



JFE

JFE Group
TODAY
2013

Corporate Vision

The JFE Group —
contributing to society with the world's
most innovative technology.

Corporate Values

Challenging Spirit, Flexibility, Sincerity

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JFE Group History

April 1878
Shozo Kawasaki established Kawasaki Tsukiji Shipyard in Tsukiji, Tokyo

May 1917
Fukiai Works established in Kobe

April 1896
Kawasaki Dockyard Company, Ltd. established (later renamed Kawasaki Heavy Industries, Ltd.)

June 1912
Nippon Kokan K.K. established

October 1940
Tsurumi Steelmaking and Shipbuilding Company (formerly Asano Shipyard) acquired and absorbed

April 1916
Yokohama Shipyard launched (later renamed Asano Shipyard Co., Ltd.)

June 1936
First blast furnace blown in and integrated steel production started

February 1965
Fukuyama Works established

August 1943
Chita Works established in Aichi Prefecture

August 1950
Steel division of Kawasaki Heavy Industries spun off as independent Kawasaki Steel Corporation

July 1961
Mizushima Works established in Kurashiki, Okayama Prefecture

February 1951
Chiba Works established as first modern integrated iron and steel works in postwar Japan

July 1969
Landfill operations commenced at West Plant, Chiba Works

December 1971
Construction of Ohgishima commenced at Keihin Steel Works

January 1969
Tsu Shipyard inaugurated operations

April 1968
Keihin Steel Works established (consolidation of Kawasaki, Tsurumi and Mizue works)

July 1969
Construction of West Plant progresses (1973)

July 1969
Completed Ohgishima (foreground)

July 1969
Tsu Shipyard at the time of construction

July 1969
Keihin Steel Works

August 1950
Yataro Nishiyama named first president

July 1961
Blowing-in ceremony of No. 1 blast furnace at Mizushima Works

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No. 1 blast furnace at Chiba Works

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Chita Works in 1949

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April 2000

NKK and Kawasaki Steel began discussing cooperation



April 2001

NKK and Kawasaki Steel announced consolidation of operations

NKK President Yoichi Shimogaichi (right) and Kawasaki Steel President Kanji Emoto (left)

December 2001

Basic agreement on consolidation concluded and JFE announced as new group name



JFE Group Name

“J” stands for Japan; “F” for “Fe,” the atomic symbol for iron; and “E” for engineering. Informally, the letters also refer to “Japanese future enterprise,” expressing the Group’s aspiration to contribute to Japan’s future through its core businesses of steel production and engineering.

September 2002 JFE Holdings, Inc.

1870—1900 1910 1920 1930 1940 1950 1960 1970 1980 1990 2000 2013

January 2003

JFE Group’s first medium-term business plan released

October 2004

JFE Shoji Group created by integrating and restructuring Kawasho Corporation and NKK Trading Inc.

JFE SHOJI TRADE CORPORATION

October 2012

JFE Shoji Trade Corporation became operating company.

JFE SHOJI TRADE CORPORATION

April 2003

JFE Steel Corporation

JFE Engineering Corporation

JFE Urban Development Corporation

April 2011 merged into JFE Steel Corporation

October 2002

Universal Shipbuilding Corporation established by consolidating NKK and Hitachi Zosen

Universal Shipbuilding Corporation

March 2008

Universal Shipbuilding Corporation incorporated as JFE Group company

Universal Shipbuilding Corporation

January 2013

IHI Marine United Inc.’s business merged through management integration

Japan Marine United Corporation

July 2001

LSI Division established

KAWASAKI MICROELECTRONICS, INC.

July 2012

Sold to MegaChips Corporation

Keihin District's 100th Anniversary: Through the Morning Mist, A New Era Dawns

The Keihin District of JFE Steel East Japan Works marked its 100th anniversary in June 2012. Working in cooperation with local residents and other stakeholders, JFE Steel continues to tackle new challenges as a pillar of Japanese manufacturing.





Myanmar's Bridge to the Future

JFE Engineering is contributing to economic development in emerging countries by helping to upgrade infrastructure, such as highway and railroad bridges. Over the years, JFE Engineering has been actively constructing bridges in Myanmar, including the soon-to-be-completed Malun Bridge. Residents have eagerly awaited completion of this key infrastructure, which is expected to support Myanmar's burgeoning economy.





Kawasho Foods' GEISHA brand canned products in Ghana



JFE Shoji Trade's new Turkish liaison office is in Istanbul.

Seizing Demand in Emerging Countries

JFE Shoji Trade opened its Istanbul Liaison Office in 2013 and is now working to develop business opportunities in the Turkish market. Capitalizing on this advantageous geopolitical location, JFE Shoji Trade is also pursuing opportunities for business in markets of the Middle East, Africa and Russia. In Myanmar, the recently opened Yangon Branch provides a base for JFE Shoji Trade to cultivate new business in this fast-growing emerging economy.

Initiatives to Reduce Environmental Load

Japan Marine United's efforts to realize greener transportation include this large freighter, which is capable of transporting 8,600 containers while generating a significantly reduced environmental load. Employing a variety of innovative technologies, the company focused especially on reducing nitrogen oxide from the ship's engine exhaust gas.





To Our Stakeholders

Hajime Bada

President and CEO, JFE Holdings, Inc.

Looking Back at Fiscal 2012

Despite robust demand for reconstruction after the Great East Japan Earthquake, slowdowns in emerging economies and the impact of the European debt problem created a difficult business environment in fiscal 2012 (ended March 2013). The economic outlook remains uncertain, although the excessively strong yen's pullback and rising share prices since the start of calendar 2013 are fueling hopes for a recovery.

Amid this challenging environment, the JFE Group reduced costs by 120.0 billion yen in its steel business and strengthened initiatives for improved earnings in fiscal 2012. The Group also focused on developing business in fast-growing markets overseas and responded to diverse needs in the environmental and energy fields.

Thanks to such efforts, the Group achieved consolidated ordinary income of 52.2 billion yen, roughly unchanged from the previous fiscal year, and operated in the black at the consolidated net income level.

Growth Initiatives

In the face of a stubbornly difficult business environment, the JFE Group solidified its structure for the next phase of growth.

•JFE Shoji Trade Becomes Wholly Owned Subsidiary (October 2012)

JFE Shoji Trade was converted into a wholly owned subsidiary to leverage its marketing know-how as a trading company and raise the Group's overall presence in global markets, including by implementing projects in Japan and overseas, cultivating new customers and procuring raw materials.

•Japan Marine United Established (January 2013)

Universal Shipbuilding and IHI Marine United were integrated to establish a leading position in terms of total capabilities in the global shipbuilding industry, a key strategy for the JFE Group's new growth stage.

Other Measures

JFE implemented an array of further initiatives to strengthen its corporate structure for sustainable growth. These included more robust measures for corporate social responsibility (CSR), corporate governance and environmental management, as well as securing and nurturing more diversified human resources, solidifying its financial position and returning profits to shareholders.

Initiatives of Each Company

JFE Steel

JFE Steel aims to solidify its reputation as the world's leading global steel supplier and become a company that can be truly proud of its global status.

•Enhance the JFE brand through greater customer satisfaction

- Develop new products that become products of choice.
- Strengthen integrated service and technological support covering everything from initial planning and design to manufacturing, delivery and quality assurance.

•Actively develop overseas markets

- Complete production capacity expansion at Guangzhou JFE Steel Sheet in China.
- Construct and begin operating a continuous galvanizing line at JFE Steel Galvanizing (Thailand).
- Deepen partnership with JSW Steel in India.
- Strengthen partnership with Sahaviriya Steel Industries in Thailand.

•Strengthen cost competitiveness and raise productivity, mainly in upstream operations.

JFE Engineering

JFE Engineering is developing business mainly in the environmental and energy fields.

•Deliver large waste-to-energy plants in Japan and overseas

- Japan: Niigata, Mitaka and Chofu
- Overseas: Tsingtao and Shanghai in China

•Promote electrical power development projects

- Construct and operate mega-scale solar photovoltaic power plants in seven areas of Japan.
- Received order for geothermal binary-cycle power plant in Ibusuki, Kagoshima Prefecture.
- Biomass power plant

•Accelerate overseas business development

- In Myanmar, launched a feasibility study of waste-to-energy plant and received order for an elevated bridge.
- In Indonesia, received order for steam supply facilities for a geothermal power plant.

JFE Shoji Trade

The JFE Shoji Group is pioneering new markets for the entire JFE Group, aiming to become a company that constantly creates new value.

•Japan

- Raise customer satisfaction through proactive sales.

•Overseas

- Cultivate new markets.
- Establish new bases in Myanmar and Turkey.
- Improve the profitability of steel processing centers and adapt the structure in accordance with needs of local markets.
- Operation of 15 steel processing centers worldwide, including a new facility in India.

The JFE Group continues to thoroughly implement compliance, the basis of trusting relationships, as well as address environmental issues and strengthen safety, aiming to ensure both sustainable growth and maximized corporate value for stakeholders.



Exploring Broader Applications for Steel and Related Materials

Nippon Kokan and Kawasaki Steel joined forces as the JFE Group under the holding company JFE Holdings in 2002. In the years since, the JFE Group has contributed to society with some of the world's most advanced technologies. Going forward, the Group aims to build on its reputation for excellence in an increasingly broad range of fields.

Holding Company

JFE Holdings, Inc.

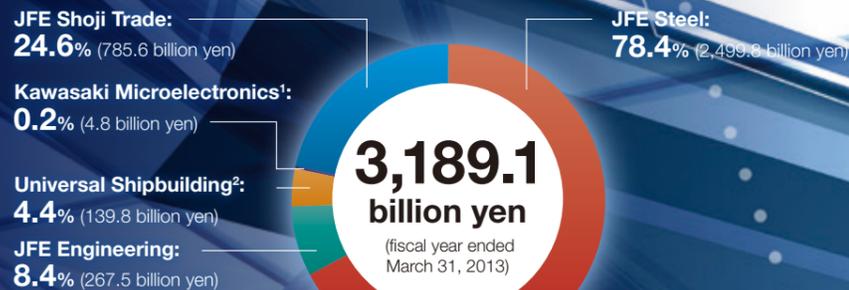
Maximizing Corporate Value Strategically

JFE Holdings formulates strategies and manages fund raising as the holding company of the JFE Group. It also handles information disclosure as a listed company. Consolidating these functions enables Group companies to devote their full attention to strengthening competitiveness and expanding profitability.

Corporate Data (As of April 1, 2013)

Head Office: 2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011
Phone: +81-3-3597-4321 (main)
Establishment: September 27, 2002
Paid-in Capital: 147.1 billion yen
URL: www.jfe-holdings.co.jp/en

Group Sales Breakdown



Note: Includes -15.9% adjustment (-508.6 billion yen)

1: JFE Holdings sold all shares of Kawasaki Microelectronics to MegaChips Corporation on July 1, 2012.
 2: Universal Shipbuilding and IHI Marine United were integrated as Japan Marine United on January 1, 2013.

Steel Business

JFE Steel Corporation "Only One" and "Number One" Products

JFE Steel is one of the world's leading integrated steel producers. A strong international player with a sophisticated production system consisting of two major steelworks, one each in eastern and western Japan, JFE Steel engages in production and sales of unique "Only One" and market-leading "Number One" branded products, plus a wide range of other added-value products incorporating the company's cutting-edge technologies and development know-how.



Engineering Business

JFE Engineering Corporation Innovative Technologies for Energy and the Environment

JFE Engineering technologies enhance the effective use of resources for clean energy. In addition to its core businesses in environmental infrastructure and energy, JFE Engineering offers specialized expertise in the fields of industrial machinery and steel structures such as bridges.



Trading Business

JFE SHOJI TRADE CORPORATION Creating Value as the Core Trading Company

JFE Shoji Trade engages in trading in Japan and the import and export of products centering on steel materials, as well as steel raw materials, non-ferrous metals, chemicals, fuels, materials and machinery, and marine vessels. The company also has business in the foods and electronics fields.



Shipbuilding Business

Japan Marine United Corporation Meeting Needs with Green Technologies

Japan Marine United operates seven shipyards/works and two technical research centers as a leader in the construction and repair of large merchant ships, including tankers, bulk carriers, container ships and specialty vessels, such as multipurpose anchor-handling tug supply vessels (AHTSVs), minesweepers and icebreakers.





Focusing on Technology 10 Years Ahead As a World-leading Steel Supplier

As a steelmaker with world-leading production facilities and expertise in the development of innovative technologies, JFE Steel responds to global market demands for high-end steel by developing products that offer unique characteristics and superior functionality. In addition to providing stable supplies of high-end steel products in Japan, the company is increasingly expanding its high-quality steel production and distribution networks overseas in partnership with leading steelmakers. JFE Steel also remains committed to enhancing communities and society through proactive solutions for environmental protection.

Eiji Hayashida
President & CEO



JFE Group TODAY 2013

JFE Steel Corporation

Two Major Steelworks with Large-scale Blast Furnaces

JFE Steel boasts an impressive production network in Japan that is divided roughly into two major steelworks. The East Japan Works comprises the Chiba District, where the company built Japan's first integrated coastal steelworks in the early 1950s, and the Keihin District, located on the 5.5 million m² Ohgishima man-made island in Tokyo Bay. The West Japan Works includes the Fukuyama District and Kurashiki District, both of which feature expansive sites and proximity to deep harbors. The East and West steelworks are equipped with large, world-class blast furnaces that account for 33 million tons of combined annual capacity for crude steel production. The production network also includes the Chita Works, a world-leading steelworks for the production of specialty steel pipes and tubes, including tubular goods for the oil industry and line pipes.



No. 3 hot strip mill line of East Japan Works (Chiba District)

JFE Steel Manufacturing Bases

West Japan Works



Fukuyama District



Kurashiki District

East Japan Works



Chiba District



Keihin District

Chita Works



Building the JFE Brand Through Customer Satisfaction

JFE Steel is strengthening its integrated service and technology support — from planning and product design to manufacturing, delivery and quality assurance — to achieve customer satisfaction on levels that assure JFE remains the brand of choice.



Guangzhou JFE Steel Sheet



Guangzhou JFE Steel Sheet coil yard



Mt. Fuji viewed from the Keihin District raw materials yard

Expanding Resource Ownership and Technology Development

Assuring stable supplies of coking coal and iron ore has become a critical issue for blast furnace makers faced with increasing worldwide demand for steel, primarily in emerging countries. In response, JFE Steel is expanding its ownership of vital global resources. For coking coal, the company acquired a stake in resource developer Qcoal's Byerwen Coal Mine in Australia in 2009. For iron

ore, JFE Steel acquired an interest in Brazil-based Nacional Minérios S.A. (NAMISA), an iron-ore sales company in 2008, and then raised the stake in 2011. Company-owned rights for coking coal and iron ore both account for nearly 20% of total needs at present and will be raised eventually to 30%. JFE Steel also is actively expanding its use of low-cost, low-quality raw materials through the application of new technologies. Under this strategy, ferro-coke produced as an epoch-making blast furnace feed entered trial usage at an actual blast furnace in March 2013.

Developing Global Markets Further

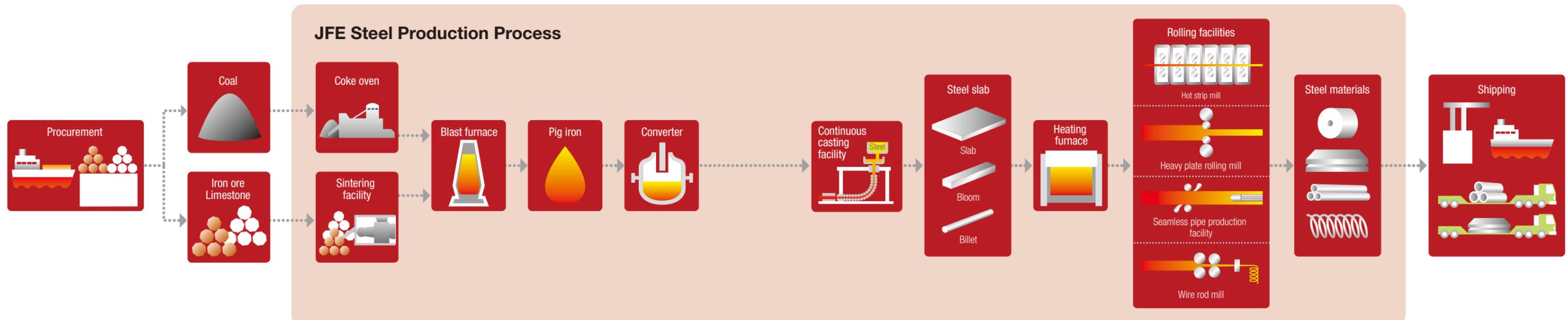
With the world's steel market poised to grow, JFE Steel is taking steps to ensure it is ideally positioned to respond. In markets such as China, India and Southeast Asia, production and distribution networks for high-end steel are being established through vertically specialized frameworks created with local partners. Guangzhou JFE Steel Sheet Co., Ltd., a 50-50 joint venture in China, is adding a cold-rolling line and hot-dip galvanizing line for the supply of automotive steel sheet. In Thailand, wholly

owned JFE Steel Galvanizing (Thailand) has begun operating a hot-dip galvanizing line. In India, the company has entered the automotive steel market by taking an equity position in JSW Steel, the nation's largest private steel company. In addition, cooperative arrangements for all product lines in India are being expanded, aiming to solidify JFE Steel's foothold in this promising market. This includes transferring manufacturing technologies for automotive steel sheets and non-oriented electrical steel sheets. Also, a feasibility study is looking at the viability of establishing an integrated steelworks in Vietnam.

Major Partners in Global Steel Sales



JFE Steel Production Process



JFE Steel Corporation 2012 Highlights

Guangzhou JFE Steel Sheet's New Continuous Galvanizing Line

To respond to growing demand for high-end steel, Guangzhou JFE Steel Sheet began operating a second continuous galvanizing line in March 2012. The expanded production structure now encompasses cold rolling, continuous annealing and two hot-dip galvanizing lines.



Outstanding Performances by Company Sports Teams

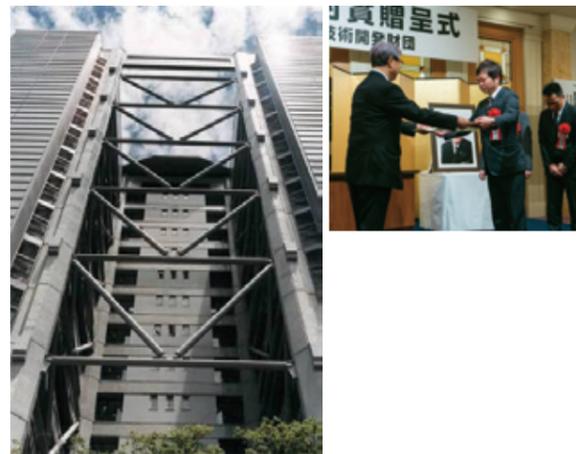
The JFE East Japan baseball team and the JFE West Japan baseball team participated in both an intercity tournament and the Japan National Championship. In the intercity tournament, an enthusiastic crowd of 55,000 company-related people turned up over the six games to root for the teams along with local residents. The JFE East Japan team turned in a strong performance, reaching the semifinal round.



Meanwhile, the running team appeared in the New Year *ekiden* (road relay race) for the 37th consecutive year, and of special note, team member Joseph Gitau ran a spectacular race to win the 66th Fukuoka International Open Marathon Championship.

Product Wins Industrial Award Contribution Prize

A steel pipe brace with advanced design features that provide added safety for earthquake-proof buildings and other structures, developed jointly with JFE Civil Engineering & Construction, won the Ichimura Industrial Award Contribution Prize. This marks the second consecutive year for JFE Steel to receive this award, which recognizes outstanding technologies that contribute to industrial advancement in Japan.



Steel pipe brace



Strengthening Steel Partnerships in Thailand

JFE Steel, Sahaviriya Steel Industries and Marubeni-Itochu Steel Inc. signed a partnership agreement in the Thai steel market. Under the agreement, JFE Steel will invest in Sahaviriya Steel Industries, raise its share in their joint venture and provide various technology support.



Provision of Production Technology to JSW Steel

JFE Steel agreed to provide strategic Indian partner JSW Steel with advanced technology for the production of automotive steel sheets, helping its partner better respond to increasing demands for sophisticated and diverse local procurement. JFE Steel also agreed to provide JSW Steel with technology for the production of non-oriented electrical steel sheets for home appliances and industrial motors.

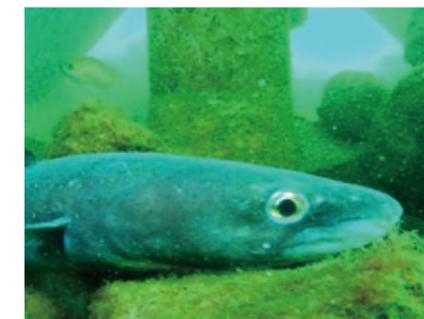


Large Order for Gas Development Line Pipe in Northern Europe

JFE Steel received an order for 325,000 tons of UOE steel pipe for line pipe (welded pipe) from STATOIL (Statoil ASA), a Norwegian oil and gas company. The pipe will be used for a 482-kilometer undersea pipeline, with shipments scheduled to begin in 2016.

Steel Slag Blocks for Major Marine Park in Yokohama

Marine Blocks made of solidified steel slag are being used in UMI (sea) Farm, an aquarium attraction featuring natural seascapes that opened at Yokohama Hakkeijima Sea Paradise in March 2013. The sea life-friendly Marine Blocks perform a valuable role in recovering life-supporting environments in the sea.



Conger eel living in a Marine Block®



Marine Block®

> April 2012

- Guangzhou JFE Steel Sheet in China began operating a second continuous galvanizing line.
- Research and development of geothermal power generation using exhaust heat began.

May

- Pig iron tapping reached a cumulative 400 million tons at West Japan Works (Fukuyama District).
- East Japan Works (Keihin District) and West Japan Works (Fukuyama District) held festivals.

June

- East Japan Works (Keihin District) marked its 100th anniversary.
- Held 19th J1 Activity JFE Steel Family Meet.

July

- Plan finalized for construction of electric resistance welded tube manufacturing facility at CSI in United States.
- JFE East Japan and JFE West Japan baseball teams participated in intercity tournament.

August

- Agreement reached to provide automotive steel sheet production technologies to JSW Steel.

October

- Company-wide disaster drills organized.
- Advanced Plastic Recycling won Award of Excellence at Nikkei Global Environmental Technology Awards.
- Decision made to acquire premium threading business in United States.

November

- East Japan Works (Chiba District) held festival.
- Agreement reached on closer ties with Sahaviriya Steel Industries of Thailand and Marubeni-Itochu Steel.
- West Japan Works (Kurashiki District) and Chita Works held festivals.
- Held 20th J1 Activity JFE Steel Family Meet.
- JFE East Japan and JFE West Japan baseball teams participated in Japan National Championship.

December

- Joseph Gitau won 66th Fukuoka International Open Marathon Championship.
- Agreement reached to provide JSW Steel with production technologies for non-oriented electrical steel sheets.
- Opening ceremony held for stainless steel foil processing joint venture in China.

> January 2013

- Agreement reached to provide Fujian Fuxin Special Steel in China with stainless steel sheet manufacturing technologies.

February

- Agreement reached to strengthen partnerships with KSP Steel in Kazakhstan and Marubeni-Itochu Steel.
- Large order received for 325,000 tons of line pipe for natural gas field development project in Norwegian Sea.

March

- Steel slag product used in UMI Farm, a new aquarium facility at Yokohama Hakkeijima Sea Paradise.
- Received Ichimura Industrial Award Contribution Prize for steel pipe brace with advanced features for earthquake-proof buildings.
- Steel slag blocs used as a reef for cultivating seaweed beds on Yamaguchi Prefecture's Iwakuni coastline.



Advanced Technologies for Energy Use And Urban Environments

JFE Engineering supports industries and societies with solutions that meet diverse needs in major fields such as transportation, urban infrastructure, energy and the environment. Backed by an outstanding record of accomplishment in developing advanced technologies for natural gas and waste-to-energy applications, the company is now actively engaged in R&D for renewable energies. In Japan, proprietary technologies also are being applied toward disaster-resistant infrastructure. JFE Engineering strives to meet the diverse needs of customers everywhere through its rapid delivery of optimized engineering solutions.

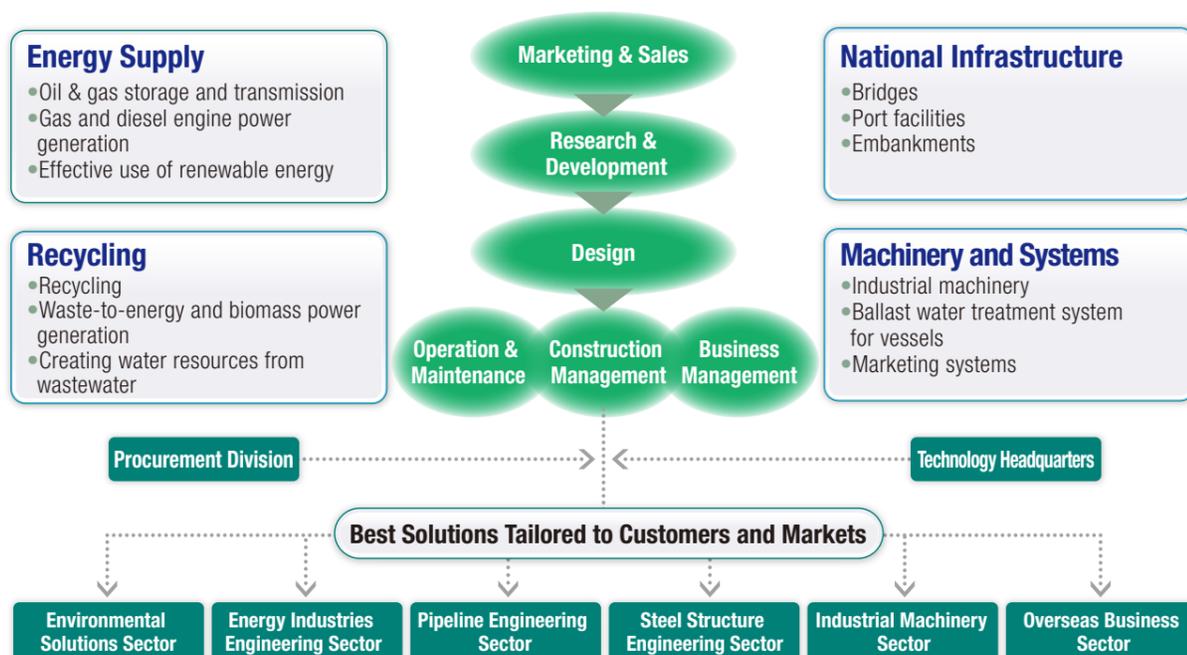
Sumiyuki Kishimoto
President & CEO



JFE Group TODAY 2013

JFE Engineering Corporation

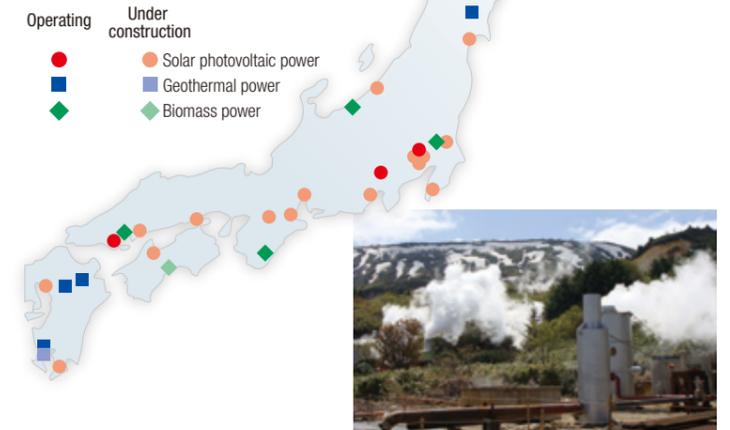
Business Overview



Successfully Developing New Electrical Power

Investments are being made in Japan to increasingly secure power sources in conjunction with the start of a full buyback program for renewable energy. JFE Engineering has become actively involved in this field by offering its advanced technologies and related solutions to power suppliers. To date, the company has built an array of electrical power generation plants that use solar, geothermal or biomass power. In addition to working to attract more orders of this kind, the company is steadily working toward the development of related businesses that take advantage of the company's extensive technologies and know-how in electrical power generation.

Renewable Energy Generation



Feasibility study of geothermal power business in Hachimantai, Iwate Prefecture.



Pyar Pon bridge (Myanmar)



Water supply submarine pipe (Hong Kong)

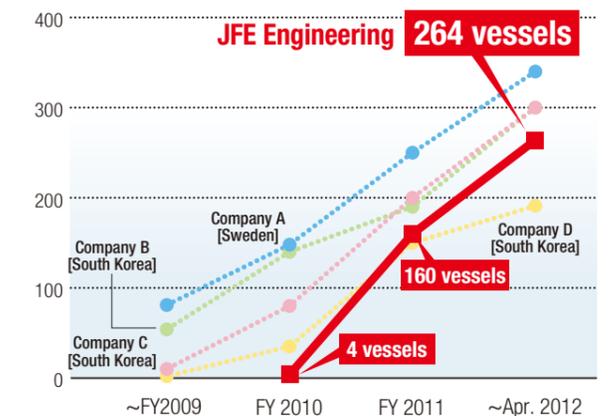
Urban Infrastructure Solutions To Support Growth

JFE Engineering is accelerating its overseas business with an emphasis on regions in which existing projects are concentrated. In the rapidly growing Asia-Pacific region countries, business in areas such as bridges and waste-to-energy plants is being pursued in response to growing concerns regarding the environmental impact of constructing roads and railway networks, as well as the urban concentration of populations.

World's Leading Ballast Water Management System

Efforts to prevent damage to marine ecosystems when ballast water is discharged from ships are giving rise to the installation of on-board water treatment systems. Based on orders received, JFE Engineering's Ballast Ace has become one of the world's most popular systems thanks to its compact size and treatment reliability. The market is expected to expand in the foreseeable future, particularly if an envisioned international convention makes it mandatory for nearly 40,000 ships to be fitted with such systems.

Ballast Water Treatment System Sales Top Suppliers (Cumulative)



JFE Engineering Corporation 2012 Highlights



Irabu-Ohashi Bridge Joins Two Islands in Okinawa

JFE Engineering installed a bridge girder weighing 1,500 tons with high precision during construction of a large bridge that spans a major shipping lane to connect Miyakojima and Irabujima islands.



Ota Solar Park Completed

The first mega-scale solar photovoltaic power plant to adopt the feed-in tariff (FIT) system was completed and delivered to Ota city, Gunma Prefecture. JFE Engineering is also constructing mega-scale solar photovoltaic power plants in other areas of Japan.



Cement Waste Heat Recovery System Completed in Romania

A heat recovery system was installed in Romania at the Alesd plant operated by Holcim, one of the world's largest cement suppliers, earning JFE Engineering high praise.



Cycle Tree Bicycle Parking System Completed

The Cycle Tree multi-level bicycle parking system constructed at Keikyu Kawasaki Station near Tokyo accommodates more than 1,000 bicycles and contributes to urban aesthetics.



Container Crane Project Completed at Tomakomai Port

An earthquake-resistant container crane was delivered to Tomakomai Port in northern Japan. JFE Engineering's technological solutions are helping to strengthen ports and harbors across the nation.



JFE Childcare Center Opened

A childcare center was built for JFE employees at JR Tsurumi Station in Yokohama. In addition to supporting the careers of working mothers at JFE, the facility helps to relieve demand for limited spaces at other facilities.



Mongolia's Largest Steel Bridge Completed

A railway fly-over named the Sun Bridge was built in the capital city of Ulan Bator, which is undergoing rapid economic development. The bridge was constructed with help from the largest-ever official development assistance (ODA) provided to the country.



Jacket-type Quays with Arc-shaped Retaining Wall Installed

The first jacket-type quays with an arc-shaped retaining wall have been incorporated in the jetty of Sendai-Shiogama Port in northeastern Japan. JFE Engineering's proprietary construction methods have earned high recognition for their outstanding cost efficiency and shortened work time.

Fukuyama Plastic Material Recycling Plant Launched

JFE Kankyo Corporation, a JFE Engineering group company, commenced operation of a new plant for producing raw materials from waste plastics, which are sold at affordable prices.



Order for Biomass Electric-Power Generation Plant

JFE Engineering has been awarded a contract to build a circulating fluidized bed boiler, which it proposed as Japan's first solution for using palm kernel shell, a solid renewable fuel, to generate electric power.



Order for Geothermal Binary Power Generation Facility

JFE Engineering will deliver a highly efficient binary facility for a geothermal power generation plant, the first to be constructed in Japan in 14 years, in the southern city of Ibusuki, Kagoshima Prefecture.



Clean Plaza Fujimi Commenced in Tokyo Suburbs

JFE Engineering completed the construction of a waste-to-energy plant in the Mitaka-Chofu area of suburban Tokyo. The company is now managing the plant's operation in harmony with the surrounding community.

> April 2012

- Received order from Kumamoto city for the construction and operation of New Seibu Waste-to-energy Plant.
- Received order for steam supply facilities of geothermal power plant in Indonesia.
- Completed Shinden Clean Center (waste-to-energy plant) in Niigata city and commenced operation.
- Completed "Cycle Tree" bicycle parking system at Keikyu Kawasaki Station.
- Completed installation of Irabu-Ohashi Bridge in Okinawa.

May

- Received order for new-type calorific value adjustment system at Yokkaichi Works of Toho Gas.
- Held JFE Promenade observation tour.
- Completed detoxification of chemical warfare agents for Ministry of the Environment.
- Completed Puzzle Tower, a mechanical parking system, in Naha city.

June

- Installed quick chargers for electric vehicles at Cosmo Oil gas stations.
- Received order for renewal of sewage sludge incinerator at Iriezaki General Sludge Center in Kawasaki city.
- Received order for installation of water pipe on Kurushima-Kaikyo Bridge.

July

- Started demonstration of sewage sludge-derived-fuel in Matsuyama.
- Completed Ota Solar Park.
- Completed cement waste heat recovery system in Romania.
- Completed container crane project at Tomakomai Port.

August

- Received order for aviation fueling facilities at Noi Bai International Airport.
- Commissioned to conduct feasibility study of waste power generation business in Myanmar.
- Received multiple orders for major reconstruction of Tokyo Metropolitan Expressway.
- Relocated Tokyo Head Office.

September

- Opened Kodomo-no-Mori Childcare Center.
- Commissioned to conduct feasibility study of large bridge in Myanmar.
- Completed renewal project of regional wholesale market in Shonan Fujisawa.
- Received order for reconstruction of Sennan Waste-to-energy Plant.
- UCLA observation team inspected environmental plant facilities.

October

- Commenced operation of Fukuyama Plastic Material Recycling Plant.
- Completed construction of Sun Bridge, Mongolia's largest steel bridge.
- Developed new dual-torch automatic welding for gas pipeline.

November

- Decided to engage in mega-scale solar photovoltaic power generation on unused land throughout Japan.

December

- Completed and commenced operation of Nishinomiya East Municipal Refuse Disposal Center (waste-to-energy plant).
- Received order for positron emission tomography testing in Japan.
- Received order for jacket-type quays to reconstruct Ishinomaki Port.
- Received first order for fault-area steel pipe newly designed for potable water in Kobe city.
- Received order for industrial waste incinerator in Malaysia.

> January 2013

- Received order for construction of an elevated bridge in Yangon, Myanmar.
- Received first order for retrofitting tanker with ballast water management system.
- Received order for Japan's first power plant fueled with palm kernel shell.
- Introduced first Neo White thermal energy storage method for air conditioning systems in Thailand.
- Held Pipeline Forum 2013 at Yokohama Head Office.

February

- Received order for geothermal binary power generation facility in Ibusuki, Kagoshima Prefecture.
- Installed jacket-type quays with arc-shaped retaining wall at Sendai-Shiogama Port.
- Received order for hybrid caisson for breakwater at the entrance to Kamaishi Port.

March

- Received order for waste-to-energy plant in Higashiosaka.
- Commenced operation of Clean Plaza (waste-to-energy plant) Fujimi in Mitaka-Chofu area.
- Received order for mega-scale solar photovoltaic power plant in Akita city.
- Developed remote monitoring and control system for solar power generation.



Developing New Markets and Creating New Value

JFE Shoji Trade engages in domestic trade, export/import and tripartite business involving steel products, raw materials and steel-production machinery. The company also has business in the food and electronics fields. In the domestic market, JFE Shoji Trade has built an optimal sales system that leverages the company's strengths. Overseas, bases are being expanded principally in Asia, along with efforts to cultivate high-potential markets, including in the Middle East and Africa. The company is also actively participating in resource development projects to ensure stable supplies of raw materials for respective Group companies. The company will maximize its specialized know-how to develop new markets and create new value as the core trading company of the JFE Group.



Tsutomu Yajima
President & CEO

JFE Group TODAY 2013

JFE SHOJI TRADE CORPORATION

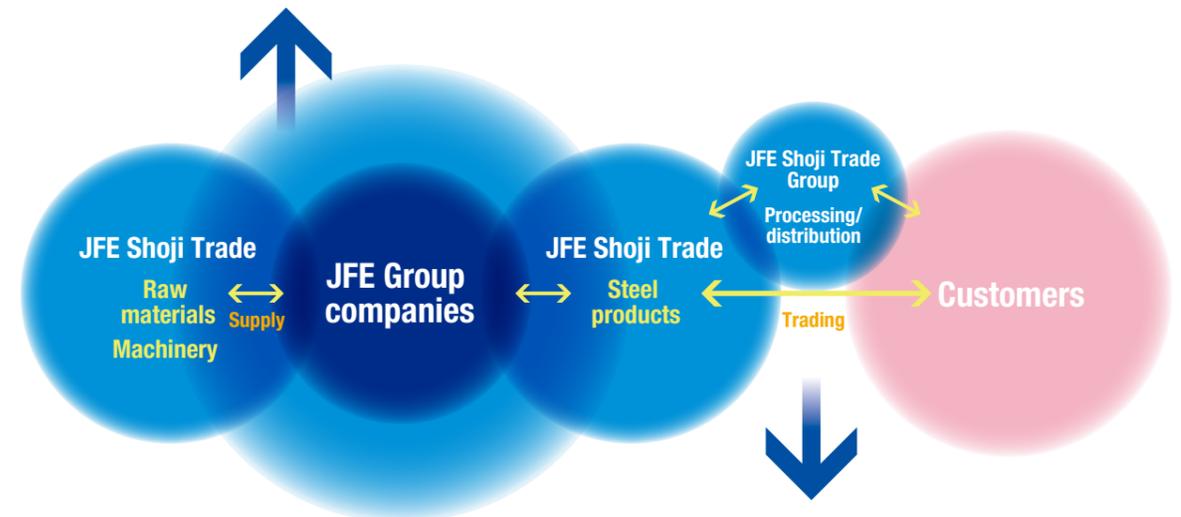
Steel Business Supply Chain

For enhanced competitiveness both in Japan and overseas, the JFE Shoji Trade Group strengthens the JFE Group's steel supply chain by identifying and then responding to customer needs in all phases of operations, from raw materials procurement and technical services to product processing.

Raw Materials Procurement



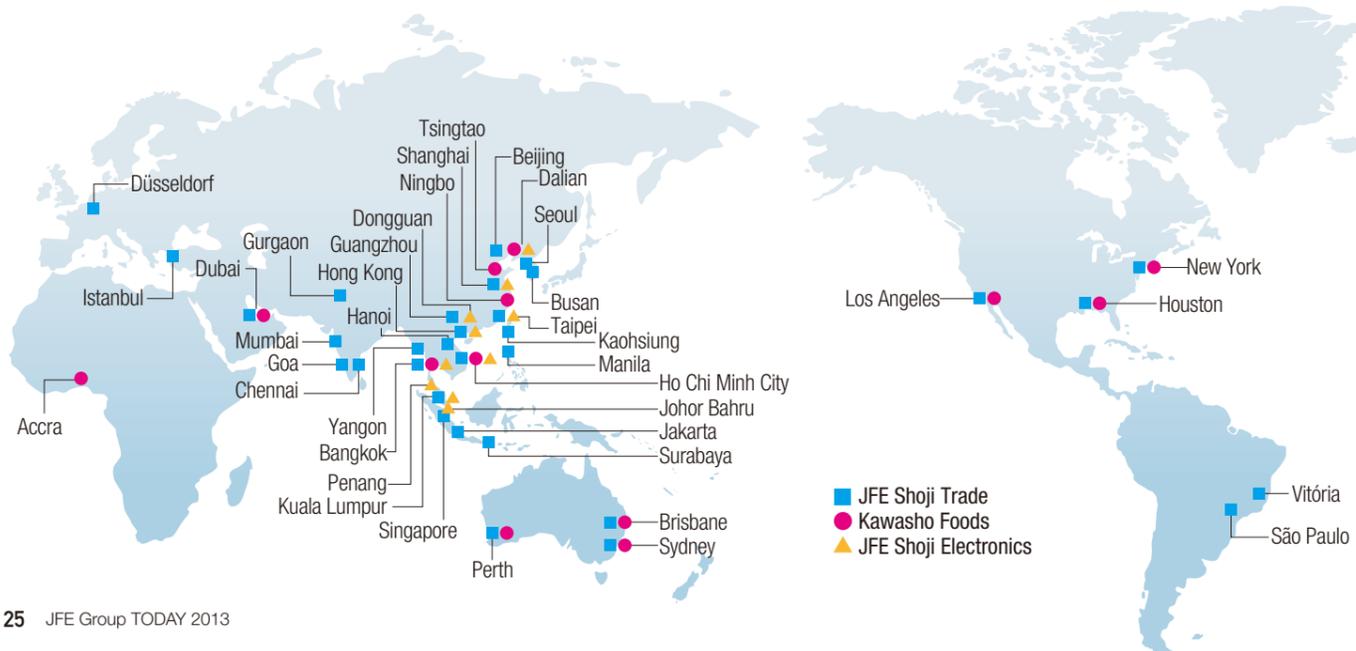
JFE Shoji Trade is expanding its import of raw materials and actively participating in resource development projects to ensure stable supplies of competitive resources for JFE Group companies at a time when the expanding global steel industry consumes increasingly more raw materials. A primary focus is investing in coal development projects in Australia to ensure stable supplies for JFE Steel. JFE Shoji Trade is also placing an emphasis on the sale of general coal as fuel for power companies.



Globally Expanding Network

JFE Shoji Trade leads the JFE Group's efforts to cultivate new markets. It operates 51 bases in 18 countries as the core trading company of the Group. In 2013, new bases were established in the rapidly growing economies of

Myanmar and Turkey, both of which offer trading prospects for steel products, raw materials and steel-production machinery.



Steel Trade and Processing/Distribution Centers



JFE Shoji Trade operates steel processing centers in 15 locations worldwide. The company is responding to the demand for more value-added products by launching operations for secondary fabrication, such as presswork.

Additionally, through its steel-processing centers in countries including Thailand and China, JFE Shoji Trade is responding to fast-growing demand for the processing of automobile steel sheet.



Slitting line at Zhejiang JFE Shoji Steel Products in China
Mitre core used inside the transformers of power generation plants

JFE SHOJI TRADE CORPORATION

2012 Highlights



Special Award Received from Indian Automaker

JFE Shoji Trade received a Special Support Award from Maruti Suzuki India in recognition of its cooperation in delivering materials following a disastrous earthquake. This marked the fourth consecutive year in which the automaker has presented JFE Shoji Trade with such an award.

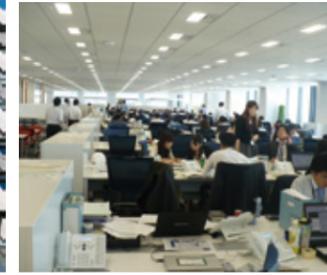
Exhibition Organized at NEPCON West China 2012

JFE Shoji Electronics Corporation exhibited at NEPCON West China 2012 in line with the establishment of the Chengdu Branch of JFE Shoji Electronics Shanghai Corporation. The event served as a good opportunity to expand awareness and understanding of the company's offerings.



Disaster Reconstruction Technologies Introduced at Seminar

At an earthquake recovery seminar organized by JFE Steel, JFE Shoji Trade explained technologies such as the high seismic resistance of reinforced earth, which it confirmed in terre armée investigations conducted after earthquakes.



Tokyo Head Office Relocated

The Tokyo Head Office was relocated from the JFE Shoji Building to the newly constructed Otemachi Financial City North Tower located in Otemachi in November 2012. The new office is highly functional in terms of integration, visualization and collaboration.



8% Stake Acquired in Major U.S. Ferrous Scrap Supplier

JFE Shoji Trade reinforced its supply sources for ferrous scrap by acquiring a stake in U.S.-based Advanced Steel Recovery, LLC. The move is part of a tripartite-trade strategy to capture expanding demand for ferrous scrap, particularly in Asia.



Donation Presented to Elementary School in Ghana

In West Africa, where the company has sold GEISHA canned goods for 60 years, JFE Shoji Trade and Kawasho Foods donated desks and chairs to an elementary school in Ghana. The company looks forward to making further contributions to development in West Africa.



Relocation of JFE Shoji Trade Companies Completed

Comprehensive relocations, which began by moving the head office in November 2012, were completed in February 2013. Consolidating all group companies in the JFE Shoji Building will help to maximize the collective strengths of the JFE Shoji Trade Group.



J-SLIM Activity Presentations Held

Presentations were held to introduce the J-SLIM Activity business reform project, which is now being implemented throughout the JFE Shoji Trade organization. The project is designed to increase operational efficiency and facilitate greater work productivity.



Interest Increased in Sonoma Mine Project in Australia

JFE Shoji Trade increased its interest in the Sonoma Mine Project in Australia, raising its equity stake to 9.5%. The investment paves the way for the JFE Group to increase its ratio of raw materials supplied from within the Group.



Coil Center Operations Commenced in India

JFE Shoji Steel India, a steel-processing center based in Ranjangaon, a suburb of Mumbai, commenced operations in March 2013. The JFE Shoji Trade Group now operates steel-processing centers at 15 locations outside Japan.

Timeline: April 2012 to March 2013

- April 2012**
 - JFE Shoji Trade and JFE Shoji Trade Holdings merged.
 - JFE Shoji Pipe & Fitting Trade Corporation stationed first Japanese staffer in Shanghai.
 - Fuji Xerox Co., Ltd. approved Electrical Appliance Steel Overseas Department as Premier Partner.
- May**
 - JFE Shoji Trade became wholly owned subsidiary through exchange of shares with JFE Holdings.
 - JFE Shoji Steel de Mexico, S.A. de C.V. joined electrical transformer exhibition hosted by Institute of Electrical and Electronics Engineers.
 - Received Special Support Award from Maruti Suzuki India.
 - JFE Shoji Trade Steel Construction Materials Corporation received The Prize of the Architectural Institute of Japan.
- June**
 - Acquired 8% stake in Advanced Steel Recovery, LLC, a major U.S.-based ferrous scrap supplier.
 - JFE Shoji Electronics Corporation exhibited at NEPCON West China 2012.
- July**
 - Kawasho Foods donated NOZAKI brand corned beef and other products to special nursing home for elderly.
- August**
 - Introduced terre armée construction method at seminar on earthquake reconstruction methods.
- September**
 - Nagoya Office and Kyushu Branch received New Office Promotion Awards at 25th Nikkei New Office Awards.
 - Exercised right to increase interest in Sonoma Mine Project in Australia.
 - Announced Hoshi Kinzoku shall become wholly owned subsidiary of JFE Shoji Pipe & Fitting Trade in October.
- October**
 - JFE Shoji Trade became wholly owned subsidiary of JFE Holdings in JFE Group restructuring.
 - Ceremony held to present donation to elementary school in Ghana.
 - Held J Mama Meeting for employees taking childcare leave.
- November**
 - Relocated Tokyo Head Office to Otemachi Financial City North Tower.
 - Ban on sales of Beaujolais nouveau lifted.
 - Held J-SLIM Activity presentations.
- December**
 - Concluded loan agreement with OM Materials (S) Pte. Ltd. to participate in Ferro Silicon plant construction project.
 - Announced integration of JFE Shoji Trade Steel Construction Materials and JFE Shoji Construction Materials Sales.
 - Announced integration of JFE Shoji Usuitakenzai and JFE Seibu Usuitakenzai.
- January 2013**
 - Established Yangon Branch.
- February**
 - Completed relocation of JFE Shoji Trade Group companies to JFE Shoji Building.
- March**
 - Commenced operation of JFE Shoji Steel India Private Limited.
 - Announced establishment of Istanbul Liaison Office.



Rapidly Integrating to Secure Industry's Top Position and Pursue Growth

Japan Marine United was established in January 2013 through the merger of Universal Shipbuilding and IHI Marine United. The company is rapidly leveraging the synergies of integration to establish its position at the top of the industry and help the JFE Group further implement its growth initiatives. The merger consolidates the design and development capabilities of two companies, ultimately for a stronger product lineup. The new firm is also developing technologies to save energy and reduce environmental loads in ships that offer outstanding performance and quality in response to customer needs.

Shinjiro Mishima
President & CEO



JFE Group TODAY 2013

Japan Marine United Corporation

Topics



Establishment of Japan Marine United

On January 7, 2013, an inauguration ceremony was held for the newly integrated company Japan Marine United. During the ceremony, the company chairman and president declared resolutions toward achieving growth.



First Naming Ceremony Following Establishment of the New Company

On January 9, 2013, the first naming ceremony was held at the new company for a 120,000-DWT tanker at the Kure Shipyard. By optimizing the form of the ship, this vessel is able to significantly reduce transportation cost per ton compared with conventional ships.

Business Overview

Japan Marine United will steadily strengthen its competitive edge and profitability in four core fields (see below). It will contribute to society through a combination of technological and manufacturing activities in the shipbuilding and offshore fields, and also pursue advanced technologies in response to customer needs.

•Merchant Ships and Offshore Work

Japan Marine United boasts advanced, world-class technology and impressive, well-equipped facilities for the production of merchant ships. The merchant shipbuilding division contributes to maritime trade, the backbone of the world economy, by producing a wide range of high-quality



ships, including tankers, bulk carriers, container ships, LNG/LPG carriers, car carriers, ferries and more.

•Naval Ship

The company applies its highly advanced technological capabilities in the building and repair of naval ships such as helicopter destroyers, icebreakers, minesweepers for the Japan Maritime Self Defense Force and special vessels including patrol ships. Japan Marine United plays an important role in helping to maintain national defense, maritime transport and security.



•Engineering

Japan Marine United offers first-class designing and construction technologies for ships and offshore structures, such as floating structures and semisubmersible drilling rigs, including IHI-SPB (self-supporting prismatic shape IMO type B) tank technology gas-containment systems. The



company also provides technical and production support to shipyards in Japan and overseas.

•Ship Lifecycle Business

Japan Marine United provides solutions and services for ship repairs, onboard inspections, parts supply and other needs throughout the lifecycles of ships. The company also offers customers total support through solutions for environmental emissions, energy-saving operations and advanced ship maintenance.



Contributing to Sustainable Societies

The JFE Group's environmental policy stipulates a firm commitment to protecting the global environment and rigorous pursuit of environmentally responsible corporate growth, based on which the company endeavors to meet the expectations of society and earn the confidence of its many stakeholders.

Customers and Business Partners

The JFE Group delivers products and services of the highest quality to support customers' high competitiveness and meet other diverse needs. To underpin these efforts, the Group acquires and maintains all necessary technical certifications, adopts best practice management systems and operates facilities to collaborate with customers in joint development activities.



Training session

Shareholders and Investors

The JFE Group places priority on the timely and appropriate disclosure of corporate information, making every effort to release information online and publish business results promptly. Plant tours and investor briefings are also conducted to facilitate understanding of the Group's business and related activities.



Plant tour for JFE Group shareholders

Employees

The JFE Group actively hires new recruits and maintains healthy labor-management relations in its commitment to provide a dynamic working environment for a diverse workforce. The Group is an equal opportunity employer for women and persons with physical disabilities and encourages respect for human rights. Occupational safety and the maintenance of a favorable work environment for employees are top priorities.



Cultivating human resources

Community Residents

The JFE Group supports communities where it operates with a variety of long-term initiatives, such as support for university research and educational events, cultural and social welfare activities and disaster-related reconstruction.



Manufacturing workshop for kids



Super-SINTER® line introduced to Keihin District

Process Enhancement

The JFE Group is steadily reducing the environmental impact of its steel business through process enhancement, such as the recovery of ironmaking and steelmaking byproduct gases and the recapture of waste heat and waste pressure energy. Between fiscal 1973 and fiscal 2012, the JFE Group reduced its energy intensity by 36% (forecast) and currently is ranked among the world's most energy-efficient steel producers.

Products and Services

The JFE Group works closely with customers from the development stage to supply high-performance steel products, aiming to spur economic growth while also achieving lower-carbon societies. The JFE Group is making a concerted, ongoing effort to reduce carbon emissions both in its steel manufacturing operations and through the delivery of energy-saving products to end-users.



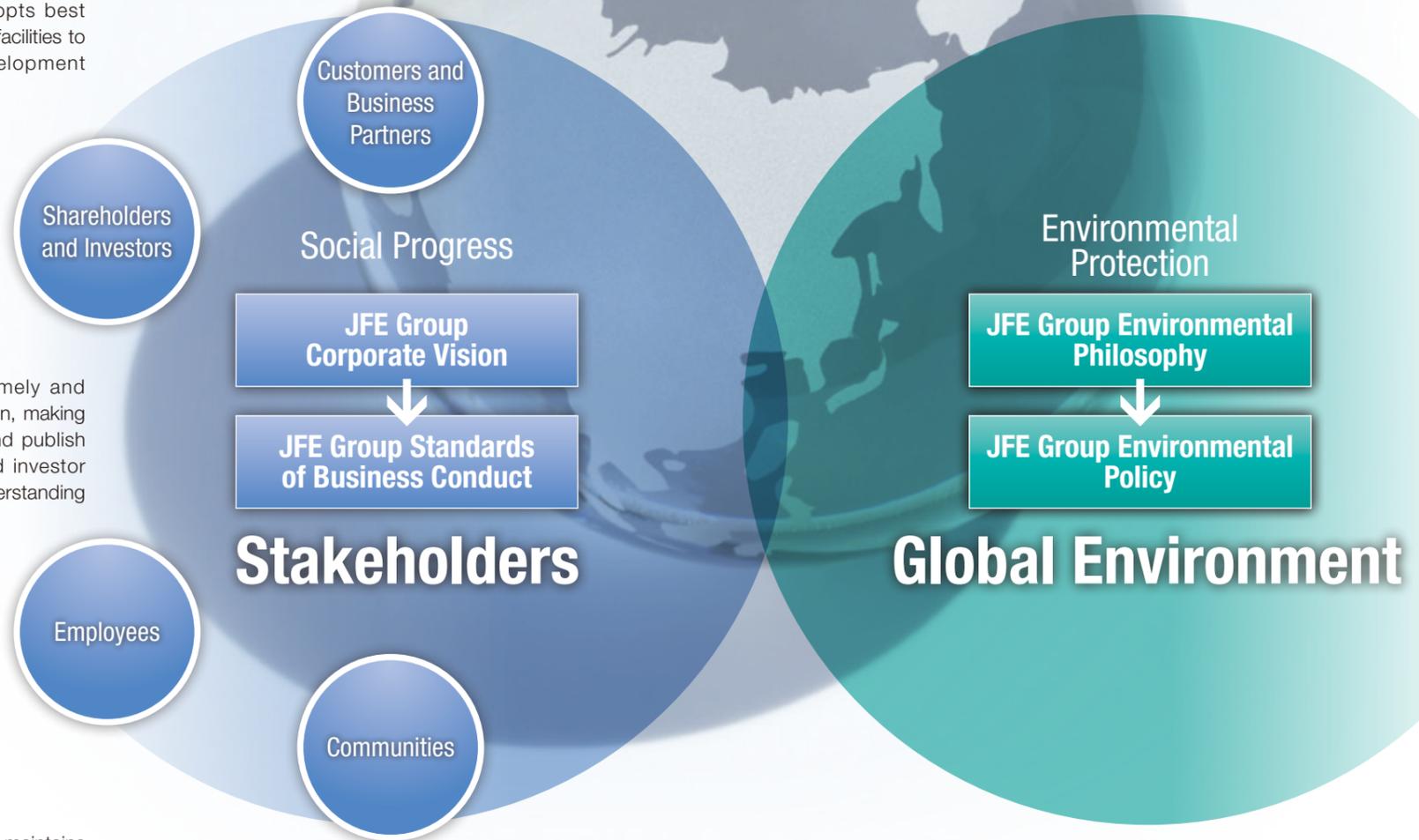
Ultra-large ore carrier

Communities and Stakeholders

The JFE Group reaches out to stakeholders through a variety of channels, including participation in environmental trade exhibitions, such as Japan's Eco-Products 2012. Individual business units in the Group remain actively involved with environmental initiatives that are rooted deeply in their respective host communities.



Eco-Products 2012



JFE Group CSR Report (to be issued in September 2013)

The JFE Group CSR Report provides detailed information about societal and environmental initiatives.

www.jfe-holdings.co.jp/environment



Members of the Board, Corporate Auditors and Corporate Officers of JFE Holdings



Members of the Board

- Hajime Bada** President & CEO
- Eiji Hayashida** Member of the Board
- Shinichi Okada** Member of the Board
- Sumiyuki Kishimoto** Member of the Board
- Akimitsu Ashida*** Member of the Board
- Masafumi Maeda*** Member of the Board

* External

Corporate Auditors

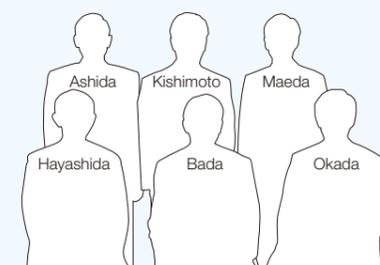
- Sakio Sasamoto** Full-time Auditor
- Yasushi Kurokawa** Full-time Auditor
- Hiroyuki Itami*** Corporate Auditor
- Seiji Sugiyama*** Corporate Auditor

* External

Corporate Officers

- Hajime Bada** CEO
President & CEO
- Shinichi Okada** Supervision of the General Administration Dept. and the Comptrollers' Dept.
Executive Vice President
In charge of the Corporate Planning Dept. and Finance and Investor Relations Dept.
- Yasushi Yamamura** In charge of the Comptrollers' Dept.
Vice President
- Masashi Terahata** In charge of the General Administration Dept.
Vice President

Members of the Board



Operating and Main Group Companies

As of April 1, 2013

Steel Business

Net sales: 2,499.8 billion yen Employees: 42,519

JFE Steel Corporation

Head Office: Chiyoda-ku, Tokyo

Group companies

- **Electric Furnaces and Bar/Shape Steel**
 - JFE Bars & Shapes Corporation
- **Manufacture and Sale of Processed Steel Products, Raw Materials, etc.**
 - JFE Chemical Corporation
 - JFE Metal Products & Engineering Inc.
 - JFE Galvanizing & Coating Co., Ltd.
 - JFE Container Co., Ltd.
 - JFE Mineral Company, Ltd.
 - JFE Welded Pipe Manufacturing Co., Ltd.
 - Mizushima Ferroalloy Co., Ltd.
 - JFE Pipe Fitting Mfg. Co., Ltd.
 - JFE Kozai Corporation
 - JFE Material Co., Ltd.
 - JFE Precision Co., Ltd.
 - River Steel Co., Ltd.
 - JFE Electrical Steel Co., Ltd.
 - Philippine Sinter Corporation
 - Thai Coated Steel Sheet Co., Ltd.
 - Shinagawa Refractories Co., Ltd.*
 - Nippon Chuzo K.K.*
 - Nippon Chutetsukan K.K.*
 - Dongkuk Steel Mill Co., Ltd.*
 - Guangzhou JFE Steel Sheet Co., Ltd.*
 - Thai Cold Rolled Steel Sheet Public Co., Ltd.*
 - JSW Steel Ltd.*
 - California Steel Industries, Inc.*

■ Logistics & Warehousing, Facility Maintenance & Construction and Utilities Supply

- JFE Logistics Corporation
- JFE Civil Engineering & Construction Corp.
- JFE Mechanical Co., Ltd.
- JFE Electrical & Control Systems, Inc.
- Setouchi Joint Thermal Power Co., Ltd.*
- K.K. JFE Sanso Center*

■ Trading and Other Steel-related Businesses

- JFE Life Corporation
- JFE Systems, Inc.
- JFE Techno-Research Corporation
- JFE Steel Australia Resources Pty Ltd.
- Brazil Japan Iron Ore Corporation*
- Japan-Brazil Niobium Corporation*
- Exa Corporation*

Engineering Business

Net sales: 267.5 billion yen Employees: 7,379

JFE Engineering Corporation

Head Office: Chiyoda-ku, Tokyo

Yokohama Head Office: Yokohama

Group companies

- JFE Kankyo Corporation
- JFE Environmental Service Corporation
- JFE Technos Corporation
- Asuka Soken Co., Ltd.
- JP Steel Plantech Co.*

Trading Business

Net sales: 785.6 billion yen Employees: 5,980

JFE SHOJI TRADE CORPORATION

Tokyo Head Office: Chiyoda-ku, Tokyo

Osaka Head Office: Osaka

Group companies

- Kawasho Foods Corporation
- JFE Shoji Electronics Corporation
- JFE Shoji Trade Steel Construction Materials Corporation
- JFE Shoji Pipe & Fitting Corporation
- JFE Shoji Usuitakenzai Corporation
- JFE Shoji Coil Center Corporation
- K&I Tubular Corporation
- VEST Inc.
- Steel Alliance Service Center Co., Ltd.
- JFE Shoji Steel De Mexico, S.A. De C.V.
- Zhejiang JFE Shoji Steel Products Co., Ltd.

Shipbuilding Business

Net sales: 139.8 billion yen Employees: 5,873

Japan Marine United Corporation

Head Office: Minato-ku, Tokyo

Initiated operations following the integration of Universal Shipbuilding and IHI Marine United on January 1, 2013. The company became an equity-method affiliate with JFE Holdings holding a 45.93% share.

*Equity-method affiliate

Net sales: Fiscal 2012 (ended March 31, 2013)

Employees: as of March 31, 2013

Financial Information

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Note: Fiscal Year (FY) 2012 in the following pages refers to the period beginning April 1, 2012 and ending March 31, 2013.

Five-year Financial Summary

JFE Holdings, Inc. and Consolidated Subsidiaries

	Millions of yen				
	FY2012	FY2011	FY2010	FY2009	FY2008
Operating results (for the year)					
Net sales	¥ 3,189,196	¥ 3,166,511	¥ 3,195,560	¥ 2,844,356	¥ 3,908,282
Operating income	39,873	44,779	182,810	88,775	407,806
Ordinary income before interest and discount expenses ^{*1}	66,588	68,075	182,268	88,752	423,068
Ordinary income	52,214	52,977	165,805	69,289	400,562
Net income	39,599	(36,633)	58,608	45,659	194,229
Comprehensive income	111,672	(19,268)	29,086	—	—
Cash flows (for the year)					
Cash flows from operating activities	287,071	110,087	302,603	389,548	243,712
Cash flows from investing activities	(163,616)	(205,494)	(302,282)	(236,725)	(350,136)
Free cash flows ^{*2}	123,455	(95,406)	320	152,822	(106,424)
Cash flows from financing activities	(147,550)	96,078	23,073	(321,617)	260,065
Financial position (at the year end)					
Total assets	4,107,519	4,007,263	3,976,644	3,918,317	4,328,901
Property, plant and equipment, net	1,606,862	1,644,884	1,712,318	1,800,170	1,843,232
Net assets	1,596,797	1,456,340	1,478,310	1,465,898	1,378,041
Debt outstanding	1,596,363	1,593,633	1,496,413	1,468,472	1,768,747
Capital investment and others					
Capital investment	179,679	197,449	180,492	225,268	289,582
Depreciation and amortization	194,062	238,316	246,666	248,374	247,774
R&D expenses	33,662	34,243	33,523	36,082	41,938
Crude steel output (thousand tons)	30,687	29,235	31,472	28,352	29,280
Employees	57,044	54,133	54,400	53,892	56,547
Ratio					
Return on sales (ROS) ^{*3}	1.6%	1.7%	5.2%	2.4%	10.2%
Return on assets (ROA) ^{*4}	1.6%	1.7%	4.6%	2.2%	10.0%
Return on equity (ROE) ^{*5}	2.7%	(2.6%)	4.1%	3.3%	13.7%
Equity capital ratio	37.9%	35.3%	36.2%	36.3%	30.9%
Debt-to-equity ratio ^{*6}	102.4%	112.7%	104.1%	103.2%	132.4%
Debt-to-equity ratio ^{*7}	76.9%	83.5%	76.5%	75.5%	98.9%
Yen					
Per share data					
Net income	¥ 71.20	¥ (68.71)	¥ 110.73	¥ 86.35	¥ 355.64
Net assets	2,700.83	2,627.63	2,708.51	2,689.88	2,526.26
Cash dividends	20	20	35	20	90

Notes: *1 Ordinary income before interest and discount expenses = Ordinary income + interest and discount expenses
*2 Free cash flows = Cash flows from operating activities + cash flows from investing activities
*3 Return on sales (ROS) = Ordinary income/net sales ×100
*4 Return on assets (ROA) = (Ordinary income+interest and discount expenses)/total assets×100

*5 Return on equity (ROE) = Net income/total shareholders' equity ×100
*6 Debt-to-equity ratio = Debt outstanding/total shareholders' equity ×100
*7 Debt-to-equity ratio in the rating of debt having a capital component, with 75% of this 300 billion yen in debt deemed to be capital, as assessed by rating agencies.

Consolidated Balance Sheets

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2012	FY2011	FY2012
Assets			
Current assets:			
Cash and deposits (Notes 5, 8 and 13)	¥ 64,621	¥ 50,382	\$ 687,091
Notes and accounts receivable (Note 13)	597,275	580,669	6,350,611
Allowance for doubtful accounts	(1,628)	(306)	(17,309)
Merchandise and finished goods	286,524	259,934	3,046,507
Raw materials and supplies	369,290	405,649	3,926,528
Deferred tax assets (Note 16)	41,493	59,624	441,180
Other current assets (Note 8)	164,580	150,303	1,749,920
Total current assets	1,522,157	1,506,257	16,184,550
Property, plant and equipment (Note 8):			
Land (Note 9)	509,239	517,944	5,414,556
Buildings and structures	1,754,924	1,731,921	18,659,479
Machinery and equipment	5,478,451	5,435,297	58,250,409
Construction in progress	61,402	49,236	652,865
Subtotal	7,804,017	7,734,399	82,977,320
Accumulated depreciation	(6,197,155)	(6,089,514)	(65,892,131)
Property, plant and equipment, net	1,606,862	1,644,884	17,085,188
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 13)	365,533	329,906	3,886,581
Investments in securities (Notes 6, 8 and 13)	383,716	305,704	4,079,914
Allowance for doubtful accounts	(8,185)	(5,379)	(87,028)
Deferred tax assets (Note 16)	90,502	105,183	962,275
Other assets (Note 8)	146,933	120,707	1,562,286
Total investments and other assets	978,500	856,121	10,404,040
Total assets	¥ 4,107,519	¥ 4,007,263	\$ 43,673,779

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2012	FY2011	FY2012
Liabilities			
Current liabilities:			
Short-term borrowings (Note 13)	¥ 82,115	¥ 9,722	\$ 873,099
Current portion of long-term debt (Notes 7 and 13)	283,252	233,662	3,011,717
Notes and accounts payable (Note 13)	365,308	337,643	3,884,189
Other current liabilities	295,582	353,312	3,142,817
Total current liabilities	1,026,259	934,340	10,911,844
Long-term liabilities:			
Long-term debt (Notes 7 and 13)	1,230,995	1,350,248	13,088,729
Accrued retirement benefits (Note 10)	118,845	123,714	1,263,636
Reserve for rebuilding furnaces	33,919	33,298	360,648
Deferred tax liabilities (Notes 9 and 16)	23,707	18,368	252,068
Allowance for losses on specific waste disposal business	29,047	32,003	308,846
Other long-term liabilities	47,948	58,949	509,813
Total long-term liabilities	1,484,462	1,616,581	15,783,753
Total liabilities	2,510,722	2,550,922	26,695,608
Contingencies (Note 11)			
Net assets			
Shareholders' equity:			
Common stock:			
Authorized 2,298,000,000 shares			
Issued 614,438,399 shares as of March 31, 2013			
614,438,399 shares as of March 31, 2012	147,143	147,143	1,564,518
Capital surplus	647,121	647,121	6,880,606
Retained earnings	886,338	1,011,124	9,424,114
Treasury stock, at cost:			
37,328,220 shares as of March 31, 2013			
76,213,077 shares as of March 31, 2012	(178,529)	(378,442)	(1,898,234)
Total shareholders' equity	1,502,072	1,426,945	15,970,994
Accumulated other comprehensive income:			
Net unrealized gains and losses on securities	69,184	31,185	735,608
Net unrealized gains and losses on hedges	(138)	(1,780)	(1,467)
Revaluation reserve for land, net of tax (Note 9)	14,243	13,806	151,440
Translation adjustments	(26,687)	(55,900)	(283,753)
Total accumulated other comprehensive income	56,602	(12,689)	601,828
Minority interests (Note 9)	38,121	42,084	405,326
Total net assets	1,596,797	1,456,340	16,978,171
Total liabilities and net assets	¥ 4,107,519	¥ 4,007,263	\$ 43,673,779

Consolidated Statements of Operations

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2012	FY2011	FY2012
Net sales	¥ 3,189,196	¥ 3,166,511	\$ 33,909,580
Cost of sales	2,884,161	2,879,558	30,666,251
Gross profit	305,034	286,952	3,243,317
Selling, general and administrative expenses	265,161	242,173	2,819,362
Operating income	39,873	44,779	423,955
Non-operating income (expenses):			
Interest income	879	393	9,346
Interest expense	(14,374)	(15,098)	(152,833)
Dividends received	7,988	7,839	84,933
Foreign exchange gains	10,108	713	107,474
Equity in earnings of affiliates	9,586	27,253	101,924
Other, net	(1,846)	(12,902)	(19,627)
Ordinary income	52,214	52,977	555,172
Extraordinary income (loss) (Note 21)	23,167	(124,828)	246,326
Income (loss) before income taxes and minority interests	75,381	(71,850)	801,499
Income taxes (Note 16):			
Current	26,302	28,488	279,659
Deferred	6,045	(66,621)	64,274
	32,347	(38,132)	343,934
Income (loss) before minority interests	43,033	(33,717)	457,554
Minority interests	(3,434)	(2,915)	(36,512)
Net income (loss)	¥ 39,599	¥ (36,633)	\$ 421,041

	Yen		U.S. dollars (Note 1)
	FY2012	FY2011	FY2012
Basic net income (loss) per share	¥ 71.20	¥ (68.71)	\$ 0.75
Cash dividends per share	20	20	0.21

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2012	FY2011	FY2012
Income (loss) before minority interests	¥ 43,033	¥ (33,717)	\$ 457,554
Other comprehensive income (Note 17):			
Net unrealized gains and losses on securities	39,075	24,933	415,470
Net unrealized gains and losses on hedges	1,586	(1,707)	16,863
Revaluation reserve for land, net of tax	—	1,443	—
Translation adjustments	10,020	(2,332)	106,539
Share of other comprehensive income of affiliates accounted for using equity method	17,957	(7,887)	190,930
Total other comprehensive income	68,638	14,449	729,803
Comprehensive income	¥ 111,672	¥ (19,268)	\$ 1,187,368
Total comprehensive income attributable to:			
Shareholders of the parent	¥ 108,453	¥ (22,071)	\$ 1,153,141
Minority interests	3,218	2,803	34,215

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

JFE Holdings, Inc. and Subsidiaries

Years ended March 31, 2013 and 2012

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2011	¥ 147,143	¥ 651,964	¥ 1,081,697	¥ (415,890)	¥ 1,464,913
Cash dividends			(13,284)		(13,284)
Net loss			(36,633)		(36,633)
Acquisition of treasury stock				(290)	(290)
Disposal of treasury stock		(4,843)	(22,475)	37,738	10,420
Increase by change of scope of consolidation			1,856		1,856
Decrease by change of scope of consolidation			(37)		(37)
Transfer from land revaluation account			1		1
Net changes in items other than shareholders' equity					—
Total changes in items during the year		(4,843)	(70,573)	37,447	(37,968)
Balance at March 31, 2012	¥ 147,143	¥ 647,121	¥ 1,011,124	¥ (378,442)	¥ 1,426,945

	Millions of yen						
	Accumulated other comprehensive income						
	Net unrealized gains and losses on securities	Net unrealized gains and losses on hedges	Revaluation reserve for land, net of tax	Translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2011	¥ 7,878	¥ 29	¥ 12,097	¥ (47,324)	¥ (27,318)	¥ 40,715	¥ 1,478,310
Cash dividends							(13,284)
Net loss							(36,633)
Acquisition of treasury stock							(290)
Disposal of treasury stock							10,420
Increase by change of scope of consolidation							1,856
Decrease by change of scope of consolidation							(37)
Transfer from land revaluation account							1
Net changes in items other than shareholders' equity ..	23,306	(1,810)	1,708	(8,575)	14,629	1,368	15,998
Total changes in items during the year	23,306	(1,810)	1,708	(8,575)	14,629	1,368	(21,970)
Balance at March 31, 2012	¥ 31,185	¥ (1,780)	¥ 13,806	¥ (55,900)	¥ (12,689)	¥ 42,084	¥ 1,456,340

The accompanying notes are an integral part of these statements.

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2012	¥ 147,143	¥ 647,121	¥ 1,011,124	¥ (378,442)	¥ 1,426,945
Cash dividends			(5,395)		(5,395)
Net income			39,599		39,599
Acquisition of treasury stock				(2,428)	(2,428)
Disposal of treasury stock			(158,299)	202,341	44,042
Decrease by change of scope of consolidation			(253)		(253)
Transfer from land revaluation account			(437)		(437)
Net changes in items other than shareholders' equity					—
Total changes in items during the year			(124,785)	199,913	75,127
Balance at March 31, 2013	¥ 147,143	¥ 647,121	¥ 886,338	¥ (178,529)	¥ 1,502,072

	Millions of yen						
	Accumulated other comprehensive income						
	Net unrealized gains and losses on securities	Net unrealized gains and losses on hedges	Revaluation reserve for land, net of tax	Translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2012	¥ 31,185	¥ (1,780)	¥ 13,806	¥ (55,900)	¥ (12,689)	¥ 42,084	¥ 1,456,340
Cash dividends							(5,395)
Net income							39,599
Acquisition of treasury stock							(2,428)
Disposal of treasury stock							44,042
Decrease by change of scope of consolidation							(253)
Transfer from land revaluation account							(437)
Net changes in items other than shareholders' equity	37,999	1,641	437	29,213	69,292	(3,962)	65,329
Total changes in items during the year	37,999	1,641	437	29,213	69,292	(3,962)	140,456
Balance at March 31, 2013	¥ 69,184	¥ (138)	¥ 14,243	¥ (26,687)	¥ 56,602	¥ 38,121	¥ 1,596,797

Consolidated Statements of Cash Flows

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2013 and 2012

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2012	\$ 1,564,518	\$ 6,880,606	\$ 10,750,919	\$ (4,023,838)	\$ 15,172,195
Cash dividends			(57,363)		(57,363)
Net income			421,041		421,041
Acquisition of treasury stock				(25,816)	(25,816)
Disposal of treasury stock			(1,683,136)	2,151,419	468,282
Decrease by change of scope of consolidation			(2,690)		(2,690)
Transfer from land revaluation account			(4,646)		(4,646)
Net changes in items other than shareholders' equity					—
Total changes in items during the year			(1,326,794)	2,125,603	798,798
Balance at March 31, 2013	\$ 1,564,518	\$ 6,880,606	\$ 9,424,114	\$ (1,898,234)	\$ 15,970,994

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income						
	Net unrealized gains and losses on securities	Net unrealized gains and losses on hedges	Revaluation reserve for land, net of tax	Translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2012	\$ 331,578	\$ (18,926)	\$ 146,794	\$ (594,364)	\$ (134,917)	\$ 447,464	\$ 15,484,742
Cash dividends							(57,363)
Net income							421,041
Acquisition of treasury stock							(25,816)
Disposal of treasury stock							468,282
Decrease by change of scope of consolidation							(2,690)
Transfer from land revaluation account							(4,646)
Net changes in items other than shareholders' equity	404,029	17,448	4,646	310,611	736,757	(42,126)	694,619
Total changes in items during the year	404,029	17,448	4,646	310,611	736,757	(42,126)	1,493,418
Balance at March 31, 2013	\$ 735,608	\$ (1,467)	\$ 151,440	\$ (283,753)	\$ 601,828	\$ 405,326	\$ 16,978,171

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2012	FY2011	FY2012
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 75,381	¥ (71,850)	\$ 801,499
Adjustments for:			
Depreciation and amortization	194,062	238,316	2,063,391
Decrease in reserves	(3,681)	(17,446)	(39,138)
Interest and dividend income	(8,867)	(8,232)	(94,279)
Interest expense	14,374	15,098	152,833
Changes in assets and liabilities:			
Changes in notes and accounts receivable	40,145	(52,867)	426,847
Changes in inventories	90,878	(48,101)	966,273
Changes in notes and accounts payable	(10,177)	(23,823)	(108,208)
Other, net	(73,163)	118,694	(777,916)
Subtotal	318,953	149,788	3,391,313
Interest and dividend income received	14,782	14,923	157,171
Interest paid	(16,342)	(15,285)	(173,758)
Income taxes paid	(30,322)	(39,339)	(322,402)
Net cash provided by operating activities	287,071	110,087	3,052,323
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment	(174,165)	(193,470)	(1,851,834)
Proceeds from sales of property, plant and equipment	7,708	4,676	81,956
Payments for purchases of investments in securities	(7,999)	(26,797)	(85,050)
Proceeds from sales of investments in securities	8,987	12,696	95,555
Other, net	1,852	(2,598)	19,691
Net cash used in investing activities	(163,616)	(205,494)	(1,739,670)
Cash flows from financing activities:			
Decrease in short-term borrowings, net	(51,937)	(26,434)	(552,227)
Increase in long-term debt	450,800	405,540	4,793,195
Repayments of long-term debt	(239,425)	(281,511)	(2,545,720)
Payments for redemption of bonds with subscription rights to shares	(300,000)	—	(3,189,792)
Payments for purchases of treasury stock	(811)	(296)	(8,623)
Payments for dividends by parent company	(5,443)	(13,456)	(57,873)
Other, net	(733)	12,235	(7,793)
Net cash (used in) provided by financing activities	(147,550)	96,078	(1,568,846)
Effects of exchange rate change on cash and cash equivalents	8,053	(2,807)	85,624
Net decrease in cash and cash equivalents	(16,042)	(2,135)	(170,568)
Cash and cash equivalents at beginning of the year	50,492	49,043	536,863
Increase in cash and cash equivalents at beginning of the year by newly consolidated or deconsolidated subsidiaries	30,012	3,583	319,106
Cash and cash equivalents at end of the year (Note 5)	¥ 64,463	¥ 50,492	\$ 685,412

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2013 and 2012

1. Basis of Presentation

The accompanying consolidated financial statements of JFE Holdings, Inc. (the "Company" hereinafter) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company's overseas subsidiaries maintain their accounts and records in conformity with generally accepted accounting principles and practices prevailing in their respective countries of domicile.

The notes to the consolidated financial statements include information that is not required under the Japanese GAAP but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior years' financial statements have been reclassified to conform to the 2013 presentation.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2013, which was ¥94.05 to US\$1.00. These convenient translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation principles

The consolidated financial statements include the accounts of the Company's 296 domestic and foreign subsidiaries (the "Group" as JFE Holdings, Inc. consolidated group, hereinafter). All significant inter-company transactions and accounts are eliminated in consolidation.

63 affiliates are accounted for by the equity method

whereby the Group includes in net income its share of income or losses of these companies and records its investments at cost adjusted for its share of income, losses or dividends received.

(b) Translation of foreign currencies

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made, and assets and liabilities are translated into Japanese yen at the exchange rates in effect on the respective balance sheet date.

The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet dates except for shareholders' equity, which is translated at historical rates. Differences arising from such translation are shown as "translation adjustments" in a separate component of net assets in the balance sheets.

(c) Valuation of securities

Available-for-sale securities

Marketable:

Valued primarily at market based on an average of the market prices for a period of one month prior to the settlement date. (Valuation differences are recorded as net unrealized gains and losses on securities, net of tax, in net assets in the balance sheets by the direct capitalization method, with the costs of sales calculated primarily by the moving average method.)

Non-marketable:

Valued primarily at cost by the moving average method.

(d) Valuation of inventories

Inventories are stated at cost determined by the weighted average method. These inventories with lower profitability are written down to their net realizable value.

(e) Depreciation method for property, plant and equipment (except for leased assets)

Depreciation is calculated primarily by the declining balance method.

(f) Intangible assets (except for leased assets)

Amortization of intangible assets is calculated primarily by the straight-line method.

Amortization of the software for internal use is computed by the straight-line method based on the

estimated useful lives (5 years).

(g) Allowance for doubtful accounts

The projected uncollectible amount is provided as the allowance using historical default rates in the past for ordinary credits and individual collectability assessments for credits deemed to have high likelihood of default and for other specific credits.

(h) Accrued retirement benefits

Accrued retirement benefits are provided based on the amount of projected benefit obligation reduced by pension plan assets at fair value at the end of the fiscal period.

Prior service cost is amortized in projected average years of service of the employees.

Actuarial losses are amortized in projected average years of service of the employees from the following fiscal year after the year in which they occurred.

(i) Reserve for rebuilding furnaces

The estimated cost of the next repair is allocated to the reserves in equal amounts over the year to the next repair.

(j) Allowance for losses on specific waste disposal business

Allowance for losses on specific waste disposal business is provided based on the estimated amount sufficient to cover probable loss that will be incurred in the following fiscal years.

(k) Leases

Leased assets under finance leases that do not transfer ownership to the lessees are capitalized and depreciated to a residual value of zero using the straight-line method with useful life defined by the terms of the contract.

(l) Revenue recognition for long-term construction-type contracts

The percentage-completion method (cost-comparison method to estimate the percentage of completion) is applied for construction contracts where the percentage of completion can be reliably estimated. For other contracts, the completed-contract method is applied.

(m) Consolidated tax return

The Company files a consolidated tax return with certain domestic subsidiaries.

(n) Per share information

Basic net income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares

of common stock outstanding during the period. Net income (loss) used in the computation was ¥39,599 million (\$421,041 thousand) and ¥(36,633) million, and the average number of shares used in the computation was 556,186 thousand and 533,144 thousand for the years ended March 31, 2013 and 2012, respectively.

Cash dividends per share shown in the consolidated statements of income are the amounts applicable to the respective year.

3. Changes in Accounting Policies and Adoption of New Accounting Standards

Depreciation method for property, plant and equipment

Due to the corporation tax reform, effective from the year ended March 31, 2013, the depreciation method for property, plant and equipment acquired on or after April 1, 2012 has been changed to the depreciation method in accordance with the revised Corporation Tax Law. As a result, for the year ended March 31, 2013, operating income increased by ¥2,780 million (\$29,558 thousand) and ordinary income and income before income taxes and minority interests increased by ¥2,787 million (\$29,633 thousand), respectively, compared to the previous method.

4. Accounting Standard Issued But Not Yet Adopted

On May 17, 2012, the Accounting Standards Board of Japan ("ASBJ") issued "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25), which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, being followed by partial amendments from time to time through 2009.

(a) Overview

According to the revised standard, actuarial gains and losses and prior service costs are recognized in net assets of balance sheets after adjustments of tax effects, and the deficit or surplus is recorded as a liability or an asset. In addition, it is allowed to allocate benefits to periods of service according to the benefit formula as well as straight-line allocation. The calculation method of discount rate was also revised.

(b) Expected adoption date

This standard and related guidance will be adopted from the end of the year ending March 31, 2014 except for the revision of calculation method of the retirement benefit obligations and service costs which will be adopted from the beginning of the year ending March 31, 2015.

(c) Effects of the adoption of the standard and the guidance

The Company is currently evaluating the effect that these revisions will have on its consolidated results of operations and financial position.

5. Cash and Cash Equivalents and Nonmonetary Transactions

Cash and cash equivalents at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Cash and deposits	¥ 64,621	¥ 50,382	\$ 687,091
Time deposits with a maturity of more than three months	(158)	(140)	(1,679)
Short-term loans receivable included in other current assets	—	250	—
	¥ 64,463	¥ 50,492	\$ 685,412

Assets acquired and liabilities assumed at the date of the business combination through the share exchange to make JFE Shoji Trade Corporation ("JFE Shoji") a wholly owned subsidiary of the Company were as follows:

	Millions of yen	Thousands of U.S. dollars
	FY2012	
Current assets	¥ 442,515	\$ 4,705,103
Non-current assets	108,006	1,148,389
Total assets	¥ 550,521	\$ 5,853,492
Current liabilities	¥ 409,311	\$ 4,352,057
Non-current liabilities	19,687	209,324
Total liabilities	¥ 428,999	\$ 4,561,392

The treasury stocks which had been owned by the Company were allocated to the shareholders of JFE Shoji in compensation for the share exchange.

6. Securities

The following is a summary of held-to-maturity securities and available-for-sale securities at March 31, 2013 and 2012:

Marketable:

	Millions of yen					
	Held-to-maturity securities					
	FY2012			FY2011		
	Book value (Carrying amount)	Estimated fair value	Unrealized gain (loss)	Book value (Carrying amount)	Estimated fair value	Unrealized gain (loss)
Book value lower than estimated fair value:						
Bonds	¥ 199	¥ 200	¥ 0	¥ 199	¥ 201	¥ 1
Book value exceeding estimated fair value:						
Bonds	—	—	—	—	—	—
Total	¥ 199	¥ 200	¥ 0	¥ 199	¥ 201	¥ 1

	Millions of yen					
	Available-for-sale securities					
	FY2012			FY2011		
	Book value (Estimated fair value)	Cost, net of accumulated impairment losses	Unrealized gain (loss)	Book value (Estimated fair value)	Cost, net of accumulated impairment losses	Unrealized gain (loss)
Cost lower than book value:						
Equity securities	¥ 286,102	¥ 154,752	¥ 131,349	¥ 191,397	¥ 116,110	¥ 75,287
Bonds	20	19	0	20	19	0
Sub total	286,122	154,772	131,350	191,418	116,130	75,287
Cost exceeding book value:						
Equity securities	68,604	86,643	(18,038)	87,067	109,403	(22,336)
Bonds	—	—	—	—	—	—
Sub total	68,604	86,643	(18,038)	87,067	109,403	(22,336)
Total	¥ 354,727	¥ 241,415	¥ 113,311	¥ 278,485	¥ 225,533	¥ 52,951

	Thousands of U.S. dollars		
	Held-to-maturity securities		
	FY2012		
	Book value (Carrying amount)	Estimated fair value	Unrealized gain (loss)
Book value lower than estimated fair value:			
Bonds	\$ 2,115	\$ 2,126	\$ 0
Book value exceeding estimated fair value:			
Bonds	—	—	—
Total	\$ 2,115	\$ 2,126	\$ 0

	Thousands of U.S. dollars		
	Available-for-sale securities		
	FY2012		
	Book value (Estimated fair value)	Cost, net of accumulated impairment losses	Unrealized gain (loss)
Cost lower than book value:			
Equity securities	\$ 3,042,020	\$ 1,645,422	\$ 1,396,586
Bonds	212	202	0
Sub total	3,042,232	1,645,635	1,396,597
Cost exceeding book value:			
Equity securities	729,441	921,244	(191,791)
Bonds	—	—	—
Sub total	729,441	921,244	(191,791)
Total	\$ 3,771,685	\$ 2,566,879	\$ 1,204,795

The impairment losses on available-for-sale securities for the years ended March 31, 2013 and 2012 were ¥2,439 million (\$25,933 thousand) and ¥89,200 million, respectively.

7. Long-term Debt

Long-term debt at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
1.33% yen bonds, due April 2012	¥ —	¥ 20,000	\$ —
1.33% yen bonds, due November 2012	—	29,999	—
First issuance of unsecured convertible bonds with acquisition provision (with a subordination special agreement) (Note 1)	—	300,000	—
1.278% yen bonds, due September 2013	40,000	40,000	425,305
1.351% yen bonds, due September 2015	20,000	20,000	212,652
0.927% yen bonds, due July 2014	40,000	40,000	425,305
0.708% yen bonds, due March 2015	40,000	40,000	425,305
0.572% yen bonds, due May 2015	60,000	60,000	637,958
0.858% yen bonds, due May 2017	20,000	20,000	212,652
1.326% yen bonds, due June 2021	30,000	30,000	318,979
0.455% yen bonds, due September 2016	20,000	20,000	212,652
0.686% yen bonds, due September 2018	15,000	15,000	159,489
0.453% yen bonds, due April 2017	30,000	—	318,979
3.50% yen bonds (issued by JFE Steel), due May 2012	—	20,000	—
Loans, principally from banks and insurance companies, due 2014-2073	1,199,248	928,911	12,751,174
Less current portion	(283,252)	(233,662)	(3,011,717)
Total long-term debt	¥ 1,230,995	¥ 1,350,248	\$ 13,088,729

Note 1:
Details of convertible bonds are as follows:
1) Type of shares
Common stock
2) Issue value of stock acquisition rights
Non-assessable
3) Conversion price
¥8,530 per Share
4) Total principal amount issued
¥300,000 million

5) Total principal amount issued of new shares by exercise of rights
No exercise
6) The rate of granting of stock acquisition rights
100%
7) Stock Acquisition Right exercise period
Stock Acquisition Rights may be exercised at any time from March 17, 2008 to the close of banking operations (local time of the party exercising) on July 22, 2013 (or the first banking day prior to redemption in the event of accelerated redemption of the Bond).

All the convertible bonds were redeemed as of March 18, 2013.

8. Pledged Assets

At March 31, 2013 and 2012, pledged assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Notes receivable	¥ 945	¥ —	\$ 10,047
Property, plant and equipment	4,385	66,226	46,624
Investments in securities	319	1,109	3,391
Other assets	406	129	4,316

The Company sets pledges as collateral on the consolidated subsidiaries' short-term loans receivable from the Company related to warranty for equipment performance (book value of ¥8,700 million [\$92,503 thousand] and ¥9,500 million on the financial statements of individual consolidated subsidiaries at March 31, 2013 and 2012, respectively).

9. Revaluation of Land for Business

In the years ended March 31, 2001 and 2002, part of the subsidiaries and affiliates revaluated the land for business purposes based on the Law Concerning Revaluation of Land and its amendment issued on March 31, 2001 and 2002, respectively. Revaluation differences, net of the

portion charged to "deferred tax liabilities" and "minority interests," were recorded as "revaluation reserve for land, net of tax" in net assets.

The fair value of these lands is lower than the revaluated book value, and the difference was ¥17,344 million (\$184,412 thousand) and ¥17,182 million on March 31, 2013 and 2012, respectively.

10. Accrued Retirement Benefits

The following tables set forth the changes in the benefit obligation, plan assets and funded status of the Company and its subsidiaries at March 31, 2013 and 2012.

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Retirement benefit obligation	¥ (289,544)	¥ (282,288)	\$ (3,078,617)
Fair value of plan assets	168,788	143,711	1,794,662
Unfunded retirement benefit obligation	(120,756)	(138,577)	(1,283,955)
Unrecognized net retirement benefit obligation at transition	98	88	1,041
Unrecognized actuarial losses	15,812	24,034	168,123
Unrecognized prior service cost	91	1,151	967
Net amount	(104,754)	(113,302)	(1,113,811)
Prepaid cost	14,091	10,411	149,824
Accrued retirement benefits	¥ (118,845)	¥ (123,714)	\$ (1,263,636)

Retirement and pension costs of the Company and its subsidiaries included the following components for the years ended March 31, 2013 and 2012.

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Service cost (Note 1)	¥ 12,289	¥ 14,566	\$ 130,664
Interest cost	4,347	5,140	46,220
Expected return on plan assets	(1,573)	(1,743)	(16,725)
Amortization:			
Net retirement benefit obligation at transition	37	7	393
Actuarial losses	7,468	10,081	79,404
Prior service cost	10	(738)	106
Accrued retirement benefit cost	22,579	27,312	240,074
Net loss on transfer to defined contribution pension plans, etc.	—	15,677	—
Other (Note 2)	3,836	2,107	40,786
Total	¥ 26,416	¥ 45,097	\$ 280,871

Notes:

1. Accrued retirement benefit cost incurred by consolidated subsidiaries applying a simplified method to calculate retirement benefit obligation is included under "service cost."
2. Premiums on defined contribution plans
3. Other than the above, the Company and its subsidiaries paid incremental benefits of ¥1,427 million (\$15,172 thousand) and ¥1,538 million for the years ended March 31, 2013 and 2012, respectively.

The rationale for calculations of retirement benefit obligations for the years ended March 31, 2013 and 2012 is as follows:

	FY2012	FY2011
1. Retirement benefit projection amortization method:	Primarily, the straight-line method over the period	Primarily, the straight-line method over the period
2. Discount rate:	Primarily 1.5%	Primarily 1.5%
3. Expected return on plan assets:	Primarily 0.7%	Primarily 0.8%
4. Amortization period for prior service cost:	Primarily 10 years (Treated as cost using the straight-line method for a set number of years within the average remaining service period for employees at the time of accrual.)	Primarily 10 years (Treated as cost using the straight-line method for a set number of years within the average remaining service period for employees at the time of accrual.)
5. Amortization period for actuarial losses:	Primarily 10 years (Amortized using the straight-line method over a set number of years within the average remaining service period for the employees during the consolidated fiscal year in which discrepancies were accrued. These amounts are treated as cost posted to the next consolidated fiscal year after the year in which they were accrued.)	Primarily 10 years (Amortized using the straight-line method over a set number of years within the average remaining service period for the employees during the consolidated fiscal year in which discrepancies were accrued. These amounts are treated as cost posted to the next consolidated fiscal year after the year in which they were accrued.)

11. Contingencies

At March 31, 2013 and 2012, the Group was contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Guarantees of debt	¥ 27,222	¥ 26,255	\$ 289,441
Trade notes discounted	5,322	60	56,586
Trade notes endorsed	560	205	5,954

At March 31, 2013 and 2012, commitments outstanding for loan commitments were ¥281 million (\$2,987 thousand) and ¥781 million, respectively.

12. Leases

The Group leases certain buildings and structures, machinery and equipment, office space and other assets.

As discussed in Note 2 (k), lease assets under finance leases that do not transfer ownership to lessees are capitalized and depreciated to residual value of zero using the straight-line method with useful life defined by the terms of the contract.

Future minimum lease payments subsequent to March 31, 2013 and 2012 for non-cancelable operating leases are summarized as follows:

(Year ending March 31)

	Millions of yen	Thousands of U.S. dollars
2013		
2014	¥ 4,454	\$ 47,357
2015 and thereafter	18,131	192,780
Total	¥ 22,585	\$ 240,138
2012		
2013	¥ 1,591	
2014 and thereafter	3,619	
Total	¥ 5,211	

13. Financial Instruments

(a) Overview

(1) Group policy for financial instruments

The Group raises funds mainly through the bank loans or by commercial paper/ bond issues based on the capital investment plans considering the stability of the fund and financing costs. Temporary surplus of funds are operated only for short-term investments. Derivative transactions are only utilized to hedge the following risks and the Group does not enter into derivative transactions for trading or speculative purposes.

(2) Types of financial instruments and related risk and risk management

Trade receivables such as notes and accounts receivable are exposed to credit risk. The Group manages this risk by monitoring the financial conditions of its customers

periodically. Some trade receivables are sold before their maturities.

Trade payables such as notes and accounts payable are due within one year. Some accounts receivable and accounts payable are denominated in foreign currency and exposed to foreign currency risk. Foreign exchange forward contracts are utilized in a timely manner to hedge the net balance of foreign currencies received from export and foreign currencies paid for raw material purchase.

Stocks as investment securities are exposed to market fluctuation risk. Investment securities denominated in foreign currencies are exposed to foreign currency risk. Investment securities mainly consist of securities of companies with which a business relationship has been established and the Group reviews these fair values periodically.

Debts and bonds are managed so as not to concentrate the maturities considering the liquidity risk. Variable interest rate debts are exposed to interest fluctuation risk. Some of the debts and bonds, which are exposed to interest

fluctuation risk, are hedged by the interest rate swap agreements to correspond with and to decrease interest payments.

Derivative transactions are exposed to market fluctuation risk of future foreign exchange and interest rates. However, the Group utilizes the derivative transactions to correspond with the actual demands of imports and exports, debts and bonds, and thus the risk is limited to the extent of opportunity loss. The Group enters into derivative transactions only with financial institutions with high credit ratings, and thus there is almost no credit risk, which is the risk of default by the counterparties' bankruptcy, etc. The Group implemented the internal rules of derivative transactions and transactions are operated based on these rules. Derivative transactions are executed based on the above internal rules, which require getting the approval from the financial operating officer. The balances, fair values and valuation differences are reported to the management meetings periodically. Consolidated subsidiaries operate the derivative transactions based on the internal rules.

(3) Supplemental information on fair value of financial instruments

As well as the values based on market prices, fair values of financial instruments include values, which are reasonably calculated in cases where market prices do not exist. As the calculation of those values uses certain assumptions, those values may vary in cases where different assumptions

are applied. Also, for the contract amount regarding derivative transactions described in Note 14. "Derivatives and Hedging Activities," the contract amount itself does not indicate market risk related to derivative transactions.

(b) Fair value of financial instruments

Carrying value on the consolidated balance sheets, fair value and difference as of March 31, 2013 and 2012 are as follows. The financial instruments whose fair value is extremely difficult to determine are not included below.

	Millions of yen					
	FY2012			FY2011		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and deposits	¥ 64,621	¥ 64,621	¥ —	¥ 50,382	¥ 50,382	¥ —
Notes and accounts receivable	597,275	597,275	—	580,669	580,669	—
Investments in securities:						
Held-to-maturities	199	200	0	199	201	1
Available-for-sale securities	354,727	354,727	—	278,485	278,485	—
Total assets	¥ 1,016,824	¥ 1,016,824	¥ 0	¥ 909,737	¥ 909,739	¥ 1
Notes and accounts payable	¥ 365,308	¥ 365,308	¥ —	¥ 337,643	¥ 337,643	¥ —
Short-term borrowings	82,115	82,115	—	9,722	9,722	—
Current portion of long-term debt	283,252	283,252	—	233,662	233,998	336
Long-term debt:						
Bonds	275,000	276,361	1,361	285,000	286,317	1,317
Bonds with stock acquisition rights	—	—	—	300,000	303,870	3,870
Long-term borrowings	955,995	955,719	(275)	765,248	765,667	419
Total liabilities	¥ 1,961,672	¥ 1,962,757	¥ 1,085	¥ 1,931,277	¥ 1,937,219	¥ 5,942
Derivative transactions ¹ :						
Hedge accounting not applied	¥ 588	¥ 588	¥ —	¥ (13)	¥ (13)	¥ —
Hedge accounting applied	(470)	(470)	—	(965)	(965)	—
Total derivative transactions	¥ 177	¥ 177	¥ —	¥ (979)	¥ (979)	¥ —

	Thousands of U.S. dollars		
	FY2012		
	Carrying value	Fair value	Difference
Cash and deposits	\$ 687,091	\$ 687,091	\$ —
Notes and accounts receivable	6,350,611	6,350,611	—
Investments in securities:			
Held-to-maturities	2,115	2,126	0
Available-for-sale securities	3,771,685	3,771,685	—
Total assets	\$ 10,811,525	\$ 10,811,525	\$ 0
Notes and accounts payable	\$ 3,884,189	\$ 3,884,189	\$ —
Short-term borrowings	873,099	873,099	—
Current portion of long-term debt	3,011,717	3,011,717	—
Long-term debt:			
Bonds	2,923,976	2,938,447	14,471
Bonds with stock acquisition rights	—	—	—
Long-term borrowings	10,164,752	10,161,818	(2,923)
Total liabilities	\$ 20,857,756	\$ 20,869,292	\$ 11,536
Derivative transactions ¹ :			
Hedge accounting not applied	\$ 6,251	\$ 6,251	\$ —
Hedge accounting applied	(4,997)	(4,997)	—
Total derivative transactions	\$ 1,244	\$ 1,244	\$ —

¹ Derivative transactions are presented on a net basis and net liability position is shown in parenthesis.

Note 1. Valuation method for financial instruments and information of investments in securities and derivative transactions

Assets:

Cash and deposits and Notes and accounts receivable

These are paid in short-term and the fair value approximates carrying value. Some accounts receivable are subject to the allocation treatment of the foreign exchange forward contracts.

Securities

Fair value of stocks is based on the quoted price on stock exchanges and that of bonds is based on the quoted price on bond markets or price presented by the counter party financial institutions. Please see Note 6. "Securities" regarding the information of the fair value for the investment in securities by classification.

Liabilities:

Notes and accounts payable, Short-term borrowings and Current portion of long-term debt (except for bonds due within one year)

These are paid in short-term and the fair value approximates the equivalent of carrying value. Some accounts payable are subject to the allocation treatment of the foreign exchange forward contracts.

Bonds and bonds due within one year (included in current portion of long-term debt)

Fair value of bonds is based on the quoted market price. Fair value of the bonds subject to the special treatment of the interest rate swaps are calculated by discounting the sum of principal and interest including the interest swap, using the reasonable interest rate

applied to the same kind of bond issues.

Bonds with stock acquisition rights

Bonds with stock acquisition rights do not have market value. The fair value is calculated by general pricing models considering the exercise period, exercise price, stock price fluctuation rate, residual period and credit risk.

Long-term borrowings

Fair value of long-term borrowings is estimated by discounting the sum of principal and interest, using the reasonable interest rate applied to the same kind of new borrowings. Fair value of the long-term borrowings subject to the special treatment of the interest rate swaps is calculated by discounting the sum of principal and interest including the interest swap, using the reasonable interest rate applied to the same kind of long-term debt.

Derivative transactions

Please see Note 14. "Derivatives and Hedging Activities."

Note 2. Financial instruments whose fair value cannot be reliably determined

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
	Carrying value		
Unlisted stock	¥ 28,968	¥ 26,979	\$ 308,006
Unlisted bond	1	21	10
Subscription certificates	19	17	202

Financial instruments above are not included in securities on the table in (b) "Fair value of financial instruments" because there are no market prices available and it is extremely difficult to determine the fair value.

Note 3. The redemption schedule for financial instruments and securities with maturities

	Millions of yen							
	FY2012				FY2011			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 64,621	¥ —	¥ —	¥ —	¥ 50,382	¥ —	¥ —	¥ —
Notes and accounts receivable	536,304	272	—	—	431,692	1,121	—	—
Securities:								
Held-to-maturities	200	—	—	—	—	200	—	—
Available-for-sale securities with maturities	1	20	—	—	19	21	—	—
Total	¥ 601,127	¥ 292	¥ —	¥ —	¥ 482,095	¥ 1,343	¥ —	¥ —

	Thousands of U.S. dollars			
	FY2012			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 687,091	\$ —	\$ —	\$ —
Notes and accounts receivable	5,702,328	2,892	—	—
Securities:				
Held-to-maturities	2,126	—	—	—
Available-for-sale securities with maturities	10	212	—	—
Total	\$ 6,391,568	\$ 3,104	\$ —	\$ —

Note 4. Scheduled maturities of short-term borrowings, current portion of long-term debt and long-term debt

	Millions of yen						
	FY2012						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Short-term borrowings	¥ 82,115	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of long-term debt	283,252	—	—	—	—	—	—
Long-term debt:							
Bonds	—	80,000	80,000	20,000	50,000	45,000	—
Bonds with stock acquisition rights	—	—	—	—	—	—	—
Long-term borrowings	—	180,301	156,597	166,779	23,313	429,002	—
Total	¥ 365,368	¥ 260,301	¥ 236,597	¥ 186,779	¥ 73,313	¥ 474,002	

	Millions of yen						
	FY2011						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Short-term borrowings	¥ 9,722	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of long-term debt	233,662	—	—	—	—	—	—
Long-term debt:							
Bonds	—	40,000	80,000	80,000	20,000	65,000	—
Bonds with stock acquisition rights	—	300,000	—	—	—	—	—
Long-term borrowings	—	243,285	176,028	67,256	161,251	117,426	—
Total	¥ 243,384	¥ 583,285	¥ 256,028	¥ 147,256	¥ 181,251	¥ 182,426	

	Thousands of U.S. dollars					
	FY2012					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	\$ 873,099	\$ —	\$ —	\$ —	\$ —	\$ —
Current portion of long-term debt	3,011,717	—	—	—	—	—
Long-term debt:						
Bonds	—	850,611	850,611	212,652	531,632	478,468
Bonds with stock acquisition rights	—	—	—	—	—	—
Long-term borrowings	—	1,917,076	1,665,039	1,773,301	247,878	4,561,424
Total	\$ 3,884,827	\$ 2,767,687	\$ 2,515,651	\$ 1,985,954	\$ 779,510	\$ 5,039,893

14. Derivatives and Hedging Activities

Derivative transactions for which hedge accounting is not applied for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	FY2012		FY2011		FY2012	
	Contracted amount	Recognized gain (loss)	Contracted amount	Recognized gain (loss)	Contracted amount	Recognized gain (loss)
Foreign exchange forward contracts:						
USD (Selling)	¥ 17,814	¥ (67)	¥ —	¥ —	\$ 189,409	\$ (712)
EUR (Selling)	307	(22)	—	—	3,264	(233)
THB (Selling)	99	(3)	—	—	1,052	(31)
USD (Buying)	5,075	87	—	—	53,960	925
EUR (Buying)	52	9	—	—	552	95
THB (Buying)	0	(0)	—	—	0	(0)
SGD (Buying)	8	0	—	—	85	0
Total		¥ 4		¥ —		\$ 42
Interest rate swap agreements:						
To receive floating and pay fixed rates	¥ 20,000	¥ 7	¥ 890	¥ (13)	\$ 212,652	\$ 74
To receive fixed rates and pay floating	20,000	574	—	—	212,652	6,103
Total		¥ 582		¥ (13)		\$ 6,188
Commodity forward contracts:						
Nonferrous metal (Selling)	¥ 115	¥ 8	¥ —	¥ —	\$ 1,222	\$ 85
Nonferrous metal (Buying)	58	(5)	—	—	616	(53)
Total		¥ 2		¥ —		\$ 21

Derivative transactions for which hedge accounting is applied for the years ended March 31, 2013 and 2012 were as follows:

(a) Currency related

Hedged item	Millions of yen				Thousands of U.S. dollars	
	FY2012		FY2011		FY2012	
	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
Benchmark method						
Foreign exchange forward contracts:						
USD (Selling)	Accounts receivable (forecasted transactions)	¥ 1,304	¥ (25)	¥ 143	¥ 2	\$ 13,864 \$ (265)
EUR (Selling)	Accounts receivable (forecasted transactions)	0	0	476	(3)	0 0
CAD (Selling)	Accounts receivable (forecasted transactions)	384	5	—	—	4,082 53
USD (Buying)	Accounts payable (forecasted transactions)	93,848	(429)	86,757	(837)	997,852 (4,561)
EUR (Buying)	Accounts payable (forecasted transactions)	378	36	113	1	4,019 382
GBP (Buying)	Accounts payable (Forecasted transactions)	—	—	20	1	— —
KRW (Buying)	Accounts payable (Forecasted transactions)	—	—	99	7	— —
THB (Buying)	Accounts payable (forecasted transactions)	4	(0)	—	—	42 (0)
Foreign currency option contracts:						
USD (Selling)	Accounts receivable (forecasted transactions)	—	—	3,384	(69)	— —
USD (Buying)	Accounts receivable (forecasted transactions)	—	—	1,692	(17)	— —
Allocation method						
Foreign exchange forward contracts:						
USD (Selling)	Accounts receivable	290	Note 1	5,030	Note 1	3,083 Note 1
EUR (Selling)	Accounts receivable	2	Note 1	—	—	21 Note 1
USD (Buying)	Accounts payable and deposits received	29,169	Note 1	18,799	Note 1	310,143 Note 1
EUR (Buying)	Accounts payable and deposits received	18	Note 1	4,196	Note 1	191 Note 1
GBP (Buying)	Accounts payable and deposits received	—	—	304	Note 1	— —
NOK (Buying)	Accounts payable and deposits received	—	—	536	Note 1	— —
KRW (Buying)	Accounts payable and deposits received	—	—	134	Note 1	— —
THB (Buying)	Accounts payable and deposits received	11	Note 1	—	—	116 Note 1
Cross currency swap contracts:						
To receive USD floating and pay JPY fixed rates	Long-term debt	26,206	Note 1	—	—	278,639 Note 1

Fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

Note 1. Fair value of the foreign exchange forward contracts to which allocation treatment has been applied is included in the fair value of corresponding accounts receivable, accounts payable and long-term debt as hedged item.

(b) Interest rate related

Hedged item	Millions of yen				Thousands of U.S. dollars	
	FY2012		FY2011		FY2012	
	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
Benchmark method						
Interest rate swap agreements:						
To receive floating and pay fixed rates	Long-term debt	¥ 123,842	¥ (57)	¥ 881	¥ (50)	\$ 1,316,767 \$ (606)
Special treatment						
Interest rate swap agreements:						
To receive floating and pay fixed rates	Bonds and long-term debt	121,830	Note 1	114,700	Note 1	1,295,374 Note 1
To receive floating and pay floating		—	—	1,900	Note 1	— —
To receive fixed rates and pay floating		270,200	Note 1	294,180	Note 1	2,872,939 Note 1

Fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

Note 1. Fair value of the interest rate swap agreements to which special treatment method has been applied is included in the fair value of corresponding bonds and long-term debt as hedged item.

15. Research and Development Expenses

Research and development expenses charged to income were ¥33,662 million (\$357,916 thousand) and ¥34,243 million for the years ended March 31, 2013 and 2012, respectively.

16. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2013 and 2012 are presented below:

	Millions of yen		Thousands of U.S. dollars	
	FY2012	FY2011	FY2012	FY2011
Deferred tax assets:				
Loss carry-forwards	¥ 145,975	¥ 115,428	\$ 1,552,099	
Accrued retirement benefits	34,989	40,376	372,025	
Loss on impairment of property, plant and equipment	16,235	14,691	172,620	
Accrued bonuses	12,674	12,280	134,758	
Others	74,769	88,186	794,992	
Total deferred tax assets	284,644	270,962	3,026,517	
Valuation allowance	(92,969)	(67,158)	(988,506)	
Deferred tax assets net of valuation allowances	191,674	203,804	2,038,001	
Deferred tax liabilities:				
Net unrealized gains and losses on securities	(40,012)	(17,664)	(425,433)	
Reserve for advanced depreciation of noncurrent assets	(8,060)	(8,294)	(85,699)	
Reserve for special repairs	(5,747)	(7,714)	(61,105)	
Others	(18,953)	(12,857)	(201,520)	
Total deferred tax liabilities	(72,774)	(46,530)	(773,779)	
Net deferred tax assets	¥ 118,900	¥ 157,273	\$ 1,264,221	

Reconciliation of the statutory tax rate to the effective tax rate for the years ended March 31, 2013 and 2012 were as follows:

	FY2012	FY2011
Statutory tax rate	38.0%	40.0%
Valuation allowance and others	4.9	13.1
Effective tax rate	42.9%	53.1%

17. Comprehensive Income

Reclassification adjustments and income tax effects attributable to other comprehensive income for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Net unrealized gains and losses on securities:			
Gains (losses) arising during the year	¥ 61,783	¥ (43,061)	\$ 656,916
Reclassification adjustments	(122)	79,199	(1,297)
Amounts before income tax effects	61,661	36,138	655,619
Income tax effects	(22,586)	(11,204)	(240,148)
Net unrealized gains and losses on securities	39,075	24,933	415,470
Net unrealized gains and losses on hedges:			
Gains (losses) arising during the year	634	(920)	6,741
Reclassification adjustments	1,876	(1,721)	19,946
Amounts before income tax effects	2,510	(2,642)	26,687
Income tax effects	(924)	934	(9,824)
Net unrealized gains and losses on hedges	1,586	(1,707)	16,863
Revaluation reserve for land, net of tax:			
Income tax effects	—	1,443	—
Revaluation reserve for land, net of tax	—	1,443	—
Translation adjustments:			
Adjustments arising during the year	10,020	(2,332)	106,539
Translation adjustments	10,020	(2,332)	106,539
Share of other comprehensive income of affiliates accounted for using equity method:			
Gains (losses) arising during the year	17,522	(7,877)	186,305
Reclassification adjustments	434	(10)	4,614
Share of other comprehensive income of affiliates accounted for using equity method	17,957	(7,887)	190,930
Total other comprehensive income	¥ 68,638	¥14,449	\$ 729,803

18. Business Combination

Acquisition

(a) Overview of the business combination

(1) Name of acquired company and description of the business:

Company name:	JFE Shoji Trade Corporation
Description of the business:	Primarily domestic trading and import/export of steel products, raw materials for steel production, nonferrous metals, chemical products, machinery and marine vessels, etc.

(2) Main reason for the business combination

To utilize JFE Shoji's marketing capabilities throughout the Group and to strengthen and streamline the Group's

overall supply chains for steel production

(3) Date of the business combination
October 1, 2012

(4) Legal form of the business combination
Share exchange making JFE Shoji a wholly owned subsidiary of the Company

(5) Percentage share of voting rights acquired by the Company
Share of voting rights owned indirectly before share exchange 39.4%
Share of voting rights acquired on the date of business combination 60.6%
Share of voting rights after acquisition 100.0%

(b) Period of acquired company's financial results included in the consolidated financial statements

October 1, 2012 through March 31, 2013

(c) Acquisition cost of the acquired company

	Millions of yen	Thousands of U.S. dollars
Fair value of the Company's treasury stock delivered on the date of business combination	¥ 65,283	\$ 694,130
Expenses directly incurred for acquisition	¥ 34	\$ 361
Acquisition cost	¥ 65,318	\$ 694,502

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

(1) Share exchange ratio by type of share
For each common share of JFE Shoji, 0.268 share of common share of the Company was delivered.

(2) Calculation method of the share exchange ratio
To ensure fairness and appropriateness, the Company and JFE Shoji each selected a different independent third-party institution for calculation of the share exchange ratio.

The Company selected Nomura Securities Co., Ltd. ("Nomura Securities") and JFE Shoji selected Mizuho Securities Co., Ltd. ("Mizuho Securities").

For the common shares of the Company and JFE Shoji, 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 peer 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 listed companies and the DCF method.

The Company and JFE Shoji agreed to the share exchange ratio provided previously, following extensive negotiations and discussions in consideration of the calculation results provided to each party by the third-party institutions, their respective financial conditions, financial performance trends and stock movements. Both sides determined that the share exchange ratio would advance the shareholders' interests of each company.

(3) Number of shares delivered
63,382,418 shares

(e) Difference between acquisition cost of the acquired company and total acquisition cost of individual transactions in stages

¥21,279 million (\$226,251 thousand)

(f) Amount of negative goodwill and reason for recognizing negative goodwill

(1) Amount of negative goodwill
¥57,042 million (\$606,507 thousand)

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

(g) Assets acquired and liabilities assumed at the date of the business combination

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 442,515	\$ 4,705,103
Non-current assets	108,006	1,148,389
Total assets	¥ 550,521	\$ 5,853,492
Current liabilities	¥ 409,311	\$ 4,352,057
Non-current liabilities	19,687	209,324
Total liabilities	¥ 428,999	\$ 4,561,392

(h) Estimated effect on consolidated financial statement of operations assuming the business combination completed at the beginning of the year ended March 31, 2013 (unaudited)

	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 344,390	\$ 3,661,775
Operating income	9,323	99,128
Ordinary income	7,124	75,746

The above amounts are estimated as differences between net sales and income information assuming the business

combination had been executed at the beginning of the year ended March 31, 2013 and net sales and income information in the consolidated financial statement of operations for the year ended March 31, 2013.

19. Segment Information

(a) Overview of reportable segments

The Group places one operating company to each industry and executes business based on an operating system specifically designed for its industry under the Company as a holding company. The reportable segments are identified by products and services belonging to the operating companies. For the year ended March 31, 2012, the Group consisted of four operating companies that were JFE Steel Corporation, JFE Engineering Corporation, Universal Shipbuilding Corporation and Kawasaki Microelectronics, Inc. and four reportable segments based on these four operating companies were "Steel", "Engineering", "Shipbuilding" and "LSI", respectively.

The Company sold all shares of its wholly owned subsidiary, Kawasaki Microelectronics, Inc., to MegaChips Corporation on July 1, 2012, and thereby abolished the Group's LSI segment from the second quarter ended September 30, 2012. Also, JFE Shoji became a wholly owned subsidiary of the Company through a share exchange on October 1, 2012. Consequently, the "Trading" segment was newly established from the third quarter ended December 31, 2012. In addition, the Group abolished the "Shipbuilding" segment from the fourth quarter ended March 31, 2013 because Universal Shipbuilding Corporation, formerly a consolidated subsidiary of the Company, was merged with IHI Marine United Inc. and became an equity-method affiliate of the Company named Japan Marine United Corporation on January 1, 2013.

Products and services for each reportable segment are as follows:

"Steel" produces and sells a wide range of steel products, steel processed products and raw materials and operates peripheral business, such as transporting, and maintenance and construction of equipment.

"Engineering" provides engineering services for energy, urban environment, recycle, steel construction and industrial machines and systems.

"Shipbuilding" constructs merchant ships and vessels and maintains them.

"LSI" produces and sells a wide range of LSI products.

"Trading" purchases, processes and sells steel products, raw materials for steel production, nonferrous metal products, food, etc.

(b) Method of calculating net sales, income (loss), assets, liabilities and other items by reportable segment

Accounting policies of the reportable segments are consistent with those described in Note 2. "Summary of Significant Accounting Policies." Income by reportable segment is based on ordinary income. Intersegment transactions are based on prevailing market price. Due to the corporation tax reform, the depreciation method of property, plant and equipment acquired on or after April 1, 2012 has been changed to the depreciation method in accordance with the revised Corporation Tax Law. As a result, segment income increased by ¥2,446 million (\$26,007 thousand), ¥173 million (\$1,839 thousand), ¥147 million (\$1,562 thousand), ¥1 million (\$10 thousand) and ¥18 million (\$191 thousand) for Steel, Engineering, Shipbuilding, LSI and Trading for the year ended March 31, 2013, respectively, compared to the previous method.

(c) Net sales, income (loss), assets, liabilities and other items by reportable segment

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Sales:			
Steel			
Sales to customers	¥ 2,071,832	¥ 2,662,706	\$ 22,029,048
Intersegment sales or transfers	427,982	51,771	4,550,579
Total	¥ 2,499,814	¥ 2,714,477	\$ 26,579,627
Engineering			
Sales to customers	¥ 256,896	¥ 267,869	\$ 2,731,483
Intersegment sales or transfers	10,644	10,908	113,173
Total	¥ 267,541	¥ 278,777	\$ 2,844,667
Shipbuilding			
Sales to customers	¥ 139,869	¥ 214,522	\$ 1,487,177
Intersegment sales or transfers	24	109	255
Total	¥ 139,894	¥ 214,632	\$ 1,487,442
LSI			
Sales to customers	¥ 4,890	¥ 21,413	\$ 51,993
Intersegment sales or transfers	—	—	—
Total	¥ 4,890	¥ 21,413	\$ 51,993
Trading			
Sales to customers	¥ 670,678	¥ —	\$ 7,131,079
Intersegment sales or transfers	114,985	—	1,222,594
Total	¥ 785,663	¥ —	\$ 8,353,673
Total			
Sales to customers	¥ 3,144,167	¥ 3,166,511	\$ 33,430,802
Intersegment sales or transfers	553,636	62,789	5,886,613
Total	¥ 3,697,804	¥ 3,229,300	\$ 39,317,426
Adjustments			
Sales to customers	¥ 45,028	¥ —	\$ 478,766
Intersegment sales or transfers	(553,636)	(62,789)	(5,886,613)
Total	¥ (508,608)	¥ (62,789)	\$ (5,407,846)
Consolidated			
Sales to customers	¥ 3,189,196	¥ 3,166,511	\$ 33,909,580
Intersegment sales or transfers	—	—	—
Total	¥ 3,189,196	¥ 3,166,511	\$ 33,909,580

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Segment income (loss):			
Steel	¥ 15,300	¥ 25,773	\$ 162,679
Engineering	16,446	14,361	174,864
Shipbuilding	8,010	12,216	85,167
LSI	410	1,535	4,359
Trading	7,478	—	79,510
Total	47,646	53,887	506,602
Adjustments	4,567	(909)	48,559
Consolidated	¥ 52,214	¥ 52,977	\$ 555,172

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Segment assets:			
Steel	¥ 3,523,803	¥ 3,620,528	\$ 37,467,336
Engineering	267,093	287,469	2,839,904
Shipbuilding	—	189,289	—
LSI	—	15,522	—
Trading	523,022	—	5,561,105
Total	4,313,918	4,112,809	45,868,346
Adjustments	(206,399)	(105,546)	(2,194,566)
Consolidated	¥ 4,107,519	¥ 4,007,263	\$ 43,673,779

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Depreciation:			
Steel	¥ 180,123	¥ 226,003	\$ 1,915,183
Engineering	5,769	5,916	61,339
Shipbuilding	4,190	5,246	44,550
LSI	193	1,137	2,052
Trading	2,198	—	23,370
Total	192,474	238,303	2,046,507
Adjustments	1,588	12	16,884
Consolidated	¥ 194,062	¥ 238,316	\$ 2,063,391

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Amortization of goodwill:			
Steel	¥ 1,058	¥ 187	\$ 11,249
Engineering	—	—	—
Shipbuilding	2,596	3,462	27,602
LSI	—	—	—
Trading	142	—	1,509
Total	3,797	3,649	40,372
Adjustments	19	—	202
Consolidated	¥ 3,817	¥ 3,649	\$ 40,584

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Interest income:			
Steel	¥ 716	¥ 689	\$ 7,612
Engineering	109	117	1,158
Shipbuilding	1	3	10
LSI	0	2	0
Trading	379	—	4,029
Total	1,208	812	12,844
Adjustments	(328)	(419)	(3,487)
Consolidated	¥ 879	¥ 393	\$ 9,346

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Interest expense:			
Steel	¥ 14,664	¥ 16,429	\$ 155,917
Engineering	307	372	3,264
Shipbuilding	48	97	510
LSI	1	24	10
Trading	948	—	10,079
Total	15,970	16,923	169,803
Adjustments	(1,595)	(1,824)	(16,959)
Consolidated	¥ 14,374	¥ 15,098	\$ 152,833

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Equity in earnings (losses) of affiliates:			
Steel	¥ 6,640	¥ 27,607	\$ 70,600
Engineering	822	(419)	8,740
Shipbuilding	—	—	—
LSI	—	—	—
Trading	(179)	—	(1,903)
Total	7,283	27,187	77,437
Adjustments	2,303	65	24,486
Consolidated	¥ 9,586	¥ 27,253	\$ 101,924

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Investment in affiliates accounted for using equity method:			
Steel	¥ 289,660	¥ 307,740	\$ 3,079,851
Engineering	17,662	21,040	187,793
Shipbuilding	—	—	—
LSI	—	—	—
Trading	18,876	—	200,701
Total	326,199	328,780	3,468,357
Adjustments	38,095	(1,006)	405,050
Consolidated	¥ 364,294	¥ 327,773	\$ 3,873,407

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Increase in property, plant and equipment and intangible assets:			
Steel	¥ 161,773	¥ 181,185	\$ 1,720,074
Engineering	7,334	8,515	77,979
Shipbuilding	5,557	7,104	59,085
LSI	152	638	1,616
Trading	3,602	—	38,298
Total	178,420	197,443	1,897,076
Adjustments	1,259	5	13,386
Consolidated	¥ 179,679	¥ 197,449	\$ 1,910,462

(d) Information about products and services

Information about products and services has not been disclosed since the classification by products and services is the same as the reportable segment.

(e) Information by geographical area

(1) Sales

	Millions of yen			Thousands of U.S. dollars		
	FY2012	FY2011		FY2012	FY2011	
	Japan	Others	Total	Japan	Others	Total
Sales	¥1,978,945	¥1,210,250	¥3,189,196	¥1,966,943	¥1,199,567	¥3,166,511
Thousands of U.S. dollars						
	FY2012			FY2011		
	Japan	Others	Total	Japan	Others	Total
Sales	\$ 21,041,414	\$ 12,868,155	\$ 33,909,580			

(2) Property, plant and equipment

Information about property, plant and equipment has not been disclosed since property, plant, and equipment in Japan constituted more than 90% of property, plant and equipment on the consolidated balance sheets.

(f) Information about major customers

Name of customer	Name of the related segment	Millions of yen		Thousands of U.S. dollars
		FY2012	FY2011	FY2012
JFE Shoji Trade Corporation	Steel	¥ 380,223	¥ 842,568	\$ 4,042,775
Marubeni-Itochu Steel Inc.	Steel	320,898	354,205	3,411,993

(g) Information about impairment loss by reportable segment

	Millions of yen						
	FY2012						
	Steel	Engineering	Shipbuilding	LSI	Trading	Adjustments	Total
Impairment loss	¥ 5,306	¥ 858	¥ —	¥ —	¥ —	¥ 660	¥ 6,825

	Millions of yen				
	FY2011				
	Steel	Engineering	Shipbuilding	LSI	Total
Impairment loss	¥ 4,124	¥ 2,101	¥ —	¥ —	¥ 6,225

	Thousands of U.S. dollars						
	FY2012						
	Steel	Engineering	Shipbuilding	LSI	Trading	Adjustments	Total
Impairment loss	\$ 56,416	\$ 9,122	\$ —	\$ —	\$ —	\$ 7,017	\$ 72,567

(h) Information on unamortized balance of goodwill by reportable segment

	Millions of yen					
	FY2012					
	Steel	Engineering	Shipbuilding	LSI	Trading	Total
Unamortized balance	¥ 521	¥ —	¥ —	¥ —	¥ 16	¥ 537

	Millions of yen				
	FY2011				
	Steel	Engineering	Shipbuilding	LSI	Total
Unamortized balance	¥ 692	¥ —	¥ 3,462	¥ —	¥ 4,154

	Thousands of U.S. dollars					
	FY2012					
	Steel	Engineering	Shipbuilding	LSI	Trading	Total
Unamortized balance	\$ 5,539	\$ —	\$ —	\$ —	\$ 170	\$ 5,709

(i) Information about gain on negative goodwill by reportable segment

Gain on negative goodwill of ¥57,042 million (\$606,507 thousand) was recognized in extraordinary income during the year ended March 31, 2013 since the Company executed the share exchange with JFE Shoji in exchange for common shares of the Company.

Gain on negative goodwill was not allocated to reporting segments.

No gain on negative goodwill was recognized for the year ended March 31, 2012.

20. Impairment Loss

The Company classified long-lived assets as idle assets, leased assets, project-oriented assets and business-oriented assets and grouped each of those classified assets into the minimum unit which will generate cash flows independent of other assets or group of assets.

For the year ended March 31, 2013, primarily the book value of the idle properties was reduced to the recoverable amount. The Company recognized loss on impairments of long-lived assets totaling ¥6,825 million (\$72,567 thousand), including ¥3,787 million (\$40,265 thousand) for

machinery and equipment, ¥767 million (\$8,155 thousand) for buildings and structures and ¥2,270 million (\$24,136 thousand) for land. The recoverable amount of the above assets is principally based on the estimated value of disposition.

For the year ended March 31, 2012, primarily the book value of the idle properties was reduced to the recoverable

amount. The Company recognized loss on impairments of long-lived assets totaling ¥6,225 million, including ¥3,080 million for machinery and equipment, ¥596 million for land and ¥2,549 million for buildings and structures. The recoverable amount of the above assets is principally based on the estimated value of disposition.

21. Extraordinary Income (Loss)

For the years ended March 31, 2013 and 2012, extraordinary income (loss) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	FY2012	FY2011	FY2012
Gain on sales of investments in securities	¥ —	¥ 9,361	\$ —
Gain on turning a trading business company into a wholly owned subsidiary (Note 1)	35,762	—	380,244
Loss on impairment of property, plant and equipment	(6,825)	(6,225)	(72,567)
Write-down of investments in securities	—	(89,200)	—
Loss on change in equity (Note 2)	(5,769)	—	(61,339)
Loss related to emission credits	—	(7,385)	—
Loss on natural disaster (Note 3)	—	(11,860)	—
Loss on revision of retirement benefit plans (Note 4)	—	(15,677)	—
Loss on cancellation of purchase contracts	—	(3,840)	—

Note 1: Gain on turning a trading business company into a wholly owned subsidiary consists of gain on negative goodwill of ¥57,042 million (\$606,507 thousand) and loss on step acquisition of ¥21,279 million (\$226,251 thousand) in association with the business combination making JFE Shoji a wholly owned subsidiary.

Note 2: Loss on change in equity is related to the merger of Universal Shipbuilding Corporation and IHI Marine United Inc.

Note 3: Loss on natural disaster is mainly repair costs for property, plant and equipment which were damaged by the Great East Japan Earthquake. Loss on natural disaster for the year ended March 31, 2012 consists of the following:

	Millions of yen
	FY2011
Repair costs	¥ (8,367)
Fixed costs during shutdown	(2,723)
Other	(768)

Note 4: JFE Steel Corporation and JFE Engineering Corporation, consolidated subsidiaries of the Company, had tax-qualified pension plans and lump-sum retirement plans. Effective October 1, 2011, they abolished tax-qualified pension plans and transitioned to defined contribution pension plans and defined benefit corporate pension plans. "Loss on revision of retirement benefit plans" was recognized due to the effects of this transition and others. This transition is accounted for in accordance with the "Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1, issued on January 31, 2002).

22. Net Income (Loss) per Share

Diluted net income per share is not shown due to no dilutive stocks for the year ended March 31, 2013.

(Year ended March 31, 2013)	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted average shares		EPS
Basic EPS				
Net income available to common shareholders	¥ 39,599	556,186	¥ 71.20	\$ 0.75

Diluted net income per share is not shown due to recording a net loss for the year ended March 31, 2012.

(Year ended March 31, 2012)	Millions of yen	Thousands of shares	Yen
	Net loss	Weighted average shares	EPS
Basic EPS			
Net loss available to common shareholders	¥ (36,633)	533,144	¥ (68.71)



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197

Independent Auditor's Report

The Board of Directors
JFE Holdings, Inc.

We have audited the accompanying consolidated financial statements of JFE Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JFE Holdings, Inc. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

June 20, 2013

Ernst & Young ShinNihon LLC

A member firm of Ernst & Young Global Limited



JFE Holdings, Inc.

2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo, Japan 100-0011

www.jfe-holdings.co.jp/en