

# Flash Report for the Year Ended March 31, 2010

## (on a consolidated bases)

April 28, 2010

Name of the listed company: **JFE Shoji Holdings, Inc.**

Code No.: 3332 Stock exchange: Tokyo Stock Exchange and Osaka Securities Exchange (1<sup>st</sup> section)

URL: <http://www.jfe-shoji-hd.co.jp>

Representative: Mikio Fukushima, President and CEO

Contact: Kunihiko Utata, General Manager of General Affairs Department

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Scheduled date for annual general meeting of shareholders: June 29, 2010

Date for initiation of dividend payments (subject to change): June 30, 2010

Scheduled date for submission of Securities Report: June 29, 2010

\* All amounts are rounded down to the nearest million yen.

### 1. Results for the Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income	
	¥	(%)	¥	(%)	¥	(%)	¥	(%)
Year ended March 31, 2010	¥1,811,887	(33.1)%	¥15,140	(62.4)%	¥14,491	(62.9)%	¥ 7,506	(62.2)%
Year ended March 31, 2009	2,706,576	12.6	40,238	7.5	39,009	(0.6)	19,848	(15.3)

  

	Earnings per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2010	¥31.78	¥—	7.1%	2.5%	0.8%
Year ended March 31, 2009	82.54	¥—	18.1	6.0	1.5

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.

2. Earnings from investments in equity-method affiliates

Year ended March 31, 2010: ¥(874) million      Year ended March 31, 2009: ¥16 million

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2010	¥526,788	¥107,060	19.4%	¥432.64
As of March 31, 2009	635,481	114,684	17.1	381.02

Note: Owners' equity

As of March 31, 2010: ¥102,166 million

As of March 31, 2009: ¥108,697 million

(3) Cash flows (¥ million)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Year ended March 31, 2010	¥27,164	¥ (2,977)	¥(62,295)	¥24,231
Year ended March 31, 2009	1,773	(12,229)	47,953	61,590

### 2. Dividends

	Cash dividends per share (¥)					Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends as a percentage of net assets (consolidated)
	Quarter-end							
	1st	2nd	3rd	Year-end	Annual			
<b>Ordinary share:</b>								
Year ended March 31, 2009	—	¥5.00	—	¥5.00	¥10.00	¥2,365	12.1%	2.7%
Year ended March 31, 2010	—	0.00	—	5.00	5.00	1,182	15.7	1.1
Year ending March 31, 2011 (forecast)	—	—	—	—	10.00		15.2	

### 3. Business Performance Forecasts for the Year Ending March 31, 2011

(April 1, 2010 to March 31, 2011)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)
First-half period	¥1,020,000	15.0%	¥10,000	78.0%	¥ 9,500	73.1%	¥ 6,000	98.9%	¥25.40
Full term	2,180,000	20.3	25,500	68.4	25,000	72.5	15,500	106.5	65.63

### 4. Others

(1) Changes in the scope of consolidation

Inclusion: none

Exclusion: none

(2) Changes in significant accounting policies

Changes in accounting standard: applicable

Other: not applicable

(3) Number of ordinary shares issued at the end of the year

As of March 31, 2010: 236,777,704 shares      As of March 31, 2009: 236,777,704 shares

Number of shares in treasury at the end of the year

As of March 31, 2010: 633,507 shares      As of March 31, 2009: 581,704 shares

### 5. Non-Consolidated Results for the Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Operating results

(¥ million)

	Net sales		Operating income		Ordinary income	
Year ended March 31, 2010	¥ 3,089	(82.0)%	¥ 2,440	(85.2)%	¥ 2,599	(84.4)%
Year ended March 31, 2009	17,194	26.4	16,513	27.6	16,684	27.8

  

	Net income		Earnings per share (¥)	
			Basic	Diluted
Year ended March 31, 2010	¥ 2,505	(84.9)%	¥10.58	¥—
Year ended March 31, 2009	16,578	27.8	68.57	—

Note: Percentage figures represent year-on-year comparisons.

(2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2010	¥51,189	¥50,611	98.9%	¥213.96
As of March 31, 2009	68,137	68,006	99.8	208.40

Note: Owners' equity

As of March 31, 2010: ¥50,611 million      As of March 31, 2009: ¥68,006 million

# Operating Results

## 1. Analysis of Operating Results

### Business Performance for Fiscal 2009

Since the trough of mid-2009, the global economy has begun to show stronger signs of recovery, driven by stimulus measures of governments around the world and sustained high growth in China, India and other emerging Asian economies.

Recovery in the Japanese economy, however, has been only modest. Despite growth in exports to Asian emerging countries and an increase in private consumption fueled by government stimulus packages, public investment has trended downward, and the employment picture remains harsh.

In the steel industry, our primary business, exports to Asian countries have remained robust. Despite a recovery trend led by the automotive sector, net domestic demand from the construction and civil engineering sectors has remained sluggish, and full-fledged recovery remains some way off.

The following is a breakdown by segment of the Company's business performance for the reporting period.

#### *Breakdown of Business Performance by Segment*

##### **Steel and Steel-Peripheral Businesses**

In the steel business, we strengthened marketing efforts toward a Korean steelmaker - an alliance partner of JFE Steel Corporation - and developed new customers in Asia (China, India, Vietnam etc.) and the Middle East. In the environmental and energy sector, we took measures to aggressively expand sales of wind-power generation equipment. In addition, we decided to invest in Chinese cold-rolled steel sheet manufacturer Yantai Donghai Steel Strip Co., Ltd., with the aim of further expanding the range of our businesses and deepening relationships with them. We also undertook the merger and reorganization of Group companies. With the aim to create an even more efficient steel processing and distribution network, our subsidiary Tsukuba Buriki Coil Center Co., Ltd. merged with Metal One Tinplate and Container Corporation, a subsidiary of Metal One Corporation, to form the new company MOBY Corporation. Also, Hanwa Kozai Co., Ltd. acquired a majority stake in Kowa Kinzoku Corporation, making it into a subsidiary. Likewise, in both Japan and overseas, we worked to improve yields at steel processing plants to raise efficiency in our production processes, and we implemented thorough cost-cutting measures including flexible adjustment of our output in response to production cutbacks by our customers.

In raw materials, we made efforts to expand exports of steel scrap and increase third-country transactions in scrap, particularly from the United States. We also took steps to expand sales of steel alloys to electric furnace smelters in Japan. We expanded third-country transactions in steel raw materials by developing new sources for iron ore, and expanded sales of coking coal and smokeless coal to China, India, Philippines and other emerging markets. We also began selling steam coal to Japanese and overseas electric power companies in addition to offering coking coal, as a way of securing a new revenue source and strengthening ties with mining companies.

In these ways we worked to increase the volume of sales and improve profitability. However, sales of the steel material and steel-peripheral businesses fell ¥887,543 million year-on-year to ¥1,778,866 million, and operating income slipped ¥25,489 million to ¥14,565 million, with volumes falling steeply year-on-year due to the weakness of the recovery in demand for steel.

##### **Food Business**

In the food business, we suffered a decrease in volumes handled of frozen seafood and processed meat and farm products originating in China, but strong sales of the "third-category beer (low- malt)" PRIME DRAFT continued, and we made aggressive efforts to expand sales of Nozaki's Corned Beef at major volume retailers. As a result of the above, sales in this business declined by ¥4,901 million to ¥25,314 million, but operating income increased ¥135 million to ¥572 million.

##### **Semiconductors Business**

Although the number of transactions declined in our mainstay semiconductors for color multifunction office machinery (printer/copier/scanner/fax), the Group achieved stable sales of integrated circuits for use in LCD panels and optical-fiber equipment. In addition, we commenced sales in Asian markets of telecommunications ICs, with a focus on launching new value-added products. As a result of these factors, sales in this business fell ¥2,302 million year-on-year to ¥7,193 million, and operating income increased ¥19 million to ¥160 million.

##### **Real Estate Business**

In the real estate business, despite our best efforts to sell off landholdings at an early stage in the Otsuno Hills development at "Tsuchiura New Town," in Tsuchiura City, Ibaraki Prefecture, sales of the real estate business posted a year-on-year increase of ¥57 million, to ¥513 million, leading to an operating loss of ¥199 million.

As a result of these factors, consolidated sales and earnings figures for the Group were all down. Sales declined

by ¥894,689 million year-on-year to ¥1,811,887 million, operating income by ¥25,098 million to ¥15,140 million, recurring profit by ¥24,518 million to ¥14,491 million, and net income by ¥12,342 million to ¥7,506 million.

#### *Business Performance Forecasts for Fiscal 2010*

We expect recovery momentum to continue in the world economy, with high growth rates maintained in China and other Asian countries on the back of public infrastructure and other construction projects, and expanded consumer spending, as well as a gradual pickup in developed economies.

In the Japanese economy, we expect signs of recovery to appear amid a sustained uptrend in exports on expanded demand from other Asian countries, and in private capital investment. However, our assumption is that recovery will remain mild, hampered by the dependence of consumer spending growth on government stimulus measures and expectations of a further decline in public investment.

In our primary domain of steelmaking, we expect net domestic demand from the civil engineering and construction industries to remain at a low ebb, but see recovery momentum in manufacturing driven by export demand from the automotive industry. Conditions in the industrial machinery and construction machinery sectors are also set to bottom out. The likelihood of continued stability in the export outlook prompts us to forecast sustained recovery in demand for steel products. However, we need to closely monitor the situation going forward in light of concerns of softening demand as steel production capacity in China and other Asian countries is ramped up.

The JFE Shoji Group is currently addressing medium-term issues under the guidance of its second medium-term management plan, which runs from April 2009 to March 2012. Under this plan, we aim to further enhance the business base we have built up since the establishment of the Group. Our efforts will be in line with our corporate vision, which is to become a leading company in all aspects of our business operations. We will be tackling four priority issues: 1) taking full advantage of the growth in demand for steel materials – particularly overseas – which we expect to materialize in the medium and long terms, so as to strengthen our business portfolio in terms of both profitability and financial position; 2) focusing greater effort on staff training; 3) establishing a new corporate culture across the entire Group; and 4) enhancing CSR activities and realizing a stronger management infrastructure.

In overseas markets, where we expect further demand growth, we plan to set up or expand steel materials processing center facilities to meet such demand. We will also take aggressive measures to expand sales to overseas companies other than those with parents in Japan, and develop new suppliers of raw materials.

JFE Shoji Trade, the principal operating company in the Group, is currently pursuing a business renovation program known as J-SLIM, through which it aims to remodel its operations for higher value-added production, by jettisoning old ways of thinking. A review of systems and processes in the Company by all personnel is under consideration, and we are overhauling infrastructure including a shift to videoconferencing. Through these activities, we aim to foster a corporate culture in which a high level of transparency and communication is entrenched, and further build up earnings.

For the coming fiscal period (consolidated basis), we forecast sales of ¥2,180 billion, operating income of ¥25.5 billion, ordinary income of ¥25.0 billion and net income of ¥15.5 billion, thanks to efforts to expand the volume of sales to existing customers, cultivate new clients, and cut selling, general and administrative expenses, while expanding volumes handled thanks to demand recovery.

Note: Forecasts contained in the above text are based on information known to the Company's management as of the time of writing. Owing to a number of unforeseeable future factors, the said forecasts may differ substantially from the actual results.

## **2. Analysis of Financial Conditions**

### **Assets, Liabilities and Net Assets**

Total assets at the end of the term decreased by ¥108,693 million from the previous term-end to ¥526,788 million. In addition to progress in reducing inventories and cash-on-hand, the Company posted a decline in trade receivables as a result of lower sales volumes for steel materials and the impact of lower prices.

Net assets fell ¥7,624 million year-on-year from the previous term-end to ¥107,060 million. The booking of net income of ¥7,506 million, unrealized gains on available-for-sale securities on the back of rising stock prices, and improvement in foreign currency translation adjustments were outweighed by acquisition and retirement of ¥18,523 million in Class A preferred shares, in addition to dividend payments. Regarding Class A preferred shares, the Company completed redemption of the total amount during the reporting term.

### **Cash Flows**

Net cash provided by operating activities stood at ¥27,164 million, reflecting efforts to reduce cash outflows through inventory reductions and other measures.

Net cash used in investing activities totaled ¥2,977 million, reflecting expansion of capital investments in processing capacity and in improving quality and safety.

Net cash provided used in financing activities amounted to ¥62,295 million, reflecting repayment of interest-bearing liabilities and purchase and retirement of Class-A preferred shares.

#### Major financial indicators

	FY2005	FY2006	FY2007	FY2008	FY2009
Equity ratio	14.0%	16.0%	17.0%	17.1%	19.4%
Equity ratio (mark-to-market basis)	24.6%	22.2%	25.1%	9.7%	17.7%
Debt redemption ratio	5.2	2.5	10.9	83.4	4.0
Interest coverage ratio	8.5	12.9	2.8	0.6	10.6

Note: Calculated using consolidated financial figures

Equity ratio: Owners' equity (net assets – minority interests) / Total assets

Equity ratio (mark-to-market basis): Market capitalization<sup>\*1</sup> / Total assets

Debt redemption ratio: Interest-bearing liabilities<sup>\*2</sup> / Cash flows from operating activities<sup>\*3</sup>

Interest coverage ratio: Cash flows from operating activities<sup>\*3</sup> / Interest expenses<sup>\*4</sup>

\*1. Share price at the end of the fiscal year x the number of shares issued and outstanding at end of fiscal year

\*2. Total borrowings

\*3. Cash flows from operating activities appearing in the consolidated statement of cash flows

\*4. Interest expenses registered on the consolidated statement of cash flows

### 3. Basic Policy on Distribution of Retained Earnings for the Reporting and Current Terms

The Company's dividend policy makes dividend payments to shareholders a priority, while giving full consideration to the Company's earnings trends, as well as the need to retain sufficient earnings to strengthen the business foundation of the Group as a whole and redeem preferred shares.

Under these policies, we plan to pay a dividend per share of ¥5 at the end of the term ending March 2010, as previously announced.

Decisions regarding the dividend for the coming term will be made based on the above policy. We expect to pay a full-term dividend of ¥10 per share, an increase of ¥5 per share from the term under review.

We will make an announcement in due course as to whether or not to pay an interim dividend, after consideration of future performance trends.

## Outline of the JFE Shoji Group

No significant changes have been made to the "Business Structure (Business Lines)" and "Subsidiaries and Affiliates" sections appearing in the Company's securities report issued on June 27, 2008. Therefore, these parts have been omitted.

## Management Policy

### 1. The Basic Management Policy of the JFE Shoji Group

As there are no significant changes from the issues disclosed in the Fiscal 2007 Financial Results report released on October 31, 2006, these parts have been omitted.

The Fiscal 2007 Financial Results report is available on our website:

<http://www.jfe-shoji-hd.co.jp/investor/earnings/index.html>

Tokyo Stock Exchange (information search for listed companies):

<http://www.tse.or.jp/listing/compsearch/index.html>

### 2. Medium-to-long-term management strategy, issues the Company faces, and targeted principle management indicators

Under its management vision of "Making the JFE Shoji Group into one of the leading specialist steel trading entities in the world," the Group aims to expand revenues and improve efficiency to ensure a sufficiently high level of profitability that will serve as the basis for sustainable growth, even in a rapidly changing business environment.

We will continue to work to reinforce our revenue base and implement measures to upgrade the training of our staff, who are ultimately responsible for the success of the Group as a whole. Through these efforts, we aim to realize continuous growth and contribute to the well-being of all our stakeholders.

## Consolidated Balance Sheets

As of March 31	Millions of yen	
	2010	2009
<b>Assets</b>		
Current assets:		
Cash and deposits	¥ 24,466	¥ 60,822
Trade notes and accounts receivable	298,633	343,071
Merchandise and finished products	49,585	69,465
Work in process	412	494
Raw materials and supplies	15,593	25,655
Other current assets	33,160	36,135
Allowance for doubtful receivables	(1,677)	(2,370)
<b>Total current assets</b>	<b>420,173</b>	<b>533,273</b>
Non-current assets:		
Tangible fixed assets:		
Buildings and structures	23,966	23,830
Accumulated depreciation	(12,622)	(12,085)
Net buildings and structures	11,344	11,744
Machinery, equipment and vehicles	27,768	29,452
Accumulated depreciation	(19,373)	(21,041)
Net machinery, equipment and vehicles	8,394	8,411
Land	17,039	16,771
Other	10,008	10,574
Accumulated depreciation	(6,885)	(6,521)
Net other	3,123	4,053
<b>Total tangible fixed assets</b>	<b>39,901</b>	<b>40,980</b>
Intangible assets	7,026	7,922
Investments and other assets:		
Investments in securities	43,723	38,077
Other	20,816	21,174
Allowance for doubtful receivables	(4,854)	(5,947)
<b>Total investments and other assets</b>	<b>59,685</b>	<b>53,305</b>
<b>Total non-current assets</b>	<b>106,614</b>	<b>102,208</b>
<b>Total assets</b>	<b>¥526,788</b>	<b>¥635,481</b>

Note: Amounts under one million yen are omitted.

As of March 31	Millions of yen	
	2010	2009
<b>Liabilities</b>		
Current liabilities:		
Trade notes and accounts payable	¥274,522	¥333,754
Short-term borrowings	91,025	123,338
Accrued income taxes	1,784	4,783
Other reserve	97	10
Other current liabilities	24,650	26,228
<b>Total current liabilities</b>	<b>392,079</b>	<b>488,114</b>
Non-current liabilities:		
Long-term debt	17,046	24,451
Accrued retirement benefits for employees	4,260	3,990
Accrued retirement benefits for directors	694	669
Other reserve	1	34
Other	5,645	3,536
<b>Total non-current liabilities</b>	<b>27,648</b>	<b>32,681</b>
<b>Total liabilities</b>	<b>419,727</b>	<b>520,796</b>
<b>Net assets</b>		
Shareholders' equity:		
Share capital	20,000	20,000
Capital surplus	17,428	17,428
Retained earnings	71,364	83,737
Treasury stock	(347)	(329)
<b>Total shareholders' equity</b>	<b>108,446</b>	<b>120,836</b>
Valuation and translation adjustments:		
Net unrealized holding gain (loss) on securities	3,903	(233)
Net deferred gain (loss) on hedges	28	(155)
Land revaluation reserve	(408)	(407)
Translation adjustments	(9,803)	(11,342)
<b>Total valuation and translation adjustments</b>	<b>(6,279)</b>	<b>(12,139)</b>
Minority interests	4,894	5,987
<b>Total net assets</b>	<b>107,060</b>	<b>114,684</b>
<b>Total liabilities and net assets</b>	<b>¥526,788</b>	<b>¥635,481</b>

## Consolidated Statements of Income

Years ended March 31	Millions of yen	
	2010	2009
Net sales	¥1,811,887	¥2,706,576
Cost of sales	1,746,948	2,609,799
Gross profit	64,939	96,777
Selling, general and administrative expenses	49,798	56,538
Operating income	15,140	40,238
Non-operating income:		
Interest income	429	886
Dividend received	629	1,518
Equity in earnings of unconsolidated subsidiaries and affiliates	—	16
Foreign exchange gain	—	993
Other	2,705	1,516
Total non-operating income	3,764	4,931
Non-operating expenses:		
Interest expense	2,261	3,366
Equity in loss of unconsolidated subsidiaries and affiliates	874	—
Loss on sale of trade notes and accounts receivable	—	693
Loss on devaluation of derivatives	—	891
Other	1,277	1,209
Total non-operating expenses	4,413	6,161
Ordinary income	14,491	39,009
Extraordinary losses:		
Loss on devaluation of investments in securities	—	1,903
Loss on impairment of fixed assets	—	508
Loss on devaluation of inventories	—	485
Total extraordinary losses	—	2,897
Income before income taxes and minority interests	14,491	36,111
Income taxes:		
Current	5,278	13,691
Deferred	1,994	1,644
Total income taxes	7,272	15,335
Minority interests	(288)	927
Net income	¥ 7,506	¥ 19,848

Note: Amounts under one million yen are omitted.

## Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Year ended March 31, 2010</b>					
Balance at March 31, 2009	¥20,000	¥ 17,428	¥ 83,737	¥ (329)	¥120,836
Changes during year:					
Cash dividends			(1,356)		(1,356)
Net income			7,506		7,506
Purchases of treasury stock				(18,540)	(18,540)
Retirement of treasury stock		(18,523)		18,523	—
Transfer		18,523	(18,523)		—
Reversal of land revaluation reserve			0		0
Net changes in items other than shareholders' equity					
Total changes during year	—	—	(12,373)	(17)	(12,390)
Balance at March 31, 2010	¥20,000	¥ 17,428	¥ 71,364	¥ (347)	¥108,446

	Valuation and translation adjustments						
	Net unrealized holding gain (loss) on securities	Net unrealized deferred gain (loss) on hedges	Land revaluation reserve	Translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2009	¥ (233)	¥(155)	¥(407)	¥(11,342)	¥(12,139)	¥5,987	¥114,684
Changes during year:							
Cash dividends							(1,356)
Net income							7,506
Purchases of treasury stock							(18,540)
Retirement of treasury stock							—
Transfer							—
Reversal of land revaluation reserve							0
Net changes in items other than shareholders' equity	4,136	184	(0)	1,538	5,859	(1,093)	4,765
Total changes during year	4,136	184	(0)	1,538	5,859	(1,093)	(7,624)
Balance at March 31, 2010	¥ 3,903	¥ 28	¥(408)	¥ (9,803)	¥ (6,279)	¥4,894	¥107,060

Note: Amounts under one million yen are omitted.

Year ended March 31, 2009	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	¥20,000	¥17,428	¥73,126	¥ (317)	¥110,237
Changes during year:					
Cash dividends			(4,146)		(4,146)
Net income			19,848		19,848
Purchases of treasury stock				(5,100)	(5,100)
Retirement of treasury stock		(5,088)		5,088	—
Transfer		5,088	(5,088)		—
Reversal of land revaluation reserve			(3)		(3)
Net changes in items other than shareholders' equity					
Total changes during year	—	—	10,610	(12)	10,598
Balance at March 31, 2009	¥20,000	¥17,428	¥83,737	¥ (329)	¥120,836

Year ended March 31, 2009	Valuation and translation adjustments						
	Net unrealized holding gain (loss) on securities	Net unrealized deferred loss on hedges	Land revaluation reserve	Translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	¥ 4,920	¥ (69)	¥(410)	¥ (3,452)	¥ 987	¥6,019	¥117,244
Changes during year:							
Cash dividends							(4,146)
Net income							19,848
Purchases of treasury stock							(5,100)
Retirement of treasury stock							—
Transfer							—
Reversal of land revaluation reserve							(3)
Net changes in items other than shareholders' equity	(5,153)	(85)	3	(7,889)	(13,126)	(31)	(13,158)
Total changes during year	(5,153)	(85)	3	(7,889)	(13,126)	(31)	(2,559)
Balance at March 31, 2009	¥ (233)	¥(155)	¥(407)	¥(11,342)	¥(12,139)	¥5,987	¥114,684

Note: Amounts under one million yen are omitted.

## Consolidated Statements of Cash Flows

Years ended March 31	Millions of yen	
	2010	2009
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	¥14,491	¥36,111
Depreciation and amortization	5,869	5,890
Loss on devaluation of investments in securities	—	1,903
Loss on impairment of fixed assets	—	508
Increase (decrease) in allowance for doubtful receivables	1,771	(2,728)
Increase in accrued retirement benefits for employees	318	219
Increase in accrued retirement benefits for directors	31	75
Interest and dividend income	(1,058)	(2,404)
Interest expense	2,261	3,366
Equity in loss (earnings) of unconsolidated subsidiaries and affiliates	874	(16)
Decrease in trade notes and accounts receivable	43,937	52,411
Decrease (increase) in inventories	29,967	(19,876)
Decrease in trade notes and accounts payable	(58,647)	(59,659)
Other, net	2,042	4,651
Subtotal	38,316	20,452
Interest and dividend received	1,293	2,844
Interest paid	(2,553)	(3,046)
Income taxes paid	(14,003)	(21,020)
Income taxes refunded	4,110	2,543
Net cash provided by operating activities	27,164	1,773
<b>Cash flows from investing activities</b>		
Increase in time deposits	(102)	(1,523)
Proceeds from withdrawal of time deposits	100	1,542
Purchases of tangible fixed assets	(2,488)	(6,808)
Proceeds from sale of tangible fixed assets	231	1,051
Purchases of intangible assets	(1,309)	(2,886)
Proceeds from sale of intangible assets	89	—
Purchases of investments in securities	(383)	(3,799)
Proceeds from sale of investments in securities	5	20
Purchases of shares of subsidiaries	(167)	—
Proceeds from sale of shares of subsidiaries that are excluded from consolidation	81	—
Increase in loans receivable	(454)	(918)
Collection of loans receivable	974	970
Other, net	445	120
Net cash used in investing activities	(2,977)	(12,229)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	(39,594)	73,721
Decrease in commercial paper	—	(6,997)
Repayment of finance lease obligations	(669)	(722)
Proceeds from long-term debt	4,000	6,000
Repayment of long-term debt	(5,489)	(14,274)
Proceeds from minority shareholders	89	—
Purchases of treasury stock	(18,540)	(5,100)
Cash dividends paid	(1,358)	(4,146)
Cash dividends paid to minority shareholders	(725)	(527)
Other, net	(6)	—
Net cash provided by (used in) financing activities	(62,295)	47,953
Effect of exchange rate changes on cash and cash equivalents	750	(2,187)
Net increase (decrease) in cash and cash equivalents	(37,358)	35,309
Cash and cash equivalents at beginning of year	61,590	26,281
Cash and cash equivalents at end of year	¥24,231	¥61,590

Note: Amounts under one million yen are omitted.

## Segment Information

### Business segment information

Millions of yen

	Year ended March 31, 2010						
	Steel and Steel Peripherals	Food	Semiconductors	Real Estate	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	¥1,778,866	¥25,314	¥7,193	¥ 513	¥1,811,887	¥ —	¥1,811,887
Intersegment	0	0	23	—	25	(25)	—
Total	1,778,866	25,315	7,216	513	1,811,913	(25)	1,811,887
Operating expenses	1,764,301	24,742	7,056	712	1,796,813	(66)	1,796,747
Operating income (loss)	¥ 14,565	¥ 572	¥ 160	¥ (199)	¥ 15,099	¥ 40	¥ 15,140
Total assets	¥ 497,205	¥ 9,018	¥3,771	¥16,105	¥ 526,100	¥687	¥ 526,788
Depreciation and amortization	5,755	92	6	2	5,856	12	5,869
Capital expenditures	3,727	91	6	0	3,826	4	3,830

	Year ended March 31, 2009						
	Steel and Steel Peripherals	Food	Semiconductors	Real Estate	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	¥2,666,409	¥30,215	¥9,495	¥ 456	¥2,706,576	¥ —	¥2,706,576
Intersegment	3	3	18	33	59	(59)	—
Total	2,666,413	30,218	9,514	489	2,706,635	(59)	2,706,576
Operating expenses	2,626,358	29,780	9,373	941	2,666,454	(116)	2,666,337
Operating income (loss)	¥ 40,054	¥ 437	¥ 141	¥ (451)	¥ 40,181	¥ 57	¥ 40,238
Total assets	¥ 604,425	¥ 8,522	¥2,805	¥16,417	¥ 632,171	¥3,310	¥ 635,481
Depreciation and amortization	5,805	66	7	3	5,882	7	5,890
Impairment loss	508	—	—	—	508	—	508
Capital expenditures	9,533	256	8	—	9,799	52	9,852

Notes: 1. Amounts under one million yen are omitted.

2. Unallocated operating expenses of ¥648 million and ¥680 million for the years ended March 31, 2010 and 2009, respectively, included in the “Elimination or Corporate” column, consisted primarily of general and administrative expenses incurred at the Company.
3. Corporate assets of ¥1,304 million and ¥3,427 million for the years ended March 31, 2010 and 2009, respectively, included in the “Elimination or Corporate” column, consisted primarily of refundable corporate tax assets, and cash and deposits, of the Company and its consolidated subsidiaries.
4. “Capital expenditures” do not include any increase due to the merger, and so forth.
5. Changes in accounting policies
  - (1) Effective from the previous reporting period, new standards for the measurement of inventories are being applied. In line with this change, compared with the figures that would have resulted from the use of the previous accounting standards, operating income for the previous reporting period declined by ¥4,993 million for the Steel and Steel Peripherals Business, ¥5 million for the Food Business, ¥15 million for the Semiconductors Business, and ¥320 million for the Real Estate Business, respectively. The previous term-end balance of assets declined by ¥3,955 million for the Steel and Steel Peripherals Business, ¥3 million for the Food Business, ¥11 million for the Semiconductors Business, and ¥806 million for the Real Estate Business, respectively.
  - (2) Effective from the previous reporting period, new accounting standards for lease transactions are being applied. In line with this change, compared with the figures that would have resulted from the use of the previous accounting standards, the previous term-end balance of assets for the Steel and Steel Peripherals Business increased by ¥2,535 million, and for the Food Business the balance increased by ¥4 million, while amounts posted in the category of “Eliminations or Corporate” increased by ¥2 million.

For the reporting period, no changes have been made in accounting policies.

## Geographic segment information

Millions of yen

	Year ended March 31, 2010				
	Japan	Other areas	Total	Eliminations or Corporate	Consolidated
Net sales:					
Outside customers	¥1,705,458	¥106,428	¥1,811,887	¥ —	¥1,811,887
Intersegment	50,863	2,542	53,405	(53,405)	—
Total	1,756,322	108,971	1,865,293	(53,405)	1,811,887
Operating expenses	1,743,495	107,389	1,850,884	(54,137)	1,796,747
Operating income	¥ 12,826	¥ 1,582	¥ 14,409	¥ 731	¥ 15,140
Total assets	¥ 490,109	¥ 68,424	¥ 558,534	¥(31,746)	¥ 526,788

Year ended March 31, 2009

	Year ended March 31, 2009				
	Japan	Other areas	Total	Eliminations or Corporate	Consolidated
Net sales:					
Outside customers	¥2,538,793	¥167,783	¥2,706,576	¥ —	¥2,706,576
Intersegment	78,827	7,116	85,943	(85,943)	—
Total	2,617,620	174,899	2,792,520	(85,943)	2,706,576
Operating expenses	2,585,532	167,318	2,752,850	(86,512)	2,666,337
Operating income	¥ 32,088	¥ 7,581	¥ 39,670	¥ 568	¥ 40,238
Total assets	¥ 587,319	¥ 80,399	¥ 667,719	¥32,237	¥ 635,481

Notes: 1. Amounts under one million yen are omitted.

2. Other areas: U.S.A., China, Thailand, Malaysia

3. Changes in accounting policies

- (1) Effective from the previous reporting period, new standards for the measurement of inventories are being applied. In line with this change, compared with the figures that would have resulted from the use of the previous accounting standards, operating income declined by ¥2,953 million for the Japan segment and by ¥2,012 million for the Other areas segment, compared with the previous accounting standards.
- (2) Effective from the previous reporting period, new standards for lease transactions are being applied. In line with this change, compared with the figures that would have resulted from the use of the previous accounting standards, the previous term-end balance of assets declined by ¥1,358 million for the Japan segment and by ¥1,183 million for the Other areas segment.

For the reporting period, no changes have been made in accounting policies.

## Overseas sales

	Millions of yen		
	Year ended March 31, 2010		
	Asia	Other areas	Total
Overseas sales	¥501,256	¥130,547	¥ 631,803
Overseas sales as a percentage of consolidated net sales	27.7%	7.2%	34.9%
Consolidated net sales			¥1,811,887

  

	Year ended March 31, 2009		
	Asia	Other areas	Total
	Overseas sales	¥652,780	¥183,120
Overseas sales as a percentage of consolidated net sales	24.1%	6.8%	30.9%
Consolidated net sales			¥2,706,576

Notes: 1. Amounts under one million yen are omitted.

2. Asia: South Korea, China, Thailand

Other areas: U.S.A., Australia, Brazil (FY2009)

U.S.A., Panama, Australia (FY2008)

3. Overseas sales consist of sales of the Company and its consolidated subsidiaries outside Japan.