

## JFE Holdings' Financial Results of Fiscal Year 2011 ended 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)

April 20, 2012

Official name: JFE Holdings, Inc.  
Listings: Tokyo, Osaka and Nagoya stock exchanges  
Code: 5411  
English URL: www.jfe-holdings.co.jp/en  
Contact: Gaku Takahashi, Manager, Public Relations Section  
General Administration Department  
Phone: +81-3-3597-3842, Fax: +81-3-3597-4401

### 1. Consolidated Results in Fiscal Year 2011 (April 1, 2011 to March 31, 2012)

#### (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 (loss) (million yen)	Year-on- year change (%)
FY 2011	3,166,511	(0.9)	44,779	(75.5)	52,977	(68.0)	(36,633)	-
FY 2010	3,195,560	12.3	182,810	105.9	165,805	139.3	58,608	28.4

Note: Comprehensive income: (19,268) million yen in FY 2011  
29,086 million yen in FY 2010 (down 72.1%)

	Net income per share (yen)	Net income per share [fully diluted] (yen)	ROE (%)	ROA (Ordinary income divided by total assets) (%)	ROS (Operating income divided by net sales (%)
FY 2011	(68.71)	-	(2.6)	1.3	1.4
FY 2010	110.73	109.68	4.1	4.2	5.7

Note: Equity in earnings of affiliates: 27,253 million yen as of March 31, 2012  
16,312 million yen as of March 31, 2011

#### (2) Balance Sheets

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
FY 2011	4,007,263	1,456,340	35.3	2,627.63
FY 2010	3,976,644	1,478,310	36.2	2,708.51

Note: Shareholders' equity: 1,414,256 million yen as of March 31, 2012  
1,437,595 million yen as of March 31, 2011

#### (3) Statements of Cash Flows

	Net cash provided by operating activities (million yen)	Net cash used in investing activities (million yen)	Net cash used in financing activities (million yen)	Cash and cash equivalents at end of the year (million yen)
FY 2011	110,087	(205,494)	96,078	50,492
FY 2010	302,603	(302,282)	23,073	49,043

### 2. Dividends in Fiscal 2011

	Dividend per share (yen)			Total dividend payout (million yen)	Dividend payout Ratio (Consolidated) %	Dividend per net assets (Consolidated) %
	Interim	Year-end				
FY 2010	35.00	20.00	15.00	18,553	31.6	1.3
FY 2011	20.00	10.00	10.00	10,708	-	0.7
FY 2012 (forecast)	undecided	undecided	undecided		undecided	

### **3. Forecasts of Consolidated Financial Results for Fiscal 2012 (from April 1, 2012 to March 31, 2013)**

The company has decided to refrain from publishing consolidated financial results forecasts for the fiscal 2012 because forecasting with any reasonable degree of accuracy is not possible at this stage. For more information about this decision, please refer to "Forecast for Fiscal 2012" on page 3 of the attached document

#### **4. Others**

1. Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No
2. Changes in accounting policies and estimates, and restatement in the preparation of consolidated financial statements
  - 1) Changes in accounting policies from amendments to accounting standards: No
  - 2) Changes other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Restatement: No
3. Number of outstanding shares (common stock)
  - 1) Outstanding shares at the end of term (including treasury stock)
    - As of March 31, 2012: 614,438,399 shares
    - As of March 31, 2011: 614,438,399 shares
  - 2) Treasury stock at the end of term
    - As of March 31, 2012: 76,213,077 shares
    - As of March 31, 2011: 83,667,772 shares
  - 3) Average number of shares issued during the term
    - FY 2011: 533,144,363 shares
    - FY 2010: 529,298,566 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 forecasts, see "Consolidated business results" 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) Analysis of financial position
- (3) Basic guidelines on profit distributions and dividends for fiscal 2011 and 2012

### 2. Management Policy

- (1) Basic management policy
- (2) Indicators serving as business targets
- (3) Medium- and long-term business strategies
- (4) Tasks requiring attention

### 3. Consolidated Financial Statements

- (1) Consolidated balance sheets
- (2) Consolidated statements of income and consolidated statements of comprehensive income
  - Consolidated statements of income
  - Consolidated statements of comprehensive income
- (3) Consolidated statement of changes in net assets
- (4) Consolidated statements of cash flows
- (5) Notes pertaining to the presumption of a going concern
- (6) Significant accounting policies for preparing consolidated financial statements

### 4. Reference

## 1. Qualitative Information

### (1) Consolidated Business Results

The JFE Group, guided by its corporate mission of contributing to society with the world's most innovative technology, continued to achieve sustainable growth and improved corporate value for its shareholders and all other stakeholders in fiscal 2011, which ended March 31, 2012.

The Japanese economy faced daunting challenges due to the global economic recession and the strong yen, etc. despite signs of a partial economic recovery from the Great East Japan Earthquake. Under these circumstances, the JFE Group stepped up efforts to meet foreign demand through expanded overseas bases and make a focused attempt to support reconstruction efforts following the earthquake disaster in Japan, as well as to improve earnings. However, due to the worsening of business since the previous fiscal year, JFE Holdings reported a consolidated net loss.

On a consolidated basis, the company recorded net sales of 3,166.5 billion yen, roughly unchanged from the previous year, and operating income of 44.7 billion yen and ordinary income of 52.9 billion yen, both decreases from the previous year. An extraordinary loss of 124.8 billion yen included a loss on the valuation of overseas investments, which had been made as part of the company's growth strategy but suffered from slumping equity markets. The result was a loss before income taxes and minority interests of 71.8 billion yen and a net loss of 36.6 billion yen.

By segment, starting with steel business, annual consolidated crude steel production decreased to 29.24 million tons due to shrinking domestic and international demand, despite efforts to expand sales. Net sales came to 2,714.4 billion yen, roughly unchanged from the previous year, as higher sales prices offset decreased sales volume. Ordinary income fell to 25.7 billion yen due to sharp rises in raw material prices, despite continued efforts to improve earnings.

Engineering business net sales increased to 278.7 billion yen due partly to efforts to win more orders, mainly for big projects in the environmental and energy fields both in Japan and overseas. Ordinary income increased to 14.3 billion yen due to thorough efforts to reduce costs and secure profitability.

Shipbuilding business delivered 28 new vessels and saw net sales increase to 214.6 billion yen. Ordinary income of 12.2 billion yen, although supported by efforts to improve earnings, declined due to the impact of an allowance for losses on construction projects.

LSI net sales decreased to 21.4 billion yen due to lower sales prices and the Japanese yen's continued strength, although sales volume increased. Ordinary income was almost unchanged at 1.5 billion yen due to decreased sales, which negated the effects of reduced administrative expenses.

## Forecast for Fiscal 2012

JFE Holdings has decided not to issue fiscal 2012 consolidated earnings forecasts at this time due to shortened contract periods for main raw material prices and ongoing negotiations concerning the prices of steel products, which have made it impossible to compile rational forecasts. The company will disclose these forecasts as soon as accurate forecasting becomes possible. An update about this matter will be provided when fiscal 2012 first quarter earnings are announced.

## (2) Analysis of Financial Position

### Analysis of Assets, Debt, Net Assets and Cash Flow Positions

Total assets at the end of fiscal 2011 (March 31, 2012) increased 30.6 billion yen from the previous year-end to 4,007.2 billion yen, mainly due to increases in inventories. Debt increased 52.6 billion yen to 2,550.9 billion yen mainly due to increases in borrowings. Net assets decreased 22.0 billion yen to 1,456.3 billion yen due to reasons including decreased retained earnings resulting from the net loss.

Net cash provided in operating activities amounted to 110.0 billion yen. Net cash used for investment activities totaled 205.4 billion yen, largely the result of acquisitions of fixed assets. Aggregate free cash flow totaled 95.4 billion yen of expenses.

Cash flow from financing activities came to 96.0 billion yen, primarily from long-term borrowings.

Outstanding debt at the fiscal year-end was 1,593.6 billion yen, up 97.2 billion yen. Outstanding cash and deposits increased by 0.8 billion yen to 50.3 billion yen.

### Cash Flow and Other Financial Indicators

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Return on sales (ROS)	14.2%	10.2%	2.4%	5.2%	1.7%
Return on assets (ROA)	13.0%	10.0%	2.2%	4.6%	1.7%
Outstanding debt	1,281.9. bil yen	1,768.7 bil. yen	1,468.4 bil. yen	1,496.4 bil. yen	1,593.6 bil. yen
D/E ratio*	85.7%	132.4%	103.2%	104.1%	112.7%
Shareholders' equity ratio	35.9%	30.9%	36.3%	36.2%	35.3%
Shareholders' equity ratio at market prices	60.6%	26.2%	50.8%	32.5%	23.9%
Debt redemption term	2.9 years	7.3 years	3.8 years	4.9 years	14.5 years
Interest coverage ratio	24.6 times	11.3 times	18.9 times	17.9 times	7.2 times

\*In the rating of hybrid bonds having a capital component (unsecured share-warrant convertible bonds with a subordinate purchase option issued in March 2008), if 75% of the 300 billion yen issue price is deemed to be capital, as assessed by rating agencies, the company's D/E ratio was 61.4% on March 31, 2008, 98.9% on March 31, 2009, 75.5% on March 31, 2010, 76.5% on March 31, 2011 and 83.5%

on March 31, 2012.

Notes:

- Return on sales (ROS) = Ordinary income/Net sales
- Return on assets (ROA) = (Ordinary income + Interest expense)/Total assets<sup>1</sup>
- 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 capitalization<sup>2</sup>/Total assets
- Debt redemption term = Outstanding debt/Operating cash flow<sup>3</sup>
- Interest coverage ratio = Operating cash flow<sup>3</sup>/Interest expense<sup>4</sup>

<sup>1</sup> (Total assets at beginning of term + Total assets at end of term)/2

<sup>2</sup> Market capitalization is calculated as term-end market prices multiplied by term-end outstanding shares.

<sup>3</sup> Operating cash flow corresponds to cash flow from operating activities on the consolidated cash flow statement.

<sup>4</sup> Interest expense corresponds to interest payments on the consolidated cash flow statement.

### **3) Basic Guidelines on Profit Distributions and Dividends for Fiscal 2011 and 2012**

The return of profits to shareholders is one of JFE Holdings' top priorities. The company's policy is to proactively distribute dividends while maintaining a sound and sustainable operational basis for the Group. The company's basic, general target for its consolidated payout ratio is 25%.

Despite a net loss due to an extraordinary loss on the write-down of investment securities following a slump in the stock market, in view of the level of full-year ordinary income, JFE Holdings proposed at its General Meeting of Shareholders a payment of 10 yen per share for the year-end dividend, resulting in an annual dividend of 20 yen per share.

JFE Holdings is not issuing a dividend forecast for fiscal 2012 at this time, as it is still determining its earnings outlook.

## **2. Management Policy**

### **(1) Basic Management Policy**

### **(2) Indicators Serving as Business Targets**

### **(3) Medium- and Long-Term Business Strategies**

### **(4) Corporate Tasks Requiring Attention**

#### Business environment and related efforts

The JFE Group has been facing a harsh business environment due to several factors, including the global economic recession caused by the European debt crisis, the strong yen and Japanese manufacturers shifting their domestic bases to overseas locations and expanding their overseas procurements, and also the anticipated impact on operations caused by the limited supply of electricity after the Great East Japan Earthquake. Under such conditions, the JFE Group has implemented a variety of measures to respond to the situation and launched strategic initiatives to achieve new growth.

JFE Shoji Trade Corporation, an equity method affiliate of JFE Steel, will become a wholly owned subsidiary of JFE Holdings on October 1, 2012 through a share exchange. JFE Trade's special capabilities in areas such as market research, marketing and project management, will be leveraged by the Group as a whole. Also, the Group will look to improve its competitiveness in the Japanese and international steel markets by strengthening and streamlining its overall supply chain, covering everything from raw materials procurement, production and processing to distribution and global expansion. Universal Shipbuilding Corporation reached an agreement on integration with IHI Marine United Inc., which also was agreed to by stockholders JFE Holdings, IHI Corporation and Hitachi Zosen Corporation. IHI Marine United will merge with Universal Shipbuilding on October 1, 2012, leaving Universal Shipbuilding as the surviving company, which will strive to achieve an industry-leading position as it pursues strategies for further growth.

#### Main measures of fourth medium-term business plan

The JFE Group, which celebrates its 10th anniversary this year, has issued its fourth medium-term business plan as a strategic operating guideline for the period from April 1, 2012 to March 31, 2015. Under this plan, the Group will return to the starting point to establish a corporate structure for sustainable growth by strengthening its domestic profit base and developing innovative technologies and groundbreaking products. It also will strive for new growth in the global market by building up resources mainly in emerging countries expected to achieve high growth over the medium to long term. Through such efforts, JFE aims to achieve consolidated net sales of 4 trillion yen and an ordinary income to net sales ratio of 10% in fiscal 2014, the final year of this business plan. In particular, the Group will first expand its business fields and strengthen competitiveness through business alliances and M&A, and also thorough cost cutting to develop a more viable domestic manufacturing base. It will develop innovative technologies with an eye on the horizon 10 years from now in order to enhance corporate value by leveraging technological advantages. In new product development, customer needs will be met more promptly and precisely by rapidly developing groundbreaking products. In addition, it will develop both process technologies that lead to deeper cost cutting and fundamental and applied technologies that lead to a stronger JFE brand. Furthermore, JFE will penetrate global markets more widely, focusing particularly on markets with growth potential, by expanding its overseas bases and maximizing the synergistic effects of leveraging JFE Shoji Trade Corporation's network, aiming to provide products and services that meet the specific needs of individual customers. JFE will expand its presence in the global market through a combination of exports and overseas production, as well as deepened relationships with alliance partners, and by strengthening existing business through M&A targeting companies overseas. JFE will strive to achieve sustainable growth by strengthening its socially responsible initiatives, corporate governance, environmental management and nurture of globally diversified human resources, as well as improving its financial position and returning profits to shareholders.

#### Measures to be taken by operating companies

To expand sales, JFE Steel will develop new products, and in emerging markets efforts will focus on ensuring that products offer competitive advantages over those of other steelmakers. The company will strive to deliver consistent services and support, ranging from product design to manufacturing, distribution and quality assurance. In addition to thoroughly strengthening the cost competitiveness of upstream operations, JFE Steel will raise productivity to establish production frameworks capable of responding more flexibly to demand fluctuations. Closer collaboration with JFE Shoji Trade Corporation is expected to lead to enhanced efficiency and lower costs of

domestic distribution. In addition, to accelerate expansion into overseas markets, JFE Steel will place a strategic priority on shifting from the current export-driven business model to one that combines exports and local production, including by securing new overseas manufacturing bases. The feasibility of building and operating an integrated steelworks in Vietnam will be studied. For more competitive procurement of raw materials, JFE Steel will increase its iron ore self-sufficiency ratio to 30%, and will enhance its capability to adjust procurement volumes on a timely basis in response to fluctuating production.

JFE Engineering will strive to further expand operations, primarily in the fields of the environment and energy, as well as to secure profitability. In particular, by leveraging its operational bases in 16 countries, it will strive to win more overseas orders and strengthen its procurement system. In new product development, it will enhance cooperation with other companies and research institutions to accelerate the commercialization of renewable energy-related technologies.

Universal Shipbuilding will improve its product development capabilities by leveraging its integration with IHI Marine United. The product portfolio will be enhanced and development periods will be shortened. The company will also strive to improve productivity and cut costs by aggregating ship types in shipyards and by strengthening capabilities to purchase materials and machinery. Moreover, to compete with Chinese and Korean shipbuilders, the company will focus on responding to changing customer needs with more flexible designs and production, accelerating technology development to ensure the competitive advantages of products, such as those for energy savings and environmental protection, and maintaining and improving the company's world-class product quality and cost competitiveness by focusing strategically on growth markets, green technology and industry-leading competitiveness.

To steadily meet the challenges of the current business environment, JFE Holdings will pursue more efficient operations and the enhancement of core functions, including group operations that contribute to profit sharing with shareholders and healthy corporate governance.

JFE Engineering has filed an appeal with the Supreme Court after the Tokyo High Court in October 2011 rejected an appeal of the Fair Trade Commission's decision to order the company to pay a surcharge for violating antimonopoly rules in connection with its construction of a waste-to-energy plant. In December 2010, the company had asked the courts to dismiss the decision announced by the commission in November 2010.

To strengthen its relationship with society based on trust, the JFE Group will continue its diligent efforts to implement full compliance, environmental initiatives and safety procedures that support sustainable growth, aiming at achieving maximum corporate value for shareholders and all other stakeholders.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	As of March 31, 2012	(million yen) As of March 31, 2011
(Assets)		
Current assets:		
Cash and deposits	50,382	49,591
Notes and accounts receivable	580,669	547,922
Merchandise and finished goods	259,934	254,612
Work in process	49,295	52,589
Raw materials and supplies	405,649	359,321
Deferred tax assets	59,624	43,996
Other current assets	101,007	93,757
Allowance for doubtful accounts	(306)	(398)
Total current assets	<b>1,506,257</b>	<b>1,401,391</b>
Property, plant and equipment, net:		
Buildings and structures, net	426,493	424,751
Machinery and equipment, net	627,741	667,200
Land	517,944	520,408
Construction in progress	49,236	71,499
Other property, plant and equipment, net	23,468	28,458
Total property, plant and equipment, net	<b>1,644,884</b>	<b>1,712,318</b>
Intangible assets	56,492	62,549
Investments and other assets:		
Investments in securities	635,610	654,797
Deferred tax assets	105,183	64,064
Other assets	63,622	86,172
Allowance for doubtful accounts	(5,379)	(5,647)
Total investments and other assets	<b>799,036</b>	<b>799,387</b>
Deferred assets	592	997
Total assets	<b>4,007,263</b>	<b>3,976,644</b>

	As of March 31, 2012	(million yen) As of March 31, 2011
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	337,643	353,865
Short-term borrowings	173,385	229,652
Commercial paper	-	27,994
Current portion of corporate bonds	69,999	60,000
Other current liabilities	353,312	368,163
Total current liabilities	934,340	1,039,675
Long-term liabilities:		
Corporate bonds	285,000	289,997
Convertible bonds	300,000	300,000
Long-term borrowings	765,248	588,768
Deferred tax liability	7,525	8,743
Deferred tax liabilities on revaluation reserve	10,842	12,355
Accrued retirement benefits	123,714	127,605
Reserve for special repairs	33,298	35,420
Allowance for losses on specific business	32,003	35,572
Others	58,949	60,194
Total long-term liabilities	1,616,581	1,458,658
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	651,964
Retained earnings	1,011,124	1,081,697
Treasury stock, at cost	(378,442)	(415,890)
Total owners' equity	1,426,945	1,464,913
Accumulated other comprehensive income:		
Net unrealized gains on securities	31,185	7,878
Deferred earnings on hedges	(1,780)	29
Revaluation reserve for land	13,806	12,097
Translation adjustments	(55,900)	(47,324)
Total accumulated other comprehensive income	(12,689)	(27,318)
Minority interests	42,084	40,715
Total net assets	1,456,340	1,478,310
Total liabilities and net assets	4,007,263	3,976,644

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

	Fiscal 2011	Fiscal 2010
	(million yen)	
Net sales	3,166,511	3,195,560
Cost of sales	2,879,558	2,765,721
Selling, general and administrative expenses	242,173	247,028
Operating income	44,779	182,810
Non-operating income:		
Interest income	393	837
Dividends received	7,839	5,933
Rent receivable	7,354	6,882
Equity in earnings of affiliates	27,253	16,312
Other, net	9,751	16,903
Non-operating expense:		
Interest expense	15,098	16,463
Foreign exchange loss	-	9,388
Loss on disposal/sales of property, plant and equipment	10,140	12,838
Other, net	19,154	25,183
Ordinary income	52,977	165,805
Extraordinary income (loss):		
Profit on sales of investments in securities	9,361	-
Gain on negative goodwill	-	3,755
Effect of applying accounting standard for asset retirement obligations	-	(5,306)
Loss on impairment of property, plant and equipment	(6,225)	(8,124)
Write-down of investments in securities	(89,200)	(4,787)
Loss related to emission credits	(7,385)	-
Provision for allowance for losses from lawsuits	-	(7,713)
Loss due to disaster	(11,860)	(28,361)
Loss on revision of retirement benefit system	(15,677)	-
Loss on cancellation of purchase contracts	(3,840)	-
Income (loss) before income taxes and minority interests	(71,850)	115,267
Income taxes:		
Current	28,488	32,060
Deferred	(66,621)	21,349
Quarterly net income before minority interests (loss)	(33,717)	61,856
Minority interests	2,915	3,247
Net income (loss)	(36,633)	58,608

## Consolidated Statements of Comprehensive Income

	Fiscal 2011	(million yen) Fiscal 2010
Net income (loss) before minority interests	<b>(33,717)</b>	61,856
Other comprehensive income		
Net unrealized gains on securities	<b>24,933</b>	(25,057)
Deferred earnings on hedges	<b>(1,707)</b>	103
difference in revaluation of land	<b>1,443</b>	-
Translation adjustments	<b>(2,332)</b>	(7,295)
Equivalent share of gain/loss to equity method affiliates	<b>(7,887)</b>	(522)
Total other comprehensive income	<b>14,449</b>	(32,770)
Comprehensive income	<b>(19,268)</b>	29,086
(breakdown)		
Comprehensive income attributable to parent shareholder	<b>(22,071)</b>	26,145
Comprehensive income attributable to minority shareholders	<b>2,803</b>	2,940

### (3) Consolidated Statement of Changes in Net Assets

	Fiscal 2011	(million yen) Fiscal 2010
Owners' equity:		
Common stock:		
Balance at the beginning of the period	147,143	147,143
Changes during current period:		
Total current changes	-	-
Balance at the end of the period	147,143	147,143
Capital surplus:		
Balance at the beginning of the period	651,964	657,258
Changes during current period:		
Disposal of treasury stock	(4,843)	(5,294)
Total current changes	(4,843)	(5,294)
Balance at the end of the period	647,121	651,964
Retained earnings (Deficit):		
Balance at the beginning of the period	1,081,697	1,039,399
Changes during current period:		
Dividends	(13,284)	(21,165)
Net income (loss)	(36,633)	58,608
Disposal of treasury stock	(22,475)	-
Increase by newly consolidated or deconsolidated subsidiaries	1,856	5,345
Decrease by newly consolidated or deconsolidated subsidiaries	(37)	(398)
Transfer from land revaluation account	1	(92)
Total current changes	(70,573)	42,297
Balance at the end of the period	1,011,124	1,081,697
Treasury stock, at cost:		
Balance at the beginning of the period	(415,890)	(426,602)
Changes during current period:		
Acquisition of treasury stock	(290)	(797)
Disposal of treasury stock	37,738	11,509
Total current changes	37,447	10,712
Balance at the end of the period	(378,442)	(415,890)

(million yen)

	Fiscal 2011	Fiscal 2010
<b>Total shareholders' equity:</b>		
Balance at the beginning of the period	<b>1,464,913</b>	1,417,198
Changes during current period:		
Dividends	<b>(13,284)</b>	(21,165)
Net income (loss)	<b>(36,633)</b>	58,608
Acquisition of treasury stock	<b>(290)</b>	(797)
Disposal of treasury stock	<b>10,420</b>	6,215
Increase by newly consolidated or deconsolidated subsidiaries	<b>1,856</b>	5,345
Decrease by newly consolidated or deconsolidated subsidiaries	<b>(37)</b>	(398)
Transfer from land revaluation account	<b>1</b>	(92)
Total current changes	<b>(37,968)</b>	47,715
Balance at the end of the period	<b>1,426,945</b>	1,464,913
<b>Accumulated other comprehensive income:</b>		
Net unrealized gains on securities:		
Balance at the beginning of the period	<b>7,878</b>	33,392
Changes during current period:		
Net changes of items other than shareholders' equity	<b>23,306</b>	(25,514)
Total current changes	<b>23,306</b>	(25,514)
Balance at the end of the period	<b>31,185</b>	7,878
Deferred earnings on hedges:		
Balance at the beginning of the period	<b>29</b>	(52)
Changes during current period:		
Net changes of items other than shareholders' equity	<b>(1,810)</b>	82
Total current changes	<b>(1,810)</b>	82
Balance at the end of the period	<b>(1,780)</b>	29
Revaluation reserve for land, net of tax:		
Balance at the beginning of the period	<b>12,097</b>	12,004
Changes during current period:		
Net changes of items other than shareholders' equity	<b>1,708</b>	92
Total current changes	<b>1,708</b>	92
Balance at the end of the period	<b>13,806</b>	12,097
Translation adjustments:		
Balance at the beginning of the period	<b>(47,324)</b>	(40,292)
Changes during current period:		
Net changes of items other than shareholders' equity	<b>(8,575)</b>	(7,031)
Total current changes	<b>(8,575)</b>	(7,031)
Balance at the end of the period	<b>(55,900)</b>	(47,324)

	Fiscal 2011	(million yen) Fiscal 2010
Total accumulated other comprehensive income:		
Balance at the beginning of the period	(27,318)	5,051
Changes during current period:		
Net changes of items other than shareholders' equity	14,629	(32,370)
Total current changes	14,629	(32,370)
Balance at the end of the period	(12,689)	(27,318)
Minority interests:		
Balance at the beginning of the period	40,715	43,648
Changes during current period:		
Net changes of items other than shareholders' equity	1,368	(2,933)
Total current changes	1,368	(2,933)
Balance at the end of the period	42,084	40,715
Total net assets:		
Balance at the beginning of the period	1,478,310	1,465,898
Changes during current period:		
Dividends	(13,284)	(21,165)
Net income (loss)	(36,633)	58,608
Acquisition of treasury stock	(290)	(797)
Disposal of treasury stock	10,420	6,215
Increase by newly consolidated or deconsolidated subsidiaries	1,856	5,345
Decrease by newly consolidated or deconsolidated subsidiaries	(37)	(398)
Transfer from land revaluation account	1	(92)
Net changes of items other than shareholders' equity	15,998	(35,303)
Total current changes	(21,970)	12,411
Balance at the end of the period	1,456,340	1,478,310

#### (4) Consolidated Statements of Cash Flows

(million yen)

	Fiscal 2011	Fiscal 2010
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	<b>(71,850)</b>	115,267
Depreciation and amortization	<b>238,316</b>	246,666
Changes in reserves	<b>(17,446)</b>	6,305
Interest and dividend income	<b>(8,232)</b>	(6,770)
Interest expense	<b>15,098</b>	16,463
Changes in accounts receivable	<b>(52,867)</b>	(74,259)
Changes in inventories	<b>(48,101)</b>	(42,275)
Changes in accounts payable	<b>(23,823)</b>	(9,212)
Other, net	<b>118,694</b>	30,729
Sub total	<b>149,788</b>	282,913
Interest and dividend income received	<b>14,923</b>	12,746
Interest paid	<b>(15,285)</b>	(16,858)
Income taxes paid	<b>39,339</b>	23,801
Net cash provided by operating activities	<b>110,087</b>	302,603
Cash flows from investing activities:		
Payments for purchase of property, plant, equipment and intangible assets	<b>(193,470)</b>	(186,618)
Proceeds from sales of property, plant, equipment and intangible assets	<b>4,676</b>	11,398
Payments for purchase of investments in securities	<b>(26,797)</b>	(130,303)
Proceeds from sales of investments in securities	<b>12,696</b>	999
Other, net	<b>(2,598)</b>	2,240
Net cash used in investing activities	<b>(205,494)</b>	(302,282)

(million yen)

	Fiscal 2011	Fiscal 2010
Cash flows from financing activities:		
Net income (decrease) in short-term borrowings	1,560	1,038
Changes in commercial paper	(27,994)	13,996
Proceeds from long-term borrowings	340,540	130,850
Repayments of long-term borrowings	(221,511)	(128,402)
Issuance of corporate bond	65,000	80,000
Redemption of corporate bonds	(60,000)	(70,040)
Acquisition of treasury stock	(296)	(779)
Payments for dividends by parent company	(13,456)	(21,324)
Other, net	12,235	17,734
Net cash used in financing activities	96,078	23,073
Effect of exchange rate change on cash and cash equivalents	(2,807)	(7,024)
Net decrease in cash and cash equivalents	(2,135)	16,369
Cash and cash equivalents at beginning of the year	49,043	32,342
Changes in cash and cash equivalents	3,583	332
by newly consolidated or deconsolidated subsidiaries		
Cash and Cash equivalents at end of the year	50,492	49,043

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

There are no items this period.

(6) Significant accounting policies for preparing consolidated financial statements

Changes in consolidation scope and application of the equity method

a) Number of consolidated subsidiaries: 194

Added: 10

Excluded: 11

b) Companies accounted for by the equity method: 47

Added: 5

Excluded: 2

Except for "Changes in consolidation scope and application of the equity method" above, items are omitted for any information that did not change significantly since the annual securities report was submitted on June 22, 2011.

## 4. Reference

### 1. Consolidated Results

(billion yen)

Items	Fiscal 2010	Fiscal 2011	Change	
Steel Business	2,747.4	2,714.4	(33.0)	(1.2)%
Engineering Business	265.1	278.7	13.6	5.1%
Shipbuilding Business	210.8	214.6	3.8	1.8%
Urban Development Business	13.3	-	(13.3)	-
LSI Business	24.1	21.4	(2.7)	(11.2)%
Adjustments	(65.3)	(62.7)	2.6	-
<b>Net Sales</b>	<b>3,195.5</b>	<b>3,166.5</b>	<b>(29.0)</b>	<b>(0.9)%</b>
<b>Operating Income</b>	<b>182.8</b>	<b>44.7</b>	<b>(138.1)</b>	<b>(75.5)%</b>
<b>Other Income (Expenses)</b>	<b>(17.0)</b>	<b>8.1</b>	<b>25.1</b>	<b>-</b>
Steel Business	134.2	25.7	(108.5)	(80.8)%
Engineering Business	12.2	14.3	2.1	17.2%
Shipbuilding Business	17.1	12.2	(4.9)	(28.7)%
Urban Development Business	(0.7)	-	0.7	-
LSI Business	1.6	1.5	(0.1)	(6.3)%
Adjustments	1.1	(0.9)	(2.0)	-
<b>Ordinary Income</b>	<b>165.8</b>	<b>52.9</b>	<b>(112.9)</b>	<b>(68.1)%</b>
<b>Extraordinary Loss</b>	<b>(50.5)</b>	<b>(124.8)</b>	<b>(74.3)</b>	<b>-</b>
<b>Income before income taxes and minority interests (Loss)</b>	<b>115.2</b>	<b>(71.8)</b>	<b>(187.0)</b>	<b>-</b>
<b>Tax Expense and Minority Interest</b>	<b>(56.6)</b>	<b>35.2</b>	<b>91.8</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>58.6</b>	<b>(36.6)</b>	<b>(95.2)</b>	<b>-</b>

### 2. Consolidated financial indices

	Fiscal 2010	Fiscal 2011	Change
Return on Sales (ROS) *1	5.2%	1.7%	(3.5)%
Return on Assets (ROA) *2	4.6%	1.7%	(2.9)%
Debt Outstanding	1,496.4 billion yen	1,593.6 billion yen	97.2 billion yen
Shareholders' Equity	1,437.5 billion yen	1,414.2 billion yen	(23.3 billion) yen
D/E Ratio	104.1%	112.7%	8.6%
D/E Ratio*3	76.5%	83.5%	7.0%

\*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	6.94	13.65	6.66	6.59	13.25	26.90
	Consolidated	7.22	7.46	14.68	7.34	7.21	14.55	29.24

### 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	6.32	12.41	5.95	6.30	12.26	24.67

### 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	44.4	46.9	40.2	46.0	43.0	45.0

### 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	78.4	80.2	77.5	78.3	77.9	79.1

### 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	85.6	84.0	84.1	76.2	80.1	82.0

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

(billion yen)

FY 2011	351.9	37.2% increase from previous year
Backlog as of March 31, 2012	324.5	29.1% increase from previous year

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

(billion yen)

FY 2011	122.7	50.6% increase from previous year
Backlog as of March 31, 2012	251.4	28.1% decrease from previous year

**10. 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, 2011	1,496.4	FY 2010	(16.4)
March 31, 2012	1,593.6	FY 2011	(15.0)
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2011	49.5		
March 31, 2012	50.3		

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

(billion yen)		
	FY 2011	
Capital investment	197.4	(on construction basis)
Depreciation	238.3	

**12. Number of employees (JFE Holdings on a consolidated basis)**

As of	
March 31, 2011	54,400
March 31, 2012	54,133

**13. Breakdown of Changes in Ordinary Income (FY 2011 compared to FY 2010)**

				(billion yen)
		<u>FY 2010</u>	⇒	<u>FY 2011</u>
Steel Business	(108.5)	134.2	⇒	25.7
Cost reduction	70.0			
Raw materials	(300.0)			
Sales volume, price and product mix	120.0			
Unrealized holding gains on inventories	(30.0)			
Others	31.5			
Engineering Business	2.1	12.2	⇒	14.3

Reported ordinary income of 14.3 billion yen, up from the previous period thanks to the cost cutting efforts to secure profitability.

Shipbuilding Business	(4.9)	17.1	⇒	12.2
-----------------------	-------	------	---	------

Reported ordinary income of 12.2 billion yen, down from the previous period due to an allowance for losses on construction projects despite the efforts to improve earnings

		<u>FY 2010</u>		<u>FY 2011</u>
LSI Business	(0.1)	1.6	⇒	1.5

Reported ordinary income of 1.5 billion yen, roughly unchanged from the previous period, due to lower sales prices and the Japanese yen's continued strength, despite of the effort for cutting administrative expenses.

# # #