

# Overview of Results for the end of FY2011

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The consolidated financial summary for the year ended March 31, 2012 announced on May 8, 2012, has been amended to reflect subsequent events on May 21, 2012.  
This “Overview of Results for the end of FY2011” is reflected this amended the consolidated financial summary for the year ended March 31, 2012.



兼松株式会社

KANEMATSU CORPORATION

May 21, 2012

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 FY2011



## Financial Highlight (P/L)

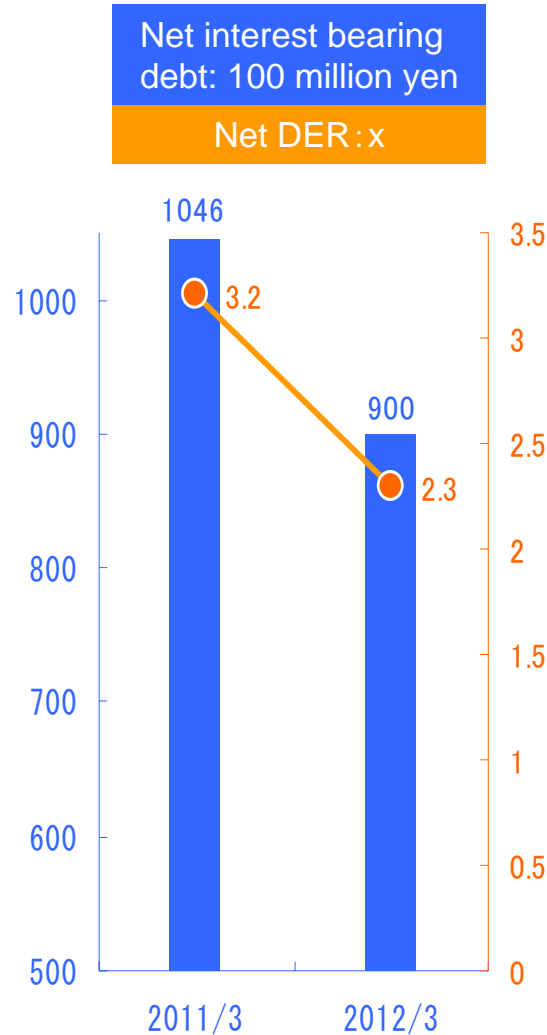
Net income, operating income, and ordinary income fell from the levels of the previous fiscal year.

(Million yen)	FY2010	FY2011	Change	Change(%)
Net Sales	9,369	10,064	695	7%
Operating income	180	214	34	19%
Ordinary income	143	178	35	25%
Net income	92	61	-31	-33%
Comprehensive income	51	72	20	40%

- Both sales and income rose year on year on increased volumes handled and surges in commodity prices.
- Net income declined year on year because of an increase in tax expenses.

# Financial Highlight (B/S)

## Financial standing steadily improved



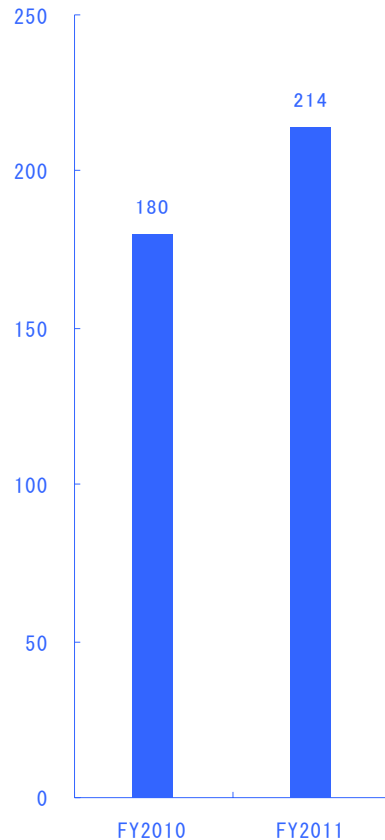
(100 Million yen)	2011/3	2012/3	Change	Change(%)
Total Assets	3,887	3,998	111	3%
Net Assets	496	560	64	13%
Equity capital	331	390	59	18%
Equity Ratio	8.5%	9.8%		1.3pt
Gross interest-bearing debt	1,736	1,608	-128	-7%
Net interest-bearing debt	1,046	900	-146	-14%
Net DER	3.2	2.3		0.9p

- As a result of the repayment of borrowings, interest-bearing debt decreased year on year.
- Shareholders' equity increased from the previous year, attributable to an increase in retained earnings with the posting of net income.
- Consequently, both the equity ratio and the net DER improved year on year.



# Overview of results (P/L)

Operating income:  
100 million yen

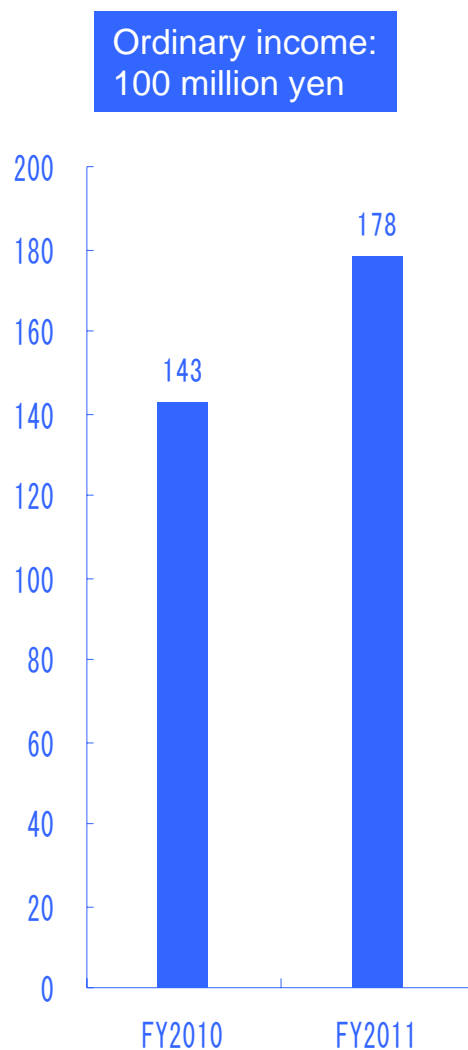


(100 million yen)	FY2010	FY2011	Change	Change(%)
Net Sales	9,369	10,064	695	7%
Gross trading profit	769	809	40	5%
margin	8.2%	8.0%	-0.2pt	
SG&A	589	595	6	1%
personal expenses	306	318	11	4%
Non personal expenses	282	277	-5	-2%
Operating income	180	214	34	19%
margin	1.9%	2.1%	0.2pt	

- Both net sales and gross trading profit increased from the previous fiscal year, owing to surges in commodity prices and the capturing of domestic demand.
- Operating income rose year on year as a result of initiatives such as a sustained reduction in SG&A expenses.



# Overview of results (P/L)



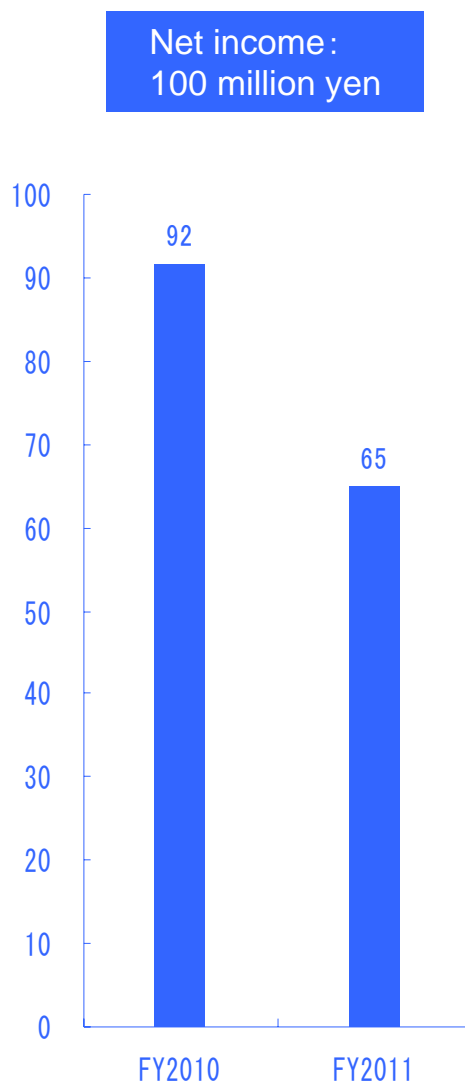
(100 million yen)	FY2010	FY2011	Change	Change(%)
Non-operating income & loss	-38	-37	1	3%
Financial balance	-26	-28	-3	—
Dividend received	12	8	-4	—
Interest received	6	5	-1	—
Interest paid	-43	-41	2	—
Gain on equity-method investment	-4	3	6	—
Exchange Gain or Loss	-4	-6	-1	—
others	-4	-5	-1	—
Ordinary income	143	178	35	25%
Core earnings (※)	152	190	38	25%

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

■ In spite of a decline in dividends received, non-operating income improved moderately year on year, attributable to improvements in profit on equity method investments.



# Overview of results (P/L)



(100 million yen)	FY2010	FY2011	Change	Change(%)
Net extraordinary gain and loss	-12	-42	-30	-
Extraordinary gain	11	3	-8	-73%
Extraordinary loss	-24	-45	-22	-
Income before income taxes	130	135	5	4%
Income taxes	-24	-60	-36	-
Minority interests	-14	-14	0	-1%
Net income	92	61	-31	-33%

- In extraordinary items, a consolidated extraordinary loss of ¥4.2 billion was posted for items that included a loss on the sale of investments in securities, a loss on the valuation of investments in securities, a loss on the sale of affiliates, and a loss at a subsidiary on the withdrawal from the employee pension funds program, which was recorded as an extraordinary loss.
- Net income declined year on year due to an increase in tax expenses as a result of the reversal of deferred tax assets pursuant to the tax reform in fiscal year 2011.



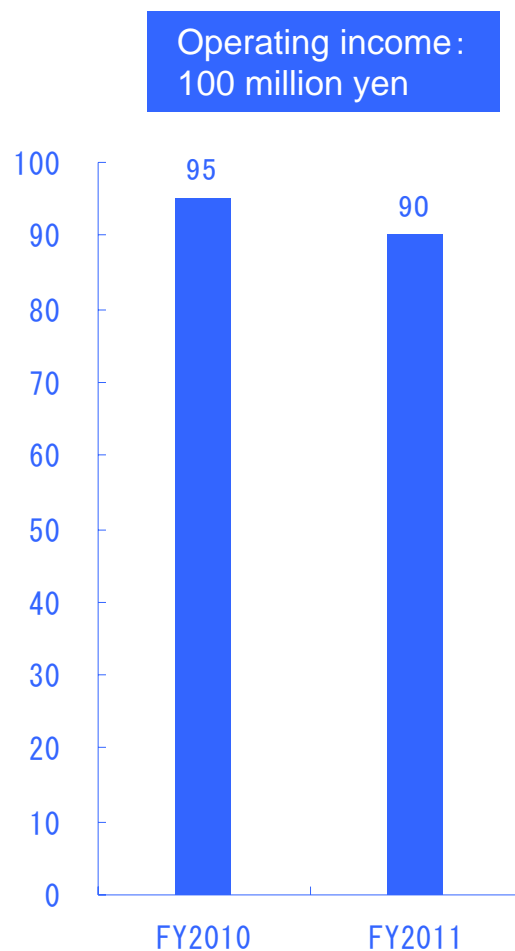


## Overview of results (segments)

(100 million yen)	FY2010	FY2011	Change	Change(%)
<b>Net sales</b>	<b>9,369</b>	<b>10,064</b>	695	7%
Electronics & IT	2,539	2,531	-7	-0%
Foods & Foodstuff	2,719	2,921	203	7%
Iron & Steel	988	991	3	+0%
Machinery & Plant	673	704	31	5%
Environment & Materials	2,275	2,737	462	20%
Others	176	179	3	2%
<b>Operating income</b>	<b>180</b>	<b>214</b>	34	19%
Electronics & IT	95	90	-5	-5%
Foods & Foodstuff	28	52	24	83%
Iron & Steel	34	36	2	6%
Machinery & Plant	11	14	4	36%
Environment & Materials	10	20	10	102%
Others	3	2	-1	-31%



# Overview of results (Electronics & IT)



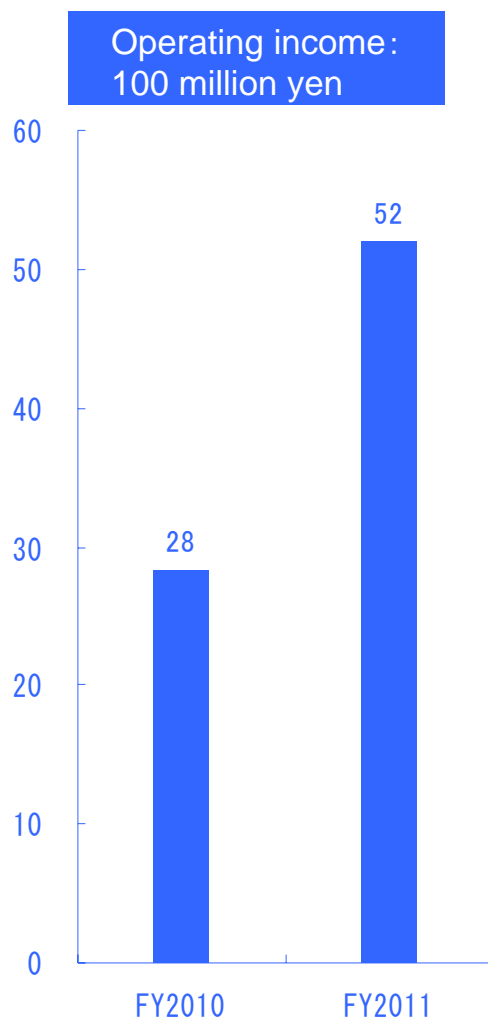
(100 million yen)	FY2010	FY2011	Change	Change(%)
Net Sales	2,539	2,531	-7	0%
Gross trading profit	411	413	2	0%
Operating income	95	90	-5	-5%

## Point of FY2011

- The ICT solutions business and the mobile solutions business continued to perform well, primarily reflecting the expansion of the market for mobile communication services, including smartphones.
- The semiconductor business struggled, primarily attributable to the adverse external environment, mainly due to the earthquake, as well as depressed demand.



## Overview of results (Foods & Foodstuff)



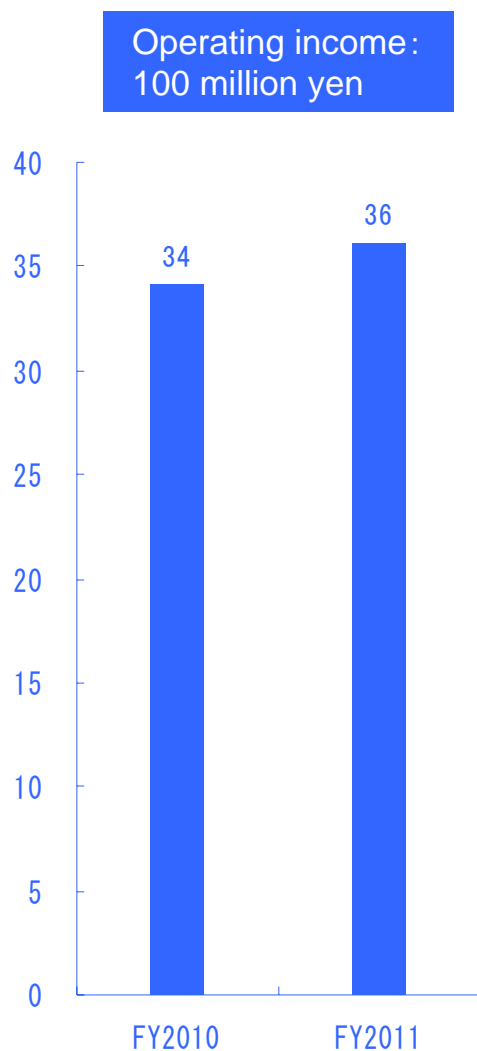
(100 million yen)	FY2010	FY2011	Change	Change(%)
Net Sales	2,719	2,921	203	7%
Gross trading profit	115	137	22	19%
Operating income	28	52	24	83%

### Point of 2011

- The Foods business, especially prepared foods and processed foods, performed well, backed by a relatively stable supply and demand environment as well as solid sales of imported meat products.
- The Foodstuff business contributed to overall earnings, owing to efforts to enhance vendor relationships in feedstuff sales and to expand sales channels.



## Overview of results (Iron & Steel)



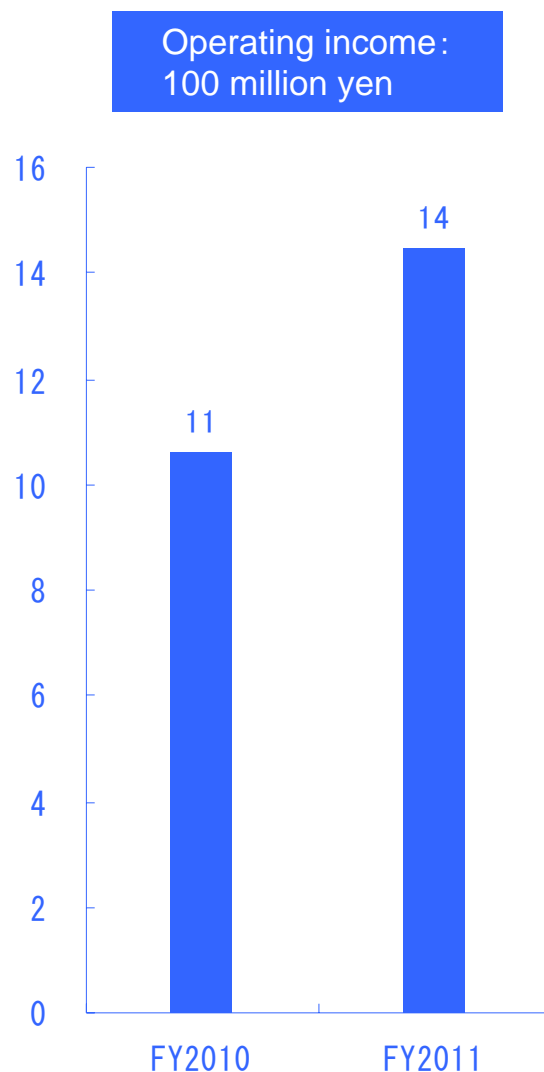
(100 million yen)	FY2010	FY2011	Change	Change (%)
Net Sales	988	991	3	0%
Gross trading profit	70	74	4	6%
Operating income	34	36	2	6%

### Point of 2011

- Business linked to special steel for North America and Asia was strong.
- Business linked to automobiles for Europe and the United States remained active, contributing to higher earnings.



## Overview of results (Machinery & Plant)



(100 million yen)	FY2010	FY2011	Change	Change(%)
Net Sales	673	704	31	5%
Gross trading profit	65	70	5	8%
Operating income	11	14	4	36%

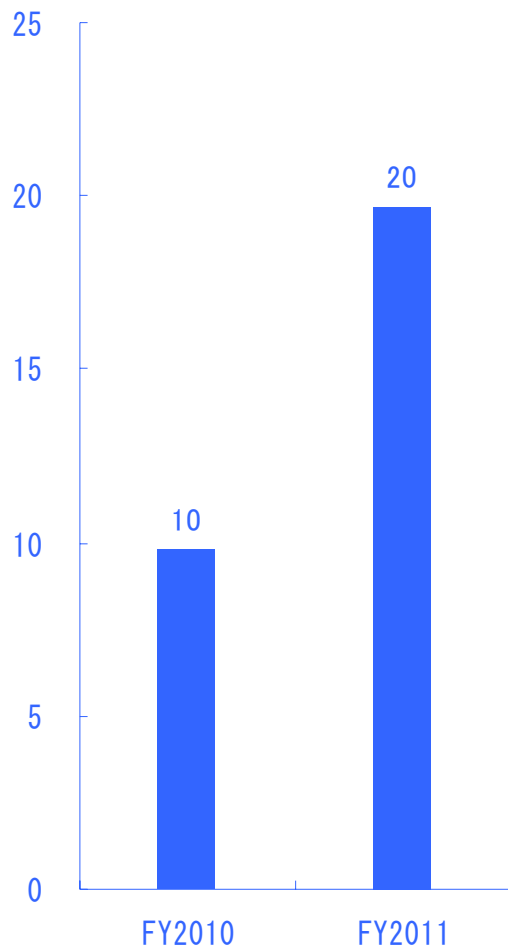
### Point of 2011

- The Machine Tool business performed well, supported by a recovery in domestic demand.
- Business linked to Plants improved, thanks to an increase in orders for projects related to official development assistance.



## Overview of results (Environment & Materials)

Operating income:  
100 million yen



(100 million yen)	FY2010	FY2011	Change	Change(%)
Net Sales	2,275	2,737	462	20%
Gross trading profit	84	92	8	10%
Operating income	10	20	10	102%

### Point of 2011

- The energy business saw significant growth in earnings, backed by increasing sales of fuel oil to electric power companies.
- In the chemicals business, both exports of raw materials for car batteries and imports of raw materials for pharmaceuticals were firm.



## Progress in the second year under *the “S-Project”* medium-term business plan

P/L: Achieved solid results for the second consecutive fiscal year

(100 million yen)	FY2011		Change	Change(%)
	“S-Project” Plan	Result		
Net Sales	9,500	10,064	564	6%
Gross Trading Profit	775	809	34	4%
SG&A Expenses	605	595	-10	-2%
Operating Income	170	214	44	26%
Ordinary Income	120	178	58	48%
Net Income	55	61	6	11%



Progress in the second year under the “S-Project”  
medium-term business plan

B/S: Financial standing steadily improved

(100 million yen)	2012/3		Change	Change (%)
	“S-Project” Plan	Results		
Total Assets	4,040	3,998	-42	-1%
Equity Capital	385	390	5	1%
Equity Ratio	9.5%	9.8%	+0.3pt	
Gross Interest-Bearing Debt	1,770	1,608	-162	-9%
Gross D/E Ratio (Times)	4.6	4.1	-0.5pt	
Cash and Bank Deposits	850	708	-142	-17%
Net Interest-Bearing Debt	920	900	-20	-2%
Net D/E Ratio (Times)	2.4	2.3	-0.1pt	



## Development and proposal for prepared foods and processed foods

- ◆ Devices and developments for the processing stage were proposed to food manufacturers and convenience stores.

By providing systems, costs and cumbersome processes were also mitigated.

- ◆ Adopted by large convenience store chains and large volume retailers

- *Sekihan* (festive red rice) kit ⇒ A patented process (Patent No. 485729)

that enables large production of tasty *sekihan* with stable quality

- Eggs in *oden* (Japanese dish) ⇒ The white does not harden after boiling for long hours

- ◆ Provision of business materials to convenience stores that are expanding their business overseas.

- Roles of Kanematsu Corporation
  - ⇒ Planning and development of high value-added products and menus
  - ⇒ Development of platforms such as central kitchens





# Topics in the second year under the “S-Project”

## Constructed silos in Moji Port

- ◆ Grasping individual needs of MOJI KOUN KAISHA,LTD, feed manufacturers and users, coordination functions were implemented.
- ◆ Constructed the Moji Port silos in joint efforts among, Kanematsu Corporation, MOJI KOUN KAISHA,LTD, and Kyodo Shiryō Co., Ltd.
  - ⇒ New supply base in the Kyushu Region
  - A capacity of 16,000 tons of feedstuff material such as corn and soybean meal.
  - Equipped with fumigation facilities and grinding facilities
  - Direct carrying in of goods by large ocean-going vessels to Moji Port was made possible.
    - ⇒ Significant improvement in physical distribution efficiency
    - ⇒ Contribution to the development of the livestock industry in the Kanmon Region.





# Topics in the second year under the “S-Project”

## Established a joint venture for automobile parts in Indonesia

- ◆ An initiative to support the overseas extension of an automobile parts manufacturer.

- ◆ Keeping pace with the entry of a Japanese automaker into the Indonesian market, where activity is rapidly picking up, supply systems for resin fuel tanks were developed.

- Total amount of investment: approximately 1.9 billion yen

- Yachiyo Industry Co., Ltd.

- PT. Prospect Motor

- Kanematsu Corp.

- Operation is planned to commence in August 2013

- ◆ Development of new customers other than the existing customers will be promoted in the future.





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## Forecast of FY2012



## Forecast of FY2012

(100 million yen)	Result of FY2011	Forecast of FY2012	Change	Change(%)
Net Sales	10,064	10,500	436	4%
Operating Income	214	200	-14	-7%
Ordinary Income	178	160	-18	-10%
Net income	61	80	19	31%

- Given concerns such as European debt problems and the economic slowdown in China and emerging countries in Asia, the situation is likely to remain unclear.
- Preliminary expenses, etc. will be built in our strategies for business expansion.

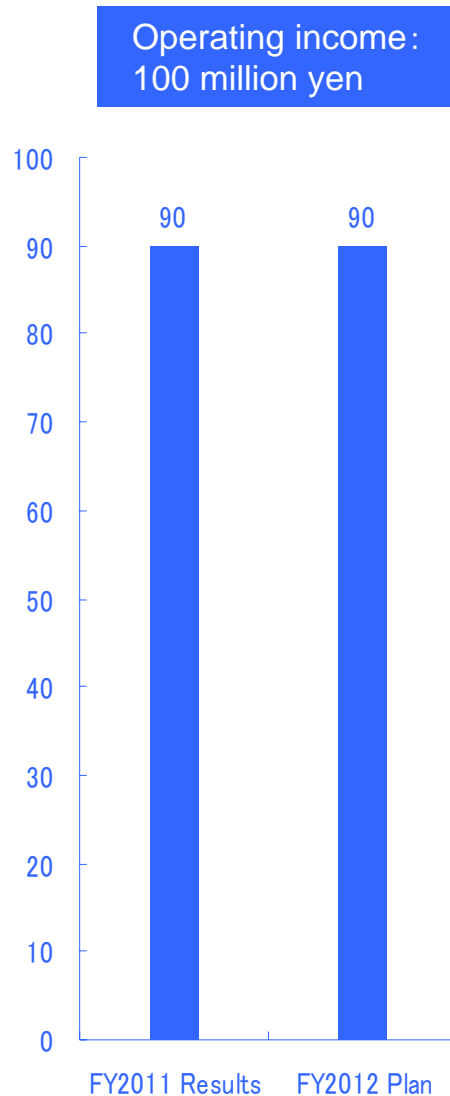


## Forecast of FY2012 (segments)

(100 million yen)	Result of FY2011	Forecast of FY2012	Change	Change(%)
<b>Net sales</b>	<b>10,064</b>	<b>10,500</b>	436	4%
Electronics & IT	2,531	2,650	119	5%
Foods & Foodstuff	2,921	3,100	179	6%
Iron & Steel	991	1,050	59	6%
Machinery & Plant	704	700	-4	-1%
Environment & Materials	2,737	2,850	148	4%
Others	179	150	-29	-16%
<b>Operating income</b>	<b>214</b>	<b>200</b>	-14	-7%
Electronics & IT	90	90	0	0%
Foods & Foodstuff	52	50	-2	-4%
Iron & Steel	36	35	-1	-3%
Machinery & Plant	14	10	-4	-31%
Environment & Materials	20	15	-5	-24%
Others	2	0	-2	-



## Forecast of FY2012 (Electronics & IT)



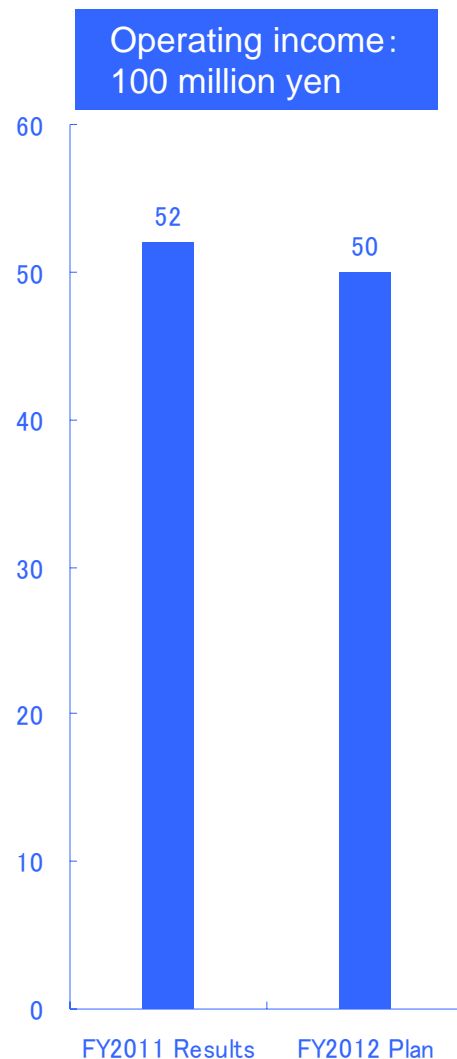
(100 million yen)	FY2011 Result	FY2012		
		Plan	Change	Change(%)
Net Sales	2,531	2,650	119	5%
Gross trading profit	413	425	12	3%
Operating Income	90	90	0	0%

### Point of FY2012

- The ICT solutions business and the mobile solutions business will likely remain relatively strong, in line with the expected growth of smartphones.
- Performance in the semiconductor business is likely to be flat compared to the preceding fiscal year.



# Forecast of FY2012 (Foods & Foodstuff)



(100 million yen)	FY2011 Result	FY2012		
		Plan	Change	Change (%)
Net Sales	2,921	3,100	179	6%
Gross trading profit	137	140	3	2%
Operating Income	52	50	-2	-4%

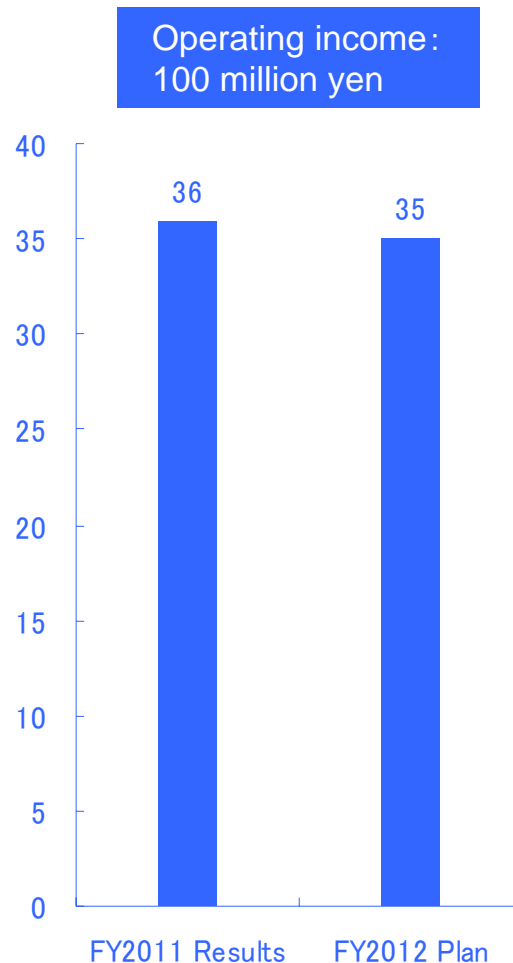
## Point of FY2012

- In both the Foods business and Foodstuff business, strive to strengthen the sales structure with Asia as a target region.
- In the Foods business, seek to expand the business, especially in processed foods and prepared foods, through the stable supply of business materials and new proposals.





# Forecast of FY2012 (Iron & Steel)



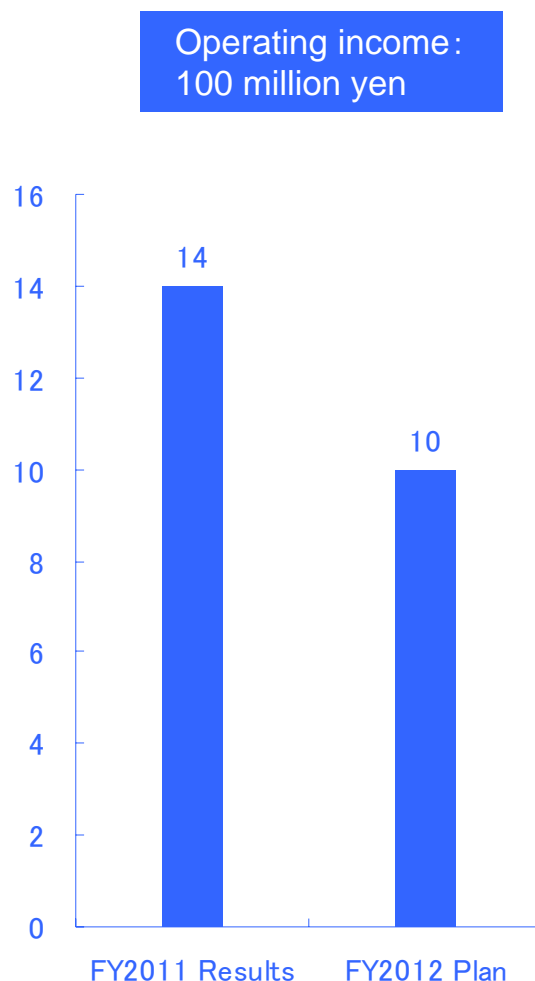
(100 million yen)	FY2011 Result	FY2012		
		Plan	Change	Change (%)
Net Sales	991	1,050	59	6%
Gross trading profit	74	75	1	2%
Operating Income	36	35	-1	-3%

## Point of FY2012

- Seek to further strengthen the business linked to steel pipes, in response to rising demand for the mining of shale gas in North America.
- Automobile-related specialty steel products for the U.S. and Asia should generate stable income.
- Business linked to automobiles is expected to remain strong, owing to efforts to expand sales in Asian markets, in addition to Europe and the United States.



## Forecast of FY2012 (Machinery & Plant)



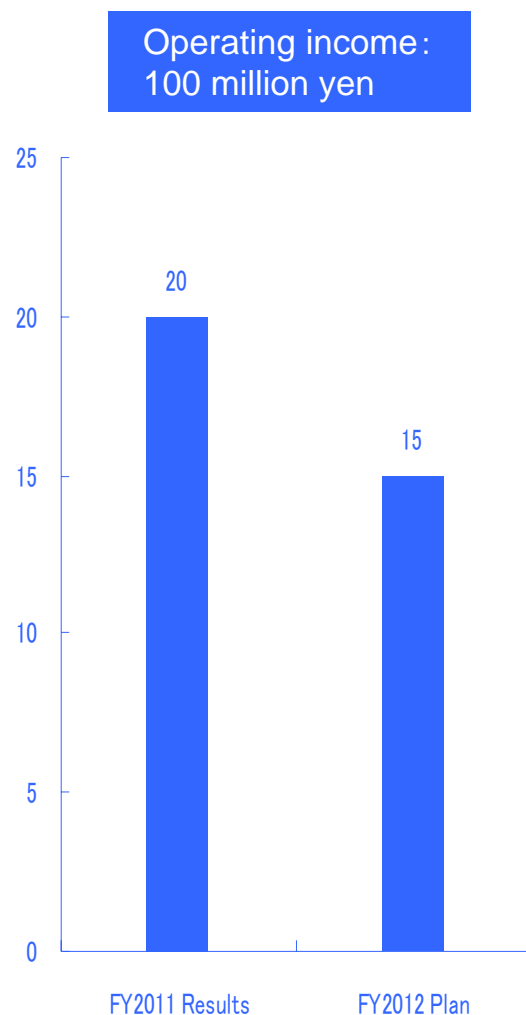
(100 million yen)	FY2011 Result	FY2012		
		Plan	Change	Change(%)
Net Sales	704	700	-4	-1%
Gross trading profit	70	70	0	1%
Operating Income	14	10	-4	-31%

### Point of FY2012

- The performance of machine tools and industrial machinery is likely to remain firm.
- Vigorous activities to win orders will be conducted in areas of strength for business linked to plants related to official development assistance. However, there will be timing gaps between order receipt and delivery.



## Forecast of FY2012 (Environment & Materials)



(100 million yen)	FY2011 Result	FY2012		
		Plan	Change	Change (%)
Net Sales	2,737	2,850	113	4%
Gross trading profit	92	90	-2	-2%
Operating Income	20	15	-5	-24%

### Point of FY2012

- In the chemical business, a strong performance is anticipated, mainly in the business linked to raw materials for car batteries and to raw materials for pharmaceuticals.
- Sales of fuel oil will likely remain strong in the energy business.








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## Appendix



# Outline of Kanematsu Group

Segment	Main business	Main products	Major subsidiaries
<b>Electronics &amp; IT</b> 	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	
<b>Food &amp; Foodstuff</b> 	Foods	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, process foods, and others	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	
<b>Iron &amp; Steel</b> 	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	
<b>Machinery &amp; Plant</b> 	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	
<b>Environment &amp; Materials</b> 	Crude Oil, Petroleum products and gas	Crude oil, petroleum products, LPG, carbon credit trading	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, nutritional supplements	



# Subsidiaries and Affiliates, and their Employees

## 1. Net Sales of Major Consolidated Subsidiaries

(100 million yen)	Business	Ownership ratio	Result of FY2011	Forecast of FY2012	Change
Kanematsu Electronics Ltd.	ICT Solutions	58.28%	456	468	+12
Kanematsu Communications Ltd.	Mobile communications	100%	974	1,076	+102
Kanematsu Food Corp.	Food, dairy & seafood	100%	165	155	-10
Kanematsu Agri-Tech Corp.	Feed & dairy	100%	99	123	+24
Kanematsu Trading Corp.	Domestic steel, Steel materials	100%	433	441	+8
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	356	398	+42
Kanematsu Petroleum Corp.	Petroleum products, Gas	100%	1,358	1,450	+92
Kanematsu Chemicals Corp.	Functional chemicals	100%	178	196	+18
Shintoa Corporation	Trading company	100%	1,043	1,100	+57
Kanematsu USA Inc.	Overseas subsidiary	100%	753	877	+124

## 2. Number of Employees

(persons)	2011/3	2012/3	Change
Parent company	832	795	-37
Consolidated Subsidiaries	3,938	3,975	+37
Total	4,770	4,770	0

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

(Companies)	2011/3					2012/3					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable Companies	31	33	10	7	81	28	29	13	9	79	-2
Ratio (%)	81%	80%	58%	46%	73%	76%	71%	81%	69%	74%	+1pt
Non profitable	7	8	7	8	30	9	12	3	4	28	-2
Total	38	41	17	15	111	37	41	16	13	107	-4

## 2. Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(100 million Yen)	2011/3					2012/3					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by profitable	35	11	4	1	52	38	13	2	4	57	+5
Sum of loss posted by non-profitable	-3	-2	-8	-1	-14	-8	-1	-3	-1	-13	+1
Total	33	9	-4	-0	38	31	12	-0	3	45	+7



# 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 80 billion Yen
- Consolidated operating income 19 billion Yen

### 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 Result	FY2011		FY2012 Plan
		Plan	Result	
Net Sales	9,369	9,500	10,064	10,500
Gross Trading Profit	769	775	809	800
SG&A Expenses	589	605	595	610
Operating Income	180	170	214	190
Ordinary Income	143	120	178	140
Net Income	92	55	61	65
【Segments】				
Net Sales	9,369	9,500	10,064	10,500
Electronics & IT	2,539	2,450	2,531	2,600
Foods & Foodstuff	2,719	3,000	2,921	3,300
Iron & Steel	988	1,000	991	1,150
Machinery & Plant	673	650	704	700
Environment & Materials	2,275	2,250	2,737	2,600
Others	176	150	179	150
Operating Income	180	170	214	190
Electronics & IT	95	75	90	80
Foods & Foodstuff	28	45	52	50
Iron & Steel	34	30	36	35
Machinery & Plant	11	2	14	4
Environment & Materials	10	12	20	15
Others	3	6	2	6

(100 Million yen)	2011/3 Result	2012/3		2013/3 Plan
		Plan	Result	
Total Assets	3,887	4,040	3,998	4,100
Equity Capital	331	385	390	450
Equity Ratio	8.5%	9.5%	9.8%	10%超
Gross Interest-Bearing Debt	1,736	1,770	1,608	1,690
Gross D/E Ratio (Times)	5.2	4.6	4.1	3.8
Cash and Bank Deposits	690	850	708	850
Net Interest-Bearing Debt	1,046	920	900	840
Net D/E Ratio (Times)	3.2	2.4	2.3	2.0倍程度



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【memo】



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**兼松株式会社**  
**KANEMATSU CORPORATION**