

May 25, 2012

Consolidated Financial Results for the Year Ended March 2012

Metal One Corporation (headquartered in Minato-ku, Tokyo; President: Naoto Matsuoka) held a press briefing on its consolidated financial results for the year ended March 2012 at its Tokyo headquarters. The briefing was conducted by Naoto Matsuoka, President & CEO, and Akiyuki Igarashi, executive officer & CFO.

■ Consolidated Financial Results for FY2011 and Forecast for FY2012

■ Financial Results for the Year Ended March 2012

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Metal One Corporation and Subsidiaries Consolidated Financial Results for FY2011 and Forecast for FY2012

May 25, 2012
Metal One Corporation

| Income Statements | | | | | | |
|--|-----------------------|------------------|-----------------------|----------|------------------|----------|
| (In ¥100 million) | Performance in FY2011 | | Performance in FY2010 | | | |
| | Consolidated | Non-consolidated | Consolidated | | Non-consolidated | |
| | | | | Variance | | Variance |
| Sales | 24,730 | 13,202 | 25,235 | -505 | 14,088 | -886 |
| Gross profit | 1,095 | 301 | 1,161 | -66 | 321 | -20 |
| (Gross profit ratio) | (4.4%) | (2.3%) | (4.6%) | | (2.3%) | |
| Operating expenses | -819 | -248 | -825 | 6 | -247 | -1 |
| Provision for doubtful receivables | -0 | -2 | -43 | 43 | -45 | 43 |
| Amortization of goodwill | -6 | | -5 | -1 | | |
| Operating income | 270 | 51 | 288 | -18 | 29 | 22 |
| Interest income | 7 | 8 | 6 | 1 | 8 | 0 |
| Interest expense | -36 | -11 | -30 | -6 | -12 | 1 |
| Interest expense-net | -29 | -3 | -24 | -5 | -4 | 1 |
| Dividend income | 17 | 121 | 18 | -1 | 70 | 51 |
| Other non-operating income | 26 | 3 | 28 | -2 | 2 | 1 |
| Other non-operating expenses | -15 | -8 | -11 | -4 | -8 | 0 |
| Equity in earnings of affiliated companies | -18 | | 18 | -36 | | |
| Ordinary income | 252 | 164 | 317 | -65 | 88 | 76 |
| Extraordinary gain | 32 | 33 | 44 | -12 | 11 | 22 |
| Extraordinary loss | -30 | -20 | -37 | 7 | -21 | 1 |
| Income before income taxes | 254 | 178 | 324 | -70 | 79 | 99 |
| Income taxes | -92 | -30 | -111 | 19 | -20 | -10 |
| Minority interests | -18 | | -25 | 7 | | 0 |
| Net income | 144 | 148 | 188 | -44 | 59 | 89 |

| | | | |
|--|-----|-----|------|
| Basic earnings capabilities | 241 | 344 | -103 |
| Basic earnings capabilities = Operating income (less provision for doubtful receivables) + Interest expense-net + Dividend income + Equity in earnings of affiliated companies | | | |

| Consolidated Balance Sheets | | | | | |
|--|----------------|------------------------------|--|------------------------------|------|
| (In ¥100 million) | March 31, 2012 | | March 31, 2012 | | |
| | | Variance from March 31, 2011 | | Variance from March 31, 2011 | |
| | | | | | |
| Current assets | 8,724 | 820 | Current liabilities | 7,080 | 859 |
| Cash and deposits | 342 | 8 | Accounts payable | 3,775 | 244 |
| Accounts receivable | 6,287 | 568 | Short-term debt | 2,873 | 481 |
| Inventories | 1,798 | 200 | Other current liabilities | 432 | 134 |
| Other current assets | 297 | 44 | Non-current liabilities | 1,012 | -187 |
| | | | Long-term debt | 832 | -127 |
| | | | Other | 180 | -59 |
| Non-current assets | 2,367 | -182 | Total liabilities | 8,092 | 673 |
| Tangible and intangible non-current assets | 1,105 | -2 | Common stock and additional paid-in capital | 1,500 | 0 |
| Investments and other assets | 1,261 | -179 | Retained earnings, etc. | 1,218 | 49 |
| | | | Assets and liabilities valuation and translation adjustments | -85 | -96 |
| | | | Total net assets excluding minority interests | 2,633 | -47 |
| | | | Minority interests | 365 | 12 |
| | | | Total net assets | 2,998 | -35 |
| Total assets | 11,091 | 638 | Total liabilities and net assets | 11,091 | 638 |

| | | |
|---------------------------|------------|----------|
| Number of Group Companies | | |
| Subsidiaries | Affiliates | Total |
| 110 (±0) | 47 (-2) | 157 (-2) |

Note: Figures in parentheses () show changes from the previous year.
Excluding the subsidiaries of subsidiaries, there are 78 consolidated subsidiaries.

| | | |
|-----------------------------------|----------------|----------------|
| Consolidated Financial Indicators | | |
| | March 31, 2012 | March 31, 2011 |
| Shareholders' equity ratio | 23.7% | 25.6% |
| D/E ratio | 1.24 | 1.11 |

Shareholders' equity ratio =
Total net assets excluding minority interests ÷ Total assets
D/E ratio =
(Short-term debt + Long-term debt) ÷ Total net assets

Outline of Consolidated Results for FY2011

Business environment

Regarding the global economy in fiscal 2011, there was a protracted adjustment in the housing market's supply and demand balance in the United States despite signs of improvement in personal consumption and employment. There was continuing weakness in Europe as well due to the lack of a conclusive, far-reaching solution to regional debt problems. In spite of robust internal demand, growth rates also slowed in China and the rest of Asia—which had served as powerful growth engines—as exports to Europe fell and European banks repatriated funds. Meanwhile, Japan's economy continued to stand still, primarily because of the Great East Japan Earthquake, the interruptions the quake caused in car parts supply chains and electric power supplies, fall flooding in Thailand, and the yen's ongoing strength.

Despite these circumstances, world crude steel production grew by 63.5 million tonnes compared to the previous fiscal year, from 1.43 to 1.49 billion tonnes. Worthy of mention were China's 49 million-tonne increase (639 million tonnes to 688 million tonnes), South Korea's 7.9 million-tonne increase, as well as rises of 6.2 million tonnes in the United States and 4.2 million tonnes in Turkey. Japan's crude steel production declined by 4.3 million tonnes to 106.5 million tonnes, however, primarily due to the slowing world economy, the Great East Japan Earthquake and flooding in Thailand, declining demand due to the yen's ongoing strength, and rising steel supplies in other countries in Asia.

Business performance

During the final year of the third Mid-term Consolidated Management Plan the Metal One Group implemented cost revisions and risk management in line with the business environment according to the survival strategies outlined in that plan, as well as pursuing growth strategies in Japan and elsewhere. However, the domestic construction steel business remained in the doldrums in tandem with the slump in steel transactions in automotive and other manufacturing industries, influenced by the Great East Japan Earthquake, the flooding in Thailand, and other factors. As a result of the above factors, the Metal One Group's consolidated performance during fiscal 2011 finished lower when compared to the previous fiscal year's results. Our ¥2.473 trillion in sales was down two percent compared to the last fiscal year's consolidated figures; at ¥25.2 billion, ordinary income was also down 20.4 percent, and our ¥14.4 billion in consolidated net income represented a 23.2 percent fall.

Situation with main items

1. Sales and gross profit

The ¥2.473 trillion in sales were ¥50.5 billion lower than the previous fiscal year due to the impact of the Great East Japan Earthquake and Thai floods, as was gross profit of ¥109.5 billion, down by ¥6.6 billion.

2. Operating expenses

Operating expenses declined by ¥600 million to ¥81.9 billion as a result of cost cutting and other ongoing efforts in line with our survival strategies.

3. Extraordinary gain and loss

An extraordinary gain of ¥3.2 billion resulted from sales of securities, the liquidation of affiliated companies, and other factors.

An extraordinary loss of ¥3 billion was mainly attributable to losses arising from sales and impairment of securities and non-current assets.

4. Business conditions by transaction type and partner industries

Transaction types reflected that ¥1.7352 trillion, or 70 percent overall, of sales came from Japan. Exports of ¥376.7 billion accounted for 15 percent, and ¥355.7 billion, or 15 percent, came from overseas.

Further, among partner industries, more than 50 percent of business came from the automotive, distribution, and construction industries, followed by raw materials for steel manufacturing and the electrical machinery industry.

5. Total assets and shareholders' equity

Total assets grew to ¥1.1091 trillion, up ¥63.8 billion compared to the previous fiscal year end. One factor was that the final day of the fiscal year was on the weekend. Current assets accounted for 79 percent of the total, and the Company continued to maintain a highly liquid financial structure. Slumping stock prices and a decline in valuation and translation adjustments due to the higher yen's repercussions meant that total net assets excluding minority interests fell to ¥263.3 billion, down ¥4.7 billion compared to the close of the previous fiscal year. Although the shareholders' equity ratio fell 1.9 percent compared to the end of the fiscal year before, to 23.7 percent, a sound financial status was maintained.

6. Interest-bearing debt

Although financing demand continued to remain at low levels in Japan, the overseas steel business continued to remain stable, particularly in the United States, China, and the emerging Asian economies, and the total of ¥370.6 billion in outstanding debt on a consolidated basis was up ¥35.3 billion compared to the end of the previous fiscal year.

Status of affiliates

Domestic steel pipe and tubular products operations were restructured and consolidated into Metal One Pipe & Tubular Products Inc., with the goal of strengthening an existing core business—one of the Company's growth strategies—and optimizing group management resources. Overseas, in anticipation of high steel demand in Vietnam, a subsidiary called Metal One (Vietnam) Co., Ltd. was established in that country. Additionally, a new company, Metal One Service Asia (Guangzhou, China) Co., Ltd., was established to handle expanding automotive steel processing requirements in Guangzhou, and its management is being integrated with the existing Foshan Shunde Hua Ri Steel Coil Center Co., Ltd. in an effort to provide customers the same levels of quality and service available in Japan.

Forecast for Consolidated Performance in FY2012

Sales of ¥2.68 trillion, gross profit of ¥120 billion, ¥36 billion in ordinary income, and net income of ¥20 billion are forecast for fiscal 2012 (April 2012 through March 2013), the first year of the fourth Mid-term Consolidated Management Plan.



Metal One Corporation and Subsidiaries
Financial Results for the Year Ended March 2012

Ninth Term
(April 1, 2011 to March 31, 2012)

May 25, 2012

3-23-1 Shiba, Minato-ku, Tokyo

Metal One Corporation

Consolidated Balance Sheets

(In ¥ million)

| Assets | | | | Liabilities and Net Assets | | | |
|-------------------------------------|--|---|--------------------|--|--|---|--------------------|
| Item | Previous fiscal year (March 31, 2011) | Current fiscal year (March 31, 2012) | Change (amount) | Item | Previous fiscal year (March 31, 2011) | Current fiscal year (March 31, 2012) | Change (amount) |
| Current assets | 790,423 | 872,399 | 81,976 | Current liabilities | 622,103 | 708,025 | 85,922 |
| Cash and deposits | 33,402 | 34,227 | 825 | Notes and accounts payable | 353,073 | 377,494 | 24,421 |
| Notes and accounts receivable | 571,878 | 628,676 | 56,798 | Short-term debt | 239,265 | 287,325 | 48,060 |
| Inventories | 159,773 | 179,787 | 20,014 | Other accounts payable | 7,589 | 11,632 | 4,043 |
| Advance payments to suppliers | 8,175 | 7,974 | -201 | Accrued expenses | 2,491 | 2,896 | 405 |
| Other accounts receivable | 12,888 | 17,249 | 4,361 | Accrued income taxes | 6,681 | 4,935 | -1,746 |
| Short-term deferred tax assets | 5,881 | 5,027 | -854 | Advances from customers | 3,914 | 3,909 | -5 |
| Other current assets | 3,429 | 4,461 | 1,032 | Reserve for bonuses | 3,257 | 3,139 | -118 |
| Allowance for doubtful receivables | -5,003 | -5,002 | 1 | Other | 5,833 | 16,695 | 10,862 |
| Non-current assets | 254,843 | 236,657 | -18,186 | Non-current liabilities | 119,867 | 101,211 | -18,656 |
| Tangible assets | 101,438 | 101,891 | 453 | Long-term debt | 95,970 | 83,238 | -12,732 |
| Intangible assets | 9,320 | 8,618 | -702 | Long-term deferred tax liabilities | 18,602 | 11,178 | -7,424 |
| Goodwill | 1,191 | 403 | -788 | Reserve for retirement allowance | 2,486 | 2,598 | 112 |
| Other intangible non-current assets | 8,129 | 8,215 | 86 | Other | 2,809 | 4,197 | 1,388 |
| Investments and other assets | 144,085 | 126,148 | -17,937 | Total liabilities | 741,970 | 809,236 | 67,266 |
| Investments | 135,455 | 116,851 | -18,604 | Shareholders' equity | 266,893 | 271,815 | 4,922 |
| Long-term loans | 1,018 | 932 | -86 | Common stock | 100,000 | 100,000 | 0 |
| Long-term deferred income taxes | 1,272 | 1,057 | -215 | Capital surplus | 50,000 | 50,000 | 0 |
| Other | 11,981 | 12,277 | 296 | Retained earnings | 116,893 | 121,815 | 4,922 |
| Allowance for doubtful receivables | -5,641 | -4,969 | 672 | Total other comprehensive income | 1,158 | -8,477 | -9,635 |
| Total assets | 1,045,266 | 1,109,056 | 63,790 | Net unrealized gains on securities | 17,279 | 11,504 | -5,775 |
| | | | | Deferred gains or losses on hedges | - | -500 | -500 |
| | | | | Foreign currency translation adjustments | -16,121 | -19,481 | -3,360 |
| | | | | Minority interests | 35,245 | 36,482 | 1,237 |
| | | | | Total net assets | 303,296 | 299,820 | -3,476 |
| | | | | Total liabilities and net assets | 1,045,266 | 1,109,056 | 63,790 |

Statements of Consolidated Income

(In ¥ million)

| Item | Previous fiscal year April 1, 2010 to March 31, 2011 | Current fiscal year April 1, 2011 to March 31, 2012 | Year-on-year | |
|--|--|---|--------------------|------------------------|
| | | | Change (amount) | Change (percentage) |
| Sales | 2,523,462 | 2,473,001 | -50,461 | -2.0% |
| Cost of sales | 2,407,398 | 2,363,515 | -43,883 | -1.8% |
| Gross profit | 116,064 | 109,486 | -6,578 | -5.7% |
| (Gross profit ratio) | (4.6%) | (4.4%) | | |
| Selling, general and administrative expenses | 87,254 | 82,483 | -4,771 | -5.5% |
| Operating income | 28,810 | 27,003 | -1,807 | -6.3% |
| Non-operating income | 7,050 | 5,101 | -1,949 | -27.6% |
| (Interest income) | (645) | (724) | 79 | 12.2% |
| (Dividend income) | (1,836) | (1,728) | -108 | -5.9% |
| (Equity in earnings of affiliated companies) | (1,791) | - | -1,791 | -100.0% |
| (Other non-operating income) | (2,778) | (2,649) | -129 | -4.6% |
| Non-operating expenses | 4,135 | 6,861 | 2,726 | 65.9% |
| (Interest expense) | (3,005) | (3,616) | 611 | 20.3% |
| (Equity in losses of affiliated companies) | - | (1,758) | 1,758 | 100.0% |
| (Other non-operating expenses) | (1,130) | (1,487) | 357 | 31.6% |
| Ordinary income | 31,725 | 25,243 | -6,482 | -20.4% |
| Extraordinary gain | 4,437 | 3,168 | -1,269 | -28.6% |
| Extraordinary loss | 3,730 | 2,967 | -763 | -20.5% |
| Income before income taxes | 32,432 | 25,444 | -6,988 | -21.5% |
| Income taxes: | | | | |
| Current | 12,419 | 8,810 | -3,609 | -29.1% |
| Deferred | -1,297 | 439 | 1,736 | -133.8% |
| Net income before minority interests | 21,310 | 16,195 | -5,115 | -24.0% |
| Minority interests | 2,530 | 1,772 | -758 | -30.0% |
| Net income | 18,780 | 14,423 | -4,357 | -23.2% |

Balance Sheets

(In ¥ million)

| Assets | | | | Liabilities and Net Assets | | | |
|-------------------------------------|--|---|--------------------|---------------------------------------|--|---|--------------------|
| Item | Previous fiscal year (March 31, 2011) | Current fiscal year (March 31, 2012) | Change (amount) | Item | Previous fiscal year (March 31, 2011) | Current fiscal year (March 31, 2012) | Change (amount) |
| Current assets | 403,957 | 419,412 | 15,455 | Current liabilities | 312,440 | 336,400 | 23,960 |
| Cash and deposits | 3,074 | 8,413 | 5,339 | Notes payable | 14,137 | 17,969 | 3,832 |
| Notes receivable | 48,666 | 48,454 | -212 | Accounts payable | 161,129 | 144,118 | -17,011 |
| Accounts receivable | 261,540 | 274,888 | 13,348 | Short-term debt | 120,338 | 152,218 | 31,880 |
| Inventories | 18,718 | 15,707 | -3,011 | Other accounts payable | 4,509 | 5,064 | 555 |
| Other accounts receivable | 2,819 | 5,429 | 2,610 | Accrued income taxes | 1,632 | - | -1,632 |
| Short-term loans | 62,105 | 59,458 | -2,647 | Advances from customers | 175 | 184 | 9 |
| Deferred tax assets | 2,136 | 1,519 | -617 | Reserve for bonuses | 716 | 693 | -23 |
| Other | 8,343 | 9,884 | 1,541 | Other current liabilities | 9,802 | 16,151 | 6,349 |
| Allowance for doubtful receivables | -3,449 | -4,344 | -895 | | | | |
| Non-current assets | 190,753 | 181,546 | -9,207 | Non-current liabilities | 96,407 | 78,818 | -17,589 |
| Tangible assets | 3,064 | 2,965 | -99 | Long-term debt | 89,273 | 73,955 | -15,318 |
| Intangible assets | 4,480 | 4,579 | 99 | Deferred tax liabilities | 7,101 | 3,714 | -3,387 |
| | | | | Other | 33 | 1,149 | 1,116 |
| Investments and other assets | 183,208 | 174,001 | -9,207 | Total liabilities | 408,847 | 415,218 | 6,371 |
| Investment securities | 77,796 | 67,829 | -9,967 | Shareholders' equity | 169,951 | 175,202 | 5,251 |
| Equity in affiliated companies | 85,507 | 83,444 | -2,063 | Common stock | 100,000 | 100,000 | 0 |
| Investments in affiliated companies | 15,964 | 17,811 | 1,847 | Capital surplus | 50,000 | 50,000 | 0 |
| Long-term loans | 300 | 200 | -100 | Retained earnings | 19,951 | 25,202 | 5,251 |
| Long-term receivables | 5,004 | 4,989 | -15 | | | | |
| Other | 3,518 | 3,927 | 409 | Valuation and translation adjustments | 15,911 | 10,537 | -5,374 |
| Allowance for doubtful receivables | -4,884 | -4,202 | 682 | Net unrealized gains on securities | 15,911 | 11,038 | -4,873 |
| | | | | Deferred gains or losses on hedges | - | -500 | -500 |
| Total assets | 594,710 | 600,959 | 6,249 | Total net assets | 185,862 | 185,740 | -122 |
| | | | | Total liabilities and net assets | 594,710 | 600,959 | 6,249 |

Statements of Income

(In ¥ million)

| Item | Previous fiscal year April 1, 2010 to March 31, 2011 | Current fiscal year April 1, 2011 to March 31, 2012 | Year-on-year | |
|--|--|---|--------------------|------------------------|
| | | | Change (amount) | Change (percentage) |
| Sales | 1,408,815 | 1,320,174 | -88,641 | -6.3% |
| Cost of sales | 1,376,693 | 1,290,051 | -86,642 | -6.3% |
| Gross profit | 32,122 | 30,123 | -1,999 | -6.2% |
| (Gross profit ratio) | (2.3%) | (2.3%) | | |
| Selling, general and administrative expenses | 29,185 | 25,025 | -4,160 | -14.3% |
| Operating income | 2,936 | 5,098 | 2,162 | 73.6% |
| Non-operating income | 7,963 | 13,239 | 5,276 | 66.3% |
| (Interest income) | (820) | (843) | 23 | 2.8% |
| (Dividend income) | (6,973) | (12,097) | 5,124 | 73.5% |
| (Other non-operating income) | (170) | (298) | 128 | 75.3% |
| Non-operating expenses | 2,051 | 1,906 | -145 | -7.1% |
| (Interest expense) | (1,248) | (1,121) | -127 | -10.2% |
| (Other non-operating expenses) | (803) | (785) | -18 | -2.2% |
| Ordinary income | 8,848 | 16,431 | 7,583 | 85.7% |
| Extraordinary gain | 1,134 | 3,335 | 2,201 | 194.1% |
| Extraordinary loss | 2,088 | 1,958 | -130 | -6.2% |
| Income before income taxes | 7,894 | 17,807 | 9,913 | 125.6% |
| Income taxes: | | | | |
| Current | 2,813 | 615 | -2,198 | -78.1% |
| Deferred | -800 | 2,353 | 3,153 | -394.1% |
| Net income | 5,882 | 14,838 | 8,956 | 152.3% |