Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the First Three Quarters of the Fiscal Year Ending March 2009

February 3, 2009

Company name: Kanematsu Corporation
Stock Exchange listing: Tokyo Stock Exchange, Osaka Securities Exchange
Stock code: 8020 URL: http://www.kanematsu.co.jp
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(Figures of less than one million are rounded down.)

1. Consolidated business results for the first three quarters of the fiscal year ending March 2009 (April 1, 2008 – December 31, 2008)

(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	%
Three quarters to December 2008	915,754	-	16,893	-	13,216	-	3,595	-
Three quarters to December 2007	925,052	-1.9	18,354	8.2	15,560	10.5	16,627	93.3

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
Three quarters to December 2008	8.59	-
Three quarters to December 2007	39.73	-

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2008	470,481	59,614	8.9	100.54
As of March 31, 2008	503,456	62,239	9.1	108.95

(Reference) Shareholder’s equity: 42,059 million yen as of December 2008, 45,587 million yen as of March 2008

2. Dividends

	Dividends per share				
(Record date)	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2008	-	0.00	-	0.00	0.00
Fiscal year ending March 2009	-	0.00	-	-	-
Fiscal year ending March 2009 (Forecasts)	-	-	-	0.00	0.00

(Note) Revisions of expected dividends in the three quarters under review: Yes

3. Forecasts for consolidated results ending March 2009 (April 1, 2008 – March 31, 2009)

(%: 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	1,160,000	-6.8	19,000	-15.9	15,000	-20.0	3,000	-84.2	7.17

(Note) Revisions of estimated consolidated results in the three quarters under review: Yes

4. Other information

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

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

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

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

(i) Change due to amendment to accounting standard: Yes

(ii) Change due to other than above: None

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

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares including treasury stock

First three quarters (2008/12): 422,501,010 shares, Fiscal year (2008/3): 422,501,010 shares

(ii) Number of treasury stock

First three quarters (2008/12): 4,154,635 shares, Fiscal year (2008/3): 4,072,040 shares

(iii) Average number of shares during the period (first three quarters)

First three quarters (2008/12): 418,385,795 shares, First three quarters (2007/12): 418,476,432 shares,

* 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. Actual results might be significantly different from the forecasts in the document, depending on various factors. Refer to the section “3. Qualitative information on consolidated results forecasts” of Qualitative Information, Financial Statements, Etc. on page 4 for further information on results forecasts.
2. Starting the current fiscal year, the Company applies the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12 issued on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14 issued on March 14, 2007). Quarterly consolidated financial statements are prepared under the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements (Cabinet Office Ordinance No. 64).

   Quarterly consolidated financial statements are prepared in accordance with the revised Rules for Quarterly Consolidated Financial Statements pursuant to the proviso of Article 7, Paragraph 1, Item 5 of the supplementary provisions of the Cabinet Office Ordinance to Amend the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements (Cabinet Office Ordinance No. 50 of August 7, 2008).
3. A quarterly review by the audit corporation has not been completed.

[Qualitative Information, Financial Statements, Etc.]

1. Qualitative Information on Consolidated Operating Results

In the first three quarters under review (from April 1, 2008 to December 31, 2008), stock market prices fell substantially and real economies worsened sharply both in Japan and abroad, reflecting the expansion of the global financial insecurity. Growth rates in emerging economies in Asia and other areas slowed rapidly, and the global economy was beginning to see serious synchronized global slowdowns. Starting in the early autumn, the yen experienced a period of long-term appreciation.

In these circumstances, the results of the Group weakened, especially in the IT Division and the industrial plants business, in the third quarter.

Consolidated net sales declined ¥9,298 million (1.0%) year on year, to ¥915,754 million, reflecting falls in sales in the mobile and electronic parts-related business in the IT Division and sales in the machine tool-related business in the industrial plants business.

Gross trading profit increased ¥267 million (0.4%), to ¥68,242 million.

Operating income increased in the iron and steel business and the Life Science & Energy Division, while it fell in the IT Division and the industrial plant business. Overall, operating income slipped ¥1,461 million (8.0%), to ¥16,893 million.

Non-operating income decreased ¥884 million, as an improvement of ¥777 million in interest income thanks to the reduction of interest-bearing debt was outweighed by a fall of ¥1,571 million in equity in earnings of affiliated companies. As a result, ordinary income dropped ¥2,344 million (15.1%), to ¥13,216 million.

Income before income taxes and minority interests was ¥10,741 million, a decline of ¥16,439 million. This was attributable to a year-on-year deterioration of ¥14,095 million in extraordinary losses and gains caused by extraordinary losses posted in the term under review, including the posting of allowances for overseas claims and a loss on valuation of assets in association with the application of the cost or market method to inventories, and an extraordinary gain associated with the sale of LNG rights recorded in the first three quarters of the previous fiscal year. Net income (which is income before income taxes and minority interests less tax expenses and minority interests) was ¥3,595 million, a fall of ¥13,032 million.

The results for each business segment are as follows:

(1) IT

Replacement demand for mobile terminals declined with the introduction of installment plans in the mobile business. Turnover fell in the electronic parts and semiconductor manufacturing equipment businesses because of the weakness of the semiconductor market. As a result, net sales in the IT Division fell ¥59,855 million year on year, to ¥209,086 million. Operating income dropped ¥881 million, to ¥5,135 million.

(2) Foods & Foodstuff

The foods business faced an uphill battle because of continued consumer doubts about the safety of Chinese products and ingredients, pressure to cut prices from manufacturers and distributors in recent weakening markets, and violent fluctuations in the prices of meat and marine products. However, the performance of the foodstuffs business was solid, with profit setbacks in certain products caused by plunges in the markets more than offset by a large increase in transaction volume. As a consequence, net sales in the Foods & Foodstuffs Division rose ¥46,462 million, to ¥258,272 million. Operating income increased ¥32 million, to ¥3,538 million.

(3) Iron, Steel & Plants

In the iron and steel business, exports of auto parts to Europe and the Americas were weak, while shipments of round bars and steel pipes in Japan were solid. In the industrial plants business, transactions related to transportation machinery, especially exports of auto parts, were relatively robust. However, other transactions were stagnant because of the global economic slowdown and the accelerating appreciation of the yen. In particular, orders for machine tools plummeted both in Japan and the United States. As a result, sales in the Iron, Steel & Plants Division fell ¥5,928 million, to ¥183,772 million. Operating income climbed ¥155 million, to ¥6,414 million.

(4) Life Science & Energy

In the energy business both sales and income increased in the first three quarters under review, although a downward trend in crude oil prices continued. The life science business was also favorable overall. Consequently, net sales in the Life Science & Energy Division rose ¥12,239 million, to ¥239,557 million. Operating income climbed ¥488 million, to ¥2,085 million.

(5) Other

Sales declined ¥2,214 million, to ¥25,066 million. Operating income fell ¥1,340 million, and an operating loss of ¥837 million was posted due to the effect of the deterioration of the non-ferrous metal market and a loss on the revaluation of real estate for sale, among other factors.

2. Qualitative Information on the Consolidated Financial Position

Total assets at the end of the third quarter fell ¥32,975 million from the end of the previous fiscal year, to ¥ 470,481 million, reflecting a decline in operating assets because of the effect of the economic slowdown and a decrease in cash and bank deposits due to the repayment of borrowings.

Borrowings fell ¥9,084 million from the end of the previous fiscal year, to ¥214,618 million, and net interest-bearing debt (which is borrowings minus cash and bank deposits) slipped ¥798 million, to ¥148,146 million.

Net assets dropped ¥2,625 million, to ¥59,614 million with an increase in net income more than offset by a decrease in valuation and translation adjustments. As a result, the capital adequacy ratio declined 0.2 percentage point from the end of the previous fiscal year, to 8.9%.

3. Qualitative Information on Consolidated Results Forecasts

Turmoil in financial markets is continuing in the fiscal year under review, and the repercussions for the real economy grow more grave. With the appreciation of the yen and plummeting commodity prices in the global business downturn in addition to this financial sector turbulence, the business environment surrounding the Group has been rapidly changing starting the third quarter under review. In particular, falls in turnover in the auto, semiconductor, and electronic parts industries due to plunging demand, a decrease in machinery orders caused by declining appetites for capital expenditure, and weaker profits on falling commodity prices are becoming pronounced.

Since we expect the situation to continue in the fourth quarter, we have revised the consolidated results forecasts for the full year announced on May 2, 2008 as stated in the Revisions of Consolidated Results Forecasts for Fiscal Year Ending March 2009. Specifically, we have revised forecasted consolidated sales to ¥1,160 billion, from ¥1,350 billion, operating income to ¥19.0 billion, from ¥24.5 billion, ordinary income to ¥15.0, from ¥19.0 billion, and net income to ¥3.0 billion, from ¥10.0 billion.

(Assumption used in the calculation of the results forecasts)

- Exchange rate: 1 US dollar = 90 yen (1 US dollar = 110 yen before the revision)

* The rate above is an assumption to be applied for results in the consolidated fourth quarter.

The forecasts are based on information available on the date of the announcement of this document and estimates based on reasonable assumptions. Actual results might differ substantially from the forecasts, affected by various factors.

4. Others

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

Not applicable.

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

Number of consolidated subsidiaries: 90 companies (13 companies were added; 3 companies reduced)

Number of unconsolidated subsidiaries accounted for by the equity method:
7 companies (- companies were added; 13 companies reduced)

Number of equity method affiliates: 28 companies (1 company were added; - company reduced))

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

1. Simplified accounting

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

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

(ii) Inventory valuation method

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

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

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

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

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

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

2. Accounting specific to the preparation of quarterly consolidated financial statements

Calculation of tax expenses

Certain consolidated subsidiaries calculated tax expenses by multiplying income before income taxes and minority interests by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes for the fiscal year including the third quarter under review.

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

1. Starting the current fiscal year, the Company applies the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12 issued on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14 issued on March 14, 2007). Quarterly consolidated financial statements are prepared under the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements (Cabinet Office Ordinance No. 64).

   Quarterly consolidated financial statements are prepared in accordance with the revised Rules for Quarterly Consolidated Financial Statements pursuant to the proviso of Article 7, Paragraph 1, Item 5 of the supplementary provisions of the Cabinet Office Ordinance to Amend the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements (Cabinet Office Ordinance No. 50 of August 7, 2008).

2. Changes in accounting policies

(i) Application of Accounting Standard for Measurement of Inventories

In association with the application of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 issued on July 5, 2006) from the first quarter under review, the Company has changed the basis of valuation of inventories held for standard sales purposes from primarily the cost method to the cost method (reducing the book value based on a fall in productivity for the balance sheet value).

As a result of the change, operating income and ordinary income, and income before income taxes and minority interests declined ¥1,412 million and ¥1,970 million, respectively.

The effect of the change on segment information is stated in the segment information section.

(ii) Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Starting the first quarter under review, the Company is applying the Practical Solution on Unification of Accounting

Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Issues Task Force No. 18 issued on May 17, 2006) and is making the adjustments necessary for consolidated accounting.

The effect of the application on earnings for the first three quarters is minor.

The effect of the application on segment information is described in the segment information section.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	End of third quarter under review (December 31, 2008)	Condensed consolidated balance sheets at the end of the previous fiscal year (March 31, 2008)
Assets		
Current assets		
Cash and bank deposits	66,471	74,758
Notes and accounts receivable	[*5] 173,902	188,605
Short-term investments	25	14
Inventories	[*1] 78,277	[*1] 71,860
Short-term loans receivable	2,435	3,153
Deferred tax assets	2,107	5,573
Other	35,951	39,348
Allowance for doubtful accounts	(1,284)	(1,007)
Total current assets	357,887	382,307
Fixed assets		
Tangible fixed assets	[*2] 35,891	[*2] 35,052
Intangible fixed assets		
Goodwill	-	158
Other	2,297	2,781
Total intangible fixed assets	2,297	2,939
Investments and other assets		
Investments in securities	38,993	47,521
Long-term loans receivable	13,740	14,280
Doubtful accounts	19,346	20,332
Deferred tax assets	19,602	17,208
Other	10,287	10,919
Allowance for doubtful accounts	(27,565)	(27,104)
Total investments and other assets	74,405	83,156
Total fixed assets	112,594	121,149
Total assets	470,481	503,456

(Million yen)

	End of third quarter under review (December 31, 2008)	Condensed consolidated balance sheets at the end of the previous fiscal year (March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable	*5 138,080	156,800
Short-term borrowings	81,564	89,080
Accrued income taxes	1,727	2,381
Other	42,748	43,062
Total current liabilities	264,119	291,323
Long-term liabilities		
Long-term borrowings	133,053	134,622
Deferred tax liabilities	119	173
Accrued severance indemnities	3,439	4,329
Allowance for loss on guarantees	-	82
Allowance for loss on lawsuits	553	553
Reserve for directors' retirement benefits	641	689
Other	8,940	9,442
Total long-term liabilities	146,747	149,894
Total liabilities	410,866	441,217
Net assets		
Owners' equity		
Capital stock	27,781	27,781
Capital surplus	27,644	27,644
Retained earnings	12,596	9,556
Treasury stock	(631)	(645)
Total owners' equity	67,390	64,336
Valuation and translation adjustments		
Unrealized loss on available-for-sale securities	(452)	1,576
Deferred gain/loss on hedging	(602)	(912)
Land revaluation reserves	58	58
Translation adjustments	(24,334)	(19,470)
Total valuation and translation adjustments	(25,330)	(18,749)
Minority interests	17,555	16,651
Total net assets	59,614	62,239
Total liabilities and net assets	470,481	503,456

(2) Consolidated Statements of Income
[First three quarters]

(Million yen)

	First three quarters under review (From April 1, 2008 to December 31, 2008)
Net sales	915,754
Cost of sales	847,511
Gross trading profit	68,242
Selling, general and administrative expenses	*1 51,349
Operating income	16,893
Non-operating income	
Interest received	841
Dividends received	575
Other	1,260
Total non-operating income	2,676
Non-operating expenses	
Interest paid	4,221
Loss on equity method investments	413
Other	1,718
Total non-operating expenses	6,354
Ordinary income	13,216
Extraordinary gains	
Gain on sale of tangible fixed assets	30
Gain on sale of investment in securities	722
Gain on reversal of allowance for doubtful accounts	275
Total extraordinary gains	1,027
Extraordinary losses	
Loss on sale of tangible fixed assets	86
Loss on impairment	247
Loss on sale of investments in securities	76
Loss on valuation of investments in securities	364
Loss on valuation of inventories	*2 558
Loss on sale of affiliates	1
Transfer to allowance for doubtful accounts for subsidiaries and affiliates	21
Loss on revaluation of assets for special business	478
Transfer to allowance for doubtful accounts for credits of special business	1,668
Total extraordinary losses	3,502
Income before income taxes and minority interests	10,741
Income taxes – current	3,805
Income taxes – deferred	2,052
Total income taxes	5,858
Minority interests in consolidated subsidiaries	1,287
Net income	3,595

Starting the current fiscal year, the Company applies the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Quarterly consolidated financial statements are prepared under the Rules for Consolidated Financial Statements (Cabinet Office Ordinance No. 64).

Quarterly consolidated financial statements are prepared in accordance with the revised Rules for Quarterly Consolidated Financial Statements pursuant to the proviso of Article 7, Paragraph 1, Item 5 of the supplementary provisions of the Cabinet Office Ordinance to Amend the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements (Cabinet Office Ordinance No. 50 of August 7, 2008).

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

Not applicable.

(4) Segment Information

[Industry Segment Information]

First three quarters under review (From April 1, 2008 to December 31, 2008)

(Million yen)

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

(Notes) 1. In association with the application of the Account Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 issued on July 5, 2006), operating income in the first three quarters under review fell ¥117 million in IT, ¥469 million in Foodstuffs, ¥2 million in Iron, Steel & Plants, ¥201 million in Life Science & Energy, and ¥621 million in Other from operating income if it had been measured by the old method.

2. In association with the application of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Issues Task Force No. 18 issued on May 17, 2006), operating income declined ¥37 million in Iron, Steel & Plants from operating income if it had been calculated by the old method.

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

Not applicable.

(6) Notes

(In relation to consolidated balance sheets)

End of third quarter of Fiscal 2008 (December 31, 2008)	Fiscal 2007 (March 31, 2008)
*1 The following is a breakdown of inventories: Merchandise and finished goods ¥71,060 million Real estate for sale ¥4,788 million Raw materials and stores ¥1,406 million Work in process ¥1,021 million Total ¥78,277 million	*1 The following is a breakdown of inventories: Merchandise and finished goods ¥64,217 million Real estate for sale ¥5,737 million Raw materials and stores ¥1,211 million Work in process ¥693 million Total ¥71,860 million
*2 The accumulated depreciation of tangible fixed assets was ¥31,663 million.	*2 The accumulated depreciation of tangible fixed assets was ¥33,363 million.
3 Guarantee obligation The Company provides debt guarantees for bank loans to companies other than consolidated companies: Century Textile Industry ¥514 million True Corporation Public ¥407 million Japan Logistics ¥176 million Others ¥2,943 million Total ¥4,043 million	3 Guarantee obligation The Company provides debt guarantees for bank loans to companies other than consolidated companies: Century Textile Industry ¥566 million True Corporation Public ¥407 million Japan Logistics ¥193 million Others ¥4,117 million Total ¥5,285 million
4 The above includes activities similar to guarantees. Discounted notes receivable were ¥13,149 million. Notes receivable transfer by endorsement was ¥144 million. Purchases of bank bills yet to be settled between banks in export letter of credit transactions that were included in the discounted notes receivable were ¥7,780 million.	4 The above includes activities similar to guarantees. Discounted notes receivable were ¥16,447 million. Notes receivable transfer by endorsement was ¥146 million. Purchases of bank bills yet to be settled between banks in export letter of credit transactions that were included in the discounted notes receivable were ¥10,353 million.
*5 Notes due at the end of the quarter are processed at the date of note clearing. Since the end of the third quarter under review fell upon a holiday of financial institutions, the following notes due at the end of the quarter are included in the balance at the end of the quarter: Notes receivable: ¥2,670 million Notes payable: ¥2,660 million	5 ―――――

(In relation to consolidated statements of income)

First three quarters under review (From April 1, 2008 to December 31, 2008)
*1 Major items in selling, general and administrative expenses and their amounts are as follows: Employees' salaries and bonuses: ¥20,128 million Provision for doubtful accounts: ¥242 million *2 This is the reduced book amount relating to inventories at the beginning of the fiscal year in association with the application of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 issued on July 5, 2006).

Reference Data

Financial Statements Relating to the Previous First Three Quarters

(1) Quarterly Consolidated Statements of Income

(Million yen)

Category	Previous first three quarters (from April 1, 2007 to December 31, 2007)	
	Amount	%
I Net sales	925,052	100
II Cost of sales	857,077	92.65
Gross trading profit	67,975	7.35
III Selling, general and administrative expenses	49,620	5.37
Operating income	18,354	1.98
IV Non-operating income		
1. Interest received	1,132	
2. Dividends received	852	
3. Equity in earnings of affiliated companies	1,158	
4. Other	1,029	
Total non-operating income	4,172	0.45
V Non-operating expenses		
1. Interest paid	5,289	
2. Other	1,677	
Total non-operating expenses	6,966	0.75
Ordinary income	15,560	1.68
VI Extraordinary gains		
1. Gain on sale of tangible fixed assets	83	
2. Gain on sale of intangible fixed assets	37	
3. Gain on sale of investment in securities	14,357	
4. Gain on reversal of allowance for doubtful accounts	281	
Total extraordinary gains	14,758	1.60
VII Extraordinary losses		
1. Loss on sale of tangible fixed assets	131	
2. Loss on impairment	533	
3. Loss on sale of investments in securities	155	
4. Loss on valuation of investments in securities	106	
5. Loss on sale of businesses of affiliates	262	
6. Transfer to allowance for doubtful accounts for credits of special business	613	
7. Loss on revaluation of assets for special business	873	
8. Transfer to provision for loss on litigation	20	
9. Provision of reserve for past directors' retirement benefits	440	
Total extraordinary losses	3,138	0.34
Income before income taxes and minority interests	27,180	2.94
Income taxes – current	4,054	0.44
Income taxes – deferred	5,301	0.57
Minority interests in consolidated subsidiaries	1,196	0.13
Net income	16,627	1.80

(2) Segment Information
[Industry Segment Information]
Previous first three quarters (From April 1, 2007 to December 31, 2007)

(Million yen)

	IT	Foodstuffs	Iron, Steel & Plants	Life Science & Energy	Other	Total	Adjustments & Eliminations	Consolidated
I. Net sales and operating expenses/income								
Net sales								
(1) Outside customers	268,941	211,810	189,700	227,318	27,280	925,052	-	925,052
(2) Inter-segment	17	0	17	47	47	129	(129)	-
Total	268,958	211,810	189,718	227,366	27,327	925,182	(129)	925,052
Operating expenses	262,942	208,304	183,458	225,768	26,823	907,298	(600)	906,698
Operating income	6,016	3,506	6,259	1,597	503	17,883	471	18,354

February 3, 2009
Kanematsu Corporation

Highlights of Consolidated Financial Results for the First Three Quarters of FY2008 (Ending March 31, 2009)

○The first three quarters prodced year-on-year declines in both sales and income.

- **Net sales: 915.8 billion yen, down 1.0% (9.3 billion yen)**
- **Operating income: 16.9 billion yen, falling 8.0% (1.5 billion yen)**
- **Ordinary income: 13.2 billion yen, declining 15.1% (2.3 billion yen)**

○The consolidated results forecasts were revised. (Net sales were revised downward by 6.8%, operating income by 15.9%, and ordinary income by 20.0%, all on a year-on-year basis.)

*** For the results for the previous fiscal year, please refer to Revisions of Consolidated Results Forecasts and Dividend Forecast for Fiscal Year Ending March 2009 announced today.**

(Unit: 100 million yen)

(On a consolidated basis)	Q3 of FY2007	Q3 of FY2008	Year-on-year Change	Year-on-year Change (%)	FY2008 Forecast revised on Feb. 3	FY2008 Progress
Net sales	9,251	9,158	-93	-1.0%	11,600	78.9%
Gross trading profit	680	682	3	0.4%	-	-
SG&A expenses	496	513	17	3.5%	-	-
Operating income	184	169	-15	-8.0%	190	88.9%
Dividends received	9	6	-3	-	-	-
Interest	-42	-34	8	-	-	-
Gains on equity-method investments	12	-4	-16	-	-	-
Others	-6	-5	2	-	-	-
Non-operating income/loss	-28	-37	-9	-	-	-
Ordinary income	156	132	-23	-15.1%	150	88.1%
Extraordinary gain	148	10	-137	-93.0%	-	-
Extraordinary loss	-31	-35	-4	-	-	-
Income (loss) before income taxes	272	107	-164	-60.5%	-	-
Income taxes and minority interests	-106	-71	34	-	-	-
Net income	166	36	-130	-78.4%	30	-

Summary of Results for First Three Quarters

Net sales
Net sales declined, reflecting falls in sales in the mobile an electronic parts businesses in the IT Division and in the industrial plants business.

Gross trading profit
Gross trading profit was close to the year-ago level despite the decline in net sales.

Operating income
Operating income fell because of an increase in SG&A expenses.

Ordinary income
Ordinary income dropped as a result of a fall in non-operating income due to a decline in equity in earnings of affiliated companies, despite an improvement in interest income with the lowering of interest-bearing debt.

Extraordinary gain/loss
An extraordinary gain of 1 billion yen was recorded, including gains on the sale of investments in securities. An extraordinary loss of 3.5 billion yen was posted, including an addition to the allowance for doubtful accounts for credits of special business and a loss on the revaluation of inventories in association with the application of the cost or market method.

Net income
Net income fell year on year, attributable to a decline in extraordinary gain.

(Unit: 100 million yen)

Segment information	Net sales Q3 of FY2007	Net sales Q3 of FY2008	Net sales Year-on-year Change	Net sales Year-on-year Change (%)	Operating income Q3 of FY2007	Operating income Q3 of FY2008	Operating income Year-on-year Change	Operating income Year-on-year Change (%)
IT	2,690	2,091	-598	-22.2%	60	51	-9	-14.6%
Foods & Foodstuff	2,118	2,583	465	21.9%	35	35	0	0.9%
Iron & Steel	1,088	1,122	34	3.1%	44	54	10	22.6%
Plant	809	724	-85	-10.5%	19	10	-9	-45.0%
Iron, Steel & Plant	1,897	1,847	-51	-2.7%	63	64	2	2.5%
Energy	2,040	2,153	114	5.6%	14	16	2	12.6%
Life Science	234	243	9	3.7%	2	5	3	174.0%
Life Science & Energy	2,274	2,396	123	5.4%	16	21	5	30.6%
Others	273	251	-22	-8.1%	5	-8	-14	-266.2%
Adjustment & elimination	-1	-10	-9	-	5	6	1	-
Total	9,251	9,158	-93	-1.0%	184	169	-15	-8.0%

Summary of Segment Results

IT
The transaction value declined in the mobile business, where the number of mobile phones sold fell, and in the electronic parts business, which was affected by the weakening semiconductor market.

Foods & Foodstuff
The foods business faced an uphill battle because of the sluggish sales of products imported from China and the effects of commodity prices. Transaction volumes increased in the foodstuffs business in the first three quarters.

Iron, Steel & Plant
In the iron and steel business, shipments of domestic steel products were strong. In the industrial plants business, on the other hand, orders for machine tools fell significantly.

Life Science & Energy
Operating income rose in the energy business in the first three quarters despite a fall in the crude oil price. Results in the life science business were favorable overall.

(Unit: 100 million yen)

Assets, Liabilities and Net Assets	3/2008	12/2008	Comparison with 3/2008 Change	Comparison with 3/2008 Change (%)
Total assets	5,035	4,705	-330	-6.5%
Gross interest-bearing debt	2,237	2,146	-91	-4.1%
Net interest-bearing debt	1,489	1,481	-8	-0.5%
Equity capital	643	674	31	4.7%
(Retained earnings)	96	126	30	31.8%
Valuation and translation adjustments	-187	-253	-66	-35.1%
Minority interests	167	176	9	5.4%
Total net assets	622	596	-26	-4.2%
Shareholder's equity ratio (Note 1)	9.1%	8.9%	-0.2%	-
Net debt-equity ratio (Note 2)	3.3 times	3.5 times	0.2 times	-

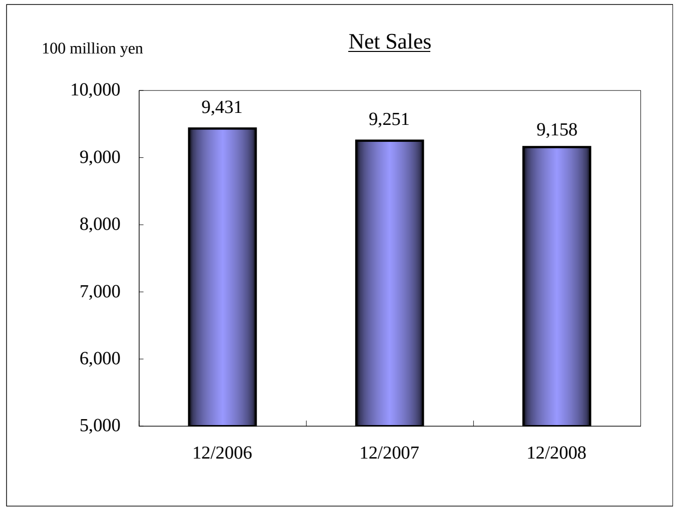
(Note 1) Shareholder's equity ratio = (Total net assets - Minority interests) / Total assets
(Note 2) Net D/E ratio = Net interest-bearing debt / (Total net assets - Minority interests)

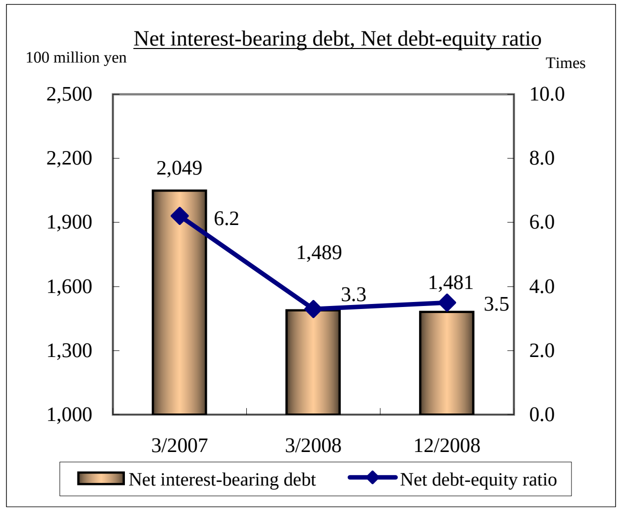
Summary

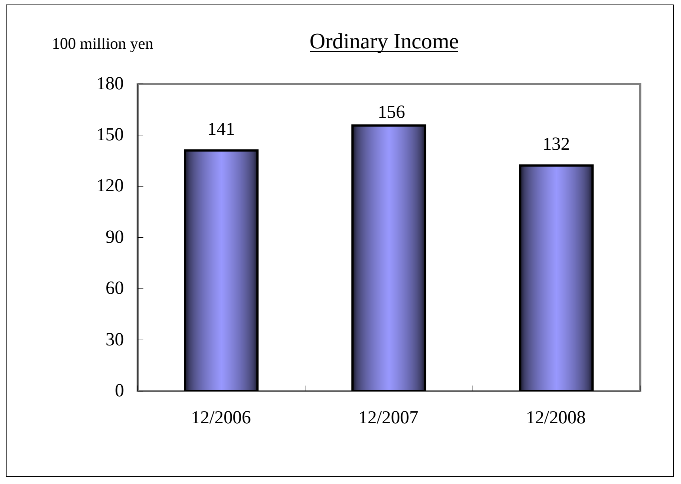
Total assets
Total assets declined because of a fall in operating assets and the appropriation of cash reserves for the repayment of borrowings.

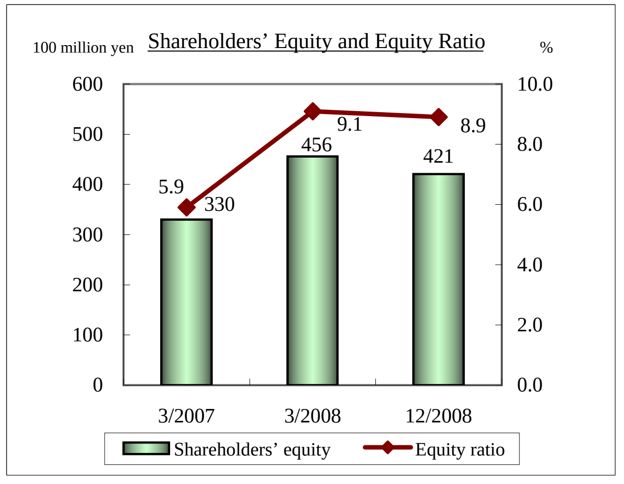
Interest-bearing debt
Gross interest-bearing debt decreased \9.1 billion from the end of the previous fiscal year.
Net interest-bearing debt slipped \0.8 billion.

Net assets
Although equity capital rose due to net income, total net assets fell \2.6 billion, reflecting a decrease in valuation and translation adjustments.
As a result, the equity ratio was 8.9%, and the net DER 3.5 times.









* The forecasts and forward-looking statements that are included in this document are based on information available at the time of the announcement as well as on calculations made using reasonable assumptions. Please note that actual results may differ materially 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.