

Consolidated Financial Results for the 1st Half of Fiscal Year ending March 31, 2008

(Six months ended September 30, 2007)

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

October 25, 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 Six Months ended Sept. 30, 2007

(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)
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended Sept. 30, 2007	1,669,381	12.3	253,896	16.4	260,809	16.5
Six months ended Sept. 30, 2006	1,486,642	2.3	218,085	(17.5)	223,897	(16.4)
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)
	(Millions of yen)	%	(yen)	(yen)
Six months ended Sept. 30, 2007	160,814	19.5	274.43	272.78
Six months ended Sept. 30, 2006	134,534	(21.0)	229.79	218.50
Fiscal Year ended March 31, 2007	299,683	-	513.58	492.27

Note: Equity in earnings of affiliates (Millions of yen) Six months ended Sept. 30, 2007 16,624
 Six months ended Sept. 30, 2006 11,823
 Fiscal Year ended March 31, 2007 26,563

(2) Balance Sheets

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(yen)
Six months ended Sept. 30, 2007	3,963,783	1,555,610	38.3	2,635.98
Six months ended Sept. 30, 2006	3,685,587	1,419,309	37.5	2,358.22
Fiscal Year ended March 31, 2007	3,872,142	1,539,621	38.8	2,548.09

Note: Shareholders' equity (Millions of yen) September 30, 2007 1,519,180
 September 30, 2006 1,380,485
 March 31, 2007 1,501,093

(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 this period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Six months ended Sept. 30, 2007	177,939	(124,612)	(61,811)	35,361
Six months ended Sept. 30, 2006	162,541	(133,083)	(22,057)	40,828
Fiscal Year ended March 31, 2007	417,645	(292,750)	(113,304)	45,061

2. Dividend

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

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

	Net sales	(% of change from previous year)	Operating income	(% of change from previous year)	Ordinary income	(% of change from previous year)
Fiscal Year ending March 31, 2008	(Millions of yen) 3,540,000	% 8.6	(Millions of yen) 540,000	% 7.2	(Millions of yen) 540,000	% 5.2

	Net income	(% of change from previous year)	Net income per share
Fiscal Year ending March 31, 2008	(Millions of yen) 320,000	% 6.8	(yen) 550.27

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.

1. Business Results

1) Analysis of Business Results

Performance in the first half of fiscal year ending March 31, 2008

The JFE Group, under its Second Medium-Term Business Plan, has positioned the three years from April 1, 2006 through March 31, 2009 as a period in which to strengthen its foundation in preparation for global-scale growth and development, and to this end has implemented a number of policies and programs designed to create a stronger, more stable earnings base.

Below is an outline of the results for the first half, broken down by business segment:

The steel business experienced higher depreciation charges as a result of amendments to depreciation rules and was also hit with higher prices for metal materials and freight, but, in addition to efforts to reduce costs, sales prices rose, particularly in export markets. As a result, both sales and profits increased relative to the interim term of the previous year. Net sales for the interim term were 1,544.3 billion yen, for ordinary income of 264.3 billion yen.

The engineering business recorded an increase in sales relative to the interim term of the previous year, with net sales coming in at 109.6 billion yen thanks to an expansion in private-sector demand. However, soaring prices for equipment/materials and construction cost on some projects resulted in an ordinary loss of 4.8 billion yen, a decline from the result for the same previous period.

The urban development business experienced a decline in sales relative to the same previous interim term, with net sales declining to 8.3 billion yen due to lower sales volumes for condominiums and other properties. Nonetheless, sales of high-margin properties enabled ordinary income to reach 0.5 billion yen, an increase relative to the result for the same previous period.

The LSI business enjoyed strong sales to the LCD panel market, recording net sales of 23.2 billion yen and ordinary income of 1.0 billion yen, both up compared to the same period of the previous year.

Overall, consolidated results for the first half showed gains in terms of both sales and profit with net sales of 1,669.3 billion yen, operating income of 253.8 billion yen, ordinary income of 260.8 billion yen, net interim income before income taxes and minority interests of 260.7 billion yen and net interim income of 160.8 billion yen.

Outlook for the full year

The full-year forecast for the steel business anticipates ordinary income of 530.0 billion yen, an increase over the previous year. While amendments to depreciation rules have resulted in higher depreciation charges and although expenditures are rising for raw materials and freight, the steel sector has expanded production of high-end products to meet booming demand and prices are

improving. This has combined with ongoing cost-cutting efforts and generally solid performance among group companies to lift ordinary income. The engineering business forecasts ordinary income of 3.0 billion yen. Significant cost-cutting efforts have been made, but the sector predicts that high prices for construction equipment/materials and other costs will be maintained during the latter half of the year. The urban development business anticipates ordinary income of 2.2 billion yen due to a decline in condominium sales volumes. The LSI business forecasts ordinary income of 1.2 billion yen thanks to increased sales of products to the LCD panel market.

JFE Holdings' full-year consolidated forecast is for 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 on par with the previous forecast.

Note: These forecasts are based upon management conclusions made in light of information available at the date of publication. Actual results may differ materially from these forecasts.

2) Analysis of Financial Position

Turning to cash flow for the first half, net cash provided by operating activities amounted to 177.9 billion yen, with net cash used in investing activities, primarily for the acquisition of fixed assets, totaling 124.6 billion yen. Aggregate free cash provided by these activities came to 53.3 billion yen. Cash flow from financing activities recorded expenditures of 61.8 billion yen, the company having used free cash flow mainly to pay dividends and acquire treasury shares.

Outstanding debt at the end of the first half came to 1,261.0 billion yen, an increase of 80.5 billion yen relative to the end of the previous fiscal year. Outstanding cash and cash equivalents decreased by 9.7 billion yen from the previous fiscal year-end to 35.3 billion yen.

Cash Flow and Other Financial Indicators

	FY ended March 2004	FY ended March 2005	FY ended March 2006	FY ended March 2007	First half of FY ending March 2008
Return on sales (ROS)	8.8%	16.4%	16.7%	15.8%	15.6%
Return on assets (ROA)	6.5%	13.1%	14.6%	14.1%	13.8%
Outstanding debt	1,837.4 bil.yen	1,446.7 bil.yen	1,162.8 bil.yen	1,180.5 bil.yen	1,261.0 bil.yen
D/E ratio	246.2%	149.4%	88.7%	78.6%	83.0%
Shareholders' equity ratio	20.0%	26.5%	36.1%	38.8%	38.3%
Shareholders' equity ratio at market prices	44.2%	47.9%	76.6%	106.0%	118.4%
Debt redemption term	5.1 years	3.1 years	2.9 years	2.8 years	-
Interest coverage ratio	11.9 times	20.1 times	23.9 times	25.3 times	20.2 times

Notes:

- Return on sales (ROS) = Ordinary income/Net sales
- Return on assets (ROA) = (Ordinary income + Interest expense)/Total assets¹⁾

(ROA for the interim period is annualized.)

- 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 term = Outstanding debt/Operating cash flow³⁾
(Not available for the interim period)
- Interest coverage ratio = Operating cash flow³⁾/Interest expense⁴⁾

1) $(\text{Total assets at beginning of term} + \text{Total assets at end of term})/2$

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.

3) Basic Guidelines on Profit Distributions and Interim Dividends for Fiscal Year ending March 31, 2008

JFE Holdings, which considers the return of profits to shareholders as one of its top priorities, has a policy of proactively distributing dividends while also maintaining a sound and sustainable operational base for the Group.

During the Second Medium-Term Business Plan (formulated March 2006; effective April 1, 2006 through March 31, 2009) the company continues to study the means by which to raise the consolidated payout ratio to the 25% level. Internal reserves will continue to be allocated towards strategic, growth-oriented investments, research and development and also towards improvement of the company's financial position. The company seeks to bring the debt-to-equity ratio below 50% at the earliest possible date so as to enable it to respond dynamically to large, growth-oriented investment opportunities as they arise.

In light of the fact that group earnings have steadily outperformed the targets of the Second Medium-Term Business Plan, JFE Holdings has exercised its treasury share acquisition program twice to date, buying back a total of 119,998 million yen in treasury shares during November 2006 through February 2007 and 119,994 million yen during July 2007 through August 2007, thereby pursuing even more aggressive returns to shareholders.

In accordance with these basic guidelines, the company plans to pay an interim dividend of 60 yen per share as initially forecast.

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2. Management Policy

1) Basic Management Policy

2) Medium- and Long-Term Management Strategies and Tasks

The JFE Group's Second Medium-Term Business Plan (formulated March 2006; effective April 1, 2006 through March 31, 2009) is now in its second year. To date, Group earnings have outperformed initial targets.

The Group continues to strive toward the goals of the plan, which essentially remain unchanged. In addition, JFE will move forward with a new growth strategy, by enhancing its domestic production base and strengthening international alliances, with the aim of emerging as a global player.

JFE's basic management policy and medium- and long-term management strategies and tasks are not described in detail because the content has not changed significantly from information previously disclosed with the interim financial statements for the first half of the fiscal year ended March 31, 2007 (released on October 26, 2006).

The financial statements can be viewed at the following URLs:

JFE Holdings web site

<http://www.jfe-holdings.co.jp/en/index.html>

Tokyo Stock Exchange web site (listed company information search page)

<http://www.tse.or.jp/listing/compseach/index.html>

The Board of Directors of JFE Holdings decided to adopt a "Policy toward Large-Scale Purchases of JFE Shares (Takeover Defense Measures)" at a meeting on March 1, 2007. The Ordinary General Meeting of Shareholders on June 27, 2007 approved the continued application of this policy.

Please refer to the following URL for details of this policy:

JFE Holdings web site

<http://www.jfe-holdings.co.jp/en/index.html>

Consolidated Statements of Income

	Six months ended Sept. 30, 2006	Six months ended Sept. 30, 2007	(Millions of Yen) Fiscal Year ended Mar. 31, 2007
Net sales	1,486,642	1,669,381	3,260,447
Cost of sales	(1,120,482)	(1,264,252)	(2,449,824)
Selling, general and administrative expenses	(148,074)	(151,232)	(306,685)
Operating income	218,085	253,896	503,938
Non-operating income(loss):			
Interest income and dividends received	3,442	5,400	8,432
Equity in earnings of affiliates	11,823	16,543	26,563
Interest expense	(6,643)	(8,822)	(15,398)
Other, net	(2,810)	(6,290)	(10,015)
Ordinary income	223,897	260,727	513,520
Extraordinary profit:			
Profit on sales of property, plant and equipment	-	1,344	-
Profit on sales of investments in securities	-	-	5,981
Total	-	1,344	5,981
Extraordinary loss:			
Loss on disposal of property, plant and equipment, etc.	(4,997)	-	(4,997)
Write-down of investments in securities	-	-	(1,158)
Provision of allowance for bad debts	-	-	(1,223)
Provision for allowance for losses from lawsuits	-	(1,452)	-
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	(4,997)	(1,452)	(10,861)
Income before income taxes and minority interests	218,899	260,701	508,640
Income taxes:			
Current	(76,314)	(91,385)	(191,293)
Deferred	(6,787)	(7,094)	(15,537)
Minority interests	(1,263)	(1,406)	(2,127)
Net income	134,534	160,814	299,683

Consolidated Balance Sheets

(Millions of Yen)

(Assets)	As of Mar. 31, 2007	As of Sept. 30, 2007	As of Sept. 30, 2006
Current assets:			
Cash and deposits	45,170	35,471	40,993
Notes and accounts receivable	530,164	501,841	420,529
Inventories	582,015	678,835	613,199
Deferred tax assets	44,907	44,825	41,847
Other current assets	65,769	73,389	68,401
Allowance for doubtful accounts	(1,108)	(1,259)	(1,303)
Total current assets	1,266,919	1,333,103	1,183,667
Property, plant and equipment, net:			
Buildings and structures	464,983	454,644	468,045
Machinery and equipment	796,813	769,284	781,615
Land	508,868	509,876	515,276
Construction in progress	45,848	53,588	55,642
Total property, plant and equipment, net	1,827,342	1,787,394	1,839,490
Intangible assets	69,437	67,709	71,090
Investments and other assets:			
Investments in securities	618,307	669,717	495,263
Deferred tax assets	12,763	13,146	28,464
Other assets	98,972	103,284	96,743
Allowance for doubtful accounts	(10,874)	(10,698)	(10,373)
Total investments and other assets	719,169	775,450	610,098
Deferred assets	100	126	151
Total assets	3,872,142	3,963,783	3,685,587
(Liabilities and shareholders' equity)			
Current liabilities:			
Notes and accounts payable	435,220	410,549	377,235
Short-term borrowings	188,081	332,525	97,858
Commercial paper	62,937	113,908	103,960
Current portion of corporate bonds	130,000	130,000	70,000
Accrued income taxes	74,917	58,590	51,615
Other current liabilities	352,617	387,812	352,847
Total current liabilities	1,243,774	1,433,386	1,053,517
Long-term liabilities:			
Corporate bonds	247,612	218,103	401,342
Long-term borrowings	551,902	466,528	529,338
Deferred tax liability	10,968	20,025	-
Deferred tax liabilities on revaluation reserve	14,492	14,485	-
Accrued retirement benefits	152,303	149,071	156,684
Reserve for rebuilding furnaces	40,954	41,613	40,700
Other liabilities	70,511	64,957	84,694
Total long-term liabilities	1,088,746	974,786	1,212,760
Total liabilities	2,332,520	2,408,172	2,266,278
(Net assets)			
Owners' equity:			
Common stock	142,334	147,143	100,005
Capital surplus	652,820	657,664	610,434
Retained earnings (Deficit)	713,381	832,734	577,881
Treasury stock, at cost	(127,372)	(249,255)	(5,053)
Total owners' equity	1,381,164	1,388,286	1,283,268
Valuation and translation adjustments:			
Net unrealized gains on securities	132,985	136,033	114,403
Deferred earnings on hedges	920	1,339	1,686
Revaluation reserve for land, net of tax	5,713	5,717	5,611
Translation adjustments	(19,689)	(12,196)	(24,484)
Total valuation and translation adjustments	119,929	130,894	97,216
Minority interests	38,527	36,429	38,824
Total net assets	1,539,621	1,555,610	1,419,309
Total liabilities and net assets	3,872,142	3,963,783	3,685,587

Consolidated Statement of Changes in Net Assets

Six months ended Sept. 30, 2006

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	100,000	610,403	502,943	(4,260)	1,209,087
Common stock issue	5	5			10
Dividends from surplus			(58,555)		(58,555)
Directors' and corporate auditors' bonuses from appropriation			(897)		(897)
Net income			134,534		134,534
Acquisition of treasury stock				(826)	(826)
Disposal of treasury stock		25		34	59
Increase by newly consolidated or deconsolidated subsidiaries			132		132
Decrease by newly consolidated or deconsolidated subsidiaries			(17)		(17)
Transfer from land revaluation account			(11)		(11)
Decrease due to assets revaluation of the subsidiary in Thailand			(246)		(246)
Net changes of items other than shareholders' equity					
Total changes of items during the interim accounting period	5	30	74,938	(792)	74,181
Balance as of September 30, 2006	100,005	610,434	577,881	(5,053)	1,283,268

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	117,602	-	5,599	(21,907)	101,294	37,609	1,347,991
Common stock issue							10
Dividends from surplus							(58,555)
Directors' and corporate auditors' bonuses from appropriation							(897)
Net income							134,534
Acquisition of treasury stock							(826)
Disposal of treasury stock							59
Increase by newly consolidated or deconsolidated subsidiaries							132
Decrease by newly consolidated or deconsolidated subsidiaries							(17)
Transfer from land revaluation account							(11)
Decrease due to assets revaluation of the subsidiary in Thailand							(246)
Net changes of items other than shareholders' equity	(3,198)	1,686	11	(2,576)	(4,077)	1,214	(2,863)
Total changes of items during the interim accounting period	(3,198)	1,686	11	(2,576)	(4,077)	1,214	71,317
Balance as of September 30, 2006	114,403	1,686	5,611	(24,484)	97,216	38,824	1,419,309

Consolidated Statement of Changes in Net Assets

Six months ended Sept. 30, 2007

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	142,334	652,820	713,381	(127,372)	1,381,164
Common stock issue	4,808	4,805			9,614
Dividends			(41,237)		(41,237)
Net income			160,814		160,814
Acquisition of treasury stock				(122,021)	(122,021)
Disposal of treasury stock		38		138	176
Increase by newly consolidated or deconsolidated subsidiaries			92		92
Transfer from land revaluation account			1		1
Decrease due to assets revaluation of the subsidiary in Thailand			(317)		(317)
Net changes of items other than shareholders' equity					
Total changes of items during the interim accounting period	4,808	4,843	119,353	(121,883)	7,122
Balance as of September 30, 2007	147,143	657,664	832,734	(249,255)	1,388,286

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	132,985	920	5,713	(19,689)	119,929	38,527	1,539,621
Common stock issue							9,614
Dividends							(41,237)
Net income							160,814
Acquisition of treasury stock							(122,021)
Disposal of treasury stock							176
Increase by newly consolidated or deconsolidated subsidiaries							92
Transfer from land revaluation account							1
Decrease due to assets revaluation of the subsidiary in Thailand							(317)
Net changes of items other than shareholders' equity	3,048	418	4	7,493	10,964	(2,097)	8,866
Total changes of items during the interim accounting period	3,048	418	4	7,493	10,964	(2,097)	15,989
Balance as of September 30, 2007	136,033	1,339	5,717	(12,196)	130,894	36,429	1,555,610

Consolidated Statement of Changes in Net Assets

Fiscal Year ended Mar. 31, 2007

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	100,000	610,403	502,943	(4,260)	1,209,087
Common stock issue	42,334	42,310			84,644
Dividends from surplus			(58,555)		(58,555)
Dividends			(29,269)		(29,269)
Directors' and corporate auditors' bonuses from appropriation			(897)		(897)
Net income			299,683		299,683
Acquisition of treasury stock				(123,392)	(123,392)
Disposal of treasury stock		106		280	387
Increase by newly consolidated or deconsolidated subsidiaries			132		132
Decrease by newly consolidated or deconsolidated subsidiaries			(17)		(17)
Transfer from land revaluation account			(113)		(113)
Decrease due to assets revaluation of the subsidiary in Thailand			(523)		(523)
Net changes of items other than shareholders' equity					
Total changes of items during the interim accounting period	42,334	42,417	210,437	(123,112)	172,076
Balance as of March 31, 2007	142,334	652,820	713,381	(127,372)	1,381,164

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	117,602	-	5,599	(21,907)	101,294	37,609	1,347,991
Common stock issue							84,644
Dividends from surplus							(58,555)
Dividends							(29,269)
Directors' and corporate auditors' bonuses from appropriation							(897)
Net income							299,683
Acquisition of treasury stock							(123,392)
Disposal of treasury stock							387
Increase by newly consolidated or deconsolidated subsidiaries							132
Decrease by newly consolidated or deconsolidated subsidiaries							(17)
Transfer from land revaluation account							(113)
Decrease due to assets revaluation of the subsidiary in Thailand							(523)
Net changes of items other than shareholders' equity	15,383	920	113	2,217	18,635	917	19,552
Total changes of items during the interim accounting period	15,383	920	113	2,217	18,635	917	191,629
Balance as of March 31, 2007	132,985	920	5,713	(19,689)	119,929	38,527	1,539,621

Consolidated Statements of Cash Flows

	Six months ended Sept. 30, 2006	Six months ended Sept. 30, 2007	(Millions of Yen) Fiscal Year ended Mar. 31, 2007
Cash flows from operating activities:			
Income before income taxes and minority interests	218,899	260,701	508,640
Adjustments for:			
Depreciation and amortization	84,859	105,305	176,794
Changes in reserves	(5,739)	(1,135)	(6,286)
Interest and dividend income	(3,442)	(5,400)	(8,432)
Interest expense	6,643	8,822	15,398
Profit on sales of property, plant and equipment	-	(1,344)	-
Profit on sales of investments in securities	-	-	(5,981)
Loss on disposal of property, plant and equipment, etc.	4,997	-	4,997
Write-down of investments in securities	-	-	1,158
Provision of allowance for bad debts	-	-	1,223
Provision for allowance for losses from lawsuits	-	1,452	-
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
Changes in operating receivables and trade liabilities	57,211	13,664	(7,762)
Changes in inventories	(67,132)	(99,676)	(33,189)
Other, net	(34,481)	(28,992)	(33,254)
Subtotal	261,816	253,396	616,788
Interest and dividend income received	9,447	13,601	16,533
Interest paid	(7,400)	(8,830)	(16,509)
Income taxes paid	(107,820)	(114,723)	(182,790)
Other, net	6,499	34,495	(16,375)
Net cash provided by operating activities	162,541	177,939	417,645
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	(90,237)	(104,614)	(186,874)
Proceeds from sales of property, plant and equipment	4,736	5,467	14,217
Payments for purchase of investments in securities	(49,763)	(44,956)	(130,852)
Proceeds from sales of investments in securities	136	213	7,446
Other, net	2,045	19,278	3,313
Net cash used in investing activities	(133,083)	(124,612)	(292,750)
Cash flows from financing activities:			
Net change in short-term borrowings and commercial paper	106,619	170,727	69,230
Proceeds from long-term borrowings	184,612	14,211	311,982
Repayments of long-term borrowings	(193,264)	(62,523)	(211,167)
Issuance of corporate bond	-	19,926	19,898
Redemption of corporate bonds	(60,000)	(40,000)	(90,000)
Acquisition of treasury stock	-	(122,021)	(123,392)
Payments for dividends by parent company	(58,315)	(41,165)	(87,494)
Other, net	(1,709)	(965)	(1,361)
Net cash used in financing activities	(22,057)	(61,811)	(113,304)
Effect of exchange rate change on cash and cash equivalents	(114)	(857)	98
Net decrease in cash and cash equivalents	7,287	(9,341)	11,688
Cash and cash equivalents at beginning of this period	32,464	45,061	32,464
Changes in cash and cash equivalents at beginning of the period by newly consolidated or deconsolidated subsidiaries	1,076	(357)	907
Cash and Cash equivalents at end of this period	40,828	35,361	45,061

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				Change		FY ended March 2007 (actual)	
	(Previous forecast)		(Updated forecast)		1st Half	Full Year	1st Half	Full Year
	1st Half	Full Year	1st Half	Full Year				
Steel Business	1,570.0	3,190.0	1,544.3	3,190.0	(25.7)	0.0	1,370.9	2,925.1
Engineering Business	120.0	310.0	109.6	310.0	(10.4)	0.0	98.7	292.1
Urban Development Business	8.0	30.0	8.3	30.0	0.3	0.0	9.3	34.3
LSI Business	22.0	44.0	23.2	45.0	1.2	1.0	22.7	44.3
Eliminations and Corporate	(20.0)	(34.0)	(16.2)	(35.0)	3.8	(1.0)	(15.1)	(35.4)
Net Sales	1,700.0	3,540.0	1,669.3	3,540.0	(30.7)	0.0	1,486.6	3,260.4
Steel Business	260.0	535.0	262.2	535.0	2.2	0.0	220.3	499.9
Engineering Business	(9.0)	(4.0)	(10.6)	(6.0)	(1.6)	(2.0)	(3.5)	(1.9)
Urban Development Business	0.4	2.6	0.6	2.6	0.2	0.0	0.4	3.9
LSI Business	0.4	0.6	1.2	1.5	0.8	0.9	0.5	0.8
Eliminations and Corporate	3.2	5.8	0.3	6.9	(2.9)	1.1	0.2	1.2
Operating Income	255.0	540.0	253.8	540.0	(1.2)	0.0	218.0	503.9
Other Income (Expenses)	0.0	0.0	6.9	0.0	6.9	0.0	5.8	9.5
Steel Business	260.0	530.0	264.3	530.0	4.3	0.0	222.9	503.9
Engineering Business	(5.0)	5.0	(4.8)	3.0	0.2	(2.0)	0.3	5.8
Urban Development Business	0.3	2.2	0.5	2.2	0.2	0.0	0.4	3.6
LSI Business	0.3	0.4	1.0	1.2	0.7	0.8	0.4	0.5
Eliminations and Corporate	(0.6)	2.4	(0.3)	3.6	0.3	1.2	(0.2)	(0.4)
Ordinary Income	255.0	540.0	260.8	540.0	5.8	0.0	223.8	513.5
Extraordinary Profit (Loss)	0.0	0.0	(0.1)	0.0	(0.1)	0.0	(4.9)	(4.8)
Tax Expense and Minority Interest	(100.0)	(220.0)	(99.8)	(220.0)	0.2	0.0	(84.3)	(208.9)
Net Income	155.0	320.0	160.8	320.0	5.8	0.0	134.5	299.6

2. Consolidated financial indices

Financial Indices	FY ending March 2008		Change	FY ended March 2006 (Actual)
	(Previous forecast)	(Updated forecast)		
	Full Year	Full Year	Full Year	Full Year
Return on Sales (ROS) *1	15.3%	15.3%	0.0%	15.8%
Return on Assets (ROA) *2	14.3%	14.2%	(0.1%)	14.1%
Debt Outstanding	1,200 bil. yen	1,200 bil. yen	0 bil. yen	1,180.5 bil. yen
Shareholders' Equity	1,640 bil. yen	1,650 bil. yen	10 bil. yen	1,501.0 bil. yen
D/E Ratio	73.2%	72.7%	(0.5%)	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	7.66	15.04				
	Consolidated	8.37	8.54	16.91				

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	7.01	13.62				

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	45.7	45.2				

6. Foreign Exchange Rate (Yen/US dollar)

		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	119.4	119.6				

JFE has an approximately 0.9 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	80.6	79.7				

8. Engineering business orders

	(billion yen)
1H of FY ending March 2008	135.8
Backlog as of Sept. 30, 2007	324.0
(including inter-segment transactions)	

9. Unrealized gain on securities, net (JFE Holdings on a consolidated basis)

As of	(billion yen)
Sept. 30, 2006	185.7
March 31, 2007	215.0
Sept. 30, 2007	219.8

10. Breakdown of Extraordinary Profit and Losses (JFE Holdings on a consolidated basis)
(billion yen)

	FY ending March 2008	
	1H	Full year(e)
Profit on disposal of assets, etc.	1.3	1.4
Provision for allowance for losses from lawsuits	(1.4)	(1.4)

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

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)	FY ended March 2007	(billion yen)
Sept. 30, 2006	1,202.5	1H	(6.6)
March 31, 2007	1,180.5	Full year	(15.1)
		FY ending March 2008	
Sept. 30, 2007	1,261.0	1H	(8.8)
March 31, 2008 (e)	1,200	Full year(e)	(20)

12. 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

13. 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			
Raw material	(69.0)			
Sales volume and price	116.0			
Amendments to depreciation rules	(33.0)			
Other, net	(15.9)			
Engineering segment	(2.8)	<u>FY March 2007</u> 5.8	⇒	<u>FY March 2008 (e)</u> 3.0
Urban development segment	(1.4)	<u>FY March 2007</u> 3.6	⇒	<u>FY March 2008 (e)</u> 2.2
LSI segment	0.7	<u>FY March 2007</u> 0.5	⇒	<u>FY March 2008 (e)</u> 1.2

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