Kobe Steel, Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

Years ended March 31, 2012 and 2011

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Kobe Steel, Ltd. ("the Company") and its consolidated subsidiaries ("the Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective country of domicile, with necessary adjustments to be in accordance with Japanese GAAP.

The accompanying consolidated financial statements have been restructured and translated into English with certain expanded disclosure from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2012, which was ¥82.19 to U.S. $1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Accounting Policies

(1) Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries, the management of which is controlled by the Company. For the year ended March 31, 2012, the accounts of 165 (164 in 2011) subsidiaries have been included in the consolidated financial statements. Intercompany transactions and accounts have been eliminated.

Seventy-two (69 in 2011) consolidated subsidiaries are consolidated using a fiscal period ending December 31, which differs from that of the Company. Any material transactions or events occurring during the January 1 to March 31 period are adjusted for in these consolidated financial statements.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired the control of the respective subsidiary.

Investments in unconsolidated subsidiaries and affiliates over which the Company has significant influence, except for insignificant companies, are accounted for by the equity method. For the year ended March 31, 2012, 47 (43 in 2011) affiliates were accounted for by the equity method.

The difference between the cost of an investment in a subsidiary and the equity in the net assets of the subsidiary at the date of acquisition, if considered significant, is amortized over the estimated number of years when the amortization period can be determined or over five years when it cannot. Where the difference is small, it's recognized as expense when incurred.

When the Company's share of the net losses of an affiliate exceeds the adjusted cost of the investment, the Company discontinues applying the equity method and the investment is reduced to zero. Losses in excess of the amounts due from the investee are recorded in other payables when the losses are expected to be shared by the Company.

(2) Securities

The Group has no trading securities. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies, which are not consolidated or accounted for using the equity method, are stated at moving average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of valuation and translation adjustments in net assets. Realized gains and losses on the sale of such securities are computed using moving average cost based on the carrying value at March 31, 2000 or at the later date of purchase.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies or available-for-sale securities declines significantly, the securities are stated at fair market value, and the difference between the fair market value and the carrying amount is recognized as a loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, the securities are written down to net asset value with a corresponding charge in the statement of income in the event net asset value declines significantly. In these cases, the fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(3) Allowance for Doubtful Accounts

The Group provides for doubtful accounts principally at an amount based on the actual ratio of bad debts in the past plus the estimated uncollectible amounts of certain individual receivables.

(4) Provision for Loss on Construction Contracts

Provision for loss on construction contracts is stated at an amount based on the estimated loss from construction contracts at the end of the fiscal year.

(5) Provision for Environmental Measures

The provision for environmental measures for obligatory PCB treatment is stated as an estimated cost at the end of the fiscal year.

(6) Inventories

Inventories are valued at lower of cost or net realizable value. Cost is determined principally by the average method in the Iron & Steel, Welding and Aluminum & Copper segments and by the specific identification method for finished goods and work in progress in the Machinery, Natural Resources & Engineering, Kobelco Eco-Solutions, Construction Machinery and Kobelco Cranes segments.

(7) Depreciation

Depreciation of plant and equipment and intangible assets is provided principally by the straight-line method for buildings and structures and intangible assets and by the declining balance method for machinery and equipment.

The useful life of these assets is determined mainly by schedules in Japanese tax laws. Intangible assets include software for internal use, which is amortized over the estimated useful life of five years.

Depreciation of leased assets under finance leases that do not transfer ownership is provided by the straight-line method with the lease term as the useful life.

(8) Income Taxes

The Company and its domestic consolidated subsidiaries apply deferred tax accounting to recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes.

Deferred taxes relating to temporary differences between financial accounting and tax reporting are also recognized by certain foreign consolidated subsidiaries.

(9) Employees' Severance and Retirement Benefits

The Company and its domestic consolidated subsidiaries provide two types of post-employment benefit plans: unfunded lump-sum payment plans and funded non-contributory pension plans. A domestic consolidated subsidiary provides a contribution pension plan.

The Company and its domestic consolidated subsidiaries provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets.

Prior service cost is recognized in expenses using the straight-line method over mainly 16 years, which is within the average of the estimated remaining service years of employees.

Actuarial gains and losses are recognized in expenses using the straight-line method over mainly 16 years for those accrued after 2011, mainly 15 years for those accrued in 2010, mainly 14 years for those accrued in 2009 and 2008, and mainly 12 years for those accrued in and before 2007, which is within the average of the estimated remaining service years of employees commencing with the following period.

(10) Land Revaluation

In the years ended March 31, 2002 and 2001, land used for operations was revaluated by certain consolidated subsidiaries in accordance with the Land Revaluation Law. The revaluation amount, net of related taxes, is shown as a separate component of valuation and translation adjustments in net assets.

(11) Bond Issue Expenses and Share Issue Expenses

Bond issue expenses and share issue expenses are charged to expenses as they are incurred by the Company and its consolidated subsidiaries.

(12) Translation of Foreign Currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end rates.

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at year-end rates, except net asset accounts, which are translated at historical rates. Statements of operations of consolidated overseas subsidiaries are translated into Japanese yen at average rates for the period, except items resulting from transactions with the Company, which are translated at rates used by the Company.

The Company and its domestic consolidated subsidiaries report foreign currency translation adjustments in net assets and minority interests.

(13) Construction Contracts

The Company and its domestic consolidated companies apply the percentage of completion method to work where the outcome of individual contracts can be estimated reliably, otherwise the completed contract method is applied.

(14) Leases

The Company and its domestic consolidated subsidiaries account for finance leases that do not transfer ownership of the lease assets and that started prior to April 1, 2008 in the same manner as operating leases.

(15) Derivatives

The Company and its domestic consolidated subsidiaries state derivative financial instruments at fair value and recognize changes in the fair value as gain or loss unless the derivative financial instrument was used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Group defers recognition of gain or loss resulting from changes in the fair value of the derivative financial instruments until the related loss or gain on the corresponding hedged item is recognized ("deferred hedge" method). Deferred gains and deferred losses on these derivative instruments are reported, net of applicable income taxes, as a separate component of valuation and translation adjustments in net assets.

If foreign currency exchange contracts are used as hedges and meet certain hedging criteria, the hedged items are stated at the forward exchange rates ("assigning" method). Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed ("exceptional" method).

(16) Consolidated Tax Return

From the fiscal year ended March 31, 2004, the Company has filed a consolidated tax return with certain domestic subsidiaries.

(17) Cash and Cash Equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(18) Accounting Standard for Asset Retirement Obligations

Effective from the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Asset Retirement Obligations" (Statement No. 18, issued by the Accounting Standards Board of Japan on March 31, 2008) and the new application guidance, "Guidance on Accounting Standard for Asset Retirement Obligations" (Guidance No. 21, issued by the Accounting Standards Board of Japan on March 31, 2008). As a result, operating income, ordinary income and income before income taxes were ¥4 million, ¥295 million and ¥2,676 million less, respectively, than the amounts that would have been recorded without the change.

(19) Accounting Standard for Business Combinations and Related Matters

Effective from the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries adopted the following accounting standards:

"Accounting Standard for Business Combinations" (Statement No. 21, issued by the Accounting Standards Board of Japan on December 26, 2008);

"Accounting Standard for Consolidated Financial Statements" (Statement No. 22, issued by the Accounting Standards Board of Japan on December 26, 2008);

"Partial amendments to Accounting Standard for Research and Development Costs" (Statement No. 23, issued by the Accounting Standards Board of Japan on December 26, 2008);

"Revised Accounting Standard for Business Divestitures" (Statement No. 7, revised by the Accounting Standards Board of Japan on December 26, 2008);

"Revised Accounting Standard for Equity Method of Accounting for Investments" (Statement No. 16, revised by the Accounting Standards Board of Japan on December 26, 2008); and

"Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Statement No. 10, revised by the Accounting Standards Board of Japan on December 26, 2008).

(20) Change in Presentation Method

Consolidated Balance Sheets

The account for "lease receivables and investment assets" had been included in current assets and other. From the year ended March 31, 2011, the importance of "lease receivables and investment assets" has increased. Therefore, the account is included in trade and finance for the years ended March 31, 2011 and 2010.

Consolidated Statements of Cash Flows

The account for "Decrease (increase) in lease receivables and investment assets" was included in cash flows from operating activities and other. Effective from the year ended March 31, 2011, the importance of "Decrease (increase) in lease receivables and investment assets" has increased. Therefore, it is presented separately for the years ended March 31, 2011 and 2010.

(21) Additional Information

Effective from the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Comprehensive Income" (Statement No. 25, issued by the Accounting Standards Board of Japan on June 30, 2010). As a result of the adoption of this standard, the Company has presented the consolidated statement of comprehensive income in the consolidated financial statements for the fiscal year ended March 31, 2011. The consolidated balance sheet and the consolidated statement of changes in net assets as of and for the fiscal year ended March 31, 2010 have been modified to conform with the new presentation rules of 2011. In addition, the Company has presented the consolidated statement of comprehensive income for the fiscal year ended March 31, 2010 as well as that for the fiscal year ended March 31, 2011.

The Company and its consolidated domestic subsidiaries adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No. 24, issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and corrections of prior period errors made from the fiscal year beginning on April 1, 2011.

3. Leases

Future minimum lease payments as lessee under operating leases at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Due within one year	¥ 5,693	¥ 5,689	$ 69,266
Due after one year	11,528	13,199	140,260
	¥17,221	¥18,888	$209,526

Future minimum lease payments receivable as lessor under operating leases at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Due within one year	¥ 422	¥ 457	$ 5,134
Due after one year	2,925	3,110	35,588
	¥3,347	¥3,567	$40,722

4. Financial Instruments

Policies for using financial instruments

The Group raises long-term funds mainly through bank loans and bonds based on its capital budget. For short-term capital needs, the Group raises funds mainly through bank loans and commercial paper in relation to its projected income and working capital. The Group invests temporary excess cash in highly liquid assets. The Group enters into derivative contracts to hedge the risks discussed below and does not enter into derivative transactions for trading or speculative purposes.

Financial instruments, exposure to risk, and policies and processes for managing risk

Notes and accounts receivables are exposed to the credit risks of customers. In order to manage these risks, the Group continually monitors whether due dates are properly met for each customer and evaluates the credit standing of major customers based on credit management policies. Accounts receivable denominated in foreign currencies are exposed to the risk of changes in foreign currency exchange rates. In order to hedge these risks, the Group utilizes forward currency exchange contracts.

Investments in securities consist principally of listed shares of customers and are exposed to the risk of changes in quoted market prices. Quoted market prices of the securities are regularly monitored and reported to the Board of Directors and management evaluates the effectiveness of holding the securities taking into consideration the customer relationships.

Notes and accounts payable and borrowings are exposed to liquidity risk. The Group makes adequate financial plans to manage the risk. Floating rate long-term borrowings are exposed to the additional risk of changes in interest rates. In order to manage the risk, the Group enters into interest rate swap agreements. Furthermore, accounts payable denominated in foreign currencies are exposed to the risk of changes in foreign currency exchange rates. The Group uses forward currency exchange contracts and currency option contracts to manage the risk of currency fluctuations.

Derivative transactions comprise forward currency exchange contracts, currency option contracts, interest rate swap agreements, as described above, and commodity forward contracts to hedge the risk of movements in the market value of aluminum and copper. The Group is also exposed to credit risk in the event of nonperformance by the counterparties to its derivative instruments. However, the Group does not expect any counterparties to fail to meet their obligations because of the high credit rating of the counterparties. The Group has established policies and controls to manage both market and credit risk, including using only highly rated banks and trading companies as counterparties, hedging exposed positions, limiting transaction types and amounts and reporting to management.

Supplemental information on fair values

Fair values of financial instruments include values estimated by using reasonable methods of valuation as well as values based on quoted market prices. Estimates resulting from these methods are subjective in nature and involve uncertainties and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The contracted amounts of the derivative transactions presented below in Note 6, “Derivative Transactions” do not reflect exposure to market risk or credit risk for the derivative instruments themselves.

Fair value of financial instruments

Carrying amounts of the financial instruments included in the consolidated balance sheet and their fair values at March 31, 2012 and 2011 were as follows:

	Millions of yen						Thousands of U.S. dollars (Note1)
	2012			2011			2012
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Difference
Cash and time deposits	¥ 95,379	¥ 95,379	¥ —	¥145,875	¥145,875	¥ —	$ —
Notes and accounts receivable "Trade and finance"	313,108	313,087	(21)	287,703	287,698	(5)	(256)
Investments in securities:							
Held-to-maturity debt securities	23	23	—	26	26	—	—
Securities of subsidiaries and affiliates	17,396	33,187	15,791	16,536	56,042	39,506	192,128
Available-for-sale securities	102,468	102,468	—	115,414	115,414	—	—
Notes and accounts payable "Trade"	(361,104)	(361,104)	—	(391,678)	(391,678)	—	—
Short-term borrowings and current portion of long-term borrowings	(204,720)	(205,410)	(690)	(170,658)	(171,546)	(888)	(8,395)
Bonds included in current portion of long-term debt	(35,176)	(35,551)	(375)	(35,836)	(36,646)	(810)	(4,563)
Bonds included in long-term debt	(172,173)	(179,714)	(7,541)	(177,349)	(184,956)	(7,607)	(91,751)
Long-term borrowings included in long-term debt	(394,580)	(409,625)	(15,045)	(441,099)	(456,956)	(15,857)	(183,051)
Lease obligations	(32,523)	(33,468)	(945)	(36,453)	(38,327)	(1,874)	(11,498)
Derivative transactions:							
Hedge accounting is not applied	(421)	(421)	—	(705)	(705)	—	—
Hedge accounting is applied	(126)	(126)	—	1,482	1,482	—	—

Notes:

1. Liabilities are presented with parentheses ( ).
2. Assets and liabilities arising from derivative transactions are presented after offset and with parentheses ( ) if the offset results in a liability.
3. Methods used to estimate fair value were as follows:

Cash and time deposits and notes and accounts receivable "Trade and finance"
The carrying amount approximates fair value because of the short maturities of these instruments.

Investments in securities
The fair value is estimated based mainly on quoted market prices.

Notes and accounts payable "Trade," short-term borrowings and current portion of long-term borrowings
The carrying amount approximates fair value because of the short maturities of these instruments.
The fair value of the current portion of long-term borrowings is estimated based on the present value of future cash flows using the current borrowing rate for similar debt of comparable maturity.

Bonds
The fair value is estimated based mainly on quoted market prices.

Long-term borrowings and lease obligations
The fair value of long-term borrowings and lease obligations are estimated based on the present value of future cash flows using the current rate for similar borrowings of comparable maturity.

Derivative transactions
See Note 6 below.

Financial instruments whose fair values are difficult to estimate were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Non-listed equity securities	¥59,785	¥58,279	$727,400

The aggregate annual maturities of financial assets at March 31, 2012 and 2011 were as follows:

Cash and time deposits

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Due within 1 year	¥95,379	¥145,875	$1,160,470
Due after 1 year through 5 years	—	—	—
Due after 5 years through 10 years	—	—	—
Due after 10 years	—	—	—
	¥95,379	¥145,875	$1,160,470

Notes and accounts receivable "Trade and finance"

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Due within 1 year	¥286,423	¥266,369	$3,484,889
Due after 1 year through 5 years	25,166	19,514	306,193
Due after 5 years through 10 years	943	1,063	11,473
Due after 10 years	576	757	7,008
	¥313,108	¥287,703	$3,809,563

Held-to-maturity debt securities

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Due within 1 year	¥ 4	¥ 4	$ 49
Due after 1 year through 5 years	15	15	182
Due after 5 years through 10 years	4	7	49
Due after 10 years	—	—	—
	¥23	¥26	$280

5. Securities

The following table summarizes carrying amounts of securities with no available fair values as of March 31, 2012 and 2011:

	Millions of yen						Thousands of U.S. dollars (Note1)
	2012			2011			2012
	Carrying amounts	Fair values	Difference	Carrying amounts	Fair values	Difference	Difference
Held-to-maturity debt securities							
Securities with available carrying amounts not exceeding fair values:							
Non-listed domestic bonds	¥23	¥23	¥—	¥26	¥26	¥—	$—

The following tables summarize acquisition costs, carrying amounts and fair values of securities with available fair values as of March 31, 2012 and 2011:

	Millions of yen						Thousands of U.S. dollars (Note1)
	2012			2011			2012
	Carrying amounts	Acquisition costs	Difference	Carrying amounts	Acquisition costs	Difference	Difference
Available-for-sale securities							
Securities with available carrying amounts exceeding acquisition costs:							
Equity securities	¥ 54,589	¥22,204	¥32,385	¥ 67,099	¥28,534	¥38,565	$394,026
Other	—	—	—	—	—	—	—
	54,589	22,204	32,385	67,099	28,534	38,565	394,026
Securities with available carrying amounts not exceeding acquisition costs:							
Other securities:							
Equity securities	47,879	65,050	(17,171)	48,306	59,764	(11,458)	(208,918)
Other	—	—	—	9	10	(1)	—
	47,879	65,050	(17,171)	48,315	59,774	(11,459)	(208,918)
	¥102,468	¥87,254	¥15,214	¥115,414	¥88,308	¥27,106	$185,108

Sales of available-for-sale securities for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Sales	¥2,182	¥191	$26,548
Gains on sales	1,572	48	19,126
Losses on sales	(217)	(3)	(2,640)

6. Derivative Transactions

Derivative transactions for which hedge accounting is not applied

Forward currency exchange contracts outstanding at March 31, 2012 and 2011 were as follows:

	Millions of yen						Thousands of U.S. dollars (Note1)
	2012			2011			2012
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)	Recognized gain (loss)
Foreign currency exchange contracts							
To sell foreign currencies:							
U.S. dollars	¥16,170	¥16,324	¥(154)	¥15,265	¥15,450	¥(185)	$(1,874)
Others	52	53	(1)	260	267	(7)	(12)
To buy foreign currencies:							
U.S. dollars	10,011	10,016	5	15,467	15,252	(215)	61
Others	8,487	8,262	(225)	2,461	2,423	(38)	(2,738)
Foreign currency options							
To sell foreign currency options							
Call							
U.S. dollars	¥ 953 [17]	¥ 36	¥ (19)	¥ 1,655 [36]	¥ 36	¥ 0	$ (231)
To buy foreign currency options							
Put							
U.S. dollars	953 [17]	9	(7)	1,655 [36]	24	(12)	(85)
			¥(401)			¥(457)	$(4,879)

Notes:
1. Foreign currency exchange contracts
   The fair values were estimated by multiplying the contracted foreign currency amount by the forward rate.
2. Foreign currency options
   The fair values were estimated by obtaining quotes from counterparty banks.
3. Option premiums were presented below the contracted amount with brackets [ ] .
   Foreign currency options were zero cost options, which means that option premiums were not payed or received.

Interest rate swap agreements outstanding at March 31, 2012 and 2011 were as follows:

	Millions of yen						Thousands of U.S. dollars (Note1)
	2012			2011			2012
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)	Recognized gain (loss)
Interest rate swap agreements							
To receive fixed and pay floating followed by fixed rates	¥—	¥—	¥—	¥35,300	¥(230)	¥(230)	$—

Note: The recognized gains (losses) were estimated by obtaining quotes from counterparty banks.

Commodity forward contracts outstanding at March 31, 2012 and 2011 were as follows:

	Millions of yen						Thousands of U.S. dollars (Note1)
	2012			2011			2012
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)	Recognized gain (loss)
Commodity forward contracts							
To sell commodity	¥ —	¥ —	¥ —	¥ 94	¥ 97	¥ (3)	$ —
To buy commodity	368	348	(20)	577	562	(15)	(243)
			¥(20)			¥(18)	$(243)

Note: The fair values were estimated by multiplying the contracted volume by the commodity future price.

Derivative transactions for which hedge accounting was applied

Forward currency exchange contracts outstanding at March 31, 2012 and 2011 were as follows:

	Millions of yen				Thousands of U.S. dollars (Note1)
	2012		2011		2012
	Contracted amount	Fair value	Contracted amount	Fair value	Fair value
Hedges for which the "Deferred hedge" method was applied					
Foreign currency exchange contracts					
To sell foreign currencies:					
U.S. dollars	¥34,229	¥35,339	¥43,574	¥42,074	$429,967
Others	7,235	6,754	4,710	4,762	82,175
To buy foreign currencies:					
U.S. dollars	7,112	7,034	20,200	19,156	85,582
Others	5,474	5,523	5,271	5,436	67,198
Foreign currency options					
To sell foreign currency options					
Put					
U.S. dollars	¥10,518 [233]	¥ 160	¥21,987 [829]	¥ 714	$ 1,947
Call					
U.S. dollars	275 [5]	6	291 [7]	7	73
To buy foreign currency options					
Put					
U.S. dollars	275 [5]	5	291 [7]	7	61
Call					
U.S. dollars	10,518 [233]	383	21,987 [829]	835	4,660
Hedges for which the "Assigning" method was applied					
Foreign currency exchange contracts					
To sell foreign currencies:					
U.S. dollars	¥32,367	¥ —	¥27,937	¥ —	$ —
Others	5,221	—	2,528	—	—
To buy foreign currencies:					
U.S. dollars	8,833	—	1,285	—	—
Others	35,239	—	23,788	—	—

Notes:

1. Foreign currency exchange contracts
   The fair values were estimated by multiplying the contracted foreign currency amount by the forward rate.
2. Foreign currency options
   The fair values were estimated by obtaining quotes from counterparty banks.
3. Hedges for which the "Assigning" method was applied
   For certain accounts receivable and accounts payable denominated in foreign currencies for which foreign currency exchange contracts were used to hedge the foreign currency fluctuations, the fair values were included in the fair values of the hedged accounts receivable and accounts payable.
4. Option premiums were presented below the contracted amount with brackets [ ] .
   Foreign currency options were zero cost options, which means that option premiums were not payed or received.

Interest rate swap agreements outstanding at March 31, 2012 and 2011 were as follows:

	Millions of yen				Thousands of U.S. dollars (Note1)
	2012		2011		2012
	Contracted amount	Fair value	Contracted amount	Fair value	Fair value
Hedges for which the “Exceptional” method was applied					
Interest rate swap agreements					
To receive floating and pay fixed rates	¥176,125	¥—	¥223,337	¥—	$—

Notes:

1. The fair values were estimated by obtaining quotes from counterparty banks.
2. Hedges for which the “Exceptional” method was applied
   For certain long-term debt for which interest rate swap agreements were used to hedge against the risk of interest rate fluctuation on variable interest rate debt, the fair values were included in the fair values of the long-term debt.

Commodity forward contracts outstanding at March 31, 2012 and 2011 were as follows:

	Millions of yen				Thousands of U.S. dollars (Note1)
	2012		2011		2012
	Contracted amount	Fair value	Contracted amount	Fair value	Fair value
Hedges for which the “Deferred hedge” method was applied					
Commodity forward contracts					
To sell commodity	¥ 1,794	¥ 1,798	¥ 3,345	¥ 3,609	$ 21,876
To buy commodity	12,695	13,008	16,901	17,957	158,267

Note: The fair values were estimated by multiplying the contracted volume by the commodity future price.

7. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Bank loans (average rate 4.30% in 2012 and 2.19% in 2011)	¥137,112	¥80,443	$1,668,232

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
0.528% to 2.5% yen bonds, due 2012 through 2022	¥207,349	¥213,186	$2,522,801
Loans, principally from banks and insurance companies, due 2012 through 2026	462,188	531,313	5,623,409
	669,537	744,499	8,146,210
Less current portion	102,784	126,051	1,250,566
	¥566,753	¥618,448	$6,895,644

The aggregate annual maturities of long-term debt at March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	2012
Due within 1 year	¥102,784	$1,250,566
Due after 1 year through 2 years	195,616	2,380,046
Due after 2 years through 3 years	76,969	936,476
Due after 3 years through 4 years	72,103	877,272
Due after 4 years through 5 years	85,538	1,040,735
Due after 5 years	136,527	1,661,115
	¥669,537	$8,146,210

At March 31, 2012 and 2011, assets pledged as collateral for short-term borrowings and long-term debt were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Assets pledged as collateral:			
Cash and time deposits	¥ 20,860	¥ 14,726	$ 253,802
Plant and equipment, net of accumulated depreciation	107,009	131,639	1,301,971
Other assets	28,497	20,290	346,721
	¥156,366	¥166,655	$1,902,494
Secured short-term borrowings and long-term debt:			
Bonds (includes those due within 1 year)	¥ 349	¥ 886	$ 4,246
Short-term borrowings	33,292	13,072	405,061
Long-term borrowings	55,071	68,283	670,045
	¥ 88,712	¥ 82,241	$1,079,352

At March 31, 2012 and 2011, included in the assets pledged as collateral were assets that were promised to be pledged as collateral for short-term borrowings, long-term borrowings and guarantees of loans were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Short-term borrowings	¥1,651	¥2,621	$20,088
Long-term borrowings	3,855	5,506	46,903
	¥5,506	¥8,127	$66,991

8. Contingent Liabilities

At March 31, 2012 and 2011, the Group was contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Trade notes discounted	¥ 3,524	¥20,541	$ 42,876
Trade notes endorsed	1,138	3,636	13,846
Guarantees of loans:			
Related parties	7,685	5,852	93,503
Others	93	126	1,132
	¥12,440	¥30,155	$151,357

Guarantees of loans include contingent guarantees and letters of awareness of ¥350 million ($4,258 thousand) in 2012 and ¥429 million in 2011.

9. Net Assets

Net assets comprise three subsections, which are the owners' equity, accumulated other comprehensive income and minority interests.

The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

10. Research and Development Expenses

Research and development expenses included in cost of sales and selling, general, and administrative expenses were ¥31,437 million ($382,492 thousand) for the year ended March 31, 2012 and ¥29,833 million for the year ended March 31, 2011.

11. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2012 and 2011 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Freight	¥ 42,762	¥ 40,977	$ 520,282
Employees' compensation	34,887	33,183	424,468
Research and development	11,328	10,661	137,827
Depreciation	4,125	4,393	50,189
Others	75,172	74,030	914,612
	¥168,274	¥163,244	$2,047,378

12. Income Taxes

Significant components of the Group's deferred income tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Deferred income tax assets:			
Tax loss carryforwards	¥ 22,283	¥ 20,432	$ 271,115
Unrealized profit	17,083	17,159	207,848
Employees' severance and retirement benefits	9,919	10,947	120,684
Loss on write-down of inventories	8,399	3,861	102,190
Loss on write-down of securities	8,397	5,099	102,166
Accrued bonuses to employees	7,147	8,689	86,957
Loss on impairment of fixed assets	6,582	9,950	80,083
Land revaluation	4,310	4,922	52,439
Other	38,878	43,403	473,026
Total deferred income tax assets	122,998	124,462	1,496,508
Valuation allowance	(80,024)	(66,024)	(973,646)
Deferred income tax assets	42,974	58,438	522,862
Deferred income tax liabilities:			
Unrealized holding gains on securities	8,431	12,136	102,579
Land revaluation	4,586	5,233	55,798
Special tax purpose reserve	3,070	3,793	37,352
Other	16,360	21,441	199,051
Total deferred income tax liabilities	32,447	42,603	394,780
Net deferred income tax assets	¥ 10,527	¥ 15,835	$ 128,082

The reconciliation of the statutory tax rate and the effective tax rate for the years ended March 31, 2012 and 2011 was as follows:

	2012	2011
Aggregate statutory income tax rate in Japan	40.6%	40.6%
Decrease in valuation allowance	49.3	(10.4)
Nondeductible entertainment expenses	8.2	2.8
Other	2.9	(11.2)
Effective income tax rate	101.0%	21.8%

13. Consolidated Statements of Comprehensive Income

Other comprehensive income for the fiscal years ended March 31, 2012 was as follows.

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	2012
Unrealized holding gains (losses) on securities, net—		
Unrealized holding gains (losses) arising during the period	¥(11,978)	$(145,736)
Less reclassification adjustment included in net income	(553)	(6,728)
	(12,531)	(152,464)
Tax benefit/(expense)	5,664	68,914
	(6,867)	(83,550)
Unrealized holding gains (losses) on derivative instruments, net—		
Unrealized holding gains (losses) arising during the period	(2,735)	(33,276)
Less reclassification adjustment included in net income	398	4,842
	(2,337)	(28,434)
Tax benefit/(expense)	631	7,677
	(1,706)	(20,757)
Revaluation reserve for land—		
Tax benefit/(expense)	661	8,042
	661	8,042
Foreign currency transaction adjustments—		
Transaction adjustments arising during the period	(4,792)	(58,304)
Less reclassification adjustment included in net income	—	—
	(4,792)	(58,304)
Tax benefit/(expense)	—	—
	(4,792)	(58,304)
Share of other comprehensive income of investments accounted for using the equity method		
Unrealized holding gains (losses) arising during the period	(44)	(535)
Less reclassification adjustment included in net income	825	10,038
	781	9,503
Other comprehensive income	¥(11,923)	$(145,066)

14. Consolidated Statements of Changes in Net Assets

Changes in number of shares issued and outstanding during the year ended March 31, 2012 were as follows:

	Number of shares
Common stock outstanding	
Balance at March 31, 2011	3,115,061,100
(No increase)	—
(No decrease)	—
Balance at March 31, 2012	3,115,061,100

	Number of shares
Treasury stock outstanding	
Balance at March 31, 2011	114,026,072
Increase due to purchase of odd-lot stock	173,333
Decrease due to sale of odd-lot stock	(64,139)
Increase (decrease) due to other reasons, net	—
Balance at March 31, 2012	114,135,266

15. Consolidated Statements of Cash Flows

The reconciliation of cash and cash equivalents in the cash flow statements and balance sheets as of March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash and time deposits in the balance sheets	¥ 95,379	¥145,875	$1,160,470
Time deposits due over 3 months	(77)	(130)	(937)
Short-term investments with maturities within 3 months included in current assets and other	6,599	43,963	80,289
Cash and cash equivalents in cash flow statements	¥101,901	¥189,708	$1,239,822

16. Related Party Transactions

Net sales include sales to Shinsho Corporation, which is an affiliate of the Company, of ¥214,927 million ($2,615,002 thousand) and ¥216,325 million for the years ended March 31, 2012 and 2011, respectively.

17. Employees' Severance and Retirement Benefits

The liability for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Projected benefit obligation	¥(165,617)	¥(163,592)	$(2,015,050)
Fair value of pension assets	136,000	142,799	1,654,703
Unrecognized net transition obligation	208	278	2,531
Unrecognized actuarial differences	12,811	16,921	155,870
Unrecognized prior service cost	11,468	—	139,530
Prepaid pension cost	(47,457)	(25,752)	(577,406)
Liability for severance and retirements benefits	¥ (52,587)	¥ (29,346)	$ (639,822)

Included in the consolidated statements of operations for the years ended March 31, 2012 and 2011 were severance and retirement benefit expenses that comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Service costs – benefits earned during the year	¥ 7,295	¥ 6,387	$ 88,758
Interest cost on projected benefit obligation	3,215	3,357	39,116
Expected return on plan assets	(216)	(260)	(2,628)
Amortization of net transition obligation	70	174	852
Amortization of actuarial differences	1,807	2,220	21,985
Amortization of prior service cost	549	—	6,680
Severance and retirement benefit expenses	¥12,720	¥11,878	$154,763

Notes:
1. The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years.
2. The discount rate was mainly 2.0% for the years ended March 31, 2012 and 2011.
   The rate of expected return on plan assets was mainly 0.1% for the years ended March 31, 2012 and 2011, respectively.

18. Segment Information

Segment information

1. Overview of reportable segments

The reportable segments of the Group are defined as components of the entity for which separate financial information is available, that is reviewed regularly by the Board of directors to decide how to allocate management resources and to evaluate operating performance.

The Company has business departments based on products and services (a portion of the products and services are made by subsidiaries) and every business department and subsidiary plans domestic and foreign global strategy to operate business.

The Group consists of segments of business departments and subsidiaries based on products and services. The reportable segments consist of five business groups of the Company and subsidiaries (Iron & Steel, Welding, Aluminum & Copper, Machinery, Natural Resources & Engineering) and three business groups of its subsidiaries (Kobelco Eco-Solutions, Kobelco Construction Machinery, Kobelco Cranes).

2. Methods to calculate sales, income (loss), assets and other items of reportable segments

The accounting policies of the reportable segments are the same as ones described in Note 2, "Summary of Accounting Policies." Profit (loss) of reportable segments is based on ordinary income (loss). Intersegment sales prices are based on prices applicable to transactions with third parties.

3. Information about sales, income (loss), assets and other items of reportable segments

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Sales to outside customers:			
Iron & Steel	¥ 816,785	¥ 802,924	$ 9,937,766
Welding	83,155	76,353	1,011,741
Aluminum & Copper	288,641	301,144	3,511,875
Machinery	145,855	149,198	1,774,607
Natural Resources & Engineering	55,441	62,546	674,547
Kobelco Eco-Solutions	70,351	67,377	855,956
Kobelco Construction Machinery	306,108	311,946	3,724,395
Kobelco Cranes	42,504	35,295	517,143
Other Businesses	53,151	50,239	646,685
Elimination	2,700	1,552	32,850
Consolidated total	1,864,691	1,858,574	22,687,565
Intersegment sales:			
Iron & Steel	37,452	37,458	455,676
Welding	1,261	1,438	15,342
Aluminum & Copper	1,286	2,873	15,647
Machinery	6,958	5,324	84,658
Natural Resources & Engineering	431	1,719	5,244
Kobelco Eco-Solutions	846	2,228	10,293
Kobelco Construction Machinery	1,052	1,197	12,800
Kobelco Cranes	5,501	5,673	66,930
Other Businesses	16,034	15,341	195,084
Elimination	(70,821)	(73,251)	(861,674)
Consolidated total	—	—	—
Total sales:			
Iron & Steel	854,237	840,382	10,393,442
Welding	84,417	77,792	1,027,096
Aluminum & Copper	289,928	304,017	3,527,534
Machinery	152,813	154,521	1,859,265
Natural Resources & Engineering	55,872	64,264	679,791
Kobelco Eco-Solutions	71,196	69,605	866,237
Kobelco Construction Machinery	307,160	313,144	3,737,194
Kobelco Cranes	48,005	40,968	584,073
Other Businesses	69,185	65,580	841,769
Elimination	(68,122)	(71,699)	(828,836)
Consolidated total	1,864,691	1,858,574	22,687,565
Segment income (loss):			
Iron & Steel	(14,686)	23,734	(178,684)
Welding	3,119	4,621	37,949
Aluminum & Copper	6,081	14,790	73,987
Machinery	9,900	14,513	120,453
Natural Resources & Engineering	342	3,052	4,161
Kobelco Eco-Solutions	4,235	3,136	51,527
Kobelco Construction Machinery	22,866	26,303	278,209
Kobelco Cranes	162	(1,364)	1,971
Other Businesses	7,200	6,494	87,602
Elimination	(5,439)	(6,196)	(66,176)
Consolidated total	¥ 33,780	¥ 89,083	$ 410,999

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Assets:			
Iron & Steel	¥ 954,391	¥ 969,394	$11,612,009
Welding	62,858	62,327	764,789
Aluminum & Copper	193,610	213,798	2,355,639
Machinery	156,032	149,748	1,898,430
Natural Resources & Engineering	58,634	74,839	713,396
Kobelco Eco-Solutions	55,123	52,316	670,678
Kobelco Construction Machinery	370,544	285,066	4,508,383
Kobelco Cranes	49,273	44,251	599,501
Other Businesses	159,251	161,164	1,937,596
Elimination	99,796	218,630	1,214,211
Consolidated total	2,159,512	2,231,533	26,274,632
Depreciation:			
Iron & Steel	81,037	75,732	985,972
Welding	2,587	2,800	31,476
Aluminum & Copper	14,456	15,737	175,885
Machinery	5,613	5,749	68,293
Natural Resources & Engineering	547	553	6,655
Kobelco Eco-Solutions	1,162	1,203	14,138
Kobelco Construction Machinery	6,489	6,452	78,951
Kobelco Cranes	621	910	7,556
Other Businesses	3,321	3,446	40,406
Elimination	2,205	2,238	26,828
Consolidated total	118,038	114,820	1,436,160
Amortization of goodwill:			
Iron & Steel	—	—	—
Welding	196	486	2,385
Aluminum & Copper	—	21	—
Machinery	—	—	—
Natural Resources & Engineering	—	1	—
Kobelco Eco-Solutions	—	—	—
Kobelco Construction Machinery	—	10	—
Kobelco Cranes	—	—	—
Other Businesses	—	—	—
Elimination	0	—	0
Consolidated total	196	518	2,385
Interest income:			
Iron & Steel	86	77	1,046
Welding	120	46	1,460
Aluminum & Copper	188	130	2,287
Machinery	58	26	706
Natural Resources & Engineering	396	635	4,818
Kobelco Eco-Solutions	20	18	243
Kobelco Construction Machinery	3,391	2,516	41,258
Kobelco Cranes	34	18	414
Other Businesses	45	47	548
Elimination	(251)	(383)	(3,054)
Consolidated total	¥ 4,087	¥ 3,130	$ 49,726

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Interest expense:			
Iron & Steel	¥ 8,121	¥ 8,272	$ 98,808
Welding	24	23	292
Aluminum & Copper	1,702	2,060	20,708
Machinery	61	191	742
Natural Resources & Engineering	19	83	231
Kobelco Eco-Solutions	64	70	779
Kobelco Construction Machinery	4,350	3,938	52,926
Kobelco Cranes	114	88	1,387
Other Businesses	508	547	6,181
Elimination	4,814	5,413	58,571
Consolidated total	19,777	20,685	240,625
Equity in income (loss) of unconsolidated subsidiaries and affiliates:			
Iron & Steel	3,968	2,498	48,278
Welding	167	365	2,032
Aluminum & Copper	(88)	(446)	(1,071)
Machinery	(97)	22	(1,180)
Natural Resources & Engineering	(1,151)	(1,084)	(14,004)
Kobelco Eco-Solutions	—	—	—
Kobelco Construction Machinery	3,940	492	47,938
Kobelco Cranes	74	(61)	900
Other Businesses	967	1,153	11,766
Elimination	98	139	1,192
Consolidated total	7,878	3,078	95,851
Investments in unconsolidated subsidiaries and affiliates:			
Iron & Steel	38,890	36,850	473,172
Welding	1,431	1,293	17,411
Aluminum & Copper	481	634	5,852
Machinery	4,670	312	56,820
Natural Resources & Engineering	5,352	7,710	65,117
Kobelco Eco-Solutions	—	—	—
Kobelco Construction Machinery	11,203	7,309	136,306
Kobelco Cranes	297	336	3,614
Other Businesses	10,246	9,840	124,662
Elimination	(2,782)	(3,171)	(33,848)
Consolidated total	69,788	61,113	849,106
Capital expenditures:			
Iron & Steel	47,254	54,544	574,936
Welding	2,569	971	31,257
Aluminum & Copper	8,731	9,551	106,230
Machinery	4,955	3,686	60,287
Natural Resources & Engineering	1,031	324	12,544
Kobelco Eco-Solutions	1,103	1,809	13,420
Kobelco Construction Machinery	22,700	12,372	276,189
Kobelco Cranes	2,122	2,411	25,818
Other Businesses	4,001	4,646	48,680
Elimination	1,619	1,064	19,698
Consolidated total	¥ 96,085	¥ 91,378	$ 1,169,059

Notes:
1. Other Businesses include Shinko Real Estate, Kobelco Research Institute and other businesses.
2. Details about elimination at March 31, 2012 and 2011 are as follows:

Segment income (loss)
Elimination is mainly financial profit or loss which isn't attributed to reportable segments and other businesses.

Assets
Elimination is mainly investments in securities which isn't attributed to reportable segments and other businesses.

Depreciation
Elimination is related mainly to the assets of administrative departments which isn't attributed to reportable segments and other businesses.

Interest income
Elimination is related mainly to intersegment transactions.

Interest expense
Elimination is related mainly to financial liabilities which aren't attributed to reportable segments and other businesses.

Equity in income (loss) of unconsolidated subsidiaries and affiliates
Elimination is related mainly to the income (loss) of affiliates which isn't attributed to reportable segments and other businesses.

Investments in unconsolidated subsidiaries and affiliates
Elimination is related mainly to intersegment transactions.

Capital expenditures
Elimination is related mainly to the assets of administrative departments which isn't attributed to reportable segments and other businesses.

Related information

1. Information by products and services

This information is omitted because classification products and services is the same as that of reportable segments.

2. Information by geographic segments

(1) Net sales

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	2012
Japan	¥1,195,772	$14,548,875
China	232,858	2,833,167
Others	436,061	5,305,523
Consolidated total	¥1,864,691	$22,687,565

(2) Plant and equipment

This information is omitted because the carrying amount of plant and equipment in Japan is over 90% of that on the balance sheet.

3. Information by major customer

Net sales

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	2012
Shinsho Corporation	¥268,721	$3,269,510
Metal One Corporation	208,508	2,536,902

Loss on impairment of fixed assets by reportable segments

Nothing to report

Amortization and balance of goodwill by reportable segments

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	2012
Amortization		
Iron & Steel	¥ —	$ —
Welding	196	2,385
Aluminum & Copper	—	—
Machinery	—	—
Natural Resources & Engineering	—	—
Kobelco Eco-Solutions	—	—
Kobelco Construction Machinery	—	—
Kobelco Cranes	—	—
Other Businesses	—	—
Elimination	0	0
Consolidated total	196	2,385
Balance		
Iron & Steel	—	—
Welding	—	—
Aluminum & Copper	—	—
Machinery	—	—
Natural Resources & Engineering	—	—
Kobelco Eco-Solutions	—	—
Kobelco Construction Machinery	—	—
Kobelco Cranes	—	—
Other Businesses	—	—
Elimination	—	—
Consolidated total	¥ —	$ —

Amortization of negative goodwill by reportable segments

Nothing to report

19. Net Income Per Share

The basis of calculating net income per share for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars (Note 1)
	Net income	Weighted average number of shares	EPS	EPS
For the year ended March 31, 2012				
Net income available to common shareholders	¥(14,248)	3,000,951	¥ (4.75)	$(0.06)
For the year ended March 31, 2011				
Net income available to common shareholders	52,940	3,002,113	17.63	