

**Accounts Settlement for
First-Half Period of Fiscal 2016
(Results Summary & Business
Performance Forecast)**

October 31th, 2016



JFE Shoji Trade Corporation

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1. FY2016 First-Half Accounts Settlement: Key Points

- ◆ **Net sales decreased ¥138.7 billion year on year, to ¥775.8 billion, due primarily to falling prices of steel products in domestic and overseas markets.**
- ◆ **Ordinary income decreased ¥2.2 billion, to ¥7.6 billion, owing to falling prices of steel products, and appreciation of yen.**
- ◆ **Net income decreased ¥1.8 billion to ¥4.4 billion.**

2. Consolidated Statements of Income

(Billions of yen)

	FY2016 2nd Q	FY2015 2nd Q	Cumulative YoY change	
				% change
Net sales	775.8	914.5	① (138.7)	(15%)
Gross profit	37.9	40.9	(3.0)	(7%)
Gross profit margin	4.9%	4.5%	0.4%	
Selling, general and administrative expenses	29.2	31.7	② (2.5)	(8%)
Operating income	8.7	9.2	(0.5)	(5%)
Non-operating income	(1.1)	0.6	③ (1.7)	
Ordinary income	7.6	9.8	(2.2)	(22%)
Extraordinary income (losses)	-	(0.6)	0.6	
Income before income taxes	7.6	9.2	(1.6)	(17%)
Net income	4.4	6.2	(1.8)	(29%)

① Net sales

- JFE Shoji Trade (nonconsolidated) (97.6)
- Domestic subsidiaries (22.8)
- Overseas subsidiaries (37.4)

② Selling, general and administrative expenses

Decrease in selling expenses, others (2.5)

③ Non-operating income

Foreign exchange loss, others (1.7)

3. Consolidated Balance Sheet (Summary)

(Billions of yen)

	Reporting 1st half-end (end of September)	Previous year-end	YoY change
Total assets	575.3	619.7	① (44.4)
Total liabilities	419.0	456.3	② (37.3)
Net assets	156.3	163.4	③ (7.1)
Interest-bearing liabilities	119.1	134.0	(14.9)
*D/E ratio	0.79	0.85	(0.06)
*Equity ratio	26.1%	25.3%	0.8

① Total assets

Trade notes and accounts receivable	(11.4)
Decrease in inventories	(23.9)

② Total liabilities

Decrease in purchase debts	(1.6)
Decrease in borrowing	(1.5)

③ Net assets

Net income	4.4
Marketable securities valuation difference	(0.7)
Foreign currency translation adjustment others	(10.8)

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

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

4. Consolidated Statement of Cash Flows (Summary)

(Billions of yen)

	Reporting 1st half-end (April - September)
Cash flows from operating activities	16.2
Cash flows from investing activities	(6.6)
Free cash flow	9.6
Cash flows from financing activities	(6.8)
Effect of exchange rate change on cash and cash equivalents	(1.6)
Net increase in cash and cash equivalents	1.2
Cash and cash equivalents at beginning of year	17.6
Cash and cash equivalents at end of half period of fiscal 2016	18.8

● Cash flows from operating activities

Ordinary Income	7.6
Depreciation and amortization	3.2
Increase in advances to customers	(6.7)
Decrease in inventories	15.5
Income taxes paid (net of refunding) (and others items)	(4.7)

● Cash flows from investing activities

Increase in deposits paid	(3.1)
Acquisition of fixed assets	(2.3)

● Cash flows from financing activities

Increase in borrowings	(6.5)
Payment for dividends (and other items)	(0.3)

5. Forecasts for FY2015 Business Performance

(Billions of yen)

	FY 2015		Forecast of FY 2016		Increase and decrease
	1st half-end	Year	1st half-end	Year	Year
Net sales	914.5	1,756.4	775.8	1,670.0	(86.4)
Net income	9.8	15.7	7.6	20.0	4.3

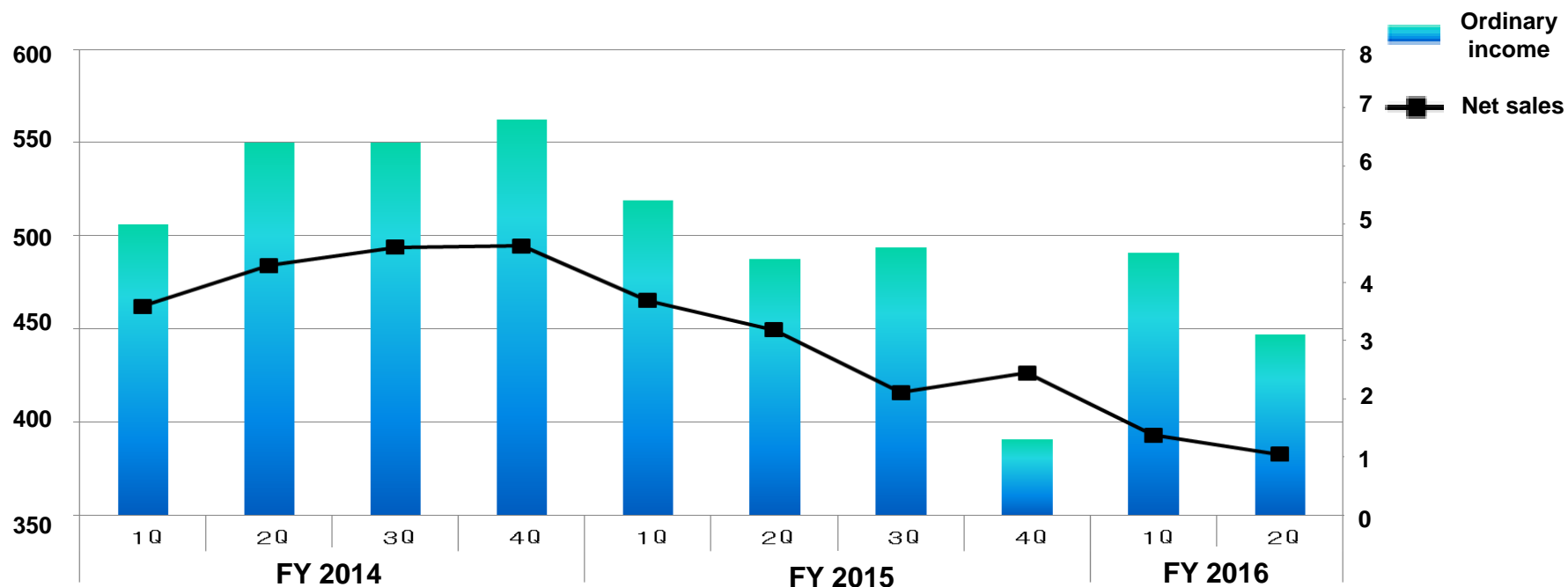
It is expected that ordinary income would increase from previous year end, due to steady demands for steel products for urban redevelopment projects related to 2020 Tokyo Olympic, despite falling steel prices in domestic and overseas markets and appreciation of yen.

6. <Reference> Net Sales and Ordinary Income (Consolidated)

Net sales and Ordinary Income (Consolidated)

Billions of yen

Billions of yen



(Billions of yen)

	FY2014				FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	462.1	484.1	493.7	494.5	465.1	449.4	415.7	426.2	393.0	382.7
Ordinary income	5.0	6.4	6.4	6.8	5.4	4.4	4.6	1.3	4.5	3.1



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