

(Presentation Materials)

I. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2011

1. Results of Operations

(Billions of yen)

	1Q of FY ending March 31, 2011 Actual	4Q of FY ended March 31, 2010 Actual	Difference	1Q of FY ended March 31, 2010 Actual
Net sales	132.8	127.8	5.0	83.9
Operating income	4.3	6.9	(2.6)	(42.1)
Income before special items	1.6	5.2	(3.6)	(45.0)
Net income	0.3	7.1	(6.8)	(52.5)
Net income per share (Yen)	0.36	7.88	(7.52)	(58.17)

(Of which) Stainless Steel Business Results

Net sales	35.0	35.0	0.0	20.0
Income before special items	1.0	1.5	(0.5)	(15.0)

2. Other Information (Non-Consolidated)

	1Q of FY ending March 31, 2011 Actual	4Q of FY ended March 31, 2010 Actual	Difference	1Q of FY ended March 31, 2010 Actual
Crude steel production (1,000 tons)	964	956	8	647
Of which, stainless steel	146	151	▲ 5	94
Sales volume (1,000 tons)	922	971	▲ 49	589
Of which, stainless steel	130	132	▲ 2	88
Average sales price of steel products (¥1,000/ton)	115	109	6	102
Export ratio (monetary basis;%)	20	18	2	21
Export exchange rate (¥/\$)	92	91	1	97
Excess of imports over exports (\$ million)	264	182	82	196

3. Income Before Special Items Differential Breakdown

① 4Q of FY ended March 31, 2010 vs 1Q of FY ending March 31, 2011

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

4Q of FY ended March 31, 2010	5.2	Breakdown	1.5
Sales related	3.0	Price difference 4.0, Volume and composition difference(1.0)	1.5
Purchasing price	(12.0)	Coke(5.0), Iron ore(6.0), Nickels(2.0), Chromium 0.5	(2.5)
Cost improvement, etc.	2.4	Rationalization, Exchange rate(1.5)	0.0
Subsidiaries	0.0		0.0
Unrealized holding gains on inventories	3.0	1.0→4.0 (Of which, Stainless steel 1.5→2.0)	0.5
Total	(3.6)		(0.5)
1Q of FY ending March 31, 2011	1.6		1.0

4. Balance Sheet

(Billions of yen)

Debit			Credit		
		Vs. March, 2010			Vs. March, 2010
Cash on hand and in banks	35.9	(5.7)	Interest-bearing debt	297.4	(0.4)
Accounts receivable	72.3	0.7	Defferred tax liabilities	1.0	0.0
Inventories	127.3	7.7	Other liabilities	168.4	2.3
Other current assets	13.1	3.1	Total liabilities	466.9	1.9
Property, plant and equipment	261.0	(5.1)	Common stock and additional paid-in capital	129.8	—
Investments in securities	142.7	(10.1)	Retained earnings	84.0	(0.5)
Defferred tax assets	12.2	3.9	Treasury stock, at cost	(26.4)	(0.0)
			Valuation and translation adjustments	4.3	(6.9)
			Minority interests	6.0	0.0
Total assets	664.8	(5.5)	Total net assets	197.8	(7.4)
			Total liabilities and total net assets	664.8	(5.5)

II. Forecasts of Results of Operations for the 2Q of the Fiscal Year Ending March 31, 2011

1. Results of Operations

(Billions of yen)

	1st half of FY ending March 31, 2011			2nd half of FY ended March 31, 2010	Difference	
	1Q of FY ending March 31, 2011	2Q of FY ending March 31, 2011	(c)=(a)+(b)			
	Actual (a)	Forecast (b)	Actual (d)			
Consolidated	Net sales	132.8	142.2	275.0	253.5	21.5
	Operating income	4.3	9.7	14.0	14.0	0.0
	Income before special items	1.6	10.4	12.0	11.4	0.6
	Net income	0.3	9.7	10.0	12.2	(2.2)
	Net income per share (Yen)	0.36	10.70	11.06	13.53	(2.47)
Non-consolidated	Net sales	—	—	220.0	203.8	16.2
	Operating income	—	—	11.0	12.2	(1.2)
	Income before special items	—	—	10.0	8.5	1.5
	Net income	—	—	9.0	9.8	(0.8)

(Of which) Stainless Steel Business Results

Net sales	35.0	35.0	70.0	65.0	5.0
Operating income	1.0	4.0	5.0	1.5	3.5

2. Other Information (Non-Consolidated)

	1st half of FY ending March 31, 2011			2nd half of FY ended March 31, 2010	Difference
	1Q of FY ending March 31, 2011	2Q of FY ending March 31, 2011	(c)=(a)+(b)		
	Actual (a)	Forecast (b)	Actual (d)		
Crude steel production (1,000 tons)	964	986	1,950	1,847	103
Of which, stainless steel	146	134	280	289	▲ 9
Sales volume (1,000 tons)	922	918	1,840	1,889	▲ 49
Of which, stainless steel	130	120	250	262	▲ 12
Average sales price of steel products (¥1,000/ton)	115	127	121	110	11
Export ratio (monetary basis;%)	20	14	17	17	0
Export exchange rate (¥/US\$)	92	90	91	90	1
Excess of imports over exports (US\$ million)	264	405	669	339	330

3. Income Before Special Items Differential Breakdown

① 1Q of FY ending March 31, 2011 vs 2Q of FY ending March 31, 2011

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

1Q of FY ending March 31, 2011	1.6	Breakdown	1.0
Sales related	12.5	Price difference 11.5, Volume and composition difference 1.0	3.0
Purchasing price	(6.5)	Coke(3.0), Iron ore(3.0), Chromium(0.5)	0.0
Cost improvement, etc.	0.3	Rationalization, Exchange rate 0.5	1.0
Subsidiaries	2.5		0.0
Unrealized holding gains on inventories	0.0	4.0→4.0(Of which, Stainless steel 2.0→1.0)	(1.0)
Total	8.8		3.0
2Q of FY ending March 31, 2011	10.4		4.0

② 2nd half of FY ended March 31, 2010 vs 1st half of FY ending March 31, 2011

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

2nd half of FY ended March 31, 2010	11.4	Breakdown	1.5
Sales related	21.0	Price difference 18.5, Volume and composition difference 2.5	7.5
Purchasing price	(30.0)	Coke(9.0), Iron ore(14.5), Nickels(3.5), Chromium(2.0)	(5.5)
Cost improvement, etc.	2.6	Rationalization, Exchange rate(2.0)	1.0
Subsidiaries	1.5		0.0
Unrealized holding gains on inventories	5.5	2.5→8.0(Of which, Stainless steel 2.5→3.0)	0.5
Total	0.6		3.5
1st half of FY ending March 31, 2011	12.0		5.0

III. Forecasts of Results of Operations for the Fiscal Year Ending March 31, 2011

1. Results of Operations

(Billions of yen)

		FY ending March 31, 2011 Forecast	FY ended March 31, 2010 Actual	Difference
Consolidated	Net sales	550.0	441.4	108.6
	Operating income	24.0	(43.2)	67.2
	Income before special items	20.0	(53.7)	73.7
	Net income	17.0	(61.7)	78.7
	Net income per share (Yen)	18.81	(68.28)	87.09
Non-consolidated	Net sales	445.0	345.1	99.9
	Operating income	21.0	(46.2)	67.2
	Income before special items	16.0	(52.5)	68.5
	Net income	14.0	(58.0)	72.0

(Of which) Stainless Steel Business Results

Net sales	145.0	115.0	30.0
Operating income	8.0	(16.5)	24.5

2. 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) Change in Interest-Bearing Debt and D/E Ratio

	Mar-10 Actual	Jun-10 Actual	Sep-10 Forecast
Interest-bearing debt (Billions of yen)	297.8	297.4	294.5
D/E ratio	1.49	1.55	1.46
" (based on the credit rating) ※	1.22	1.26	1.19

※ Hybrid securities that are accepted as capital according to the credit rating by the Japan Credit Rating Agency

(Interest payment deferral provision·Unsecured corporate bond with prepayment provision)