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

NISSHIN STEEL CO., LTD.

August 3, 2010

Qualitative Information about the 1st half of FY ending March 31, 2011

(1st Quarter of FY Ending March 31, 2011)

- Both domestic and overseas demand progressed robustly driven by high levels of overseas demand
- While the costs of iron ore, coal and other raw materials continued to rise both substantially and rapidly, the reflection of these cost increases in sales prices lagged behind
- Thorough streamlining and total cost reduction efforts coincided with gains on the appraisal of inventory and other factors to keep operations in the black

(2nd Quarter of FY Ending March 31, 2011)

- Although exports to China began to decrease as the country entered an adjustment phase, demand as a whole remained steady propped up by favorable sales to domestic manufacturing industries.
- Endeavors including the improvement of sales prices yielded a significant increase in profit relative to the 1st Quarter.

◎ Profit levels comparable with those for the 2nd Half of FY2009 are expected to be secured for the 1st Half of FY2010

Highlights of Consolidated Results for the 1Q of FY ending March 31, 2011

(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)

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 (¥/US\$)	92	91	1	97
Excess of imports over exports (US\$ million)	264	182	82	196

Income Before Special Items Differential Breakdown

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

4Q of FY ended Mar. 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 Mar. 2011	1.6		1.0

Exchange rate (91→92¥/\$) FeNi(8.0→9.1\$/Lb) FeCr(111→109 ¢ /Lb)

Balance Sheet (Summary)

(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 aseets	12.2	3.9	Treasury stock, at cost	(26.4)	(0.0)
Total assets	664.8	(5.5)	Valuation and translation adjustments	4.3	(6.9)
			Minority interests	6.0	0.0
			Total net assets	197.8	(7.4)
			Total liabilities and total net assets	664.8	(5.5)

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

(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)	(c)-(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

Other Information (Non-Consolidated)

	1st half of FY ending March 31, 2011			2nd half of FY ended March 31, 2010 Actual (d)	Difference (c) - (d)
	1Q of FY ending March 31, 2011 Actual (a)	2Q of FY ending March 31, 2011 Forecast (b)	(c) = (a) + (b)		
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

Income Before Special Items Differential Breakdown

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

1Q of FY ending Mar. 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 Mar. 2011	10.4		4.0

Exchange rate (92→90¥/\$) FeNi(9.1→10.2\$/Lb) FeCr(109→144 ¢ /Lb)

Income Before Special Items Differential Breakdown

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

2nd half of FY ended Mar. 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 Mar. 2011	12.0		5.0

Exchange rate (90→91¥/\$) FeNi(8.0→9.6\$/Lb) FeCr(104→127 ¢ /Lb)

Qualitative Information Regarding Consolidated Performance Forecast

- It is predicted that full-scale adjustment phases in the Chinese and other overseas markets may set in and that domestic demand may experience a temporary lull due to diminished effects of emergency economic measures.
- We will continue our efforts to properly reflect raw material costs in sales prices and to develop new applications and new markets.
- We will focus on promoting rationalization and total cost reduction measures as well as the policies set forth in the 22nd Medium-Term Consolidated Management Plan.

◎ As both raw material costs and sales prices are yet to be finalized, and demand trends still unclear, provisional figures are used for the full-year forecast.

◎ We will strive to remain profitable during the 2nd half as well.

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

(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

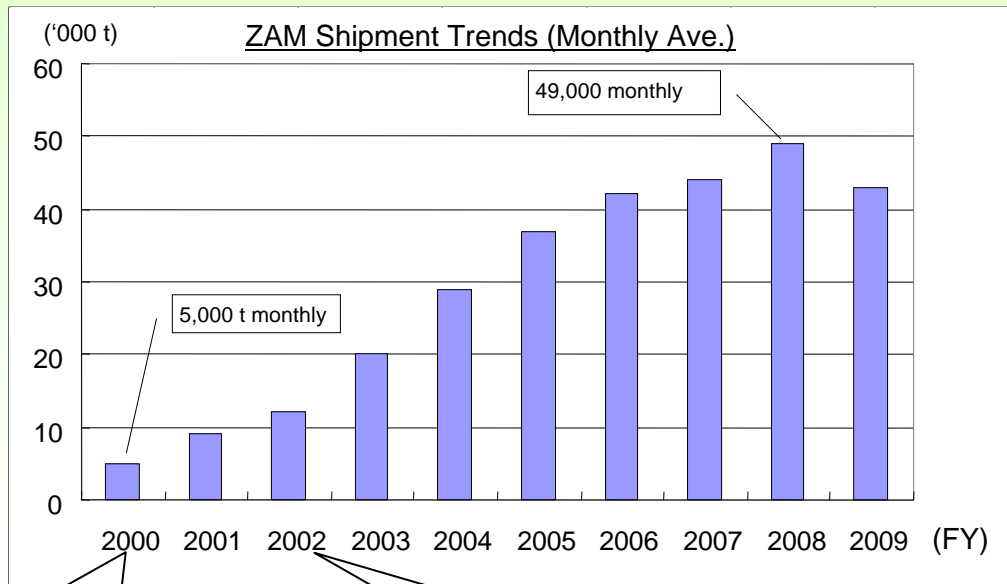
Topics

Development of a production system to increase output of strategic product “ZAM”

- Use of No. 3 CGL in Ichikawa to realize a production of 60,000 t/m (up 10,000 tons)

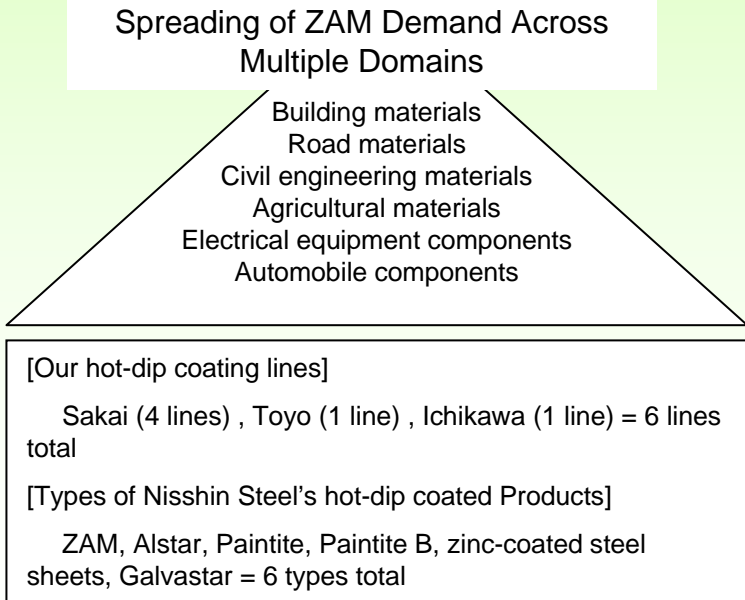
(- “ - ; Investment: 1.5 billion yen)

- The above arrangement to produce ZAM at the three plants - Ichikawa in addition to Toyo and Sakai - is intended to strengthen the Company’s flexibility in production and sales capabilities of coated steel sheets.



Toyo Works completed; production using HCGL commenced

Production at Sakai Works using 1CGL commenced (15,000 t/m)



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

Interest-bearing debt (Billions of yen) 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)

Purchase Price

	FY ended March 31, 2010							FY ending March 31, 2011 (Forecast)		
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year	1Q	2Q	1st half
Nickel(\$/lb)	4.8	5.9	5.3	8.0	8.0	8.0	6.6	9.1	10.2	9.6
Chrome(¢/lb)	87.0	77.0	82.0	97.0	111.0	104.0	93.0	109.0	144.0	126.5
Molybdenum(\$/lb)	8.9	9.1	9.0	14.5	11.5	13.0	11.0	15.6	13.0	14.3
Zinc(\$/ton)	1,473	1,762	1,618	2,214	2,289	2,251	1,935	2,026	1,984	2,005
Oil(\$/bl)	51.2	68.5	59.9	72.8	75.2	74.0	66.9	79.2	75.0	77.1

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