

Kobe Steel's Consolidated Financial Results Summary for First Quarter Fiscal 2009 (April 1 – June 30, 2009)

July 30, 2009

Company name: Kobe Steel, Ltd.
 Code number: 5406
 Stock exchanges where shares are listed: Tokyo, Osaka and Nagoya, Japan
 Website: www.kobelco.com
 President & CEO: Hiroshi Sato
 Quarterly report to be issued: August 4, 2009
 Dividend payments begin: ---

(Sums of less than 1 million yen have been omitted.)

1. First Quarter FY2009 Consolidated Financial Results (April 1 – June 30, 2009)

(1) Consolidated operating results

(In millions of yen)	FY2009 1Q	% change*	FY2008 1Q	% change*
Net sales	377,884	(30.4%)	543,035	---
Operating income (loss)	(13,549)	---	45,252	---
Ordinary income (loss)	(22,932)	---	42,660	---
Net income (loss)	(33,272)	---	25,292	---
Net income (loss) per share	(11.08 yen)		8.42 yen	
Diluted net income per share	---		---	

* Indicates percentage of change from the corresponding period of the previous fiscal year.

(2) Consolidated financial position

(In millions of yen)	FY2009 1Q	FY2008
Total assets	2,280,543	2,295,489
Net assets	511,682	513,460
Net worth ratio	20.8%	20.9%
Net assets per share	158.12 yen	159.58 yen

Shareholders' equity at June 30, 2009: 474,780 million yen FY2008: 479,141 million yen

2. Dividends

Period	Dividends per share in yen				
	1Q	2Q	3Q	4Q	Full year
FY2008	---	3.50	---	0.00	3.50
FY2009	---				
FY2009 forecast		0.00	---	---	---

Revision to dividend forecast in1Q: Yes

The dividend for the end of fiscal 2009 is undetermined.

3. Consolidated Forecast for Fiscal 2009 (April 1, 2009 - March 31, 2010)

(In millions of yen)	FY2009 2nd half	% change*	FY2009 Full year	% change*
Net sales	785,000	(34.1%)	1,640,000	(24.7%)
Operating income (loss)	(45,000)	---	5,000	(95.7%)
Ordinary income (loss)	(65,000)	---	(30,000)	---
Net income (loss)	(65,000)	---	(45,000)	---
Net income (loss) per share	21.64 yen		14.98 yen	

* Indicates percentage of change from the corresponding period of the previous fiscal year.

Revision to consolidated forecast in 1Q: Yes

4. Other

(1) Changes in number of material subsidiaries in fiscal year

(Changes in specified subsidiaries due to changes in scope of consolidation): No

(2) Adoption of simplified or specific accounting procedures for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, procedures, presentation, etc. on the preparation of quarterly consolidated financial statements

- Changes due to revised accounting standards: Yes

- Other changes: No

(4) Number of issued shares

	FY 2009 1Q	FY2008
Common stock (number of issued shares)	3,115,061,100	3,115,061,100
Treasury stock (number of shares)	112,561,694	112,599,413
Average number of shares in 1Q	3,002,506,531	3,002,562,779

For Reference:

Nonconsolidated forecast for fiscal 2009 (April 1, 2009 - March 31, 2010)

(In millions of yen)	FY2009 2nd half	% change*	FY2009 Full year	% change*
Net sales	465,000	(38.9%)	970,000	(28.6%)
Operating income (loss)	(60,000)	---	(35,000)	---
Ordinary income (loss)	(65,000)	---	(50,000)	---
Net income (loss)	(55,000)	---	(40,000)	---
Net income (loss) per share	(18.28 yen)		(13.30 yen)	

* Indicates percentage of change from the corresponding period of the previous fiscal year.

Revision to nonconsolidated forecast in 1Q: Yes

Qualitative Information, Financial Statements and Other Items

1. Qualitative Information on Consolidated Financial Results

Japan's economy in the first quarter of fiscal 2009 continued to remain uncertain, despite production picking up owing to progress in inventory adjustments and other signs that the economic downturn was slowing. In overseas markets, although the Chinese economy appeared to have hit bottom, the worldwide economy continued to be sluggish, particularly in the United States and Europe.

In this economic environment, the Kobe Steel Group's Iron & Steel segment and the Aluminum & Copper segment were forced to operate at low levels from the fourth quarter of fiscal 2008 (January-March 2009) and in the first quarter of fiscal 2009. In comparison to the first quarter of fiscal 2008, which was supported by strong demand, sales volumes in all business segments decreased significantly in the first quarter of fiscal 2009. Consolidated net sales went down 165.1 billion yen to 377.8 billion yen, compared with the same period last year. Operating income fell 58.8 billion yen to an operating loss of 13.5 billion yen due largely to lower sales volume, despite greater efforts on reducing costs. Ordinary income went down 65.5 billion yen to an ordinary loss of 22.9 billion yen, compared with the same period last year. Net income fell 58.5 billion yen to net loss of 33.2 billion yen, compared with the same period last year.

Results by Business Segment

Iron & Steel

Inventory adjustments of steel products continued in the automotive and other manufacturing industries, resulting in low demand for steel products since the fourth quarter of fiscal 2008. As a result, shipments of steel products in the first quarter of fiscal 2009 were similar to the fourth quarter of fiscal 2008, but fell considerably in comparison to the same period last year. Unit sales prices, which increased gradually from the first quarter of fiscal 2008, went down in the first quarter of fiscal 2009, affected by lower raw material prices. However, unit sales prices were still higher than in the same period in fiscal 2008.

Sales of steel castings and forgings remained strong and were similar to sales in the first quarter last year. However, demand for welding consumables and titanium products was sluggish, similar to the situation in the fourth quarter of fiscal 2008, resulting in lower first-quarter sales, compared with the first quarter of fiscal 2008.

As a result, segment sales went down 37.8% to 161.0 billion yen, compared with the same period last year. Despite reducing fixed costs and other efforts to improve profitability, operating income went down 55.9 billion yen to an operating loss of 27.2 billion yen.

Wholesale Power Supply

Segment sales increased 16.4% to 19.7 billion yen, compared with the same period last year, as the higher cost of coal was passed on as higher electricity unit prices. Operating income increased 0.9 billion yen to 5.0 billion yen owing to lower depreciation costs.

Aluminum & Copper

The sales volume of aluminum can stock remained firm in the first quarter. However, in other fields, demand that had dropped off considerably in the fourth quarter of fiscal 2008 continued to be weak in the first quarter of fiscal 2009. Although demand from the automotive industry recovered owing to brisk sales of environment-friendly cars using aluminum for light-weighting, aluminum demand for LCD and semiconductor manufacturing equipment continued to be low. As a result, the sales volume of aluminum rolled products declined in comparison to the same period last year.

The sales volume of copper rolled products declined in comparison to the same period last year, although demand for copper sheet and strip for electronic materials, which dropped sharply in the fourth quarter of fiscal 2008, recovered owing to progress in inventory adjustments.

Sales of aluminum castings and forgings went down in comparison to the same period last year due to lower demand for LCD and semiconductor manufacturing equipment.

In addition to these conditions, sales prices went down due to lower ingot prices. As a result, segment sales in the first quarter decreased 49.4% to 57.6 billion yen, compared with the same period last year. Operating income went down 3.1 billion yen to an operating loss of 1.0 billion yen.

Machinery

Due to sluggish capital investments in the automotive, oil refining and petrochemical industries, machinery orders for these sectors went down. In addition, some orders for LNG-related equipment and large compressors, in which demand had been strong, were delayed. Direct reduction plants, too, saw a decrease in new orders due to the downturn in the world economy.

Due to these conditions, domestic orders in the first quarter of fiscal 2009 fell 14.6% to 31.9 billion yen, compared with the same period last year. Overseas orders dropped 79.5% to 10.2 billion yen, compared with the same period last year. As a result, total orders decreased 51.8% to 42.2 billion yen, compared with the same period last year, and the backlog of orders was 298.4 billion yen.

Consolidated segment sales increased 24.2% to 71.8 billion yen, compared with the same period last year. Operating income went up 8.0 billion yen to 9.0 billion yen.

Construction Machinery

The sales volume in China for hydraulic excavators increased over the same period last year. Although the number of machines sold began showing signs of slowing down at the end of fiscal 2008, from around the Lunar New Year in late January, sales volume recovered owing to strong demand from inland areas. However, Japan, the United States and Europe, which continued to be sluggish, saw lower unit sales. As a result, the first-quarter sales volume of excavators was less than the same period last year. The sales volume of cranes also decreased over the same period last year. The North American market, which used to be relatively strong, declined compared with the same period last year. In Japan and the Middle East, crane demand also went down compared with the same period last year.

As a result, segment sales decreased 32.5% to 59.3 billion yen, compared with the first quarter last year. Operating income went down 6.8 billion yen to an operating loss of 100 million yen

Real Estate

Owing to the early sales of completed condominiums, segment sales increased 36.5% to 10.4 billion yen compared with the same period last year. Operating income went up 0.4 billion yen to 1.1 billion yen.

Electronic Materials & Other Businesses

The sales volume of target material for thin-film wiring in LCDs recovered in comparison to the fourth quarter of fiscal 2008, although it was lower than the first quarter last year. As a result, segment sales

decreased 34.7% to 8.7 billion yen, compared with the same period last year. Operating income declined 2.0 billion yen to an operating loss of 1.0 billion yen.

2. Qualitative Information on Consolidated Financial Position

Although cash and cash equivalents and investments in securities increased, accounts receivable and inventories decreased. As a result total assets at the end of the first quarter of fiscal 2009 decreased 14.9 billion yen to 2,280.5 billion yen, in comparison to the end of fiscal 2008, ended March 2009. With regard to net assets, net unrealized holding gains on securities increased, but a decrease in retained earnings led to a decrease in total net assets of 1.7 billion yen to 511.6 billion yen, in comparison to the end of fiscal 2008. As a result, the net worth ratio at the end of the first quarter of fiscal 2009 was 20.8%, a decrease of 0.1% in comparison to the end of fiscal 2008.

In the first quarter of fiscal 2009, interest-bearing debt, which includes IPP project financing, increased 95.3 billion yen to 1,050.1 billion yen, in comparison to the end of fiscal 2008.

3. Qualitative Information on Consolidated Forecast

In comparison to the previous forecast made on April 28, 2009, demand from the shipbuilding industry has begun showing signs of softening. However, demand for copper sheet and strip for electronic materials and hydraulic excavators in China is anticipated to be higher than expected. In addition, the possibility of recovering deferred tax assets is also under review. As a result, Kobe Steel has revised both its parent and consolidated earnings forecast for fiscal 2009.

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4. Summary of Quarterly Consolidated Financial Statements

(1) Summary of Quarterly Consolidated Balance Sheets

(In millions of yen)

Assets	FY2009 1Q Ended Jun. 30, 2009	FY2008 Ended Mar. 31, 2009
Current assets		
Cash and cash equivalents	220,733	188,322
Notes and accounts receivable	234,844	283,784
Merchandise and finished goods	150,651	161,998
Work in progress	169,290	163,150
Raw materials and supplies	118,128	137,195
Other	96,133	106,853
Allowance for doubtful debts	(796)	(671)
Total current assets	<u>988,984</u>	<u>1,040,632</u>
Tangible fixed assets		
Buildings and structures	285,202	282,594
Machinery and equipment	418,639	421,853
Land	205,604	198,385
Other	73,208	67,704
Total tangible fixed assets	<u>982,653</u>	<u>970,537</u>
Intangible fixed assets	21,276	20,472
Investments and other assets		
Investments in securities	192,220	165,858
Other	99,164	101,684
Allowance for doubtful debts	(3,756)	(3,696)
Total investments and other assets	<u>287,628</u>	<u>263,846</u>
Total fixed assets, investments and other assets	<u>1,291,558</u>	<u>1,254,856</u>
Total assets	<u>2,280,543</u>	<u>2,295,489</u>
Current liabilities		
Notes and accounts payable	372,936	479,644
Short-term borrowings	157,567	157,249
Commercial paper	50,000	55,000
Bonds due within one year	59,376	49,958
Income and enterprise taxes payable	3,224	5,158
Other reserves	27,833	38,349
Other	179,793	189,274
Total current liabilities	<u>850,732</u>	<u>974,634</u>
Long-term liabilities		
Bonds and notes	213,304	199,822
Long-term borrowings	569,412	491,557
Employees' severance and retirement benefits	39,879	38,144
Other reserves	4,098	4,201
Other	91,433	73,669
Total long-term liabilities	<u>918,128</u>	<u>807,394</u>
Total liabilities	<u>1,768,860</u>	<u>1,782,028</u>

Net Assets

	FY2009 1Q Ended Jun. 30, 2009	FY2008 Ended Mar. 31, 2009
Stockholders' equity		
Common stock	233,313	233,313
Capital surplus	83,125	83,125
Retained earnings	219,194	252,504
Treasury stock, at cost	(51,384)	(51,426)
Total stockholders' equity	<u>484,248</u>	<u>517,516</u>
Valuation and translation adjustments		
Net unrealized holding gains on securities	20,734	448
Deferred gains on hedges	(2,955)	(6,266)
Land revaluation	(4,811)	(4,836)
Foreign currency translation adjustments	(22,435)	(27,719)
Total valuation and translation adjustments	<u>(9,467)</u>	<u>(38,374)</u>
Minority interests	36,902	34,318
Total net assets	<u>511,682</u>	<u>513,460</u>
Total liabilities and net assets	<u>2,280,543</u>	<u>2,295,489</u>

(2) Summary of Quarterly Consolidated Statements of Income

(In millions of yen)

	FY2009 Q1 Ended Jun. 30, 2009	FY2008 Ended Mar. 31, 2009
Net sales	377,884	543,035
Cost of sales	357,649	453,454
Gross profit	20,234	89,580
Selling, general and administrative expenses	33,784	44,328
Operating income (loss)	<u>(13,549)</u>	<u>45,252</u>
Non-operating income		
Interest income	369	469
Dividend income	1,460	1,980
Reimbursement of seconded employees' salaries	1,808	2,213
Equity method investment gain	---	3,222
Other	2,374	6,821
Total non-operating income	<u>6,013</u>	<u>14,706</u>
Non-operating expenses		
Interest expense	5,176	4,876
Salaries for seconded employees	4,394	5,785
Investment loss from the equity method	27	---
Other	5,798	6,635
Total non-operating expenses	<u>15,397</u>	<u>17,298</u>
Ordinary income (loss)	<u>(22,932)</u>	<u>42,660</u>
Income (loss) before income taxes	<u>(22,932)</u>	<u>42,660</u>
Income taxes		
Current	413	13,472
Deferred	9,551	1,689
Total income taxes	9,964	15,161
Minority interests in income of subsidiaries	<u>375</u>	<u>2,206</u>
Net income (loss)	<u>(33,272)</u>	<u>25,292</u>

(3) Notes on premise of a going concern:

None

(4) Segment Information

Quarterly information by business segment

(In millions of yen)

	FY2009 1Q Ended Jun. 30, 2009	FY2008 1Q Ended Jun. 30, 2008
Sales to outside customers:		
Iron & Steel	156,868	253,294
Wholesale Power Supply	19,739	16,952
Aluminum & Copper	57,302	113,476
Machinery	70,841	56,660
Construction Machinery	59,375	87,868
Real Estate	8,476	5,988
Electronic Materials & Other Businesses	5,278	8,794
Total	<u>377,884</u>	<u>543,035</u>
Intersegment sales:		
Iron & Steel	4,229	5,851
Wholesale Power Supply	---	---
Aluminum & Copper	302	331
Machinery	1,014	1,178
Construction Machinery	20	124
Real Estate	1,974	1,669
Electronic Materials & Other Businesses	3,459	4,588
Total	<u>11,000</u>	<u>13,744</u>
Total sales:		
Iron & Steel	161,098	259,146
Wholesale Power Supply	19,739	16,952
Aluminum & Copper	57,604	113,808
Machinery	71,855	57,838
Construction Machinery	59,396	87,992
Real Estate	10,451	7,658
Electronic Materials & Other Businesses	8,738	13,382
Eliminations	(11,000)	(13,744)
Total	<u>377,884</u>	<u>543,035</u>
Operating income (loss):		
Iron & Steel	(27,292)	28,686
Wholesale Power Supply	5,040	4,041
Aluminum & Copper	(1,093)	2,103
Machinery	9,091	1,015
Construction Machinery	(171)	6,711
Real Estate	1,175	722
Electronic Materials & Other Businesses	(1,031)	1,062
Eliminations	731	909
Total	<u>(13,549)</u>	<u>45,252</u>

(5) Notes in the case of a significant change in shareholders' equity:

None

Supplemental Information for the First Quarter of Fiscal 2009
(April 1 – June 30, 2009)

Consolidated First Quarter Results

(In billions of yen)

	FY2009 1Q	FY2008 1Q	% change
Net Sales	377.8	543.0	(30.4%)
Operating income (loss)	(13.5)	45.2	---
Ordinary income (loss)	(22.9)	42.6	---
Net income (loss)	(33.2)	25.2	---

Forecast for Fiscal 2009 (ending March 2010)

(In billions of yen)

Consolidated	FY2009 forecast				FY2008	
	Current forecast		Apr. 28 forecast		1st half	Year
	1st half	Year	1st half	Year		
Net sales	785.0	1,640.0	800.0	1,670.0	1,191.7	2,177.2
Operating income (loss)	(45.0)	5.0	(50.0)	5.0	106.4	116.9
Ordinary income (loss)	(65.0)	(30.0)	(65.0)	(30.0)	85.5	60.8
Extraordinary gains (losses)	---	---	---	---	(3.4)	(33.0)
Net income (loss)	(65.0)	(45.0)	(85.0)	(55.0)	46.2	(31.4)

Nonconsolidated	FY2009 Forecast				FY2008	
	Current forecast		Apr. 28 forecast		1st half	Year
	1st half	Year	1st half	Year		
Net sales	465.0	970.0	470.0	990.0	761.0	1,359.3
Operating income (loss)	(60.0)	(35.0)	(60.0)	(35.0)	65.6	60.3
Ordinary income (loss)	(65.0)	(50.0)	(65.0)	(50.0)	63.1	34.4
Extraordinary gains (losses)	---	---	---	---	(3.7)	(36.3)
Net income (loss)	(55.0)	(40.0)	(75.0)	(55.0)	40.7	(29.3)

(1) Current Forecast for FY2009 by Segment

(In billions of yen)

		FY2009		
		1Q	1st half forecast	Full year forecast
Iron & Steel	Sales	161.0	330.0	710.0
	Operating Income (loss)	(27.2)	(66.0)	(42.0)
Wholesale Power Supply	Sales	19.7	44.0	86.0
	Operating Income	5.0	9.0	20.0
Aluminum & Copper	Sales	57.6	110.0	230.0
	Operating Income (loss)	(1.0)	(5.0)	(7.0)
Machinery	Sales	71.8	150.0	310.0
	Operating Income	9.0	10.0	20.0
Construction Machinery	Sales	59.3	125.0	260.0
	Operating Income (loss)	(0.1)	3.0	9.0
Real Estate	Sales	10.4	26.0	45.0
	Operating Income	1.1	2.0	2.0
Electronic Materials & Other Businesses	Sales	8.7	22.0	50.0
	Operating Income (loss)	(1.0)	(1.0)	2.0
Eliminations	Sales	(11.0)	(22.0)	(51.0)
	Operating Income	0.7	3.0	1.0
Total	Sales	377.8	785.0	1,640.0
	Operating Income (loss)	(13.5)	(45.0)	5.0

Previous Forecast (April 28, 2009) for FY2009 by Segment
(In billions of yen)

		FY2009	
		1st half forecast	Full year forecast
Iron & Steel	Sales	340.0	740.0
	Operating Income (loss)	(62.0)	(35.0)
Wholesale Power Supply	Sales	44.0	86.0
	Operating Income	9.0	20.0
Aluminum & Copper	Sales	105.0	220.0
	Operating Income (loss)	(11.0)	(15.0)
Machinery	Sales	150.0	300.0
	Operating Income	9.0	19.0
Construction Machinery	Sales	135.0	280.0
	Operating Income	2.0	8.0
Real Estate	Sales	26.0	45.0
	Operating Income	2.0	2.0
Electronic Materials & Other Businesses	Sales	22.0	50.0
	Operating Income	(1.0)	2.0
Eliminations	Sales	(22.0)	(51.0)
	Operating Income	2.0	4.0
Total	Sales	800.0	1,670.0
	Operating Income (loss)	(50.0)	5.0

(2) Production and Sales of Steel Products (Nonconsolidated)

Production and Sales Volume
(In millions of metric tons)

	FY2009		FY2008		
	1Q	1st half forecast	1Q	1st half	Full year
Crude steel production	1.25	2.83	2.07	4.18	7.23
Sales volume	1.05	2.44	1.75	3.48	6.17
Export ratio (value basis)	19.9%	21.7%	21.0%	21.7%	21.4%

Average Steel Price
(In yen per metric ton)

	FY2009		FY2008		
	1Q	1st half forecast	1Q	1st half	Full year
Domestic & export average	90,500	79,000	86,500	96,400	99,500

(3) Analysis of Factors Affecting Ordinary Income: FY2009 1Q vs. FY2008 1Q
(Consolidated, in billions of yen)

	FY2009 1Q	FY2008 1Q	Amount of decrease
Ordinary income	(22.9)	42.6	65.5

Factors Increasing Profits		Factors Decreasing Profits	
Cost reductions	10.0	Production and shipments	(15.0)
		Raw material prices	(7.0)
		Effect of steel inventory valuation*	(30.0)
		Consolidated subsidiaries & equity valued affiliates	(16.0)
		Other	(7.5)
Total	10.0	Total	(75.5)

* Includes effect from the lower-of-cost-or-market method.

Analysis of Factors Affecting Ordinary Income :
FY2009 Current Forecast vs. Previous Forecast
(Consolidated, in billions of yen)

	Current forecast	Previous forecast	Amount of increase
Ordinary income	(30.0)	(30.0)	0.0

Factors Increasing Profits		Factors Decreasing Profits	
Raw material prices	17.0	Production and shipments	(15.0)
Cost reductions	15.0	Effect of steel inventory valuation*	(7.0)
		Consolidated subsidiaries & equity valued affiliates	(5.5)
		Other	(4.5)
Total	32.0	Total	(32.0)

* Includes effect from the lower-of-cost-or-market method.

Analysis of Factors Affecting Ordinary Income: FY2009 Forecast vs. FY2008
(Consolidated, in billions of yen)

	FY2009 forecast	FY2008	Amount of decrease
Ordinary income (loss)	(30.0)	60.8	90.8

Factors Increasing Profits		Factors Decreasing Profits	
Raw material prices	73.0	Production & shipments	(158.0)
Cost reductions	39.5	Effect of steel inventory valuation*	(34.5)
Effect of aluminum & copper inventory valuation*	14.0	Consolidated subsidiaries & equity valued affiliates	(27.0)
Other	2.2		
Total	128.7	Total	(219.5)

* Includes effect from the lower-of-cost-or-market method.

Analysis of Factors Affecting Ordinary Income: FY2009 1st-half vs 2nd-half forecast
(Consolidated, in billions of yen)

	FY2009 1st half	FY2009 2nd half	Amount of increase
Ordinary income (loss)	(65.0)	35.0	100.0

Factors Increasing Profits		Factors Decreasing Profits	
Raw material prices	31.0	Production & shipments	(3.0)
Cost reductions	7.0	Other	(0.5)
Effect of steel inventory valuation*	49.0		
Consolidated subsidiaries & equity valued affiliates	16.5		
Total	103.5	Total	(3.5)

* Includes effect from the lower-of-cost-or-market method.

(4) Interest-bearing Debt

(in billions of yen)	FY2008	FY2009 Forecast
Consolidated debt*	855.9	990.0
Consolidated D/E ratio** (times)	1.7	2.1
Non-consolidated debt	727.4	840.0

* Debt excludes IPP project financing.

** Debt/equity ratio = Interest-bearing debt (excluding IPP project financing)/stockholders' equity

For Reference: FY2009 1Q vs FY2008 1Q by Segment

(In billions of yen)

		FY2009 1Q	FY2008 1Q
Iron & Steel	Sales	161.0	259.1
	Operating Income (loss)	(27.2)	28.6
Wholesale Power Supply	Sales	19.7	16.9
	Operating Income	5.0	4.0
Aluminum & Copper	Sales	57.6	113.8
	Operating Income (loss)	(1.0)	2.1
Machinery	Sales	71.8	57.8
	Operating Income	9.0	1.0
Construction Machinery	Sales	59.3	87.9
	Operating Income	(0.1)	6.7
Real Estate	Sales	10.4	7.6
	Operating Income	1.1	0.7
Electronic Materials & Other Businesses	Sales	8.7	13.3
	Operating Income (loss)	(1.0)	1.0
Eliminations	Sales	(11.0)	(13.7)
	Operating Income	0.7	0.9
Total	Sales	377.8	543.0
	Operating Income (loss)	(13.5)	45.2

For Reference:

Historical Quarterly Production and Sales of Steel Products (Non-consolidated)

Production & Sales Volume (In millions of metric tons)

FY2008	1st half			2nd half			Total
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Crude steel	2.07	2.11	4.18	1.83	1.22	3.05	7.23
Sales volume	1.75	1.73	3.48	1.67	1.02	2.69	6.17
Export ratio (value basis)	21.0%	22.3%	21.7%	21.6%	20.1%	21.0%	21.4%

Sales Prices (In yen per metric ton)

FY2008	1st half			2nd half			Total
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Domestic & overseas ave.	86,500	106,300	96,400	106,400	99,100	103,600	99,500

Note:

Portions of this material referring to forecasts are based on currently available information as of today. Actual business results may differ considerably due to various changeable conditions in the future.

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