

## JFE Holdings' Financial Results through Third Quarter of Fiscal Year 2011 Ending March 31, 2012

— 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)

January 30, 2012

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Listings: Tokyo, Osaka and Nagoya stock exchanges  
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### 1. Consolidated Results through Third Quarter of Fiscal 2011 (April 1 to December 31, 2011)

#### (1) Statements of Income

	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 (loss) (million yen)	Year-on-year change (%)	Net income (loss) per share (yen)	Net income per share [fully diluted] (yen)
3Q FY 2011	2,344,897	(0.3)	63,843	(58.4)	59,309	(58.1)	(37,258)	-	(70.08)	-
3Q FY 2010	2,351,809	15.8	153,502	900.1	141,484	-	64,530	-	122.01	118.81

Note: Comprehensive income: (44,611) million yen in 3Q FY 2011  
36,033 million yen in 3Q FY 2010

#### (2) Balance Sheets

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)
End 3Q FY 2011	4,003,714	1,428,780	34.7
End FY 2010	3,976,644	1,478,310	36.2

Note: Shareholders' equity: 1,387,706 million yen as of December 31, 2011  
1,437,595 million yen as of March 31, 2011

### 2. Dividends in Fiscal 2011

	Dividend per share (yen)	Dividend per share (yen)	
		Interim	Year-end
FY 2010	35.00	20.00	15.00
FY 2011	-	10.00	-
FY 2011 (estimate)	20.00	-	10.00

Note: Revisions to the dividend forecast announced most recently: Yes

### 3. Forecasts of Consolidated Financial Results in Fiscal 2011

	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 (loss) (million yen)	Year-on-year change (%)	Net income (loss) per share (yen)
FY 2011	3,200,000	0.1	40,000	(78.1)	40,000	(75.9)	(40,000)	-	(75.03)

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

#### **4. Others**

1. Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No
2. Application of special accounting method in the preparation of quarterly consolidated financial statements: No
3. Changes in the accounting policies, accounting estimates and corrections of errors
  - 1) Changes in the accounting policies resulting from amendments to accounting standards: No
  - 2) Changes other than 1) above: No
  - 3) Changes in the accounting estimates: No
  - 4) Corrections of errors: No
4. Number of outstanding shares (common stock)
  - 1) Outstanding shares at the end of term (including treasury stock)
    - As of December 31, 2011: 614,438,399 shares
    - As of March 31, 2011: 614,438,399 shares
  - 2) Treasury stock at the end of term
    - As of December 31, 2011: 76,186,747 shares
    - As of March 31, 2011: 83,667,772 shares
  - 3) Average number of shares issued during the term (first three quarters)
    - 3Q FY 2011: 531,617,090 shares
    - 3Q FY 2010: 528,893,044 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. 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 "Consolidated results forecasts" on page 2 of the attached document.
2. Notes to the financial results can be viewed at the JFE Holdings website.

## **Attachments**

### 1. Qualitative Information

- (1) Consolidated business results
- (2) Consolidated results forecasts

### 2. Consolidated Financial Statements

- (1) Consolidated balance sheets
- (2) Consolidated statements of income and consolidated statements of comprehensive income
  - Consolidated statements of income (first three quarters)
  - Consolidated statements of comprehensive income (first three quarters)
- (3) Notes pertaining to the presumption of a going concern
- (4) Notes in case of significant changes to shareholders' equity
- (5) Others

### 3. Reference

## **1. Qualitative Information**

### **(1) Consolidated business results**

The environment surrounding the Japanese economy through the third quarter of fiscal 2011 (ended December 31, 2011) remained harsh due to the slowdown of the global economy and the yen's continued strength in foreign currency markets, although signs of recovery from the Great East Japan Earthquake were seen.

On a consolidated basis, JFE Holdings' earnings through the third quarter of fiscal 2011 included net sales of 2,344.8 billion yen, almost the same figure as the same period a year earlier, operating income of 63.8 billion yen and ordinary income of 59.3 billion yen, both showing declines. After posting an extraordinary loss of 128.4 billion yen due partly to writing down investment securities, the net loss before income taxes and minority interests was 69.1 billion yen and the net loss was 37.2 billion yen, both worse than year-earlier figures.

By segment, JFE's steel business posted net sales of 2,040.8 billion yen, roughly the same as in the previous year, due to a decline in sales volume even though sales prices were higher. Despite ongoing efforts to improve earnings, ordinary income fell to 42.6 billion yen due to soaring raw material prices.

Engineering net sales decreased year on year to 168.9 billion yen. Ordinary income of 4.6 billion yen also decreased.

Shipbuilding net sales increased year on year to 168.2 billion yen. Ordinary income declined to 11.3 billion yen due to an allowance for losses on construction projects.

LSI business net sales totaled 16.5 billion yen, a year-on-year decrease, due to factors such as the yen's appreciation. Ordinary income came to 1.1 billion yen, roughly unchanged, partly due to improved earnings achieved mainly by trimming general and administrative expenses.

### **(2) Consolidated results forecasts**

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

In the steel business, the outlook is still uncertain due to decelerating economic growth in Asia and a deepening slowdown in the overall global economy resulting from the European debt crisis. Also, persistent weakness in overseas markets is slowing recovery more than expected. The Japanese market, meanwhile, remains harsh due to the declining competitiveness of domestic manufacturing industries because of the strong yen and delays in post-earthquake reconstruction demand. The steel business forecasts ordinary income of 20 billion yen, substantially down from the previous forecast, despite efforts to strengthen earnings through increasingly aggressive cost reductions, including minimizing the costs of low-volume production.

The engineering business forecasts net sales of 290 billion yen and ordinary income of 14 billion yen, both up from the previous year, thanks to vigorous efforts to increase orders and earnings amid severe business conditions.

The shipbuilding business forecasts ordinary income of 9 billion yen due to an allowance for construction losses. Continued efforts will be made to improve earnings by cutting costs and raising productivity.

The LSI business forecasts ordinary income of 1 billion yen, weaker than the previous forecast, due to declining sales for liquid crystal panels and telecommunication equipment and the impact of

the strong yen.

JFE Holdings' full-year consolidated forecasts include net sales of 3,200 billion yen, operating income of 40 billion yen, ordinary income of 40 billion yen and a net loss of 40 billion yen.

Although a net loss is forecasted due to an extraordinary loss on the write-down of investment securities following a slump in the stock market, in view of the forecasted level of full-year ordinary income, JFE Holdings will propose at its General Meeting of Shareholders a payment of 10 yen per share for the year-end dividend, which would result in an annual dividend of 20 yen per share.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2011	As of December 31, 2011
(Assets)		
Current assets:		
Cash and deposits	49,591	<b>53,617</b>
Notes and accounts receivable	547,922	<b>547,528</b>
Merchandise and finished goods	254,612	<b>300,865</b>
Work in process	52,589	<b>78,009</b>
Raw materials and supplies	359,321	<b>404,773</b>
Other current assets	137,754	<b>161,503</b>
Allowance for doubtful accounts	(398)	<b>(307)</b>
Total current assets	1,401,391	<b>1,545,990</b>
Property, plant and equipment, net:		
Buildings and structures, net	424,751	<b>427,616</b>
Machinery and equipment, net	667,200	<b>644,180</b>
Land	520,408	<b>518,614</b>
Other property, plant and equipment, net	99,957	<b>73,338</b>
Total property, plant and equipment, net	1,712,318	<b>1,663,750</b>
Intangible assets	62,549	<b>57,689</b>
Investments and other assets:		
Investments in securities	654,797	<b>576,457</b>
Other assets	150,236	<b>164,619</b>
Allowance for doubtful accounts	(5,647)	<b>(5,492)</b>
Total investments and other assets	799,387	<b>735,585</b>
Deferred assets	997	<b>699</b>
Total assets	3,976,644	<b>4,003,714</b>

(million yen)

	As of March 31, 2011	As of December 31, 2011
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	353,865	337,956
Short-term borrowings	229,652	199,418
Commercial paper	27,994	42,997
Current portion of corporate bonds	60,000	69,999
Allowances	25,216	13,048
Other current liabilities	342,946	301,320
Total current liabilities	1,039,675	964,740
Long-term liabilities:		
Corporate bonds	289,997	285,000
Convertible bonds	300,000	300,000
Long-term borrowings	588,768	757,580
Accrued retirement benefits	127,605	127,990
Other allowances	87,103	81,982
Others	65,182	57,641
Total long-term liabilities	1,458,658	1,610,194
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	651,964	647,121
Retained earnings	1,081,697	1,008,763
Treasury stock, at cost	(415,890)	(378,437)
Total owners' equity	1,464,913	1,424,590
Accumulated other comprehensive income:		
Net unrealized gains on securities	7,878	9,976
Deferred earnings on hedges	29	(1,094)
Revaluation reserve for land, net of tax	12,097	13,653
Translation adjustments	(47,324)	(59,418)
Total accumulated other comprehensive income	(27,318)	(36,883)
Minority interests	40,715	41,073
Total net assets	1,478,310	1,428,780
Total liabilities and net assets	3,976,644	4,003,714

## (2) Consolidated Statements of Income

	Through Third Quarter of Fiscal 2010	(million yen) Through Third Quarter of Fiscal 2011
Net sales	2,351,809	<b>2,344,897</b>
Cost of sales	2,013,692	<b>2,102,324</b>
Selling, general and administrative expenses	184,613	<b>178,728</b>
Operating income	153,502	<b>63,843</b>
Non-operating income:		
Interest income	694	<b>252</b>
Dividends received	5,458	<b>7,272</b>
Equity in earnings of affiliates	10,664	<b>13,916</b>
Other, net	18,821	<b>11,313</b>
Non-operating expense:		
Interest expense	12,594	<b>11,321</b>
Other, net	35,062	<b>25,968</b>
Ordinary income	141,484	<b>59,309</b>
Extraordinary loss:		
Effect of applying accounting standard for asset retirement obligations	5,306	-
Loss due to impairment	7,495	-
Write-down of investments in securities	3,166	<b>93,929</b>
Loss related to emission credits	-	<b>7,479</b>
Provision for all allowance for losses from lawsuits	7,713	-
Loss due to disaster	-	<b>11,381</b>
Loss on revision of retirement benefit system	-	<b>15,699</b>
Income before income taxes and minority interests (loss)	117,802	<b>(69,180)</b>
Income taxes	50,551	<b>(34,341)</b>
Quarterly net income before minority interests (loss)	67,251	<b>(34,838)</b>
Minority interests	2,721	<b>2,419</b>
Net income (loss)	64,530	<b>(37,258)</b>



## Consolidated Statements of Comprehensive Income

	Through Third Quarter of Fiscal 2010	(million yen) Through Third Quarter of Fiscal 2011
Net income before minority interests (loss)	67,251	<b>(34,838)</b>
Other comprehensive income		
Net unrealized gains on securities	(22,595)	<b>4,266</b>
Deferred earnings on hedges	(1,880)	<b>(1,154)</b>
Revaluation reserve for land, net of tax	-	<b>1,347</b>
Translation adjustments	(489)	<b>(3,042)</b>
Equivalent share of gain/loss to equity method affiliates	(6,252)	<b>(11,190)</b>
Total other comprehensive income	(31,218)	<b>(9,772)</b>
Comprehensive income	36,033	<b>(44,611)</b>
(breakdown)		
Comprehensive income attributable to parent shareholder	33,571	<b>(46,821)</b>
Comprehensive income attributable to minority shareholders	2,462	<b>2,210</b>

**(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.

**(5) Others**

**JFE Shoji Trade's Conversion into a Wholly Owned Subsidiary of JFE Holdings**

Concerning a memorandum of understanding ("MOU") executed on October 26, 2011 in regard to a share exchange that would convert JFE Shoji Trade Corporation (the surviving company of the planned merger with JFE Shoji Holdings on April 1, 2012) into a wholly owned subsidiary of JFE Holdings through a share exchange, which was stated as an important subsequent event in the fiscal 2011 first half financial results, JFE Holdings changed the schedule of the share exchange as shown below, based on changes made on November 29, 2011. Other than the revised schedule, no other details of the MOU have changed.

**Date of share exchange**

(Before the change)	Scheduled in April 2013
(After the change)	Scheduled in October 2012

### 3. Reference

#### 1. Consolidated Results

(billion yen)

Items	Through 3rd Quarter of Fiscal 2010 (Apr-Dec)	Through 3rd Quarter of Fiscal 2011 (Apr-Dec)	Change	
Steel Business	2,041.7	2,040.8	(0.9)	(0.0)%
Engineering Business	172.2	168.9	(3.3)	(1.9)%
Shipbuilding Business	157.5	168.2	10.7	6.8%
Urban Development Business	9.6	-	(9.6)	-
LSI Business	17.9	16.5	(1.4)	(7.8)%
Adjustments	(47.3)	(49.7)	(2.4)	-
<b>Net Sales</b>	<b>2,351.8</b>	<b>2,344.8</b>	<b>(7.0)</b>	<b>(0.3)%</b>
<b>Operating Income</b>	<b>153.5</b>	<b>63.8</b>	<b>(89.7)</b>	<b>(58.4)%</b>
<b>Other Income (Expenses)</b>	<b>(12.0)</b>	<b>(4.5)</b>	<b>7.5</b>	<b>-</b>
Steel Business	117.6	42.6	(75.0)	(63.8)%
Engineering Business	5.3	4.6	(0.7)	(13.2)%
Shipbuilding Business	15.3	11.3	(4.0)	(26.1)%
Urban Development Business	(0.6)	-	0.6	-
LSI Business	1.1	1.1	0	0.0%
Adjustments	2.5	(0.5)	(3.0)	-
<b>Ordinary Income (Loss)</b>	<b>141.4</b>	<b>59.3</b>	<b>(82.1)</b>	<b>(58.1)%</b>
<b>Extraordinary Profit (Loss)</b>	<b>(23.6)</b>	<b>(128.4)</b>	<b>(104.8)</b>	<b>-</b>
<b>Income before income taxes and minority interests (Loss)</b>	<b>117.8</b>	<b>(69.1)</b>	<b>(186.9)</b>	<b>-</b>
<b>Tax Expense and Minority Interest</b>	<b>(53.2)</b>	<b>31.9</b>	<b>85.1</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>64.5</b>	<b>(37.2)</b>	<b>(101.7)</b>	<b>-</b>

## 2. Consolidated Earnings Forecasts for Fiscal 2011

(billion yen)

	FY 2011			(Reference) FY 2010
	Previous forecast (October 26, 2011)	Updated forecast (January 30, 2012)	Change	
Steel Business	2,870.0	2,720.0	(150.0)	2,747.4
Engineering Business	310.0	290.0	(20.0)	265.1
Shipbuilding Business	210.0	210.0	0	210.8
Urban Development Business	-	-	-	13.3
LSI Business	22.0	21.0	(1.0)	24.1
Adjustments	(52.0)	(41.0)	11.0	(65.3)
<b>Net Sales</b>	<b>3,360.0</b>	<b>3,200.0</b>	<b>(160.0)</b>	<b>3,195.5</b>
<b>Operating Income</b>	<b>100.0</b>	<b>40.0</b>	<b>(60.0)</b>	<b>182.8</b>
<b>Other Income (Expenses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17.0)</b>
Steel Business	80.0	20.0	(60.0)	134.2
Engineering Business	14.0	14.0	0	12.2
Shipbuilding Business	7.5	9.0	1.5	17.1
Urban Development Business	-	-	-	(0.7)
LSI Business	1.4	1.0	(0.4)	1.6
Adjustments	(2.9)	(4.0)	(1.1)	1.1
<b>Ordinary Income</b>	<b>100.0</b>	<b>40.0</b>	<b>(60.0)</b>	<b>165.8</b>
<b>Extraordinary Profit (Loss)</b>	<b>(100.0)</b>	<b>(130.0)</b>	<b>(30.0)</b>	<b>(50.5)</b>
<b>Income Before Income Taxes and Minority Interests (Loss)</b>	<b>0</b>	<b>(90.0)</b>	<b>(90.0)</b>	<b>115.2</b>
<b>Tax Expense and Minority Interest</b>	<b>20.0</b>	<b>50.0</b>	<b>30.0</b>	<b>(56.6)</b>
<b>Net Income (Loss)</b>	<b>20.0</b>	<b>(40.0)</b>	<b>(60.0)</b>	<b>58.6</b>

## 3. Consolidated financial indices

	FY 2011			(Reference) FY 2010
	Previous forecast	Updated forecast	Change	
Return on Sales (ROS) *1	3.0%	1.3%	(1.7)%	5.2%
Return on Assets (ROA) *2	2.9%	1.4%	(1.5)%	4.6%
Debt Outstanding	1,590.0 billion yen	1,590.0 billion yen	0 billion yen	1,496.4 billion yen
Shareholders' Equity	1,450.0 billion yen	1,380.0 billion yen	(70.0) billion yen	1,437.5 billion yen
D/E Ratio	109.7%	115.2%	5.5%	104.1%
D/E Ratio*3	81.5%	85.0%	3.5%	76.5%

\*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.

**4 Crude Steel Production (JFE Steel)** (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010	Non-consolidated	7.26	7.09	14.35	7.21	7.24	14.45	28.80
	Consolidated	8.01	7.70	15.70	7.89	7.88	15.77	31.47
FY 2011	Non-consolidated	6.71	6.94	13.65	6.66	6.69*	13.35*	27.00*
	Consolidated	7.22	7.46	14.68	7.34	6.98*	14.32*	29.00*

\*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010		6.54	6.61	13.14	6.33	6.77	13.10	26.25
FY 2011		6.09	6.32	12.41	5.95	6.43*	12.39*	24.80*

\*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010		49.5	45.2	47.2	43.2	48.3	45.7	46.5
FY 2011		49.4	44.4	46.9	40.2	44.0*	42.1*	44.5*

\*estimate

**7. Foreign Exchange Rate (Yen/US dollar)** (JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010		92.8	86.6	89.7	83.0	81.8	82.4	86.0
FY 2011		82.0	78.4	80.2	77.5	79.2*	78.4*	79.3*

\*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2010		74.6	81.6	78.1	79.3	75.9	77.6	77.9
FY 2011		82.4	85.6	84.0	84.1	78*	81*	82*

\*estimate

**9. Engineering Business Orders (including inter-segment transactions)**

(billion yen)

FY 2011 360\* 40.4% increase from previous year

\* estimate

**10. Shipbuilding Business Orders (including inter-segment transactions)**

(billion yen)

FY 2011 130\* 59.5% increase from previous year

\* estimate

## 11. Debt Outstanding, Interest Expense, and Cash and Deposits

(JFE Holdings on consolidated basis)

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)		(billion yen)
March 31, 2011	1,496.4	FY 2010	(16.4)
March 31, 2012	1,590*	FY 2011	(16)*
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2011	49.5		
March 31, 2012	35*		

\* estimate

## 12. Capital Investment and Depreciation Cost (JFE Holdings on consolidated basis)

(billion yen)

	FY 2010	FY 2011	
Capital investment	180.4	180*	(on construction basis)
Depreciation	246.6	240*	

\* estimate

## 13. Breakdown of changes in ordinary income (Forecast for FY 2011 compared to FY 2010)

(billion yen)		<u>FY 2010</u>	⇒	<u>FY 2011 (forecast)</u>
Steel Business	(114.2)	134.2		20.0
Cost reduction	70.0			
Raw materials	(300.0)			
Sales volume, price and product mix	120.0			
Unrealized holding gains on inventories	(30.0)			
Others	25.8			
Engineering Business	1.8	12.2	⇒	14.0

Forecasts ordinary income of 14 billion yen, up from the previous fiscal year, thanks to continued efforts to increase orders and earnings amid severe business conditions.

Shipbuilding Business	(8.1)	17.1	⇒	9.0
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Forecasts ordinary income of 9 billion yen, down from the previous fiscal year, due to an allowance for construction losses, despite continued efforts to improve earnings by cutting costs, etc.

LSI Business	(0.6)	1.6	⇒	1.0
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Forecasts ordinary income of 1 billion yen, down from the previous fiscal year, due to factors such as decreased net sales due to the strong yen.

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