

**Accounts Settlement for
Third-Quarter Period of Fiscal 2009
(term ending March 2010)
and Business Performance
Forecasts for Fiscal 2009**

January 29, 2010



JFE SHOJI HOLDINGS, INC.

1. FY2009 Third-Quarter Accounts Settlement: Key Points
2. Consolidated Statements of Income
3. Consolidated Balance Sheet (Summary)
4. Consolidated Statement of Cash Flows (Summary)
5. Segment Information
6. Forecasts for Business Performance and Dividend for FY2009
7. <Reference> Net Sales and Ordinary Income (Consolidated)

1. FY2009 Third-Quarter Accounts Settlement: Key Points

- ◆ Sales decreased by ¥864.8 billion year-on-year, to ¥1,350 billion, as demand for steel materials failed to fully recover, leading to a reduction in the volume of steel materials and raw materials sold, as well as lower selling prices.
- ◆ Ordinary income declined ¥32.8 billion year-on-year to ¥9.3 billion, reflecting weaker earnings at a large number of Group companies in Japan and overseas, particularly a ¥13.4 billion drop in earnings at our main subsidiary, JFE Shoji Trade Corporation (nonconsolidated).
- ◆ Net income for the reporting 9-month period posted a year-on-year drop of ¥19.5 billion to ¥5.3 billion. This was due mainly to a decline of ¥32.8 billion in ordinary income, which outweighed declines in income taxes and minority interests.

2. Consolidated Statements of Income

(Billions of yen)

	1st half (Apr. - Sep.)	3rd Q (Oct. - Dec.)	Reporting 9-month period	Previous 9-month period	YoY change	
						% change
Net sales	887.1	462.9	1,350.0	2,214.8	① (864.8)	(39)%
Gross profit on sales	30.8	16.3	47.1	84.8	② (37.7)	(44)%
(Gross profit margin)	3.5%	3.5%	3.5%	3.8%	(0.3)%	
Selling, general and administrative expenses	25.2	12.4	37.6	43.4	③ (5.8)	(13)%
Operating income	5.6	3.9	9.5	41.4	(31.9)	(77)%
Non-operating income	(0.1)	(0.1)	(0.2)	0.7	④ (0.9)	
Ordinary income	5.5	3.8	9.3	42.1	(32.8)	(78)%
Extraordinary income (losses)	-	-	-	(0.9)	⑤ 0.9	
Income before income taxes	5.5	3.8	9.3	41.2	(31.9)	(77)%
Net income	3.0	2.3	5.3	24.8	(19.5)	(79)%

①② Net sales/Gross profit on sales

● JFE Shoji (nonconsolidated)	(693.0)	(13.8)
• Steel	(370.0)	(9.6)
• Raw materials/ machinery and materials	(323.0)	(4.2)
● 3 new spun-off companies	(136.0)	(4.7)
● Domestic subsidiaries	(89.6)	(9.3)
● Overseas subsidiaries	(74.5)	(8.4)
● JFE Shoji HD, 3 new affiliates	(7.8)	(0.1)
● Consolidation adjustments	136.0	(1.6)

③ Selling, general and administrative expenses

Declines in SG&A expenses and personnel expenses, etc.

④ Non-operating income and expenses

Decline in profits on equity in investments, etc.: (1.3)
Decline in dividend income: (0.9)
Decline in interest expense: 0.7, others

⑤ Extraordinary losses

Reporting 9-month period: None
Previous 9-month period:
Valuation loss on inventories (0.5)
Loss on impairment of long-lived assets (0.4)

3. Consolidated Balance Sheet (Summary)

(Billions of yen)

	Reporting 9-month-end	Previous term-end	YoY change
Total liabilities and net assets	543.2	635.5	① (92.3)
Total net assets	102.9	114.7	② (11.8)
Interest-bearing liabilities	127.9	147.8	③ (19.9)
* D/E ratio	1.30	1.36	- 0.06
* Equity ratio	18.1%	17.1%	1.0%

③ Interest-bearing liabilities

Interest-bearing liabilities decreased ¥19.9 billion to ¥127.9 billion, due to a decline in working capital following a reduction in inventory and transaction volumes.

JFE Shoji Trade: -11.3 (Decrease in long- and short-term borrowings)
Overseas subsidiaries:
-7.6 (Effects of changes in exchange rates +0.5), others

① Total liabilities and net assets

Total assets declined ¥92.3 billion to ¥543.2 billion, due to progress in reducing inventory and cash on hand, coupled with a decline in trade receivables as transaction volumes and prices fell.

Cash and deposits -24.4
Trade notes and accounts receivable -38.8: JFE Shoji Trade -9.4,
3 new spun-off companies -27.3, others
Inventories -29.6: JFE Shoji Trade -12.1, domestic subsidiaries -8.3,
overseas subsidiaries -9.2, others

② Total net assets

(Breakdown of ¥11.8 billion decline)

Increase factors

Net income: ¥5.3 billion
Valuation and translation adjustments: ¥3.9 billion

Decrease factors

Lump-sum retirement of preferred shares: ¥18.5 billion
Dividends paid: ¥1.4 billion
Minority interests: ¥1.1 billion

Retained earnings: -14.5 (Net income +5.3, dividends paid -1.4,
retirement of preferred shares -18.5)
Valuation and translation adjustments: +3.9 (shares +2.7,
foreign exchange +0.9), others
Minority interests: -1.1

***D/E ratio** = Interest-bearing liabilities / (net assets - minority interests)

***Equity ratio** = (Net assets - minority interests) / total assets

4. Consolidated Statement of Cash Flows (Summary)

(Billions of yen)

	Reporting 9-month period
Cash flows from operating activities	17.6
Cash flows from investing activities	(1.7)
Free cash flow	15.9
Cash flows from financing activities	(41.8)
Net decrease in cash and cash equivalents	(25.9)
Cash and cash equivalents at beginning of year	61.6
Cash and cash equivalents at end of year	36.2

●Cash flows from operating activities

Income before income taxes and minority interests	+9.3
Depreciation expenses	+4.5
Net increase in trade receivables held by Group companies	-15.0
Decrease in inventories	+29.2
Income tax payment (net of refunding)	-9.7, others

●Cash flows from investing activities

Acquisition of tangible fixed assets	-1.6
Acquisition of intangible assets	-0.9
Collection of short-term loans	+0.9, others

●Cash flows from financing activities

Decrease in borrowing (short-term -20.2, long-term -0.5)	-20.8
Dividend payments (JFE Shoji Holdings)	-1.4
Acquisition of preferred shares	-18.5, others

5. Segment Information ① (Steel and steel-peripheral)

(Billions of yen)

Segment	Net sales			Operating income		
	Reporting 9-month period	Previous 9-month period	YoY change	Reporting 9-month period	Previous 9-month period	YoY change
Steel and steel-peripheral	1,326.4	2,182.2	(855.8)	9.1	40.9	(31.8)

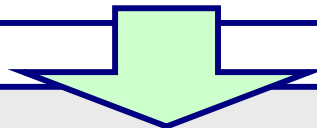
Major breakdown of ¥31,800 million decline of operating income

JFE Shoji Trade (nonconsolidated) Down ¥12,800 million

- ◆ Domestic steel ... Volume base: down 1,656 tons YoY, unit price down ¥9,600/ ton
- ◆ Steel exports ... Volume base: up 1,014 tons YoY, unit price down \$440/ ton, stronger yen-dollar exchange rate (April to December): ¥104 (initial assumption) > ¥95 (nine-month average)
- ◆ Raw materials ... Revenues and earnings declined due to lower volume of steel raw materials, scarp, and cokes handled, as well as lower unit prices

Group Companies Down ¥19,000 million

- ◆ Domestic subsidiaries ... Down ¥10,700 million (3 new spun-off companies down ¥3,500 million, others down ¥7,200 million)
- ◆ Overseas subsidiaries ... Down ¥7,900 million (Overseas coil centers down ¥4,600 million, others down ¥3,300 million)



Despite efforts to expand sales volume and improve profitability, the Group unavoidably posted declines in revenues and earnings owing to the failure of demand for steel materials to recover to its former level.

5. Segment Information ② (Non-steel segments)

(Billions of yen)

Segment	Net sales			Operating income (loss)			Breakdown
	Reporting 9-month period	Previous 9-month period	YoY change	Reporting 9-month period	Previous 9-month period	YoY change	
Food	18.3	24.0	(5.7)	0.4	0.4	(0)	This segment saw revenues and earnings decline due to a fall in the number of transactions in processed agricultural products in China and frozen seafood, despite successful marketing campaigns that lifted sales of the third-category (low-malt) beer PRIME DRAFT and Nozaki's Corned Beef at major volume retailers.
Semiconductor	4.9	8.3	(3.4)	0.1	0.2	(0.1)	This segment saw revenues and earnings decline due to a reduction in the number of transactions in mainstay semiconductors for color multifunction printers, despite stabilization in transactions in ICs for LCD panels and optical-fiber equipment. Measures to develop new value-added items such as telecommunications ICs in East Asian markets failed to cover the fall in transaction volumes.
Real estate	0.4	0.3	0.1	(0.1)	(0.1)	(0)	Steps taken to facilitate disposal of real estate holdings.

6. Forecasts for Business Performance and Dividend for FY2009 ①



Developments in the steel industry

- Expectations of robust exports chiefly to other Asian countries (ex-China).
- Cloudy prospects for domestic demand for steel materials, with the slowdown in construction materials set to continue long-term even as signs of recovery emerge in Japan in demand mainly from the automaking sector.
- Careful monitoring of market trends, as reaction follows the fade-out of stimulus packages in Japan and overseas, amid fears of excess steel supply as capacity is ramped up in China and other Asian countries.

Steps to ensure targets are reached

- Maximize selling volume to existing customers
- Expand sales through acquisition of new customers
- Reduce costs such as SG&A expenses

No change in business performance forecasts made on April 28, 2009

Results for FY2009 Q3 on a consolidated basis were generally in line with our forecasts.

The JFE Shoji Group's 2nd Medium-Term Management Plan (April 2009 – March 2012)

■ Management vision

Aiming to be a tier-one company of excellence across the board

■ Four priority management tasks

Further reinforce the JFE Shoji Group's revenue base

Upgrade employees' skills through training and other programs

Establish a new corporate culture for the Group

Put in place the management systems needed for ensuring adequate oversight of business operations, and bolster CSR activities

Major initiatives at JFE Shoji Trade

■ Reforming the work process

We are pursuing a work process reform program called J-SLIM, which is aimed at realizing more creative work processes with a higher added value.

Our ultimate goal is to develop a corporate culture in which all employees will constantly seek ways to achieve still further improvements to our administrative procedures.

■ Introduction of Electronically Recorded Monetary Claims

Decision to introduce Electronically Recorded Monetary Claims as a new means of settlement. This will enable reduction of bill issue expenses and help rationalize administrative procedures at business counterparties while easing fund procurement.

6. Forecasts for Business Performance and Dividend for FY2009 ②



Forecasts as of April 28, 2009 remain unchanged

(Billions of yen)

	Forecasts as of October 28		Forecasts as of January 29		FY2008	YoY change (Comparison with full-term)	
	1st half results	Full-term forecasts	3Q results	Full-term forecasts	Full-term results	Amount	% change
Net sales	887.1	1,720.0	1,350.0	1,720.0	2,706.6	(986.6)	(36)%
Operating income	5.6	16.0	9.5	16.0	40.2	(24.2)	(60)%
Ordinary income	5.5	15.0	9.3	15.0	39.0	(24.0)	(62)%
Net income	3.0	9.0	5.3	9.0	19.8	(10.8)	(55)%

Dividend per share	¥-	¥5	¥-	* ¥5	¥10
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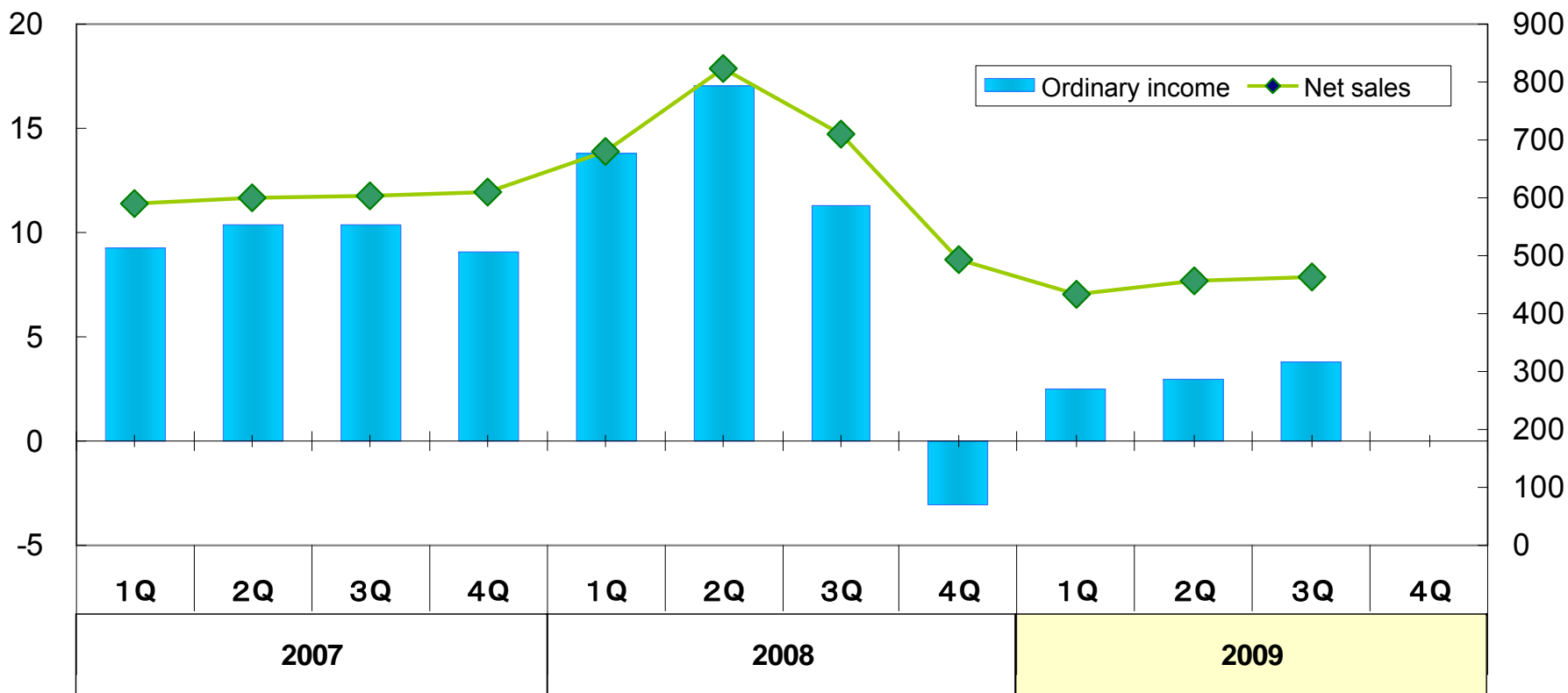
* Term-end only

7. <Reference> Net Sales and Ordinary Income (Consolidated)



(Ordinary income/Billions of yen)

(Net sales/Billions of yen)



(Billions of yen)

	FY2007				FY2008				FY2009			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Net sales	590.9	601.3	602.2	610.3	679.3	824.5	711.0	491.8	432.0	455.1	462.9	
Ordinary income	9.3	10.4	10.4	9.1	13.8	17.0	11.3	▲ 3.1	2.5	3.0	3.8	



JFE

Disclaimer

The reader is advised that this presentation contains forward-looking statements. As opposed to statements of historical fact, these constitute estimates or projections based on facts known to the Company's management at the time of writing, and actual results may therefore differ substantially from such statements.