
Consolidated Financial Results
for the First Quarter of the Fiscal
Year Ending March 31, 2009

NISSHIN STEEL CO., LTD.

August 5, 2008

Qualitative Information about the 1Q of FY ending March 31, 2009

Demand was strong overall, led by the manufacturing industry. Shipments of construction materials, however, remained sluggish.

Raw material and fuel prices rose sharply. The increase in costs exceeded the improvement in sales prices.

Both revenue and earnings were down from the same quarter of the previous fiscal year, as inventory valuation gains on stainless steel turned to losses with the fall in the price of nickel.

Highlights of Consolidated Results for the 1Q of FY ending March 31, 2009

(Billions of yen)

	1Q of FY ending March 31, 2009 Actual	1Q of FY ended March 31, 2008 Actual	Difference
Net sales	164.3	170.7	(6.4)
Operating income	5.3	17.7	(12.4)
Income before special items	6.7	18.9	(12.2)
Net income	3.8	10.9	(7.1)
Net income per share (Yen)	4.21	11.94	(7.73)
Unrealized holding gains on inventories	2.0	8.5	(6.5)
(Of which) Stainless Business Results			
Net sales	50.0	64.0	(14.0)
Income before special items	0.0	12.0	(12.0)
Unrealized holding gains on inventories	(3.5)	7.5	(11.0)

Other Information (Non-Consolidated)

	1Q of FY ending March 31, 2009 Actual	1Q of FY ended March 31, 2008 Actual	Difference
Crude steel production (1,000 tons)	1,006	1,008	(2)
Of which stainless steel	142	152	(10)
Sales volume (1,000 tons)	987	993	(6)
Average sales price of steel products (¥1,000/ton)	133	142	(9)
Export ratio (monetary basis;%)	19	18	1
Export exchange rate (¥/US\$)	105	121	16 (Yen appreciation)
Excess of imports over exports (US\$ million)	381	348	33

Income Before Special Items Differential Breakdown

Item	Amount (billions of yen)	Breakdown	Of which, stainless steel
1Q of FY ended march 31, 2008, Actual	18.9		12.0
Sales related	(1.0)	Volume and composition difference (1.0)	(7.0)
Purchasing price	(11.0)	Nickels 6.0, Iron ore (5.0), Coke and PCI (6.0), Chromium (2.0), Oil and gas (4.0)	4.5
Cost improvement, etc.	(0.2)	Rationalization 0.8, Exchange rate 5.0, Subsidiaries 0.5, Changes in estimated useful lives (0.5), Unrealized holding gains on inventories (6.5)	(9.5)
Total	(12.2)		(12.0)
1Q of FY ending march 31, 2009, Actual	6.7		0.0

Balance Sheet (Summary)

As of June, 2008

(Billions of yen)

Debit	Vs. March, 2008	
Cash on hand and in banks	18.5	+ 0.3
Accounts receivable	98.6	+ 5.3
Inventories	173.8	+ 7.2
Other current assets	45.0	+ 7.6
Property, plant and equipment	263.7	(2.0)
Intangible assets	10.5	(0.8)
Investments and long-term receivables	226.4	+ 0.7
Total assets	836.8	18.5

Credit	Vs. March, 2008	
Interest-bearing debt	242.2	+ 23.6
Other liabilities	234.3	(3.8)
Total liabilities	476.6	19.7
Common stock and additional paid-in capital	129.8	—
Retained earnings	184.0	(1.6)
Treasury stock, at cost	(25.8)	(0.0)
Valuation and translation adjustments	66.6	+ 0.2
Minority interests	5.5	+ 0.1
Total net assets	360.1	(1.2)
Total liabilities and total net assets	836.8	18.5

Qualitative Information Regarding Consolidated Performance Forecast

Appreciation in raw material and fuel costs, together with the slowdown in the U.S. economy, may impact consumer spending and steel demand.

Demand for construction materials is sluggish, except for large-scale projects and prefab houses.

Inventory adjustments for stainless steel in Japan and China may continue over the long term due to an anticipation of slack demand and a fall in the price of nickel.

Selling prices need to be improved further, considering the appreciation in raw material costs.

We will focus on improving sales price of stainless steel in particular, following movements in the prices of nickel, chrome and other raw materials.

We will consider revising the current pricing system for stainless steel.

The Rationalization and Total Cost Reduction Committee, considering group-wide approaches to cut costs and increase productivity a pressing issue, is moving forward with implementation of necessary measures.

Medium- to long-term issues and cross-divisional challenges are being identified, and will be reflected in the next medium-term consolidated management plan.

Forecasts of Results of Operations for the Fiscal Year Ending March 31, 2009

(Billions of yen)

	FY ending March 31, 2009—full year (Current forecast)	FY ended March 31, 2008—full year (Actual)	Change		Previous forecast (As of 28 Apr. 2008)	Change		
			(Amount)	(%)		(Amount)	(%)	
Consolidated	Net sales	750.0	649.4	100.6	15.5%	750.0	0.0	0.0%
	Operating income	37.0	58.4	(21.4)	-36.7%	46.0	(9.0)	-19.6%
	Income before special items	37.0	54.5	(17.5)	-32.2%	44.0	(7.0)	-15.9%
	Net income	22.5	32.1	(9.6)	-30.1%	26.0	(3.5)	-13.5%
	Net income per share (Yen)	24.84	35.37	(10.53)	—	28.70	(3.86)	—
Non-consolidated	Net sales	590.0	522.7	67.3	12.9%	610.0	(20.0)	-3.3%
	Operating income	30.5	53.2	(22.7)	-42.7%	41.0	(10.5)	-25.6%
	Income before special items	30.0	49.3	(19.3)	-39.2%	37.0	(7.0)	-18.9%
	Net income	18.0	30.3	(12.3)	-40.6%	20.0	(2.0)	-10.0%
	Net income per share (Yen)	19.87	33.30	(13.43)	—	22.08	(2.21)	—

Unrealized holding gains on inventories	16.0	12.5	3.5	—	21.0	(5.0)	—
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(Of which) Stainless Business Results

Net sales	210.0	225.0	(15.0)	-6.7%	250.0	(40.0)	-16.0%
Income before special items	9.0	32.0	(23.0)	-71.9%	17.0	(8.0)	-47.1%
Unrealized holding gains on inventories	0.0	12.5	(12.5)	—	3.5	(3.5)	—

Other Information (Non-Consolidated)

	FY ending March 31, 2009 full year	FY ended March 31, 2008 full year	Difference
Crude steel production (1,000 tons)	4,132	4,118	14
Of which stainless steel	644	636	8
Sales volume (1,000 tons)	3,994	3,933	61
Average sales price of steel products (¥1,000/ton)	149	135	14
Export ratio (monetary basis;%)	17	16	1
Export exchange rate (¥/US\$)	105	114	9 (Yen appreciation)
Excess of imports over exports (US\$ million)	2,000	1,412	588

Income Before Special Items Differential Breakdown

Item	Amount (billions of yen)	Breakdown	Of which, stainless steel
FY ended march 31, 2008, Actual	54.5		32.0
Sales related	67.0	Price difference 63.5, Volume and composition difference 3.5	(11.0)
Purchasing price	(111.0)	Coke and PCI (48.5), Iron ore (28.0) Chromium (21.5), Oil and gas (18.0), Nickels 25.0	(10.0)
Cost improvement, etc.	26.5	Rationalization 4.0, Exchange rate 21.0 Depreciation (3.0) Subsidiaries 4.0, Changes in estimated useful lives (1.5) Unrealized holding gains on inventories 3.5	(2.0)
Total	(17.5)		(23.0)
FY ending march 31, 2009, Forecast (Current)	37.0		9.0

Income Before Special Items Differential Breakdown

Item	Amount (billions of yen)	Breakdown	Of which, stainless steel
FY ending march 31, 2009, Forecast (Previous)	44.0		17.0
Sales related	(6.0)	Price difference (4.5), Volume and composition difference (1.5)	(15.0)
Purchasing price	8.0	Coke and PCI 6.0, Iron ore (2.0), Chromium 5.0, Oil and gas (6.0), Nickels 10.0	10.5
Cost improvement, etc.	(9.0)	Rationalization 3.5, Exchange rate (6.5) Depreciation (1.0), Subsidiaries 1.5, Unrealized holding gains on inventories (5.0)	(3.5)
Total	(7.0)		(8.0)
FY ending march 31, 2009, Forecast (Current)	37.0		9.0

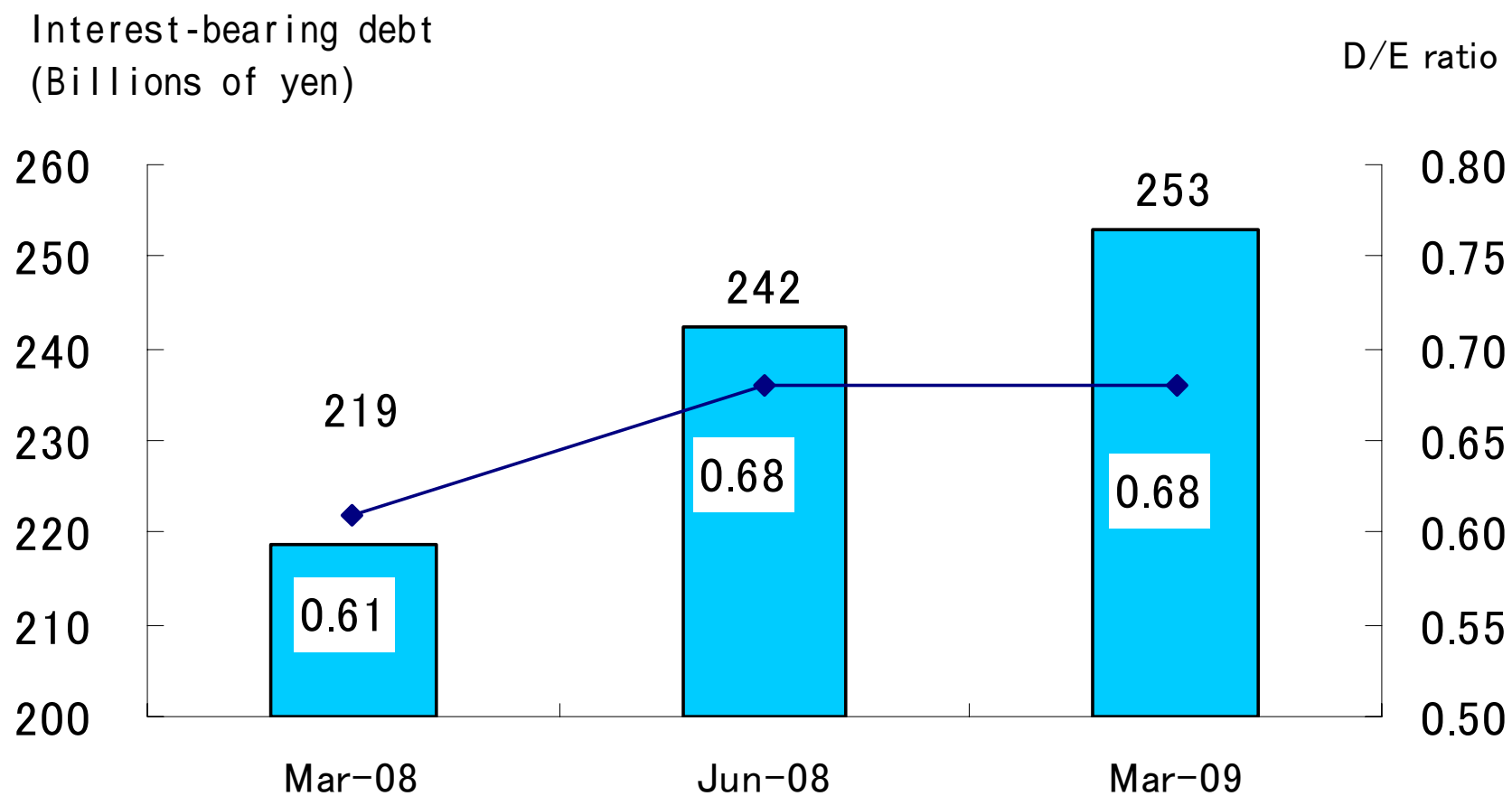
Dividends

The planned interim dividend is ¥4 per share, for a payout ratio of 29%. (The interim dividend for the previous fiscal year was ¥4 per share.)

Year-end dividends have not been determined at this point, due to a number of uncertainties, including movements in the prices of raw materials.

Reference

Interest-bearing debt (Billions of yen) D/E ratio



Purchase Price

	1Q of FY ending March 31, 2009 Actual	1Q of FY ended March 31, 2008 Actual	Difference	FY ending March 31, 2009 full year	FY ended March 31, 2008 full year	Difference
Nickel (US\$/lb)	13.1	18.8	(5.7)	11.2	16.9	(5.7)
Chrome (US\$/lb)	1.290	0.830	0.460	1.888	0.973	0.915
Molybdenum (US\$/lb)	33.2	26.1	7.1	33.6	30.2	3.4
Zinc (US\$/ton)	2,159	3,608	(1,449)	1,997	2,986	(989)
Oil (\$US/bl)	106.6	62.5	44.1	119.0	77.4	41.6

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