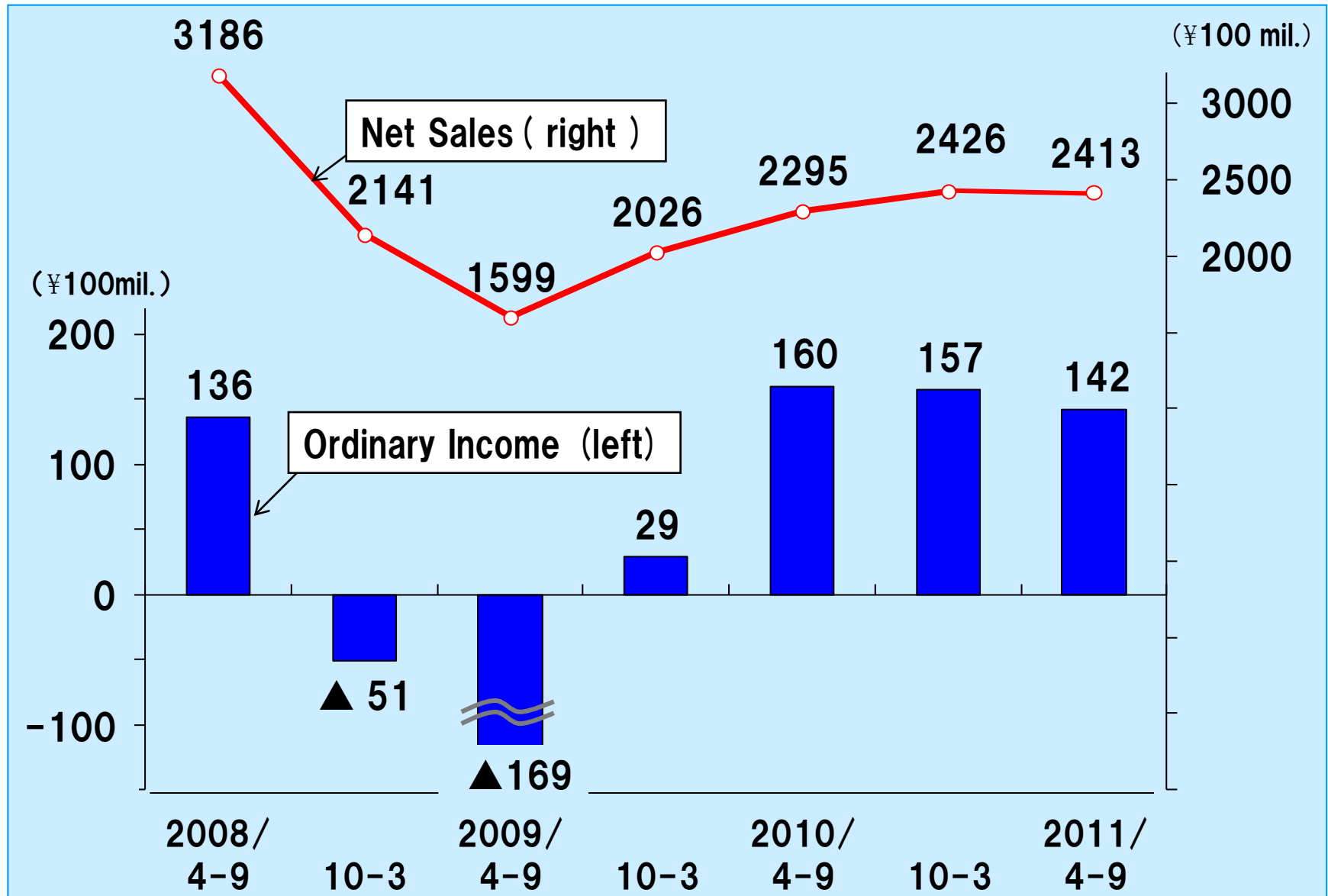


Fiscal Year ending March 2012 Interim Results Briefing (Apr.1 – Sep.30/2011)

October 31, 2011

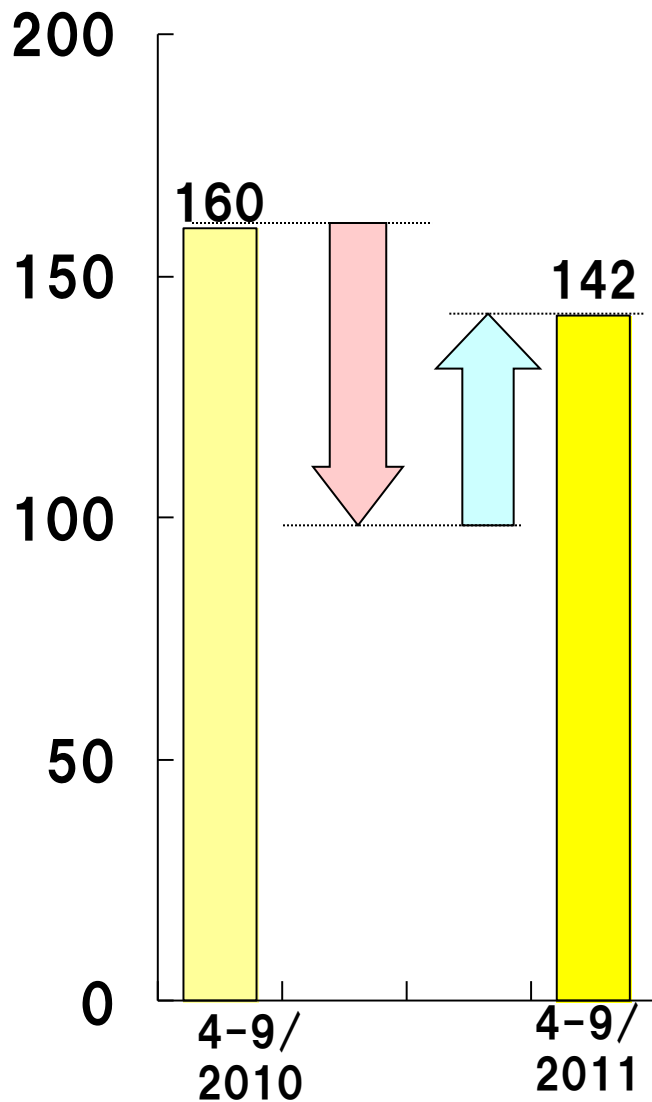
FY2012 Interim Results **(Apr.1–Sep.30/2011)**

Changes in Net Sales & Ordinary Income (Interim)



4-9/2011 Changes in Ordinary Income (y/y)

(¥100 mil.)



(¥100 mil.)

4-9/2010 Ordinary Income		
Changes (y/y)	Operating Income / Loss	Raw material price
		Sales volume
		Sales price
		Sales mix
		Variable cost
		Fixed cost
		Subtotal
	Non-Operating income	
4-9/2011 Ordinary Income		

160	
-27	/
/	+4
/	+29
/	+10
/	/
-33	/
-60	+43
-1	/
142 (▲18)	

4-9/2011 Net Sales & Operating Income by Segment

(¥100 mil.)

		4-9/2010	4-9/2011	
		Results	Results	y/y basis
		(A)	(B)	(B) - (A)
Specialty Steel	Net Sales	1,404	1,464	60
	Operating Income	106	96	-10
Electronic & Magnetic Materials	Net Sales	192	213	21
	Operating Income	11	10	-1
Parts for Automobile & Industrial	Net Sales	499	531	32
	Operating Income	32	23	-9
Engineering	Net Sales	108	109	1
	Operating Income	8	8	0
New Materials	Net Sales	46	46	0
	Operating Income	0	2	2
Trading & Service	Net Sales	46	50	4
	Operating Income	6	7	1
Total	Net Sales	2,295	2,413	118
	Operating Income	163	146	-17

4-9/2011 Extraordinary Income/Loss - Interim Net Income

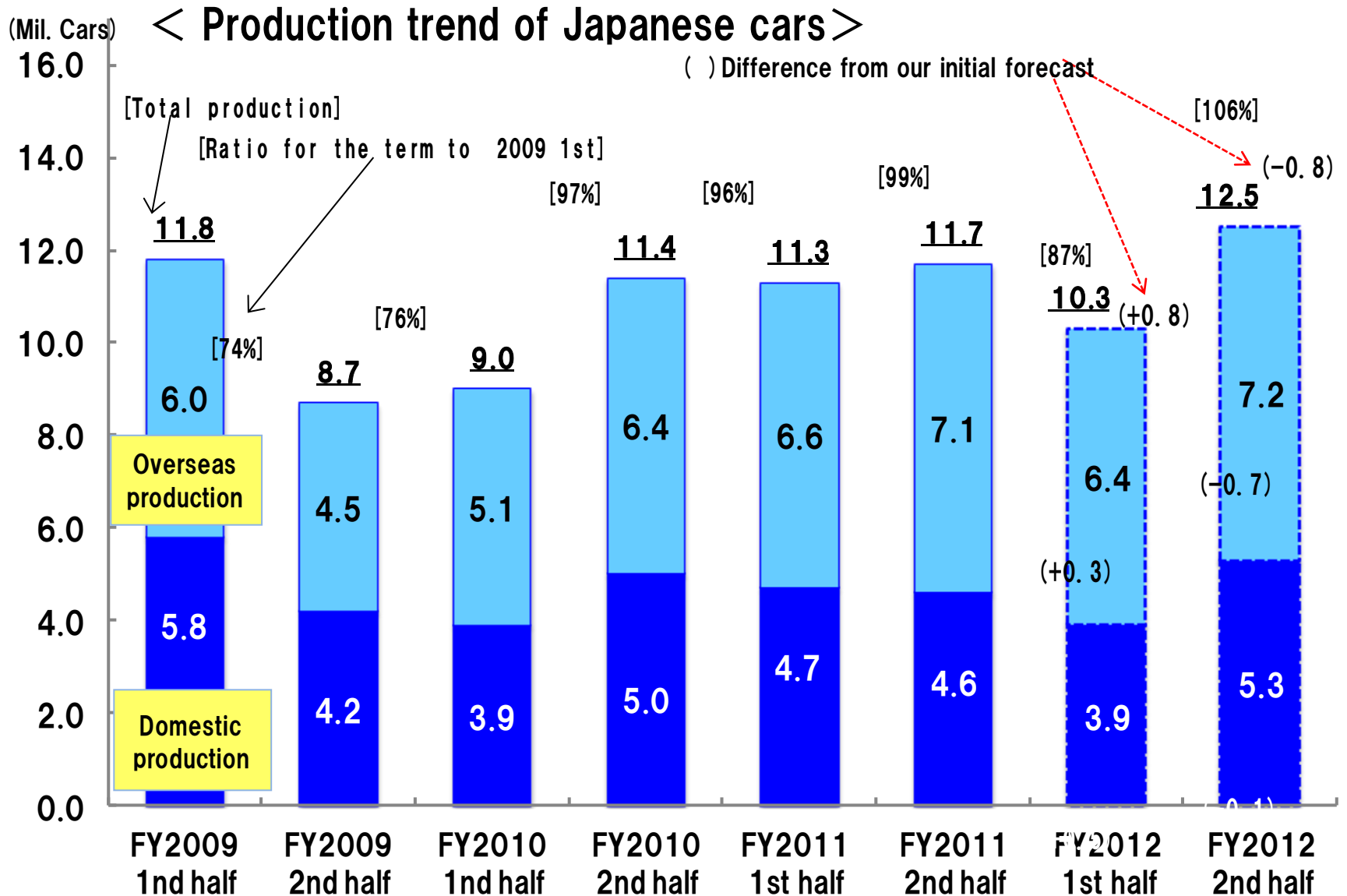
(¥100 mil.)

FY2012 Interim results (4-9/2011) Ordinary income	142
Extraordinary income / loss	▲ 19
Income taxes and minority interests	▲ 39
FY2012 Interim results (4-9/2011) Net income	84

Plan for FY2012

(Apr.1 / 2011 – Mar.31 / 2012)

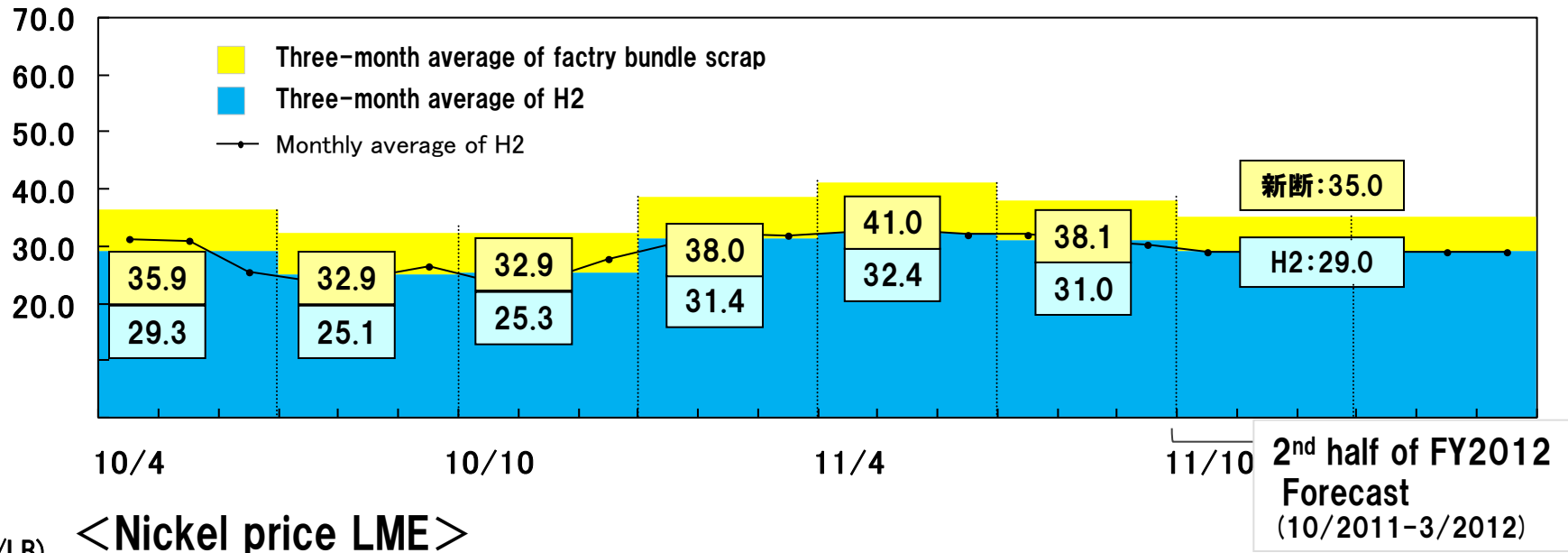
Demand Environment



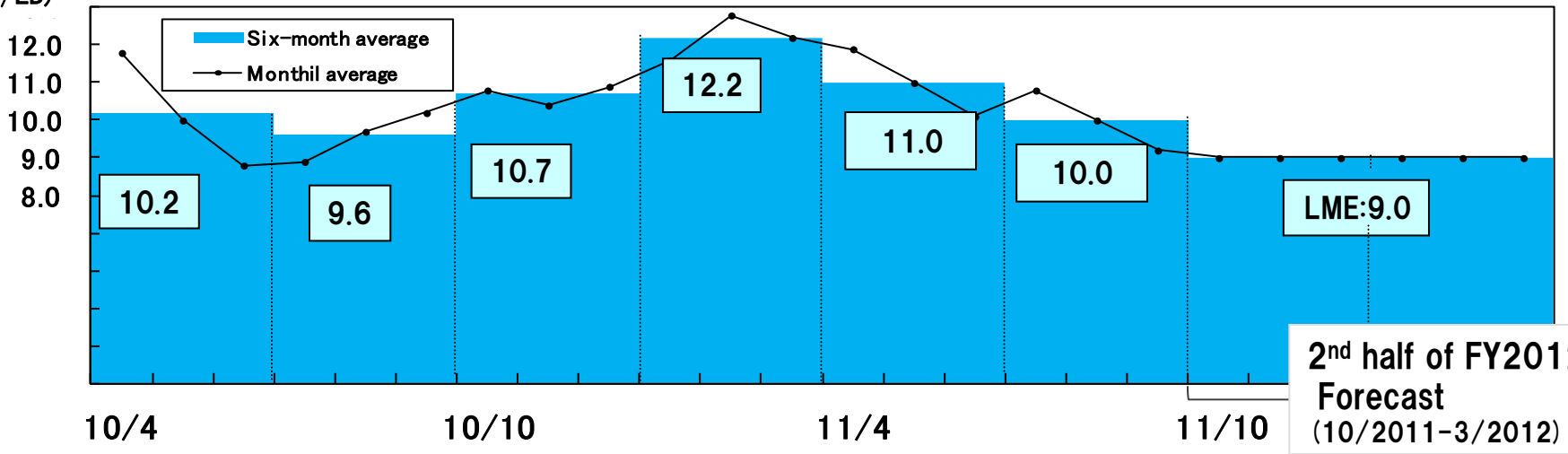
FY2012 Our forecast

Market Trend of Raw Materials (Scrap Steel & Nickel Prices)

(¥thou. /MT) <H2 and Factory bundle scrap prices in Chubu area, Japan>



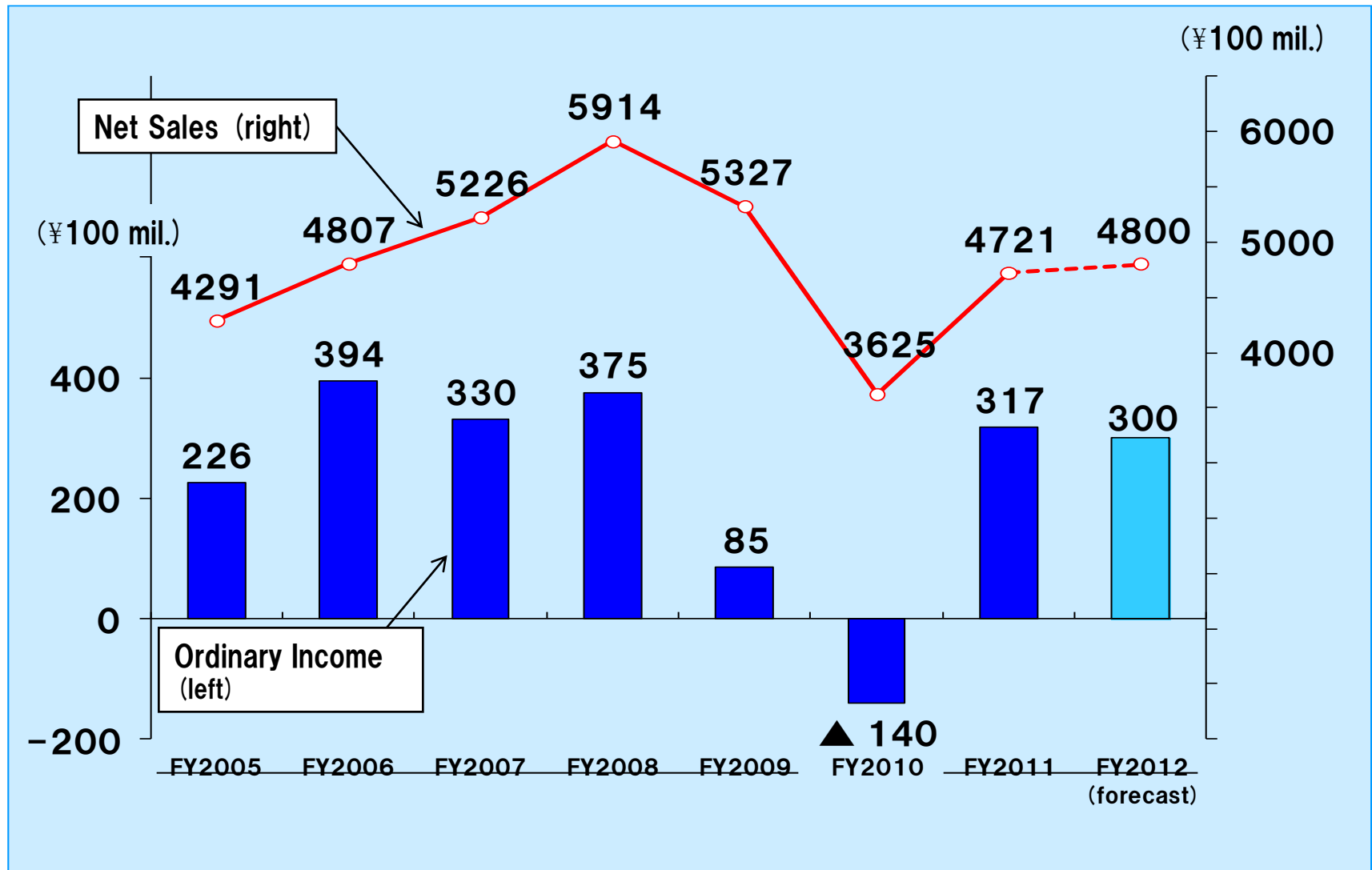
(\$/LB) <Nickel price LME>



Premises of Profit Planning for FY2012 (Market Trend)

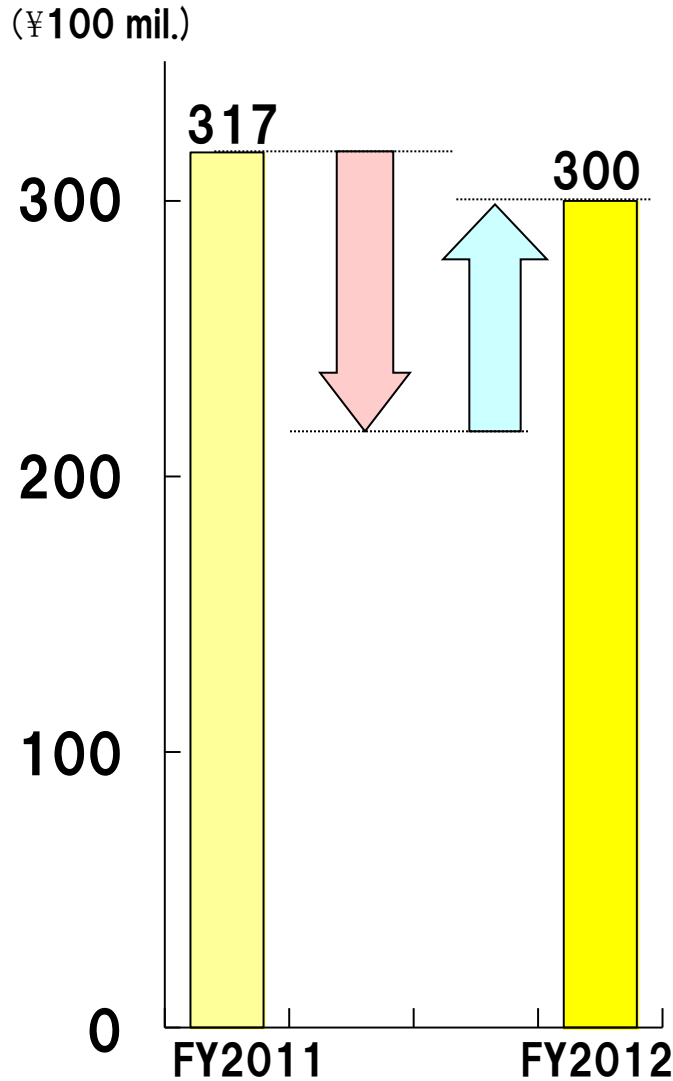
	UNIT	4-9/2011 Results (Difference from the initial forecast)	10/2011-3/2012 Premises of plan (Difference from the initial forecast)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./ MT	31.8 (-0.2) 39.6 (-1.4)	29.0 (-11.0) 35.0 (-13.0)
Nickel (LME)	\$/LB	10.5 (-0.5)	9.0 (-3.0)
Molybdenum (MW)	\$/LB	15.7 (-3.3)	14.5 (-4.5)
Chrome (South African price quotation)	¢ /LB	135.5 (-7.5)	128.0 (-15.0)
Exchange rate	¥/\$	79.8 (-2.7)	78.0 (-4.5)

Changes in Net Sales & Ordinary Income (Forecast for FY2012)



FY2012 Changes in Ordinary Income (y/y)

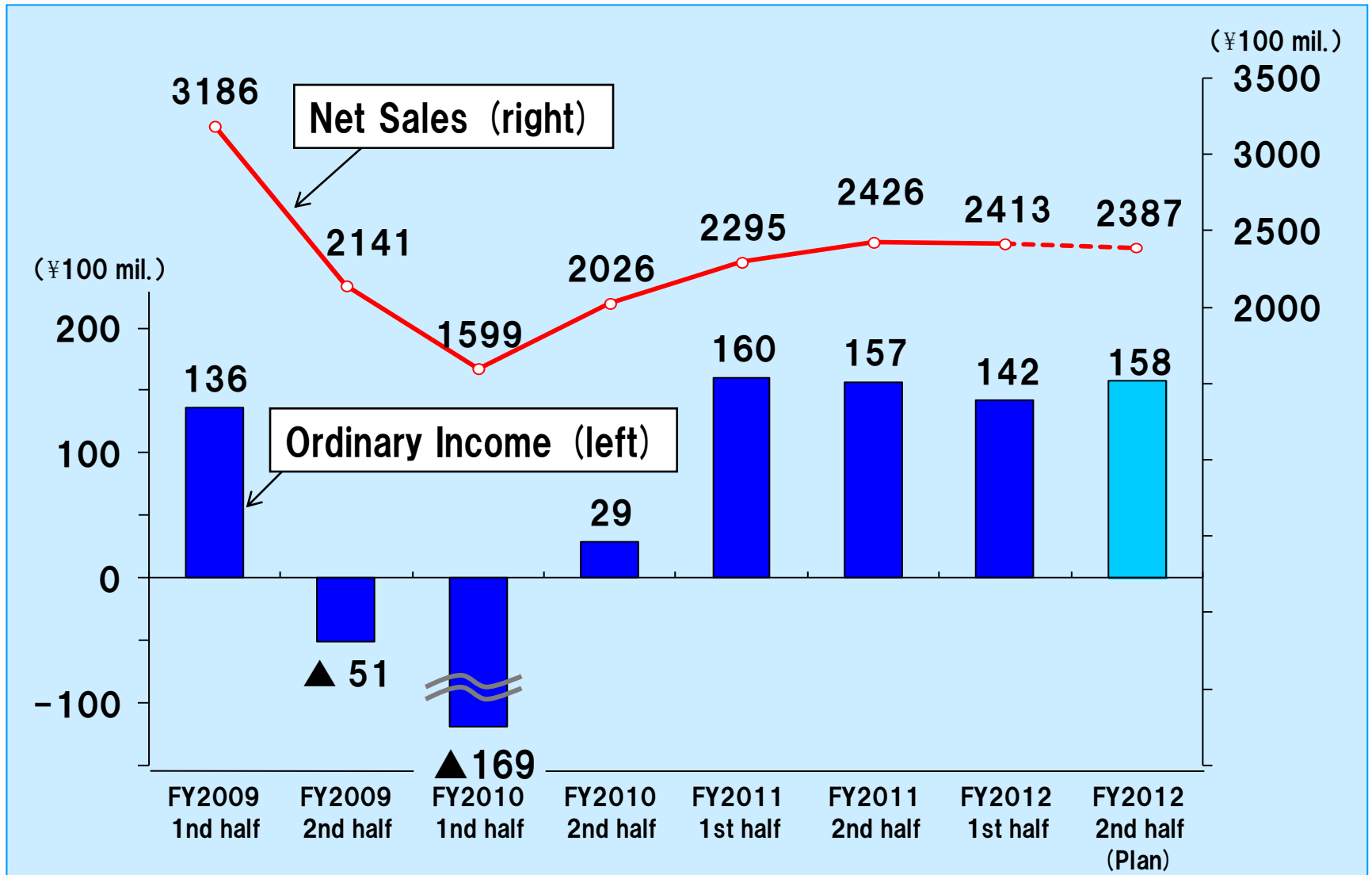
(¥100 mil.)



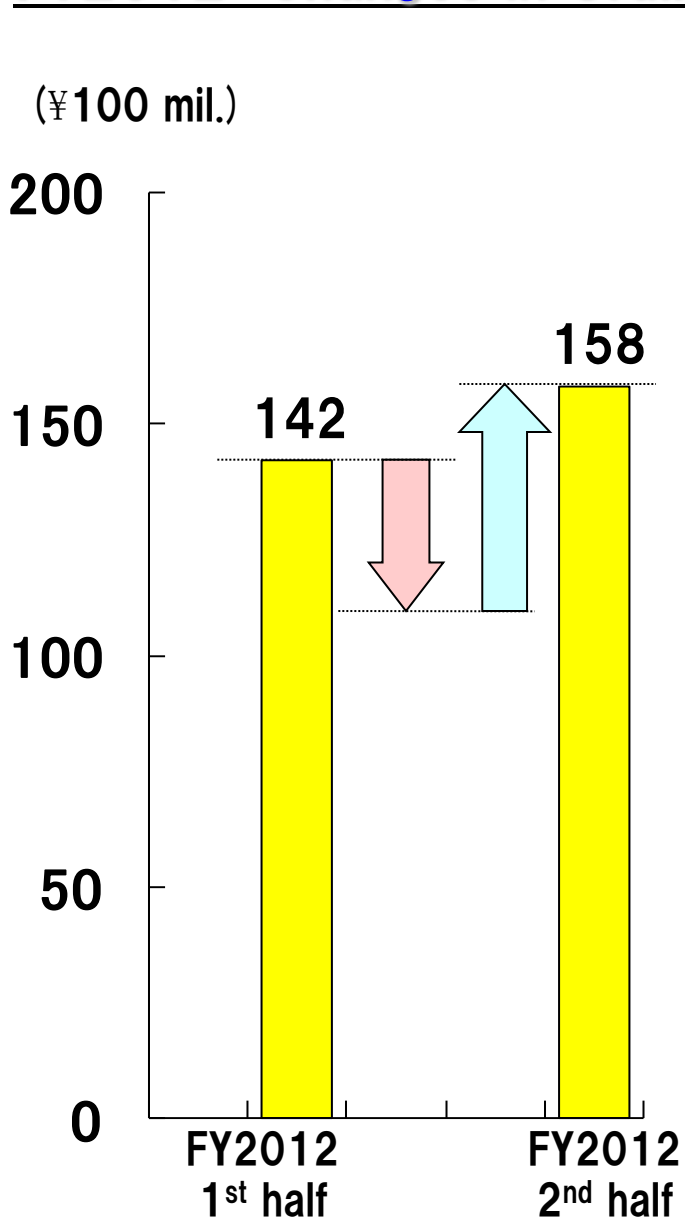
FY2011 Ordinary Income	
Changes (Comparison with 1st half)	Operating income / loss
	Raw material Price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Subtotal
Non-operating income	
FY2012 Ordinary Income (Assumption)	

317	
-46	/
/	+14
/	+42
-5	/
/	+18
-45	/
-96	+74
/	+5
300 (▲17)	

Changes in Net Sales & Ordinary Income (Interim)



FY2012 Changes in Ordinary Income (Comparison between 1st half & 2nd half)



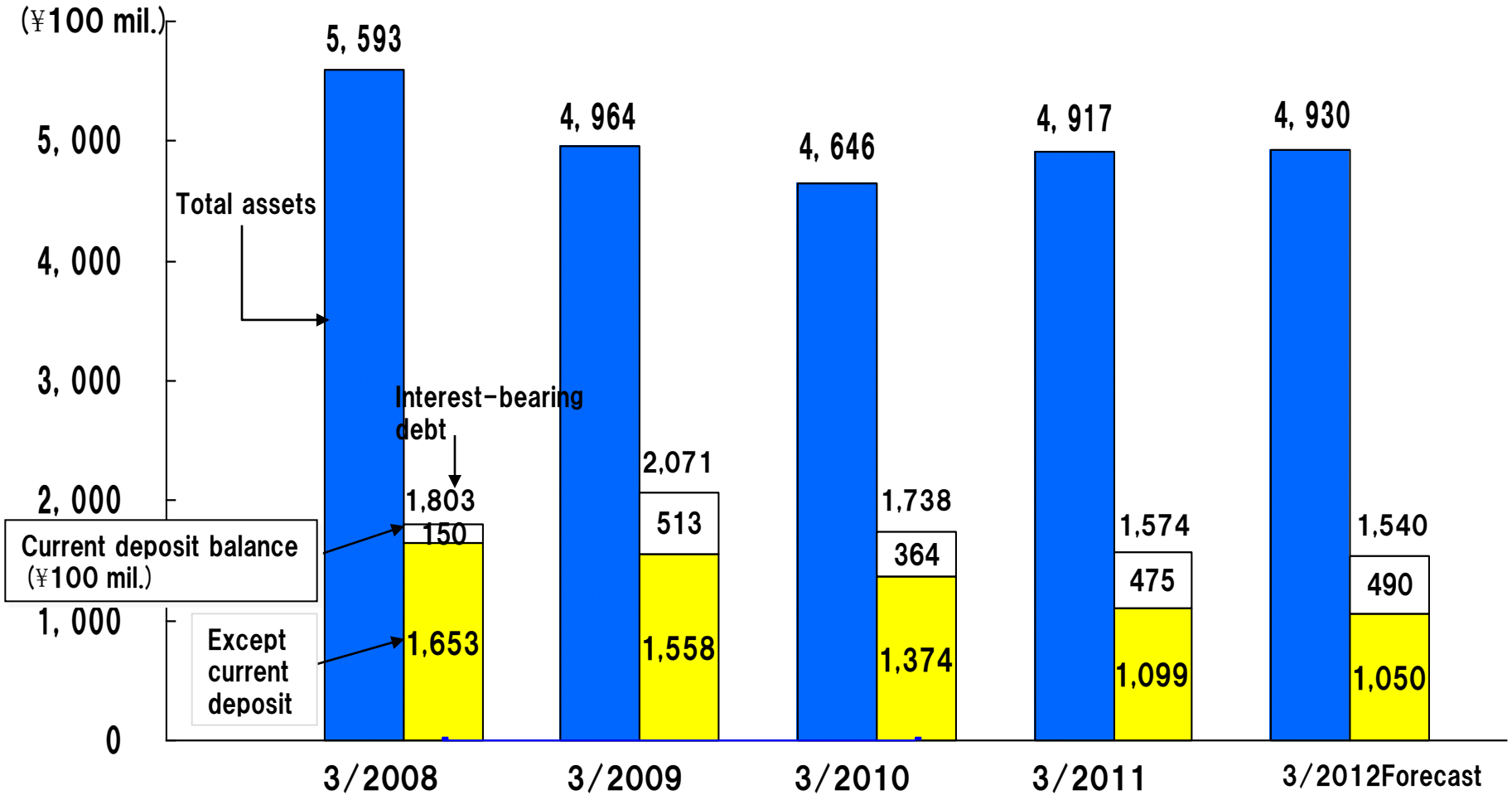
1 st half of FY2012 Ordinary Income		142 (¥100 mil.)	
Changes (Comparison with 1 st half)	Operating income / loss	Raw material price	+30
		Sales volume	+2
		Sales price	-21
		Sales mix	-6
		Variable cost	+2
		Fixed cost	+6
		Subtotal	-27
	Non-operating income	+3	
2 nd half of FY2012 Ordinary Income (Assumption)		158 (+16)	

FY2012 Net Sales & Operating Income by Segment

(¥100 mil. Thou.t)

		4-9/2011	10/2011- 3/2012	Changes from 1st half to 2nd half	FY2012
		Results (A)	Plan (B)	(B) - (A)	Plan (A) + (B)
Specialty Steel	Net sales	1,464	1,354	-110	2,818
	Operating Income	96	93	-3	189
	Volume (Non-consolidated)	610	627	17	1,237
Electronic & Magnetic Materials	Net sales	213	239	26	452
	Operating Income	10	17	7	27
Parts for Automobiles & Industrial Equipment	Net sales	531	563	32	1,094
	Operating Income	23	35	12	58
Engineering	Net sales	109	127	18	236
	Operating Income	8	7	-1	15
New Materials	Net sales	46	57	11	103
	Operating Income	2	2	0	4
Trading & Service	Net sales	50	47	-3	97
	Operating Income	7	5	-2	12
Total	Net sales	2,413	2,387	-26	4,800
	Operating Income	146	159	13	305

Total Assets, Interest-bearing Debt, D/E Ratio



	3/2008	3/2009	3/2010	3/2011	3/2012
ROA	6.9%	1.6%	▲2.9%	6.6%	6.1%
D/E	0.96	1.25	1.09	0.88	0.80
(NET. D/E)	(0.88)	(0.94)	(0.86)	(0.62)	(0.55)

FY2012 Extraordinary Income / Loss - Net Income

(¥100 mil.)

FY2012 Ordinary income	300
Extraordinary income / loss	▲22
Income taxes and minority interests	▲78
FY2012 Net Income	200

FY2012 Plan for Dividend per Share

	FY2012	
	Interim	Year-end
Ordinary income (¥100 mil.)	142	300
Net income (¥100 mil.)	84	200
Dividend per share (¥/share)	3.5	7.0
Dividend ratio (%)	18.1	15.2

Prioritized Agenda in Mid and Long Term

Current Business Environment ①

Europe

- National financial risk and financial instability
- Sustaining growth due to export expansion by weaker Euro (Germany)

Japan

- Strong Yen severely affecting the makers.
- Decreasing home consumption (Financial issues, falling birthrate)

U.S.

- Financial deficit and stagnant home demand (High unemployment rate slows down its economic growth.)
- Industrial restructuring delayed

ASEAN / India

- High growth expected due to large population and potential growth power.
- Could be a base of operations (e.g. for production of car parts) for export to other areas

China

- Sustains economic growth owing to civil and home demand
- Expected to lead global economy despite inflation risk

Other Emerging Countries (Africa, Middle East, South America)

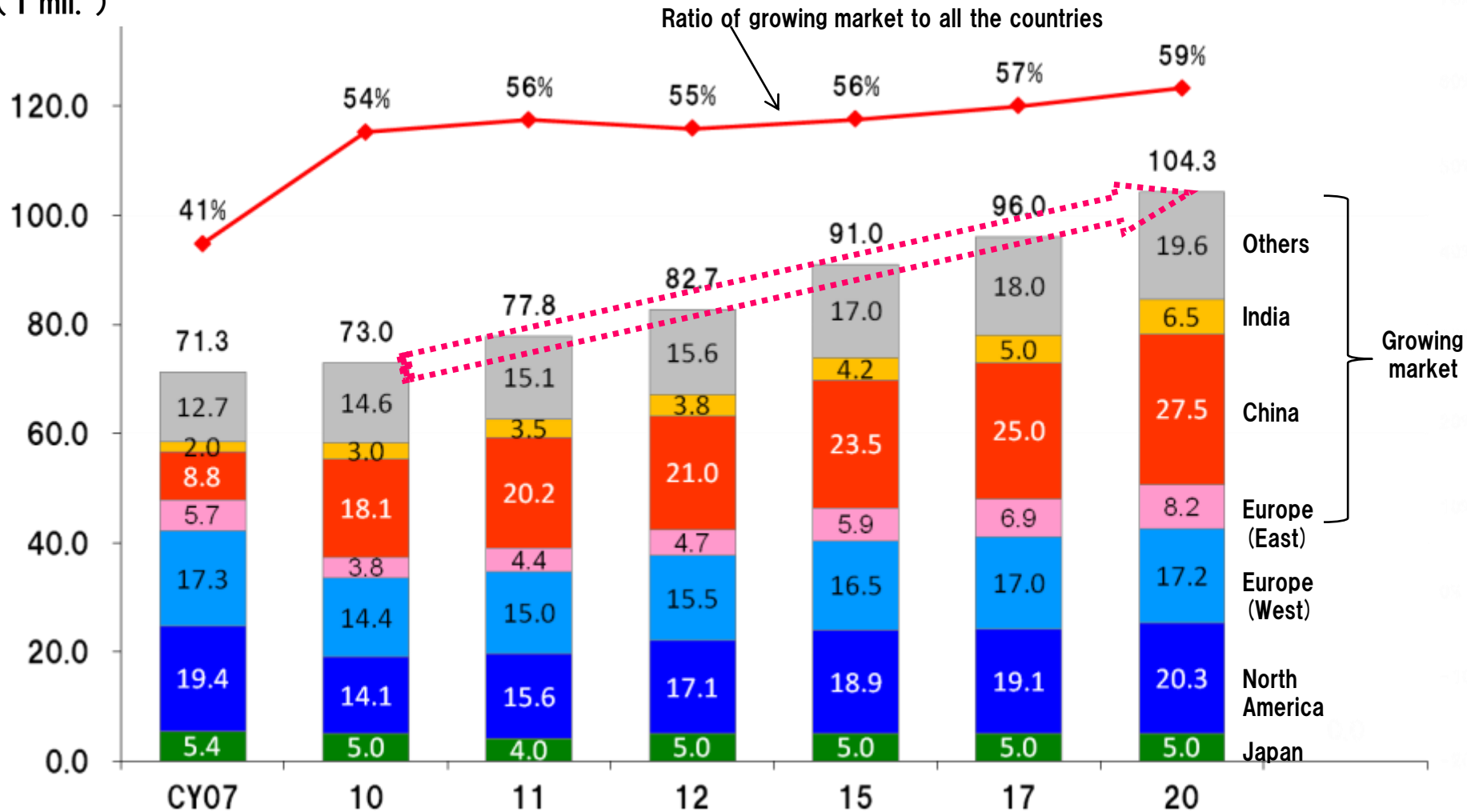
- Expected to be next growing market (natural resources, growing population)
- Demand for Infrastructure and development expected despite political risk

- Economic growth led by emerging countries continues worldwide despite some risks in advanced countries.
- Shifting to high growth sector and establishing global competitiveness are important.

Current Business Environment ②

Global demand for cars (Projections)

(1 mil.)



(Figures are projected by our company.)

Current Business Environment ③

Factors that can affect demand for specialty steel

Causes of Changes		Demand for Specialty Steel Materials	Other Business (Magnetic Materials, Turbo Parts, Metal Powder)
Quantitative Factor	Increase in global demand for cars	Positive	Positive
	Shares of Japanese car makers	Negative	
Change of specific consumption	Increase in smaller-sized cars	Negative	
	Change of mechanism (EV, HEV, Downsizing of engines)	Negative	Positive
	Advances in local procurement	Negative	
	Sales Expansion of Japanese auto-parts makers to Non-Japanese auto makers	Positive	Positive

Mid and long term demand for specialty steel increases, expanding related businesses of our company owing to growing global demand for cars despite specific consumption of specialty steel decreases.

Basic Policy in Mid and Long Term ①

To realize a growth strategy backed by increasing global demand for specialty steel



Reconstruct Main Frame

**Taking Orders from Customers Worldwide
and Increase Profitability**

**Expand Next Generation Growing Business
and Products**

Basic Policy in Mid and Long Term ②

Reconstruct Main Frame

Strategic investment to Chita Plant

- Drastic cost reduction and securing elasticity on the upside to brace for upcoming age of high energy cost

Production portfolio reform

- Optimization of our company's entire production line

Taking Orders from Customers Worldwide and Increase Profitability

Expansion of worldwide sales

- Expand business operations in the market of emerging countries

Increase manufacturing of highly profitable products and profitability

- Free forgings, tool steel, high performance steel

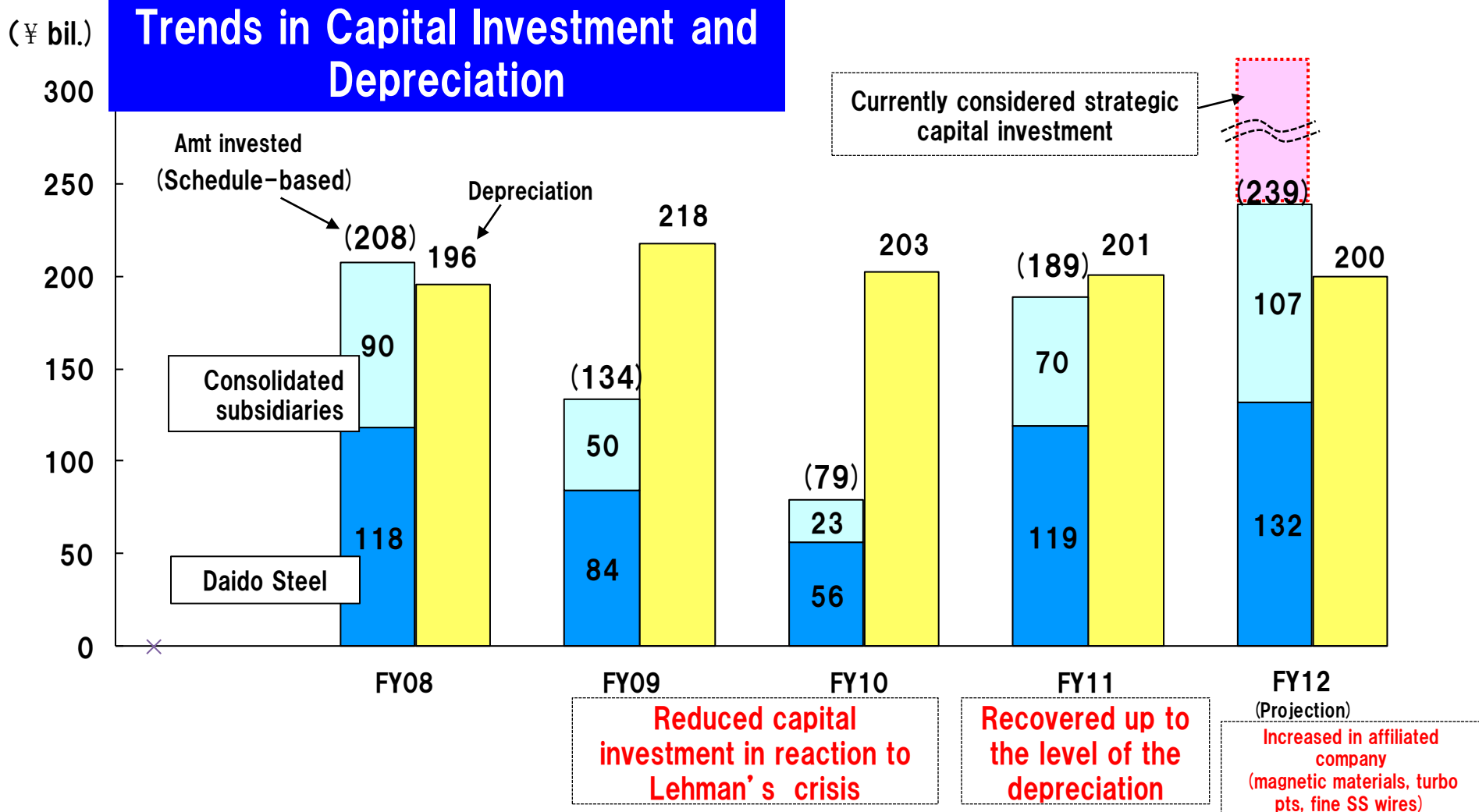
Expand Next Generation Growing Business and Products

Promote sales of strategic products

Magnetic material business, turbo parts, fine stainless steel wires,

Environment related products (concentrating on solar power generation, vacuum carburizing furnace)

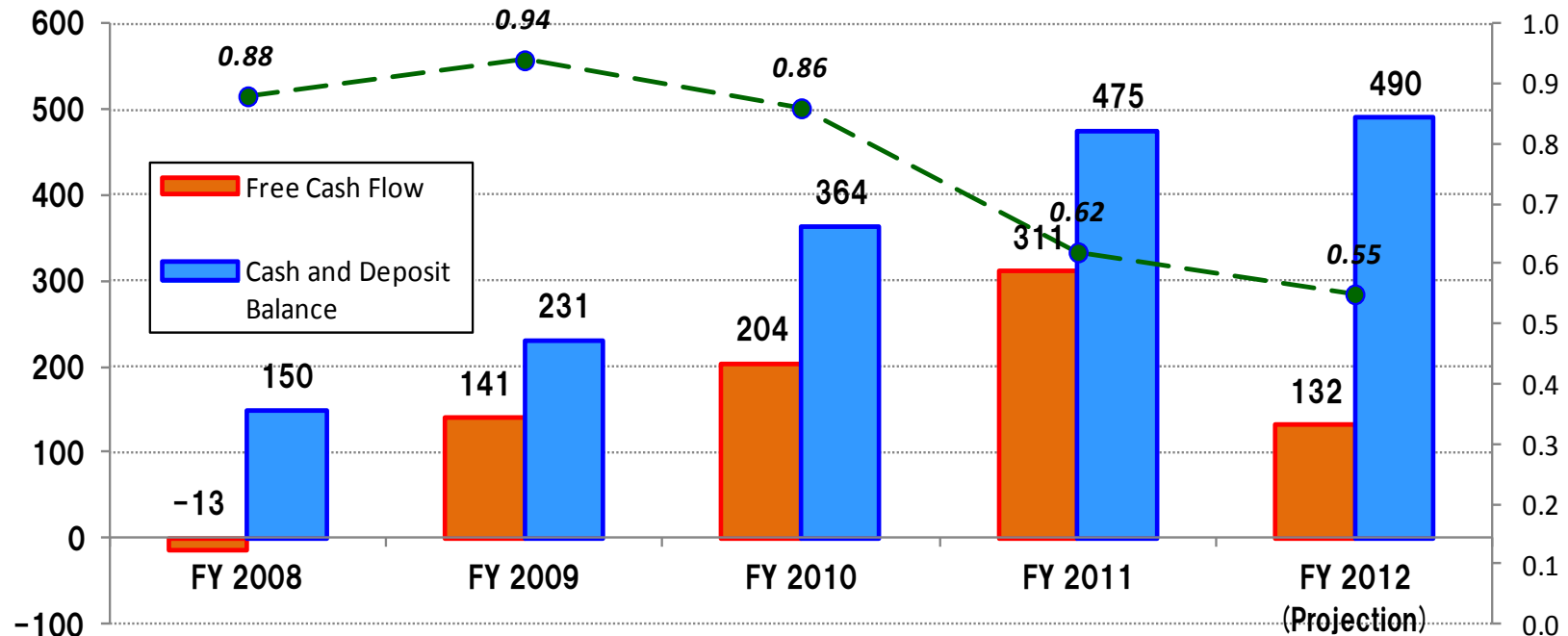
Trends in Capital Investment



- Increased capital investment in accordance with economic recovery and growing demand (FY2011-2012)
- Will promote strategic capital investment scheduled to implement in Mid Term Management Plan in the future

Trends in Cash Flow

Trends in Free Cash Flow and Cash and Deposit Balance



- FY09-08: FCF improved by squeezing capital investment and inventory
- FY11-12: Amt of cash and deposit increased due to revenue recovery, improving D/E ratio.
⇒ To promote strategic investment in the next Mid Term Plan
(Investment to main frame, strategic business [e.g. magnetic materials], system revamp)

Promotion of Growing Business and Worldwide Operation①

Enhancement and Expansion of growing business

Magnetic materials

- Strengthen magnetic material production bases in China (Magnet for FA and EPS motors)
- Expand magnet production of saved rare earth material (To hold competitiveness in the age of skyrocketing price of rare earth materials)



Turbo parts

Sales expansion and capacity improvement of Daido Castings Co., Ltd.

- Launch production lines especially for turbo parts (on Jan. 2012)
- Establish bases in China (Sales, OEM, operational bases for machining)



Fine SS wires

Nippon Seisen Co., Ltd. Enhancement of fine stainless steel wire business

- Launch mass production of diamond saw wire
- さスカット (sawing wire for sapphire substrate)
- Sales expansion of alloy wire for high intensity spring
- エレメタル (beryllium-free alloy wire) 」



Promotion of Growing Business and Worldwide Operation②

Promotion of Worldwide Operation

☆Daido Steel (Shanghai) Co., Ltd.

- Promote sales expansion of tool steel and machine equipment
- Reinforce management function on business in China (labor and legal risk management)



☆Daido Electronics (Suzhou) Co., Ltd.

- Expand business by increasing capital (capital investment, operating fund)

☆Daido Magnet (Shenzhen) Co., Ltd.

- Strengthening operation by establishing corporation and relocation and expansion



☆FUJI VALVE (GUANGDONG) CORPORATION

- Launch mass production at bases for producing engine valves in China



Fact Book

1. Financial highlight

Consolidation

(¥1mil.)

	07/3	08/3	09/3	10/3	11/3	07/9	08/9	09/9	10/9	11/9
Net sales	522,620	591,398	532,655	362,507	472,062	284,505	318,648	159,934	229,456	241,308
Operating income	31,700	38,441	9,115	▲14,050	32,730	15,724	13,599	▲17,015	16,316	14,562
Ordinary income	33,029	37,501	8,533	▲13,994	31,726	16,042	13,648	▲16,888	15,960	14,226
Net income	19,552	14,196	▲8,147	▲14,610	23,003	3,596	6,147	▲17,187	11,284	8,383
R & D expenses	4,313	4,447	4,244	3,909	4,253	2,111	2,223	1,911	2,042	2,143
Capital investment	24,200	20,800	13,400	7,900	18,900	9,600	11,200	3,700	9,200	11,200
Depreciation	16,544	19,586	21,809	20,303	20,072	9,026	11,011	10,071	9,871	9,807
Financial account balance	▲713	▲950	▲741	▲1,442	▲982	▲387	▲176	▲677	▲530	▲367
Total assets	525,569	559,278	496,411	464,629	491,721	544,157	570,399	453,231	479,697	487,570
Equity	187,839	188,090	166,235	159,301	178,348	188,524	189,891	153,776	165,466	181,564
Interest-bearing debt	172,732	180,295	207,123	173,790	157,445	187,531	190,076	183,848	172,045	149,489
Pay roll number	10,664	11,131	10,212	10,414	10,272	10,805	11,418	10,661	10,406	10,657
ROA(%)	6.6	6.9	1.6	▲2.9	6.6	6.0	4.8	▲7.1	6.8	5.8
ROE(%)	10.8	7.6	▲4.6	▲9.0	13.6	3.8	6.5	▲21.5	13.9	9.3
Consolidated subsidiary number	32	32	32	32	32	32	32	32	32	33
(Equity method affiliate number is excluded from the above)	(8)	(6)	(6)	(6)	(6)	(8)	(6)	(6)	(6)	(6)
Ratio of the consolidated to the non-consolidated										
Net sales	1.6	1.5	1.5	1.7	1.6					
Ordinary income	2.1	2.0	7.4	-	1.7					
Net income	1.8	0.7	-	-	1.3					

*Long-term prepaid expenses are not included in the depreciation.

2. Net Sales and Operating Income by Segment

Consolidation

(¥100 mil.)

		07/3	08/3	09/3	10/3	11/3	07/4-9	07/10-3	08/4-9	08/10-3	09/4-9	09/10-3	10/4-9	10/10-3	11/4-9
Speciality Steel	Net Sales	2,877	3,296	3,069	2,070	2,869	1,574	1,722	1,906	1,163	857	1,213	1,404	1,465	1,464
	Operating Income	117	114	8	▲ 108	210	35	79	44	▲ 36	▲ 128	20	106	104	96
Electronic & Magnetic Materials	Net Sales	645	792	647	347	399	395	397	385	262	149	198	192	207	213
	Operating Income	34	58	▲ 6	▲ 33	18	32	26	19	▲ 25	▲ 18	▲ 15	11	7	10
Parts for Automobile & Industrial Equipment	Net Sales	1,070	1,159	1,041	777	1,025	572	587	607	434	352	425	499	526	531
	Operating Income	105	134	46	▲ 3	65	56	78	47	▲ 1	▲ 23	20	32	33	23
Engineering	Net Sales	372	411	366	261	238	171	240	171	195	150	111	108	130	109
	Operating Income	23	29	27	20	16	8	21	10	17	13	7	8	8	8
New Materials	Net Sales	139	156	104	68	96	79	77	64	40	30	38	46	50	46
	Operating Income	23	35	4	▲ 27	6	17	18	9	▲ 5	▲ 20	▲ 7	0	6	2
Trading & Service	Net Sales	123	100	100	102	94	54	46	53	47	61	41	46	48	50
	Operating Income	15	14	12	10	12	9	5	7	5	6	4	6	6	7
Total	Net Sales	5,226	5,914	5,327	3,625	4,721	2,845	3,069	3,186	2,141	1,599	2,026	2,295	2,426	2,413
	Operating Income	317	384	91	▲ 141	327	157	227	136	▲ 45	▲ 170	29	163	164	146

※2010/3, 2009/4-9, 2009/10-3: We have reclassified some proven display, Segment of 「Electronic & Magnetic Materials」 and 「Automobile & Industrial Equipment」

Segment	Company	Business Contents
Specialty steel	Tohoku Steel Co., Ltd. *	Production and sales of specialty steel secondary products / heat-treatment of metal
	Riken Seiko Co., Ltd. *	Production and sales of Specialty steel secondary products (shaft bearing), cutting tool and machine tool
	Shimomura Tokushu Seiko Co., Ltd.	Drawing of free-cutting steel & stainless steel / Production and sales of grinding processed products
	Daido Amistar Co., Ltd.	Production and sales of die products and finished tool/ heat-treatment of metal
	Daido Matex Co., Ltd.	Processing and sales of tool steel
	Maruta Transport Co., Ltd. *	Transportation and warehousing business
	Kawaichi Sangyo Co., Ltd. *	Transportation and warehousing business
	Daido Shizai Service Co., Ltd.	Sales of materials for production
	Daido EcoMet Co., Ltd.	Development, production, sales of indirect materials for steel-making/ recycling of waste and by-products from steel-making-process
	Daido Technica Co., Ltd.	Seam-removing, maintenance, processing of steel
	Sakurai Kosan Co., Ltd. *	Heat treatment works, surface treatment
	Izumi Electric Industries Co., Ltd. *	Design and construction of electric work / Design and production of power distribution board
	Nippon Seisen Co., Ltd.	Production and sales of stainless steel wire, metallic fiber
	Tienwen Steel Co., Ltd.	Heat treatment, processing, sales of die products / Sales of die materials (in Taiwan)
	Daido Amistar(S) PTE Ltd.	Processing, sales of die products / Sales of die materials (in Singapore)
Daido Amistar(M) SDN. BHD.	Processing, sales of die products / Sales of die materials (in Malaysia)	
Daido PDM (Thailand) Co., Ltd.	Heat treatment, processing, sales of die products / Sales of die materials (in Thailand)	
Electronic & Magnetic materials	Daido Electronics Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts
	Daido Electronics (Thailand) Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts(in Thailand)
	Daido Electronics (Suzhou) Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts (inChina)
	Daido Special Metals Ltd.	Merger with Special Metals (U.S.): Sales of Nickel alloy products

(Note) * Equity method affiliate

Segment	Company	Business Contents
Automobile & Industrial parts	Daido Precision Industries Ltd.	Production and sales of processing parts for compressor, power transmission, base-isolation device
	Fuji OOZX Inc.	Production and sales of engine valve
	Nissei Seiko Co., Ltd.	Production and sales of screw, bolt and cold-forging parts for automobile
	Toyo Sangyo Co., Ltd.	Production and sales of die forging
	Japan Drop Forge Co., Ltd.	Production and sales of die forging
	Ohio Star Forge Co.	Production and sales of precise forging (in U.S.)
	Daido Star Techno Co., Ltd.	Seam-removing, maintenance, device processing of steel and forging
	Daido Castings Co., Ltd.	Production and sales of casting, precise casting, manganese rail
Engineering	Daido Plant Industries Co., Ltd.	Design, production, sales of industrial furnace, facility equipment and ancillary facility
	Daido Machinery Ltd.	Production and sales of machine tool / Installation, maintenance and repair of machine equipment
	Daido Environment Engineering Co., Ltd.	Maintenance and repair of environment device
Trading & Service	Daido Kogyo Co., Ltd.	Trading company specializing in specialty steel, equipments, steel-making materials, building products
	Daido Steel(America)Inc.	Export & import of DAIDO group products / Group's front company for U.S. (in U.S.)
	Daido Life Service Co., Ltd.	Dealing and subdivision of real estate / Management of welfare provision / Insurance agent travel agent, printing
	Life Support., Ltd.	Cleaning, security, food-service operating, management of facility, tree-planting, labor dispatch service
	Kisokomakogen Kankokaihatsu Co., Ltd.	Management of golf course / management of land for vacation house / minor water project
	Star Info Tech Co., Ltd.	Planning, design, development, maintenance of information system / Development and sale of software
	Daido Bunseki Research, Inc.	Analysis, research, consulting regarding iron, steel, cast metal, ceramics

(Note)

Figures such as the business forecasts described in this document are based on specific assumptions which are predictable under the present state.

However, changes in circumstances could lead to different business outcomes, so blind reliance on this data as decision criterion is not recommended.

Also predicted figures can be changed in the future without prior notice. All use of this document is at the volition and discretion of the user. Please be aware that our company shall not assume any responsibility for the results of using the information in this document.