

August 7, 2009

Consolidated Financial Report for the First Quarter of Fiscal 2009, the Fiscal Year Ending March 31, 2010

Company name: Nippon Coke & Engineering Co., Ltd.
 Listed stock exchange: Tokyo Stock Exchange
 Securities code: 3315 URL: <http://www.n-coke.com/en/index.html>
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 Scheduled date of dividend payment commencement: —

(Figures are rounded down to the nearest million yen)

1. Consolidated Performance for the First Quarter of Fiscal 2009 (April 1 to June 30, 2009)

(1) Consolidated Business Results (year-to-date)

(In millions of yen unless otherwise stated; percentage figures show the year-on-year change.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
1Q/Fiscal 2009	23,585	(50.4)%	1,226	(86.4)%	706	(91.3)%	518	(94.0)%
1Q/Fiscal 2008	47,523	—	9,022	—	8,078	—	8,570	—

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
1Q/Fiscal 2009	1.72	1.39
1Q/Fiscal 2008	37.23	20.23

(2) Consolidated Financial Position

(In millions of yen unless otherwise stated)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
June 30, 2009	128,745	31,597	24.5	71.56
March 31, 2009	138,435	31,998	23.1	72.09

(Reference) Shareholders' equity: June 30, 2009 31,597 million yen
 March 31, 2009 31,998 million yen

Note: Net assets per share data pertains only to common stock issued and is therefore calculated by subtracting the amount of shares with a preferred right of claim over the distribution of residual assets (10,000 million yen as of the period-end) from the amount of net assets.

2. Dividend Information

Record Date	Dividends per Share (Yen)				
	End of the First Quarter	End of the Interim Period	End of the Third Quarter	Fiscal Year-End	Annual
Fiscal 2008	—	—	—	2.00	2.00
Fiscal 2009	—	—	—	—	—
Fiscal 2009 (forecast)	—	—	—	—	—

Note: Revisions to dividend forecasts during the period under review: No

The dividend forecast for fiscal 2009, the fiscal year ending March 31, 2010, is yet to be determined. In addition, the "Dividend Information" above pertains to common stock dividends. For information on dividends pertaining to classified shares with rights that differ from those applicable to common stock, please refer to "Dividend Information for Classified Stock" on page 3.

3. Consolidated Performance Forecasts for Fiscal 2009 (April 1, 2009 to March 31, 2010)

(In millions of yen unless otherwise stated; percentage figures show the year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Interim Period	47,000	(55.1)%	2,000	(84.6)%	1,000	(91.4)%	500	(96.3)%	1.66
Full Fiscal Year	97,000	(49.3)%	3,500	(71.2)%	1,500	(82.8)%	2,000	(0.7)%	6.63

Note: Revisions to consolidated performance forecasts during the period under review: No

4. Other Matters

- (1) Changes in important subsidiaries during the period (changes in special subsidiaries due to changes in the scope of consolidation and application of the equity method): No
Newly included: – Excluded: –
- (2) Application of the simplified accounting method and special accounting practices in the preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to “4. Other Matters” in “Qualitative Information Regarding Financial Statements, Etc.” on page 4.
- (3) Changes in accounting principles, procedures, disclosure methods and related standards in connection with the preparation of consolidated financial statements (recorded under changes in important items considered fundamental to the preparation of quarterly consolidated financial statements)
 - (a) Changes in accordance with revisions to accounting and other standards: Yes
 - (b) Changes in items other than (a) above: No
 (Note) For details, please refer to “4. Other Matters” in “Qualitative Information Regarding Financial Statements, Etc.” on page 4.
- (4) Shares outstanding (common stock)
 - (a) Number of shares outstanding as of the end of the period (including treasury stock)

June 30, 2009:	302,349,449 shares
March 31, 2009	302,349,449 shares
 - (b) Number of shares of treasury stock as of the end of the period

June 30, 2009	516,041 shares
March 31, 2009	513,619 shares
 - (c) Average number of shares for the period (fiscal year-to-date)

June 30, 2009	301,834,860 shares
June 30, 2008	230,218,652 shares

Cautionary Statement and Other Explanatory Notes

1. In light of the uncertainty that surrounds future trends in the demand for coke, Nippon Coke & Engineering will continue to assess movements in future revenues and earnings as well as its operating and capital requirements. As a result, the dividend forecast for the fiscal year ending March 31, 2010 is yet to be announced. The Company undertakes to disclose its fiscal 2009 dividend forecast in a timely fashion as and when determined.
2. Forward-looking statements including performance forecasts in this document are based on certain reasonable presumptions and beliefs in light of information currently available to management. As a result, readers are advised that actual results may differ materially from forecasts due to a variety of factors. In addition, there is no change in the Company’s consolidated performance forecasts previously announced on May 15, 2009.

Dividend Information for Classified Stock

Dividend per share amounts for classified stock, which are issued with rights that differ from those of common stock, are as follows.

Record Date	Dividends per Share (Yen)				
	End of the First Quarter	End of the Interim Period	End of the Third Quarter	Fiscal Year-End	Annual
Class C preferred shares					
Fiscal 2008	–	–	–	5.99	5.99
Fiscal 2009	–	–	–	–	Yet to be determined
Fiscal 2009 (forecast)	–	–	–	Yet to be determined	

Notes

1. Revisions to dividend forecasts during the period under review: No
2. The Company has agreed to execute a buyback of all Class C preferred shares held by Mitsui Sumitomo Banking Corporation by June 26, 2010. As of the date of this report, the timing for any buyback has yet to be determined.

Qualitative Information Regarding Financial Statements, Etc.

1. Qualitative Information Regarding Consolidated Business Results

Throughout the first quarter (April 1, 2009 to June 30, 2009) of fiscal 2009, Japan's economy remained under a cloud of uncertainty. Despite a pickup in exports and production activity, prompting signs of an economic recovery, conditions were impacted by the continuous and substantial downturn in corporate-sector earnings and capital expenditures.

Under these circumstances, the Nippon Coke & Engineering Group confronted an extremely harsh operating environment in its mainstay coke business. In addition to the drop in coke product prices, the Company partially suspended operations at its Kitakyushu Coking Works in response to the decrease in coke demand, reflecting large-scale production cutbacks by the steel manufacturing industry.

Accounting for the aforementioned factors, the Group posted net sales of 23,585 million yen for the first quarter of fiscal 2009, a decrease of 23,937 million yen compared with the corresponding period of the previous fiscal year. On the earnings front, operating income contracted 7,796 million yen year on year to 1,226 million yen, ordinary income contracted 7,372 million yen to 706 million yen, and net income fell 8,052 million yen to 518 million yen.

Business Results by Business Category

For the reasons identified above, sales in the Coal and Coke-Related Business declined 22,352 million yen compared with the corresponding period of the previous fiscal year to 20,598 million yen. From a profit perspective, operating income fell 8,256 million yen year on year to 1,801 million yen.

Sales in the Comprehensive Engineering Business contracted 1,068 million yen compared with the corresponding period of the previous fiscal year to 1,934 million yen while operating income declined 11 million yen to 55 million yen. This downturn was attributable to the drop in orders and other factors on the back of cutbacks in capital expenditures by users.

Turning to Other Businesses segment, Nippon Coke & Engineering sold all of its shares in consolidate subsidiary Suncoh Consultants Co., Ltd. The company was subsequently excluded from Nippon Coke & Engineering's scope of consolidation. As a result, sales in this segment decreased 516 million yen compared with the corresponding period of the previous fiscal year to 1,053 million yen. For the period under review, the Other Businesses segment incurred an operating loss of 3 million yen, down from the loss of 486 million yen in the first quarter of fiscal 2008.

2. Qualitative Information Regarding Consolidated Financial Position

Taking into consideration the aforementioned exclusion of Suncoh Consultants from the Company's scope of consolidation, total assets as of June 30, 2009 stood at 128,745 million yen, a decrease of 9,690 million yen compared with the end of the previous fiscal year. Major movements included decreases in cash and deposits, notes and accounts receivable, raw materials and stored goods as well as other in investment and other assets of 3,368 million yen, 2,858 million yen, 1,557 million yen and 1,020 million yen, respectively.

Again reflecting the exclusion of Suncoh Consultants, total liabilities as of the end of the first quarter of fiscal 2009 stood at 97,147 million yen. This represented a 9,289 million yen decline compared with March 31, 2009. Principal movements in the period under review were a decrease of 9,410 million yen in notes and accounts payable, a decline of 846 million yen in other current liabilities, a drop of 789 million yen in allowance for loss on inappropriate transactions, a fall of 600 million yen in allowance for loss on orders, and an increase of 4,227 million yen in short-term loans payable.

Total net assets as of June 30, 2009 stood at 31,597 million yen, down 400 million yen compared with the end of the previous fiscal year. This was mainly attributable to the payment of dividends from retained earnings.

Accounting for the aforementioned factors, the equity ratio as the end of the first quarter under review was 24.5%, an improvement of 1.4 percentage points compared with March 31, 2009.

3. Qualitative Information Regarding Consolidated Performance Forecasts

There is no change in the Company's consolidated performance forecasts previously announced on May 15, 2009.

4. Other Matters

(1) Changes in important subsidiaries during the period (changes in special subsidiaries due to changes in the scope of consolidation and application of the equity method):

Not applicable.

During the first quarter of fiscal 2009, Nippon Coke & Engineering sold all of its shares in consolidated subsidiary Suncoh Consultants. While not classified as an important subsidiary, Suncoh Consultants was accordingly excluded from the Company's scope of consolidation.

- (2) Application of the simplified accounting method and special accounting practices in the preparation of quarterly consolidated financial statements

- (a) Application of the simplified accounting method

Calculation of the estimated amount of bad loans within general debt

The estimated amount of bad loans within general debt was calculated based on the loan loss ratio at the end of the previous fiscal year since the ratio at the end of the first quarter does not differ significantly.

Valuation of inventories

An actual inventory was not taken at the end of the first quarter of the fiscal year under review. Values for inventories were derived from a reasonable calculation based on the actual balance of inventories as of the end of the previous fiscal year.

- (b) Special accounting practices in the preparation of quarterly consolidated financial statements

Not applicable

- (3) Changes in accounting principles, procedures, and disclosure methods and related standards in connection with preparation of quarterly consolidated financial statements

Changes to accounting standards

The Nippon Coke & Engineering Group previously adopted the percentage-of-completion method for contracted construction for which the contract amount is 500 million yen or more and the construction period is more than one year, and the completed-contract method for other construction. However, from the first quarter of the fiscal year ending March 31, 2010, the Company adopted the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan (ASBJ) Statement No. 15 of December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18 of December 27, 2007). As a result, of all construction projects that commenced in the first quarter of the fiscal year under review, those projects for which the outcome of the portion completed by the end of the first quarter can be reliably estimated are accounted for by the percentage-of-completion method (the rate of completion of each construction project is estimated using the cost-comparison method), while other construction is accounted for by the completed-contract method.

There was no material impact on the Company's consolidated net sales, operating income, ordinary income and income before income taxes and other as a result of this change.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	(In millions of yen)	
	End of the First Quarter (June 30, 2009)	End of Fiscal 2008 (March 31, 2009)
Assets		
Current assets		
Cash and deposits	4,681	8,050
Notes and accounts receivable	6,983	9,842
Products and manufactured goods	17,064	17,750
Work in progress	1,612	1,551
Raw materials and stored goods	5,722	7,279
Other	4,199	4,016
Allowance for doubtful accounts	(13)	(217)
Total current assets	40,250	48,272
Fixed assets		
Tangible fixed assets		
Machinery, equipment and transportation	59,382	58,921
Accumulated depreciation	(33,499)	(32,989)
Machinery, equipment and transportation (net)	25,883	25,931
Land	43,170	43,448
Other	22,313	23,424
Accumulated depreciation	(13,471)	(14,296)
Other (net)	8,841	9,127
Total tangible fixed assets	77,895	78,508
Intangible fixed assets		
Other	656	729
Total intangible fixed assets	656	729
Investments and other assets		
Other	9,984	11,004
Allowance for doubtful accounts	(41)	(78)
Total investments and other assets	9,942	10,925
Total fixed assets	88,494	90,163
Total assets	128,745	138,435

	End of the First Quarter (June 30, 2009)	End of Fiscal 2008 (March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable	10,821	20,231
Short-term loans payable	25,390	21,163
Income and other taxes payable	137	192
Allowance for bonuses	395	884
Allowance for loss on liquidation of affiliated companies	927	1,406
Allowance for loss on inappropriate transactions	3,628	4,417
Allowance for loss on orders	250	850
Other	6,964	7,811
Total current liabilities	<u>48,515</u>	<u>56,956</u>
Long-term liabilities		
Corporate bonds payable	200	208
Long-term loans payable	40,108	40,503
Allowance for employee retirement benefits	4,814	5,250
Allowance for director and corporate auditor retirement benefits	200	210
Allowance for environmental development	2,703	2,703
Other	605	604
Total long-term liabilities	<u>48,632</u>	<u>49,480</u>
Total liabilities	<u>97,147</u>	<u>106,437</u>
Net assets		
Shareholders' equity		
Capital	7,000	7,000
Capital surplus	1,750	1,750
Retained earnings	22,830	23,156
Treasury stock	(92)	(92)
Total shareholders' equity	<u>31,488</u>	<u>31,813</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	22	14
Profit (loss) on hedge transactions	(98)	(81)
Foreign currency translation adjustments	185	252
Total valuation and translation adjustments	<u>109</u>	<u>184</u>
Total net assets	<u>31,597</u>	<u>31,998</u>
Total liabilities and net assets	<u>128,745</u>	<u>138,435</u>

(2) Consolidated Quarterly Income Statements

(In millions of yen)

	First Quarter of Fiscal 2008 (April 1 to June 30, 2008)	First Quarter of Fiscal 2009 (April 1 to June 30, 2009)
Net sales	47,523	23,585
Cost of sales	36,157	20,776
Gross profit	11,365	2,809
Selling, general and administrative expenses	2,342	1,582
Operating income	9,022	1,226
Non-operating income		
Interest received	60	36
Foreign currency exchange gain	—	63
Derivative valuation gain	45	—
Other	36	71
Total non-operating income	142	171
Non-operating expenses		
Interest paid	495	390
Foreign currency exchange loss	291	—
Other	300	300
Total non-operating expenses	1,086	691
Ordinary income	8,078	706
Extraordinary income		
Gain on sale of investments in securities	1,302	1
Other	87	4
Total extraordinary income	1,390	6
Extraordinary loss		
Loss on sale of fixed assets	24	4
Loss on cancellation/termination of rental contract	—	165
Other	4	48
Total extraordinary loss	29	218
Income before income taxes and others	9,439	493
Income taxes—current	100	91
Income taxes—deferred	776	(16)
Total income taxes	877	(24)
Minority interests	(8)	—
Net income	8,570	518

- (3) Notes on Assumptions as a Going Concern
Not applicable

(4) Segment Information

a. *Segment information by business type*

First Quarter of Fiscal 2008 (April 1 to June 30, 2008)

(In millions of yen)

	Coal and Coke-Related Business	Comprehensive Engineering Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
Net sales						
(1) Sales to external customers	42,950	3,002	1,569	47,523	–	47,523
(2) Intersegment sales or transfer between segments	16	152	86	255	(255)	–
Total	42,967	3,154	1,656	47,778	(255)	47,523
Operating income (loss)	10,058	67	(486)	9,638	(616)	9,022

First Quarter of Fiscal 2009 (April 1 to June 30, 2009)

(In millions of yen)

	Coal and Coke-Related Business	Comprehensive Engineering Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
Net sales						
(1) Sales to external customers	20,598	1,934	1,053	23,585	–	23,585
(2) Intersegment sales or transfer between segments	9	494	41	545	(545)	–
Total	20,607	2,428	1,094	24,130	(545)	23,585
Operating income (loss)	1,801	55	(3)	1,853	(627)	1,226

b. *Segment information by geographic location*

First Quarter of Fiscal 2008 (April 1 to June 30, 2008) and First Quarter of Fiscal 2009 (April 1 to June 30, 2009)

As the total of net sales based in Japan of all business segments represented more than 90% of consolidated net sales, business segment information by geographic location has been omitted.

c. *Overseas sales*

First Quarter of Fiscal 2008 (April 1 to June 30, 2008) and First Quarter of Fiscal 2009 (April 1 to June 30, 2009)

As overseas sales represented less than 10% of consolidated net sales, overseas sales information has been omitted.

- (5) Notes on Dramatic Fluctuations in Shareholders' Equity
Not applicable