

# Consolidated Financial Summary for the First Nine Months of the Fiscal Year Ending March 2010

February 5, 2010

Company name: Kanematsu Corporation

Stock exchange listing: Tokyo Stock Exchange, Osaka Securities Exchange

Stock code: 8020

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

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Scheduled date for commencement of dividend payments: –

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

## 1. Consolidated business results for the first nine months of the fiscal year ending March 2010 (April 1, 2009 – December 31, 2009)

## (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 2009 | 632,791     | -30.9 | 8,105            | -52.0 | 5,538           | -58.1 | 2,044       | -43.1 |
| First nine months to December 2008 | 915,754     | –     | 16,893           | –     | 13,216          | –     | 3,595       | –     |

|                                    | Net income per share | Net income per share (diluted basis) |
|------------------------------------|----------------------|--------------------------------------|
|                                    | Yen                  | Yen                                  |
| First nine months to December 2009 | 4.89                 | –                                    |
| First nine months to December 2008 | 8.59                 | –                                    |

## (2) Consolidated financial condition

|                         | Total assets | Net assets  | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
|                         | Million yen  | Million yen | %            | Yen                  |
| As of December 31, 2009 | 405,600      | 43,797      | 6.6          | 64.15                |
| As of March 31, 2009    | 414,928      | 42,035      | 6.0          | 59.61                |

(Reference) Shareholder's equity: 26,830 million yen as of December 2009, 24,936 million yen as of March 2009

## 2. Dividends

| (Record date)                             | Dividends per share  |                       |                      |          |        |
|---|----------------------|-----------------------|----------------------|----------|--------|
|   | End of first quarter | End of second quarter | End of third quarter | Year end | Fiscal |
|   | Yen                  | Yen                   | Yen                  | Yen      | Yen    |
| Fiscal year ended March 2009              | –                    | 0.00                  | –                    | 0.00     | 0.00   |
| Fiscal year ending March 2010             | –                    | 0.00                  | –                    |          |        |
| Fiscal year ending March 2010 (Forecasts) |                      |                       |                      | 0.00     | 0.00   |

(Note) Revisions of expected dividends in the third quarter under review: None

## 3. Forecasts for consolidated results ending March 2010 (April 1, 2009 – March 31, 2010)

(%: 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 | 850,000     | -25.4 | 12,000           | -36.9 | 8,000           | -39.1 | 3,000       | – | 7.17                 |

(Note) Revisions of estimated consolidated results in the third quarter under review: Yes

#### 4. Other information

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

(2) Application of simplified accounting and accounting specific to the preparation of quarterly consolidated financial statements:  
Yes

(Note) For details, please see the statement under the heading of “4. Others” of the section “Qualitative Information, Financial Statements, Etc.” on page 5.

(3) Change in accounting principle, procedure and presentation related to the preparation of the quarterly consolidated financial statements (noted on changes in “Basis of quarterly consolidated financial statements”)

(i) Change due to amendment to accounting standard: None

(ii) Change due to other than above: None

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares including treasury stock

First nine months (2009/12): 422,501,010 shares, Fiscal year (2009/3): 422,501,010 shares

(ii) Number of treasury stock

First nine months (2009/12): 4,266,552 shares, Fiscal year (2009/3): 4,173,604 shares

(iii) Average number of shares during the period (first nine months)

First nine months (2009/12): 418,298,761 shares, First nine months (2008/12): 418,385,795 shares

\* 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. Actual results might be significantly different from the forecasts in the document, depending on various factors. Refer to the section “3. Qualitative information on consolidated results forecasts” of Qualitative Information, Financial Statements, Etc. on page 4 for further information on results forecasts.

\* Considering the results in the third quarter and the economic outlook, the Company has revised its consolidated results forecasts for the full year announced on May 8, 2009. Refer to the section “3. Qualitative Information on Consolidated Results Forecasts” of “Qualitative Information, Financial Statements, Etc.” on page 4 and Revisions of Results Forecasts announced on February 5, 2010 for details of the revision.

[Qualitative Information, Financial Statements, Etc.]

#### 1. Qualitative Information on Consolidated Operating Results

During the first three quarters under review (from April 1, 2009 to December 31, 2009), there were signs of a recovery, albeit a very moderate one, in the global economy, reflecting domestic demand growth delivered through economic stimulus policies in China and other countries in Asia. Nonetheless, the outlook for the global economy remained uncertain. The prognosis for the Japanese economy did not allow for optimism, given reduced capital spending, a strong yen, deflation, and a difficult employment situation, although Japan too saw some signs of recovery, especially in exports for Asia.

In this environment, the Group sought to make itself useful as a true business creator providing the mixture of goods and knowledge at which the Group excels. Meanwhile, we continued with initiatives to cut costs and improve earnings.

Given the effect of declining turnover associated with weak demand, however, results were disappointing, especially in the Iron, Steel & Plants, and Life Science & Energy segments. Consolidated net sales declined ¥282,963 million (30.9%) year on year, to ¥632,791 million yen. Gross trading profit slipped ¥13,896 million (20.4%), to ¥54,346 million. Operating income fell ¥8,788 million (52.0%), to ¥8,105 million. Non-operating income increased ¥1,111 million, reflecting an improvement in interest income thanks to reductions in interest-bearing debt and improved foreign currency translation outcomes. Ordinary income declined ¥7,678 million (58.1%), to ¥5,538 million.

Extraordinary gains were ¥170 million as a gain on the reversal of the allowance for doubtful accounts and a gain on sale of investment in securities outweighed losses from litigation. Income before income taxes and minority interests was ¥5,709 million, a decline of ¥5,032 million (46.8%) from a year earlier. Net income after the deduction of income taxes and minority interests amounted to ¥2,044 million, a fall of ¥1,551 million (43.1%).

The results for each business segment are as follows:

##### (1) IT

Although there were promising signs in the electronic materials and semiconductor equipment businesses, turnover declined, particularly in the electronic components, semiconductor equipment and solution businesses as the markets remained sluggish, and capital expenditures fell. As a result, net sales in the IT Division fell ¥41,270 million year on year, to ¥167,816 million. Operating income declined ¥1,984 million, to ¥3,151 million.

##### (2) Foods & Foodstuff

In the foods business, net sales declined, reflecting a fall in commodities prices and the appreciation of the yen. However, the business continued to generate profits, especially in the marine products business, which focused on sales of highly processed foods. The business also benefited from improvements in the profit ratio and strong sales of less expensive items. In the foodstuffs business, net sales were lower as the industry environment remained difficult, given falls in grain prices and a slump in sales prices in feedstuff transactions. As a consequence, net sales in the Foods & Foodstuffs Division decreased ¥54,841 million, to ¥203,431 million. Operating income slipped ¥764 million, to ¥2,774 million.

##### (3) Iron, Steel & Plants

In the iron and steel business, exports to North America and the domestic steel business faced a severe business environment, given a delay in the recovery in demand, although exports to the Middle East were solid. In the industrial plants business, transactions involving auto parts for China were good against a background of expanding demand for cars in China. However, the transportation machinery business as a whole struggled, reflecting a sluggish market and a strong yen. Transactions related to petrochemical plants for the Middle East were solid. Demand for machine tools declined, the consequence of cutbacks in corporate capital spending. As a result, net sales in the Iron, Steel & Plants Division declined ¥79,245 million year on year, to ¥104,527 million. Operating income fell ¥5,441 million, to ¥973 million.

##### (4) Life Science & Energy

The life science business remained stagnant, given a fall in the prices of chemical products on lower prices of crude oil, and sluggish exports of pharmaceutical ingredients, the result of the emergence of generic drugs. The energy business also faced difficult business conditions, given a decline in the trading volume associated with a slump in demand, reflecting the economic slowdown, and a fall in the prices of petroleum products. Consequently, net sales in the Life Science & Energy Division fell ¥94,907 million year on year, to ¥144,650 million. Operating income slipped ¥1,503 million, to ¥582 million.

(5) Other

Net sales declined ¥12,701 million, to ¥12,365 million, mainly because of the downsizing of the aluminum recycling business. Thanks to improved profitability in the business, operating income rose ¥1,130 million, to ¥293 million.

2. Qualitative Information on the Consolidated Financial Position

(Assets, liabilities and net assets)

Total assets at the end of the first three quarters of the fiscal year under review fell ¥9,328 million from the end of the previous fiscal year, to ¥405,600 million, primarily because of a decline in operating receivables caused by a fall in the trading volume.

Borrowings fell ¥10,823 million, to ¥202,784 million, because of repayments of seasonal loans by overseas offices. Net interest-bearing debt declined ¥14,441 million, to ¥120,141 million, given an increase in cash and bank deposits.

Net assets increased ¥1,762 million, to ¥43,797 million, primarily attributable to the improvement of retained earnings associated with net income. As a result, the equity ratio increased 0.6 percentage point from the end of the previous fiscal year, to 6.6%. The net debt-equity improved to 4.5 from 5.4.

(Cash flows)

Net cash provided by operating activities in the first three quarters of the fiscal year under review stood at ¥16,333 million (compared with net cash provided of ¥2,322 million for the first three quarters of the previous fiscal year), attributable to the collection of accounts receivable and a decrease in inventories. Net cash used in investing activities was ¥20,132 million (compared with net cash provided of ¥259 million), the result of an increase in time deposits and other factors. Net cash used in financing activities was ¥11,565 million (compared with net cash used of ¥9,640 million), attributable to repayments of debt.

As a result, cash and cash equivalents at the end of the third quarter of the fiscal year under review stood at ¥63,197 million, down ¥15,458 million from the end of the previous fiscal year.

3. Qualitative Information on Consolidated Results Forecasts

The outlook for the world economy remains highly uncertain, with monetary tightening in a number of countries and the escalation of international tensions. Still, the global economy is recovering gradually, driven by economic growth in emerging countries, especially China and India. Despite some promising signs in business with emerging economies, the Japanese economy is not expected to stage a general recovery, with no signs of improvement in personal spending or in the employment situation.

Recognizing these circumstances, we have revised the consolidated results forecasts for the current fiscal year announced on May 8, 2009, given results in the third quarter under review and future supply and demand trends. The details of the revisions are described in the Revisions of Results Forecasts announced today.

(Million yen)

|  | Net sales | Operating income | Ordinary income | Net income | Net income per share (yen) |
|--|-----------|------------------|-----------------|------------|----------------------------|
| Previous forecasts (A)   | 1,000,000 | 15,500           | 11,500          | 5,000      | 11.95                      |
| Revised forecasts (B)  | 850,000   | 12,000           | 8,000           | 3,000      | 7.17                       |
| Change (B-A)   | -150,000  | -3,500           | -3,500          | -2,000     | -                          |
| Rate of change (%)   | -15.0     | -22.6            | -30.4           | -40.0      | -                          |
| (For reference)<br>Results for previous term<br>(fiscal year ended March 2009) | 1,138,755 | 19,027           | 13,127          | -12,787    | -30.56                     |

The results forecasts and forward-looking statements included in this document are based on information available at the time of the announcement and estimates based on reasonable assumptions. Actual results may differ significantly from the forecasts and statements in the document, depending on various factors.

#### 4. Others

- (1) Changes in important subsidiaries during the term under review (changes in specified subsidiaries requiring a change in the scope of consolidation)

Not applicable.

(For reference) The scope of consolidation and the application of the equity method

Number of consolidated subsidiaries: 85 companies (1 company was added; 5 companies reduced)

Number of unconsolidated subsidiaries accounted for by the equity method:

6 companies (- companies were added; 1 company reduced)

Number of equity method affiliates: 28 companies (- companies were added; - companies reduced)

- (2) Application of simplified accounting and accounting specific to the preparation of quarterly consolidated financial statements

##### 1. Simplified accounting

- (i) Method used to calculate the estimate of general bad debts

Since the loan loss ratio at the end of the third quarter under review has not changed significantly from that at the end of the previous fiscal year, the Company used reasonable standards, including the loan loss ratio that was calculated in the settlement for the previous fiscal year, to calculate the estimate of general bad debts.

- (ii) Inventory valuation method

Certain consolidated subsidiaries omitted physical stocktaking for the first nine months under review and computed inventories at the end of the third quarter by a reasonable method based on actual inventories at the end of the previous fiscal year.

With respect to the reduction of the book value of inventories held for the purpose of usual sale, certain consolidated subsidiaries estimated the net sale value of only those inventories whose profitability was obviously reduced and cut the book value of the inventories.

- (iii) Method used to calculate the depreciation cost of fixed assets

The Company calculated the depreciation cost of assets for which the declining balance method is used by dividing the depreciation cost for the fiscal year proportionally.

- (iv) Simplified method for judging the collectability of deferred tax assets

Since the business environment and the temporary difference were deemed not to have changed materially from the end of the previous fiscal year, the Company used the earnings forecast and tax planning used in the account settlement for the previous fiscal year to judge the collectability of deferred tax assets at the end of the third quarter.

##### 2. Accounting specific 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 first nine months under review.

- (3) Changes in accounting principle, procedure and presentation related to the preparation of quarterly consolidated financial statements

Not applicable.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

|                                    | (Million yen)   |  |
|------------------------------------|---|--|
|                                    | End of third quarter<br>under review<br>(December 31, 2009) | Condensed consolidated<br>balance sheets at the end of<br>the previous fiscal year<br>(March 31, 2009) |
| Assets                             |   |  |
| Current assets                     |   |  |
| Cash and bank deposits             | 82,642  | 79,025   |
| Notes and accounts receivable      | *5 140,771  | 144,470  |
| Lease investment assets            | 532   | 301  |
| Short-term investments             | -   | 15   |
| Inventories                        | *1 52,107   | *1 60,241  |
| Short-term loans receivable        | 2,164   | 2,772  |
| Deferred tax assets                | 1,064   | 2,021  |
| Other                              | 30,747  | 28,221   |
| Allowance for doubtful accounts    | (607)   | (772)  |
| Total current assets               | 309,423   | 316,296  |
| Fixed assets                       |   |  |
| Tangible fixed assets              | *2 29,233   | *2 30,094  |
| Intangible fixed assets            | 1,814   | 2,054  |
| Investments and other assets       |   |  |
| Investments in securities          | 37,325  | 37,893   |
| Long-term loans receivable         | 13,030  | 13,448   |
| Doubtful accounts                  | 15,685  | 19,409   |
| Deferred tax assets                | 14,353  | 14,837   |
| Other                              | 8,848   | 9,115  |
| Allowance for doubtful accounts    | (24,114)  | (28,221)   |
| Total investments and other assets | 65,128  | 66,482   |
| Total fixed assets                 | 96,177  | 98,631   |
| Total assets                       | 405,600   | 414,928  |

(Million yen)

|  | End of third quarter<br>under review<br>(December 31, 2009) | Condensed consolidated<br>balance sheets at the end of<br>the previous fiscal year<br>(March 31, 2009) |
|--|---|--|
| <b>Liabilities</b>                                 |   |  |
| <b>Current liabilities</b>                         |   |  |
| Notes and accounts payable                         | *5 110,593  | 106,468  |
| Short-term borrowings                              | 110,448   | 103,534  |
| Lease obligations                                  | 293   | 152  |
| Accrued income taxes                               | 281   | 2,282  |
| Deferred tax liabilities                           | 0   | 1  |
| Other  | 35,112  | 36,906   |
| <b>Total current liabilities</b>                   | <b>256,728</b>  | <b>249,344</b>   |
| <b>Long-term liabilities</b>                       |   |  |
| Long-term borrowings                               | 92,336  | 110,073  |
| Lease obligations                                  | 554   | 345  |
| Deferred tax liabilities                           | 290   | 283  |
| Accrued severance indemnities                      | 2,837   | 2,860  |
| Allowance for loss on lawsuits                     | -   | 610  |
| Reserve for directors' retirement benefits         | 619   | 681  |
| Negative goodwill                                  | 15  | 92   |
| Other  | 8,421   | 8,601  |
| <b>Total long-term liabilities</b>                 | <b>105,074</b>  | <b>123,548</b>   |
| <b>Total liabilities</b>                           | <b>361,803</b>  | <b>372,892</b>   |
| <b>Net assets</b>                                  |   |  |
| <b>Owners' equity</b>                              |   |  |
| Capital stock                                      | 27,781  | 27,781   |
| Capital surplus                                    | 27,642  | 27,644   |
| Retained earnings                                  | (1,742)   | (3,786)  |
| Treasury stock                                     | (637)   | (632)  |
| <b>Total owners' equity</b>                        | <b>53,043</b>   | <b>51,006</b>  |
| <b>Valuation and translation adjustments</b>       |   |  |
| Unrealized loss on available-for-sale securities   | (65)  | (891)  |
| Deferred gain/loss on hedging                      | 150   | 173  |
| Land revaluation reserves                          | 58  | 58   |
| Translation adjustments                            | (26,356)  | (25,409)   |
| <b>Total valuation and translation adjustments</b> | <b>(26,213)</b>   | <b>(26,070)</b>  |
| <b>Minority interests</b>                          | <b>16,967</b>   | <b>17,099</b>  |
| <b>Total net assets</b>                            | <b>43,797</b>   | <b>42,035</b>  |
| <b>Total liabilities and net assets</b>            | <b>405,600</b>  | <b>414,928</b>   |

## (2) Consolidated Statements of Income

[First nine months]

(Million yen)

|  | Previous first nine months<br>(From April 1, 2008<br>to December 31, 2008) | First nine months<br>under review<br>(From April 1, 2009<br>to December 31, 2009) |
|--|--|---|
| Net sales  | 915,754  | 632,791   |
| Cost of sales  | 847,511  | 578,445   |
| Gross trading profit   | 68,242   | 54,346  |
| Selling, general and administrative expenses                                 | *1 51,349  | *1 46,241   |
| Operating income   | 16,893   | 8,105   |
| Non-operating income   |  |   |
| Interest received  | 841  | 519   |
| Dividends received   | 575  | 571   |
| Foreign exchange gains   | -  | 600   |
| Other  | 1,260  | 923   |
| Total non-operating income   | 2,676  | 2,614   |
| Non-operating expenses   |  |   |
| Interest paid  | 4,221  | 3,299   |
| Loss on equity method investments  | 413  | 683   |
| Other  | 1,718  | 1,197   |
| Total non-operating expenses   | 6,354  | 5,180   |
| Ordinary income  | 13,216   | 5,538   |
| Extraordinary gains  |  |   |
| Gain on sale of tangible fixed assets  | 30   | 17  |
| Gain on sale of investment in securities                                     | 722  | 454   |
| Gain on reversal of allowance for doubtful accounts                          | 275  | 609   |
| Total extraordinary gains  | 1,027  | 1,081   |
| Extraordinary losses   |  |   |
| Loss on sales or disposal of fixed assets                                    | 86   | 88  |
| Impairment loss  | 247  | 87  |
| Loss on sales of investments in securities                                   | 76   | 18  |
| Loss on valuation of investments in securities                               | 364  | 137   |
| Loss on valuation of inventories   | *2 558   | -   |
| Loss on liquidation of subsidiaries and affiliates                           | 1  | 48  |
| Loss on revaluation of assets for special business                           | 478  | -   |
| Provision of allowance for doubtful accounts for subsidiaries and affiliates | 21   | -   |
| Transfer to allowance for doubtful accounts for credits of special business  | 1,668  | -   |
| Loss on litigation   | -  | 529   |
| Total extraordinary losses   | 3,502  | 910   |
| Income before income taxes and minority interests                            | 10,741   | 5,709   |
| Income taxes – current   | 3,805  | 1,436   |
| Income taxes – deferred  | 2,052  | 1,385   |
| Total income taxes   | 5,858  | 2,822   |
| Minority interests in consolidated subsidiaries                              | 1,287  | 842   |
| Net income   | 3,595  | 2,044   |

## (3) Consolidated Statements of Cash Flows

(Million yen)

|   | Previous first nine months<br>(From April 1, 2008<br>to December 31, 2008) | First nine months<br>under review<br>(From April 1, 2009<br>to December 31, 2009) |
|---|--|---|
| Cash flows from operating activities:   |  |   |
| Income before income taxes and minority interests                                     | 10,741   | 5,709   |
| Depreciation and amortization   | 2,395  | 2,292   |
| Increase (decrease) in allowance for doubtful accounts                                | 1,550  | (531)   |
| Increase (decrease) in reserve for employees' prior service obligations               | (854)  | (48)  |
| Interest and dividend income  | (1,416)  | (1,090)   |
| Interest expense  | 4,221  | 3,299   |
| Equity in earnings of affiliated companies (gain)                                     | 413  | 683   |
| Gain or loss on sales or disposal of fixed assets (gain)                              | 56   | 70  |
| Impairment loss   | 247  | 87  |
| Gain or loss on sale of investments in securities (gain)                              | (645)  | (435)   |
| Gain or loss on valuation of investments in securities (gain)                         | 364  | 137   |
| Loss on litigation  | -  | 529   |
| Decrease (increase) in notes and accounts receivable                                  | 17,065   | 6,427   |
| Decrease (increase) in inventories  | (5,285)  | 7,972   |
| Increase (decrease) in notes and accounts payable                                     | (23,807)   | 4,463   |
| Other   | 3,645  | (6,274)   |
| Sub total   | 8,692  | 23,293  |
| Interest and dividend income received   | 1,489  | 981   |
| Interest paid   | (3,536)  | (2,703)   |
| Income taxes paid   | (4,322)  | (4,099)   |
| Loss on litigation  | -  | (1,140)   |
| Net cash provided by operating activities   | 2,322  | 16,333  |
| Cash flows from investing activities:   |  |   |
| Decrease (increase) in time deposits  | 47   | (19,073)  |
| Payments for acquisition of tangible fixed assets                                     | (2,303)  | (869)   |
| Proceeds from sale of tangible fixed assets   | 206  | 187   |
| Payments for acquisition of intangible fixed assets                                   | (373)  | (711)   |
| Payments for acquisition of investments in securities                                 | (140)  | (1,200)   |
| Proceeds from sale of investments in securities                                       | 1,627  | 589   |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (1)  | -   |
| Increase in loans receivable  | (631)  | (422)   |
| Decrease in loans receivable  | 1,712  | 1,313   |
| Other   | 115  | 53  |
| Net cash provided by (used in) investing activities                                   | 259  | (20,132)  |
| Cash flows from financing activities  |  |   |
| Increase (decrease) in short-term loans, net  | (2,032)  | (7,760)   |
| Proceeds from long-term debt  | 11,250   | 10,253  |
| Repayment of long-term debt   | (18,414)   | (13,356)  |
| Proceeds from stock issuance to minority shareholders                                 | 100  | 60  |
| Other   | (543)  | (760)   |
| Net cash used in financing activities   | (9,640)  | (11,565)  |
| Effect of exchange rate changes on cash and cash equivalents                          | (1,868)  | (94)  |
| Net increase (decrease) in cash and cash equivalents                                  | (8,926)  | (15,458)  |
| Cash and cash equivalent at beginning of term   | 74,437   | 78,655  |
| Effect of the change in scope of consolidated subsidiaries                            | 692  | 0   |
| Cash and cash equivalent at end of term   | *1 66,203  | *1 63,197   |

(4) Notes Relating to the Assumptions of the Going Concern

Not applicable.

(5) Segment Information

[Industry Segment Information]

Previous first nine months (From April 1, 2008 to December 31, 2008)

(Million yen)

|                       | IT      | Foods & Foodstuff | Iron, Steel & Plants | Life Science & Energy | Other  | Total   | Adjustments & Eliminations | Consolidated |
|-----------------------|---------|-------------------|----------------------|-----------------------|--------|---------|----------------------------|--------------|
| Net sales             |         |                   |                      |                       |        |         |                            |              |
| (1) Outside customers | 209,086 | 258,272           | 183,772              | 239,557               | 25,066 | 915,754 | -                          | 915,754      |
| (2) Inter-segment     | 46      | 9                 | 886                  | 53                    | 49     | 1,045   | (1,045)                    | -            |
| Total                 | 209,132 | 258,281           | 184,658              | 239,610               | 25,115 | 916,800 | (1,045)                    | 915,754      |
| Operating income/loss | 5,135   | 3,538             | 6,414                | 2,085                 | (837)  | 16,336  | 556                        | 16,893       |

First nine months under review (From April 1, 2009 to December 31, 2009)

(Million yen)

|                       | IT      | Foods & Foodstuff | Iron, Steel & Plants | Life Science & Energy | Other  | Total   | Adjustments & Eliminations | Consolidated |
|-----------------------|---------|-------------------|----------------------|-----------------------|--------|---------|----------------------------|--------------|
| Net sales             |         |                   |                      |                       |        |         |                            |              |
| (1) Outside customers | 167,816 | 203,431           | 104,527              | 144,650               | 12,365 | 632,791 | -                          | 632,791      |
| (2) Inter-segment     | 14      | 5                 | 211                  | 31                    | 29     | 292     | (292)                      | -            |
| Total                 | 167,831 | 203,436           | 104,739              | 144,681               | 12,395 | 633,084 | (292)                      | 632,791      |
| Operating income      | 3,151   | 2,774             | 973                  | 582                   | 293    | 7,776   | 328                        | 8,105        |

(Notes) Segments are determined in accordance with the business management units of the relevant products and services.  
(The results of the consolidated subsidiaries having more than one business segment are calculated by segment.)

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

Not applicable.

## (7) Notes

(In relation to consolidated balance sheets)

| End of third quarter of Fiscal 2009<br>(December 31, 2009)   | Fiscal 2008<br>(March 31, 2009)   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
|--|---|-----------------|-------------------------|--------------|--------------------------|----------------|-----------------|-----------------------|-------|------------------------|---|--------------------------------|-----------------|-------------------------|--------------|--------------------------|----------------|-----------------|-----------------------|-------|------------------------|
| <p>*1 The following is a breakdown of inventories:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Merchandise and finished goods</td> <td style="text-align: right;">¥49,029 million</td> </tr> <tr> <td>Real estate for sale</td> <td style="text-align: right;">¥963 million</td> </tr> <tr> <td>Raw materials and stores</td> <td style="text-align: right;">¥1,029 million</td> </tr> <tr> <td>Work in process</td> <td style="text-align: right;"><u>¥1,084 million</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>¥52,107 million</u></td> </tr> </table>  | Merchandise and finished goods  | ¥49,029 million | Real estate for sale    | ¥963 million | Raw materials and stores | ¥1,029 million | Work in process | <u>¥1,084 million</u> | Total | <u>¥52,107 million</u> | <p>*1 The following is a breakdown of inventories:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Merchandise and finished goods</td> <td style="text-align: right;">¥57,102 million</td> </tr> <tr> <td>Real estate for sale</td> <td style="text-align: right;">¥978 million</td> </tr> <tr> <td>Raw materials and stores</td> <td style="text-align: right;">¥1,278 million</td> </tr> <tr> <td>Work in process</td> <td style="text-align: right;"><u>¥882 million</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>¥60,241 million</u></td> </tr> </table>   | Merchandise and finished goods | ¥57,102 million | Real estate for sale    | ¥978 million | Raw materials and stores | ¥1,278 million | Work in process | <u>¥882 million</u>   | Total | <u>¥60,241 million</u> |
| Merchandise and finished goods   | ¥49,029 million   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Real estate for sale   | ¥963 million  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Raw materials and stores   | ¥1,029 million  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Work in process  | <u>¥1,084 million</u>   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Total  | <u>¥52,107 million</u>  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Merchandise and finished goods   | ¥57,102 million   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Real estate for sale   | ¥978 million  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Raw materials and stores   | ¥1,278 million  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Work in process  | <u>¥882 million</u>   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Total  | <u>¥60,241 million</u>  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| <p>*2 The accumulated depreciation of tangible fixed assets was ¥31,991 million.</p>   | <p>*2 The accumulated depreciation of tangible fixed assets was ¥31,001 million.</p>  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| <p>3 Guarantee obligation<br/>The Company provides debt guarantees for bank loans to companies other than consolidated companies:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Century Textile Industry</td> <td style="text-align: right;">¥1,041 million</td> </tr> <tr> <td>True Corporation Public</td> <td style="text-align: right;">¥407 million</td> </tr> <tr> <td>Watana Inter-Trade</td> <td style="text-align: right;">¥157 million</td> </tr> <tr> <td>Others</td> <td style="text-align: right;"><u>¥2,867 million</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>¥4,474 million</u></td> </tr> </table> <p>The above includes activities similar to guarantees.</p> | Century Textile Industry  | ¥1,041 million  | True Corporation Public | ¥407 million | Watana Inter-Trade       | ¥157 million   | Others          | <u>¥2,867 million</u> | Total | <u>¥4,474 million</u>  | <p>3 Guarantee obligation<br/>The Company provides debt guarantees for bank loans to companies other than consolidated companies:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Century Textile Industry</td> <td style="text-align: right;">¥1,222 million</td> </tr> <tr> <td>True Corporation Public</td> <td style="text-align: right;">¥407 million</td> </tr> <tr> <td>Japan Logistics</td> <td style="text-align: right;">¥168 million</td> </tr> <tr> <td>Others</td> <td style="text-align: right;"><u>¥2,909 million</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>¥4,708 million</u></td> </tr> </table> <p>The above includes activities similar to guarantees.</p> | Century Textile Industry       | ¥1,222 million  | True Corporation Public | ¥407 million | Japan Logistics          | ¥168 million   | Others          | <u>¥2,909 million</u> | Total | <u>¥4,708 million</u>  |
| Century Textile Industry   | ¥1,041 million  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| True Corporation Public  | ¥407 million  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Watana Inter-Trade   | ¥157 million  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Others   | <u>¥2,867 million</u>   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Total  | <u>¥4,474 million</u>   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Century Textile Industry   | ¥1,222 million  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
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| Others   | <u>¥2,909 million</u>   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| Total  | <u>¥4,708 million</u>   |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| <p>4 Discounted notes receivable were ¥5,849 million (of which export bills discounted were ¥5,151 million). Notes receivable transfer by endorsement was ¥117 million.</p>  | <p>4 Discounted notes receivable were ¥16,446 million (of which export bills discounted were ¥14,393 million). Notes receivable transfer by endorsement was ¥177 million.</p> |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |
| <p>*5 Notes maturing at the end of the quarter are accounted for as of the dates of the clearing date.<br/>Since the end of the quarter under review was a bank holiday, the following notes at maturity are included as results at the end of the quarter under review:<br/>Notes receivable: ¥1,835 million<br/>Notes payable: ¥1,313 million</p>  | <p>5 _____</p>  |                 |                         |              |                          |                |                 |                       |       |                        |   |                                |                 |                         |              |                          |                |                 |                       |       |                        |

(In relation to consolidated statements of income)

| Previous first nine months<br>(From April 1, 2008 to December 31, 2008)   | First nine months under review<br>(From April 1, 2009 to December 31, 2009) |                 |                                  |              |  |                                  |                 |                                  |             |
|---|---|-----------------|----------------------------------|--------------|--|----------------------------------|-----------------|----------------------------------|-------------|
| <p>*1 Major items in selling, general and administrative expenses and their amounts are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Employees' salaries and bonuses:</td> <td style="text-align: right;">¥20,128 million</td> </tr> <tr> <td>Provision for doubtful accounts:</td> <td style="text-align: right;">¥242 million</td> </tr> </table> | Employees' salaries and bonuses:  | ¥20,128 million | Provision for doubtful accounts: | ¥242 million | <p>*1 Major items in selling, general and administrative expenses and their amounts are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Employees' salaries and bonuses:</td> <td style="text-align: right;">¥17,794 million</td> </tr> <tr> <td>Provision for doubtful accounts:</td> <td style="text-align: right;">¥40 million</td> </tr> </table> | Employees' salaries and bonuses: | ¥17,794 million | Provision for doubtful accounts: | ¥40 million |
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| Provision for doubtful accounts:  | ¥40 million   |                 |                                  |              |  |                                  |                 |                                  |             |
| <p>*2 This is the reduced book amount relating to inventories at the beginning of the fiscal year in association with the application of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 issued on July 5, 2006).</p>   | <p>2 _____</p>  |                 |                                  |              |  |                                  |                 |                                  |             |

(In relation to consolidated statements of cash flows)

| Previous first nine months<br>(From April 1, 2008 to December 31, 2008)  | First nine months under review<br>(From April 1, 2009 to December 31, 2009) |                 |  |                      |                           |                        |  |                         |                 |  |                         |                           |                        |
|--|---|-----------------|--|----------------------|---------------------------|------------------------|--|-------------------------|-----------------|--|-------------------------|---------------------------|------------------------|
| <p>*1 Relations between cash and cash equivalents at the end of the first nine months and amounts recorded for accounts in the quarterly consolidated balance sheets<br/>(As of December 31, 2008)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank deposits:</td> <td style="text-align: right;">¥66,471 million</td> </tr> <tr> <td>Time deposits with maturities of 3 months or longer:</td> <td style="text-align: right;"><u>-¥268 million</u></td> </tr> <tr> <td>Cash and cash equivalent:</td> <td style="text-align: right;"><u>¥66,203 million</u></td> </tr> </table> | Cash and bank deposits:   | ¥66,471 million | Time deposits with maturities of 3 months or longer: | <u>-¥268 million</u> | Cash and cash equivalent: | <u>¥66,203 million</u> | <p>*1 Relations between cash and cash equivalents at the end of the first nine months under review and amounts recorded for accounts in the quarterly consolidated balance sheets<br/>(As of December 31, 2009)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank deposits:</td> <td style="text-align: right;">¥82,642 million</td> </tr> <tr> <td>Time deposits with maturities of 3 months or longer:</td> <td style="text-align: right;"><u>-¥19,445 million</u></td> </tr> <tr> <td>Cash and cash equivalent:</td> <td style="text-align: right;"><u>¥63,197 million</u></td> </tr> </table> | Cash and bank deposits: | ¥82,642 million | Time deposits with maturities of 3 months or longer: | <u>-¥19,445 million</u> | Cash and cash equivalent: | <u>¥63,197 million</u> |
| Cash and bank deposits:  | ¥66,471 million   |                 |  |                      |                           |                        |  |                         |                 |  |                         |                           |                        |
| Time deposits with maturities of 3 months or longer:   | <u>-¥268 million</u>  |                 |  |                      |                           |                        |  |                         |                 |  |                         |                           |                        |
| Cash and cash equivalent:  | <u>¥66,203 million</u>  |                 |  |                      |                           |                        |  |                         |                 |  |                         |                           |                        |
| Cash and bank deposits:  | ¥82,642 million   |                 |  |                      |                           |                        |  |                         |                 |  |                         |                           |                        |
| Time deposits with maturities of 3 months or longer:   | <u>-¥19,445 million</u>   |                 |  |                      |                           |                        |  |                         |                 |  |                         |                           |                        |
| Cash and cash equivalent:  | <u>¥63,197 million</u>  |                 |  |                      |                           |                        |  |                         |                 |  |                         |                           |                        |

6. Other information

In August 2009, a lawsuit was filed (for the amount of ¥3,300 million) from a transferee based on a stated guarantee in connection with an agreement for transferring shares in and credits to Kanematsu Kankyo Co., Ltd. (the current Funabashi Kankyo Co., Ltd.), our subsidiary prior to the transfer in March 2008.

