

**Summary of Kobe Steel's Consolidated Financial Results for Fiscal 2011**  
(April 1, 2011 – March 31, 2012)

TOKYO, April 27, 2012 – Kobe Steel, Ltd. announced today its financial results for fiscal 2011, ended March 31, 2012.

**Consolidated financial summary** (in millions of yen)

	FY2011	% change	FY2010	% change
Net sales	1,864,691	0.3%	1,858,574	11.2%
Operating income	60,555	(51.4%)	124,550	170.7%
Ordinary income *	33,780	(62.1%)	89,082	768.4%
Net income (loss)	(14,248)	---	52,939	739.7%
Net income (loss) per share	(4.74 yen)		17.63 yen	

Note: \* Also known as pretax recurring profit

**Segment sales** (in millions of yen)

	FY2011	FY2010
Iron & Steel	854,236	840,381
Welding	84,416	77,791
Aluminum & Copper	289,927	304,017
Machinery	152,813	154,521
Natural Resources & Engineering	55,872	64,264
Kobelco Eco-Solutions	71,196	69,605
Kobelco Construction Machinery	307,159	313,143
Kobelco Cranes	48,005	40,968
Other Businesses	69,185	65,580
Adjustment	(68,121)	(71,698)
Total	1,864,691	1,858,574

## 1. Analysis of Operating Results

### Fiscal 2011 Consolidated Operating Results

Japan's economy remained nearly flat from the third quarter (September-December period) of fiscal 2011, ended March 2012. The Great East Japan Earthquake on March 11, 2011 led to a sharp reduction in production levels in the first quarter (April-June period) last year. The effects of the quake had faded by the second quarter (July-September period) and the economy began to recover, but the third quarter onward saw a deceleration of the overseas economy brought about in part by the flooding in Thailand and the high yen. Although overseas markets, mainly developing countries, continued to gradually grow, the financial turmoil in Europe and monetary tightening in China blunted the pace of growth.

In this economic environment, the Kobe Steel Group saw a decrease in sales volume (in terms of tons sold) for steel products, aluminum rolled products, and copper sheet and strip, in comparison to the previous fiscal year, due to the Great East Japan Earthquake and flooding in Thailand. Unit sales of hydraulic excavators in China enjoyed strong demand after the Lunar New Year last year, but since April 2011, unit sales decreased due to monetary tightening in that country.

The Kobe Steel Group's consolidated net sales for fiscal 2011 increased 6.1 billion yen year on year, to 1,864.6 billion yen on the back of higher steel prices and other factors. However, the lower sales volume of steel products and aluminum rolled products, lower unit sales of hydraulic excavators in China, higher raw material prices for steel, and other factors decreased operating income by 63.9 billion yen, to 60.5 billion yen.

Ordinary income decreased 55.3 billion yen, to 33.7 billion yen.

Kobe Steel incurred an extraordinary loss on the write-down of investments in securities in the third quarter (October-December 2011 period), but saw a reversal on the write-down of investments in securities, owing to a recovery in stock prices of investment securities excluding a portion of the investment securities and a reversal of deferred tax assets. As a result, net income decreased 67.1 billion yen, to net loss of 14.2 billion yen.

Conditions in the business segments for fiscal 2011 follow below.

### **Iron & Steel Business**

The sales volume of steel products decreased in fiscal 2011 in comparison to the previous fiscal year due to the Great East Japan Earthquake, flooding in Thailand, the sluggish overseas market, the high yen, and other factors. Through negotiations with its customers, Kobe Steel was able to increase the prices of steel products year on year, to reflect higher raw material prices.

Sales of steel castings and forgings decreased year on year, due to lower sales prices to the shipbuilding industry. On the other hand, sales of titanium products went up year on year, owing to rising demand in infrastructure projects from developing countries.

As a result, consolidated segment sales in fiscal 2011 were flat year on year, at 854.2 billion yen. Ordinary income declined 38.4 billion yen, to ordinary loss of 14.6 billion yen. Although sales prices went up, ordinary income was largely affected by the rise in raw material prices.

### **Welding Business**

The sales volume of welding consumables in fiscal 2011 increased year on year, owing to strong demand from South Korea, Europe, the United States and Russia. Sales of welding robot systems also increased year on year, owing to high demand from the construction machinery sector in China.

As a result, consolidated segment sales in fiscal 2011 increased 8.5% year on year, to 84.4 billion yen. However, ordinary income went down 1.5 billion yen, to 3.1 billion yen, due to the high yen.

### **Aluminum & Copper Business**

The sales volume of aluminum rolled products and sales of aluminum castings and forgings in fiscal 2011 decreased year on year. Due to the Great East Japan Earthquake and flooding in Thailand, demand for air conditioners and LCD and semiconductor manufacturing equipment was sluggish.

The sales volume of copper rolled products decreased in comparison to the previous fiscal year. Although demand for copper tube for air conditioners was strong, demand decreased for copper sheet and strip for semiconductors.

Due to these conditions, consolidated segment sales in fiscal 2011 decreased 4.6% year on year, to 289.9 billion yen. Ordinary income decreased 8.7 billion yen, to 6.0 billion yen.

### **Machinery Business**

Demand was strong mainly for compressors used in the oil refining and petrochemical industries. As a result, consolidated orders in fiscal 2011 increased 3.0% year on year, to 145.0 billion yen, and the backlog of orders stood at 160.5 billion yen.

Consolidated segment sales in fiscal 2011 were flat year on year, at 152.8 billion yen. Ordinary income decreased 4.6 billion yen, to 9.8 billion yen.

### **Natural Resources & Engineering Business**

Consolidated orders in fiscal 2011 were 29.2 billion yen. This was a decrease of 61.1% in comparison to the previous fiscal year, which saw an order for a large direct reduced iron plant. At the end of the fiscal year, the backlog of orders was 70.0 billion yen.

Consolidated segment sales in fiscal 2011 decreased 13.1% year on year, to 55.8 billion yen. Ordinary income decreased 2.7 billion yen, to 0.3 billion yen.

### **Kobelco Eco-Solutions**

Consolidated orders in fiscal 2011 increased 21.5% year on year, to 78.8 billion yen owing to large orders in the waste treatment business. The backlog of orders at the end of the fiscal year stood at 42.6 billion yen.

Consolidated segment sales in fiscal 2011 increased 2.3% year on year, to 71.1 billion yen. Ordinary income rose 1.0 billion yen to 4.2 billion yen.

### **Kobelco Construction Machinery**

In fiscal 2011, strong demand in Southeast Asia and increased reconstruction demand in Japan following the Great East Japan Earthquake led to higher unit sales of construction equipment. China, a major market, saw strong demand after the Lunar New Year in 2011, but demand slumped since April last year due to monetary tightening in China.

As a result, consolidated segment sales in fiscal 2011 were flat year on year, at 307.1 billion yen. Ordinary income declined 3.4 billion yen, to 22.8 billion yen.

### **Kobelco Cranes**

Unit sales of cranes in fiscal 2011 increased year on year. In addition to higher demand in overseas markets, mainly North America and Southeast Asia, domestic demand also increased owing to restoration work following the Great East Japan Earthquake.

Due to these conditions, consolidated segment sales in fiscal 2011 increased 17.2% year on year, to 48.0 billion yen. Ordinary income improved 1.5 billion yen, to 0.1 billion yen.

### **Other Businesses**

At Kobelco Research Institute, Inc., demand in the target material business was sluggish. At Shinko Real Estate Co., Ltd., property sales and the leasing business were strong.

Owing to these conditions, net sales in the Other Businesses segment in fiscal 2011 increased 5.5% year on year, to 69.1 billion yen. Ordinary income increased 0.7 billion yen, to 7.2 billion yen.

## **Forecast for Fiscal 2012**

The world economy in fiscal 2012, ending March 2013, is anticipated to gradually recovery powered by developing countries, but strong growth is not expected. Concerned by the protracted appreciation of the yen, the Kobe Steel Group expects the severe business environment to continue.

The outlook for the Iron & Steel segment cannot be determined at this time. It is difficult to forecast raw material costs as the prices for the main raw materials, iron ore and coking coal, are decided on a quarterly basis. The prices of steel products are also undetermined as negotiations with customers have not been concluded. In addition, there are many uncertainties regarding the outlook for the economies of China, other developing countries and Europe; exchange rate trends; and other factors. As a result, Kobe Steel is unable to formulate a reasonable earnings forecast for fiscal 2012.

Kobe Steel will promptly disclose its earnings forecast for fiscal 2012 when it is able to do so.

Kobe Steel hopes to explain the situation again when it announces its first quarter (April-June) business results.

## 2. Analysis of Financial Condition

While inventories increased, cash and cash equivalents and tangible fixed assets went down. As a result, total assets at the end of fiscal 2011 decreased 72.0 billion yen compared with the end of fiscal 2010, to 2,159.5 billion yen. Net assets decreased 26.1 billion yen compared with the end of fiscal 2010, to 571.2 billion yen, as retained earnings decreased. As a result, the net worth ratio at the end of fiscal 2011 was 23.9%, decreasing 0.7% in comparison to the end of fiscal 2010.

As for cash flows, net cash provided by operating activities came to 39.4 billion yen after posting income before income taxes of 27.7 billion yen and depreciation of 118.0 billion yen. Net cash used in investing activities was 85.2 billion yen due to the purchase of fixed assets and other items. Net cash used in financing activities was 40.2 billion yen mainly due to the repayment of borrowings.

At the end of fiscal 2011, outside debt, which includes IPP project financing, decreased 35.3 billion yen compared with the end of fiscal 2010, to 810.1 billion yen.

### Consolidated cash flow Indicators

	FY2007	FY2008	FY2009	FY2010	FY2011
Net worth ratio	25.8%	20.9%	23.0%	24.6%	23.9%
Stockholders' equity ratio at market price	38.0%	17.1%	27.8%	30.2%	19.3%
Ratio of cash flow to interest-bearing debt (years)	6.6	7.9	5.4	4.8	20.5
Interest coverage ratio (times)	5.9	6.3	8.1	8.6	2.0

Notes:

\* Net worth ratio = Stockholders' equity/total assets

\* Stockholders' equity ratio at market price = Market capitalization/total assets

(Market capitalization is calculated by multiplying the share price at term-end by the number of outstanding shares at term-end.)

\* Ratio of cash flow to interest-bearing debt = outside debt/operating cash flows

\* Interest coverage ratio = Operating cash flows/interest payments

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### 3. Management Policy

#### (1) Basic Management Policy

The Kobe Steel Group aims to continuously improve its corporate value by striving to fulfill its social responsibilities to shareholders, investors, customers, business partners, employees, local communities and other stakeholders, based on the following corporate philosophy:

#### Kobe Steel Group Corporate Philosophy

1. We provide reliable and advanced technologies, products and services that satisfy customers.
2. We support each employee in developing his or her abilities, while respecting mutual cooperation within the Kobe Steel Group.
3. Through continuous efforts for innovative change, we aim to enhance our corporate values.

#### (2) Medium- to Long-Term Business Vision and Issues Facing the Company

##### Issues Facing the Kobe Steel Group

In April 2010, the Kobe Steel Group launched its medium- to long-term business vision KOBELCO VISION “G” to create new value and further grow in the global market. The Group is working to achieve this vision.

Various changes in the external environment surrounding the Kobe Steel Group have been taking place including big natural disasters in Japan and overseas; changes in overseas economies; the sharp increase in the value of the yen; and other factors. These changes have impacted Kobe Steel’s business performance in fiscal 2011, leading to a significant drop in profits. Increasing profitability, a cornerstone of the plan, is one of the challenges of achieving the Group’s medium- to long-term business vision.

Restoring profitability in the loss-making Iron & Steel Business is a pressing issue and Kobe Steel is implementing various measures. Major undertakings include increasing the hot metal treatment capacities at the Kakogawa Works and Kobe Works; increasing the heat treatment capacity for steel plate at the Kakogawa Works; and installing high-efficiency power generation equipment for in-house use. To improve the stable sourcing of iron ore and reduce costs, Kobe Steel has decided to invest in a new mine under development in Australia. By undertaking such measures, Kobe Steel plans to steadily improve the profitability of the Iron & Steel Business.

##### Carrying Out KOBELCO VISION “G”

The business environment for the Kobe Steel Group over the medium- to long-term future is undergoing changes. Although the Group has been affected by the Great East Japan Earthquake in March 2011 and other natural disasters, the medium- to long-term business vision is based on the premise that domestic demand will decline as manufacturing industries move overseas. Overseas demand is anticipated to grow mainly in developing countries. Users will increasingly need more fuel-efficient, energy-saving products and technologies, in response to greenhouse gas issues.

To meet these needs, the Kobe Steel Group offers a diversity of products and technologies. In response to changes in the business environment over the medium to long term, the Kobe Steel Group, armed with its unique diversity, is carrying out the policies of VISION “G.” These policies include: 1) the thorough pursuit of high-end “Only One” products and technologies, 2) the further improvement of manufacturing strengths, 3) expansion into growth markets, and 4) utilizing the comprehensive capabilities of the Kobe Steel Group.

The company established the MONODZUKURI (Production System Innovation) Planning & Promotion Department to promote activities across the Group that include sharing the most advanced cases of manufacturing and facilitating exchanges among manufacturing locations in Japan. These activities help reduce costs, contribute to stable facility operation, and improve product quality. Kobe Steel will undertake the same activities in China to improve its *monozukuri-ryoku*, or manufacturing capabilities and further strengthen its operations.

To utilize the comprehensive capabilities of the Group, Kobe Steel is increasing its overseas training and

hiring more foreign employees to cultivate human resources that can meet its global needs.

Major activities by business segment are as follows:

### **Iron & Steel Business**

Kobe Steel is focusing on meeting the global demand for high strength steel and specialty steel, both of which are high-end, Only One products.

For automotive cold-rolled high strength steel, Kobe Steel formed a cooperation agreement in 2008 with Austria's voestalpine Krems. In 2010, PRO-TEC Coating Company, a joint venture with United States Steel Corporation in the United States, began construction of a continuous annealing line. In September 2011, Kobe Steel and China's Anshan Iron and Steel Group agreed to begin a joint study to explore the possibility of establishing a joint venture in China to make cold-rolled advanced high strength steel sheet used in automobiles. Kobe Steel plans to continue pursuing global development that meets the local production requirements of automobile manufacturers in Japan, North America, Europe and Asia.

In the field of specialty steel wire rod, Kobe Steel is increasing its capacity to supply CHQ steel wire in China. It established Kobelco Spring Wire (Foshan) Co., Ltd. to meet the growing demand for high-quality automotive spring wire in China.

### **Welding Business**

Aiming to become one of the world's most trusted welding companies, Kobe Steel is promoting solutions that combine welding consumables, welding robot systems and welding processes.

The Welding Business turned its Singapore manufacturing and sales subsidiary into a regional headquarters covering Southeast Asia. It has also expanded production capacity at its manufacturing bases in China for flux-cored welding wires.

Kobe Steel has established two new marketing companies, one in South Korea and the other in India. In total, the company has 13 units mainly in Southeast Asia and East Asia for the manufacture and sale of welding consumables. Maximizing these locations, Kobe Steel aims to strengthen its marketing capabilities to meet demand.

### **Aluminum & Copper Business**

With growing overseas demand, mainly from developing countries, Japanese, U.S. and European user industries are accelerating local production. In response to the global procurement needs of its users, Kobe Steel is expanding its overseas business by establishing new bases and making use of its alliances.

For aluminum forgings, Kobe Steel has established a network to supply automobile manufacturers through production bases in Japan, the United States and China. Currently under construction is the factory for Kobe Aluminum Automotive Products (China) Co., Ltd. Already, this company has decided to increase its production capacity. This step will enable it to more rapidly meet the automotive lightweighting needs in China.

With regard to aluminum extrusions, in March 2012, Kobe Steel signed a technical transfer agreement with Sweden's Sapa AB, the world's largest manufacturer of aluminum extruded products. By supplying Sapa with its production technology to make top-class aluminum extrusions, Kobe Steel will be able to meet the global procurement needs of its customers.

Aluminum sheet is currently manufactured in Japan and exported. However, Kobe Steel has begun to look into the possibility of producing aluminum sheet in China. Production in China would enable Kobe Steel to supply Japanese, American and European car manufacturers in China with aluminum panel material.

## **Machinery Business**

Kobe Steel is expanding overseas production of its main machinery products such as compressors and tire and rubber machinery. It is also developing new products for the environmental and energy fields.

In the compressor business, Kobelco Compressors America, Inc. has increased its production capacity to meet rising demand from the energy field, including shale gas in the United States. In China, Kobe Steel invested in Wuxi Compressor Co., Ltd., a leading manufacturer. As a result, for both non-standard and standard compressors, Kobe Steel now has a network that covers Japan, the United States and China.

For tire and rubber machinery, a joint venture with India's Larsen & Toubro Limited began production in January 2012. In addition to Kobe Steel's established network in Japan, the United States and China, the Indian venture adds a fourth base that can meet the growing demand from tire manufacturers as they globalize their operations.

Utilizing its technology for compressors and refrigeration compressors, a field in which the Kobe Steel Group excels, Kobe Steel launched the Microbinary power system, which uses geothermal heat and waste heat from factories to generate electricity. The company has also developed heat pumps that supply hot water at high temperatures. In the fields of renewable energy and surplus energy, Kobe Steel is strengthening its capabilities to meet demand.

## **Natural Resources & Engineering Business**

World demand for steel is anticipated to increase over the medium and long term. With concern spreading on the stable availability of high-quality coking coal used in blast furnace ironmaking, demand is rising for ironmaking processes that use natural gas and non-coking coal as reductants.

The Kobe Steel Group offers the MIDREX Direct Reduction Process, which uses natural gas as the reductant. The MIDREX Process is the most widely used direct reduction process in the world, with about a 60% share of the market. Kobe Steel can also supply the ITmk3 Process and FASTMET Process, as well as iron ore pelletizing technology. Kobe Steel is working to gain orders mainly from developing countries and other world markets.

In December 2011, Kobe Steel and Steel Authority of India Limited, a public sector company, agreed to carry out a detailed feasibility study for a joint venture that would use Kobe Steel's ITmk3 Process. The two companies are currently carrying out the study.

## **Kobelco Eco-Solutions**

In fiscal 2011, Kobelco Eco-Solutions Co., Ltd.'s subsidiary in Vietnam received its first order to supply a water treatment plant. Kobelco Eco-Solutions also decided to participate in developing an industrial park near Ho Chi Minh City. Kobelco Eco-Solutions is providing business solutions to overseas markets mainly in the water treatment business.

Kobelco Eco-Solutions is working to utilize bio natural gas, a renewable source of energy. To date, this biogas has been used in buses and has been supplied to city gas pipes in Kobe. Working together with the city of Kobe, Kobelco Eco-Solutions has begun supplying food derived bio natural gas on a trial basis to surrounding areas. Along with overseas business development, Kobelco Eco-Solutions is responding to new needs in the energy and radioactive decontamination fields.

## **Kobelco Construction Machinery**

Kobelco Construction Machinery Co., Ltd. is expanding its business through local production to meet the demand in developing countries for hydraulic excavators for use in infrastructure construction.

In China, a major market, economic growth has become sluggish, but in the medium and long term, demand for excavators is anticipated to grow. Kobelco Construction Machinery has established manufacturing bases in Hangzhou, on the eastern coast, and Chengdu, in the interior, to differentiate itself from its competitors. Kobelco Construction Machinery has increased its production capacity at both locations. Kobelco

Construction Machinery is making efforts to meet future demand.

The Global Engineering Center (GEC) and new factory in Itsukaichi, Hiroshima, will begin operations in May. The GEC will serve as a “control tower” to optimize product development, manufacturing and procurement. Kobelco Construction Machinery aims to further strengthen its technology development and manufacturing capabilities.

### **Kobelco Cranes**

To solidify its position as one of the world’s leading crane companies, Kobelco Cranes Co., Ltd. has established manufacturing bases in India and China, which has over a 50% share of the world market for cranes. In fiscal 2011, Kobelco Cranes India Pvt. Ltd. began operations at its new plant in India. Chengdu Kobelco Cranes Co., Ltd. in China has begun production ahead of schedule. Kobelco Cranes plans to fully meet demand in the coming years.

### **Medium- to Long-Term Business Vision**

The Kobe Steel Group’s medium- to long-term business vision KOBELCO VISION “G” combines the knowledge and technologies cultivated from its various materials and machinery businesses. Kobe Steel’s vision of the Group is to attain the following three aims in the coming five to ten years:

- Has a presence in the global market.
- Maintains a stable profit structure and a strong financial foundation.
- Prospers together with its shareholders, business partners, employees and society.

Thoroughly implementing safety measures and compliance programs, Kobe Steel is carrying out the five policies below as it develops its various businesses.

#### **Basic Policies of KOBELCO VISION “G”**

1. Thorough pursuit of high-end “Only One” products, technologies and services
2. Further improvement of manufacturing strengths
3. Expansion into growth markets
4. Harnessing the comprehensive capabilities of the Kobe Steel Group
5. Contributions to society



## Kobe Steel's Consolidated Financial Results Summary for Fiscal 2011 (April 1, 2011 – March 31, 2012)

April 27, 2012

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  
 General shareholders' meeting: June 27, 2012  
 "Yukashoken hokokusho"  
 (Annual Securities Report) issued: June 27, 2012  
 Dividend payments begin: ---  
 Supplemental information available: Yes  
 IR briefing: Yes (in Japanese only)

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

### 1. FY2011 Consolidated financial results (April 1, 2011 – March 31, 2012)

#### (1) Consolidated operating results

(in millions of yen)	FY2011	% change	FY2010	% change
Net sales	1,864,691	0.3%	1,858,574	11.2%
Operating income	60,555	(51.4%)	124,550	170.7%
Ordinary income	33,780	(62.1%)	89,082	768.4%
Net income (loss)	(14,248)	---	52,939	739.7%
Net income (loss) per share	(4.74 yen)		17.63 yen	
Diluted net income per share	---		---	
Return on equity	(2.7%)		9.9%	
Ratio of ordinary income to total assets	1.5%		4.0%	
Ratio of operating income to net sales	3.2%		6.7%	

Comprehensive income in FY2011: (12,208 million yen) FY2010: 55,574 million yen

Equity in income of affiliates in FY2011: 7,877 million yen FY2010: 3,077 million yen

#### (2) Consolidated financial condition

(in millions of yen)	FY2011	FY2010
Total assets	2,159,512	2,231,532
Net assets	571,258	597,367
Net worth ratio	23.9%	24.6%
Net assets per share	171.84 yen	182.81 yen

Shareholders' equity at the end of FY2011: 515,679 million yen FY2010: 548,631 million yen

#### (3) Consolidated cash flows

(in millions of yen)	FY2011	FY2010
Net cash provided by operating activities	39,486	177,795
Net cash used in investing activities	(85,267)	(96,686)
Net cash used in financing activities	(40,233)	(98,196)
Cash & cash equivalents at the end of year	101,900	189,707

### 2. Dividends

Date of Record	Dividend per share (yen)					Total dividend amount*	Dividend payout ratio	Dividend per net assets
	1Q	2Q	3Q	End	Year			
FY2010	---	1.50	---	1.50	3.00	9,020	17.0%	1.7%
FY2011	---	1.00	---	0.00	1.00	3,005	---	0.6%
FY2012 forecast	Undetermined						Undetermined	

\* in millions of yen

### 3. Consolidated Forecast for fiscal 2012 (ending March 31, 2013)

Kobe Steel, Ltd. has decided not to state a consolidated forecast for the fiscal year ending March 31, 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 2012" on page 3.

### 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) Changes in accounting policies, estimates and restatement on the preparation of consolidated financial statements

- Changes in accounting policies due to revised accounting standards: No
- Other changes: No
- Changes in accounting estimates: No
- Restatement: No

(3) Number of issued shares

	FY2011	FY2010
Common stock (number of issued shares)	3,115,061,100	3,115,061,100
Treasury stock (number of shares)	114,135,266	114,026,072
Average number of shares	3,000,951,378	3,002,112,978

#### **Explanation on the Appropriate Use of the Forecast and Other Special Items**

The above forecast is based on currently available information as of today.

Actual results may differ considerably due to various changeable conditions in the future.

For preconditions on the forecast and other related factors, please refer to page 3.

The basis for dividend payments is continuous and stable distribution. Factors taken into overall consideration are the company's financial condition, business performance, future and other issues. As the outlook for many of these factors is unclear at this time, Kobe Steel is unable to make a dividend forecast. When it is able to make a forecast, Kobe Steel will promptly do so.

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Balance Sheets

(in millions of yen)

<b>ASSETS</b>	<b>FY2011</b> Ended Mar. 31, 2012	<b>FY2010</b> Ended Mar. 31, 2011
<b>Current Assets</b>		
Cash and cash equivalents	95,378	145,875
Notes and accounts receivable	313,074	302,846
Lease receivables and investment assets	40,642	26,005
Merchandise and finished goods	160,972	131,138
Work in progress	127,017	127,512
Raw materials and supplies	120,555	122,694
Deferred tax assets	12,234	21,584
Other	73,950	119,672
Allowance for doubtful accounts	(430)	(571)
Total current assets	943,394	996,757
<b>Tangible fixed assets</b>		
Buildings and structures	283,792	279,519
Machinery and equipment	376,518	363,284
Tools, furniture and fixtures	10,046	10,484
Land	205,299	204,948
Construction in progress	29,181	75,102
Total tangible fixed assets	904,837	933,339
<b>Intangible fixed assets</b>		
Software	15,557	17,093
Other	4,936	5,138
Total intangible fixed assets	20,494	22,231
<b>Investments and other assets</b>		
Investments in securities	179,671	190,255
Long-term loans receivable	7,664	6,537
Deferred tax assets	16,258	17,491
Other	89,868	68,048
Allowance for doubtful accounts	(2,677)	(3,129)
Total investment and other assets	290,785	279,203
Total fixed assets, investments and other assets	1,216,117	1,234,775
<b>Total assets</b>	2,159,512	2,231,532

<b>LIABILITIES</b>	<b>FY2011</b> Ended Mar. 31, 2012	<b>FY2010</b> Ended Mar. 31, 2011
<b>Current liabilities</b>		
Notes and accounts payable	447,316	478,675
Short-term borrowings	204,719	170,657
Lease obligations	9,615	6,397
Bonds due within one year	35,176	35,836
Accounts payable - other	42,591	44,976
Income and enterprise taxes payable	7,204	9,059
Deferred tax liabilities	1,401	2,281
Provision for bonuses	17,696	20,072
Provision for product warranties	8,598	10,402
Provision for loss on construction contracts	12,089	8,884
Provision for loss on business liquidation	---	18
Other	95,161	101,118
Total current liabilities	<u>881,571</u>	<u>888,379</u>
<b>Long-term liabilities</b>		
Bonds and notes	172,172	177,349
Long-term borrowings	394,579	441,099
Lease obligations	32,523	36,453
Deferred tax liabilities	11,979	15,726
Deferred tax liabilities on land revaluation	4,586	5,233
Employees' severance and retirement benefits	52,587	29,345
Provision for environmental measures	2,216	2,497
Other	36,038	38,081
Total long-term liabilities	<u>706,682</u>	<u>745,785</u>
<b>Total liabilities</b>	<u>1,588,254</u>	<u>1,634,165</u>
<b>NET ASSETS</b>		
<b>Stockholders' equity</b>		
Common stock	233,313	233,313
Capital surplus	83,125	83,125
Retained earnings	280,582	302,376
Treasury stock, at cost	(51,627)	(51,627)
Total stockholders' equity	<u>545,393</u>	<u>567,186</u>
<b>Other comprehensive income</b>		
Unrealized gains on securities, net of taxes	13,020	19,742
Unrealized gains or losses on hedging derivatives, net of taxes	(1,013)	584
Land revaluation differences, net of taxes	(4,140)	(4,756)
Foreign currency translation adjustments	(37,579)	(34,127)
Total other comprehensive income	<u>(29,713)</u>	<u>(18,555)</u>
<b>Minority interests</b>	<u>55,578</u>	<u>48,736</u>
<b>Total net assets</b>	<u>571,258</u>	<u>597,367</u>
<b>Total liabilities and net assets</b>	<u>2,159,512</u>	<u>2,231,532</u>

## Consolidated Statements of Income

(in millions of yen)

	<b>FY2011</b> Ended Mar. 31, 2012	<b>FY2010</b> Ended Mar. 31, 2011
<b>Net sales</b>	1,864,691	1,858,574
<b>Cost of sales</b>	1,635,862	1,570,779
Gross profit	228,828	287,795
Selling, general and administrative expenses	168,273	163,244
<b>Operating income</b>	<b>60,555</b>	<b>124,550</b>
Non-operating income		
Interest income	4,087	3,130
Dividend income	3,258	2,374
Reimbursement of seconded employees' salaries	5,633	6,613
Equity in income of unconsolidated subsidiaries and affiliates	7,877	3,077
Other	19,153	18,614
Total non-operating income	40,010	33,810
Non-operating expenses		
Interest expense	19,776	20,685
Seconded employees' salaries	15,701	17,087
Other	31,306	31,505
Total non-operating expenses	66,785	69,278
<b>Ordinary income</b>	<b>33,780</b>	<b>89,082</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	---	2,165
Total extraordinary income	---	2,165
<b>Extraordinary loss</b>		
Loss on write-down of investments in securities	6,022	---
Loss on adjustment for changes of accounting standard for asset retirement obligations	---	2,380
Total extraordinary loss	6,022	2,380
<b>Income before income taxes</b>	<b>27,758</b>	<b>88,867</b>
<b>Income taxes</b>		
Current	16,671	16,310
Deferred	11,371	3,068
Total income taxes	28,042	19,379
<b>Income (loss) before minority interests</b>	<b>(284)</b>	<b>69,488</b>
<b>Minority interests in income of subsidiaries</b>	<b>13,963</b>	<b>16,548</b>
<b>Net income (loss)</b>	<b>(14,248)</b>	<b>52,939</b>

## Consolidated Statements of Comprehensive Income

(in millions of yen)

	<b>FY2011</b>	<b>FY2010</b>
	<u>Ended Mar. 31, 2012</u>	<u>Ended Mar. 31, 2011</u>
<b>Income (loss) before minority interests</b>	(284)	69,488
<b>Other comprehensive income</b>		
Unrealized gains or losses on securities, net of taxes	(6,866)	(2,577)
Unrealized gains or losses on hedging derivatives, net of taxes	(1,706)	(520)
Land revaluation differences, net of taxes	660	49
Foreign currency translation adjustments	(4,791)	(10,910)
Share of other comprehensive income related to affiliates	780	44
Total other comprehensive income	<u>(11,923)</u>	<u>(13,913)</u>
<b>Comprehensive Income</b>	<u>(12,208)</u>	<u>55,574</u>
 (Breakdown)		
Equity holders of the parent	(25,405)	41,636
Minority interests	13,197	13,938

## Consolidated Statements of Changes in Net Assets

(in millions of yen)

	<b>FY2011</b>	<b>FY2010</b>
	<u>Ended Mar. 31, 2012</u>	<u>Ended Mar. 31, 2011</u>
<b>Stockholders' equity</b>		
<b>Common stock</b>		
Balance at the beginning of fiscal year	233,313	233,313
Amount of change		
Total changes	<u>    --</u>	<u>    --</u>
Balance at the end of fiscal year	<u>233,313</u>	<u>233,313</u>
<b>Capital surplus</b>		
Balance at the beginning of fiscal year	83,125	83,125
Amount of change		
Total changes	<u>    ---</u>	<u>    ---</u>
Balance at the end of fiscal year	<u>83,125</u>	<u>83,125</u>
<b>Retained earnings</b>		
Balance at the beginning of fiscal year	302,376	258,853
Amount of change		
Cash dividends	(7,514)	(9,022)
Net income (loss)	(14,248)	52,939
Disposal of treasury stock	(19)	(34)
Changes due to changes in scope of consolidation	(31)	(299)
Changes due to reversal of land revaluation	20	(61)
Total changes	<u>(21,793)</u>	<u>43,522</u>
Balance at the end of fiscal year	<u>280,582</u>	<u>302,376</u>
<b>Treasury stock, at cost</b>		
Balance at the beginning of fiscal year	(51,627)	(51,378)
Amount of change		
Purchase of treasury stock	(29)	(320)
Disposal of treasury stock	30	71
Total changes	<u>0</u>	<u>(249)</u>
Balance at the end of fiscal year	<u>(51,627)</u>	<u>(51,627)</u>
<b>Total stockholders' equity</b>		
Balance at the beginning of the fiscal year	567,186	523,913
Amount of change		
Cash dividends	(7,514)	(9,022)
Net income (loss)	(14,248)	52,939
Purchase of treasury stock	(29)	(320)
Disposal of treasury stock	10	36
Changes due to changes in scope of consolidation	(31)	(299)
Changes due to reversal of land revaluation	20	(61)
Total changes	<u>(21,793)</u>	<u>43,273</u>
Balance at the end of fiscal year	<u>545,393</u>	<u>567,186</u>

<b>Other comprehensive income</b>	<b>FY2011</b>	<b>FY2010</b>
	<b>Ended Mar. 31, 2012</b>	<b>Ended Mar. 31, 2011</b>
<b>Unrealized gains or losses on securities, net of taxes</b>		
Balance at the beginning of fiscal year	19,742	22,529
Amount of change		
Net changes other than stockholders' equity	(6,722)	(2,786)
Total changes	(6,722)	(2,786)
Balance at the end of fiscal year	13,020	19,742
<b>Unrealized gains or losses on hedging derivatives, net of taxes</b>		
Balance at the beginning of fiscal year	584	882
Amount of change		
Net changes other than stockholders' equity	(1,598)	(297)
Total changes	(1,598)	(297)
Balance at the end of fiscal year	(1,013)	584
<b>Land revaluation differences, net of taxes</b>		
Balance at the beginning of fiscal year	(4,756)	(4,866)
Amount of change		
Net changes other than stockholders' equity	616	109
Total changes	616	109
Balance at the end of fiscal year	(4,140)	(4,756)
<b>Foreign currency translation adjustments</b>		
Balance at the beginning of fiscal year	(34,127)	(25,787)
Amount of change		
Net changes other than stockholders' equity	(3,452)	(8,339)
Total changes	(3,452)	(8,339)
Balance at the end of fiscal year	(37,579)	(34,127)
<b>Total other comprehensive income</b>		
Balance at the beginning of fiscal year	(18,555)	(7,242)
Amount of change		
Net changes other than stockholders' equity	(11,157)	(11,313)
Total changes	(11,157)	(11,313)
Balance at the end of fiscal year	(29,713)	(18,555)
<b>Minority interests</b>		
Balance at the beginning of fiscal year	48,736	40,330
Amount of change		
Net changes other than stockholders' equity	6,841	8,406
Total changes	6,841	8,406
Balance at the end of fiscal year	55,578	48,736



	<b>FY2011</b>	<b>FY2010</b>
	<u>Ended Mar. 31, 2012</u>	<u>Ended Mar. 31, 2011</u>
<b>Total net assets</b>		
Balance at the beginning of fiscal year	597,367	557,002
Amount of change		
Cash dividends	(7,514)	(9,022)
Net income (loss)	(14,248)	52,939
Purchase of treasury stock	(29)	(320)
Disposal of treasury stock	10	36
Changes due to changes in scope of consolidation	(31)	(299)
Changes due to reversal of land revaluation	20	(61)
Net changes other than stockholders' equity	(4,315)	(2,907)
Total changes	<u>(26,109)</u>	<u>40,365</u>
Balance at the end of fiscal year	<u>571,258</u>	<u>597,367</u>

## Consolidated Statements of Cash Flows

(in millions of yen)

	FY2011 Ended Mar. 31, 2012	FY2010 Ended Mar. 31, 2011
<b>Cash flows from operating activities</b>		
Income before income taxes	27,758	88,867
Depreciation	118,037	114,819
Interest and dividend income	(7,346)	(5,505)
Interest expense	19,776	20,685
Loss (gain) on sale of securities	(389)	(2,825)
Loss on write-down of investments in securities	6,022	1,977
Equity in income of unconsolidated subsidiaries and affiliates	(7,877)	(3,077)
Loss on adjustment for changes of accounting standard for asset retirement obligations	---	2,380
Loss (gain) on sale of fixed assets	(281)	(75)
Loss on disposal of plant and equipment	3,208	2,599
Decrease (increase) in trade receivables from customers	(18,733)	(39,295)
Net decrease (increase) in lease receivables and investment assets	(14,645)	(15,491)
Decrease (increase) in inventories	(29,381)	(17,665)
Increase (decrease) in trade payables to customers	(24,761)	54,559
Other	(1,628)	(2,983)
Subtotal	69,758	198,969
Cash received for interest and dividends	8,691	6,532
Cash paid for interest	(19,951)	(20,693)
Cash paid for income taxes	(19,011)	(7,012)
Net cash provided by operating activities	39,486	177,795
<b>Cash flows from investing activities</b>		
Purchase of plant, equipment and other assets	(83,284)	(96,608)
Proceeds from sale of plant, equipment and other assets	1,025	1,762
Purchase of investments in securities	(5,790)	(3,633)
Proceeds from sale of investments in securities	3,333	3,827
Payment for investments in capital	(1,382)	(3,342)
Decrease (increase) in short-term loans receivable	209	(51)
Payments for long-term loans receivable	(1,347)	(976)
Proceeds from collection of long-term loans receivable	162	3,267
Purchase of shares of subsidiaries accompanying changes in scope of consolidation	---	1,480
Proceeds from sales of investment in subsidiaries resulting in change in scope of consolidation	157	(14)
Other	1,649	(2,397)
Net cash used in investing activities	(85,267)	(96,686)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	57,633	(25,616)
Proceeds from issuance of long-term borrowings	22,522	9,804
Repayment of long-term borrowings	(91,611)	(61,664)
Proceeds from issuance of bonds	30,000	---
Repayment of bonds	(35,836)	(236)
Repayment of finance lease obligations	(6,580)	(6,320)
Payment of dividends	(7,484)	(8,965)
Other	(8,876)	(5,197)
Net cash used in financing activities	(40,233)	(98,196)
Effect of exchange rate changes on cash and cash equivalents	(1,912)	(4,903)
Increase (decrease) in cash and cash equivalents	(87,926)	(21,991)
Cash and cash equivalents at the beginning of fiscal year	189,707	211,699
Increase (decrease) in cash and cash equivalents resulting in change in scope of consolidation	119	---
Cash and cash equivalents at the end of fiscal year	101,900	189,707

## Segment Information

(In millions of yen)

		<b>FY2011</b>	<b>FY2010</b>
		<b>Ended Mar. 31, 2012</b>	<b>Ended Mar. 31, 2011</b>
Sales to outside customers:	Iron & Steel	816,784	802,923
	Welding	83,155	76,353
	Aluminum & Copper	288,641	301,144
	Machinery	145,854	149,197
	Natural Resources & Engineering	55,441	62,545
	Kobelco Eco-Solutions	70,350	67,376
	Kobelco Construction Machinery	306,107	311,946
	Kobelco Cranes	42,503	35,294
	Other Businesses	53,150	50,239
	Adjustment	2,700	1,552
	<b>Total</b>	<b>1,864,691</b>	<b>1,858,574</b>
Intersegment sales:	Iron & Steel	37,451	37,457
	Welding	1,261	1,438
	Aluminum & Copper	1,286	2,872
	Machinery	6,958	5,323
	Natural Resources & Engineering	431	1,718
	Kobelco Eco-Solutions	845	2,228
	Kobelco Construction Machinery	1,051	1,197
	Kobelco Cranes	5,501	5,673
	Other Businesses	16,034	15,340
	Adjustment	(70,822)	(73,250)
	<b>Total</b>	<b>---</b>	<b>---</b>
Total sales:	Iron & Steel	854,236	840,381
	Welding	84,416	77,791
	Aluminum & Copper	289,927	304,017
	Machinery	152,813	154,521
	Natural Resources & Engineering	55,872	64,264
	Kobelco Eco-Solutions	71,196	69,605
	Kobelco Construction Machinery	307,159	313,143
	Kobelco Cranes	48,005	40,968
	Other Businesses	69,185	65,580
	Adjustment	(68,121)	(71,698)
	<b>Total</b>	<b>1,864,691</b>	<b>1,858,574</b>
Ordinary income (loss):	Iron & Steel	(14,686)	23,734
	Welding	3,119	4,620
	Aluminum & Copper	6,081	14,790
	Machinery	9,899	14,513
	Natural Resources & Engineering	341	3,051
	Kobelco Eco-Solutions	4,235	3,135
	Kobelco Construction Machinery	22,865	26,303
	Kobelco Cranes	161	(1,363)
	Other Businesses	7,200	6,493
	Adjustment	(5,438)	(6,196)
	<b>Total</b>	<b>33,780</b>	<b>89,082</b>

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## SUPPLEMENTAL INFORMATION

(April 1, 2011 – March 31, 2012)

### 1. Consolidated Operating Results

(In billions of yen)

	FY2011	FY2010	% change
Net sales	1,864.6	1,858.5	0.3%
Operating income	60.5	124.5	(51.4%)
Ordinary income	33.7	89.0	(62.1%)
Extraordinary income (loss)	(6.0)*	(0.2)	---
Net income (loss)	(14.2)	52.9	---

\* Loss on write-down of investments in securities 6.0 billions of yen

End-of-fiscal-year Dividend for fiscal 2011: None  
(Dividend for fiscal 2011: 1.0 yen)

### 2. Consolidated Sales & Ordinary Income by Segment

(in billions of yen)

		FY2011	FY2010
Iron & Steel	Sales	854.2	840.3
	Ordinary Income (Loss)	(14.6)	23.7
Welding	Sales	84.4	77.7
	Ordinary Income	3.1	4.6
Aluminum & Copper	Sales	289.9	304.0
	Ordinary Income	6.0	14.7
Machinery	Sales	152.8	154.5
	Ordinary Income	9.8	14.5
Natural Resources & Engineering	Sales	55.8	64.2
	Ordinary Income	0.3	3.0
Kobelco Eco-Solutions	Sales	71.1	69.6
	Ordinary Income	4.2	3.1
Kobelco Construction Machinery	Sales	307.1	313.1
	Ordinary Income	22.8	26.3
Kobelco Cranes	Sales	48.0	40.9
	Ordinary Income (Loss)	0.1	(1.3)
Other Businesses	Sales	69.1	65.5
	Ordinary Income	7.2	6.4
Adjustment	Sales	(68.1)	(71.6)
	Ordinary Income (Loss)	(5.4)	(6.1)
Total	Sales	1,864.6	1,858.5
	Ordinary Income	33.7	89.0

### 3. Kobe Steel's Production & Sales

#### (1) Steel Products (Nonconsolidated)

**Production & Sales Volume** (in millions of metric tons unless otherwise indicated)

	FY2011	FY2010
Crude steel	7.16	7.60
Sales volume	6.01	6.38
Export ratio (value base)	26.2%	27.1%

**Sales Price of Steel Products** (in yen per metric ton)

	FY2011	FY2010
Domestic & export average	88,600	83,200

#### (2) Aluminum & Copper Rolled Products

**Sales Volume** (Nonconsolidated, in thousands of metric tons)

	FY2011	FY2010
Aluminum rolled products	266	281
Copper sheet and strip	47	59

**Sales Volume of Copper Tube** (Consolidated, in thousands of metric tons)

	FY2011	FY2010
Copper tube	79	78

#### (3) Machinery Business Orders (Consolidated, in billions of yen)

##### Orders

	FY2011	FY2010
Domestic	60.7	54.1
Export	84.2	86.6
Total orders	145.0	140.7

##### Backlog of Orders

	FY2011	FY2010
Domestic	60.4	51.6
Export	100.0	100.5
Total backlog	160.5	152.2

#### (4) Natural Resources & Engineering Business Orders (Consolidated, in billions of yen)

##### Orders

	FY2011	FY2010
Domestic	10.1	24.0
Export	19.1	51.3
Total orders	29.2	75.3

##### Backlog of Orders

	FY2011	FY2010
Domestic	33.8	41.2
Export	36.1	54.4
Total backlog	70.0	95.6

**(5) Kobelco Eco-Solutions Orders** (Consolidated, in billions of yen)**Orders**

	FY2011	FY2010
Domestic & Export total orders	78.8	64.8

**Backlog of Orders**

	FY2011	FY2010
Domestic & Export total backlog	42.6	35.0

**4. Factors Affecting Ordinary Income** (Consolidated, in billions of yen)

	FY2011	FY2010	Amount of Decrease
Ordinary Income	33.7	89.0	(55.3)

Factors Increasing Profits		Factors Decreasing Profits	
Production & shipments	36.5	Raw material prices	(72.0)
Overall cost reduction	2.0	Effect of Steel inventory valuation*	(21.5)
Other	2.7	Consolidated subsidiaries & affiliates	(3.0)
Total	41.2	Total	(96.5)

\* Effect of inventory valuation includes effect from the average method and the lower-of-cost-or-market method

**5. Other****(1) Cash Flows and Outside Debt** (Consolidated, in billions of yen)**Cash Flows**

	FY2011	FY2010
Free cash flow	(59.0)	72.5

(Excludes cash flows from IPP project financing)

**Outside Debt**

	FY2011	FY2010
Consolidated debt *	746.4	769.8
Consolidated D/E ratio (times) **	1.4	1.4

\* Excludes debt from IPP project financing

\*\* D/E ratio: Debt (excluding IPP project financing)/stockholders' equity

**(2) Exchange Rate** (Nonconsolidated)

	FY2011	FY2010
Exchange rate (1 U.S. dollar to yen)	79 yen	86 yen
Effect of exchange rate movement *	2.5	1.3

\* Appreciation of 1 yen per U.S. dollar, in billions of yen

**(3) Capital Investment** (Consolidated, in billions of yen)

	FY2011	FY2010
Capital investment (accrual basis)	96.0	91.3
Depreciation	118.0	114.8

(For Reference)

**6. Quarterly Results by Segment** (Consolidated, in billions of yen)

		FY2011							FY2010								
		1st Half			2nd Half				Total	1st Half			2nd Half				Total
		1Q	2Q	Subtotal	3Q	4Q	Subtotal	1Q		2Q	Subtotal	3Q	4Q	Subtotal			
Iron & Steel	Sales	195.6	224.4	420.1	222.2	211.8	434.1	854.2	203.3	210.0	413.4	209.2	217.6	426.9	840.3		
	Ordinary Income (Loss)	3.3	0.1	3.5	0.1	(18.3)	(18.1)	(14.6)	13.8	(4.6)	9.1	12.8	1.7	14.5	23.7		
Welding	Sales	21.6	20.5	42.2	20.6	21.5	42.1	84.4	18.4	18.6	37.1	20.9	19.7	40.6	77.7		
	Ordinary Income	1.3	0.8	2.1	0.3	0.5	0.9	3.1	1.1	1.0	2.1	1.2	1.1	2.4	4.6		
Aluminum & Copper	Sales	79.3	76.0	155.3	69.3	65.1	134.5	289.9	78.2	76.7	155.0	74.4	74.5	149.0	304.0		
	Ordinary Income (Loss)	5.3	1.6	7.0	0.9	(1.8)	(0.9)	6.0	6.2	3.4	9.7	3.6	1.3	5.0	14.7		
Machinery	Sales	41.1	38.9	80.1	32.7	39.9	72.6	152.8	33.9	37.7	71.6	32.7	50.1	82.8	154.5		
	Ordinary Income	3.3	2.3	5.6	3.2	1.0	4.2	9.8	4.9	3.6	8.5	2.8	3.0	5.9	14.5		
Natural Resources & Engineering	Sales	12.4	17.8	30.2	12.9	12.6	25.5	55.8	13.2	7.8	21.1	9.0	34.0	43.1	64.2		
	Ordinary Income (Loss)	(0.6)	1.2	0.6	2.8	(3.1)	(0.2)	0.3	2.3	(0.8)	1.4	1.3	0.2	1.5	3.0		
Kobelco Eco-Solutions	Sales	12.4	17.4	29.8	18.8	22.5	41.3	71.1	13.9	16.1	30.0	15.5	23.9	39.5	69.6		
	Ordinary Income	0.4	1.0	1.4	1.8	0.8	2.7	4.2	1.0	0.0	1.1	0.9	0.9	1.9	3.1		
Kobelco Construction Machinery	Sales	97.7	82.4	180.1	61.6	65.3	126.9	307.1	85.6	89.9	175.6	65.7	71.7	137.5	313.1		
	Ordinary Income	11.1	7.4	18.5	1.6	2.6	4.3	22.8	9.8	8.9	18.8	3.5	3.9	7.4	26.3		
Kobelco Cranes	Sales	11.8	11.1	22.9	11.6	13.4	25.0	48.0	11.2	12.0	23.3	7.1	10.4	17.6	40.9		
	Ordinary Income (Loss)	(0.4)	0.5	0.1	(0.0)	0.1	0.0	0.1	(0.3)	0.4	0.1	(0.9)	(0.5)	(1.5)	(1.3)		
Other Businesses	Sales	14.7	16.4	31.1	15.7	22.2	38.0	69.1	14.6	15.5	30.2	15.6	19.7	35.3	65.5		
	Ordinary Income	1.2	1.4	2.6	1.3	3.1	4.5	7.2	0.9	1.1	2.0	1.6	2.7	4.4	6.4		
Adjustment	Sales	(15.5)	(16.6)	(32.2)	(16.3)	(19.4)	(35.8)	(68.1)	(15.2)	(20.3)	(35.5)	(16.8)	(19.2)	(36.1)	(71.6)		
	Ordinary Income (Loss)	(1.1)	(2.0)	(3.1)	(0.7)	(1.5)	(2.2)	(5.4)	(2.0)	(2.0)	(4.1)	2.3	(4.4)	(2.0)	(6.1)		
Total	Sales	471.4	488.6	960.0	449.4	455.1	904.6	1,864.6	457.4	464.6	922.0	433.7	502.7	936.5	1,858.5		
	Ordinary Income (Loss)	23.9	14.5	38.5	11.6	(16.3)	(4.7)	33.7	38.0	11.2	49.3	29.5	10.1	39.7	89.0		
Net Income		9.8	7.5	17.3	(4.7)	(26.8)	(31.6)	(14.2)	20.0	9.4	29.4	17.7	5.7	23.4	52.9		



## 7. Quarterly Steel Production and Sales Volume (Nonconsolidated)

### Production and Sales Volume (in millions of metric tons)

	FY2011						
	1st Half			2nd Half			Total
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Crude steel	1.75	1.88	3.63	1.77	1.76	3.53	7.16
Sales volume	1.44	1.54	2.98	1.56	1.47	3.03	6.01
Export ratio (value basis)	31.9%	26.9%	29.2%	23.3%	23.4%	23.3%	26.2%

	FY2010						
	1st Half			2nd Half			Total
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Crude steel	1.98	1.74	3.72	1.98	1.90	3.88	7.60
Sales volume	1.65	1.56	3.21	1.55	1.62	3.17	6.38
Export ratio (value basis)	28.5%	27.8%	28.2%	24.5%	27.9%	26.2%	27.1%

### Sales Prices (in yen per metric ton)

	FY2011						
	1st Half			2nd Half			Total
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Domestic & Export average	85,200	91,800	88,600	92,900	84,000	88,600	88,600

	FY2010						
	1st Half			2nd Half			Total
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Domestic & Export average	76,800	86,100	81,300	88,100	82,200	85,100	83,200

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