

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

(Six months ended September 30, 2009)

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

October 26, 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 Half of Fiscal Year ending March 31, 2010

(1) Statements of Income

	Net Sales (Millions of yen)	(% of change from same previous period)	Operating income (loss) (Millions of yen)	(% of change from same previous period)	Ordinary income (loss) (Millions of yen)	(% of change from same previous period)
First Half of fiscal year ending March 31, 2010	1,306,717	(37.9)	(40,938)	-	(57,407)	-
First Half of fiscal year ended March 31, 2009	2,103,162	-	237,623	-	258,618	-

	Net income (loss) (Millions of yen)	(% of change from same previous period) (Millions of yen)	Net income (loss) per share (yen)	Net income per share (fully diluted) (yen)
First Half of fiscal year ending March 31, 2010	(28,679)	-	(54.24)	-
First Half of fiscal year ended March 31, 2009	153,080	-	275.47	260.80

(2) Balance Sheets

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity capital ratio %	Net assets per share (yen)
First Half of fiscal year ending March 31, 2010	3,886,431	1,385,149	34.6	2,541.47
Fiscal year ended March 31, 2009	4,328,901	1,378,041	30.9	2,526.26

Note: Shareholders' equity (Millions of yen) First Half of fiscal year ending March 31, 2010 1,343,834
Fiscal Year ended March 31, 2009 1,335,895

2. Dividends

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

Note: Revisions to the dividend forecast in the current quarter: No
The year-end dividend and the total dividend are not yet determined

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

	Net Sales (Millions of yen)	(% of change from same previous period)	Operating income (loss) (Millions of yen)	(% of change from same previous period)	Ordinary Income (loss) (Millions of yen)	(% of change from same previous period)
Fiscal Year ending March 31, 2010	2,820,000	(27.8)	80,000	(80.4)	40,000	(90.0)

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

Note: Revisions to the consolidated financial results forecast in the current quarter: No

4. Others

1. Significant change in subsidiaries during the first half (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No

2. Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements: Yes

Note: For details, see Paragraph 4 ("Other information") under "Qualitative information, Financial Statement, etc." on page 4

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

1) Changes resulting from amendments to accounting standards: Yes

2) Changes other than 1) above: No

Note: For details, see Paragraph 4 ("Other information") under "Qualitative information, Financial Statement, etc." on page 4

4. Number of outstanding shares (common stock)

1) Outstanding shares at the end of term (including treasury stock)

As of September 30, 2009: 614,438,399 shares

As of March 31, 2009: 614,438,399 shares

2) Treasury stock at the end of term

As of September 30, 2009: 85,676,764 shares

As of March 31, 2009: 85,633,905 shares

3) Average number of shares issued during the term (first half consolidated period)

As of September 30, 2009: 528,782,223 shares

As of September 30, 2008: 555,702,358 shares

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

1. These forecasts are based on information available on the date of publication of this document as well as rational assumptions that we have made regarding certain factors. Actual results may vary significantly from these forecasts due to a wide range of circumstances. For a description of the results forecasts, see Paragraph 3 ("Qualitative information on consolidated results forecast") under "Qualitative information, Financial Statement, etc." on page 4.

2. Dividends will be determined in accordance with careful consideration of the company's business performance. The year-end dividend forecast is not yet determined because of the uncertainty of the business environment. We will disclose it promptly when the disclosure of the forecast dividend will be possible.

Qualitative Information, Financial Statements, etc.

1. Qualitative information on consolidated business results

Beginning in the fall of 2008, the business environment surrounding the 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 the six month period from April 1, 2009 to September 30, 2009 (hereinafter "first half"), while signs of recovery in areas such as production and export were seen due to the effects of economic stimulus measures by governments around the world, capital investment continuously persisted at a low level and employment remained underutilized. Going forward, the severe business environment is expected to persist.

Under these circumstances, the JFE Group made concerted efforts to improve earnings and achieved the group's ordinary income of 9.8 billion yen in the second quarter (three months from July 1, 2009 to September 30, 2009) while the company posted the group's ordinary loss of 67.2 billion yen in the first quarter (three months from April 1, 2009 to June 30, 2009).

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

The steel business reported net sales of 1,062.0 billion yen, down from the same period a year earlier due to declines in both sales prices and sales volume. An ordinary loss of 72.4 billion yen was incurred due to the deteriorated sales environment, despite the effect of low raw materials acquisition prices and efforts to improve earnings.

The engineering business posted net sales of 116.9 billion yen, down from the year-earlier period. Continued efforts to ensure profitability resulted in ordinary income growing to 2.8 billion yen.

The shipbuilding business reported increased net sales of 138.8 billion yen, due partly to expansion of the scope in the application of percentage-of-completion accounting. Ordinary income increased to 10.4 billion yen due mainly to company-wide efforts to improve earnings.

The urban development business posted increased net sales of 10.9 billion yen due to growth in condominium deliveries. Despite this improvement, however, an ordinary loss of 1.3 billion yen was incurred because the condominium market remained sluggish.

The LSI business saw net sales fall to 11.9 billion yen due to a decline in sales, particularly products for LCD panels. The ordinary loss of 500 million yen was incurred due to the significant impact of lower sales, despite efforts to reduce fixed costs.

As a result of these developments the group-wide consolidated sales and income for the first half worsened, resulting in net sales of 1,306.7 billion yen, operating loss of 40.9 billion yen, ordinary loss of 57.4 billion yen and net interim loss of 28.6 billion yen.

2. Qualitative information on consolidated financial status

At the end of this first half, the company's total assets decreased by 442.5 billion yen from the end of March 2009 to 3,886.4 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 449.6 billion yen to 2,501.2 billion yen, due mainly to reductions in commercial paper issued by the company and short-term borrowings. Net assets increased by 7.1 billion yen to 1,385.1 billion yen because valuation differences on available-for-sale securities surpassed the decrease in retained earnings as a result of booking a quarterly net loss. The shareholders' equity ratio increased 3.7 percentage points to 34.6%. Outstanding debt came to 1,526.9 billion yen, down 241.8 billion yen compared to the end of March 2009.

3. Qualitative information on consolidated results forecast

While the business environment surrounding the JFE Group is on a track to recovery mainly in products for export due to the effects of governments' economic stimulus measures for steel demand, such as by China, it still remains unclear if the recovering demand can be sustained and the future of currency movement is still uncertain should the Japanese yen appreciate. Therefore the company did not make revision of forecast figures of full-year consolidated financial results published on July 28th.

JFE Holdings decided not to pay an interim dividend because of severe financial conditions and the uncertainty of the business environment. The year-end dividend 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 half (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 the first quarter of the current fiscal year, 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 the first quarter, earnings from work deemed to be certain of progress by the end of the first half 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 interim net sales of 50,938 million yen and decreases of 6,547 million yen each in interim operating loss, ordinary loss and net loss before income taxes and minority interests.

5. Consolidated Quarterly Financial Results

(1) Consolidated Balance Sheets

	As of Sept. 30, 2009	(Millions of yen) As of Mar. 31, 2009
(Assets)		
Current assets:		
Cash and deposits	41,122	217,990
Notes and accounts receivable	368,442	535,199
Merchandise and finished goods	231,482	238,798
Work in process	148,199	182,996
Raw materials and supplies	340,412	406,539
Other current assets	147,201	180,473
Allowance for doubtful accounts	(988)	(876)
Total current assets	1,275,872	1,761,121
Property, plant and equipment, net:		
Buildings and structures, net	439,583	446,922
Machinery and equipment, net	737,901	748,746
Land	532,505	531,601
Other property, plant and equipment, net	125,049	115,961
Total property, plant and equipment, net	1,835,039	1,843,232
Intangible assets	74,966	79,786
Investments and other assets:		
Investments in securities	515,093	448,014
Other assets	189,420	200,489
Allowance for doubtful accounts	(5,604)	(5,576)
Total investments and other assets	698,909	642,927
Deferred assets	1,642	1,834
Total assets	3,886,431	4,328,901

	As of Sept. 30, 2009	(Millions of yen) As of Mar. 31, 2009
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	296,915	352,315
Short-term borrowings	73,484	188,918
Commercial paper	41,993	175,935
Current portion of corporate bonds	90,000	40,000
Current portion of convertible bonds	-	8,049
Reserves	13,661	33,548
Other current liabilities	368,515	492,193
Total current liabilities	884,570	1,290,961
Long-term liabilities:		
Corporate bonds	249,995	259,994
Convertible bonds	300,000	300,000
Long-term borrowings	771,503	795,849
Accrued retirement benefits	141,848	144,586
Reserve for rebuilding furnaces	42,391	41,778
Allowance for losses on specific waste disposal business	42,625	44,711
Other reserves	16,195	18,057
Other long-term liabilities	52,150	54,922
Total long-term liabilities	1,616,710	1,659,899
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	657,387	657,387
Retained earnings (Deficit)	960,492	1,005,066
Treasury stock, at cost	(426,762)	(426,649)
Total owners' equity	1,338,260	1,382,947
Valuation and translation adjustments:		
Net unrealized gains on securities	33,220	(12,575)
Deferred earnings on hedges	(217)	(1,221)
Revaluation reserve for land, net of tax	14,754	14,755
Translation adjustments	(42,182)	(48,010)
Total valuation and translation adjustments	5,573	(47,052)
Minority interests	41,315	42,145
Total net assets	1,385,149	1,378,041
Total liabilities and net assets	3,886,431	4,328,901

(2) Consolidated Statements of Income

	(Millions of yen)	
	First Half of Fiscal Year ending Mar. 31, 2010	First half of Fiscal Year ended Mar. 31, 2009
Net sales	1,306,717	2,103,162
Cost of sales	1,224,712	1,709,375
Selling, general and administrative expenses	122,943	156,163
Operating income (loss)	(40,938)	237,623
Non-operating income(loss):		
Interest income	268	731
dividends received	4,488	5,390
Profit on inventories	-	15,215
Equity in earnings of affiliates	-	20,298
Interest expense	(10,474)	(10,928)
Foreign exchange loss	(8,874)	-
Loss on disposal and sales of property, plant and equipment	-	(7,835)
Other, net	(1,878)	(1,877)
Ordinary income (loss)	(57,407)	258,618
Extraordinary profit(loss)		
Profit on sales of investments in securities	-	13,783
Profit on sales of shares of affiliate companies	-	3,294
Loss on impairment of property, plant and equipment	-	(19,464)
Income before income taxes and minority interests(loss)	(57,407)	256,231
Income taxes:		
Current	5,427	104,793
Deferred	(35,302)	(3,369)
Minority interests	1,147	1,726
Net income(loss)	(28,679)	153,080

(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)

1. Consolidated Results for the 1st Half of Fiscal Year ending March 31, 2009

(billions of yen)

Items	1st Half of FY ended March 2009	1st Half of FY ending March 2010		Change (1st Half)		
		1Q	2Q			
Steel Business	1,893.9	476.3	585.7	1,062.0	(831.9)	(43.9%)
Engineering Business	125.5	51.2	65.7	116.9	(8.6)	(6.9%)
Shipbuilding Business	97.9	68.4	70.3	138.8	40.9	41.8%
Urban Development Business	5.8	4.6	6.2	10.9	5.1	87.9%
LSI Business	18.5	5.0	6.9	11.9	(6.6)	(35.7%)
Eliminations and Corporate	(38.6)	(17.0)	(16.9)	(34.0)	4.6	-
Net Sales	2,103.1	588.6	718.1	1,306.7	(796.4)	(37.9%)
Operating Income	237.6	(61.2)	20.2	(40.9)	(278.5)	-
Other Income (Expenses)	20.9	(6.0)	(10.4)	(16.4)	(37.3)	-
Steel Business	268.3	(76.8)	4.4	(72.4)	(340.7)	-
Engineering Business	0.5	0.3	2.4	2.8	2.3	460.0%
Shipbuilding Business	(7.1)	6.6	3.8	10.4	17.5	-
Urban Development Business	(2.8)	(0.1)	(1.2)	(1.3)	1.5	-
LSI Business	0.1	(0.4)	(0.0)	(0.5)	(0.6)	-
Eliminations and Corporate	(0.3)	3.1	0.4	3.6	3.9	-
Ordinary Income	258.6	(67.2)	9.8	(57.4)	(316.0)	-
Extraordinary Profit (Loss)	(2.3)	-	-	-	2.3	-
Income before income taxes and minority interests(loss)	256.2	(67.2)	9.8	(57.4)	(313.6)	-
Tax Expense and Minority Interest	(103.1)	25.7	3.0	28.7	131.8	-
Net Income	153.0	(41.5)	12.8	(28.6)	(181.6)	-

2. Earnings Forecast for Fiscal Year ending March 31, 2010

Items	(billions of yen)						(Reference)
	FY ending March 2010						FY ended March 2009(Full Year)
	Previous forecast		Updated forecast		Change		
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year	
Steel Business	1,040.0	2,250.0	1,062.0	2,250.0	22.0	0.0	3,423.3
Engineering Business	115.0	300.0	116.9	300.0	1.9	0.0	338.2
Shipbuilding Business	135.0	280.0	138.8	280.0	3.8	0.0	181.4
Urban Development Business	10.0	25.0	10.9	25.0	0.9	0.0	25.1
LSI Business	10.0	23.0	11.9	23.0	1.9	0.0	27.8
Eliminations and Corporate	(30.0)	(58.0)	(34.0)	(58.0)	(4.0)	0.0	(87.8)
Net Sales	1,280.0	2,820.0	1,306.7	2,820.0	26.7	0.0	3,908.2
Operating Income	(50.0)	80.0	(40.9)	80.0	9.1	0.0	407.8
Other Income (Expenses)	(20.0)	(40.0)	(16.4)	(40.0)	3.6	0.0	(7.2)
Steel Business	(76.8)	20.0	(72.4)	20.0	4.4	0.0	412.5
Engineering Business	(1.0)	8.0	2.8	8.0	3.8	0.0	9.9
Shipbuilding Business	6.6	13.0	10.4	13.0	3.8	0.0	(14.9)
Urban Development Business	(1.5)	(2.0)	(1.3)	(2.0)	0.2	0.0	(3.7)
LSI Business	0.0	(1.5)	(0.5)	(1.5)	(0.5)	0.0	(4.2)
Eliminations and Corporate	2.7	2.5	3.6	2.5	0.9	0.0	0.9
Ordinary Income	(70.0)	40.0	(57.4)	40.0	12.6	0.0	400.5
Extraordinary Profit (Loss)	-	-	-	-	-	-	(69.5)
Income before income taxes and minority interests(loss)	(70.0)	40.0	(57.4)	40.0	12.6	0.0	331.0
Tax Expense and Minority Interest	30.0	(16.0)	28.7	(16.0)	(1.3)	0.0	(136.8)
Net Income	(40.0)	24.0	(28.6)	24.0	11.4	0.0	194.2

3. Consolidated financial indices

Financial Indices	FY ending March 2010			FY ended March 2009(Full Year)
	Previous forecast	Updated forecast	Change	
Return on Sales (ROS) *1	1.4%	1.4%	0.0%	10.2%
Return on Assets (ROA) *2	1.5%	1.5%	0.0%	10.0%
Debt Outstanding	1,520 bil. yen	1,520 bil. yen	0	1,768.7 bil. yen
Shareholders' Equity	1,370 bil. yen	1,370 bil. yen	0	1,335.8 bil. yen
D/E Ratio	110.9%	110.9%	0.0%	132.4%
D/E Ratio*3	(81.2%)	(81.2%)	(0.0%)	(98.9%)

*1 ROS = Ordinary Income / Net Sales

*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. Forecasts of Operating Income/Loss by Business Segment

(billion yen)

	FY ending March 2010 (Previous forecast)		FY ending March 2010 (Current forecast)	
	1H	Full year	1H	Full year
Steel Business	(60.0)	50.0	(58.6)	50.0
Engineering Business	(1.0)	9.0	2.7	9.0
Shipbuilding Business	6.5	13.0	9.8	13.0
Urban Development Business	(1.5)	(2.0)	(1.2)	(2.0)
LSI Business	0.0	(1.0)	(0.3)	(1.0)
Eliminations and Corporate	6.0	11.0	6.7	11.0
Operating income	(50.0)	80.0	(40.9)	80.0

2. 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	6.90	12.01				
	Consolidated	5.72	7.56	13.28				

3. 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	6.28	10.62				

4. 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	47.7	45.3				

5. 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	94.7	96.1				

6. 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	67.9	71.1				

7. Engineering business orders (including inter-segment transactions)

(billion yen)

FY ending March 2010 300.0(*) (8.6)% compared to previous FY

(*)=estimated result

8. Shipbuilding business orders (including inter-segment transactions)

(billion yen)

FY ending March 2010 100.0(*) (1.9)% compared to previous FY

(*)=estimated result

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

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)		(billion yen)
March 31, 2009	1,768.7	FY ended March 31, 2009	(22.5)
March 31, 2010	1,520(*)	FY ending March 31, 2010	(21)(*)
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2009	217.9		
March 31, 2010	40(*)		(*)=estimated result

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

	(billion yen)		
	FY March 09	FY March 10	
Capital investment	289.5	200(*)	
Depreciation	247.7	250(*)	(*)=estimated result

11. Breakdown of changes in ordinary income (1H FY March 2010 compared to 1H FY March 2009)

(billion yen)		<u>1H FY March 2009</u>		<u>1H FY March 2010</u>
Steel Business	(340.7)	268.3	⇒	(72.4)
Cost reduction	75.0			
Exchange rate	(8.0)			
Raw material	96.0			
Sales volume and price	(370.0)			
Unrealized holding gains on inventories	(57.0)			
Others	(76.7)			
Engineering Business	2.3	<u>0.5</u>	⇒	<u>2.8</u>

Posted an ordinary income of 2.8 billion yen due to continued efforts to ensure profitability focusing on the reduction of fixed costs and the improvement of earnings from respective projects.

Shipbuilding Business	17.5	(7.1)	⇒	10.4
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Posted an ordinary income of 10.4 billion yen 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	1.5	(2.8)	⇒	(1.3)
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Posted an ordinary loss of 1.3 billion yen, despite some improvement, due to the condominium market's continuously protracted slump.

LSI Business	(0.6)	0.1	⇒	(0.5)
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Posted an ordinary loss of 500 million yen due to the significant impact of lower sales, particularly of products for LCD panels, despite efforts to reduce fixed costs.

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