

Financial Information

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Note: Fiscal Year (FY) 2014 in the following pages refers to the period beginning April 1, 2014 and ended March 31, 2015.

Five-year Financial Summary

JFE Holdings, Inc. and Consolidated Subsidiaries

| | Millions of yen | | | | |
|---|-----------------|------------|------------|------------|------------|
| | FY2014 | FY2013 | FY2012 | FY2011 | FY2010 |
| Operating results (for the year) | | | | | |
| Net sales | ¥3,850,355 | ¥3,666,859 | ¥3,189,196 | ¥3,166,511 | ¥3,195,560 |
| Operating income | 222,599 | 153,327 | 39,873 | 44,779 | 182,810 |
| Ordinary income before interest and discount expenses*1 | 245,533 | 187,622 | 66,588 | 68,075 | 182,268 |
| Ordinary income | 231,001 | 173,676 | 52,214 | 52,977 | 165,805 |
| Net income | 139,357 | 102,382 | 39,599 | (36,633) | 58,608 |
| Comprehensive income | 281,936 | 178,013 | 111,672 | (19,268) | 29,086 |
| Cash flows (for the year) | | | | | |
| Cash flows from operating activities | 297,380 | 254,809 | 287,071 | 110,087 | 302,603 |
| Cash flows from investing activities | (216,313) | (164,020) | (163,616) | (205,494) | (302,282) |
| Free cash flows*2 | 81,067 | 90,789 | 123,455 | (95,406) | 320 |
| Cash flows from financing activities | (78,247) | (105,576) | (147,550) | 96,078 | 23,073 |
| Financial position (at the year end) | | | | | |
| Total assets | 4,639,412 | 4,241,700 | 4,107,519 | 4,007,263 | 3,976,644 |
| Property, plant and equipment, net | 1,629,591 | 1,599,148 | 1,606,862 | 1,644,884 | 1,712,318 |
| Net assets | 1,990,023 | 1,745,930 | 1,596,797 | 1,456,340 | 1,478,310 |
| Debt outstanding | 1,501,760 | 1,534,036 | 1,596,363 | 1,593,633 | 1,496,413 |
| Capital investment and others | | | | | |
| Capital investment | 225,902 | 175,715 | 179,679 | 197,449 | 180,492 |
| Depreciation and amortization | 176,017 | 181,311 | 194,062 | 238,316 | 246,666 |
| R&D expenses | 32,488 | 31,177 | 33,662 | 34,243 | 33,523 |
| Crude steel output (thousand tons) | 31,045 | 31,584 | 30,687 | 29,235 | 31,472 |
| Employees | 58,856 | 57,210 | 57,044 | 54,133 | 54,400 |
| Ratio | | | | | |
| Return on sales (ROS)*3 | 6.0% | 4.7% | 1.6% | 1.7% | 5.2% |
| Return on assets (ROA)*4 | 5.5% | 4.5% | 1.6% | 1.7% | 4.6% |
| Return on equity (ROE)*5 | 7.7% | 6.3% | 2.7% | (2.6%) | 4.1% |
| Equity capital ratio | 41.8% | 40.1% | 37.9% | 35.3% | 36.2% |
| Debt-to-equity ratio*6 | 59.0% | 67.9% | 76.9% | 83.5% | 76.5% |
| Per share data | | | | | |
| Net income | ¥ 241.60 | ¥ 177.44 | ¥ 71.20 | ¥ (68.71) | ¥ 110.73 |
| Net assets | 3,362.22 | 2,950.61 | 2,700.83 | 2,627.63 | 2,708.51 |
| Cash dividends | 60 | 40 | 20 | 20 | 35 |

Notes: *1 Ordinary income before interest and discount expenses = Ordinary income + interest and discount expenses
 *2 Free cash flows = Cash flows from operating activities + cash flows from investing activities
 *3 Return on sales (ROS) = Ordinary income/net sales × 100
 *4 Return on assets (ROA) = (Ordinary income+interest and discount expenses)/total assets × 100

*5 Return on equity (ROE) = Net income/total shareholders' equity × 100
 *6 Debt-to-equity ratio = Debt outstanding/total shareholders' equity × 100
 Debt-to-equity ratio in the rating of debt having a capital component, with 75% of this 300 billion yen in debt deemed to be capital, as assessed by rating agencies.

Consolidated Balance Sheets

JFE Holdings, Inc. and Subsidiaries
March 31, 2015 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|-------------------|-------------------|---------------------------------------|
| | FY2014 | FY2013 | FY2014 |
| Assets | | | |
| Current assets: | | | |
| Cash and deposits (Notes 5 and 13) | ¥ 85,889 | ¥ 62,913 | \$ 714,729 |
| Notes and accounts receivable (Notes 8 and 13) | 771,574 | 630,061 | 6,420,687 |
| Allowance for doubtful accounts | (2,326) | (3,615) | (19,355) |
| Merchandise and finished goods | 357,733 | 336,216 | 2,976,891 |
| Raw materials and supplies | 408,871 | 380,972 | 3,402,438 |
| Other current assets (Note 8) | 249,538 | 247,767 | 2,076,541 |
| Total current assets | 1,871,280 | 1,654,315 | 15,571,939 |
| Property, plant and equipment (Note 8): | | | |
| Land (Note 9) | 499,512 | 506,570 | 4,156,711 |
| Buildings and structures | 1,790,227 | 1,776,367 | 14,897,453 |
| Machinery and equipment | 5,678,123 | 5,584,266 | 47,250,753 |
| Construction in progress | 80,664 | 59,121 | 671,249 |
| Subtotal | 8,048,528 | 7,926,325 | 66,976,183 |
| Accumulated depreciation | (6,418,937) | (6,327,176) | (53,415,469) |
| Property, plant and equipment, net | 1,629,591 | 1,599,148 | 13,560,713 |
| Investments and other assets: | | | |
| Investments in unconsolidated subsidiaries and affiliates (Note 13) | 437,199 | 405,197 | 3,638,170 |
| Investments in securities (Notes 6, 8 and 13) | 533,051 | 421,173 | 4,435,807 |
| Allowance for doubtful accounts | (6,152) | (7,024) | (51,194) |
| Net defined benefit asset (Note 10) | 13,231 | 11,652 | 110,102 |
| Other assets (Note 8) | 161,211 | 157,237 | 1,341,524 |
| Total investments and other assets | 1,138,540 | 988,235 | 9,474,411 |
| Total assets | ¥4,639,412 | ¥4,241,700 | \$38,607,073 |

The accompanying notes are an integral part of these statements.

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-------------------|-------------------|---------------------------------------|
| | FY2014 | FY2013 | FY2014 |
| Liabilities | | | |
| Current liabilities: | | | |
| Short-term borrowings (Note 13) | ¥ 128,761 | ¥ 102,649 | \$ 1,071,490 |
| Current portion of long-term debt (Notes 7 and 13) | 239,243 | 260,475 | 1,990,871 |
| Commercial paper (Note 13) | — | 22,998 | — |
| Notes and accounts payable (Note 13) | 469,107 | 401,922 | 3,903,694 |
| Other current liabilities | 378,540 | 317,048 | 3,150,037 |
| Total current liabilities | 1,215,653 | 1,105,094 | 10,116,110 |
| Long-term liabilities: | | | |
| Long-term debt (Notes 7 and 13) | 1,133,756 | 1,147,912 | 9,434,600 |
| Reserve for rebuilding furnaces | 26,015 | 25,981 | 216,484 |
| Deferred tax liabilities (Notes 9 and 16) | 78,998 | 22,800 | 657,385 |
| Allowance for losses on specific waste disposal business | 24,112 | 26,222 | 200,649 |
| Net defined benefit liability (Note 10) | 119,331 | 115,058 | 993,018 |
| Other long-term liabilities | 51,521 | 52,701 | 428,734 |
| Total long-term liabilities | 1,433,735 | 1,390,675 | 11,930,889 |
| Total liabilities | 2,649,388 | 2,495,769 | 22,047,000 |
| Contingencies (Note 11) | | | |
| Net assets | | | |
| Shareholders' equity: | | | |
| Common stock: | | | |
| Authorized 2,298,000,000 shares | | | |
| Issued 614,438,399 shares as of March 31, 2015 | | | |
| 614,438,399 shares as of March 31, 2014 | 147,143 | 147,143 | 1,224,457 |
| Capital surplus | 647,121 | 647,121 | 5,385,046 |
| Retained earnings | 1,066,517 | 965,204 | 8,875,068 |
| Treasury stock, at cost: | | | |
| 37,754,166 shares as of March 31, 2015 | | | |
| 37,566,828 shares as of March 31, 2014 | (179,430) | (178,977) | (1,493,134) |
| Total shareholders' equity | 1,681,350 | 1,580,491 | 13,991,428 |
| Accumulated other comprehensive income: | | | |
| Net unrealized gains and losses on securities | 194,733 | 102,574 | 1,620,479 |
| Net unrealized gains and losses on hedges | (535) | (411) | (4,452) |
| Revaluation reserve for land, net of tax (Note 9) | 15,654 | 14,541 | 130,265 |
| Translation adjustments | 41,107 | 9,949 | 342,073 |
| Remeasurements of defined benefit plans (Note 10) | 6,626 | (5,024) | 55,138 |
| Total accumulated other comprehensive income | 257,587 | 121,628 | 2,143,521 |
| Minority interests (Note 9) | 51,085 | 43,810 | 425,106 |
| Total net assets | 1,990,023 | 1,745,930 | 16,560,064 |
| Total liabilities and net assets | ¥4,639,412 | ¥4,241,700 | \$38,607,073 |

Consolidated Statements of Income

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2015 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|------------|---------------------------------------|
| | FY2014 | FY2013 | FY2014 |
| Net sales | ¥3,850,355 | ¥3,666,859 | \$32,040,900 |
| Cost of sales | 3,312,981 | 3,215,380 | 27,569,118 |
| Gross profit | 537,373 | 451,479 | 4,471,773 |
| Selling, general and administrative expenses | 314,774 | 298,151 | 2,619,405 |
| Operating income | 222,599 | 153,327 | 1,852,367 |
| Non-operating income (expenses): | | | |
| Interest income | 1,078 | 1,148 | 8,970 |
| Interest expense | (14,532) | (13,945) | (120,928) |
| Dividends received | 10,544 | 8,940 | 87,742 |
| Foreign exchange gains | 12,267 | 6,833 | 102,080 |
| Equity in earnings of affiliates | 18,280 | 19,374 | 152,117 |
| Other, net | (19,235) | (2,001) | (160,064) |
| Ordinary income | 231,001 | 173,676 | 1,922,285 |
| Extraordinary income (loss) (Note 20) | (4,309) | (13,167) | (35,857) |
| Income before income taxes and minority interests | 226,692 | 160,509 | 1,886,427 |
| Income taxes (Note 16): | | | |
| Current | 34,936 | 28,886 | 290,721 |
| Deferred | 47,642 | 25,125 | 396,455 |
| | 82,579 | 54,011 | 687,184 |
| Income before minority interests | 144,112 | 106,497 | 1,199,234 |
| Minority interests | (4,754) | (4,114) | (39,560) |
| Net income | ¥ 139,357 | ¥ 102,382 | \$ 1,159,665 |

| | Yen | | U.S. dollars (Note 1) |
|--------------------------|----------|----------|-----------------------|
| | FY2014 | FY2013 | FY2014 |
| Net income per share | ¥ 241.60 | ¥ 177.44 | \$ 2.01 |
| Cash dividends per share | 60 | 40 | 0.49 |

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2015 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|----------|---------------------------------------|
| | FY2014 | FY2013 | FY2014 |
| Income before minority interests | ¥144,112 | ¥106,497 | \$1,199,234 |
| Other comprehensive income (Note 17): | | | |
| Net unrealized gains and losses on securities | 90,808 | 32,035 | 755,662 |
| Net unrealized gains and losses on hedges | (232) | 359 | (1,930) |
| Revaluation reserve for land | 1,012 | — | 8,421 |
| Translation adjustments | 12,712 | 15,345 | 105,783 |
| Remeasurements of defined benefit plans | 11,905 | — | 99,067 |
| Share of other comprehensive income of affiliates accounted for using equity method | 21,617 | 23,775 | 179,886 |
| Total other comprehensive income | 137,823 | 71,516 | 1,146,900 |
| Comprehensive income | ¥281,936 | ¥178,013 | \$2,346,142 |
| Total comprehensive income attributable to: | | | |
| Shareholders of the parent | ¥275,304 | ¥172,135 | \$2,290,954 |
| Minority interests | 6,631 | 5,878 | 55,180 |

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2015 and 2014

| | Millions of yen | | | | |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Shareholders' equity | | | | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at April 1, 2013 | ¥147,143 | ¥647,121 | ¥886,338 | ¥(178,529) | ¥1,502,072 |
| Cash dividends | | | (23,113) | | (23,113) |
| Net income | | | 102,382 | | 102,382 |
| Acquisition of treasury stock | | | | (2,201) | (2,201) |
| Disposal of treasury stock | | | (99) | 1,753 | 1,654 |
| Decrease by change of scope of consolidation | | | (5) | | (5) |
| Transfer from land revaluation account | | | (297) | | (297) |
| Net changes in items other than shareholders' equity | | | | | — |
| Total changes in items during the year | | | 78,866 | (448) | 78,418 |
| Balance at March 31, 2014 | ¥147,143 | ¥647,121 | ¥965,204 | ¥(178,977) | ¥1,580,491 |

| | Millions of yen | | | | | | | |
|--|---|---|--|-------------------------|---|--|--------------------|-------------------|
| | Accumulated other comprehensive income | | | | | | | |
| | Net unrealized gains and losses on securities | Net unrealized gains and losses on hedges | Revaluation reserve for land, net of tax | Translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Minority interests | Total net assets |
| Balance at April 1, 2013 | ¥ 69,184 | ¥(138) | ¥14,243 | ¥(26,687) | ¥ — | ¥ 56,602 | ¥38,121 | ¥1,596,797 |
| Cash dividends | | | | | | | | (23,113) |
| Net income | | | | | | | | 102,382 |
| Acquisition of treasury stock | | | | | | | | (2,201) |
| Disposal of treasury stock | | | | | | | | 1,654 |
| Decrease by change of scope of consolidation | | | | | | | | (5) |
| Transfer from land revaluation account | | | | | | | | (297) |
| Net changes in items other than shareholders' equity | 33,389 | (273) | 297 | 36,636 | (5,024) | 65,026 | 5,689 | 70,715 |
| Total changes in items during the year | 33,389 | (273) | 297 | 36,636 | (5,024) | 65,026 | 5,689 | 149,133 |
| Balance at March 31, 2014 | ¥102,574 | ¥(411) | ¥14,541 | ¥ 9,949 | ¥(5,024) | ¥121,628 | ¥43,810 | ¥1,745,930 |

| | Millions of yen | | | | |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Shareholders' equity | | | | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at April 1, 2014 | ¥147,143 | ¥647,121 | ¥ 965,204 | ¥(178,977) | ¥1,580,491 |
| Cumulative effects of changes in accounting policies | | | (14,867) | | (14,867) |
| Restated balance at April 1, 2014 | 147,143 | 647,121 | 950,337 | (178,977) | 1,565,623 |
| Cash dividends | | | (23,086) | | (23,086) |
| Net income | | | 139,357 | | 139,357 |
| Acquisition of treasury stock | | | | (498) | (498) |
| Disposal of treasury stock | | | (16) | 45 | 29 |
| Decrease by change of scope of consolidation | | | (63) | | (63) |
| Transfer from land revaluation account | | | (11) | | (11) |
| Net changes in items other than shareholders' equity | | | | | — |
| Total changes in items during the year | | | 116,179 | (452) | 115,727 |
| Balance at March 31, 2015 | ¥147,143 | ¥647,121 | ¥1,066,517 | ¥(179,430) | ¥1,681,350 |

| | Millions of yen | | | | | | | |
|--|---|---|--|-------------------------|---|--|--------------------|-------------------|
| | Accumulated other comprehensive income | | | | | | | |
| | Net unrealized gains and losses on securities | Net unrealized gains and losses on hedges | Revaluation reserve for land, net of tax | Translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Minority interests | Total net assets |
| Balance at April 1, 2014 | ¥102,574 | ¥(411) | ¥14,541 | ¥ 9,949 | ¥(5,024) | ¥121,628 | ¥43,810 | ¥1,745,930 |
| Cumulative effects of changes in accounting policies | | | | | | | | (14,867) |
| Restated balance at April 1, 2014 | 102,574 | (411) | 14,541 | 9,949 | (5,024) | 121,628 | 43,810 | 1,731,063 |
| Cash dividends | | | | | | | | (23,086) |
| Net income | | | | | | | | 139,357 |
| Acquisition of treasury stock | | | | | | | | (498) |
| Disposal of treasury stock | | | | | | | | 29 |
| Decrease by change of scope of consolidation | | | | | | | | (63) |
| Transfer from land revaluation account | | | | | | | | (11) |
| Net changes in items other than shareholders' equity | 92,159 | (123) | 1,113 | 31,157 | 11,651 | 135,958 | 7,275 | 143,233 |
| Total changes in items during the year | 92,159 | (123) | 1,113 | 31,157 | 11,651 | 135,958 | 7,275 | 258,960 |
| Balance at March 31, 2015 | ¥194,733 | ¥(535) | ¥15,654 | ¥41,107 | ¥ 6,626 | ¥257,587 | ¥51,085 | ¥1,990,023 |

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2015 and 2014

| | Thousands of U.S. dollars (Note 1) | | | | |
|--|------------------------------------|--------------------|--------------------|-------------------------|----------------------------|
| | Shareholders' equity | | | | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at April 1, 2014 | \$1,224,457 | \$5,385,046 | \$8,031,988 | \$(1,489,365) | \$13,152,126 |
| Cumulative effects of changes in accounting policies | | | (123,716) | | (123,716) |
| Restated balance at April 1, 2014 | 1,224,457 | 5,385,046 | 7,908,271 | (1,489,365) | 13,028,401 |
| Cash dividends | | | (192,111) | | (192,111) |
| Net income | | | 1,159,665 | | 1,159,665 |
| Acquisition of treasury stock | | | | (4,144) | (4,144) |
| Disposal of treasury stock | | | (133) | 374 | 241 |
| Decrease by change of scope of consolidation | | | (524) | | (524) |
| Transfer from land revaluation account | | | (91) | | (91) |
| Net changes in items other than shareholders' equity | | | | | — |
| Total changes in items during the year | | | 966,788 | (3,761) | 963,027 |
| Balance at March 31, 2015 | \$1,224,457 | \$5,385,046 | \$8,875,068 | \$(1,493,134) | \$13,991,428 |

| | Thousands of U.S. dollars (Note 1) | | | | | | | |
|--|---|---|--|-------------------------|---|--|--------------------|---------------------|
| | Accumulated other comprehensive income | | | | | | | |
| | Net unrealized gains and losses on securities | Net unrealized gains and losses on hedges | Revaluation reserve for land, net of tax | Translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Minority interests | Total net assets |
| Balance at April 1, 2014 | \$ 853,574 | \$(3,420) | \$121,003 | \$ 82,791 | \$(41,807) | \$1,012,132 | \$364,566 | \$14,528,834 |
| Cumulative effects of changes in accounting policies | | | | | | | | (123,716) |
| Restated balance at April 1, 2014 | 853,574 | (3,420) | 121,003 | 82,791 | (41,807) | 1,012,132 | 364,566 | 14,405,117 |
| Cash dividends | | | | | | | | (192,111) |
| Net income | | | | | | | | 1,159,665 |
| Acquisition of treasury stock | | | | | | | | (4,144) |
| Disposal of treasury stock | | | | | | | | 241 |
| Decrease by change of scope of consolidation | | | | | | | | (524) |
| Transfer from land revaluation account | | | | | | | | (91) |
| Net changes in items other than shareholders' equity | 766,905 | (1,023) | 9,261 | 259,274 | 96,954 | 1,131,380 | 60,539 | 1,191,919 |
| Total changes in items during the year | 766,905 | (1,023) | 9,261 | 259,274 | 96,954 | 1,131,380 | 60,539 | 2,154,947 |
| Balance at March 31, 2015 | \$1,620,479 | \$(4,452) | \$130,265 | \$342,073 | \$ 55,138 | \$2,143,521 | \$425,106 | \$16,560,064 |

The accompanying notes are an integral part of these statements.

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|------------------|------------------|------------------------------------|
| | FY2014 | FY2013 | FY2014 |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | ¥226,692 | ¥160,509 | \$1,886,427 |
| Adjustments for: | | | |
| Depreciation and amortization | 176,017 | 181,311 | 1,464,733 |
| Decrease in reserves | (2,772) | (9,626) | (23,067) |
| Interest and dividend income | (11,623) | (10,089) | (96,721) |
| Interest expense | 14,532 | 13,945 | 120,928 |
| Changes in assets and liabilities: | | | |
| Changes in notes and accounts receivable | (105,365) | (26,779) | (876,799) |
| Changes in inventories | (27,866) | (61,360) | (231,888) |
| Changes in notes and accounts payable | 61,020 | 13,318 | 507,780 |
| Other, net | (2,111) | 14,327 | (17,566) |
| Subtotal | 328,524 | 275,557 | 2,733,827 |
| Interest and dividend income received | 18,396 | 21,233 | 153,083 |
| Interest paid | (14,684) | (14,165) | (122,193) |
| Income taxes paid | (34,856) | (27,815) | (290,055) |
| Net cash provided by operating activities | 297,380 | 254,809 | 2,474,660 |
| Cash flows from investing activities: | | | |
| Payments for purchases of property, plant and equipment | (220,809) | (177,867) | (1,837,471) |
| Proceeds from sales of property, plant and equipment | 17,239 | 3,480 | 143,455 |
| Payments for purchases of investments in securities | (5,491) | (4,276) | (45,693) |
| Proceeds from sales of investments in securities | 23,655 | 15,591 | 196,846 |
| Payments for purchases of shares of subsidiaries resulting in change in scope of consolidation | (30,468) | (47) | (253,540) |
| Other, net | (439) | (901) | (3,653) |
| Net cash used in investing activities | (216,313) | (164,020) | (1,800,058) |
| Cash flows from financing activities: | | | |
| (Decrease) increase in short-term borrowings, net | (16,771) | 34,437 | (139,560) |
| Increase in long-term debt | 226,429 | 176,950 | 1,884,238 |
| Repayments of long-term debt | (262,113) | (284,229) | (2,181,184) |
| Payments for purchases of treasury stock | (483) | (570) | (4,019) |
| Payments for dividends by parent company | (23,034) | (23,019) | (191,678) |
| Other, net | (2,275) | (9,145) | (18,931) |
| Net cash used in financing activities | (78,247) | (105,576) | (651,135) |
| Effects of exchange rate change on cash and cash equivalents | 15,247 | 12,707 | 126,878 |
| Net increase (decrease) in cash and cash equivalents | 18,066 | (2,080) | 150,337 |
| Cash and cash equivalents at beginning of the year | 62,318 | 64,463 | 518,582 |
| Increase (decrease) in cash and cash equivalents at beginning of the year by newly consolidated or deconsolidated subsidiaries | 3,157 | (64) | 26,271 |
| Cash and cash equivalents at end of the year (Note 5) | ¥ 83,542 | ¥ 62,318 | \$ 695,198 |

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

JFE Holdings, Inc. and Subsidiaries

Years ended March 31, 2015 and 2014

1. Basis of Presentation

The accompanying consolidated financial statements of JFE Holdings, Inc. (the "Company" hereinafter) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company's overseas subsidiaries maintain their accounts and records in conformity with generally accepted accounting principles and practices prevailing in their respective countries of domicile.

The notes to the consolidated financial statements include information that is not required under the Japanese GAAP but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior years' financial statements have been reclassified to conform to the 2015 presentation.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2015, which was ¥120.17 to US\$1.00. These convenient translations should not be construed as representations that the Japanese yen amounts have been could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation principles

The consolidated financial statements include the accounts of the Company's 328 domestic and foreign subsidiaries (the "Group" as JFE Holdings, Inc. consolidated group, hereinafter). All significant inter-company transactions and accounts are eliminated in consolidation.

65 affiliates are accounted for by the equity method whereby the Group includes in net income its share of income or losses of these companies, and records its investments at cost adjusted for its share of income, losses or dividends received.

(b) Translation of foreign currencies

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made, and assets and liabilities are translated into Japanese yen at the exchange rates in effect on the respective balance sheet date.

The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rates at the balance sheet dates except for shareholders' equity, which is translated at historical rates. Differences arising from such translation are shown as "translation adjustments" in a separate component of net assets in the balance sheets.

(c) Valuation of securities

Available-for-sale securities

Marketable:

Valued primarily at market based on an average of the market prices for a period of one month prior to the settlement date. (Valuation differences are recorded as net unrealized gains and losses on securities, net of tax, in net assets in the balance sheets by the direct capitalization method, with the costs of sales calculated primarily by the moving average method.)

Non-marketable:

Valued primarily at cost by the moving average method.

(d) Valuation of inventories

Inventories are stated at cost determined by the weighted average method. These inventories with lower profitability are written down to their net realizable value.

(e) Depreciation method for property, plant and equipment (except for leased assets)

Depreciation is calculated primarily by the declining balance method.

(f) Intangible assets (except for leased assets)

Amortization of intangible assets is calculated primarily by the straight-line method.

Amortization of the software for internal use is computed by the straight-line method based on the estimated useful lives (primarily 5 years).

(g) Allowance for doubtful accounts

The projected uncollectible amount is provided as the allowance using historical default rates in the past for ordinary credits and individual collectability assessments for credits deemed to have high likelihood of default and for other specific credits.

(h) Reserve for rebuilding furnaces

Reserve for rebuilding furnaces is provided based on the estimated cost of repair.

(i) Allowance for losses on specific waste disposal business

Allowance for losses on specific waste disposal business is provided based on the estimated amount sufficient to cover probable loss that will be incurred in the following fiscal years.

(j) Retirement benefits

The straight-line method is used to attribute expected retirement benefits to each period through the end of the year in calculating retirement benefit obligation.

Prior service cost is amortized in projected average years of service of the employees.

Actuarial losses are amortized in projected average years of service of the employees from the following fiscal year after the year in which they occurred.

(k) Leases

Leased assets under finance leases that do not transfer ownership to the lessees are capitalized and depreciated to a residual value of zero using the straight-line method with useful life defined by the terms of the contract.

(l) Revenue recognition for long-term construction-type contracts

The percentage-of-completion method (cost-comparison method to estimate the percentage of completion) is applied for construction contracts where the percentage of completion can be reliably estimated. For other contracts, the completed-contract method is applied.

(m) Consolidated tax return

The Company files a consolidated tax return with certain domestic subsidiaries.

(n) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Net income used in the computation was ¥139,357 million (\$1,159,665 thousand) and ¥102,382 million, and the average number of shares used in the computation was 576,806 thousand and 577,015 thousand for the years ended March 31, 2015 and 2014, respectively.

Cash dividends per share shown in the consolidated statements of income are the amounts applicable to the respective year.

3. Changes in Accounting Policies and Adoption of New Accounting Standards

Accounting standard for retirement benefits

Effective from the year ended March 31, 2015, the Company has adopted the provisions indicated in the main clause of Paragraph 35 of "Accounting Standard for Retirement Benefits" (the Accounting Standards Board of Japan ("ASBJ") Statement No. 26, issued on May 17, 2012 (hereinafter, the "Standard No. 26")) and Paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on March 26, 2015 (hereinafter the "Guidance No. 25")). Consequently, the method for calculating the projected benefit obligation and service cost has been revised and the method for determining the discount rate has been changed from the method based on the period which approximates the average remaining service period of the employees to the method using a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

With regard to the adoption of the Standard No. 26 and the Guidance No. 25, in accordance with the transitional treatment indicated in Paragraph 37 of the Standard No. 26, the cumulative effect of the change in the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014.

As a result of this change, net defined benefit liability increased by ¥15,717 million (\$130,789 thousand), net defined benefit asset and retained earnings decreased by ¥6,363 million (\$52,949 thousand) and ¥14,867 million (\$123,716 thousand), respectively, at April 1, 2014, and operating income, ordinary income and income before income taxes and minority interests increased by ¥1,182 million (\$9,836 thousand) for the year ended March 31, 2015. Also, net assets per share decreased by ¥24.45 (\$0.20) and net income per share increased by ¥1.33 (\$0.01) at and for the year ended March 31, 2015.

4. Accounting Standard Issued But Not Yet Adopted

Accounting standards for business combinations

On September 13, 2013, the ASBJ revised "Accounting Standard for Business Combinations" (ASBJ Statement No. 21), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7), "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2), "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance

No. 10) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4).

(1) Overview

Major revisions of these standards and related guidance are as follows:

- The difference relating to change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary is recorded in "capital surplus". Also, "minority interests" is renamed to "noncontrolling interests".
- Acquisition-related costs are accounted for as expenses in the year in which the costs are incurred.
- If the provisional accounting treatments are settled in the following year of the year of business combination, and the consolidated financial statements of the year of the business combination is presented together with the consolidated financial statements of the following year of the business combination, the revision of allocation of the acquisition cost due to settlement of the provisional accounting treatments is reflected to the consolidated financial statements of the year of the business combination.
- "Income before minority interests" under the previous standard is renamed to "net income". Accordingly, "net income" under the previous standard is renamed to "net income attributable to the parent".

6. Securities

The following is a summary of available-for-sale securities at March 31, 2015 and 2014:

Marketable:

| | Millions of yen | | | | | |
|---|--|---------------------------|---|--|---------------------------|----------|
| | Available-for-sale securities | | | | | |
| | FY2014 | | | FY2013 | | |
| Book value (Estimated fair value) | Cost, net of accumulated impairment losses | Unrealized gain (loss) | Book value (Estimated fair value) | Cost, net of accumulated impairment losses | Unrealized gain (loss) | |
| Cost lower than book value: | | | | | | |
| Equity securities | ¥486,045 | ¥195,741 | ¥290,304 | ¥343,150 | ¥171,920 | ¥171,230 |
| Bonds | 20 | 19 | 0 | 20 | 19 | 0 |
| Sub total | 486,065 | 195,761 | 290,304 | 343,171 | 171,940 | 171,230 |
| Cost exceeding book value: | | | | | | |
| Equity securities | 18,048 | 19,584 | (1,535) | 46,957 | 55,605 | (8,648) |
| Other | 594 | 602 | (8) | — | — | — |
| Sub total | 18,643 | 20,187 | (1,543) | 46,957 | 55,605 | (8,648) |
| Total | ¥504,709 | ¥215,949 | ¥288,760 | ¥390,128 | ¥227,545 | ¥162,582 |

(2) Expected adoption date

These standards and related guidance will be adopted from the beginning of the year ending March 31, 2016. The provisional accounting treatments will be adopted effective for business combinations, which will occur on or after the beginning of the year ending March 31, 2016.

(3) Effects of the adoption of the standard and the guidance

The Company is currently evaluating the effect that these revisions will have on its consolidated results of operations and financial position.

5. Cash and Cash Equivalents and Nonmonetary Transactions

Cash and cash equivalents at March 31, 2015 and 2014 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|---------|------------------------------|
| | FY2014 | FY2013 | FY2014 |
| Cash and deposits | ¥85,889 | ¥62,913 | \$714,729 |
| Time deposits with a maturity of more than three months | (2,346) | (594) | (19,522) |
| | ¥83,542 | ¥62,318 | \$695,198 |

Thousands of U.S. dollars

| | Available-for-sale securities | | |
|-----------------------------|--------------------------------------|---|---------------------------|
| | Book value (Estimated fair value) | Cost, net of accumulated impairment losses | Unrealized gain (loss) |
| FY2014 | | | |
| Cost lower than book value: | | | |
| Equity securities | \$4,044,645 | \$1,628,867 | \$2,415,777 |
| Bonds | 166 | 158 | 0 |
| Sub total | 4,044,811 | 1,629,033 | 2,415,777 |
| Cost exceeding book value: | | | |
| Equity securities | 150,187 | 162,969 | (12,773) |
| Other | 4,942 | 5,009 | (66) |
| Sub total | 155,138 | 167,987 | (12,840) |
| Total | \$4,199,958 | \$1,797,029 | \$2,402,929 |

The impairment losses on available-for-sale securities for the years ended March 31, 2015 and 2014 were ¥237 million (\$1,972 thousand) and ¥1,128 million, respectively.

7. Long-term Debt

Long-term debt at March 31, 2015 and 2014 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|------------|------------------------------|
| | FY2014 | FY2013 | FY2014 |
| 1.351% yen bonds, due September 2015 | ¥ 20,000 | ¥ 20,000 | \$ 166,430 |
| 0.927% yen bonds, due July 2014 | — | 40,000 | — |
| 0.708% yen bonds, due March 2015 | — | 40,000 | — |
| 0.572% yen bonds, due May 2015 | 60,000 | 60,000 | 499,292 |
| 0.858% yen bonds, due May 2017 | 20,000 | 20,000 | 166,430 |
| 1.326% yen bonds, due June 2021 | 30,000 | 30,000 | 249,646 |
| 0.455% yen bonds, due September 2016 | 20,000 | 20,000 | 166,430 |
| 0.686% yen bonds, due September 2018 | 15,000 | 15,000 | 124,823 |
| 0.453% yen bonds, due April 2017 | 30,000 | 30,000 | 249,646 |
| 0.804% yen bonds, due March 2024 | 10,000 | 10,000 | 83,215 |
| 0.703% yen bonds, due September 2024 | 20,000 | — | 166,430 |
| Loans, principally from banks and insurance companies, due 2016-2073 | 1,147,999 | 1,123,387 | 9,553,124 |
| Less current portion | (239,243) | (260,475) | (1,990,871) |
| Total long-term debt | ¥1,133,756 | ¥1,147,912 | \$9,434,600 |

8. Pledged Assets

At March 31, 2015 and 2014, pledged assets were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|----------------------------------|-----------------|--------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Notes receivable..... | ¥ 945 | ¥ 945 | \$ 7,863 |
| Property, plant and equipment... | 4,649 | 4,400 | 38,686 |
| Investments in securities..... | 713 | 350 | 5,933 |
| Other assets..... | 288 | 401 | 2,396 |

The Company sets pledges as collateral on the consolidated subsidiaries' short-term loans receivable from the Company related to warranty for equipment performance (book value of ¥7,300 million [\$60,747 thousand] and ¥8,000 million on the financial statements of individual consolidated subsidiaries at March 31, 2015 and 2014, respectively).

9. Revaluation of Land for Business

In the years ended March 31, 2001 and 2002, part of the subsidiaries and affiliates revaluated the land for business purposes based on the Law Concerning Revaluation of Land and its amendment issued on March 31, 2001 and 2002, respectively. Revaluation differences, net of the portion charged to "deferred tax liabilities" and "minority interests," were recorded as "revaluation reserve for land, net of tax" in net assets.

The fair value of these lands is lower than the revaluated book value, and the difference was ¥16,630 million (\$138,387 thousand) and ¥17,043 million on March 31, 2015 and 2014, respectively.

10. Retirement Benefits

Defined benefit plans

The changes in retirement benefit obligation for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Balance at beginning of year | ¥271,032 | ¥289,544 | \$2,255,404 |
| Cumulative effects of changes in accounting policies | 22,080 | — | 183,739 |
| Restated balance at beginning of year | ¥293,112 | ¥289,544 | \$2,439,144 |
| Service cost | 14,074 | 12,558 | 117,117 |
| Interest cost | 1,629 | 4,223 | 13,555 |
| Actuarial losses | 3,543 | 977 | 29,483 |
| Retirement benefits paid | (30,386) | (35,364) | (252,858) |
| Prior service cost | 283 | (985) | 2,354 |
| Other | 2,445 | 77 | 20,346 |
| Balance at end of year | ¥284,702 | ¥271,032 | \$2,369,160 |

The changes in plan assets for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------------|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Balance at beginning of year | ¥167,626 | ¥168,788 | \$1,394,907 |
| Expected return on plan assets · | 2,777 | 2,727 | 23,108 |
| Actuarial losses | 18,721 | 9,274 | 155,787 |
| Contributions from the employer..... | 3,629 | 3,083 | 30,198 |
| Retirement benefits paid..... | (13,846) | (16,318) | (115,220) |
| Other | (306) | 70 | (2,546) |
| Balance at end of year..... | ¥178,601 | ¥167,626 | \$1,486,236 |

Reconciliation between the balances of retirement benefit obligation and plan assets and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheets at March 31, 2015 and 2014 was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Funded retirement benefit obligation | ¥240,996 | ¥236,691 | \$2,005,458 |
| Fair value of plan assets | (178,601) | (167,626) | (1,486,236) |
| | 62,394 | 69,064 | 519,214 |
| Unfunded retirement benefit obligation | 43,706 | 34,341 | 363,701 |
| Net liability and asset recorded on the consolidated balance sheet | ¥106,100 | ¥103,405 | \$ 882,915 |

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Net defined benefit liability..... | ¥119,331 | ¥115,058 | \$993,018 |
| Net defined benefit asset..... | (13,231) | (11,652) | (110,102) |
| Net liability and asset recorded on the consolidated balance sheet | ¥106,100 | ¥103,405 | \$882,915 |

The components of retirement and pension costs for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Service cost..... | ¥14,074 | ¥12,558 | \$117,117 |
| Interest cost | 1,629 | 4,223 | 13,555 |
| Expected return on plan assets... | (2,777) | (2,727) | (23,108) |
| Recognized actuarial losses | 2,938 | (959) | 24,448 |
| Amortization of prior service cost | (52) | 1,846 | (432) |
| Other | 415 | 517 | 3,453 |
| Total | ¥16,226 | ¥15,459 | \$135,025 |

The components of remeasurements of defined benefit plans (before income tax effect) in other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------|-----------------|--------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Prior service cost | ¥ 144 | ¥— | \$ 1,198 |
| Actuarial gains | (17,959) | — | (149,446) |
| Other | 20 | — | 166 |
| Total | ¥(17,795) | ¥— | \$(148,081) |

The components of remeasurements of defined benefit plans (before income tax effect) in accumulated other comprehensive income at March 31, 2015 and 2014 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Unrecognized prior service cost | ¥ 27 | ¥ (170) | \$ 224 |
| Unrecognized actuarial (gains) losses..... | (10,151) | 7,343 | (84,471) |
| Other | — | 220 | — |
| Total | ¥(10,123) | ¥7,394 | \$(84,238) |

The components of plan assets at March 31, 2015 and 2014 were as follows:

| | FY2014 | FY2013 |
|-------------------------|--------|--------|
| General account..... | 37% | 44% |
| Equity securities | 46 | 40 |
| Bonds | 15 | 14 |
| Cash and deposits..... | 1 | 1 |
| Others..... | 1 | 1 |
| Total | 100% | 100% |

37% and 31% of the total plan assets is retirement benefit trust at March 31, 2015 and 2014, respectively.

The expected long-term rate of return on plan assets is determined considering current and expected distribution of plan assets and current and expected long-term rate of return derived from various components of the plan assets.

Principal assumptions used for the actuarial calculation for the years ended March 31, 2015 and 2014 were as follows:

| | FY2014 | FY2013 |
|---|----------------|----------------|
| Discount rate..... | Primarily 0.3% | Primarily 1.5% |
| Expected long-term rate of return on plan assets..... | Primarily 1.5% | Primarily 1.5% |

Defined contribution plans

The required contribution amount to the defined contribution plan by the Group was ¥3,652 million (\$30,390 thousand) and ¥3,691 million for the years ended March 31, 2015 and 2014, respectively.

11. Contingencies

At March 31, 2015 and 2014, the Group was contingently liable as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------|-----------------|---------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Guarantees of debt | ¥27,399 | ¥25,798 | \$228,001 |
| Trade notes discounted..... | 2,171 | 2,658 | 18,066 |
| Trade notes endorsed | 751 | 864 | 6,249 |

At March 31, 2015 and 2014, commitments outstanding for loan commitments were ¥601 million (\$5,001 thousand) and ¥281 million, respectively.

12. Leases

The Group leases certain buildings and structures, machinery and equipment, office space and other assets.

As discussed in Note 2 (k), lease assets under finance leases that do not transfer ownership to lessees are capitalized and depreciated to residual value of zero using the straight-line method with useful life defined by the terms of the contract.

Future minimum lease payments subsequent to March 31, 2015 and 2014 for non-cancelable operating leases are summarized as follows:

(Year ending March 31)

| | Millions of yen | Thousands of U.S. dollars |
|--------------------------|-----------------|---------------------------|
| 2015 | | |
| 2016 | ¥ 3,282 | \$ 27,311 |
| 2017 and thereafter..... | 11,990 | 99,775 |
| Total | ¥15,272 | \$127,086 |
| 2014 | | |
| 2015 | ¥ 4,274 | |
| 2016 and thereafter..... | 10,815 | |
| Total | ¥15,089 | |

13. Financial Instruments

(a) Overview

(1) Group policy for financial instruments

The Group raises funds mainly through the bank loans or by commercial paper/ bond issues based on the capital investment plans considering the stability of the fund and financing costs. Temporary surplus of funds are operated only for short-term investments. Derivative transactions are only utilized to hedge the following risks and the Group does not enter into derivative transactions for trading or speculative purposes.

(2) Types of financial instruments and related risk and risk management

Trade receivables such as notes and accounts receivable are exposed to credit risk. The Group manages this risk by monitoring the financial conditions of its customers periodically. Some trade receivables are sold before their maturities.

Trade payables such as notes and accounts payable are due within one year. Some accounts receivable and accounts payable are denominated in foreign currency and exposed to foreign currency risk. Foreign exchange forward contracts are utilized in a timely manner to hedge the net balance of foreign currencies received from export and foreign currencies paid for raw material purchase.

Stocks as investment securities are exposed to market fluctuation risk. Investment securities denominated in foreign currencies are exposed to foreign currency risk. Investment securities mainly consist of securities of companies with which a business relationship has been established and the Group reviews these fair values periodically.

Debts and bonds are managed so as not to concentrate the maturities considering the liquidity risk. Variable interest rate debts are exposed to interest fluctuation risk. Some of

the debts and bonds, which are exposed to interest fluctuation risk, are hedged by the interest rate swap agreements to correspond with and to decrease interest payments.

Derivative transactions are exposed to market fluctuation risk of future foreign exchange and interest rates. However, the Group utilizes the derivative transactions to correspond with the actual demands of imports and exports, debts and bonds, and thus the risk is limited to the extent of opportunity loss. The Group enters into derivative transactions only with financial institutions with high credit ratings, and thus there is almost no credit risk, which is the risk of default by the counterparties' bankruptcy, etc. The Group implemented the internal rules of derivative transactions and transactions are operated based on these rules. Derivative transactions are executed based on the above internal rules, which require getting the approval from the financial operating officer. The balances, fair values and valuation differences are reported to the management meetings periodically. Consolidated subsidiaries operate the derivative transactions based on the internal rules.

(3) Supplemental information on fair value of financial instruments

As well as the values based on market prices, fair values of financial instruments include values, which are reasonably calculated in cases where market prices do not exist. As the calculation of those values uses certain assumptions, those values may vary in cases where different assumptions are applied. Also, for the contract amount regarding derivative transactions described in Note 14. "Derivatives and Hedging Activities," the contract amount itself does not indicate market risk related to derivative transactions.

(b) Fair value of financial instruments

Carrying value on the consolidated balance sheets, fair value and difference as of March 31, 2015 and 2014 are as follows. The financial instruments whose fair value is extremely difficult to determine are not included below.

| | Millions of yen | | | | | |
|-----------------------------------|-----------------|------------|------------|----------------|------------|------------|
| | FY2014 | | | FY2013 | | |
| | Carrying value | Fair value | Difference | Carrying value | Fair value | Difference |
| Cash and deposits | ¥ 85,889 | ¥ 85,889 | ¥ — | ¥ 62,913 | ¥ 62,913 | ¥ — |
| Notes and accounts receivable | 771,574 | 771,574 | — | 630,061 | 630,061 | — |
| Investments in securities: | | | | | | |
| Available-for-sale securities | 504,709 | 504,709 | — | 390,128 | 390,128 | — |
| Total assets | ¥1,362,173 | ¥1,362,173 | ¥ — | ¥1,083,103 | ¥1,083,103 | ¥ — |
| Notes and accounts payable | ¥ 469,107 | ¥ 469,107 | ¥ — | ¥ 401,922 | ¥ 401,922 | ¥ — |
| Short-term borrowings | 128,761 | 128,761 | — | 102,649 | 102,649 | — |
| Commercial paper | — | — | — | 22,998 | 22,998 | — |
| Current portion of long-term debt | 239,243 | 239,279 | 36 | 260,475 | 260,664 | 188 |
| Long-term debt: | | | | | | |
| Bonds | 145,000 | 146,170 | 1,170 | 205,000 | 205,929 | 929 |
| Long-term borrowings | 988,756 | 991,697 | 2,941 | 942,912 | 944,406 | 1,493 |
| Total liabilities | ¥1,970,868 | ¥1,975,015 | ¥4,147 | ¥1,935,958 | ¥1,938,570 | ¥2,611 |
| Derivative transactions*1: | | | | | | |
| Hedge accounting not applied | ¥ (184) | ¥ (184) | ¥ — | ¥ 418 | ¥ 418 | ¥ — |
| Hedge accounting applied | (286) | (286) | — | 163 | 163 | — |
| Total derivative transactions | ¥ (470) | ¥ (470) | ¥ — | ¥ 582 | ¥ 582 | ¥ — |

| | Thousands of U.S. dollars | | |
|-----------------------------------|---------------------------|--------------|------------|
| | FY2014 | | |
| | Carrying value | Fair value | Difference |
| Cash and deposits | \$ 714,729 | \$ 714,729 | \$ — |
| Notes and accounts receivable | 6,420,687 | 6,420,687 | — |
| Investments in securities: | | | |
| Available-for-sale securities | 4,199,958 | 4,199,958 | — |
| Total assets | \$11,335,383 | \$11,335,383 | \$ — |
| Notes and accounts payable | \$ 3,903,694 | \$ 3,903,694 | \$ — |
| Short-term borrowings | 1,071,490 | 1,071,490 | — |
| Commercial paper | — | — | — |
| Current portion of long-term debt | 1,990,871 | 1,991,170 | 299 |
| Long-term debt: | | | |
| Bonds | 1,206,623 | 1,216,360 | 9,736 |
| Long-term borrowings | 8,227,977 | 8,252,450 | 24,473 |
| Total liabilities | \$16,400,665 | \$16,435,175 | \$34,509 |
| Derivative transactions*1: | | | |
| Hedge accounting not applied | \$ (1,531) | \$ (1,531) | \$ — |
| Hedge accounting applied | (2,379) | (2,379) | — |
| Total derivative transactions | \$ (3,911) | \$ (3,911) | \$ — |

*1 Derivative transactions are presented on a net basis and net liability position is shown in parenthesis.

Note 1. Valuation method for financial instruments and information of investments in securities and derivative transactions

Assets:

Cash and deposits and Notes and accounts receivable

These are paid in short-term and the fair value approximates carrying value. Some accounts receivable are subject to the allocation treatment of the foreign exchange forward contracts.

Securities

Fair value of stocks is based on the quoted price on stock exchanges and that of bonds is based on the quoted price on bond markets or price presented by the counter party financial institutions. Please see Note 6. "Securities" regarding the information of the fair value for the investment in securities by classification.

Liabilities:

Notes and accounts payable, Short-term borrowings, Current portion of long-term debt (except for bonds due within one year) and Commercial paper

These are paid in short-term and the fair value approximates the equivalent of carrying value. Some accounts payable are subject to the allocation treatment of the

foreign exchange forward contracts.

Bonds and bonds due within one year (included in current portion of long-term debt)

Fair value of bonds is based on the quoted market price. Fair value of the bonds subject to the special treatment of the interest rate swaps are calculated by discounting the sum of principal and interest including the interest swap, using the reasonable interest rate applied to the same kind of bond issues.

Long-term borrowings

Fair value of long-term borrowings is estimated by discounting the sum of principal and interest, using the reasonable interest rate applied to the same kind of new borrowings. Fair value of the long-term borrowings subject to the special treatment of the interest rate swaps is calculated by discounting the sum of principal and interest including the interest swap, using the reasonable interest rate applied to the same kind of long-term debt.

Derivative transactions

Please see Note 14. "Derivatives and Hedging Activities."

Note 2. Financial instruments whose fair value cannot be reliably determined

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------|-----------------|---------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| | Carrying value | | |
| Unlisted stock | ¥28,118 | ¥31,013 | \$233,985 |
| Subscription certificates | 223 | 31 | 1,855 |

Financial instruments above are not included in securities on the table in (b) "Fair value of financial instruments" because there are no market prices available and it is extremely difficult to determine the fair value.

Note 3. The redemption schedule for financial instruments and securities with maturities

| | Millions of yen | | | | | | | |
|---|-------------------------|---------------------------------------|--|---------------------|-------------------------|---------------------------------------|--|---------------------|
| | FY2014 | | | | FY2013 | | | |
| | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and deposits | ¥ 85,889 | ¥— | ¥— | ¥— | ¥ 62,913 | ¥— | ¥— | ¥— |
| Notes and accounts receivable | 616,505 | — | — | — | 547,070 | 75 | — | — |
| Securities: | | | | | | | | |
| Available-for-sale securities with maturities | 20 | — | — | — | — | 20 | — | — |
| Total | ¥702,415 | ¥— | ¥— | ¥— | ¥609,984 | ¥95 | ¥— | ¥— |

| | Thousands of U.S. dollars | | | |
|---|---------------------------|---------------------------------------|--|---------------------|
| | FY2014 | | | |
| | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and deposits | \$ 714,729 | \$— | \$— | \$— |
| Notes and accounts receivable | 5,130,273 | — | — | — |
| Securities: | | | | |
| Available-for-sale securities with maturities | 166 | — | — | — |
| Total | \$5,845,177 | \$— | \$— | \$— |

Note 4. Scheduled maturities of short-term borrowings, current portion of long-term debt and long-term debt

| | Millions of yen | | | | | |
|---|-------------------------|--------------------------------------|---|--|---|----------------------|
| | FY2014 | | | | | |
| | Due in one year or less | Due after one year through two years | Due after two years through three years | Due after three years through four years | Due after four years through five years | Due after five years |
| Short-term borrowings | ¥128,761 | ¥— | ¥— | ¥— | ¥— | ¥— |
| Commercial paper | — | — | — | — | — | — |
| Current portion of long-term debt | 239,243 | — | — | — | — | — |
| Long-term debt: | | | | | | |
| Bonds | — | 20,000 | 50,000 | 15,000 | — | 60,000 |
| Long-term borrowings | — | 238,395 | 98,390 | 118,326 | 7,368 | 526,275 |
| Total | ¥368,004 | ¥258,395 | ¥148,390 | ¥133,326 | ¥7,368 | ¥586,275 |

| | Millions of yen | | | | | |
|---|-------------------------|--------------------------------------|---|--|---|----------------------|
| | FY2013 | | | | | |
| | Due in one year or less | Due after one year through two years | Due after two years through three years | Due after three years through four years | Due after four years through five years | Due after five years |
| Short-term borrowings | ¥102,649 | ¥— | ¥— | ¥— | ¥— | ¥— |
| Commercial paper | 22,998 | — | — | — | — | — |
| Current portion of long-term debt | 260,475 | — | — | — | — | — |
| Long-term debt: | | | | | | |
| Bonds | — | 80,000 | 20,000 | 50,000 | 15,000 | 40,000 |
| Long-term borrowings | — | 156,670 | 235,440 | 23,467 | 80,962 | 446,370 |
| Total | ¥386,123 | ¥236,670 | ¥255,440 | ¥ 73,467 | ¥95,962 | ¥486,370 |

| | Thousands of U.S. dollars | | | | | |
|---|---------------------------|--------------------------------------|---|--|---|----------------------|
| | FY2014 | | | | | |
| | Due in one year or less | Due after one year through two years | Due after two years through three years | Due after three years through four years | Due after four years through five years | Due after five years |
| Short-term borrowings | \$1,071,490 | \$— | \$— | \$— | \$— | \$— |
| Commercial paper | — | — | — | — | — | — |
| Current portion of long-term debt | 1,990,871 | — | — | — | — | — |
| Long-term debt: | | | | | | |
| Bonds | — | 166,430 | 416,077 | 124,823 | — | 499,292 |
| Long-term borrowings | — | 1,983,814 | 818,756 | 984,655 | 61,313 | 4,379,420 |
| Total | \$3,062,361 | \$2,150,245 | \$1,234,833 | \$1,109,478 | \$61,313 | \$4,878,713 |

14. Derivatives and Hedging Activities

Derivative transactions for which hedge accounting is not applied for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of yen | | | | Thousands of U.S. dollars | |
|---|-------------------|------------------------|-------------------|------------------------|---------------------------|------------------------|
| | FY2014 | | FY2013 | | FY2014 | |
| | Contracted amount | Recognized gain (loss) | Contracted amount | Recognized gain (loss) | Contracted amount | Recognized gain (loss) |
| Foreign exchange forward contracts: | | | | | | |
| USD (Selling) | ¥10,781 | ¥(342) | ¥ 8,083 | ¥ 64 | \$ 89,714 | \$(2,845) |
| EUR (Selling) | 125 | 3 | 1,955 | (35) | 1,040 | 24 |
| AUD (Selling) | — | — | 7 | (0) | — | — |
| THB (Selling) | 6 | (0) | 64 | (0) | 49 | (0) |
| MYR (Selling) | 191 | (1) | — | — | 1,589 | (8) |
| USD (Buying) | 1,673 | 44 | 1,654 | 32 | 13,921 | 366 |
| EUR (Buying) | 67 | (0) | 161 | 10 | 557 | (0) |
| GBP (Buying) | 2 | (0) | 3 | 0 | 16 | (0) |
| CHF (Buying) | — | — | 2 | 0 | — | — |
| THB (Buying) | 24 | 0 | 9 | (0) | 199 | 0 |
| JPY (Buying) | 5 | (0) | — | — | 41 | (0) |
| Total | | ¥(296) | | ¥ 70 | | \$(2,463) |
| Interest rate swap agreements: | | | | | | |
| To receive floating and pay fixed rates | ¥20,000 | ¥ (6) | ¥20,000 | ¥ (7) | \$166,430 | \$ (49) |
| To receive fixed rates and pay floating | 20,000 | 112 | 20,000 | 352 | 166,430 | 932 |
| Total | | ¥ 105 | | ¥344 | | \$ 873 |
| Commodity forward contracts: | | | | | | |
| Nonferrous metal (Selling) | ¥ 213 | ¥ 9 | ¥ 112 | ¥ 2 | \$ 1,772 | \$ 74 |
| Nonferrous metal (Buying) | 142 | (3) | 53 | 0 | 1,181 | (24) |
| Total | | ¥ 6 | | ¥ 2 | | \$ 49 |

Derivative transactions for which hedge accounting is applied for the years ended March 31, 2015 and 2014 were as follows:

(a) Currency related

| Hedged item | Millions of yen | | | | Thousands of U.S. dollars | |
|---|---|------------|-----------------|------------|---------------------------|--------------------|
| | FY2014 | | FY2013 | | FY2014 | |
| | Contract amount | Fair value | Contract amount | Fair value | Contract amount | Fair value |
| Benchmark method | | | | | | |
| Foreign exchange forward contracts: | | | | | | |
| USD (Selling) | Accounts receivable (forecasted transactions) | ¥ 1,217 | ¥ (45) | ¥ 427 | ¥ (3) | \$ 10,127 \$ (374) |
| EUR (Selling) | Accounts receivable (forecasted transactions) | 298 | 15 | 7 | (0) | 2,479 124 |
| GBP (Selling) | Accounts receivable (forecasted transactions) | 411 | 10 | — | — | 3,420 83 |
| CAD (Selling) | Accounts receivable (forecasted transactions) | 44 | (1) | 316 | (1) | 366 (8) |
| JPY (Selling) | Accounts receivable (forecasted transactions) | 4,883 | 0 | — | — | 40,634 0 |
| USD (Buying) | Accounts payable (forecasted transactions) | 121,082 | 550 | 94,315 | 500 | 1,007,589 4,576 |
| EUR (Buying) | Accounts payable (forecasted transactions) | 446 | (25) | 422 | 15 | 3,711 (208) |
| GBP (Buying) | Accounts payable (Forecasted transactions) | 3,563 | (137) | 80 | (0) | 29,649 (1,140) |
| CNY (Buying) | Accounts payable (forecasted transactions) | 300 | 12 | 401 | 6 | 2,496 99 |
| THB (Buying) | Accounts payable (forecasted transactions) | 62 | 0 | 29 | 0 | 515 0 |
| SAR (Buying) | Accounts payable (forecasted transactions) | 13,071 | (139) | — | — | 108,770 (1,156) |
| KWD (Buying) | Accounts payable (forecasted transactions) | 327 | (52) | — | — | 2,721 (432) |
| Allocation method | | | | | | |
| Foreign exchange forward contracts: | | | | | | |
| USD (Selling) | Accounts receivable | 291 | Note 1 | 508 | Note 1 | 2,421 Note 1 |
| EUR (Selling) | Accounts receivable | 5 | Note 1 | — | — | 41 Note 1 |
| THB (Selling) | Accounts receivable | 7 | Note 1 | — | — | 58 Note 1 |
| USD (Buying) | Accounts payable and deposits received | 44,816 | Note 1 | 42,912 | Note 1 | 372,938 Note 1 |
| EUR (Buying) | Accounts payable and deposits received | 21 | Note 1 | — | — | 174 Note 1 |
| THB (Buying) | Accounts payable and deposits received | 12 | Note 1 | — | — | 99 Note 1 |
| Cross currency swap contracts: | | | | | | |
| To receive USD floating and pay JPY fixed rates | Long-term debt | 62,527 | Note 1 | 36,206 | Note 1 | 520,321 Note 1 |

Fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

Note 1. Fair value of the foreign exchange forward contracts to which allocation treatment has been applied is included in the fair value of corresponding accounts receivable, accounts payable and long-term debt as hedged item.

(b) Interest rate related

| Hedged item | Millions of yen | | | | Thousands of U.S. dollars | | |
|---|--------------------------|------------|-----------------|------------|---------------------------|-------------|-----------|
| | FY2014 | | FY2013 | | FY2014 | | |
| | Contract amount | Fair value | Contract amount | Fair value | Contract amount | Fair value | |
| Benchmark method | | | | | | | |
| Interest rate swap agreements: | | | | | | | |
| To receive floating and pay fixed rates | Long-term debt | ¥123,719 | ¥(473) | ¥123,772 | ¥(351) | \$1,029,533 | \$(3,936) |
| Special treatment | | | | | | | |
| Interest rate swap agreements: | | | | | | | |
| To receive floating and pay fixed rates | Bonds and long-term debt | 233,300 | Note 1 | 205,330 | Note 1 | 1,941,416 | Note 1 |
| To receive fixed rates and pay floating | | 100,727 | Note 1 | 145,200 | Note 1 | 838,204 | Note 1 |

Fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

Note 1. Fair value of the interest rate swap agreements to which special treatment method has been applied is included in the fair value of corresponding bonds and long-term debt as hedged item.

15. Research and Development Expenses

Research and development expenses charged to income were ¥32,488 million (\$270,350 thousand) and ¥31,177 million for the years ended March 31, 2015 and 2014, respectively.

16. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2015 and 2014 are presented below:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Deferred tax assets: | | | |
| Loss carry-forwards | ¥ 55,485 | ¥112,348 | \$ 461,720 |
| Net defined benefit liability | 32,426 | 33,728 | 269,834 |
| Loss on impairment of property, plant and equipment | 18,442 | 17,930 | 153,465 |
| Accrued bonuses | 14,072 | 13,778 | 117,100 |
| Provision for special repairs | 7,964 | 8,269 | 66,272 |
| Allowance for losses on specific waste disposal business | 7,833 | 9,177 | 65,182 |
| Others | 49,831 | 46,292 | 414,670 |
| Total deferred tax assets | 186,056 | 241,525 | 1,548,273 |
| Valuation allowance | (65,858) | (78,606) | (548,040) |
| Deferred tax assets net of valuation allowances | 120,198 | 162,919 | 1,000,233 |
| Deferred tax liabilities: | | | |
| Net unrealized gains and losses on securities | (93,577) | (56,270) | (778,705) |
| Others | (28,343) | (27,552) | (235,857) |
| Total deferred tax liabilities | (121,920) | (83,822) | (1,014,562) |
| Net deferred tax assets (liabilities) | ¥ (1,722) | ¥ 79,096 | \$ (14,329) |

Reconciliation of the statutory tax rate to the effective tax rate for the years ended March 31, 2014 was as follows:

| | FY2013 |
|----------------------------------|--------|
| Statutory tax rate | 38.0% |
| Equity in earnings of affiliates | (4.3) |
| Effective tax rate | 33.7% |

The reconciliation of the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2015 was not presented since the difference was less than 5% of the statutory tax rate.

The "Act on Partial Revision of the Income Tax Act" (Act No. 9, 2015) and the "Act on Partial Revision of the Local Tax Act" (Act No. 2, 2015) were promulgated on March 31, 2015. Accordingly, the statutory tax rate used to calculate deferred tax assets and liabilities was changed from 35.0% to

33.0% and 32.0% for temporary differences which are expected to reverse in the year beginning on April 1, 2015 and temporary differences which are expected to reverse from the years beginning on April 1, 2016, respectively. As a result, deferred tax liabilities, net of deferred tax assets, decreased by ¥1,507 million (\$12,540 thousand), and income taxes – deferred, net unrealized gains and losses on securities, net unrealized gains and losses on hedges, remeasurements of defined benefit plans increased by ¥7,476 million (\$62,211 thousand), ¥8,761 million (\$72,905 thousand), ¥10 million (\$83 thousand) and ¥212 million (\$1,764 thousand), respectively, at and for the year ended March 31, 2015. Also, deferred tax liabilities on revaluation reserve for land decreased by ¥1,024 million (\$8,521 thousand) and revaluation reserve for land, net of tax, increased by the same amount at March 31, 2015.

17. Comprehensive Income

Reclassification adjustments and income tax effects attributable to other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Net unrealized gains and losses on securities: | | | |
| Gains arising during the year | ¥135,075 | ¥48,852 | \$1,124,032 |
| Reclassification adjustments | (8,327) | (586) | (69,293) |
| Amounts before income tax effects | 126,748 | 48,266 | 1,054,739 |
| Income tax effects | (35,939) | (16,230) | (299,067) |
| Net unrealized gains and losses on securities | 90,808 | 32,035 | 755,662 |
| Net unrealized gains and losses on hedges: | | | |
| Gains arising during the year | 158 | 378 | 1,314 |
| Reclassification adjustments | (514) | 175 | (4,277) |
| Amounts before income tax effects | (356) | 554 | (2,962) |
| Income tax effects | 123 | (194) | 1,023 |
| Net unrealized gains and losses on hedges | (232) | 359 | (1,930) |
| Revaluation reserve for land: | | | |
| Income tax effects | 1,012 | — | 8,421 |
| Revaluation reserve for land | 1,012 | — | 8,421 |
| Translation adjustments: | | | |
| Adjustments arising during the year | 13,482 | 15,340 | 112,191 |
| Reclassification adjustments | (770) | 4 | (6,407) |
| Amounts before income tax effects | 12,712 | 15,345 | 105,783 |
| Income tax effects | — | — | — |
| Translation adjustments | 12,712 | 15,345 | 105,783 |
| Remeasurements of defined benefit plans: | | | |
| Adjustments arising during the year | 15,422 | — | 128,334 |
| Reclassification adjustments | 2,372 | — | 19,738 |
| Amounts before income tax effects | 17,795 | — | 148,081 |
| Income tax effects | (5,890) | — | (49,013) |
| Remeasurements of defined benefit plans | 11,905 | — | 99,067 |

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Share of other comprehensive income of affiliates accounted for using equity method: | | | |
| Gains arising during the year | ¥ 21,067 | ¥23,832 | \$ 175,309 |
| Reclassification adjustments | 549 | (56) | 4,568 |
| Share of other comprehensive income of affiliates accounted for using equity method | 21,617 | 23,775 | 179,886 |
| Total other comprehensive income | ¥137,823 | ¥71,516 | \$1,146,900 |

18. Segment Information

(a) Overview of reportable segments

The Group places three operating companies, JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji, and executes business based on an operating system specifically designed for its industry under the Company as a holding company. The reportable segments are identified by products and services belonging to the operating companies.

Products and services for each reportable segment are as follows:

“Steel” produces and sells a wide range of steel products, steel processed products and raw materials and operates peripheral business, such as transporting, and maintenance and construction of equipment.

“Engineering” provides engineering services for energy, urban environment, recycle, steel construction and industrial machines and systems.

“Trading” purchases, processes and sells steel products, raw materials for steel production, nonferrous metal products, food, etc.

(b) Method of calculating net sales, income (loss), assets, liabilities and other items by reportable segment

Accounting policies of the reportable segments are consistent with those described in Note 2. “Summary of Significant Accounting Policies.” Income by reportable segment is based on ordinary income. Intersegment transactions are based on prevailing market price.

(c) Net sales, income (loss), assets, liabilities and other items by reportable segment

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------|-----------------|--------------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Sales: | | | |
| Steel | | | |
| Sales to customers | ¥ 1,857,878 | ¥ 1,796,667 | \$ 15,460,414 |
| Intersegment sales or transfers | 1,015,961 | 894,955 | 8,454,364 |
| Total | ¥ 2,873,839 | ¥ 2,691,622 | \$ 23,914,779 |
| Engineering | | | |
| Sales to customers | ¥ 359,007 | ¥ 275,918 | \$ 2,987,492 |
| Intersegment sales or transfers | 8,380 | 8,195 | 69,734 |
| Total | ¥ 367,388 | ¥ 284,114 | \$ 3,057,235 |
| Trading | | | |
| Sales to customers | ¥ 1,633,469 | ¥ 1,513,442 | \$ 13,592,984 |
| Intersegment sales or transfers | 301,001 | 267,899 | 2,504,793 |
| Total | ¥ 1,934,470 | ¥ 1,781,341 | \$ 16,097,778 |
| Total | | | |
| Sales to customers | ¥ 3,850,355 | ¥ 3,586,028 | \$ 32,040,900 |
| Intersegment sales or transfers | 1,325,343 | 1,171,049 | 11,028,900 |
| Total | ¥ 5,175,698 | ¥ 4,757,077 | \$ 43,069,801 |
| Adjustments | | | |
| Sales to customers | ¥ — | ¥ 80,831 | \$ — |
| Intersegment sales or transfers | (1,325,343) | (1,171,049) | (11,028,900) |
| Total | ¥(1,325,343) | ¥(1,090,218) | \$(11,028,900) |
| Consolidated | | | |
| Sales to customers | ¥ 3,850,355 | ¥ 3,666,859 | \$ 32,040,900 |
| Intersegment sales or transfers | — | — | — |
| Total | ¥ 3,850,355 | ¥ 3,666,859 | \$ 32,040,900 |

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Segment income: | | | |
| Steel | ¥188,574 | ¥126,231 | \$1,569,226 |
| Engineering | 18,025 | 18,478 | 149,995 |
| Trading | 24,668 | 21,568 | 205,275 |
| Total | 231,267 | 166,279 | 1,924,498 |
| Adjustments | (266) | 7,397 | (2,213) |
| Consolidated | ¥231,001 | ¥173,676 | \$1,922,285 |

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------|-----------------|------------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Segment assets: | | | |
| Steel | ¥3,911,913 | ¥3,638,164 | \$32,553,158 |
| Engineering | 396,075 | 286,116 | 3,295,955 |
| Trading | 701,768 | 589,171 | 5,839,793 |
| Total | 5,009,757 | 4,513,452 | 41,688,915 |
| Adjustments | (370,345) | (271,751) | (3,081,842) |
| Consolidated | ¥4,639,412 | ¥4,241,700 | \$38,607,073 |

| | Millions of yen | | Thousands of U.S. dollars |
|---------------|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Depreciation: | | | |
| Steel | ¥164,738 | ¥168,860 | \$1,370,874 |
| Engineering | 6,104 | 5,610 | 50,794 |
| Trading | 5,167 | 4,873 | 42,997 |
| Total | 176,010 | 179,344 | 1,464,675 |
| Adjustments | 6 | 1,967 | 49 |
| Consolidated | ¥176,017 | ¥181,311 | \$1,464,733 |

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------|-----------------|--------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Amortization of goodwill: | | | |
| Steel | ¥124 | ¥119 | \$ 1,031 |
| Engineering | 507 | 33 | 4,219 |
| Trading | 155 | 82 | 1,289 |
| Total | 788 | 235 | 6,557 |
| Adjustments | — | — | — |
| Consolidated | ¥788 | ¥235 | \$16,557 |

| | Millions of yen | | Thousands of U.S. dollars |
|------------------|-----------------|--------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Interest income: | | | |
| Steel | ¥1,043 | ¥ 809 | \$ 8,679 |
| Engineering | 120 | 100 | 998 |
| Trading | 403 | 651 | 3,353 |
| Total | 1,567 | 1,560 | 13,039 |
| Adjustments | (489) | (411) | (4,069) |
| Consolidated | ¥1,078 | ¥1,148 | \$ 8,970 |

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------|-----------------|---------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Interest expense: | | | |
| Steel | ¥13,130 | ¥12,685 | \$109,261 |
| Engineering | 207 | 189 | 1,722 |
| Trading | 2,258 | 1,875 | 18,790 |
| Total | 15,595 | 14,750 | 129,774 |
| Adjustments | (1,063) | (805) | (8,845) |
| Consolidated | ¥14,532 | ¥13,945 | \$120,928 |

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|---------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Equity in earnings of affiliates: | | | |
| Steel | ¥14,586 | ¥12,519 | \$121,378 |
| Engineering | 16 | 3,713 | 133 |
| Trading | 539 | 635 | 4,485 |
| Total | 15,142 | 16,867 | 126,004 |
| Adjustments | 3,137 | 2,506 | 26,104 |
| Consolidated | ¥18,280 | ¥19,374 | \$152,117 |

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Investment in affiliates accounted for using equity method: | | | |
| Steel | ¥355,458 | ¥334,200 | \$2,957,959 |
| Engineering | 6,709 | 5,908 | 55,829 |
| Trading | 12,779 | 20,301 | 106,341 |
| Total | 374,947 | 360,409 | 3,120,138 |
| Adjustments | 59,764 | 40,238 | 497,328 |
| Consolidated | ¥434,712 | ¥400,648 | \$3,617,475 |

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Increase in property, plant and equipment and intangible assets: | | | |
| Steel | ¥207,286 | ¥154,222 | \$1,724,939 |
| Engineering | 12,366 | 10,861 | 102,904 |
| Trading | 6,249 | 9,325 | 52,001 |
| Total | 225,902 | 174,409 | 1,879,853 |
| Adjustments | 0 | 1,306 | 0 |
| Consolidated | ¥225,902 | ¥175,715 | \$1,879,853 |

(d) Information about products and services

Information about products and services has not been disclosed since the classification by products and services is the same as the reportable segment.

(e) Information by geographical area

(1) Sales

| Millions of yen | | | | | | |
|-----------------|------------|------------|------------|------------|------------|------------|
| | FY2014 | | | FY2013 | | |
| | Japan | Others | Total | Japan | Others | Total |
| Sales..... | ¥2,499,854 | ¥1,350,500 | ¥3,850,355 | ¥2,412,064 | ¥1,254,794 | ¥3,666,859 |

| Thousands of U.S. dollars | | | |
|---------------------------|--------------|--------------|--------------|
| | FY2014 | | |
| | Japan | Others | Total |
| Sales..... | \$20,802,646 | \$11,238,245 | \$32,040,900 |

(2) Property, plant and equipment

Information about property, plant and equipment has not been disclosed since property, plant, and equipment in Japan constituted more than 90% of property, plant and equipment on the consolidated balance sheets.

(f) Information about major customers

Information about major customer has not been disclosed since there were no external customers who constituted more than 10% of net sales on the consolidated statements of income.

(g) Information about impairment loss by reportable segment

| Millions of yen | | | | |
|----------------------|--------|-------------|---------|---------|
| | FY2014 | | | |
| | Steel | Engineering | Trading | Total |
| Impairment loss..... | ¥3,234 | ¥— | ¥8,928 | ¥12,162 |

| Millions of yen | | | | |
|----------------------|--------|-------------|---------|--------|
| | FY2013 | | | |
| | Steel | Engineering | Trading | Total |
| Impairment loss..... | ¥5,666 | ¥429 | ¥2,633 | ¥8,729 |

| Thousands of U.S. dollars | | | | |
|---------------------------|----------|-------------|----------|-----------|
| | FY2014 | | | |
| | Steel | Engineering | Trading | Total |
| Impairment loss..... | \$26,911 | \$— | \$74,294 | \$101,206 |

(h) Information on unamortized balance of goodwill by reportable segment

| Millions of yen | | | | |
|---------------------------|--------|-------------|---------|---------|
| | FY2014 | | | |
| | Steel | Engineering | Trading | Total |
| Unamortized balance | ¥189 | ¥12,196 | ¥17,009 | ¥29,395 |

| Millions of yen | | | | |
|---------------------------|--------|-------------|---------|--------|
| | FY2013 | | | |
| | Steel | Engineering | Trading | Total |
| Unamortized balance | ¥352 | ¥801 | ¥718 | ¥1,872 |

| Thousands of U.S. dollars | | | | |
|---------------------------|---------|-------------|-----------|-----------|
| | FY2014 | | | |
| | Steel | Engineering | Trading | Total |
| Unamortized balance | \$1,572 | \$101,489 | \$141,541 | \$244,611 |

(i) Information about gain on negative goodwill by reportable segment

No gain on negative goodwill was recognized for the years ended March 31, 2015 and 2014.

19. Impairment Loss

The Company classified long-lived assets as idle assets, leased assets, project-oriented assets and business-oriented assets and grouped each of those classified assets into the minimum unit which will generate cash flows independent of other assets or group of assets.

For the year ended March 31, 2015, primarily the book value of the interest in natural resources in Australia was reduced to the recoverable amount due to the decision to withdraw the project because of the deteriorated business environment. The Company recognized loss on impairments of long-lived assets totaling ¥12,162 million (\$101,206

thousand), including ¥8,708 million (\$72,464 thousand) for investments and other assets, ¥1,554 million (\$12,931 thousand) for machinery and equipment, ¥770 million (\$6,407 thousand) for land and ¥1,128 million (\$9,386 thousand) for buildings and structures. The recoverable amount is principally based on the estimated value of disposition.

For the year ended March 31, 2014, primarily the book value of the interest in natural resources in Australia was reduced to the recoverable amount due to the deteriorated business environment. The Company recognized loss on impairments of long-lived assets totaling ¥8,729 million, including ¥4,597 million for investments and other assets, ¥3,485 million for land, ¥411 million for machinery and equipment and ¥234 million for buildings and structures. The recoverable amount is principally measured at its value in use, which was calculated by discounting the future cash flows at a discount rate of 6.4%.

20. Extraordinary Loss

For the years ended March 31, 2015 and 2014, extraordinary loss consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|---------|---------------------------|
| | FY2014 | FY2013 | FY2014 |
| Gain on sales of property, plant and equipment | ¥ 4,134 | ¥ — | \$ 34,401 |
| Gain on sales of investments in securities | 8,495 | — | 70,691 |
| Loss on impairment of property, plant and equipment | (12,162) | (8,729) | (101,206) |
| Loss on valuation of investments in capital | (4,776) | — | (39,743) |
| Loss on liquidation of affiliates | — | (4,437) | — |

21. Net Income per Share

Diluted net income per share is not shown due to no dilutive stocks for the years ended March 31, 2015 and 2014.

| | Millions of yen | Thousands of shares | Yen | U.S. dollars |
|--|-----------------|-------------------------|----------------------|--------------|
| | Net income | Weighted average shares | Net income per share | |
| Net income available to common shareholders..... | ¥139,357 | 576,806 | ¥241.60 | \$2.01 |

| | Millions of yen | Thousands of shares | Yen |
|--|-----------------|-------------------------|----------------------|
| | Net income | Weighted average shares | Net income per share |
| Net income available to common shareholders..... | ¥102,382 | 577,015 | ¥177.44 |



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Independent Auditor's Report

The Board of Directors
JFE Holdings, Inc.

We have audited the accompanying consolidated financial statements of JFE Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JFE Holdings, Inc. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young Shinnihon LLC

June 25, 2015