

JFE Holdings' Financial Results in First Half 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)

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Listings: Tokyo, Osaka and Nagoya stock exchanges
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1. Consolidated Results in First Half of Fiscal 2010 (April 1 to September 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)
1H FY 2010	1,572,257	20.3	114,863	-	104,989	-	46,050	-	87.10	84.61
1H FY 2009	1,306,717	(37.9)	(40,938)	-	(57,407)	-	(28,679)	-	(54.24)	-

(2) Balance Sheets

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 1H FY 2010	3,929,441	1,471,726	36.3	2,698.59
End FY 2009	3,918,317	1,465,898	36.3	2,689.88

Note: Shareholders' equity: 1,426,778 million yen as of September 30, 2010
1,422,250 million yen as of March 31, 2010

2. Dividends in Fiscal 2010

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

Note: Revisions to the dividend forecast in the first half: No
The year-end dividend and the total dividend are not yet determined

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)
FY 2010	3,360,000	18.1	230,000	159.1	220,000	217.5	110,000	140.9	208.05

Note: Revisions to the consolidated financial results forecast in the first half: Yes

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 September 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 September 30, 2010: 85,725,059 shares
 - As of March 31, 2010: 85,698,154 shares
 - 3) Average number of shares issued during the term (first half consolidated period)
 - 1H FY 2010: 528,726,870 shares
 - 1H FY 2009: 528,782,223 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
 - (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 (first-half consolidated period)
 - (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

Although the Japanese economy steadily recovered in the first half of fiscal 2010 (ended September 30, 2010), it was difficult to be optimistic in the face of slow recovery in overseas markets, particularly in Asia, which led to weaker growth among exports from Japan.

JFE Holdings' consolidated results for the first half included increased sales and a return to profit compared with the first half of fiscal 2009. Net sales came to 1,572.2 billion yen, operating income 114.8 billion yen and ordinary income 104.9 billion yen. Factoring in an extraordinary loss of 19.6 billion yen, net income before income taxes and minority interests rose to 85.3 billion yen and net income improved to 46.0 billion yen.

By segment, JFE's steel business net sales increased year on year to 1,369.5 billion yen, due partly to higher sales prices and increased sales volume thanks to recovered demand. Ordinary income rose to 88.1 billion yen, the result of continued efforts to improve earnings as well as increases in both sales volume and prices, despite significant rises in raw material prices.

Engineering business saw net sales fall year on year to 104.8 billion yen as construction volume and prices declined. Profit, however, increased due to efforts to improve earnings through cost reduction and other measures, resulting in ordinary income of 3.4 billion yen.

Shipbuilding business net sales declined year on year to 106.6 billion yen, although this reflected a spike in net sales in the year earlier, when percentage-of-completion accounting was applied on an expanded basis. Ordinary income rose to 12.5 billion yen, the result of company-wide efforts to improve earnings.

Urban development business experienced a year-on-year decline in net sales to 8.5 billion yen as condominium deliveries contracted. The chronically sluggish condominium market led to an ordinary loss of 500 million yen, although this was an improvement from the previous year.

LSI business net sales increased year on year to 12.1 billion yen thanks to recovered demand. Ordinary income grew to 800 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 has been weakening in certain sectors, such as construction materials in Japan, and slowing in Asia overall, including China. In Japan, the outlook remains unclear due to concerns about backlashes from discontinued government subsidies for fuel-efficient vehicles and the yen's sharp appreciation. From the beginning of calendar 2011, however, the situation is expected to improve due to positive developments, such as a narrowing demand/supply balance in China. The company, which expects to see both production and sales volume improve, forecasts ordinary income strengthening from the previous year to 200 billion yen in fiscal 2010.

The engineering business forecasts ordinary income of 8 billion yen, reflecting continued efforts to improve earnings, such as cost reduction, amidst unfavorable business conditions.

The shipbuilding business forecasts ordinary income of 13 billion yen due to a substantially reduced reversal of allowance for losses on construction contracts. Further 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 resulting in ordinary income of 1 billion yen, reflecting the curtailment of fixed costs through structural reforms.

JFE Holdings' full-year consolidated forecast is net sales of 3,360 billion yen, operating income of 230 billion yen, ordinary income of 220 billion yen and net income of 110 billion yen.

The company's board of directors has decided to pay an interim dividend of 20 yen per share. 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 half: 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 in the first half increased 3,388 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 in the first half decreased 40 million yen, 117 million yen and 5,424 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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of September 30, 2010	(million yen) As of March 31, 2010
(Assets)		
Current assets:		
Cash and deposits	33,783	31,334
Notes and accounts receivable	498,602	497,500
Merchandise and finished goods	251,549	233,485
Work in process	72,015	64,695
Raw materials and supplies	365,122	326,276
Other current assets	118,131	178,495
Allowance for doubtful accounts	(724)	(894)
Total current assets	1,338,479	1,330,893
Property, plant and equipment, net:		
Buildings and structures, net	432,555	435,137
Machinery and equipment, net	704,894	703,299
Land	525,918	528,056
Other property, plant and equipment, net	94,486	133,676
Total property, plant and equipment, net	1,757,854	1,800,170
Intangible assets	65,539	69,830
Investments and other assets:		
Investments in securities	613,069	565,053
Other assets	158,824	156,907
Allowance for doubtful accounts	(5,537)	(5,964)
Total investments and other assets	766,357	715,996
Deferred assets	1,210	1,426
Total assets	3,929,441	3,918,317

	As of September 30, 2010	(million yen) As of March 31, 2010
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	339,658	344,336
Short-term borrowings	181,478	133,802
Commercial paper	7,998	13,997
Current portion of corporate bonds	60,000	70,000
Allowances	9,058	8,314
Other current liabilities	334,930	360,555
Total current liabilities	933,125	931,006
Long-term liabilities:		
Corporate bonds	309,996	269,996
Convertible bonds	300,000	300,000
Long-term borrowings	644,967	680,677
Accrued retirement benefits	131,813	135,086
Other allowances	87,772	89,225
Others	50,039	46,426
Total long-term liabilities	1,524,589	1,521,411
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	657,244	657,258
Retained earnings	1,074,818	1,039,399
Treasury stock, at cost	(426,664)	(426,602)
Total owners' equity	1,452,541	1,417,198
Valuation and translation adjustments:		
Net unrealized gains on securities	12,011	33,392
Deferred earnings on hedges	(1,383)	(52)
Revaluation reserve for land, net of tax	12,006	12,004
Translation adjustments	(48,397)	(40,292)
Total valuation and translation adjustments	(25,762)	5,051
Minority interests	44,948	43,648
Total net assets	1,471,726	1,465,898
Total liabilities and net assets	3,929,441	3,918,317

(2) Consolidated Statements of Income

	First Half of Fiscal 2010	(million yen) First Half of Fiscal 2009
Net sales	1,572,257	1,306,717
Cost of sales	1,333,660	1,224,712
Selling, general and administrative expenses	123,733	122,943
Operating income (loss)	114,863	(40,938)
Non-operating income:		
Interest income	511	268
Dividends received	3,316	4,488
Equity in earnings of affiliates	8,838	-
Other, net	15,111	12,753
Non-operating expense:		
Interest expense	8,479	10,474
Foreign exchange loss	9,489	8,874
Other, net	19,683	14,631
Ordinary income (loss)	104,989	(57,407)
Extraordinary loss:		
Effect of applying accounting standard for asset retirement obligations	5,306	-
Write-down of investments in securities	6,589	-
Provision for allowance for losses from lawsuits	7,713	-
Income before income taxes and minority interests (loss)	85,379	(57,407)
Income taxes:		
Current	14,260	5,427
Deferred	22,700	(35,302)
Quarterly net income before minority interests	48,418	-
Minority interests	2,368	1,147
Net income (loss)	46,050	(28,679)

(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 Half of Fiscal 2010

(billions of yen)

Items	First Half of Fiscal 2009 (Apr-Sep)	First Half of Fiscal 2010 (Apr-Sep)	Change	
Steel Business	1,062.0	1,369.5	307.5	29.0%
Engineering Business	116.9	104.8	(12.1)	(10.4)%
Shipbuilding Business	138.8	106.6	(32.2)	(23.2)%
Urban Development Business	10.9	8.5	(2.4)	(22.0)%
LSI Business	11.9	12.1	0.2	1.7%
Adjustments	(34.0)	(29.5)	4.5	-
Net Sales	1,306.7	1,572.2	265.5	20.3%
Operating Income (Loss)	(40.9)	114.8	155.7	-
Other Income (Expenses)	(16.4)	(9.8)	6.6	-
Steel Business	(72.4)	88.1	160.5	-
Engineering Business	2.8	3.4	0.6	21.4%
Shipbuilding Business	10.4	12.5	2.1	20.2%
Urban Development Business	(1.3)	(0.5)	0.8	-
LSI Business	(0.5)	0.8	1.3	-
Adjustments	3.6	0.6	(3.0)	-
Ordinary Income (Loss)	(57.4)	104.9	162.3	-
Extraordinary Profit (Loss)	-	(19.6)	(19.6)	-
Income before income taxes and minority interests (Loss)	(57.4)	85.3	142.7	-
Tax Expense and Minority Interest	28.7	(39.3)	(68.0)	-
Net Income (Loss)	(28.6)	46.0	74.6	-

2. Consolidated Earnings Forecast for Fiscal 2010

(billion yen)

	FY 2010						(Reference) FY 2009 Full Year
	Previous forecast (July 27, 2010)		Updated forecast (October 22, 2010)		Change		
	1H	Full year	1H	Full year	1H	Full year	
Steel Business	1,410.0	2,960.0	1,369.5	2,900.0	(40.5)	(60.0)	2,281.4
Engineering Business	110.0	270.0	104.8	270.0	(5.2)	0	294.2
Shipbuilding Business	110.0	210.0	106.6	210.0	(3.4)	0	286.7
Urban Development Business	7.0	14.0	8.5	14.0	1.5	0	26.9
LSI Business	13.0	26.0	12.1	24.0	(0.9)	(2.0)	24.6
Adjustments	(30.0)	(60.0)	(29.5)	(58.0)	0.5	2.0	(69.7)
Net Sales	1,620.0	3,420.0	1,572.2	3,360.0	(47.8)	(60.0)	2,844.3
Operating Income	105.0	230.0	114.8	230.0	9.8	0	88.7
Other Income (Expenses)	(5.0)	(10.0)	(9.8)	(10.0)	(4.8)	0	(19.4)
Steel Business	90.0	200.0	88.1	200.0	(1.9)	0	32.3
Engineering Business	0	7.0	3.4	8.0	3.4	1.0	13.3
Shipbuilding Business	8.3	10.5	12.5	13.0	4.2	2.5	21.5
Urban Development Business	(1.0)	(1.5)	(0.5)	(1.5)	0.5	0	(1.8)
LSI Business	0.5	1.5	0.8	1.0	0.3	(0.5)	(0.9)
Adjustments	2.2	2.5	0.6	(0.5)	(1.6)	(3.0)	4.7
Ordinary Income	100.0	220.0	104.9	220.0	4.9	0	69.2
Extraordinary Profit (Loss)	(5.0)	(5.0)	(19.6)	(20.0)	(14.6)	(15.0)	1.6
Income Before Income Taxes and Minority Interests (Loss)	95.0	215.0	85.3	200.0	(9.7)	(15.0)	70.9
Tax Expense and Minority Interest	(45.0)	(95.0)	(39.3)	(90.0)	5.7	5.0	(25.2)
Net Income (Loss)	50.0	120.0	46.0	110.0	(4.0)	(10.0)	45.6

3. Consolidated financial indices

	FY 2010			(Reference) FY 2009
	Previous forecast	Updated forecast	Change	
Return on Sales (ROS) *1	6.4%	6.5%	0.1%	2.4%
Return on Assets (ROA) *2	6.0%	6.0%	0.0%	2.2%
Debt Outstanding	1,470.0 billion yen	1,470.0 billion yen	0 billion yen	1,468.4 billion yen
Shareholders' Equity	1,500.0 billion yen	1,490.0 billion yen	(10.0) billion yen	1,422.2 billion yen
D/E Ratio	98.0%	98.7%	0.7%	103.2%
D/E Ratio*3	72.2%	72.6%	0.4%	75.5%

*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	98.6	210.0
Engineering Business	2.7	13.3	2.5	8.0
Shipbuilding Business	9.8	21.0	12.4	13.0
Urban Development Business	(1.2)	(1.5)	(0.5)	(1.5)
LSI Business	(0.3)	(0.3)	0.9	1.0
Adjustments	6.7	9.4	0.8	(0.5)
Operating income	(40.9)	88.7	114.8	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	7.09	14.35				
	Consolidated	8.01	7.70	15.70				

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	6.61	13.14				

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	45.2	47.2				

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	86.6	89.7				

The assumed exchange rate for 2nd half of FY 2010 is JPY 85 / USD.

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	81.6	78.1				

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	(17)*
<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

11. Breakdown of changes in ordinary income (Forecast for FY 2010 compared to FY 2009)

(billion yen)		<u>FY 2009</u>	⇒	<u>FY 2010 (forecast)</u>
Steel Business	167.7	32.3		200.0
Cost reduction	50.0			
Raw material	(460.6)			
Sales volume and price	330.0			
Unrealized holding gains on inventories	220.0			
Others	27.7			
Engineering Business	(5.3)	13.3	⇒	8.0

Forecasts ordinary income of 8 billion yen, down from the previous year, due to declining construction projects and prices amidst unfavorable business conditions, despite continued efforts to improve earnings.

		<u>FY 2009</u>		<u>FY 2010 (forecast)</u>
Shipbuilding Business	(8.5)	21.5	⇒	13.0

Forecasts ordinary income of 13 billion yen, down from the previous year, due to a substantially reduced reversal of allowance for losses on construction contracts, despite further efforts to improve earnings by cutting costs and raising productivity.

Urban development Business	0.3	(1.8)	⇒	(1.5)
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Forecasts an ordinary loss of 1.5 billion yen as a result of the condominium market's protracted slump.

LSI Business	1.9	(0.9)	⇒	1.0
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Forecasts improved profits resulting in ordinary income of 1 billion yen, reflecting the curtailment of fixed costs through structural reforms.

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