

Overview of Results for the first half of FY2013



KANEMATSU CORPORATION

November 7th, 2013

The forward-looking statements in this material, including plans, forecasts, and strategies of the Group, reflect judgments that the Company made based on information available at the time the material was prepared and include risks and uncertainties. Because of changes in the business environment, the emergence of unknown risks, among other factors, actual results could be significantly different from the forward-looking statements.

Since the figures above are rounded off to the nearest 100 million yen, the sum of each item and the total may differ.



-
1. Overview of Results for the first half of FY2013 Page 3

 2. Forecast of FY2013 Page 14

 3. Appendix Page 21

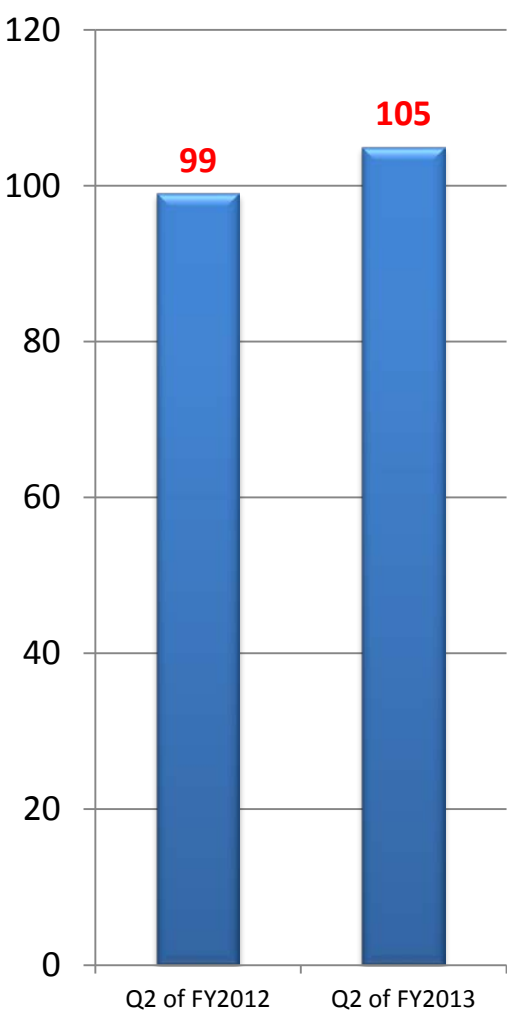


1

Overview of Results for the first half of FY2013

Overview of results (P/L)

Operating Income:
100 million yen

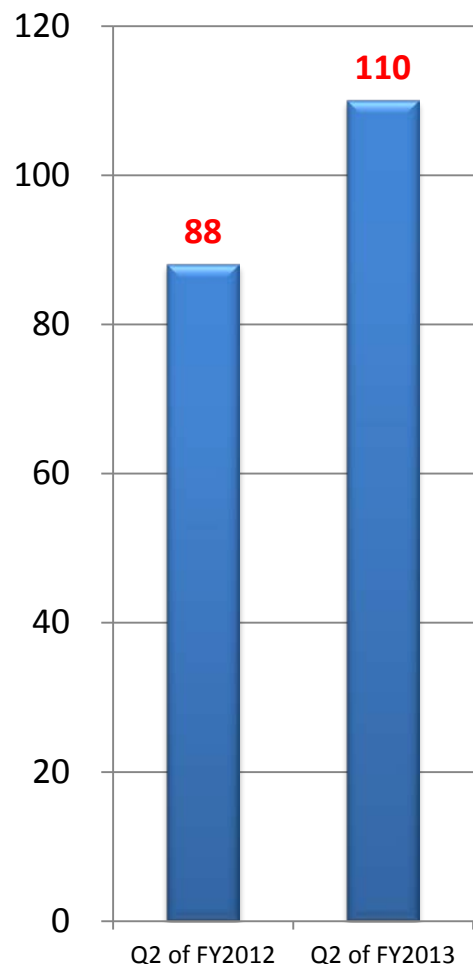


(100 million yen)	Q2 of FY2012	Q2 of FY2013	Change	Change(%)
Net Sales	4,872	5,376	504	10%
Gross trading profit	400	430	31	8%
SG&A	301	325	24	8%
personal expenses	165	187	22	13%
Non personal expenses	136	139	3	2%
Operating income	99	105	6	6%

- Net sales rose from a year earlier, chiefly due to the effects of acquisitions in the previous fiscal year.
- Gross trading profit and operating income also increased year on year.

Overview of results (P/L)

Ordinary income:
100 million yen



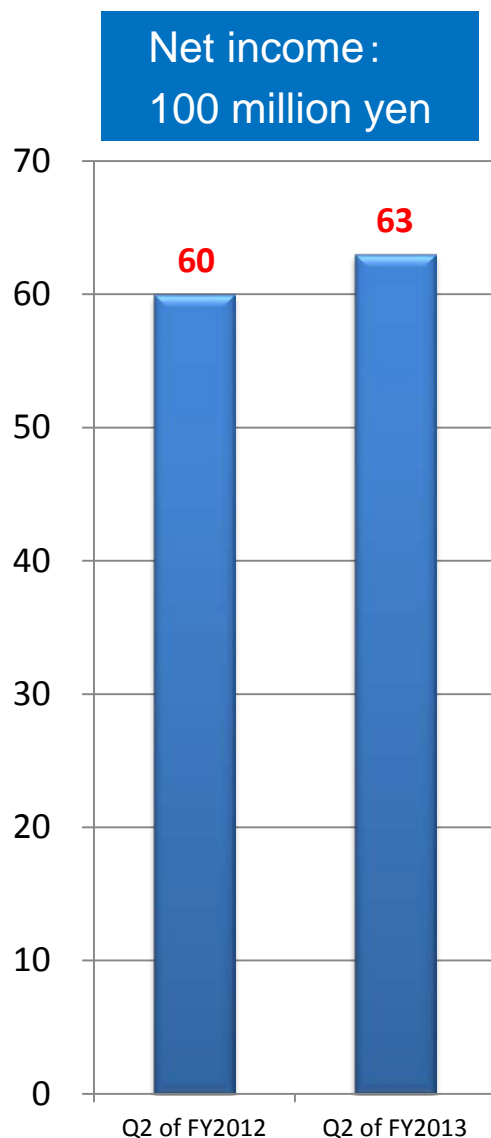
(100 million yen)	Q2 of FY2012	Q2 of FY2013	Change	Change(%)
Non-operating income & loss	-11	4	15	—
Financial balance	-11	-9	2	—
Dividend received	5	6	1	21%
Interest received	2	2	-1	-26%
Interest paid	-18	-17	2	—
Gain on equity-method investment	-0	1	1	—
Exchange Gain or loss	2	14	12	—
Others	-2	-2	-0	—
Ordinary income	88	110	22	25%

(※) Core earnings = Operating income + Reserve for doubtful accounts + Dividends received + Net interest received (paid) + Gain on equity-method investment

Core earnings (※)	89	98	9	10%
--------------------------	-----------	-----------	----------	------------

- Ordinary income rose, primarily reflecting the increase in operating income and an improvement in non-operating income chiefly due to a rise in gains on exchange rates.

Overview of results (P/L)



(100 million yen)	Q2 of FY2012	Q2 of FY2013	Change	Change(%)
Net extraordinary gain and loss	8	-3	-10	—
Extraordinary gain	25	2	-23	—
Extraordinary loss	-17	-5	13	—
Income before income taxes	96	107	11	12%
Income taxes	-27	-31	-4	—
Minority interests	-8	-12	-4	—
Net income	60	63	3	5%

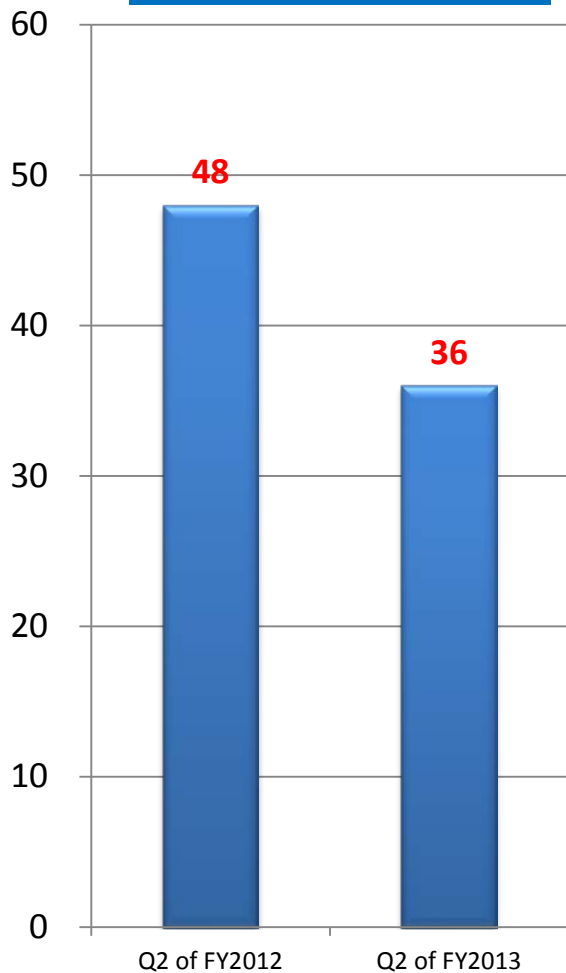
- A net extraordinary loss of ¥300 million was posted, mainly due to a loss on sale of affiliates.
- Net income climbed, exceeding the full-year forecast of ¥6 billion announced at the beginning of the fiscal year.

Overview of results (segments)

(100 million yen)	Q2 of FY2012	Q2 of FY2013	Change	Change(%)
Net sales	4,872	5,376	504	10%
Electronic & Devices	1,141	1,263	122	11%
Foods & Grain	1,426	1,567	140	10%
Iron, Materials & Plant	2,020	2,220	201	10%
Motor Vehicles & Aerospace	233	290	57	24%
Others	52	36	-16	-31%
Operating income	99	105	6	6%
Electronic & Devices	48	36	-12	-25%
Foods & Grain	18	15	-2	-12%
Iron, Materials & Plant	23	39	16	70%
Motor Vehicles & Aerospace	9	12	3	39%
Others	2	3	1	32%

Overview of results (Electronics & Devices)

Operating Income:
100 million yen



(100 million yen)	Q2 of FY2012	Q2 of FY2013	Change	Change(%)
Net Sales	1,141	1,263	122	11%
Gross trading profit	199	208	10	5%
Operating income	48	36	-12	-25%

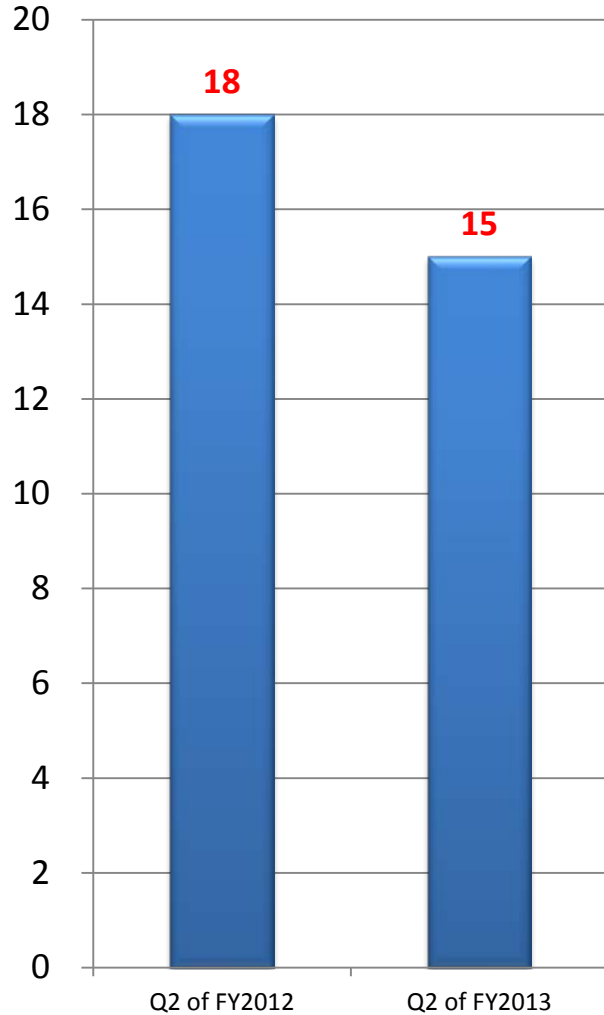
Point of FY2013 Q2

- The electronic components and materials business performed well, reflecting rising demand both in Japan and overseas.
- The semiconductor manufacturing equipment business was weak due to sluggish corporate capital spending.
- Operating income in the mobile business, which performed well in the previous fiscal year, declined due to the effect of intensifying competition among mobile operators.



Overview of results (Foods & Grain)

Operating Income:
100 million Yen



(100 Million Yen)	Q2 of FY2012	Q2 of FY2013	Change	Change(%)
Net Sales	1,426	1,567	140	10%
Gross trading profit	62	62	0	1%
Operating income	18	15	-2	-12%

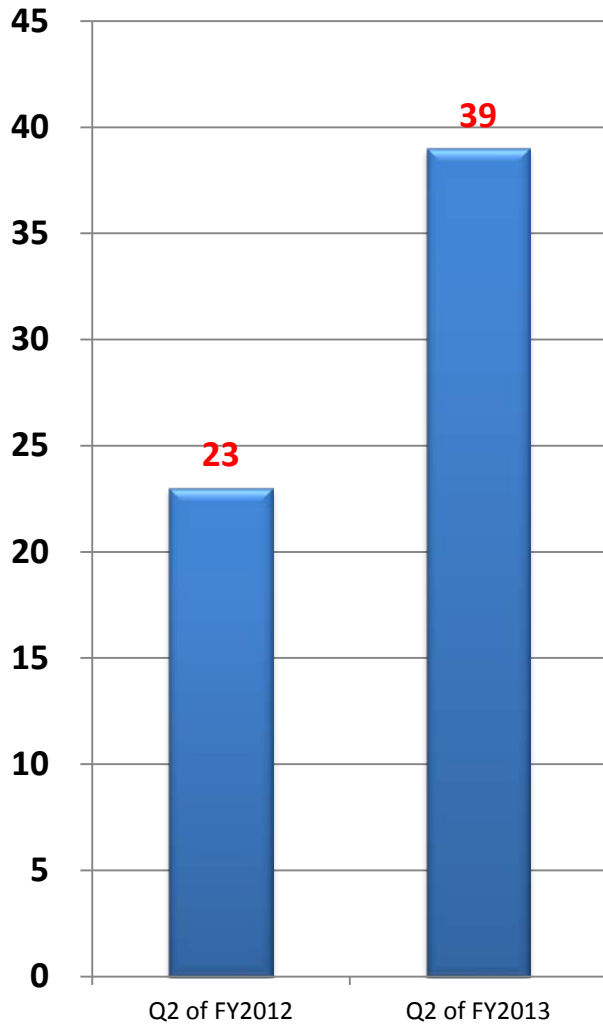
Point of FY2013 Q2

- The foods business and the meat products business took time to pass the effect of a weaker yen on to sales prices and performed badly.
- The foodstuff business was steady thanks to stable purchases and an increase in transaction volumes.



Overview of results (Iron, Materials & Plant)

Operating Income:
100 million yen



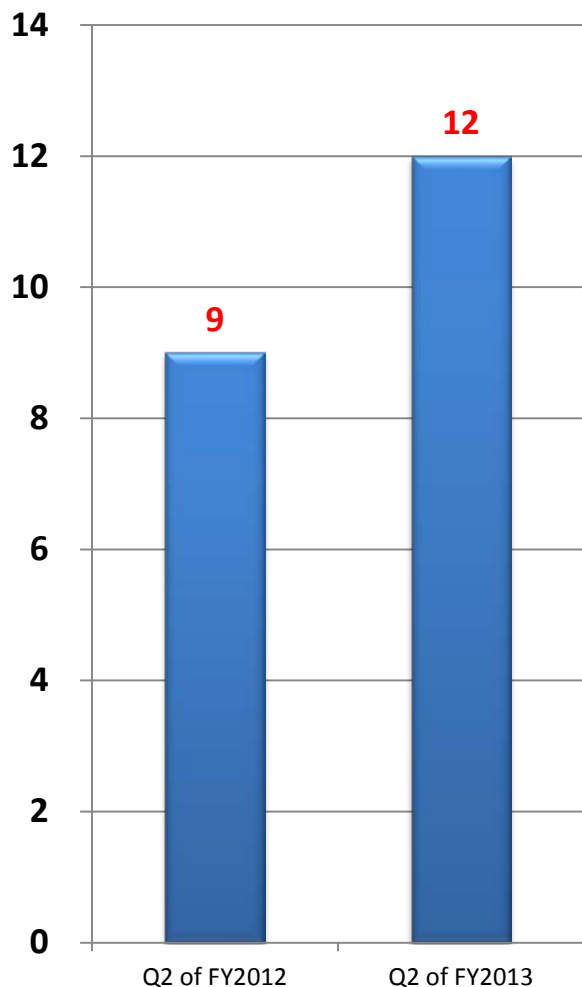
(100 million yen)	Q2 of FY2012	Q2 of FY2013	Change	Change(%)
Net Sales	2,020	2,220	201	10%
Gross trading profit	100	117	17	17%
Operating income	23	39	16	70%

Point of FY2013 Q2

- In the iron and steel business, transactions involving specialty steel for automobiles for Europe and the United States and the oilfield tubing business in North America acquired in the previous fiscal year were solid.
- In the energy business, sales of heavy oil were strong. The chemical business, imports of bulk pharmaceuticals in particular, performed well.
- In the plant business, transactions featuring machine tools and industrial machinery were weak.

Overview of results (Motor Vehicles & Aerospace)

Operating Income:
100 million yen



(100 million yen)	Q2 of FY2012	Q2 of FY2013	Change	Change(%)
Net Sales	233	290	57	24%
Gross trading profit	29	34	6	20%
Operating income	9	12	3	39%

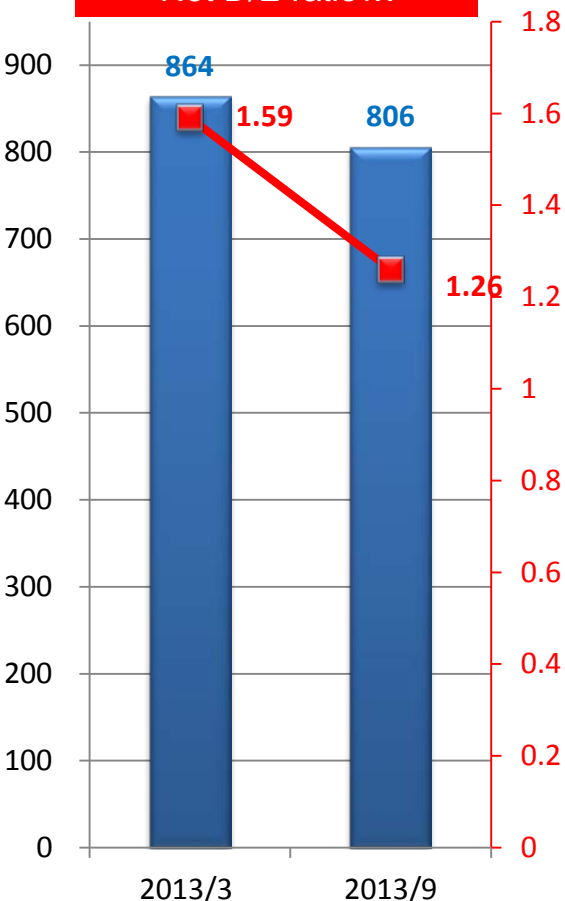
Point of FY2013 Q2

- In the motor vehicles and parts business, transactions involving motorcycle and automobile parts for North America were solid.
- In the aerospace business, domestic transactions for aircraft parts were steady.

Financial standing improved significantly.

Net interest bearing debt: 100 million yen

Net D/E ratio : x



(100 million yen)	2012/3	2013/9	Change	Change(%)
Total Assets	3,992	3,981	-11	-0%
Net Assets	759	876	117	15%
Shareholder's Equity	545	639	93	17%
Equity ratio	13.7%	16.0%	2.3p improved	
Gross interest-bearing debt	1,469	1,407	-62	-4%
Net interest-bearing debt	864	806	-59	-7%
Net D/E ratio	1.59	1.26	0.33 improved	

Note 1: Shareholder's Equity = Net assets - minority interests, Note 2: Equity ratio = Equity capital / total assets
 Note 3: Net D/E ratio = Net interest-bearing debt / equity capital

■ Both the equity ratio and the net D/E ratio improved with an increase in shareholders' equity, chiefly due to a reduction in interest-bearing debt and the addition of net income.

Annual dividends for FY2013		
End of first half	Year end (forecast)	Total (forecast)
1.50 yen	1.50 yen	3.00 yen

- As financial strength improves, earnings power is increasing steadily
- In light of the strong performance, dividend payments resumed with dividends for the first half of FY2013.



2

Forecast of FY2013

Forecast of FY2013

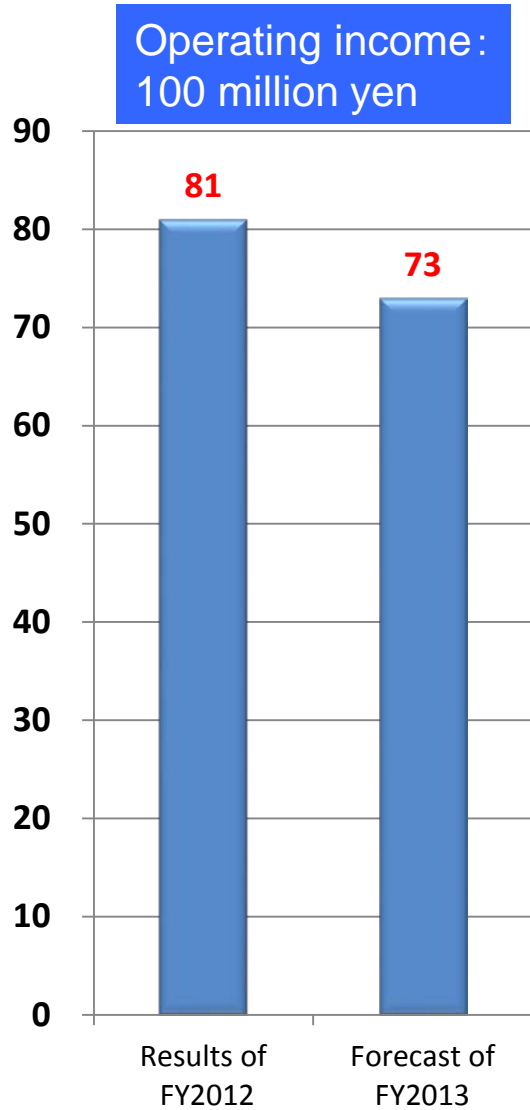
(100 million yen)	Results of FY2012	Forecast of FY2013 (Revised on Nov. 1 st , 2013)	Change	Change(%)	(For reference) Initial forecast of FY2013
Net sales	10,192	11,000	808	8%	10,500
Operation income	183	200	17	10%	190
Ordinary income	167	190	23	14%	170
Net income	96	90	-6	-6%	60

- The full-year forecast has been revised upward in light of the strong performance in the first half.

Forecast of FY2013 (Segments)

(100 million yen)	Results of FY2012	Forecast of FY2013	Change	Change(%)
Net sales	10,192	11,000	808	8%
Electronic & Devices	2,296	2,500	204	9%
Foods & Grain	2,879	3,000	121	4%
Iron, Materials & Plant	4,380	4,900	520	12%
Motor Vehicles & Aerospace	601	550	-51	-8%
Others	37	50	13	35%
Operating income	183	200	17	10%
Electronic & Devices	81	73	-8	-10%
Foods & Grain	32	32	0	0%
Iron, Materials & Plant	53	75	22	41%
Motor Vehicles & Aerospace	14	18	4	29%
Others	2	3	1	25%

Forecast of FY2013 (Electronics & Devices)



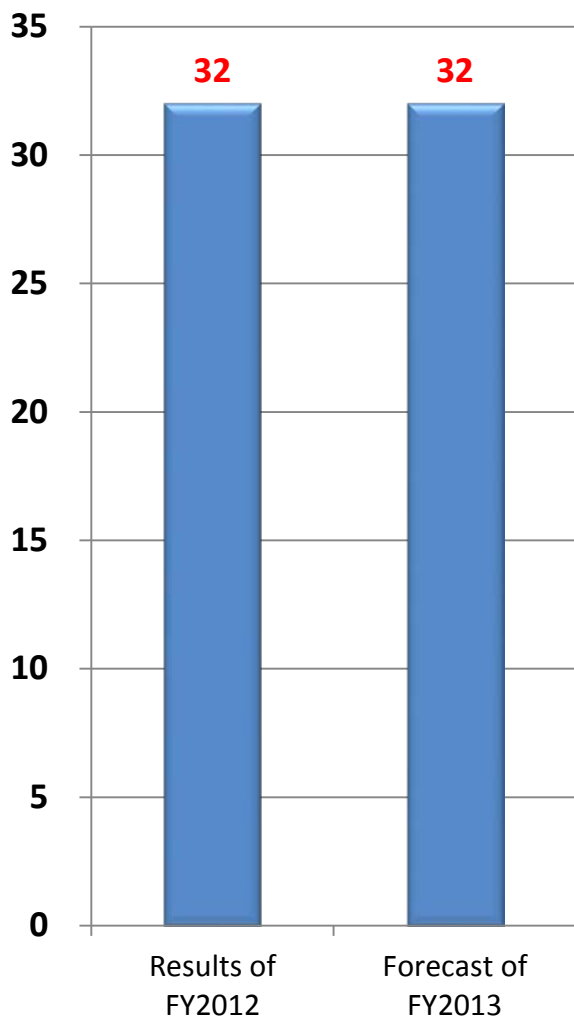
(100 million yen)	FY2012	FY2013			
	Results	2Q	End of FY2013		
		Results	Forecast	Change	Change(%)
Net sales	2,296	1,263	2,500	204	9%
Gross trading profit	392	208	414	22	6%
Operating income	81	36	73	-8	-10%

Point of FY2013

- The outlook for the mobile business remains uncertain, chiefly due to intensifying competition among mobile operators.
- We aim to expand sales in the semiconductor materials and manufacturing equipment business on the back of strong sales of smartphones and tablets.

Forecast of FY2013 (Foods & Grain)

Operating income:
100 million yen



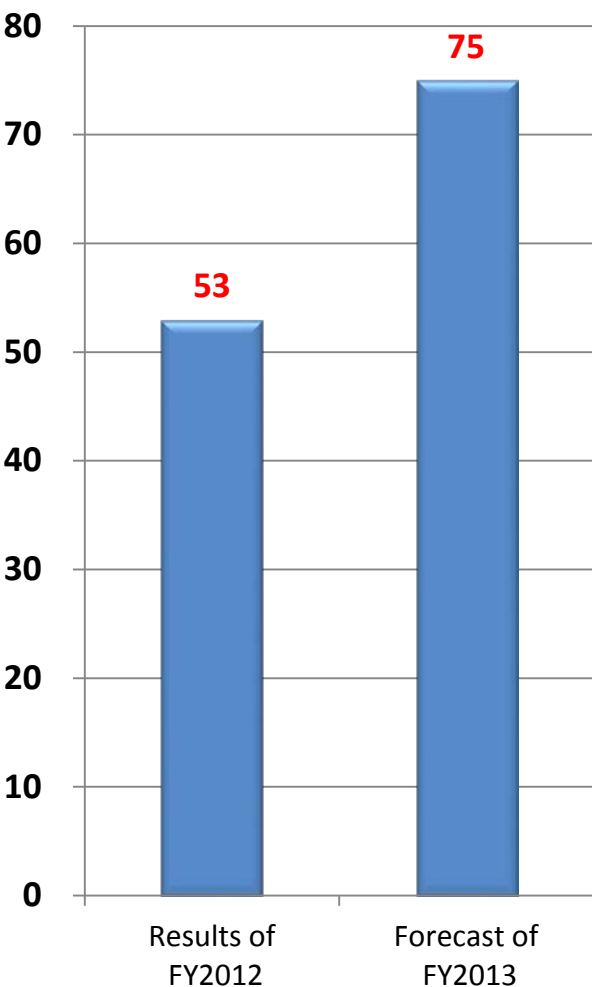
(100 million yen)	FY2012	FY2013			
	Results	2Q	End of FY2013		
		Results	Forecast	Change	Change(%)
Net sales	2,879	1,567	3,000	121	4%
Gross trading profit	121	62	127	6	5%
Operating income	32	15	32	0	0%

Point of FY2013

- The effect of a weaker yen, which put downward pressure on earnings in the food business, will likely decline. We will expand transactions mainly through stable supplies and new product proposals, chiefly in process foods and prepared foods in Japan and overseas.
- In the foodstuffs business, we expect to secure a profit by continuing with the diversification of grain production areas for stable purchases.

Forecast of FY2013 (Iron, Materials & Plant)

Operating income:
100 million yen



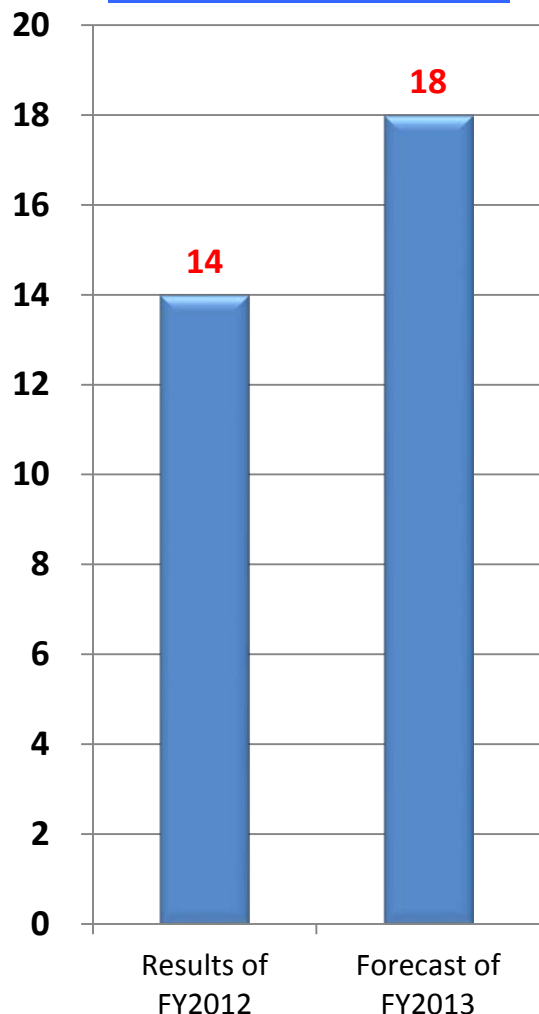
(100 million yen)	FY2012	FY2013			
	Results	2Q	End of FY2013		
		Results	Forecast	Change	Change(%)
Net sales	4,380	2,220	4,900	520	12%
Gross trading profit	212	117	230	18	8%
Operating income	53	39	75	22	41%

Point of FY2013

- The iron and steel business, energy business, and chemical business are set to perform well as in the first half.
- In the plant business, demand for machine tools and industrial machinery is expected to recover, reflecting a recovery in the domestic economy.

Forecast of FY2013 (Motor Vehicles & Aerospace)

Operating Income:
100 million yen



(100 million yen)	FY2012	FY2013			
	Results	2Q	End of FY2013		
		Results	Forecast	Change	Change(%)
Net sales	601	290	550	-51	-8%
Gross trading profit	61	34	62	1	2%
Operating income	14	12	18	4	29%

Point of FY2013

- Transactions involving motorcycle and automobile parts for Europe and the United States are likely to remain solid.
- The Company will develop its presence in emerging markets as well as new businesses.



3

Appendix



Outline of Kanematsu Group

Segment	Main business	Main products	Major subsidiaries
Electronics & Devices	Semiconductor Parts & Equipment	Semiconductor / electronics parts, Electronic modules / materials, Semiconductor / LED equipments	Kanematsu Electronics Ltd. Kanematsu Communications Ltd. Nippon office Systems Ltd.
	Industrial Electronics, Components & Materials	Printer equipment, Electronic modules	
	ICT Solutions & Mobile Solutions	System solutions , Communication equipment / parts, Mobile communications terminals, Mobile content, / mobile advertisement	
Foods&Grain	Foods	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, process foods, and others	Kanematsu Shintoa Foods Corp. Kanematsu Agri-Tech Corp. Kanematsu Soytech Corp.
	Meat & Marine Products	All meat , seafood	
	Grains, Feedstuff, Fertilizer and Pet Products	Barley, wheat, rice, soybeans, processed foods, feed, fertilizer, pet foods and others	
Steel, Materials & Plant	Steel trading	Surface-treated steel plates, seamless piping	SSOT Kanematsu Trading Corp. Kanematsu Petroleum Corp. Kanematsu Chemical Corp. Kanematsu Wellness Corp Kanematsu KGK Corp.
	Special steel trading	Stainless, special steel wire rods, long steel products	
	Domestic Steel / Steel Materials	Steel products, iron ore, cokes	
	Crude Oil, Petroleum products and gas	Crude oil, petroleum products, LPG, carbon credit trading	
	Functional Chemicals, Life sciences	Battery materials, fertilizer materials, adhesive materials, solvents, Pharmaceuticals, pharmaceutical intermediates, functional food materials, nutritional supplements	
	Plant & Cargo Vessels	Various plants, ODA, telecommunications projects, optical fibers, electronic power projects	
	Machine Tools and Industrial Machinery	Machine tools, industrial machinery	
Motor Vehicles & Aerospace	Motor Vehicles & parts	Automobiles, Motorcycles and related parts, Precision-Forged Cast Products	Kanematsu Aerospace Corp. Shintoa Corp.
	Aerospace	Aircraft, Helicopters, Satelites, Components and parts	



Subsidiaries and Affiliates, and their Employees

1. Net Sales of Major Consolidated Subsidiaries

(100 million yen)	Business	Ownership ratio	Q2 of FY2012	Q2 of FY2013	Change
Kanematsu Electronics Ltd.	ICT Solutions	58.28%	218	327	109
Kanematsu Communications Ltd.	Mobile communications	100%	576	596	20
Kanematsu Shintoa Foods Corp.	Food, dairy & seafood	100%	108	134	26
Kanematsu Agri-Tech Corp.	Feed & dairy	100%	56	72	16
Kanematsu Trading Corp.	Domestic steel, Steel materials	100%	199	198	-1
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	203	185	-18
Kanematsu Petroleum Corp.	Petroleum products, Gas	100%	675	759	84
Kanematsu Chemicals Corp.	Functional chemicals	100%	85	92	7
Shintoa Corporation	Trading company	100%	525	528	3
Kanematsu USA Inc.	Overseas subsidiary	100%	403	502	100

2. Number of Employees

(persons)	2013/3	2013/9	Change
Parent company	782	815	33
Consolidated Subsidiaries	4,740	4,960	220
Total	5,522	5,775	253

The number of employees equals the size of the working staff (excluding transferees from the Group to outside companies and including transferees from outside companies to the Group).

Subsidiaries

1. Number of Profitable and Non-Profitable Consolidated Subsidiaries and Affiliates

(Companies)	Q2 of FY2012					Q2 of FY2013					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable Companies	27	31	8	8	74	29	27	9	11	76	2
Ratio (%)	77%	74%	62%	62%	72%	76%	56%	69%	79%	67%	-5%
Non profitable	8	11	5	5	29	9	21	4	3	37	8
Total	35	42	13	13	103	38	48	13	14	113	10

2. Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(100 million yen)

(100 million yen)	Q2 of FY2012					Q2 of FY2013					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by profitable	63	8	1	0	73	82	10	2	1	43	-31
Sum of loss posted by non-profitable	-6	-1	-1	-1	-13	-9	-3	-1	-0	-4	5
Total	57	7	1	-1	45	64	7	0	-1	39	-26

Medium-Term Business Plan

Outlook for the Three-Year Period (Sales&Income/Financial indicators)

<Sales & Income>

(100 million yen)

	Fiscal Year Ended March 2013	Medium-Term Business Plan			From Fiscal Year Ended March 2013	
		Fiscal Year Ended March 2014	Fiscal Year Ended March 2015	Fiscal Year Ended March 2016	Change	Change (%)
Net Sales	10,192	10,500	11,000	11,500	1,308	12.8%
Gross Trading Profit	800	840	880	920	120	15.0%
Operation Income	183	190	205	220	37	20.5%
Ordinary Income	167	170	190	200	33	19.7%
Net Income	96	60	80	100	4	4.6%

<Financial Indicators>

(100 million yen)

	End of March 2013	Medium-Term Business Plan			From End of March 2013	
		End of March 2014	End of March 2015	End of March 2016	Change	Change (%)
Total Assets	3,992	4,190	4,270	4,440	448	11.2%
Shareholder's Equity	545	603	670	749	204	37.4%
Equity ratio (%)	13.7	14.4	15.7	16.9	3.2pt improved	—
Gross- interest-bearing debt	1,469	1,469	1,469	1,469	0	0.0%
Gross D/E ratio	2.7	2.4	2.2	2.0	0.7pt improved	—
Net interest-bearing debt	864	810	760	710	△ 154	-17.9%
Net D/E ratio	1.6	1.3	1.1	1.0	0.6pt improved	—

Medium-Term Business Plan

Outlook for the Three-Year Period (Sales&Income by segments)

< Net Sales >

(100 million yen)

	Fiscal Year Ended March 2013	Medium-Term Business Plan			From Fiscal Year Ended March 2013	
		Fiscal Year Ended March 2014	Fiscal Year Ended March 2015	Fiscal Year Ended March 2016	Change	Change (%)
Foods & Grain	2,879	3,200	3,400	3,700	821	28.5%
Electronics & Devices	2,296	2,300	2,450	2,520	224	9.8%
Motor Vehicles & Aerospace	601	600	630	660	59	9.8%
Steel, Materials & Plant	4,380	4,380	4,500	4,600	220	5.0%
Other & Elimination	37	20	20	20	△ 17	—
Total	10,192	10,500	11,000	11,500	1,308	12.8%

< Operating Income >

(100 million yen)

	Fiscal Year Ended March 2013	Medium-Term Business Plan			From Fiscal Year Ended March 2013	
		Fiscal Year Ended March 2014	Fiscal Year Ended March 2015	Fiscal Year Ended March 2016	Change	Change (%)
Foods & Grain	32	40	45	50	18	56.3%
Electronics & Devices	81	75	75	80	△ 1	-1.2%
Motor Vehicles & Aerospace	14	10	15	15	1	7.1%
Steel, Materials & Plant	53	65	70	75	22	41.5%
Other & Elimination	2	0	0	0	△ 2	—
Total	183	190	205	220	37	20.5%



《memo》



兼松株式会社

KANEMATSU CORPORATION