



Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the First Six Months of the Fiscal Year Ending March 2014 (Japanese Accounting Standards)

November 1, 2013

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

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

Representative: President, Masayuki Shimojima

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Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): November 11, 2013

Scheduled date for commencement of dividend payments: December 3, 2013

Supplementary documents for quarterly results: Yes

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

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

1. Consolidated business results for the first six months of the fiscal year ending March 2014 (April 1, 2013 – September 30, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Six Months to September 2013	537,583	10.3	10,512	6.2	10,954	24.5	6,288	4.5
First Six Months to September 2012	487,192	-1.3	9,897	-14.1	8,800	-7.0	6,019	-5.8

(Note) Comprehensive income: 11,278 million yen (120.1%) for the first six months to September 2013

5,124 million yen (10.9%) for the first six months to September 2012

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
First Six Months to September 2013	14.97	–
First Six Months to September 2012	14.36	–

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2013	398,122	87,567	16.0
As of March 31, 2013	399,186	75,912	13.7

(Reference) Shareholders' equity: 63,857 million yen as of September 30, 2013

54,519 million yen as of March 31, 2013

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 2013	–	0.00	–	0.00	0.00
Fiscal year ending March 2014	–	1.50			
Fiscal year ending March 2014 (Forecasts)			–	1.50	3.00

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

3. Forecasts for consolidated results ending March 2014 (April 1, 2013 – March 31, 2014)

(%: 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	1,100,000	7.9	20,000	9.5	19,000	13.7	9,000	-5.9	21.45

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

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

(4) Number of outstanding shares (common shares)

- | | | | |
|--|--------------------|----------------------------|--------------------|
| 1. Number of outstanding shares including treasury stock | | | |
| First six months (2013/9): | 422,501,010 shares | Fiscal year (2013/3): | 422,501,010 shares |
| 2. Number of treasury stock | | | |
| First six months (2013/9): | 2,498,186 shares | Fiscal year (2013/3): | 2,539,243 shares |
| 3. Average number of shares during the period (First six months) | | | |
| First six months (2013/9): | 419,997,943 shares | First six months (2012/9): | 419,229,493 shares |

* Status of a quarterly review

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

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

1. The results forecasts and forward-looking statements included in this document are based on information available on the date of the announcement and estimates based on reasonable assumptions. 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) Information on the future outlook, including consolidated business performance forecasts” in “1. Qualitative Information on Consolidated Results, Etc. for the First Six Months of the Fiscal Year Ending March 2014” on page 3 of accompanying materials for further information on results forecasts.
2. The Company plans to hold a results briefing for institutional investors and analysts on Thursday, November 7, 2013. It intends to publish references to explain results it will distribute at the briefing session at its website promptly after the session.

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1. Qualitative Information on Consolidated Results, Etc. for the First Six Months of the Fiscal Year Ending March 2014

(1) Details of consolidated results

In the first half under review (from April 1, 2013 to September 30, 2013), the U.S. economy continued to recover, with the unemployment rate and balance of trade improving. In Europe, there were signs of GDP growth rates bottoming out. China's GDP growth rate slowed. Although emerging economies in Asia continued to show strong potential, their economic growth remained sluggish with comparatively soft exports.

The Japanese economy recovered, with exports and personal spending recovering and capital expenditure expanding.

In this environment, the results of the Group for the first half under review are as shown below.

Given the effects of acquisitions in the previous fiscal year and other factors, consolidated net sales rose ¥50,391 million (10.3%) year on year, to ¥537,583 million. With the increase in net sales, consolidated gross trading profit increased ¥3,056 million (7.6%) from a year earlier, to ¥43,040 million. Consolidated operating income climbed ¥615 million (6.2%) from the previous fiscal year, to ¥10,512 million. Non-operating income rose ¥1,539 million year on year thanks primarily to an increase in foreign exchange gains and an improvement in equity in the earnings of affiliated companies. As a result, consolidated ordinary income increased ¥2,154 million (24.5%) year on year, to ¥10,954 million. In extraordinary items, the Group posted a consolidated extraordinary loss of ¥276 million, primarily reflecting a loss on liquidation of affiliates. Income before income taxes and minority interests climbed ¥1,111 million (11.6%) from a year ago, to ¥10,678 million. Consolidated net income rose ¥269 million (4.5%) year on year, to ¥6,288 million, which exceeded ¥6,000 million, the full-year forecast announced at the beginning of the fiscal year.

Results for each business segment are described below. The Group has reorganized its business units and has changed its reportable segments as follows:

The Group has created a Motor Vehicles & Aerospace segment consisting of the motorcycle and automobile parts business and aerospace business, which were included in the Electronics, Iron & Steel, and Machinery & Plant segments. Starting the first half under review, the Group, consequently, has four reportable segments—Electronics & Devices, Foods & Grain, Steel, Materials & Plant, and Motor Vehicles & Aerospace—instead of the five reportable segments it had until the previous fiscal year: Electronics, Foods & Foodstuff, Iron & Steel, Machinery & Plant, and Environment & Materials.

(i) Electronics & Devices

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

As a result, net sales in the Electronics and Devices Division rose ¥12,204 million year on year, to ¥126,335 million. Operating income declined ¥1,196 million, to ¥3,577 million.

(ii) Foods & Grain

The foods business and the meat products business took time passing the effect of a weaker yen on to sales prices, which put downward pressure on operating income. Meanwhile, the foodstuff business was steady thanks to stable purchases and an increase in transaction volumes.

As a result, in the Foods & Grain Division, net sales increased ¥14,016 million year on year, to ¥156,662 million. Operating income fell ¥210 million, to ¥1,543 million.

(iii) Steel, Materials & Plant

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

As a result, net sales in the Steel, Materials & Plant Division increased ¥20,054 million year on year, to ¥222,014 million. Operating income increased ¥1,618 million, to ¥3,926 million.

(iv) Motor Vehicles & Aerospace

The motor vehicles business for Asia was weak overall, while transactions of motorcycle parts for Europe and the United States and domestic transactions of aircraft parts were steady.

As a result, in the Motor Vehicles & Aerospace Division, net sales rose ¥5,690 million from a year earlier, to ¥28,990 million. Operating income climbed ¥340 million, to ¥1,206 million.

(v) Other

Net sales declined ¥1,575 million year on year, to ¥3,579 million. Operating income rose ¥22 million, to ¥212 million.

(2) Details of financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first half under review declined ¥1,064 million from the end of the previous fiscal year, to ¥398,122 million.

Interest-bearing debt declined ¥6,157 million from the end of the previous fiscal year, to ¥140,704 million. Net interest-bearing debt, which is interest-bearing debt minus cash and bank deposits, fell ¥5,882 million from the end of the previous fiscal year, to ¥80,557 million.

Net assets stood at ¥87,567 million, up ¥11,655 million from the end of the previous fiscal year, thanks to an increase in retained earnings as a result of the posting of net income, and improvements in foreign currency translation adjustments, reflecting exchange rate fluctuations. Shareholders' equity, obtained by subtracting minority interests from net assets, increased ¥9,338 million from the end of the previous fiscal year, to ¥63,857 million.

As a result, the equity ratio improved 2.3 percentage points from the end of the previous fiscal year, to 16.0%. The net debt-equity ratio ("net DER") improved to 1.3, up from 1.6 at the end of the previous fiscal year.

(ii) Cash flows

In the first half under review, net cash provided by operating activities stood at ¥11,649 million, net cash used in investing activities came to ¥4,047 million, and net cash used in financing activities was ¥8,660 million. With the effect of exchange rate changes on cash and cash equivalents added, cash and cash equivalents at the end of the first half under review came to ¥59,751 million.

(Cash flows from operating activities)

Net cash provided by operating activities in the first half under review stood at ¥11,649 million (versus ¥1,355 million in the first half of the previous fiscal year), primarily reflecting operating income.

(Cash flows from investing activities)

Net cash used in investing activities in the first half under review amounted to ¥4,047 million (versus net cash provided of ¥7,200 million in the first half of the previous fiscal year) chiefly due to the acquisition of a mobile phone sales company and tangible fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities in the first half under review came to ¥8,660 million (versus ¥17,403 million in the first half of the previous fiscal year), reflecting the repayment of debt, among other factors.

(3) Information on the future outlook, including consolidated business performance forecasts

The global economy appears likely to continue to face uncertain conditions as advanced economies, especially the United States, are expected to recover, while growth rates in China and emerging economies in Asia are slowing.

Against this backdrop, we reviewed the results forecasts, taking the results in the first half under review into consideration, and revised the forecasts for consolidated results included in the Consolidated Financial Summary for the FY2012 Ended March 31, 2013, which was announced on May 8, 2013. For further information, please refer to the Revisions of Results Forecasts disclosed on November 1, 2013.

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 first half under review.

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

Not applicable.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

	Fiscal 2012 (March 31, 2013)	End of first six months under review (September 30, 2013)
(Million yen)		
Assets		
Current assets		
Cash and bank deposits	60,421	60,147
Notes and accounts receivable	165,378	154,119
Investments in leased assets	608	658
Short-term investment securities	16	16
Inventories	65,246	70,999
Short-term loans receivable	352	343
Deferred tax assets	1,669	1,940
Other	23,134	23,016
Allowance for doubtful accounts	(273)	(160)
Total current assets	316,554	311,082
Fixed assets		
Tangible fixed assets	26,990	27,847
Intangible fixed assets		
Goodwill	2,122	5,152
Other	5,104	5,419
Total intangible fixed assets	7,226	10,572
Investments and other assets		
Investments in securities	30,248	30,990
Long-term loans receivable	2,435	2,322
Doubtful accounts	1,895	1,811
Deferred tax assets	11,127	10,519
Other	6,441	6,616
Allowance for doubtful accounts	(3,731)	(3,641)
Total investments and other assets	48,415	48,620
Total fixed assets	82,632	87,040
Total assets	399,186	398,122

(Million yen)

	Fiscal 2012 (March 31, 2013)	End of first six months under review (September 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable	132,356	126,274
Short-term borrowings	81,570	74,840
Lease obligations	733	786
Accrued income taxes	1,663	1,714
Deferred tax liabilities	95	11
Asset retirement obligations	118	93
Other	28,238	27,802
Total current liabilities	244,776	231,523
Long-term liabilities		
Long-term borrowings	65,290	65,864
Lease obligations	1,099	1,144
Deferred tax liabilities	45	47
Accrued severance indemnities	4,296	4,303
Reserve for directors' retirement benefits	385	342
Asset retirement obligations	741	730
Other	6,636	6,598
Total long-term liabilities	78,496	79,031
Total liabilities	323,273	310,555
Net assets		
Equity capital		
Capital stock	27,781	27,781
Capital surplus	27,526	27,494
Retained earnings	24,567	30,855
Treasury stock	(357)	(350)
Total equity capital	79,517	85,781
Other accumulated comprehensive income		
Unrealized loss on available-for-sale securities	1,048	1,423
Deferred gain/loss on hedging	298	(158)
Land revaluation reserves	66	71
Translation adjustments	(26,411)	(23,259)
Total other accumulated comprehensive income	(24,997)	(21,923)
Minority interests	21,393	23,709
Total net assets	75,912	87,567
Total liabilities and net assets	399,186	398,122

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

Consolidated statements of income

[First six months]

(Million yen)

	Previous first six months (From April 1, 2012 to September 30, 2012)	First six months under review (From April 1, 2013 to September 30, 2013)
Net sales	487,192	537,583
Cost of sales	447,208	494,543
Gross trading profit	39,984	43,040
Selling, general and administrative expenses	30,086	32,528
Operating income	9,897	10,512
Non-operating income		
Interest received	248	184
Dividends received	494	597
Equity in earnings of affiliates	–	116
Foreign exchange gains	212	1,406
Other	496	441
Total non-operating income	1,452	2,745
Non-operating expenses		
Interest paid	1,829	1,670
Loss on equity method investments	7	–
Other	712	632
Total non-operating expenses	2,549	2,303
Ordinary income	8,800	10,954
Extraordinary gains		
Gain on sale of tangible fixed assets	10	5
Gain on sale of investment in securities	2,477	124
Gain on negative goodwill	–	46
Total extraordinary gains	2,487	175
Extraordinary losses		
Loss on sales or disposal of fixed assets	55	60
Loss on impairment	731	79
Loss on sale of investments in securities	568	31
Loss on valuation of investments in securities	293	18
Loss on liquidation of affiliates	–	261
Loss on litigation	71	–
Total extraordinary losses	1,720	451
Income before income taxes and minority interests	9,567	10,678
Income taxes – current	1,966	2,669
Income taxes – deferred	779	472
Total income taxes	2,746	3,141
Income before minority interests	6,821	7,536
Minority interests in consolidated subsidiaries	802	1,248
Net income	6,019	6,288

Consolidated statement of comprehensive income
 [First six months]

(Million yen)

	Previous first six months (From April 1, 2012 to September 30, 2012)	First six months under review (From April 1, 2013 to September 30, 2013)
Income before minority interests	6,821	7,536
Other comprehensive income		
Valuation difference on available-for-sale securities	(721)	381
Deferred gains or losses on hedges	(709)	(445)
Foreign currency translation adjustment	(533)	3,642
Share of other comprehensive income of associates accounted for using equity method	267	162
Total other comprehensive income	(1,696)	3,741
Comprehensive income	5,124	11,278
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,293	9,363
Comprehensive income attributable to minority interests	831	1,914

(3) Consolidated statements of cash flows

(Million yen)

	Previous first six months (From April 1, 2012 to September 30, 2012)	First six months under review (From April 1, 2013 to September 30, 2013)
Cash flows from operating activities:		
Income before income taxes and minority interests	9,567	10,678
Depreciation and amortization	1,230	1,473
Increase (decrease) in allowance for doubtful accounts	48	(75)
Increase (decrease) in reserve for employees' prior service obligations	216	(10)
Interest and dividend income	(743)	(781)
Interest expense	1,829	1,670
Equity in earnings of affiliated companies (gain)	7	(116)
Gain or loss on sales or disposal of fixed assets (gain)	45	55
Impairment loss on fixed assets	731	79
Gain or loss on sale of investments in securities (gain)	(1,909)	(93)
Gain or loss on valuation of investments in securities (gain)	293	18
Loss on liquidation of affiliates	–	261
Loss on litigation	71	–
Gain on negative goodwill	–	(46)
Decrease (increase) in notes and accounts receivable	9,008	14,602
Decrease (increase) in inventories	(5,075)	(3,127)
Increase (decrease) in notes and accounts payable	(12,357)	(8,303)
Other	2,539	(1,623)
Sub total	5,504	14,662
Interest and dividend income received	760	711
Interest paid	(1,839)	(1,690)
Income taxes paid	(2,089)	(2,034)
Payments for loss on litigation	(981)	–
Net cash provided by (used in) operating activities	1,355	11,649
Cash flows from investing activities:		
Decrease (increase) in time deposits	(99)	21
Payments for acquisition of tangible fixed assets	(844)	(1,124)
Proceeds from sale of tangible fixed assets	643	291
Payments for acquisition of intangible fixed assets	(537)	(389)
Payments for acquisition of investments in securities	(197)	(100)
Proceeds from sale of investments in securities	2,754	263
Purchase of investments in subsidiaries	(0)	(96)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(2,761)
Increase in loans receivable	(26)	(23)
Decrease in loans receivable	4,341	142
Other	1,167	(270)
Net cash provided by (used in) investing activities	7,200	(4,047)
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(1,686)	(3,452)
Proceeds from long-term debt	4,150	15,442
Repayment of long-term debt	(19,399)	(20,033)
Proceeds on payments by minority shareholders	–	102
Other	(467)	(720)
Net cash provided by (used in) financing activities	(17,403)	(8,660)
Effect of exchange rate changes on cash and cash equivalents	(227)	777
Net increase (decrease) in cash and cash equivalents	(9,075)	(281)
Cash and cash equivalent at beginning of year	70,594	60,032
Cash and cash equivalent at end of quarter	61,519	59,751

(4) Notes on the consolidated financial statements
 (Notes on the going concern assumption)
 Not applicable.

(Notes if there is a significant change in the amount of equity capital)
 Not applicable.

(Segment information)

I. Previous first six months (From April 1, 2012 to September 30, 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 & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total				
Net sales									
Outside customers	114,131	142,646	201,960	23,300	482,037	5,154	487,192	–	487,192
Inter-segment	36	2	9	14	62	24	87	(87)	–
Total	114,168	142,648	201,969	23,314	482,100	5,179	487,280	(87)	487,192
Segment profit	4,773	1,753	2,308	866	9,701	190	9,892	5	9,897

(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 ¥5 million for segment profit includes inter-segment elimination of ¥5 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 half under review

(Significant change in the amount of goodwill)

Not applicable in the first half under review

(Significant gain on negative goodwill)

Not applicable in the first half under review

II. First six months under review (From April 1, 2013 to September 30, 2013)

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 & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total				
Net sales									
Outside customers	126,335	156,662	222,014	28,990	534,003	3,579	537,583	–	537,583
Inter-segment	112	2	6	0	121	31	153	(153)	–
Total	126,447	156,665	222,021	28,990	534,125	3,611	537,737	(153)	537,583
Segment profit	3,577	1,543	3,926	1,206	10,254	212	10,466	45	10,512

(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 ¥45 million for segment profit includes a net goodwill write-down of ¥38 million and 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 half under review

(Significant change in the amount of goodwill)

In the Electronics & Devices segment, Kanematsu Communications and Kanematsu Electronics, both of which are consolidated subsidiaries of the Company, acquired all shares in BD Holdings, Inc., which sells mobile communication devices, through KCS Investment, which was jointly established by Kanematsu Communications and Kanematsu Electronics, on May 1, 2013, thereby making BD Holdings a consolidated subsidiary. With the acquisition, goodwill increased ¥2,823 million in the first half under review. Because the allocation of acquisition costs has not been completed, the amount of goodwill is calculated tentatively based on reasonable information available.

(Significant gain on negative goodwill)

Not applicable in the first half under review

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

The Company has reorganized its business units and five reportable segments: Electronics, Foods & Foodstuff, Iron & Steel, Machinery & Plant, and Environment & Materials. Starting the first quarter of this fiscal year, the Company has four reportable segments: Electronics & Devices; Foods & Grain; Steel, Materials & Plant; and Motor Vehicles & Aerospace.

In this document, the segment information for the first half of the previous fiscal year is created based on the reportable segments after the change.

(Significant subsequent events)

Not applicable.

Highlights of Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 2014

Both net sales and income increased year on year and were in line with the targets in the medium-term business plan.

Net sales	537.6 billion yen	10.3%	Up
Operating income	10.5 billion yen	6.2%	Up
Ordinary income	11.0 billion yen	24.5%	Up
Net income	6.3 billion yen	4.5%	Up

The full-year forecast has been revised upward. The Company will resume paying a dividend after the first half under review.

Income Statement						
(Unit: 100 million yen)	H1 of FY2012	H1 of FY2013	Year-on-year		FY2013	
			Change	Change (%)	Forecast revised on November 1	Progress
Net sales	4,872	5,376	504	10.3%	11,000	48.9%
Gross trading profit	400	430	31	7.6%	-	-
SG&A expenses	301	325	24	8.1%	-	-
Operating income	99	105	6	6.2%	200	52.6%
Dividends received	5	6	1	-	-	-
Interest	-16	-15	1	-	-	-
Equity in earnings of affiliated companies	0	1	1	-	-	-
Foreign exchange gains/losses	2	14	12	-	-	-
Others	-2	-2	0	-	-	-
Non-operating income/expenses	-11	4	15	-	-	-
Ordinary income	88	110	22	24.5%	190	57.7%
Extraordinary gains	25	2	-23	-	-	-
Extraordinary losses	-17	-5	13	-	-	-
Income (loss) before income taxes	96	107	11	11.6%	-	-
Income taxes and minority interests	-35	-44	-8	-	-	-
Net income	60	63	3	4.5%	90	69.9%

[Net sales]
An increase in net sales, primarily reflecting rises in net sales in the Steel, Materials & Plant and Foods & Grain segments

[Operating income]
An increase in operating income, with a decline in operating income for the Electronics & Devices and Foods & Grain segments more than offset by a rise in operating income in the Steel, Materials & Plant and Motor Vehicles & Aerospace segments

[Ordinary income]
A rise in ordinary income, given the increase in operating income and a rise in non-operating income mainly due to a climb in foreign exchange gains

[Net income]
A climb in net income with the increase in ordinary income

Segment information						
(Unit: 100 million yen)	Net sales (net external sales)			Operating income		
	H1 of FY2012	H1 of FY2013	Change	H1 of FY2012	H1 of FY2013	Change
Electronics & Devices	1,141	1,263	122	48	36	-12
Foods & Grain	1,426	1,567	140	18	15	-2
Steel, Materials & Plant	2,020	2,220	201	23	39	16
Motor Vehicles & Aerospace	233	290	57	9	12	3
Total for reportable segments	4,820	5,340	520	97	103	6
Other (including adjustment)	52	36	-16	2	2	0
Grand total	4,872	5,376	504	99	105	6

[Electronics & Devices] A rise in net sales and a decrease in income
The electronic components and materials business performed well, reflecting increasing demand both in Japan and overseas. Meanwhile, the semiconductor manufacturing equipment business was weak due to sluggish corporate capital expenditures. Operating income in the mobile business, which performed well in the previous fiscal year, declined due to the effect of intensifying competition among mobile operators.

[Foods & Grain] A rise in net sales and a decline in income
Operating income in the foods business and the meat products business was held down as these businesses took time to pass the effect of a weaker yen on to sales prices and struggled with their performance. Meanwhile, the foodstuff business was steady thanks to stable purchases and an increase in transaction volumes.

[Steel, Materials & Plant] An increase in net sales and income
In the iron and steel business, transactions involving specialty steel for automobiles for Europe and the United States and the oilfield tubing business in North America, which was acquired in the previous fiscal year, were solid. In the energy business, sales of heavy oil were strong. The chemicals business, imports of bulk pharmaceuticals in particular, performed well. In the plant business, transactions involving machine tools and industrial machinery were weak.

[Motor Vehicles & Aerospace] An increase in net sales and income
The motor vehicles business for Asia was weak overall, while transactions involving motor cycle parts for Europe and the United States and domestic transactions of aircraft parts were steady.

Assets, Liabilities and Net Assets				
(Unit: 100 million yen)	2013/3	2013/9	Comparison with 3/2013	
			Change	Change (%)
Total assets	3,992	3,981	-11	-0.3%
Gross interest-bearing debt	1,469	1,407	-62	-4.2%
Net interest-bearing debt	864	806	-59	-6.8%
Equity capital	795	858	63	7.9%
Other accumulated comprehensive income	-250	-219	31	-
Minority interests	214	237	23	10.8%
Total net assets	759	876	117	15.4%
Shareholders' equity (Note 1)	545	639	93	17.1%
Equity ratio (Note 2)	13.7%	16.0%	2.3 pt improved	-
Net debt-equity ratio (Note 3)	1.59 times	1.26 times	0.33 pt improved	-

(Note 1) Shareholders' equity = Total net assets - Minority interests

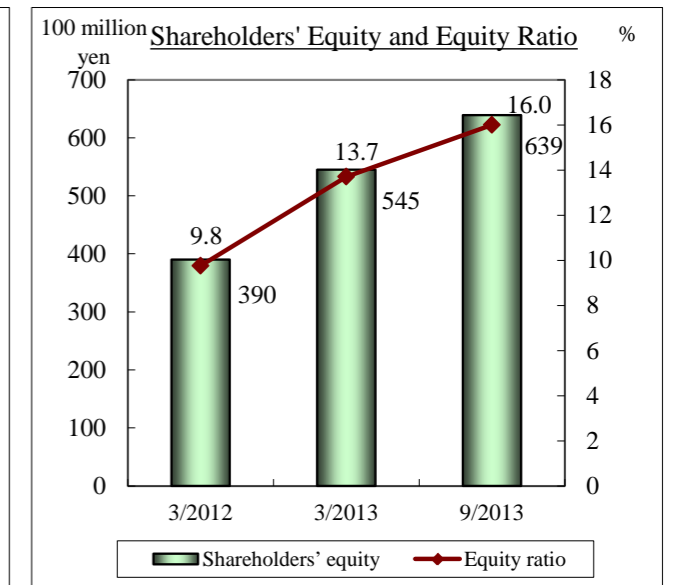
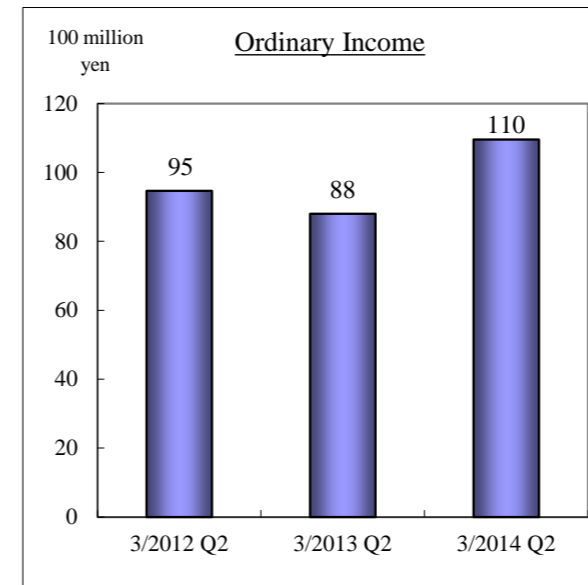
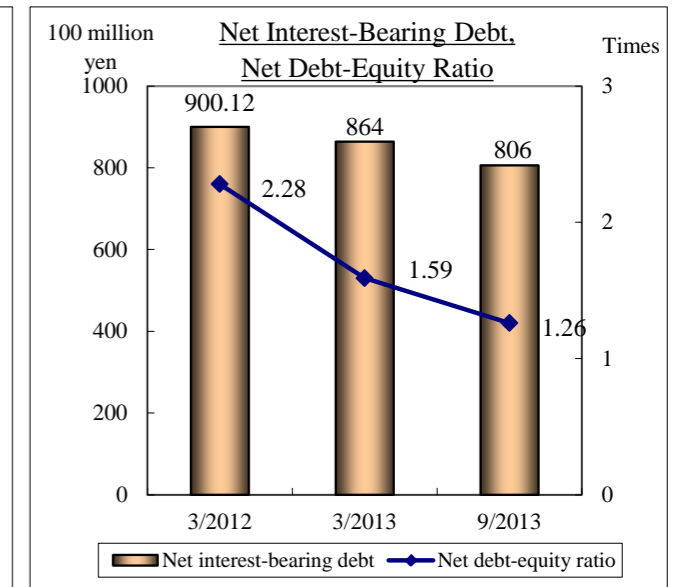
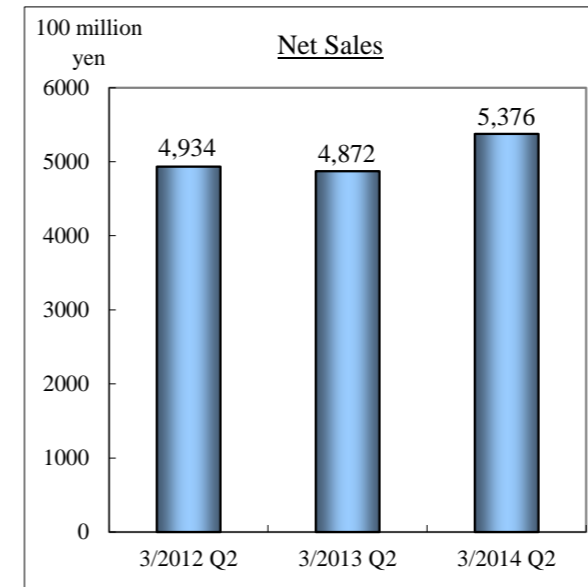
(Note 2) Equity ratio = Shareholders' equity / Total assets

(Note 3) Net debt-equity ratio = Net interest-bearing debt / Shareholders' equity

[Interest-bearing debt]
Gross interest-bearing debt declined 6.2 billion yen.
Net interest-bearing debt fell 5.9 billion yen.

[Net assets]
Net assets increased 11.7 billion yen, reflecting an increase in retained earnings attributable to the posting of net income, etc.
Shareholders' equity, which is net assets minus minority interests, rose 9.3 billion yen.

As a result, the equity ratio increased to 16.0%, and net DER improved to 1.26.



* 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.