
Consolidated Financial Results
for the First Quarter of the Fiscal
Year Ending March 31, 2010

NISSHIN STEEL CO., LTD.

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Qualitative Information about the 1st half of FY ending March 31, 2010

Since the second half of last year, activities of the domestic steel industry have remained at a low level. The ongoing inventory adjustment is almost completed, and demands seem to recover except for the building material industry.

Committed to manufacturing and sales according to demands and inventory conditions, we continued the production cutback, but also responded to the overseas market which is heading for recovery.

Focused on activities for rationalization and total cost reduction including the restraint of cost increase caused by low operation, cutback of increased inventory assets, as well as taking emergency measures.

In addition to less sales figures, composition degradation, increased production cutback cost, effects of carried over raw materials, and higher inventory appraisal loss had caused revenues to aggravate compared to the previous forecast.

Highlights of Consolidated Results for the 1Q of FY ending March 31, 2010

	1Q of FY ending March 31, 2010 Actual	1Q of FY ended March 31, 2009 Actual	Difference	
			Amount	%
Net sales	83.9	164.3	(80.4)	-48.9%
Operating income	(42.1)	5.3	(47.4)	-
Income before special items	(45.0)	6.7	(51.8)	-
Net income	(52.5)	3.8	(56.3)	-
Net income per share (Yen)	(58.17)	4.21	(62.38)	-
Unrealized holding gains on inventories	(25.0)	2.0	(27.0)	-

(Of which) Stainless Steel Business Results

Net sales	20.0	50.0	(30.0)	-
Income before special items	(15.0)	0.0	(15.0)	-
Unrealized holding gains on inventories	(14.5)	(3.5)	(11.0)	-

Other Information (Non-Consolidated)

	1Q of FY ending March 31, 2010	1Q of FY ended March 31, 2009	Difference
Crude steel production (1,000 tons)	647	1006	(359)
Of which, stainless steel	94	142	(48)
Sales volume (1,000 tons)	589	987	(398)
Of which, stainless steel	88	138	(50)
Average sales price of steel products (¥1,000/ton)	102	133	(31)
Export ratio (monetary basis; %)	21	19	2
Export exchange rate (¥/U.S. \$)	97	105	8(Yen appreciation)
Excess of imports over exports (US\$ million)	196	381	(185)

Income Before Special Items Differential Breakdown

(Billions of yen) (Of which, stainless steel)

1Q of the FY ended March 31, 2009	6.7	Breakdown	0
Sales related	(26.5)	Price difference (7.5) Volume and composition difference (19.0)	(14.5)
Purchasing price	(2.0)	Coke (9.0), Iron ore (2.5), Nickels 8.0, Oil and gas 1.0	7.0
Cost improvement, etc.	7.8	Rationalization 7.3, Exchange rate 3.0, Cost for reduced production (2.5)	3.5
Subsidiaries	(4.0)		-
Special items	(27.0)	Unrealized holding gains on inventories	(11.0)
Total	(51.7)		(15.0)
1Q of the FY ending March 31, 2010	(45.0)		(15.0)

Balance Sheet (Summary)

(Billions of yen)

Debit	Vs.		Credit	Vs.	
		March, 2009			March, 2009
Cash on hand and in banks	39.9	0.2	Interest-bearing debt	309.5	23.2
Accounts receivable	45.0	(11.9)	Other liabilities	159.7	(15.5)
Inventories	147.1	(30.3)	Total liabilities	469.3	7.7
Other current assets	21.4	(3)	Common stock and additional paid-in capital	129.8	-
Property, plant and equipment	273.2	(1.9)	Retained earnings	93.8	(57.2)
Investment and long-term receivables	160.3	9.3	Treasury stock, at cost	(26.4)	(0.0)
			Valuation and translation adjustments	15.1	14.5
			Minority interests	5.4	(0.0)
Total assets	687.2	(35.0)	Total net assets	217.8	(42.7)
			Total liabilities and total net assets	687.2	(35.0)

Forecasts of Results of Operations for the 1st half of Fiscal Year Ending March 31, 2010

	2Q of the FY ending March 31, 2010				2Q of the FY ended March 31, 2009 (Actual)	Vs. current forecast		
	Current forecast	Previous forecast (As of 28 Apr. 2009)	Change			(Amount)	(%)	
			(Amount)	(%)				
Consolidated	Net sales	190.0	170.0	20.0	11.8	354.9	(164.9)	-46.5
	Operating income	(55.0)	(45.0)	(10.0)	-	23.1	(78.1)	-
	Income before special items	(62.0)	(50.0)	(12.0)	-	22.2	(84.2)	-
	Net income	(69.0)	(51.0)	(18.0)	-	13.0	(82.0)	-
	Net income per share (Yen)	(76.34)	(56.42)	(19.92)	-	14.43	(90.77)	-
Non-consolidated	Net sales	140.0	-	-	-	280.1	(140.1)	50.0
	Operating income	(55.0)	-	-	-	18.4	(73.4)	-
	Income before special items	(60.0)	-	-	-	17.3	(77.3)	-
	Net income	(67.0)	-	-	-	10.4	(77.4)	-
	Unrealized holding gains on inventories	(25.0)	(15.0)	(10.0)	-	4.0	(29.0)	-
(Of which) Stainless Steel Business Results								
	Net sales	50.0	-	-	-	100.0	(50.0)	-
	Income before special items	(18.0)	-	-	-	2.5	(20.5)	-
	Unrealized holding gains on inventories	(18.0)	-	-	-	(4.5)	(13.5)	-

(Billions of yen)

Other Information (Non-Consolidated)

	2Q of the FY ending March 31, 2010 (Forecast)	2Q of the FY ended March 31, 2009 (Actual)	Difference
Crude steel production (1,000 tons)	1410	2039	(629)
Of which, stainless steel	230	297	(67)
Sales volume (1,000 tons)	1410	1981	(571)
Of which, stainless steel	220	287	(67)
Average sales price of steel products (¥1,000/ton)	99	143	(44)
Export ratio (monetary basis; %)	24	21	3
Export exchange rate (¥/U.S. \$)	99	106	7(Yen appreciation)
Excess of imports over exports (US\$ million)	311	773	(462)

Forecasts of Results of Operations for the 2nd half of Fiscal Year Ending March 31, 2010

With inventory adjustment completed, domestic demands are expected to recover gradually, considering the manufacturing industries including automobiles are moving toward relaxation of production cutback.

As to the building material industry, the low activity level may continue and the condition may be even more serious with no signs of recovery.

Not only focusing on recovering the sales figures for the domestic market, improvement in variety composition, reduction on production cutback cost which is related to equipment operation recovery, elimination of carried over raw materials and inventory appraisal loss, we will also place focus even more on rationalization to achieve a surplus in the second half.

We will continue to promote market development by leveraging new structures including the “Market Development Department” and the “F-tech. Plaza”.

Forecasts of Results of Operations for the 2nd half of Fiscal Year Ending March 31, 2010

		FY ending March 31, 2010 - full year				FY ended March 31, 2009 - full year (Actual)	Vs. current forecast	
		Current forecast	Previous forecast (As of 28 Apr. 2009)	Change			(Amount)	(%)
				(Amount)	(%)			
Consolidated	Net sales	420.0	390.0	30.0	7.7	617.3	(197.3)	(32.0)
	Operating income	(55.0)	(45.0)	(10.0)	-	(7.3)	(47.6)	-
	Income before special items	(62.0)	(50.0)	(12.0)	-	(12.3)	(49.6)	-
	Net income	(69.0)	(51.0)	(18.0)	-	(25.4)	(43.5)	-
	Net income per share (Yen)	(76.34)	(56.42)	(19.92)	-	(28.15)	(48.19)	-
Non-consolidated	Net sales	320.0	-	-	-	477.2	(157.2)	(32.9)
	Operating income	(55.0)	-	-	-	(12.9)	(42.0)	-
	Income before special items	(60.0)	-	-	-	(16.1)	(43.8)	-
	Net income	(67.0)	-	-	-	(26.7)	(40.2)	-
	Net income per share (Yen)	(73.99)	-	-	-	(29.57)	(44.42)	-
Unrealized holding gains on inventories		(25.0)						

Income Before Special Items Differential Breakdown

		(Billions of yen)	(Of which, Stainless steel)
FY ended March 31, 2009 (Actual)	(12.3)	Breakdown	(30.0)
Sales related	(117.0)	Price difference (80) Volume and composition difference (37)	(31.5)
Purchasing price	48.5	Coke 14.5, Iron ore 8.5, Nickels 11.5 Chromium 2.5, Oil and gas 3.5	17.0
Cost improvement, etc.	29.8	Rationalization 19.3, Exchange rate 15.5, Cost for reduced production (5.0)	19.5
Subsidiaries	(3.5)		-
Special items	(7.5)	Unrealized holding gains on inventories	12.0
Total	(49.7)		17.0
FY ending March 31, 2010 (Forecast)	(62.0)		(13.0)

Dividends

We regret to announce that we are obliged to forgo the payment of mid-term dividends at the end of the 2nd Quarter.

Dividends for the full fiscal year will be decided taking future performance and other factors into account, and thus are undetermined at the moment.

(Reference) Results of last period (period ending March 2009):

End of interim period: 4 yen + End of period: 3 yen (including commemorative dividend: 2 yen) = 7 yen per annum

Reference

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

	March 2009 actual	June 2009 actual
Interest-bearing debt (Billions of yen)	286.2	309.5
D/E ratio	1.12	1.46

Purchase Price

	FY ended March 31, 2009 (Actual)						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Nickel(\$/lb)	13.1	11.7	12.4	8.6	4.9	6.8	9.6
Chrome(¢ /lb)	129.0	200.0	164.5	213.0	193.0	203.0	183.8
Molybdenum(\$/lb)	33.2	33.0	33.1	33.5	16.7	25.1	29.1
Zinc(\$/ton)	2,159	1,725	1,942	1,228	1,130	1,179	1,561
Oil(\$/bl)	106.6	123.6	115.1	71.0	25.8	48.4	81.8

	FY ending March 31, 2010 (Forecast)				
	1Q	2Q	1st half	2nd half	Full year
Nickel(\$/lb)	4.8	5.9	5.3	7.0	6.2
Chrome(¢ /lb)	87.0	77.0	82.0	97.0	89.5
Molybdenum(\$/lb)	9.0	9.0	9.0	11.0	10.0
Zinc(\$/ton)	1,433	1,600	1,520	1,600	1,560
Oil(\$/bl)	51.2	70.0	60.5	70.0	65.2

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