

Financial Results for the First Quarter of Fiscal Year ending March 31, 2010

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

July 28, 2009

Company name : JFE Holdings, Inc.
Stock exchange on which the shares are listed : Tokyo, Osaka, and Nagoya
Stock Exchanges in Japan
Code number : 5411
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1. Highlights of Consolidated Results for the First Quarter of Fiscal Year ending March 31, 2010

(1) Statements of Income

	Net sales	(% of change from same previous period)	Operating income (loss)	(% of change from same previous period)	Ordinary income (loss)	(% of change from same previous period)
First quarter of fiscal year ending March 31, 2010	(Millions of yen) 588,605	% (37.3)	(Millions of yen) (61,206)	% -	(Millions of yen) (67,260)	% -
First quarter of fiscal year ended March 31, 2009	938,048	-	91,263	-	112,104	-

	Net income (loss)	(% of change from same previous period)	Net income (loss) per share	Net income per share (fully diluted)
First quarter of fiscal year ending March 31, 2010	(Millions of yen) (41,559)	% -	(yen) (78.59)	(yen) -
First quarter of fiscal year ended March 31, 2009	68,745	-	123.12	116.74

(2) Balance Sheets

	Total assets	Net assets	Equity capital ratio	Net assets per share
First quarter of fiscal year ending March 31, 2010	(Millions of yen) 4,011,233	(Millions of yen) 1,365,613	% 33.0	(yen) 2,506.20
Fiscal year ended March 31, 2009	4,328,901	1,378,041	30.9	2,526.26

Note: Shareholders' equity
First quarter of fiscal year ending March 31, 2010 1,325,237
Fiscal Year ended March 31, 2009 1,335,895

2. Dividends

	Dividends per share		
		2nd Quarter	Year-end
Fiscal Year ended March 31, 2009	(yen) 90.00	(yen) 60.00	(yen) 30.00
Fiscal Year ending March 31, 2010(e)	undecided	0.00	undecided

(e)=estimated result

3. Forecasts of Consolidated Financial Results for Fiscal Year ending March 31, 2010

	Net sales	(% of change from same previous period)	Operating income (loss)	(% of change from same previous period)	Ordinary income (loss)	(% of change from same previous period)
1st half of Fiscal Year ending March 31, 2010	(Millions of yen) 1,280,000	% (39.1)	(Millions of yen) (50,000)	% -	(Millions of yen) (70,000)	% -
Fiscal Year ending March 31, 2010	2,820,000	(27.8)	80,000	(80.4)	40,000	(90.0)

	Net income (loss)	(% of change from same previous period)	Net income (loss) per share
1st half of Fiscal Year ending March 31, 2010	(Millions of yen) (40,000)	% -	(yen) (75.64)
Fiscal Year ending March 31, 2010	24,000	(87.6)	45.39

Qualitative Information, Financial Statements, etc.

1. Qualitative information on consolidated business results

Beginning in the fall of 2008, the business environment surrounding JFE Group rapidly deteriorated due to the worldwide financial crisis and its effects on the real economy, including unprecedented falls in both domestic and foreign demand for steel. In April–June 2009, while signs of an economic recovery were seen due to improved conditions for exports and inventory reductions, both facilities and employment remained underutilized. Going forward, the severe business environment is expected to persist.

What follows is a review of the JFE Group's consolidated results in the first quarter of the fiscal year ending March 31, 2010 (April 1 to June 30, 2009), broken down by business segment.

The steel business reported net sales of 476.3 billion yen, down from the same period a year earlier due to unavoidable cuts in production. An ordinary loss of 76.8 billion yen was incurred due to declines in sales volume and sales prices, coupled with the effects of high raw material prices in the previous fiscal year, despite efforts to lower raw material acquisition prices and cut costs further.

The engineering business posted net sales of 51.2 billion yen, about the same as the year-earlier period. Continued efforts to ensure profitability resulted in ordinary income growing to 300 million yen.

The shipbuilding business reported increased net sales of 68.4 billion yen, due partly to the application of percentage-of-completion accounting, although the construction volume remained basically unchanged. Ordinary income increased to 6.6 billion yen due mainly to company-wide cost cutting.

The urban development business posted increased net sales of 4.6 billion yen due to growth in condominium deliveries. Despite this improvement, however, an ordinary loss of 100 million yen was incurred because the condominium market remained sluggish.

The LSI business saw net sales fall to 5 billion yen due to a decline in overall sales, particularly products for LCD panels. The ordinary loss worsened to 400 million yen due to the significant impact of lower sales, despite efforts to reduce fixed costs.

As a result of these developments consolidated sales and income worsened during the quarter, resulting in net sales of 588.6 billion yen, operating loss of 61.2 billion yen, ordinary loss of 67.2 billion yen and net quarterly loss of 41.5 billion yen.

2. Qualitative information on consolidated financial status

At the end of this first quarter, the company's total assets decreased by 317.7 billion yen from the end of March 2009 to 4,011.2 billion yen, due mainly to declines in cash and deposits and accounts receivable as a result of lower sales in the steel business. Liabilities decreased by 305.2 billion yen to 2,645.6 billion yen, due mainly to reduced commercial paper issued by the company. Net assets decreased by 12.4 billion yen to 1,365.6 billion yen because retained earnings declined as a result of booking a quarterly net loss, and also because of an increase in valuation differences on available-for-sale securities. The shareholders' equity ratio increased 2.1 percentage points to 33%. Outstanding debt came to 1,610.2 billion yen, down 158.5 billion yen compared to the end of March 2009.

3. Qualitative information on consolidated results forecast

The following are full-year forecasts for each business segment.

In the steel business it remains unclear if recovering demand can be sustained despite reduced inventories in some markets and the effects of government economic-stimulus measures around the world. Based on the current outlook, the forecast is for ordinary income of 20 billion yen, down sharply from a year earlier. The company will strive to ensure profitability by enhancing minimum-cost operations at reduced levels of production, and by stringent cost cutting.

The engineering business expects conditions to remain difficult, resulting in ordinary income of 8 billion yen. Efforts to improve earnings will continue, focusing on the reduction of fixed costs.

The shipbuilding business forecasts ordinary income of 13 billion yen, as compared to an ordinary loss of 14.9 billion yen in the previous year. The expected improvement is due mainly to a decreased allowance for losses on construction contracts in response to improved earnings achieved through higher productivity and lower costs of materials and equipment.

The urban development business expects sales to remain at the same level as in the previous year, resulting in an ordinary loss of 2 billion yen amid the condominium market's protracted slump.

The LSI business forecasts an ordinary loss of 1.5 billion yen, an improvement over the previous year. Fixed costs will be reduced through measures including restructuring, but overall demand, including products for LCD panels, will stay weak.

JFE Holdings' full-year consolidated targets are net sales of 2,820 billion yen, operating income of 80 billion yen, ordinary income of 40 billion yen and net income of 24 billion yen.

At this point, JFE Holdings does not expect to pay an interim dividend because of severe financial conditions and the uncertainty of the business environment. The year-end and annual dividends will be determined in accordance with careful consideration of the company's business performance.

4. Other information

(1) Significant change in subsidiaries during the first quarter (change in designated subsidiaries resulting in adjustment to the scope of consolidation): None

(2) Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements

Simplified accounting methods are being applied in the current fiscal year. This includes the proportional calculation of depreciation over time for assets depreciated with a fixed-rate declining balance. Certain calculation assumptions from the previous fiscal year are being used to calculate tax expense.

(3) Changes in the principles, procedures and presentation method for accounting treatment in the preparation of quarterly consolidated financial statements

Changes in revenue recognition:

Previously, earnings from engineering construction projects were posted with the percentage-of-completion method if a contract lasted longer than one year and had a

value in excess of 100 million yen; otherwise earnings were posted with the completed-contract method. Earnings from shipbuilding construction projects lasting longer than one year and having a contract value in excess of 1 billion yen also were posted with the percentage-of-completion method; otherwise they were posted using the completed-contract method.

Beginning from this first quarter, however, consolidated earnings are being posted in accordance with the Accounting Standard for Construction Contracts (ASBJ Statement No.15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No.18, December 27, 2007). For construction contracts launched during this quarter, earnings from work deemed to be certain of progress within the quarter have been posted under the percentage-of completion method (percentage of completion estimated using the cost percentage method); otherwise earnings have been posted under the completed-contract method.

The effect of the above was an increase in net sales of 15,615 million yen and decreases of 1,566 million yen each in operating loss, ordinary loss and quarterly net loss before income taxes and minority interests.

5. Consolidated Quarterly Financial Results

(1) Consolidated Balance Sheets

	As of June 30, 2009	(Millions of yen) As of Mar. 31, 2009
(Assets)		
Current assets:		
Cash and deposits	94,420	217,990
Notes and accounts receivable	375,368	535,199
Merchandise and finished goods	237,893	238,798
Work in process	178,918	182,996
Raw materials and supplies	380,678	406,539
Other current assets	149,186	180,473
Allowance for doubtful accounts	(1,029)	(876)
Total current assets	1,415,436	1,761,121
Property, plant and equipment, net:		
Buildings and structures, net	443,769	446,922
Machinery and equipment, net	749,462	748,746
Land	531,971	531,601
Other property, plant and equipment, net	115,107	115,961
Total property, plant and equipment, net	1,840,310	1,843,232
Intangible assets	77,472	79,786
Investments and other assets:		
Investments in securities	512,815	448,014
Other assets	168,998	200,489
Allowance for doubtful accounts	(5,528)	(5,576)
Total investments and other assets	676,285	642,927
Deferred assets	1,728	1,834
Total assets	4,011,233	4,328,901
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	306,479	352,315
Short-term borrowings	186,492	188,918
Commercial paper	34,996	175,935
Current portion of corporate bonds	40,000	40,000
Current portion of convertible bonds	-	8,049
Reserves	21,492	33,548
Other current liabilities	409,852	492,193
Total current liabilities	999,313	1,290,961
Long-term liabilities:		
Corporate bonds	259,994	259,994
Convertible bonds	300,000	300,000
Long-term borrowings	788,724	795,849
Accrued retirement benefits	141,954	144,586
Reserve for rebuilding furnaces	42,081	41,778
Allowance for losses on specific waste disposal business	43,721	44,711
Other reserves	16,141	18,057
Other long-term liabilities	53,689	54,922
Total long-term liabilities	1,646,306	1,659,899
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	657,387	657,387
Retained earnings (Deficit)	947,617	1,005,066
Treasury stock, at cost	(426,697)	(426,649)
Total owners' equity	1,325,450	1,382,947
Valuation and translation adjustments:		
Net unrealized gains on securities	29,389	(12,575)
Deferred earnings on hedges	(85)	(1,221)
Revaluation reserve for land, net of tax	14,754	14,755
Translation adjustments	(44,271)	(48,010)
Total valuation and translation adjustments	(213)	(47,052)
Minority interests	40,376	42,145
Total net assets	1,365,613	1,378,041
Total liabilities and net assets	4,011,233	4,328,901

(2) Consolidated Statements of Income

	(Millions of yen)	
	First Quarter of Fiscal Year ending Mar. 31, 2010	First Quarter of Fiscal Year ended Mar. 31, 2009
Net sales	588,605	938,048
Cost of sales	589,276	769,452
Selling, general and administrative expenses	60,535	77,333
Operating income (loss)	(61,206)	91,263
Non-operating income(loss):		
Interest income	153	339
dividends received	4,099	4,876
Foreign exchange gain	-	8,534
Equity in earnings of affiliates	-	8,914
Interest expense	(5,413)	(5,420)
Loss on disposal and sales of property, plant and equipment	-	(4,359)
Other, net	(4,894)	7,956
Ordinary income (loss)	(67,260)	112,104
Income before income taxes and minority interests(loss)	(67,260)	112,104
Income taxes:		
Current	1,996	33,652
Deferred	(27,888)	9,369
Minority interests	191	335
Net income(loss)	(41,559)	68,745

(3) Notes pertaining to the presumption of a going concern

There are no items this period.

(4) Notes in case of significant changes to shareholders' equity

There are no items this period.

**Supplementary Information for Earnings Forecast
for Fiscal Year ending March 31, 2010**

1. Consolidated income statements

Items	FY ended March 2009			FY ending March 2010(e)			(billions of yen) Change		
	1st Quarter	1st Half	Full Year	1st Quarter	1st Half	Full Year	1st Quarter	1st Half	Full Year
	Steel Business	845.0	1,893.9	3,423.3	476.3	1,040.0	2,250.0	(368.7)	(853.9)
Engineering Business	51.3	125.5	338.2	51.2	115.0	300.0	(0.1)	(10.5)	(38.2)
Shipbuilding Business	46.8	97.9	181.4	68.4	135.0	280.0	21.6	37.1	98.6
Urban Development	2.4	5.8	25.1	4.6	10.0	25.0	2.2	4.2	(0.1)
LSI Business	9.1	18.5	27.8	5.0	10.0	23.0	(4.1)	(8.5)	(4.8)
Eliminations and Corporate	(16.8)	(38.6)	(87.8)	(17.0)	(30.0)	(58.0)	(0.2)	8.6	29.8
Net Sales	938.0	2,103.1	3,908.2	588.6	1,280.0	2,820.0	(349.4)	(823.1)	(1,088.2)
Operating Income (Loss)	91.2	237.6	407.8	(61.2)	(50.0)	80.0	(152.4)	(287.6)	(327.8)
Other Income (Expenses)	20.8	20.9	(7.2)	(6.0)	(20.0)	(40.0)	(26.8)	(40.9)	(32.8)
Steel Business	122.1	268.3	412.5	(76.8)	(76.8)	20.0	(198.9)	(345.1)	(392.5)
Engineering Business	(1.3)	0.5	9.9	0.3	(1.0)	8.0	1.6	(1.5)	(1.9)
Shipbuilding Business	(7.3)	(7.1)	(14.9)	6.6	6.6	13.0	13.9	13.7	27.9
Urban Development	(1.9)	(2.8)	(3.7)	(0.1)	(1.5)	(2.0)	1.8	1.3	1.7
LSI Business	(0.0)	0.1	(4.2)	(0.4)	0.0	(1.5)	(0.4)	(0.1)	2.7
Eliminations and Corporate	0.6	(0.3)	0.9	3.1	2.7	2.5	2.5	3.0	1.6
Ordinary Income (Loss)	112.1	258.6	400.5	(67.2)	(70.0)	40.0	(179.3)	(328.6)	(360.5)
Extraordinary Profit (Loss)	-	(2.3)	(69.5)	-	-	-	-	2.3	69.5
Tax Expense and Minority Interest	(43.3)	(103.1)	(136.8)	25.7	30.0	(16.0)	69.0	133.1	120.8
Net Income (Loss)	68.7	153.0	194.2	(41.5)	(40.0)	24.0	(110.2)	(193.0)	(170.2)

(e)=estimated result

2. Consolidated financial indices

Financial Indices	FY ended March 2009	FY ending March 2010(e)	Change Full Year
	Full Year	Full Year	
Return on Sales (ROS) *1	10.2%	1.4%	(8.8%)
Return on Assets (ROA) *2	10.0%	1.5%	(8.5%)
Debt Outstanding	1,768.7 bil. yen	1,520 bil. yen	(248.7) bil. yen
Shareholders' Equity	1,335.8 bil. yen	1,370 bil. yen	34.2 bil. yen
D/E Ratio	132.4%	110.9%	(21.5%)
D/E Ratio*3	98.9%	81.2%	(17.7%)

*1 ROS = Ordinary Income / Net Sales

(e)=estimated result

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

*3 D/E ratio if 75% of the 300 billion yen issue price of the hybrid bond having a capital component in rating assessment (unsecured share-warrant convertible bond with purchase clause (subordination clause), issued in March 2008) is deemed to be capital, as assessed by two ratings agencies

(Reference)

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009	Parent	7.71	7.78	15.49	6.48	4.58	11.06	26.55
	Consolidated	8.70	8.58	17.28	7.03	4.97	12.00	29.28
FY ending March 2010	Parent	5.12	6.50(e)	11.62(e)				
	Consolidated	5.72	7.10(e)	12.82(e)				

(e)=estimated result

2. Shipments (JFE Steel on a non-consolidated basis) (million tons)

	1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009	6.92	7.22	14.14	6.02	4.90	10.92	25.06
FY ending March 2010	4.34	6.00(e)	10.34(e)				

(e)=estimated result

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 2009	41.6	44.9	43.4	39.2	39.7	39.4	41.6
FY ending March 2010	42.3	48(e)	45(e)				

(e)=estimated result

4. Foreign Exchange Rate (Yen/US dollar)

(JPY/USD)

	1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009	103.4	108.0	105.7	99.2	92.8	96.0	100.8
FY ending March 2010	97.5	95(e)	96(e)				

(e)=estimated result

The assumed exchange rate for 2nd half of fiscal year ending March 2010 is JPY 95 / USD.

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

	1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2009	87.6	109.1	98.5	108.8	97.7	103.8	100.8
FY ending March 2010	75.8	68(e)	71(e)				

(e)=estimated result

6. Engineering business orders

(billion yen)

FY ending March 2010(e) 300.0
(including inter-segment transactions)

(e)=estimated result

7. Shipbuilding business orders

(billion yen)

FY ending March 2010(e) 100.0
(including inter-segment transactions)

(e)=estimated result

8. Debt outstanding, interest expense, and cash and deposits (JFE Holdings on a consolidated basis)

Debt outstanding

As of (billion yen)
March 31, 2009 1,768.7
March 31, 2010 1,520(e)

Interest expense

(billion yen)
FY ended March 2009 (22.5)
FY ending March 2010 (21)(e)

Cash and deposits

As of	(billion yen)
March 31, 2009	217.9
March 31, 2010	40(e)

(e)=estimated result

9. Capital investment and depreciation cost (JFE Holdings on a consolidated basis)

(billion yen)

	FY March 09	FY March 10
Capital investment	289.5	200(e)
Depreciation	247.7	250(e)

(e)=estimated result

10. Breakdown of a change in ordinary income (FY March 2010 compared to FY March 2009)

(billion yen)

		<u>FY March 2009</u>		<u>FY March 2010</u>
Steel Business	(392.5)	412.5	⇒	20.0
Cost reduction	120.0			
Raw material	290.0			
Sales volume and price	(620.0)			
Unrealized holding gains on inventories	(120.0)			
Others	(62.5)			

		<u>FY March 2009</u>		<u>FY March 2010</u>
Engineering Business	(1.9)	9.9	⇒	8.0

Expects conditions to remain difficult, resulting in ordinary income of 8 billion yen. Efforts to improve earnings will continue, focusing on the reduction of fixed costs.

Shipbuilding Business	27.9	(14.9)	⇒	13.0
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Forecasts ordinary income of 13 billion yen, as compared to an ordinary loss of 14.9 billion yen in the previous year. The expected improvement is due mainly to a decreased allowance for losses on construction contracts in response to improved earnings achieved through higher productivity and lower costs of materials and equipment.

Urban development Business	1.7	(3.7)	⇒	(2.0)
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Expects sales to remain at the same level as in the previous year, resulting in an ordinary loss of 2 billion yen amid the condominium market's protracted slump.

LSI Business	2.7	(4.2)	⇒	(1.5)
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Forecasts an ordinary loss of 1.5 billion yen, an improvement over the previous year. Fixed costs will be reduced through measures including restructuring, but overall demand, including products for LCD panels, will stay weak.

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