

August 6, 2010

Consolidated Financial Report for the First Quarter of Fiscal 2010, the Fiscal Year Ending March 31, 2011

Company name: Nippon Coke & Engineering Co., Ltd.
 Listed stock exchange: Tokyo Stock Exchange
 Securities code: 3315
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Scheduled filing date of the Company's quarterly report: August 13, 2010

Scheduled date of dividend payment commencement: —

Preparation of quarterly financial report supplemental explanatory materials: No

Holding of quarterly financial results briefing: No

(Figures are rounded down to the nearest million yen)

1. Consolidated Performance for the First Quarter of Fiscal 2010 (April 1 to June 30, 2010)

(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	
First Quarter of Fiscal 2010	30,440	29.1%	3,398	177.1%	3,141	344.9%	5,060	875.9%
First Quarter of Fiscal 2009	23,585	(50.4)%	1,226	(86.4)%	706	(91.3)%	518	(94.0)%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First Quarter of Fiscal 2010	16.77	14.38
First Quarter of Fiscal 2009	1.72	1.39

(2) Consolidated Financial Position

(In millions of yen unless otherwise stated)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
June 30, 2010	129,860	36,311	27.9	97.11
March 31, 2010	118,281	31,884	27.0	81.94

(Reference) Shareholders' equity: June 30, 2010 36,193 million yen

March 31, 2010 31,884 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 (7,000 million yen as of the period-end) from the amount of net assets.

2. Dividend Information

	Cash Dividends per Common Share (Yen)				
	End of the First Quarter	End of the Interim Period	End of the Third Quarter	Fiscal Year-End	Annual
Fiscal 2009	—	—	—	2.00	2.00
Fiscal 2010	—	—	—	2.00	2.00
Fiscal 2010 (forecast)	—	—	—	2.00	2.00

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

3. Consolidated Performance Forecast for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(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	65,100	36.4%	5,800	173.3%	4,800	289.3%	6,000	500.5%	19.88
Full Fiscal Year	132,500	39.6%	10,900	83.5%	8,500	103.5%	9,000	86.8%	29.31

- Notes: 1. Revisions to consolidated performance forecasts during the period under review: No
There is no change between the forecast data shown above and the performance forecasts disclosed as provisional values of May 14, 2010. Please refer to "Qualitative Information regarding Consolidated Performance Forecasts" in Accompanying Materials on page 5 for more details.
2. The estimate of net income per share for the full fiscal year is calculated after deducting forecast cash dividends for preferred shares from forecast net income. Furthermore, while dividends applicable to preferred shares are calculated in accordance with the predetermined formula prescribed in the guidelines relating to preferred shares, the forecast cash dividend amount is presented as the same amount for fiscal 2009. This is because the figures that form the basis for calculations are currently yet to be determined.

4. Other Matters (Please refer to "Other Information" in Accompanying Materials on page 6 for more details)

(1) Changes in Important Subsidiaries during the Period: No

Newly included: – Excluded: –

Note: Changes regarding specific subsidiaries accompanying changes in the scope of consolidation during the first quarter of the fiscal year under review

(2) Application of the Simplified and Special Accounting Methods: Yes

Note: Application of the simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements

(3) Changes in Accounting Principles, Procedures, Disclosure Methods and related standards

(a) Changes in accordance with revisions to accounting and other standards: Yes

(b) Changes in items other than (a) above: No

Note: Changes in accounting principles, procedures, disclosure methods and related standards in connection with the preparation of quarterly consolidated financial statements recorded under "changes in important items considered fundamental to the preparation of quarterly consolidated financial statements"

(4) Shares Outstanding (Common Stock)

(a) Number of shares

outstanding as of the end of the period (including treasury stock)

June 30, 2010	302,349,449 shares	March 31, 2010	302,349,449 shares
June 30, 2010	522,535 shares	March 31, 2010	521,435 shares
First quarter of fiscal 2010	301,827,806 shares	First quarter of fiscal 2009	301,834,860 shares

(b) Number of shares of treasury stock as of the end of the period

(c) Average number of shares for the period (fiscal year-to-date)

Statement Regarding the Implementation Status of Quarterly Review Procedures

This quarterly consolidated financial report is not subject to quarterly review procedures as prescribed under the Financial Instruments and Exchange Act. At the time of quarterly consolidated financial report disclosure, however, quarterly financial report review procedures pursuant to the aforementioned Act have been implemented.

Cautionary Statement and Other Explanatory Notes

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. Readers are advised that actual results may differ materially from forecasts due to a variety of factors. At this time, there is no change in the Company's consolidated performance forecasts previously announced on May 14, 2010.

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 2009	–	–	–	5.47	5.47
Fiscal 2010	–	–	–	–	Yet to be determined
Fiscal 2010 (forecast)	–	–	–	Yet to be determined	

- Notes:
1. Revisions to dividend forecasts during the period under review: No
 2. With respect to the Class C preferred shares issued by the Company, Nippon Coke & Engineering Co., Ltd. has agreed to buyback all Class C preferred shares held by Mitsui Sumitomo Banking Corporation at some time prior to the business day immediately preceding the Company's Annual Meeting of Shareholders scheduled to be held in June 2011. As of the date of this Report, the timing for any buyback has yet to be determined.

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1. Qualitative Information Regarding Quarterly Financial Report

(1) Qualitative Information regarding Consolidated Business Results

During the first quarter (April 1 to June 30, 2010) of fiscal 2010, the fiscal year ending March 31, 2011, conditions remained harsh throughout the Japanese economy. Despite indications that a platform for a self-sustained recovery were coming into place, most notably reflected in the steady pickup in economic conditions on the back of a gradual increase in export activity, positive turnaround in personal consumption and production as well as signs that the decline in capital expenditure had bottomed out, this was mainly attributable to such factors as persistently high rates of unemployment.

Under these circumstances, the Nippon Coke & Engineering Group witnessed firm growth in the crude steel production of its mainstay blast furnace manufacturing customers and robust demand for coke. As a result, consolidated net sales for the first quarter of the fiscal 2010 climbed 6,854 million yen compared with the corresponding period of the previous fiscal year to 30,440 million yen. From a profit perspective, consolidated operating income rose 2,171 million yen year on year to 3,398 million yen and consolidated ordinary income surged 2,435 million yen to 3,141 million yen.

Segment Information

For the reasons identified above, sales in the Coal and Coke Business increased 6,309 million yen compared with the corresponding period of the previous fiscal year to 26,907 million yen. On the earnings front, operating income increased 2,175 million yen year on year to 3,977 million yen.

Sales in the Comprehensive Engineering Business amounted to 2,492 million yen, 558 million yen higher year on year. On the other hand, Nippon Coke & Engineering incurred an operating loss of 126 million yen in this business segment compared with operating income of 55 million yen in the corresponding period of the previous fiscal year.

Turning to the Other Businesses segment, Nippon Coke & Engineering recorded sales of 1,040 million yen. This was 12 million lower year on year. Compared with an operating loss of 3 million yen in the first quarter of fiscal 2009, the Company posted operating income of 24 million yen in the Other Businesses segment for the first quarter of fiscal 2010.

(2) Qualitative Information regarding Consolidated Financial Position

Total assets as of June 30, 2010 stood at 129,860 million yen, 11,578 million yen higher than the end of the previous fiscal year. Major movements included increases in notes and accounts receivable, raw materials and stored goods as well as other current assets of 5,414 million yen, 4,439 million yen and 1,400 million yen, respectively, and a decrease in products and manufactured goods of 1,322 million yen.

Total liabilities as of the end of the first quarter of fiscal 2010 stood at 93,548 million yen. This represented a 7,151 million yen increase compared with March 31, 2010. Principal movements in the period under review were an increase of 4,395 million yen in notes and accounts payable, an upswing of 1,657 million yen in short-term loans payable and growth of 1,028 million yen in income and other taxes payable.

Total net assets as of June 30, 2010 stood at 36,311 million yen, up 4,427 million yen compared with the end of the previous fiscal year. This was mainly attributable to the upswing in retained earnings.

(3) Qualitative Information regarding Consolidated Performance Forecasts

Turning to consolidated performance forecasts announced on May 14, 2010, coking coal prices for the Company's mainstay Coke Business had only been determined, in negotiation with suppliers, for shipments in the April to June 2010 quarter. Accordingly, calculations that underpinned consolidated performance forecasts for the period after July 2010 were based on the assumption that both coking coal prices as well as coke sales prices would remain unchanged from the first quarter.

With respect to consolidated performance forecasts for the interim period (year-to-date) of fiscal 2010, there is no change from the previously announced forecast figures. While coking coal prices for the second quarter of fiscal 2010 have been determined, this decision to retain existing forecast data takes into account concerns surrounding the possible need to post a loss on devaluation of inventories as of September 30, 2010 depending on the price of coking coal for the third quarter as well as the need to ascertain the outcome of commercial arbitration relating to the alleged improper trading of coal, details of which were announced by the Company on October 20, 2009.

In addition to the aforementioned circumstances, both coking coal prices as well as coke sales prices are yet to be determined for the third quarter of fiscal 2010 and beyond. Accordingly, Nippon Coke & Engineering has decided to leave previously announced consolidated performance forecasts for the full fiscal year unchanged. In the event that performance forecasts for the interim period (year-to-date) and full fiscal year period of fiscal 2010 can be calculated, the Company undertakes to disclose the appropriate information in a timely manner.

2. Other Information

(1) Outline of Changes in Important Subsidiaries

Not applicable.

During the first quarter of fiscal 2010, Nippon Coke & Engineering sold all of its shares in consolidated subsidiary Kyushu Building Systems Co., Ltd. While not classified as an important subsidiary, Kyushu Building Systems was accordingly excluded from the Company's scope of consolidation. Furthermore, during the first quarter of fiscal 2010, Nippon Coke & Engineering newly established Nippon Power Graphite Co., Ltd. At the same time, and from a consolidated perspective, the importance of MM Resources Pty. Ltd. grew significantly. Accordingly, both companies were included within the Company's scope of consolidation.

(2) Outline of the Simplified and Special Accounting Methods

(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 did 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) Outline of Changes in Accounting Principles, Procedures and Methods of Presentation

Application of the Accounting Standard for Asset Retirement Obligations

Effective from the first quarter of fiscal 2010, Nippon Coke & Engineering has applied the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan [ASBJ] Statement No. 18 released on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21 released on March 31, 2008).

As a result, operating income and ordinary income decrease by 8 million yen, respectively, and income before income taxes and others declined by 89 million yen.

(4) Outline of Important Events regarding Premises as a Going Concern

Not applicable.

3. Consolidated Quarterly Financial Statements**(1) Consolidated Quarterly Balance Sheets**

(In millions of yen)

	End of the First Quarter (June 30, 2010)	End of Fiscal 2009 (March 31, 2010)
Assets		
Current assets		
Cash and deposits	4,386	4,510
Notes and accounts receivable	12,909	7,494
Products and manufactured goods	7,901	9,223
Work in progress	908	759
Raw materials and stored goods	10,618	6,178
Other	5,448	4,048
Allowance for doubtful accounts	(21)	(26)
Total current assets	42,151	32,187
Fixed assets		
Tangible fixed assets		
Machinery, equipment and transportation	54,080	53,620
Accumulated depreciation	(30,916)	(30,164)
Machinery, equipment and transportation (net)	23,163	23,455
Land	42,498	42,005
Other	23,212	23,440
Accumulated depreciation	(13,781)	(13,607)
Other (net)	9,430	9,832
Total tangible fixed assets	75,092	75,294
Intangible fixed assets		
Other	589	610
Total intangible fixed assets	589	610
Investments and other assets		
Other	12,042	10,203
Allowance for doubtful accounts	(16)	(14)
Total investments and other assets	12,026	10,189
Total fixed assets	87,708	86,093
Total assets	129,860	118,281

(In millions of yen)

	End of the First Quarter (June 30, 2010)	End of Fiscal 2009 (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable	16,291	11,896
Short-term loans payable	50,656	48,998
Income and other taxes payable	1,171	142
Allowance for bonuses	422	768
Allowance for loss on liquidation of affiliated companies	881	1,009
Allowance for loss on inappropriate transactions	705	705
Asset retirement obligations	73	–
Other	5,238	4,841
Total current liabilities	75,440	68,362
Long-term liabilities		
Long-term loans payable	9,753	9,707
Allowance for employee retirement benefits	4,807	4,751
Allowance for director and corporate auditor retirement benefits	146	215
Allowance for environmental development	2,703	2,703
Asset retirement obligations	302	–
Other	394	657
Total long-term liabilities	18,107	18,034
Total liabilities	93,548	86,396
Net assets		
Shareholders' equity		
Capital	7,000	7,000
Capital surplus	1,750	1,750
Retained earnings	27,525	23,290
Treasury stock	(93)	(93)
Total shareholders' equity	36,181	31,947
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	25	22
Profit (loss) on hedge transactions	(27)	(35)
Foreign currency translation adjustments	13	(49)
Total valuation and translation adjustments	11	(63)
Minority interests	118	–
Total net assets	36,311	31,884
Total liabilities and net assets	129,860	118,281

(2) Consolidated Quarterly Income Statements

	(In millions of yen)	
	First Quarter of Fiscal 2009 (April 1 to June 30, 2009)	First Quarter of Fiscal 2010 (April 1 to June 30, 2010)
Net sales	23,585	30,440
Cost of sales	20,776	25,435
Gross profit	2,809	5,005
Selling, general and administrative expenses	1,582	1,607
Operating income	1,226	3,398
Non-operating income		
Interest received	36	22
Foreign currency exchange gain	63	257
Subsidy income	39	-
Other	32	35
Total non-operating income	171	315
Non-operating expenses		
Interest paid	390	352
Other	300	219
Total non-operating expenses	691	572
Ordinary income	706	3,141
Extraordinary income		
Gain on sale of investments in securities	1	-
Gain on sale of fixed assets	4	3,313
Other	0	58
Total extraordinary income	6	3,372
Extraordinary loss		
Loss on sale of fixed assets	4	-
Loss on cancellation/termination of rental contract	165	-
Loss on application of the accounting standard for asset retirement obligations	-	80
Other	48	72
Total extraordinary loss	218	153
Income before income taxes and others	493	6,360
Income taxes—current	91	1,083
Income taxes—deferred	(116)	217
Total income taxes	(24)	1,301
Income before minority interests	-	5,058
Minority interests	-	(1)
Net income	518	5,060

(3) Notes on Assumptions as a Going Concern

Not applicable.

(4) Segment Information

a. Segment information by business type

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 and transfers	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 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 2009 (April 1 to June 30, 2009)

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

d. Segment information

1. Overview of reporting segments

The Company's reporting segments are constituent units of the Nippon Coke & Engineering Group for which separate financial information is available. The Company's Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

The Nippon Coke & Engineering Group classifies its businesses according to the type and characteristics of products and services handled. Each business independently formulates and proposes comprehensive strategies for the relevant products and services handled while engaging in the ongoing development of business activities.

As a result, the Nippon Coke & Engineering Group has identified two reporting segments, the Coal and Coke Business and the Comprehensive Engineering Business, taking into account the individual products and services of its constituent business segments.

In the Coal and Coke Business, the Group engages in the production and sale of coke as well as the sale of coal. In the Comprehensive Engineering Business, the Group is active in the manufacture, sale and maintenance of chemical equipment and machinery as well as the collection, transportation and disposal of industrial waste.

2. Information regarding sales and income (loss) by reporting segment

First Quarter of Fiscal 2010 (April 1 to June 30, 2010)

(In millions of yen)

	Reporting Segments			Other Businesses (Note 1)	Total	Adjustment (Note 2)	Amount Reported on Quarterly Consolidated Statement of Income (Note 3)
	Coal and Coke Business	Comprehensive Engineering Business	Total				
Net sales							
(1) Sales to external customers	26,907	2,492	29,400	1,040	30,440	–	30,440
(2) Intersegment sales and transfers	–	147	147	34	181	(181)	–
Total	26,907	2,640	29,547	1,074	30,622	(181)	30,440
Operating income (loss)	3,977	(126)	3,851	24	3,875	(477)	3,398

- Notes:
1. The Other Businesses classification is not a business segment included in reporting segments. Activities including cargo handling and the sales and lease of real estate are included in Other Businesses.
 2. The negative adjustment in segment operating income (loss) totaling 477 million yen includes 6 million yen representing intersegment eliminations and Companywide expenses totaling 483 million yen not allocated to individual reporting segments. Companywide expenses largely comprise general and administrative expenses unrelated to reporting segments.
 3. An adjustment between segment operating income (loss) and operating income recorded on the quarterly consolidated statement of income has been undertaken.

Additional Information

Effective from the first quarter of the fiscal year ending March 31, 2011, the Company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 released on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 released on March 21, 2008).

(5) Notes on Dramatic Fluctuations in Shareholders' Equity

Not applicable.