

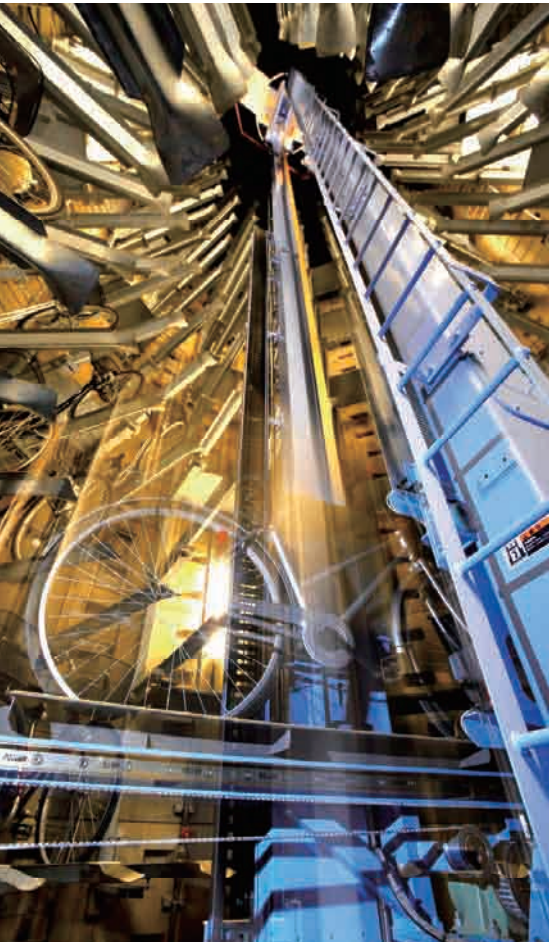


Net sales
294.2
billion yen

Ordinary income
13.3
billion yen



Sumiyuki Kishimoto
President and CEO



Cycle Tree (multi-level mechanical bicycle parking system)
Photo: Courtesy of The Tokyo Shimbun

Operating Results for FY2009

Business conditions for engineering business remained severe. For its part, JFE Engineering designated FY2009 as a year for building a business foundation capable of generating consolidated ordinary income of 10 billion yen annually. As such, we pushed ahead with efforts to select certain businesses, concentrate our efforts and decisively took various steps aiming to improve management efficiency.

As a result, we were able to report record-high consolidated ordinary income of 13.3 billion yen, despite lower year-on-year net sales of 294.2 billion yen. Contributors to our record-high profit included the reduction of fixed costs through the restructuring and consolidation of group companies and the reduction of project costs.

Consolidated Operating Results (Billions of yen)		
	FY2008	FY2009
Orders received	328.3	279.2
Net sales	338.2	294.2
Operating income	4.6	13.3
Ordinary income	9.9	13.3

Business Environment

While some countries are beginning to recover from the global recession that began in the second half of 2008, there is still no evidence of an upturn in private-sector capital investment in Japan, and public investment is being re-examined and cut. The business conditions JFE Engineering is facing, therefore, are expected to remain severe during FY2010.

Even so, however, countries are steadily implementing policies to address global environmental problems. This is giving rise to demand in new areas—mainly related to the environment and energy—and to markets for new products to address environmental problems. At JFE Engineering, we are actively developing our technologies/businesses and aiming for growth in responding to these growing needs.

JFE Engineering's Strengths

JFE Engineering has spent years building up its technologies and products in the areas of the environment and energy, which form the core of its engineering business. We are among Japan's leading companies when it comes to performance in the adoption of natural gas as an energy source and the use of waste-generated energy, two practical approaches for achieving a low-carbon society. We are actively pursuing the development of technologies and products for using geothermal, biomass, and other forms of energy that are not yet mainstream.

We have steel structures and industrial machinery divisions, and a wide range of technologies within our Group. By leveraging our advanced engineering capabilities applicable to everything from the planning and design to the construction of facilities, we are able to provide comprehensive solutions.

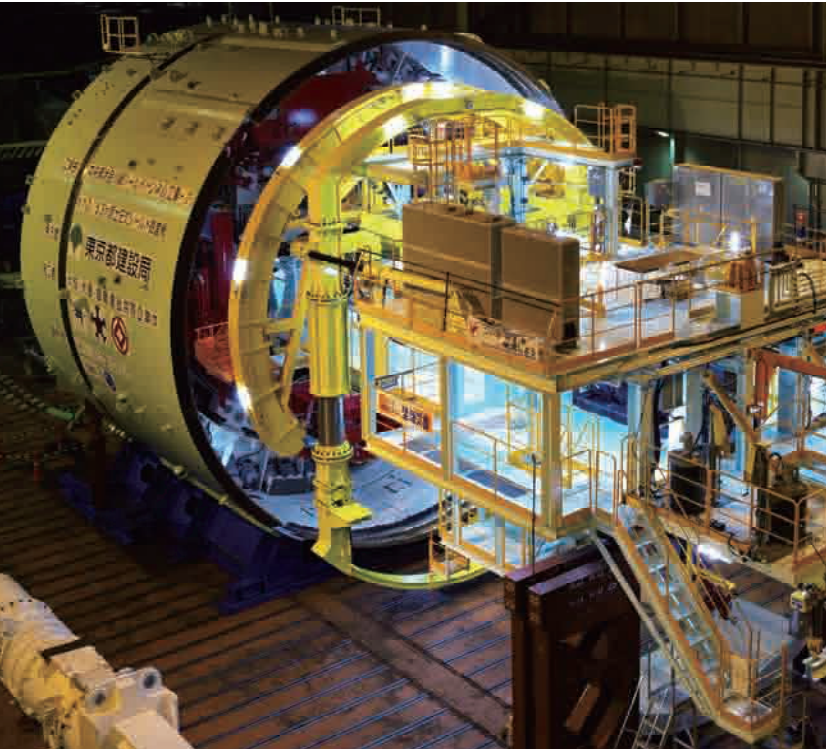
Initiatives in FY2010

Many countries are beginning to take serious action in response to global environmental problems. Seizing on this development as a prime opportunity, we are actively developing our businesses, mainly in the areas of the environment and energy.

More specifically, we are improving our sales capabilities by revamping marketing and sales strategies for each product, and will create and introduce new products based on research covering the environmental policies and advanced technology trends in various countries. In addition, aiming to double the size of our overseas business as rapidly as practicable, we will establish offices or other facilities in China, Southeast Asia, India, Europe, and other areas where there are expectations for solid demand. We will also examine all possibilities for alliances as we work to maximize profits in each of our business areas.



Solar tracking power generation system installed in Yokohama Head Office Building



Shield machine