

**Accounts Settlement for First Quarter
Period of Fiscal 2010
(Term ending March 2011)
Supplemental Explanatory Materials
(Overview of Settlement & Business Performance Forecast)**

July 28, 2010



JFE SHOJI HOLDINGS, INC.

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1. FY2010 First-Quarter Accounts Settlement: Key Points

- ◆ Sales rose by ¥52.0 billion YoY to ¥484.0 billion on the back of a favorable trend in exports, growth in domestic auto sales, and the bottoming out of demand for the construction and industrial machinery sectors, among other factors.
- ◆ Ordinary income rose by ¥2.8 billion YoY to ¥5.3 billion as profits improved for Group companies, both domestically and overseas.
- ◆ Net income for the quarter rose ¥1.7 billion YoY to ¥3.1 billion as a result of the ¥2.8 billion increase in ordinary income combined with the changes in income taxes, and minority interests.

2. Consolidated Statements of Income

(Billions of yen)

	Reporting 1st Q (April - June)	Previous 1st Q	YoY change	
				% change
Net sales	484.0	432.0	① 52.0	12%
Gross profit	17.6	14.8	② 2.8	19%
Gross profit margin	3.6%	3.4%	0.2%	
Selling, general and administrative expenses	12.5	12.3	③ 0.2	2%
Operating income	5.1	2.5	2.6	104%
Non-operating income	0.2	(0.0)	④ 0.2	
Ordinary income	5.3	2.5	2.8	113%
Extraordinary income (losses)	(0.1)	--	⑤ (0.1)	
Income before income taxes	5.2	2.5	2.7	109%
Net income	3.1	1.4	1.7	121%

(Billions of yen)

①② Net sales/Gross profit on sales

● JFE Shoji Trade (nonconsolidated)	+61.3	+1.3
● Steel	+53.5	+0.8
● Raw materials/ machinery and materials	+7.8	+0.5
● 3 spun-off companies	-4.6	-0.3
● Domestic subsidiaries	+2.9	+1.0
● Overseas subsidiaries	+4.4	+0.5
● JFE Shoji HD, 3 new affiliates	+2.5	+0.3
● Consolidated adjustments	-14.5	-0.0

③ Selling, general and administrative expenses

Increase in personnel & selling expenses, others

④ Non-operating income and expenses

Equity in earnings 0.5, Dividend income (0.1), others

⑤ Extraordinary losses

Reporting 1st Q: Impact of adoption of the Accounting Standard for Asset Retirement Obligations: (0.1)

Previous 1st Q: None

3. Consolidated Balance Sheet (Summary)

(Billions of yen)

	Reporting 1st Q-end (end of June)	Previous term-end	YoY change	
Total liabilities and net assets	535.9	526.8	①	9.1
Total net assets	107.5	107.1	②	0.4
Interest-bearing liabilities	111.9	108.1	③	3.8
*D/E ratio	1.09	1.06		0.03
*Equity ratio	19.1%	19.4%		(0.3)%

③ Interest-bearing liabilities

Rose by ¥3.8 billion over the end of the previous period to ¥111.9 billion due to an increase in working capital, etc. resulting from overseas CC transactions.

JFE Shoji Trade: +0.2
Overseas subsidiaries: +1.6
(Effects of changes in exchange rates +0.5), others

① Total liabilities and net assets

(Billions of yen)

Rose by ¥9.1 billion over the end of the previous period to ¥535.9 billion due to an increase in trade receivables, inventory, etc. resulting from an increase in transactions.

Cash and deposits: +4.3
Trade notes and accounts receivable: +5.7
(JFE Shoji Trade +0.5, 3 spun-off companies +1.7, affiliates +0.6, domestic subsidiaries +2.0, overseas subsidiaries +0.9)
Inventories: +1.1
(JFE Shoji Trade -0.7, 3 spun-off companies +0.4, affiliates +0.3, domestic subsidiaries +0.2, overseas subsidiaries +0.9)

② Total net assets

(Breakdown of ¥400 million increase)

Increase factors

Net income: ¥3.1 billion

Decrease factors

Valuation and translation adjustments: ¥1.5 billion

Dividends paid: ¥1.2 billion

Minority interests: ¥0.0 billion

Retained earnings: +1.9
(net income +3.1, dividends paid -1.2)
Valuation and translation adjustments: -1.5
(shares -2.1, foreign exchange +0.6; other)
Minority interests: +0.0

*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 1st Q-end (April - June)
Cash flows from operating activities	3.3
Cash flows from investing activities	(0.9)
Free cash flow	2.4
Cash flows from financing activities	2.1
Net increase in cash and cash equivalents	4.5
Cash and cash equivalents at beginning of year	24.2
Cash and cash equivalents at end of year	28.5

(Billions of yen)

● Cash flows from operating activities

Income before income taxes and minority interests	+5.3
Depreciation and amortization	+1.4
Net increase in trade receivables held by Group companies	-1.1
Decrease in inventories	-0.8
Income taxes paid (net of refunding)	-1.4, others

● Cash flows from investing activities

Purchase of tangible fixed assets	-0.7
Purchase of intangible assets	-0.2, others

● Cash flows from financing activities

Increase in borrowing	+3.3
Cash dividends paid	-1.2, others

5. Segment Information

(Billions of yen)

	Reporting 1st Q (April - June)	
	Net sales	Ordinary income
Steel and steel peripheral	475.9	4.9
Food	5.4	0.3
Semiconductors	2.6	0.2
Real estate, others	0.1	(0.1)

※The Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No.17, dated March 27, 2009) and the Revised Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, dated March 21, 2008) took effect from the first quarter of the current consolidated fiscal period.

●Steel & Steel Peripherals

Steel Business:

Focused efforts on marketing activities in the environmental and energy industries in addition to having worked energetically to expand sales in emerging Asian nations and the Middle Eastern region. The decision to establish a steel materials processing center in Thailand was made to meet automotive steel sheet demand which is expected to see further growth.

For Reference: YoY Comparison of Sales Volume/ Unit Price for Steel Materials (JFE Shoji Trade, nonconsolidated)

- ◆Domestic steel: Volume base: up 380,000 tons YoY; Unit price: down ¥19,000/ton
 - ◆Steel export: Volume base: up 372,000 tons YoY; Unit price: up \$144/ton
- Ave. USD rate (Apr.-Jun.): ¥97.79 ⇒ ¥ 91.87

Raw Materials Business:

Steadily addressing the expansion of demand for chrome alloy and for iron ore, coal, and other steel raw materials that has accompanied the rebound in domestic crude steel production. Also engaged actively in tri-country trade of iron ore from Mexico and Canada and coal from Australia to China and South Korea. Worked to expand exports and tri-country trade for steel scrap by establishing domestic cargo consolidation stations and developing new suppliers, among other efforts.

●Food

Canned tuna sales to the Middle Eastern region were favorable in addition to the strong trend in sales for the third-category (low-malt) beer PRIME DRAFT.

●Semiconductors

Imaging circuit boards for gaming devices sold well. ICs for office equipment also rebounded with substantial growth compared to the previous year. The trend of stability in ICs for liquid crystal panels also continued.

●Real Estate

Undertook the sale of real estate holdings.

6. Forecasts for Business Performance and Dividend for FY2010

Developments in the steel industry

- Exports are strong, primarily in the Asian region, and the upward momentum of sales to domestic export-oriented industries such as those in the automotive, construction machinery, and industrial machinery sector, is expected to continue.
- A full-scale rebound in demand is expected to take more time since the forecast for purely domestic demand, primarily from the civil engineering sector, is for continued stagnation.
- While we project a gradual rebound in the environment surrounding our company as stated above, there are also many elements of concern, including the trend of softness in steel materials prices in China and the instability in spot prices for raw materials, so we will need to pay careful attention to circumstances going forward.

Business results for the first quarter trended broadly in line with expectations

No change in the business results forecast

(Announced April 28, 2010)

6. Forecasts for Business Performance and Dividend for FY2010

No change in the business results forecast announced April 28

(Billions of yen)

Full-year consolidated business performance	FY2010 forecasts	FY2009 results	YoY change	% change
Net sales	2,180.0	1811.9	368.1	20%
Operating income	25.5	15.1	10.4	68%
Ordinary income	25.0	14.5	10.5	73%
Net income	15.5	7.5	8.0	107%

Dividend per share	* ¥10	* ¥5
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* Paid at year-end

※Please see the separate "Notice Concerning Revision of the Dividend Forecast for FY2010," which was disclosed today, for the revision in the dividend forecast.

7. 2nd Medium-Term Management Plan (FY2009—

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

Management vision:

“Aim to become a top-notch company of excellence among steel trading firms”

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

Take steps to accommodate steel demand, which is expected to grow over the medium to long-term, especially measures centered on **addressing overseas demand.**

Steel Business

In China, India, Thailand, and other emerging nations where further future growth in demand is projected:

- Establish a steel materials processing center and work to enhance functionality to meet such demand
- Move forward aggressively in building collaborative relationships, including capital tie-ups with firms involved in the steel industry, including our customers, primarily in the Asian region.

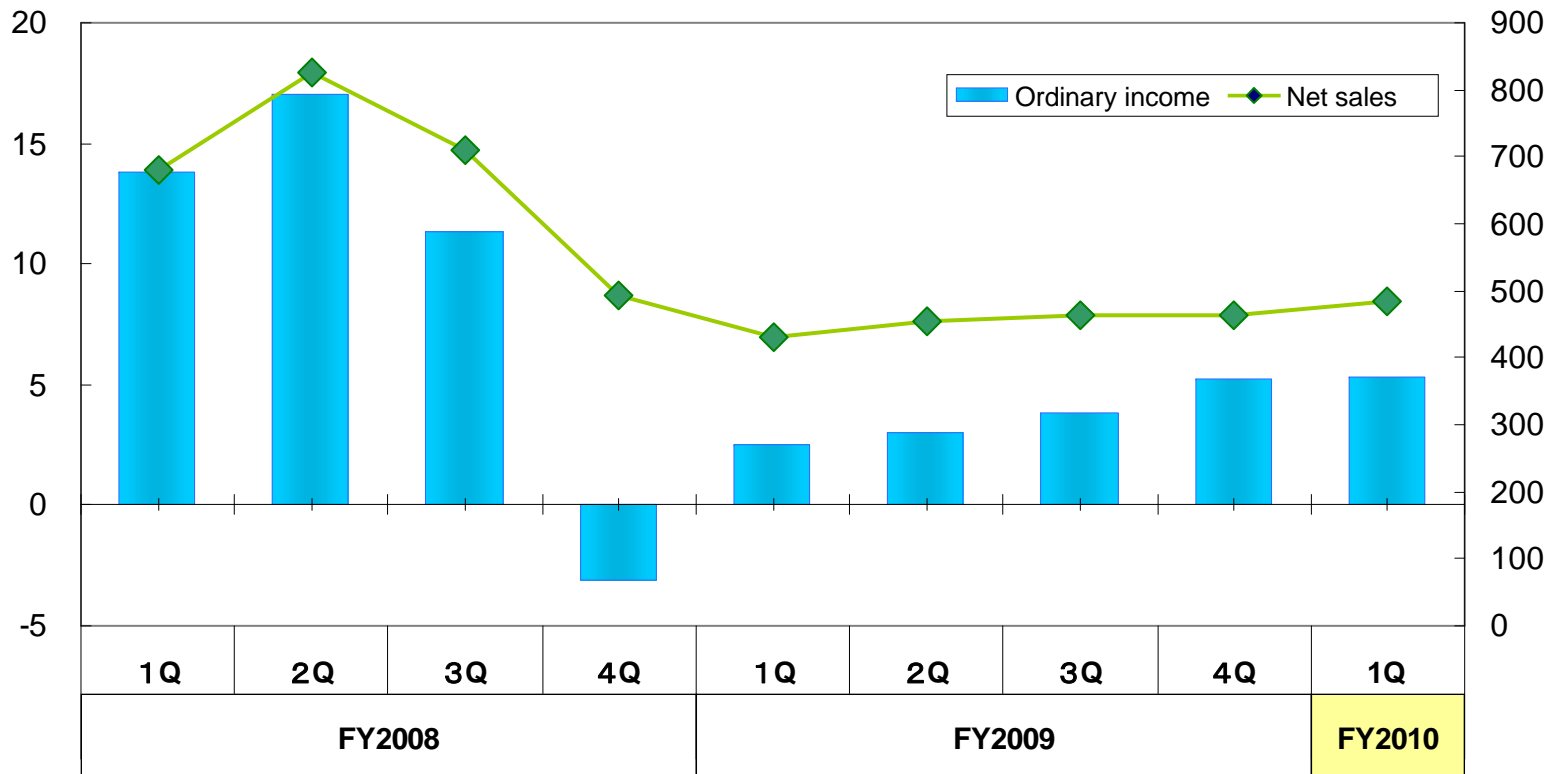
Raw Materials Business

- Make progress on developing new sources of supply for steel raw materials, such as iron ore and coal.

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

(Ordinary income/ Billions of yen)

(Net sales/ Billions of yen)



(Billions of yen)

	FY2008				FY2009				FY2010
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net sales	679.3	824.5	711.0	491.8	432.0	455.1	462.9	461.9	484.0
Ordinary income	13.8	17.0	11.3	(3.1)	2.5	3.0	3.8	5.2	5.3



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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.