

Overview of Results for FY2009



KANEMATSU CORPORATION

May 14, 2010

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.



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FY2009 Financial Highlight (P/L)

Both sales and income declined year on year, but a positive net income was achieved.

(Million yen)	FY2008	FY2009	Change	Change(%)
Net Sales	11,388	8,613	-2,775	-24%
Operating Income	190	122	-68	-36%
Ordinary income	131	82	-49	-37%
Net income	-128	35	+163	Returned to profitability

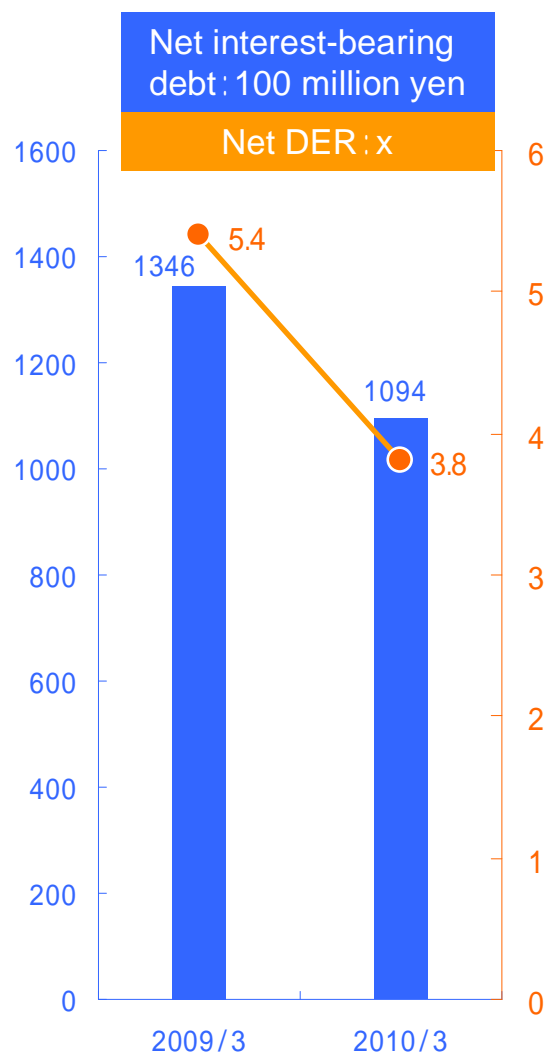
Both net sales and operating profit fell on declines in transaction volumes and falls in commodity prices caused by sluggish demand.

We returned to the black and posted net income of ¥3.5 billion.



FY2009 Financial Highlight (B/S)

Financial status is improved

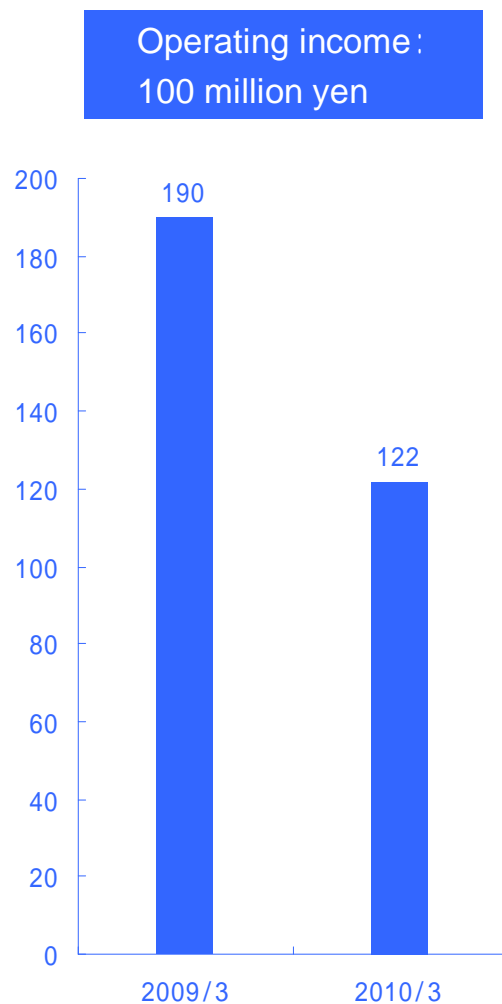


(100 Million yen)	2009/3	2010/3	Change	Change (%)
Total Assets	4,149	3,986	-163	-4%
Net Assets	420	458	+38	+9%
Equity capital	249	289	+40	+16%
Equity ratio	6.0%	7.3%	-	+1.3pt
Gross interest-bearing debt	2,136	1,931	-205	-10%
Net interest-bearing debt	1,346	1,094	-252	-19%
Net DER	5.4	3.8	-	+1.6pt

The financial status is improved by reduction of interest-bearing debt and increase of equity capital.



Overview of results (P/L)



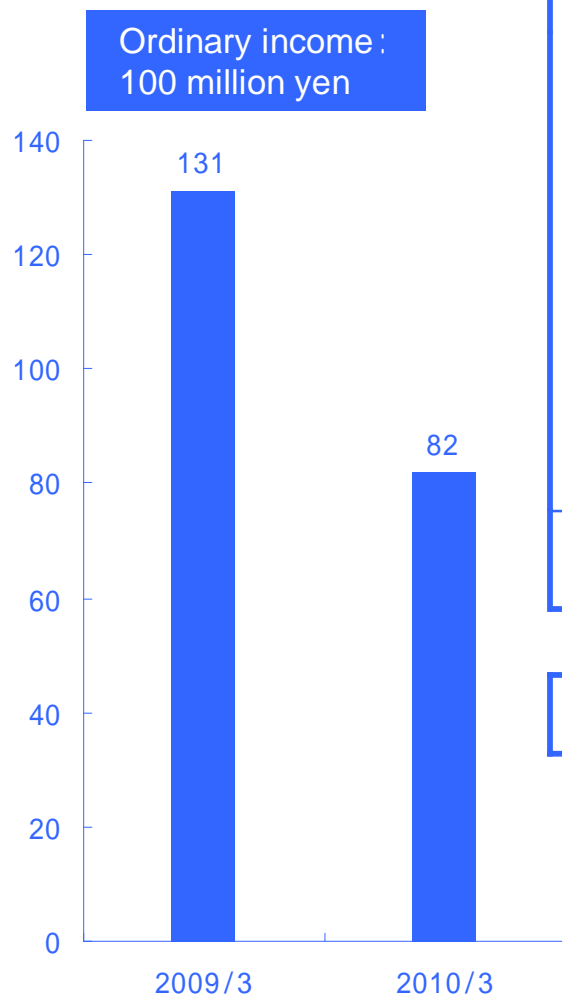
(100 million yen)	2009/3	2010/3	Change	Change(%)
Net Sales	11,388	8,613	-2,775	-24%
Gross trading profit	863	741	-122	-14%
margin	7.6%	8.6%	-	+1.0pt
SG&A	673	619	-54	-8%
personal expenses	343	319	-24	-7%
Non personal expenses	329	300	-29	-9%
Operating income	190	122	-68	-36%
margin	1.7%	1.4%	-	-0.3pt

Both net sales and operating income fell on declines caused by Iron & Steel, plant, and energy.

SG&A: down by 8%



Overview of results (P/L)



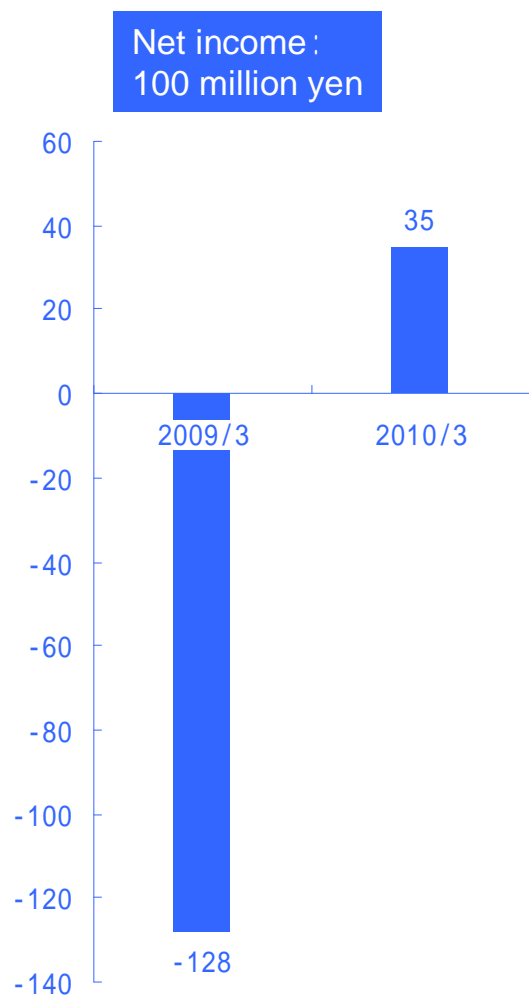
(100 million yen)	2009/3	2010/3	Change	Change(%)
Non-operating income & loss	-59	-39	+20	+33%
Financial balance	-36	-30	+6	+19%
Dividend received	8	7	-1	-9%
Interest received	11	7	-4	-34%
Interest paid	-55	-44	+11	-20%
Gain on equity-method investment	-8	-9	-1	+14%
others	-15	-1	+14	+93%
Ordinary income	131	82	-49	-37%
Core earnings ⁽¹⁾	150	85	-65	-44%

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

The non-operating loss decreased owing to an improvement in interest loss associated with reduced interest-bearing debt and an improvement in other income/loss items.



Overview of results (P/L)



(100 million yen)	2009/3	2010/3	Change	Change(%)
Net extraordinary gain and loss	-130	2	+132	-
Extraordinary gain	16	21	+5	+31%
Extraordinary loss	-146	-19	+127	+87%
Income before income taxes	1	84	+83	+10747%
Income taxes	-112	-36	+76	+68%
Minority interests	-16	-13	+3	+22%
Net income	-128	35	+163	Returned to profitability

A turnaround was achieved and net income was recorded.



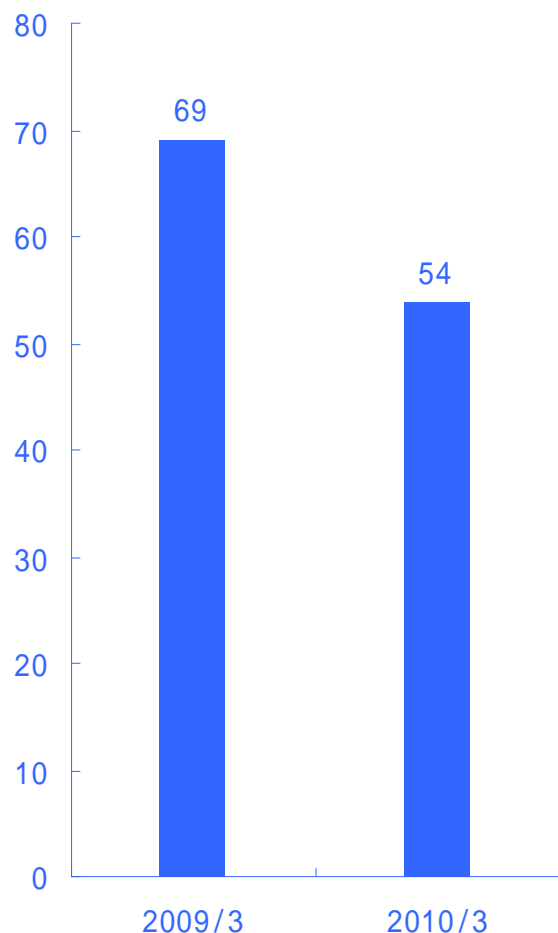
Overview of results (Segments)

(100 million yen)	2009/3	2010/3	Change	Change(%)
Net sales	11,388	8,613	-2,775	-24%
Electronics & IT	2,766	2,327	-439	-16%
Food & Foodstuff	3,216	2,642	-574	-18%
Iron & Steel, Machinery & Plant	2,263	1,492	-771	-34%
Environment & Materials	2,847	1,981	-866	-30%
Others	294	170	-124	-42%
Operating income	190	122	-68	-36%
Electronics & IT	69	54	-15	-23%
Food & Foodstuff	39	36	-3	-8%
Iron & Steel, Machinery & Plant	70	15	-55	-78%
Environment & Materials	21	9	-12	-57%
Others	-16	3	+19	Returned to profitability
Adjustment & elimination	7	4	-3	-



Overview of results (Electronics & IT)

Operating income :
100 million yen



(100 million yen)	2009/3	2010/3	Change	Change (%)
Net Sales	2,766	2,327	-439	-16%
Gross trading profit	417	385	-32	-8%
Operating income	69	54	-15	-23%

Point of FY2009

In the mobile business, sales figures decreased, but increase in profit.

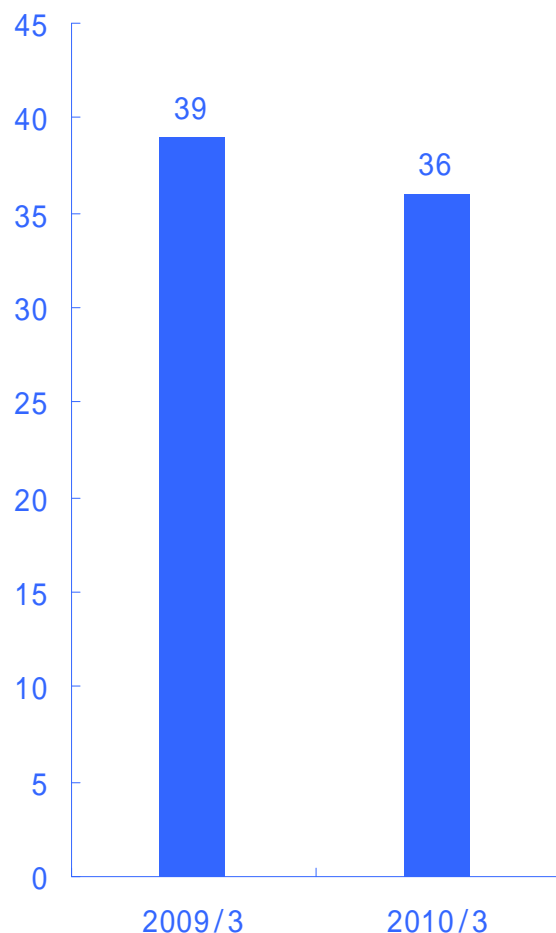
In a solution business, decrease in profit under the influence of capital investments slump.

Results improved for electronic material and semiconductor manufacturing equipment.



Overview of results (Food & Foodstuffs)

Operating income :
100 million yen



(100 million yen)	2009/3	2010/3	Change	Change (%)
Net Sales	3,216	2,642	-574	-18%
Gross trading profit	131	126	-5	-4%
Operating income	39	36	-3	-8%

Point of FY2009

Net sales in the food business fell on declining prices and a strong yen.

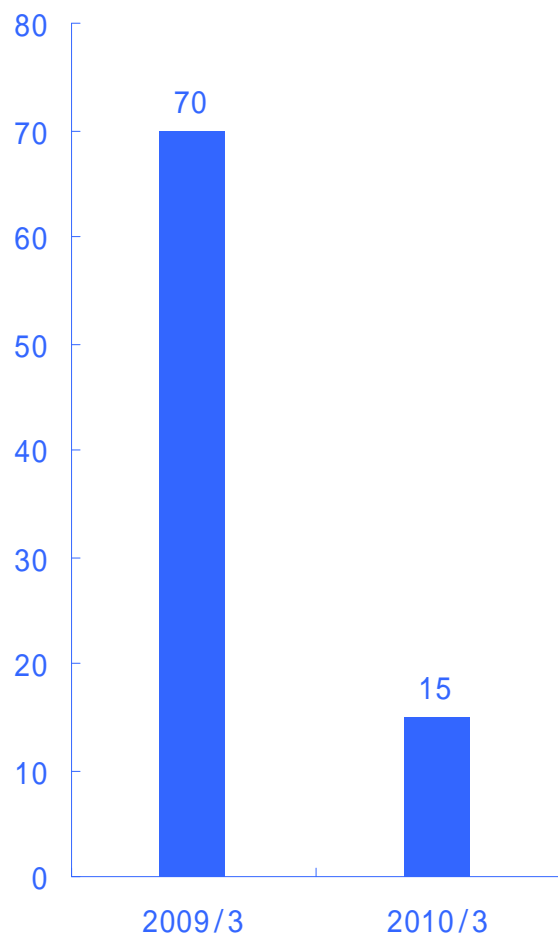
Operating income was secured in the food business with commodity sales in response to deflation and fishery transactions with advanced processing levels.

The foodstuff business in general experienced declines in both net sales and operating income due to factors such as falls in grain quotations and low selling prices in feed-related transactions.



Overview of results (Iron & Steel, Machinery & Plant)

Operating income :
100 million yen



(100 million yen)	2009/3	2010/3	Change	Change (%)
Net Sales	2,263	1,492	-771	-34%
Gross trading profit	196	118	-78	-40%
Operating income	70	15	-55	-78%

Point of FY2009

Construction business slump in Japan.

The iron and steel business produced weak results with the adverse effects of reduced business with U.S. customers.

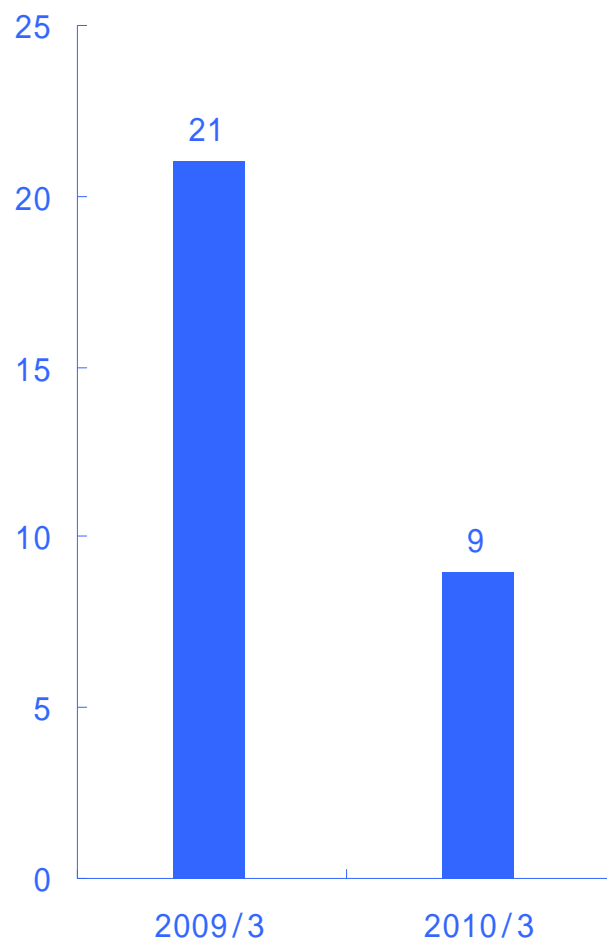
In the industrial plant business, business with customers in China and the Middle East achieved favorable results.

Net sales and operating income for the entire segment fell substantially, reflecting the adverse effects of a slump in the industrial tool and machine tool industries.



Overview of results (Environment & Materials)

Operating income :
100 million yen



(100 million yen)	2009/3	2010/3	Change	Change (%)
Net Sales	2,847	1,981	-866	-30%
Gross trading profit	103	85	-18	-18%
Operating income	21	9	-12	-57%

Point of FY2009

Faced an uphill battle under the adverse effects of low pharmaceutical export transactions and lower energy demand attributable to the weak economy.

As a result, both net sales and operating income fell for this segment.

Export transactions grew for components related to solar cells.



Appendix



1

Outline of Kanematsu Group

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

2-1: Net Sales of Major Consolidated Subsidiaries

(100 million yen)	Business	Ownership ratio	FY2008	FY2009	Change
Kanematsu Electronics Ltd.	ICT Solutions	58.27%	498	432	-66
Kanematsu Communications Ltd.	Mobile communications	100%	990	959	-31
Kanematsu Food Corp.	Food, dairy & seafood	100%	148	160	+12
Kanematsu Agri-Tech Corp.	Feed & dairy	100%	137	106	-31
Kanematsu Trading Corp.	Domestic steel, Steel materials	100%	796	411	-385
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	551	347	-204
Kanematsu Petroleum Corp.	Petroleum products, Gas	100%	1,655	1,246	-409
Kanematsu Chemicals Corp.	Functional chemicals	100%	208	172	-36
Shintoa Corporation	Trading company	94.82%	1,373	1,118	-255
Kanematsu USA Inc.	Overseas subsidiary	100%	1,103	767	-336

2-2: Number of Employees

(persons)	2009/3	2010/3	Change	Change (%)
Parent company	890	850	-40	-5%
Consolidated Subsidiaries	3,984	4,021	+37	+1%
Total	4,874	4,871	-3	-1%

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).

3-1: Number of Profitable and Non-Profitable Consolidated Subsidiaries and Affiliates

(Companies)	FY2008					FY2009					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable companies	31	29	8	11	79	28	27	8	12	75	-4
Ratio (%)	67%	67%	47%	61%	64%	68%	68%	50%	67%	65%	+1.5pt
Non profitable	15	14	9	7	45	13	13	8	6	40	-5
Total	46	43	17	18	124	41	40	16	18	115	-9

3-2: Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(100 million yen)	FY2008					FY2009					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by profitable	47	17	2	1	67	31	11	2	2	45	-22
Sum of loss posted by non-rofitable	-65	-19	-9	-2	-95	-5	-1	-11	-2	-19	+76
Total	-18	-2	-7	-1	-28	25	9	-9	0	26	+54