

Summary of Financial Performance for the First Quarter of Fiscal 2009

(Consolidated basis)

July 28, 2009

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 Quarterly Report: August 10, 2009

Date for initiation of dividend payments (subject to change): not applicable

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

1. Results for the First Quarter (April 1 to June 30, 2009)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
1st quarter ended June 30, 2009	¥431,994	(36.4)%	¥ 2,479	(80.9)%	¥ 2,462	(82.2)%
1st quarter ended June 30, 2008	679,250	—	12,980	—	13,804	—

	Net income		Earnings per share (¥)	Diluted EPS (¥)
1st quarter ended June 30, 2009	¥1,367	(81.8)%	¥ 5.78	¥—
1st quarter ended June 30, 2008	7,529	—	31.87	—

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

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of June 30, 2009	¥555,010	¥118,887	20.4%	¥401.84
As of March 31, 2009	635,481	114,684	17.1	381.02

Note: Owners' equity

As of June 30, 2009: ¥113,435 million As of March 31, 2009: ¥108,697 million

2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Common stock:					
Year ended March 31, 2009	¥—	¥5.00	¥—	¥5.00	¥10.00
Year ending March 31, 2010	—				
Year ending March 31, 2010 (forecast)		—	—	—	5.00

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

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Type A preferred stock:					
Year ended March 31, 2009	¥—	¥4.75	¥—	¥4.75	¥9.05
Year ending March 31, 2010	—				
Year ending March 31, 2010 (forecast)		0.00	—	0.00	0.00

Notes: 1. Number of Type A preferred shares issued at the end of the period

As of June 30, 2009: 37,047,766 shares As of March 31, 2009: 37,047,766 shares

2. The above forecast for dividends per share for the term ending March 2010 is based on the assumption of the successful buy-back for retirement in one block of all Type A preferred shares outstanding by the end of the 2nd quarter of the fiscal year (September 30, 2009).

3. Business Performance Forecasts for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

	(¥ million)									
	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)	
First-half period	¥ 800,000	(46.8)%	¥ 5,000	(83.1)%	¥ 4,500	(85.4)%	¥2,500	(86.0)%	¥10.58	
Full term	1,720,000	(36.5)	16,000	(60.2)	15,000	(61.5)	9,000	(54.7)	38.10	

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

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

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: not applicable

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

As of June 30, 2009: 236,777,704 shares As of March 31, 2009: 236,777,704 shares

Number of shares in treasury at the end of the period

As of June 30, 2009: 587,319 shares As of March 31, 2009: 581,704 shares

Average number of shares during the period

1st quarter ended June 30, 2009: 236,193,144 shares 1st quarter ended June 30, 2008: 236,217,384 shares

Business Performance and Financial Position

Business Performance

The global economy, which decelerated rapidly from September onward, has recently begun to show signs of improvement as various measures implemented by the governments and central banks of all countries are gradually yielding results.

The prospect of a sustainable recovery for the Japanese economy, however, appears far off. Although the downward trend in exports seems to have bottomed out as a result of progress made in inventory adjustments by export-oriented manufacturers, consumer spending remains sluggish and companies continue to curb capital investment amid reported declines in earning performance and falling capacity utilization rates.

In the steel industry, which accounts for the majority of the Group's trading activities, inventory adjustments by the automobile and electric equipment industries during the reporting period seem to have been completed, and cutbacks in production had eased slightly. Nonetheless, demand for steel materials remained at a low level due to significant cutbacks in production by the makers of construction machinery and industrial machinery, and shipbuilders.

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

Amid a continuing harsh business environment in Japan, we worked to optimize processing and distribution systems and also made efforts to acquire new clients in the environment and energy field. Overseas, we strengthened marketing efforts toward a Korean steelmaker - an alliance partner of JFE Steel Corporation - and also focused on expanding our client base in Asia. In both Japan and overseas we worked to improve yields at processing plants and raise efficiency in our production processes. We swiftly adjusted our output in response to production cutbacks by our customers to cut costs.

In raw materials, we made efforts to expand exports of steel scrap and increase third-country transactions. With the aim of securing a new revenue base and strengthening ties with coal mining companies, we have begun selling fuel coal to Japanese and overseas electric power companies in addition to offering coking coal.

We worked to increase the volume of sales and improve profitability, but revenues and earnings both declined due to the failure of steel demand to stage a full-scale recovery, leading to a decline in steel prices. Consequently, the JFE Shoji Group's steel and steel-peripheral businesses recorded combined sales of ¥425,080 million for the reporting three-month period, a year-on-year decline of ¥244,800 million. Operating income decreased by a substantial ¥10,413 million, to ¥2,388 million.

In the food business, a decline in the volume of frozen seafood and Chinese processed food handled led to a drop in sales. As a result, sales fell by ¥1,110 million year-on-year, to ¥5,425 million, while operating income increased ¥19 million to ¥149 million. The rise in operating income was due to increased imports of the Korean Prime Draft "third-category" low-malt beer, as well as frozen seafood for processing in Japan, plus growth in sales of GEISHA-brand canned food to customers in the U.S., the Middle East, and Africa.

In the semiconductor business, the Company worked to expand its transactions in integrated circuits for use in telecommunications and image-processing circuit boards used for game consoles and similar products, but trading in ASICs was adversely impacted by major production cutbacks by customers in the mainline sector of office equipment. Consequently, both sales volume and unit selling prices declined, causing sales to decrease ¥1,359 million year-on-year, to ¥1,388 million and resulting in an operating loss of ¥36 million.

In the real estate business, despite efforts to sell off landholdings at an early stage in the Otsuno Hills development at "New Town Tsuchiura," in Tsuchiura City, Ibaraki Prefecture, sales of the real estate business grew by only ¥12 million year-on-year, to ¥99 million, leading to an operating loss of ¥41 million.

As a result of the above, on a consolidated basis, the Company posted sales for the reporting first quarter of ¥431,994 million, a decrease of ¥247,256 million from the same period of the previous term; operating income of ¥2,479 million, down ¥10,501 million; ordinary income of ¥2,462 million, down ¥11,342 million; and net income of ¥1,367 million, down ¥6,162 million.

Financial Position

Assets, Liabilities and Net Assets

Total assets on a consolidated basis at the end of the reporting first quarter amounted to ¥555,010 million, a decrease of ¥80,471 million from the previous fiscal term-end. This was largely the result of a decline in sales of steel materials on a volume basis, a decrease in trade receivables as a result of a decline in unit selling prices, and a drop in inventories, as well as a fall in cash on hand.

Net assets rose by ¥4,203 million over the previous fiscal term-end, to ¥118,887 million. In addition to the posting of net income of ¥1,367 million for the first quarter, there were substantial increases in unrealized gains on available-for-sale securities in line with the rise in stock prices, and gains on foreign exchange translation accompanying the yen's depreciation, which more than offset the payment of dividends.

Cash Flows

Net cash used in operating activities amounted to ¥3,706 million, due primarily to the payment of income taxes. Our efforts to reduce inventories were not sufficient to offset cash outflows.

Net cash used in investing activities came to ¥875 million as a result of expenditures to expand steel processing capacity, as well as plant and equipment investment aimed at improving product quality and workplace safety standards.

Net cash used in financing activities totaled ¥14,056 million as a result of the payment of dividends and aggressive efforts to reduce interest-bearing debt.

Business Performance Forecasts for the Fiscal 2009 Full Term

Regarding the outlook for the global economy, China and other emerging economies are expected to begin showing the results of economic stimulus measures. The United States, Europe and other advanced economies will see an ongoing adjustment phase in the housing market, and the worsening employment situation will continue to dampen consumer spending. For these and other reasons, any economic recovery seen by the end of the current term is expected to be limited in scope.

As for the Japanese economy, although we are gradually beginning to see results from the emergency economic stimulus measures, there have been no signs of improvements in the employment and income environments. Given this situation, we assume that consumer spending will likely remain sluggish and domestic demand will continue to weaken. Exports have yet to recover to the previous high levels, and a full-scale recovery is unlikely in the foreseeable future.

In the steel industry, which accounts for the majority of the Group's trading activities, the automotive and electric equipment industries seem to have completed a round of inventory adjustments, and production levels are expected to show a gradual increase, but the manufacturing sector overall is expected to continue adjusting inventories for some time. Thus, the speed of recovery in steel demand is likely to be fairly slow, and steel market prices both at home and abroad are expected to continue showing a weak tone.

As indicated above, we expect the current harsh business conditions to continue indefinitely. It is necessary to closely monitor economic trends as well as trends in production in our customers' industries. We aim to steadily achieve the targets outlined in the management plan for the current fiscal year by taking steps to maximize selling volume to existing customers while also expanding sales through the acquisition of new customers. We also intend to reduce SG&A expenses and cut financial costs through the reduction of inventories and working capital. In addition, we will implement measures to improve earnings, centered on cost-cutting. Such measures include improving yields at processing plants in Japan and overseas and optimizing the processing system through the amalgamation of operations on production lines with low capacity utilization rates.

JFE Shoji Trade Corporation, one of our main subsidiaries, is implementing a work process reform program called J-SLIM, which is aimed at realizing more creative work processes with a higher added value. This involves the efficient use of the J-BEAT core computer system, upgraded in October 2007, and the provision of advanced infrastructure elements such as videoconferencing equipment. With the goal of achieving significant improvement,

we intend to do our best to think outside the box with respect to the company's systems and administrative processes, and

to be open to a wide range of promising ideas. Our ultimate goal is to develop a corporate culture in which all employees will constantly seek ways to achieve still further improvements to our administrative procedures. Through such activities, the management of JFE Shoji Trade will endeavor to create a corporate culture in which employees are encouraged to make continuous efforts to improve operations and work procedures.

Results for the first quarter of fiscal 2009 on a consolidated basis were generally in line with our forecasts. As a result, the earnings forecasts released on April 28, 2009 remain unchanged.

Note: 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 methods and special accounting methods 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

Changes in accounting standards for recognition of construction revenues and cost of completed work

With regard to the accounting standards employed for the recognition of revenues resulting from construction work undertaken for customers, from the reporting first quarter, Accounting Standards for Construction Contracts (ASBJ Statement No. 15, issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, issued on December 27, 2007) have been applied to construction contracts. This has no effect on the profit & loss and business performance of each segment.

Consolidated Balance Sheets

	Millions of yen	
	June 30, 2009	March 31, 2009
Assets		
Current assets:		
Cash and deposits	¥ 39,440	¥ 60,822
Trade notes and accounts receivable	289,112	343,071
Merchandise and finished products	58,501	69,465
Work in process	426	494
Raw materials and supplies	24,843	25,655
Other current assets	37,439	36,135
Allowance for doubtful receivables	(1,984)	(2,370)
Total current assets	447,779	533,273
Non-current assets:		
Tangible fixed assets	41,908	40,980
Intangible assets	7,897	7,922
Investments and other assets:		
Other	63,427	59,252
Allowance for doubtful receivables	(6,001)	(5,947)
Total investments and other assets	57,425	53,305
Total non-current assets	107,231	102,208
Total assets	¥555,010	¥635,481

Note: Amounts under one million yen are omitted.

	Millions of yen	
	June 30, 2009	March 31, 2009
Liabilities		
Current liabilities:		
Trade notes and accounts payable	¥262,403	¥333,754
Short-term borrowings	114,928	123,338
Accrued income taxes	2,065	4,783
Other reserve	4	10
Other current liabilities	24,955	26,228
Total current liabilities	404,358	488,114
Non-current liabilities:		
Long-term debt	22,644	24,451
Other reserve	4,677	4,694
Other	4,442	3,536
Total non-current liabilities	31,764	32,681
Total liabilities	436,122	520,796
Net assets		
Shareholders' equity:		
Share capital	20,000	20,000
Capital surplus	17,428	17,428
Retained earnings	83,748	83,737
Treasury stock	(331)	(329)
Total shareholders' equity	120,845	120,836
Valuation and translation adjustments:		
Net unrealized holding gain (loss) on securities	2,278	(233)
Net deferred gain (loss) on hedging instruments	21	(155)
Land revaluation reserve	(408)	(407)
Translation adjustments	(9,301)	(11,342)
Total valuation and translation adjustments	(7,409)	(12,139)
Minority interests	5,451	5,987
Total net assets	118,887	114,684
Total liabilities and net assets	¥555,010	¥635,481

Consolidated Statement of Income

	Millions of yen	
	1st quarter ended June 30, 2009	1st quarter ended June 30, 2008
Net sales	¥431,994	¥679,250
Cost of sales	417,185	652,315
Gross profit	14,808	26,935
Selling, general and administrative expenses	12,329	13,954
Operating income	2,479	12,980
Non-operating income:		
Interest income	116	214
Dividend received	364	454
Equity in earnings of unconsolidated subsidiaries and affiliates	—	485
Gain on valuation of derivatives	399	—
Exchange gain	—	887
Other	576	424
Total non-operating income	1,456	2,466
Non-operating expenses:		
Interest expense	676	781
Loss on devaluation of derivatives	—	604
Exchange loss	483	—
Other	313	256
Total non-operating expenses	1,473	1,641
Ordinary income	2,462	13,804
Extraordinary losses:		
Loss on devaluation of inventories	—	485
Total extraordinary losses	—	485
Income before income taxes and minority interests	2,462	13,318
Income taxes:		
Current	1,122	5,316
Deferred	173	(5)
Total income taxes	1,296	5,311
Minority interests in income (loss)	(201)	478
Net income	¥ 1,367	¥ 7,529

Note: Amounts under one million yen are omitted.

Consolidated Statement of Cash Flows

	Millions of yen	
	1st quarter ended June 30, 2009	1st quarter ended June 30, 2008
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 2,462	¥13,318
Depreciation and amortization	1,453	1,401
Decrease in other reserve	(358)	(101)
Interest and dividend income	(480)	(669)
Interest expense	676	781
Equity in loss (earnings) of unconsolidated subsidiaries and affiliates	9	(485)
Decrease (increase) in trade notes and accounts receivable	55,467	(32,426)
Decrease (increase) in inventories	13,361	(4,557)
Increase (decrease) in trade notes and accounts payable	(72,713)	27,355
Other, net	4,755	265
Subtotal	4,633	4,881
Interest and dividend received	509	893
Interest paid	(881)	(683)
Income taxes paid	(7,967)	(9,145)
Net cash used in operating activities	(3,706)	(4,053)
Cash flows from investing activities		
Increase in time deposits	(66)	(313)
Proceeds from withdrawal of time deposits	37	328
Purchases of tangible fixed assets	(420)	(1,252)
Proceeds from sale of tangible fixed assets	166	261
Purchases of intangible assets	(481)	(1,699)
Purchases of investments in securities	(5)	(730)
Proceeds from sale of subsidiary shares which caused a change in the scope of consolidation	81	—
Increase in loans receivable	(200)	(491)
Collection of loans receivable	4	399
Other, net	8	(18)
Net cash used in investing activities	(875)	(3,516)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(12,241)	1,030
Increase in commercial paper	—	20,981
Repayment of long-term debt	(50)	(558)
Repayment of finance lease obligations	(176)	—
Cash dividends paid	(1,171)	(2,658)
Cash dividends paid to minority shareholders	(414)	(254)
Other, net	(1)	(152)
Net cash provided by (used in) financing activities	(14,056)	18,389
Effect of exchange rate changes on cash and cash equivalents	720	(472)
Net increase (decrease) in cash and cash equivalents	(17,918)	10,346
Cash and cash equivalents at beginning of period	61,590	26,281
Cash and cash equivalents at end of period	¥43,672	¥36,627

Note: Amounts under one million yen are omitted.

Segment Information

Business segment information

Millions of yen							
1st quarter ended June 30, 2009							
	Steel and Steel Peripherals	Food	Semiconductors	Real Estate	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	¥425,080	¥5,425	¥1,388	¥ 99	¥431,994	¥ —	¥431,994
Intersegment	—	0	1	—	1	(1)	—
Total	425,080	5,425	1,390	99	431,996	(1)	431,994
Operating expenses	422,692	5,275	1,426	140	429,535	(19)	429,515
Operating income (loss)	¥ 2,388	¥ 149	¥ (36)	¥ (41)	¥ 2,461	¥ 18	¥ 2,479

1st quarter ended June 30, 2008							
	Steel and Steel Peripherals	Food	Semiconductors	Real Estate	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	¥669,880	¥6,535	¥2,747	¥ 87	¥679,250	¥ —	¥679,250
Intersegment	—	0	5	7	13	(13)	—
Total	669,880	6,536	2,752	94	679,264	(13)	679,250
Operating expenses	657,078	6,406	2,701	120	666,307	(36)	666,270
Operating income (loss)	¥ 12,801	¥ 130	¥ 50	¥ (25)	¥ 12,956	¥ 23	¥ 12,980

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

2. Unallocated operating expenses of ¥163 million for the 1st quarter ended June 30, 2009 and 2008, respectively, 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 quarter ended June 30, 2009					
	Japan	Other areas	Total	Eliminations or Corporate	Consolidated
Net sales:					
Outside customers	¥409,069	¥22,925	¥431,994	¥ —	¥431,994
Intersegment	8,009	383	8,393	(8,393)	—
Total	417,078	23,309	440,387	(8,393)	431,994
Operating expenses	415,092	22,774	437,866	(8,351)	429,515
Operating income	¥ 1,986	¥ 534	¥ 2,520	¥ (41)	¥ 2,479

1st quarter ended June 30, 2008					
	Japan	Other areas	Total	Eliminations or Corporate	Consolidated
Net sales:					
Outside customers	¥643,072	¥36,178	¥679,250	¥ —	¥679,250
Intersegment	18,961	1,127	20,088	(20,088)	—
Total	662,033	37,305	699,339	(20,088)	679,250
Operating expenses	650,816	35,598	686,415	(20,144)	666,270
Operating income	¥ 11,217	¥ 1,707	¥ 12,924	¥ 55	¥ 12,980

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

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

Overseas sales

	Millions of yen		
	1st quarter ended June 30, 2009		
	Asia	Other areas	Total
Overseas sales	¥105,480	¥34,026	¥139,506
Overseas sales as a percentage of consolidated net sales	24.4%	7.9%	32.3%
Consolidated net sales			¥431,994

	1st quarter ended June 30, 2008		
	Asia	Other areas	Total
	Overseas sales	¥159,711	¥48,195
Overseas sales as a percentage of consolidated net sales	23.5%	7.1%	30.6%
Consolidated net sales			¥679,250

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

2. Asia: South Korea, China, Philippine, Thailand

Other areas: U.S.A., Panama, the British Virgin Islands, Liberia

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