

JFE Holdings' Financial Results in First Quarter of Fiscal Year 2012 Ending March 31, 2013

— 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 26, 2012

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Listings:	Tokyo, Osaka and Nagoya stock exchanges
Code:	5411
English URL:	www.jfe-holdings.co.jp/en
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Scheduled date to submit Securities Report:	July 30, 2012
Preparation of supplementary materials:	Yes
Quarterly results briefing:	Yes

(Figures are rounded down to the nearest million yen.)

1. Consolidated Results in First Quarter of Fiscal 2012 (April 1 to June 30, 2012)

(1) Consolidated Operating Results (cumulative total)

	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 2012	730,630	(3.2)	11,981	(45.2)	9,882	(61.1)	18,135	154.6	33.67	33.35
1Q FY 2011	754,528	(0.0)	21,851	(59.0)	25,422	(50.6)	7,122	(74.5)	13.42	-

Note: Comprehensive income 5,255 million yen in 1Q FY 2012 (down 50.7%)
10,669 million yen in 1Q FY 2011 (down 31.4%)

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)
End 1Q FY 2012	3,909,005	1,455,137	36.2
End FY 2011	4,007,263	1,456,340	35.3

Note: Shareholders' equity 1,413,890 million yen as of June 30, 2012
1,414,256 million yen as of March 31, 2012

2. Dividends

	Dividend per share (yen)	Dividend per share (yen)	
		Interim	Year-end
FY 2011	20.00	10.00	10.00
FY 2012 (estimate)	-	0.00	-

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 2012

	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)
1H FY 2012	1,500,000	(4.4)	10,000	(81.1)	5,000	(90.1)	15,000	-	27.84
FY 2012	3,300,000	4.2	100,000	123.3	90,000	69.9	80,000	-	143.44

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

***Notes**

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 accounting policies, accounting estimates and restatements
 - 1) Changes in the accounting policies resulting from amendments to accounting standards: Yes
 - Change in depreciation method for property and equipment--
 - In accordance with the amendment of the Corporation Tax Law, effective from the first quarter of fiscal year ending March 31, 2013, the Company and its domestic consolidated subsidiaries have changed their depreciation method for those property and equipment acquired on or after April 1, 2012. As a result of this change, operating income increased by 240 million yen and ordinary income and income before income taxes increased by 241 million yen each.
 - 2) Changes other than 1) above: No
 - 3) Changes in the accounting estimates: Yes
 - 4) Restatements: No
 - (Note) This change falls under Article 10 (5) of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)
 - As of June 30, 2012: 614,438,399 shares
 - As of March 31, 2012: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of June 30, 2012: 75,690,919 shares
 - As of March 31, 2012: 76,213,077 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)
 - 1Q FY 2012: 538,617,300 shares
 - 1Q FY 2011: 530,900,785 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 "(2) Consolidated results forecasts" on page 2 of the attached document.
2. Notes to the financial results can be viewed at the JFE Holdings website.

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1. Qualitative Information

(1) Consolidated business results

The Japanese economic environment in the first quarter of fiscal 2012 (ended June 30, 2012) remained harsh due to the ongoing global economic recession and the persistent strong yen, among other factors. However, there was some demand resulting from reconstruction efforts following the Great East Japan Earthquake.

On a consolidated basis for the quarter, JFE Holdings posted net sales of 730.6 billion yen, down from the first quarter of fiscal 2011. Operating income and ordinary income decreased to 11.9 billion yen and 9.8 billion yen respectively. Net income before income taxes and minority interests was 9.8 billion yen, while net income was 18.1 billion yen, both increased from the first quarter of fiscal 2011 when JFE Holdings posted an extraordinary loss due partly to booking disaster losses.

By segment, JFE's steel business posted net sales of 636.7 billion yen, down from the same quarter in fiscal 2011, due partly to lower sales volume. Ordinary income decreased to 5.9 billion yen despite ongoing efforts to improve earnings, due mainly to a difficult sales environment.

Engineering business net sales increased to 56.4 billion yen compared to the figure achieved in the first quarter of 2011, due to sustained efforts to increase orders despite the harsh business environment. Ordinary income rose to 1.7 billion yen.

Shipbuilding business net sales decreased to 46 billion yen from the first quarter of fiscal 2011. Despite efforts to boost earnings, ordinary income decreased to 2.4 billion yen due to the increase in an allowance for losses on construction contracts.

LSI business net sales totaled 4.8 billion yen, down from the same quarter last year. Ordinary income increased to 400 million yen.

(2) Consolidated results forecasts

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

In the steel business, the outlook is unclear due to the slowdown in growth in Asian economies, partly as a result of the European debt crisis. In Japan, meanwhile, there is still some concern regarding the competitiveness of domestic manufacturing in light of the persistent strong yen. However, the Japanese manufacturing sector is maintaining a recovery trend, supported by reconstruction demand and government subsidies for eco-friendly cars. The company has been striving to secure profits by continuously enhancing the stability of its operations and thorough cost reduction. At present, the company forecasts ordinary income of 60 billion yen, an increase from a year earlier.

The engineering business forecasts ordinary income of 14 billion yen, reflecting continued efforts to improve earnings by reducing costs amidst unfavorable business conditions.

The shipbuilding business forecasts ordinary income of 3.3 billion yen due to an allowance for construction losses. Continued efforts will be made to improve earnings by raising productivity and thereby enabling cost cutting. Universal Shipbuilding Corporation will become an equity-method

affiliate of JFE Holdings called Japan Marine United Corporation on October 1, 2012, as a result of consolidation with IHI Marine United Inc.

JFE Shoji, which is currently an equity-method affiliate of the company's steel business, will become a wholly owned subsidiary of JFE Holdings through a share exchange on October 1, 2012 and will be listed as part of the company's trading business from the second half of fiscal 2012.

Although the export environment for steel is expected to remain harsh, the trading business forecasts ordinary income of 10 billion yen due to the expansion of sales in high value-added products by leveraging JFE Shoji's overseas coil centers and increased business with local firms or trilateral deals.

JFE Holdings' full-year consolidated forecasts are net sales of 3,300 billion yen, operating income of 100 billion yen, ordinary income of 90 billion yen and net income of 80 billion yen.

The company intends to forgo an interim dividend 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

	As of March 31, 2012	(million yen) As of June 30, 2012
(Assets)		
Current assets:		
Cash and deposits	50,382	41,697
Notes and accounts receivable	580,669	488,527
Merchandise and finished goods	259,934	274,332
Work in process	49,295	60,714
Raw materials and supplies	405,649	394,693
Other current assets	160,632	174,290
Allowance for doubtful accounts	(306)	(230)
Total current assets	1,506,257	1,434,025
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	426,493	424,128
Machinery and equipment, net	627,741	614,932
Land	517,944	514,841
Other property, plant and equipment, net	72,705	76,558
Total property, plant and equipment, net	1,644,884	1,630,461
Intangible assets	56,492	54,940
Investments and other assets:		
Investments in securities	635,610	605,565
Other assets	168,805	188,752
Allowance for doubtful accounts	(5,379)	(5,223)
Total investments and other assets	799,036	789,095
Total non-current assets	2,500,413	2,474,497
Deferred assets	592	482
Total assets	4,007,263	3,909,005

	As of March 31, 2012	(million yen) As of June 30, 2012
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	337,643	311,996
Short-term borrowings	173,385	91,121
Commercial paper	-	52,996
Current portion of corporate bonds	69,999	29,999
Allowances	18,859	21,048
Other current liabilities	334,453	296,166
Total current liabilities	934,340	803,328
Long-term liabilities:		
Corporate bonds	285,000	315,000
Convertible bonds	300,000	300,000
Long-term borrowings	765,248	772,459
Accrued retirement benefits	123,714	122,864
Other allowances	80,042	79,668
Other long-term liabilities	62,577	60,546
Total long-term liabilities	1,616,581	1,650,539
Total liabilities	2,550,922	2,453,868
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	1,011,124	1,023,849
Treasury stock, at cost	(378,442)	(377,687)
Total owners' equity	1,426,945	1,440,425
Accumulated other comprehensive income:		
Net unrealized gains on securities	31,185	2,008
Deferred earnings on hedges	(1,780)	(1,632)
Revaluation reserve for land, net of tax	13,806	13,805
Translation adjustments	(55,900)	(40,716)
Total accumulated other comprehensive income	(12,689)	(26,534)
Minority interests	42,084	41,246
Total net assets	1,456,340	1,455,137
Total liabilities and net assets	4,007,263	3,909,005

(2) Consolidated Statements of Income

	First Quarter of Fiscal 2011	(million yen) First Quarter of Fiscal 2012
Net sales	754,528	730,630
Cost of sales	673,401	660,082
Gross margin	81,126	70,547
Selling, general and administrative expenses	59,275	58,566
Operating income	21,851	11,981
Non-operating income:		
Interest income	103	189
Dividends received	4,085	3,584
Equity in earnings of affiliates	6,526	3,438
Other non-operating income	5,950	6,558
Total non-operating income	16,667	13,770
Non-operating expenses:		
Interest expense	3,736	3,567
Foreign exchange loss	3,058	4,158
Other non-operating expenses	6,301	8,142
Total non-operating expenses	13,096	15,869
Ordinary income	25,422	9,882
Extraordinary loss:		
Write-down of investments in securities	4,096	-
Loss due to disaster	12,723	-
Total extraordinary loss	16,819	-
Income before income taxes and minority interests	8,603	9,882
Income taxes	607	(8,878)
Net income before minority interests	7,995	18,761
Minority interests	873	625
Net income	7,122	18,135

Consolidated Statements of Comprehensive Income

	First Quarter of Fiscal 2011	(million yen) First Quarter of Fiscal 2012
Net income before minority interests	7,995	18,761
Other comprehensive income:		
Net unrealized gains on securities	(1,065)	(28,317)
Deferred earnings on hedges	(1,135)	169
Translation adjustments	2,413	3,490
Equivalent share of gain/loss to equity method affiliates	2,460	11,151
Total other comprehensive income	2,673	(13,506)
Comprehensive income:	10,669	5,255
(breakdown)		
Comprehensive income attributable to parent shareholder	9,705	4,290
Comprehensive income attributable to minority shareholders	964	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 2012 and Earnings Forecasts

(billion yen)

	FY 2011			FY 2012				Change		
	1Q	1H	Full year	1Q	2Q*	1H*	Full year*	1Q	1H	Full year
Steel Business	663.7	1,371.9	2,714.4	636.7	663.3	1,300.0	2,630.0	(27.0)	(71.9)	(84.4)
Engineering Business	46.7	104.5	278.7	56.4	63.6	120.0	290.0	9.7	15.5	11.3
Shipbuilding Business *1	54.0	114.3	214.6	46.0	50.0	96.0	96.0	(8.0)	(18.3)	(118.6)
LSI Business *2	5.9	11.1	21.4	4.8	-	4.8	4.8	(1.1)	(6.3)	(16.6)
Trading Business *3	-	-	-	-	-	-	920.0	-	-	920.0
Adjustments	(15.9)	(32.7)	(62.7)	(13.4)	(7.4)	(20.8)	(640.8)	2.5	11.9	(578.1)
Net Sales	754.5	1,569.3	3,166.5	730.6	769.4	1,500.0	3,300.0	(23.9)	(69.3)	133.5
Operating Income	21.8	52.9	44.7	11.9	(1.9)	10.0	100.0	(9.9)	(42.9)	(55.3)
Non-operating Income (Expenses)	3.6	(2.3)	8.1	(2.1)	(2.9)	(5.0)	(10.0)	(5.7)	(2.7)	(18.1)
Steel Business	19.6	37.7	25.7	5.9	(4.9)	1.0	60.0	(13.7)	(36.7)	34.3
Engineering Business	(0.4)	1.0	14.3	1.7	0.8	2.5	14.0	2.1	1.5	(0.3)
Shipbuilding Business *1	5.7	11.0	12.2	2.4	0.9	3.3	3.3	(3.3)	(7.7)	(8.9)
LSI Business *2	0.3	0.6	1.5	0.4	-	0.4	0.4	0.1	(0.2)	(1.1)
Trading Business *3	-	-	-	-	-	-	10.0	-	-	10.0
Adjustments	0.1	0.1	(0.9)	(0.6)	(1.6)	(2.2)	2.3	(0.7)	(2.3)	3.2
Ordinary Income (Loss)	25.4	50.6	52.9	9.8	(4.8)	5.0	90.0	(15.6)	(45.6)	37.1
Extraordinary Profit (Loss)	(16.8)	(94.0)	(124.8)	0	0	0	10.0	16.8	94.0	134.8
Income Before Income Taxes and Minority Interests	8.6	(43.4)	(71.8)	9.8	(4.8)	5.0	100.0	1.2	48.4	171.8
Tax Expense and Minority Interest	(1.4)	19.1	35.2	8.2	1.8	10.0	(20.0)	9.6	(9.1)	(55.2)
Net Income	7.1	(24.3)	(36.6)	18.1	(3.1)	15.0	80.0	11.0	39.3	116.6

* estimate

*1 Universal Shipbuilding Corporation, currently a consolidated subsidiary of the company, will become an equity-method affiliate of JFE Holdings called Japan Marine United Corporation on October 1, 2012, as a result of consolidation with IHI Marine United Inc. Equity in earnings of affiliated companies for the second half of fiscal year 2012 is included under Adjustments.

*2 JFE Holdings sold all shares of the company's wholly owned subsidiary, Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012.

*3 JFE Shoji, currently an equity-method affiliate of the company's steel business, will become a wholly owned subsidiary of JFE Holdings through a share exchange on October 1, 2012. As a result of this exchange, JFE Shoji is shown as Trading Business from the second half of fiscal 2012.

2. Consolidated financial indices

Financial Indices	FY 2011	FY 2012*	Change
Return on Sales (ROS) *1	1.7%	2.7%	1.0%
Return on Assets (ROA) *2	1.7%	2.5%	0.8%
Debt Outstanding	1,593.6 billion yen	1,690 billion yen	96.4 billion yen
Shareholders' Equity	1,414.2 billion yen	1,520 billion yen	105.8 billion yen
D/E Ratio*3	112.7%	111.2%	(1.5)%
D/E Ratio (Ratings Based) *4	83.5%	84.0%	0.5%

* estimate

*1 ROS = Ordinary Income / Net Sales

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

*3 D/E ratio = Debt Outstanding / Shareholders' Equity

*4 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 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
FY 2012	Non-consolidated	7.24	7.20*	14.40*				
	Consolidated	7.92	8.00*	16.00*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		6.09	6.32	12.41	5.95	6.30	12.26	24.67
FY 2012		6.17	6.80*	13.00*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		49.4	44.4	46.9	40.2	46.0	43.0	45.0
FY 2012		48.5	49*	49*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		82.0	78.4	80.2	77.5	78.3	77.9	79.1
FY 2012		80.8	80*	80*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		82.4	85.6	84.0	84.1	76.2	80.1	82.0
FY 2012		75.7	71*	73*				

* estimate

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

(billion yen)

FY 2012 320* 9.1% decrease from previous year

* estimate

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

(billion yen)

1H FY 2012 82.3* 997.3% 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, 2012	1,593.6	FY 2011	(15)
March 31, 2013	1,690*	FY 2012	(14)*
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2012	50.3		
March 31, 2013	50*		

* estimate

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

(billion yen)

	FY 2011	FY 2012
Capital investment	197.4	170*
Depreciation	238.3	200*

(on construction basis)

* estimate

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