

Annual Report 2015

From April 1, 2014 to March 31, 2015



NIPPON YAKIN KOGYO CO., LTD.



President

Hajime Kimura

I would like to extend my heartfelt gratitude for the continued support and patronage of our shareholders. In presenting the annual report for our 133rd year (from April 1, 2014 to March 31, 2015), I would like to offer a few words.

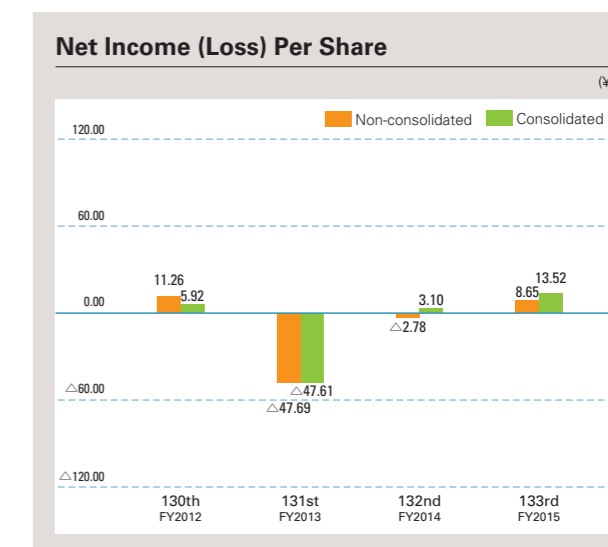
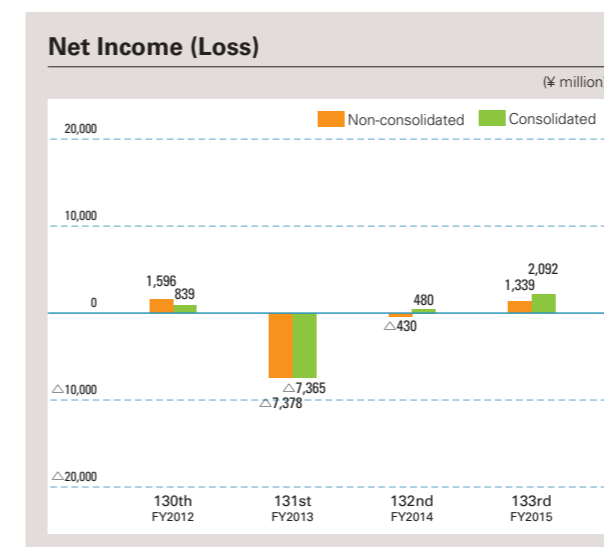
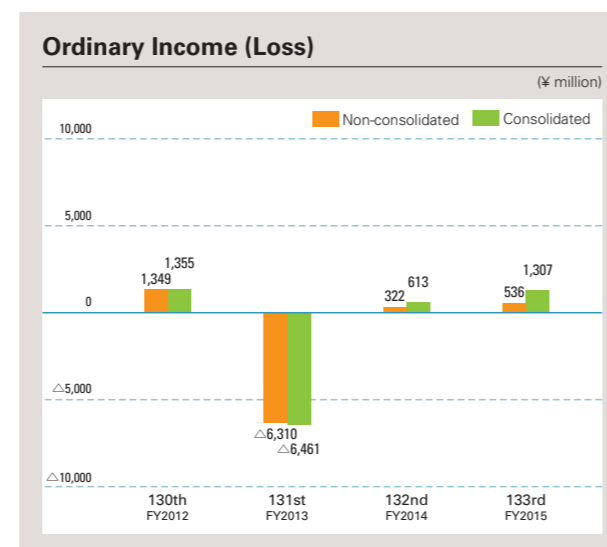
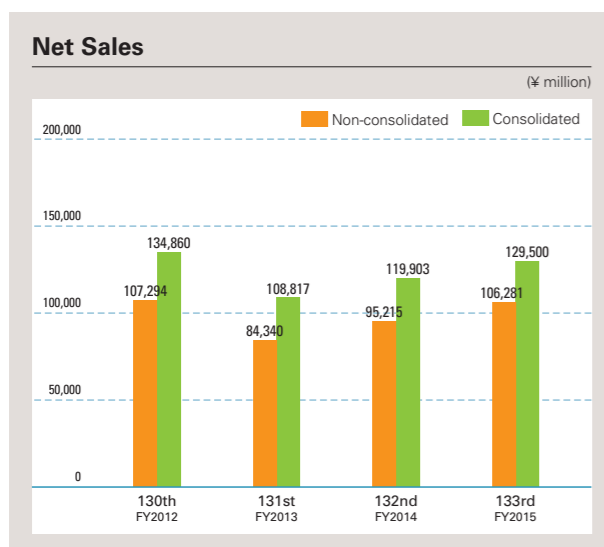
In the stainless and specialty steel industry during the consolidated fiscal year under review, the price of nickel in the first half maintained an upward trajectory underpinned by nickel ore export regulations in Indonesia, but in the latter half the nickel market appeared to have shifted to a downward trend amid concerns of a stagnating economy in China, the largest nickel consumer, while demand for stainless steel flat products also became sluggish. Moreover, manufacturers faced a severe business environment due to these factors combined with raw materials prices and energy costs remaining at high levels due to the depreciating yen. Amid those circumstances, we took steps to more appropriately align sales prices with production costs and also to expand sales in our strategic field of high-performance alloys. We have also been working to strengthen our marketing capabilities, with initiatives particularly geared toward capturing orders involving the environment, energy and other growth fields. This has involved centralizing management of relevant information held by our overseas subsidiaries in Chicago, Shanghai, London and Singapore, and by our respective sales offices in Japan, while also systematically backing up efforts of our respective business locations to bring in orders.

As a result, the Company's sales volume for the fiscal year under review declined overall by 2.3% year on year, yet increased by 9.4% in our strategic field of high-performance alloys. Meanwhile, the Group's net sales for the consolidated fiscal year under review were ¥129,500 million, an increase of 8.0% year on year partially due to positive results from efforts to achieve more appropriate sales price levels. Moreover, we generated ordinary income of ¥1,307 million, an increase of ¥694 million year on year partially due to initiatives geared toward addressing the increases in raw materials prices and energy costs mentioned earlier, such as by improving processes for manufacturing high-performance alloys and developing new types of low-cost raw materials. Net income was ¥2,092 million, for an increase of ¥1,612 million year on year due to the added benefit of changes in rates for corporate and other taxes associated with Japan's 2015 tax reform. Even with these results, we have opted to forego paying a year-end dividend with much regret to our shareholders. We have made this decision from the perspective of ensuring the soundness of the Company's financial structure, given our basic policy of providing consistent dividends taking into account factors such as the need for investment to upgrade our business foundation and the

financial outlook, while also taking action toward further enhancing the Company's financial structure. In terms of the outlook regarding the business environment surrounding the stainless and specialty steel industry, on the one hand trends such as those involving raw material and energy costs are likely to remain cause for concern, but on the other hand we anticipate growing demand on a global scale for applications in the environment and energy fields involving the Group's high-performance alloys. The Group will work in accordance with the Medium-Term Management Plan 2014 now being implemented to create strong financial standing that will ensure consistently positive earnings and enable us to resume dividend payments. To that end, we are placing core focus on expanding sales of our high-performance alloys and boosting competitive strengths of our high-performance alloys business, while pursuing initiatives geared toward strengthening profitability across the board in everything from our procurement of raw materials to production and sales. To achieve these goals, I would like to ask our shareholders for their continued support and cooperation.

June 2015

Financial Highlights



Contents

Dear Shareholders	1	Non-consolidated Financial Statements	11
Business Overview	3	Corporate Directory	13
Consolidated Financial Statements	9	Profile of Facilities	14

[Notes on rounding]

The figures presented in this report are generally rounded to the nearest one million yen. For instance, on page 3 the right-hand chart of "(2) Net Sales," "Net Sales (Non-consolidated)" contains two bars for each respective fiscal year, with the bar on the left showing results broken down by sales of stainless steel flat products, high-performance alloys and other, and one on the right showing results broken down by Japan and exports. Although respective totals are equal before rounding, in some cases the totals shown for each left bar and the corresponding right bar may not equal the sums of the components due to rounding errors. Moreover, in some cases the sum of individual figures presented for financial statement items may not equal the respective totals stated due to such rounding error.

(1) Overview

The following is an overview of the Group's business of stainless steel flat products and processed goods for the consolidated fiscal year under review.

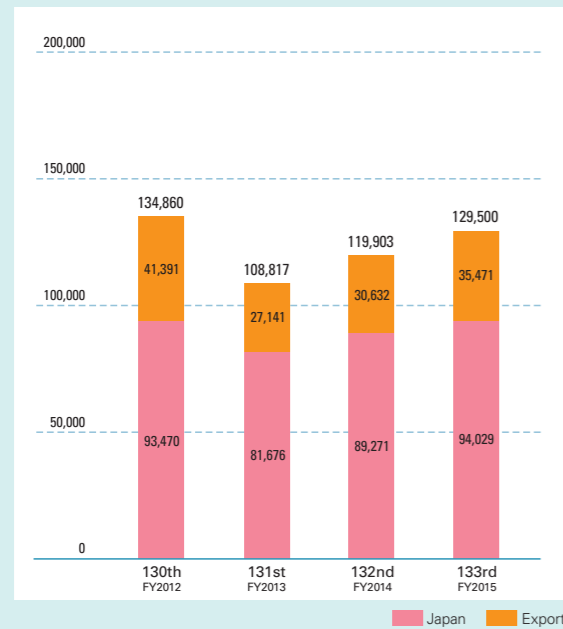
We faced a harsh business environment amid persistently high raw materials prices and costs for electricity and other forms of energy, brought about by a surge in nickel prices on the London Metal Exchange (LME) in the first half against a backdrop of Indonesian nickel ore export regulations taking effect from January 2014, and yen depreciation in the latter half.

Amid this business environment, we took steps to more appropriately align sales prices with production costs and also to expand sales in our strategic field of high-performance alloys. We have also been working to strengthen our marketing capabilities, with efforts particularly geared toward capturing orders involving the environment, energy and other growth fields. These efforts have involved centralizing management of relevant information held by our overseas subsidiaries and other sales offices, while also systematically backing up efforts of our respective business locations to bring in orders.

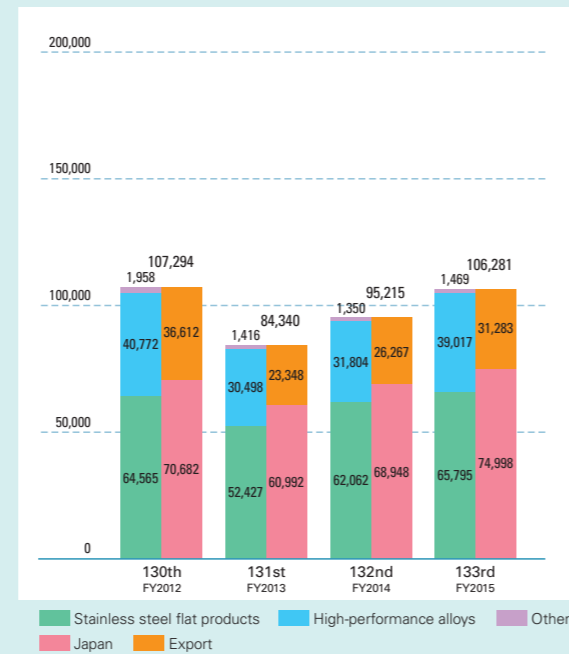
As a result, during the consolidated fiscal year under review overall sales volume decreased by 2.3% year on year, with high-performance alloys up 9.4% and standard grade stainless steel down 4.5%, while net sales increased by ¥9,597 million year on year to ¥129,500 million. Of this amount, sales in Japan were ¥94,029 million while export sales came to ¥35,471 million. (Ratio of domestic to export: 72.6% : 27.4%)

(2) Net Sales

■ Net Sales (Consolidated) (¥ million)



■ Net Sales (Non-consolidated) (¥ million)



(3) Net Sales Breakdown

Description		132nd FY2014 (A)	133rd FY2015 (B)	year on year (B)/(A)	
High-performance alloys	Sales volume	Thousand tons	40.1	43.8	109.4%
	Sales amount	¥ million	31,804	39,017	122.7%
Stainless steel flat products	Sales volume	Thousand tons	213.0	203.5	95.5%
	Sales amount	¥ million	62,062	65,795	106.0%
Other	Sales amount	¥ million	1,350	1,469	108.9%
Total	Sales amount	¥ million	95,215	106,281	111.6%
Export	Sales amount	¥ million	26,267	31,283	119.1%

(4) Capital Investment

Taking into account trends in the business environment, the Group made investment to enhance the competitiveness of high-performance alloys, considered as the Group's most important strategic product, while also investing in the environment and energy saving fields, along with initiatives to strengthen the Group's business foundations.

As a result, capital investments totaled ¥4,317 million in the consolidated fiscal year under review.

(5) Fund Procurement

Working capital and capital investment funds were allocated from the Company's own funds, issuing corporate bonds and bank borrowings.

During the consolidated fiscal year under review, corporate bonds were issued as follows.

Company name	Issue	Issue date	Total issuance	Date of maturity
Nippon Yakin Kogyo Co., Ltd.	Series 1 unsecured bonds	March 31, 2015	¥3,000 million	March 31, 2020

(6) Overview of Basic Strategy for Strengthening Profitability and Reinforcing Financial Standing as Set Forth in the Medium-Term Management Plan 2014 (Note)

- A. Refine strategy to expand sales of high-performance alloys
 - i. Initiatives in growth business fields and industries
 - ii. Enhancement of overseas and domestic sales system
- B. Measures to enhance competitiveness of high-performance alloys business
 - i. Reforming of manufacturing and technological processes by developing high-performance alloy manufacturing in line with that of standard grade stainless steel
 - ii. Enhancement of competitive strengths by diversifying sources of raw materials (cost-cutting promotion)
 - iii. Active leveraging of business alliances
 - iv. Fortification of competitive strengths with respect to delivery lead times
- C. Strengthen quality of service to meet customer needs
 - Heightened added value of high-performance alloys
- D. Strengthen standard grade stainless steel business

(Note) Further details on the Medium-Term Management Plan 2014 are available on the Company's corporate website: http://www.nyk.co.jp/files/pdf/ja/ir_news_140328.pdf (Japanese only)

(7) Results of Operations and Assets

1. Four fiscal years ended March 31 (consolidated)

Description		130th FY2012	131st FY2013	132nd FY2014	133rd FY2015
Net sales	(¥ million)	134,860	108,817	119,903	129,500
Ordinary income (loss)	(¥ million)	1,355	△ 6,461	613	1,307
Net income (loss)	(¥ million)	839	△ 7,365	480	2,092
Net income (loss) per share	(¥)	5.92	△ 47.61	3.10	13.52
Total assets	(¥ million)	149,869	140,808	137,370	141,015
Net assets	(¥ million)	37,829	30,461	30,998	34,254

2. Four fiscal years ended March 31 (non-consolidated)

Description		130th FY2012	131st FY2013	132nd FY2014	133rd FY2015
Net sales	(¥ million)	107,294	84,340	95,215	106,281
Ordinary income (loss)	(¥ million)	1,349	△ 6,310	322	536
Net income (loss)	(¥ million)	1,596	△ 7,378	△ 430	1,339
Net income (loss) per share	(¥)	11.26	△ 47.69	△ 2.78	8.65
Total assets	(¥ million)	135,242	127,443	122,715	126,785
Net assets	(¥ million)	41,063	33,694	33,277	35,382

(8) Major Subsidiaries

1. Consolidated subsidiaries

Name of company	Common stock	Holding ratio of voting rights	Main lines of business
NAS TOA CO., LTD.	¥ million 100	100.00 %	Production and sales of stainless steel and high-performance alloy welded pipes & tubes
NAS Stainless Steel Strip MFG. Co., Ltd.	682	100.00	Production and sales of stainless steel precision strip
NAS TRADING CO., LTD.	560	100.00	Sales and processing of stainless steel, specialty steel and processed products
Clean Metals Co., Ltd.	200	100.00	Sales and processing of stainless steel, specialty steel and processed products
NAS CREATE CO., LTD.	90	100.00	Sales of packaging materials for stainless steel products and non-life insurance agency business
NAS ENGINEERING CO., LTD.	102	100.00	Equipment installation and other engineering business
NAS TEC CO., LTD.	100	100.00	Contract work services involving production and processing of specialty steel and stainless steel
Miyazu Kairiku Unnyu Co., Ltd.	32	100.00	Harbor transport, truck transport, customs brokerage and sales of processed sand
NAS TOA (THAILAND) CO., LTD.	Thousands of THB 220,000	100.00	Production and sales of stainless steel pipes & tubes and processed products

(Note) Figures provided for holding ratio of voting rights include indirect holdings.

2. Equity-method affiliates

Name of company	Common stock	Holding ratio of voting rights	Main lines of business
Mitoyo Kinzoku K.K.	¥ million 20	49.00 %	Sales and processing of stainless steel and non-ferrous metal materials

(Notes)

1. The figure provided for holding ratio of voting rights includes indirect holdings.

2. Due to an increase in materiality, Mitoyo Kinzoku K.K. has been added to application of the equity method beginning with the consolidated fiscal year under review.

(9) Main Lines of Business

Production and sales of stainless steel, heat resistant steel, high-nickel alloy steel plate (sheet, medium-thick plate, strip), steel forgings and processed products, and production of ferro-nickel

(10) Main Business Locations

1. The Company

Head office	5-8, Kyobashi 1-chome, Chuo-ku, Tokyo, Japan
Branch	Tokyo, Osaka, Kyushu (Fukuoka-shi, Fukuoka), Nagoya, Hiroshima, Niigata
Manufacturing base	Kawasaki Plant (Kawasaki-shi, Kanagawa), Oheyama Plant (Miyazu-shi, Kyoto)

(Note) Locations outside Japan include local subsidiaries, Nippon Yakin Shanghai Co., Ltd. in Shanghai, China, Nippon Yakin America, Inc. in Chicago, U.S.A., Nippon Yakin Europe Limited in London, U.K., and Nippon Yakin Asia Pte. Ltd. in Singapore.

2. Subsidiaries

NAS TOA CO., LTD.	Head office (Chuo-ku, Tokyo)
	Branch : Osaka
	Factory: Chigasaki Plant (Kanagawa)
NAS Stainless Steel Strip MFG. Co., Ltd.	Head office (Osaka-shi, Osaka)
	Branch : Tokyo, Osaka
	Factory: Shiga Plant
NAS TRADING CO., LTD.	Head office (Chuo-ku, Tokyo)
	Branch : Tokyo, Nagoya, Osaka
	Division: Processing Center (Osaka, Aichi)
NAS TOA (THAILAND) CO., LTD.	Head office & Factory (Thailand)

(Note) Locations outside Japan include NAS KOTAI (THAILAND) CO., LTD., which is an overseas subsidiary of NAS Stainless Steel Strip MFG. Co., Ltd. in Bangkok, Thailand, and NAS TRADING (THAILAND) CO., LTD., which is an overseas subsidiary of NAS TRADING CO., LTD.

(11) Employees of the Group and the Company

	Group	Company	Average age	Average length of service
Number of employees (Persons)	1,982	1,029	38 years old, 9 months	17 years, 2 months
Year-on-year change	Decrease 10	Decrease 7		

(Note) The number of employees is the number of persons actually at work.

(12) Major Creditors

Creditor	Balance at the end of the fiscal year
Mizuho Bank, Ltd.	18,720 <small>¥ million</small>
Mitsubishi UFJ Trust and Banking Corporation	7,018
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,251
Development Bank of Japan Inc.	4,846
Sumitomo Mitsui Trust Bank, Limited	1,006

(Note) In addition to the aforementioned, the Company issues unsecured bonds to qualified institutional investors with the financial institution below as guarantor.

(Guarantor)	(Bonds outstanding)
Sumitomo Mitsui Trust Bank, Limited	¥3,000 million

(13) Number of Authorized Shares

Common Stock 558,000,000 shares

(14) Number of Issued Shares

Common Stock 154,973,338 shares
(Including 284,744 shares of treasury stock)

(15) Number of Shares per Unit

100 shares

(16) Number of Shareholders (Persons)

28,976

(17) Major Shareholders (Top 10)

Shareholder name	Number of shares held	Share-holding ratio
Japan Trustee Services Bank, Ltd. (non-Trust Account)	10,945 <small>Thousands of shares</small>	7.08 %
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,204	2.07
Mizuho Bank, Ltd.	3,115	2.01
Nippon Yakin Associates Stock Holding Partnership	2,764	1.79
Matsui Securities Co., Ltd.	2,027	1.31
Daiwa Securities Co. Ltd.	1,975	1.28
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,800	1.16
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1,775	1.15
MAEDA CORPORATION	1,505	0.97
Nippon Yakin NAS Stock Holding Partnership	1,429	0.92

(Notes)

- Figures stated for number of shares held have been rounded down to the nearest one thousand shares.
- Share-holding ratio has been calculated deducting treasury stock (284,744 shares).

(Note) Details and figures presented in (8) to (17), on pages 6 to 8, are current as of March 31, 2015.

Consolidated Financial Statements

Consolidated Balance Sheets

Item	As of March 31, 2015	As of March 31, 2014
Assets		
Current assets	59,158	57,645
Cash and deposits	5,042	6,630
Notes and accounts receivable	20,966	20,661
Marketable securities	30	30
Merchandise and finished products	9,193	7,290
Work in progress	15,584	15,577
Raw materials and purchased supplies	7,927	7,013
Deferred tax assets	81	264
Other current assets	899	752
Allowance for doubtful receivables	▲ 564	▲ 572
Fixed assets	81,796	79,725
Tangible fixed assets	75,037	74,125
Buildings and structures	11,986	12,560
Machinery, equipment and vehicles	22,506	20,473
Land	38,784	38,745
Construction in progress	336	996
Other tangible fixed assets	1,425	1,351
Intangible fixed assets	1,162	903
Software	986	738
Other intangible fixed assets	176	165
Investments and other assets	5,597	4,698
Investment securities	4,913	3,994
Deferred tax assets	99	142
Other investments and other assets	608	593
Allowance for doubtful receivables	▲ 23	▲ 31
Deferred assets	61	-
Bond issuance cost	61	-
Total assets	141,015	137,370

(Note) As of March 31, 2015 As of March 31, 2014
Assets pledged as collateral
Tangible fixed assets 77,066 70,492

POINT Current assets

Inventories (the total of merchandise and finished products, work in progress, and raw materials and purchased supplies) have increased by approximately ¥2,800 million in comparison with the level on March 31, 2014 due mainly to a surge in raw materials prices.

POINT Fixed assets

Machinery, equipment and vehicles under fixed assets has increased by approximately ¥2,000 million in comparison with the level on March 31, 2014 due to the Company's having undertaken capital investment geared toward enhancing competitive strengths of the Company's Kawasaki Plant.

(¥ million)

Item	As of March 31, 2015	As of March 31, 2014
Liabilities		
Current liabilities	62,043	69,228
Notes and accounts payable	17,485	18,491
Short-term debt	27,470	32,923
Current portion of bonds	600	-
Current portion of long-term debt	10,423	11,885
Accrued income taxes	64	175
Accrued consumption taxes	820	321
Reserve for employees' bonuses	690	627
Other current liabilities	4,492	4,806
Long-term liabilities	44,717	37,144
Bonds payable	2,400	-
Long-term debt	22,651	17,026
Deferred tax liabilities	7,933	8,823
Deferred tax liabilities on land revaluation	958	1,029
Net defined benefit liabilities	9,067	8,820
Reserve for environmental measures	30	10
Reserve for prevention of metal mine pollution	5	-
Other long-term liabilities	1,674	1,437
Total liabilities	106,761	106,372
Net assets		
Equity	31,008	28,575
Common stock	24,301	24,301
Capital surplus	9,542	9,542
Retained earnings	▲ 2,697	▲ 5,135
Treasury stock	▲ 138	▲ 133
Accumulated other comprehensive income	3,241	2,387
Unrealized gain on available-for-sale securities	1,370	695
Net deferred losses on hedges	▲ 0	▲ 0
Land revaluation reserve	1,724	1,651
Foreign currency translation adjustments	147	42
Minority interests	5	36
Total net assets	34,254	30,998
Total liabilities and net assets	141,015	137,370

(Note) As of March 31, 2015 As of March 31, 2014
Guarantee liabilities 16 27
Notes discounted 3,773 3,579
Notes endorsed 393 439

POINT Net assets

The shareholders' equity ratio was 24.3% as of March 31, 2015.

Consolidated Statements of Operations

Item	Term ended March 31, 2015	Term ended March 31, 2014
Sales	129,500	119,903
Cost of sales	117,414	108,206
Selling, general and administrative expenses	9,768	9,872
Operating income	2,318	1,824
Non-operating income	623	318
Interest and dividends received	77	98
Other non-operating income	546	220
Non-operating expenses	1,634	1,529
Interest paid	1,151	1,116
Other non-operating expenses	482	414
Ordinary income	1,307	613
Extraordinary profits	88	659
Extraordinary losses	76	578
Income before income taxes and minority interests	1,319	694
Income taxes (corporate tax, residential tax and enterprise tax)	80	241
Income tax adjustment	▲ 861	▲ 32
Minority interest in income	8	5
Net income	2,092	480

(Note) Term ended March 31, 2015 Term ended March 31, 2014
Net income per share 13.52 3.10

Consolidated Statements of Changes in Equity (Term ended March 31, 2015)

	Equity					Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock		
Balance as of April 1, 2014	24,301	9,542	▲ 5,135	▲ 133		28,575
Cumulative effects of changes in accounting policies	-	-	128	-		128
Restated balance	24,301	9,542	▲ 5,007	▲ 133		28,703
Changes of items during the period:						
Net income	-	-	2,092	-		2,092
Purchase of treasury stock	-	-	-	▲ 1		▲ 1
Change of scope of equity method	-	-	221	▲ 5		217
Reversal of land revaluation reserve	-	-	▲ 3	-		▲ 3
Changes outside scope of equity - net	-	-	-	-		-
Total changes of items during the period	-	-	2,310	▲ 5		2,305
Balance as of March 31, 2015	24,301	9,542	▲ 2,697	▲ 138		31,008

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gain on available-for-sale securities	Net deferred loss on hedges	Land revaluation reserve	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2014	695	▲ 0	1,651	42	2,387	36	30,998
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	128
Restated balance	695	▲ 0	1,651	42	2,387	36	31,127
Changes of items during the period:							
Net income	-	-	-	-	-	-	2,092
Purchase of treasury stock	-	-	-	-	-	-	▲ 1
Change of scope of equity method	-	-	-	-	-	-	217
Reversal of land revaluation reserve	-	-	-	-	-	-	▲ 3
Changes outside scope of equity - net	676	0	74	105	854	▲ 32	822
Total changes of items during the period	676	0	74	105	854	▲ 32	3,128
Balance as of March 31, 2015	1,370	▲ 0	1,724	147	3,241	5	34,254

Consolidated Statements of Cash Flows

Item	Term ended March 31, 2015	Term ended March 31, 2014
Cash flows from operating activities	1,162	672
Cash flows from investing activities	▲ 3,975	▲ 1,630
Cash flows from financing activities	1,077	▲ 2,542
Foreign currency translation adjustment of cash and cash equivalents	138	3
Net increase (decrease) in cash and cash equivalents	▲ 1,598	▲ 3,498
Cash and cash equivalents at the beginning of the term	6,579	10,076
Balance of cash and cash equivalents at the end of the term	4,980	6,579

POINT Sales

We have been working to strengthen our marketing capabilities by expanding sales in the Company's strategic field of high-performance alloys, particularly in terms of capturing orders involving the environment, energy and other growth fields. To that end, we have been building a framework across the entire company, including our factories and raw materials procurement divisions, that enables us to systematically back up efforts to win orders being pursued by our respective business locations by centrally managing at the head office information that has been collected by our overseas subsidiaries and other sales offices on trends in demand and on properties undergoing construction and installation work. As a result, net sales increased by ¥9,600 million year on year in the consolidated fiscal year under review, despite negative developments such as slowing economic growth in China and the ASEAN region, and a sluggish European economy.

POINT Ordinary income

Ordinary income increased by approximately ¥700 million year on year with increasing raw materials prices and escalating energy costs partially offset by the aforementioned increase in sales coupled with initiatives that included improving high-performance alloy manufacturing processes and developing new sources for raw materials.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

Item	As of March 31, 2015	As of March 31, 2014
Assets		
Current assets	50,075	44,320
Cash and deposits	2,548	4,055
Notes receivable	6,327	4,632
Accounts receivable	11,299	10,413
Merchandise and finished products	3,810	2,996
Work in progress	14,822	15,017
Raw materials and purchased supplies	6,941	6,040
Prepaid expenses	90	67
Short-term loans receivable	4,067	637
Other current assets	171	463
Fixed assets	76,649	78,395
Tangible fixed assets	66,652	65,882
Buildings	7,801	8,221
Structures	2,791	2,904
Machinery and equipment	20,636	18,637
Vessels	1	1
Vehicles and other land delivery equipment	4	0
Tools, furniture and fixtures	114	86
Land	34,459	34,460
Lease assets	565	664
Construction in progress	280	908
Intangible fixed assets	1,045	817
Software	960	717
Other intangible fixed assets	85	100
Investments and other assets	8,952	11,696
Investment securities	4,146	3,561
Shares of subsidiaries and affiliates	4,372	4,299
Long-term loans receivable	0	3,432
Long-term prepaid expenses	88	56
Other investments and other assets	348	350
Allowance for doubtful receivables	▲ 2	▲ 2
Deferred assets	61	0
Bond issuance cost	61	0
Total assets	126,785	122,715

(Note) As of March 31, 2015 As of March 31, 2014
Monetary claims against subsidiaries (short-term) 12,621 7,373

POINT Current assets

Inventories (the total of merchandise and finished products, work in progress, and raw materials and purchased supplies) have increased by approximately ¥1,500 million in comparison with the level on March 31, 2014 due mainly to a surge in raw materials prices.

POINT Fixed assets

Machinery and equipment under fixed assets has increased by approximately ¥2,000 million in comparison with the level on March 31, 2014 due to the Company's having undertaken capital investment geared toward enhancing competitive strengths of its Kawasaki Plant.

Item	As of March 31, 2015	As of March 31, 2014
Liabilities		
Current liabilities	50,724	56,496
Notes payable	6,702	7,848
Accounts payable	7,495	7,551
Short-term debt	20,195	23,990
Current portion of bonds	600	—
Current portion of long-term debt	9,641	11,091
Lease obligations	222	231
Accounts payable - other	943	1,189
Accrued expenses	2,049	2,002
Deposits received	1,081	1,332
Reserve for employees' bonuses	370	320
Notes payable - equipment	742	590
Other current liabilities	685	351
Long-term liabilities	40,678	32,942
Bonds payable	2,400	—
Long-term debt	21,309	15,670
Lease obligations	412	505
Deferred tax liabilities	8,334	8,966
Deferred tax liabilities on land revaluation	438	483
Reserve for employees' retirement benefits	6,936	6,781
Reserve for environmental measures	26	10
Reserve for prevention of metal mine pollution	5	—
Asset retirement obligations	220	220
Long-term accounts payable - other	580	284
Other long-term liabilities	19	24
Total liabilities	91,402	89,437
Net assets		
Equity	33,513	32,049
Common stock	24,301	24,301
Capital surplus	9,542	9,542
Statutory reserve	9,542	9,542
Retained earnings	▲ 197	▲ 1,661
Other retained earnings	▲ 197	▲ 1,661
Retained earnings brought forward	▲ 197	▲ 1,661
Treasury stock	▲ 133	▲ 133
Valuation and translation adjustments	1,869	1,228
Unrealized gain on available-for-sale securities	1,195	602
Net deferred losses on hedges	—	▲ 0
Land revaluation reserve	674	626
Total net assets	35,382	33,277
Total liabilities and net assets	126,785	122,715

(Note) As of March 31, 2015 As of March 31, 2014
Monetary debt against subsidiaries (short-term) 4,368 4,462
Guarantee liabilities 16 27

POINT Interest-bearing debt

The total amount of combined short-term debt, long-term debt and bonds payable increased by approximately ¥3,400 million year on year. Procured funds are mainly being allocated to capital investment.

POINT Net assets

The shareholders' equity ratio was 27.9% as of March 31, 2015.

Non-consolidated Statements of Operations

Item	Term ended March 31, 2015	Term ended March 31, 2014
Sales	106,281	95,215
Cost of sales	99,741	89,374
Selling, general and administrative expenses	5,457	5,463
Operating income	1,083	378
Non-operating income	839	1,265
Interest and dividends received	215	825
Other non-operating income	624	440
Non-operating expenses	1,387	1,321
Interest paid	999	959
Other non-operating expenses	388	362
Ordinary income	536	322
Extraordinary profits	34	282
Extraordinary losses	71	1,183
Income (loss) before income taxes	499	▲ 579
Income taxes (corporate tax, residential tax and enterprise tax)	▲ 12	▲ 149
Income tax adjustment	▲ 828	0
Net income (loss)	1,339	▲ 430

(Note) Term ended March 31, 2015 Term ended March 31, 2014
Net income (loss) per share 8.65 ▲ 2.78

POINT Sales

Despite prevailing high raw materials prices and energy costs in the stainless and specialty steel industry, sales increased by approximately ¥11,100 million year on year in the fiscal year under review, amid a roughly 9% increase in combined domestic and overseas sales volume of high-performance alloys stemming from ongoing efforts to expand sales of such products.

POINT Ordinary income

Ordinary income increased by approximately ¥200 million year on year with increasing raw materials prices and escalating energy costs partially offset by the aforementioned increase in sales coupled with initiatives that included improving high-performance alloy manufacturing processes and developing new sources for raw materials.

Non-consolidated Statements of Changes in Equity (Term ended March 31, 2015)

	Equity						
	Common stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Statutory reserve	Total capital surplus	Other retained earnings	Total retained earnings		
Balance as of April 1, 2014	24,301	9,542	9,542	▲ 1,661	▲ 1,661	▲ 133	32,049
Cumulative effects of changes in accounting policies	—	—	—	128	128	—	128
Restated balance	24,301	9,542	9,542	▲ 1,533	▲ 1,533	▲ 133	32,178
Changes of items during the period:							
Net income	—	—	—	1,339	1,339	—	1,339
Purchase of treasury stock	—	—	—	—	—	▲ 0	▲ 0
Reversal of land revaluation reserve	—	—	—	▲ 3	▲ 3	—	▲ 3
Changes outside scope of equity - net	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	1,336	1,336	▲ 0	1,336
Balance as of March 31, 2015	24,301	9,542	9,542	▲ 197	▲ 197	▲ 133	33,513

	Valuation and translation adjustments				Total net assets
	Net unrealized gain on available-for-sale securities	Net deferred loss on hedges	Land revaluation reserve	Total valuation and translation adjustments	
Balance as of April 1, 2014	602	▲ 0	626	1,228	33,277
Cumulative effects of changes in accounting policies	—	—	—	—	128
Restated balance	602	▲ 0	626	1,228	33,406
Changes of items during the period:					
Net income	—	—	—	—	1,339
Purchase of treasury stock	—	—	—	—	▲ 0
Reversal of land revaluation reserve	—	—	—	—	▲ 3
Changes outside scope of equity - net	593	0	48	641	641
Total changes of items during the period	593	0	48	641	1,977
Balance as of March 31, 2015	1,195	—	674	1,869	35,382

Board of Directors and Audit & Supervisory Board Members

As of June 25, 2015

Representative Director and President	Hajime Kimura
Representative Director	Michio Morooka
Director	Hisashi Kubota
Director	Makoto Hashinokuchi
Director	Tomiki Oota
Director	Kazuhiko Okada
Audit & Supervisory Board Member (Full time)	Hiromi Maeda
Audit & Supervisory Board Member (Full time)	Mamoru Kishida
Audit & Supervisory Board Member	Souichi Yamaguchi
Audit & Supervisory Board Member	Tatsuo Inagaki

(Reference)
Among the Directors, Mr. Kazuhiko Okada serves as an Outside Director.
Among the Audit & Supervisory Board Members, Messrs. Mamoru Kishida and Tatsuo Inagaki serve as Outside Audit & Supervisory Board Members.

Executive Officers

As of June 25, 2015

President and Executive Officer	Hajime Kimura
Senior Managing Officer	Michio Morooka
Managing Officer	Hisashi Kubota
Managing Officer	Makoto Hashinokuchi
Managing Officer	Tomiki Oota
Managing Officer	Tadashi Hasegawa
Managing Officer	Akira Horiuchi
Executive Officer	Masato Noda
Executive Officer	Yasuhiko Kobayashi
Executive Officer	Yasuhiro Kiuchi
Executive Officer	Syuuichi Sasaki
Executive Officer	Wang Kun
Executive Officer	Shingo Kobayashi

Accounting Auditor

As of June 25, 2015

Yaesu Audit Company

Locations in Japan

As of June 25, 2015

Head Office

Sanei Bldg., 5-8, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8365, Japan
Phone: +81-(0)3-3272-1511

Osaka Branch

Kogin Bldg., 1-1, Korai-bashi 4-chome, Chuo-ku, Osaka-shi, Osaka 541-0043, Japan
Phone: +81-(0)6-6222-5411

Nagoya Branch

NBF Nagoya Hiroko-ji Bldg., 3-6, Sakae 2-chome, Naka-ku, Nagoya-shi, Aichi 460-0008, Japan
Phone: +81-(0)52-211-1102

Kyushu Branch

Ayasugi Bldg., 15-6, Tenjin 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka 810-0001, Japan
Phone: +81-(0)92-722-4170

Hiroshima Branch

Hiroshima Kogin Bldg., 1-22, Kamiya-cho 2-chome, Naka-ku, Hiroshima-shi, Hiroshima 730-0031, Japan
Phone: +81-(0)82-243-0039

Niigata Branch

Hokuetsu Daiichi Bldg., 2-25, Higashi Odori 1-chome, Niigata-shi, Niigata 950-0087, Japan
Phone: +81-(0)25-247-9261

Kawasaki Plant

4-2, Kojima-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa 210-8558, Japan
Phone: +81-(0)44-271-3012

Oheyama Plant

413, Suzu, Miyazu-shi, Kyoto 629-2251, Japan
Phone: +81-(0)772-46-3121

Locations Outside Japan

As of June 25, 2015

Nippon Yakin America, Inc. (subsidiary in Chicago)

5600 N River Road Suite 800, Rosemont, Illinois 60018, U.S.A.
Phone: +1 (847) 685-6644 Fax: +1 (847) 292-4404

Nippon Yakin Shanghai Co., Ltd. (subsidiary in Shanghai)

Rm.1018, Shanghai International Trade Centre, 2201 Yan An Road(W.), Shanghai, China
Phone: +86 (21) 5239-2670 Fax: +86 (21) 5239-2679

Nippon Yakin Europe Limited (subsidiary in London)

72 Hammersmith Road, London, W14 8TH, United Kingdom
Phone: +44 (20) 7858-0948 Fax: +44 (870) 112-8983

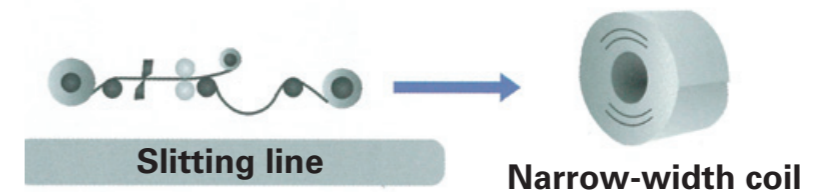
Nippon Yakin Asia Pte. Ltd. (subsidiary in Singapore)

10 Anson Road, #31-09 International Plaza, Singapore 079903
Phone: +65-6226-2376 Fax: +65-6226-3426

High-performance Alloy Precision Slitting Line

The Company set up a high-performance alloy precision slitting line in the cold strip mill shop of the Kawasaki Plant (Kojima-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa). The new slitting line began operations in March 2015. While the Company's high-performance alloys (mainly high-nickel alloy containing at least 20% nickel) are used in various applications due to their corrosion resistance, heat resistance and other properties, the demands of our customers concerning the slit coil edge condition quality are becoming increasingly sophisticated in recent years, particularly with respect to items such as sheathed heaters used in electric water heaters and pipes for the oil and gas industry. With the aim of guaranteeing that quality meets such customer demands, we set up the new slitting line given the need to develop technologies and capabilities encompassing everything up to final slitting process.

The new slitting line is capable of handling product with a maximum coil width of 600 mm, strip thickness of 0.3 mm to 2.0 mm and finished product width of 12 mm to 50 mm. It can cut up to 20 slits per coil and is equipped with automated packaging equipment. The new line is expected to further enhance the Company's competitive strengths with respect to high-performance alloys by enabling us to improve quality and productivity, while reducing delivery lead times as a result of performing slitting line operations in-house.



Capable of 20 slits per coil



Recoiling of cut strips



NIPPON YAKIN KOGYO CO., LTD.

(<http://www.nyk.co.jp/>)