

(Presentation Materials)

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

1. Results of Operations

(Billions of yen)

		1st half of FY ending March 31, 2011 Actual	2nd half of FY ended March 31, 2010 Actual	Difference	1st half of FY ending March 31, 2011 (Current forecast)
Consolidated	Net sales	276.0	253.5	22.5	275
	Operating income	14.8	14.0	0.8	14
	Income before special items	11.7	11.4	0.3	12
	Net income	9.4	12.2	(2.8)	10
	Net income per share (Yen)	10.51	13.53	(3.0)	11.06
Non- consolidated	Net sales	219.7	203.8	15.9	220
	Operating income	11.8	12.2	(0.4)	11
	Income before special items	9.8	8.5	1.3	10
	Net income	8.8	9.8	(1.0)	9
Unrealized holding gains on inventories		6.0	2.5	3.5	8

(Of which) Stainless Steel Business Results

Net sales	70.0	65.0	5.0	70
Operating income	5.0	1.5	3.5	5
Unrealized holding gains on inventories	2.0	2.5	(0.5)	3

2. Other Information (Non-Consolidated)

	1st half of FY ending March 31, 2011	2nd half of FY ended March 31, 2010	Difference	1st half of FY ended March 31, 2010 (Current forecast)
Crude steel production (1,000 tons)	1,920	1,847	73	1,950
Of which, stainless steel	285	289	(4)	280
Sales volume (1,000 tons)	1,844	1,889	(45)	1,840
Of which, stainless steel	249	262	(13)	250
Average sales price of steel products (¥1,000/ton)	119	110	9	121
Export ratio (monetary basis:%)	16	17	(1)	17
Export exchange rate (¥/US\$)	89	90	(1)	91
Excess of imports over exports (US\$ million)	636	339	297	669

3. Income Before Special Items Differential Breakdown

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	(28.5)	Coke(9.0), Iron ore(13.5), Nickels(3.5), Chromium(2.0)	(5.0)
Cost improvement, etc.	2.3	Rationalization, Exchange rate(2.0)	1.5
Subsidiaries	2.0		-
Unrealized holding gains on inventories	3.5	2.5→6.0 (Of which, Stainless steel 2.5→2.0)	(0.5)
Total	0.3		3.5
1st half of FY ending March 31, 2011	11.7		5.0

Ex. rate: 90→89¥/\$ FeNi: 8.0→9.6\$/Lb FeCr: 104→127¢/Lb

4. Balance Sheet

(Billions of yen)

Debit			Credit		
		Vs. March, 2010			Vs. March, 2010
Cash on hand and in banks	27.3	(14.4)	Interest-bearing debt	293.8	(4.0)
Accounts receivable	88.2	16.6	Other liabilities	172.9	5.7
Inventories	129.2	9.7	Total liabilities	466.8	1.7
Other current assets	15.0	5.0	Common stock and additional paid-in capital	129.8	-
Property, plant and equipment	257.9	(8.2)	Retained earnings	93.2	8.5
Deffered tax assets	12.7	4.4	Treasury stock, at cost	(26.4)	(0.0)
Investments	138.9	(14.0)	Valuation and translation adjustments	(0.0)	(11.3)
			Minority interests	6.1	0.2
Total assets	669.5	(0.8)	Total net assets	202.6	(2.6)
			Total liabilities and total net assets	669.5	(0.8)

II. 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	FY ending March 31, 2011 (Current forecast)
Consolidated	Net sales	530	441.4	88.6	550
	Operating income	22	(43.2)	65.2	24
	Income before special items	18	(53.7)	71.7	20
	Net income	13	(61.7)	74.7	17
	Net income per share (Yen)	14.38	(68.28)	82.66	18.81
Non- consolidated	Net sales	430	345.1	84.9	445
	Operating income	19	(46.2)	65.2	21
	Income before special items	13	(52.5)	65.5	16
	Net income	11	(58.0)	69.0	14
Unrealized holding gains on inventories		9	(26.5)	35.5	—

(Of which) Stainless Steel Business Results

Net sales	140.0	115.0	25.0	145
Operating income	7.5	(16.5)	24.0	8
Unrealized holding gains on inventories	2.5	(11.5)	14.0	—

2. Other Information (Non-Consolidated)

	FY ending March 31, 2011 Forecast	FY ended March 31, 2010 Actual	Difference
Crude steel production (1,000 tons)	3,770	3,321	449
Of which, stainless steel	550	540	10
Sales volume (1,000 tons)	3,560	3,342	218
Of which, stainless steel	490	477	13
Average sales price of steel products (¥1,000/ton)	121	105	16
Export ratio (monetary basis:%)	15	19	(4)
Export exchange rate (¥/US\$)	87	92	(5)
Excess of imports over exports (US\$ million)	1,576	625	951

3. Income Before Special Items Differential Breakdown

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

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

1st half of FY ending March 31, 2011	11.7	Breakdown	5.0
Sales related	6.0	Price difference 7.5, Volume and composition difference(1.5)	1.5
Purchasing price	(12.0)	Coke(3.0), Iron ore(7.0), Nicketes(1.0), Chromium(1.0)	(2.0)
Cost improvement, etc.	5.6	Rationalization, Exchange rate 4.0	(0.5)
Subsidiaries	(2.0)		—
Unrealized holding gains on inventories	(3.0)	6.0→3.0(Of which, Stainless steel 2.0→0.5)	(1.5)
Total	(5.4)		(2.5)
2nd half of FY ending March 31, 2011	6.3		2.5

Ex. rate: 89→85¥/\$ FeNi: 9.6→9.8\$/Lb FeCr: 127→138 ¢/Lb

② FY ended March 31, 2010 vs FY ending March 31, 2011

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

FY ended March 31, 2010	(53.7)	Breakdown	(16.5)
Sales related	78.0	Price difference 56.0, Volume and composition difference 22.0	28.5
Purchasing price	(62.5)	Coke(12.5), Iron ore(28.5), Nicketes(12.0), Chromium(5.5)	(18.5)
Cost improvement, etc.	13.2	Rationalization, Exchange rate 7.5	0.0
Subsidiaries	7.5		—
Unrealized holding gains on inventories	35.5	26.5→9.0(Of which, Stainless steel(11.5)→2.5)	14.0
Total	71.7		24.0
FY ending March 31, 2011	18.0		7.5

Ex. rate: 92→87¥/\$ FeNi: 6.6→9.7\$/Lb FeCr: 93→132 ¢/Lb

4. 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)

① Investment and Depreciation (Billions of yen)

	FY ended March 31, 2010	FY ending March 31, 2011		
		1st half	2nd half	Total
Investment	28.4	10.2	14.4	24.6
Depreciation	39.0	19.5	19.5	39.0

② Interest-bearing debt and D/E ratio

	March 2010	June 2010	September 2010
Interest-bearing debt (Billions of yen)	297.8	297.4	293.8
D/E ratio	1.49	1.55	1.50
" (based on the credit rating)※	1.22	1.26	1.21

※ 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
<Subordinated corporate bond·Limited to qualified institutional investors>)

D/E ratio for 5 billion yen, 50% of which is considered to be capital.