(Translation for reference only)

Notice of the 16th Ordinary General Meeting of Shareholders
Materials Published on our Website

16th Fiscal Year
(From April 1, 2017 to March 31, 2018)

Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

Non-consolidated Statement of Changes in Equity

Notes to the Non-consolidated Financial Statements

JFE Holdings, Inc.

These Notes are published on our website (https://www.jfe-holdings.co.jp/en/) in accordance with the applicable laws and regulations and the Articles of Incorporation.

(Translation for reference only)

Consolidated Statement of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2017	147,143	646,582	1,126,633	(178,853)	1,741,505
Changes of items during period					
Dividends of surplus			(34,605)		(34,605)
Profit attributable to owners of parent			144,638		144,638
Purchase of treasury shares				(226)	(226)
Disposal of treasury shares			(4)	10	5
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Change of scope of consolidation			34		34
Change of scope of equity method			(28,257)		(28,257)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		56			56
Reversal of revaluation reserve for land			9		9
Net changes of items other than shareholders' equity					
Total changes of items during period	—	56	81,814	(216)	81,655
Balance at March 31, 2018	147,143	646,639	1,208,448	(179,070)	1,823,161

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2017	112,545	(544)	16,321	(3,596)	(395)	124,330	55,972	1,921,809
Changes of items during period								
Dividends of surplus								(34,605)
Profit attributable to owners of parent								144,638
Purchase of treasury shares								(226)
Disposal of treasury shares								5
Change in treasury shares arising from change in equity in entities accounted for using equity method								0
Change of scope of consolidation								34
Change of scope of equity method								(28,257)
Change in treasury shares of parent arising from transactions with non-controlling shareholders								56
Reversal of revaluation reserve for land								9
Net changes of items other than shareholders' equity	(21,186)	358	(32)	13,388	6,207	(1,265)	4,364	3,099
Total changes of items during period	(21,186)	358	(32)	13,388	6,207	(1,265)	4,364	84,754
Balance at March 31, 2018	91,359	(186)	16,288	9,791	5,812	123,065	60,337	2,006,563

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Notes to the Consolidated Financial Statements

Significant Matters on the Basis of the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 315

The names of significant consolidated subsidiaries are as stated in "Significant subsidiaries" of the Business Report. Accordingly, listing of these companies is omitted.

11 companies have been newly included in the scope of consolidation for the consolidated fiscal year under review. This inclusion was due to the viewpoint of importance and other factors (eight companies), the establishment of new companies (two companies) and the acquisition of shares (one company).

11 companies have been excluded from the scope of consolidation. This is due to merger (five companies), liquidation (two companies), from the viewpoint of importance and other factors (two companies), the transfer of shares (one company) and a company becoming an equity method affiliate owing to a reduction in the equity ratio (one company).

(2) Names, etc., of primary non-consolidated subsidiary

Eco Service Azumino Co., Ltd.

(Reason for exclusion from the scope of consolidation)

Non-consolidated subsidiary is excluded from the scope of consolidation because the exclusion has no significant impact on a rational evaluation of the financial condition and the operating results of the Group, based on their respective total assets, net sales, profit (loss) (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company), etc.

2. Application of the equity method

(1) Number of equity method affiliates: 65

The names of significant equity method affiliates are as stated in "Significant affiliates" of the Business Report. Accordingly, listing of these companies is omitted.

Seven companies have been newly included in the scope of application of the equity method for the consolidated fiscal year under review. This inclusion was due to the viewpoint of importance and other factors (five companies), the acquisition of shares (one company), and a company changing from a consolidated subsidiary to an equity method affiliate owing to a reduction in the equity ratio (one company).

Four companies have been excluded from the scope of application of the equity method. This is due to the transfer of shares (two companies), significant influence no longer being recognized (one company) and from the viewpoint of importance and other factors (one company).

(2) Names, etc. of primary non-consolidated subsidiaries and affiliates not accounted for by the equity method

(Non-consolidated subsidiary)	Eco Service Azumino Co., Ltd.
(Affiliate)	NISSIN-UNYU CO., LTD.

(Reason for non-application of the equity method)

The equity method is not applied for these subsidiary and affiliate because their respective profit (loss) (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) have no significant impact on the consolidated financial statements.

3. Fiscal years, etc., of consolidated subsidiaries, etc.

The closing date of some of the consolidated subsidiaries (11 domestic companies and 116 overseas companies), including THAI COATED STEEL SHEET CO., LTD., is December 31, January 20, January 31 or February 28.

Since the difference between the closing dates of said companies and the consolidated closing date is not more than three months, their respective financial statements as of and for the year

ended respective closing dates of these companies are used in preparing the consolidated financial statements.
In preparing the consolidated financial statements, the financial statements as of and for the year ended respective closing dates are used for these companies, with necessary adjustments provided for consolidation purposes with regard to material transactions between their closing dates and the consolidated closing date.

4. Accounting policies

(1) Valuation basis and method for assets

1) Short-term investment securities

Available-for-sale securities for which the market values are readily determinable:
Mainly valued at market determined by the average of market prices for one month prior to the consolidated closing date
(Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined mainly by the moving-average method.)

Available-for-sale securities for which the market values are not readily determinable:
Mainly valued at cost determined by the moving-average method

2) Inventories

Mainly valued at cost determined by periodic average method. (The amount posted in the consolidated balance sheet is computed by writing down the book value with regard to the inventories for which profitability was clearly declining.)

(2) Depreciation method of depreciable assets

1) Property, plant and equipment (excluding leased assets)
Mainly computed by the straight-line method

2) Intangible assets (excluding leased assets)
Mainly computed by the straight-line method
Capitalized software for internal use is amortized by the straight-line method over the internal useful life (mainly five years).

3) Leased assets
Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values (Specific amount of residual value be applied instead where the relevant lease agreement stipulates the amount).

(3) Accounting basis of provisions and allowances

Allowance for doubtful accounts
An allowance for doubtful accounts is provided for possible losses from uncollectible claims, at the amount calculated based on the actual rate of loss from the bad debt for ordinary claims, and on the estimated recoverability for specific receivables such as doubtful claims.

(4) Revenue recognition

The percentage-of-completion method is applied to constructions for which certainty of performance regarding the portion in progress before the end of the consolidated fiscal year under review can be recognized (cost percentage method is used for estimating a percentage of completion of work), while the completed-contract method is applied to any other constructions.

(5) Other significant matters for the preparation of the consolidated financial statements

1) Accounting for consumption taxes, etc.
Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

2) Application of consolidated tax reporting
Consolidated tax reporting is applied.

3) Goodwill write-off method and period
   Goodwill is equally amortized over five years whereas it is amortized for one time if the amount is small.
4) Accounting basis of net defined benefit asset/liability
   Net defined benefit asset/liability is reported for employees' retirement benefits at the amount of retirement benefit obligations after deducting the plan assets, which is calculated based on the estimated amounts at the end of the consolidated fiscal year under review. To calculate the Company's retirement benefit obligations, the straight-line attribution method is primarily used to allocate the projected benefit obligations in direct proportion to the period of service until the end of the consolidated fiscal year under review.
   Prior service cost is primarily amortized on a straight-line basis over a certain period within an average remaining service period of employees at the time of its occurrence.
   Actuarial differences are primarily amortized for the pro-rata amount computed by the straight-line basis from the following consolidated fiscal year over a certain period within an average remaining service period of employees at the time of its occurrence.
   Unrecognized actuarial differences and unrecognized prior service cost after adjusting tax effects are reported as "Remeasurements of defined benefit plans" under net assets.

Changes in Accounting Estimates
(Expenses for treatment of PCB waste)
JFE Holdings has revised its estimated expenses for treatment of polychlorinated biphenyl (PCB) waste due to improved treatment and estimation methods. In the consolidated financial statements for fiscal year 2017, the difference between the previous and current estimates of expenses for treatment of PCB waste was recorded as an extraordinary loss, resulting in a decrease of 3,850 million yen in net income before income taxes.

Change in Accounting Policies Difficult to Distinguish from Changes in Accounting Estimates
(Change in Depreciation Method for Property, Plant and Equipment)
In fiscal year 2017, JFE Holdings began primarily applying the straight-line method to depreciate property, plant and equipment (excluding leased assets) instead of the declining balance method that the Company had been using primarily. The company made the change because its steelmaking facilities are expected to enjoy stable production, as stated below, so the straight-line method was deemed more appropriate for allocating the costs of assets. The change in the depreciation method increased operating profit by 26,102 million yen and both ordinary profit and profit before income taxes by 27,399 million yen each.

The steel business is forecast to enjoy strong demand in Japan for some years to come, supported by projects related to the Tokyo 2020 Olympic and Paralympic Games. In the long run, however, Japan's declining birthrate and aging population are forecast to lead to reduced domestic demand, making significant increases in steel demand unlikely. On a global basis, persistently excessive steel production in China and other countries will continue to make the business environment extremely harsh.

JFE Steel, rather than focusing on increased crude steel output, is striving to ensure stable steel output and to cut costs at its steelworks in Japan, the company's main production base. These objectives are being achieved through capital investments to strengthen the manufacturing base in Japan and by making full use of existing steelmaking capacity. Investments specifically have focused on renewing old facilities.

As of the end of the previous fiscal year, JFE Steel had renewed many upstream facilities, including coke ovens, for improved mid- and long-term competitiveness and stabilized production.

JFE Steel will continue to strengthen its manufacturing base in Japan through lower costs, stable production and a product mix focused on high-grade steel for improved competitiveness.

Changes in the Method of Presentation

“Profit on inventories,” which were presented separately under non-operating income in the consolidated statement of income for the previous consolidated fiscal year, has been included in “Other” under non-operating income as this amount has no significance in the consolidated fiscal year under review.

“Foreign exchange losses,” which were presented separately under non-operating expenses in the consolidated statement of income for the previous consolidated fiscal year, has been included in “Other” under non-operating expenses as this amount has no significance in the consolidated fiscal year under review.

Notes to the Consolidated Balance Sheet

1. Assets pledged as collateral and corresponding secured obligations

(1) Assets pledged as collateral

Property, plant and equipment	¥3,069 million
Intangible assets	¥155 million
Investment securities	¥108 million
Shares of subsidiaries and associates	¥－million

(Note) Industrial foundation’s assets of property, plant and equipment as mortgage ¥615 million

(2) Corresponding secured obligations

Notes and accounts payable - trade	¥410 million
Short-term loans payable	¥413 million
Long-term loans payable	¥528 million

(Note) Those of above corresponding to the industrial foundation’s assets

Short-term loans payable	¥280 million

In addition, shares of consolidated subsidiaries (442 million yen book value posted on the consolidated subsidiaries’ consolidated financial statements) have been pledged as collateral.

2. Accumulated depreciation for property, plant and equipment ¥6,582,478 million

3. Liabilities on guarantees and commitments to guarantees

Guarantees on the loans payable to financial institutions, etc., of the following companies

Formosa Ha Tinh (Cayman) Limited	¥16,828 million
Japan-Brazil Niobium Co., Ltd.	¥7,370 million
Al Gharbia Pipe Company	¥4,784 million
JIM Technology Corporation	¥2,053 million
Kawarin Enterprise Pte Ltd.	¥1,865 million
Other	¥1,059 million
Total	¥33,962 million

Other than the above, the Company offers a guarantee on an obligation that may arise in the future to Byerwen Coal Pty Ltd and Mizushima Eco-works Co., Ltd.

Limit on amount of guarantees for the consolidated fiscal year under review ¥12,600 million

4. Amounts of discounts on notes receivable - trade and endorsement for transfer ¥8,200 million

Notes to the Consolidated Statement of Changes in Equity

1. Type and total number of issued shares as of the end of the fiscal year under review

Common stock	614,438,399

2. Dividends

(1) Amounts of dividends paid

Date of resolution	Type of share	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2017	Common stock	17,303	30	March 31, 2017	June 26, 2017
Board of Directors meeting held on November 1, 2017	Common stock	17,302	30	September 30, 2017	November 30, 2017

(2) Of the dividends for which the record date belongs to the fiscal year under review, those dividends for which the effective date will be after the end of the fiscal year under review

Date of proposal for resolution	Type of share	Total amount of dividends (Millions of yen)	Source of funds for dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 21, 2018	Common stock	28,834	Retained earnings	50	March 31, 2018	June 22, 2018

Notes to Financial Instruments

1. Status of financial instruments

(1) Policy on treatment of financial instruments

The Group raises the necessary funds mainly through bank loans, commercial papers and bond issuance, taking into consideration the stability and cost of funds. Temporary surplus funds are being managed with short-term financial instruments. The Group uses derivatives as a hedge against risks described below and not for speculative transactions.

(2) Content and risks of financial instruments, and the risk management systems relating to financial instruments

Notes and accounts receivable - trade, which are trade claims, are exposed to the credit risks of customers. To manage such risks, each company of the JFE Group conducts regular reassessments of the financial standing of business partners. In addition, some of the claims were sold before due dates.

For notes and accounts payable - trade, which are trade obligations, payment due dates are usually within one year.

Trade claims and obligations in foreign currencies are exposed to risks of currency fluctuations. Hedge transactions, including forward exchange contracts, are conducted as necessary for the parts that were not balanced out by the offsets between receipts of foreign currencies through transactions denominated in the relevant foreign currencies (exports of products, etc.), and payments of foreign currencies through transactions denominated in the relevant foreign currencies (imports of raw materials, etc.).

Equities, which correspond to investment securities, are exposed to risks of market price fluctuations. Investment securities denominated in foreign currencies are exposed to risks of currency fluctuations. Most of the investment securities are equities of the companies with which business relationships are maintained, and the actual market values of such equities are regularly determined.

Taking into consideration the liquidity risk of loans and bonds payable, due dates of these obligations are set not to fall on the same day. Loans and bonds payable with floating interest rates are exposed to risks of interest-rate fluctuations. Some loans and bonds payable are hedged through interest rate swaps, etc., to cope with risks of interest-rate fluctuations and to reduce interest payments.

Derivative transactions used by the JFE Group carry risks of market price fluctuations in the future, including that of currencies, interest-rates, etc. The JFE Group uses derivatives that are only based on actual demand, such as export and import transactions, loans and bonds payable. Accordingly, these risks are limited within the scope of loss of opportunity gains. Furthermore, as the JFE Group only conducts derivative transactions primarily with financial institutions with high credit ratings, the credit risk of failure to perform contracts due to bankruptcy of the counterparty, etc., is considered to be close to non-existent. The Company has established the internal rule on derivative transactions, and conducts transactions related to derivatives pursuant to the rule. On each actual transaction, the Company conducts a transaction upon authority by the Corporate Officer for Finance pursuant to the rule stated above. Balances, market values and losses/gains on valuation of derivatives are to be reported to the management council regularly. The consolidated subsidiaries also conduct derivative transactions pursuant to the respective internal rules.

(3) Supplemental explanation for matters relating to market values, etc., of financial instruments
Market values of financial instruments include values based on market prices and values reasonably calculated if they have no market prices. Since calculations of the relevant values adopt certain assumptions, etc., the relevant values may vary depending on the assumptions applied.

2. Market values, etc., of financial instruments
Amounts on the consolidated balance sheet, market values, and their differences as of March 31, 2018 are shown as follows. Items whose market values are considered extremely difficult to determine are not included in the table below (see Note 2).

(Millions of yen)

	Amounts on the consolidated balance sheet	Market value	Difference
(1) Cash and deposits	76,111	76,111	—
(2) Notes and accounts receivable - trade	855,730	855,730	—
(3) Short-term investment securities and investment securities Other securities	284,290	284,290	—
Total assets	1,216,133	1,216,133	—
(1) Notes and accounts payable - trade	471,897	471,897	—
(2) Short-term loans payable	285,542	285,542	—
(3) Commercial papers	6,000	6,000	—
(4) Current portion of bonds	15,000	15,039	39
(5) Bonds payable	80,000	80,766	766
(6) Long-term loans payable	944,376	947,151	2,774
Total liabilities	1,802,816	1,806,397	3,580
Derivative transactions (*1)			
1) Hedge accounting not applied	24	24	—
2) Hedge accounting applied	946	946	—
Total derivative transactions	971	971	—

(*1) Net claims and obligations resulting from derivative transactions are indicated as net amounts. Figures of total net obligations are indicated in parentheses.

(Translation for reference only)

(Note 1) Methods of calculating market values of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

They are based on the relevant book values, as they are quickly settled and their market values are close to their book values. In addition, some of the accounts receivable - trade are subject to appropriation treatment (please refer to 2) of “Derivative transactions” below).

(3) Short-term investment securities and investment securities

The market values of equities are based on the prices on stock exchanges and those of bonds receivable are based on the prices presented by correspondent financial institutions.

Liabilities

(1) Notes and accounts payable - trade, (2) Short-term loans payable and (3) Commercial papers

They are based on the relevant book values, as they are quickly settled and their market values are close to their book values. In addition, some of the accounts payable - trade are subject to appropriation treatment (please refer to 2) of “Derivative transactions” below).

(4) Current portion of bonds and (5) Bonds payable

The market value of bonds issued by the Company is stated as the market price. The market value of bonds payable subject to special treatment such as interest rate swaps (please refer to 2) of “Derivative transactions” below) is determined by discounting the total of principal and interest stated in association with the interest rate swap by an interest rate reasonably estimated from that applied to similar bonds payable.

(6) Long-term loans payable

The market value of long-term loans payable is determined by discounting the total of principal and interest by the estimated interest rate on similar new loans payable. The market value of long-term loans payable subject to special treatment such as interest rate swaps (please refer to 2) of “Derivative transactions” below) is determined by discounting the total of principal and interest stated in association with the interest rate swap by an interest rate reasonably estimated from that applied to similar loans payable.

Derivative transactions

1) Hedge accounting not applied

The market value of derivative transactions to which hedge accounting is not applied is based on the prices presented by correspondent financial institutions with which the relevant contract is concluded.

2) Hedge accounting applied

The market value of derivative transactions to which basic hedge accounting is applied is based mainly on the prices presented by correspondent financial institutions with which the relevant contract is concluded.

Instruments subject to special treatment such as interest rate swaps are stated in association with hedged bonds payable and long-term loans payable, and their market value is therefore included in the market value of the relevant bonds payable and long-term loans payable (please refer to (2), (4), (5) and (6) of “Liabilities” above).

Instruments subject to appropriation treatment such as forward exchange contracts are stated in association with hedged items, and their market value is therefore included in the market value of the relevant accounts receivable - trade and accounts payable - trade (please refer to (2) of “Assets” and (1) of “Liabilities” above).

(Note 2) Financial instruments whose market values are considered extremely difficult to determine

Category	Amounts on the consolidated balance sheet (Millions of yen)
Unlisted equities	40,168
Corporate bond	250
Investment securities	704

The items above are not included in “Other securities” of “(3) Short-term investment securities and investment securities,” as they have no market prices and their market values are considered extremely difficult to determine.

Notes to Per-share Information

1. Net assets per share	¥3,375.82
2. Profit per share	¥250.86

(Translation for reference only)

Non-consolidated Statement of Changes in Equity

From April 1, 2017 to March 31, 2018

(Millions of yen)

	Shareholders' equity							Valuation and translation adjustments		Total net assets
	Capital stock	Capital surplus			Retained earnings	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward					
Balance at April 1, 2017	147,143	772,574	-	772,574	221,931	(83,301)	1,058,348	(190)	(190)	1,058,157
Changes of items during period										
Dividends of surplus					(34,605)		(34,605)			(34,605)
Loss					(42,180)		(42,180)			(42,180)
Purchase of treasury shares						(226)	(226)			(226)
Disposal of treasury shares			0	0		4	5			5
Net changes of items other than shareholders' equity								(86)	(86)	(86)
Total changes of items during period	-	-	0	0	(76,785)	(222)	(77,007)	(86)	(86)	(77,094)
Balance at March 31, 2018	147,143	772,574	0	772,574	145,145	(83,523)	981,340	(277)	(277)	981,063

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Notes to the Non-consolidated Financial Statements

1. Significant accounting policies
   (1) Equities of affiliated companies are valued at cost by the moving-average method.

   (2) Depreciation of property, plant and equipment is computed by the straight-line method.

   (3) A provision for directors' bonuses is provided for the payment of bonuses to directors, at the estimated amount to be paid.

   (4) Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.

   (5) Consolidated tax reporting is applied.

2. Notes to the non-consolidated balance sheet, etc.
   (1) Accumulated depreciation for property, plant and equipment ¥4 million

   (2) Liabilities on guarantees, etc.
   The Company provides a guarantee for the trade payables of the following company.
   JFE Shoji Trade Corporation ¥103 million
   In addition to the above, the Company provides a guarantee for obligations that may arise in the future in relation to JFE Engineering Corporation.
   Limit on amount of guarantees for the year under review ¥798 million

   (3) Short-term monetary receivables from affiliated companies ¥466,312 million
   Long-term monetary receivables from affiliated companies ¥992,575 million
   Short-term monetary payables to affiliated companies ¥177,264 million

3. Note to the non-consolidated statement of income
   Transaction balance with affiliated companies Operating revenue ¥34,572 million
   Operating expenses ¥710 million

4. Note to the non-consolidated statement of changes in equity
   Type and total number of shares of treasury stock as of the end of the fiscal year under review
   Common stock 37,751,193

5. Note to tax-effect accounting
   Loss on valuation of shares of subsidiaries and associates constitute a primary factor of deferred tax assets, less valuation allowance.

6. Notes to per-share information
   Net assets per share ¥1,701.21
   Loss per share (¥73.14)

(English Translation of the Japanese original)
This translation has been prepared for reference only. The Japanese language version will control if any discrepancy arises.