
Consolidated Financial Results for
the Second Quarter of the Fiscal
Year ending March 31, 2009

NISSHIN STEEL CO., LTD.

November 10, 2008

Qualitative Information about the 2Q of FY ending March 31, 2009

[1st half]

Steel demand was steady in the automotive and other manufacturing sectors, but sluggish for construction.

High stainless steel inventories in Japan necessitated reduction in our order receipts mainly from distributors.

Soaring prices for iron ore, coal and other raw materials called for our efforts to reflect these increases in sales prices and cut costs.

Inventory valuation losses associated with the drop in nickel price, resulted in weaker stainless steel business.

[2nd half]

Strong exports and shipments to the automotive industry as seen in the 1st half expected to decline, and steel demand for construction to remain sluggish.

Stainless steel exports anticipated to fall due to the deterioration of overseas markets, and production to scale back due to high inventory levels in Japan.

With the rapidly worsening economic situation considered, our sales volume forecasts revised downward.

Nickel price assumed at \$6.00 per pound during the January to March period, and prices of other raw materials assumed to trend down as well.

Highlights of Consolidated Results for the 2Q of FY ending March 31, 2009

(Billions of yen)

	2Q of FY ending March 31, 2009	2Q of FY ended March 31, 2008	Difference	2Q of FY ending March 31, 2009 Current forecast	Difference
	Actual a	Actual b	a-b	c	a-c
Net sales	354.9	332.0	22.9	350.0	4.9
Operating income	23.1	38.1	(15.0)	20.0	3.1
Income before special items	22.2	38.6	(16.4)	21.5	0.7
Net income	13.0	22.9	(9.9)	12.5	0.5
Net income per share (Yen)	14.43	25.13	(10.70)	13.80	0.63
Unrealized holding gains on inventories	4.0	16.0	(12.0)	8.5	(4.5)

(Of which) Stainless Steel Business Results

Net sales	100.0	120.0	(20.0)
Income before special items	2.5	25.5	(23.0)
Unrealized holding gains on inventories	(4.5)	14.5	(19.0)

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

		FY ending March 31, 2009				(Billions of yen)		
		Forecast	Current forecast	Difference		FY ended March 31, 2008 Actual	Difference	
				(Amount)	(%)		(Amount)	(%)
Consolidated	Net sales	685.0	750.0	(65.0)	-8.7%	649.4	35.6	5.5%
	Operating income	36.0	37.0	(1.0)	-2.7%	58.4	(22.4)	-38.4%
	Income before special items	31.0	37.0	(6.0)	-16.2%	54.5	(23.5)	-43.1%
	Net income	18.0	22.5	(4.5)	-20.0%	32.1	(14.1)	-43.9%
	Net income per share (Yen)	19.87	24.84	(4.97)	-	35.37	(15.50)	-
Non-consolidated	Net sales	535.0	590.0	(55.0)	-9.3%	522.7	12.3	2.4%
	Operating income	28.0	30.5	(2.5)	-8.2%	53.2	(25.2)	-47.4%
	Income before special items	25.0	30.0	(5.0)	-16.7%	49.3	(24.3)	-49.3%
	Net income	15.0	18.0	(3.0)	-16.7%	30.3	(15.3)	-50.5%
	Net income per share (Yen)	16.56	19.87	(3.31)	-	33.30	(16.74)	-
Unrealized holding gains on inventories		5.0	16.0	(11.0)	-	12.5	(7.5)	-
(Of which) Stainless Steel Business Results								
Net sales		170.0	210.0	(40.0)	-19.0%	225.0	(55.0)	-24.4%
Income before special items		2.5	9.0	(6.5)	-72.2%	32.0	(29.5)	-92.2%
Unrealized holding gains on inventories		(9.0)	0.0	(9.0)	-	12.5	(21.5)	-

Other Information (Non-Consolidated)

		FY ending March 31, 2009			FY ended March 31, 2008		
		1st half	2nd half	Full year	1st half	2nd half	Full year
Sales volume (Thousand tons)	Ordinary steel	1,694	1,652	3,346	1,670	1,704	3,374
	Stainless steel	287	209	496	271	288	559
	Total	1,981	1,861	3,842	1,941	1,992	3,933
Net sales (Billions of yen)	Ordinary steel	180.1	184.9	365.0	146.3	151.4	297.7
	Stainless steel	100.0	70.0	170.0	120.0	105.0	225.0
	Total	280.1	254.9	535.0	266.3	256.4	522.7
Export ratio (%)		21%	11%	16%	16%	16%	16%
Income before special items (Billions of yen)	Ordinary steel	14.8	7.7	22.5	10.6	6.7	17.3
	Stainless steel	2.5	0.0	2.5	25.5	6.5	32.0
	Total	17.3	7.7	25.0	36.1	13.2	49.3
Sales price (average) (Thousands yen per ton)		143	139	141	140	130	135
Exchange rate (Yen/US\$)	Export	106	100	103	120	108	114
	Import	107	100	103	120	113	116
Crude steel production (Thousand tons)	Ordinary steel	1,742	-	-	1,716	1,766	3,482
	Stainless steel	297	-	-	311	325	636
	Total	2,039	-	-	2,027	2,091	4,118

Sales by major divisions in Japan (Volume basis)

	Automotive	Construction	Electronics	Spot	Others	Total
1st half of FY ending March 31, 2009	36%	26%	11%	7%	20%	100%
FY ended March 31, 2008	38%	23%	11%	7%	21%	100%

Export ratio

	FY ending March 31, 2009			FY ended March 31, 2008		
	1st half	2nd half	Full year	1st half	2nd half	Full year
Ordinary steel	13%	12%	12%	13%	12%	12%
Stainless steel	34%	10%	24%	20%	23%	21%
Total	21%	11%	16%	16%	16%	16%

Income Before Special Items Differential Breakdown

Item	Amount (billions of yen)	Breakdown	Of which, stainless steel
2Q of FY ended March 31, 2008	38.6		25.5
Sales related	14.5		(16.0)
Purchasing price	(29.5)	Nickeles19.0,Iron ore(12.0),Coke and PCI(18.5),Cromium(6.0),Oil and gas(7.5)	9.0
Cost improvement, etc.	(1.4)	Rationalization3.6,Exchange rate9.0,Depreciation(1.5),Subsidiaries2.5,Change in estimated useful lives(0.5),Unrealized holding gains on inventories(12.0)	(16.0)
Total	(16.4)		(23.0)
2Q of FY ending March 31, 2009	22.2		2.5

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	46.0		(25.0)
Purchasing price	(83.5)	Nickeles30.0,Iron ore(26.0),Coke and PCI(49.5),Cromium(18.5),Oil and gas(11.0)	7.0
Cost improvement, etc.	14.0	Rationalization5.0,Exchange rate21.5,Depreciation(3.0),Subsidiaries3.0,Change in estimated useful lives(1.5),Unrealized holding gains on inventories(7.5)	(11.5)
Total	(23.5)		(29.5)
FY ending March 31, 2009 (Forecast)	31.0		2.5

Income Before Special Items Differential Breakdown

Item	Amount (billions of yen)	Breakdown	Of which, stainless steel
FY ending March 31, 2009 (Current forecast)	37.0		9.0
Sales related	(21.0)		(14.0)
Purchasing price	27.5	Nickeles5.0,Iron ore2.0,Cromium3.0,Oil and gas7.0,Scrap4.5	17.0
Cost improvement, etc.	(12.5)	Rationalization1.0,Exchange rate0.5,Subsidiaries(1.5),Unrealized holding gains on inventories(11.0)	(9.5)
Total	(6.0)		(6.5)
FY ending March 31, 2009 (Forecast)	31.0		2.5

Balance Sheet (Summary)

(Billions of yen)

Debit	As of	
	March 2008	
Cash on hand and in banks	16.9	(1.2)
Accounts receivable	131.1	+ 37.8
Inventories	184.5	+ 18.0
Other current assets	38.3	+ 1.0
Property, plant and equipment	266.2	+ 0.4
Intangible assets	10.6	(0.7)
Investments and long-term receivables	192.3	(33.3)
Total assets	840.3	22.0

Credit	As of	
	March 2008	
Interest-bearing debt	252.3	+ 33.6
Other liabilities	237.9	(0.2)
Total liabilities	490.2	33.4
Common stock and additional paid-in capital	129.8	-
Retained earnings	193.3	+ 7.6
Treasury stock, at cost	(25.8)	+ 0.0
Valuation and translation adjustments	47.1	(19.2)
Minority interests	5.6	+ 0.1
Total net assets	350.0	(11.4)
Total liabilities and total net assets	840.3	22.0

Interest-bearing debt and D/E ratio

	March 2008 Actual	June 2008 Actual	September 2008 Actual	March 2009 Forecast
Interest-bearing debt (Billions of yen)	218.6	242.2	252.3	262.3
D/E ratio	0.61	0.68	0.73	0.76

Reference

Investment and Depreciation

(Billions of yen)

	FY ended March 31, 2008 Actual	FY ending March 31, 2009		
		1st half Actual	2nd half Forecast	Total Forecast
Investment	34.0	19.6	27.0	46.6
Depreciation	37.3	19.4	22.3	41.7

Labor cost and Number of employee

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast
Labor cost (Non-consolidated) (Billions of yen)	38.5	41.0	42.9	41.2	38.6	39.2
Number of employee (End of March)	6,327	6,255	6,186	6,234	6,210	-

Export and Import US\$ Balance (Non-consolidated)

(US\$ million)

	FY ending March 31, 2009			FY ended March 31, 2008		
	1st half	2nd half	Total	1st half	2nd half	Total
Export	517	303	820	335	360	695
Import	1,290	1,390	2,680	1,147	960	2,107
Balance*	773	1,087	1,860	812	600	1,412

*Excess of imports over exports

Purchase Price

	FY ending March 31, 2009			FY ended March 31, 2008		
	1st halh Actual	2nd half Forecast	Full year	1st halh Actual	2nd half Actual	Full year
Nickel (US\$/lb)	12.4	7.3	9.9	20.3	13.5	16.9
Chrome (US ¢ /lb)	164.5	203.0	183.8	86.5	108.0	97.3
Molybdenum (US\$/lb)	33.1	34.0	33.6	28.4	32.0	30.2
Zinc (US\$/ton)	1,942	1,200	1,571	3,445	2,526	2,986
Oil (\$US/bl)	115	70	93	67	87	77

Distribution Ownership by Shareholder Group

As of September 31, 2008

(Thousands)

	End of Sep. 2007		End of Mar. 2008		End of Sep. 2008	
		%		%		%
Financial institutions	348,358	35.0%	329,587	33.2%	327,620	32.9%
Securities companies	10,611	1.1%	9,011	0.9%	9,546	1.0%
Other companies	184,548	18.6%	195,704	19.7%	196,431	19.8%
Foreign	202,185	20.3%	215,151	21.6%	213,106	21.4%
Treasury stock	88,560	8.9%	88,642	8.9%	88,795	8.9%
Individuals	160,238	16.1%	156,405	15.7%	159,002	16.0%
Total	994,500					

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Contact:

Public relations & investor relations team,

General administration dept.

Nisshin Steel Co., Ltd.

Tel:+81 3 3216 5566

