



July 27, 2006

Summary of Consolidated Financial and Operating Results for First Quarter of Fiscal Year Ending March 31, 2007

Name of listed company: JFE Holdings, Inc.
Listings: Tokyo, Osaka and Nagoya stock exchanges in Japan
Code number: 5411
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1. Notes on the Presentation of Quarterly Financial Information

- 1) Adoption of simplified accounting method: Yes
The simplified accounting method has been adopted in part for calculating depreciation charges, taxes and other items.
- 2) Differences between the accounting methods used this quarter and the most recent consolidated financial year: Yes

Previously, earnings from engineering business construction projects lasting longer than one year and having contract values in excess of 500 million yen were posted based on work progress, while earnings for all other construction services were posted upon project completion. To improve the accuracy of profit/loss calculations from this quarter, earnings from newly booked construction projects lasting longer than one year and having contract values in excess of 100 million yen will be posted based on work progress.
The impact of this change on consolidated net sales, operating income and ordinary income for this quarter is negligible.

- 3) Changes in the scope of consolidation and equity method: Yes
Consolidated: (New) 6 companies (Excluded) 5 companies
Equity method: (New) 2 companies (Excluded) 1 company

2. Overview of Operating Results for the First Quarter of Fiscal Year Ending March 31, 2007 (April 1, 2006 to June 30, 2006)

Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of fiscal year ending March 31, 2007	691,545	(0.0)	92,743	(20.5)	91,442	(21.6)	54,905	(23.0)
First quarter of fiscal year ended March 31, 2006	691,742	-	116,729	-	116,606	-	71,303	-
Reference: Fiscal year ended March 31, 2006	3,098,374		517,171		517,313		325,996	

	Net income per share	Net income per share (fully diluted)
First quarter of fiscal year ending March 31, 2007	Yen 93.77	Yen 89.14
First quarter of fiscal year ended March 31, 2006	121.70	115.73
Reference: Fiscal year ended March 31, 2006	555.02	527.86

Notes:

- 1) All figures are rounded down to the nearest 1 million yen.
- 2) The percentages shown for net sales, operating income, ordinary income and net income represent changes from the corresponding quarter of the previous fiscal year. As the company began disclosing quarterly information from the first quarter of the fiscal year ended March 31, 2006, no percentages are provided for that quarter.

3. Segment Information Broken Down by Business Category

First quarter of the fiscal year ending March 31, 2007 (April 1, 2006 to June 30, 2006)

(Millions of yen)

	Steel	Engineering	Urban development	LSI	Total	Elimination/ Corporate	Consolidated total
Net sales	644,862	40,119	3,481	9,954	698,416	(6,871)	691,545
Operating income	96,355	(3,566)	190	(260)	92,719	24	92,743
Ordinary income	93,164	(839)	142	(428)	92,039	(597)	91,442

First quarter of the fiscal year ended March 31, 2006 (April 1, 2005 to June 30, 2005)

(Millions of yen)

	Steel	Engineering	Urban development	LSI	Total	Elimination/ Corporate	Consolidated total
Net sales	644,396	38,531	5,819	8,933	697,679	(5,937)	691,742
Operating income	121,925	(5,605)	258	(204)	116,374	355	116,729
Ordinary income	120,242	(3,626)	222	(252)	116,586	20	116,606

Qualitative information concerning the consolidated business results

In the steel business, JFE Steel revamped the No.4 blast furnace at the West Japan Works (Fukuyama) from the end of February to early May and operations resumed on schedule. Furnace inner volume increased from 4,288m³ to 5,000m³, enabling the company to steadily strengthen its production base in response to expanding global demand for steel. In the first quarter, JFE Steel's income declined from the same quarter the previous year, primarily because raw materials costs increased, in contrast to the same quarter last year, which saw a positive accounting impact from raw materials that had been purchased before the market soared. Another factor was a decrease in steel prices this quarter reflecting the trough in the export market, which had previously been

rebounding. Nonetheless this result meets the earnings forecast for the current fiscal year released in April. The company maintained a high level of income by adhering to its policy of matching production and sales to real demand and by furthering cost reductions.

In the engineering business, results fluctuate seasonally because sales typically concentrate in the fourth quarter. This and other factors resulted in difficult earnings conditions, which were met by concerted efforts to reduce costs and improve profitability.

In the urban development business, results fluctuate seasonally because condominium deliveries typically concentrate in the fourth quarter, but the company continued to work to raise earnings by supplying high quality and distinctive condominium properties.

In the LSI business, there has been no upturn from the inventory adjustment phase for LCD panel products. The earnings situation remained severe due to continuing strong demand for price discounts. The company is responding by proactively developing new markets to improve profitability.

As a result, first quarter consolidated net sales were 691.5 billion yen, with ordinary income of 91.4 billion yen and net quarterly income of 54.9 billion yen.

(Reference)

The consolidated results forecast for the fiscal year ending March 31, 2007 (April 1, 2006 to March 31, 2007) has not been reviewed at this time. The company plans to announce an updated forecast in early September.

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Reference

1. Crude Steel Production (JFE Steel)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006	Parent	6.95	6.64	13.59	6.34	6.79	13.13	26.72
	Consolidated	7.90	7.47	15.37	7.15	7.63	14.78	30.15
FY ending March 2007	Parent	6.92						
	Consolidated	7.88						

2. Shipment (JFE Steel on a non-consolidated basis)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006		6.27	6.14	12.41	5.76	6.40	12.16	24.57
FY ending March 2007		6.08						

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

(%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006		44.3	44.0	44.2	40.5	42.4	41.5	42.8
FY ending March 2007		42.1						

4. Foreign Exchange Rate (Yen/US dollar)

(JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006		107.3	111.5	109.4	116.2	117.4	116.8	112.9
FY ending March 2007		114.7						

5. Average Selling Prices (JFE Steel on a non-consolidated basis)

(thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006		73.0	78.2	75.6	79.4	77.0	78.1	76.9
FY ending March 2007		73.5						

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

None (First quarter of FY ending March 2007)