

**Accounts Settlement for
Fiscal 2009
(term ended March 2010)
and Business Performance
Forecasts for Fiscal 2010 (term ending
March 2011)**

April 28, 2010



JFE SHOJI HOLDINGS, INC.

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1. FY2009 Accounts Settlement: Key Points

- ◆ Sales decreased by ¥894.7 billion year-on-year, to ¥1,811.9 billion, as demand for steel materials recovered slowly, leading to a reduction in sales volume and lower selling prices.
- ◆ Ordinary income declined ¥24.5 billion year-on-year to ¥14.5 billion, reflecting weaker earnings at numerous Group companies in Japan and overseas, particularly a ¥11.6 billion drop in earnings at our main subsidiary, JFE Shoji Trade Corporation (nonconsolidated).
- ◆ Net income posted a year-on-year drop of ¥12.3 billion to ¥7.5 billion. This was due mainly to a ¥24.5 billion decline in ordinary income, which outweighed declines in income taxes and minority interests.

2. Consolidated Statements of Income

(Billions of yen)

	FY2009	FY2008	YoY change	
				% change
Net sales	1,811.9	2,706.6	① (894.7)	(33)%
Gross profit on sales	64.9	96.7	② (31.8)	(33)%
(Gross profit margin)	3.6%	3.6%	(0.0%)	
Selling, general and administrative expenses	49.8	56.5	③ (6.7)	(12)%
Operating income	15.1	40.2	(25.1)	(62)%
Non-operating income	(0.6)	(1.2)	④ 0.6	
Ordinary income	14.5	39.0	(24.5)	(63)%
Extraordinary income (losses)	-	(2.9)	⑤ 2.9	
Income before income taxes	14.5	36.1	(21.6)	(60)%
Net income	7.5	19.8	(12.3)	(62)%

(Billions of yen)

①② Net sales/Gross profit on sales

● JFE Shoji (nonconsolidated)	(682.4)	(11.4)
• Steel	(370.0)	(9.0)
• Raw materials/ machinery and materials	(312.4)	(2.4)
● 3 new spun-off building materials and steel pipe companies	(163.3)	(4.9)
● Domestic subsidiaries	(101.2)	(7.4)
● Overseas subsidiaries	(82.9)	(7.0)
● JFE Shoji HD, 3 new affiliates	(20.6)	(13.6)
● Consolidation adjustments	155.7	12.5

③ Selling, general and administrative expenses

Declines in personnel expenses, selling general and administrative expenses.

④ Non-operating income and expenses

Improvement in interest income, diminishing loss on sale of bonds, etc.

⑤ Extraordinary losses

FY2009: None

FY2008: Extraordinary losses on the valuation of investment securities, valuation loss on inventories, loss on impairment of long-lived assets, etc.

3. Consolidated Balance Sheet (Summary)

(Billions of yen)

	FY2009 term-end	FY2008 term-end	YoY change
Total liabilities and net assets	526.8	635.5	① (108.7)
Total net assets	107.1	114.7	② (7.6)
Interest-bearing liabilities	108.1	147.8	③ (39.7)
* D/E ratio	1.06	1.36	(0.30)
* Equity ratio	19.4%	17.1%	2.3%

③ Interest-bearing liabilities

Interest-bearing liabilities decreased ¥39.7 billion to ¥108.1 billion, due to a decline in working capital following a reduction in inventory and transaction volumes.

JFE Shoji Trade: -31.8 (Decrease in long- and short-term borrowings)
 Overseas subsidiaries:
 -7.6 (Effects of changes in exchange rates +1.3), others

① Total liabilities and net assets

(Billions of yen)

Total assets declined ¥108.7 billion to ¥526.8 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 -36.4
 Trade notes and accounts receivable -44.4: JFE Shoji Trade -12.5,
 3 new spun-off building materials and steel pipe companies -38.1,
 others
 Inventories -30.0: JFE Shoji Trade -10.7, domestic subsidiaries -8.9,
 overseas subsidiaries -9.8, others

② Total net assets

(Breakdown of ¥7.6 billion decline)

Increase factors

Net income: ¥7.5 billion
 Valuation and translation adjustments: ¥5.9 billion

Decrease factors

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

Retained earnings: -12.4 (Net income +7.5, dividends paid -1.4,
 retirement of preferred shares -18.5)
 Valuation and translation adjustments: +5.9 (shares +4.1,
 foreign exchange +1.5), 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)

	FY2009
Cash flows from operating activities	27.2
Cash flows from investing activities	(3.0)
Free cash flow	24.2
Cash flows from financing activities	(62.3)
Net decrease in cash and cash equivalents	(38.1)
Cash and cash equivalents at beginning of year	61.6
Cash and cash equivalents at end of year	24.2

(Billions of yen)

●Cash flows from operating activities	
Income before income taxes and minority interests	+14.5
Depreciation expenses	+5.9
Net increase in trade receivables held by Group companies	-14.7
Decrease in inventories	+30.0
Income tax payment (net of refunding)	-9.9, others
●Cash flows from investing activities	
Acquisition of tangible fixed assets	-2.5
Acquisition of intangible assets	-1.3
Collection of short-term loans	+0.8, others
●Cash flows from financing activities	
Decrease in borrowing (short-term -39.6, long-term -1.5)	-41.1
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		
	FY2009	FY2008	YoY change	FY2009	FY2008	YoY change
Steel and steel-peripheral	1,778.9	2,666.4	(887.5)	14.6	40.1	(25.5)

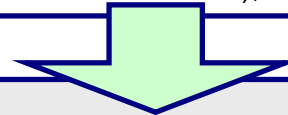
Major breakdown of ¥25.5 billion decline of operating income ~steel and steel-peripheral~

JFE Shoji Trade (nonconsolidated) Down ¥10.5 billion

- ◆ Domestic steel ... Volume base: down 1,403,000 tons YoY, unit price down ¥13,100/ ton
- ◆ Steel exports ... Volume base: up 1,459,000 tons YoY, unit price down \$384/ ton,
stronger yen-dollar exchange rate (April to March): ¥100.8 (initial assumption) > ¥93.5 (full-year average)
- ◆ Raw materials ... Revenues and earnings declined due to lower raw material and coke prices

Group Companies Down ¥15.0 billion

- ◆ Domestic subsidiaries ... Down ¥8.2 billion (3 new spun-off building materials and steel pipe companies down ¥3.4 billion, other domestic subsidiaries down ¥4.8 billion)
- ◆ Overseas subsidiaries ... Down ¥6.1 billion (Overseas steel materials processing centers down ¥2.3 billion, other overseas subsidiaries down ¥3.8 billion), others



Despite efforts to expand sales volume and improve profitability, the Group posted declines in revenues and earnings because demand for steel materials recovered moderately.

5. Segment Information ② (Non-steel segments)

(Billions of yen)

Segment	Net sales			Operating income (loss)			Breakdown
	FY2009	FY2008	YoY change	FY2009	FY2008	YoY change	
Food	25.3	30.2	(4.9)	0.6	0.4	0.2	Despite a drop in transaction volume of processed agricultural products in China and frozen seafood, this segment saw revenues decline and earnings increase due to successful marketing campaigns that lifted sales of the “third-category beer (low-malt)” PRIME DRAFT and Nozaki’s Corned Beef at major volume retailers.
Semiconductor	7.2	9.5	(2.3)	2.0	0.1	0.1	Despite a reduction in transaction volume of mainstay semiconductors for color multifunction printers, this segment saw revenues decline and earnings increase due to the stabilization of transactions for ICs used in LCD panels and optical-fiber equipment and a focus on developing new value-added items such as initiating sales of telecommunications ICs in East Asian markets.
Real estate	0.5	0.5	0	(0.2)	(0.4)	0.2	Steps taken to facilitate disposal of real estate holdings.

6. Forecasts for Business Performance and Dividend for FY2010 ①



Overview

- ◆ In Japan, despite the ongoing downturn in net domestic demand in civil engineering, construction and other fields, the manufacturing industry—which has been driven by overseas demand in such areas as automobiles—is expected to remain on a recovery track while demand for industrial and construction machinery should bottom out. In addition, steel demand is expected to rebound on the back of continued strong exports. Nevertheless, future conditions must be monitored due to fears of excess steel supply as capacity is ramped up in China and other Asian countries.
- ◆ The forecast for consolidated business performance in fiscal 2010 is for net sales of ¥2,180.0 billion, operating income of ¥25.5 billion, ordinary income of ¥25.0 billion and net income of ¥15.5 billion. This will be achieved through an increase in transaction volume after demand recovers as well as Group efforts to maximize sales volume to existing customers, expand sales through acquisition of new customers and reduce costs such as SG&A expenses.
- ◆ Mindful of continuously returning profits to shareholders, an annual dividend of ¥10 per share is anticipated.

6. Forecasts for Business Performance and Dividend for FY2010 ②



(Billions of yen)

	FY2010	FY2009	YoY change (Comparison with full-term)	
	Forecast	Results	Amount	% change
Net sales	2,180.0	1,811.9	368.1	20%
Operating income	25.5	15.1	10.4	69%
Ordinary income	25.0	14.5	10.5	72%
Net income	15.5	7.5	8.0	107%
Dividend per share	¥10	* ¥5		

* Term-end only

7. <Reference> 2nd Medium-Term Management Plan (FY2009–2011)



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 boards

■ 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 management systems needed to ensure adequate oversight of business operations, and bolster CSR activities

Measures for rising steel demand over medium- to long-term

Overseas Measures and Policies

- Construct, upgrade and expand the functions of the steel materials processing center to rapidly meet consumer needs
- Expand sales not only to Japanese companies but to overseas companies
- Develop new materials procurement sources for raw materials

Major initiatives at JFE Shoji Trade

■ Reforming the work process

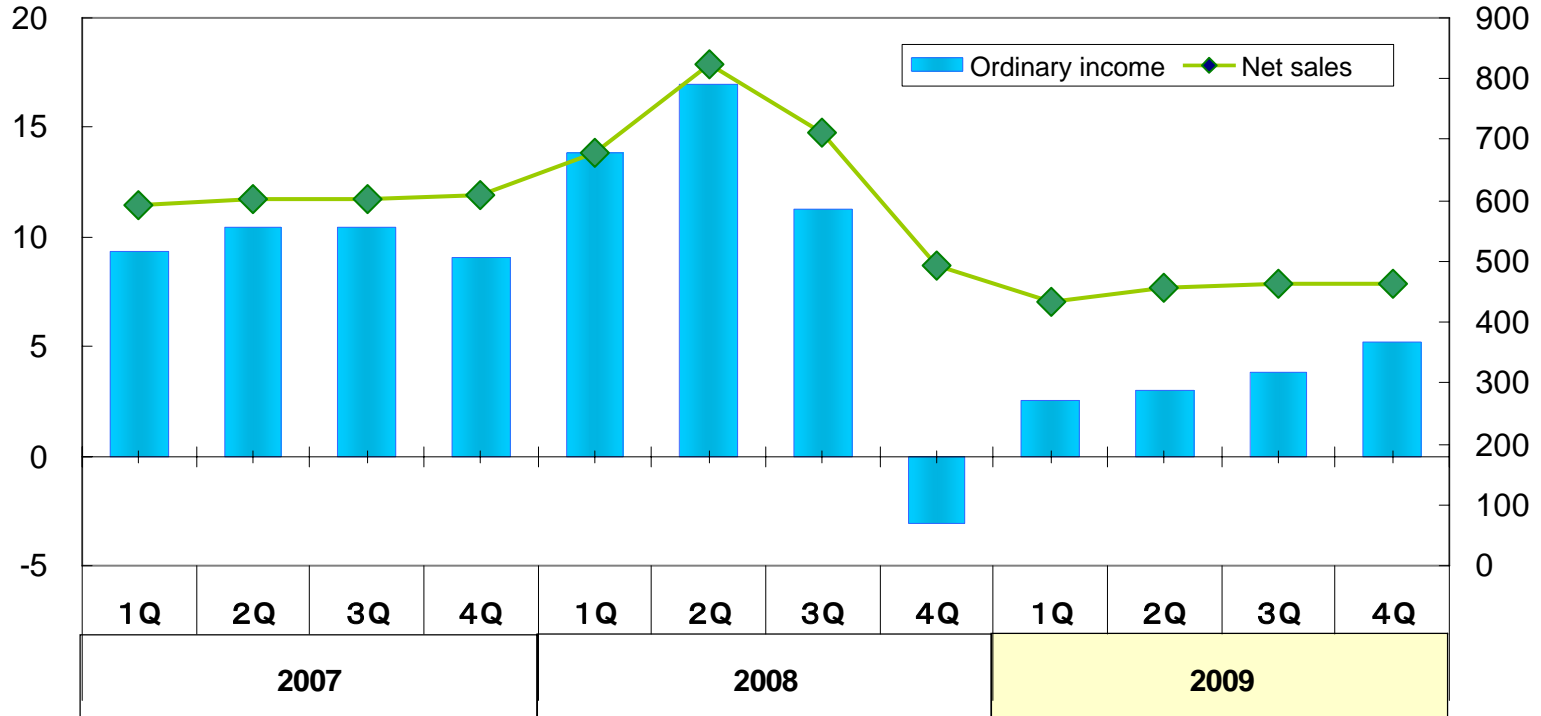
J-SLIM, a program to review and improve the work process using ideas that are not constrained by conventional methods or existing concepts as well as to streamline the work process, is underway.

All employees will continue to review Company systems and work processes while improvements are made to business infrastructure through the adoption of such systems as video conferencing. We will establish a positive corporate culture that is highly transparent and further increase our earning power.

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

(Ordinary income/ Billions of yen)

(Net sales/ Billions of yen)



(Billions of yen)

	FY2007				FY2008				FY2009			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	590.9	601.3	602.2	610.3	679.3	824.5	711.0	491.8	432.0	455.1	462.9	461.9
Ordinary income	9.3	10.4	10.4	9.1	13.8	17.0	11.3	(3.1)	2.5	3.0	3.8	5.2



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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.