

Flash Report for the First-Half Period Ended September 30, 2008

(Consolidated basis)

October 31, 2008

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

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

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

Representative: Mikio Fukushima, President and CEO

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Scheduled date for submission of Interim Securities Report: November 12, 2008

Date for initiation of dividend payments (subject to change): December 8, 2008

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

1. Results for the First-Half Period (April 1 to September 30, 2008)

(1) Operating results (¥ million)

	Net sales		Operating income		Recurring profit	
1st half ended September 30, 2008	¥1,503,836	—%	¥29,590	—%	¥30,785	—%
1st half ended September 30, 2007	1,192,195	11.7	17,435	15.5	19,731	17.8

	Net income		Earnings per share (¥)	Diluted EPS (¥)
1st half ended September 30, 2008	¥17,807	—%	¥74.64	¥—
1st half ended September 30, 2007	11,730	65.1	49.65	—

Note: Percentage figures for net sales, operating income, recurring profit and net income represent year-on-year comparisons.

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of September 30, 2008	¥780,772	¥124,313	15.1%	¥419.12
As of March 31, 2008	656,379	117,244	17.0	369.08

Note: Owners' equity

As of September 30, 2008: ¥117,699 million As of March 31, 2008: ¥111,225 million

2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
Common stock:	1st	2nd	3rd		
Year ended March 31, 2008	¥—	¥0.00	¥—	¥10.00	¥10.00
Year ending March 31, 2009	—	5.00			
Year ending March 31, 2009 (forecast)			—	5.00	10.00

Note: Revisions to dividend payment forecasts during the reporting period: not applicable

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
Type A preferred stock:	1st	2nd	3rd		
Year ended March 31, 2008	¥—	¥0.00	¥—	¥9.05	¥9.05
Year ending March 31, 2009	—	4.75			
Year ending March 31, 2009 (forecast)			—	4.75	9.50

Note: Number of Type A preferred shares issued at the end of the period

As of September 30, 2008: 37,047,766 shares As of March 31, 2008: 47,224,743 shares

3. Business Performance Forecasts for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

	(¥ million)									
	Net sales		Operating income		Recurring profit		Net income		Earnings per share (¥)	
Full term	¥2,860,000	18.9%	¥50,000	33.5%	¥50,000	27.4%	¥28,500	21.7%	¥119.16	

Notes: 1. Percentage figures represent year-on-year comparisons.

2. Revisions to performance forecasts during the reporting period: not applicable

3. Earnings per share forecast for the current term above takes into account dividends to holders of Type A preferred shares.

4. Forecasts for the second-quarter period ending September 30, 2009 (July 1 to September 30, 2009)

	(¥ million)									
	Net sales		Operating income		Recurring profit		Net income		Earnings per share (¥)	
	¥824,586	—%	¥16,559	—%	¥16,981	—%	¥10,278	—%	¥42.76	

4. Others

(1) Changes in the scope of consolidation

Inclusion: none

Exclusion: none

(2) Significant methods applied for accounting: applicable

(3) Changes in significant accounting policies

Changes in accounting standard: applicable

Other: applicable

Effective from the reporting period, the company has applied Accounting Standards for the Preparation of Quarterly Financial Statements and Application Guidelines for Accounting Standards for the Preparation of Quarterly Financial Statements. In addition, our quarterly financial statements have been prepared in accordance with "Regulations governing the preparation of consolidated quarterly financial statements."

(4) Number of ordinary shares issued at the end of the period

As of September 30, 2008: 236,777,704 shares As of March 31, 2008: 236,777,704 shares

Number of shares in treasury at the end of the period

As of September 30, 2008: 570,268 shares As of March 31, 2008: 557,613 shares

Average number of shares during the period

1st half ended September 30, 2008: 236,214,576 shares 1st half ended September 30, 2007: 236,245,547 shares

Business Performance and Financial Position

Business Performance

Led by growth in emerging and resource-rich countries, global economic activity initially followed a firm trend in the first half of fiscal 2008 (April-September). As the six-month period unfolded, however, an increasing slowdown effect was observed on the economies of emerging nations, particularly the BRICs, due to the impact of the subprime mortgage crisis.

In Japan, the brakes were applied to the expansion of exports, which had been driving overall economic growth, and the falloff in corporate earnings due to high raw materials prices led to weak capital investment. As a result, the Japanese economy as a whole currently shows signs of increasing sluggishness.

In the steel industry, which accounts for the majority of the Company's trading activities, demand for steel products for construction use weakened in Japan, but sales were firm to Japanese manufacturing companies, particularly shipbuilders, automakers, and industrial machinery manufacturers. Exports from East Asian countries, notably China, posted good figures.

Prices of steel products rose sharply during the reporting six-month period, against the backdrop of high prices of the raw materials for steelmaking, including iron ore, coal, and ferrous scrap.

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

Steel and Steel-Peripheral Business

As the central trading arm of the JFE Steel Group, JFE Shoji Trade Corporation (JSTC) has continued to take steps to expand its sales volume and raise its earning power. Other group companies in Japan and overseas actively carried out capital investment as well as business restructuring, including mergers as part of overall efforts to increase the number of the Group's steel processing facilities and sales bases and to improve profitability.

In Japan, with the aim of constructing an even more efficient steel processing and distribution network, JSTC acquired a majority stake in JFE Kohnan Steel Center from JFE Steel Corporation and renamed the company JFE Shoji Kohnan Steel Center Co., Ltd. In addition, the new company JFE Shoji Terre One Corporation was established to expand the Group's earth reinforcement business through the centralization of marketing of operations utilizing the proprietary terre armée method, and of related design services.

Group member Tochigi Shearing Co., Ltd. invested in expansion of its production capacity, including through the construction of a new factory, in order to establish an integrated system for the processing of parts for forklifts. The JFE Shoji Group has also been making investments in existing processing facilities, notably those operated by JFE Shoji Coil Center Co., Ltd., with the aims of increasing processing capacity and raising quality and safety standards.

To offer customers in China the high value-added processing services they require, the JFE Shoji Group invested in plant expansion and new equipment for Jiangsu JFE Steel Products Co., Ltd. and Zhejiang JFE Steel Products Co., Ltd.

Regarding raw materials, following the start of full-scale mining operations at Australia's Sonoma coal mine in February 2007, in which JSTC had acquired trade rights, the company enjoyed an increase in coal procurement from the mine. This was only one of a number of measures adopted to expand JSTC's supply sources for high-quality raw materials. These measures, which are aimed at ensuring stable raw material supplies over a long-term perspective, are still ongoing. Efforts have also been made to secure a reliable supply of iron & steel scrap to assist in expanding the production volumes of domestic steelmaking companies and simultaneously address the issue of carbon dioxide emissions. To this end, new scrap-collection yards have been set up in Chiba, Nagoya, and Osaka, and we have taken steps to expand our network of ferrous scrap suppliers.

To help the JFE Steel Group in its efforts to expand its production capacity and address environmental issues, we have strengthened collaboration with machinery manufacturers both in Japan and overseas with the aim of increasing the volume of trading in machinery and components for maintenance.

As a result of the efforts described above, in addition to a strong upward movement in market prices, sales of the steel and steel-peripheral business for the reporting six-month period rose by ¥317,789 million year-on-year, to ¥1,481,192 million, while operating income was up by ¥12,043 million, at ¥29,244 million.

Food Business

In the food business, Kawasho Foods Corporation withdrew from the seafood inventory optimization business. Due to this, as well as the reluctance of consumers to buy made-in-China food products in the aftermath of recent scandals, sales recorded a year-on-year decline of ¥3,893 million, to ¥16,730 million. The reporting six-period also saw an increased volume of sales of the "third-category beer" Prime Draft to mass retailers, as well as the upward volume impact of a special sales campaign promoting Nozaki-brand foods such as Nozaki Corned Beef, which marked its 60th year in 2008. The sales volume of Geisha brand canned foods in the Middle East and Africa also posted growth. As a result of these developments, operating income rose by ¥155 million to ¥270 million.

Kawasho Foods Corporation is currently taking strict measures to ensure the safety of its products, including conducting stricter-than-ever checks on hygiene and safety-management at its suppliers, as well as performing

centralized management of all safety-related data and carrying out its own food safety investigations on all items handled.

Semiconductor Business

The value of sales of ASICs for digital cameras and video game consoles decreased from the previous first-half period, and total sales of the semiconductor business were down by ¥2,182 million year-on-year, at ¥5,706 million. Operating income fell ¥61 million to ¥116 million.

Real Estate Business

In the real estate business, Kawasho Real Estate Corporation made efforts during the reporting first-half period to dispose of its land holdings in the Tsuchiura New Town Otsuno Hills development (in Tsuchiura City, Ibaraki Prefecture), but sales recorded a year-on-year drop of ¥74 million to ¥206 million. Conversely, operating loss came to ¥76 million for a year-on-year improvement of ¥6 million.

As a result of the foregoing, total sales on a consolidated basis for the six-month period increased by ¥311,641 million to ¥1,503,836 million. Operating income increased by ¥12,155 million to ¥29,590 million, and recurring profit was up by ¥11,054 million at ¥30,785 million.

Losses on valuation and impairment of inventory assets caused the registration of ¥906 million in extraordinary losses. Net income for the six-month period of ¥17,807 million was posted, for a year-on-year gain of ¥6,077 million.

Financial Position

Assets, Liabilities, and Net Assets

Total assets, on a consolidated basis, at the interim balance-sheet date of fiscal 2008 (September 30, 2008) amounted to ¥780,772 million for an increase of ¥124,393 million over the end of the previous fiscal year. This was the result principally of increases in trade receivables and in the value of inventory assets, caused by price rises in steel products and steelmaking raw materials.

Net assets increased by ¥7,069 million compared with the previous fiscal year-end, to ¥124,313 million. The main positive factor behind this increase was the posting of net income for the first-half six-month period of ¥17,807 million. This more than offset the negative factors, including deterioration in unrealized gains on available-for-sale securities holdings, an increase in exchange translation losses resulting from the appreciation of the yen, the costs of redemption of preferred shares and the payment of term-end dividends.

Cash Flows

Despite a favorable level of operating revenue thanks to strong demand for steel products, net cash provided by operating activities amounted to only ¥1,797 million, owing to the rise in prices of steel and steelmaking raw materials, which led to an increase in working capital.

Net cash used in investing activities amounted to ¥8,470 million, as a result of capital investment to expand the capacity of steel processing centers.

Net cash provided by financing activities came to ¥24,145 million as a result of fund procurement by means of short-term bank loans and the issuance of commercial paper to finance the increase in working capital and prepare for further fund increases expected to be required in the near future.

As a result of the above, cash and cash equivalents as of the end of the reporting six-month period came to ¥42,968 million.

Business Performance Forecasts for the Fiscal 2008 Full Term

Over the remaining period of fiscal 2008, the economic slowdown already being experienced by the world's leading industrialized nations is projected to spread to emerging nations and resource-rich countries as well. This will apply the brakes to their economic growth, and the outlook for the global economy is likely to become considerably worse.

Regarding the Japanese economy, we project a rapid slowdown in the growth pace of exports, which have been the economy's main engine up to now. On top of that, domestic demand is expected to be weak in respect both to consumer spending and to capital investment. The Japanese economy as a whole is thus likely to decelerate still further.

Regarding prospects in the steel industry, a decline in production volumes is already being seen in certain customer manufacturing industries such as the automakers, in response to the economic slowdown in Japan and overseas, and the outlook is more uncertain than ever. Steel prices, too, will have to be watched carefully, as indications of a decline in the market have already been observed.

For the fiscal 2008 full term, in view of the uncertain prospects for both demand and product prices in Japan and overseas, the Company faces a difficult situation in the latter half. However, in light of the fact that the first-half business performance was good, we are forecasting full-term sales of ¥2,860 billion, operating income of ¥50 billion, and recurring profit of ¥50 billion. Net income should hit a record ¥28.5 billion.

Attention regarding forward-looking statements

The reader is advised that this report 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 as of the time of writing, and actual results may therefore differ substantially from such statements.

Others

(1) Changes in scope of consolidation

Not applicable

(2) Employment of simplified accounting method and special accounting method for the preparation of quarterly financial statements

There are no matters that require reporting.

(3) Changes to accounting standards and special methods for the preparation of quarterly financial statements

i) Quarterly Financial Statements

Accounting standards for the preparation of quarterly financial statements

From the first quarter of the current term, we have applied Business Accounting Standard No. 12 (Accounting Standards for the Preparation of Quarterly Financial Statements; Accounting Standards Board of Japan, March 14, 2007) and Application Guidelines for Accounting Standard No. 14 (Application Guidelines for Accounting Standards for the Preparation of Quarterly Financial Statements; Accounting Standards Board of Japan, March 14, 2007). In addition, our quarterly financial statements have been prepared in accordance with current regulations governing the preparation of consolidated quarterly financial statements.

ii) Change in method of valuation of inventory assets

The value of inventories held for ordinary sales purposes was formerly stated primarily at moving-average cost, but the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, Accounting Standards Board, July 5, 2006) has been applied from the first quarter of the current term. Inventory value remains to be determined primarily by the moving average cost method (regarding balance sheet values, however, they are being calculated by a method that reduces book value on the basis of declines in profitability).

As a result, the gross profit on sales, operating income, and recurring profit for the first-half six-month period each declined by ¥151 million compared with the amounts calculated under the previous accounting standards, while income before income taxes and minority interests declined by ¥637 million. Please refer to segment information for the effect of the change on each segment performance.

iii) Application of new accounting standards for the accounting procedures of foreign subsidiaries for consolidated financial statements

As of the first quarter, the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force Report No. 18, May 17, 2006) is being applied. This has no effect on the profit & loss and business performance of each segment.

iv) Standards for leasing transactions

Finance lease transactions in which there is no transfer of ownership were formerly accounted for by a method corresponding to that used for ordinary operating lease contracts. However, for quarterly financial statements relating to accounting years commencing on or after April 1, 2008, it is permitted to apply the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, (June 17, 1993 (Business Accounting Council, First Subcommittee) revised March 30, 2007, issued by the Accounting Standards Board of Japan) and the Implementation Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 (January 18, 1994 (Japanese Institute of Certified Public Accountants, Accounting System Committee) revised March 30, 2007, issued by the Accounting Standards Board of Japan). Accordingly, they have been duly applied as of the first quarter of the current term in accordance with accounting relating to ordinary buying and selling transactions. With regard to the method of depreciation of leased assets relating to finance lease transactions in which there is no transfer of ownership, the assets are depreciated by the straight-line method on the assumption that the lease term is the useful life and the residual value is zero.

The effect of this on the profit & loss and business performance of each segment is insignificant.

Consolidated Balance Sheets

	Millions of yen	
	September 30, 2008	March 31, 2008
Assets		
Current assets:		
Cash and deposits	¥ 43,165	¥ 26,645
Trade notes and accounts receivable	487,671	403,307
Merchandise	68,699	55,378
Finished products	6,311	5,887
Semi-finished products	62	91
Raw materials	20,603	19,211
Work in process	704	524
Other current assets	42,155	40,094
Allowance for doubtful receivables	(2,408)	(2,328)
Total current assets	666,964	548,812
Non-current assets:		
Tangible fixed assets	42,999	38,994
Intangible assets	8,155	8,049
Investments and other assets:		
Investments and other assets	70,709	68,937
Allowance for doubtful receivables	(8,055)	(8,414)
Total investments and other assets	62,653	60,523
Total non-current assets	113,808	107,567
Total assets	¥780,772	¥656,379

Note: Amounts under one million yen are omitted.

	Millions of yen	
	September 30, 2008	March 31, 2008
Liabilities		
Current liabilities:		
Trade notes and accounts payable	¥480,468	¥399,316
Short-term borrowings	72,769	67,158
Accrued income taxes	9,952	9,030
Other reserve	9	9
Commercial paper	29,976	6,997
Other current liabilities	30,678	28,030
Total current liabilities	623,854	510,542
Non-current liabilities:		
Long-term debt	24,203	22,270
Other reserve	4,492	4,144
Other	3,909	2,177
Total non-current liabilities	32,605	28,592
Total liabilities	656,459	539,135
Net assets		
Shareholders' equity:		
Share capital	20,000	20,000
Capital surplus	17,428	17,428
Retained earnings	83,056	73,126
Treasury stock	(326)	(317)
Total shareholders' equity	120,158	110,237
Valuation and translation adjustments:		
Net unrealized holding gain on securities	3,106	4,920
Net deferred loss on hedges	(87)	(69)
Land revaluation reserve	(410)	(410)
Translation adjustments	(5,066)	(3,452)
Total valuation and translation adjustments	(2,458)	987
Minority interests	6,614	6,019
Total net assets	124,313	117,244
Total liabilities and net assets	¥780,772	¥656,379

Consolidated Statement of Income

	Millions of yen
	1st half ended September 30, 2008
Net sales	¥1,503,836
Cost of sales	1,445,560
Gross profit	58,276
Selling, general and administrative expenses	28,686
Operating income	29,590
Non-operating income:	
Interest income	467
Dividend received	864
Equity in earnings of unconsolidated subsidiaries and affiliates	941
Other	1,207
Total non-operating income	3,481
Non-operating expenses:	
Interest expense	1,555
Other	729
Total non-operating expenses	2,285
Recurring profit	30,785
Extraordinary losses:	
Loss on devaluation of inventories	485
Loss on impairment of fixed assets	420
Total extraordinary losses	906
Income before income taxes and minority interests	29,879
Income taxes:	
Current	10,680
Deferred	414
Total income taxes	11,095
Minority interests	976
Net income	¥ 17,807

Note: Amounts under one million yen are omitted.

Consolidated Statement of Income

	Millions of yen
	2nd quarter ended September 30, 2008
Net sales	¥824,586
Cost of sales	793,244
Gross profit	31,341
Selling, general and administrative expenses	14,782
Operating income	16,559
Non-operating income:	
Interest income	252
Dividend received	410
Equity in earnings of unconsolidated subsidiaries and affiliates	455
Gain on valuation of derivatives	597
Other	385
Total non-operating income	2,102
Non-operating expenses:	
Interest expense	774
Exchange loss	435
Other	470
Total non-operating expenses	1,680
Recurring profit	16,981
Extraordinary losses:	
Loss on impairment of fixed assets	420
Total extraordinary losses	420
Income before income taxes and minority interests	16,560
Income taxes:	
Current	5,364
Deferred	419
Total income taxes	5,784
Minority interests	497
Net income	¥ 10,278

Note: Amounts under one million yen are omitted.

Consolidated Statement of Cash Flows

Millions of yen

1st half ended September 30, 2008

Cash flows from operating activities	
Income before income taxes and minority interests	¥29,879
Depreciation and amortization	2,822
Loss on impairment of fixed assets	420
Decrease in other reserve	(546)
Interest and dividend income	(1,332)
Interest expense	1,555
Equity in earnings of unconsolidated subsidiaries and affiliates	(941)
Increase in trade notes and accounts receivable	(84,448)
Increase in inventories	(16,025)
Increase in trade notes and accounts payable	80,437
Other, net	(188)
Subtotal	11,633
Interest and dividend received	1,527
Interest paid	(1,537)
Income taxes paid	(12,362)
Income taxes refunded	2,536
Net cash provided by operating activities	1,797
Cash flows from investing activities	
Increase in time deposits	(480)
Proceeds from withdrawal of time deposits	607
Purchases of tangible fixed assets	(3,456)
Proceeds from sale of tangible fixed assets	466
Purchases of intangible assets	(1,955)
Purchases of investments in securities	(3,748)
Increase in loans receivable	(599)
Collection of loans receivable	715
Other, net	(19)
Net cash used in investing activities	(8,470)
Cash flows from financing activities	
Increase in short-term borrowings	21,609
Increase in commercial paper	22,978
Proceeds from long-term debt	256
Repayment of long-term debt	(12,953)
Purchases of treasury stock	(4,317)
Cash dividends paid	(2,787)
Cash dividends paid to minority shareholders	(297)
Repayment of finance lease obligations	(344)
Net cash provided by financing activities	24,145
Effect of exchange rate changes on cash and cash equivalents	(784)
Net increase in cash and cash equivalents	16,687
Cash and cash equivalents at beginning of period	26,281
Cash and cash equivalents at end of period	¥42,968

Note: Amounts under one million yen are omitted.

Segment Information

Business segment information

Millions of yen							
2nd quarter ended September 30, 2008 (July 1 to Sept. 30, 2008)							
	Steel and Steel					Eliminations	
	Peripherals	Food	Semiconductors	Real Estate	Total	or Corporate	Consolidated
Net sales:							
Outside customers	¥811,312	¥10,194	¥2,959	¥119	¥824,586	¥—	¥824,586
Intersegment	—	0	5	5	11	(11)	—
Total	811,312	10,195	2,965	124	824,597	(11)	824,586
Operating expenses	794,919	10,054	2,899	175	808,049	(22)	808,026
Operating income (loss)	¥ 16,392	¥ 140	¥ 65	¥ (50)	¥ 16,547	¥ 11	¥ 16,559

1st half ended September 30, 2008 (April 1 to Sept. 30, 2008)							
	Steel and Steel					Eliminations	
	Peripherals	Food	Semiconductors	Real Estate	Total	or Corporate	Consolidated
Net sales:							
Outside customers	¥1,481,192	¥16,730	¥5,706	¥206	¥1,503,836	¥—	¥1,503,836
Intersegment	—	0	10	13	24	(24)	—
Total	1,481,192	16,731	5,717	219	1,503,861	(24)	1,503,836
Operating expenses	1,451,947	16,460	5,601	296	1,474,305	(59)	1,474,246
Operating income (loss)	¥ 29,244	¥ 270	¥ 116	¥ (76)	¥ 29,555	¥ 34	¥ 29,590

- Notes: 1. Amounts under one million yen are omitted.
2. Unallocated operating expenses of ¥175 million and ¥338 million for the second quarter ended September 30, 2008 and first half ended September 30, 2008, respectively, included in the "Elimination or Corporate" column, consisted primarily of general and administrative expenses incurred at the Company.
3. The Company has adopted the "Accounting Standards for the Valuation of Inventory Assets" with effect from the first quarter of fiscal 2008. 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 first half on a consolidated basis declined by ¥151 million for the Steel and Steel-Peripheral Business, and by less than ¥1 million each for the Food Business and Semiconductor Business.

Geographic segment information

	Millions of yen				
	2nd quarter ended September 30, 2008 (July 1 to Sep. 30, 2008)				
	Japan	Other areas	Total	Eliminations or Corporate	Consolidated
Net sales:					
Outside customers	¥778,568	¥46,017	¥824,586	¥ —	¥824,586
Intersegment	25,294	1,042	26,337	(26,337)	—
Total	803,863	47,059	850,923	(26,337)	824,586
Operating expenses	790,687	43,672	834,360	(26,333)	808,026
Operating income	¥ 13,175	¥ 3,387	¥ 16,562	¥ (3)	¥ 16,559

	1st half ended September 30, 2008 (April 1 to Sep. 30, 2008)				
	Japan	Other areas	Total	Eliminations or Corporate	Consolidated
	Net sales:				
Outside customers	¥1,421,641	¥82,195	¥1,503,836	¥ —	¥1,503,836
Intersegment	44,255	2,170	46,426	(46,426)	—
Total	1,465,897	84,365	1,550,262	(46,426)	1,503,836
Operating expenses	1,441,451	79,273	1,520,724	(46,478)	1,474,246
Operating income	¥ 24,445	¥ 5,092	¥ 29,537	¥ 52	¥ 29,590

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

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

3. The Company has adopted the "Accounting Standards for the Valuation of Inventory Assets" with effect from the first quarter of fiscal 2008. 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 first half on a consolidated basis declined by ¥128 million for the Japan segment, and by ¥23 million for the Other Areas segment.

Overseas sales

	Millions of yen		
	2nd quarter ended September 30, 2008		
	Asia	Other areas	Total
Overseas sales	¥210,969	¥54,285	¥265,254
Overseas sales as a percentage of consolidated net sales	25.6%	6.6%	32.2%
Consolidated net sales			¥824,586

	1st half ended September 30, 2008		
	Asia	Other areas	Total
	Overseas sales	¥370,681	¥102,480
Overseas sales as a percentage of consolidated net sales	24.7%	6.8%	31.5%
Consolidated net sales			¥1,503,836

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

2. Asia: South Korea, China, Thailand

Other areas: U.S.A., Panama, Australia

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

(Reference materials)

Consolidated Statement of Income

	Millions of yen
	1st half ended September 30, 2007
Net sales	¥1,192,195
Cost of sales	1,148,117
Gross profit	44,078
Selling, general and administrative expenses	26,643
Operating income	17,435
Non-operating income:	
Interest income	703
Dividend received	608
Equity in earnings of unconsolidated subsidiaries and affiliates	1,334
Other	2,430
Total non-operating income	5,077
Non-operating expenses:	
Interest expense	1,521
Loss on sale of trade notes and accounts receivable	491
Other	768
Total non-operating expenses	2,781
Recurring profit	19,731
Extraordinary income:	
Gain on sale of tangible fixed assets	727
Total extraordinary income	727
Extraordinary losses:	
Loss on impairment of fixed assets	506
Provision for accrued retirement benefits for directors	209
Total extraordinary losses	715
Income before income taxes and minority interests	19,743
Income taxes – current	7,719
Income taxes – deferred	(92)
Minority interests	386
Net income	¥ 11,730

Note: Amounts under one million yen are omitted.

(Reference materials)

Segment Information

Business segment information

	Millions of yen						
	1st half ended September 30, 2007						
	Steel and Steel Peripherals	Food	Semiconductors	Real Estate	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	¥1,163,403	¥20,623	¥7,888	¥280	¥1,192,195	¥—	¥1,192,195
Intersegment	0	0	11	13	25	(25)	—
Total	1,163,403	20,623	7,899	294	1,192,221	(25)	1,192,195
Operating expenses	1,146,202	20,508	7,722	376	1,174,809	(49)	1,174,760
Operating income (loss)	¥ 17,201	¥ 115	¥ 177	¥ (82)	¥ 17,412	¥ 23	¥ 17,435

Notes: 1. Amounts under one million yen are omitted.
2. Unallocated operating expenses of ¥341 million for the first half ended September 30, 2007, included in the “Elimination or Corporate” column, consisted primarily of general and administrative expenses incurred at the Company.

Geographic segment information

	Millions of yen				
	1st half ended September 30, 2007				
	Japan	Other areas	Total	Eliminations or Corporate	Consolidated
Net sales:					
Outside customers	¥1,115,179	¥77,016	¥1,192,195	¥ —	¥1,192,195
Intersegment	39,517	2,710	42,228	(42,228)	—
Total	1,154,697	79,726	1,234,424	(42,228)	1,192,195
Operating expenses	1,138,993	77,905	1,216,899	(42,138)	1,174,760
Operating income	¥ 15,704	¥ 1,821	¥ 17,525	¥ (89)	¥ 17,435

Notes: 1. Amounts under one million yen are omitted.
2. Other areas: U.S.A., China, Thailand, Malaysia

Overseas sales

	Millions of yen		
	1st half ended September 30, 2007		
	Asia	Other areas	Total
Overseas sales	¥299,569	¥90,368	¥ 389,938
Overseas sales as a percentage of consolidated net sales	25.1%	7.6%	32.7%
Consolidated net sales			¥1,192,195

Notes: 1. Amounts under one million yen are omitted.
2. Asia: South Korea, China, Thailand
Other areas: U.S.A., Liberia, Panama
3. Overseas sales consist of sales of the Company and its consolidated subsidiaries outside Japan.