

Consolidated Financial Results for the First Half of FY2012

(Based on Japanese GAAP)

Metal One Corporation (headquartered in Minato-ku, Tokyo; President: Naoto Matsuoka) is pleased to announce the results of its operations for the first half of FY2012 (April to September) as follows:

Outline of Consolidated Financial Results for the First Half of FY2012

[Overview]

During the first half of FY2012, April to September, Europe's long-running debt crisis and economic downturn led to a slowdown in economic growth and steel demand in China and other developing nations. Other steel markets slumped worldwide as continuing surplus production in China and neighboring nations combined with plunging prices for raw materials for steel.

Despite that, Japan was in the recovery mode during this period compared to the previous fiscal year, when it suffered from substantial problems as a result of the Great East Japan Earthquake. However, reconstruction-related demand has lagged, and demand in construction and manufacturing industry-related steel has failed to rebound. On top of that, exports have experienced tough going due to soft overseas markets and the yen's strength. The need for automotive steel—sustained by “eco-car” subsidies—has driven steel demand in the midst of all this.

In this problematic business environment, Metal One's consolidated sales in the first half of FY2012 lagged slightly behind those of the same period during the previous fiscal year. On the positive side, gross profit, operating income, and ordinary income were all up slightly compared to the same period the year before, and net income was ¥7.6 billion, up ¥400 million year on year.

[Key items in the consolidated income statement]

Regarding the main items in the FY2012 first half consolidated income statement, sales of ¥1.1754 trillion trailed those of the same period the year before by ¥48 billion, or 3.9 percent. Despite that, gross profit was up by ¥100 million to ¥54.7 billion, up 0.3 percent, and operating income rose ¥800 million, or 6.4 percent, to ¥13.7 billion, while ordinary income—which added ¥1 billion to total ¥15 billion—was up 7.3 percent.

Net income also climbed by ¥400 million to ¥7.6 billion—5.7 percent higher compared to the same period the previous fiscal year after deducting taxes of ¥5 billion and other expenses.

(Unit: ¥ million)

Item	First half of FY2012 (Apr. to Sep.)	Reference First half of FY2011
Sales	1,175,398	1,223,427
Gross profit	54,659	54,511
Operating income	13,700	12,873
Ordinary income	14,954	13,937
Net income	7,570	7,163

[Main items in the consolidated balance sheet]

Compared to the value at the end of the previous fiscal year, consolidated total assets fell by ¥92.5 billion to ¥1.0166 trillion at the end of the first half of FY2012 due to a decline in accounts receivable and investment securities. Consolidated interest-bearing debt also declined by ¥27.7 billion to ¥342.9 billion.

Due to declines in net unrealized gains on securities and foreign currency translation adjustments, total net assets excluding minority interests amounted to ¥252.9 billion, down ¥10.4 billion compared to the end of the previous fiscal year.

Outlook for Consolidated Performance for the Entire Fiscal Year

Regarding the demand environment in the latter half of FY2012, we do not expect the export environment to rebound. In the domestic manufacturing sector, the structural slump affecting shipbuilding industry demand and the cloudy outlook for exports targeting construction equipment are continuing. In addition, future demand from the automotive sector is unclear due to declining sales in China and the end of "eco-car" subsidies that had propelled domestic demand.

There will be concerns over pressure on profits in this increasingly severe operating environment, but Metal One will exert every effort to achieve the ¥20 billion in consolidated net income specified in our fourth Mid-term Consolidated Management Plan.