

Consolidated Financial Results for the Fiscal Year ended March 31, 2005

(All financial information has been prepared in accordance with generally accepted accounting principles in Japan)
English translation from the original Japanese document

May 12, 2005

Company name : JFE Holdings, Inc.
Stock exchange on which the shares are listed : Tokyo, Osaka, and Nagoya
Stock Exchanges in Japan
Code number : 5411
Location of the head office : 1-1-2, Marunouchi, Chiyoda-ku, Tokyo
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Date of the board meeting for the financial results of Fiscal Year ended March 31, 2005 : May 12, 2005

1. Highlights of Consolidated Results for the Fiscal Year ended March 31, 2005

(1) Statements of Income

	Net sales	(% of change from previous year)	Operating income	(% of change from previous year)	Ordinary income	(% of change from previous year)
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Fiscal Year ended March 31, 2005	2,803,699	13.3	467,237	84.2	460,684	111.0
Fiscal Year ended March 31, 2004	2,473,725	1.9	253,605	72.7	218,372	108.6

	Net income	(% of change from previous year)	Net income per share	Net income per share (fully diluted)	ROE	ROA (Ordinary income divided by total assets)	ROS (Ordinary income divided net sales)
	(Millions of yen)	%	(yen)	(yen)	%	%	%
Fiscal Year ended March 31, 2005	160,057	49.8	273.97	262.90	18.7	12.5	16.4
Fiscal Year ended March 31, 2004	106,872	570.0	185.84	-	15.9	5.8	8.8

Note1: Equity in earnings of affiliates (Millions of Yen) Fiscal Year ended March 31, 2005 14,325
Fiscal Year ended March 31, 2004 6,498

Note2: Weighted average number of shares of common stock outstanding during
Fiscal Year ended March 31, 2005 582,364,749
Fiscal Year ended March 31, 2004 575,057,761

(2) Balance Sheets

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(yen)
Fiscal Year ended March 31, 2005	3,656,389	968,614	26.5	1,652.31
Fiscal Year ended March 31, 2004	3,724,441	746,298	20.0	1,289.54

Note: Number of shares of common stock outstanding as of March 31, 2005 585,908,711
March 31, 2004 578,728,187

(3) Statements of Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of the year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal Year ended March 31, 2005	462,535	(109,518)	(369,873)	59,866
Fiscal Year ended March 31, 2004	357,077	(135,068)	(229,258)	77,178

(4) Dividend

	Dividend per share (Non-consolidated)			Dividend Amount (Non-consolidated) /Fiscal Year	Dividend Payout Ratio (Consolidated)	Dividend per Equity (Consolidated)
	Interim	Year-end				
	(yen)	(yen)	(yen)	(Millions of yen)	%	%
Fiscal Year ended March 31, 2005	45.00	0.00	45.00	26,366	16.4	2.7
Fiscal Year ended March 31, 2004	30.00	0.00	30.00	17,592	16.1	2.4

(5) Scope of consolidation and equity method

Number of consolidated subsidiaries	226 companies
Number of unconsolidated subsidiaries accounted for by the equity method	1 company
Number of affiliates accounted for by the equity method	42 companies

2. Forecast of Consolidated Financial Results for Fiscal Year ending March 31, 2006

	Net sales	Operating income	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Six months period ending Sept. 30, 2005	1,450,000	240,000	230,000	140,000
Fiscal Year ending March 31, 2006	3,120,000	520,000	500,000	290,000

Reference: Estimated net income per share 494.96 yen

Above forecast is our best estimate based upon currently available information and include uncertain factors.

Therefore, please be advised to refrain from investment decisions by depending solely on these figures.

2. Management Policy

1. Basic Management Policy

The JFE Group's corporate vision is to contribute to society with the world's most innovative technology. The Group seeks to achieve the highest standards of global competitiveness by capitalizing on its strong customer base, advanced technology and state-of-the-art steelworks and manufacturing plants, while creating an innovative corporate culture with a spirit of challenge. Specific objectives include responding better and faster to global customer needs, enhancing credibility among shareholders and capital markets worldwide, providing employees with more challenges and opportunities, and contributing to local communities and global environmental conservation. Through these efforts the Group seeks to become an excellent and highly sustainable organization.

2. Basic Guidelines on Profit Distribution

JFE Holdings considers the return of profits to shareholders to be among its top management priorities and has a policy of distributing dividends in line with both financial results and needs for retained earnings to bolster the operational base of the Group as a whole.

3. Medium- and Long-term Management Strategies and Tasks

In January 2003, the JFE Group formulated its First Medium-Term Business Plan, which sets strategic guidelines for the entire Group through the fiscal year ending March 2006. The major goals of the plan include establishing a stable earnings base as quickly as possible, expanding free cash flow by trimming assets, carefully selecting capital expenditure programs and aggressively reducing outstanding debt, the Group's major financial burden.

The JFE Group will build a robust business structure by strengthening the competitiveness of each sector through appropriate execution of operations in light of the specific challenges and requirements of individual business sectors.

During the fiscal year ended March 2005, JFE met all major consolidated financial targets in the First Medium-Term Business Plan (ordinary income, return on sales, return on assets, outstanding debt and shareholders' equity) a year ahead of schedule. Going forward, JFE will continue to pursue an even sounder financial structure and a most robust business structure.

Each business sector is charged with implementing the policies and programs stated below, as warranted by the nature and financial targets of individual businesses.

Consolidated Financial Targets

	Fiscal year ending March 31, 2006 (target)
Ordinary income	250 billion yen
JFE Steel	230 billion yen
JFE Engineering	16 billion yen
Return on sales (ROS)	10%
JFE Steel	11%
JFE Engineering	4%
Return on assets (ROA)	9%

Total assets	3,460 billion yen
Outstanding debt	1,600 billion yen
Total shareholders' equity	830 billion yen

Principal Policies and Programs for Individual Business Sectors

Steel business

JFE focuses on maximizing the capacity of individual manufacturing facilities and enhancing the efficiency of corporate resources in areas such as raw material handling, production, shipping and logistics. JFE's goal is to become a major global player achieving stable, high earnings in any business environment by offering the high added-value that comes from its lineup of "Only one" and "Number one" products and technologies. JFE's subsidiaries and affiliates are also attempting to create solid earnings bases by gaining competitive advantages in their respective markets. Globally, JFE is pursuing mutually beneficial alliances with partners to respond to booming foreign demand over the medium to long term. This includes taking a very prudent approach towards future facilities, such as in Guangzhou, China, where JFE is jointly constructing a facility to produce hot-dip galvanized steel sheets for the automotive industry, and also conducting a feasibility study on an integrated steelworks with blast furnaces. JFE is also actively investing in and pursuing alliances with overseas raw materials suppliers to ensure stable, long-term supplies in the face of tight markets and soaring prices.

Engineering business

Amid the changing structure of the engineering business' markets and customers, JFE is maintaining the size of its existing business by improving technological capabilities, launching new products that meet the needs of today's markets and taking long strides toward increased productivity. Efforts to increase the scale of JFE's engineering business include the development of new businesses and the strengthening of overseas operations.

Urban development business

In the Yokohama Yamanouchi Development Project, JFE is making steady progress in housing development and the formation of plans for the non-housing portion of the project. Steps are also being taken to secure earnings from the condominium development business.

LSI business

In its LSI business, JFE is boosting its price competitiveness in the fiercely contested digital consumer products sector and exploring new business opportunities in the network equipment sector.

JFE R&D Corp. contributes to higher Group-wide earnings with the early completion of research into technologies common to the Group, commissioned primarily by JFE Steel Corp. and JFE Engineering Corp. The company also continues to develop next-generation technology.

In environmental conservation, the JFE Group combines its strengths in steel and engineering technologies to create synergies for the development of global environmental solutions in areas such as climate change, recycling and new energy development, helping to realize an affluent society in harmonious coexistence with the environment.

The Chiba District Public Prosecutors' Office and the Chiba Coast Guard began an investigation of JFE Steel in December 2004 after allegations that waste water from its East Japan Works (Chiba Area) violated water pollution laws. The City of Chiba issued an Improvement Order to the company in March 2005. JFE offered a heartfelt apology for any problem or concern due to this incident. Moreover, the entire Group has taken the incident to heart, leading JFE to initiate a fundamental overhauling of its environmental management systems to improve both administrative processes and facilities themselves for the prevention of any recurrence. JFE hopes that these efforts enable it to regain the trust and confidence of society.

The JFE Group is taking this opportunity to strengthen compliance and environmental- and safety-related management throughout the organization. JFE vows to ensure that social responsibility remains at the core of its corporate activities and is confident that by doing so it will be able to grow and develop as a truly excellent organization in the 21st century.

4. Corporate Governance Concepts and Programs

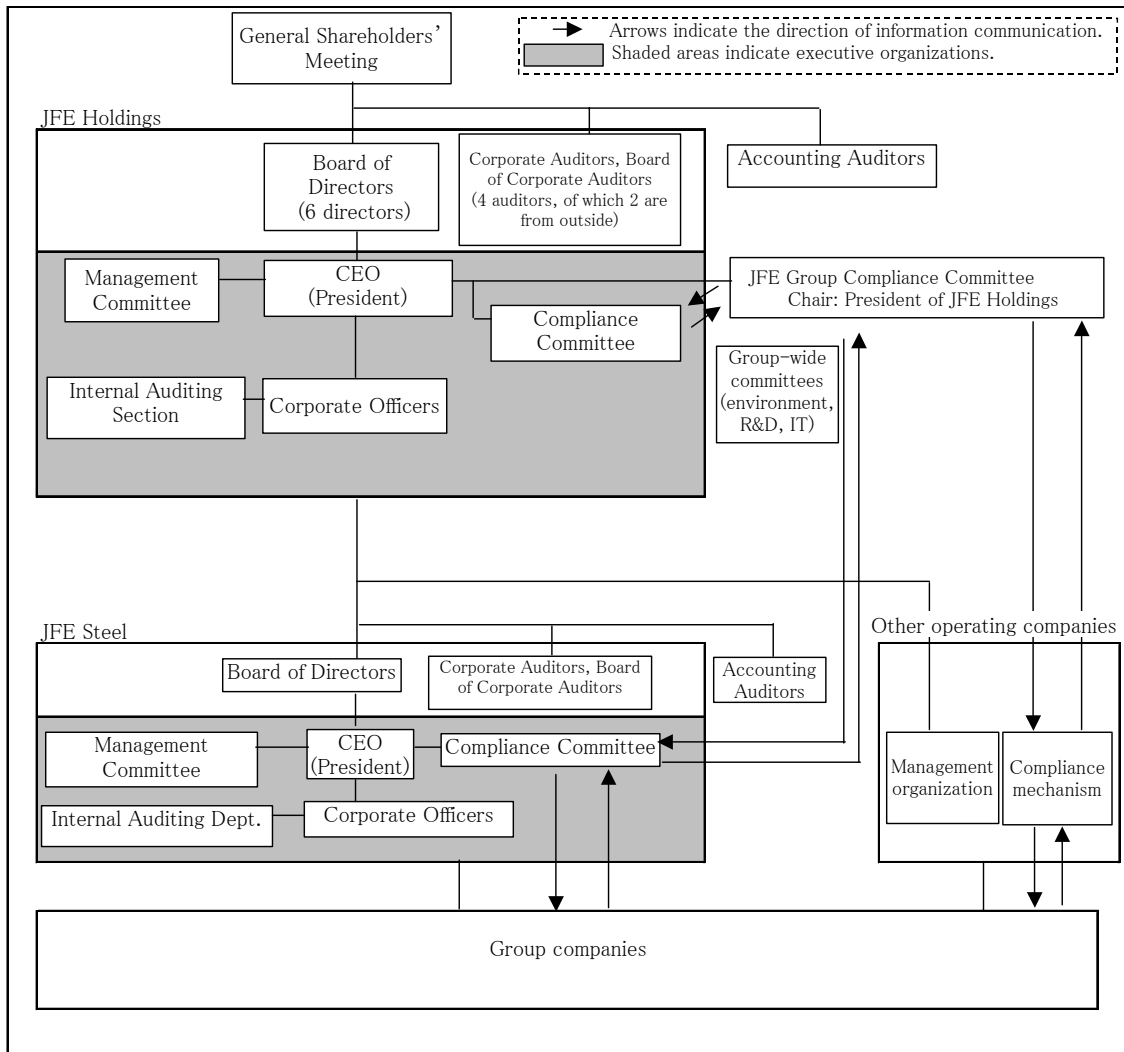
1) Concepts

JFE uses a holding-company structure for consolidated management of the Group through centralized governance and compliance management, while at the same time, the operating companies manage their own businesses in the manner required by their respective markets.

The Group holding company, JFE Holdings, is responsible for group-wide strategy, risk management and external accountability, thereby providing JFE with streamlined Group head office. [KC1]

2) Programs

a) Management and Compliance Organizations



b) Management Organization and Internal Governance

Corporate institutions

JFE Holdings and each of its group companies have adopted an auditor system. JFE Holdings currently has six directors and four corporate auditors (of which two are outside auditors). The board of directors comprises members who are well versed in JFE's businesses, which enables them to oversee business effectively and efficiently. All members of the board of corporate auditors, including outside auditors, monitor JFE business and work to improve its soundness.

JFE Holdings, Inc., JFE Steel Corp., JFE Engineering Corp. and Kawasaki Microelectronics, Inc. employ "corporate officer"^[RW2] systems to separate decision-making and execution, clarify lines of authority and responsibility and accelerate the execution process itself.

Decision-making on important issues

The rules and bylaws of the companies comprising the JFE Group contain clear decision-making procedures covering substantive issues. JFE Holdings has the final review and decision-making authority for major issues that affect the management of the entire Group.

Within each operating company of the Group, substantive issues affecting the respective company and its group companies are considered by its management committee and approved by its board of directors. JFE Holdings' management committee and board of directors are responsible for decisions that affect this company and/or operating companies and other companies of the Group overall. JFE Holdings, Inc., JFE Steel Corp. and JFE Engineering Corp. hold management committee meetings approximately twice a month and their boards of directors meet one or two times a month.

Internal governance and risk management mechanisms

JFE Steel Corp. uses a product-based management system and JFE Engineering Corp. uses a consolidated division ("virtual companies") system to optimize strategic planning and earnings management of products and businesses. Group-wide committees discuss common issues, such as the environment, R&D and IT.

JFE Group companies formulated internal rules and clear lines of authority and accountability to vouchsafe the appropriateness of their management and the accuracy of their financial reports.

In risk management, corporate officers are tasked with identifying potential risk management issues for each division they oversee. Important issues are brought before the Management Committee and other bodies for deliberation.

Each group company has standards for determining the degree of confidentiality for specific information and applying corresponding levels of security management. These standards determine how information is handled within the company and the conditions under which it can be shared with other companies. The JFE Group is also taking steps to strengthen the management and security of its information systems, including more robust measures to prevent unauthorized access from outside. The Group has clearly articulated rules and policies for the protection of personal information, which were formulated under the spirit of the Law concerning the Protection of Personal Information.

Internal audits, audits by corporate auditors and audits of accounts

All principal members of the JFE Group have internal auditing organizations, including JFE Holdings (staff of two), its major operating companies (total staff of 15) and all other important Group companies. These organizations audit the operations and management of their respective companies and share information to enhance internal auditing of the Group as a whole.

The Board of Corporate Auditors has four members, of which two are outside auditors. These auditors attend meetings of the Board of Directors and Management Committee, hear regular reports on operations from directors and other officers, and when necessary receive reports on the operations of subsidiaries and affiliates, as they audit the execution of business by the Board. The corporate auditors of JFE Holdings, its operating companies and other Group companies exchange auditing information and coordinate auditing efforts.

The internal auditing section, Board of Corporate Auditors and accounting auditors exchange information and coordinate efforts as needed, including through regular discussions of auditing plans and findings.

Ernst & Young ShinNihon is the accounting auditor for JFE. Below are the names and affiliations of the certified public accountants involved in JFE's audits:

<u>Names of certified public accountants providing services</u>	<u>Affiliation</u>
Osamu Yoshida, designated partner & engagement partner	Ernst & Young ShinNihon
Hideo Toya, designated partner & engagement partner	Ernst & Young ShinNihon
Shuichi Ujihara, designated partner & engagement partner	Ernst & Young ShinNihon
Kazunori Tanigami, designated partner & engagement partner	Ernst & Young ShinNihon

Human, capital and/or transactional relationships or other interests between the company and its outside auditors

None.

c) Compliance Mechanisms

Given that compliance is at the heart of corporate social responsibility, JFE's corporate vision and code of conduct make compliance one of the highest priorities of management. The company endeavors to fulfill all of its responsibilities as a fully engaged corporate citizen that adheres not only to laws and regulations but also to the social mores of the communities it serves.

The JFE Group Standards of Business Conduct have been formulated as guidelines for ethical, responsible corporate activities. The Group also has extensive programs to educate executives and employees about the ethical standards expected of them.

The JFE Group Compliance Committee, a key mechanism for supervising and furthering appropriate business, is chaired by the president of JFE Holdings and meets quarterly to discuss the Group's basic policies and other important issues and to monitor compliance. JFE Steel Corp., JFE Engineering Corp. and other operating companies have similar compliance committees to oversee their specific activities.

In addition, a Corporate Ethics Hotline enables employees at all levels to communicate important compliance-related matters directly to senior executives.

In April 2005, JFE Steel Corp. established a CSR Section to better address the entire range of ethical and social issues related to the company, including compliance, environment, safety, human rights and labor. To strengthen environmental management and compliance, it also established independent environmental management departments at its head office and steelworks and set up a system for environmental auditing by the internal auditing department.

3) Director and Corporate Auditor Remuneration (non-consolidated)

(Thousands of yen)

Position	Payment in FY ended March 2005
Directors	188,122
Corporate auditors	60,770

4) Fees Paid to Accounting Auditors

(Thousands of yen)

1) Total fees paid to accounting auditors by JFE Holdings and its consolidated subsidiaries	371,002
2) Of 1), total fees paid as consideration for audit certification services pursuant to Article 2:1 of the Certified Public Accountants Law	363,946
3) Of 2), total accounting audit fees paid by JFE Holdings to the accounting auditors	21,480

Note: Auditing contracts signed by JFE Holdings or its consolidated subsidiaries and their accounting auditors make no distinction between audits performed under the Law concerning Special Exemptions to the Commercial Code for Auditors etc. of

Joint-Stock Companies and audits performed under the Securities and Exchange Law, and in actual practice, no distinction can be made between the two. The amount shown on line 3) above therefore represents the total amount for services under both laws.

5. Matters concerning the Parent Company, etc.

The company does not have a parent, etc.

3. Business Results and Financial Position

1. Performance in fiscal year ended March 31, 2005

The Japanese economy continued to experience a modest recovery during the year. Improved corporate results led to increased capital investment, better employment conditions and solid consumer spending.

In this environment, the JFE Group, with its corporate vision of contributing to society with the world's most innovative technology, made significant progress in positioning its companies and mechanisms for sustained, long-term growth. It continued to reorganize Group companies along operational lines, rebuild production systems to improve cost competitiveness, shift to more value-added products and reorganize and consolidate the subsidiaries of its operating companies. The Group increasingly emphasized strategic, efficient and speedy management, while making substantial strides in becoming a group that has the breadth and power to expand earnings.

What follows is an outline of results for the year, broken down by business segment.

The steel business experienced declining demand from civil engineering projects due to reductions in domestic public investments, but demand from the domestic automotive, shipbuilding and other manufacturing sectors was again at high levels. In export markets, East Asian demand continued to be strong. As a result, JFE recorded consolidated crude steel production of 31.28 million tons, a year-on-year increase.

Net sales reflected increased production, rising to 2,421.7 billion yen thanks to higher sales volumes and the stronger steel prices generated by robust global demand. Ordinary income increased to 450.3 billion yen. Despite soaring raw materials prices and other significant challenges, improved capacity utilization produced significant cost savings, strategic alliances ensured access to major export markets, and group-wide efforts to develop "Only one" and "Number one" products and improve organizational strength helped to reinforce earnings.

The engineering business, faced with a difficult business environment, responded by cutting fixed costs, launching new products and markets, and strengthening overseas operations. As a result, both net sales and income increased year on year. Order bookings reached 359.8 billion yen, net sales 351.5 billion yen and ordinary income 8.7 billion yen. Higher sales in the environmental sector contributed significantly to these results.

The urban development business posted net sales of 31.5 billion yen and ordinary income of 2.2 billion yen, both year-on-year increases thanks to higher condominium completions.

The LSI business posted net sales of 36.0 billion yen and ordinary income of 1.8 billion yen, both down for the year due to declining sales of digital camera components.

As a result of this performance, consolidated net sales came to 2,803.6 billion yen, operating income 467.2 billion yen and ordinary income 460.6 billion yen, all of which were year-on-year gains.

The JFE Group began applying accounting standards for the impairment of fixed assets (impairment accounting) this term, aiming to strengthen its financial position and the transparency of its balance sheet. In conjunction with this change, however, an extraordinary loss of 75.3 billion yen was posted as an impairment loss on fixed assets, resulting in net income before taxes and minority interests of 303.6 billion yen and net income of 160.0 billion yen.

In light of these results, the company has proposed a year-end dividend of 45 yen per share, up 15 yen from last year.

Turning to cash flow for the year, cash revenue from operating activities amounted to 462.5 billion yen, while net cash used in investing activities, primarily for the acquisition of fixed assets, totaled 109.5 billion yen. This resulted in total free cash flow of 353.0 billion yen in income. Cash flow from financing activities recorded expenditures of 369.8 billion yen, because the company used free cash flow and a portion of cash and deposits on-hand to fund the repayment of borrowings, redemption of bonds and payment of dividends.

Outstanding debt at the fiscal year-end decreased year on year by 390.7 billion yen to 1,446.7 billion yen. Outstanding cash and cash equivalents decreased year on year by 17.3 billion yen to 59.8 billion yen.

2. Forecast for fiscal year ending March 2006

JFE anticipates that the Japanese economy will continue its modest recovery. Nevertheless, many uncertainties remain, particularly the rising prices of raw materials and fuels and economic trends in China and the United States.

In the steel business, several factors could impinge earnings, such as the unprecedented speed at which raw materials prices have been rising. At the same time, however, JFE expects stronger sales prices, increased production and major cost-savings, with the net result being higher ordinary income than the previous year. The engineering business environment is expected to remain severe, resulting in declines in net sales and income despite cost-cutting efforts. In the urban development business, net sales and income are expected to be at roughly the same level as the previous year thanks to stable sales of condominiums. In the LSI business, ASIC sales volume to the digital consumer electronics industry should rise, leading to increased net sales, but lower prices will result in a decline in ordinary income.

JFE's consolidated forecast for the fiscal year ending March 2006 is net sales of 3,120.0 billion yen (up 10.0 %), and operating income of 520.0 billion yen and ordinary income of 500.0 billion yen, both rising from the previous year.

The extraordinary loss on the impairment of fixed assets posted in the fiscal year ended March 2005 will not be posted in the current fiscal year, causing net income to soar to 290.0 billion yen.

In addition to flow-side earnings, the JFE Group will move actively to trim assets and maximize cash flow, which should result in consolidated outstanding debt of 1,230.0 billion yen, a year-on-year decline of 220.0 billion yen.

Note: The forecasts in this document are based upon management's assumptions and beliefs in light of information available at the date of publication. Actual results may differ materially from these forecasts.

3. Cash flow and other financial indicators

	FY ended March 2001	FY ended March 2002	FY ended March 2003	FY ended March 2004	FY ended March 2005
Return on sales (ROS)			4.3%	8.8%	16.4%
Return on assets (ROA)			3.7%	6.5%	13.1%
Outstanding debt			2,057.1 bil. yen	1,837.4 bil. yen	1,446.7 bil. yen
D/E ratio			346.0%	246.2%	149.4%
Shareholders' equity ratio			15.5%	20.0%	26.5%
Shareholders' equity ratio at market prices			22.5%	44.2%	47.9%
Debt redemption years			8.5 years	5.1 years	3.1 years
Interest coverage ratio			5.9 times	11.9 times	20.1 times

Notes:

- Return on sales (ROS) = Ordinary income/Net sales
- Return on assets (ROA) = (Ordinary income + Interest expense)/Total assets¹⁾
- Outstanding debt = Total amount of borrowings, bonds and commercial paper
- D/E ratio = Outstanding debt/Shareholders' equity
- Shareholders' equity ratio = Shareholders' equity/Total assets
- Shareholders' equity ratio at market prices = Market capitalization²⁾/Total assets
- Debt redemption years = Outstanding debt/Operating cash flow³⁾
- Interest coverage ratio = Operating cash flow³⁾/Interest expense⁴⁾

¹⁾ (Total assets at beginning of term + Total assets at end of term)/2

²⁾ Market capitalization is calculated as term-end market prices multiplied by term-end outstanding shares.

³⁾ Operating cash flow corresponds to cash flow from operating activities on the consolidated cash flow statement.

⁴⁾ Interest expense corresponds to interest payments on the consolidated cash flow statement.

No indicators are available prior to the fiscal year ended March 2002 because the company was established on September 27, 2002.

4. Business Risks

A variety of matters related to the business and financial circumstances of the JFE Group that could have a significant impact on investment decisions.

1) JFE Group operations

a) Economic conditions and sales environments

JFE Group domestic steel sales cover a wide scope of business arrangements and industries, including construction, civil engineering, automobiles, industrial machinery and electrical equipment. In addition, approximately 44% of sales by JFE Steel Corp. go to export markets, mainly China, South Korea and the ASEAN countries. Therefore, in addition to domestic steel demand, which will be influenced by domestic economic conditions, Group sales volumes and prices will also be influenced by global steel demand, which in turn will be influenced by conditions in the United States, China and the rest of East Asia, and other parts of the world. Sales will also be influenced by competition in all JFE Group product sectors and regional markets.

b) Supply and demand for raw materials used in steelmaking

The JFE Group relies primarily on imports to procure the raw materials required for steelmaking, including iron ore, coking coal, ferroalloys and non-ferrous metals. Therefore, global supply and demand conditions for these materials will impact results.

c) Other factors that could impact earnings include:

- New products and research and development results
- The performance of capital investments
- Cost reductions
- Stability of operations for manufacturing equipment and systems
- Supplies (including quality) of products to major customers
- Disasters and other unforeseeable factors

2) Foreign exchange rate fluctuations

The JFE Group is influenced by fluctuations in foreign exchange rates, which impact foreign currency-denominated exports of products and imports of raw materials. While these two categories generally offset each other, the portion that is not offset could impact the results of the JFE Group. JFE Steel Corp.'s foreign currency transactions are generally denominated in U.S. dollars. The dollar balance for the fiscal year ended March 2005 was 1.9 billion dollars in net exports. JFE uses foreign exchange forward contracts and similar transactions to hedge foreign exchange rates.

3) Interest rate fluctuations

The JFE Group is also influenced by interest rate fluctuations, which could influence results. JFE uses interest rate swaps and similar transactions to hedge the interest paid on a portion of its debt.

4) Public regulations

The JFE Group is subject to import and export restrictions and other government regulations in the countries in which it does business. This includes trade, patent, tax and other laws and regulations.

5) Liabilities for retirement and severance benefits

The JFE Group's retirement benefit obligations and costs are calculated on the basis of actuarial assumptions concerning discount rates and other factors, and also expected rates of return on plan assets. When actual results differ from these assumptions, the impact may accumulate and be regularly recognized in the future. This could impact expenses ordinarily recognized and liabilities ordinarily posted in future periods.

6) Fluctuations in the value of stock holdings

Fluctuations in the JFE Group's holdings of stock and other securities could influence the Group's results and financial condition. Note that at the end of the fiscal year ended March 2005, stocks, etc. with market values held by the Group had an acquisition cost of 96.6 billion yen and were valued on the consolidated balance sheet at 219.8 billion yen.

7) Declines in fixed-asset prices

Declines in the market prices or profitability of fixed assets held by the JFE Group could result in declines in asset values that could influence the Group's results and financial condition.

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Consolidated Statements of Income

	(Millions of Yen)	
	Fiscal Year ended Mar. 31, 2005	Fiscal Year ended Mar. 31, 2004
Net sales	2,803,699	2,473,725
Cost of sales	(2,042,751)	(1,918,334)
Selling, general and administrative expenses	(293,710)	(301,785)
Operating income	467,237	253,605
Non-operating income(loss):		
Interest income and dividends received	7,322	6,020
Equity in earnings of affiliates	14,325	6,498
Interest expense	(21,767)	(28,296)
Other, net	(6,433)	(19,455)
Ordinary income	460,684	218,372
Extraordinary profit:		
Profit on sales of investments in securities	13,430	3,611
Total	13,430	3,611
Extraordinary loss:		
Loss on sales of property, plant and equipment	(6,787)	(2,248)
Loss on disposal of property, plant and equipment, etc.	(19,071)	(6,563)
Loss on impairment of property, plant and equipment, etc.	(75,383)	-
Write-down of investments in securities	(11,308)	(2,300)
Loss on liquidation of affiliates, etc.	(27,852)	-
Provision for loss on investments and other assets, etc.	(2,092)	-
Amortization of transitional obligation on accrued retirement benefits	(22,148)	(22,828)
Loss on retirement of subsidiaries' pension fund	-	(1,621)
Loss on settlement	(1,160)	-
Loss on soil decontamination of subsidiaries	(4,645)	-
Total	(170,449)	(35,562)
Income before income taxes and minority interests	303,665	186,422
Income taxes:		
Current	(166,515)	(23,721)
Deferred	24,915	(53,532)
Minority interests	(2,007)	(2,296)
Net income	160,057	106,872

Consolidated Balance Sheets

	As of Mar. 31, 2005	(Millions of Yen) As of Mar. 31, 2004
(Assets)		
Current assets:		
Cash and deposits	60,085	77,388
Notes and accounts receivable	519,722	447,315
Inventories	509,608	457,493
Deferred tax assets	57,942	40,204
Other current assets	64,710	84,077
Allowance for doubtful accounts	(1,375)	(1,676)
Total current assets	1,210,693	1,104,803
Property, plant and equipment, net:		
Land	522,096	591,532
Buildings and structures	496,060	540,826
Machinery and equipment	778,692	846,226
Construction in progress	49,258	35,052
Total property, plant and equipment, net	1,846,109	2,013,638
Intangible assets	64,849	61,431
Investments and other assets:		
Investments in securities	390,381	357,645
Deferred tax assets	51,964	77,429
Other assets	110,797	133,330
Allowance for doubtful accounts	(18,511)	(23,842)
Total investments and other assets	534,631	544,562
Deferred assets	105	5
Total assets	3,656,389	3,724,441
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	438,460	463,714
Short-term borrowings	333,157	444,033
Current portion of corporate bonds	101,000	70,500
Income tax payable	157,773	19,109
Other current liabilities	313,811	326,941
Total current liabilities	1,344,202	1,324,298
Long-term liabilities:		
Corporate bonds	480,000	481,000
Long-term borrowings	532,628	841,871
Accrued retirement benefits	150,495	130,795
Reserve for rebuilding furnaces	44,585	51,002
Other liabilities	98,307	115,116
Total long-term liabilities	1,306,016	1,619,785
Minority interests	37,555	34,058
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	610,384	600,497
Retained earnings	196,806	53,558
Revaluation reserve for land, net of tax	14,281	16,273
Net unrealized gain on securities	75,754	35,623
Translation adjustments	(25,620)	(52,304)
Treasury stock, at cost	(2,992)	(7,349)
Total shareholders' equity	968,614	746,298
Total liabilities and shareholders' equity	3,656,389	3,724,441

Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal Year ended Mar. 31, 2005	Fiscal Year ended Mar. 31, 2004
Cash flows from operating activities:		
Income before income taxes and minority interests	303,665	186,422
Adjustments for:		
Depreciation and amortization	179,770	185,684
Changes in reserves	14,942	(2,364)
Interest and dividend income	(7,322)	(6,020)
Interest expense	21,767	28,296
Profit on sales of investments in securities	(13,430)	(3,611)
Loss on sales of property, plant and equipment	6,787	2,248
Loss on disposal of property, plant and equipment, etc.	19,071	6,563
Loss on impairment of property, plant and equipment, etc.	75,383	-
Write-down of investments in securities	11,308	2,300
Loss on liquidation of affiliates, etc.	27,852	-
Provision for loss on investments and other assets, etc.	2,092	-
Loss on retirement of subsidiaries' pension funds	-	1,621
Loss on settlement	1,160	-
Loss on soil decontamination of subsidiaries	4,645	-
Changes in operating receivables and trade liabilities	(110,314)	(22,872)
Changes in inventories	(47,661)	17,588
Other, net	3,898	(13,860)
Sub total	493,615	381,993
Interest and dividend income received	9,505	7,690
Interest paid	(22,988)	(29,954)
Income taxes paid	(31,982)	(16,461)
Other, net	14,384	13,809
Net cash provided by operating activities	462,535	357,077
Cash flows from investing activities:		
Payments for purchase of property, plant, equipment and intangible assets	(171,915)	(129,543)
Proceeds from sales of property, plant, equipment and intangible assets	16,544	12,340
Payments for purchase of investments in securities	(797)	(38,468)
Proceeds from sales of investments in securities	38,229	16,837
Other, net	8,420	3,765
Net cash used in investing activities	(109,518)	(135,068)
Cash flows from financing activities:		
Net change in short-term borrowings	(17,080)	(23,342)
Proceeds from long-term borrowings	30,000	160,300
Repayments of long-term borrowings	(415,954)	(330,025)
Issuance of corporate bond	102,500	90,000
Redemption of corporate bonds	(70,500)	(110,000)
Proceeds from sales of treasury stock	22,662	2,551
Payments for dividends by parent company	(17,255)	(8,606)
Other, net	(4,243)	(10,135)
Net cash used in financing activities	(369,873)	(229,258)
Effect of exchange rate change on cash and cash equivalents	569	(3,857)
Net decrease in cash and cash equivalents	(16,286)	(11,107)
Cash and cash equivalents at beginning of the year	77,178	87,304
Changes in cash and cash equivalents by newly consolidated or deconsolidated subsidiaries	(1,025)	980
Cash and Cash equivalents at end of the year	59,866	77,178