

I. Financial Results for The 1st Quarter (April 1- September 30)
of The Fiscal Year 2012

1. Results of Operations

(Billions of yen)

	1st half of FY2012 (Actual) a	2nd half of FY2011 (Actual) b	Difference a-b	1st half of FY2012 (Previous Forecast)		
				c	Difference a-c	
consolidated	Net sales	280.3	269.3	11.0	280.0	0.3
	Operating income	7.3	9.1	(1.8)	9.0	(1.7)
	Income before special items	6.8	6.8	0.0	9.0	(2.2)
	Net income	3.9	2.6	1.3	7.0	(3.1)
	Net income per share (Yen)	4.34	2.82	1.52	7.75	▲ 3.41
Non- consolidated	Net sales	224.7	217.3	7.4	230.0	(5.3)
	Operating income	5.5	7.6	(2.1)	7.0	(1.5)
	Income before special items	2.5	3.7	(1.2)	4.0	(1.5)
	Net income	0.9	1.5	(0.6)	3.0	(2.1)
Unrealized holding gains on inventories		4.0	2.0	2.0	5.5	(1.5)

(Of which) Stainless Steel Business Results

Net sales	73.0	70.0	3.0	75.0	(2.0)	
Income before special items	3.0	3.0	0.0	3.0	0.0	
Unrealized holding gains on inventories		0.5	0.0	0.5	1.0	(0.5)

2. Other Information (Non-Consolidated)

	1st half of FY2012 (Actual) a	2nd half of FY2011 (Actual) b	Difference a-b	1st half of FY2012 (Previous Forecast)	
				c	Difference a-c
Crude steel production (10,000tons)	190	190	0	190	0
Of which, stainless steel	30	29	1	30	0
Sales volume (10,000tons)	174	175	(1)	173	1
Of which, stainless steel	25	25	0	25	0
Average sales price of steel products (¥1,000/ton)	129	125	4	131	(2)
Export ratio (monetary basis:%)	15	15	0	15	0
Export exchange rate (¥/\$)	80	82	(2)	81	(1)

3. Income Before Special Items Differential Breakdown
2nd half of FY2011 VS 1st half of FY2012

(Billions of yen) (Of which, stainless steel)

2nd half of FY2011	6.8	Breakdown	3.0
Sales related	8.5	Price difference 8.5	1.5
Purchasing price	(13.0)	Iron ore(4.0), Coke(7.0), Nickels(1.0), Oil(2.0)	(1.5)
Cost improvement, etc.	1.0	Rationalization, Exchange rate	(0.5)
Subsidiaries	1.5	Unconsolidated subsidiaries 1.0, Wheeling-Nisshin 0.5	—
Unrealized holding gains on inventories	2.0	2.0→ 4.0 (Of which, stainless steel 0.0→ 0.5)	0.5
Total	0.0		0.0
1st half of FY2012	6.8		3.0

Ex.rate:82→80¥/\$ FeNi:10.2→11.6\$/Lb FeCr:138→138¢/Lb

4. Balance Sheet (September 30, 2012)

(Billions of yen)

Debit	Consolidated		Credit	Consolidated	
		Vs Mar. 31 , 2011			Vs Mar. 31 , 2011
Cash on hand and in banks	18.8	0.4	Interest-bearing debt	280.5	(2.3)
Accounts receivable	79.6	(10.9)	Deferred tax liabilities	1.0	0.0
Inventories	147.6	14.0	Other liabilities	171.7	(3.0)
Other current assets	18.7	0.2	Total liabilities	453.4	(5.3)
Tangible and intangible fixed assets	238.7	(10.6)	Common stock and additional paid-in capital	129.8	—
Deferred tax assets	13.8	3.0	Retained earnings	97.8	2.1
Investments in securities	139.3	(3.1)	Treasury stock, at cost	(26.4)	(0.0)
			Accumulated other comprehensive income	(4.1)	(3.8)
			Minority interests	6.4	0.1
Total assets	656.8	(7.0)	Total net assets	203.4	(1.6)
			Total liabilities and net assets	656.8	(7.0)

II. Forecast of FY2012

1. Operations

(Billions of yen)

		FY2012		FY2011 (Actual)	Difference a - b	FY2012 (Previous Forecast)		
		1st half of FY2012 (Actual)	2nd half of FY2012 (Forecast)			c	Difference a - c	
		a	b					
consolidated	Net sales	280.3	284.7	565.0	545.3	19.7	590.0	(25.0)
	Operating income	7.3	6.7	14.0	23.9	(9.9)	25.0	(11.0)
	Income before special items	6.8	4.2	11.0	18.5	(7.5)	24.0	(13.0)
	Net income	3.9	3.1	7.0	12.0	(5.0)	21.0	(14.0)
	Net income per share(Yen)	4.34	3.41	7.75	13.33	▲ 5.58	23.24	▲ 15.49
Non- consolidated	Net sales	224.7	235.3	460.0	437.0	23.0	480.0	(20.0)
	Operating income	5.5	4.5	10.0	19.4	(9.4)	21.0	(11.0)
	Income before special items	2.5	0.5	3.0	13.5	(10.5)	14.0	(11.0)
	Net income	0.9	0.1	1.0	10.3	(9.3)	12.0	(11.0)
Unrealized holding gains on inventories		4.0	(3.0)	1.0	8.0	(7.0)	9.0	(8.0)

(Of which) Stainless Steel Business Results

Net sales	73.0	70.0	143.0	140.0	3.0	152.0	(9.0)	
Income before special items	3.0	(2.0)	1.0	8.0	(7.0)	6.0	(5.0)	
Unrealized holding gains on inventories		0.5	(3.5)	(3.0)	2.0	(5.0)	2.0	(5.0)

2. Other Information (Non-Consolidated)

	FY2012		FY2011 (Actual)	Difference a - b	FY2012 (Previous Forecast)		
	1st half of FY2012 (Actual)	2nd half of FY2012 (Forecast)			c	Difference a - c	
	a	b					
Crude steel production (10,000tons)	190	194	384	382	2	379	5
Of which, stainless steel	30	29	59	57	2	59	0
Sales volume (10,000tons)	174	188	362	359	3	361	1
Of which, stainless steel	25	26	51	50	1	52	▲ 1
Average sales price of steel products(¥1,000/ton)	129	125	127	122	5	133	▲ 6
Export ratio (monetary basis:%)	15	14	15	16	▲ 1	14	1
Export exchange rate (¥/\$)	80	77	78	86	▲ 8	80	▲ 2

3. Income Before Special Items Differential Breakdown

①1st half of FY2012(Actual) VS 2nd half of FY2012(Forecast)

(Billions of yen) (Of which, stainless steel)

1st half of FY2012(Actual)	6.8	Breakdown	3.0
Sales related	(2.5)	Price difference(4.5), Volume and Composition difference 2.0	(4.0)
Purchasing price	4.0	Iron ore(1.0), Coke(0.5), Nickels 4.0, Zinc 1.0	4.0
Cost improvement, etc.	4.9	Rationalization, Exchange rate	(1.0)
Subsidiaries	(2.0)	Unconsolidated subsidiaries(1.5), Wheeling-Nisshin(0.5)	—
Unrealized holding gains on inventories	(7.0)	4.0→(3.0) (Of which, Stainless steel 0.5→(3.5))	(4.0)
Total	(2.6)		(5.0)
2nd half of FY2012(Forecast)	4.2		(2.0)

Ex.rate:80→77¥/\$ FeNi:11.6→9.3\$/Lb FeCr:138→128 ¢ /Lb

②FY2011(Actual) VS FY2012 (Forecast)

(Billions of yen) (Of which, stainless steel)

FY2011(Actual)	18.5	Breakdown	8.0
Sales related	25.0	Price difference 22.5, Volume and Composition difference 2.5	3.5
Purchasing price	(38.0)	Iron ore(15.0), Coke(15.0), Oil(5.0), Chromium(1.0)	(3.0)
Cost improvement, etc.	12.0	Rationalization, Exchange rate	(2.5)
Subsidiaries	0.5	Unconsolidated subsidiaries 1.5, Wheeling-Nisshin(0.5), Consolidated subsidiaries(0.5)	—
Unrealized holding gains on inventories	(7.0)	8.0→1.0 (Of which, Stainless steel 2.0→(3.0))	(5.0)
Total	(7.5)		(7.0)
FY2012(Forecast)	11.0		1.0

Ex.rate:86→78¥/\$ FeNi:9.9→10.4\$/Lb FeCr:132→133 ¢ /Lb

③FY2012(Previous Forecast) VS FY2012 (Forecast)

(Billions of yen) (Of which, stainless steel)

FY2012(Previous forecast)	24.0	Breakdown	6.0
Sales related	(14.0)	Price difference(12.5) Volume and Composition difference(1.5)	(5.5)
Purchasing price	9.0	Iron ore 1.5, Coke 2.5, Oil(0.5), Nickels 3.0	5.0
Cost improvement, etc.	2.0	Rationalization, Exchange rate	0.5
Subsidiaries	(2.0)	Unconsolidated subsidiaries(2.0)	—
Unrealized holding gains on inventories	(8.0)	9.0→1.0 (Of which, Stainless steel 2.0→(3.0))	(5.0)
Total	(13.0)		(5.0)
FY2012(Forecast)	11.0		1.0

Ex.rate:80→78¥/\$ FeNi:11.3→10.4\$/Lb FeCr:133→133 ¢ /Lb

4. Dividends

We regret to announce that we are obliged to forgo the payment of mid-term dividends at the end of the 2nd Quarter.

Dividends for the full fiscal year will be decided taking future performance and other factors into account, and thus are undetermined at the moment.

[Reference]

Capital expenditures (Tangible)/ Depreciation and amortization

(Billions of Yen)

	FY2011 (Actual)	1st half of FY2012 (Actual)
Capital expenditures (Tangible)	20.3	7.1
Depreciation and amortization	38.4	18.7

Change in interest-bearing Debt and D/E Ratio

	Mar. 31, 2011 (Actual)	Jun. 30, 2011 (Actual)	Sep. 30, 2011 (Actual)
Interest-bearing debt (Billion of yen)	282.9	289.7	280.5
D/E ratio	1.42	1.44	1.42
〃 (based on the credit rating)※	1.15	1.17	1.15

※ 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>)

D/E ratio for 5 billion yen, 50% of which is considered to be capital.