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# Consolidated Financial Summary for the First Six Months of the Fiscal Year Ending March 2012 (Japanese Accounting Standards)

November 4, 2011

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

URL: <http://www.kanematsu.co.jp>

Representative: President, Masayuki Shimojima

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Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): November 14, 2011

Scheduled date for commencement of dividend payments: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for institutional investors and analysts)

(Figures of less than one million are rounded down.)

1. Consolidated business results for the first six months of the fiscal year ending March 2012 (April 1, 2011 – September 30, 2011)

(1) Consolidated business results (sum total) (%: Change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Six Months to September 2011	493,380	8.5	11,517	24.9	9,465	24.8	6,391	58.2
First Six Months to September 2010	454,551	8.0	9,223	44.0	7,587	65.6	4,039	131.3

(Note) Comprehensive income: 4,621 million yen (–%) for the first six months to September 2011  
361 million yen (–%) for the first six months to September 2010

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
First Six Months to September 2011	15.27	–
First Six Months to September 2010	9.66	–

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2011	387,579	53,885	9.6
As of March 31, 2011	388,676	49,576	8.5

(Reference) Shareholders' equity: 37,030 million yen as of September 30, 2011  
33,101 million yen as of March 31, 2011

2. Dividends

(Record date)	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2011	–	0.00	–	0.00	0.00
Fiscal year ending March 2012	–	0.00			
Fiscal year ending March 2012 (Forecasts)			–	0.00	0.00

(Note) Revisions to dividend forecasts published most recently: None

3. Forecasts for consolidated results ending March 2012 (April 1, 2011 – March 31, 2012)

(%: Changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	980,000	4.6	20,000	10.9	15,500	8.7	7,000	-23.7	16.73

(Note) Revisions to results forecasts published most recently: Yes

#### 4. Other information

(1) Important change in subsidiaries during the term (Change in scope of consolidation): None

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please see the statement under the heading of "2. Matters Relating to Summary Information (Other), (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements" on page 4 of accompanying materials.

(3) Changes in accounting policies and changes or restatement of accounting estimates

- |   |      |
|---|------|
| 1. Changes in accounting policies associated with the revision of accounting standards, etc.: | None |
| 2. Changes in accounting policies other than 1.:  | None |
| 3. Changes in accounting estimates:   | None |
| 4. Restatement:   | None |

(4) Number of outstanding shares (common shares)

- |  |                    |                            |                    |
|--|--------------------|----------------------------|--------------------|
| 1. Number of outstanding shares including treasury stock         |                    |                            |                    |
| First six months (2011/9):                                       | 422,501,010 shares | Fiscal year (2011/3):      | 422,501,010 shares |
| 2. Number of treasury stock                                      |                    |                            |                    |
| First six months (2011/9):                                       | 3,920,129 shares   | Fiscal year (2011/3):      | 3,878,764 shares   |
| 3. Average number of shares during the period (First six months) |                    |                            |                    |
| First six months (2011/9):                                       | 418,604,504 shares | First six months (2010/9): | 418,174,184 shares |

#### \* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

#### \* Explanation about the proper use of results forecasts, and additional information

1. The results forecasts and forward-looking statements included in this document are based on information available on the date of the announcement and estimates based on reasonable assumptions. Actual results might be significantly different from the forecasts in the document, depending on various factors. Refer to "(3) Qualitative information on consolidated results forecasts" in "1. Qualitative Information on Consolidated Results, Etc. for the First Six Months of the Fiscal Year Ending March 2012" on page 3 of accompanying materials for further information on results forecasts.
2. The Company plans to hold a results briefing for institutional investors and analysts on Friday, November 11, 2011. It intends to publish references to explain the results it will distribute at the briefing session at its website promptly after the session.

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## 1. Qualitative Information on Consolidated Results, Etc. for the First Six Months of the Fiscal Year Ending March 2012

### (1) Qualitative information on consolidated results

During the first half under review (from April 1 to September 30, 2011), the US economy struggled with declines in personal spending and cooling investment appetites, while European economies grappled with uncertainty over the course of its sovereign debt problems. The Chinese economy and emerging economies in Asia remained solid, despite concerns about inflation.

Overcoming the power crisis in the summer, the Japanese economy generally recovered, with the restoration of supply chains that had been disrupted after the Great East Japan Earthquake.

In this environment, the results of the Group in the first half under review remained solid.

Consolidated net sales increased ¥38,829 million (8.5%) year on year, to ¥493,380 million, reflecting a recovery in demand and rising commodity prices in Japan and overseas. With the sales increase, consolidated gross trading profit grew ¥2,879 million (7.6%) year on year, to ¥40,847 million. Operating income rose ¥2,294 million (24.9%), to ¥11,517 million, thanks to the rise in gross trading profit and the curbing of increases in selling, general and administrative expenses. In spite of an improvement in loss on equity method investments, non-operating income and expenses worsened ¥415 million, attributable to a decline in dividends received and a rise in foreign exchange losses. Consequently, consolidated ordinary income climbed ¥1,878 million (24.8%) year on year, to ¥9,465 million.

In extraordinary items, net losses of ¥273 million were posted as a result of a loss on sale of investments in securities and other factors. Income before income taxes and minority interests was ¥9,192 million, up ¥2,267 million (32.7%) year on year. After subtracting tax expenses and minority interests, the Company posted consolidated net income of ¥6,391 million, an increase of ¥2,352 million (58.2%) from the previous fiscal year.

Results for each business segment are described below.

#### (i) Electronics & IT

The ICT solutions business and the mobile solutions business performed well, reflecting the expansion of the market for mobile communication terminals, including smartphones. In contrast, the semiconductor component business was weak given the effects of the earthquake. The semiconductor equipment business was also sluggish, attributable to a decline in demand in response to strong demand in the previous fiscal year.

As a result, net sales in the Electronics & IT Division decreased ¥2,583 million year on year, to ¥125,038 million. Operating income declined ¥340 million, to ¥5,014 million.

#### (ii) Foods & Foodstuff

Sales of imported meat products were solid, partly because of the effect of the earthquake and nuclear disaster. The foods business, especially prepared foods and processed foods, performed well in a relatively stable supply and demand environment. The domestic dairy industry faced a harsh environment due to the effect of the earthquake, but the foodstuffs business contributed to earnings thanks to our efforts to strengthen ties with suppliers and expand sales channels for the sale of feedstuffs.

As a consequence, net sales in the Foods & Foodstuff Division increased ¥5,784 million, to ¥146,144 million. Operating income was up ¥1,713 million, to ¥3,020 million.

#### (iii) Iron & Steel

Earnings were boosted by continued strong exports, especially of automobile wire rods and stainless steel, to Europe and the United States.

As a result, sales in the Iron & Steel Division increased ¥4,814 million, to ¥51,250 million. Operating income was up ¥337 million, to ¥1,876 million.

#### (iv) Machinery & Plant

Business linked to automobile parts was weak because of the effects of the earthquake, including disruptions in supply chains, in the first quarter but recovered in the second quarter. Overall, performance in this business segment was solid in the first half. Business linked to plants was slightly weak, but the machine tool business was

solid, reflecting a recovery in demand.

As a result, sales in the Machinery & Plant Division rose ¥5,418 million, to ¥35,928 million. The operating income declined ¥56 million, to ¥417 million.

(v) Environment & Materials

In the functional chemicals business, exports of raw materials for car batteries grew, and overall transactions of chemicals, including lubricant oils and raw materials for resin, were solid. The energy business was firm overall, backed by increasing sales of fuel oil to electric power companies after the earthquake.

As a consequence, net sales in the Environment & Materials Division increased ¥24,754 million, to ¥126,099 million. Operating income rose ¥490 million, to ¥903 million.

(vi) Other

Net sales increased ¥643 million, to ¥8,920 million, and operating income rose ¥141 million, to ¥272 million, attributable to the improved profitability of the aluminum recycling business.

(2) Qualitative information on consolidated financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first half declined ¥1,097 million from the end of the previous fiscal year, to ¥387,579 million.

Interest-bearing debt fell ¥5,268 million, to ¥168,359 million. Net interest-bearing debt, which is interest-bearing debt minus cash and bank deposits, dropped ¥10,593 million from the end of the previous fiscal year, to ¥94,019 million.

Net assets rose ¥4,309 million, to ¥53,885 million, attributable to an increase in retained earnings as a result of the posting of net income, offsetting the deterioration of other accumulated comprehensive income, which was in negative territory, caused by the worsening of translation adjustments due to a stronger yen. Equity capital, which is net assets minus minority interests, rose ¥3,929 million, to ¥37,030 million.

As a result, the equity ratio improved 1.1 percentage points from the end of the previous fiscal year, to 9.6%. The net debt-equity ratio also improved to 2.5, from 3.2 at the end of the previous fiscal year.

(ii) Cash flows

Net cash provided by operating activities in the first half under review stood at ¥9,433 million (net cash provided of ¥10,442 million for the first half of the previous fiscal year), mainly reflecting operating income. Net cash provided by investing activities was ¥2,562 million (net cash provided of ¥7,103 million), primarily attributable to a decrease in loans receivable and proceeds from the withdrawal of time deposits. Net cash used in financing activities was ¥5,534 million (net cash used of ¥16,401 million), chiefly owing to the repayment of long-term debt. As a result, cash and cash equivalents at the end of the second quarter under review stood at ¥73,483 million, up ¥6,057 million from the end of the previous fiscal year.

(3) Qualitative information on consolidated results forecasts

We expect that the business environment surrounding the Group will remain uncertain, reflecting the effect of the debt problems in Europe on the global economy, continued strength in the yen, tax revisions, and other factors. However, results in the first half under review exceeded the consolidated results forecasts announced at the beginning of the fiscal year, mainly because the effect of the Great East Japan Earthquake was less than expected and performance in the Foods & Foodstuff and Environment & Materials segments was strong.

Considering these circumstances, we have revised our consolidated results forecasts announced on May 9, 2011 upwards: net sales is forecast to stand at ¥980.0 billion, up ¥30.0 billion from the previous forecast, operating income is projected to be ¥20.0 billion, rising ¥3.0 billion, ordinary income is expected to be ¥15.5 billion, an increase of ¥3.5 billion, and net income is expected to be ¥7.0 billion, a rise of ¥1.5 billion.

The forecasts above are based on information available on the date of the announcement of this document and estimates based on reasonable assumptions. Actual results might differ materially from the forecasts, due to various factors.

## 2. Matters Relating to Summary Information (Other)

### (1) Important change in subsidiaries during the term

Not applicable.

### (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements

#### (Calculation of tax expenses)

Certain consolidated subsidiaries calculated tax expenses by multiplying income before income taxes and minority interests by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes for the fiscal year, including the second quarter under review.

### (3) Changes in accounting policies and changes or restatement of accounting estimates

Not applicable.

#### (Additional information)

For accounting changes and corrections of past errors after the beginning of the first quarter of this fiscal year, the Group applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009).

### 3. Consolidated Financial Statements

#### (1) Consolidated balance sheets

(Million yen)

	Fiscal 2010 (March 31, 2011)	End of first six months under review (September 30, 2011)
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank deposits	69,014	74,340
Notes and accounts receivable	146,546	141,776
Investments in leased assets	606	645
Inventories	57,089	64,928
Short-term loans receivable	1,740	444
Deferred tax assets	3,581	3,800
Other	21,058	16,835
Allowance for doubtful accounts	(355)	(303)
<b>Total current assets</b>	<b>299,283</b>	<b>302,468</b>
<b>Fixed assets</b>		
Tangible fixed assets	27,884	27,639
Intangible fixed assets	1,859	1,854
<b>Investments and other assets</b>		
Investments in securities	31,977	29,081
Long-term loans receivable	12,679	12,612
Doubtful accounts	14,006	2,022
Deferred tax assets	13,325	12,919
Other	9,894	9,559
Allowance for doubtful accounts	(22,236)	(10,578)
<b>Total investments and other assets</b>	<b>59,648</b>	<b>55,617</b>
<b>Total fixed assets</b>	<b>89,392</b>	<b>85,110</b>
<b>Total assets</b>	<b>388,676</b>	<b>387,579</b>

(Million yen)

	Fiscal 2010 (March 31, 2011)	End of first six months under review (September 30, 2011)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	123,257	120,860
Short-term borrowings	100,488	102,668
Lease obligations	572	695
Accrued income taxes	1,562	1,553
Deferred tax liabilities	1	0
Asset retirement obligations	6	12
Other	26,231	28,003
Total current liabilities	252,120	253,794
Long-term liabilities		
Long-term borrowings	73,138	65,690
Lease obligations	1,248	1,473
Deferred tax liabilities	364	281
Accrued severance indemnities	2,516	2,630
Reserve for directors' retirement benefits	617	478
Asset retirement obligations	847	843
Other	8,245	8,500
Total long-term liabilities	86,978	79,899
Total liabilities	339,099	333,694
<b>Net assets</b>		
Owners' equity		
Capital stock	27,781	27,781
Capital surplus	27,606	27,605
Retained earnings	8,914	15,284
Treasury stock	(569)	(572)
Total owners' equity	63,732	70,099
Other accumulated comprehensive income		
Unrealized loss on available-for-sale securities	(166)	(879)
Deferred gain/loss on hedging	(143)	(295)
Land revaluation reserves	58	58
Translation adjustments	(30,379)	(31,952)
Total other accumulated comprehensive income	(30,631)	(33,069)
Minority interests	16,475	16,855
Total net assets	49,576	53,885
Total liabilities and net assets	388,676	387,579



## (2) Consolidated statements of income / consolidated statement of comprehensive income

## Consolidated statements of income

[First six months]

(Million yen)

	Previous first six months (From April 1, 2010 to September 30, 2010)	First six months under review (From April 1, 2011 to September 30, 2011)
Net sales	454,551	493,380
Cost of sales	416,582	452,533
Gross trading profit	37,968	40,847
Selling, general and administrative expenses	28,744	29,330
Operating income	9,223	11,517
Non-operating income		
Interest received	312	246
Dividends received	736	450
Other	666	374
Total non-operating income	1,715	1,071
Non-operating expenses		
Interest paid	2,121	2,095
Loss on equity method investments	361	180
Foreign exchange losses	23	195
Other	845	651
Total non-operating expenses	3,351	3,123
Ordinary income	7,587	9,465
Extraordinary gains		
Gain on sale of tangible fixed assets	21	20
Gain on sale of investment in securities	125	49
Gain on liquidation of subsidiaries and affiliates	4	10
Gain on negative goodwill	69	–
Gain on reversal of allowance for doubtful accounts	155	–
Total extraordinary gains	376	80
Extraordinary losses		
Loss on sales or disposal of fixed assets	24	29
Loss on sale of investments in securities	50	271
Loss on valuation of investments in securities	528	53
Loss on adjustment for changes of accounting standard for asset retirement obligations	436	–
Total extraordinary losses	1,039	354
Income before income taxes and minority interests	6,925	9,192
Income taxes – current	1,708	1,935
Income taxes – deferred	431	192
Total income taxes	2,139	2,127
Income before minority interests	4,785	7,064
Minority interests in consolidated subsidiaries	745	673
Net income	4,039	6,391

Consolidated statement of comprehensive income  
 [First six months]

(Million yen)

	Previous first six months (From April 1, 2010 to September 30, 2010)	First six months under review (From April 1, 2011 to September 30, 2011)
Income before minority interests	4,785	7,064
Other comprehensive income		
Valuation difference on available-for-sale securities	(538)	(708)
Deferred gains or losses on hedges	(474)	(132)
Foreign currency translation adjustment	(3,360)	(1,571)
Share of other comprehensive income of associates accounted for using equity method	(49)	(31)
Total other comprehensive income	(4,423)	(2,443)
Comprehensive income	361	4,621
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(178)	3,953
Comprehensive income attributable to minority interests	540	667

## (3) Consolidated statements of cash flows

(Million yen)

	Previous first six months (From April 1, 2010 to September 30, 2010)	First six months under review (From April 1, 2011 to September 30, 2011)
Cash flows from operating activities:		
Income before income taxes and minority interests	6,925	9,192
Depreciation and amortization	1,282	1,202
Increase (decrease) in allowance for doubtful accounts	(92)	(187)
Increase (decrease) in reserve for employees' prior service obligations	(67)	115
Interest and dividend income	(1,049)	(697)
Interest expense	2,121	2,095
Equity in earnings of affiliated companies (gain)	361	180
Gain or loss on sales or disposal of fixed assets (gain)	2	12
Loss on adjustment for changes of accounting standard for asset retirement obligations	436	–
Gain or loss on sale of investments in securities (gain)	(75)	222
Gain or loss on valuation of investments in securities (gain)	528	53
Decrease (increase) in notes and accounts receivable	(4,201)	5,988
Decrease (increase) in inventories	(4,079)	(7,778)
Increase (decrease) in notes and accounts payable	8,074	3,004
Other	2,008	(682)
Sub total	12,173	12,721
Interest and dividend income received	1,072	676
Interest paid	(2,178)	(2,092)
Income taxes paid	(625)	(1,873)
Net cash provided by (used in) operating activities	10,442	9,433
Cash flows from investing activities:		
Decrease (increase) in time deposits	6,535	857
Payments for acquisition of tangible fixed assets	(499)	(794)
Proceeds from sale of tangible fixed assets	230	535
Payments for acquisition of intangible fixed assets	(304)	(247)
Payments for acquisition of investments in securities	(67)	(97)
Proceeds from sale of investments in securities	553	849
Purchase of investments in subsidiaries	(217)	(0)
Increase in loans receivable	(225)	(80)
Decrease in loans receivable	1,292	1,414
Other	(194)	126
Net cash provided by (used in) investing activities	7,103	2,562
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(10,193)	1,288
Proceeds from long-term debt	23,992	10,875
Repayment of long-term debt	(29,754)	(17,357)
Proceeds on payments by minority shareholders	–	4
Other	(445)	(345)
Net cash provided by (used in) financing activities	(16,401)	(5,534)
Effect of exchange rate changes on cash and cash equivalents	(1,327)	(403)
Net increase (decrease) in cash and cash equivalents	(182)	6,057
Cash and cash equivalent at beginning of year	64,479	67,426
Effect of the change in scope of consolidated subsidiaries	137	–
Cash and cash equivalent at end of year	64,434	73,483

(4) Notes on the going concern assumption

Not applicable.

(5) Segment information

I. Previous first six months (From April 1, 2010 to September 30, 2010)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments						Others (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated statements of income (Note 3)
	Electronics & IT	Food & Foodstuff	Iron & Steel	Machinery & Plant	Environment & Materials	Sub-total				
Net sales										
Outside customers	127,621	140,360	46,436	30,510	101,345	446,274	8,277	454,551	–	454,551
Inter-segment	10	3	323	11	26	375	26	402	(402)	–
Total	127,632	140,364	46,760	30,521	101,372	446,649	8,303	454,953	(402)	454,551
Segment profit	5,354	1,307	1,539	473	413	9,089	131	9,220	2	9,223

(Note 1) “Others” is a business segment that is not included in the reported segments and includes the aluminum recycling business and the logistics and insurance service business, etc.

(Note 2) Adjustment of ¥2 million for segment profit includes inter-segment elimination of ¥2 million.

(Note 3) Segment profit is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by reported segment

(Significant impairment loss relating to fixed assets)

Not applicable in the first six months under review

(Significant change in the amount of goodwill)

Not applicable in the first six months under review

(Significant gain on negative goodwill)

Not applicable in the first six months under review

II. First six months under review (From April 1, 2011 to September 30, 2011)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments						Others (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated statements of income (Note 3)
	Electronics & IT	Food & Foodstuff	Iron & Steel	Machinery & Plant	Environment & Materials	Sub-total				
Net sales										
Outside customers	125,038	146,144	51,250	35,928	126,099	484,960	8,920	493,380	–	493,380
Inter-segment	33	2	46	7	20	111	27	138	(138)	–
Total	125,071	146,147	51,297	35,935	126,119	484,571	8,947	493,519	(138)	493,380
Segment profit	5,014	3,020	1,876	417	903	11,232	272	11,505	12	11,517

(Note 1) “Others” is a business segment that is not included in the reported segments and includes the aluminum recycling business and the logistics and insurance service business, etc.

(Note 2) Adjustment of ¥12 million for segment profit includes inter-segment elimination of ¥12 million.

(Note 3) Segment profit is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by reported segment

(Significant impairment loss relating to fixed assets)

Not applicable in the first six months under review

(Significant change in the amount of goodwill)

Not applicable in the first six months under review

(Significant gain on negative goodwill)

Not applicable in the first six months under review

(6) Notes if there is a significant change in the amount of shareholders' equity

Not applicable.

(7) Significant subsequent events

Not applicable.

4. Supplementary Information

A lawsuit against the Company (in which the claim is ¥3,300 million) was filed with the Tokyo District Court in December 2009 with regard to compensation based on a stated guarantee by a transferee in connection with an agreement for transferring shares in and credits to Kanematsu Kankyo Co., Ltd. (presently known as Funabashi Kankyo Co., Ltd.), the Company's subsidiary, prior to its transfer in March 2008.

## Highlights of Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 2012

### Both net sales and income increased year on year.

<b>Net sales</b>	<b>493.4 billion yen</b>	<b>8.5% up</b>
<b>Operating income</b>	<b>11.5 billion yen</b>	<b>24.9% up</b>
<b>Ordinary income</b>	<b>9.5 billion yen</b>	<b>24.8% up</b>
<b>Net income</b>	<b>6.4 billion yen</b>	<b>58.2% up</b>

### The full-year forecasts have been revised upward.

(Unit: 100 million yen)	H1 of FY2010	H1 of FY2011	Year-on-year		FY2011	
			Change	Change (%)	Forecast revised on November 4	Change (%)
Net sales	4,546	4,934	388	8.5%	9,800	50.3%
Gross trading profit	380	408	29	7.6%	-	-
SG&A expenses	287	293	6	2.0%	-	-
Operating income	92	115	23	24.9%	200	57.6%
Dividends received	7	5	-3	-	-	-
Interest	-18	-18	0	-	-	-
Gains or losses on equity-method investments	-4	-2	2	-	-	-
Foreign exchange losses	0	-2	-2	-	-	-
Others	-2	-3	-1	-	-	-
Non-operating income/loss	-16	-21	-4	-	-	-
Ordinary income	76	95	19	24.8%	155	61.1%
Extraordinary gain	4	1	-3	-	-	-
Extraordinary loss	-10	-4	7	-	-	-
Income (loss) before income taxes	69	92	23	32.7%	-	-
Income taxes and minority interests	-29	-28	1	-	-	-
Net income	40	64	24	58.2%	70	91.3%

**Net sales/Gross trading profit**  
Net sales increased, chiefly reflecting a recovery in demand and rising commodity prices in Japan and abroad.  
With the increase in net sales, gross trading profit rose.

**Operating income**  
Operating income rose, attributable to an increase in gross trading profit and the curbing of increases in SG&A expenses.

**Ordinary income**  
The loss on equity method investments improved, while non-operating income and expenses worsened slightly, reflecting a decline in dividends received and a rise in foreign exchange losses. Overall, ordinary income rose, attributable to an increase in operating income.

**Net income**  
There were no large amounts of extraordinary items. Net income increased, reflecting rises in operating income and ordinary income.

<Reference>  
Initial forecasts (change)  
Net sales: 950 billion yen (+30)  
Operating income: 17 billion yen (+3)  
Ordinary income: 12 billion yen (+3.5)  
Net income: 5.5 billion yen (+1.5)

### Assets, Liabilities and Net Assets

(Unit: 100 million yen)	3/2011	9/2011	Comparison with 3/2011	
			Change	Change (%)
Total assets	3,887	3,876	-11	-0.3%
Gross interest-bearing debt	1,736	1,684	-53	-3.0%
Net interest-bearing debt	1,046	940	-106	-10.1%
Equity capital	637	701	64	10.0%
(Retained earnings)	89	153	64	71.5%
Other accumulated comprehensive income	-306	-331	-24	-
Minority interests	165	169	4	2.3%
Total net assets	496	539	43	8.7%
Shareholder's equity (Note 1)	331	370	39	11.9%
Shareholder's equity ratio (Note 2)	8.5%	9.6%	1.1 pt improved	-
Net debt-equity ratio (Note 3)	3.2 times	2.5 times	0.7 pt improved	-

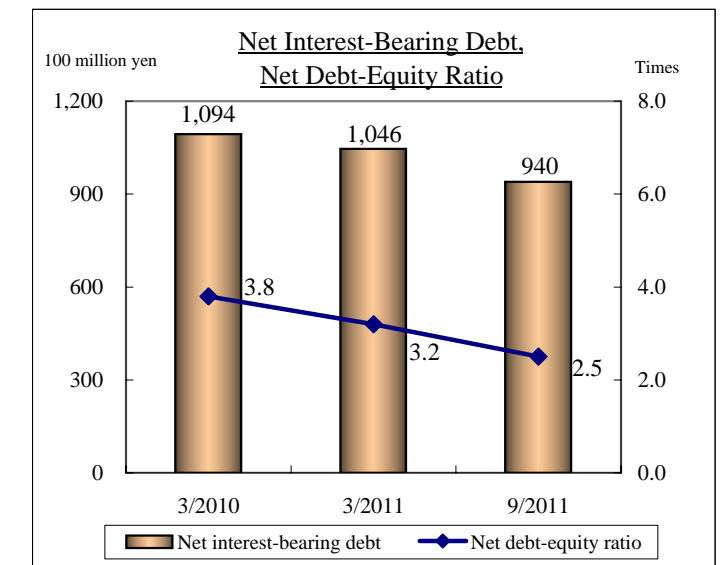
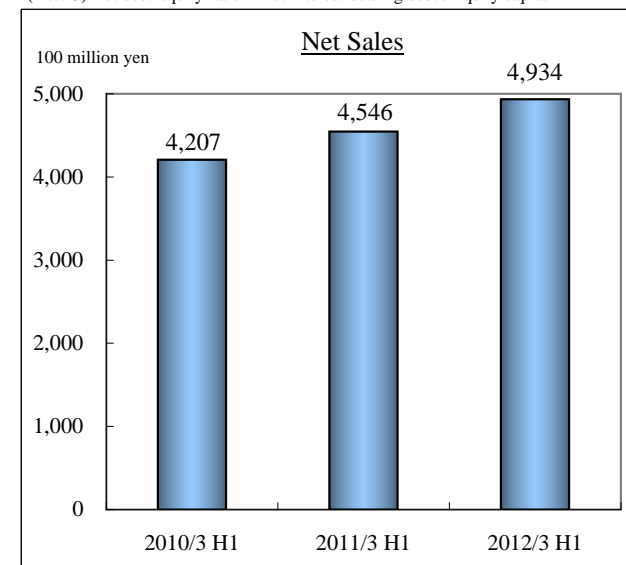
**Total assets**  
Total assets declined 1.1 billion yen, to 387.6 billion yen.

**Interest-bearing debt**  
Gross interest-bearing debt decreased 5.3 billion yen as a result of debt repayment. Net interest-bearing debt declined 10.6 billion yen, reflecting an increase in cash and bank deposits.

**Total net assets**  
Net assets rose 4.3 billion yen, attributable to an increase in retained earnings as a result of the posting of net income, which offset the deterioration of other accumulated comprehensive income, which was in negative territory, caused by the worsening of translation adjustments due to a stronger yen. Equity capital, which is net assets minus minority interests, increased 3.9 billion yen.

As a result, the equity ratio improved 1.1 percentage points from the end of the previous fiscal year, to 9.6%. The net debt-equity ratio improved to 2.5.

(Note 1) Shareholder's equity = Total net assets - Minority interests  
(Note 2) Shareholder's equity ratio = Shareholder's equity / Total assets  
(Note 3) Net debt-equity ratio = Net interest-bearing debt / Equity capital



(Unit: 100 million yen)	Segment information					
	Net sales (net external sales)			Operating income		
	H1 of FY2010	H1 of FY2011	Change	H1 of FY2010	H1 of FY2011	Change
Electronics & IT	1,276	1,250	-26	54	50	-3
Food & Foodstuffs	1,404	1,461	58	13	30	17
Iron & Steel	464	513	48	15	19	3
Machinery & Plant	305	359	54	5	4	-1
Environment & Materials	1,013	1,261	248	4	9	5
Total for reportable segments	4,463	4,845	382	91	112	21
Other (including adjustment)	83	89	6	1	3	2
Grand total	4,546	4,934	388	92	115	23

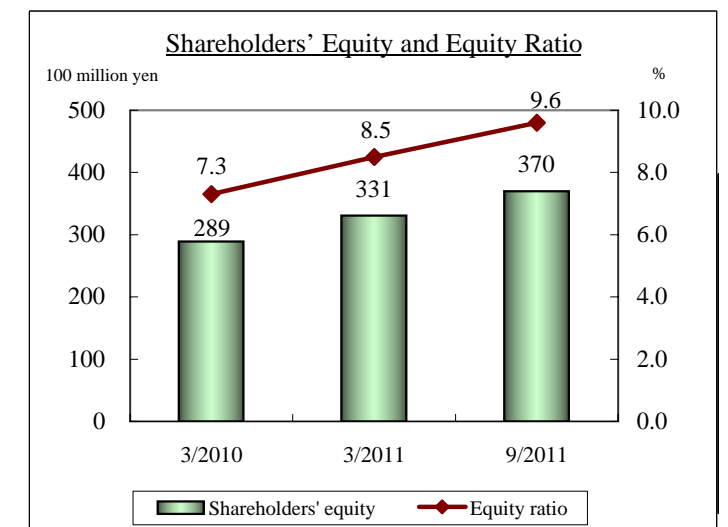
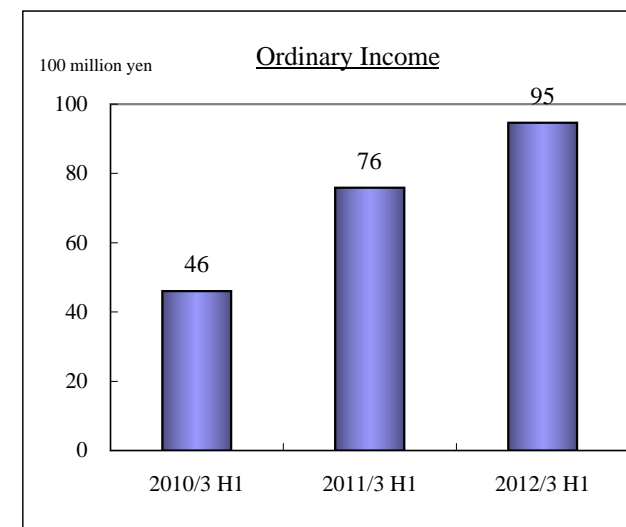
**Electronics & IT: Both net sales and income decreased**  
The ICT solutions business and the mobile solutions business performed well, reflecting the expansion of the market for mobile communication terminals, including smartphones. In contrast, the semiconductor component business was weak given the effect of the earthquake. The semiconductor equipment business was also sluggish, attributable to a decline in demand in response to strong demand in the previous fiscal year.

**Food & Foodstuffs: Both net sales and income increased**  
Sales of imported meat products were firm partly because of the effect of the earthquake and nuclear disaster. The foods business, especially prepared foods and processed foods, performed well. The foodstuff business contributed to earnings thanks to our efforts to strengthen ties with suppliers of feedstuff and expand sales channels.

**Iron & Steel: Both net sales and income increased**  
Earnings were boosted by strong exports, especially of automobile wire rods and stainless steel, to Europe and the United States.

**Machinery & Plant: Net sales increased but income declined**  
Supply chains for business linked to automobile parts recovered in the second quarter. Business linked to plants was slightly weak, but the machine tool business was solid, reflecting recovering demand.

**Environment & Materials: Both net sales and income increased**  
In the functional chemicals business, exports of raw materials for car batteries grew, and overall transactions of chemicals, including lubricant oils and raw materials for resin, were solid. The energy business was firm, backed by increasing sales of fuel oil to electric power companies after the earthquake.



\* Results forecasts and forward-looking statements in this document assume information available to the Company as of the date of the announcement and estimates based on rational assumptions. Please note that actual results may differ materially from the forecasts presented here, depending on various factors.  
\* Since the figures above are rounded off to the nearest 100 million yen, the sum of each item and the total may differ.