

JFE Holdings' Financial Results through Third Quarter of Fiscal Year 2012 Ending March 31, 2013

— All financial information has been prepared in accordance with generally accepted accounting principles in Japan —
(Note: The following is an English translation of an original Japanese document)

January 31, 2013

Official name: Listings: Code: English URL: Representative: Contact:	JFE Holdings, Inc. Tokyo, Osaka and Nagoya stock exchanges 5411 www.jfe-holdings.co.jp/en Hajime Bada, President and CEO Gaku Takahashi, Manager, Public Relations Section General Administration Department Phone: +81-3-3597-3842, Fax: +81-3-3597-4401 February 5, 2013
Scheduled date to submit Quarterly Securities Report: February 5, 2013	
Preparation of supplementary materials for quarterly results: Yes	
Quarterly results briefing: Yes	

(Figures are rounded down to the nearest million yen.)

1. Consolidated Results through Third Quarter of Fiscal 2012 (April 1 to December 31, 2012)

(1) Consolidated Operating Results (cumulative total)

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Net income (million yen)	Year-on-year change (%)	Net income per share (yen)	Net income per share [fully diluted] (yen)
3Q FY 2012	2,307,005	(1.6)	20,100	(68.5)	22,838	(61.5)	21,911	-	39.83	-
3Q FY 2011	2,344,897	(0.3)	63,843	(58.4)	59,309	(58.1)	(37,258)	-	(70.08)	-

Note: Comprehensive income: 23,390 million yen in 3Q FY 2012
-44,611 million yen in 3Q FY 2011

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)
End 3Q FY 2012	4,156,092	1,524,328	35.4
End FY 2011	4,007,263	1,456,340	35.3

Note: Shareholders' equity: 1,471,693 million yen as of December 31, 2012
1,414,256 million yen as of March 31, 2012

2. Dividends

	Dividend per share (yen)	Dividend per share (yen)	
		Interim	Year-end
FY 2011	20.00	10.00	10.00
FY 2012	-	0.00	-
FY 2012 (estimate)	15.00	-	15.00

Note: Revisions to dividend forecast announced most recently: Yes

3. Forecasts of Consolidated Financial Results in Fiscal 2012 (April 1 2012 to March 31, 2013)

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Net income (million yen)	Year-on-year change (%)	Net income per share (yen)
FY 2012	3,170,000	0.1	40,000	(10.7)	45,000	(15.1)	35,000	-	62.74

Note: Revisions to consolidated financial results forecasts announced most recently: Yes

Notes

1. Significant changes in subsidiaries during the term (changes in designated subsidiaries resulting in changes in consolidated structure): No
2. Application of special accounting methods in the preparation of quarterly consolidated financial statements: No
3. Changes in accounting policies, accounting estimates and restatements
 - 1) Changes in the accounting policies resulting from amendments to accounting standards: Yes
 - Change in depreciation method for property and equipment:

In accordance with the amendment of the Corporation Tax Law, effective from the first quarter of the fiscal year ending March 31, 2013 the company and its domestic consolidated subsidiaries have changed their depreciation method for property and equipment acquired on or after April 1, 2012. As a result of this change, operating income through the third quarter of fiscal 2012 increased by 1,631 million yen and ordinary income and income before income taxes increased by 1,636 million yen each.
 - 2) Changes other than 1) above: No
 - 3) Changes in accounting estimates: Yes
 - 4) Restatements: No
 - Note: This change falls under Article 10 (5) of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)

As of December 31, 2012:	614,438,399 shares
As of March 31, 2012:	614,438,399 shares
 - 2) Treasury stock at the end of term

As of December 31, 2012:	37,613,289 shares
As of March 31, 2012:	76,213,077 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)

3Q FY 2012:	550,065,670 shares
3Q FY 2011:	531,617,090 shares

Status of Quarterly Review

At the point of disclosing these quarterly financial results, the review of consolidated balance sheets in accordance with the Financial Instruments and Exchange Act was still underway.

Explanation of appropriate use of results forecasts, and other matters of note

1. 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 "(2) Consolidated results forecasts" on page 2 of the attached document.
2. Notes to the financial results can be viewed at the JFE Holdings website.

Attachments

1. Qualitative Information.....	2
(1) Consolidated business results.....	2
(2) Consolidated results forecasts.....	2
2. Consolidated Financial Statements	4
(1) Consolidated balance sheets.....	4
(2) Consolidated statements of income and consolidated statements of comprehensive income	6
Consolidated statements of income (first three quarters).....	6
Consolidated statements of comprehensive income (first three quarters).....	7
(3) Notes pertaining to the presumption of a going concern.....	8
(4) Notes in case of significant changes to shareholders' equity.....	8
(5) Notes on business combination.....	8
3. Reference	10

1. Qualitative Information

(1) Consolidated business results

The Japanese economic environment through the third quarter of fiscal 2012 (ended December 31, 2012) remained harsh due to the ongoing global economic recession and the persistently strong yen, despite demand resulting from reconstruction efforts following the Great East Japan Earthquake.

On a consolidated basis covering the first to third quarters, JFE Holdings posted net sales of 2,307 billion yen, down 37.8 billion yen from the same period of fiscal 2011. Operating income was 20.1 billion yen, down 43.7 billion yen, and ordinary income was 22.8 billion yen, down 36.5 billion yen.

Extraordinary income of 23.1 billion yen was up 151.5 billion yen from a year earlier, when the company posted an impairment loss on investment securities overseas that had been implemented under a growth strategy amid continually sluggish stock markets. As a result, net income before income taxes and minority interests increased 115.0 billion yen to 45.9 billion yen, while net income of 21.9 billion yen rose 59.1 billion yen from a year-earlier loss.

By segment, JFE's steel business posted net sales of 1,868.4 billion yen, down 172.4 billion yen or 8.4%, due partly to lower sales prices. Despite sustained efforts to improve earnings, ordinary income of 2.3 billion yen was down 40.3 billion yen, mainly due to writing down inventory resulting from price declines in the raw materials market.

Engineering business net sales rose to 175.8 billion yen, up 6.9 billion yen or 4.0%. Ordinary income came to 9.3 billion yen, up 4.7 billion yen, due to cost reductions and other efforts to improve earnings.

Shipbuilding business net sales decreased to 139.8 billion yen, down 28.4 billion yen or 16.9%. Despite efforts to boost earnings, ordinary income decreased by 3.3 billion yen to 8.0 billion yen due to an increased allowance for losses on construction contracts.

In trading business, which is included in this report for the first time, net sales came to 387.2 billion yen. Ordinary income was 3.7 billion yen. Performance data for trading cover the three-month period of October to December only, since this business segment was added to JFE's consolidated results starting this quarter.

(2) Consolidated results forecasts

The following are full-year forecasts for each business segment.

In steel business, the global economic slowdown is persisting and there is still a steel supply-demand gap in Asia. In Japan, even though downward pressure on the yen has been seen recently, the domestic economic outlook remains unclear. The company has been striving to secure profits through extensive cost reduction and exploitation of new export markets, but mainly due to the writing down of inventory resulting from price declines in the raw materials market, the company forecasts ordinary income of 10.0 billion yen, down from the forecast issued in the first half of the fiscal year.

Engineering business is forecast to see ordinary income rise to 16.0 billion yen, reflecting continuing efforts to improve earnings by reducing costs.

In trading business, efforts continue to be made to develop domestic demand, mainly in construction, and to expand business in distant markets such as the Middle and Near East. Nevertheless, ordinary income is forecast to decrease to 7.0 billion yen. Reasons include an expected decline in the profitability of overseas steel-processing centers due to depressed foreign markets and the slumping performance of coal-investing subsidiaries because of lower coal prices.

JFE Holdings' full-year consolidated forecasts are net sales of 3,170.0 billion yen, operating income of 40.0 billion yen, ordinary income of 45.0 billion yen and net income of 35.0 billion yen.

The company, in view of current conditions regarding income and profit, has decided to propose at 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.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2012	As of December 31, 2012
(Assets)		
Current assets:		
Cash and deposits	50,382	65,088
Notes and accounts receivable	580,669	618,445
Merchandise and finished goods	259,934	307,876
Work in process	49,295	65,140
Raw materials and supplies	405,649	392,929
Other current assets	160,632	169,397
Allowance for doubtful accounts	(306)	(1,956)
Total current assets	1,506,257	1,616,920
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	426,493	430,204
Machinery and equipment, net	627,741	594,492
Land	517,944	543,694
Other property, plant and equipment, net	72,705	99,325
Property, plant and equipment	1,644,884	1,667,716
Intangible assets	56,492	55,808
Investments and other assets:		
Investments in securities	635,610	608,757
Other assets	168,805	214,762
Allowance for doubtful accounts	(5,379)	(8,146)
Total investments and other assets	799,036	815,373
Total non-current assets	2,500,413	2,538,898
Deferred assets	592	272
Total assets	4,007,263	4,156,092

(million yen)

	As of March 31, 2012	As of December 31, 2012
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	337,643	377,873
Short-term borrowings	173,385	279,157
Commercial paper	-	59,997
Current portion of corporate bonds	69,999	40,000
Current portion of convertible bonds	-	300,000
Allowances	18,859	23,874
Other current liabilities	334,453	307,029
Total current liabilities	934,340	1,387,932
Long-term liabilities:		
Corporate bonds	285,000	275,000
Convertible bonds	300,000	-
Long-term borrowings	765,248	703,147
Accrued retirement benefits	123,714	132,703
Other allowances	80,042	79,197
Other long-term liabilities	62,577	53,783
Total long-term liabilities	1,616,581	1,243,831
Total liabilities	2,550,922	2,631,763
(Net assets)		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	1,011,124	872,734
Treasury stock, at cost	(378,442)	(183,008)
Total shareholders' equity	1,426,945	1,483,989
Accumulated other comprehensive income:		
Net unrealized gains on securities	31,185	25,594
Net unrealized gains and losses on hedges	(1,780)	78
Net unrealized gains on revaluation of land	13,806	14,243
Translation adjustments	(55,900)	(52,212)
Total accumulated other comprehensive income	(12,689)	(12,296)
Minority interests	42,084	52,635
Total net assets	1,456,340	1,524,328
Total liabilities and net assets	4,007,263	4,156,092

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated Statements of Income

	Through Third Quarter of Fiscal 2011	(million yen) Through Third Quarter of Fiscal 2012
Net sales	2,344,897	2,307,005
Cost of sales	2,102,324	2,097,619
Gross profit	242,572	209,385
Selling, general and administrative expenses	178,728	189,284
Operating income	63,843	20,100
Non-operating income:		
Interest income	252	443
Dividends received	7,272	6,829
Other, net	25,230	28,399
Total non-operating income	32,755	35,672
Non-operating expenses:		
Interest expense	11,321	10,668
Loss on disposal of fixed assets	7,334	6,605
Other, net	18,633	15,660
Total non-operating expenses	37,289	32,935
Ordinary income	59,309	22,838
Extraordinary income:		
Profit and loss on acquisition of trading subsidiary	-	35,762
Total extraordinary income	-	35,762
Extraordinary losses:		
Impairment loss	-	4,508
Write-down of investments in securities	93,929	8,133
Loss on emission credits	7,479	-
Loss due to disaster	11,381	-
Loss on revision of retirement benefit plan	15,699	-
Total extraordinary loss	128,489	12,641
Income (loss) before income taxes and minority interests	(69,180)	45,959
Income taxes	(34,341)	21,422
Income (loss) before minority interests	(34,838)	24,536
Minority interests	2,419	2,625
Net income (loss)	(37,258)	21,911

Consolidated Statements of Comprehensive Income

	Through Third Quarter of Fiscal 2011	(million yen) Through Third Quarter of Fiscal 2012
Net income (loss) before minority interests	(34,838)	24,536
Other comprehensive income:		
Net unrealized gains on securities	4,266	(3,544)
Net unrealized gains and losses on hedges	(1,154)	1,865
Net unrealized gains on revaluation of land	1,347	-
Translation adjustments	(3,042)	761
Share of other comprehensive income of affiliates accounted for using equity method	(11,190)	(228)
Total other comprehensive income	(9,772)	(1,145)
Comprehensive income:	(44,611)	23,390
(breakdown)		
Comprehensive income attributable to parent shareholder	(46,821)	21,866
Comprehensive income attributable to minority shareholders	2,210	1,523

(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.

(5) Notes on business combination

<Business combination through acquisition>

a) Outline of business combination

i) Name and business of acquired company

Name: JFE Shoji Trade Corporation

Business: Primarily domestic trading and import/export of steel products, steelmaking materials, nonferrous metals, chemical products, machinery and marine vessels

ii) Main reason for business combination

To deploy JFE Shoji Trade's marketing capabilities throughout the Group and to restructure and streamline the Group's overall supply chains for steel production and sales.

iii) Date of business combination

October 1, 2012

iv) Legal form of business combination

Share exchange between JFE Holdings and its wholly owned subsidiary JFE Shoji Trade.

v) Percentage share of voting rights acquired by JFE Holdings

Share of voting rights owned indirectly before share exchange 39.4%

Share of voting rights acquired on date of business combination 60.6%

Share of voting rights after acquisition 100.0%

b) Period of acquired company's financial results included in quarterly consolidated earnings statements

October 1, 2012 through December 31, 2012

c) Acquisition cost of acquired company

Fair value of JFE Holdings' treasury stock delivered on date of business combination

65,283 million yen

Expenses directly required for acquisition

34 million yen

Acquisition cost

65,318 million yen

d) Share exchange ratio by type of share, calculation method and number of shares delivered

i) Share exchange ratio by type of share

For each common share of JFE Shoji, 0.268 share of common share of JFE Holdings was allotted and delivered

ii) Calculation method of the share exchange ratio

To ensure fairness and appropriateness, JFE Holdings and JFE Shoji Trade each selected a third-party institution for calculation of the share exchange ratio. JFE Holdings selected Nomura Securities Co., Ltd. and JFE Shoji Trade selected Mizuho Securities Co., Ltd.

For the common shares of JFE Holdings and JFE Shoji Trade, Nomura Securities applied the average market share price method in consideration of the fact that both companies' common shares have a market price, as well as analyses of comparable companies and the discounted cash flow (DCF) method.

Mizuho Securities applied the market price standard method in consideration of the fact that both companies' common shares have a market price, as well as analyses of comparable companies and the DCF method for the common shares of JFE Holdings and separately for JFE Trade.

JFE Holdings and JFE Shoji Trade agreed to the share exchange ratio provided above, following extensive negotiations and discussions in consideration of the calculation results provided to each party by the third-party financial institutions, their respective financial conditions, financial performance trends and stock movements. Both sides determined that the share exchange ratio was appropriate for the shareholders of each company.

- iii) Number of shares delivered
63,382,418 shares

- e) Difference between acquisition cost of acquired company and total acquisition cost of individual transactions leading to acquisition
21,279 million yen

- f) Gain on amortization of negative goodwill and reason for recognizing negative goodwill
 - i) Amount of gain
57,042 million yen

 - ii) Reason for recognizing negative goodwill
Net asset value at the time of business combination exceeded the acquisition cost of the acquired company.

3. Reference

(1) Consolidated Results

(billion yen)

	Through 3Q of Fiscal 2011 (Apr-Dec)	Fiscal 2012			Change	
		1H (Apr-Sep)	3Q (Oct-Dec)	Through 3Q (Apr-Dec)		
Steel Business	2,040.8	1,269.9	598.4	1,868.4	(172.4)	(8.4)%
Engineering Business	168.9	112.7	63.0	175.8	6.9	4.1%
Shipbuilding Business	168.2	92.3	47.4	139.8	(28.4)	(16.9)%
LSI Business	16.5	4.8	-	4.8	(11.7)	(70.9)%
Trading Business	-	-	387.2	387.2	387.2	-
Adjustments	(49.7)	(25.3)	(243.8)	(269.2)	(219.5)	-
Net Sales	2,344.8	1,454.6	852.3	2,307.0	(37.8)	(1.6)%
Operating Income	63.8	11.1	8.9	20.1	(43.7)	(68.5)%
Other Income (Expenses)	(4.5)	(7.0)	9.8	2.7	7.2	-
Steel Business	42.6	(3.0)	5.3	2.3	(40.3)	(94.6)%
Engineering Business	4.6	4.7	4.6	9.3	4.7	102.2%
Shipbuilding Business ¹	11.3	4.4	3.5	8.0	(3.3)	(29.2)%
LSI Business ²	1.1	0.4	-	0.4	(0.7)	(63.6)%
Trading Business ³	-	-	3.7	3.7	3.7	-
Adjustments	(0.5)	(2.4)	1.4	(1.0)	(0.5)	-
Ordinary Income	59.3	4.0	18.7	22.8	(36.5)	(61.5)%
Extraordinary Profit (Loss)	(128.4)	(16.3)	39.4	23.1	151.5	-
Income Before Income Taxes and Minority Interests (Loss)	(69.1)	(12.2)	58.2	45.9	115.0	-
Tax Expense and Minority Interest	31.9	13.7	(37.8)	(24.0)	(55.9)	-
Net Income (Loss)	(37.2)	1.4	20.4	21.9	59.1	-

¹ Universal Shipbuilding Corporation, formerly a consolidated subsidiary, was consolidated with IHI Marine United Inc. and became an equity-method affiliate of JFE Holdings, named Japan Marine United Corporation, on January 1, 2013.

² JFE Holdings sold all shares of its wholly owned subsidiary Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012.

³ JFE Shoji, previously an equity-method affiliate of the company's steel business, became a wholly owned subsidiary of JFE Holdings through a share exchange on October 1, 2012. Consequently, JFE Shoji's results will be listed under Trading Business from the second half of fiscal 2012.

(2) Consolidated Earnings Forecasts for Fiscal 2012

(billion yen)

	FY 2012			(Reference) FY 2011 Full Year
	Previous forecast (October 24, 2012)	Updated forecast (January 31, 2013)	Change	
Steel Business	2,510.0	2,490.0	(20.0)	2,714.4
Engineering Business	290.0	280.0	(10.0)	278.7
Shipbuilding Business	120.0	139.8	19.8	214.6
LSI Business	4.8	4.8	0	21.4
Trading Business	880.0	800.0	(80.0)	-
Adjustments	(624.8)	(544.6)	80.2	(62.7)
Net Sales	3,180.0	3,170.0	(10.0)	3,166.5
Operating Income	55.0	40.0	(15.0)	44.7
Other Income (Expenses)	(10.0)	5.0	15.0	8.1
Steel Business	15.0	10.0	(5.0)	25.7
Engineering Business	15.0	16.0	1.0	14.3
Shipbuilding Business ¹	6.0	8.0	2.0	12.2
LSI Business	0.4	0.4	0	1.5
Trading Business	9.0	7.0	(2.0)	-
Adjustments	(0.4)	3.6	4.0	(0.9)
Ordinary Income	45.0	45.0	0	52.9
Extraordinary Profit (Loss)	10.0	15.0	5.0	(124.8)
Income Before Income Taxes and Minority Interests (Loss)	55.0	60.0	5.0	(71.8)
Tax Expense and Minority Interest	(20.0)	(25.0)	(5.0)	35.2
Net Income (Loss)	35.0	35.0	0	(36.6)

¹ Equity in earnings of Japan Marine United Inc. for the January to March period of fiscal year 2012 is included under Adjustments.

(3) Consolidated financial indices

	FY 2012			(Reference) FY 2011
	Previous forecast	Updated forecast	Change	
Return on Sales (ROS) ¹	1.4%	1.4%	0.0%	1.7%
Return on Assets (ROA) ²	1.4%	1.4%	0.0%	1.7%
Debt Outstanding	1,650.0 billion yen	1,600.0 billion yen	- 50.0 billion yen	1,593.6 billion yen
Shareholders' Equity	1,460.0 billion yen	1,480.0 billion yen	20.0 billion yen	1,414.2 billion yen
D/E Ratio	113.0%	108.1%	- 4.9%	112.7%
D/E Ratio (Ratings Based) ³	84.6%	80.6%	- 4.0%	83.5%

¹ ROS = Ordinary Income / Net Sales

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

³ D/E ratio = Debt Outstanding / Shareholders' Equity. For debt having a capital component, 75% of the 300 billion yen issue price is deemed to be capital, as assessed by rating agencies.

(4) Crude Steel Production (JFE Steel) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011	Non-consolidated	6.71	6.94	13.65	6.66	6.59	13.25	26.90
	Consolidated	7.22	7.46	14.68	7.34	7.21	14.55	29.24
FY 2012	Non-consolidated	7.24	7.09	14.32	6.84	7.00*	14.00*	28.00*
	Consolidated	7.92	7.76	15.68	7.52	7.50*	15.00*	31.00*

*Approximate estimate

(5) Shipments (JFE Steel on non-consolidated basis) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		6.09	6.32	12.41	5.95	6.30	12.26	24.67
FY 2012		6.17	6.55	12.72	6.14	6.50*	12.50*	25.00*

* Approximate estimate

(6) Export Ratio on Value Basis (JFE Steel on non-consolidated basis) (%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		49.4	44.4	46.9	40.2	46.0	43.0	45.0
FY 2012		48.5	50.5	49.5	48.1	54*	51*	50*

*estimate

(7) Foreign Exchange Rate (Yen/US dollar) (JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		82.0	78.4	80.2	77.5	78.3	77.9	79.1
FY 2012		80.8	78.7	79.7	79.8	87*	83*	82*

*estimate

(8) Average Selling Price (JFE Steel on non-consolidated basis) (thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		82.4	85.6	84.0	84.1	76.2	80.1	82.0
FY 2012		75.7	70.1	72.8	68.7	70*	69*	71*

*estimate

(9) Engineering Business Orders (including inter-segment transactions)

(billion yen)

FY 2012 320.0* 9.1% decrease from previous year

*estimate

(10) Shipbuilding Business Orders (including inter-segment transactions)

(billion yen)

Through 3Q of FY 2012 76.1 4.8% decrease from year earlier

(11) Debt Outstanding, Interest Expense, and Cash and Deposits

(JFE Holdings on consolidated basis)

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)		(billion yen)
March 31, 2012	1,593.6	FY 2011	-15.0
March 31, 2013	1,600.0*	FY 2012	-14.0*
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2012	50.3		
March 31, 2013	50.0*		

* estimate

(12) Capital Investment and Depreciation Cost (JFE Holdings on consolidated basis)

(billion yen)

	FY 2011	FY 2012
Capital investment	197.4	170.0*
Depreciation	238.3	200.0*

(on construction basis)

* estimate

(13) Breakdown of changes in ordinary income (Forecast for FY 2012 compared to FY 2011)

	(billion yen)	<u>FY 2011</u>		<u>FY 2012 (forecast)</u>
Ordinary income	-7.9	52.9	⇒	45.0
a. Steel Business	-15.7	25.7	⇒	10.0
- Sales volume, price and raw materials	0			
- Cost reduction	120.0			
- Unrealized holding gains on inventories	-155.0			
- Others	19.3			

b. Engineering Business 1.7 14.3 ⇒ 16.0

The engineering business is forecast to achieve ordinary income of 16.0 billion yen, up from the previous fiscal year, thanks to cost reductions and other ongoing efforts.

c. Trading Business 7.0 - ⇒ 7.0

Trading business is forecast to realize ordinary income of 7.0 billion yen in the second half of fiscal 2012. Reasons include an expected decline in the profitability of overseas steel-processing centers due to depressed foreign markets and the slumping performance of coal-investing subsidiaries because of lower coal prices. .

###