

JFE Holdings' Financial Results in First Quarter of Fiscal Year 2014 Ending March 31, 2015

— 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 30, 2014

Official name: Listings: Code: English URL: Representative: Contact:	JFE Holdings, Inc. Tokyo and Nagoya stock exchanges 5411 www.jfe-holdings.co.jp/en Hajime Bada, President and CEO Gaku Takahashi, Manager, Public Relations Section General Administration Department Phone: +81-3-3597-3842
Scheduled date to submit Quarterly Securities Report: Preparation of supplementary materials for quarterly results: Quarterly results briefing:	August 4, 2014 Yes Yes

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

1. Consolidated Results in First Quarter of Fiscal 2014 (April 1 to June 30, 2014)

(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 2014	927,640	10.5	31,351	25.0	34,693	(1.5)	15,510	(32.5)	26.89	-
1Q FY 2013	839,828	14.9	25,087	109.4	35,237	256.6	22,965	26.6	39.79	-

Note: Comprehensive income: 31,316 million yen in 1Q FY 2014 (down 47.7%)
59,853 million yen in 1Q FY 2013 (-)

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 1Q FY 2014	4,263,980	1,750,970	40.0	2,957.50
End FY 2013	4,241,700	1,745,930	40.1	2,950.61

Note: Shareholders' equity: 1,706,069 million yen as of June 30, 2014
1,702,120 million yen as of March 31, 2014

2. Dividends

	Dividend per share (yen)		
		Interim	Year-end
FY 2013	40.00	20.00	20.00
FY 2014 (estimate)	-	20.00	-

Note: Revisions to 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 2014 (April 1, 2014 to March 31, 2015)

	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 2014	1,900,000	9.9	70,000	18.6	70,000	(5.9)	40,000	(16.3)	69.34
FY 2014	-	-	-	-	180,000	3.6	-	-	-

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

For the first half of fiscal 2014, the company forecasts consolidated net sales of 1,900 billion yen, operating income of 70 billion yen, ordinary income of 70 billion yen and net income of 40 billion yen (69.34 yen per share). The company also forecasts ordinary income of 180 billion yen for the full fiscal year. For details, please refer to "(2) Consolidated Results Forecasts" on page 2 of the attached document.

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
 - 2) Changes other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatements: No
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)
 - As of June 30, 2014: 614,438,399 shares
 - As of March 31, 2014: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of June 30, 2014: 37,577,039 shares
 - As of March 31, 2014: 37,566,828 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)
 - 1Q FY 2014: 576,866,292 shares
 - 1Q FY 2013: 577,098,312 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.
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. Changes in Accounting Policies, Accounting Estimates and Restatements..... 4

3. Consolidated Financial Statements..... 5
 (1) Consolidated Balance Sheets 5
 (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 7
 Consolidated Statements of Income (first quarter) 7
 Consolidated Statements of Comprehensive Income (first quarter) 8
 (3) Notes Pertaining to the Presumption of a Going Concern 9
 (4) Notes In Case of Significant Changes to Shareholders' Equity 9

4. Reference.....10

1. Qualitative Information

(1) Consolidated Business Results

The Japanese economy in the first quarter of fiscal 2014 (ended June 30, 2014) continued to see a moderate recovery, although it was impacted by a decline that followed a spike in demand prior to a hike in the nation's consumption tax in April. Meanwhile, the economic outlook of emerging nations posed downward risks to the Japanese economy.

On a consolidated basis for the quarter, net sales of 927.6 billion yen showed an increase from the year earlier. An increase was also achieved in operating income of 31.3 billion yen. Ordinary income of 34.6 billion yen was the same level. An impairment loss led to an extraordinary loss of 7.0 billion yen contributed to decreases in net income before income taxes and minority interests of 27.6 billion yen and net income of 15.5 billion yen.

By segment, steel business posted net sales of 703.5 billion yen, up 80.3 billion yen, due to an increase in the quantity of steel sold. Ordinary income rose 4.5 billion yen to 30.7 billion yen, helped by continued efforts to improve profitability.

Engineering business net sales increased to 61.4 billion yen. An increased ordinary loss of 1.4 billion yen was booked due to changes in the composition of construction projects.

Trading business net sales increased to 462.1 billion yen, aided by a rise in the amount of thick steel plate sold to domestic shipbuilders. Ordinary income of 5.0 billion yen was on the same level as last year.

(2) Consolidated Results Forecasts

The following are forecasts for each business segment in the first half of fiscal 2014.

In the steel business, demand is forecast to be robust as the moderate economic recovery continues, although the domestic market will be affected by certain temporary negative factors, such as a falloff from the spike in demand seen last year prior to a hike in the nation's consumption tax and additional tax burdens on companies. Overseas markets are forecast to remain unfavorable as a chronic steel oversupply in China is still depressing steel prices, although economy is on a recovery track. Increased steel production and sales, mainly in the domestic market, combined with ongoing cost-cutting efforts are forecast to boost ordinary income to 60.0 billion yen. Certain negative factors, however, such as a loss on inventory valuations due to lower prices for primary raw materials, could impact profit.

Engineering business is striving to win more contracts in a severely competitive market. Ordinary income for the first half of fiscal 2014 is forecast to be 0.0 billion yen, after which the larger share of revenue is expected to come in the second half.

Trading business will continue to experience robust sales of steel products in the domestic market. Ordinary income of 10.5 billion yen is forecast.

JFE Holdings' first half consolidated forecasts include net sales of 1,900.0 billion yen, operating

income of 70.0 billion yen, ordinary income of 70.0 billion yen and net income of 40.0 billion yen.

The company forecasts full-year consolidated ordinary income to be approximately 180.0 billion yen, which includes ordinary income of 70.0 billion yen in the first half and approximately 110.0 billion yen in the second half. The second-half forecast includes 16.0 billion yen from engineering business and 20.0 billion yen due to cost reductions in the steel business.

The company intends to pay an interim dividend of 20 yen based on current income and profit forecasts. The year-end dividend will be decided once actual performance becomes clearer.

2. Changes in Accounting Policies, Accounting Estimates and Restatements

Application of the Accounting Standard for Retirement Benefits

Effective the first quarter of fiscal 2014, the JFE Group began applying the provisions of Section 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No.26 of May 17, 2012, hereinafter referred to as the Retirement Benefits Accounting Standard) and Section 67 of the Guidance on the Accounting Standard for Retirement Benefits (ASBJ Statement No.25 of May 17, 2012, hereinafter referred to as the Guidance on Retirement Benefits) to change the method of calculating retirement benefit obligations and service costs. The method of determining the discount rate was revised to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

In accordance with transitional accounting as stipulated in Article 37 of the Retirement Benefits Accounting Standard, the effect of changes in accounting policies arising from initial application is reflected in retained earnings at the beginning of the first quarter of fiscal 2014.

As a result, in the beginning of the first quarter of fiscal 2014, a retirement benefit liability increased 15,717 million yen, while retirement benefit assets decreased 6,363 million yen and retained earnings decreased 14,867 million yen. In addition, operating profit, ordinary profit and net income before taxes and other adjustments for the first quarter each increased by 300 million yen.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2014	(million yen) As of June 30, 2014
(Assets)		
Current assets:		
Cash and deposits	62,913	65,641
Notes and accounts receivable	630,061	610,144
Merchandise and finished goods	336,216	343,978
Work in process	40,223	55,672
Raw materials and supplies	380,972	401,025
Other current assets	207,543	199,218
Allowance for doubtful accounts	(3,615)	(3,510)
Total current assets	1,654,315	1,672,169
Non-current assets:		
Property, plant and equipment:		
Machinery and equipment, net	584,619	577,903
Land	506,570	506,473
Other property, plant and equipment, net	507,958	506,704
Total property, plant and equipment	1,599,148	1,591,080
Intangible assets	52,680	52,415
Investments and other assets:		
Investments in securities	826,371	848,272
Other assets	116,209	107,076
Allowance for doubtful accounts	(7,024)	(7,034)
Total investments and other assets	935,555	948,314
Total non-current assets	2,587,385	2,591,810
Total assets	4,241,700	4,263,980

	As of March 31, 2014	(million yen) As of June 30, 2014
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	401,922	401,805
Short-term borrowings	283,125	349,621
Commercial paper	22,998	-
Current portion of corporate bonds	80,000	140,000
Allowances	7,819	6,726
Other current liabilities	309,228	311,588
Total current liabilities	1,105,094	1,209,742
Long-term liabilities:		
Corporate bonds	205,000	145,000
Long-term borrowings	942,912	899,277
Net defined-benefit liabilities	115,058	133,072
Allowances	65,265	64,338
Other	62,438	61,579
Total long-term liabilities	1,390,675	1,303,267
Total liabilities	2,495,769	2,513,009
(Net assets)		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	965,204	954,256
Treasury stock, at cost	(178,977)	(178,993)
Total shareholders' equity	1,580,491	1,569,526
Accumulated other comprehensive income:		
Net unrealized gains on securities	102,574	121,918
Net unrealized gains and losses on hedges	(411)	(1,436)
Net unrealized gains on revaluation of land	14,541	14,541
Translation adjustments	9,949	6,178
Accumulated adjustments for retirement benefits	(5,024)	(4,658)
Total accumulated other comprehensive income	121,628	136,543
Minority interests	43,810	44,900
Total net assets	1,745,930	1,750,970
Total liabilities and net asset	4,241,700	4,263,980

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

Consolidated Statements of Income

	First Quarter of Fiscal 2013	(million yen) First Quarter of Fiscal 2014
Net sales	839,828	927,640
Cost of sales	743,786	819,698
Gross profit	96,042	107,941
Selling, general and administrative expenses	70,955	76,590
Operating income	25,087	31,351
Non-operating income:		
Interest income	251	271
Dividend income	4,278	5,349
Equity in earnings of affiliate	6,831	3,238
Other	11,410	6,568
Total non-operating income	22,772	15,427
Non-operating expenses:		
Interest expense	3,451	3,503
Loss on disposal of fixed assets	2,993	3,321
Other	6,177	5,260
Total non-operating expenses	12,622	12,084
Ordinary income	35,237	34,693
Extraordinary losses:		
Impairment loss	-	7,001
Total extraordinary loss	-	7,001
Income before income taxes and minority interests	35,237	27,691
Income taxes	11,563	10,977
Net income before minority interests	23,673	16,714
Minority interests	708	1,203
Net income	22,965	15,510

Consolidated Statements of Comprehensive Income

	First Quarter of Fiscal 2013	(million yen) First Quarter of Fiscal 2014
Net income before minority interests	23,673	16,714
Other comprehensive income:		
Net unrealized gains on securities	9,141	19,211
Net unrealized gains and losses on hedges	914	(975)
Translation adjustments	10,148	(2,199)
Adjustments for retirement benefits	-	228
Share of other comprehensive income of affiliates accounted for using equity method	15,975	(1,664)
Total other comprehensive income	36,179	14,601
Comprehensive income:	59,853	31,316
(breakdown)		
Comprehensive income attributable to parent shareholder	58,311	30,425
Comprehensive income attributable to minority shareholders	1,542	890

(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.

4. Reference

(1) Consolidated Results in First Quarter and Earnings Forecasts for First Half of Fiscal 2014

(billion yen)

	FY 2013			FY 2014			Change		
	1Q	1H	Full year	1Q	1H	Full year	1Q	1H	Full year
Steel Business	623.2	1,294.9	2,691.6	703.5	1,440.0		80.3	145.1	
Engineering Business	45.4	107.2	284.1	61.4	140.0		16.0	32.8	
Trading Business	422.3	855.8	1,781.3	462.1	960.0		39.8	104.2	
Adjustments	(251.1)	(529.7)	(1,090.2)	(299.4)	(640.0)		(48.3)	(110.3)	
Net Sales	839.8	1,728.3	3,666.8	927.6	1,900.0		87.8	171.7	
Operating Income	25.0	59.0	153.3	31.3	70.0		6.3	11.0	
Non-operating Income (Expenses)	10.2	15.3	20.3	3.3	0		(6.9)	(15.3)	
Steel Business	26.2	55.9	126.2	30.7	60.0	140.0	4.5	4.1	13.8
Engineering Business	(0.5)	2.1	18.4	(1.4)	0	16.0	(0.9)	(2.1)	(2.4)
Trading Business	5.0	10.4	21.5	5.0	10.5	24.0	0	0.1	2.5
Adjustments	4.4	5.9	7.3	0.4	(0.5)	0	(4.0)	(6.4)	(7.3)
Ordinary Income (Loss)	35.2	74.3	173.6	34.6	70.0	180.0	(0.6)	(4.3)	6.4
Extraordinary Profit (Loss)	0	(3.6)	(13.1)	(7.0)	(7.0)		(7.0)	(3.4)	
Income Before Income Taxes and Minority Interests	35.2	70.6	160.5	27.6	63.0		(7.6)	(7.6)	
Tax Expense and Minority Interest	(12.2)	(22.9)	(58.1)	(12.1)	(23.0)		0.1	(0.1)	
Net Income	22.9	47.7	102.3	15.5	40.0		(7.4)	(7.7)	

(2) Consolidated financial indices

	Fiscal 2013	1H Fiscal 2014	Change
Return on Sales (ROS) ¹	4.7%	3.7%	(1.0%)
Return on Assets (ROA) ²	4.5%	3.7%	(0.8%)
Debt Outstanding	1,534.0 billion yen	1,560.0 billion yen	26.0 billion yen
Shareholders' Equity	1,702.1 billion yen	1,720.0 billion yen	17.9 billion yen
D/E Ratio ³	67.9%	68.6%	0.7%

¹ ROS = Ordinary income / net sales

² ROA (full year) = Ordinary income before interest expenses / Total assets (average)

ROA (first half) = Ordinary income before interest expenses x 2 / Total assets (average)

³ D/E ratio = Debt outstanding / Shareholders' equity. For debt having a capital component, 75% of the 300 billion yen issue price is 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 2013	Non-consolidated	7.05	7.24	14.29	7.15	7.23	14.38	28.67
	Consolidated	7.82	7.97	15.79	7.88	7.92	15.80	31.58
FY 2014	Non-consolidated	7.14	7.50*	14.60*				
	Consolidated	7.87	8.20*	16.10*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013		6.15	6.42	12.57	6.33	6.62	12.95	25.52
FY 2014		6.41	6.90*	13.30*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013		51.0	48.5	49.7	47.0	47.2	47.1	48.4
FY 2014		46.2	49*	48*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013		97.7	98.3	98.0	99.6	103.4	101.5	99.8
FY 2014		102.4	102.1	102.3				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013		73.4	75.7	74.6	76.6	77.0	76.8	75.7
FY 2014		77.9	75*	76*				

* estimate

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

(billion yen)

1H FY 2014 230.0* 23.5% increase from previous year

* estimate

(9) Breakdown of Changes in Ordinary Income for Steel Business

a. First quarter of FY 2014, compared to same period of FY 2013

(billion yen)

		<u>1Q of FY 2013</u>	<u>1Q of FY 2014</u>
Ordinary income	4.5	26.2	⇒ 30.7
Sales volume, prices and raw materials	40.0		
Cost reductions	15.0		
Unrealized gains on inventories and others	(50.5)		
		(including exchange rate fluctuations)	

b. FY 2014 (forecast), compared to FY 2013

(billion yen)

		<u>FY 2013</u>		<u>FY 2014</u>
Ordinary income	13.8	126.2	⇒	140.0
Sales volume, prices and raw materials	90.0			
Cost reductions	40.0			
Unrealized gains on inventories and others	(116.2)			
				(including exchange rate fluctuations)

###