

JFE Holdings' Financial Results in First Quarter of Fiscal Year 2010 Ending March 31, 2011

— All financial information has been prepared in accordance with generally accepted accounting principles in Japan —
(Note: The following is an English translation of an original Japanese document)

July 27, 2010

Official name: JFE Holdings, Inc.
Listings: Tokyo, Osaka and Nagoya stock exchanges
Code: 5411
English URL: www.jfe-holdings.co.jp/en
Contact: Masayuki Hirose, Manager, Public Relations Section
General Administration Department
Phone: +81-3-3597-3842, Fax: +81-3-3597-4401

1. Consolidated Results in First Quarter of Fiscal 2010 (April 1 to June 30, 2010)

(1) Statements of Income

	Net sales (million yen)	Year-on-year change (%)	Operating income (loss) (million yen)	Year-on-year change (%)	Ordinary income (loss) (million yen)	Year-on-year change (%)	Net income (loss) (million yen)	Year-on-year change (%)	Net income per share (yen)	Net income per share [fully diluted] (yen)
1Q FY 2010	754,661	28.2	53,349	-	51,415	-	27,980	-	52.92	51.09
1Q FY 2009	588,605	(37.3)	(61,206)	-	(67,260)	-	(41,559)	-	(78.59)	-

(2) Balance Sheets

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 1Q FY 2010	3,925,338	1,470,363	36.3	2,697.09
End FY 2009	3,918,317	1,465,898	36.3	2,689.88

Note: Shareholders' equity: 1,426,030 million yen as of June 30, 2010
1,422,250 million yen as of March 31, 2010

2. Dividends in Fiscal 2010

	Dividend per share (yen)	Dividend per share (yen)	
		Interim	Year-end
FY 2009	20.00	0.00	20.00
FY 2010 (estimate)	-	20.00	-

3. Forecasts of Consolidated Financial Results in Fiscal 2010

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Net income (million yen)	Year-on-year change (%)	Net income per share (yen)
First half FY 2010	1,620,000	24.0	105,000	-	100,000	-	50,000	-	94.57
FY 2010	3,420,000	20.2	230,000	159.1	220,000	217.5	120,000	162.8	226.96

4. Others (For details, see "Other information" on page 3 of the attached document)

1. Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No
2. Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements: Yes
3. Changes in the principles, procedures and presentation method for accounting treatment in the preparation of consolidated financial statements
 - 1) Changes resulting from amendments to accounting standards: Yes
 - 2) Changes other than 1) above: No
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)
 - As of June 30, 2010: 614,438,399 shares
 - As of March 31, 2010: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of June 30, 2010: 85,709,571 shares
 - As of March 31, 2010: 85,698,154 shares
 - 3) Average number of shares issued during the term (first quarter consolidated period)
 - 1Q FY 2010: 528,733,670 shares
 - 1Q FY 2009: 528,792,877 shares

Status of Quarterly Review

At the point of disclosing these quarterly financial results, the review of consolidated balance sheets in accordance with the Financial Instruments and Exchange Act was underway.

Explanation of appropriate use of results forecasts, and other matters of note

1. These forecasts are based on information available on the date of publication of this document as well as rational assumptions that we have made regarding certain factors. Actual results may vary significantly from these forecasts due to a wide range of circumstances. For a description of the results forecasts, see "Qualitative information on consolidated results forecast" on page 2 of the attached document.

Attachments

1. Qualitative Information on Consolidated Business Results, Etc.
 - (1) Qualitative information on consolidated business results
 - (2) Qualitative information on consolidated results forecast

2. Other Information
 - (1) Significant change in subsidiaries during the first quarter
 - (2) Application of simplified accounting method and special accounting method
 - (3) Changes in the principles, procedures and presentation method for accounting treatment

3. Consolidated Financial Statements
 - (1) Consolidated balance sheets
 - (2) Consolidated statements of income
 - (3) Notes pertaining to the presumption of a going concern
 - (4) Notes in case of significant changes to shareholders' equity

4. Supplementary Information
 - (1) Supplementary
 - (2) Reference

1. Qualitative Information on Consolidated Business Results, Etc.

(1) Qualitative information on consolidated business results

The Japanese economy in the first quarter of fiscal 2010 (ended June 30, 2010) continued its recent trend of healthy exports and other modest recovery trends backed by economic expansion in Asia.

JFE Holdings' consolidated results for the quarter included increases in sales and profits compared with the first quarter of fiscal 2009. Net sales came to 754.6 billion yen, operating income 53.3 billion yen and ordinary income 51.4 billion yen. After posting an extraordinary loss of 5.3 billion yen, net income before income taxes and minority interests rose to 46.1 billion yen and net income improved to 27.9 billion yen.

By segment, JFE's steel business posted increased net sales of 657.4 billion yen compared with the first quarter of fiscal 2009, due partly to higher sales prices as well as increased sales volume thanks to rising demand. Ordinary income increased to 46.1 billion yen, the result of continued efforts to improve earnings, as well as rises in both sales volume and prices, despite higher prices for raw materials.

Engineering business saw net sales fall to 46.1 billion yen as construction volume declined. Profit also worsened compared with the first quarter of fiscal 2009, resulting in an ordinary loss of 900 million yen.

Shipbuilding business net sales declined to 52.9 billion yen, although this reflected a spike in net sales the year earlier when percentage-of-completion accounting was applied on an expanded basis. Ordinary income rose to 7.2 billion yen compared with the first quarter of fiscal 2009, the result of company-wide efforts to improve earnings.

Urban development business recorded slightly increased net sales of 4.9 billion yen as condominium deliveries approached the previous year's volume. The ordinary loss worsened to 700 million yen compared with the first quarter of fiscal 2009 in a sluggish condominium market.

LSI business recorded increased net sales of 6.1 billion yen compared with the first quarter of fiscal 2009, thanks to recovered demand. Ordinary income grew to 300 million yen as sales increased and structural reforms led to curtailed fixed costs.

(2) Qualitative information on consolidated results forecast

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

The steel business is expected to remain steady overall, even though steel demand in China and certain other countries will continue slowing. Raw material prices have been rising sharply, so the company intends to reduce costs further while also negotiating with customers to revise prices that help cover costs which the company cannot absorb solely through internal efforts. As a result of expected rises in production and sales volumes, the company forecasts ordinary income of 200 billion yen, an increase from the year earlier.

The engineering business forecasts ordinary income of 7 billion yen, reflecting continued efforts to improve earnings amidst unfavorable business conditions.

The shipbuilding business forecasts ordinary income of 10.5 billion yen, due to a substantially reduced reversal of the allowance for losses on construction contracts. Continued efforts will be made to improve earnings by cutting costs and raising productivity.

The urban development business forecasts an ordinary loss of 1.5 billion yen as a result of the condominium market's protracted slump.

The LSI business forecasts improved profits that will result in ordinary income of 1.5 billion yen, reflecting a recovery of demand and the curtailment of fixed costs through structural reforms.

JFE Holdings' full-year consolidated prospects are net sales of 3,420 billion yen, operating income of 230 billion yen, ordinary income of 220 billion yen and net income of 120 billion yen.

The company intends to pay an interim dividend of 20 yen per share in response to current income and profit. A decision about the year-end payment will be withheld until the company's actual performance becomes clearer.

2. Other information

(1) Significant change in subsidiaries during the first quarter: None

(2) Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements

Simplified accounting methods are being applied in the current fiscal year, including the proportional calculation of depreciation over time for assets depreciated with a fixed-rate declining balance. Certain calculation assumptions from the previous fiscal year were used to calculate tax expense.

(3) Changes in the principles, procedures and presentation method for accounting treatment in the preparation of quarterly consolidated financial statements

[1] Application of Accounting Standard for Measurement of Inventories

The company is applying the Accounting Standard for Measurement of Inventories (ASBJ Statement No.9, September 26, 2008) from this fiscal year. Inventories previously determined by the last-in first-out method were determined by the periodic average method. Accordingly, operating income, ordinary income and quarterly net income before income taxes and minority interests decreased 10,618 million yen each.

[2] Application of Accounting Standard for Asset Retirement Obligations

The company is applying the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008) from this fiscal year. Accordingly,

operating income, ordinary income and quarterly net income before income taxes and minority interests decreased 21 million yen, 26 million yen and 5,332 million yen, respectively.

[3] Application of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

The company is applying the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No.24, March 10, 2008) from this fiscal year, based on which it revised consolidated results where required. The changes did not affect ordinary income or quarterly net income before income taxes and minority interests.

[4] Application of Accounting Standard for Business Combinations

The company is applying the Accounting Standard for Business Combinations (ASBJ Statement No.21, December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, December 26, 2008), the Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No.23, December 26, 2008), the Accounting Standard for Business Divestitures (ASBJ Statement No.7, December 26, 2008), the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, December 26, 2008) and the Implementation Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No.10, December 26, 2008) from this fiscal year.

Changes in presentation

In accordance with the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, December 26, 2008), the company applied a Cabinet Office ordinance on partial revision of the regulation of financial statements (Cabinet Office Ordinance No.5, March 24, 2009). As a result, quarterly net income before minority interests is presented separately in the consolidated statements of income.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of June 30, 2010	(million yen) As of March 31, 2010
(Assets)		
Current assets:		
Cash and deposits	39,152	31,334
Notes and accounts receivable	504,229	497,500
Merchandise and finished goods	250,615	233,485
Work in process	72,651	64,695
Raw materials and supplies	332,468	326,276
Other current assets	174,980	178,495
Allowance for doubtful accounts	(702)	(894)
Total current assets	1,373,394	1,330,893
Property, plant and equipment, net:		
Buildings and structures, net	433,730	435,137
Machinery and equipment, net	715,862	703,299
Land	526,345	528,056
Other property, plant and equipment, net	106,796	133,676
Total property, plant and equipment, net	1,782,734	1,800,170
Intangible assets	67,147	69,830
Investments and other assets:		
Investments in securities	546,344	565,053
Other assets	160,147	156,907
Allowance for doubtful accounts	(5,747)	(5,964)
Total investments and other assets	700,743	715,996
Deferred assets	1,318	1,426
Total assets	3,925,338	3,918,317

	As of June 30, 2010	(million yen) As of March 31, 2010
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	344,311	344,336
Short-term borrowings	148,507	133,802
Commercial paper	-	13,997
Current portion of corporate bonds	110,040	70,000
Allowances	4,729	8,314
Other current liabilities	305,791	360,555
Total current liabilities	913,380	931,006
Long-term liabilities:		
Corporate bonds	309,996	269,996
Convertible bonds	300,000	300,000
Long-term borrowings	659,722	680,677
Accrued retirement benefits	133,284	135,086
Other allowances	88,448	89,225
Others	50,141	46,426
Total long-term liabilities	1,541,594	1,521,411
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	657,256	657,258
Retained earnings	1,056,761	1,039,399
Treasury stock, at cost	(426,635)	(426,602)
Total owners' equity	1,434,525	1,417,198
Valuation and translation adjustments:		
Net unrealized gains on securities	18,696	33,392
Deferred earnings on hedges	(2,722)	(52)
Revaluation reserve for land, net of tax	12,009	12,004
Translation adjustments	(36,478)	(40,292)
Total valuation and translation adjustments	(8,494)	5,051
Minority interests	44,333	43,648
Total net assets	1,470,363	1,465,898
Total liabilities and net assets	3,925,338	3,918,317

(2) Consolidated Statements of Income

	First Quarter of Fiscal 2010	(million yen) First Quarter of Fiscal 2009
Net sales	754,661	588,605
Cost of sales	639,493	589,276
Selling, general and administrative expenses	61,818	60,535
Operating income (loss)	53,349	(61,206)
Non-operating income:		
Interest income	140	153
Dividends received	3,240	4,099
Equity in earnings of affiliates	4,531	-
Other, net	8,513	6,838
Non-operating expense:		
Interest expense	4,257	5,413
Foreign exchange loss	4,234	-
Other, net	9,869	11,732
Ordinary income (loss)	51,415	(67,260)
Extraordinary loss:		
Effect of applying accounting standard for asset retirement obligations	5,306	-
Income before income taxes and minority interests (loss)	46,108	(67,260)
Income taxes:		
Current	6,726	1,996
Deferred	10,230	(27,888)
Quarterly net income before minority interests	29,151	-
Minority interests	1,170	191
Net income (loss)	27,980	(41,559)

(3) Notes pertaining to the presumption of a going concern
There are no items this period.

(4) Notes in case of significant changes to shareholders' equity
There are no items this period.

4. Supplementary Information

(1) Supplementary

1. Consolidated Results in First Quarter of Fiscal 2010 and Earnings Forecast

(billion yen)

	FY 2009			FY 2010				Change		
	1Q	1H	Full year	1Q	2Q*	1H*	Full year*	1Q	1H	Full year
Steel Business	476.3	1,062.0	2,281.4	657.4	752.6	1,410.0	2,960.0	181.1	348.0	678.6
Engineering Business	51.2	116.9	294.2	46.1	63.9	110.0	270.0	(5.1)	(6.9)	(24.2)
Shipbuilding Business	68.4	138.8	286.7	52.9	57.1	110.0	210.0	(15.5)	(28.8)	(76.7)
Urban Development Business	4.6	10.9	26.9	4.9	2.1	7.0	14.0	0.3	(3.9)	(12.9)
LSI Business	5.0	11.9	24.6	6.1	6.9	13.0	26.0	1.1	1.1	1.4
Eliminations and Corporate	(17.0)	(34.0)	(69.7)	(12.8)	(17.2)	(30.0)	(60.0)	4.2	4.0	9.7
Net Sales	588.6	1,306.7	2,844.3	754.6	865.4	1,620.0	3,420.0	166.0	313.3	575.7
Operating Income (Loss)	(61.2)	(40.9)	88.7	53.3	51.7	105.0	230.0	114.5	145.9	141.3
Other Income (Expenses)	(6.0)	(16.4)	(19.4)	(1.9)	(3.1)	(5.0)	(10.0)	4.1	11.4	9.4
Steel Business	(76.8)	(72.4)	32.3	46.1	43.9	90.0	200.0	122.9	162.4	167.7
Engineering Business	0.3	2.8	13.3	(0.9)	0.9	0	7.0	(1.2)	(2.8)	(6.3)
Shipbuilding Business	6.6	10.4	21.5	7.2	1.1	8.3	10.5	0.6	(2.1)	(11.0)
Urban Development Business	(0.1)	(1.3)	(1.8)	(0.7)	(0.3)	(1.0)	(1.5)	(0.6)	0.3	0.3
LSI Business	(0.4)	(0.5)	(0.9)	0.3	0.2	0.5	1.5	0.7	1.0	2.4
Eliminations and Corporate	3.1	3.6	4.7	(0.6)	2.8	2.2	2.5	(3.7)	(1.4)	(2.2)
Ordinary Income (Loss)	(67.2)	(57.4)	69.2	51.4	48.6	100.0	220.0	118.6	157.4	150.8
Extraordinary Profit (Loss)	-	-	1.6	(5.3)	0.3	(5.0)	(5.0)	(5.3)	(5.0)	(6.6)
Income Before Income Taxes and Minority Interests (Loss)	(67.2)	(57.4)	70.9	46.1	48.9	95.0	215.0	113.3	152.4	144.1
Tax Expense and Minority Interest	25.7	28.7	(25.2)	(18.1)	(26.9)	(45.0)	(95.0)	(43.8)	(73.7)	(69.8)
Net Income (Loss)	(41.5)	(28.6)	45.6	27.9	22.1	50.0	120.0	69.4	78.6	74.4

* estimated result

2. Consolidated financial indices

Financial Indices	FY 2009	FY 2010*	Change
Return on Sales (ROS) *1	2.4%	6.4%	4.0%
Return on Assets (ROA) *2	2.2%	6.0%	3.8%
Debt Outstanding	1,468.4 billion yen	1,470.0 billion yen	1.6 billion yen
Shareholders' Equity	1,422.2 billion yen	1,500.0 billion yen	77.8 billion yen
D/E Ratio	103.2%	98.0%	(5.2)%
D/E Ratio*3	75.5%	72.2%	(3.3)%

* estimated result

*1 ROS = Ordinary Income / Net Sales

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

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

(2) Reference

1. Forecasts of Operating Income/Loss by Business Segment

(billion yen)

	FY 2009 Results		FY 2010 Current forecast	
	1H	Full year	1H	Full year
Steel Business	(58.6)	46.8	95.0	210.0
Engineering Business	2.7	13.3	(1.0)	5.0
Shipbuilding Business	9.8	21.0	8.3	10.5
Urban Development Business	(1.2)	(1.5)	(1.0)	(1.5)
LSI Business	(0.3)	(0.3)	0.5	1.5
Elimination of inter-segment transactions	6.7	9.4	3.2	4.5
Operating income	(40.9)	88.7	105.0	230.0

2. Crude Steel Production (JFE Steel)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009	Parent	5.12	6.90	12.01	6.95	6.87	13.81	25.83
	Consolidated	5.72	7.56	13.28	7.59	7.48	15.08	28.35
FY 2010	Parent	7.26	7.54*	14.80*				
	Consolidated	8.01	8.09*	16.10*				

* estimated result

3. Shipments (JFE Steel on a non-consolidated basis)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009		4.34	6.28	10.62	6.20	6.36	12.56	23.18
FY 2010		6.54	6.86*	13.40*				

* estimated result

4. Export Ratio on a Value Basis (JFE Steel on a non-consolidated basis)

(%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009		42.3	47.7	45.3	45.4	46.3	45.8	45.6
FY 2010		49.5	48*	48*				

* estimated result

5. Foreign Exchange Rate (Yen/US dollar)

(JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009		97.5	94.7	96.1	89.5	90.4	90.0	93.0
FY 2010		92.8	90*	91*				

* estimated result

6. Average Selling Price (JFE Steel on a non-consolidated basis)

(thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009		75.8	67.9	71.1	69.2	69.6	69.4	70.2
FY 2010		74.6	84*	79*				

* estimated result

7. Engineering business orders (including inter-segment transactions)

	(billion yen)		
FY 2010	310*	11.0% increase from previous year	* estimated result

8. Shipbuilding business orders (including inter-segment transactions)

	(billion yen)		
FY 2010	110*	85.2% increase from previous year	* estimated result

9. Debt outstanding, interest expense, and cash and deposits (JFE Holdings on a consolidated basis)

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)		(billion yen)
March 31, 2010	1,468.4	FY 2009	(19.4)
March 31, 2011	1,470*	FY 2010	(18)*
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2010	31.3		
March 31, 2011	30*		* estimated result

10. Capital investment and depreciation cost (JFE Holdings on a consolidated basis)

	(billion yen)		
	FY 2009	FY 2010	
Capital investment	225.2	220*	(on construction basis)
Depreciation	248.3	250*	* estimated result