

## JFE Holdings' Financial Results for Fiscal Year 2012 ended March 31, 2013

— 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)

April 23, 2013

Official name: JFE Holdings, Inc.  
Listings: Tokyo, Osaka and Nagoya stock exchanges  
Code: 5411  
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Annual shareholders meeting (planned) June 20, 2013  
Dividend payment starting date: June 21, 2013  
Scheduled date to submit securities report: June 20, 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 Fiscal Year 2012 (April 1, 2012 to March 31, 2013)

#### (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 (%)
FY 2012	3,189,196	0.7	39,873	(11.0)	52,214	(1.4)	39,599	-
FY 2011	3,166,511	(0.9)	44,779	(75.5)	52,977	(68.0)	(36,633)	-

Note: Comprehensive income: 111,672 million yen in FY 2012  
(19,268) million yen in FY 2011

	Net income per share (yen)	Net income per share [fully diluted] (yen)	ROE (%)	ROA (Ordinary income divided by total assets) (%)	ROS (Operating income divided by net sales (%)
FY 2012	71.20	-	2.7	1.3	1.3
FY 2011	(68.71)	-	(2.6)	1.3	1.4

Note: Equity in earnings of affiliates: 9,586 million yen as of March 31, 2012  
27,253 million yen as of March 31, 2012

#### (2) Consolidated Financial Condition

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
FY 2012	4,107,519	1,596,797	37.9	2,700.83
FY 2011	4,007,263	1,456,340	35.3	2,627.63

Note: Shareholders' equity: 1,558,675 million yen as of March 31, 2012  
1,414,256 million yen as of March 31, 2012

#### (3) Consolidated Statements of Cash Flows

	Net cash provided by operating activities (million yen)	Net cash used in investing activities (million yen)	Net cash used in financing activities (million yen)	Cash and cash equivalents at end of the year (million yen)
FY 2012	287,071	(163,616)	(147,550)	64,463
FY 2011	110,087	(205,494)	96,078	50,492

## 2. Dividends in Fiscal 2011

	Dividend per share (yen)		Total dividend payout (million yen)	Dividend payout Ratio (Consolidated) %	Dividend per net assets (Consolidated) %
	Interim	Year-end			
FY 2011	20.00	10.00	10,708	-	0.7
FY 2012	20.00	0.00	11,565	28.1	0.8
FY 2013 (forecast)	-	-	-	-	-

## 3. Forecasts of Consolidated Financial Results for Fiscal 2013 (from April 1, 2013 to March 31, 2014)

The company has decided to refrain from publishing consolidated financial results forecasts for fiscal 2013 because forecasting with any reasonable degree of accuracy is not possible at this stage. For more information about this decision, please refer to "Forecast for Fiscal 2013" on page 3 of the attached document

## 4. Others

1. Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): Yes

Excluded: Universal Shipbuilding Corporation

For details, please see (6) Significant Accounting Policies for Preparing Consolidated Financial Statements on page 15.

2. Changes in accounting policies and estimates, and restatement in the preparation of consolidated financial statements

1) Changes in accounting policies from amendments to accounting standards: Yes

2) Changes other than 1) above: No

3) Changes in accounting estimates: Yes

4) Restatement: No

3. Number of outstanding shares (common stock)

1) Outstanding shares at the end of term (including treasury stock)

As of March 31, 2013: 614,438,399 shares

As of March 31, 2012: 614,438,399 shares

2) Treasury stock at the end of term

As of March 31, 2013: 37,328,220 shares

As of March 31, 2012: 76,213,077 shares

3) Average number of shares issued during the term

FY 2012: 556,186,900 shares

FY 2011: 533,144,363 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 under way.

## 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 forecasts, see "Consolidated Business Results" 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 Business Results

The JFE Group, guided by its corporate mission of contributing to society with the world's most innovative technology, continued to achieve sustainable growth and improved corporate value for its shareholders and all other stakeholders in fiscal 2012, which ended March 31, 2013.

The Japanese economy faced daunting challenges due to the global economic recession and other factors, although some new demand was generated by recovery activities following the Great East Japan Earthquake. Since the beginning of the current calendar year, the excessively strong yen has been corrected and stock prices have been rising, but economic uncertainties such as slowed growth in emerging economies and the debt crisis in European countries still represent downward risks for the Japanese economy.

Under these circumstances, the JFE Group in fiscal 2012 stepped up efforts to improve business in the environmental and energy fields, as well as to further improve earnings, which enabled the company to achieve ordinary income on a level equivalent to that of last fiscal year.

On a consolidated basis, net sales increased to 3,189.1 billion yen from the previous year, but operating income of 39.8 billion yen and ordinary income of 52.2 billion yen both were decreases. The company recorded extraordinary income of 23.1 billion yen, income before income taxes and minority interests of 75.3 billion yen and net income of 39.5 billion yen.

By segment, starting with steel business, annual consolidated crude steel production increased to 30.69 million tons due to efforts to expand sales. Net sales decreased to 2,499.8 billion yen due to lower sales prices. Ordinary income fell to 15.3 billion yen due to the writing down of inventory resulting from price declines in the raw materials market, despite continued efforts to improve earnings.

Engineering business net sales fell to 267.5 billion yen due to withdrawal from business involving construction-steel structures, although sales levels were maintained mainly in the environmental and energy fields. Ordinary income increased to 16.4 billion yen due to efforts to secure profitability by thoroughly reducing costs.

Trading business net sales came to 785.6 billion yen. Ordinary income of 7.4 billion yen was due mainly to price declines in the steel market and declines in profits of overseas subsidiaries. Performance data for trading cover the six-month period of October to March only, since this business was reorganized as a consolidated subsidiary of JFE Holdings on October 1, 2012.

Shipbuilding business, which included delivery of 17 new vessels, saw net sales increase to 139.8 billion yen. Ordinary income came to 10.6 billion yen, and ordinary income including depreciation of goodwill totaled 8.0 billion yen. Performance data for shipbuilding cover the nine-month period of April to December only, since Universal Shipbuilding Corporation was consolidated with IHI Marine United Inc. and became Japan Marine United Corporation on January 1, 2013.

LSI net sales came to 4.8 billion yen and ordinary income totaled 0.4 billion yen. Performance data for LSI cover the three-month period of April to June since JFE Holdings sold all shares of Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012.

## Forecast for Fiscal 2013

JFE Holdings has decided not to issue fiscal 2013 consolidated earnings forecasts at this time due to shortened contract periods for main raw material prices and ongoing negotiations concerning the prices of steel products, which have made it impossible to compile rational forecasts. The company will disclose these forecasts as soon as accurate forecasting becomes possible. An update about this matter will be provided when fiscal 2013 first quarter earnings are announced.

## (2) Analysis of Financial Position

### Analysis of Assets, Debt, Net Assets and Cash Flow Positions

Total assets at the end of fiscal 2012 (March 31, 2013) increased 100.3 billion yen from the previous year-end to 4,107.5 billion yen, mainly due to JFE Shoji becoming a consolidated subsidiary of JFE Holdings. Debt decreased 40.2 billion yen to 2,510.7 billion yen. Net assets increased 140.4 billion yen to 1,596.7 billion yen due to reasons including increased retained earnings resulting from net profit and increased unrealized gains on available-for-sale securities.

Net cash in operating activities amounted to 287.0 billion yen. Net cash used for investment activities totaled 163.6 billion yen, largely the result of acquisitions of fixed assets. Aggregate free cash flow totaled 123.4 billion yen of income.

Cash flow from financing activities came to 147.5 billion yen, primarily due to long-term borrowings.

As a result of cash flow and other factors, including JFE Shoji becoming a consolidated subsidiary, outstanding debt at the fiscal year-end was 1,596.3 billion yen, up 2.7 billion yen. Outstanding cash and deposits increased by 14.3 billion yen to 64.6 billion yen.

### Cash Flow and Other Financial Indicators

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Return on sales (ROS)	10.2%	2.4%	5.2%	1.7%	1.6%
Return on assets (ROA)	10.0%	2.2%	4.6%	1.7%	1.6%
Outstanding debt	1,768.7 bil. yen	1,468.4 bil. yen	1,496.4 bil. yen	1,593.6 bil. yen	1,596.3 bil. yen
D/E ratio*	132.4%	103.2%	104.1%	112.7%	102.4%
Shareholders' equity ratio	30.9%	36.3%	36.2%	35.3%	37.9%
Shareholders' equity ratio at market prices	26.2%	50.8%	32.5%	23.9%	24.8%
Debt redemption term	7.3 years	3.8 years	4.9 years	14.5 years	5.6 years
Interest coverage ratio	11.3 times	18.9 times	17.9 times	7.2 times	17.6 times

\*In the rating of bonds having a capital component, if 75% of the 300 billion yen issue price is deemed to be capital, as assessed by rating agencies, the company's D/E ratio was 98.9% on March 31, 2009, 75.5% on March 31, 2010, 76.5% on March 31, 2011, 83.5% on March 31, 2012 and 76.9% on March

31, 2013.

Notes:

- Return on sales (ROS) = Ordinary income/Net sales
- Return on assets (ROA) = (Ordinary income + Interest expense)/Total assets<sup>1</sup>
- Outstanding debt = Total amount of borrowings, bonds and commercial paper
- D/E ratio = Outstanding debt/Shareholders' equity
- Shareholders' equity ratio = Shareholders' equity/Total assets
- Shareholders' equity ratio at market prices = Market capitalization<sup>2</sup>/Total assets
- Debt redemption term = Outstanding debt/Operating cash flow<sup>3</sup>
- Interest coverage ratio = Operating cash flow<sup>3</sup>/Interest expense<sup>4</sup>

<sup>1</sup> (Total assets at beginning of term + Total assets at end of term)/2

<sup>2</sup> Market capitalization is calculated as term-end market prices multiplied by term-end outstanding shares.

<sup>3</sup> Operating cash flow corresponds to cash flow from operating activities on the consolidated cash flow statement.

<sup>4</sup> Interest expense corresponds to interest payments on the consolidated cash flow statement.

### **(3) Basic Guidelines on Profit Distributions and Dividends for Fiscal 2011 and 2012**

The return of profits to shareholders is one of JFE Holdings' top priorities. The company's policy is to distribute dividends proactively while maintaining a sound and sustainable operational basis for the Group. The company's basic, general target for its consolidated payout ratio is 25%.

In accord with above basic policy, JFE Holdings proposed at its General Meeting of Shareholders a payment of 20 yen per share for the year-end dividend, resulting in an annual dividend of 20 yen per share.

JFE Holdings is not issuing a dividend forecast for fiscal 2013 at this time, as it is still determining its earnings outlook.

## **2. Management Policy**

### **(1) Basic Management Policy**

### **(2) Indicators Serving as Business Targets**

### **(3) Medium- and Long-Term Business Strategies**

### **(4) Corporate Tasks Requiring Attention**

#### Business environment and related efforts

The JFE Group has been facing a harsh business environment due to several factors, including the global economic uncertainty caused by the European debt crisis, the expanding supply-demand gap worldwide and growing business skills in emerging countries. Under such conditions, the JFE Group has established a new business structure to facilitate new growth.

JFE Shoji Trade Corporation became a wholly owned subsidiary of JFE Holdings on October 1, 2012. By leveraging JFE Shoji's marketing capabilities, the Group aims to pursue domestic and international projects, develop new clients and procure raw materials through close coordination of

Group companies. Japan Marine United Corporation, launched in January 2013 through the integration of Universal Shipbuilding Corporation and IHI Marine United Inc., will strive to achieve a leading position in its field while pursuing strategies for further growth.

In addition, the Group will advance efforts to achieve its fourth medium-term business plan, a strategic operating guideline for the period from April 1, 2012 to March 31, 2015. In particular, the Group aims to improve profitability in domestic bases by increasing its cost and quality competitiveness, optimizing its supply chains and improving customer service. The Group, in striving to enhance its corporate value through technological superiority, is also focusing on the development of products that immediately satisfy customer needs and process technologies that improve cost competitiveness. In growing markets such as Southeast Asia, the Group is expanding its production and sales bases and developing strategic collaborations with new partners to attract local demand, thereby expanding business in its fields of specialty.

JFE is developing sustainable growth by strengthening its socially responsible initiatives, corporate governance, environmental management and nurture of globally diversified human resources, as well as improving its financial position and returning profits to shareholders.

The current management policy is not described here in detail because it has not changed significantly since it was announced together with earnings for the fiscal year that ended on March 31, 2012 (released on April 20, 2012). To view the announcement, see [www.ifeholdings.co.jp/en](http://www.ifeholdings.co.jp/en) or the website of the Tokyo Stock Exchange at [www.tse.or.jp/listing/compsearch](http://www.tse.or.jp/listing/compsearch) (Japanese).

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2012	As of March 31, 2013
(Assets)		
Current assets:		
Cash and deposits	50,382	64,621
Notes and accounts receivable	580,669	597,275
Merchandise and finished goods	259,934	286,524
Raw materials and supplies	405,649	369,290
Deferred tax assets	59,624	41,493
Other current assets	150,303	164,580
Allowance for doubtful accounts	(306)	(1,628)
Total current assets	1,506,257	1,522,157
Property, plant and equipment, net:		
Buildings and structures, net	426,493	420,458
Machinery and equipment, net	627,741	588,310
Land	517,944	509,239
Construction in progress	49,236	61,402
Other property, plant and equipment, net	23,468	27,450
Total property, plant and equipment, net	1,644,884	1,606,862
Intangible assets	56,492	53,970
Investments and other assets:		
Investments in securities	635,610	749,249
Deferred tax assets	105,183	90,502
Other assets	63,622	92,963
Allowance for doubtful accounts	(5,379)	(8,185)
Total investments and other assets	799,036	924,529
Total non-current assets	2,500,413	2,585,362
Deferred assets:		
Bond issue cost	592	-
Total deferred assets	592	-
Total assets	4,007,263	4,107,519



(million yen)

	As of March 31, 2012	As of March 31, 2013
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	337,643	365,308
Short-term borrowings	173,385	325,368
Current portion of corporate bonds	69,999	40,000
Other current liabilities	353,312	295,582
Total current liabilities	934,340	1,026,259
Long-term liabilities:		
Corporate bonds	285,000	275,000
Convertible bonds	300,000	-
Long-term borrowings	765,248	955,995
Deferred tax liability	7,525	12,895
Deferred tax liabilities on revaluation reserve	10,842	10,812
Accrued retirement benefits	123,714	118,845
Reserve for special repairs	33,298	33,919
Allowance for losses on specific business	32,003	29,047
Others	58,949	47,948
Total long-term liabilities	1,616,581	1,484,462
Total liabilities	2,550,922	2,510,722
(Net assets)		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	1,011,124	886,338
Treasury stock, at cost	(378,442)	(178,529)
Total owners' equity	1,426,945	1,502,072
Accumulated other comprehensive income:		
Net unrealized gains on securities	31,185	69,184
Deferred earnings on hedges	(1,780)	(138)
Revaluation reserve for land	13,806	14,243
Translation adjustments	(55,900)	(26,687)
Total accumulated other comprehensive income	(12,689)	56,602
Minority interests	42,084	38,121
Total net assets	1,456,340	1,596,797
Total liabilities and net assets	4,007,263	4,107,519

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

### Consolidated Statements of Income

	Fiscal 2011	Fiscal 2012
	(million yen)	
Net sales	3,166,511	<b>3,189,196</b>
Cost of sales	2,879,558	<b>2,884,161</b>
Gross Profit	286,952	<b>305,034</b>
Selling, general and administrative expenses	242,173	<b>265,161</b>
Operating income	44,779	<b>39,873</b>
Non-operating income:		
Interest income	393	<b>879</b>
Dividends received	7,839	<b>7,988</b>
Foreign exchange profit	713	<b>10,108</b>
Rent receivable	7,354	<b>7,437</b>
Equity in earnings of affiliates	27,253	<b>9,586</b>
Other, net	9,037	<b>23,149</b>
Total non-operating income	52,591	<b>59,150</b>
Non-operating expense:		
Interest expense	15,098	<b>14,374</b>
Loss on disposal/sales of property, plant and equipment	10,140	<b>9,453</b>
Other, net	19,154	<b>22,980</b>
Total non-operating expenses	44,393	<b>46,808</b>
Ordinary income	52,977	<b>52,214</b>
Extraordinary income:		
Profit on sales of investments in securities	9,361	-
Profit on acquisition of trading subsidiary	-	<b>35,762</b>
Total extraordinary income	9,361	<b>35,762</b>
Extraordinary loss:		
Loss on impairment of property, plant and equipment	6,225	<b>6,825</b>
Write-down of investments in securities	89,200	-
Loss on change in equity	-	<b>5,769</b>
Loss related to emission credits	7,385	-
Loss due to disaster	11,860	-
Loss on revision of retirement benefit system	15,677	-
Loss on cancellation of purchase contracts	3,840	-
Total extraordinary loss	134,189	<b>12,595</b>
Income (loss) before income taxes and minority interests	(71,850)	<b>75,381</b>
Income taxes:		
Current	28,488	<b>26,302</b>
Deferred	(66,621)	<b>6,045</b>
Total income taxes	(38,132)	<b>32,347</b>
Quarterly net income before minority interests (loss)	(33,717)	<b>43,033</b>
Minority interests	2,915	<b>3,434</b>
Net income (loss)	(36,633)	<b>39,599</b>

## Consolidated Statements of Comprehensive Income

	Fiscal 2011	(million yen) Fiscal 2012
Net income (loss) before minority interests	(33,717)	<b>43,033</b>
Other comprehensive income:		
Net unrealized gains on securities	24,933	<b>39,075</b>
Deferred earnings on hedges	(1,707)	<b>1,586</b>
difference in revaluation of land	1,443	-
Translation adjustments	(2,332)	<b>10,020</b>
Equivalent share of gain/loss to equity method affiliates	(7,887)	<b>17,957</b>
Total other comprehensive income	14,449	<b>68,638</b>
Comprehensive income:	(19,268)	<b>111,672</b>
(breakdown)		
Comprehensive income attributable to parent shareholder	(22,071)	<b>108,453</b>
Comprehensive income attributable to minority shareholders	2,803	<b>3,218</b>

### (3) Consolidated Statements of Changes in Net Assets

	Fiscal 2011	(million yen) Fiscal 2012
Shareholders' equity:		
Common stock:		
Balance at the beginning of the period	147,143	<b>147,143</b>
Changes during current period:		
Total current changes	-	-
Balance at the end of the period	147,143	<b>147,143</b>
Capital surplus:		
Balance at the beginning of the period	651,964	<b>647,121</b>
Changes during current period:		
Disposal of treasury stock	(4,843)	-
Total current changes	(4,843)	-
Balance at the end of the period	647,121	<b>647,121</b>
Retained earnings (Deficit):		
Balance at the beginning of the period	1,081,697	<b>1,011,124</b>
Changes during current period:		
Dividends	(13,284)	<b>(5,395)</b>
Net income (loss)	(36,633)	<b>39,599</b>
Disposal of treasury stock	(22,475)	<b>(158,299)</b>
Increase by newly consolidated or deconsolidated subsidiaries	1,856	-
Decrease by newly consolidated or deconsolidated subsidiaries	(37)	<b>(253)</b>
Transfer from land revaluation account	1	<b>(437)</b>
Total current changes	(70,573)	<b>(124,785)</b>
Balance at the end of the period	1,011,124	<b>886,338</b>
Treasury stock, at cost:		
Balance at the beginning of the period	(415,890)	<b>(378,442)</b>
Changes during current period:		
Acquisition of treasury stock	(290)	<b>(2,428)</b>
Disposal of treasury stock	37,738	<b>202,341</b>
Total current changes	37,447	<b>199,913</b>
Balance at the end of the period	(378,442)	<b>(178,529)</b>

(million yen)

	Fiscal 2011	Fiscal 2012
<b>Total shareholders' equity:</b>		
Balance at the beginning of the period	1,464,913	<b>1,426,945</b>
Changes during current period:		
Dividends	(13,284)	<b>(5,395)</b>
Net income (loss)	(36,633)	<b>39,599</b>
Acquisition of treasury stock	(290)	<b>(2,428)</b>
Disposal of treasury stock	10,420	<b>44,042</b>
Increase by newly consolidated or deconsolidated subsidiaries	1,856	-
Decrease by newly consolidated or deconsolidated subsidiaries	(37)	<b>(253)</b>
Transfer from land revaluation account	1	<b>(437)</b>
Total current changes	(37,968)	<b>75,127</b>
Balance at the end of the period	1,426,945	<b>1,502,072</b>
<b>Accumulated other comprehensive income:</b>		
Net unrealized gains on securities:		
Balance at the beginning of the period	7,878	<b>31,185</b>
Changes during current period:		
Net changes of items other than shareholders' equity	23,306	<b>37,999</b>
Total current changes	23,306	<b>37,999</b>
Balance at the end of the period	31,185	<b>69,184</b>
Deferred earnings on hedges:		
Balance at the beginning of the period	29	<b>(1,780)</b>
Changes during current period:		
Net changes of items other than shareholders' equity	(1,810)	<b>1,641</b>
Total current changes	(1,810)	<b>1,641</b>
Balance at the end of the period	(1,780)	<b>(138)</b>
Revaluation reserve for land, net of tax:		
Balance at the beginning of the period	12,097	<b>13,806</b>
Changes during current period:		
Net changes of items other than shareholders' equity	1,708	<b>437</b>
Total current changes	1,708	<b>437</b>
Balance at the end of the period	13,806	<b>14,243</b>
Translation adjustments:		
Balance at the beginning of the period	(47,324)	<b>(55,900)</b>
Changes during current period:		
Net changes of items other than shareholders' equity	(8,575)	<b>29,213</b>
Total current changes	(8,575)	<b>29,213</b>
Balance at the end of the period	(55,900)	<b>(26,687)</b>

	Fiscal 2011	(million yen) Fiscal 2012
<b>Total accumulated other comprehensive income:</b>		
Balance at the beginning of the period	(27,318)	<b>(12,689)</b>
Changes during current period:		
Net changes of items other than shareholders' equity	14,629	<b>69,292</b>
Total current changes	14,629	<b>69,292</b>
Balance at the end of the period	(12,689)	<b>56,602</b>
<b>Minority interests:</b>		
Balance at the beginning of the period	40,715	<b>42,084</b>
Changes during current period:		
Net changes of items other than shareholders' equity	1,368	<b>(3,962)</b>
Total current changes	1,368	<b>(3,962)</b>
Balance at the end of the period	42,084	<b>38,121</b>
<b>Total net assets:</b>		
Balance at the beginning of the period	1,478,310	<b>1,456,340</b>
Changes during current period:		
Dividends	(13,284)	<b>(5,395)</b>
Net income (loss)	(36,633)	<b>39,599</b>
Acquisition of treasury stock	(290)	<b>(2,428)</b>
Disposal of treasury stock	10,420	<b>44,042</b>
Increase by newly consolidated or deconsolidated subsidiaries	1,856	-
Decrease by newly consolidated or deconsolidated subsidiaries	(37)	<b>(253)</b>
Transfer from land revaluation account	1	<b>(437)</b>
Net changes of items other than shareholders' equity	15,998	<b>65,329</b>
Total current changes	(21,970)	<b>140,456</b>
Balance at the end of the period	1,456,340	<b>1,596,797</b>

#### (4) Consolidated Statements of Cash Flows

(million yen)

	Fiscal 2011	Fiscal 2012
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	(71,850)	<b>75,381</b>
Depreciation and amortization	238,316	<b>194,062</b>
Changes in reserves	(17,446)	<b>(3,681)</b>
Interest and dividend income	(8,232)	<b>(8,867)</b>
Interest expense	15,098	<b>14,374</b>
Changes in accounts receivable	(52,867)	<b>40,145</b>
Changes in inventories	(48,101)	<b>90,878</b>
Changes in accounts payable	(23,823)	<b>(10,177)</b>
Other, net	118,694	<b>(73,163)</b>
Sub total	149,788	<b>318,953</b>
Interest and dividend income received	14,923	<b>14,782</b>
Interest paid	(15,285)	<b>(16,342)</b>
Income taxes paid	(39,339)	<b>(30,322)</b>
Net cash provided by operating activities	110,087	<b>287,071</b>
Cash flows from investing activities:		
Payments for purchase of property, plant, equipment and intangible assets	(193,470)	<b>(174,165)</b>
Proceeds from sales of property, plant, equipment and intangible assets	4,676	<b>7,708</b>
Payments for purchase of investments in securities	(26,797)	<b>(7,999)</b>
Proceeds from sales of investments in securities	12,696	<b>8,987</b>
Other, net	(2,598)	<b>1,852</b>
Net cash used in investing activities	(205,494)	<b>(163,616)</b>

	Fiscal 2011	Fiscal 2012
		(million yen)
<hr/>		
Cash flows from financing activities:		
Net income (decrease) in short-term borrowings	1,560	<b>(30,939)</b>
Changes in commercial paper	(27,994)	<b>(20,998)</b>
Proceeds from long-term borrowings	340,540	<b>420,800</b>
Repayments of long-term borrowings	(221,511)	<b>(169,425)</b>
Issuance of corporate bond	65,000	<b>30,000</b>
Redemption of corporate bonds	(60,000)	<b>(70,000)</b>
Payments for retirement by purchase of bonds with subscription rights to shares	-	<b>(300,000)</b>
Acquisition of treasury stock	(296)	<b>(811)</b>
Payments for dividends by parent company	(13,456)	<b>(5,443)</b>
Other, net	12,235	<b>(733)</b>
Net cash used in financing activities	96,078	<b>(147,550)</b>
<hr/>		
Effect of exchange rate change on cash and cash equivalents	(2,807)	<b>8,053</b>
Net decrease in cash and cash equivalents	(2,135)	<b>(16,042)</b>
Cash and cash equivalents at beginning of the year	49,043	<b>50,492</b>
Changes in cash and cash equivalents by newly consolidated or deconsolidated subsidiaries	3,583	<b>30,012</b>
Cash and Cash equivalents at end of the year	50,492	<b>64,463</b>
<hr/>		



(5) Notes Pertaining to the Presumption of a Going Concern

There is no item this period.

(6) Significant Accounting Policies for Preparing Consolidated Financial Statements

Changes in consolidation scope and application of the equity method

a) Number of consolidated subsidiaries: 296

Added: 124

Excluded: 22

b) Companies accounted for by the equity method: 63

Added: 25

Excluded: 9

The above numbers include the companies excluded from the consolidated structure and newly applied to the equity method due to Universal Shipbuilding Corporation, formerly a designated subsidiary of JFE Holdings, becoming Japan Marine United Corporation through its integration with IHI Marine United Inc.

Except for "Changes in consolidation scope and application of the equity method" above and in (7) below, items are omitted for any information that did not change significantly in the period since the annual securities report was submitted on June 27, 2012.

(7) Changes in the Accounting Policies

--Change in depreciation method for property and equipment:

In accordance with the amendment of the Corporation Tax Law, effective from this fiscal year the company and its domestic consolidated subsidiaries have changed their depreciation method for property and equipment acquired on or after April 1, 2012. As a result of this change, operating income in fiscal 2012 increased by 2,780 million yen and ordinary income and income before income taxes increased by 2,787 million yen each.

(8) Notes to Consolidated Financial Statements

**Segment Information**

1. Segment Information

I. Previous fiscal year (April 1, 2011 to March 2012)

① Overview

The Group had four operating companies under JFE Holdings, namely, JFE Steel Corporation, JFE Engineering Corporation, Universal Shipbuilding Corporation and Kawasaki Microelectronics, Inc. Each operated in the way most appropriate to its respective business field. The consolidated financial report is segmented by steel, engineering, shipbuilding and LSI in accordance with these four operating companies, covering products and services belonging to each field. Steel business deals with various steel products, processed steel products, raw materials, transportation and other related businesses, such as facility maintenance and construction. Engineering business deals with engineering for energy, urban environments, recycling, steel structures and industrial machines. Shipbuilding business builds general commercial ships and vessels and provides related maintenance. LSI business involves a variety of LSI products.

- ② Calculation methods for each reporting segment's net sales, profit / loss, assets, etc.  
The profit of each reporting segment is ordinary income. Transactions between segments are treated as transactions between companies and are based on market prices, etc.
- ③ Net sales, profit / loss, assets and other items

(million yen)

	Reporting Segment					Adjustments	Amount in consolidated statement
	Steel	Engineering	Ship-building	LSI	Total		
-Sales to external clients	2,662,706	267,869	214,522	21,413	3,166,511	-	3,166,511
-Internal sales or transfer among segments	51,771	10,908	109	-	62,789	(62,789)	-
Net sales	2,714,477	278,777	214,632	21,413	3,229,300	(62,789)	3,166,511
Segment profit	25,773	14,361	12,216	1,535	53,887	(909)	52,977
Segment assets	3,620,528	287,469	189,289	15,522	4,112,809	(105,546)	4,007,263
Others:							
-Depreciation	226,003	5,916	5,246	1,137	238,303	12	238,316
-Depreciation of goodwill	187	-	3,462	-	3,649	-	3,649
-Interest revenue	689	117	3	2	812	(419)	393
-Interest expense	16,429	372	97	24	16,923	(1,824)	15,098
-Equity method investment gain / loss	27,607	(419)	-	-	27,187	65	27,253
-Investment in equity method affiliates	307,740	21,040	-	-	328,780	(1,006)	327,773
-Increased amount of tangible and intangible assets	181,185	8,515	7,104	638	197,443	5	197,449

## II. Current fiscal year (April 1, 2012 to March 31, 2013)

### ① Overview

The Group organized under JFE Holdings executes business in accordance with the characteristics of its respective business fields. Consolidated reporting segments, one for each operating company are characterized by their constituent products and services. The Group had four operating companies – JFE Steel Corporation, JFE Engineering Corporation, Universal Shipbuilding Corporation and Kawasaki Microelectronics, Inc., – covering the segmented business fields of steel, engineering, shipbuilding and LSI, respectively. JFE Holdings sold all shares of its wholly owned subsidiary Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012, thereby abolishing the Group's LSI segment from the second quarter of fiscal 2012. Also, JFE Shoji, previously an equity-method affiliate of JFE Steel, became a wholly owned subsidiary of JFE Holdings through a share exchange on October 1, 2012. Consequently, JFE Shoji's results are listed under Trading Business from the second half of fiscal 2012. In addition, the Group abolished the shipbuilding segment from the fourth quarter of fiscal 2012 because 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.

Each segment has its own respective products and services. Steel business deals with various steel products, processed steel products, raw materials, transportation and other related businesses, such as facility maintenance and construction. Engineering business deals with engineering for energy, urban environments, recycling, steel structures and industrial machines. Shipbuilding business builds general commercial ships and vessels and provides related maintenance. LSI business involves a variety of LSI products. Trading business handles the purchase, manufacture and distribution of steel products,

raw materials for steel production, nonferrous metal products, food, etc.

② Calculation methods for each reporting segment's net sales, profit / loss, assets, etc.  
There is no item this period.

③ Net sales, profit / loss, asset and other categories

(million yen)

	Reporting Segment						Adjustments	Amount in consolidated statement
	Steel	Engineering	Ship-building	LSI	Trading	Total		
-Sales to external clients	2,071,832	256,896	139,869	4,890	670,678	3,144,167	45,028	3,189,196
-Internal sales or transfer among segments	427,982	10,644	24	-	114,985	553,636	(553,636)	-
Net sales	2,499,814	267,541	139,894	4,890	785,663	3,697,804	(508,608)	3,189,196
Segment profit	15,300	16,446	8,010	410	7,478	47,646	4,567	52,214
Segment assets	3,523,803	267,093	-	-	523,022	4,313,918	(206,399)	4,107,519
Others:								
-Depreciation	180,123	5,769	4,190	193	2,198	192,474	1,588	194,062
-Depreciation of goodwill	1,058	-	2,596	-	142	3,797	19	3,817
-Interest revenue	716	109	1	0	379	1,208	(328)	879
-Interest expense	14,664	307	48	1	948	15,970	(1,595)	14,374
-Equity method investment gain / loss	6,640	822	-	-	(179)	7,283	2,303	9,586
-Investment to equity method affiliates	289,660	17,662	-	-	18,876	326,199	38,095	364,294
-Increased amount of tangible and intangible assets	161,773	7,334	5,557	152	3,602	178,420	1,259	179,679

## Per-share Information

	FY 2011 <sup>1</sup>	FY 2012 <sup>2</sup>
Net assets per share	2,627.63 yen	2,700.83 yen
Net income (loss) per share	(68.71) yen	71.20 yen

### Notes for diluted net income per share

<sup>1</sup> For FY 2012, although there were some latent shares, no figure for diluted net income per share has been disclosed due to the net loss.

<sup>2</sup> There were no latent shares in FY 2012

### Basis for calculations

(Yen, unless indicated otherwise)

	FY 2012 <sup>1</sup>	FY 2013 <sup>2</sup>
Total net assets	1,456,340 million	1,596,797 million
Amounts deducted from total net assets	42,084 million	38,121 million
Portion of minority interest	42,084 million	38,121 million
Net assets at fiscal year-end applicable to common shares	1,414, 256 million	1,558,675 million
Number of common shares at fiscal year-end used in calculating net assets per share	538,225,000 shares	577,110,000 shares
Net income (loss)	(36,633) million	39,599 million
Value not attributed to common shares	-	-
Net income (loss) attributed to common shares	(36,633) million	39,599 million
Average number of outstanding common shares during the period	533,144,000 shares	556,186,000 shares

### Major Subsequent Events

There is no item this period.

## 4. Reference

### (1) Consolidated Results

(billion yen)

	Fiscal 2011	Fiscal 2012			Change	
		Through 3Q (Apr-Dec)	4Q (Jan-Mar)			
Steel Business	2,714.4	1,868.4	631.3	2,499.8	(214.6)	(7.9)%
Engineering Business	278.7	175.8	91.7	267.5	(11.2)	(4.0)%
Shipbuilding Business <sup>1</sup>	214.6	139.8	-	139.8	(74.8)	(34.8)%
LSI Business <sup>2</sup>	21.4	4.8	-	4.8	(16.6)	(77.2)%
Trading Business <sup>3</sup>	-	387.2	398.4	785.6	785.6	-
Adjustments	(62.7)	(269.2)	(239.3)	(508.6)	(445.9)	-
<b>Net Sales</b>	<b>3,166.5</b>	<b>2,307.0</b>	<b>882.1</b>	<b>3,189.1</b>	<b>22.6</b>	<b>0.7%</b>
<b>Operating Income</b>	<b>44.7</b>	<b>20.1</b>	<b>19.7</b>	<b>39.8</b>	<b>(4.9)</b>	<b>(11.0)%</b>
<b>Other Income (Expenses)</b>	<b>8.1</b>	<b>2.7</b>	<b>9.6</b>	<b>12.3</b>	<b>4.2</b>	<b>51.9%</b>
Steel Business	25.7	2.3	12.9	15.3	(10.4)	(40.6)%
Engineering Business	14.3	9.3	7.0	16.4	2.1	14.5%
Shipbuilding Business <sup>1</sup>	12.2	8.0	-	8.0	(4.2)	(34.4)%
LSI Business <sup>2</sup>	1.5	0.4	-	0.4	(1.1)	(73.3)%
Trading Business <sup>3</sup>	-	3.7	3.6	7.4	7.4	-
Adjustments <sup>4</sup>	(0.9)	(1.0)	5.6	4.5	5.4	-
<b>Ordinary Income</b>	<b>52.9</b>	<b>22.8</b>	<b>29.3</b>	<b>52.2</b>	<b>(0.7)</b>	<b>(1.4)%</b>
<b>Extraordinary Profit (Loss)</b>	<b>(124.8)</b>	<b>23.1</b>	<b>0</b>	<b>23.1</b>	<b>147.9</b>	<b>-</b>
<b>Income Before Income Taxes and Minority Interests (Loss)</b>	<b>(71.8)</b>	<b>45.9</b>	<b>29.4</b>	<b>75.3</b>	<b>147.1</b>	<b>-</b>
<b>Tax Expense and Minority Interest</b>	<b>35.2</b>	<b>(24.0)</b>	<b>(11.7)</b>	<b>(35.7)</b>	<b>(70.9)</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>(36.6)</b>	<b>21.9</b>	<b>17.6</b>	<b>39.5</b>	<b>76.1</b>	<b>-</b>

<sup>1</sup> 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.

<sup>2</sup> JFE Holdings sold all shares of its wholly owned subsidiary Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012.

<sup>3</sup> 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.

<sup>4</sup> Equity in earnings of affiliates of Japan Marine United Corporation after January, 2013 is included in the adjustments.

### (2) Consolidated Financial Indices

	Fiscal 2011	Fiscal 2012	Change
Return on Sales (ROS) <sup>1</sup>	1.7%	1.6%	(0.1)%
Return on Assets (ROA) <sup>2</sup>	1.7%	1.6%	(0.1)%
Debt Outstanding	1,593.6 billion yen	1,596.3 billion yen	2.7 billion yen
Shareholders' Equity	1,414.2 billion yen	1,558.6 billion yen	144.4 billion yen
D/E Ratio	112.7%	102.4%	(10.3)%
D/E Ratio <sup>3</sup>	83.5%	76.9%	(6.6)%

<sup>1</sup> ROS = Ordinary income / net sales

<sup>2</sup> ROA = Ordinary income before interest expenses / Total assets (average)

<sup>3</sup> D/E ratio = Debt outstanding / Shareholders' equity. For debt having a capital component, 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 2011	Non-consolidated	6.71	6.94	13.65	6.66	6.59	13.25	26.90
	Consolidated	7.22	7.46	14.68	7.34	7.21	14.55	29.24
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

**(4) Shipments (JFE Steel on non-consolidated basis)**

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		6.09	6.32	12.41	5.95	6.30	12.26	24.67
FY 2012		6.17	6.55	12.72	6.14	6.37	12.51	25.23

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

(%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		49.4	44.4	46.9	40.2	46.0	43.0	45.0
FY 2012		48.5	50.5	49.5	48.1	52.5	50.3	49.9

**(6) Foreign Exchange Rate (Yen/US dollar)**

(JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		82.0	78.4	80.2	77.5	78.3	77.9	79.1
FY 2012		80.8	78.7	79.7	79.8	90.1	84.9	82.3

**(7) Average Selling Price (JFE Steel on non-consolidated basis)**

(thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2011		82.4	85.6	84.0	84.1	76.2	80.1	82.0
FY 2012		75.7	70.1	72.8	68.7	68.0	68.4	70.6

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

(billion yen)

FY 2012	269.8	23.3% decrease from previous year
Backlog as of March 31, 2013	326.6	0.6% increase from previous year

## (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, 2012	1,593.6	FY 2011	(15.0)
March 31, 2013	1,596.3	FY 2012	(14.3)
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2012	50.3		
March 31, 2013	64.6		

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

(billion yen)

	FY 2012	
Capital investment	179.6	(on construction basis)
Depreciation	194.0	

## (11) Number of employees (JFE Holdings on a consolidated basis)

As of	
March 31, 2012	54,133
March 31, 2013	57,044

## (12) Breakdown of Changes in Ordinary Income (FY 2012 compared to FY 2011)

	(billion yen)	<u>FY 2011</u>	⇒	<u>FY 2012</u>
Ordinary income	- 0.7	52.9		52.2
a. Steel Business	-10.4	25.7		15.3
- Sales volume, price and raw materials	0			
- Cost reduction	120.0			
- Unrealized holding gains on inventories	-150.0			
- Others	19.6			
b. Engineering Business	2.1	14.3		16.4
c. Trading Business	7.4	-		7.4

Ordinary income rose from the previous fiscal year to 16.4 billion yen thanks to cost reductions and other ongoing efforts.

JFE Shoji, which used to be an equity-method affiliate, became a consolidated subsidiary of JFE Holdings, after which the Group's trading business was listed separately from the second half of fiscal 2012.