
Consolidated Financial Results
for the First Quarter of the Fiscal
Year Ending March 31, 2012

NISSHIN STEEL CO., LTD.

August 2, 2011

Qualitative Information about the 1st half of FY ending March 31, 2012

(1st Quarter of FY Ending March 31, 2012)

- **Business environment was harsh compared with the same quarter in the previous year due to skyrocketing raw materials prices, a decline in sales volume following the devastating earthquake and tsunami, and difficulties in reflecting rising material costs in our sales prices.**
- **Recorded positive income before special items thanks to the cost-cutting efforts and increased profits of our subsidiaries.**
- **Took a special loss of ¥500 million to deal with effects of the earthquake and tsunami including the disposal of warehouse inventories.**

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

- **The demand from the automotive and other sectors, which has been slow after the earthquake and tsunami, is on a track to recovery.**
- **Demand from the building materials sector, albeit stagnant, remains at the same level with the previous year.**
- **Continuing with a prudent approach in export in view of sagging market situation in Asia.**
- **There is concern over an increase in steel imports due to a rise of yen against other currencies.**
- **Will work harder to reflect higher material costs in our sale prices.**
- **Profit is expected to increase from the April-June period as improved sales prices are more widely accepted.**

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

(Billions of yen)

	1Q of FY2012	1Q of FY2011	Difference
Net sales	136.9	132.8	4.1
Operating income	2.9	4.3	(1.4)
Income before special items	3.4	1.6	1.8
Net income	2.1	0.3	1.8
Net income per share (Yen)	2.37	0.36	2.01

(Of which) Stainless Steel Business Results

Net sales	37.0	35.0	2.0
Income before special items	2.0	1.0	1.0

Other Information (Non-Consolidated)

	1Q of FY2012	1Q of FY2011	Difference
Crude steel production (10,000 tons)	91	96	(5)
Of which, stainless steel	14	14	0
Sales volume (10,000 tons)	85	92	(7)
Of which, stainless steel	12	13	(1)
Average sales price of steel products (¥1,000/ton)	129	115	14
Export ratio (monetary basis;%)	16	20	(4)
Export exchange rate (¥/\$)	82	92	(10)

Income Before Special Items Differential Breakdown

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

1Q of FY ended March 31, 2011	1.6	Breakdown	1.0
Sales related	12.0	Price difference 12.5, Volume and Composition difference(0.5)	4.5
Purchasing price	(16.0)	Iron ore(5.5), Coke(5.0), Nickels(3.0), Chromium(0.5), Oil(1.5)	(4.0)
Cost improvement, etc.	4.8	Rationalization, Exchange rate	1.5
Subsidiaries	2.0		–
Unrealized holding gains on inventories	(1.0)	4.0→3.0 (Of which, Stainless steel 2.0→1.0)	(1.0)
Total	1.8		1.0
1Q of FY ending March 31, 2012	3.4		2.0

Ex. rate: 92→82¥/\$ FeNi: 9.1→12.2\$/Lb FeCr: 109→133 ¢ /Lb

Balance Sheet (Summary)

(Billions of yen)

Debit		Vs.	Credit		Vs.
		March, 2011			March, 2011
Cash on hand and in banks	17.5	(0.8)	Interest-bearing debt	289.7	6.8
Accounts receivable	85.9	(4.6)	Defferred tax liabilities	1.0	0.0
Inventories	142.1	8.5	Other liabilities	167.3	(7.4)
Other current assets	18.6	0.1	Total liabilities	458.1	(0.6)
Tangible and intangible fixed assets	243.0	(6.3)	Common stock and additional paid-in capital	129.8	—
Defferred tax assets	11.2	0.4	Retained earnings	96.0	0.3
Investments in securities	146.5	4.0	Treasury stock, at cost	(26.4)	(0.0)
			Accumulated other comprehensive income	1.3	1.6
			Minority interests	6.3	0.0
Total assets	665.2	1.3	Total net assets	207.1	2.0
			Total liabilities and total net assets	665.2	1.3

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

(Billions of yen)

		1st half of FY2012			2nd half of FY2011	Difference
		1Q of FY2012	2Q of FY2012	(c)=(a)+(b)		
		Actual (a)	Forecast (b)		Actual (d)	(c)-(d)
Consolidated	Net sales	136.9	143.1	280.0	269.3	10.7
	Operating income	2.9	6.1	9.0	9.1	(0.1)
	Income before special items	3.4	5.6	9.0	6.8	2.2
	Net income	2.1	4.9	7.0	2.6	4.4
	Net income per share (Yen)	2.37	5.38	7.75	2.82	4.93
Non-consolidated	Net sales	—	—	230.0	217.3	12.7
	Operating income	—	—	7.0	7.6	(0.6)
	Income before special items	—	—	4.0	3.7	0.3
	Net income	—	—	3.0	1.5	1.5

(Of which) Stainless Steel Business Results

Net sales	37.0	38.0	75.0	70.0	5.0
Income before special items	2.0	1.0	3.0	3.0	0.0

Other Information (Non-Consolidated)

	1st half of FY2012			2nd half of FY 2011 Actual (d)	Difference (c) - (d)
	1Q of FY2012 Actual (a)	2Q of FY2012 Forecast (b)	(c) = (a) + (b)		
Crude steel production (10,000 tons)	91	99	190	190	0
Of which, stainless steel	14	16	30	29	1
Sales volume (10,000 tons)	85	88	173	175	(2)
Of which, stainless steel	12	13	25	25	0
Average sales price of steel products (¥1,000/ton)	129	134	131	125	6
Export ratio (monetary basis;%)	16	14	15	15	0
Export exchange rate (¥/\$)	82	80	81	82	(1)

Income Before Special Items Differential Breakdown

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

1Q of FY ending March 31, 2012	3.4	Breakdown	2.0
Sales related	4.5	Price difference 4.0, Volume and Composition difference 0.5	0.0
Purchasing price	(2.5)	Iron ore(1.5), Coke(1.0)	0.0
Cost improvement, etc.	0.7	Rationalization, Exchange rate	0.0
Subsidiaries	0.0		-
Unrealized holding gains on inventories	(0.5)	3.0→2.5 (Of which, Stainless steel 1.0→0.0)	(1.0)
Total	2.2		(1.0)
2Q of FY ending March 31, 2012	5.6		1.0

Ex. rate : 82→80¥/\$ FeNi : 12.2→11.0\$/Lb FeCr : 133→143 ¢ /Lb

Income Before Special Items Differential Breakdown

		(Billions of yen) (Of which, stainless steel)	
2nd half of FY ended March 31, 2011	6.8	Breakdown	3.0
Sales related	10.0	Price difference 10.0	2.0
Purchasing price	(14.0)	Iron ore(4.0), Coke(7.5), Oil(1.0)Nickels(1.0)	(2.0)
Cost improvement, etc.	0.7	Rationalization, Exchange rate	(1.0)
Subsidiaries	2.0	Wheeling-Nisshin 0.5, Unconsolidated subsidiaries 1.5	-
Unrealized holding gains on inventories	3.5	2.0→5.5 (Of which, Stainless steel 0.0→1.0)	1.0
Total	2.2		0.0
1st half of FY ending March 31, 2012	9.0		3.0

Ex. rate : 82→81¥/\$ FeNi : 10.2→11.6\$/Lb FeCr : 138→138 ¢ /Lb

Qualitative Information Regarding Consolidated Performance Forecast

- Despite various uncertainties surrounding electricity supply, foreign exchange rates and the global economy, as well as expanded supply from East Asia, we expect that domestic steel demand will pick up, supported by such factors as increases in automotive production and in post-quake reconstruction projects in the second half of the fiscal year.
- There is concern over accelerated overseas transfer of our client sectors prompted by a sharp hike in the yen and the anxiety over shortage of power supply.
- Will carry out flexible production tailored to the market situation, and focus on raising sales prices, streamlining and total cost reduction.
- Steadily promote agendas set in the 22nd Consolidated Medium-term Management Plan, aiming to be the “Nisshin Steel Group with a Presence”.

© Will strive to ensure more profit for the full year than in the previous year. (The business forecasts for the year contained here are provisional as there are many uncertain elements at present.)

Forecasts of Results of Operations for the Fiscal Year Ending March 31, 2012

		(Billions of yen)		
		FY2012 Forecast	FY2011 Actual	Difference
Consolidated	Net sales	590.0	545.3	44.7
	Operating income	25.0	23.9	1.1
	Income before special items	24.0	18.5	5.5
	Net income	21.0	12.0	9.0
	Net income per share (Yen)	23.24	13.33	9.91
Non-consolidated	Net sales	480.0	437.0	43.0
	Operating income	21.0	19.4	1.6
	Income before special items	14.0	13.5	0.5
	Net income	12.0	10.3	1.7

(Of which) Stainless Steel Business Results

Net sales	152.0	140.0	12.0
Income before special items	6.0	8.0	(2.0)

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-11 Actual	Jun-11 Actual	Sep-11 Forecast
Interest-bearing debt (Billions of yen)	282.9	289.7	281.5
D/E ratio	1.42	1.44	1.37
" (based on the credit rating) ※	1.15	1.17	1.11

※ 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.

Purchase Price

	FY ended March 31, 2011							FY ending March 31, 2011(Forecast)		
	1Q	2Q	1st half	3Q	4Q	2nd half	Full Year	1Q	2Q	1st half
Nickel(\$/lb)	9.05	10.19	9.62	9.61	10.71	10.16	9.89	12.20	11.02	11.61
Chromium(¢ /lb)	109.0	144.0	126.5	138.0	138.0	138.0	132.3	133.0	143.0	138.0
Molybdenum(\$/lb)	15.6	16.4	16.0	15.0	15.7	15.4	15.7	17.3	16.7	17.0
Zinc(\$/t)	2,026	2,013	2,020	2,315	2,395	2,355	2,187	2,254	2,500	2,377
Oil(\$/bl)	79.2	73.5	76.4	79.7	93.9	86.8	81.6	111.0	110.0	110.5

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Amagasaki Works (Photo: Tetsu Ishi)