

Financial Results for the First Quarter of Fiscal Year ending March 31, 2008

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

July 30, 2007

Company name	: JFE Holdings, Inc.
Stock exchange on which the shares are listed	: Tokyo, Osaka, and Nagoya Stock Exchanges in Japan
Code number	: 5411
URL	: http://www.jfe-holdings.co.jp/en/index.html
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1. Highlights of Consolidated Results for the First Quarter of Fiscal Year ending March 31, 2008

(1) Statements of Income

	Net sales	(% of change from same previous period)	Operating income	(% of change from same previous period)	Ordinary income	(% of change from same previous period)
First quarter of fiscal year ending March 31, 2008	(Millions of yen) 790,859	% 14.4	(Millions of yen) 130,700	% 40.9	(Millions of yen) 145,222	% 58.8
First quarter of fiscal year ended March 31, 2007	691,545	(0.0)	92,743	(20.5)	91,442	(21.6)
Reference: Fiscal year ended March 31, 2007	3,260,447	-	503,938	-	513,520	-

	Net income	(% of change from same previous period)	Net income per share	Net income per share (fully diluted)
First quarter of fiscal year ending March 31, 2008	(Millions of yen) 89,414	% 62.9	(yen) 151.62	(yen) 150.52
First quarter of fiscal year ended March 31, 2007	54,905	(23.0)	93.77	89.14
Reference: Fiscal year ended March 31, 2007	299,683	-	513.58	492.27

(2) Balance Sheets

	Total assets	Net assets	Equity capital ratio	Net assets per share
First quarter of fiscal year ending March 31, 2008	(Millions of yen) 3,951,587	(Millions of yen) 1,614,630	% 39.9	(yen) 2,671.21
First quarter of fiscal year ended March 31, 2007	-	-	-	-
Reference: Fiscal year ended March 31, 2007	3,872,142	1,539,621	38.8	2,548.09

Note: No quarterly balance sheet for FY ended March 31, 2007 is provided because the company began disclosing quarterly information from this quarter.

2. Dividend

	Dividend per share		
	(yen)	Interim (yen)	Year-end (yen)
Fiscal Year ended March 31, 2007	120.00	50.00	70.00
Fiscal Year ending March 31, 2008(e)	undecided	60.00	undecided

3. Forecast of Consolidated Financial Results for Fiscal Year ending March 31, 2008

	Net sales	(% of change from same previous period)	Operating income	(% of change from same previous period)	Ordinary income	(% of change from same previous period)
Six months period ending Sept. 30, 2007	(Millions of yen) 1,700,000	% 14.4	(Millions of yen) 255,000	% 16.9	(Millions of yen) 255,000	% 13.9
Fiscal Year ending March 31, 2008	3,540,000	8.6	540,000	7.2	540,000	5.2

	Net income	(% of change from same previous period)	Net income per share
Six months period ending Sept. 30, 2007	(Millions of yen) 155,000	% 15.2	(yen) 262.73
Fiscal Year ending March 31, 2008	320,000	6.8	542.29

4. Other information

1. Change in significant subsidiaries during the first quarter (change in designated subsidiaries resulting in adjustment to the scope of consolidation): None
2. Adoption of simplified accounting method: Yes
3. Differences between the accounting methods used this quarter and the most recent consolidated financial year: Yes

(Note) See Paragraph 4 (“Other information”) under “Qualitative Information, Financial Statement etc.” on page 4.

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

1. The results forecasts published on April 26, 2007 have been revised in this document for both the interim and full year.
2. These forecasts are based on the information available as at the date of publication for this document and certain assumptions regarding factors for uncertainty that would influence future results as at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors. For a description of the revision of the results forecasts referred to in Paragraph 1, see Paragraph 3 (“Qualitative information on results forecasts”) under “Qualitative Information, Financial Statements etc.” on page 3.
3. Acquisition of treasury shares

The Board of Directors of JFE Holdings, Inc., meeting on July 30, 2007, resolved to acquire treasury shares pursuant to the provisions of Article 156 of the Japanese Company Law as applied mutatis mutandis to Article 165:3 of the law. Details are as follows:

- 1) Reason for acquisition of treasury shares:
To enable implementation of more dynamic capital policies in response to changing business environments.
- 2) Details of acquisition
 - Class of shares to be acquired: Common stock
 - Number of shares to be acquired: 20 million shares (maximum)
 - Total acquisition price: 120 billion yen (maximum)
 - Acquisition period: From July 31, 2007 to December 28, 2007
 - Acquisition method: Market buying

Qualitative information, Financial Statement etc.

1. Qualitative information on consolidated business results

The steel business experienced higher depreciation charges as a result of changes in depreciation rules and was also hit with higher prices for metal materials etc., but, in addition to efforts to reduce costs, sales prices rose, primarily for export markets, and production volumes expanded to address increasingly tight supplies of high-end products. As a result, both sales and profits increased relative to the same quarter the previous year. Net sales for the first quarter were 739.9 billion yen, for ordinary income of 146.1 billion yen.

The engineering business recorded net sales of 44.2 billion yen. Higher sales, primarily to the private sector, enabled this sector to generate higher sales than the same quarter last year. Ordinary income showed a loss of 1.0 billion yen.

The urban development business saw steady progress in the sale of condominiums and other properties, for net sales of 3.1 billion yen and ordinary income of 74 million yen.

The LSI business made efforts to expand sales of products to the LCD panel market and reduce costs, resulting in net sales of 9.8 billion yen and an ordinary loss of 16 million yen, representing a year-on-year improvement in profit/loss position.

As a result, overall first quarter figures for both sales and profit were up, with net sales of 790.8 billion yen, operating income of 130.7 billion yen, ordinary income of 145.2 billion yen and net quarterly income of 89.4 billion yen.

2. Qualitative information on consolidated financial status

At the end of the first quarter, the company's total assets increased by 79.4 billion yen from the end of March 2007 to reach 3,951.5 billion yen. Net assets came to 1,614.6 billion yen, and the shareholders' equity ratio rose 1.1 percentage points to 39.9%. Outstanding debt came to 1,241.7 billion yen, an increase of 61.2 billion yen compared to end-March 2007.

3. Qualitative information on consolidated results forecasts

Compared to the previous forecast (announced April 26, 2007), the steel business anticipates higher prices for metal materials and freight etc., but forecasts higher income up to the interim settlement thanks to cost-cutting efforts and higher export prices. Regarding the latter half of the current fiscal year, although several factors could result in variance, at the current point in time we have changed our foreign exchange rate assumptions to bring them into line with recent trends, and as such the steel business now expects higher income than in the previous forecast. The engineering business forecasts a decline in income due to soaring prices for equipment/materials and other construction cost on some projects. Our forecast for the urban development business remains unchanged. The LSI business forecasts an increase in income due to higher sales volumes and reduced costs.

As a result, the consolidated forecast for the interim period is net sales of 1,700 billion yen, operating income of 255 billion yen, ordinary income of 255 billion yen and net interim income of 155 billion yen; for the full year, we forecast net sales of 3,540 billion yen, operating income of 540 billion yen, ordinary income of 540 billion yen and net income of 320 billion yen. All figures represent increases from the previous forecast.

The interim dividend forecast remains unchanged from the previous forecast (announced April 26, 2007) at 60 yen per share for the year ending March 31, 2008.

4. Other information

1. Change in significant subsidiaries during the first quarter (change in designated subsidiaries resulting in adjustment to the scope of consolidation): None
2. Adoption of simplified accounting method:
A simplified accounting method has been adopted in part for calculating depreciation charges, taxes and other items.
3. Differences between the accounting methods used this quarter and the most recent consolidated financial year:

Recent amendments to the Corporate Tax Law have resulted in changes to the depreciation method used for tangible fixed assets. Prior to these amendments, the company's primary method (declining-balance method) considered the residual value to be a fixed rate of 10% against the acquisition price (as per the pre-amendment tax law); for assets newly acquired during or after the first quarter of this year, the company has changed its method to the 250% declining-balance method (see note; this method is consistent with the amended tax law). As a result, depreciation charges for the first quarter increased by 346 million yen, resulting in a decline of 333 million yen for operating income and declines of 334 million yen for both ordinary income and quarterly net income before income taxes and minority interests.

The company will continue to apply the traditional depreciation method to existing tangible fixed assets acquired on or prior to March 31, 2007, and after depreciation to the ceiling value will depreciate in equal amounts over a period of 5 years beginning the next consolidated financial year until the memorandum value is reached. As a result, depreciation charges for the first quarter increased by 8,485 million yen, resulting in a decline of 8,008 million yen for operating income and declines of 8,054 million yen for both ordinary income and quarterly net income before income taxes and minority interests.

(Note) 250% declining-balance method:

This method multiplies the depreciation rate under the straight-line method (1 divided by years of usable life) by 2.5 to arrive at a fixed depreciation rate under which depreciation takes place in equal amounts for the remaining years (years of usable life minus elapsed years) after a designated business year until a memorandum value of 1 yen is reached.

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Consolidated Statements of Income

	First Quarter of Fiscal Year ending Mar. 31, 2008	(Millions of yen) (Reference) Fiscal Year ended Mar. 31, 2007
Net sales	790,859	3,260,447
Cost of sales	585,380	2,449,824
Selling, general and administrative expenses	(74,778)	(306,685)
Operating income	130,700	503,938
Non-operating income(loss):		
Interest income and dividends received	4,815	8,432
Equity in earnings of affiliates	8,313	26,563
Interest expense	(4,178)	(15,398)
Other, net	5,572	(10,015)
Ordinary income	145,222	513,520
Extraordinary profit:		
Profit on sales of investments in securities	-	5,981
Total	-	5,981
Extraordinary loss:		
Loss on disposal of property, plant and equipment, etc.	-	(4,997)
Write-down of investments in securities	-	(1,158)
Provision of allowance for bad debts	-	(1,223)
Special charge arising from employees' retirement benefits	-	(1,112)
Surcharge on violation of the Antimonopoly Act	-	(1,333)
Cost of voluntary dismantlement of snow melting equipment	-	(1,036)
Total	-	(10,861)
Income before income taxes and minority interests	145,222	508,640
Income taxes:		
Current	(40,349)	(191,293)
Deferred	(14,795)	(15,537)
Minority interests	(663)	(2,127)
Net income	89,414	299,683

Consolidated Balance Sheets

	As of June 31, 2007	(Millions of yen) As of Mar. 31, 2007
(Assets)		
Current assets:		
Cash and deposits	43,862	45,170
Notes and accounts receivable	491,134	530,164
Inventories	667,001	582,015
Deferred tax assets	32,514	44,907
Other current assets	73,118	65,769
Allowance for doubtful accounts	(1,303)	(1,108)
Total current assets	1,306,328	1,266,919
Property, plant and equipment, net:		
Buildings and structures	459,791	464,983
Machinery and equipment	781,194	796,813
Land	508,307	508,868
Construction in progress	53,764	45,848
Total property, plant and equipment, net	1,803,058	1,816,514
Intangible assets	67,410	69,437
Investments and other assets:		
Investments in securities	673,575	618,307
Deferred tax assets	13,045	12,763
Other assets	98,702	98,972
Allowance for doubtful accounts	(10,609)	(10,874)
Total investments and other assets	774,714	719,169
Deferred assets	75	100
Total assets	3,951,587	3,872,142
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	425,783	435,220
Short-term borrowings	237,682	188,081
Commercial paper	140,906	62,937
Current portion of corporate bonds	140,000	130,000
Income tax payable	38,346	74,917
Other current liabilities	327,066	352,617
Total current liabilities	1,309,786	1,243,774
Long-term liabilities:		
Corporate bonds	223,350	247,612
Long-term borrowings	499,840	551,902
Deferred tax liability	29,144	10,968
Deferred tax liabilities on revaluation reserve	14,492	14,492
Accrued retirement benefits	151,047	152,303
Reserve for rebuilding furnaces	41,291	40,954
Other liabilities	68,005	70,511
Total long-term liabilities	1,027,171	1,088,746
(Net assets)		
Owners' equity:		
Common stock	144,487	142,334
Capital surplus	654,982	652,820
Retained earnings (Deficit)	761,432	713,381
Treasury stock, at cost	(128,110)	(127,372)
Total owners' equity	1,432,791	1,381,164
Valuation and translation adjustments:		
Net unrealized gains on securities	157,596	132,985
Deferred earnings on hedges	492	920
Revaluation reserve for land, net of tax	5,713	5,713
Translation adjustments	(19,920)	(19,689)
Total valuation and translation adjustments	143,880	119,929
Minority interests	37,957	38,527
Total net assets	1,614,630	1,539,621
Total liabilities and net assets	3,951,587	3,872,142

Supplementary Information for Earnings Forecast
for Fiscal Year ending March 31, 2008

1. Consolidated income statements

(billions of yen) (Reference)

Items	FY ending March 2008 (Previous forecast)		FY ending March 2008 (Updated forecast)		Change		FY ended March 2007 (actual)	
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
	Steel Business	1,550.0	3,150.0	1,570.0	3,190.0	20.0	40.0	1,370.9
Engineering Business	110.0	310.0	120.0	310.0	10.0	0.0	98.7	292.1
Urban Development Business	8.0	30.0	8.0	30.0	0.0	0.0	9.3	34.3
LSI Business	20.0	43.0	22.0	44.0	2.0	1.0	22.7	44.3
Eliminations and Corporate	(8.0)	(33.0)	(20.0)	(34.0)	(12.0)	(1.0)	(15.1)	(35.4)
Net Sales	1,680.0	3,500.0	1,700.0	3,540.0	20.0	40.0	1,486.6	3,260.4
Steel Business	250.0	520.0	260.0	535.0	10.0	15.0	220.3	499.9
Engineering Business	(5.5)	1.0	(9.0)	(4.0)	(3.5)	(5.0)	(3.5)	(1.9)
Urban Development Business	0.4	2.5	0.4	2.6	0.0	0.1	0.4	3.9
LSI Business	(0.6)	0.2	0.4	0.6	1.0	0.4	0.5	0.8
Eliminations and Corporate	0.7	1.3	3.2	5.8	2.5	4.5	0.2	1.2
Operating Income	245.0	525.0	255.0	540.0	10.0	15.0	218.0	503.9
Other Income (Expenses)	0.0	(5.0)	0.0	0.0	0.0	5.0	5.8	9.5
Steel Business	250.0	510.0	260.0	530.0	10.0	20.0	222.9	503.9
Engineering Business	(3.0)	6.0	(5.0)	5.0	(2.0)	(1.0)	0.3	5.8
Urban Development Business	0.1	2.2	0.3	2.2	0.2	0.0	0.4	3.6
LSI Business	(0.6)	0.1	0.3	0.4	0.9	0.3	0.4	0.5
Eliminations and Corporate	(1.5)	1.7	(0.6)	2.4	0.9	0.7	(0.2)	(0.4)
Ordinary Income	245.0	520.0	255.0	540.0	10.0	20.0	223.8	513.5
Extraordinary Profit (Loss)	0.0	0.0	0.0	0.0	0.0	0.0	(4.9)	(4.8)
Tax Expense and Minority Interest	(95.0)	(210.0)	(100.0)	(220.0)	(5.0)	(10.0)	(84.3)	(208.9)
Net Income	150.0	310.0	155.0	320.0	5.0	10.0	134.5	299.6

2. Consolidated financial indices

Financial Indices	FY ending March 2008 (Previous forecast)		FY ending March 2008 (Updated forecast)		Change	FY ended March 2007 (Actual)
	Full Year		Full Year			
	Return on Sales (ROS) *1	14.9%	15.3%	15.3%	15.3%	0.4%
Return on Assets (ROA) *2	13.8%	14.3%	14.3%	14.3%	0.5%	14.1%
Debt Outstanding	1,080.0 bil. yen	1,200.0 bil. yen	1,200.0 bil. yen	1,200.0 bil. yen	120.0 bil. yen	1,180.5 bil. yen
Shareholders' Equity	1,750.0 bil. yen	1,640.0 bil. yen	1,640.0 bil. yen	1,640.0 bil. yen	(110.0) bil. yen	1,501.0 bil. yen
D/E Ratio	61.7%	73.2%	73.2%	73.2%	11.5%	78.6%

*1 ROS = Ordinary Income / Net Sales

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

3. Crude Steel Production (JFE Steel) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2007	Parent	6.92	7.26	14.18	7.36	7.50	14.86	29.04
	Consolidated	7.88	8.19	16.07	8.34	8.42	16.76	32.83
FY ending March 2008	Parent	7.38	7.6(e)	15.0(e)				
	Consolidated	8.37	8.5(e)	16.9(e)				

4. Shipment (JFE Steel on a non-consolidated basis) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2007		6.08	6.65	12.73	6.68	7.02	13.70	26.43
FY ending March 2008		6.61	7.1(e)	13.7(e)				

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2007		42.1	45.2	43.8	43.5	45.0	44.3	44.0
FY ending March 2008		44.7	47(e)	46(e)				

6. Foreign Exchange Rate (Yen/US dollar) (JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2007		114.7	115.8	115.3	117.4	119.8	118.5	116.9
FY ending March 2008		119.8	118(e)	119(e)				

The forecast for 2H of FY ending March 2008 is based on the assumption 115 JPY/USD.
JFE has an approximately 1.0 billion USD export surplus for FY ending March 2008.

7. Average Selling Prices (JFE Steel on a non-consolidated basis) (thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2007		73.5	75.7	74.6	76.8	77.6	77.2	76.0
FY ending March 2008		78.8	81(e)	80(e)				

8. Engineering business orders

Approximately 320 billion yen (estimated) for the FY ending March 2008, up 16.3% from the previous year (including inter-segment transactions).

9. Debt outstanding and interest expense (JFE Holdings on a consolidated basis)

Debt outstanding

As of	(billion yen)
Sept. 30, 2006	1,202.5
March 31, 2007	1,180.5
March 31, 2008 (e)	1,200

Interest expense

FY ended March 2007	(billion yen)
1H	(6.6)
Full year	(15.1)
FY ending March 2008	
Full year(e)	(20)

10. Capital investment and depreciation cost (JFE Holdings on a consolidated basis)
(billion yen)

	FY March 07 (actual)	FY March 08 (forecast)
Capital investment	193.5	210
Depreciation	176.7	220

11. Breakdown of a change in ordinary income (FY March 2008 (e) compared to FY March 2007)

(billion yen)		<u>FY March 2007</u>	⇒	<u>FY March 2008 (e)</u>
Steel segment	26.1	503.9	⇒	530.0
Cost reduction	28.0			
Forex change	(4.0)			
Raw material	(36.0)			
Sales volume, mix, and price changes in depreciation rules	89.0			
Other, net	(33.0)			
	(17.9)			
Engineering segment	(0.8)	<u>5.8</u>	⇒	<u>5.0</u>
Urban development segment	(1.4)	3.6	⇒	2.2
LSI segment	(0.1)	0.5	⇒	0.4

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The above forecast is our best estimate based upon currently available information and includes uncertain factors.

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