

November 5, 2010

Consolidated Financial Report for the Interim Period 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: November 12, 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 Interim Period of Fiscal 2010 (April 1 to September 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	
Interim Period of Fiscal 2010	60,849	27.5%	7,214	239.9%	6,333	413.6%	7,281	628.7%
Interim Period of Fiscal 2009	47,718	(54.5)%	2,122	(83.6)%	1,233	(89.4)%	999	(92.7)%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Interim Period of Fiscal 2010	24.12	20.69
Interim Period of Fiscal 2009	3.31	2.68

(2) Consolidated Financial Position

(In millions of yen unless otherwise stated)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
September 30, 2010	132,101	38,396	29.0	103.63
March 31, 2010	118,281	31,884	27.0	81.94

(Reference) Shareholders' equity: September 30, 2010 38,279 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

	Dividends (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	—	—	—	—	—
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)
Full Fiscal Year	128,500	35.4%	12,100	103.7%	10,000	139.4%	10,000	107.5%	32.67

- Notes:
- 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 October 22, 2010. Please refer to “Qualitative Information regarding Consolidated Performance Forecasts” on page 2 of the Accompanying Materials for more details.
 - 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 calculated based on the number of shares as of the September 30, 2010. This is because the number of shares that form the basis for calculations is currently yet to be determined.

4. Other Matters (Please refer to “Other Information” on page 3 of the Accompanying Materials 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 interim period 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)	September 30, 2010	302,349,449 shares	March 31, 2010	302,349,449 shares
(b) Number of shares of treasury stock as of the end of the period	September 30, 2010	523,725 shares	March 31, 2010	521,435 shares
(c) Average number of shares for the period (fiscal year-to-date)	Interim Period of fiscal 2010	301,827,267 shares	Interim Period of fiscal 2009	301,833,836 shares

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.

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 cash dividends per share applicable to Class C preferred shares issued by the Company, while the cash dividend calculated in accordance with the predetermined formula prescribed in the guidelines relating to preferred share comes to 5.025 yen per Class C preferred share, 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. On the basis that the existence or otherwise of Class C preferred shares as of March 31, 2011, the fiscal year-end record date, has not been determined, this information has been presented as "yet to be determined."

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1. Qualitative Information regarding Quarterly Financial Report

(1) Qualitative Information regarding Consolidated Business Results

In the interim period (April 1, 2010 to September 30, 2010) of fiscal 2010, the fiscal year ending March 31, 2011, the Japanese economy settled into a steady upward path with initial signs of a self-sustained recovery. Despite a favorable environment, however, conditions surrounding the future leave little room for complacency due largely to the brake placed on increased export activity by such factors as the sharply dramatic appreciation in the value of the yen and concerns with respect to downside risks associated with overseas economies.

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 interim period of fiscal 2010 amounted to 60,849 million yen, an increase of 13,131 million yen compared with the corresponding period of the previous fiscal year. From a profit perspective, consolidated operating income jumped 5,091 million yen year on year to 7,214 million yen and consolidated ordinary income surged 5,100 million yen to 6,333 million yen.

Segment Information

For the reasons identified above, sales in the Coal and Coke-Related Business increased 12,188 million yen compared with the corresponding period of the previous fiscal year to 53,031 million yen. From a profit perspective, operating income rose 4,725 million yen year on year to 7,857 million yen.

Sales in the Comprehensive Engineering Business amounted to 5,587 million yen, 866 million yen higher year on year. From a profit perspective, operating income increased 20 million yen year on year to 188 million yen.

Turning to the Other Businesses segment, Nippon Coke & Engineering recorded sales of 2,230 million yen. This was 75 million higher year on year. The Company posted operating income of 143 million yen in the Other Businesses segment, up 110 million compared to the same period of the previous fiscal year.

(2) Qualitative Information regarding Consolidated Financial Position

Total assets as of September 30, 2010 stood at 132,101 million yen, 13,819 million yen higher than the end of the previous fiscal year. Major movements included increases in raw materials and stored goods, notes and accounts receivable, products and manufactured goods as well as other current assets of 6,213 million yen, 3,231 million yen, 1,900 million yen, and 1,443 million yen respectively.

Total liabilities as of September 30, 2010 stood at 93,704 million yen, 7,307 million yen higher than the end of the previous fiscal year. This mainly reflected increases of 5,542 million yen in notes and accounts payable and 1,804 million yen in short-term loans payable.

Total net assets as of September 30, 2010 stood at 38,396 million yen, up 6,512 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

In its consolidated financial report for the first quarter of fiscal 2010 announced on August 6, 2010, Nippon Coke & Engineering commented that after taking into consideration 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 disclosed by the Company on October 20, 2009, there would be no change from the forecast figures for the interim period (year-to-date) released on May 14, 2010. At the same time, and in the context of the aforementioned circumstances, given that both coking coal prices and coke sales prices had yet to be determined for the third quarter of fiscal 2010 and beyond, the Company decided to leave previously announced consolidated performance forecasts for the full fiscal year unchanged. Finally, Nippon Coke & Engineering made the commitment that in the event that performance forecasts for the interim period (year-to-date) and full fiscal year period of fiscal 2010 could be calculated the Company would disclose all appropriate information in a timely manner.

Turning to more recent events, Nippon Coke & Engineering has reached agreements with its coking coal suppliers with respect to coking coal prices for the third quarter of fiscal 2010. At the same time, the Company has been able to make some measure of assessment regarding the outlook for coke sales prices. As a result, Nippon Coke & Engineering released revised forecast figures on October 22, 2010. In the context of consolidated performance forecasts for fiscal 2010 there are no changes to these most recent estimates. This is based on the calculation of coking coal prices and coke sales prices for the fourth quarter at levels equivalent to the third quarter, and this also acknowledges the fact that the Company has not factored in the impacts of the outcome of the commercial arbitration which is scheduled to be decided this autumn.

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. In addition, and effective from the first quarter of fiscal 2010, the importance of Nippon Power Graphite Co., Ltd. and MM Resources Pty Ltd. grew significantly from a consolidated perspective. Accordingly, both companies were included in 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 interim period did not differ significantly.

(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 decreased by 18 million yen, respectively, and income before income taxes and others declined by 99 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 Interim Period (September 30, 2010)	End of Fiscal 2009 (March 31, 2010)
Assets		
Current assets		
Cash and deposits	5,405	4,510
Notes and accounts receivable	10,726	7,494
Products and manufactured goods	11,124	9,223
Work in progress	839	759
Raw materials and stored goods	12,392	6,178
Other	5,492	4,048
Allowance for doubtful accounts	(20)	(26)
Total current assets	45,960	32,187
Fixed assets		
Tangible fixed assets		
Machinery, equipment and transportation	54,007	53,620
Accumulated depreciation	(31,666)	(30,164)
Machinery, equipment and transportation (net)	22,341	23,455
Land	42,243	42,005
Other	23,373	23,440
Accumulated depreciation	(13,802)	(13,607)
Other (net)	9,570	9,832
Total tangible fixed assets	74,155	75,294
Intangible fixed assets		
Other	551	610
Total intangible fixed assets	551	610
Investments and other assets		
Other	11,451	10,203
Allowance for doubtful accounts	(18)	(14)
Total investments and other assets	11,433	10,189
Total fixed assets	86,140	86,093
Total assets	132,101	118,281

(In millions of yen)

	End of the Interim Period (September 30, 2010)	End of Fiscal 2009 (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable	17,438	11,896
Short-term loans payable	50,802	48,998
Income and other taxes payable	1,150	142
Allowance for bonuses	846	768
Allowance for loss on liquidation of affiliated companies	879	1,009
Allowance for loss on inappropriate transactions	705	705
Asset retirement obligations	81	–
Other	3,853	4,841
Total current liabilities	75,758	68,362
Long-term liabilities		
Long-term loans payable	8,942	9,707
Allowance for employee retirement benefits	4,691	4,751
Allowance for director and corporate auditor retirement benefits	158	215
Allowance for environmental development	3,526	2,703
Asset retirement obligations	325	–
Other	300	657
Total long-term liabilities	17,945	18,034
Total liabilities	93,704	86,396
Net assets		
Shareholders' equity		
Capital	7,000	7,000
Capital surplus	1,750	1,750
Retained earnings	29,742	23,290
Treasury stock	(93)	(93)
Total shareholders' equity	38,398	31,947
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	22	22
Profit (loss) on hedge transactions	(26)	(35)
Foreign currency translation adjustments	(114)	(49)
Total valuation and translation adjustments	(119)	(63)
Minority interests	117	–
Total net assets	38,396	31,884
Total liabilities and net assets	132,101	118,281

(2) Consolidated Quarterly Income Statements

	(In millions of yen)	
	Interim Period of Fiscal 2009 (April 1 to September 30, 2009)	Interim Period of Fiscal 2010 (April 1 to September 30, 2010)
Net sales	47,718	60,849
Cost of sales	42,564	50,417
Gross profit	5,153	10,432
Selling, general and administrative expenses	3,031	3,218
Operating income	2,122	7,214
Non-operating income		
Interest received	72	51
Dividends received	–	71
Foreign currency exchange gain	231	63
Other	154	68
Total non-operating income	457	254
Non-operating expenses		
Interest paid	781	704
Other	566	430
Total non-operating expenses	1,347	1,135
Ordinary income	1,233	6,333
Extraordinary income		
Gain on sale of fixed assets	53	3,338
Other	9	59
Total extraordinary income	63	3,398
Extraordinary loss		
Loss on cancellation/termination of rental contract	165	–
Provision for allowance for environmental development	–	823
Other	223	311
Total extraordinary loss	389	1,134
Income before income taxes and others	906	8,597
Income taxes—current	90	1,127
Income taxes—deferred	(183)	190
Total income taxes	(92)	1,318
Income before minority interests	–	7,279
Minority interests	–	(2)
Net income	999	7,281

(3) Notes on Assumptions as a Going Concern

Not applicable.

(4) Segment Information

a. Segment information by business type

Interim Period of Fiscal 2009 (April 1 to September 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	40,842	4,720	2,155	47,718	–	47,718
(2) Intersegment sales and transfers	22	685	81	788	(788)	–
Total	40,865	5,406	2,236	48,507	(788)	47,718
Operating income (loss)	3,132	167	33	3,332	(1,209)	2,122

b. Segment information by geographic location

Interim Period of Fiscal 2009 (April 1 to September 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

Interim Period of Fiscal 2009 (April 1 to September 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

Interim Period of Fiscal 2010 (April 1 to September 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	53,031	5,587	58,618	2,230	60,849	–	60,849
(2) Intersegment sales and transfers	–	567	567	70	638	(638)	–
Total	53,031	6,155	59,186	2,301	61,488	(638)	60,849
Operating income (loss)	7,857	188	8,045	143	8,189	(974)	7,214

- 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 974 million yen includes 21 million yen representing intersegment eliminations and Companywide expenses totaling 953 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.