



Member of Financial Accounting Standards Foundation

# Consolidated Financial Summary for the First Nine Months of the Fiscal Year Ending March 2013 (Japanese Accounting Standards)

February 5, 2013

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

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

Representative: President, Masayuki Shimojima

Contact: Director, General Manager of Finance Dept. & Accounting Dept., Nobuyoshi Sakuyama

TEL (03) 5440-8111

Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): February 12, 2013

Scheduled date for commencement of dividend payments: -

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

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

1. Consolidated business results for the first nine months of the fiscal year ending March 2013 (April 1, 2012 – December 31, 2012)

(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 Nine Months to December 2012	741,206	-0.2	13,375	-17.4	11,607	-13.2	7,264	17.5
First Nine Months to December 2011	742,464	8.4	16,189	32.2	13,373	31.3	6,183	-6.9

(Note) Comprehensive income: 9,912 million yen (163.8%) for the first nine months to December 2012  
3,757 million yen (95.4%) for the first nine months to December 2011

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
First Nine Months to December 2012	17.32	-
First Nine Months to December 2011	14.77	-

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2012	397,442	66,652	12.1
As of March 31, 2012	399,753	55,992	9.8

(Reference) Shareholders' equity: 47,988 million yen as of December 31, 2012  
39,008 million yen as of March 31, 2012

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 2012	-	0.00	-	0.00	0.00
Fiscal year ending March 2013	-	0.00	-	-	-
Fiscal year ending March 2013 (Forecasts)	-	-	-	-	-

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

(Note) The dividend forecast for the fiscal year ending March 31, 2013 has not been determined.

3. Forecasts for consolidated results ending March 2013 (April 1, 2012 – March 31, 2013)

(%: 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	1,050,000	4.3	20,000	-6.7	16,000	-9.9	8,000	30.9	19.11

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

(Note) The Company evaluates its business plan and business results on an annual basis.

\* Notes

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

New: –

Exception: –

(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 (Notes), (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.: | Yes  |
| 2. Changes in accounting policies other than 1.:  | None |
| 3. Changes in accounting estimates:   | Yes  |
| 4. Restatement:   | None |

(Note) The changes in accounting policies and changes or restatements of accounting estimates are pursuant to Article 10-5 of the Regulation for Terminology, Form and Preparation of Quarterly Consolidated Financial Statements. For details, please see the statement under the heading of “2. Matters Relating to Summary Information (Notes), (3) Changes in accounting policies and changes or restatement of accounting estimates” on page 4 of accompanying materials.

(4) Number of outstanding shares (common shares)

- |   |                    |                              |                    |
|---|--------------------|------------------------------|--------------------|
| 1. Number of outstanding shares including treasury stock          |                    |                              |                    |
| First nine months (2012/12):                                      | 422,501,010 shares | Fiscal year (2012/3):        | 422,501,010 shares |
| 2. Number of treasury stock                                       |                    |                              |                    |
| First nine months (2012/12):                                      | 2,723,657 shares   | Fiscal year (2012/3):        | 3,796,915 shares   |
| 3. Average number of shares during the period (First nine months) |                    |                              |                    |
| First nine months (2012/12):                                      | 419,369,199 shares | First nine months (2011/12): | 418,594,956 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

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. The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements. 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 Nine Months of the Fiscal Year Ending March 2013” on page 3 of accompanying materials for further information on results forecasts.

## Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results, Etc. for the First Nine Months of the Fiscal Year	
Ending March 2013 .....	2
(1) Qualitative information on consolidated results.....	2
(2) Qualitative information on consolidated financial position. ....	3
(3) Qualitative information on consolidated results forecasts .....	3
2. Matters Relating to Summary Information (Notes).....	4
(1) Important change in subsidiaries during the term .....	4
(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements.....	4
(3) Changes in accounting policies and changes or restatement of accounting estimates .....	4
3. Consolidated Financial Statements.....	5
(1) Consolidated balance sheets.....	5
(2) Consolidated statements of income / consolidated statement of comprehensive income .....	7
Consolidated statements of income	
[First nine months] .....	7
Consolidated statement of comprehensive income	
[First nine months] .....	8
(3) Consolidated statements of cash flows .....	9
(4) Notes on the going concern assumption.....	10
(5) Notes if there is a significant change in the amount of shareholders' equity .....	10
(6) Segment information.....	10
(7) Significant subsequent events .....	11

## 1. Qualitative Information on Consolidated Results, Etc. for the First Nine Months of the Fiscal Year Ending March 2013

### (1) Qualitative information on consolidated results

During the first nine months under review (from April 1, 2012 to December 31, 2012), the global economy was characterized by a relatively firm economic performance in the United States offset by lost momentum in Europe, reflecting the prolonged debt problem, as well as economic deceleration in China and emerging Asian nations, which were influenced by the economic conditions in Europe.

The Japanese economy was generally subdued, primarily because of the effect of the weaker overseas economies.

In this environment, the results of the Group in the first nine months under review are as shown below.

Consolidated net sales fell ¥1,258 million (0.2%) year on year, to ¥741,206 million. Consolidated gross trading profit decreased ¥1,461 million (2.4%) year on year, to ¥58,566 million, reflecting a fall in sales. Operating income declined ¥2,814 million (17.4%) year on year, to ¥13,375 million. Non-operating income and expenses improved ¥1,049 million thanks to an improvement of foreign exchange losses and a decrease in paid interest. As a result, consolidated ordinary income decreased ¥1,766 million (13.2%) year on year, to ¥11,607 million. In extraordinary items, net income of ¥335 million was posted, reflecting a gain on the sale of investment securities, among other items. Income before income taxes and minority interest stood at ¥11,943 million, down ¥436 million (3.5%) from a year earlier. Consolidated net income increased ¥1,081 million (17.5%) year on year, to ¥7,264 million.

Results for each business segment are described below. Because of organizational changes made by the Group during the first quarter of this fiscal year, the name of the Electronics & IT segment was changed to “Electronics.”

#### (i) Electronics

The ICT solutions business and the mobile solutions business remained steady, mainly reflecting increased sales of mobile devices and cloud services, among other factors. The semiconductor component and equipment business was also brisk during the first nine months under review compared to the same period a year ago, when business was slow in the aftermath of the earthquake.

As a result, net sales in the Electronics Division increased ¥11,900 million year on year, to ¥195,354 million. Operating income rose ¥76 million to ¥6,890 million.

#### (ii) Foods & Foodstuff

The foods business remained solid, thanks to relatively stable demand and supply environments. The meat products business remained sluggish amid the weak movement of goods, reflecting higher import volumes and the increased domestic production of meat products. As prices soared in the grain market in the United States and elsewhere, the foodstuffs business faced a difficult uphill battle, although the Company endeavored to stabilize supply by seeking to procure raw materials from countries besides the United States.

As a result, net sales in the Foods & Foodstuff Division declined ¥6,671 million, to ¥214,868 million. Operating income decreased ¥1,188 million, to ¥3,021 million.

#### (iii) Iron & Steel

The business of steel pipes shipped to North America remained steady. However, shipments of steel plates and sheets and iron ore to Asia fell.

As a result, net sales in the Iron & Steel Division declined ¥7,905 million year on year, to ¥67,512 million. Operating income sank ¥766 million to ¥1,927 million.

#### (iv) Machinery & Plant

Business linked to machine tool and industrial machine performed well, tapping into customers' capital investment demand and equipment replacement demand. In businesses linked to transport and to plant, exports to Asia were weak.

As a result, net sales in the Machinery & Plant Division declined ¥13,230 million year on year, to ¥39,322 million. Operating income fell ¥345 million, to ¥357 million.

(v) Environment & Materials

In the functional chemicals business, exports of raw materials for car batteries remained sluggish. However, imports of raw materials of medical and pharmaceutical products and health foods remained steady. The energy business struggled in face of persistently high prices, maintaining a steady business volume but failing to pass through higher prices to customers.

As a result, net sales in the Environment & Materials Division rose to ¥210,597 million, up ¥14,582 million from a year earlier. Operating income decreased ¥673 million, to ¥847 million.

(vi) Other

Net sales rose ¥66 million year on year, to ¥13,550 million. Operating income increased ¥90 million, to ¥322 million.

(2) Qualitative information on consolidated financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first nine months under review decreased ¥2,311 million from the end of the previous fiscal year, to ¥397,442 million, reflecting a decline in cash and bank deposits.

Interest-bearing debt fell ¥15,149 million, to ¥145,699 million. Net interest-bearing debt, which is interest-bearing debt minus cash and bank deposits, rose ¥820 million from the end of the previous fiscal year, to ¥90,832 million.

Net assets climbed ¥10,660 million from the end of the previous fiscal year, to ¥66,652 million, reflecting an increase in retained earnings, which was attributable to the posting of net income. Equity capital, which is net assets minus minority interests, rose ¥8,980 million, to ¥47,988 million.

As a result, the equity ratio improved 2.3 percentage points from the end of the previous fiscal year, to 12.1%. The net debt-equity ratio also improved to 1.9, from 2.3 at the end of the previous fiscal year.

(ii) Cash flows

Net cash used by operating activities in the first three quarters under review stood at ¥7,975 million (net cash provided of ¥10,193 million for the first three quarters of the previous fiscal year), mainly reflecting outflows associated with an increase in inventories, which offset inflows attributable to an increase in operating income. Net cash provided by investing activities was ¥7,720 million (net cash provided of ¥1,686 million), reflecting the sale of investment securities and the collection of loans, etc. Net cash used by financing activities was ¥16,475 million (net cash used of ¥9,578 million), due to the repayment of debts, etc.

As a result, cash and cash equivalents at the end of the first nine months under review stood at ¥54,593 million, down ¥16,001 million from the end of the previous fiscal year.

(3) Qualitative information on consolidated results forecasts

As anticipated at the beginning of the fiscal year, the global economy appears likely to continue to face uncertain conditions, such as the European debt issue and the slowdown of economic growth in China and emerging nations. We have not changed the forecasts for consolidated results that we announced on May 8, 2012.

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 (Notes)

### (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 third quarter under review.

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

#### Changes in accounting policies

##### (Change of depreciation method)

Following the amendment to the Corporation Tax Act, certain of our domestic consolidated subsidiaries changed the depreciation method applied to tangible fixed assets acquired on or after April 1, 2012 to the depreciation method based on the amended Corporation Tax Act beginning the first quarter of this fiscal year.

The change has had a negligible effect on profit and loss for the first nine months under review.

### 3. Consolidated Financial Statements

#### (1) Consolidated balance sheets

(Million yen)

	Fiscal 2011 (March 31, 2012)	End of first nine months under review (December 31, 2012)
<b>Assets</b>		
Current assets		
Cash and bank deposits	70,835	54,867
Notes and accounts receivable	163,782	167,471
Investments in leased assets	666	640
Short-term investment securities	–	1
Inventories	57,113	69,512
Short-term loans receivable	974	336
Deferred tax assets	3,322	845
Other	22,180	27,599
Allowance for doubtful accounts	(294)	(305)
Total current assets	318,581	320,968
Fixed assets		
Tangible fixed assets	27,028	26,384
Intangible fixed assets	1,905	2,743
Investments and other assets		
Investments in securities	29,867	28,179
Long-term loans receivable	5,790	2,431
Doubtful accounts	1,886	1,993
Deferred tax assets	10,842	12,121
Other	7,585	6,332
Allowance for doubtful accounts	(3,734)	(3,712)
Total investments and other assets	52,238	47,346
Total fixed assets	81,172	76,473
Total assets	399,753	397,442
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	138,627	136,397
Short-term borrowings	78,444	74,190
Lease obligations	726	741
Accrued income taxes	1,863	409
Deferred tax liabilities	1	0
Asset retirement obligations	35	7
Other	27,138	32,836
Total current liabilities	246,837	244,582
Long-term liabilities		
Long-term borrowings	82,403	71,508
Lease obligations	1,394	1,204
Deferred tax liabilities	160	65
Accrued severance indemnities	2,736	4,205
Provision for loss on litigation	910	–
Reserve for directors' retirement benefits	537	361
Asset retirement obligations	821	842
Other	7,958	8,018
Total long-term liabilities	96,922	86,206
Total liabilities	343,760	330,789

(Million yen)

	Fiscal 2011 (March 31, 2012)	End of first nine months under review (December 31, 2012)
Net assets		
Owners' equity		
Capital stock	27,781	27,781
Capital surplus	27,597	27,529
Retained earnings	15,003	22,267
Treasury stock	(550)	(384)
Total owners' equity	69,830	77,193
Other accumulated comprehensive income		
Unrealized loss on available-for-sale securities	137	119
Deferred gain/loss on hedging	492	391
Land revaluation reserves	66	66
Translation adjustments	(31,519)	(29,782)
Total other accumulated comprehensive income	(30,822)	(29,204)
Minority interests	16,984	18,663
Total net assets	55,992	66,652
Total liabilities and net assets	399,753	397,442



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

## Consolidated statements of income

[First nine months]

(Million yen)

	Previous first nine months (From April 1, 2011 to December 31, 2011)	First nine months under review (From April 1, 2012 to December 31, 2012)
Net sales	742,464	741,206
Cost of sales	682,436	682,640
Gross trading profit	60,027	58,566
Selling, general and administrative expenses	43,837	45,190
Operating income	16,189	13,375
Non-operating income		
Interest received	335	369
Dividends received	647	734
Equity in earnings of affiliates	150	20
Foreign exchange gains	–	144
Other	595	661
Total non-operating income	1,729	1,930
Non-operating expenses		
Interest paid	3,094	2,643
Foreign exchange losses	445	–
Other	1,006	1,055
Total non-operating expenses	4,546	3,698
Ordinary income	13,373	11,607
Extraordinary gains		
Gain on sale of tangible fixed assets	32	11
Gain on sale of investment in securities	56	2,492
Gain on liquidation of subsidiaries and affiliates	10	–
Gain on step acquisitions	–	81
Total extraordinary gains	99	2,585
Extraordinary losses		
Loss on sales or disposal of fixed assets	47	73
Loss on impairment	–	1,022
Loss on sale of investments in securities	272	636
Loss on valuation of investments in securities	82	371
Loss on withdrawal from the employee pension funds program	690	74
Loss on litigation	–	71
Total extraordinary losses	1,093	2,250
Income before income taxes and minority interests	12,379	11,943
Income taxes – current	2,232	2,031
Income taxes – deferred	2,934	1,641
Total income taxes	5,167	3,672
Income before minority interests	7,211	8,270
Minority interests in consolidated subsidiaries	1,027	1,006
Net income	6,183	7,264

Consolidated statement of comprehensive income  
[First nine months]

(Million yen)

	Previous first nine months (From April 1, 2011 to December 31, 2011)	First nine months under review (From April 1, 2012 to December 31, 2012)
Income before minority interests	7,211	8,270
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,029)	(1)
Deferred gains or losses on hedges	124	(113)
Foreign currency translation adjustment	(2,453)	1,483
Share of other comprehensive income of associates accounted for using equity method	(95)	271
Total other comprehensive income	(3,454)	1,641
Comprehensive income	3,757	9,912
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,901	8,882
Comprehensive income attributable to minority interests	855	1,029

## (3) Consolidated statements of cash flows

(Million yen)

	Previous first nine months (From April 1, 2011 to December 31, 2011)	First nine months under review (From April 1, 2012 to December 31, 2012)
Cash flows from operating activities:		
Income before income taxes and minority interests	12,379	11,943
Depreciation and amortization	1,861	1,866
Increase (decrease) in allowance for doubtful accounts	(177)	58
Increase (decrease) in reserve for employees' prior service obligations	177	289
Interest and dividend income	(983)	(1,104)
Interest expense	3,094	2,643
Equity in earnings of affiliated companies (gain)	(150)	(20)
Gain or loss on sales or disposal of fixed assets (gain)	14	62
Loss on impairment	–	1,022
Gain or loss on sale of investments in securities (gain)	216	(1,855)
Gain or loss on valuation of investments in securities (gain)	82	371
Loss (gain) on step acquisitions	–	(81)
Loss on withdrawal from the employee pension funds program	690	74
Loss on litigation	–	71
Decrease (increase) in notes and accounts receivable	(9,969)	3,144
Decrease (increase) in inventories	(6,420)	(12,050)
Increase (decrease) in notes and accounts payable	15,208	(4,980)
Other	(605)	(3,559)
Sub total	15,418	(2,106)
Interest and dividend income received	954	1,187
Interest paid	(2,695)	(2,368)
Income taxes paid	(3,483)	(3,707)
Payments for loss on litigation	–	(981)
Net cash provided by (used in) operating activities	10,193	(7,975)
Cash flows from investing activities:		
Decrease (increase) in time deposits	923	(0)
Payments for acquisition of tangible fixed assets	(1,148)	(1,187)
Proceeds from sale of tangible fixed assets	596	933
Payments for acquisition of intangible fixed assets	(411)	(1,107)
Payments for acquisition of investments in securities	(115)	(238)
Proceeds from sale of investments in securities	861	3,056
Purchase of investments in subsidiaries	(0)	(0)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	–	804
Increase in loans receivable	(654)	(60)
Decrease in loans receivable	1,517	4,404
Other	116	1,115
Net cash provided by (used in) investing activities	1,686	7,720
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	1,913	(27)
Proceeds from long-term debt	11,375	8,743
Repayment of long-term debt	(22,127)	(24,432)
Proceeds on payments by minority shareholders	38	–
Other	(777)	(758)
Net cash provided by (used in) financing activities	(9,578)	(16,475)
Effect of exchange rate changes on cash and cash equivalents	(1,163)	728
Net increase (decrease) in cash and cash equivalents	1,138	(16,001)
Cash and cash equivalent at beginning of term	67,426	70,594
Cash and cash equivalent at end of term	68,564	54,593

(4) Notes on the going concern assumption

Not applicable.

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

Not applicable.

(6) Segment information

I. Previous first nine months (From April 1, 2011 to December 31, 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	Food & Foodstuff	Iron & Steel	Machinery & Plant	Environment & Materials	Sub-total				
Net sales										
Outside customers	183,454	221,539	75,417	52,552	196,015	728,979	13,484	742,464	–	742,464
Inter-segment	47	4	74	7	25	159	39	198	(198)	–
Total	183,502	221,543	75,491	52,559	196,041	729,138	13,523	742,662	(198)	742,464
Segment profit	6,814	4,209	2,693	702	1,520	15,939	232	16,171	17	16,189

(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 ¥17 million for segment profit includes inter-segment elimination of ¥17 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 nine months under review

(Significant change in the amount of goodwill)

Not applicable in the first nine months under review

(Significant gain on negative goodwill)

Not applicable in the first nine months under review

II. First nine months under review (From April 1, 2012 to December 31, 2012)

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	Food & Foodstuff	Iron & Steel	Machinery & Plant	Environment & Materials	Sub-total				
Net sales										
Outside customers	195,354	214,868	67,512	39,322	210,597	727,656	13,550	741,206	-	741,206
Inter-segment	14	3	138	4	14	175	41	216	(216)	-
Total	195,368	214,872	67,651	39,327	210,612	727,831	13,592	741,423	(216)	741,206
Segment profit	6,890	3,021	1,927	357	847	13,044	322	13,367	7	13,375

(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 ¥7 million for segment profit includes inter-segment elimination of ¥7 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 nine months under review

(Significant change in the amount of goodwill)

Not applicable in the first nine months under review

(Significant gain on negative goodwill)

Not applicable in the first nine months under review

3. Matter about change of segment for reporting, etc.

Due to organizational changes, the name of the Electronics & IT segment was changed to "Electronics" during the first quarter of this fiscal year.

Segment information for the first nine months of the previous fiscal year is stated using the segment name following the change.

(7) Significant subsequent events

Not applicable.

## Highlights of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 2013

### Operating income and ordinary income declined year on year. Net income increased.

Net sales	<b>741.2 billion yen</b>	<b>0.2%</b>	<b>Down</b>
Operating income	<b>13.4 billion yen</b>	<b>17.4%</b>	<b>Down</b>
Ordinary income	<b>11.6 billion yen</b>	<b>13.2%</b>	<b>Down</b>
Net income	<b>7.3 billion yen</b>	<b>17.5%</b>	<b>Up</b>

Income Statement						
(Unit: 100 million yen)	Q3 of FY2011	Q3 of FY2012	Year-on-year		FY2012	
			Change	Change (%)	Forecasts	Progress
Net sales	7,425	<b>7,412</b>	-13	-0.2%	10,500	70.6%
Gross trading profit	600	<b>586</b>	-15	-2.4%	-	-
SG&A expenses	438	<b>452</b>	14	3.1%	-	-
Operating income	162	<b>134</b>	-28	-17.4%	200	66.9%
Dividends received	6	7	1	-	-	-
Interest	-28	<b>-23</b>	5	-	-	-
Equity in earnings of affiliated companies	2	<b>0</b>	-1	-	-	-
Foreign exchange losses	-4	<b>1</b>	6	-	-	-
Others	-4	<b>-4</b>	0	-	-	-
Non-operating income/expenses	-28	<b>-18</b>	10	-	-	-
Ordinary income	134	<b>116</b>	-18	-13.2%	160	72.5%
Extraordinary gains	1	<b>26</b>	25	-	-	-
Extraordinary losses	-11	<b>-23</b>	-12	-	-	-
Income (loss) before income taxes	124	<b>119</b>	-4	-3.5%	-	-
Income taxes and minority interests	-62	<b>-47</b>	15	-	-	-
Net income	62	<b>73</b>	11	17.5%	80	90.8%

**[Net sales]**  
Overall net sales remained flat, mainly reflecting an increase in the Electronics segment and the Environment & Materials segment, offset by a decline in the Iron & Steel segment and the Machinery & Plant segment, etc.

**[Operating income]**  
Overall operating income declined, mainly due to lower profits in the meat products business and the foodstuff business in the Foods & Foodstuff segment, etc.

**[Ordinary income]**  
Ordinary income decreased, associated with lower operating income despite an improvement in non-operating income and expenses thanks to the improvement in foreign exchange losses and a decrease in paid interest.

**[Net income]**  
Net income increased, primarily due to the posting of extraordinary gains.

Segment information						
(Unit: 100 million yen)	Net sales (net external sales)			Operating income		
	Q3 of FY2011	Q3 of FY2012	Change	Q3 of FY2011	Q3 of FY2012	Change
Electronics	1,835	<b>1,954</b>	119	68	<b>69</b>	1
Food & Foodstuffs	2,215	<b>2,149</b>	-67	42	<b>30</b>	-12
Iron & Steel	754	<b>675</b>	-79	27	<b>19</b>	-8
Machinery & Plant	526	<b>393</b>	-132	7	<b>4</b>	-3
Environment & Materials	1,960	<b>2,106</b>	146	15	<b>8</b>	-7
Total for reportable segments	7,290	<b>7,277</b>	-13	159	<b>130</b>	-29
Other (including adjustment)	135	<b>136</b>	1	2	<b>3</b>	1
Grand total	7,425	<b>7,412</b>	-13	162	<b>134</b>	-28

**[Electronics] An increase in net sales and income**  
The ICT solutions business and the mobile solutions business remained steady, reflecting the sales expansion of mobile devices and cloud services. The semiconductor component and equipment business was also relatively brisk.

**[Food & Foodstuffs] A decline in net sales and income**  
The foods business remained solid, thanks to relatively stable demand and supply environments. The meat products business remained sluggish amid the weak movement of goods, reflecting higher import volumes and the increased domestic production of meat products. As prices soared in the grain market in the United States and elsewhere, the foodstuff business faced a difficult uphill battle although the Company endeavored to stabilize supply by seeking to procure raw materials from countries besides America.

**[Iron & Steel] A decrease in net sales and income**  
The business of steel pipes shipped to North America remained steady. However, shipments of steel plates and sheets and iron ore to Asia remained weak.

**[Machinery & Plant] A decline in net sales and income**  
Business linked to machine tool and industrial machine performed well, tapping into customers' capital investment demand and equipment replacement demand. In businesses linked to transport and to plant, exports to Asia were weak.

**[Environment & Materials] A rise in net sales and a decrease in income**  
In the functional chemicals business, exports of raw materials for car batteries remained sluggish. However, imports of raw materials of medical and pharmaceutical products and health foods remained steady. The energy business struggled in the face of persistently high prices, maintaining a steady business volume but failing to pass higher prices onto customers.

Assets, Liabilities and Net Assets				
(Unit: 100 million yen)	3/2012	12/2012	Comparison with 3/2012	
			Change	Change (%)
Total assets	3,998	<b>3,974</b>	-23	-0.6%
Gross interest-bearing debt	1,608	<b>1,457</b>	-151	-9.4%
Net interest-bearing debt	900	<b>908</b>	8	0.9%
Equity capital	698	<b>772</b>	74	10.5%
Other accumulated comprehensive income	-308	<b>-292</b>	16	-
Minority interests	170	<b>187</b>	17	9.9%
Total net assets	560	<b>667</b>	107	19.0%
Shareholder's equity (Note 1)	390	<b>480</b>	90	23.0%
Shareholder's equity ratio (Note 2)	9.8%	<b>12.1%</b>	2.3 pt improved	-
Net debt-equity ratio (Note 3)	2.3 times	<b>1.9 times</b>	0.4 pt improved	-

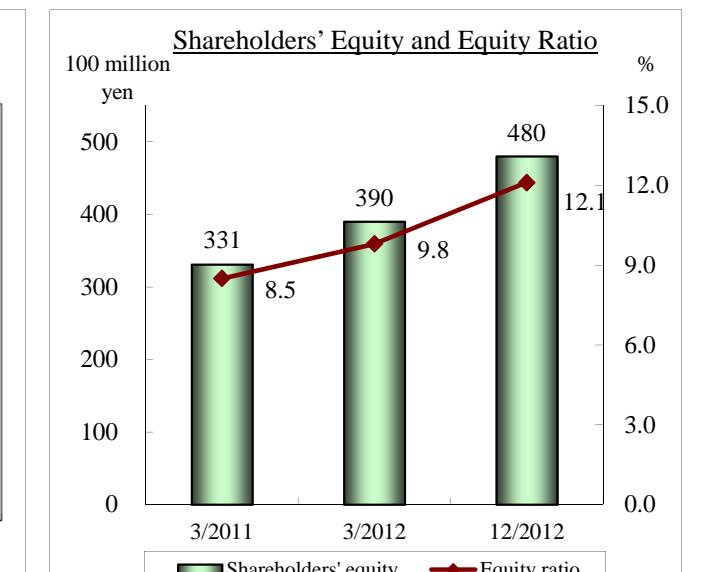
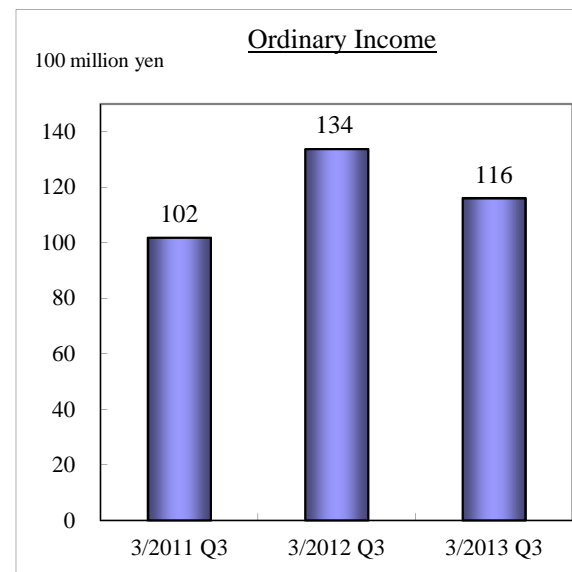
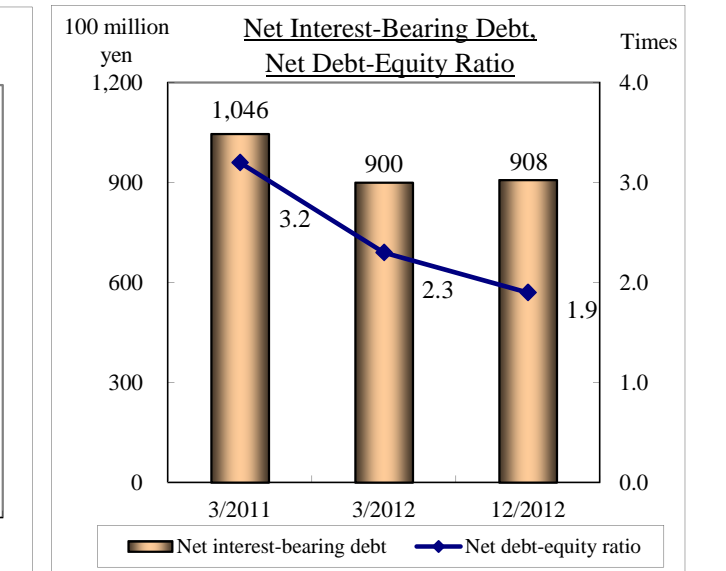
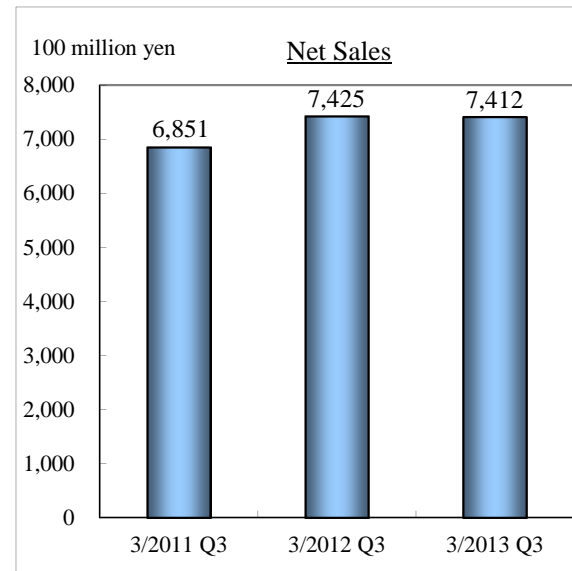
(Note 1) Shareholder's equity = Total net assets - Minority interests  
(Note 2) Shareholder's equity ratio = Shareholder's equity / Total assets  
(Note 3) Net debt-equity ratio = Net interest-bearing debt / Equity capital

**[Total assets]**  
Total assets decreased by 2.3 billion yen, reflecting a decline in cash and deposits.

**[Interest-bearing debt]**  
Gross interest-bearing debt decreased 15.1 billion yen through the repayment of debts. Net interest-bearing debt increased 0.8 billion yen due to a fall in cash and bank deposits.

**[Net assets]**  
Net assets increased 10.7 billion yen, reflecting an increase in retained earnings attributable to the posting of net income, etc.  
Equity capital, which is net assets minus minority interests, rose 9.0 billion yen.

As a result, the equity ratio increased to 12.1%, and net DER improved to 1.9.



\* 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.