

Accounts Settlement for Fiscal 2010
Results Summary/Business Performance
Forecasts, and Merger of
JFE Shoji Holdings, Inc. and
JFE Shoji Trade Corporation

April 27, 2011



JFE SHOJI HOLDINGS, INC.

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1. FY2010 Accounts Settlement: Key Points

- ◆ Despite the end of eco-car subsidies in Japan, automotive demand, especially for exports, was brisk, and sales to the construction and industrial machinery sectors continued on a recovery track. Net sales were up ¥199.6 billion, to ¥2,011.5 billion, thanks to strong export demand, mainly from emerging Asian countries.
- ◆ Ordinary income climbed ¥9.3 billion, to ¥23.8 billion, mainly due to higher income from Group companies in Japan and abroad.
- ◆ Net income increased ¥6.1 billion, to ¥13.6 billion, owing to the ¥9.3 billion increase in ordinary income, after adjusting for such changes as a ¥1.6 billion loss due to disaster, corporate taxes and other factors.

2. Consolidated Statements of Income

(Billions of yen)

	FY2010	FY2009	YoY change	
				% change
Net sales	2,011.5	1,811.9	① 199.6	11%
Gross profit	73.2	64.9	② 8.3	13%
(Gross profit margin)	(3.6%)	(3.6%)	(0.0%)	
Selling, general and administrative expenses	49.8	49.8	0.0	0%
Operating income	23.4	15.1	8.3	55%
non-operating income and expenses	0.4	(0.6)	③ 1.0	
Ordinary income	23.8	14.5	9.3	64%
Extraordinary income or loss	(1.7)	–	④ (1.7)	
Income before income taxes and minority interests	22.1	14.5	7.6	52%
Net income	13.6	7.5	6.1	81%

(Billions of yen)

①② Net sales/Gross profit

● JFE Shoji Trade (Nonconsolidated)	202.3	2.4
• Steel	142.0	1.7
• Raw materials/machinery and materials	60.3	0.7
● Three spun-off construction materials companies	5.0	(0.2)
● Domestic subsidiaries	12.1	2.2
● Overseas subsidiaries	15.6	3.3
● Consolidated adjustments	(38.1)	(0.1)
● JFE Shoji HD, 3 new affiliates	2.7	0.7

③ Non-operating income and expenses

Earnings from investments in equity-method affiliates, etc.

④ Extraordinary losses

FY2010: Loss due to disaster	(1.6)
Asset retirement obligations	(0.1)
FY2009: None	

3. Consolidated Balance Sheet (Summary)

(Billions of yen)

	FY2010 term-end	FY2009 term-end	YoY change
Total assets	571.3	526.8	① 44.5
Net assets	117.4	107.1	② 10.3
Interest-bearing liabilities	107.1	108.1	③ (1.0)
* D/E ratio	0.95	1.06	(0.11)
* Equity ratio	19.7%	19.4%	0.3%

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

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

① Total net assets

Year-on-year increase of ¥44.5 billion, to ¥571.3 billion, due to an increase in trade notes and accounts receivable and inventories on rising steel material prices and sales volumes.

Cash and deposits: ¥7.1 billion
 Trade notes and accounts receivable: ¥23.5 billion
 Inventories: ¥11.9 billion, other

② Net assets

(Breakdown of ¥10.3 billion increase)

Retained earnings: ¥12.4 billion
 Net income: ¥13.6 billion
 Dividends paid: ¥(1.2) billion

Valuation and translation adjustments: ¥(2.2) billion
 Shares: ¥(0.1) billion
 Foreign exchange: ¥(2.2) billion, other

Minority interests: ¥0.1 billion, other

③ Interest-bearing liabilities

Down ¥1.0 billion from the end of the previous fiscal year

4. Consolidated Statement of Cash Flows (Summary)

(Billions of yen)

	FY2010
Cash flows from operating activities	16.3
Cash flows from investing activities	(7.1)
Free cash flow	9.2
Cash flows from financing activities	(0.8)
Cash and cash equivalents: translation adjustment	(0.9)
Net increase in cash and cash equivalents	7.5
Cash and cash equivalents at beginning of year	24.2
Cash and cash equivalents at end of year	31.5

(Billions of yen)

● Cash flows from operating activities

Income before income taxes and minority interests	22.1
Depreciation and amortization	5.6
Decrease in advances to customers	6.4
Increase in inventories	(13.9)
Income taxes paid (net of refunding)	(3.8), other

● Cash flows from investing activities

Non-current assets/acquisition of shares, etc.

● Cash flows from financing activities

Increase in borrowings	0.8
Dividend payments	(1.2), other

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

(Billions of yen)

Segment	Net sales			Ordinary income		
	FY2010	FY2009	YoY change	FY2010	FY2009	YoY change
Steel and steel-peripheral	1,975.8	1,778.9	196.9	22.8	13.8	9.0

Main breakdown of ¥9.0 billion increase in ordinary income ~steel and steel-peripheral~

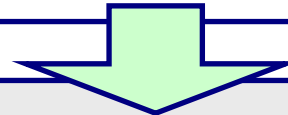
JFE Shoji Trade (Nonconsolidated): Up ¥700 million

- ◆ Domestic steel ... Volume base: up 772,000 tons YoY, unit price up ¥2,700/ ton
- ◆ Steel exports ... Volume base: down 452,000 tons YoY, unit price up \$194/ ton,
 << US\$ average rate (April to March) ¥93.5/US\$ ⇒ ¥86.45/US\$ >>
- ◆ Raw materials ... Sales and profit of metals and coal up, coke profit up

Group Companies: Up ¥7.8 billion

- ◆ Domestic subsidiaries ... Up ¥2.9 billion (Three spun-off construction materials companies) up ¥400 million, other domestic subsidiaries up ¥2.5 billion)
- ◆ Overseas subsidiaries ... Up ¥2.6 billion (Overseas steel materials processing centers up ¥2.3 billion, coal investment company up ¥500 million, other overseas subsidiaries down ¥200 million)
- ◆ Equity-method affiliates ... Up ¥2.3 billion

Consolidated revision: Up ¥500 million



Steel and steel-peripheral segment earnings improved for domestic and overseas Group companies and steel exports remained strong. Sales and profits of raw materials grew due to sales expansion.

5. Segment Information ② (Non-steel segments)

(Billions of yen)

Segment	Net sales			Operating income (loss)			Breakdown
	FY2010	FY2009	YoY change	FY2010	FY2009	YoY change	
Food	25.0	25.3	(0.3)	0.7	0.6	0.1	Though sales declined, profits were up due to increased sales of "third-category beer" from South Korea and brisk sales of canned tuna to Saudia Arabia and canned mackerel to Africa.
Semiconductor	10.3	7.2	3.1	0.4	0.2	0.2	Sales and profits were up following a rebound in global demand. Sales were brisk for ICs for office equipment and imaging circuit boards for game machines.
Real estate	0.4	0.5	(0.1)	(0.1)	(0.1)	(0.0)	Steps taken to facilitate sale of real estate holdings.

6. Forecasts for Business Performance and Dividend for FY2011 ①



Overview

- ◆ In Japan, with some automakers adjusting their production volumes in response to the recent earthquake disaster, the situation remains unpredictable. Though exports should remain strong, especially to Asia, only a modest recovery of steel demand is expected. In addition to the earthquake disaster, many concerns remain including a weakening supply and demand balance for steel in China and other Asian countries, rising crude oil prices caused by political instability in the Middle East, climbing raw material prices including for iron ore and coking coal, and interest rate and foreign exchange trends. We must keep a close watch on future conditions as they develop.
- ◆ Though we cannot eliminate these uncertainties, because of initiatives to expand unit sales of existing businesses as well as sales to new customers, for fiscal 2011 we forecast net sales of ¥2,330.0 billion, operating income of ¥27.5 billion, ordinary income of ¥27.0 billion, and net income of ¥16.5 billion.
- ◆ Ever mindful of the need to continuously return profits to shareholders, based on earnings forecasts for fiscal 2011, we expect to pay an interim and year-end dividend of ¥5 per share, for an annual dividend of ¥10 per share.

6. Forecasts for Business Performance and Dividend for FY2011 ②

(Billions of yen)

	FY2011	FY2010	YoY change	
	Forecast	Results	Amount	% change
Net sales	2,330.0	2,011.5	318.5	16%
Operating income	27.5	23.4	4.1	18%
Ordinary income	27.0	23.8	3.2	13%
Net income	16.5	13.6	2.9	21%
Dividend per share (Common stock)	① ¥10	② ¥10		

 ① Interim and year-end dividend of ¥5 each;
total annual dividend of ¥10

② Year-end dividend of ¥10

7. Merger of JFE Shoji Holdings, Inc. and JFE Shoji Trade Corporation ①

1) Purpose of Merger

The Group is now entering the final year of its 2nd medium-term management plan (details on p.13), which started from April 2009. Recently, we solidified our earnings base, primarily in the steel business, improved our financial standing, strengthened human resource training, streamlined business operations, and fortified our business structure.

From April 2012, the Group will start its 3rd medium-term management plan. In the plan, we have clearly defined a new growth strategy with the goal of “becoming a top-level company of excellence as a steel and iron trading firm.”

Further, the Group has reviewed its current holdings structure and will develop a speedy and agile Group management through a more efficient structure with JFE Shoji Trade Corporation at its core.

2) Outline of Merger

- ① October 1, 2011: JFE Shoji Trade Corporation and Kawasho Real Estate Corporation, wholly-owned subsidiaries, will merge.
(JFE Shoji Trade Corporation will be the surviving company)
- ② March 28, 2012: JFE Shoji Holdings, Inc. will delist from stock exchange.
- ③ April 1, 2012: As the surviving company, JFE Shoji Trade will absorb JFE Shoji Holdings. On the same day, JFE Shoji Trade is scheduled to technically list on the Tokyo Stock Exchange.(*)

* One common share of JFE Shoji Trade Corporation stock will be allocated and issued for one common share of JFE Shoji Holdings, Inc.

⇒Decided after careful consideration of analysis results from Nomura Securities, a third party

7. Merger of JFE Shoji Holdings, Inc. and JFE Shoji Trade Corporation ②



Outline of Merging Companies (Fiscal year ended March 31, 2011)

1) Business name	JFE SHOJI TRADE CORPORATION (Acquiring company [surviving company])	JFE SHOJI HOLDINGS, INC. (Acquired company)	KAWASHO REAL ESTATE CORPORATION (Acquired company)
2) Head office	1-6-20, Dojima, Kita-ku, Osaka	Same as column to left	2-7-1, Otemachi, Chiyoda-ku, Tokyo
3) Name and title of representative director	<i>President:</i> Mikio Fukushima	Same as column to left	<i>President:</i> Yasushi Sato
4) Main business	Engaged primarily in domestic trading and import and export in such fields as steel products and materials, nonferrous metals, chemical products, machinery and marine vessels.	Engaged in the formulation and management of Group business strategy and other work incidental to that.	Engaged primarily in the holding, management, buying and selling, leasing and brokerage of real estate.
5) Paid-in capital	¥ 14,539 million	¥ 20,000 million	¥ 100 million
6) Established	January 5, 1954	August 2, 2004	October 1, 2004
7) Total issued shares	236,777,704 *	236,777,704	60,000
8) Major shareholders and ratio of shareholding	JFE SHOJI HOLDINGS, INC. 100	JFE Steel Corporation 38.56% Kawasaki Heavy Industries, Ltd. 2.72% Trust & Custody Services Bank, Ltd. as a trustee for Mizuho Trust Retirement Benefits Trust Account for Kawasaki Heavy Industries 2.32%	JFE SHOJI HOLDINGS, INC. 100

* The total number of shares after the reverse stock split conducted by JFE Shoji Trade Corporation on April 1, 2011

7. Merger of JFE Shoji Holdings, Inc. and JFE Shoji Trade Corporation ③

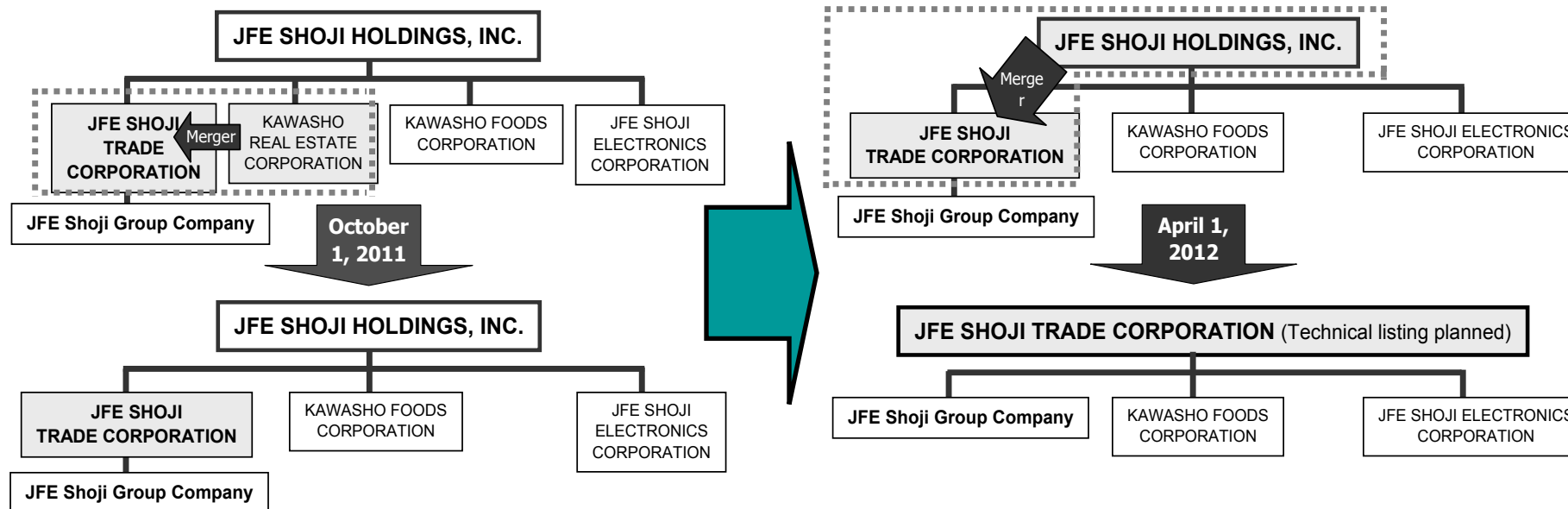


«October 1, 2011»

Merger of JFE SHOJI TRADE CORPORATION (Surviving company) and KAWASHO REAL ESTATE CORPORATION

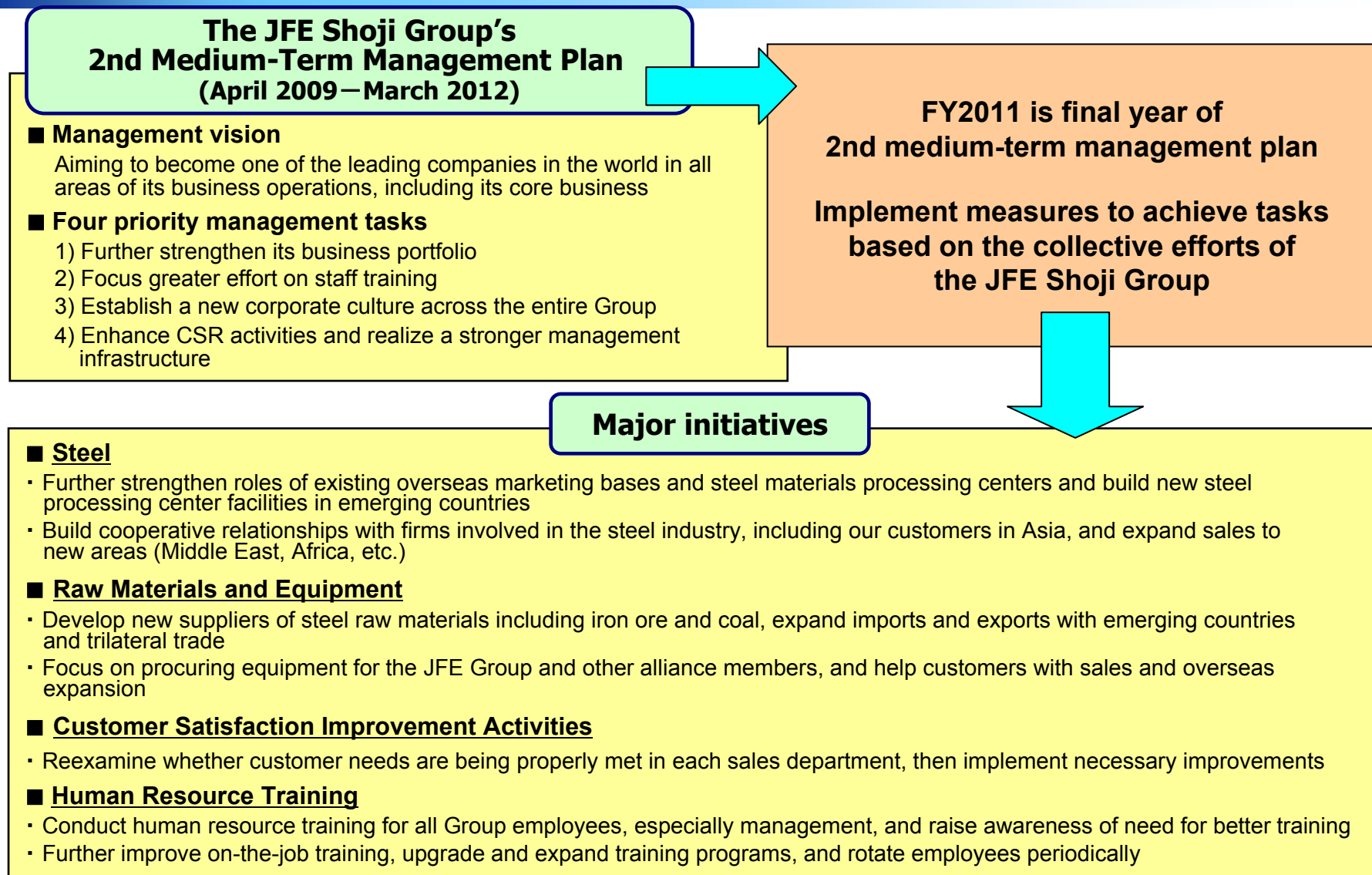
«April 1, 2012»

Merger of JFE SHOJI TRADE CORPORATION (Surviving company) and JFE SHOJI HOLDINGS, INC.



This absorption-type merger will be under the common control of the Company and will have no material impact on consolidated earnings.

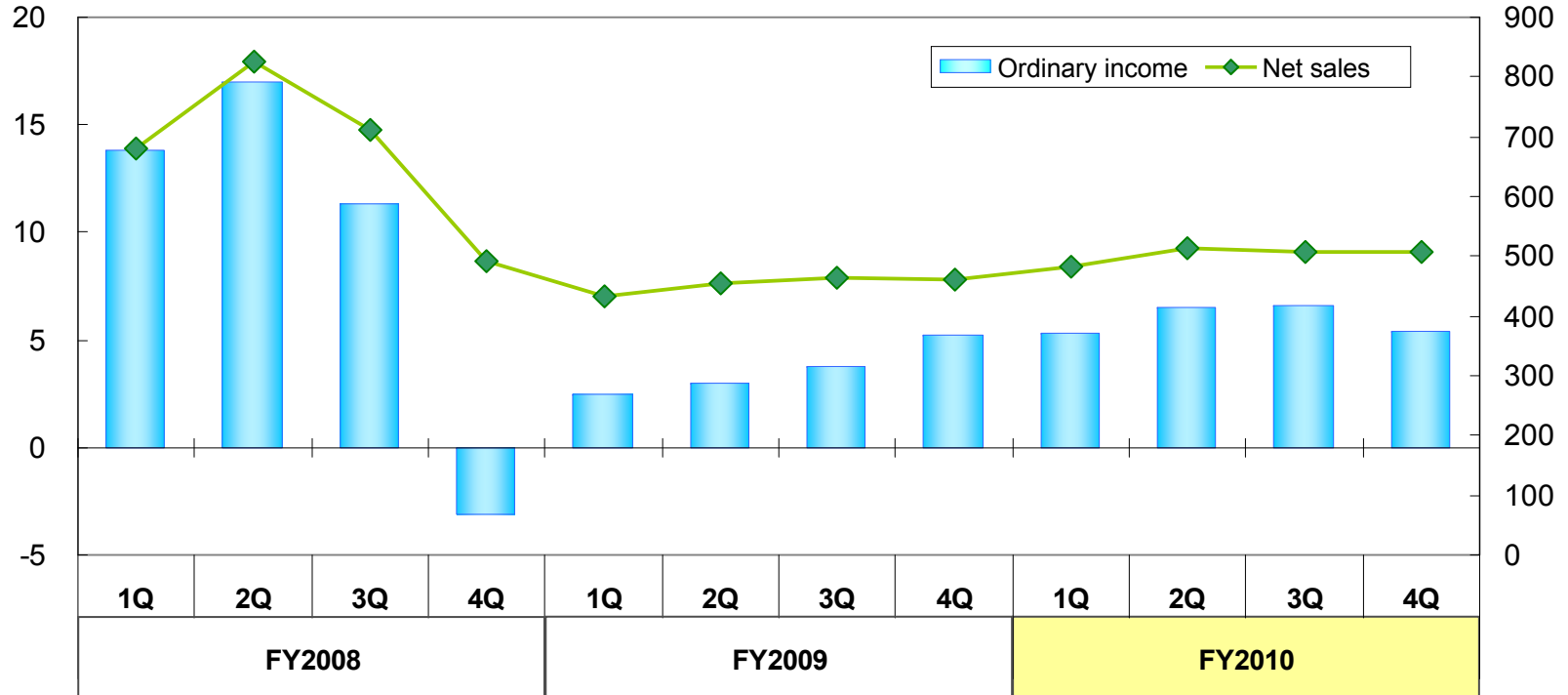
8. <Reference> 2nd Medium-Term Management Plan (FY2009–FY2011)



9. <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	2Q	3Q	4Q
Net sales	679.3	824.5	711.0	491.8	432.0	455.1	462.9	461.9	484.0	512.6	506.5	508.4
Ordinary income	13.8	17.0	11.3	(3.1)	2.5	3.0	3.8	5.2	5.3	6.5	6.6	5.4



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.