

(Presentation Materials)

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

1. Results of Operations

(Billions of yen)

	3Q of FY ending March 31, 2011	3Q of FY ended March 31, 2010	Difference	
			Amount	%
Net sales	407.0	313.6	93.4	29.8%
Operating income (loss)	20.0	(50.1)	70.1	—
Income (Loss) before special items	16.3	(58.9)	75.2	—
Net income (loss)	12.8	(68.8)	81.6	—
Net income (loss) per share (Yen)	14.25	(76.17)	90.42	—
Unrealized holding gains (loss) on inventories	8.5	(27.5)	36.0	—

(Of which) Stainless Steel Business Results (Non-consolidated)

Net sales	102.0	80.0	22.0	27.5%
Income (Loss) before special items	6.5	(18.0)	24.5	—
Unrealized holding gains (loss) on inventories	2.5	(13.0)	15.5	—

2. Other Information (Non-Consolidated)

	3Q of FY ending March 31, 2011	3Q of FY ended March 31, 2010	Difference
Crude steel production (1,000 tons)	2,875	2,365	510
Of which, stainless steel	418	388	30
Sales Volume (1,000 tons)	2,682	2,371	311
Of which, stainless steel	364	350	14
Average sales price of steel products (¥1,000/ton)	121	103	18
Export ratio (monetary basis:%)	15	20	(5)
Export exchange rate (¥/US\$)	87	93	(6)
Excess of imports over exports (US\$ million)	1,125	444	681

3. Income Before Special Items Differential Breakdown

3Q of FY ending March 31, 2010 (Actual) vs 3Q of FY ending March 31, 2011 (Actual)

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

3Q of FY ended March 31, 2010	(58.9)	Breakdown	(18.0)
Sales related	67.0	Price difference 44.0, Volume and composition difference 23.0	21.0
Purchasing price	(40.0)	Cock(5.5), Iron ore(18.5), Nickels(9.0), Chromium(3.0)	(13.0)
Cost improvement, etc.	5.2	Rationalization	1.0
Subsidiaries	7.0		—
Unrealized holding gains on inventories	36.0	(27.5)→8.5 (of which Stainless Steel(13.0)→2.5)	15.5
Total	75.2		24.5
3Q of FY ending March 31, 2011	16.3		6.5

Ex. rate: 93→87¥/\$ FeNi: 6.2→9.6\$/Lb FeCr: 87→130¢/Lb

4. Balance Sheet

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			(Billions of yen)		
Debit		Vs.	Credit		Vs.
		March,			March,
		2010			2010
Cash on hand and in banks	16.8	(24.8)	Interest-bearing debt	289.1	(8.6)
Accounts receivable	85.7	14.0	Other liabilities	166.9	(0.2)
Inventories	139.8	20.2	Total liabilities	456.1	(8.9)
Other current assets	15.9	5.9	Common stock and additional paid-in capital	129.8	—
Tangible fixed assets and intangible fixed assets	251.3	(14.8)	Retained earnings	96.5	11.9
Defferred tax assets	10.8	2.5	Treasury stock, at cost	(26.4)	(0.0)
Investments	144.8	(8.1)	Valuation and translation adjustments	3.0	(8.2)
			Minority interests	6.2	0.3
Total assets	665.4	(4.9)	Total net assets	209.2	3.9
			Total liabilities and total net assets	665.4	(4.9)

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) (A)	FY ended March 31, 2010 (B)	Difference (A)-(B)	FY ending March 31, 2011 (Previous Forecast) (C)	Difference (A)-(C)
Consolidated	Net sales	540.0	441.4	98.6	530.0	10.0
	Operating income (loss)	22.0	(43.2)	65.2	22.0	0.0
	Income (Loss) before special items	18.0	(53.7)	71.7	18.0	0.0
	Net income (loss)	12.0	(61.7)	73.7	13.0	(1.0)
	Net income (loss) per share (Yen)	13.28	(68.28)	81.56	14.38	(1.10)
Non-consolidated	Net sales	430.0	345.1	84.9	430.0	0.0
	Operating income (loss)	19.0	(46.2)	65.2	19.0	0.0
	Income (Loss) before special items	13.0	(52.5)	65.5	13.0	0.0
	Net income (loss)	10.0	(58.0)	68.0	11.0	(1.0)
Unrealized holding gains (loss) on inventories		9.0	(26.5)	35.5	9.0	0.0

(Of which) Stainless Steel Business Results (Non-consolidated)

Net sales	140.0	115.0	25.0	140.0	0.0
Income (Loss) before special items	8.0	(16.5)	24.5	7.5	0.5
Unrealized holding gains (loss) on inventories	2.5	(11.5)	14.0	2.5	0.0

2. Other Information (Non-Consolidated)

	1st half of ending March 31, 2011	2nd half of ending March 31, 2011 (Forecast)	FY ending March 31, 2011 (Forecast)
Crude steel production (1,000 tons)	1,920	1,887	3,807
Of which, stainless steel	285	276	561
Sales Volume (1,000 tons)	1,844	1,716	3,560
Of which, stainless steel	250	250	500
Average sales price of steel products (¥1,000/ton)	119	125	122
Export ratio (monetary basis:%)	16	14	15
Export exchange rate (¥/US\$)	89	84	87
Excess of imports over exports (US\$ million)	636	886	1,522

	1st half of ended March 31, 2010	2nd half of ended March 31, 2010	FY Ended March 31, 2010
Crude steel production (1,000 tons)	1,475	1,846	3,321
Of which, stainless steel	251	289	540
Sales Volume (1,000 tons)	1,453	1,889	3,342
Of which, stainless steel	216	263	479
Average sales price of steel products (¥1,000/ton)	99	110	105
Export ratio (monetary basis:%)	23	17	19
Export exchange rate (¥/US\$)	95	90	92
Excess of imports over exports (US\$ million)	286	339	625

3. Income Before Special Items Differential Breakdown

① 1st half of ending March 31, 2011 (Actual) vs 2nd half of ending March 31, 2011

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

1st half of ending March 31, 2011	11.7	Breakdown	5.0
Sales related	4.5	Price difference 6.0, Volume and composition difference (1.5)	2.0
Purchasing price	(14.0)	Cock(2.0), Iron ore(8.5), Nickels(1.5), Chromium(1.0)	(3.0)
Cost improvement, etc.	7.6	Rationalization, Exchange rate 5.0	0.5
Subsidiaries	(0.5)		-
Unrealized holding gains on inventories	(3.0)	6.0→3.0 (of which Stainless Steel 2.0→0.5)	(1.5)
Total	(5.4)		(2.0)
2nd half of ending March 31, 2011 (Forecast)	6.3		3.0

Ex. rate: 89→84¥/\$ FeNi: 9.6→10.2\$/Lb FeCr: 127→138 ¢/Lb

② FY ended March 31, 2010 (Actual) vs FY ending March 31, 2011 (Current)

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

FY ended March 31, 2010	(53.7)	Breakdown	(16.5)
Sales related	78.5	Price difference 55.5, Volume and composition difference 23.0	26.0
Purchasing price	(60.5)	Cock(12.5), Iron ore(28.5), Nickels(11.0), Chromium(5.0)	(17.0)
Cost improvement, etc.	10.7	Rationalization, Exchange rate 8.5	1.5
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		24.5
FY ending March 31, 2011 (Forecast)	18.0		8.0

Ex. rate: 92→87¥/\$ FeNi: 6.7→9.9\$/Lb FeCr: 93→132 ¢/Lb

③ FY ending March 31, 2011 (Previous) vs FY ending March 31, 2011 (Current)

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

FY ending March 31, 2011 (Previous)	18.0	Breakdown	7.5
Sales related	0.5	Price difference(0.5), Volume and composition difference 1.0	0.5
Purchasing price	(2.0)	Iron ore(1.0), Nickels(0.5)	(0.5)
Cost improvement, etc.	1.5	Rationalization, Exchange rate 1.0	0.5
Subsidiaries	0.0		-
Unrealized holding gains on inventories	0.0	9.0→9.0 (of which Stainless Steel 2.5→2.5)	0.0
Total	0.0		0.5
FY ending March 31, 2011 (Forecast)	18.0		8.0

Ex. rate: 87→87¥/\$ FeNi: 9.7→9.9\$/Lb FeCr: 132→132 ¢/Lb

4. Dividends

The planned year-end dividend is ¥2 per share.
(Previous year : ¥1 per share)

Reference] Change in Interest-Bearing Debt and D/E Ratio

	March 2010	June 2010	September 2010	December 2010
Interest-bearing debt (Billions of yen)	297.8	297.4	293.8	289.1
D/E ratio	1.49	1.55	1.50	1.42
" (based on the credit rating) ※	1.22	1.26	1.21	1.16

※ 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.

[Reference] Quarterly Operating Results (Non-consolidated)

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☆Purchase Price

	FY ending March 31, 2011						
	1Q	2Q	1st half	3Q	4Q (Forecast)	2nd half (Forecast)	Full year (Forecast)
Nickel(\$/lb)	9.05	10.19	9.62	9.61	10.71	10.16	9.89
Chrome(¢ /lb)	109.0	144.0	126.5	138.0	138.0	138.0	132.3
Molvbdenum(\$/lb)	15.6	16.4	16.0	15.0	15.7	15.4	15.7
Oil(\$/bl)	79.2	73.5	76.4	79.7	90.0	84.9	80.6
Scrap(thousand of yen/t)	36.7	30.2	33.5	30.5	35.0	32.8	33.1
Zinc(\$/t)	2,026	2,013	2,020	2,315	2,500	2,408	2,214

	FY ended March 31, 2010						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Nickel(\$/lb)	4.75	5.86	5.31	8.03	7.95	7.99	6.65
Chrome(¢ /lb)	87.0	77.0	82.0	97.0	111.0	104.0	93.0
Molvbdenum(\$/lb)	8.9	9.1	9.0	14.5	11.6	13.0	11.0
Oil(\$/bl)	51.2	68.5	59.9	72.8	75.2	74.0	67.0
Scrap(thousand of yen/t)	19.4	27.4	23.4	24.6	29.1	26.8	25.1
Zinc(\$/t)	1,473	1,762	1,618	2,214	2,289	2,251	1,935

[Consolidated]

(Billions of yen)

	FY ending March 31, 2011						
	1Q	2Q	1st half	3Q	4Q (Forecast)	2nd half (Forecast)	Full year (Forecast)
Net sales	132.8	143.2	276.0	131.0	133.0	264.0	540.0
Operating income	4.3	10.5	14.8	5.2	2.0	7.2	22.0
Income before special items	1.6	10.1	11.7	4.6	1.7	6.3	18.0
Net income (loss)	0.3	9.1	9.4	3.4	(0.8)	2.6	12.0

[Non-consolidated]

	FY ended March 31, 2010						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Net sales	83.9	104.0	187.9	125.7	127.8	253.5	441.4
Operating income (loss)	(42.1)	(15.1)	(57.2)	7.1	6.9	14.0	(43.2)
Income (Loss) before special items	(45.0)	(20.1)	(65.1)	6.2	5.2	11.4	(53.7)
Net income (loss)	(52.5)	(21.4)	(73.9)	5.1	7.1	12.2	(61.7)