

# Financial Results through Third Quarter of Fiscal Year ending March 31, 2010

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

English translation from the original Japanese document

January 29, 2010

Company name: JFE Holdings, Inc.  
 Stock exchange on which the shares are listed: Tokyo, Osaka, and Nagoya  
 Stock Exchanges in Japan  
 Code number: 5411  
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## 1. Highlights of Consolidated Results through Third Quarter of Fiscal Year ending March 31, 2010

### (1) Statements of Income

	Net Sales (Millions of yen)	(% of change from same previous period)	Operating income (loss) (Millions of yen)	(% of change from same previous period)	Ordinary income (loss) (Millions of yen)	(% of change from same previous period)
Through third quarter of fiscal year ending March 31, 2010	2,031,767	(33.8)	15,348	(95.9)	(4,305)	-
Through third quarter of fiscal year ended March 31, 2009	3,070,514	-	376,102	-	380,591	-

	Net income (loss) (Millions of yen)	(% of change from same previous period)	Net income (loss) per share (yen)	Net income per share (fully diluted) (yen)
Through third quarter of fiscal year ending March 31, 2010	(1,378)	-	(2.61)	-
Through third quarter of fiscal year ended March 31, 2009	169,371	-	307.23	291.82

### (2) Balance Sheets

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity capital ratio %	Net assets per share (yen)
Through third quarter of fiscal year ending March 31, 2010	3,937,416	1,410,491	34.8	2,588.79
Fiscal year ended March 31, 2009	4,328,901	1,378,041	30.9	2,526.26

Note: Shareholders' equity (Millions of yen) As of December 31, 2009 1,368,681  
 As of March 31, 2009 1,335,895

## 2. Dividends

	Dividends per share (yen)	Dividends per share (yen)	
		Interim	Year-end
Fiscal Year ended March 31, 2009	90.00	60.00	30.00
Fiscal Year ending March 31, 2010 (estimated amount)	15.00	0.00	15.00

Note: Revisions to the dividend forecast in the current quarter: Yes

## 3. Forecasts of Consolidated Financial Results for Fiscal Year ending March 31, 2010

	Net Sales (Millions of yen)	(% of change from previous year)	Operating income (Millions of yen)	(% of change from previous year)	Ordinary Income (Millions of yen)	(% of change from previous year)
Fiscal Year ending March 31, 2010	2,840,000	(27.3)	80,000	(80.4)	40,000	(90.0)

	Net income (Millions of yen)	(% of change from previous year)	Net income per share (yen)
Fiscal Year ending March 31, 2010	24,000	(87.6)	45.39

Note: Revisions to the consolidated financial results forecast in the current quarter: Yes

#### **4. Others**

1. Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No

2. Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements: Yes

Note: For details, see Paragraph 4 ("Other information") under "Qualitative information, Financial Statement, etc." on page 4

3. Changes in the principles, procedures and presentation method for accounting treatment in the preparation of quarterly consolidated financial statements

1) Changes resulting from amendments to accounting standards: Yes

2) Changes other than 1) above: No

Note: For details, see Paragraph 4 ("Other information") under "Qualitative information, Financial Statement, etc." on page 4

4. Number of outstanding shares (common stock)

1) Outstanding shares at the end of term (including treasury stock)

As of December 31, 2009: 614,438,399 shares

As of March 31, 2009: 614,438,399 shares

2) Treasury stock at the end of term

As of December 31, 2009: 85,742,732 shares

As of March 31, 2009: 85,633,905 shares

3) Average number of shares issued during the term (first three quarter period)

As of December 31, 2009: 528,757,984 shares

As of December 31, 2008: 551,275,181 shares

#### **Explanation of appropriate use of results forecasts, other matters of note**

1. These forecasts are based on information available on the date of publication of this document as well as rational assumptions that we have made regarding certain factors. Actual results may vary significantly from these forecasts due to a wide range of circumstances. For a description of the results forecasts, see Paragraph 3 ("Qualitative information on consolidated results forecast") under "Qualitative information, Financial Statement, etc." on page 4.

## **Qualitative Information, Financial Statements, etc.**

### **1. Qualitative information on consolidated business results**

The JFE Group, having made a concerted effort to improve consolidated earnings, achieved operating income of 56.2 billion yen and ordinary income of 53.1 billion yen in its fiscal third quarter from October 1 to December 31, 2009. Due to losses in the first quarter (April 1 to June 30, 2009), the group's consolidated results for the first three quarters (April 1 to December 31, 2009) included operating income of 15.3 billion yen and an ordinary loss of 4.3 billion yen.

What follows is a review of the JFE Group's consolidated results through the third quarter, broken down by business segment.

The steel business reported net sales of 1,650.5 billion yen, down from the same period a year earlier due to declines in both sales prices and sales volume. An ordinary loss of 29.9 billion yen was incurred due to the weak business environment, despite low acquisition prices for raw materials and measures implemented to improve earnings.

The engineering business posted net sales of 190.5 billion yen, down from the year-earlier period. Continued efforts to ensure profitability enabled ordinary income to grow to 6.7 billion yen.

The shipbuilding business reported an increase in net sales to 205.5 billion yen, due partly to wider application of percentage-of-completion accounting. Ordinary income increased to 16.2 billion yen on the strength of company-wide efforts to improve earnings.

The urban development business posted an increase in net sales to 16.0 billion yen, but an ordinary loss worsened from the year-earlier period to 1.5 billion yen due to persistent sluggishness in the market for condominiums.

The LSI business saw net sales fall to 18.5 billion yen due to declining sales in the first half. Nevertheless, ordinary income improved to 81 million yen due to the significant effect of recovered earnings centered on reduced fixed costs.

Group-wide consolidated sales and income both worsened through the third quarter, resulting in net sales of 2,031.7 billion yen, operating income of 15.3 billion yen and an ordinary loss of 4.3 billion yen.

An extraordinary loss of 6.4 billion yen was posted due to the booking of appraisal losses on selected shareholdings. The group reported a quarterly net loss before income taxes and minority interests of 10.7 billion yen and a quarterly net loss of 1.3 billion yen, expanding losses from the year-earlier period.

### **2. Qualitative information on consolidated financial status**

At the end of the third quarter, the company's total assets were 3,937.4 billion yen, down by 391.5 billion yen from the end of March 2009, due mainly to declines in cash and deposits, and accounts receivable as a result of lower sales in the steel business. Liabilities decreased by 423.9 billion yen to 2,526.9 billion yen, due mainly to reductions in short-term and long-term borrowings. Net assets increased by 32.4 billion yen to 1,410.4 billion yen, due to the increase in valuation differences on available-for-sale securities. The shareholders' equity ratio increased 3.9 percentage points to

34.8%. Outstanding debt came to 1,602.4 billion yen, down 166.3 billion yen compared to the end of March 2009.

### **3. Qualitative information on consolidated results forecast**

What follows is JFE Holdings' revised full year forecast, broken down by business segment.

In the steel business, demand in selected markets including Japan's construction industry remains stagnant. Overall, however, demand is on the recovery track, particularly for products for export mainly to Asia, thanks to economic stimulus measures in these countries and expected improvements in domestic manufacturing, including automobiles. Production and sales volume both are forecast to increase from the previous forecast announced on October 26, 2009. Profit is expected to decline, however, mainly due to the yen's appreciation and the effect of a fire at the No. 6 blast furnace in the Chiba district. The steel business forecasts ordinary income of 20.0 billion yen, the same level as in the previous forecast.

The engineering business will face continued difficulties, but efforts to improve earnings, mainly by reducing fixed costs, will result in ordinary income of 9.0 billion yen.

The shipbuilding business forecasts ordinary income of 18.0 billion yen. The expected improvement will be due mainly to a decreased allowance for losses on construction contracts as a result of improved earnings achieved through higher productivity and lower costs of materials and equipment.

The urban development business and the LSI business forecast ordinary losses of 2.0 billion yen and 1.5 billion yen, respectively, the same levels as in the previous forecast.

JFE Holdings' full-year consolidated forecast is for net sales of 2,840.0 billion yen, revised upward from the previous forecast, and for operating income of 80.0 billion yen, ordinary income of 40.0 billion yen and net income of 24.0 billion yen, all on the same level as the previous forecast.

In response to the current earnings situation, JFE Holdings will propose to its General Meeting of Shareholders a payment of 15 yen per share for the year-end dividend, which would result in an annual dividend of 15 yen per share.

### **4. Other information**

(1) Significant change in principal subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation?): None

(2) Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements

Simplified accounting methods are being applied in the current fiscal year. This includes the proportional calculation of depreciation over time for assets depreciated with a fixed-rate declining balance. Certain calculation assumptions from the previous fiscal year are being used to calculate tax expense.

(3) Changes in the principles, procedures and presentation method for accounting treatment in the preparation of quarterly consolidated financial statements

#### Changes in revenue recognition:

Previously, earnings from engineering construction projects were posted with the percentage-of-completion method if a contract lasted longer than one year and had a value in excess of 100 million yen; otherwise earnings were posted with the completed-contract method. Earnings from shipbuilding construction projects lasting longer than one year and having a contract value in excess of 1 billion yen also were posted with the percentage-of-completion method; otherwise they were posted using the completed-contract method.

Beginning from the first quarter of the current fiscal year, however, consolidated earnings are being posted in accordance with the Accounting Standard for Construction Contracts (ASBJ Statement No.15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No.18, December 27, 2007). For construction contracts launched during the first quarter, earnings from work deemed to be certain of progress by the end of the third quarter have been posted under the percentage-of-completion method (percentage of completion estimated using the cost percentage method); otherwise earnings have been posted under the completed-contract method.

The effects of the above on earnings in the first three quarters included increases in net sales of 107,162 million yen and operating income of 15,387 million yen, and decreases of 15,387 million yen each in ordinary loss and net loss before income taxes and minority interests.

## 5. Consolidated Quarterly Financial Results

### (1) Consolidated Balance Sheets

	As of Dec. 31, 2009	(Millions of yen) As of Mar. 31, 2009
(Assets)		
Current assets:		
Cash and deposits	48,992	217,990
Notes and accounts receivable	423,371	535,199
Merchandise and finished goods	243,863	238,798
Work in process	132,152	182,996
Raw materials and supplies	320,011	406,539
Other current assets	191,737	180,473
Allowance for doubtful accounts	(1,017)	(876)
Total current assets	<b>1,359,112</b>	1,761,121
Property, plant and equipment, net:		
Buildings and structures, net	432,804	446,922
Machinery and equipment, net	707,148	748,746
Land	526,177	531,601
Other property, plant and equipment, net	139,575	115,961
Total property, plant and equipment, net	<b>1,805,705</b>	1,843,232
Intangible assets		
	<b>71,633</b>	79,786
Investments and other assets:		
Investments in securities	540,355	448,014
Other assets	164,666	200,489
Allowance for doubtful accounts	(5,591)	(5,576)
Total investments and other assets	<b>699,431</b>	642,927
Deferred assets		
	<b>1,534</b>	1,834
Total assets	<b>3,937,416</b>	4,328,901

	As of Dec. 31, 2009	(Millions of yen) As of Mar. 31, 2009
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	316,627	352,315
Short-term borrowings	92,890	188,918
Commercial paper	153,977	175,935
Current portion of corporate bonds	90,000	40,000
Current portion of convertible bonds	-	8,049
Reserves	10,185	33,548
Other current liabilities	308,986	492,193
Total current liabilities	<b>972,666</b>	1,290,961
Long-term liabilities:		
Corporate bonds	229,995	259,994
Convertible bonds	300,000	300,000
Long-term borrowings	735,577	795,849
Accrued retirement benefits	139,965	144,586
Reserve for rebuilding furnaces	42,560	41,778
Allowance for losses on specific waste disposal business	41,661	44,711
Other reserves	16,060	18,057
Other long-term liabilities	48,437	54,922
Total long-term liabilities	<b>1,554,258</b>	1,659,899
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	657,387	657,387
Retained earnings (Deficit)	992,151	1,005,066
Treasury stock, at cost	(426,839)	(426,649)
Total owners' equity	<b>1,369,842</b>	1,382,947
Valuation and translation adjustments:		
Net unrealized gains on securities	31,448	(12,575)
Deferred earnings on hedges	328	(1,221)
Revaluation reserve for land, net of tax	12,004	14,755
Translation adjustments	(44,942)	(48,010)
Total valuation and translation adjustments	<b>(1,161)</b>	(47,052)
Minority interests	41,810	42,145
Total net assets	<b>1,410,491</b>	1,378,041
Total liabilities and net assets	<b>3,937,416</b>	4,328,901

## (2) Consolidated Statements of Income

	(Millions of yen)	
	Through 3rd quarter of Fiscal Year ending Mar. 31, 2010	Through 3rd quarter of Fiscal Year ended Mar. 31, 2009
Net sales	2,031,767	3,070,514
Cost of sales	1,832,985	2,464,900
Selling, general and administrative expenses	183,433	229,511
Operating income	15,348	376,102
Non-operating income:		
Interest income	403	1,115
dividends received	6,045	7,880
Rents receivable	5,231	-
Profit on inventories	-	15,092
Equity in earnings of affiliates	-	26,507
Interest expense	(15,153)	(16,772)
Foreign exchange loss	-	(14,770)
Other, net	(30,183)	(25,727)
Ordinary income (loss)	(4,305)	380,591
Extraordinary profit(loss)		
Profit on sales of investments in securities	4,870	13,783
Profit on sales of shares of affiliate companies	-	3,252
Loss on impairment of property, plant and equipment	-	(19,464)
Unrealized loss on investment securities	(11,359)	(60,149)
Income before income taxes and minority interests(loss)	(10,794)	318,013
Income taxes:		
Current	8,698	143,877
Deferred	(20,195)	3,584
Minority interests	2,080	1,180
Net income(loss)	(1,378)	169,371



(3) Notes pertaining to the presumption of a going concern  
There are no items this period.

(4) Notes in case of significant changes to shareholders' equity  
There are no items this period.

(Supplementary Information)

1. Consolidated Results through third quarter of fiscal year ending March 31, 2010

(billions of yen)

Items	Through 3rd Quarter of FY ended March 2009 (Apr-Dec)	Through 3rd Quarter of FY ending March 2010		Change		
		1st Half (Apr-Sep)	3rd Quarter (Oct-Dec)			
Steel Business	2,763.6	1,062.0	588.5	1,650.5	(1,113.1)	(40.3)%
Engineering Business	192.9	116.9	73.6	190.5	(2.4)	(1.2)%
Shipbuilding Business	136.3	138.8	66.7	205.5	69.2	50.8%
Urban Development Business	15.3	10.9	5.1	16.0	0.7	4.6%
LSI Business	23.4	11.9	6.5	18.5	(4.9)	(20.9)%
Eliminations and Corporate	(61.3)	(34.0)	(15.5)	(49.6)	11.7	-
<b>Net Sales</b>	<b>3,070.5</b>	<b>1,306.7</b>	<b>725.0</b>	<b>2,031.7</b>	<b>(1,038.8)</b>	<b>(33.8)%</b>
<b>Operating Income (Loss)</b>	<b>376.1</b>	<b>(40.9)</b>	<b>56.2</b>	<b>15.3</b>	<b>(360.8)</b>	<b>(95.9)%</b>
<b>Other Income (Expenses)</b>	<b>4.4</b>	<b>(16.4)</b>	<b>(3.1)</b>	<b>(19.6)</b>	<b>(24.0)</b>	<b>-</b>
Steel Business	403.4	(72.4)	42.4	(29.9)	(433.3)	-
Engineering Business	1.5	2.8	3.8	6.7	5.2	346.7%
Shipbuilding Business	(19.5)	10.4	5.7	16.2	35.7	-
Urban Development Business	(0.9)	(1.3)	(0.1)	(1.5)	(0.6)	-
LSI Business	(2.1)	(0.5)	0.6	0	2.1	-
Eliminations and Corporate	(1.6)	3.6	0.4	4.0	5.6	-
<b>Ordinary Income (Loss)</b>	<b>380.5</b>	<b>(57.4)</b>	<b>53.1</b>	<b>(4.3)</b>	<b>(384.8)</b>	<b>-</b>
<b>Extraordinary Profit (Loss)</b>	<b>(62.5)</b>	<b>-</b>	<b>(6.4)</b>	<b>(6.4)</b>	<b>56.1</b>	<b>-</b>
<b>Income before income taxes and minority interests (Loss)</b>	<b>318.0</b>	<b>(57.4)</b>	<b>46.6</b>	<b>(10.7)</b>	<b>(328.7)</b>	<b>-</b>
<b>Tax Expense and Minority Interest</b>	<b>(148.6)</b>	<b>28.7</b>	<b>(19.3)</b>	<b>9.4</b>	<b>158.0</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>169.3</b>	<b>(28.6)</b>	<b>27.3</b>	<b>(1.3)</b>	<b>(170.6)</b>	<b>-</b>

## 2. Earnings Forecast for Fiscal Year ending March 31, 2010

Items	(billions of yen)			(Reference)
	FY ending March 2010			FY ended March 2009 (Full Year)
	Previous forecast (October 26, 2009)	Updated forecast (January 29, 2010)	Change	
Steel Business	2,250.0	2,290.0	40.0	3,423.3
Engineering Business	300.0	290.0	(10.0)	338.2
Shipbuilding Business	280.0	280.0	0	181.4
Urban Development Business	25.0	25.0	0	25.1
LSI Business	23.0	24.0	1.0	27.8
Eliminations and Corporate	(58.0)	(69.0)	(11.0)	(87.8)
<b>Net Sales</b>	<b>2,820.0</b>	<b>2,840.0</b>	<b>20.0</b>	<b>3,908.2</b>
<b>Operating Income</b>	<b>80.0</b>	<b>80.0</b>	<b>0</b>	<b>407.8</b>
<b>Other Income (Expenses)</b>	<b>(40.0)</b>	<b>(40.0)</b>	<b>0</b>	<b>(7.2)</b>
Steel Business	20.0	20.0	0	412.5
Engineering Business	8.0	9.0	1.0	9.9
Shipbuilding Business	13.0	18.0	5.0	(14.9)
Urban Development Business	(2.0)	(2.0)	0	(3.7)
LSI Business	(1.5)	(1.5)	0	(4.2)
Eliminations and Corporate	2.5	(3.5)	(6.0)	0.9
<b>Ordinary Income</b>	<b>40.0</b>	<b>40.0</b>	<b>0</b>	<b>400.5</b>
<b>Extraordinary Profit (Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(69.5)</b>
<b>Income before income taxes and minority interests(loss)</b>	<b>40.0</b>	<b>40.0</b>	<b>0</b>	<b>331.0</b>
<b>Tax Expense and Minority Interest</b>	<b>(16.0)</b>	<b>(16.0)</b>	<b>0</b>	<b>(136.8)</b>
<b>Net Income</b>	<b>24.0</b>	<b>24.0</b>	<b>0</b>	<b>194.2</b>

## 3. Consolidated financial indices

Financial Indices	FY ending March 2010			FY ended March 2009 (Full Year)
	Previous forecast	Updated forecast	Change	
Return on Sales (ROS) *1	1.4%	1.4%	0.0%	10.2%
Return on Assets (ROA) *2	1.5%	1.5%	0.0%	10.0%
Debt Outstanding	1,520 billion yen	1,500 billion yen	(20 billion yen)	1,768.7 billion yen
Shareholders' Equity	1,370 billion yen	1,390 billion yen	20 billion yen	1,335.8 billion yen
D/E Ratio	110.9%	107.9%	(3.0)%	132.4%
D/E Ratio*3	81.2%	78.9%	(2.3)%	98.9%

\*1 ROS = Ordinary Income / Net Sales

\*2 ROA = Ordinary Income before Interest Expenses / Total Assets (average)

\*3 D/E ratio if 75% of the 300 billion yen issue price of the hybrid bond having a capital component in rating assessment (unsecured share-warrant convertible bond with purchase clause (subordination clause), issued in March 2008) is deemed to be capital, as assessed by two ratings agencies

(Reference)

1. Forecasts of Operating Income/Loss by Business Segment

(billion yen)

	FY ending March 2010 (Previous forecast)	FY ending March 2010 (Updated forecast)
	Full year	Full year
Steel Business	50.0	50.0
Engineering Business	9.0	10.0
Shipbuilding Business	13.0	17.0
Urban Development Business	(2.0)	(1.5)
LSI Business	(1.0)	(1.0)
Eliminations and Corporate	11.0	5.5
Operating income	80.0	80.0

2. Crude Steel Production (JFE Steel)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009	Parent	7.71	7.78	15.49	6.48	4.58	11.06	26.55
	Consolidated	8.70	8.58	17.28	7.03	4.97	12.00	29.28
FY ending March 2010	Parent	5.12	6.90	12.01	6.95	7.05*	14.00*	26.01*
	Consolidated	5.72	7.56	13.28	7.59	7.61*	15.20*	28.48*

\* estimated result

3. Shipments (JFE Steel on a non-consolidated basis)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009		6.92	7.22	14.14	6.02	4.90	10.92	25.06
FY ending March 2010		4.34	6.28	10.62	6.20	6.50*	12.70*	23.32*

\* estimated result

4. Export Ratio on a Value Basis (JFE Steel on a non-consolidated basis)

(%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009		41.6	44.9	43.4	39.2	39.7	39.4	41.6
FY ending March 2010		42.3	47.7	45.3	45.4	49*	47*	46*

\* estimated result

5. Foreign Exchange Rate (Yen/US dollar)

(JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009		103.4	108.0	105.7	99.2	92.8	96.0	100.8
FY ending March 2010		97.5	94.7	96.1	89.5	91*	90*	93*

\* estimated result

JFE will report an export surplus of approximately 0.5 billion USD for the FY ending March 2010.

6. Average Selling Price (JFE Steel on a non-consolidated basis)

(thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009		87.6	109.1	98.5	108.8	97.7	103.8	100.8
FY ending March 2010		75.8	67.9	71.1	69.2	69*	69*	70*

\* estimated result

7. Engineering business orders (including inter-segment transactions)

	(billion yen)	
FY ending March 2010	270.0*	17.8% decrease compared to previous FY * estimated result

8. Shipbuilding business orders (including inter-segment transactions)

	(billion yen)	
FY ending March 2010	80.0*	21.5% decrease compared to previous FY * estimated result

9. Breakdown of Extraordinary Profit and Losses (JFE Holdings on a consolidated basis)

	(billion yen)	
	FY ending March 2010	
	Through third quarter	Full year
Profit on sales of investments in securities	4.8	0*
Impairment loss on investment securities	(11.3)*	
Total	(6.4)	

\* JFE uses the quarterly reversal method of accounting for impairment losses on investment securities. Therefore, impairment losses will be revaluated at the fiscal year end.

10. Debt outstanding, interest expense, and cash and deposits (JFE Holdings on a consolidated basis)

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)		(billion yen)
March 31, 2009	1,768.7	FY ended March 31, 2009	(22.5)
March 31, 2010	1,500*	FY ending March 31, 2010	(20)*
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2009	217.9		
March 31, 2010	30*		* estimated result

11. Capital investment and depreciation cost (JFE Holdings on a consolidated basis)

	(billion yen)	
	FY March 2009	FY March 2010
Capital investment	289.5	230.0*
Depreciation	247.7	250.0*

(on the construction basis)

\* estimated result

12. Breakdown of changes in ordinary income (FY March 2010 compared to FY March 2009)

			(billion yen)
		<u>FY March 2009</u>	<u>FY March 2010</u>
Steel Business	(392.5)	412.5	⇒ 20.0
Cost reductions	120.0		
Exchange rate	(10.0)		
Raw materials	290.0		
Sales volume and price	(600.0)		
Unrealized holding gains on inventories	(130.0)		
Others	(62.5)		

		<u>FY March 2009</u>	⇒	<u>FY March 2010</u>
Engineering Business	(0.9)	9.9		9.0

Forecast: ordinary income of 9.0 billion yen due to continued market weakness, despite efforts to improve earnings, mainly by reducing fixed costs.

Shipbuilding Business	32.9	(14.9)	⇒	18.0
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Forecast: ordinary income of 18.0 billion yen due mainly to a decreased allowance for losses on construction contracts, reflecting improved earnings from higher productivity and lower costs of materials and equipment.

Urban Development Business	1.7	(3.7)	⇒	(2.0)
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Forecast: ordinary loss of 2.0 billion yen, despite some improvement, due to the condominium market's continuously protracted slump.

LSI Business	2.7	(4.2)	⇒	(1.5)
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Forecast: ordinary loss of 1.5 billion yen, up 2.7 billion yen, due to reduced fixed costs despite the significant impact of lower sales, particularly of products for LCD panels.

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