

N E W S R E L E A S E

November 7, 2012

Kobelco Cranes Co., Ltd.

Kobelco Cranes' Half-Year Financial Results for Fiscal Year 2012 (April 1, 2012 – September 30, 2012)

General Market Conditions

The aggregate world demand for crawler cranes has grown in North America, where there has been strong growth for shale gas excavation, as well as in Southeast Asia, mainly Singapore and Hong Kong, where there has been strong growth thanks to major projects. However, it has been diminishing at a steep rate in the Indian and Chinese markets, which had been leading the demand until the last fiscal year.

Although demand in Japan has been following an upward trend compared to the previous fiscal year, due to gradually increasing demand for reconstruction, it has not been enough to boost the aggregate world demand.

Under these conditions, the Kobelco Cranes Group has been steadily meeting domestic demand for reconstruction, improving its sales systems mainly in Southeast Asia, and reducing costs by expanding overseas procurement.

Overall sales volume fell short of the original plan. Although Kobelco Cranes achieved its projected target in Japan and was able to increase its market share, it was unable to achieve its original plan overseas due to decreased demand. In addition, sales of smaller leading machines, both in Japan and overseas, also contributed to a significant decrease in profits in the first half of fiscal year 2012 compared to the same period last year.

As for the factories in India and China, which began operations in 2012, effort had been made to expand local procurement with core parts supplied from Japan. Production at these plants commenced as scheduled. However, sales were poor in both countries due to significant decrease in demand, contributing to one of the factors of the Kobelco Cranes Group's downturn in profits.

In the first half of fiscal year 2012, consolidated net sales were 22,136 million yen, a 3.6% decrease over the same period last year. Consolidated ordinary loss was 897 million yen, a decrease of 1,006 million yen over the first half of fiscal year 2011. Consolidated loss was 1,751 million yen, a decrease of 1,960 million yen over the first half of fiscal year 2011.

Consolidated Financial Results for Fiscal Year 2012 - First Half

(Unit: in millions of yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
FY2012 First Half (Year-to-year comparison)	22,136 (- 3.6%)	(1,067)	(897)	(1,751)
FY2011 First Half	22,974	(69)	109	209

*The values of FY2012 First Half are the values before an accounting audit by an auditing company.

Outlook for Fiscal Year 2012

A significant increase in sales volume is not expected in the second half of fiscal year 2012, as there is no indication of recovery in the world market and a favorable improvement in the currency exchange rate is unlikely. Under the continuing harsh conditions, Kobelco Cranes will undertake thorough cost reduction activities (MAGMA Project); focus on further expanding overseas procurement; and thoroughly eliminate inefficiency, including the compression of inventory.

In reaction to the overseas businesses in India and China where there have been increasing uncertainties due to a rapid decline in demand, the company will reexamine its position and role and aim at contributing to the entire Kobelco Cranes Group, returning each business to profitability.

Strengthening the company through the undertakings mentioned above, the Kobelco Cranes Group will establish a foothold toward recovery in fiscal year 2013.

For fiscal year 2012, net sales are expected to be approximately 47,000 million yen and ordinary loss is expected to be approximately 3,000 million yen.

Forecast for Fiscal Year 2012

		Net Sales	Ordinary Income (Loss)
Consolidated	FY2012	47,000	(3,000)
	FY2011	48,000	100

(Unit: in millions of yen)

Notes:

Exchange rate assumptions for the second half of Fiscal 2012:

1 US Dollar = 78 Yen, 1 Euro = 97 Yen

The forecast above is based on information current at the time of this announcement.

The actual results may differ significantly due to various factors in the future.