Flash Report for the Year Ended March 31, 2011

(Consolidated basis)

— All financial information has been prepared in accordance with generally accepted accounting principles in Japan —

April 27, 2011

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
Contact: Kunihiko Utata, General Manager of General Affairs Department Phone: +81-3-5203-5055
Scheduled date for annual general meeting of shareholders: June 29, 2011
Date for initiation of dividend payments (subject to change): June 30, 2011
Scheduled date for submission of Securities Report: June 29, 2011
Prepared supplementary presentation material on financial results: Yes
Held financial results briefing: No

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

1. Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income	
Year ended March 31, 2011	¥2,011,526	11.0%	¥23,363	54.3%	¥23,783	64.1%	¥13,645	81.8%
Year ended March 31, 2010	1,811,887	(33.1)	15,140	(62.4)	14,491	(62.9)	7,506	(62.2)

Note: Comprehensive income
As of March 31, 2011: ¥11,548 million (down 12.0%) As of March 31, 2010: ¥13,129 million (— %)

	Earnings per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2011	¥57.79	¥—	12.7%	4.3%	1.2%
Year ended March 31, 2010	31.78	—	7.1	2.5	0.8

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, 2011: ¥996 million Year ended March 31, 2010: ¥ (874) million

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2011	¥571,364	¥117,426	19.7%	¥475.57
As of March 31, 2010	526,788	107,060	19.4	432.64

Note: Owners' equity
As of March 31, 2011: ¥112,290 million As of March 31, 2010: ¥102,166 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, 2011	¥16,343	¥(7,069)	¥ (850)	¥31,501
Year ended March 31, 2010	27,164	(2,977)	(62,295)	24,231

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			
Ordinary share:								
Year ended March 31, 2010	—	¥0.00	—	¥ 5.00	¥ 5.00	¥1,182	15.7%	1.1%
Year ended March 31, 2011	—	0.00	—	10.00	10.00	2,365	17.3	2.2
Year ending March 31, 2012 (forecast)	—	5.00	—	5.00	10.00		14.3	

3. Business Performance Forecasts for the Year Ending March 31, 2012

(April 1, 2011 to March 31, 2012)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)
First-half period	¥850,000	(14.7)%	¥ 9,500	(16.4)%	¥ 9,500	(19.6)%	¥ 5,500	(26.1)%	¥23.29
Full term	2,330,000	15.8	27,500	17.7	27,000	13.5	16,500	20.9	69.88

Note: Full-year percentage figures represent year-on-year comparisons; first-half percentage figures represent comparisons with the first half of the previous fiscal year.

4. Others

(1) Changes in the scope of consolidation

Inclusion: none
Exclusion: none

(2) Changes in accounting principles, procedures and disclosure methods, etc.

Changes in accounting standard: applicable
Other: not applicable

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

As of March 31, 2011: 236,777,704 shares   As of March 31, 2010: 236,777,704 shares

Number of shares in treasury at the end of the year

As of March 31, 2011: 659,985 shares   As of March 31, 2010: 633,507 shares

Average number of shares outstanding the year

As of March 31, 2011: 236,132,933 shares   As of March 31, 2010: 236,174,494 shares

Operating Results

Analysis of Operating Results

Business Performance for Fiscal 2010

In fiscal 2010, the global economy saw an increasing trend toward economic recovery thanks to continued strong demand driven by vigorous consumer spending on the back of higher employment and personal incomes in emerging Asian countries. Another factor was the accelerating pace of economic growth in the United States and other developed countries owing to export growth from increased consumer spending resulting from economic stimulus policies and export growth mainly to emerging countries.

Despite a decline in consumer spending in reaction to the end of government's consumption stimulus measures such as eco-car subsidies, Japan's economy continued to improve as a whole driven by export growth in the wake of overseas economic recovery from the first half, as well as an upward trend in capital investments amid a rebound in corporate earnings. However, what impact the Tohoku earthquake and tsunami of March 11 will have on Japan's economy remains unknown, so the future is hard to predict.

In the steel industry, our core business field, domestic demand remained weak in the public works and construction sectors due to lower civil engineering spending. In contrast, in the automotive industry, despite decreasing production volumes following the end of eco-car subsidies, exports remained strong and construction and the industrial machinery sector continued to recover. Steel exports rebounded moderately thanks to strong demand primarily from emerging Asian countries including China.

Performance by segment was as follows.

Steel and Steel-Peripheral Businesses

In the steel business, many JFE Shoji Group companies in Japan performed poorly as a result of the global financial crisis that began in the middle of fiscal 2008. Nevertheless, earnings increased dramatically in fiscal 2010 due to rigorous cost reductions, product line expansion and aggressive marketing campaigns that successfully attracted new customers. In addition, efforts were taken to rebuild an efficient processing system. In order to cope with medium- and long-term demand trends, Hokuriku Steel Co., Ltd., a JFE Shoji Group company, which processes steel plate for the industrial machinery and construction industries, decided to consolidate the two manufacturing bases in Toyama Prefecture into a single base. Overseas, we vigorously expanded sales in emerging countries in Asia and the Middle East, and focused on marketing activities in such environmental fields as wind power generation, and energy fields for petrochemical plants and oil-drilling equipment. In response to the anticipated expansion of steel plate demand in the automotive industry, the JFE Shoji Group established in Thailand, together with the Summit Group, the Steel Alliance Service Center Co., Ltd, its 14th overseas steel processing center. In addition, we established a steel processing center—a joint venture with JFE Shoji, Metal One Corporation, Suzuki Motor Corporation and Maruti Suzuki India Limited—which serves the automotive industry. The JFE Shoji Group also decided to establish a joint-venture company in Jiangsu Province, China, for the manufacture and sale of pre-coated metai (PCM) with Suzhou HeSheng Special Material Co., Ltd., a major manufacturer of coated steel plate for use in consumer electronics and high-end building materials, JFE Steel Corporation, and JFE Shoji Trade Shanghai Co., Ltd. The Group invested capital to enhance its facilities with a focus on medium- and long-term demand at Zeijiang JFE Shoji Steel Products Co., Ltd., and Guangzhou JFE Shoji Steel Products Co., Ltd., its existing steel processing centers in China, as well as at Central Metals (Thailand) LTD.

In the field of raw materials, in light of the potential impact of stricter electric power consumption regulations and export tax reviews by the Chinese government, we quickly secured silicon- and manganese-based ferroalloys, for which we are highly dependent on China, and moved aggressively to expand sales of chrome molybdenum for use in high-grade steel. In the scrap iron field, we continued to consolidate domestic collection centers and new scrap iron sources to quickly respond to the changing demand from blast and electric furnace steelmakers. In the steel materials field, many coal mines were flooded during heavy flooding in the Australian state of Queensland in late December 2010, so while shipments remained at a standstill, we worked hard to maintain stable supplies to customers by quickly securing coal from the United States and China. We also expanded sales of steam coal to industry in general including electric power companies, as well as sales of coking coal to steelmakers.

To secure an additional earnings base and build relationships with resource suppliers, we invested aggressively in resources. We also acquired new coal interests in Australia in order to ensure the long-term and stable supply of high-grade coking coal, PCI coal and steam coal.

As a result of these efforts, sales in the Steel and Steel Peripheral Businesses came to ¥1,975.811 million, while ordinary income came to ¥22.771 million.

Food Business

In the food business, sales amounted to ¥25,058 million, and ordinary income was ¥702 million. This was due not only to our existing volume of business for "third-category beer (low-malt)," from South Korea, but also our efforts to expand business with new customers, as well as favorable sales of canned tuna to Saudi Arabia and canned mackerel in tomato sauce to Africa.

Semiconductors Business

In the semiconductor business, sales were brisk thanks to a global upswing in demand, especially strong demand for ICs for copiers and higher sales of imaging circuit boards for game devices. As a result, sales came in at ¥10,268 million and ordinary income at ¥431 million.

On January 1, 2011, Kawasho Semiconductor Corporation, the company responsible for the JFE Shoji Group's semiconductor business, merged with Kawasho Electronics Corporation, also a member of the Group, which is engaged in the sale of devices and peripheral equipment for the surface mounting, assembly and inspection of electronic components, thereby forming JFE Shoji Electronics Corporation. By integrating the capabilities and know-how of both companies, the new company seeks to become a highly visible technology trading company that is trusted by its customers in the rapidly changing electronics industry.

Real Estate Business

In the real estate business, despite the rapid sell off of real estate holdings, sales came to ¥428 million, resulting in an ordinary loss of ¥261 million.

As a result, total net sales on a consolidated basis for the full-year period increased ¥199.639 million, to ¥2,011,526 million. Operating income climbed ¥8,223 million, to ¥23,363 million, while ordinary income jumped ¥9,292 million to ¥23,783 million. However, net income rose only ¥6,139 million year on year, to ¥13,645 million owing to an extraordinary loss of ¥1,677 million from an inventory valuation loss due to the earthquake disaster and restoration costs for damages to buildings and equipment.

Business Performance Forecasts for Fiscal 2011

In fiscal 2011, despite fears of a slowdown in economic growth in emerging Asian countries due to stronger inflation containment policies, the global economy is expected to grow on the back of increased exports primarily to Asia and the United States, as well as continued strong personal consumption. Moreover, as the recovery trend is expected to continue in developed countries as well, exports, especially to emerging countries in Asia should remain strong. As a result, overall, we should follow a path to a self-sustaining recovery.

The Japanese economy will likely sustain its recovery trend, especially its export recovery, but there are concerns that the impact of earthquake damage includes not only direct damage to the devastated area, but also indirect damage from a decreased level of corporate activity resulting from power shortages caused by the nuclear power plant accident and a parts procurement standstill, as well as restrained consumer spending caused by deteriorating employment and income conditions. As a result, the economic future remains uncertain, despite an expected partial recovery in demand.

In the steel industry, our core business field, with some automakers adjusting their production volumes in response to the recent earthquake disaster, the situation in Japan 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.

We have formulated the JFE Shoji Group's second medium- term management plan, which covers the three-year period from April 2009 to March 2012. Since the next fiscal year marks the final year of this plan, we will implement measures to achieve medium-term tasks based on the Group's collective efforts.

As for specific initiatives to achieve medium-term tasks, in order to capture overseas demand, which is expected to grow over the medium- to long-term, we will further strengthen the capabilities of our existing overseas business bases and steel materials processing centers in the steel business. At the same time, we will actively build new steel processing center facilities that promptly meet customer needs in emerging countries such as China and India, and build cooperative relationships that include equity participation with steel-related companies including our customers, especially those in Asia. In addition, we will aggressively expand sales to the Middle East, Africa, and Central and South America, where business with the Group is currently limited. We will develop new suppliers of iron ore, coking coal and other steel materials, focus on the acquisition of steel materials, and above all, we will continue to aggressively invest in high-grade resources. In addition, we will seek further expansion through imports and exports and trilateral trade with emerging countries

In the machinery and materials field, we will focus on procuring equipment and machinery for the JFE Shoji Group and for members of the Group alliance. At the same time, we will actively contribute to the overseas expansion and sales channel growth of our customers. Currently, the Group is aggressively implementing a customer satisfaction improvement program. In this program, each division is to reexamine whether the Group is properly responding to customer needs and will then take steps to implement improvements based on what it learns. Through this program, we will rigorously review whether the Group is truly fulfilling its function of providing customer satisfaction and responding to customer's needs. By always conducting our sales activities and programs from the customer's point of view, we will be able to expand sales further.

With respect to the development and strengthening of human resources, the greatest asset of the JFE Shoji Group is its employees and we view human resource development as the single most important task facing the Group. With the goal of developing professionals with positive minds that are capable of responding to changing times as well as employees with a global perspective who can act broadly both in Japan and internationally, we will work to raise everyone's awareness, especially that of management, regarding the development and strengthening of all human resources of the Group. In addition, we will further improve on-the-job-training, upgrade and expand study programs, and carry out routine staff rotations.

Focused on a new medium-term management plan that begins from fiscal 2012, the Group has reexamined its current holdings structure with the aim of developing a speedy and agile Group management through a simple and more efficient structure. Specifically, this means that after the merger of JFE Shoji Trade Corporation and Kawasho Real Estate Corporation on October 1, 2011, JFE Shoji Holdings, Inc. and JFE Shoji Trade Corporation will merge on April 1, 2012.

We cannot eliminate the uncertainties in the business environment, but by aggressively expanding the volume of existing business and increasing sales to new customers, we forecast net sales of ¥2,330 billion, operating income of ¥27.5 billion, ordinary income of ¥27.0 billion and net income of ¥16.5 billion.

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.

Analysis of Financial Conditions

Assets, Liabilities and Net Assets

Total assets at the end of fiscal 2010 jumped ¥44.576 million year on year, to ¥571,364 million. This was mainly attributable to increased operating receivables and inventory assets due to rising steel and raw material prices and a higher volume of business.

In contrast to net income of ¥13,645 million, total net assets increased only ¥10.366 million year on year, to ¥117.426 million, mainly due to a decrease in translation adjustments as a result of the strong yen.

Cash Flows

Net cash provided by operating activities came to ¥16,343 million, as a result of strong operating revenue due to a pick up in steel demand, despite increased working capital resulting from higher prices and other factors.

Net cash used in investing activities came to ¥7,069 million due to the acquisition of coal interests, continued equipment investment aimed at expanding processing capacity at domestic and overseas steel processing centers, raising product quality, and improving safety standards.

Net cash used in financing activities came to ¥850 million, mainly due to dividend payments.

Major financial indicators

	FY2006	FY2007	FY2008	FY2009	FY2010
Equity ratio	16.0%	17.0%	17.1%	19.4%	19.7%
Equity ratio (mark-to-market basis)	22.2%	25.1%	9.7%	17.7%	14.9%
Debt redemption ratio	2.5	10.9	83.4	4.0	6.6
Interest coverage ratio	12.9	2.8	0.6	10.6	9.0

Note: Calculated using consolidated financial figures

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

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

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

Interest coverage ratio: Cash flows from operating activities*3/ Interest expenses*4

*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

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

The policy of JFE Shoji Holdings regarding dividends is to return profits to all our shareholders while taking into full account the need to maintain a level of retained earnings that will enable sufficient reinforcement of the business base of the whole Group, as well as performance trends and other factors.

Based on this policy, we expect to pay a dividend of ¥10 per share of common stock, as originally announced, at the end of the term ending March 31, 2011.

Although the fiscal 2011 dividend will be paid based on the aforementioned policy, we are now considering the payment of an interim dividend. In light of the performance forecast, we expect to pay both an interim and year-end dividend of ¥5 yen per share, for an annual dividend of ¥10 per share.

Business Risks

The following is a list of the principal categories of risk that investors consider as having the potential to produce a material impact on the business performance or financial position of the Group.

Forward-looking statements contained herein are based upon assessments made by the Group as of March 31, 2011.

(1) Selling Market Factors

Changing economic circumstances in Japan and overseas could intensify the already fierce competitive pressures the Group faces, and this is likely to exert an adverse impact on the volume of sales and unit prices of merchandise handled by the Group.

(2) Foreign Exchange Risk

In its sales transactions and investing activities, the Group has occasion to make use of currencies other than the Japanese yen, principally the U.S. dollar. As a result of changes in the exchange rate between the yen and an overseas currency employed in a particular buying or selling transaction between the date of signing of the contract and the date of settlement, the Group is subject to so-called foreign exchange risk. To hedge against this risk, in principle, we employ exchange futures transactions based on our estimated parameters of fluctuation in exchange rates. However, in the event of extremely sharp swings on the foreign exchange market, beyond the predicted limits, the business performance in ordinary transactions and investing activities of the Group, and therefore its financial position, may be adversely affected.

(3) Interest Rate Risk

The Group conducts fund procurement and fund management operations as prerequisites for its selling transactions and investing activities. In the case where funds are procured at floating interest rates, the Group hedges against changes in interest rates by means of interest swaps. However, in the event that interest rates change in a direction unfavorable to the Group and beyond the parameters envisaged in the hedging agreements, the business performance related to borrowings with variable interest rates and fund procurement/operations in the future, and therefore the financial position, of the Group may be adversely affected.

(4) Stock Price Risk

In the event of a decline in the market prices of equity securities of listed companies held by the Group, the financial position and business performance of the Group may be subject to an adverse impact.

(5) Country Risk

The Group is subject to country risk whenever international transactions are conducted. Country risk refers to the risk that the overseas counterparty may be unable to honor its commitments as a result of political or economic instability, war, etc. affecting the counterparty country in question. For this reason, the Group categorizes the countries of the world into low-risk, medium-risk, and high-risk on the basis of ratings assigned by reputable credit rating institutions. This enables us to obtain a firmer grasp on the state of affairs in the various countries with which we do business, but in the event that a country halts the outflow of payments for reasons related to the foreign exchange rate of its currency, it may be impossible for the Group to recover payment for goods provided or services rendered.

(6) Government Regulations

The Group’s operations in the various countries where it does business are subject to a variety of regulations imposed by the governments of the countries in question, including those relating to customs duties and restrictions on imports and exports. Our business may also be affected by regulations in the fields of trade, monopolies, patents, taxes and others.

(7) Retirement Benefit Obligations

The Group employs a cash balance pension plan.

Retirement benefit obligations and costs are calculated based on actuarial assumptions on discount rates, retirement rates, death rates and expected return on plan assets.

In the event of actual results substantially differing from these assumptions or substantial changes being made for these assumptions, retirement benefit obligations and cost may increase substantially.

(8) Investment Risk

The Group has been pursuing a policy of selling off low-performance assets and investing in promising new fields as a means of raising investment returns and reducing investment-related expenses, but in the event of an unforeseen decline in the enterprise value of an investment target company or of a sharp drop in equities prices, an adverse effect on the business performance and financial position of the Group may be unavoidable.

(9) Product Liability Risk

In Japan, following the lead of other countries, a Product Liability Law has been enacted to protect the consumer from negligence on the part of a manufacturer, resulting in a defective product.

The merchandise handled by the companies of the Group, when considered necessary, are covered by the insurance against product defects, out of which compensation payments relating to product liability are made. However, in the event of the occurrence of a lawsuit involving a serious product liability that meets the conditions of an escape clause in the compensation insurance contract, the financial position and business results of the Group could be subject to a substantial adverse impact.

(10) Credit Risk

One important function involved in the business of a trading company is the provision of credit to the business counterparty, and as a consequence of this, the Group holds a large amount of trade receivables on a large number of business partners. To prevent these from becoming irrecoverable (i.e. bad debt), the Group’s management has drafted a set of credit management rules to govern the way in which our staff monitor loan repayments. However, in the event that significant numbers of loans become irrecoverable as a result of the bankruptcy of the borrowers, this would have an adverse effect on the Group’s financial position and business performance.

(11) Natural Disaster Risk

In the event that damage is incurred from the destruction of business offices and equipment due to an earthquake or other natural disaster, this could interfere with the Group's sales activities. Although the Group takes various countermeasures such as formulating business continuity plans, preparing for earthquakes, and conducting emergencies drills, it cannot completely eliminate damage caused by natural disasters and other factors, therefore, this could have an adverse effect on the Group's financial position and business performance.

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 29, 2010. 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 first-half financial results are available on our website:
http://www.jfe-shoji-hd.co.jp/investor/earnings/index.html
Tokyo Stock Exchange (Listed company search):
http://www.tse.or.jp/listing/compsearch/index.html

2. Targeted Management Indicators, 3. Medium- to Long-Term Management Strategy, 4. Issues to be Addressed by the Company

Under its management vision of "Making the JFE Shoji Group into a top-level company of excellence as a steel and iron trading firm," 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 2011	2010
Assets		
Current assets:		
Cash and deposits	**¥ 31,551**	¥ 24,466
Trade notes and accounts receivable	**322,108**	298,633
Merchandise and finished products	**59,522**	49,585
Work in process	**552**	412
Raw materials and supplies	**17,428**	15,593
Other current assets	**33,421**	33,160
Allowance for doubtful receivables	**(1,847)**	(1,677)
Total current assets	**462,737**	420,173
Non-current assets:		
Tangible fixed assets:		
Buildings and structures	**23,752**	23,966
Accumulated depreciation	**(13,140)**	(12,622)
Net buildings and structures	**10,611**	11,344
Machinery, equipment and vehicles	**27,141**	27,768
Accumulated depreciation	**(19,616)**	(19,373)
Net machinery, equipment and vehicles	**7,525**	8,394
Land	**17,141**	17,039
Other	**9,686**	10,008
Accumulated depreciation	**(6,903)**	(6,885)
Net other	**2,783**	3,123
Total tangible fixed assets	**38,061**	39,901
Intangible assets	**5,503**	7,026
Investments and other assets:		
Investments in securities	**48,347**	43,723
Other	**18,931**	20,816
Allowance for doubtful receivables	**(2,217)**	(4,854)
Total investments and other assets	**65,062**	59,685
Total non-current assets	**108,627**	106,614
Total assets	**¥571,364**	¥526,788

Note: Amounts under one million yen are omitted.

As of March 31	Millions of yen 2011	2010
Liabilities		
Current liabilities:		
Trade notes and accounts payable	**¥304,539**	¥274,522
Short-term borrowings	**78,105**	91,025
Accrued income taxes	**6,020**	1,784
Other reserve	**1,067**	97
Commercial paper	**14,991**	—
Other current liabilities	**24,951**	24,650
Total current liabilities	**429,676**	392,079
Non-current liabilities:		
Long-term debt	**14,000**	17,046
Accrued retirement benefits for employees	**4,802**	4,260
Accrued retirement benefits for directors	**647**	694
Other reserve	**2**	1
Other	**4,809**	5,645
Total non-current liabilities	**24,262**	27,648
Total liabilities	**453,938**	419,727
Net assets		
Shareholders’ equity:		
Share capital	**20,000**	20,000
Capital surplus	**17,428**	17,428
Retained earnings	**83,742**	71,364
Treasury stock	**(356)**	(347)
Total shareholders’ equity	**120,814**	108,446
Accumulated other comprehensive income (loss)		
Net unrealized holding gain on securities	**3,829**	3,903
Net deferred gain on hedges	**0**	28
Land revaluation reserve	**(322)**	(408)
Translation adjustments	**(12,031)**	(9,803)
Total accumulated other comprehensive loss	**(8,523)**	(6,279)
Minority interests	**5,136**	4,894
Total net assets	**117,426**	107,060
Total liabilities and net assets	**¥571,364**	¥526,788

Note: Amounts under one million yen are omitted.

Consolidated Statements of Income

Years ended March 31	Millions of yen	
	2011	2010
Net sales	**¥2,011,526**	¥1,811,887
Cost of sales	**1,938,329**	1,746,948
Gross profit	**73,196**	64,939
Selling, general and administrative expenses	**49,833**	49,798
Operating income	**23,363**	15,140
Non-operating income:		
Interest income	**408**	429
Dividend received	**598**	629
Equity in earnings of unconsolidated subsidiaries and affiliates	**996**	—
Other	**2,121**	2,705
Total non-operating income	**4,125**	3,764
Non-operating expenses:		
Interest expense	**1,753**	2,261
Equity in loss of unconsolidated subsidiaries and affiliates	—	874
Other	**1,951**	1,277
Total non-operating expenses	**3,705**	4,413
Ordinary income	**23,783**	14,491
Extraordinary losses:		
Loss due to disaster	**1,623**	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	**54**	—
Total extraordinary losses	**1,677**	—
Income before income taxes and minority interests	**22,105**	14,491
Income taxes:		
Current	**8,772**	5,278
Deferred	**(619)**	1,994
Total income taxes	**8,152**	7,272
Income before minority interests	**13,952**	—
Minority interests (loss)	**307**	(288)
Net income	**¥ 13,645**	¥ 7,506

Note: Amounts under one million yen are omitted.

Consolidated Statements of Comprehensive Income

Years ended March 31	Millions of yen 2011	2010
Income before minority interests	**¥13,952**	¥ —
Other comprehensive income		—
Net unrealized holding gain (loss) on securities	**(96)**	—
Net deferred gain (loss) on hedges	**(28)**	—
Translation adjustments	**(2,182)**	—
Share of other comprehensive income of associates accounted for using equity method	**(95)**	—
Total other comprehensive income *2	**(2,404)**	—
Comprehensive income *1	**11,548**	—
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	**11,315**	—
Comprehensive income attributable to minority interests	**233**	—

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

2. *1 Comprehensive income in the previous fiscal year

	Millions of yen
Comprehensive income attributable to shareholders of the parent	¥13,366
Comprehensive income attributable to minority interests	(237)
Total	¥13,129

*2 Other comprehensive income in the previous fiscal year

	Millions of yen
Net unrealized holding gain on securities	¥4,128
Net deferred gain on hedges	184
Translation adjustments	1,586
Share of other comprehensive income of associates accounted for using equity method	10
Total	¥5,910

(Additional Information)
From fiscal 2010, the Group has applied “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued on June 30, 2010). However, the amounts of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” in fiscal 2009 are recorded in the amounts for “Valuation and translation adjustments” and “Total valuation and translation adjustments.”

Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Shareholders' equity				
Year ended March 31, 2011	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	¥20,000	¥17,428	¥71,364	¥(347)	¥108,446
Changes during year:					
Cash dividends			**(1,180)**		**(1,180)**
Net income			**13,645**		**13,645**
Purchases of treasury stock				**(9)**	**(9)**
Retirement of treasury stock		—		—	—
Transfer		—	—		—
Reversal of land revaluation reserve			**(86)**		**(86)**
Net changes in items other than shareholders' equity					
Total changes during year	—	—	**(12,377)**	**(9)**	**12,367**
Balance at March 31, 2011	**¥20,000**	**¥17,428**	**¥83,742**	**¥(356)**	**¥120,814**

	Accumulated other comprehensive income (loss)						
	Net unrealized holding gain (loss) on securities	Net unrealized deferred gain (loss) on hedges	Land revaluation reserve	Translation adjustments	Total accumulated other comprehensive loss	Minority interests	Total net assets
Balance at March 31, 2010	¥3,903	¥ 28	¥(408)	¥ (9,803)	¥(6,279)	¥4,894	¥107,060
Changes during year:							
Cash dividends							**(1,180)**
Net income							**13,645**
Purchases of treasury stock							**(9)**
Retirement of treasury stock							—
Transfer							—
Reversal of land revaluation reserve							**(86)**
Net changes in items other than shareholders' equity	**(73)**	**(28)**	**86**	**(2,227)**	**(2,243)**	**241**	**(2,001)**
Total changes during year	**(73)**	**(28)**	**86**	**(2,227)**	**(2,243)**	**241**	**10,366**
Balance at March 31, 2011	**¥3,829**	**¥ 0**	**¥(322)**	**¥(12,031)**	**¥(8,523)**	**¥5,136**	**¥117,426**

Note: Amounts under one million yen are omitted.

Year ended March 31, 2010	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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

	Accumulated other comprehensive income (loss)						
	Net unrealized holding gain (loss) on securities	Net unrealized deferred gain (loss) on hedges	Land revaluation reserve	Translation adjustments	Total accumulated other comprehensive loss	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.

Consolidated Statements of Cash Flows

	Millions of yen	
Years ended March 31	**2011**	2010
Cash flows from operating activities		
Income before income taxes and minority interests	**¥22,105**	¥14,491
Depreciation and amortization	**5,621**	5,869
Loss due to disaster	**1,623**	—
Decrease in allowance for doubtful receivables	**(2,447)**	(1,771)
Increase in accrued retirement benefits for employees	**567**	318
Increase (decrease) in accrued retirement benefits for directors	**(46)**	31
Interest and dividend income	**(1,007)**	(1,058)
Interest expense	**1,753**	2,261
Equity in loss (earnings) of unconsolidated subsidiaries and affiliates	**(996)**	874
Decrease (increase) in trade notes and accounts receivable	**(25,487)**	43,937
Decrease (increase) in inventories	**(13,869)**	29,967
Increase (decrease) in trade notes and accounts payable	**31,892**	(58,647)
Other, net	**971**	2,042
Subtotal	**20,681**	38,316
Interest and dividend received	**1,255**	1,293
Interest paid	**(1,807)**	(2,553)
Income taxes paid	**(5,623)**	(14,003)
Income taxes refunded	**1,836**	4,110
Net cash provided by operating activities	**16,343**	27,164
Cash flows from investing activities		
Increase in time deposits	**(14)**	(102)
Proceeds from withdrawal of time deposits	**199**	100
Purchases of tangible fixed assets	**(2,414)**	(2,488)
Proceeds from sale of tangible fixed assets	**245**	231
Purchases of intangible assets	**(995)**	(1,309)
Proceeds from sale of intangible assets	**—**	89
Purchases of investments in securities	**(127)**	(383)
Proceeds from sale of investments in securities	**159**	5
Purchases of shares of subsidiaries	**—**	(167)
Purchase of investments in subsidiaries resulting in changes in scope of consolidation	**(4,206)**	—
Proceeds from sale of shares of subsidiaries that are excluded from consolidation	**—**	81
Increase in loans receivable	**(159)**	(454)
Collection of loans receivable	**319**	974
Other, net	**(76)**	445
Net cash used in investing activities	**(7,069)**	(2,977)
Cash flows from financing activities		
Decrease in short-term borrowings	**(10,673)**	(39,594)
Increase in commercial paper	**14,991**	—
Repayment of finance lease obligations	**(554)**	(669)
Proceeds from long-term debt	**6,000**	4,000
Repayment of long-term debt	**(9,462)**	(5,489)
Proceeds from minority shareholders	**240**	89
Purchases of treasury stock	**—**	(18,540)
Cash dividends paid	**(1,181)**	(1,358)
Cash dividends paid to minority shareholders	**(199)**	(725)
Other, net	**(9)**	(6)
Net cash used in financing activities	**(850)**	(62,295)
Effect of exchange rate changes on cash and cash equivalents	**(925)**	750
Net increase (decrease) in cash and cash equivalents	**7,498**	(37,358)
Cash and cash equivalents at beginning of year	**24,231**	61,590
Decrease in cash and cash equivalents due to exclusion from consolidation	**(229)**	—
Cash and cash equivalents at end of year	**¥31,501**	¥24,231

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

2. Notes on Premise of Going Concern
   Not applicable

3. Basic Significant Matters Regarding Preparation of Consolidated Financial Statements for Reporting Fiscal Year

(Application of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method)
With effect from FY2010, we have applied the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, issued on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (PITF No. 24, issued on March 10, 2008).
No effects of this change on the financial statements are recorded.

(Application of Accounting Standard for Asset Retirement Obligations)
With effect from FY2010, we have applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, issued on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008).
As a result of this application, operating income and ordinary income under review decreased by 34 million yen, respectively, and income before income taxes and minority interests under review decreased by 88 million yen.

(Application of Accounting Standard for Business Combinations)
With effect from FY2010, we have applied the following Documents issued on December 26, 2008: the Accounting Standard for Business Combinations (ASBJ Statement No. 21), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22), Partial amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7), Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16), and Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

Segment Information

Business segment information

	Millions of yen						
	Year ended March 31, 2010						
	Steel and Steel Peripherals	Food	Semiconductors	Real Estate	Total	Elimination 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

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

2. Unallocated operating expenses of ¥648 million for the year ended March 31, 2010 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 for the year ended March 31, 2010 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.

Geographic segment information

	Millions of yen				
	Year ended March 31, 2010				
	Japan	Other areas	Total	Elimination 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

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

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

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

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.

Overview of Segment Information

It is possible to obtain financial information on the reporting segments separate from the constituent units of the Company. The Board of Directors, etc. determines the allocation of management resources and evaluates the results so these are subject to periodic review.

The Group consists of a holding company, beneath which are the operating companies that manage the separate businesses: JFE Shoji Trade Corporation, which manages the Steel and Steel Peripherals Business; Kawasho Foods Corporation, which manages the Food Business; JFE Shoji Electronics Corporation, which manages the Semiconductor Business; and Kawasho Real Estate Corporation, which manages the Real Estate Business. Each operating company formulates the general strategies for its respective products and services, and the Company exercises oversight over these operating companies.

The segments of the Company therefore mainly consist of the separate products and services basic to these operating companies and their affiliates and the four reporting segments are the Steel and Steel Peripherals Business, Food Business, Semiconductor Business, and Real Estate Business.

The main operation of the Steel and Steel Peripherals Business involve domestic trading and import and export transactions in steel products, steel raw materials, non-ferrous metals, chemicals, and other products. The main operations of the Food Business involve domestic and import/export transactions in various kinds of food products. The main operations of the Semiconductor Business involve domestic and import/export transactions in various types of semiconductor products, and the domestic and overseas sales, installation and maintenance of machinery and peripheral equipment including the mounting, assembly and inspection of electronic components. The main operations of the Real Estate Business involve the sale and leasing of real estate.

Method of Calculating the Amount of Sales, Profits, Losses, Assets and Other Items for Each Reporting Segment

Segment profit figures for reporting segments are on an ordinary income basis. Intersegment sales are based on transaction prices between third parties.

Information on Sales, Profits, Losses, Assets and Other Items for Each Reporting Segment

Millions of yen

	Year ended March 31, 2011						
	Reporting Segment					Adjustments	Amount Booked to the Consolidated Financial Statements
	Steel and Steel Peripherals	Food	Semiconductors	Real Estate	Total		
Net sales:							
Outside customers	**¥1,975,804**	**¥25,043**	**¥10,251**	**¥ 427**	**¥2,011,526**	**¥ —**	**¥2,011,526**
Intersegment	**6**	**15**	**17**	**1**	**40**	**(40)**	**—**
Total	**1,975,811**	**25,058**	**10,268**	**428**	**2,011,567**	**(40)**	**2,011,526**
Segment profits (losses)	**22,771**	**702**	**431**	**(261)**	**23,643**	**140**	**23,783**
Segment assets	**¥ 541,389**	**¥ 8,539**	**¥ 5,701**	**¥15,861**	**¥ 571,492**	**¥(127)**	**¥ 571,364**
Other items							
Depreciation and amortization	**5,493**	**91**	**24**	**2**	**5,610**	**11**	**5,621**
Interest income	**396**	**9**	**9**	**0**	**414**	**(6)**	**408**
Interest expense	**1,769**	**0**	**7**	**53**	**1,831**	**(77)**	**1,753**
Equity in profit or loss of unconsolidated subsidiaries and affiliates	**1,032**	**(34)**	**—**	**0**	**998**	**(1)**	**996**
Investment in equity-method affiliates	**19,100**	**192**	**—**	**12**	**19,305**	**—**	**19,305**
Increase from tangible fixed assets and intangible assets	**3,331**	**24**	**47**	**0**	**3,403**	**5**	**3,409**

Millions of yen

	Year ended March 31, 2010						
	Reporting Segment					Adjustments	Amount Booked to the Consolidated Financial Statements
	Steel and Steel Peripherals	Food	Semiconductors	Real Estate	Total		
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	1,778,867	25,315	7,216	513	1,811,913	(25)	1,811,887
Segment profits (losses)	13,828	576	164	(274)	14,295	195	14,491
Segment assets	¥ 497,205	¥ 9,018	¥3,771	¥16,105	¥ 526,100	¥687	¥ 526,788
Other items							
Depreciation and amortization	5,755	92	6	2	5,856	12	5,869
Interest income	425	4	0	0	430	(1)	429
Interest expense	2,316	0	4	77	2,398	(136)	2,261
Equity in profit or loss of unconsolidated subsidiaries and affiliates	(872)	(1)	—	1	(872)	(1)	(874)
Investment in equity-method affiliates	14,187	242	—	11	14,441	—	14,441
Increase from tangible fixed assets and intangible assets	3,727	91	6	0	3,826	4	3,830

Total Amount of Profits or Losses for Segments Reported, Amount Booked on the Consolidated Financial Statements, as well as the Difference between These and Reasons for That Difference (Information concerning adjustments for differences)

	Millions of yen	
	Year ended March 31, 2011	Year ended March 31, 2010
Profits		
Total of reporting segment	**¥23,643**	¥14,295
Elimination of intersegment transactions	**692**	754
Total unallocatable company profits (losses) *	**(552)**	(558)
Ordinary income on the consolidated financial statement	**¥23,783**	¥14,491

Note: * Total unallocatable company profits (losses) mainly consist of corporate, general and administrative expenses and non-operating profits and losses of the Company not attributable to the reporting segments.

	Millions of yen	
	Year ended March 31, 2011	Year ended March 31, 2010
Assets		
Total of reporting segment	**¥571,492**	¥526,100
Elimination of intersegment transactions	**(1,150)**	(616)
Total unallocatable corporate assets *	**1,022**	1,304
Total assets on the consolidated financial statement	**¥571,364**	¥526,788

Note: * Total unallocatable corporate assets mainly consist of the cash and deposits of the Company and its subsidiaries not attributable to the reporting segments.

(Additional Information)
From fiscal 2010, the Group has applied "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008)

Related Information

1. Information about Each Product and Service

Because the same information is contained in segment information, it has been omitted.

2. Geographic Information

	Millions of yen			
	Japan	South Korea	Other	Total
Net sales	**1,377,204**	**230,043**	**404,277**	**2,011,526**

	Millions of yen			
	Japan	China	Other	Total
Tangible fixed assets	**28,915**	**4,122**	**5,024**	**38,061**

3. Information about Major Customers

	Millions of yen	
Names of customers	Net sales	Names of related segments
JFE Steel Corporation	**412,469**	Steel and Steel Peripheral Business

Information about impairment losses of non-current assets for each segment

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Not applicable

Information about amortization of goodwill for each segment

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Not applicable

Information about gain on negative goodwill for each segment

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Not applicable

Per Share Information

	Yen	
	Year ended March 31, 2011	Year ended March 31, 2010
Net assets per share	**¥475.57**	¥432.64
Earnings per share	**57.79**	31.78

Diluted earnings per share are not disclosed as there were no diluted shares.

Note: Basis for calculating earnings per share

	Millions of yen	
	Year ended March 31, 2011	Year ended March 31, 2010
Net income	**¥13,645**	¥7,506
Amount not attributable to common stockholders	—	—
Net income related to common stock	**13,645**	7,506
Average number of shares of common stock during period (thousand shares)	**236,132**	236,174

Significant Subsequent Events

Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

Not applicable

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Conclusion of merger agreement between JFE Shoji Holdings, Inc. (the Company) and JFE Shoji Trade Corporation, a consolidated subsidiary of the Company)

At the board of directors' meetings of both companies held on April 27, 2011, a resolution was passed to merge JFE Shoji Holdings, Inc. and JFE Shoji Trade Corporation, and a merger agreement was concluded.

1. Purpose of merger

The JFE Shoji Group is now entering the final year of its second medium-term management plan, which began from April 2009. Recently, the JFE Shoji Group solidified its revenue base, primarily in the steel business, improved its financial standing, strengthened human resource development, streamlined operations and fortified its business structure.

In April 2012, we will embark on a new (third) medium-term management plan. In this new plan, the JFE Shoji Group has clearly articulated 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. Names of merging companies

Business name: JFE Shoji Trade Corporation (acquiring company)
JFE Shoji Holdings, Inc. (acquired company)

3. Merger method and company name after merger

Merger method: JFE Shoji Trade Corporation will be the surviving entity. The Company will be dissolved through an absorption-type merger.

Company name after merger: JFE Shoji Trade Corporation

4. Description of share allocation for merger

(1) Share allocation ratio for merger

One common share of JFE Shoji Trade Corporation stock will be allocated and issued for one common share of the Company's stock.

(2) Basis for calculating merger ratio

Believing that fairness and appropriateness are of primary importance, the Company asked Nomura Securities Co., Ltd. (hereafter, "Nomura Securities"), a third party institution, to analyze the impact that this merger would have on the Company and on the common shares held by stockholders of the Company, and it has received the results of this analysis. After fully taking into account the results of the analysis received from Nomura Securities, the Company and JFE Shoji Trade Corporation have decided upon the merger ratio described above.

(3) Shares of JFE Shoji Trade Corporation held by the Company

Shares of JFE Shoji Trade Corporation held by the Company will become treasury stock held by JFE Shoji Trade Corporation on the effective date of the merger. However, under this merger, the Company will replace all of said shares with newly issued shares and allocate them to all stockholders (excluding the Company) of the Company.

5. Description and scope of main business of acquiring company

Business name	JFE Shoji Trade Corporation (acquiring company)
Business description	Engaged primarily in domestic trading and import and export in such fields as steel products and materials, non-ferrous metals, chemical products, machinery and marine vessels
Head office	1 Chome 6-20, Dojima, Kita-ku, Osaka
Name and title of representative director	Mikio Fukushima, President and CEO
Capital	¥14,539 million
Established	January 5, 1954
Outstanding shares	236,777,704 (*1)
Net assets (*2)	¥53,174 million
Total assets (*2)	¥395,486 million
Fiscal year ends	March 31

(*1) Shows number of shares after reverse stock split conducted by JFE Shoji Trade Corporation on April 1, 2011

(*2) As of March 31, 2011

6. Date of merger

April 1, 2012 (planned)

7. Summary of accounting procedure

This merger is subject to "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and "Guidance for Accounting Standard for Business Combinations and Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008), and falls under the category of common control.

(Conclusion of merger agreement between JFE Shoji Trade Corporation and Kawasho Real Estate Corporation, consolidated subsidiaies of the Company)

At the board of directors' meetings of both companies held on April 27, 2011, a resolution was passed to merge JFE Shoji Trade Corporation and Kawasho Real Estate Corporation, wholly-owned subsidiaries of the Company, and a merger agreement was concluded.

1. Purpose of merger

The JFE Shoji Group is now entering the final year of its second medium-term management plan, which began from April 2009. Recently, the JFE Shoji Group solidified its revenue base, primarily in the steel business, improved its financial standing, strengthened human resource development, streamlined operations and fortified its business structure.

In April 2012, we will embark on a new (third) medium-term management plan. In this new plan, the JFE Shoji Group has clearly articulated a new growth strategy with the goal of becoming on "a top-level company of excellence as 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. Names of merging companies

Business name: JFE Shoji Trade Corporation (acquiring company)
Kawasho Real Estate Corporation (acquiried company)

3. Merger method and company name after merger

Merger method: JFE Shoji Trade Corporation will be the surviving entity. Kawasho Real Estate Corporation will be dissolved through an absorption-type merger.
Company name after merger: JFE Shoji Trade Corporation

4. Description of share allocation for merger

As JFE Shoji Trade Corporation, the surviving company, and Kawasho Real Estate Corporation, the dissolving company, are both, at this juncture, wholly-owned subsidiaries of the Company, no shares will be allocated nor will any other costs be incurred in the merger.

5. Description and scope of main business of merging companies

Business name	JFE Shoji Trade Corporation (acquiring company)	Kawasho Real Estate Corporation (acquiried company)
Business description	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 primarily in the holding, management, buying and selling, leasing and brokerage of real estate
Head office	1 Chome 6-20, Dojima, Kita-ku, Osaka	2 Chome 7-1, Otemachi, Chiyoda-ku, Tokyo
Name and title of representative director	Mikio Fukushima, President and CEO	Yasushi Sato, President and CEO
Capital	¥14,539 million	¥100 million
Established	January 5, 1954	October 1, 2004
Outstanding shares	236,777,704 (*1)	60,000
Net assets (*2)	¥53,174 million	¥8,616 million
Total assets (*2)	¥395,486 million	¥15,857 million
Fiscal year ends	March 31	March 31

(*1) Shows number of shares after reverse stock split conducted by JFE Shoji Trade Corporation on April 1, 2011
(*2) As of March 31, 2011

6. Date of merger

October 1, 2011 (planned)

7. Summary of accounting procedures

This merger is subject to “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and “Guidance for Accounting Standard for Business Combinations and Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008), and falls under the category of common control.

Other

Changes in Executive Officers

Changes in executive officers were announced on February 25, 2011.