
Consolidated Financial Results for
the Fiscal Year ended March 31,
2009

NISSHIN STEEL CO., LTD.

May 13, 2009

Qualitative Information about the FY ended March 31, 2009

Though demands generally continued to be flat in the first half, it declined drastically in the second half

Activity levels of all the major demands of our company including automobiles, building materials, and electricity had declined.

Demands in our major overseas market including China and Southeast Asia had weakened as well as the market conditions.

In addition to the declined production volume and sales volume, the profit had declined drastically due to inventory appraisal loss and application of the lowest cost accounting.

The steel industry's inventory remained at a high level, and production cutback by more than 30% was conducted at 4Q.

The stainless-steel industry had continued restrictions on accepting orders for two years. Though the inventory stayed in low level, production cutback was accelerated by more than 60 percent due to declined demands.

Focused on reducing various costs including fixed costs such as labor cost and subcontract cost, as well as proportional cost and logistics cost.

Results of Operations for the Fiscal Year ended March 31, 2009

(Billions of yen)

	FY Ended Mar.31,2009 (Actual) a	FY Ended Mar.31,2008 (Actual) b	Change a - b	FY Ended Mar.31,2009 (Current forecast) c	Change a - b
Net sales	617.3	649.4	(32.1)	620.0	(2.7)
Operating income	(7.3)	58.4	(65.7)	14.0	(21.3)
Income before special items	(12.3)	54.5	(66.8)	7.0	(19.3)
Net income	(25.4)	32.1	(57.5)	2.0	(27.4)
Net income per share (Yen)	(28.15)	35.37	(63.52)	2.21	(30.36)

(Of which) Stainless Steel Business Results

Net sales	150.0	225.0	(75.0)	150.0	0
Income before special items	(30.0)	32.0	(62.0)	(12.0)	(18.0)

Other Information (Non-Consolidated)

	FY Ended Mar.31,2009 (Actual)					FY Ended Mar.31,2008 (Actual)		
	1st half	2nd half		Full year	1st half	2nd half	Full year	
		3Q	4Q					
Crude steel production (1,000 tons)	2,039	93.6	705	1,641	3,680	202.7	2091	4,118
Of which, stainless steel	297	108	68	176	473	311	326	637
Sales volume (1,000 tons)	1,981	890	602	1,492	3,473	1,941	1,993	3,934
Of which, stainless steel	287	91	76	167	454	271	290	561
Average sales price of steel products (¥1,000/ton)	143	139	121	132	138	140	130	135
Export ratio (monetary basis; %)	21	11	15	13	17	16	16	16
Export exchange rate (¥/U.S. \$)	106	95	94	95	103	120	108	114
Excess of imports over exports (US\$ million)	773	488	427	915	1,688	812	600	1,412

Sales by major divisions in Japan (Volume basis)

	Automotive	Construction	Electronics	Spot	Others	Total
FY ended March 31, 2009	34%	28%	11%	7%	20%	100%
FY ended March 31, 2008	38%	23%	11%	7%	21%	100%

Export ratio

	Ordinary steel	Stainless steel	Total
FY ended March 31, 2009	12%	29%	17%
FY ended March 31, 2008	12%	21%	16%

Income Before Special Items Differential Breakdown

		(Billions of yen)	(Of which, Stainless steel)
FY Ended Mar.31,2008 (Actual)	54.5	Breakdown	32.0
Sales related	27.0	Price difference 46.5 Volume and composition difference (19.5)	(35.5)
Purchasing price	(86.0)	Coke (50.0), Iron ore (26.0), Nickels 30.0, Chromium (19.5), Oil and gas (12.0)	5.0
Cost improvement, etc.	22.9	Cost improvement 8.5 , Cost for reduced production (5.0),Exchange rate 19.0, Depreciation (2.5)	9.5
Subsidiaries	1.0	WN 1.0	-
Special items	(31.7)	Un realized holding gains on inventories (30.2)	(41.0)
Total	(66.8)		(62.0)
FY Ended Mar.31,2009 (Actual)	(12.3)		(30.0)

Exchange rate (114→103 ¥ / \$)

FeNi(16.9→9.6 \$ / Lb)

FeCr(97.3→183.8 ¢ / Lb)

Income Before Special Items Differential Breakdown

	(Billions of yen)	(Of which, Stainless steel)
FY Ended Mar.31,2009 (Current forecast)	7.0	Breakdown (12.0)
Sales related	(2.0)	Price difference (1.0) Volume and composition difference (1.0) (1.0)
Purchasing price	(5.0)	Coke (0.5), Iron ore (0.5), Nickels (1.5) , Chromium (1.0) , Oil and gas (1.0) (3.5)
Cost improvement, etc.	4.9	Exchange rate , 1.0 (3.5)
Subsidiaries	0	-
Special items	(17.2)	Un realized holding gains on inventories (17.2) (17.0)
Total	(19.3)	(18.0)
Actual	(12.3)	(30.0)

Balance Sheet (Summary)

(Billions of yen)

		Vs. March, 2008
Cash on hand and in banks	39.6	21.4
Accounts receivable	57.0	(36.2)
Inventories	177.5	11.0
Other current assets	20.5	(10.3)
Property, plant and equipment	275.1	(1.9)
Investments and long-term receivables	140.8	(81.7)
Intangible assets	11.5	1.7
Total assets	722.2	(96.0)

		Vs. March, 2008
Interest-bearing debt	286.2	67.6
Intangible debt	1.2	(33.8)
Other liabilities	174.1	(29.0)
Total liabilities	461.6	4.7
Common stock and additional paid-in capital	129.8	-
Retained earnings	151.1	(34.5)
Treasury stock, at cost	(26.4)	(0.5)
Valuation and translation adjustments	0.6	(65.7)
Minority interests	5.5	0
Total net assets	260.6	(100.8)
Total liabilities and total net assets	722.2	(96.0)

Cash Flows

(Billions of yen)

	FY Ended Mar.31,2009 (Actual)			FY Ended Mar.31,2008 (Actual)
Cash flows from operating activities	25.8	Loss before provision for income taxes	(17.9)	26.5
		Depreciation and amortization	40.4	
		Decrease in notes and accounts receivable	36.0	
		Decrease in notes and accounts payable	(20.1)	
		Increase in inventories	(11.3)	
Cash flows from investing activities	(62.2)	Acquisition of property, plant and equipment	(33.2)	(49.1)
		Acquisition of investments in securities	(23.4)	
Cash flows from financing activities	(58.5)	Increase in interest-bearing debt	67.7	26.9
		Cash dividends	(9.0)	
Cash and cash equivalents at end of year	39.6			18.1

Interest-bearing debt and D/E ratio

	(Billions of yen)		
	Sep-09	Mar-09	Mar-08
Interest-bearing debt	252	286	219
D/E ratio	0.73	1.12	0.61

Dividends

The planned year-end dividend is ¥3 per share.

The interim dividend was ¥4 per share.

Forecasts of Results of Operations for the Fiscal Year ending March 31, 2010

	FY Ending Mar.31,2010 (Forecast)			(Billions of yen)	
	1st half	2nd half	a	FY Ended Mar.31,2009 (Actual) b	Change b - a
	Net sales	170.0	220.0	390.0	617.3
Operating income	(45.0)	0	(45.0)	(7.3)	(37.7)
Income before special items	(50.0)	0	(50.0)	(12.3)	(37.7)
Net income	(51.0)	0	(51.0)	(25.4)	(25.6)

				(Yen)	
Net income per share(Yen)	(56.42)	-	(56.42)	(28.15)	28.27

Excess of imports over export (US\$ million)	100	100	100	103	3(Yen appreciation)

With many uncertain factors including movements in raw fuel cost and sales price, movements in the steel industry's activity level, as well as the effect of the lowest cost accounting application, the number is provisional.

The sales environment of 1Q was even stricter than 4Q of FY2008. Though recovery after 2Q was expected, it resulted in deficit in the first half. Increase in revenue is expected in the second half.

Aim for rationalization of more than 20 billion yen in FY2009.

Reference

Investment and Depreciation

(Billions of yen)

	FY Ended Mar.31,2009 (Actual)			FY Ended Mar.31,2008 (Actual)
	1st half	2nd half	Full year	Full year
Investment	18.5	19.5	38.0	34.0
Depreciation	19.4	21.0	40.4	37.3

Labor cost and Number of employee

	2005	2006	2007	2008	2009
Labor cost (non-consolidated)(Billions of yen)	41.0	42.9	41.2	38.6	36.2
Number of employee (End of March)	6,255	6,186	6,234	6,210	6,216

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

(US\$ million)

	FY ended March 31, 2009			FY ended March 31, 2008		
	1st half	2nd half	Total	1st half	2nd half	Total
Export	517	247	764	335	360	695
Import	1,290	1,162	2,452	1,147	960	2,107
Balance*	773	915	1,688	812	600	1,412

*Excess of imports over exports

Purchase Price

	FY ended March 31, 2008			FY ended March 31, 2009					FY ending March 31, 2010 Full year (Forecast)
	1st half	2nd half	Full year	1st half	3Q	4Q	2nd half	Full year	
Nickel(\$/lb)	20.3	13.5	16.9	12.4	8.6	4.9	6.8	9.6	5
Chrome(¢/lb)	86.5	108.0	97.3	164.5	213.0	193.0	203.0	183.8	80
Molybdenum(\$/lb)	28.4	32.0	30.2	33.1	33.5	16.7	25.1	29.1	10
Zinc(\$/t)	3,445	2,526	2,986	1,942	1,228	1,130	1,179	1,561	1,300
Oil(\$/bl)	67	87	77	115	71	26	48	82	50

Distribution Ownership by Shareholder Group

(Thousands)

	End of Mar. 2008		End of Sep. 2008		End of Mar. 2009	
		%		%		%
Financial institutions	329,587	33.2%	327,620	32.9%	378,495	38.1%
Securities companies	9,011	0.9%	9,546	1.0%	3,284	0.3%
Other companies	195,704	19.8%	196,431	19.8%	198,778	20.0%
Foreign	215,151	21.6%	213,106	21.4%	154,360	15.5%
Treasury stock	88,642	8.9%	88,795	8.9%	89,010	9.0%
Individuals	156,405	15.7%	159,002	16.0%	170,573	17.1%
Total	994,500					

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