

KAWASAKI STEEL CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
MARCH 31, 2001 AND 2000

<u>ASSETS</u>	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Current assets:			
Cash and time deposits	¥ 4,122	¥ 8,196	\$ 33,270
Short-term investments	—	2,060	—
Notes and accounts receivable:			
Trade	52,775	53,635	425,955
Associates	53,334	78,969	430,467
Other	10,481	6,150	84,594
Allowance for doubtful accounts	(100)	(200)	(807)
	<u>116,491</u>	<u>138,554</u>	<u>940,209</u>
Inventories	174,697	185,488	1,409,991
Deferred tax assets (Note 5)	15,025	11,544	121,267
Other current assets	3,849	4,335	31,081
Total current assets	<u>314,187</u>	<u>350,180</u>	<u>2,535,818</u>
Property, plant and equipment :			
Land	86,949	87,680	701,773
Buildings and structures	632,005	635,605	5,100,935
Machinery and equipment	2,282,918	2,314,518	18,425,493
Construction in progress	18,531	19,593	149,565
	<u>3,020,405</u>	<u>3,057,397</u>	<u>24,377,766</u>
Accumulated depreciation	(2,375,197)	(2,359,609)	(19,170,280)
Total property, plant and equipment	<u>645,207</u>	<u>697,788</u>	<u>5,207,486</u>
Investments and other assets:			
Investments in and advances to associates	236,381	214,067	1,907,841
Investments in securities	169,942	161,402	1,371,612
Deferred tax assets (Note 5)	32,775	41,958	264,533
Other	52,881	54,801	426,804
Less allowance for doubtful accounts	(9,414)	(6,805)	(75,987)
Total investments and other assets	<u>482,566</u>	<u>465,424</u>	<u>3,894,803</u>
Total assets	<u>¥ 1,441,961</u>	<u>¥ 1,513,393</u>	<u>\$ 11,638,107</u>

The accompanying notes are an integral part of these statements.

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Current liabilities:			
Short-term bank loans and commercial paper	¥ 10,100	¥ 2,100	\$ 81,517
Current portion of long-term debt	139,820	136,274	1,128,499
Notes and accounts payable:			
Trade	44,066	41,007	355,664
Associates	77,176	58,066	622,897
Other	2,880	2,296	23,248
Accrued income taxes (Note 5)	62	61	504
Accrued expenses			
Allowance for loss on guarantees	—	111	—
Other current liabilities	90,745	92,299	732,410
Total current liabilities	<u>364,853</u>	<u>332,217</u>	<u>2,944,739</u>
Long-term liabilities:			
Long-term debt	528,828	635,959	4,268,188
Accrued severance indemnities	46,766	44,475	377,454
Other liabilities	45,237	38,096	365,116
Total long-term liabilities	<u>620,832</u>	<u>718,531</u>	<u>5,010,758</u>
Total liabilities	<u>985,686</u>	<u>1,050,748</u>	<u>7,955,497</u>
Contingencies (Note 3)			
Shareholders' equity :			
Common stock, par value ¥ 50 per share			
Authorized 5,940,400,000 shares			
Issued			
2001- 3,191,956,286 shares	239,644	—	1,934,177
2000- 3,251,556,286 shares	—	239,644	—
Additional paid-in capital	112,134	119,611	905,044
Legal reserve	40,688	40,209	328,401
Retained earnings	30,221	63,178	243,922
Net unrealized holding gains on securities	33,585	—	271,066
Total shareholders' equity	<u>456,275</u>	<u>462,644</u>	<u>3,682,610</u>
Total liabilities and shareholders' equity	<u>¥ 1,441,961</u>	<u>¥ 1,513,393</u>	<u>\$ 11,638,107</u>

KAWASAKI STEEL CORPORATION
NON-CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED MARCH 31, 2001 AND 2000

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Net sales	¥ 778,536	¥ 765,924	\$ 6,283,592
Cost of sales	645,922	658,383	5,213,254
Gross profit	<u>132,614</u>	<u>107,540</u>	<u>1,070,338</u>
Selling, general and administrative expenses	78,694	78,086	635,146
Operating income	<u>53,920</u>	<u>29,454</u>	<u>435,192</u>
Non-operating income (expenses):			
Interest and dividend income	4,306	3,804	34,760
Interest expenses	(12,113)	(16,420)	(97,765)
Other, net	(3,111)	104	(25,114)
Ordinary profit	<u>43,002</u>	<u>16,943</u>	<u>347,073</u>
Special profit (loss)(Note 6)	(88,179)	(8,438)	(711,698)
Income (loss) before income taxes	(45,177)	8,504	(364,625)
Income taxes (Note 5):			
Current	60	61	484
Deferred	(17,636)	1,902	(142,349)
	<u>(17,576)</u>	<u>1,963</u>	<u>(141,864)</u>
Net income (loss)	<u>¥ (27,600)</u>	<u>¥ 6,541</u>	<u>\$ (222,761)</u>
			U.S. dollars (Note 1)
	Yen	Yen	2001
	<u>2001</u>	<u>2000</u>	
Net income (loss) per share	¥ (8.52)	¥ 2.01	\$ (0.069)
Cash dividends per share	1.50	1.50	0.012

The accompanying notes are an integral part of these statements.

KAWASAKI STEEL CORPORATION
NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED MARCH 31, 2001 AND 2000

	Number of shares issued (thousands)	Millions of yen					Net unrealized holding gains on securities
		Common stock	Additional paid-in capital	Legal reserve	Retained earnings		
Balance at April 1, 1999	3,251,555	¥ 239,644	¥ 119,611	¥ 39,721	¥ 57,125	¥ —	
Net income for the year					6,541		
Cash dividends							
Bonuses to directors and corporate auditors							
Transfer to legal reserve				488	(488)		
Conversion of convertible debentures to common stock	1						
Balance at March 31, 2000	3,251,556	239,644	119,611	40,209	63,178	—	
Net income for the year					(27,600)		
Net unrealized holding gains on securities						33,585	
Cash dividends					(4,877)		
Bonuses to directors and corporate auditors							
Transfer to legal reserve				479	(479)		
Conversion of convertible debentures to common stock							
Purchase of treasury stock	(59,600)		(7,476)				
Balance at March 31, 2001	3,191,956	¥ 239,644	¥ 112,134	¥ 40,688	¥ 30,221	¥ 33,585	

	Thousands of U.S. dollars (Note 1)				
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Net unrealized holding gains on securities
Balance at March 31, 2000	\$ 1,934,177	\$ 965,388	\$ 324,535	\$ 509,914	\$ —
Net income for the year				(222,761)	
Net unrealized holding gains on securities					271,066
Cash dividends				(39,365)	
Bonuses to directors and corporate auditors					
Transfer to legal reserve			3,866	(3,866)	
Conversion of convertible debentures to common stock					
Purchase of treasury stock		(60,344)			
Balance at March 31, 2001	\$ 1,934,177	\$ 905,044	\$ 328,401	\$ 243,922	\$ 271,066

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