

JFE Holdings' Financial Results in First Quarter of Fiscal Year 2011 Ending March 31, 2012

— All financial information has been prepared in accordance with generally accepted accounting principles in Japan —
(Note: The following is an English translation of an original Japanese document)

July 27, 2011

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Listings: Tokyo, Osaka and Nagoya stock exchanges
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1. Consolidated Results in First Quarter of Fiscal 2011 (April 1 to June 30, 2011)

(1) Statements of Income

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Net income (million yen)	Year-on-year change (%)	Net income per share (yen)	Net income per share [fully diluted] (yen)
1Q FY 2011	754,528	(0.0)	21,851	(59.0)	25,422	(50.6)	7,122	(74.5)	13.42	-
1Q FY 2010	754,661	28.2	53,349	-	51,415	-	27,980	-	52.92	51.09

Note: Comprehensive income: 10,669 million yen in 1Q FY 2011 (down 31.4%)
15,552 million yen in 1Q FY 2010

(2) Balance Sheets

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)
End 1Q FY 2011	4,007,325	1,479,979	35.9
End FY 2010	3,976,644	1,478,310	36.2

Note: Shareholders' equity: 1,439,637 million yen as of June 30, 2011
1,437,595 million yen as of March 31, 2011

2. Dividends in Fiscal 2011

	Dividend per share (yen)		
		Interim	Year-end
FY 2010	35.00	20.00	15.00
FY 2011 (estimate)	-	10.00	-

Note: Revisions to the dividend forecast announced most recently: Yes
The year-end dividend and the total dividend are not yet determined

3. Forecasts of Consolidated Financial Results in Fiscal 2011

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Net income (million yen)	Year-on-year change (%)	Net income per share (yen)
First half FY 2011	1,600,000	1.8	50,000	(56.5)	50,000	(52.4)	17,000	(63.1)	32.02
FY 2011	3,400,000	6.4	130,000	(28.9)	130,000	(21.6)	80,000	36.5	150.69

Note: Revisions to the consolidated financial results forecasts announced most recently: Yes

4. Others

1. Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No
2. Application of special accounting method in the preparation of quarterly consolidated financial statements: No
3. Changes in the accounting policies, accounting estimates and corrections of errors
 - 1) Changes in the accounting policies resulting from amendments to accounting standards: No
 - 2) Changes other than 1) above: No
 - 3) Changes in the accounting estimates: No
 - 4) Corrections of errors: No
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)
 - As of June 30, 2011: 614,438,399 shares
 - As of March 31, 2011: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of June 30, 2011: 83,566,616 shares
 - As of March 31, 2011: 83,667,772 shares
 - 3) Average number of shares issued during the term (first quarter consolidated period)
 - 1Q FY 2011: 530,900,785 shares
 - 1Q FY 2010: 528,733,670 shares

Status of Quarterly Review

At the point of disclosing these quarterly financial results, the review of consolidated balance sheets in accordance with the Financial Instruments and Exchange Act was underway.

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

1. 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 "Consolidated results forecasts" on page 2 of the attached document.
2. Notes to the financial results can be viewed at the JFE Holdings website.

Attachments

1. Qualitative Information
 - (1) Consolidated business results
 - (2) Consolidated results forecasts

2. Consolidated Financial Statements
 - (1) Consolidated balance sheets
 - (2) Consolidated statements of income and consolidated statements of comprehensive income
 - Consolidated statements of income (first quarter)
 - Consolidated statements of comprehensive income (first quarter)
 - (3) Notes pertaining to the presumption of a going concern
 - (4) Notes in case of significant changes to shareholders' equity

3. Reference

1. Qualitative Information

(1) Consolidated business results

The Japanese economy in the first quarter of fiscal 2011 (ended June 30, 2011) remained in a harsh environment due to slowed production and other ongoing effects of the Great East Japan Earthquake.

On a consolidated basis for the quarter, JFE Holdings posted net sales of 754.5 billion yen, roughly the same figure achieved in the first quarter of fiscal 2010. Operating income and ordinary income decreased to 21.8 billion yen and 25.4 billion yen respectively. After posting an extraordinary loss of 16.8 billion yen due partly to booking disaster losses, net income before income taxes and minority interests decreased to 8.6 billion yen, while net income fell to 7.1 billion yen.

By segment, JFE's steel business posted net sales of 663.7 billion yen, up from the first quarter of fiscal 2010, due partly to higher sales prices, which were achieved despite a decline in sales volume. Ordinary income fell to 19.6 billion yen, despite ongoing efforts to improve earnings, due mainly to soaring raw material prices.

Engineering business net sales increased to 46.7 billion yen from the figure achieved in the first quarter of 2010, even in the harsh business environment. Although an ordinary loss of 400 million yen was recorded, the amount was less than last year, reflecting continued efforts to improve earnings through cost trimming.

Shipbuilding business net sales increased over the figure achieved in the first quarter of fiscal 2010 to reach 54.0 billion yen. Despite the efforts to boost earnings, ordinary income declined to 5.7 billion yen due to a reduced reversal of allowance for losses on construction contracts.

LSI business net sales totaled 5.9 billion yen, a decrease from the first quarter of fiscal 2010, due to such factors as the continued strength of the Japanese yen. Ordinary income of 300 million yen, the same as in the previous year, was due partly to the effect of improved earnings and was achieved despite the negative impact of yen appreciation.

(2) Consolidated results forecasts

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

In the steel business, production and sales are improving, with production in some customer industries recovering well from the earthquake. The company has already basically agreed with suppliers on raw material prices for the first half of the year, so it is currently negotiating with customers to revise steel prices in view of the steep rise in raw material prices, while also working to reduce its own costs. Looking at the second half of the year, uncertainty remains over raw material prices, steel prices and sales volumes. At present, the company forecasts ordinary income of 120 billion yen, a decrease from a year earlier.

The engineering business forecasts ordinary income of 10 billion yen, reflecting continued efforts to improve earnings as thoroughly as possible by reducing costs amidst unfavorable business conditions.

The shipbuilding business forecasts ordinary income of 4.5 billion yen due to a reduced allowance for construction losses associated with the yen's appreciation. Continued efforts will be made to improve earnings by cutting costs and raising productivity.

The LSI business forecasts ordinary income of 1.8 billion yen—almost the same as the previous year—owing to cost reductions, and despite reduced net sales due to the yen's appreciation.

JFE Holdings' full-year consolidated forecasts are net sales of 3,400 billion yen, operating income of 130 billion yen, ordinary income of 130 billion yen and net income of 80 billion yen.

The company intends to pay an interim dividend of 10 yen per share in response to current income and profit. A decision about the year-end payment will be withheld until the actual performance becomes clearer.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2011	As of June 30, 2011
(Assets)		
Current assets:		
Cash and deposits	49,591	48,527
Notes and accounts receivable	547,922	493,464
Merchandise and finished goods	254,612	269,558
Work in process	52,589	65,709
Raw materials and supplies	359,321	389,686
Other current assets	137,754	165,430
Allowance for doubtful accounts	(398)	(259)
Total current assets	1,401,391	1,432,117
Property, plant and equipment, net:		
Buildings and structures, net	424,751	425,956
Machinery and equipment, net	667,200	669,841
Land	520,408	520,265
Other property, plant and equipment, net	99,957	92,947
Total property, plant and equipment, net	1,712,318	1,709,011
Intangible assets	62,549	60,411
Investments and other assets:		
Investments in securities	654,797	667,797
Other assets	150,236	142,552
Allowance for doubtful accounts	(5,647)	(5,463)
Total investments and other assets	799,387	804,886
Deferred assets	997	898
Total assets	3,976,644	4,007,325

(million yen)

	As of March 31, 2011	As of June 30, 2011
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	353,865	346,337
Short-term borrowings	229,652	355,265
Commercial paper	27,994	36,998
Current portion of corporate bonds	60,000	59,999
Allowances	25,216	29,173
Other current liabilities	342,946	303,431
Total current liabilities	1,039,675	1,131,205
Long-term liabilities:		
Corporate bonds	289,997	279,999
Convertible bonds	300,000	300,000
Long-term borrowings	588,768	542,385
Accrued retirement benefits	127,605	127,435
Other allowances	87,103	82,896
Others	65,182	63,423
Total long-term liabilities	1,458,658	1,396,140
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	651,964	651,572
Retained earnings	1,081,697	1,080,897
Treasury stock, at cost	(415,890)	(415,237)
Total owners' equity	1,464,913	1,464,374
Accumulated other comprehensive income:		
Net unrealized gains on securities	7,878	6,458
Deferred earnings on hedges	29	(1,069)
Revaluation reserve for land, net of tax	12,097	12,095
Translation adjustments	(47,324)	(42,222)
Total accumulated other comprehensive income	(27,318)	(24,737)
Minority interests	40,715	40,341
Total net assets	1,478,310	1,479,979
Total liabilities and net assets	3,976,644	4,007,325

(2) Consolidated Statements of Income

	First Quarter of Fiscal 2010	(million yen) First Quarter of Fiscal 2011
Net sales	754,661	754,528
Cost of sales	639,493	673,401
Selling, general and administrative expenses	61,818	59,275
Operating income	53,349	21,851
Non-operating income:		
Interest income	140	103
Dividends received	3,240	4,085
Equity in earnings of affiliates	4,531	6,526
Other, net	8,513	5,950
Non-operating expense:		
Interest expense	4,257	3,736
Foreign exchange loss	4,234	3,058
Loss on sales of property, plant and equipment, etc.	2,337	2,645
Other, net	7,531	3,655
Ordinary income	51,415	25,422
Extraordinary loss:		
Effect of applying accounting standard for asset retirement obligations	5,306	-
Write-down of investments in securities	-	4,096
Loss due to disaster	-	12,723
Income before income taxes and minority interests	46,108	8,603
Income taxes	16,956	607
Quarterly net income before minority interests	29,151	7,995
Minority interests	1,170	873
Net income	27,980	7,122

Consolidated Statements of Comprehensive Income

	First Quarter of Fiscal 2010	(million yen) First Quarter of Fiscal 2011
Net income before minority interests	29,151	7,995
Other comprehensive income		
Net unrealized gains on securities	(13,291)	(1,065)
Deferred earnings on hedges	(2,681)	(1,135)
Translation adjustments	2,010	2,413
Equivalent share of gain/loss to equity method affiliates	363	2,460
Total other comprehensive income	(13,598)	2,673
Comprehensive income	15,552	10,669
(breakdown)		
Comprehensive income attributable to parent shareholder	14,428	9,705
Comprehensive income attributable to minority shareholders	1,123	964

(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.

3. Reference

1. Consolidated Results in First Quarter of Fiscal 2011 and Earnings Forecasts

(billion yen)

	FY 2010			FY 2011				Change		
	1Q	1H	Full year	1Q	2Q*	1H*	Full year*	1Q	1H	Full year
Steel Business	657.4	1,369.5	2,747.4	663.7	736.3	1,400.0	2,930.0	6.3	30.5	182.6
Engineering Business	46.1	104.8	265.1	46.7	53.3	100.0	300.0	0.6	(4.8)	34.9
Shipbuilding Business	52.9	106.6	210.8	54.0	51.0	105.0	210.0	1.1	(1.6)	(0.8)
Urban Development Business	4.9	8.5	13.3	-	-	-	-	(4.9)	(8.5)	(13.3)
LSI Business	6.1	12.1	24.1	5.9	6.1	12.0	24.0	(0.2)	(0.1)	(0.1)
Adjustments	(12.8)	(29.5)	(65.3)	(15.9)	(1.1)	(17.0)	(64.0)	(3.1)	12.5	1.3
Net Sales	754.6	1,572.2	3,195.5	754.5	845.5	1,600.0	3,400.0	(0.1)	27.8	204.5
Operating Income	53.3	114.8	182.8	21.8	28.2	50.0	130.0	(31.5)	(64.8)	(52.8)
Other Income (Expenses)	(1.9)	(9.8)	(17.0)	3.6	(3.6)	0	0	5.5	9.8	17.0
Steel Business	46.1	88.1	134.2	19.6	23.4	43.0	120.0	(26.5)	(45.1)	(14.2)
Engineering Business	(0.9)	3.4	12.2	(0.4)	(0.6)	(1.0)	10.0	0.5	(4.4)	(2.2)
Shipbuilding Business	7.2	12.5	17.1	5.7	0.3	6.0	4.5	(1.5)	(6.5)	(12.6)
Urban Development Business	(0.7)	(0.5)	(0.7)	-	-	-	-	0.7	0.5	0.7
LSI Business	0.3	0.8	1.6	0.3	0.5	0.8	1.8	0	0	0.2
Adjustments	(0.6)	0.6	1.1	0.1	1.1	1.2	(6.3)	0.7	0.6	(7.4)
Ordinary Income (Loss)	51.4	104.9	165.8	25.4	24.6	50.0	130.0	(26.0)	(54.9)	(35.8)
Extraordinary Profit (Loss)	(5.3)	(19.6)	(50.5)	(16.8)	(1.2)	(18.0)	(33.0)	(11.5)	1.6	17.5
Income Before Income Taxes and Minority Interests	46.1	85.3	115.2	8.6	23.4	32.0	97.0	(37.5)	(53.3)	(18.2)
Tax Expense and Minority Interest	(18.1)	(39.3)	(56.6)	(1.4)	(13.6)	(15.0)	(17.0)	16.7	24.3	39.6
Net Income	27.9	46.0	58.6	7.1	9.9	17.0	80.0	(20.8)	(29.0)	21.4

* estimate

2. Consolidated financial indices

Financial Indices	FY 2010	FY 2011*	Change
Return on Sales (ROS) *1	5.2%	3.8%	(1.4)%
Return on Assets (ROA) *2	4.6%	3.6%	(1.0)%
Debt Outstanding	1,496.4 billion yen	1,590 billion yen	93.6 billion yen
Shareholders' Equity	1,437.5 billion yen	1,500 billion yen	62.5 billion yen
D/E Ratio	104.1%	106.0%	1.9%
D/E Ratio*3	76.5%	79.1%	2.6%

* estimate

*1 ROS = Ordinary Income / Net Sales

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

*3 D/E ratio in the rating of hybrid bonds having a capital component (unsecured share-warrant convertible bonds with a subordinate purchase option issued in March 2008), with 75% of the 300 billion yen issue price deemed to be capital, as assessed by rating agencies.

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010	Non-consolidated	7.26	7.09	14.35	7.21	7.24	14.45	28.80
	Consolidated	8.01	7.70	15.70	7.89	7.88	15.77	31.47
FY 2011	Non-consolidated	6.71	6.99*	13.70*				
	Consolidated	7.22	7.48*	14.70*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010		6.54	6.61	13.14	6.33	6.77	13.10	26.25
FY 2011		6.09	6.51*	12.60*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010		49.5	45.2	47.2	43.2	48.3	45.7	46.5
FY 2011		49.4	46*	48*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010		92.8	86.6	89.7	83.0	81.8	82.4	86.0
FY 2011		82.0	80*	81*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010		74.6	81.6	78.1	79.3	75.9	77.6	77.9
FY 2011		82.4	88*	85*				

* estimate

8. Engineering Business Orders (including inter-segment transactions)

(billion yen)

FY 2011 350* 36.5% increase from previous year

* estimate

9. Shipbuilding Business Orders (including inter-segment transactions)

(billion yen)

FY 2011 170* 108.6% increase from previous year

* estimate

10. Debt Outstanding, Interest Expense, and Cash and Deposits

(JFE Holdings on consolidated basis)

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)		(billion yen)
March 31, 2011	1,496.4	FY 2010	(16.4)
March 31, 2012	1,590*	FY 2011	(16)*
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2011	49.5		
March 31, 2012	35*		

* estimate

11. Capital Investment and Depreciation Cost (JFE Holdings on consolidated basis)

(billion yen)

	FY 2010	FY 2011
Capital investment	180.4	170*
Depreciation	246.6	240*

(on construction basis)

* estimate

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