

JFE Holdings' Financial Results in First Half of Fiscal Year 2013 Ending March 31, 2014

— 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)

October 25, 2013

Official name:	JFE Holdings, Inc.
Listings:	Tokyo and Nagoya stock exchanges
Code:	5411
English URL:	www.jfe-holdings.co.jp/en
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Scheduled date to payment of dividends:	November 29, 2013
Scheduled date to submit Quarterly Securities Report:	October 30, 2013
Preparation of supplementary materials for quarterly results:	Yes
Quarterly results briefing:	Yes

(Figures are rounded down to the nearest million yen.)

1. Consolidated Results in First Half of Fiscal 2013 (April 1 to September 30, 2013)

(1) Consolidated Operating Results (cumulative total)

	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)	Net income per share [fully diluted] (yen)
1H FY 2013	1,728,328	18.8	59,005	430.0	74,387	-	47,789	-	82.81	-
1H FY 2012	1,454,645	(7.3)	11,133	(79.0)	4,054	(92.0)	1,480	-	2.75	-

Note: Comprehensive income: 108,646 million yen in 1H FY 2013
-15,803 million yen in 1H FY 2012

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 1H FY 2013	4,150,330	1,693,509	39.8	2,864.17
End FY 2012	4,107,519	1,596,797	37.9	2,700.83

Note: Shareholders' equity: 1,652,789 million yen as of September 30, 2013
1,558,675 million yen as of March 31, 2013

2. Dividends

	Dividend per share (yen)		
		Interim	Year-end
FY 2012	20.00	0.00	20.00
FY 2013	-	20.00	-
FY 2013 (estimate)	-	-	-

Note: Revisions to dividend forecast announced most recently: No

3. Forecasts of Consolidated Financial Results in Fiscal 2013

	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 2013	3,700,000	16.0	155,000	288.7	170,000	225.6	95,000	139.9	164.62

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

Notes

1. Significant changes in subsidiaries during the term (changes in designated subsidiaries resulting in changes in consolidated structure): No
2. Application of special accounting methods in the preparation of quarterly consolidated financial statements: No
3. Changes in accounting policies, accounting estimates and restatements
 - 1) Changes in the accounting policies resulting from amendments to accounting standards: No
 - 2) Changes other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatements: No
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)

As of September 30, 2013:	614,438,399 shares
As of March 31, 2013:	614,438,399 shares
 - 2) Treasury stock at the end of term

As of September 30, 2013:	37,381,465 shares
As of March 31, 2013:	37,328,220 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)

1H FY 2013:	577,082,911 shares
1H FY 2012:	538,674,185 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 still 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 "(2) Consolidated results forecasts" on page 2 of the attached document.
2. Notes to the financial results can be viewed at the JFE Holdings website.

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1. Qualitative Information

(1) Consolidated Operating Results

Although the Japanese economy in the first half of fiscal 2013 (ended September 30, 2013) saw moderate recovery in production aided by improved conditions for exports and robust domestic demand, it was still impacted by downward risks due to global economic uncertainties.

On a consolidated basis, JFE Holdings posted net sales of 1,728.3 billion yen, up 273.7 billion yen from the same period last year. Operating income rose 47.9 billion yen to 59.0 billion yen and ordinary income increased 70.3 billion yen to 74.3 billion yen.

Net income before income taxes and minority interests expanded 82.8 billion yen to 70.6 billion yen and net income of 47.7 billion yen was up 46.3 billion yen.

By segment, steel business posted net sales of 1,294.9 billion yen, up 25.0 billion yen, boosted by a correction of the excessive yen's appreciation. Ordinary income rose 58.9 billion yen to 55.9 billion yen thanks to sustained efforts to improve earnings, as well as gains in inventory valuation due to fluctuating market conditions for raw materials.

Engineering business net sales declined 5.5 billion yen to 107.2 billion yen. Ordinary income fell 2.6 billion yen to 2.1 billion yen due to weaker sales and profit margin.

Trading business net sales came to 855.8 billion yen and ordinary income totaled 10.4 billion yen, benefitting from strong sales of construction materials in Japan. Year-to-year comparisons are not available because this business segment was newly added in the third quarter of the previous fiscal year.

(2) Consolidated Business Results Forecasts

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

In the steel business, domestic sales environments are recovering steadily due to the weaker yen and more favorable conditions for orders from private industry, as well as from the public sector thanks to increased public spending due to an emergency economic stimulus package. Overseas markets are forecast to remain unfavorable, partly due to slowdowns in emerging and developing economies and a chronic steel oversupply in China. The company is striving to strengthen earnings through measures including expanded sales of highly profitable products and improved cost competitiveness. At present, ordinary income of 130.0 billion yen is forecast.

The engineering business is expected to achieve ordinary income of 13.5 billion yen thanks to thorough efforts to improve earnings despite unfavorable business conditions.

Trading business is expecting steady demand, mainly from automakers, as well as increased sales of building materials due to reconstruction following the Great East Japan Earthquake. Also, demand is accelerating prior to the planned hike in the consumption tax. At present, ordinary income of 21.5 billion yen is forecast.

JFE Holdings' full-year consolidated forecasts are net sales of 3,700.0 billion yen, operating

income of 155.0 billion yen, ordinary income of 170.0 billion yen and net income of 95.0 billion yen.

The company's board of directors has decided to pay an interim dividend of 20 yen per share. The year-end dividend will be decided once actual performance becomes clearer.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2013	As of September 30, 2013
(Assets)		
Current assets:		
Cash and deposits	64,621	66,661
Notes and accounts receivable	597,275	537,839
Merchandise and finished goods	286,524	325,150
Work in process	32,554	50,984
Raw materials and supplies	369,290	376,449
Other current assets	173,519	176,436
Allowance for doubtful accounts	(1,628)	(1,381)
Total current assets	1,522,157	1,532,140
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	420,458	418,849
Machinery and equipment	588,310	574,848
Land	509,239	508,855
Other property, plant and equipment, net	88,853	90,149
Property, plant and equipment, net	1,606,862	1,592,703
Intangible assets	53,970	51,710
Investments and other assets:		
Investments in securities	749,249	831,554
Other assets	183,465	149,753
Allowance for doubtful accounts	(8,185)	(7,531)
Total investments and other assets	924,529	973,776
Total non-current assets	2,585,362	2,618,190
Total assets	4,107,519	4,150,330

(million yen)

As of
March 31, 2013 **September 30, 2013**

(Liabilities and shareholders' equity)	As of March 31, 2013	As of September 30, 2013
Current liabilities:		
Notes and accounts payable	365,308	356,831
Short-term borrowings	325,368	283,228
Commercial paper	-	12,999
Current portion of corporate bonds	40,000	40,000
Allowances	4,146	5,305
Other current liabilities	291,435	279,302
Total current liabilities	1,026,259	977,667
Long-term liabilities:		
Corporate bonds	275,000	235,000
Long-term borrowings	955,995	994,667
Accrued retirement benefits	118,845	116,986
Other allowances	77,304	76,061
Other long-term liabilities	57,317	56,439
Total long-term liabilities	1,484,462	1,479,154
Total liabilities	2,510,722	2,456,821
 (Net assets)		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	886,338	922,550
Treasury stock, at cost	(178,529)	(178,643)
Total shareholders' equity	1,502,072	1,538,171
Accumulated other comprehensive income:		
Net unrealized gains on securities	69,184	106,929
Net unrealized gains and losses on hedges	(138)	(1,248)
Revaluation reserve for land, net of tax	14,243	14,243
Translation adjustments	(26,687)	(5,307)
Total accumulated other comprehensive income	56,602	114,617
Minority interests	38,121	40,720
Total net assets	1,596,797	1,693,509
Total liabilities and net assets	4,107,519	4,150,330

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income (First Half)

	First Half of Fiscal 2012	(million yen) First Half of Fiscal 2013
Net sales	1,454,645	1,728,328
Cost of sales	1,327,650	1,526,372
Gross profit	126,995	201,956
Selling, general and administrative expenses	115,862	142,950
Operating income	11,133	59,005
Non-operating income:		
Interest income	263	506
Dividends received	3,957	5,110
Equity in earnings of affiliates	4,941	14,836
Other, net	12,123	18,046
Total non-operating income	21,285	38,500
Non-operating expenses:		
Interest expense	6,869	6,928
Loss on disposal/sales of property, plant and equipment	4,366	5,707
Other, net	17,129	10,482
Total non-operating expenses	28,364	23,117
Ordinary income	4,054	74,387
Extraordinary loss:		
Write-down of investments in securities	16,340	-
Loss on liquidation of subsidiaries and affiliates	-	3,689
Total extraordinary loss	16,340	3,689
Income (loss) before income taxes and minority interests	(12,285)	70,698
Income taxes	(15,011)	21,306
Net income (loss) before minority interests	2,726	49,391
Minority interests	1,245	1,602
Net income (loss)	1,480	47,789

Consolidated Statements of Comprehensive Income (First Half)

	First Half of Fiscal 2012	(million yen) First Half of Fiscal 2013
Net income (loss) before minority interests	2,726	49,391
Other comprehensive income:		
Net unrealized gains on securities	(17,662)	35,566
Net unrealized gains and losses on hedges	(32)	(419)
Translation adjustments	639	7,774
Share of other comprehensive income of affiliates accounted for using equity method	(1,474)	16,333
Total other comprehensive income	(18,529)	59,254
Comprehensive income:	(15,803)	108,646
(breakdown)		
Comprehensive income attributable to parent shareholder	(17,146)	105,804
Comprehensive income attributable to minority shareholders	1,343	2,841

(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.

3. Reference

(1) Consolidated Results in First Half and Financial Forecasts for Fiscal 2013

(billion yen)

	FY2012		FY2013		Change	
	1H	Full year	1H	Full year*	1H	Full year*
Steel Business	1,269.9	2,499.8	1,294.9	2,710.0	25.0	210.2
Engineering Business	112.7	267.5	107.2	280.0	(5.5)	12.5
Shipbuilding Business ¹	92.3	139.8	-	-	(92.3)	(139.8)
Trading Business ²	-	785.6	855.8	1,840.0	855.8	1,054.4
Adjustments ³	(20.5)	(503.8)	(529.7)	(1,130.0)	(509.2)	(626.2)
Net Sales	1,454.6	3,189.1	1,728.3	3,700.0	273.7	510.9
Operating Income	11.1	39.8	59.0	155.0	47.9	115.2
Non-operating Income (Expenses)	(7.0)	12.3	15.3	15.0	22.3	2.7
Steel Business	(3.0)	15.3	55.9	130.0	58.9	114.7
Engineering Business	4.7	16.4	2.1	13.5	(2.6)	(2.9)
Shipbuilding Business ¹	4.4	8.0	-	-	(4.4)	(8.0)
Trading Business ²	-	7.4	10.4	21.5	10.4	14.1
Adjustments ^{1,3}	(2.0)	4.9	5.9	5.0	7.9	0.1
Ordinary Income (Loss)	4.0	52.2	74.3	170.0	70.3	117.8
Extraordinary Profit (Loss)	(16.3)	23.1	(3.6)	(3.6)	12.7	(26.7)
Income Before Income Taxes and Minority Interests	(12.2)	75.3	70.6	166.4	82.8	91.1
Tax Expense and Minority Interest	13.7	(35.7)	(22.9)	(71.4)	(36.6)	(35.7)
Net Income	1.4	39.5	47.7	95.0	46.3	55.5

*estimate

¹ Universal Shipbuilding Corporation, formerly a consolidated subsidiary, was consolidated with IHI Marine United Inc. and became an equity-method affiliate of JFE Holdings named Japan Marine United Corporation on January 1, 2013. Equity in earnings of affiliates of Japan Marine United Corporation after January, 2013 is included in the adjustments.

² JFE Shoji, previously an equity-method affiliate of the Group's steel business, became a wholly owned subsidiary of JFE Holdings through a share exchange on October 1, 2012. Consequently, JFE Shoji's results were listed under Trading Business from the second half of fiscal 2012.

³ JFE Holdings sold all shares of its wholly owned subsidiary Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012.

(2) Consolidated Financial Indices

	Fiscal 2012	Fiscal 2013 (estimate)	Change
Return on Sales (ROS) ¹	1.6%	4.6%	3.0%
Return on Assets (ROA) ²	1.6%	4.5%	2.9%
Debt Outstanding	1,596.3 billion yen	1,530.0 billion yen	-66.3 billion yen
Shareholders' Equity	1,558.6 billion yen	1,670.0 billion yen	111.4 billion yen
D/E Ratio	102.4%	91.6%	-10.8%
D/E Ratio ³	76.9%	68.9%	-8.0%

¹ ROS = Ordinary Income / Net Sales

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

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

(3) Crude Steel Production (JFE Steel) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012	Non-consolidated	7.24	7.09	14.32	6.84	6.82	13.65	27.97
	Consolidated	7.92	7.76	15.68	7.52	7.49	15.01	30.69
FY 2013	Non-consolidated	7.05	7.24	14.29				
	Consolidated	7.82	7.97	15.79				

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012		6.17	6.55	12.72	6.14	6.37	12.51	25.23
FY 2013		6.15	6.42	12.57				

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012		48.5	50.5	49.5	48.1	52.5	50.3	49.9
FY 2013		51.0	48.5	49.7				

(6) Foreign Exchange Rate (Yen/US dollar) (JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012		80.8	78.7	79.7	79.8	90.1	84.9	82.3
FY 2013		97.7	98.3	98.0				

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012		75.7	70.1	72.8	68.7	68.0	68.4	70.6
FY 2013		73.4	75.7	74.6				

(8) Engineering Business Orders (including inter-segment transactions)

(billion yen)

FY 2013 350.0* 29.7% increase from previous year

*estimate

(9) Debt Outstanding, Interest Expense, and Cash and Deposits

(JFE Holdings on consolidated basis)

Debt outstanding

As of (billion yen)
 March 31, 2013 1,596.3
 March 31, 2014 1,530.0*

Interest expense

(billion yen)
 FY 2012 -14.3
 FY 2013 -14.0*

Cash and deposits

As of (billion yen)
 March 31, 2013 64.6
 March 31, 2014 60.0*

* estimate

(10) Capital Investment and Depreciation Cost (JFE Holdings on consolidated basis)

(billion yen)

	FY 2012	FY 2013
Capital investment	179.6	180.0*
Depreciation	194.0	180.0*

(on construction basis)

* estimate

(11) Breakdown of changes in ordinary income for steel business

1H FY 2013 compared to 1H FY 2012

(billion yen)

		<u>1H FY 2012</u>	⇒	<u>1H FY 2013</u>
Ordinary income	58.9	-3.0		55.9
Sales volume, price and raw materials	-25.0			
Cost reduction	45.0			
Unrealized gains on inventories and others	38.9 (including exchange rate fluctuations)			

FY 2013 (forecast) compared to FY 2012

(billion yen)

		<u>FY 2012</u>	⇒	<u>FY 2013</u>
Ordinary income	114.7	15.3		130.0
Sales volume, price and raw materials	0.0			
Cost reduction	85.0 (including expenditure of 15 billion yen for preventive maintenance of production facilities and construction)			
Unrealized gains on inventories and others	29.7 (including exchange fluctuations)			

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