

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

## 1. Consolidated Operating Results

( Billions of yen )

	No	FY2017					FY2016 Apr-Dec (Actual) f	Difference		
		1st half		(Actual) c	2nd half			(i) e-f	(ii) d-b	
		Apr-Jun (Actual) a	Jul-Sep (Actual) b		Oct-Dec (Actual) d	(Actual) e				
Net sales	1	119.4	132.3	251.7	130.0	381.7	409.9	(28.2)	(2.3)	
Operating income	2	0.2	4.0	4.2	1.5	5.7	6.9	(1.2)	(2.5)	
Ordinary income	Ordinary steel / Special steel	3	1.2	3.3	4.5	3.3	7.8	12.5	(4.7)	0.0
	Stainless steel	4	(2.5)	(1.0)	(3.5)	(2.0)	(5.5)	(8.0)	2.5	(1.0)
	Total	5	(1.3)	2.3	1.0	1.3	2.3	4.5	(2.2)	(1.0)
Profit attributable to owners of parent	6	(1.5)	1.5	0.0	0.2	0.2	0.0	0.2	(1.3)	
Inventory evaluation	Ordinary steel / Special steel	7	(1.5)	(1.0)	(2.5)	2.0	(0.5)	(4.0)	3.5	3.0
	Stainless steel	8	(1.5)	(2.0)	(3.5)	0.5	(3.0)	(6.0)	3.0	2.5
	Total	9	(3.0)	(3.0)	(6.0)	2.5	(3.5)	(10.0)	6.5	5.5

## 2. Other Information

	No	FY2017					FY2016 Apr-Dec (Actual) f	Difference		
		1st half		(Actual) c	2nd half			(i) e-f	(ii) d-b	
		Apr-Jun (Actual) a	Jul-Sep (Actual) b		Oct-Dec (Actual) d	(Actual) e				
Crude steel production (10,000tons)	Ordinary steel / Special steel	1	68	79	147	76	223	236	(13)	(3)
	Stainless steel	2	18	17	35	14	49	50	(1)	(3)
	Total	3	86	96	182	90	272	286	(14)	(6)
Sales volume (10,000tons)	Ordinary steel / Special steel	4	70	79	149	76	225	225	0	(3)
	Stainless steel	5	12	15	27	12	39	37	2	(3)
	Total	6	82	94	176	88	264	262	2	(6)
Average sales price of steel products(1,000yen/tons)	7	109	106	108	106	107	119	(12)	0	
Export ratio(monetary basis;%)	8	15	15	15	15	15	16	(1)	0	
Export exchange rate(yen/US\$)	9	108	102	105	109	106	122	(16)	7	

## 3. Breakdown of Differences in Ordinary Income

## ( i ) First nine months of FY2016(Actual) vs First nine months of FY2017(Actual)

( Billions of yen )

(Of which stainless steel)

First nine months of FY2016(Actual)	4.5	Breakdown	(8.0)
Sales related	(37.5)	Price difference (30.0), Volume and composition difference (2.0), Export exchange difference (5.5)	(18.5)
Purchasing price	28.0	Iron ore 4.0, Coking coal (1.0), Nickel 7.5, Chromium 2.5, Oil 3.0, Import exchange difference 11.0	17.0
Cost, etc.	(1.2)		1.0
Subsidiaries, etc.	2.0		0.0
Inventory evaluation	6.5	(10.0)→(3.5) ( Of which, stainless steel (6.0)→(3.0))	3.0
Total	(2.2)		2.5
First nine months of FY2017(Actual)	2.3		(5.5)

## ( ii ) 2Q of FY2017(Actual) vs 3Q of FY2017(Actual)

( Billions of yen )

(Of which stainless steel)

2Q of FY2017(Actual)	2.3	Breakdown	(1.0)
Sales related	0.5	Price difference 2.0, Volume and composition difference (1.0), Export exchange difference 0.5	(1.0)
Purchasing price	(6.5)	Iron ore (1.5), Coking coal (3.0), Nickel (1.0), Chromium (1.0)	(2.0)
Cost, etc.	(0.5)		(1.0)
Subsidiaries, etc.	0.0		0.5
Inventory evaluation	5.5	(3.0)→2.5 ( Of which, stainless steel (2.0)→0.5)	2.5
Total	(1.0)		(1.0)
3Q of FY2017(Actual)	1.3		(2.0)

## 4. Consolidated Balance Sheet ( December 31, 2016 )

( Billions of yen )

	vs Mar 31,2016			vs Mar 31,2016	
Cash on hand and in banks	20.6	(10.7)	Interest-bearing debt	258.4	(21.0)
Accounts receivable	63.8	(13.7)	Other liabilities	209.3	(1.3)
Inventories	131.7	6.9	Total liabilities	467.7	(22.4)
Other current assets	20.8	(4.7)	Common stock and additional paid-in capital	106.3	-
Tangible and intangible fixed assets	283.7	4.9	Retained earnings	75.6	(2.5)
Investments in securities, etc.	163.7	(6.1)	Treasury stock, at cost	(0.5)	(0.0)
			Accumulated other comprehensive income	22.9	(4.7)
			Non-controlling interests	12.4	6.1
Total assets	684.5	(23.5)	Total net assets	216.8	(1.1)
			Total liabilities and net assets	684.5	(23.5)

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

## 1. Consolidated Earnings Forecasts

( Billions of yen )

	No	FY2017		FY2016	Difference		
		(Forecast)	(Previous forecast)	(Actual)	( i )	( ii )	
		a	b	c	a-b	a-c	
Net sales	1	512.0	516.0	547.0	(4.0)	(35.0)	
Operating income	2	8.5	11.0	10.0	(2.5)	(1.5)	
Ordinary income	Ordinary steel / Special steel	3	9.5	9.5	17.2	0.0	(7.7)
	Stainless steel	4	(4.0)	(2.0)	(11.0)	(2.0)	7.0
	Total	5	5.5	7.5	6.2	(2.0)	(0.7)
Profit attributable to owners of parent	6	1.0	3.0	(6.6)	(2.0)	7.6	
Inventory evaluation	Ordinary steel / Special steel	7	2.5	0.0	(4.5)	2.5	7.0
	Stainless steel	8	(2.5)	(3.0)	(9.0)	0.5	6.5
	Total	9	0.0	(3.0)	(13.5)	3.0	13.5

## 2. Other Information

	No	FY2017		FY2016	Difference		
		(Forecast)	(Previous forecast)	(Actual)	( i )	( ii )	
		a	b	c	a-b	a-c	
Crude steel production (10,000tons)	Ordinary steel / Special steel	1	294	297	314	(3)	(20)
	Stainless steel	2	66	69	65	(3)	1
	Total	3	360	366	379	(6)	(19)
Sales volume (10,000tons)	Ordinary steel / Special steel	4	304	302	306	2	(2)
	Stainless steel	5	53	56	52	(3)	1
	Total	6	357	358	358	(1)	(1)
Average sales price of steel products(1,000yen/tons)	7	109	110	117	(1)	(8)	
Export ratio(monetary basis;%)	8	15	15	15	0	0	
Export exchange rate(yen/US\$)	9	107	105	120	2	(13)	

## 3. Breakdown of Differences in Ordinary Income

( i ) FY2017(Previous forecast) vs FY2017(Forecast)

( Billions of yen )

(Of which stainless steel)

FY2017(Previous forecast)	7.5	Breakdown	(2.0)
Sales related	0.5	Volume and composition difference (1.0), Export exchange difference 1.5	(0.5)
Purchasing price	(4.0)	Iron ore (0.5), Coking coal (1.0), Nickel (0.5), Import exchange difference (1.5)	(1.5)
Cost, etc.	(2.5)		(1.0)
Subsidiaries, etc.	1.0		0.5
Inventory evaluation	3.0	(3.0)→0.0 ( Of which, stainless steel (3.0)→(2.5))	0.5
Total	(2.0)		(2.0)
FY2017(Forecast)	5.5		(4.0)

( ii ) FY2016(Actual) vs FY2017(Forecast)

( Billions of yen )

(Of which stainless steel)

FY2016(Actual)	6.2	Breakdown	(11.0)
Sales related	(31.5)	Price difference (24.5), Volume and composition difference (1.0), Export exchange difference (6.0)	(14.5)
Purchasing price	16.0	Iron ore 2.5, Coking coal (10.0), Nickel 5.0, Chromium 2.5, Oil 1.5, Import exchange difference 16.0	14.0
Cost, etc.	(0.7)		0.0
Subsidiaries, etc.	2.0		1.0
Inventory evaluation	13.5	(13.5)→0.0 ( Of which, stainless steel (9.0)→(2.5))	6.5
Total	(0.7)		7.0
FY2017(Forecast)	5.5		(4.0)

## 4. Cash Dividends

The year-end 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	31-Dec-16
Cash on hand and in banks(Billions of yen)	26.3	31.4	20.6
Interest-bearing debt(Billions of yen)	289.8	279.5	258.4
Net D/E ratio	1.00	1.17	1.16
" (based on the credit rating) ※	0.86	0.98	0.97

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

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

(50% of 40 billion yen at the end of March of 2015, March of 2016 and December of 2016 entered as capital respectively)

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