

Overview of Results for the end of FY2010



KANEMATSU CORPORATION

May 13, 2011

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.



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Overview of Results for the end of FY2010



Financial Highlight (P/L)

Achieved increases in both sales and income

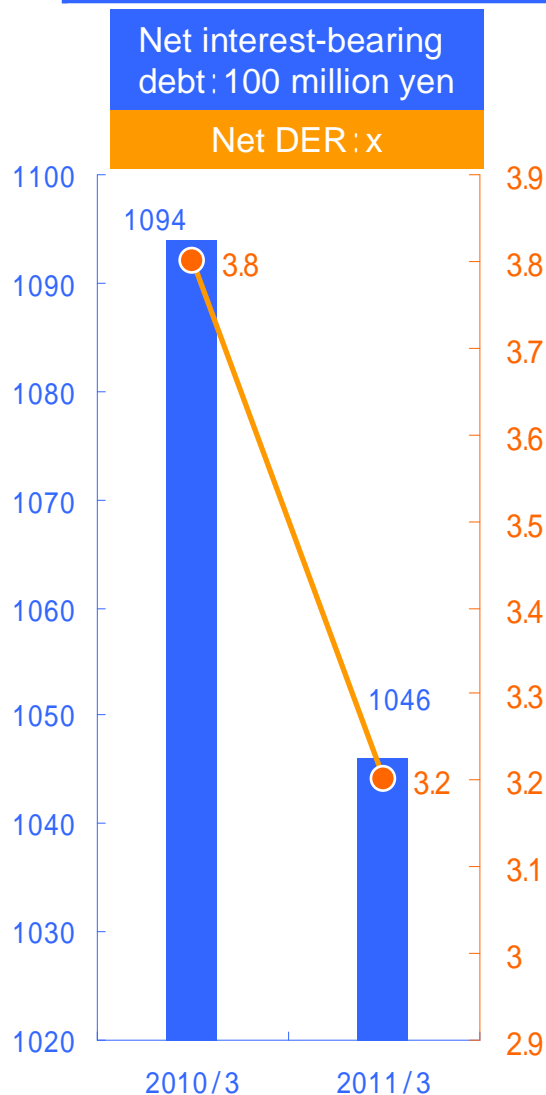
(Million yen)	FY 2009	FY2010	Change	Change(%)
Net Sales	8,613	9,369	756	9%
Operating Income	122	180	58	48%
Ordinary income	82	143	61	73%
Net income	35	92	56	160%
Comprehensive income	53	51	-2	-3%

Both sales and income increased with foreign demand, especially from Asia and emerging markets.



Financial Highlight (B/S)

Financial standing steadily improved



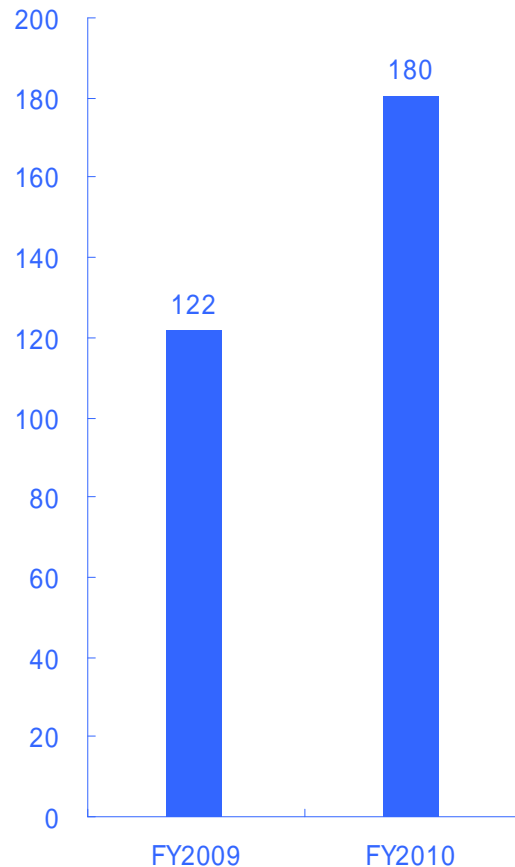
(100 Million yen)	2010/3	2011/3	Change	Change(%)
Total Assets	3,986	3,887	-100	-3%
Net Assets	458	496	38	8%
Equity capital	289	331	42	15%
Equity ratio	7.3%	8.5%		1.2pt
Gross interest-bearing debt	1,931	1,736	-195	-10%
Net interest-bearing debt	1,094	1,046	-47	-4%
Net DER	3.8	3.2		0.6pt

Equity capital continue to increase with accumulation of profits and reductions in interest-bearing debt through repayments.



Overview of results (P/L)

Operating income :
100 million yen



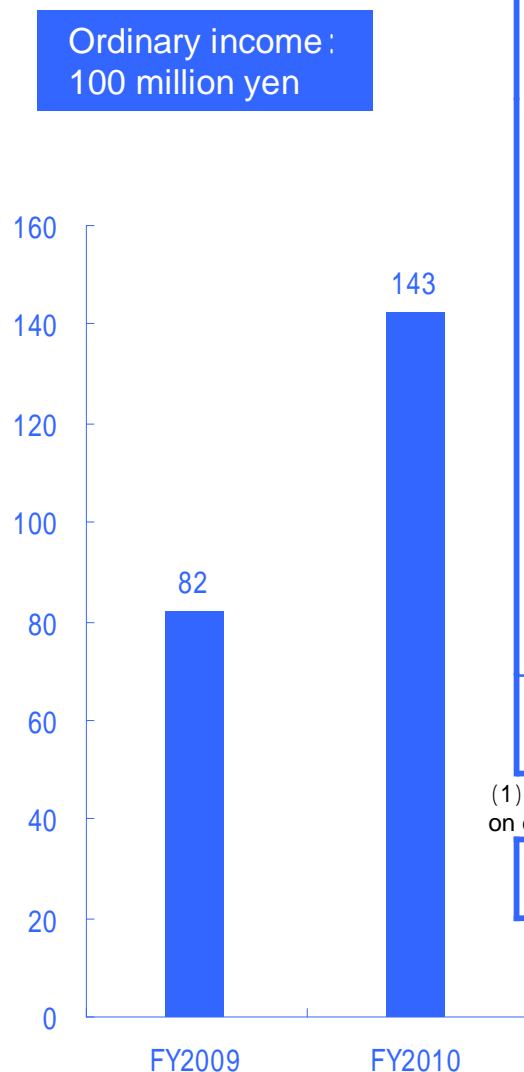
(100 million yen)	FY2009	FY2010	Change	Change(%)
Net Sales	8,613	9,369	756	9%
Gross trading profit	741	769	28	4%
margin	8.6%	8.2%	-0.4pt	
SG&A	619	589	-30	-5%
personal expenses	319	306	-13	-4%
Non personal expenses	300	282	-18	-6%
Operating income	122	180	58	48%
margin	1.4%	1.9%	0.5pt	

Sales and gross trading profit grew as we increasingly met foreign demand.

Reduced SG&A expenses contributed to higher operating income.



Overview of results (P/L)



(100 million yen)	FY2009	FY2010	Change	Change(%)
Non-operating income & loss	-39	-38	1	4%
Financial balance	-30	-26	4	—
Dividend received	7	12	5	—
Interest received	7	6	-1	—
Interest paid	-44	-43	1	—
Gain on equity-method investment	-9	-4	5	—
Exchange Gain or Loss	6	-4	-10	—
others	-7	-4	3	—
Ordinary income	82	143	61	73%

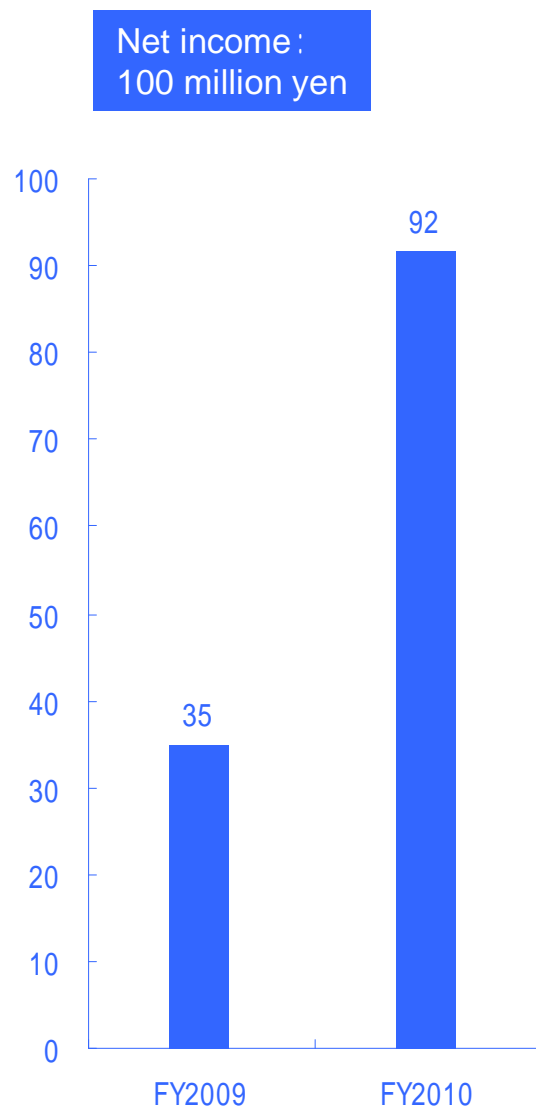
(1) Core earnings = Operating income + Reserve for doubtful accounts + Dividends received + Net interest received (paid) + Gain on equity-method investment

Core earnings ()	85	152	67	78%
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Non-operating income increased, primarily because of equity-method gains and an improved financial balance, offsetting a foreign exchange loss.



Overview of results (P/L)



(100 million yen)	FY2009	FY2010	Change	Change(%)
Net extraordinary gain and loss	2	-12	-14	-
Extraordinary gain	21	11	-10	-44%
Extraordinary loss	-19	-24	5	-
Income before income taxes	84	130	46	55%
Income taxes	-36	-24	12	-
Minority interests	-13	-14	-1	-
Net income	35	92	57	160%

Extraordinary losses include 560 million yen as earthquake-related losses and 440 million yen as the effect of applying the accounting standard for asset retirement obligations.

An increase in subsidiaries subject to consolidated tax payment resulted in an improvement in income taxes — deferred.



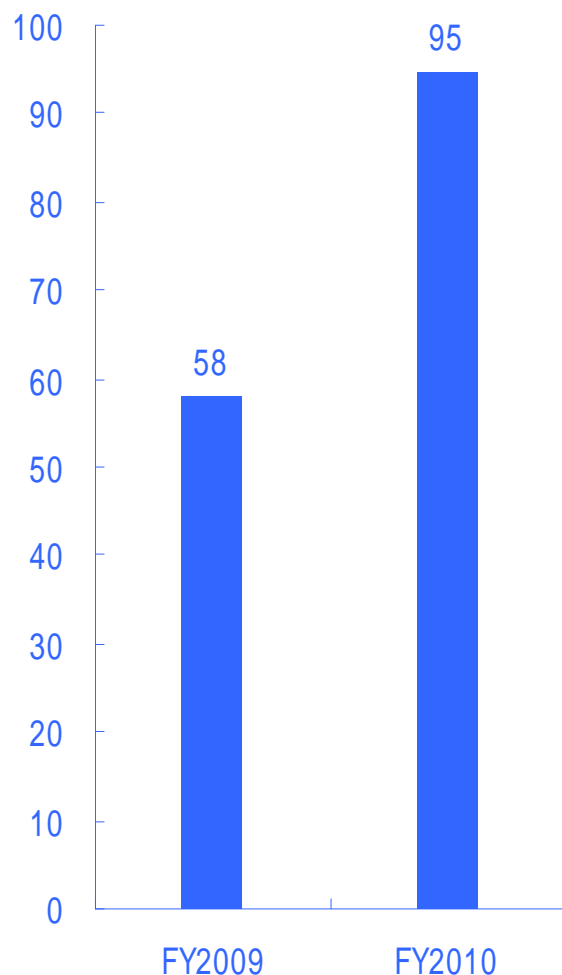
Overview of results (segments)

(100 million yen)	FY2009	FY2010	Change	Change(%)
Net sales	8,613	9,369	756	9%
Electronics & IT	2,327	2,539	212	9%
Foods & Foodstuff	2,642	2,719	76	3%
Iron & Steel	880	988	109	12%
Machinery & Plant	613	673	60	10%
Environment & Materials	1,981	2,275	293	15%
Others	170	176	6	4%
Operating income	122	180	58	48%
Electronics & IT	58	95	37	64%
Foods & Foodstuff	36	28	-8	-22%
Iron & Steel	24	34	10	40%
Machinery & Plant	-9	11	20	Returned to Profitability
Environment & Materials	9	10	1	6%
Others	4	3	-1	-28%



Overview of results (Electronics & IT)

Operating income:
100 million yen



(100 million yen)	FY2009	FY2010	Change	Change(%)
Net Sales	2,327	2,539	212	9%
Gross trading profit	385	411	26	7%
Operating income	58	95	37	64%

Point of FY2010

Sales and income in the business of Semiconductor Equipment and Components increased substantially following a recovery in demand for semiconductors.

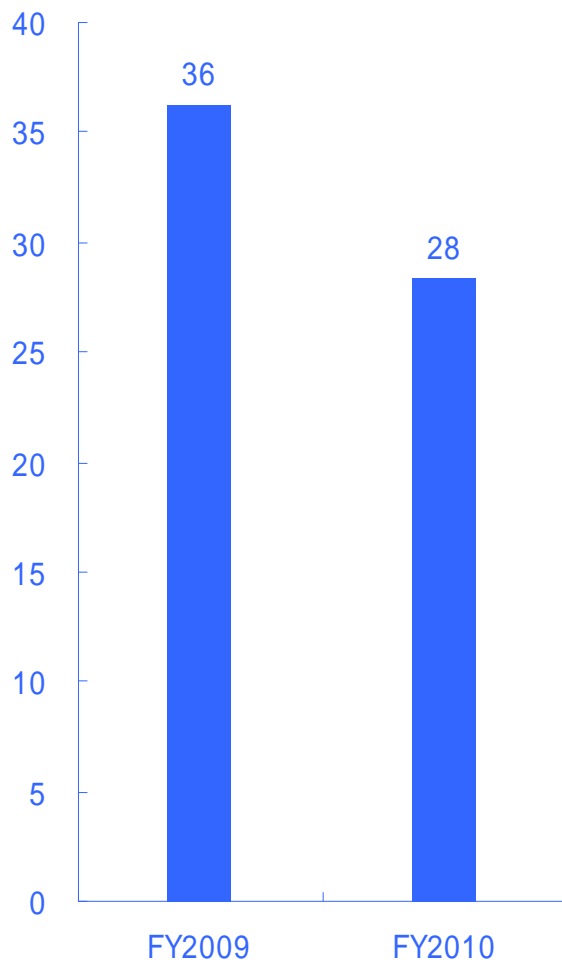
Mechanical Parts, ICT Solution, and Mobile Businesses also enjoyed higher sales and income.

This segment drove the performance of the entire company.



Overview of results (Foods & Foodstuff)

Operating income :
100 million yen



(100 million yen)	FY2009	FY2010	Change	Change(%)
Net Sales	2,642	2,719	76	3%
Gross trading profit	126	115	-10	-8%
Operating income	36	28	-8	-22%

Point of FY2010

Foods Business and Meat and Marine Products Business generally performed well.

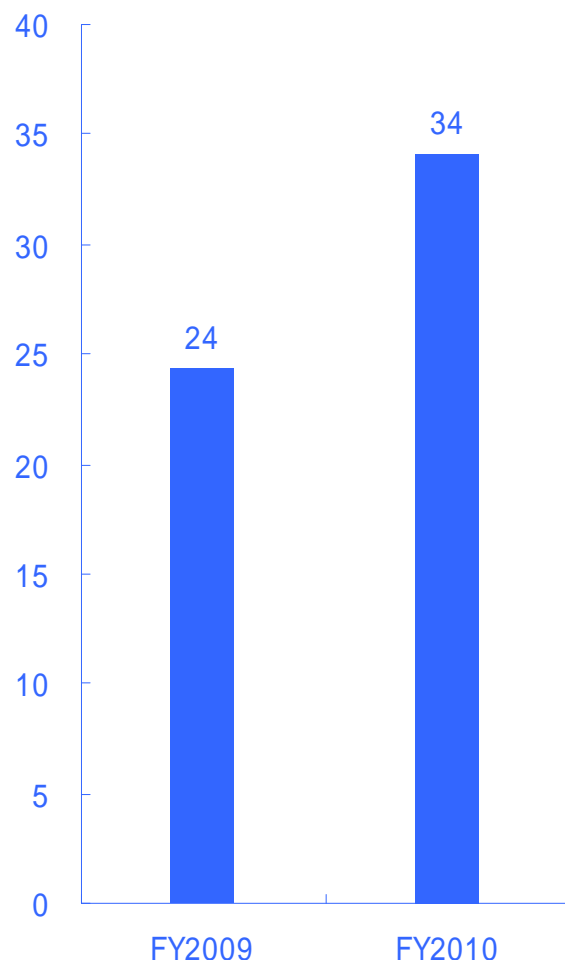
Foodstuff business experienced lower profit given a slowdown in the domestic market, despite increased sales as a result of soaring grain prices.

The feedstuff business steadily generated trading volume and maintained strong sales despite the harsh environment.



Overview of results (Iron & Steel)

Operating income :
100 million yen



(100 million yen)	FY2009	FY2010	Change	Change(%)
Net Sales	880	988	109	12%
Gross trading profit	64	70	6	10%
Operating income	24	34	10	40%

Point of FY2010

The recovery of the automotive sector helped improve the business for automobiles in the United States and Europe.

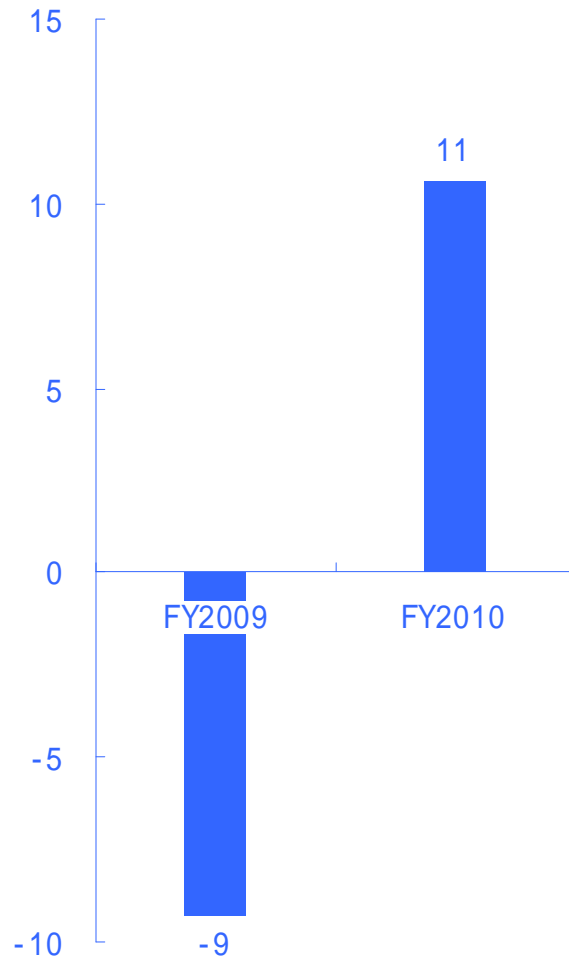
The Specialty Steel and Stainless Steel businesses for North America and Asia performed well.

The raw materials supply business was brisk thanks to higher prices of raw materials and contributed to increased income.



Overview of results (Machinery & Plant)

Operating income :
100 million yen



(100 million yen)	FY2009	FY2010	Change	Change(%)
Net Sales	613	673	60	10%
Gross trading profit	54	65	10	19%
Operating income	-9	11	20	Returned to profitability

Point of FY2010

Plant-related businesses for the Middle East performed well.

Exports of auto parts largely to China remained strong in the transportation machinery business.

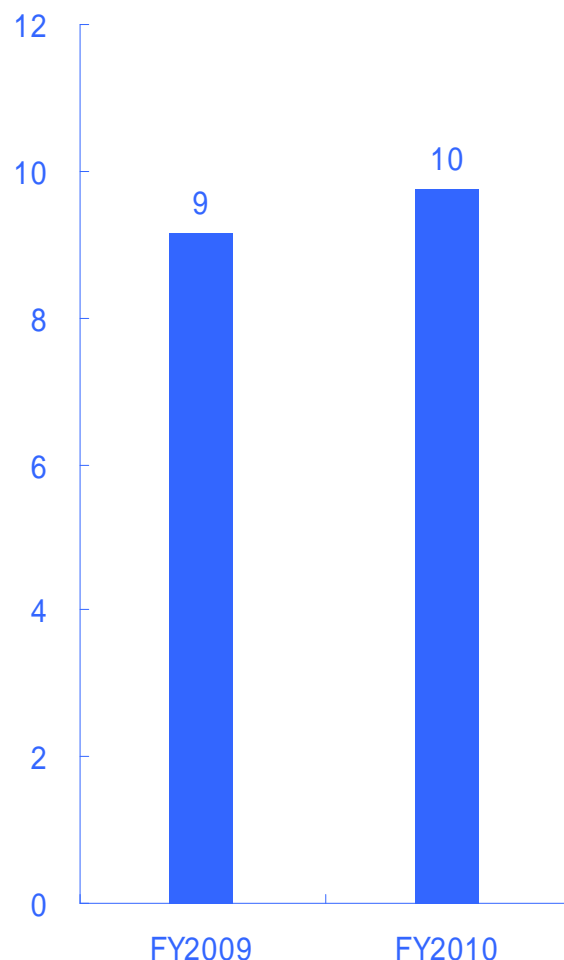
Transactions in the machine tool business rose with cost cutting and a recovery in the order environment.

The business of processing of silicon wafers for photovoltaic cells saw higher profit with the support of strong demand.



Overview of results (Environment & Materials)

Operating income:
100 million yen



(100 million yen)	FY2009	FY2010	Change	Change(%)
Net Sales	1,981	2,275	293	15%
Gross trading profit	85	84	-2	-2%
Operating income	9	10	1	6%

Point of FY2010

The petroleum business saw lower profit margins in the harsh environment of weak domestic demand, despite increased sales in robust international markets.

The Functional Chemicals business enjoyed growth in the exports of raw materials for car batteries.

Sale of colostrums products and imports of pharmaceutical bulk powders remained strong in the Life Science business.



Review of “S-Project”

P/L: Achieved the plan for 1st fiscal year

(100 million yen)	FY2010		Change	Change (%)
	“S-Project” Plan	Results		
Net Sales	8,500	9,369	869	10%
Gross Trading Profit	750	769	19	3%
SG&A Expenses	600	589	-11	-2%
Operating Income	150	180	30	20%
Ordinary Income	100	143	43	43%
Net Income	45	92	47	104%



Review of "S-Project"

B/S : Mostly as planned

(100 million yen)	FY2010		Change	Change(%)
	"S-Project" Plan	Results		
Total Assets	4,000	3,887	-113	-3%
Equity Capital	330	331	1	1%
Equity Ratio	8.3%	8.5%	+0.2pt	
Gross Interest-Bearing Debt	1,850	1,736	-114	-6%
Gross D/E Ratio (Times)	5.6	5.2	-0.4pt	
Cash and Bank Deposits	850	690	-160	-19%
Net Interest-Bearing Debt	1,000	1,046	46	5%
Net D/E Ratio (Times)	3.0	3.2	+0.2pt	



Review of “S-Project”

Strengthening revenue base

To create businesses and improve the portfolio, reform the business units and start continuous selection of critical areas.

Case 1: Expand the business base in the environmental field, such as photovoltaic cells and related products, and create new businesses.	Develop EV infrastructure business
	Start sales of photovoltaic cells, Uni-Solar.
Case 2: Strengthen efforts in China and Asia	Start development and sale of image sensors in China.

Strengthening business base

Introduce a new business management system	<ul style="list-style-type: none">· Introduce a management system for each unit· Introduce a new system of assessing business performance
Improve the cost structure	SG&A expenses: 61.9 billion yen in FY2009 58.9 billion yen in FY2010 Achieved a year-on-year reduction of 3 billion yen



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Forecast of FY2011



Forecast of FY2011

(100 million yen)	Results of FY2010	Forecast of FY2011	Change	Change (%)
Net Sales	9,369	9,500	131	1%
Operating Income	180	170	-10	-6%
Ordinary income	143	120	-23	-16%
Net income	92	55	-37	-40%

Asia and emerging economies are expected to continue their growth despite some concerns about the global economy, and the businesses should continue to expand, albeit somewhat more slowly than in FY 2009.

The effects of the earthquake have been taken into consideration as much as possible at this point for FY 2010.



Forecast of FY2011 (The influence of the Tohoku Earthquake)

- Export:**
- Affected plant facilities relevant to clients
Delayed shipment due to supply chain interruptions
 - Overseas demand led by Asia and emerging countries remains strong
- Import:**
- Affected clients
 - Trend towards self-restraint and lower consumer confidence as a result of the earthquake
Decline in domestic consumption, reduced sales volume, delayed business

The factors known as of now among those above have already been taken into account in the business prospects.



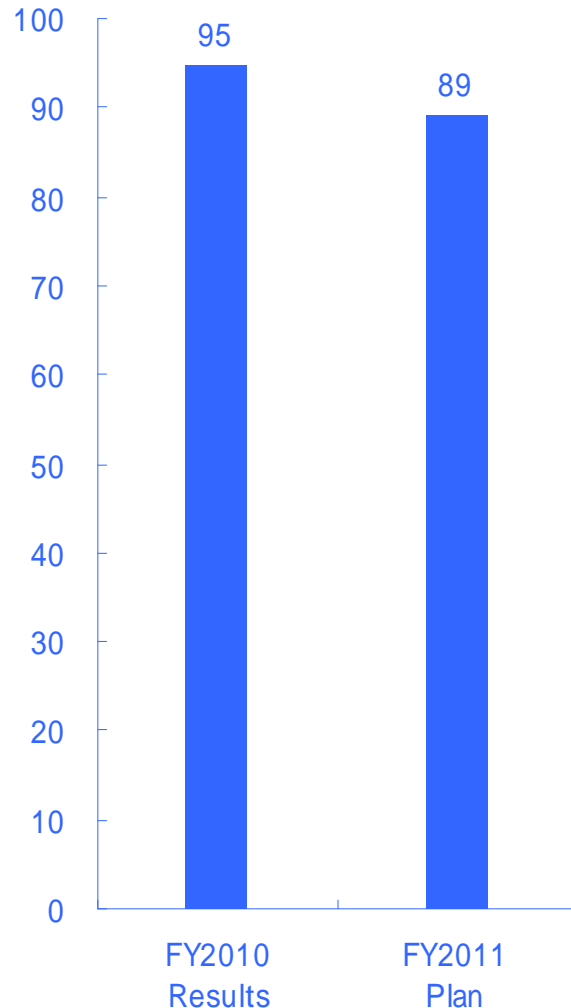
Forecast of FY2011 (segments)

(100 million yen)	Results of FY2010	Forecast of FY2011	Change	Change (%)
Net sales	9,369	9,500	131	1%
Electronics & IT	2,539	2,550	11	1%
Foods & Foodstuff	2,719	2,800	81	3%
Iron & Steel	988	1,050	62	6%
Machinery & Plant	673	685	12	2%
Environment & Materials	2,275	2,250	-25	-1%
Others	176	165	-11	-6%
Operating income	180	170	-10	-6%
Electronics & IT	95	89	-6	-6%
Foods & Foodstuff	28	31	3	10%
Iron & Steel	34	33	-1	-5%
Machinery & Plant	11	8	-3	-25%
Environment & Materials	10	7	-3	-28%
Others	3	2	-1	-17%



Forecast of FY2011 (Electronics & IT)

Operating income:
100 million yen



(100million yen)	FY2010 Results	FY2011		
		Plan	Change	Change (%)
Net Sales	2,539	2,550	11	1%
Gross trading profit	411	405	-6	-2%
Operating income	95	89	-6	-6%

Point of FY2011

The effects of the earthquake on supply chains in the businesses of Semiconductor Components and Equipment and Mechanical Components from the second quarter require attention.

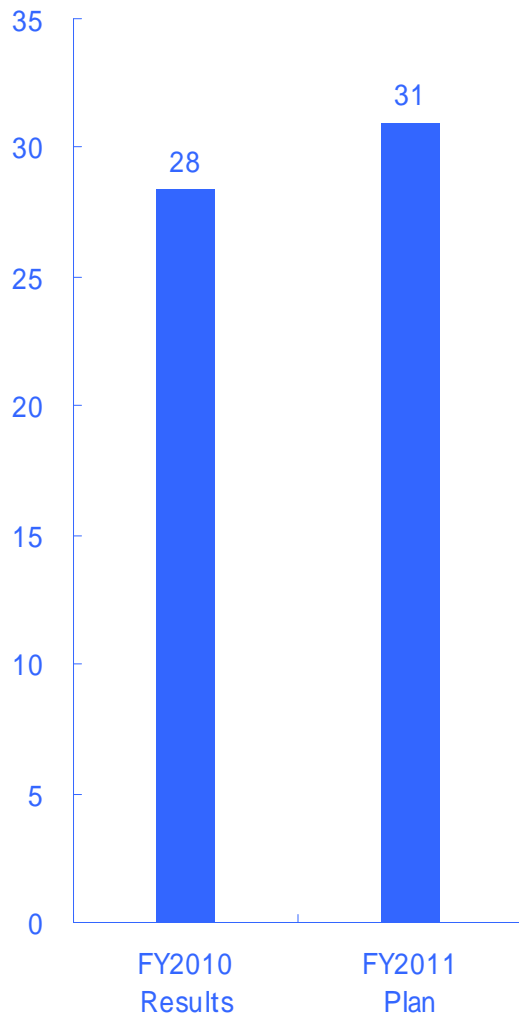
The ICT solution and Mobile Businesses suffered the effects of the earthquake but can expect demand for BCP.

The Mobile Business aims to increase profit with the opening of large new stores and the introduction of new product models.



Forecast of FY2010 (Foods & Foodstuff)

Operating income:
100 million yen



(100million yen)	FY2010 Results	FY2011		
		Plan	Change	Change (%)
Net Sales	2,719	2,800	81	3%
Gross trading profit	115	130	15	13%
Operating income	28	31	3	10%

Point of FY2011

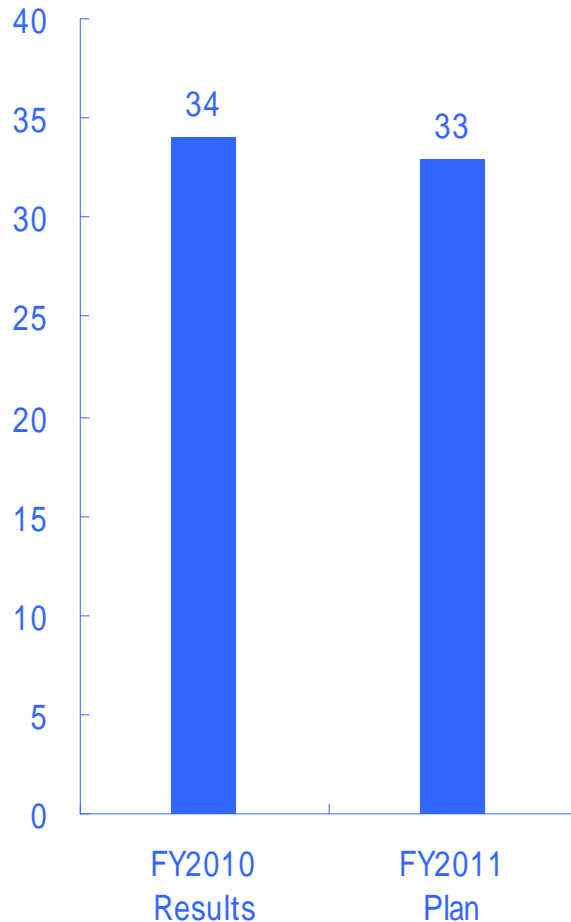
The Foods Business expects strong sales from mass merchandisers and the home meal replacement and restaurant industries.

The foodstuff business focuses on boosting sales and profitability.



Forecast of FY2010 (Iron & Steel)

Operating income:
100 million yen



(100million yen)	FY2010 Results	FY2011		
		Plan	Change	Change (%)
Net Sales	988	1,050	62	6%
Gross trading profit	70	70	0	0
Operating income	34	33	-1	-5%

Point of FY2011

The businesses of steel pipes and high-value added stainless steel products for North America are expected to remain strong.

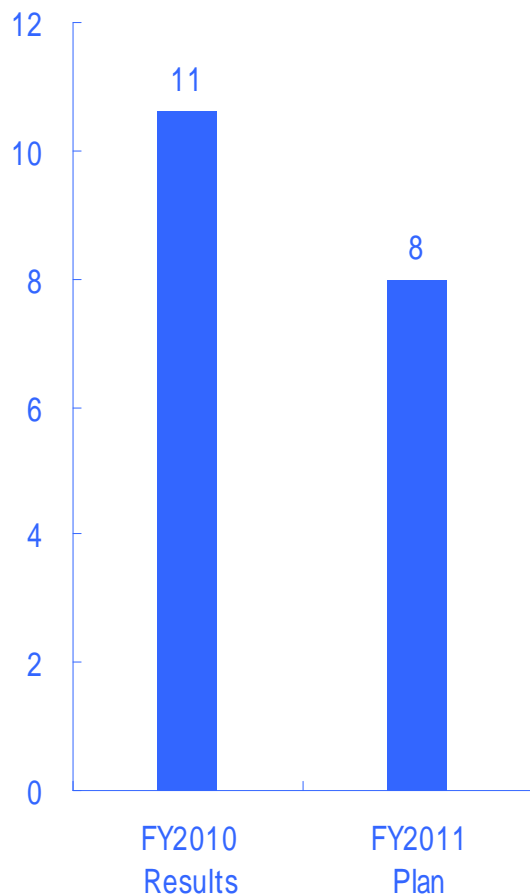
Automobile-related specialty steel products for Europe, the U.S. and Asia should generate stable income in FY 2011.

Domestic businesses are looking for a recovery in domestic demand, which remains weak.



Forecast of FY2010 (Machinery & Plant)

Operating income:
100 million yen



(100million yen)	FY2010 Results	FY2011		
		Plan	Change	Change (%)
Net Sales	673	685	12	2%
Gross trading profit	65	65	0	0
Operating income	11	8	-3	-25%

Point of FY2011

Aim to increase profit in key sectors such as the auto parts and plant businesses.

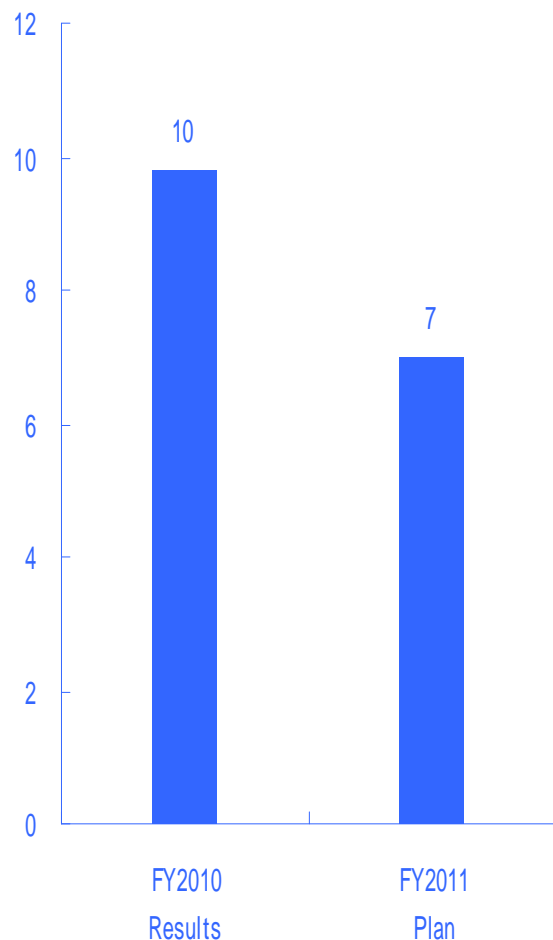
The machine tool and industrial machinery businesses will retain existing commercial rights and acquire other rights while paying attention to the effects of the earthquake on capital spending trends.

The strong business in the processing of silicon wafers for photovoltaic cells will remain a focus.



Forecast of FY2010 (Environment & Materials)

Operating income:
100 million yen



(100million yen)	FY2010 Results	FY2011		
		Plan	Change	Change (%)
Net Sales	2,275	2,250	-25	-1%
Gross trading profit	84	80	-4	-4%
Operating income	10	7	-3	-28%

Point of FY2011

The petroleum business will aim to expand both domestic and overseas bases and strengthen its profitability, becoming actively involved in emissions trading.

The Functional Chemicals business will focus on increasing the import and sale of photovoltaic cell modules made in the United States.



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Appendix



Outline of Kanematsu Group

Segment	Main business	Main products	Major subsidiaries
Electronics & IT	Electronics devices	Semiconductor / electronic parts, Electronic modules / materials, Semiconductor / LED	Kanematsu Electronics Ltd. Kanematsu Communications Ltd. <i>Nippon office Systems Ltd.</i> Kanematsu Aerospace Corp. Shintoa Corporation
	OEM / ODM	Vehicle-mounted parts, Printer equipment, Electronic modules	
	ICT / Mobile solutions	System solutions , Communication equipment / parts, Mobile communications terminals, Mobile content, / mobile advertisement	
	Aerospace	Aircraft / Aircraft parts	
Foods & Foodstuff	Foods	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, and others	Kanematsu Food Corp. Kanematsu Food Corp. Kanematsu Agri-Tech Corp. Kanematsu Soytech Corp. Shintoa Corporation
	Meat and Marine Products	All meat , seafood	
	Grain oil / Feed and Dairy Products	Barley, wheat, rice, soybeans, processed foods, feed, fertilizer, pet foods and others	
Iron & Steel	Steel trading	Surface-treated steel plates, seamless piping	SSOT Kanematsu Trading Corp.
	Special steel trading	Stainless, special steel wire rods, long steel products	
	Cast and Forged Steel products	Precision forgings	
	Domestic Steel / Steel Materials	Steel products, iron ore, cokes	
Machinery & Plant	Transportation equipment	Automobiles, vessels, marine equipment	Kanematsu KGK Corp.
	Plant / Infra projects	Various plants, ODA, telecommunications projects, optical fibers, electronic power projects	
	Machine Tools and Industrial Machinery	Machine tools, industrial machinery	
Environment & Materials	Crude Oil, Petroleum products and gas	Crude oil, petroleum products, LPG	Kanematsu Petroleum Corp. Kanematsu Chemical Corp. Kanematsu Wellness Corp.
	Functional Chemicals	Battery materials, fertilizer materials, adhesive materials, solvents	
	Life sciences	Pharmaceuticals, pharmaceutical intermediates, functional food materials, stolle milk, nutritional supplements	



Subsidiaries and Affiliates, and their Employees

1: Net Sales of Major Consolidated Subsidiaries

(100 million yen)	Business	Ownership ratio	FY2009	FY2010	Change
Kanematsu Electronics Ltd.	ICT Solutions	58.28%	432	456	24
Kanematsu Communications Ltd.	Mobile communications	100%	959	974	15
Kanematsu Food Corp.	Food, dairy & seafood	100%	160	165	5
Kanematsu Agri-Tech Corp.	Feed & dairy	100%	106	99	-7
Kanematsu Trading Corp.	Domestic steel, Steel materials	100%	411	433	22
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	347	356	9
Kanematsu Petroleum Corp.	Petroleum products, Gas	100%	1,246	1,358	112
Kanematsu Chemicals Corp.	Functional chemicals	100%	172	178	6
Shintoa Corporation	Trading company	100%	1,118	1,043	-75
Kanematsu USA Inc.	Overseas subsidiary	100%	767	753	-14

2: Number of Employees

(persons)	2010/3	2011/3	Change
Parent company	850	832	-18
Consolidated Subsidiaries	4,021	3,938	-83
Total	4,871	4,770	-101

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)	FY2009					FY2010					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable companies	28	27	8	12	75	31	33	10	7	81	+6
Ratio (%)	68%	67%	50%	66%	65%	81%	80%	58%	46%	73%	+8pt
Non profitable	13	13	8	6	40	7	8	7	8	30	-10
Total	41	40	16	18	115	38	41	17	15	111	-4

2: Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(100 million yen)	FY2009					FY2010					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by profitable	31	11	2	2	46	35	11	4	1	52	+5
Sum of loss posted by non-profitable	-5	-1	-11	-2	-19	-3	-2	-8	-1	-14	+5
Total	26	10	-9	0	27	33	9	-4	-0	38	+10



Mid-term Plan “S-Project”

Vision

With the global economy experiencing radical change, we will grow as “Value Creator” and we will contribute to society.

Basic concept

- We will continue to refine our business focus and will bolster our revenue base by taking advantage of business opportunities in Japan and abroad.
- We will enhance efficiency and soundness and consolidate our business base.
- We will strengthen our relations with our business partners and will pursue business creation together.

Target operating results (FY2012)

- Consolidated gross trading profit
- Consolidated operating income

Financial targets (FY2012)

- Equity ratio More than 10%
- Net D/E ratio Approximately 2.0

**Aiming to resume dividend payment
as soon as possible**



Mid-term Plan “S-Project”

Strengthening the revenue base

- Continuing to refine our business focus
- Promoting growth strategies

Strategically restructuring
the business portfolio

We will allocate management resources primarily to businesses expected to grow in four categories: ICT and electronics, food, the environment, and iron & steel and plants.

Increase revenues in the ICT and electronics businesses.

→Expand the base of the solutions business; step up our efforts in China and Asia.

Expand the operating base and bolster profitability in the food field.

→Expand sales channels and bolster the system for supplying food as a resource in China and Asia.

Expand the operating base and launch new businesses in the environmental sector, including the solar battery business.

→Focus on photovoltaic power and battery businesses and enter the electric vehicle business.

Expand the revenue base in the iron & steel and plant field.

→Step up our efforts in the automotive business in Asia.

Bolstering the business base

- Improving our financial position
- Promoting efficient management
- Enhancing and deepening our consolidated management system
- Cultivating human resources for global operations

Improving the financial position

Reduce net interest-bearing debt and change the asset portfolio.

Pursuing management efficiency

Review the cost structure and streamline the back-office sections.

Enhancing and deepening the
Consolidated management system

Introduce a new business management system, develop internal control, and enhance compliance.

Cultivating human resources
for global operations

Cultivate human resources for consolidated management and increase the number of employees working overseas.



“S-Project” Plan / Results

(100 Million yen)	FY2010		FY2011 Plan	FY2012 Plan
	Plan	Results		
Net Sales	8,500	9,369	9,500	10,500
Gross Trading Profit	750	769	775	800
SG&A Expenses	600	589	605	610
Operating Income	150	180	170	190
Ordinary Income	100	143	120	140
Net Income	45	92	55	65
[Segments]				
Net Sales	8,500	9,369	9,500	10,500
Electronics & IT	2,300	2,539	2,450	2,600
Foods & Foodstuff	2,700	2,719	3,000	3,300
Iron & Steel	900	988	1,000	1,150
Machinery & Plant	550	673	650	700
Environment & Materials	1,900	2,275	2,250	2,600
Others	150	176	150	150
Operating Income	150	180	170	190
Electronics & IT	70	95	75	80
Foods & Foodstuff	40	28	45	50
Iron & Steel	25	34	30	35
Machinery & Plant	0	11	2	4
Environment & Materials	9	10	12	15
Others	6	3	6	6

(100 Million yen)	FY2010		FY2011 Plan	FY2012 Plan
	Plan	Results		
Total Assets	4,000	3,887	4,040	4,100
Equity Capital	330	331	385	450
Equity Ratio	8.3%	8.5%	9.5%	More than 10%
Gross Interest-Bearing Debt	1,850	1,736	1,770	1,690
Gross D/E Ratio (Times)	5.6	5.2	4.6	3.8
Cash and Bank Deposits	850	690	850	850
Net Interest-Bearing Debt	1,000	1,046	920	840
Net D/E Ratio (Times)	3.0	3.2	2.4	Approximately 2.0