))	0.0
Total	(3.1)		(0.5)
1Q of FY2017(Actual)	(1.3)		(2.5)

4. Consolidated Balance Sheet (June 30, 2016)

(Billions of yen)

		vs Mar 31,2016			vs Mar 31,2016
Cash on hand and in banks	25.8	(5.5)	Interest-bearing debt	272.0	(7.4)
Accounts receivable	67.1	(10.4)	Other liabilities	199.9	(10.7)
Inventories	126.4	1.6	Total liabilities	472.0	(18.1)
Other current assets	19.1	(6.4)	Common stock and additional paid-in capital	106.3	-
Tangible and intangible fixed assets	277.3	(1.4)	Retained earnings	73.9	(4.2)
Investments in securities, etc.	161.7	(8.2)	Treasury stock, at cost	(0.5)	(0.0)
Total assets	677.7	(30.4)	Accumulated other comprehensive income	19.4	(8.2)
			Non-controlling interests	6.5	0.2
			Total net assets	205.7	(12.2)
			Total liabilities and net assets	677.7	(30.4)

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

1. Consolidated Earnings Forecasts

(Billions of yen)

	No	FY2016 (Forecast)			FY2016 (Previous forecast)		Difference			
		1st half	2nd half	c	d	1st half	(i) a-e	(ii) b-a	(iii) c-d	
		a	b			e				
Net sales	1	252.0	264.0	516.0	521.0	254.0	(2.0)	12.0	(5.0)	
Operating income	2	2.5	14.5	17.0	25.5	9.0	(6.5)	12.0	(8.5)	
Ordinary income	Ordinary steel / Special steel	3	4.0	11.0	15.0	21.5	7.5	(3.5)	7.0	(6.5)
	Stainless steel	4	(6.0)	2.5	(3.5)	(1.5)	(2.5)	(3.5)	8.5	(2.0)
	Total	5	(2.0)	13.5	11.5	20.0	5.0	(7.0)	15.5	(8.5)
Profit attributable to owners of parent	6	(3.5)	11.0	7.5	14.5	3.0	(6.5)	14.5	(7.0)	
Inventory evaluation	Ordinary steel / Special steel	7	(1.5)	(1.5)	(3.0)	(5.0)	(3.5)	2.0	0.0	2.0
	Stainless steel	8	(5.5)	0.5	(5.0)	(2.5)	(2.0)	(3.5)	6.0	(2.5)
	Total	9	(7.0)	(1.0)	(8.0)	(7.5)	(5.5)	(1.5)	6.0	(0.5)

2. Other Information

	No	FY2016 (Forecast)			FY2016 (Previous forecast)		Difference			
		1st half	2nd half	c	d	1st half	(i) a-e	(ii) b-a	(iii) c-d	
		a	b			e				
Crude steel production (10,000tons)	Ordinary steel / Special steel	1	151	163	314	324	163	(12)	12	(10)
	Stainless steel	2	36	35	71	68	35	1	(1)	3
	Total	3	187	198	385	392	198	(11)	11	(7)
Sales volume (10,000tons)	Ordinary steel / Special steel	4	150	157	307	307	150	0	7	0
	Stainless steel	5	28	31	59	57	27	1	3	2
	Total	6	178	188	366	364	177	1	10	2
Average sales price of steel products(1,000yen/tons)	7	107	111	109	110	110	(3)	4	(1)	
Export ratio(monetary basis,%)	8	15	15	15	15	15	0	0	0	
Export exchange rate(yen/US\$)	9	106	105	106	110	110	(4)	(1)	(4)	

3. Breakdown of Differences in Ordinary Income

(i) 1st half of FY2017(Previous forecast) vs 1st half of FY2017(Forecast)

(Billions of yen) (Of which stainless steel)

1st half of FY2017(Previous forecast)	5.0	Breakdown	(2.5)
Sales related	(5.0)	Price difference (2.0), Volume and composition difference (2.0), Export exchange difference (1.0)	(2.0)
Purchasing price	2.5	Coking coal (0.5), Nickel 1.5, Export exchange difference 3.0	2.0
Cost, etc.	(3.0)	slower-than-usual restart of operations following a scheduled outage at Kure Works	0.5
Subsidiaries, etc.	0.0		(0.5)
Inventory evaluation	(1.5)	(5.5)→(7.0) (Of which, stainless steel (2.0)→(5.5))	(3.5)
Total	(7.0)		(3.5)
1st half of FY2017(Forecast)	(2.0)		(6.0)

(ii) 1st half of FY2017(Forecast) vs 2nd half of FY2017(Forecast)

(Billions of yen) (Of which stainless steel)

1st half of FY2017(Forecast)	(2.0)	Breakdown	(6.0)
Sales related	9.0	Price difference 5.0, Volume and composition difference 4.0	3.0
Purchasing price	(3.5)	Iron ore (2.0), Coking coal (0.5), Nickel (1.5), Oil (1.5), Import exchange difference 3.0	(1.5)
Cost, etc.	4.0		0.0
Subsidiaries, etc.	0.0		1.0
Inventory evaluation	6.0	7.0→(1.0) (Of which, stainless steel (5.5)→0.5)	6.0
Total	15.5		8.5
2nd half of FY2017(Forecast)	13.5		2.5

(iii) FY2017(Previous forecast) vs FY2017(Forecast)

(Billions of yen) (Of which stainless steel)

FY2017(Previous forecast)	20.0	Breakdown	(1.5)
Sales related	(5.0)	Price difference (1.5), Volume and composition difference (1.0) Export exchange difference (2.5)	(2.0)
Purchasing price	(1.0)	Iron ore (3.0), Oil (2.0), Zinc (1.5), Nickel 1.5, Import exchange difference 5.5	3.0
Cost, etc.	(2.0)	slower-than-usual restart of operations following a scheduled outage at Kure Works	(0.5)
Subsidiaries, etc.	0.0		0.0
Inventory evaluation	(0.5)	(7.5)→(8.0) (Of which, stainless steel (2.5)→(5.0))	(2.5)
Total	(8.5)		(2.0)
FY2017(Forecast)	11.5		(3.5)

4. Cash Dividends

The cash dividends for the fiscal year ending March 31, 2017 are undetermined, which will be announced as soon as they are made available.

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

	31-Mar-15	31-Mar-16	30-Jun-16
Cash on hand and in banks(Billions of yen)	26.3	31.4	25.8
Interest-bearing debt(Billions of yen)	289.8	279.5	272.0
Net D/E ratio	1.00	1.17	1.24
" (based on the credit rating) ※	0.86	0.98	1.03

※Net D/E ratio with 50% of the principal of hybrid loans,

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

(40 billion yen at the end of March of 2015, March of 2016 and June of 2016 entered as capital respectively)

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