

JFE Holdings' Financial Results in First Half 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)

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Scheduled date to submit Quarterly Securities Report: Preparation of supplementary materials for quarterly results: Quarterly results briefing:	Yes Yes Yes

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

1. Consolidated Results in First Half of Fiscal 2012 (April 1 to September 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)
1H FY 2012	1,454,645	(7.3)	11,133	(79.0)	4,054	(92.0)	1,480	-	2.75	-
1H FY 2011	1,569,313	(0.2)	52,911	(53.9)	50,638	(51.8)	(24,311)	-	(45.80)	-

Note: Comprehensive income: -15,803 million yen in 1H FY 2012
-13,517 million yen in 1H FY 2011

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)
End 1H FY 2012	3,811,848	1,434,254	36.5
End FY 2011	4,007,263	1,456,340	35.3

Note: Shareholders' equity: 1,392,643 million yen as of September 30, 2012
1,414,256 million yen as of March 31, 2012

2. Dividends

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

Note: Revisions to dividend forecast announced most recently: No

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)
FY 2012	3,180,000	0.4	55,000	22.8	45,000	(15.1)	35,000	-	62.74

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

Notes

1. Significant changes in subsidiaries during the term (changes in designated subsidiaries resulting in changes in consolidated structure): No
2. Application of special accounting methods 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 the fiscal year ending March 31, 2013 the company and its domestic consolidated subsidiaries have changed their depreciation method for property and equipment acquired on or after April 1, 2012. As a result of this change, operating income increased by 746 million yen and ordinary income and income before income taxes increased by 749 million yen each.
 - 2) Changes other than 1) above: No
 - 3) Changes in 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 September 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 September 30, 2012:	75,674,841 shares
As of March 31, 2012:	76,213,077 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)

1H FY 2012:	538,674,185 shares
1H FY 2011:	530,885,071 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 still 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.

Attachments

1. Qualitative Information.....	2
(1) Consolidated business results.....	2
(2) Consolidated results forecasts.....	2
2. Consolidated Financial Statements	4
(1) Consolidated balance sheets.....	4
(2) Consolidated statements of income and consolidated statements of comprehensive income	6
Consolidated statements of income (first half)	6
Consolidated statements of comprehensive income (first half).....	7
(3) Notes pertaining to the presumption of a going concern.....	8
(4) Notes in case of significant changes to shareholders' equity.....	8
3. Reference	9

1. Qualitative Information

(1) Consolidated business results

The Japanese economic environment in the first half of fiscal 2012 (ended September 30, 2012) remained harsh due to the ongoing global economic recession and the persistently strong yen, despite demand resulting from reconstruction efforts following the Great East Japan Earthquake.

On a consolidated basis for the half, JFE Holdings posted net sales of 1,454.6 billion yen, down 114.7 billion yen from the first half of fiscal 2011. Operating income was 11.1 billion yen, down 41.8 billion yen, and ordinary income was 4.0 billion yen, down 46.6 billion yen. The net loss before income taxes and minority interests decreased by 31.2 billion yen to 12.2 billion yen, while net income of 1.4 billion yen was up 25.7 billion yen from the year-earlier loss that was mainly due to an impairment loss on investment securities in overseas projects, implemented as a part of company's growth strategy, as stock markets remained stagnant.

By segment, JFE's steel business posted net sales of 1,269.9 billion yen, down 102.0 billion yen or 7.4%, due partly to lower sales prices. An ordinary loss of 3.0 billion yen was down 40.7 billion yen from the year-earlier gain, mainly due to a difficult sales environment, despite sustained efforts to improve earnings performance.

Engineering business net sales rose to 112.7 billion yen, up 8.2 billion yen or 7.8%, due to increased orders despite the harsh business environment. Ordinary income came to 4.7 billion yen, up 3.7 billion yen.

Shipbuilding business net sales decreased to 92.3 billion yen, down 22.0 billion yen or 19.2%. Despite efforts to boost earnings, ordinary income decreased by 6.6 billion yen to 4.4 billion yen due to an increased allowance for losses on construction contracts.

(2) Consolidated results forecasts

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

In the steel business, the outlook remains unclear due to slow growth in Asian economies. In Japan, the domestic economy cannot expect to be driven by foreign demand and there is still some concern regarding the declining competitiveness of domestic manufacturers in light of the persistently strong yen. The company has been striving to secure profits through extensive cost reduction, but in view of the slumping overseas market and writing down of inventory resulting from price declines in the raw materials market, the company forecasts ordinary income of 15.0 billion yen, down from the previous forecast issued in the first quarter..

The engineering business is forecast to see ordinary income rise to 15.0 billion yen reflecting continuing efforts to improve earnings by reducing costs amidst unfavorable business conditions.

Universal Shipbuilding Corporation, the shipbuilding subsidiary of JFE Holdings, will be consolidated with IHI Marine United Inc. and become an equity-method affiliate of JFE Holdings called Japan Marine United Corporation on December 1, 2012. JFE Holdings' shipbuilding business is forecast to produce ordinary income of 6.0 billion yen in the April to November period.

JFE Shoji, which was an equity-method affiliate of the company's steel business, became a wholly owned subsidiary of JFE Holdings through a share exchange on October 1, 2012. Its results will be listed as "trading business" from the second half of fiscal 2012.

Despite ongoing efforts to develop domestic demand by offering exhaustive services and enhancing processing and sales systems focused on the needs of users abroad, the company's trading business is forecast to see ordinary income decrease to 9.0 billion yen due to the harsh environment for steel sales.

JFE Holdings' full-year consolidated forecasts are net sales of 3,180 billion yen, operating income of 55.0 billion yen, ordinary income of 45.0 billion yen and net income of 35.0 billion yen.

The company decided to forgo an interim dividend due to current income and profit levels. A decision about a year-end payment will be withheld until actual performance becomes clearer.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2012	As of September 30, 2012
(Assets)		
Current assets:		
Cash and deposits	50,382	34,311
Notes and accounts receivable	580,669	482,217
Merchandise and finished goods	259,934	257,708
Work in process	49,295	56,885
Raw materials and supplies	405,649	376,351
Other current assets	160,632	155,146
Allowance for doubtful accounts	(306)	(212)
Total current assets	1,506,257	1,362,407
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	426,493	418,368
Machinery and equipment	627,741	601,303
Land	517,944	513,873
Other property, plant and equipment, net	72,705	81,324
Property, plant and equipment, net	1,644,884	1,614,869
Intangible assets	56,492	53,541
Investments and other assets:		
Investments in securities	635,610	589,360
Other assets	168,805	196,429
Allowance for doubtful accounts	(5,379)	(5,136)
Total investments and other assets	799,036	780,653
Total non-current assets	2,500,413	2,449,064
Deferred assets	592	376
Total assets	4,007,263	3,811,848

(million yen)

As of
March 31, 2012 **As of
September 30, 2012**

(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	337,643	294,254
Short-term borrowings	173,385	130,919
Current portion of corporate bonds	69,999	69,999
Current portion of convertible bonds	-	300,000
Allowances	18,859	25,278
Other current liabilities	334,453	294,022
Total current liabilities	934,340	1,114,474
Long-term liabilities:		
Corporate bonds	285,000	275,000
Convertible bonds	300,000	-
Long-term borrowings	765,248	730,131
Accrued retirement benefits	123,714	121,067
Other allowances	80,042	79,501
Other long-term liabilities	62,577	57,420
Total long-term liabilities	1,616,581	1,263,119
Total liabilities	2,550,922	2,377,594
(Net assets)		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	1,011,124	1,005,040
Treasury stock, at cost	(378,442)	(375,288)
Total shareholders' equity	1,426,945	1,424,016
Accumulated other comprehensive income:		
Net unrealized gains on securities	31,185	12,171
Net unrealized gains and losses on hedges	(1,780)	(1,836)
Revaluation reserve for land, net of tax	13,806	13,750
Translation adjustments	(55,900)	(55,458)
Total accumulated other comprehensive income	(12,689)	(31,372)
Minority interests	42,084	41,611
Total net assets	1,456,340	1,434,254
Total liabilities and net assets	4,007,263	3,811,848

(2) Consolidated Statements of Income

	First Half of Fiscal 2011	(million yen) First Half of Fiscal 2012
Net sales	1,569,313	1,454,645
Cost of sales	1,397,151	1,327,650
Gross profit	172,162	126,995
Selling, general and administrative expenses	119,251	115,862
Operating income	52,911	11,133
Non-operating income:		
Interest income	242	263
Dividends received	4,914	3,957
Equity in earnings of affiliates	12,176	4,941
Other, net	10,619	12,123
Total non-operating income	27,953	21,285
Non-operating expenses:		
Interest expense	7,515	6,869
Other, net	22,710	21,495
Total non-operating expenses	30,226	28,364
Ordinary income	50,638	4,054
Extraordinary loss:		
Write-down of investments in securities	81,077	16,340
Loss due to disaster	12,998	-
Total extraordinary loss	94,076	16,340
Income (loss) before income taxes and minority interests	(43,437)	(12,285)
Income taxes	(21,130)	(15,011)
Net income (loss) before minority interests	(22,307)	2,726
Minority interests	2,004	1,245
Net income (loss)	(24,311)	1,480

Consolidated Statements of Comprehensive Income

	First Half of Fiscal 2011	(million yen) First Half of Fiscal 2012
Net income (loss) before minority interests	(22,307)	2,726
Other comprehensive income:		
Net unrealized gains on securities	8,729	(17,662)
Net unrealized gains and losses on hedges	(1,218)	(32)
Translation adjustments	1,575	639
Share of other comprehensive income of affiliates accounted for using equity method	(297)	(1,474)
Total other comprehensive income	8,789	(18,529)
Comprehensive income:	(13,517)	(15,803)
(breakdown)		
Comprehensive income attributable to parent shareholder	(15,477)	(17,146)
Comprehensive income attributable to minority shareholders	1,959	1,343

(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

(billion yen)

Items	First Half of Fiscal 2011 (Apr-Sep)	First Half of Fiscal 2012 (Apr-Sep)	Change	
Steel Business	1,371.9	1,269.9	(102.0)	(7.4%)
Engineering Business	104.5	112.7	8.2	7.8%
Shipbuilding Business	114.3	92.3	(22)	(19.2%)
LSI Business	11.1	4.8	(6.3)	(56.8%)
Adjustments	(32.7)	(25.3)	7.4	-
Net Sales	1,569.3	1,454.6	(114.7)	(7.3%)
Operating Income	52.9	11.1	(41.8)	(79.0%)
Other Income (Expenses)	(2.3)	(7.0)	(4.7)	-
Steel Business	37.7	(3.0)	(40.7)	-
Engineering Business	1.0	4.7	3.7	370.0%
Shipbuilding Business	11.0	4.4	(6.6)	(60.0%)
LSI Business	0.6	0.4	(0.2)	(33.3%)
Adjustments	0.1	(2.4)	(2.5)	-
Ordinary Income (Loss)	50.6	4.0	(46.6)	(92.0%)
Extraordinary Profit (Loss)	(94.0)	(16.3)	77.7	-
Income before income taxes and minority interests (Loss)	(43.4)	(12.2)	31.2	-
Tax Expense and Minority Interest	19.1	13.7	(5.4)	(28.3%)
Net Income (Loss)	(24.3)	1.4	25.7	-

2. Consolidated Earnings Forecasts for Fiscal 2012

(billion yen)

	FY 2012						(Reference) FY 2011 Full Year
	Previous forecast (July 26, 2012)		Updated forecast (October 24, 2012)		Change		
	1H	Full year	1H	Full year	1H	Full year	
Steel Business	1,300.0	2,630.0	1,269.9	2510.0	(30.1)	(120.0)	2,714.4
Engineering Business	120.0	290.0	112.7	290.0	(7.3)	0	278.7
Shipbuilding Business ¹	96.0	96.0	92.3	120.0	(3.7)	24.0	214.6
LSI Business ²	4.8	4.8	4.8	4.8	0	0	21.4
Trading Business ³	-	920.0	-	880.0	-	(40.0)	-
Adjustments	(20.8)	(640.8)	(25.3)	(624.8)	(4.5)	16.0	(62.7)
Net Sales	1,500.0	3,300.0	1,454.6	3,180.0	(45.4)	(120.0)	3,166.5
Operating Income	10.0	100.0	11.1	55.0	1.1	(45.0)	44.7
Other Income (Expenses)	(5.0)	(10.0)	(7.0)	(10.0)	(2.0)	0	8.1
Steel Business	1.0	60.0	(3.0)	15.0	(4.0)	(45.0)	25.7
Engineering Business	2.5	14.0	4.7	15.0	2.2	1.0	14.3
Shipbuilding Business	3.3	3.3	4.4	6.0	1.1	2.7	12.2
LSI Business	0.4	0.4	0.4	0.4	0	0	1.5
Trading Business	-	10.0	-	9.0	-	(1.0)	-
Adjustments	(2.2)	2.3	(2.4)	(0.4)	(0.2)	(2.7)	(0.9)
Ordinary Income	5.0	90.0	4.0	45.0	(1.0)	(45.0)	52.9
Extraordinary Profit (Loss)	0	10.0	(16.3)	10.0	(16.3)	0	(124.8)
Income Before Income Taxes and Minority Interests (Loss)	5.0	100.0	(12.2)	55.0	(17.2)	(45.0)	(71.8)
Tax Expense and Minority Interest	10.0	(20.0)	13.7	(20.0)	3.7	0	35.2
Net Income (Loss)	15.0	80.0	1.4	35.0	(13.6)	(45.0)	(36.6)

¹ Universal Shipbuilding Corporation, currently a consolidated subsidiary of the company, will be consolidated with IHI Marine United Inc. and become an equity-method affiliate of JFE Holdings called Japan Marine United Corporation on December 1, 2012. Equity in earnings of affiliated companies for the December to March period of fiscal year 2012 is included under Adjustments.

² JFE Holdings sold all shares of its wholly owned subsidiary Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012.

³ JFE Shoji, previously an equity-method affiliate of the company's steel business, became a wholly owned subsidiary of JFE Holdings through a share exchange on October 1, 2012. As a result of this exchange, JFE Shoji's results will be listed under Trading Business from the second half of fiscal 2012.

3. Consolidated financial indices

	FY 2012			(Reference) FY 2011
	Previous forecast	Updated forecast	Change	
Return on Sales (ROS) ¹	2.7%	1.4%	(1.3%)	1.7%
Return on Assets (ROA) ²	2.5%	1.4%	(1.1%)	1.7%
Debt Outstanding	1,690.0 billion yen	1,650.0 billion yen	(40.0 billion) yen	1,593.6 billion yen
Shareholders' Equity	1,520.0 billion yen	1,460.0 billion yen	(60.0 billion) yen	1,414.2 billion yen
D/E Ratio	111.2%	113.0%	1.8%	112.7%
D/E Ratio (Ratings Based) ³	84.0%	84.6%	0.6%	83.5%

¹ ROS = Ordinary Income / Net Sales

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

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

4. 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	7.09	14.32				
	Consolidated	7.92	7.76	15.68				

5. 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	6.55	12.72				

6. 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	50.5	49.5				

7. 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	78.7	79.7				

8. 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	70.1	72.8				

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

(billion yen)

FY 2012 320.0* 9.1% decrease from previous year

*estimate

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

(billion yen)

1H FY 2012 47.5 533.3% increase from year earlier

11. 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	-15.0
March 31, 2013	1,650.0*	FY 2012	-14.0*
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2012	50.3		
March 31, 2013	50.0*		

* estimate

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

(billion yen)

	FY 2011	FY 2012
Capital investment	197.4	170.0*
Depreciation	238.3	200.0*

(on construction basis)

* estimate

13. Breakdown of changes in ordinary income (Forecast for FY 2012 compared to FY 2011)

(billion yen)		<u>FY 2011</u>	⇒	<u>FY 2012 (forecast)</u>
Steel Business	-10.7	25.7		15.0
Sales volume, price and raw materials	5.0			
Cost reduction	120.0			
Unrealized holding gains on inventories	-145.0			
Others	9.3			
Engineering Business	0.7	14.3	⇒	15.0

The engineering business is forecast to achieve ordinary income of 15.0 billion yen, up from the previous fiscal year, thanks to cost reductions and other ongoing efforts.

Trading Business	9.0	-	⇒	9.0
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Despite ongoing efforts to develop domestic demand by offering exhaustive services and enhancing processing and sales systems focused on the needs of users abroad, trading business is forecast to see ordinary income of 9.0 billion yen in the second half of fiscal 2012.

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