
Consolidated Financial Results for the Fiscal Year ended March 31, 2011

Qualitative Information about the FY ended March 31, 2011

The 22nd Consolidated Medium-term Management Plan was steadily pushed forward. Despite very challenging management environments such as steep raw material and energy price increases, diminished effects of government policies and the continued appreciation of the yen, due progress was made in our initiatives towards sales promotion and new market development centered on strategic products, rationalization and overall cost reduction.

Sales volume increased and price, product mix, costs as well as consolidated revenue improved. These resulted in positive figures for the first time in three terms with large increase in revenue/profit compared to FY 2009.

A 1.2 billion yen in extraordinary loss was recorded by Ichikawa Works and some Nisshin group companies as portions of their production facilities were damaged by the earthquake disaster.

Results of Operations for the Fiscal Year ended March 31, 2011

(Billion of yen)

	FY ended March 31, 2011			FY ended March 31, 2010	Difference	FY ended March 31, 2011 (previous forecast)		1st half VS 2nd half Difference	
	1st half	2nd half	Total			Difference	e		c-e
Net sales	276.0	269.3	545.3	441.4	103.9	540.0	5.3	(6.7)	
Operating income	14.8	9.1	23.9	(43.2)	67.1	22.0	1.9	(5.7)	
Income before special items	11.7	6.8	18.5	(53.7)	72.2	18.0	0.5	(4.9)	
Net income	9.4	2.6	12.0	(61.7)	73.7	12.0	0.0	(6.8)	
Net income per share (yen)	10.51	2.82	13.33	(68.28)	81.61	13.28	0.05	(7.69)	
Unrealized holding gains on inventories	6.0	2.0	8.0	(26.5)	34.5	9.0	(1.0)	(4.0)	

(Of which) Stainless Steel Business Results

Net sales	70.0	70.0	140.0	115.0	25.0	140.0	0.0	0.0
Income before special items	5.0	3.0	8.0	(16.5)	24.5	8.0	0.0	(2.0)
Unrealized holding gains on inventories	2.0	0.0	2.0	(11.5)	13.5	2.5	(0.5)	(2.0)

Sales condition [Non-consolidated]

		FY ended March 31, 2011						FY ended March 31, 2010			
		1st half			2nd half			Full year	1st half	2nd half	Full year
		1Q	2Q		3Q	4Q					
Net volume (10,000 tons)	Ordinary steel, etc.	79	80	159	73	77	150	309	123	163	286
	Stainless steel	13	12	25	11	14	25	50	22	26	48
	Total	92	92	184	84	91	175	359	145	189	334
Net sales (Billion of yen)	Ordinary steel, etc.	70.5	79.2	149.7	72.6	74.7	147.3	297.0	91.3	138.8	230.1
	Stainless steel	35.0	35.0	70.0	32.0	38.0	70.0	140.0	50.0	65.0	115.0
	Total	105.5	114.2	219.7	104.6	112.7	217.3	437.0	141.3	203.8	345.1
Export ratio (%)		20%	13%	16%	13%	16%	15%	16%	23%	17%	19%
Income before special items (Billion of yen)	Ordinary steel, etc.	(0.9)	5.7	4.8	0.6	0.1	0.7	5.5	(43.0)	7.0	(36.0)
	Stainless steel	1.0	4.0	5.0	1.5	1.5	3.0	8.0	(18.0)	1.5	(16.5)
	Total	0.1	9.7	9.8	2.1	1.6	3.7	13.5	(61.0)	8.5	(52.5)
Average sales price of steel products (¥1,000/ton)		115	124	119	125	124	125	122	99	110	105
Export exchange rate (¥/US\$)		92	86	89	83	82	82	86	95	90	92
Crude steel production (10,000 tons)	Ordinary steel, etc.	82	82	164	82	79	161	325	123	155	278
	Stainless steel	14	14	28	14	15	29	57	25	29	54
	Total	96	96	192	96	94	190	382	148	184	332

Sales by major divisions in Japan (Volume basis)

	Automotive	Construction	Electronics	Spot	Others	Total
1st half of FY ended March 31, 2011	34%	21%	12%	13%	20%	100%
2nd half of FY ended March 31, 2011	33%	21%	14%	13%	19%	100%
FY ended March 31, 2011	33%	21%	13%	13%	20%	100%
FY ended March 31, 2010	35%	22%	11%	13%	19%	100%

Export ratio

	Ordinary steel, etc.	Stainless steel	Total
1st half of FY ended March 31, 2011	14%	21%	16%
2nd half of FY ended March 31, 2011	11%	22%	15%
FY ended March 31, 2011	13%	21%	16%
FY ended March 31, 2010	14%	31%	19%

※ Others: Industrial machineries, Commercial and Home kitchen, etc.

Income Before Special Items Differential Breakdown

		(Billions of yen)	(Of which, stainless steel)
FY ended March 31,2010	(53.7)	Breakdown	(16.5)
Sales related	80.0	Price difference 56.0, Volume and composition difference 24.0	27.0
Purchasing price	(61.5)	Cock(10.0), Iron ore(28.0), Nickels(12.0), Chromium(5.0)	(19.0)
Cost improvement, etc.	10.7	Rationalization, Exchange rate, etc.	3.0
Subsidiaries	8.5	wheeling-Nisshin 1.0, Consolidated subsidiaries(Domestic) 1.0, Unconsolidated affiliates 6.5	-
Unrealized holding gains on investories	34.5	(26.5)→8.0 (Of which Stainless Steel(11.5)→2.0)	13.5
Total	72.2		24.5
FY ended March 31,2011	18.5		8.0

Ex. rate: 92→86¥/\$ FeNi: 6.7→9.9\$/Lb FeCr: 93→132 ¢ /Lb

Income Before Special Items Differential Breakdown

		(Billions of yen)	(Of which, stainless steel)
FY ended March 31, 2011(Previous Forecast)	18.0	Breakdown	8.0
Sales related	0.5	Volume and composition difference 0.5	0.0
Purchasing price	0.0		0.0
Cost improvement, etc.	0.5	Rationalization, etc.	0.5
Subsidiaries	0.5	Consolidated subsidiaries (Domestic) 0.5	-
Unrealized holding gains on inventories	(1.0)	9.0→8.0 (Of which Stainless Steel 2.5→2.0)	(0.5)
Total	0.5		0.0
FY ended March 31,2011	18.5		8.0

Ex. rate : 87→86¥/\$ FeNi : 9.9→9.9\$/Lb FeCr : 132→132 ¢ /Lb

Income Before Special Items Differential Breakdown

		(Billions of yen)	(Of which, stainless steel)
1st half of ended March 31, 2011	11.7	Breakdown	5.0
Sales related	6.5	Price difference 8.0, Volume and composition difference(1.5)	2.5
Purchasing price	(14.0)	Cock(1.5), Iron ore(8.0), Nickels(2.0), Cromium(1.0)	(3.5)
Cost improvement, etc.	7.1	Rationalization, Exchange rate, etc.	1.0
Subsidiaries	(0.5)	Wheeling-Nisshin(1.0), Consolidated subdiaries(Domestic)(0.5), Unconsolidated affiliates 1.0	-
Unrealized holding gains on investories	(4.0)	6.0→2.0 (Of which Stainless Steel 2.0→0)	(2.0)
Total	(4.9)		(2.0)
2nd half of ended March 31, 2011	6.8		3.0

Ex. rate : 89→82¥/\$ FeNi : 9.6→10.2\$/Lb FeCr : 127→138 ¢ /Lb

Balance Sheet

(Billion of yen)

Debit	Vs. March, 2010		Credit	Vs. March, 2010	
Cash on hand and in banks	18.3	(23.3)	Interest-bearing debt	282.9	(14.9)
Accounts receivable	90.5	18.9	Deferred tax liability	1.0	(0)
Inventories	133.6	14.0	Other liabilities	174.8	8.7
Other current assets	18.5	8.5	Total liabilities	458.7	(6.2)
Tangible and intangible fixed assets	249.4	(16.7)	Common stock and additional paid-in capital	129.8	-
Deferred tax assets	10.7	2.4	Retained earnings	95.7	11.0
Investments	142.5	(10.4)	Treasury stock, at cost	(26.4)	(0)
			Valuation and translation adjustments	(0.3)	(11.6)
			Minority interests	6.3	0.3
Total assets	663.8	(6.4)	Total net assets	205.0	(0.2)
			Total liabilities and net assets	663.8	(6.4)

Cash Flows

(Billion of yen)

	FY ended March 31, 2011	Main factor	FY ended March 31, 2010
Cash flows from operating activities	24.4	Income before income taxes	14.8
		Depreciation and amortization	38.4
		Increase in notes and accounts receivable	(19.1)
		Increase in inventories	(14.3)
		Increase in notes and accounts payable	9.6
Cash flows from investing activities	(30.1)	Acquisition of property, plant and equipment	(25.1)
		Acquisition of investments in securities	(2.4)
Cash flows from financing activities	(16.0)	Decreased in interest-bearing debt	(14.9)
		Cash dividends	(0.9)
Cash and cash equivalents at end of year	18.3		41.7

Interest-bearing debt and D/E ratio

Change in Interest-Bearing Debt and D/E Ratio

	March 2010	June 2010	September 2010	December 2010	March 2011
Interest-bearing debt (Billions of yen)	297.8	297.4	293.8	289.1	282.9
D/E ratio	1.49	1.55	1.50	1.42	1.42
" (based on the credit rating) ※	1.22	1.26	1.21	1.16	1.15

※ 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.

Dividends

End-of-period dividends is ¥2 per share.
(Previous year : ¥1 per share)

[Basic policies regarding dividends]

Our basic policy is to distribute appropriate surplus according to consolidated results and provide stable shareholder returns, while ensuring sufficient internal reserves for future business development in order to increase corporate value and taking into account future financial outlook.

Forecasts of Operations for the Fiscal Year ending March 31, 2012

For the coming few months, specific demand for restoration/reconstruction such as temporary housing is expected. However, general demand from the manufacturing industry is falling due to such factors as decreased automobile production and lower consumer spending. Thus, drop in overall demand in the first half is predicted to be unavoidable.

Although we expect that the activity level of each user industry will gradually recover in the second half, future trends will remain uncertain due to the effects of the disaster and resultant power restrictions. At this point, no earnings forecast is provided because of the difficulty in predicting the future.

We will promote continuously consistent rationalization programs and work to gain our customers' understanding for sales price revisions that correspond with raw material prices. At the same time, we will aim to create markets with strategic products, through especially proactive marketing overseas. We will aim to ensure profitability by steadily promoting various policies of the Medium-term Management Plan.

References

Investment and Depreciation

(Billions of yen)

	FY ended March 31, 2010	FY ended March 31, 2011		
		1st half	2nd half	Full year
Capital expenditures (Tangible)	28.4	10.2	10.1	20.3
Depreciation	39.0	19.5	18.9	38.4

Labor cost and Number of employee

	FY ended March 31, 2010	FY ended March 31, 2011		
		1st half	2nd half	Full year
Labor cost (non-consolidated) (Billions of yen)	32.4	16.0	16.0	32.0
Number of employee	6,143	6,156	–	6,074

Purchase Price

	FY ended March 31,2010	FY ended March 31, 2011						Full year
		1Q	2Q	1st half	3Q	4Q	2nd half	
Nickel(\$/lb)	6.7	9.1	10.2	9.6	9.6	10.7	10.2	9.9
Chromium(¢ /lb)	93.0	109.0	144.0	126.5	138.0	138.0	138.0	132.3
Molybdenum(\$/lb)	11.0	15.6	16.4	16.0	15.0	15.7	15.4	15.7
Zinc(\$/t)	1,935	2,026	2,013	2,020	2,315	2,395	2,355	2,187
Oil(\$/bl)	67.0	79.2	73.5	76.4	79.7	93.9	86.8	81.6

Distribution Ownership by Shareholder Group

(Thousands)

	Ended March 31, 2010		Ended September 31, 2010		Ended March 31, 2011	
		%		%		%
Financial institutions	367,809	37.0%	383,653	38.6%	380,117	38.2%
Securities companies	19,982	2.0%	12,679	1.3%	12,312	1.2%
Other companies	195,940	19.7%	198,248	19.9%	206,685	20.8%
Foreign	131,354	13.2%	126,201	12.7%	132,571	13.3%
Treasury stock	89,060	9.0%	89,079	9.0%	89,113	9.0%
Individuals	190,355	19.1%	184,640	18.5%	173,702	17.5%
Total	994,500					

Quarterly Operating Results

[Consolidated]

(Billion of yen)

	FY ended March 31, 2010	FY ended March 31, 2011						
		1Q	2Q	1st half	2nd half		Total	
					3Q	4Q		
Net sales	441.4	132.8	143.2	276.0	131.0	138.3	269.3	545.3
Operating income	(43.2)	4.3	10.5	14.8	5.2	3.9	9.1	23.9
Income before special items	(53.7)	1.6	10.1	11.7	4.6	2.2	6.8	18.5
Net income	(61.7)	0.3	9.1	9.4	3.4	(0.8)	2.6	12.0
Unrealized holding gains on inventories	(26.5)	4.0	2.0	6.0	2.5	(0.5)	2.0	8.0

[Non-consolidated]

Net sales	Ordinary steel, etc.	230.1	70.5	79.2	149.7	72.6	74.7	147.3	297.0
	Stainless steel	115.0	35.0	35.0	70.0	32.0	38.0	70.0	140.0
	Total	345.1	105.5	114.2	219.7	104.6	112.7	217.3	437.0
Operating income		(46.2)	2.4	9.4	11.8	4.4	3.2	7.6	19.4
Income before special items	Ordinary steel, etc.	(36.0)	(0.9)	5.7	4.8	0.6	0.1	0.7	5.5
	Stainless steel	(16.5)	1.0	4.0	5.0	1.5	1.5	3.0	8.0
	Total	(52.5)	0.1	9.7	9.8	2.1	1.6	3.7	13.5
Net income		(58.0)	(0.5)	9.3	8.8	2.0	(0.5)	1.5	10.3
Unrealized holding gains on inventories	Ordinary steel, etc.	(14.0)	2.0	2.0	4.0	2.0	0.0	2.0	6.0
	Stainless steel	(11.5)	2.0	0.0	2.0	0.5	(0.5)	0.0	2.0
	Total	(25.5)	4.0	2.0	6.0	2.5	(0.5)	2.0	8.0

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This presentation was created based on the contents of business results for the second quarter of the fiscal year ending March 31, 2011, announced on April 28, 2011. Forward-looking statements regarding the plans, strategies and business results contained in this presentation may differ from actual results due to a variety of significant factors, including domestic and foreign politico-economic conditions, steel demand in major markets, and changes in laws and regulations.

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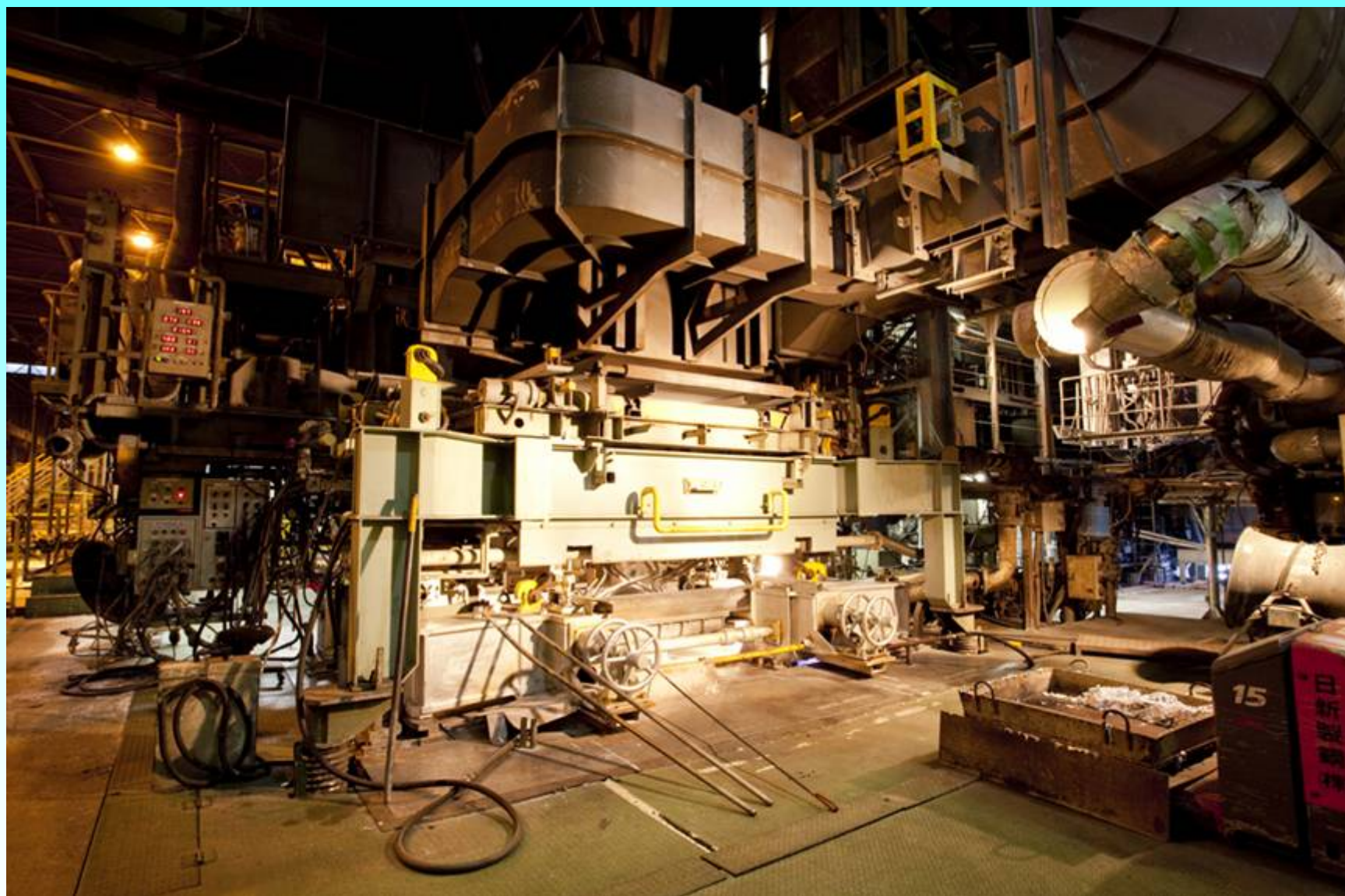
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Continuous coating line / Ichikawa Works

【Photo: Tetsu Ishi】