Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the FY2008 (Ended March 31, 2009)

May 8, 2009

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange, Osaka Securities Exchange
Stock code: 8020 URL: http://www.kanematsu.co.jp
Representative: President, Yoshihiro Miwa
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Scheduled date for the Ordinary General Meeting of Shareholders: June 25, 2009
Scheduled date for the submission of financial statements: June 25, 2009
Scheduled date for commencement of dividend payments: –

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

1. Consolidated business results for the fiscal year ended March 2009 (April 1, 2008 – March 31, 2009)

(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	%
Fiscal year ended March 2009	1,138,755	-8.5	19,027	-15.8	13,127	-30.0	-12,787	-
Fiscal year ended March 2008	1,244,020	-2.9	22,605	4.1	18,747	8.6	19,016	153.3

	Net income per share	Net income per share (diluted basis)	Return on equity	Ordinary income to total assets ratio	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2009	-30.56	-	-36.3	2.9	1.7
Fiscal year ended March 2008	45.44	-	48.4	3.5	1.8

(Reference) Equity in earnings of affiliated companies:
-773 million yen for the fiscal year ended March 2009, 1,085 million yen for the fiscal year ended March 2008

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2009	414,928	42,035	6.0	59.61
As of March 31, 2008	503,456	62,239	9.1	108.95

(Reference) Shareholder's equity: 24,936 million yen as of March 2009, 45,587 million yen as of March 2008

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2009	17,177	-370	-10,613	78,655
Fiscal year ended March 2008	14,308	38,799	-43,892	74,437

2. Dividends

	Dividends per share					Annual total of dividend	Payout ratio (Consolidated)	Net assets dividend ratio (Consolidated)
(Record date)	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2008	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 2009	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 2010 (Forecasts)	-	0.00	-	0.00	0.00		-	

3. Forecasts for consolidated results ending March 2010 (April 1, 2009 – March 31, 2010)

(%: 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
Interim	450,000	-29.4	5,500	-58.4	3,500	-67.9	1,000	-72.9	2.39
Full year	1,000,000	-12.2	15,500	-18.5	11,500	-12.4	5,000	-	11.95

4. Other information

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

(2) Change in accounting principle, procedure and presentation related to the preparation of the consolidated financial statements (noted on changes in "Basis of 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 "Changes in significant items regarding the preparation of consolidated financial statements" on page 21.

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares including treasury stock

Fiscal year (2009/3): 422,501,010 shares, Fiscal year (2008/3): 422,501,010 shares

(ii) Number of treasury stock

Fiscal year (2009/3): 4,173,604 shares, Fiscal year (2008/3): 4,072,040 shares

(Note) For the number of shares used as the basis for calculation of net income per share (consolidated), please see "Per Share Information" on page 25.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated business results for the fiscal year ended March 2009 (April 1, 2008 – March 31, 2009)

(1) Non-consolidated business results (%: Changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2009	540,383	-4.2	3,855	-39.8	3,895	-48.1	-18,363	-
Fiscal year ended March 2008	564,100	4.2	6,409	6.0	7,505	-20.3	13,557	318.4

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
Fiscal year ended March 2009	-43.58	-
Fiscal year ended March 2008	32.16	-

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2009	285,186	35,990	12.6	85.42
As of March 31, 2008	350,142	55,008	15.7	130.52

(Reference) Shareholder's equity: 35,990 million yen as of March 2009, 55,008 million yen as of March 2008

* 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 "1. Business Results, (1) Analysis of business results, 2) Forecast for the fiscal year ending March 2010" on page 4 for further information on results forecasts.
2. The Company operates its businesses on a consolidated basis. The Company produces no forecast for non-consolidated business results.

1. Business Results

(1) Analysis of business results

1) Review of operations in the fiscal year ended March 2009

The fiscal year under review was marked by a global economic slowdown, influenced by turmoil in the financial and capital markets in regions centering on North America and Europe. The slowdown grew more serious as the period progressed, evidenced by developments such as a sharp decline in corporate earnings.

The Japanese economy remained extremely challenging in the second half of the year, including earnings declines for Japanese companies and slumping personal consumption. These conditions reflected factors such as weakening real economies worldwide and the sudden appreciation of the yen in foreign exchange markets.

The difficult operating environment had significant repercussions for the consolidated results of the Company, particularly in that part of the fiscal year starting in the fall of 2008. Influenced by weaker economic and market conditions in Japan and overseas, consolidated net sales declined ¥105,265 million (8.5%) year on year, to ¥1,138,755 million, gross trading profit fell ¥4,035 million (4.5%), to ¥86,292 million, and operating income decreased ¥3,578 million (15.8%), to ¥19,027 million. Non-operating income slid ¥2,041 million year on year, resulting in a non-operating loss of ¥5,899 million, due to factors such as the posting of a loss on equity in earnings of affiliated companies, which outweighed lower interest payments attributable to reduced interest-bearing debt. As a result, ordinary income fell ¥5,620 million (30.0%) year on year, to ¥13,127 million. In extraordinary items, an extraordinary loss totaling ¥14,616 million was posted for items that included a loss on valuation of real estate and loss on impairment, due mainly to recent land price falls and aggravated economic conditions. Income before income taxes and minority interests was ¥77 million, down ¥28,898 million (99.7%) year on year. The Company posted a net loss of ¥12,787 million after adjustments for tax expenses, including reversal of deferred tax assets, and minority interests.

The results for each business segment are as follows:

(IT)

Turnover declined in the mobile business, with the number of units sold falling with the introduction of installment plans, and in the electronic parts business, which was affected by sluggish semiconductor market conditions. As a result, net sales in the IT Division fell ¥79,489 million year on year, to ¥276,633 million. Operating income in the Division declined ¥1,180 million year on year, to ¥6,920 million, mainly owing to profit setbacks experienced in the electronic parts business.

(Foods & Foodstuff)

Despite solid results for the meat products business in the first half of the fiscal year, the food business faced an uphill battle because of factors such as sudden falls in meat and marine products business conditions in the subsequent period and continued consumer doubts about the safety of Chinese products and ingredients. The foodstuffs business performed solidly, thanks to the acquisition of stable suppliers and an increase in transaction volume that offset violent fluctuations in market rates. As a consequence, net sales in the Foods & Foodstuffs Division rose ¥38,047 million year on year, to ¥321,612 million. Operating income in the Division decreased ¥405 million year on year, to ¥3,923 million.

(Iron, Steel & Plants)

Results for the iron and steel business were solid in the first half of the fiscal year under review. Given the effects of the global financial crisis, however, specialty steel exported to North America and the Pacific and auto parts shipped to South America experienced rapid declines in the second half of the year. Meanwhile, sheet steel exported to the Middle East remained relatively strong throughout the fiscal year, including the second half.

In the industrial plants business, transactions related to transportation machinery, especially exported auto parts, remained relatively strong. However, other transactions struggled with the effects of the global economic slowdown and the higher yen. Lower orders received in Japan and the United States attributable to large-scale capital investment cuts caused transactions for machine tools to struggle in particular. As a result, net sales in the Iron, Steel & Plants Division declined ¥25,518 million year on year, to ¥226,342 million.

Operating income in the Division dropped ¥466 million year on year, to ¥6,995 million.

(Life Science & Energy)

Net sales in the Life Science & Energy Division were down ¥31,675 million year on year, to ¥284,731 million, as a result of declined crude oil prices. Meanwhile, operating income in the Division rose ¥354 million year on year, to ¥2,087 million, reflecting steady results for the life science business.

(Other)

Net sales for other businesses declined ¥6,631 million year on year, to ¥29,434 million, mainly due to weaker market conditions for the aluminum recycling business transferred to a consolidated subsidiary during the fiscal year. Operating income for the businesses decreased ¥1,942 million year on year, resulting in a loss of ¥1,565 million (compared with an income of ¥377 million recorded in the previous fiscal year), because of profit setbacks experienced in the aluminum recycling business and loss on sale of real estate for sale in the real estate business.

2) Forecast for the fiscal year ending March 2010

The global economy appears to be experiencing a global recession, with growth slowing rapidly not only for Japan, the United States and Europe but also for emerging countries. Global economic conditions are expected to remain severe during the next fiscal year. Crude oil and commodities prices are also likely to continue experiencing instability. National governments have developed a range of countercyclical measures and financial policies, but some time will be needed for these policies to take effect and for the global economy to recover.

The Japanese economy will not be isolated from the worldwide recession. The Company believes that it is hard to see any improvement in corporate earnings or a recovery in personal consumption in the foreseeable future.

In an environment likely to experience major changes, the Company is forecasting consolidated net sales of ¥1,000,000 million, consolidated operating income of ¥15,500 million, consolidated ordinary income of ¥11,500 million and consolidated net income of ¥5,000 million in the fiscal year ending March 2010. It plans to achieve these figures by focusing more on priority fields in individual businesses and carefully examining profitability in troubled businesses while reducing management costs. The Company aims to ensure that it will grow in the future by continuing to invest in growth fields.

(Assumptions for the calculation of results forecast)

- Exchange rate: 1 US dollar = 90 yen, 1 euro = 110 yen
- Interest rates: expected to remain flat

(2) Analysis of financial status

1) Assets, liabilities and net assets

Total assets at the end of the fiscal year under review amounted to ¥414,928 million, down ¥88,528 million from the end of the previous fiscal year. This change reflected a decrease in operating assets, including notes and accounts receivable and inventories, caused by the sharp economic downturn and commodities price declines since the end of last year, the impairment of investments in securities and real estate, and the reversal of deferred tax assets.

Net interest-bearing debt, which is borrowings minus cash and bank deposits, fell ¥14,362 million from the end of the previous fiscal year, to ¥134,582 million, as a result of the repayment of interest-bearing debt by maintaining liquidity in hand.

Shareholders' equity at the end of the fiscal year under review was ¥24,936 million, down 20,651 million from the end of the previous fiscal year, with ¥12,787 million posted as a consolidated net loss for the fiscal year. As a result, the capital adequacy ratio declined to 6.0%. The net debt-equity ratio amounted to 5.4.

2) Cash flows

Net cash provided by operating activities came to ¥17,177 million. This was because a reduction in receipts from funds was more than offset by sales revenues, despite a slowdown in the second half. Net cash used in investing activities totaled ¥370 million, due primarily to capital investment. Net cash used in financing activities amounted to ¥10,613 million, reflecting the repayment of loans. As a result, the balance of cash and cash equivalents at the end of the fiscal year under review reached ¥78,655 million, up ¥4,218 million from their balance at the end of the previous fiscal year.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009
Equity ratio	7.3%	4.7%	5.9%	9.1%	6.0%
Equity ratio on a market value basis	12.6%	14.8%	19.0%	11.0%	7.9%
Debt redemption period (years)	20.0	10.8	6.1	4.2	12.7
Interest coverage ratio	2.5	3.7	6.0	7.8	3.1

Equity ratio: Shareholders' equity/total assets
Equity ratio on a market value basis: Market capitalization/total assets
Debt redemption period: Interest-bearing debt/free cash flow
Interest coverage ratio: Free cash flow/interest payments

* All of the above figures are calculated based on consolidated financial values.
* Market capitalization is calculated based on the following formula: Closing share price at the end of the period x Number of shares issued (net of treasury stock) at the end of the period.
* Free cash flow is used for cash flow. Interest-bearing debt includes all debts listed on the consolidated balance sheets to which the Company pays interests. For interest payments, the amount of interests paid listed on consolidated statements of cash flows is used.

(3) Basic policy for distribution of profits and dividends in the fiscal year ended March 2009 and the fiscal year ending March 2010

The Company regards the distribution of profits to shareholders as a critical management issue. The Company adopts a basic policy for dividends of taking into consideration factors such as operating results and the need to increase internal reserves.

The Company will pay no dividend for the fiscal year under review, as retained earnings declined given the net loss posted. The Company will continue its efforts to bolster earnings capabilities in a bid to rebuild capital and resume dividend payments as quickly as possible. However, the Company plans no dividend payment for the next fiscal year.

(4) Business risks

Since the Kanematsu Group operates a broad array of businesses around the world, it is directly and indirectly affected by political developments and economic conditions in countries where it has a presence, including changes in supply and demand situations. Operations of the Group are exposed to risks such as price fluctuations and liquidity risks of commodities, foreign exchange rates, funds (interest rates) and shares, default and credit risks, investment risks, country risks, and risks associated with changes in laws and regulations. These risks may affect business results and the financial position of the Group because they involve uncertainties unpredictable in the normal course of business. These risks can readily be eliminated. However, the Group seeks to control the risks by developing the systems and methods needed to manage each risk based on its nature.

1) Risks Related to Overall Business Activities

(Market risk related to supply and demand and prices of goods traded)

In its mainstay commodity trading business in Japan and overseas, the Group deals with grains and petroleum products as well as electronic parts and information, communications and technology (ICT) products. Grains and petroleum products will be influenced by the market conditions, while electronic parts and ICT products are exposed to the risk of frequent price erosion caused by competition and obsolescence resulting from technological innovation. If our positions with these commodities increase, we could suffer an unexpected loss from fluctuations in commodities prices and weaker demand from purchasers, etc.

(Foreign currency risk)

The Group is engaged in foreign currency transactions in a number of currencies and terms incidental to its export and import trading. The Group not only transfers the risk of currency fluctuations to customers in accordance with transaction terms but also participates in derivatives transactions such as forward contracts to reduce the risk.

The Company also has local subsidiaries and business corporations overseas. Account balances at these companies are converted into yen at the exchange rates prevailing at the time of account closing, for the purposes of preparing consolidated financial statements. For this reason, shareholders' equity may change through translation adjustments associated with exchange rate fluctuations.

(Interest rate risk)

The Group raises most funds needed for operating and financing activities in the form of borrowings from financial institutions at variable interest rates, with the exception of certain loans. Since these borrowings and fund management are exposed to an interest rate risk, interest paid by the Group may increase with a rise in interest rates.

Also, since certain companies in the Group adopt a defined benefit pension plan, the retirement benefit obligation could increase in the estimation of the Group if the discount rate used for the calculation of the retirement benefit obligation falls.

(Price fluctuation risk of marketable securities, etc.)

The Group may hold shares in trade partners as means of strengthening its relationship with them. There is a risk of price fluctuation inherent in these shares, which could have an effect on the financial position of the Group through valuation differences in securities.

Since stocks and other securities are included in the portfolio of the pension assets of the Group for the purpose of making medium- and long-term investments, differences from the required investment yield could have an effect on the financial position of the Group, given that the investment yield will fall if the prices of the stocks, etc. fall.

(Default risk and credit risk)

The Group extends credit in a number of forms, including accounts receivable, advance payments, loans and guarantees in diverse business transactions with its trading partners in Japan and abroad. For this reason, late repayments and defaults may occur with developments such as a deterioration in the financial strength of its trading partners. The Group could also be forced to perform obligations that could be accompanied by a monetary loss in association with the conclusion and performance of a commodity supply agreement, a contract agreement, and subcontract agreement, or other agreements, irrespective of reasons, if the trade partner defaults on its obligation or contract.

Although we have set aside an allowance for these losses in our accounting procedures using certain estimates, an additional loss could arise if the loss exceeds the scope of the allowance.

(Business investment risk)

The Group makes business investments to achieve objectives, including deep mining of existing businesses and expansion of business areas. The Group decides whether to make such investments through procedures established according to their details and amounts. When making investment decisions, the Group evaluates and analyzes risk factors and the profitability of the business based on cash flows, taking the criteria for business withdrawal into account. After making an investment, the Group regularly reevaluates and reviews business potential and investment value to minimize any potential loss. The value of the business investments may fluctuate according to the financial conditions of investment targets and their business success or failure. The range of market changes tend to be particularly wide in overseas businesses. Local laws and relationships with partners may also prevent the Group from executing its policy for operating or withdrawing from a business.

(Country risk)

The Group engages in transactions, loans and investments in other countries. The collection of receivables may be delayed or impossible as a result of political or economic developments in each of these countries. To minimize losses that could arise should these country risks become reality, the Group regularly sets a limit based on ratings given to each country and region according to the scale of their respective country risk, and operates its businesses in such a way that prevents overexposure to certain countries and regions. The Group takes steps such as enrolling in trade insurance programs, according to the ratings and project details in an attempt to minimize recovery risks. However, continuing transactions may become difficult if these risks actualize in certain countries and regions, and this development may affect the future business results of the Group.

(Legal risk related to changes in laws)

The business activities undertaken by the Group in Japan and overseas are subject to a wide range of legal regulations in Japan and other countries. The Group may become unable to continue certain transactions because of factors such as unexpected changes in laws, changes in export and import regulations, including a punitive tariff that could be introduced unilaterally following changes in the international political environment, and changes in regulations such as permits and licenses related to the sales and handling of products. An unexpected expense for the Group may also arise from a lawsuit or from an order issued by authorities. This risk also includes the risk that a tax rate or tax arrangements imposed by authorities or between countries under international taxation arrangements may change. Changes in these legal systems could influence the financial position and operating results of the Group.

(Legal risk related to lawsuits and disputes)

Business operations by the Group, and its assets and liabilities associated with the business operations may become subject to legal proceedings, including lawsuits, and other disputes, in various ways through the course of the business activities undertaken by the Group in Japan and overseas. These lawsuits and disputes are difficult to foresee. In addition, resolving disputes and lawsuits often takes a considerable time. Predicting outcomes involves uncertainties. Lawsuits and disputes may affect the financial position and business results of the Group when they emerge and produce unexpected results.

(Security risk related to information systems and information security)

The Group builds and operates information systems for sharing information and streamlining its operations. The Group has adopted information security control rules, and is taking steps to ensure that all members of the Group are familiar with crisis control responses, to meet the safety requirements for operating its information systems. However, information systems cannot be made entirely invulnerable to the unauthorized disclosure of business sensitive information or personal information through unauthorized access, computer viruses and other means, as well as inoperability due to factors such as natural disasters, destruction of information system facilities attributable to accidents and other causes, and communication line troubles. Inoperability may reduce the efficiency of operations that depend on the systems, and seriously affect the future business results of the Group, depending on the scale of damages.

(Product and facility deterioration risk due to natural disasters and accidents)

The Group owns facilities, including business offices, warehouses and manufacturing plants, in Japan and overseas. Cargo movements take place not only in Japan but also between foreign countries when the Group engages in transactions. For these reasons, assets held by the Group may be damaged or deteriorate as a result of disasters, accidents and other developments in the course of transportation. In addition, the businesses of the Group may be suspended due to developments such as earthquakes, fire, floods and riots.

(Compliance and fraud risk)

The Group operates businesses to buy, sell and provide a broad array of products and services in Japan and overseas and carefully monitors laws and regulations, including those related to exports and imports that are established and enforced for these products and services in Japan and other countries. However, it is difficult to execute all procedures at all times across all of the trading operations we conduct with the involvement of multiple parties. Although we take a number of actions to prevent violations, there is a risk that we may overlook a violation of a law or an instance of fraud. If the violation or fraud is material, the financial position and operating results of the Group could be affected.

2) Risk Management

(Position management of foreign exchanges, interest rates and products)

In many cases, the foreign currency risk, interest rate risk and risk of price fluctuations associated with goods traded incidental to business transactions are transferred to customers, etc. in the form of transaction terms. In addition, the Company has established a system under which a limit (position limit) and a loss limit are set for foreign exchange, funds (interest rates), products and their derivatives, taking into account the scale of the risk and the income of each internal unit and company, so that it can quickly reduce its position when the predetermined limit is exceeded. We also reduce the price fluctuation risk of these positions by using derivatives as a hedge.

(Credit management of transactions)

When extending credit to customers in Japan and overseas, we regularly provide the rating to individual customers based on their financial data and other information and set a credit limit based on the rating and the type of credit. We control credit risk by restricting credits so that the total amount of credits, including those arising from ordinary business transactions as well as loans and guarantees, does not exceed the limit. We have also established a system to prevent the expansion of unintended credit risks by regularly monitoring collection and frozen status and taking the necessary security steps.

We also prevent credits from exceeding the limit by systematically checking the credit limit when shipping goods to trading partners.

(Security management)

To prevent violations of laws related to security trade control, we take every care in managing and operating processes by establishing the Security Export Control Regulations and a compliance program for the laws in question.

(Risk hedge against natural disasters and accidents)

The Group hedges the risk from natural disasters and accidents of devaluation of and indemnification for facilities and equipment it owns in Japan and overseas, including business offices, warehouses and manufacturing plants, goods in stock it owns in Japan and other countries, and products in transit, by insuring each item against damages.

(Information security)

With respect to the security of information contained in information systems, we have adopted information security control rules to prevent leaks and outflows of important information, and have established unified regulations on the use of personal computers, networks and e-mail for protecting company and personal information. We also review the systematic base for raising the security level on a constant basis, and maintain and operate the base to ensure the required and appropriate level of security.

(Compliance)

To comprehensively monitor compliance with laws and regulations, we have established the Risk Management and Compliance Committee. The Committee regularly reviews the compliance status and deals with problems that arise unexpectedly. We have also developed the compliance manual and introduced the internal hotline system to fully instill and understanding of the importance of compliance in employees and to raise their awareness.

(Operations management)

To prevent operational risks arising from back-office work, we have established a system to prevent fraud, violations of rules and errors in recording in the workflow by processing all slip issuing activities after delivery and receipt operations in batches, with the implementation of Business Process Re-engineering

(BPR).

We have also reviewed Company-wide business processes, in addition to the marketing flow, to control our operations in accordance with the internal control reporting system that was applied from the fiscal year under review.

3) Medium-Term Business Plan

The Group has developed the teamKG120 three-year medium-term business plan, which began taken effect in the fiscal year ended March 2008 with “Balanced Growth with Strong Momentum” as a strategic growth concept. Quantitative targets in this plan were established on the basis of certain assumptions and presuppositions. These assumptions and presuppositions could change as a result of factors such as economic conditions and industry trends that vary significantly from forecasts or our inability to take effective measures in response to changes in the operating environment.

2. Corporate Group

The Group operates businesses and provides a broad array of products and services in diverse fields such as IT, foods and foodstuffs, iron, steel and plants, and life sciences and energy to meet the diverse needs of customers as a true business creator. To this end, the Group organically integrates the business networks and the areas of specialization it has been cultivating in businesses around the world with the functions of a trading company, which include commodities trading, information gathering, market exploration, business development and formulation, risk management and distribution.

The Company classifies these businesses into five categories according to the contents of goods traded and services, and the Group consists of a total of 137 companies including the Company, 102 subsidiaries and 35 affiliates (as of March 31, 2009). Among them, the Group has 89 consolidated subsidiaries and 35 equity-method affiliates.

The details of products and services and affiliates in the business segments of the Company are as follows.

Business segments	Major products and services	Principal subsidiaries and affiliates
IT (35 companies)	Semiconductors, semiconductor and LED manufacturing equipment, electronic components, mechanized parts, communication equipment and parts, optical devices, computer network systems, mobile communication terminals, mobile phones, aircrafts and aircraft parts and others	(Subsidiaries: 11 subsidiaries in Japan and 17 subsidiaries overseas) Kanematsu Electronics Ltd. Kanematsu Communications Ltd. (Affiliates: Five affiliates in Japan and two affiliates overseas) Nippon Office Systems Ltd.
Foods & Foodstuff (20 companies)	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, meat and marine products, feed, fertilizer, soybeans, barley, wheat, rice, processed foods, pet foods and others	(Subsidiaries: Eight subsidiaries in Japan and two subsidiaries overseas) Kanematsu Food Corporation Kanematsu Agri-Tech Corporation (Affiliates: Four affiliates in Japan and six affiliates overseas) Nippon Liquor Ltd. Dalian Tiantianli Co., Ltd.
Iron, Steel & Plants (27 companies)	Stainless steel, surface-treated steel plates, seamless piping, coking coal, precision forged products, steel products, automobiles and automobile parts, ships and maritime equipment, communication lines construction, optical fibers, electric power projects, machine tools, industrial tools and others	(Subsidiaries: Nine subsidiaries in Japan and 15 subsidiaries overseas) Kanematsu KGK Corp. Kanematsu Trading Corporation (Affiliates: Three affiliates overseas)
Life Science & Energy (10 companies)	Battery materials, fertilizer materials, adhesive materials, solvents, functional food materials, stolle milk, nutritional supplements, pharmaceuticals and pharmaceutical intermediates, crude oil, petroleum products, LPG and others	(Subsidiaries: Seven subsidiaries in Japan) Kanematsu Chemicals Corp. Kanematsu Wellness Corp. Kanematsu Petroleum Corp. (Affiliates: Three affiliates in Japan)
Others (31 companies)	Knit clothing, wool clothing, synthetic woven goods, chemical synthetic fiber materials, chemical synthetic fiber yarn, textile materials, secondary textile products, sporting goods, insurance agent/intermediary business, air/marine cargo agent business, customs clearing, real estate management and leasing business, chips, plywood, single panels, building materials, lumber products and others	(Subsidiaries: 14 subsidiaries in Japan and five subsidiaries overseas) Shintoa Corporation KIT Co., Ltd. Central Express Ltd. (Affiliates: Six affiliates in Japan and six affiliates overseas) Kaneyo Co., Ltd. Kanematsu Textile Corp. P.T.Century Textile Industry Kanematsu-NNK Corp. Hokushin Co., Ltd.
Overseas local subsidiaries (14 companies)	Trading of products and provision of services overseas	(Subsidiaries: 14 subsidiaries) Kanematsu USA Inc. Kanematsu (Hong Kong) Ltd. Kanematsu (China) Co., Ltd. Kanematsu Europe Plc

(Note) Among the subsidiaries and affiliates listed above, Kanematsu Electronics Ltd. is listed on a stock exchange in Japan (First Section of the Tokyo Stock Exchange).

3. Management Policies

The Company is executing its teamKG120 three-year medium term business plan (covering the period from April 2007 to March 2010), based on its vision of strengthening functions as an "industrial trading company" and generating added value. Initial numerical targets for the final year of the plan (fiscal year ending March 2010) have become difficult to achieve given the results for the fiscal year ended March 2009 and economic conditions. However, our basic policy and qualitative targets remain unchanged and we remain committed to pursuing them.

(1) Basic management policies

The following three goals form the basic principles of teamKG120:

- We will become a true business creator, committed to the constant evolution of the functions of a trading company. With a founder's pioneering spirit and entrepreneurial ingenuity, we will establish solid relationships and pursue growth together with our customers through new business creation and development.
- We will contribute to the development of the international economy with our expertise in global trading and our domestic and international business networks, both developed over a history of 120 years.
- We will proactively fulfill our corporate social responsibility with a strict adherence to compliance, for the development of society and maintenance of a healthy global environment.

(2) Target management indicators, and medium- and long-term management strategies

In the fiscal year ending March 2010, we will advance our operations, setting as targets net sales of ¥1,000,000 million, operating income of ¥15,500 million, ordinary income of ¥11,500 million and net income of ¥5,000 million, which we announced as our forecasts for consolidated business results for the fiscal year.

Over the medium to long term, we will seek to operate with a balance among Group businesses in four areas that include fundamental trading, value exploration, new businesses and horizontal expansion, and by responding to changing management conditions and the continually growing demands of our trading partners and other parties. These four business areas are as follows.

- Fundamental Trading: Businesses in this category provide the traditional trading (import & export) function and generate the basis of the revenue stream. They also function as the source of new business seeds in each business domain. We continue to expand Fundamental Businesses by stepping up efforts in upstream and downstream distribution operations and achieving efficiencies through economies of scale.
- Value Exploration: Businesses in this category aim at creating new value by providing not only trading functions but also R&D consulting and OEM/ODM solutions (integrated functions): this is an effective Kanematsu business model developed through the previous medium-term business plan.
- New Businesses: We are aggressively promoting new businesses, leveraging our strengths and expertise, such as business know-how, integrated functions, and global business networks
- Horizontal Expansion: We capture business opportunities by applying our successful business models to each category of the Fundamental Trading, Value Exploration, and New Businesses.

(3) Future issues

Operating conditions for the Group have deteriorated sharply since last fall, when the global financial crisis began to have repercussions for real economies. We anticipate that severe economic conditions will continue in the future. We will continue to address the following qualitative issues identified in the teamKG120 plan by strengthening our defense with the development of a business model and a management system capable of responding to these radical changes in the environment.

1) Bolstering the management system

We are taking steps to strengthen our corporate governance so that we can increase our management transparency and improve accountability, efficiency and financial soundness. We will continue our efforts to ensure complete compliance and upgrade our internal control systems to take advantage of IT systems.

2) Promoting business initiatives

We have been bolstering our ability to develop new businesses, improve our business investment support system, and expand and establish our overseas presence in regions centering on the BRICs countries (Brazil, Russia, India and China). During the fiscal year under review, we increased the capital of Kanematsu (Shanghai) Co., Ltd., our wholly owned subsidiary, and re-launched the company as Kanematsu (China) Co., Ltd. in China, one of our key markets. We will cover the entire Chinese market by adding our branch offices in Beijing, Dalian and Tianjin to the renewed subsidiary, and operate these offices by increasing cooperation among the bases.

We will invest in new businesses and advance our existing businesses by paying greater attention to capital efficiency and profitability.

3) Reforming Group management

To maximize synergies, we will clarify the positions and roles of each Group company and the Company. We will also improve the collective capabilities of the Group, by continuing efforts already underway throughout the Group to reduce management costs and restructure the organization, including steps to eliminate overlapping business lines and functions.

We will reduce our management costs, taking into account the effects that developments in the fiscal year under review, including the global economic slump and market fluctuations, had on our results. At the same time, we aim to rebuild capital by improving our capacity to respond to the risks of changes in the market and economic conditions and by achieving higher profitability and steady income growth through greater capital efficiency and comprehensive profitability reviews.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Fiscal 2007 (March 31, 2008)	Fiscal 2008 (March 31, 2009)
Assets		
Current assets		
Cash and bank deposits	74,758	79,025
Notes and accounts receivable	188,605	144,470
Investments in leased assets	-	301
Short-term investments	14	15
Inventories	*3 71,860	*3 60,241
Short-term loans receivable	3,153	2,772
Deferred tax assets	5,573	2,021
Other	39,348	28,221
Allowance for doubtful accounts	(1,007)	(772)
Total current assets	382,307	316,296
Fixed assets		
Tangible fixed assets		
Fixed assets for lease (net amount)	5,289	2,938
Buildings and structures (net amount)	5,414	5,390
Machinery, equipment, vehicle, tools and fixtures (net amount)	6,725	6,883
Land	17,575	14,714
Leased assets (net amount)	-	168
Construction in progress	47	-
Total tangible fixed assets	*4 35,052	*4 30,094
Intangible fixed assets		
Goodwill	158	-
Other	2,781	2,054
Total intangible fixed assets	2,939	2,054
Investments and other assets		
Investments in securities	47,521	37,893
Long-term loans receivable	14,280	13,448
Doubtful accounts	20,332	19,409
Deferred tax assets	17,208	14,837
Other	10,919	9,115
Allowance for doubtful accounts	(27,104)	(28,221)
Total investments and other assets	83,156	66,482
Total fixed assets	121,149	98,631
Total assets	503,456	414,928

(Million yen)

	Fiscal 2007 (March 31, 2008)	Fiscal 2008 (March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable	131,594	92,211
Import bills payable	25,205	14,257
Short-term borrowings	89,080	103,534
Lease obligations	-	152
Accrued income taxes	2,381	2,282
Deferred tax liabilities	-	1
Other	43,062	36,906
Total current liabilities	291,323	249,344
Long-term liabilities		
Long-term borrowings	134,622	110,073
Lease obligations	-	345
Deferred tax liabilities	173	283
Accrued severance indemnities	4,329	2,857
Allowance for loss on guarantees	82	-
Allowance for loss on lawsuits	553	610
Reserve for directors’ retirement benefits	689	684
Negative goodwill	-	92
Other	9,442	8,601
Total long-term liabilities	149,894	123,548
Total liabilities	441,217	372,892
Net assets		
Owners’ equity		
Capital stock	27,781	27,781
Capital surplus	27,644	27,644
Retained earnings	9,556	(3,786)
Treasury stock	(645)	(632)
Total owners’ equity	64,336	51,006
Valuation and translation adjustments		
Unrealized loss on available-for-sale securities	1,576	(891)
Deferred gain/loss on hedging	(912)	173
Land revaluation reserves	58	58
Translation adjustments	(19,470)	(25,409)
Total valuation and translation adjustments	(18,749)	(26,070)
Minority interests	16,651	17,099
Total net assets	62,239	42,035
Total liabilities and net assets	503,456	414,928

(2) Consolidated Statements of Income

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Net sales	1,244,020	1,138,755
Cost of sales	1,153,692	1,052,463
Gross trading profit	90,327	86,292
Selling, general and administrative expenses		
Salaries and bonuses	26,036	26,066
Retirement benefit expenses	1,549	1,576
Outsourcing service charges	8,925	8,314
Transfer to allowance for doubtful accounts	521	391
Other	30,688	30,915
Total selling, general and administrative expenses	67,721	67,264
Operating income	22,605	19,027
Non-operating income		
Interest received	1,479	1,063
Dividends received	1,158	762
Equity in earnings of affiliated companies	1,085	-
Other	1,422	1,408
Total non-operating income	5,145	3,234
Non-operating expenses		
Interest paid	6,765	5,464
Loss on equity method investments	-	773
Other	2,238	2,895
Total non-operating expenses	9,004	9,134
Ordinary income	18,747	13,127
Extraordinary gains		
Gain on sale of tangible fixed assets	164	67
Gain on sale of investment in securities	15,460	1,017
Gain on reversal of allowance for doubtful accounts	381	481
Total extraordinary gains	16,006	1,566
Extraordinary losses		
Loss on sales or disposal of fixed assets	429	303
Loss on impairment	766	5,416
Loss on sale of investments in securities	209	146
Loss on valuation of investments in securities	305	687
Loss on valuation of inventories	-	558
Loss on sale of affiliates	1,723	35
Loss on revaluation of assets for special business	835	4,622
Transfer to allowance for doubtful accounts for subsidiaries and affiliates	175	9
Transfer to allowance for doubtful accounts	-	80
Transfer to allowance for doubtful accounts for credits of special business	872	2,557
Transfer to allowance for loss on lawsuits	20	57
Retirement benefits under early retirement scheme	-	142
Provision of reserve for past directors' retirement benefits	440	-
Total extraordinary losses	5,778	14,616
Income before income taxes and minority interests	28,975	77

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Income taxes – current	5,439	4,507
Income taxes – deferred	2,905	6,737
Total income taxes	8,344	11,244
Minority interests in consolidated subsidiaries	1,614	1,619
Net income or net loss (loss)	19,016	(12,787)

(3) Consolidated Statements of Shareholders' Equity

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Owners' equity		
Common stock		
Balance at March 31, 2008	27,781	27,781
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at March 31, 2009	27,781	27,781
Capital surplus		
Balance at March 31, 2008	27,646	27,644
Changes during the fiscal year		
Disposal of treasury stock	(2)	-
Total changes during the fiscal year	(2)	-
Balance at March 31, 2009	27,644	27,644
Retained earnings		
Balance at March 31, 2008	(9,496)	9,556
Changes attributable to accounting changes at overseas subsidiaries	-	(527)
Changes during the fiscal year		
Net income or net loss (loss)	19,016	(12,787)
Disposal of treasury stock	-	(29)
Changes in the scope of consolidation	1	-
Pension liability adjustments	34	-
Total changes during the fiscal year	19,053	(13,343)
Balance at March 31, 2009	9,556	(3,786)
Treasury stock		
Balance at March 31, 2008	(627)	(645)
Changes during the fiscal year		
Acquisition of treasury stock	(33)	(53)
Disposal of treasury stock	15	66
Changes in treasury stock attributable to changes of the stake in equity method affiliates	(0)	0
Total changes during the fiscal year	(18)	13
Balance at March 31, 2009	(645)	(632)
Total owners' equity		
Balance at March 31, 2008	45,303	64,336
Changes attributable to accounting changes at overseas subsidiaries	-	(527)
Changes during the fiscal year		
Net income or net loss (loss)	19,016	(12,787)
Acquisition of treasury stock	(33)	(53)
Disposal of treasury stock	12	37
Changes in treasury stock attributable to changes of the stake in equity method affiliates	(0)	0
Changes in the scope of consolidation	1	-
Pension liability adjustments	34	-
Total changes during the fiscal year	19,032	(13,330)
Balance at March 31, 2009	64,336	51,006

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
		(Million yen)
Valuation and translation adjustments		
Unrealized loss on available-for-sale securities		
Balance at March 31, 2008	3,853	1,576
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(2,277)	(2,468)
Total changes during the fiscal year	(2,277)	(2,468)
Balance at March 31, 2009	1,576	(891)
Deferred gain/loss on hedging		
Balance at March 31, 2008	112	(912)
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(1,025)	1,086
Total changes during the fiscal year	(1,025)	1,086
Balance at March 31, 2009	(912)	173
Land revaluation reserves		
Balance at March 31, 2008	58	58
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(0)	-
Total changes during the fiscal year	(0)	-
Balance at March 31, 2009	58	58
Translation adjustments		
Balance at March 31, 2008	(16,368)	(19,470)
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(3,102)	(5,938)
Total changes during the fiscal year	(3,102)	(5,938)
Balance at March 31, 2009	(19,470)	(25,409)
Total valuation and translation adjustments		
Balance at March 31, 2008	(12,344)	(18,749)
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(6,404)	(7,320)
Total changes during the fiscal year	(6,404)	(7,320)
Balance at March 31, 2009	(18,749)	(26,070)
Minority interests		
Balance at March 31, 2008	15,807	16,651
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	843	447
Total changes during the fiscal year	843	447
Balance at March 31, 2009	16,651	17,099

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Total net assets		
Balance at March 31, 2008	48,767	62,239
Changes attributable to accounting changes at overseas subsidiaries	-	(527)
Changes during the fiscal year		
Net income or net loss (loss)	19,016	(12,787)
Acquisition of treasury stock	(33)	(53)
Disposal of treasury stock	12	37
Changes in treasury stock attributable to changes of the stake in equity method affiliates	(0)	0
Changes in the scope of consolidation	1	-
Pension liability adjustments	34	-
Net changes of items other than owners' equity during the fiscal year	(5,560)	(6,873)
Total changes during the fiscal year	13,471	(20,203)
Balance at March 31, 2009	62,239	42,035

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	28,975	77
Depreciation and amortization	3,304	3,232
Increase (decrease) in allowance for doubtful accounts	547	537
Increase (decrease) in reserve for employees' prior service obligations	(1,000)	(1,346)
Interest and dividend income	(2,638)	(1,825)
Interest expense	6,765	5,464
Equity in earnings of affiliated companies (gain)	(1,085)	773
Gain or loss on sales or disposal of fixed assets (gain)	264	236
Impairment loss on fixed assets	766	5,416
Gain or loss on sale of investments in securities (gain)	(15,251)	(871)
Gain or loss on valuation of investments in securities (gain)	305	687
Gain on reversal of allowance for doubtful accounts	(381)	(481)
Loss on liquidation of affiliates	1,723	35
Loss on devaluation of specified business assets	835	4,622
Transfer to allowance for doubtful accounts for subsidiaries and affiliates	175	9
Transfer to allowance for doubtful accounts for credits of special business	872	2,557
Transfer to allowance for loss on lawsuits	20	57
Provision of reserve for past directors retirement benefits	440	-
Decrease (increase) in notes and accounts receivable	4,314	43,975
Decrease (increase) in inventories	(2,695)	6,306
Increase (decrease) in notes and accounts payable	(8,034)	(49,045)
Other	5,963	4,990
Sub total	24,188	25,410
Interest and dividend income received	3,234	1,767
Interest paid	(6,848)	(5,471)
Income taxes paid	(6,266)	(4,528)
Net cash provided by operating activities	14,308	17,177
Cash flows from investing activities:		
Decrease (increase) in time deposits	28	(75)
Payments for acquisition of tangible fixed assets	(1,948)	(3,121)
Proceeds from sale of tangible fixed assets	1,626	624
Payments for acquisition of intangible fixed assets	(698)	(490)
Payments for acquisition of investments in securities	(1,383)	(179)
Proceeds from sale of investments in securities	28,579	1,997
Proceeds from sale of shares of subsidiaries	4,768	-
Proceeds from liquidation dividends	559	-
Increase in loans receivable	(5,381)	(2,543)
Decrease in loans receivable	11,344	3,362
Other	1,303	56
Net cash provided by investing activities	38,799	(370)
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(27,838)	3,321
Proceeds from long-term debt	35,843	14,905
Repayment of long-term debt	(51,699)	(28,281)
Proceeds on payments by minority shareholders	160	100
Other	(358)	(659)
Net cash used in financing activities	(43,892)	(10,613)
Effect of exchange rate changes on cash and cash equivalents	(254)	(2,667)
Net increase (decrease) in cash and cash equivalents	8,959	3,525
Cash and cash equivalent at beginning of year	65,471	74,437
Effect of the change in scope of consolidated subsidiaries	7	692
Cash and cash equivalent at end of year	74,437	78,655

(5) Events or conditions that give rise to serious doubts about the going concern assumption

Not applicable.

(6) Significant items regarding the preparation of consolidated financial statements

Since there were no significant changes from the description in the latest securities report (submitted on June 26, 2008), the disclosures are omitted.

(7) Changes in significant items regarding the preparation of consolidated financial statements

Changes in accounting policies

(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 fiscal year 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 ¥1,029 million and ¥1,587 million, respectively.

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

(Application of Accounting Standards for Lease Transactions)

The Company had accounted for finance lease transactions other than ownership transfers using a method that conforms to lease transaction methods. Starting in the fiscal year under review, the Company is applying the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13 revised on March 30, 2007 (issued by the First Subcommittee of the Business Accounting Council on June 17, 1993)) and the Guidance on Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Guidance No. 16 revised on March 30, 2007 (issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994), and is processing such transactions using a method that conforms to accounting methods for regular sales transactions.

The Company is continuing to apply a method that conforms to regular lease transaction methods to finance lease transactions other than ownership transfers which began prior to the beginning of the initial year of the application of the Standard.

The effect of the application on income or loss, and segment information for the fiscal year under review is minor.

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

Starting the fiscal year 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 fiscal year under review is minor.

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

(8) Notes

(In relation to consolidated balance sheets)

Fiscal 2007 (March 31, 2008)	Fiscal 2008 (March 31, 2009)
1. 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 The above includes activities similar to guarantees.	1. Guarantee obligation The Company provides debt guarantees for bank loans to companies other than consolidated companies: Century Textile Industry ¥1,222 million True Corporation Public ¥407 million Japan Logistics ¥168 million Others ¥2,919 million Total ¥4,718 million The above includes activities similar to guarantees.
2. 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.	2. Discounted notes receivable were ¥16,446 million. Notes receivable transfer by endorsement was ¥177 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 ¥12,009 million.
*3. The following is a breakdown of inventories: Commodities and products ¥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	*3. The following is a breakdown of inventories: Commodities and products ¥57,102 million Real estate for sale ¥978 million Raw materials and stores ¥ 1,278 million Work in process ¥882 million Total ¥60,241 million
*4. The accumulated depreciation of tangible fixed assets was ¥33,363 million.	*4. The accumulated depreciation of tangible fixed assets was ¥31,001 million.

(Segment Information)

a. Industry Segment Information

A summary by industry for the fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(Million yen)

		IT	Foods & Foodstuff	Iron, Steel & Plants	Life Science & Energy	Other	Total	Adjustments & Eliminations	Consolidated
I	Net sales and operating income								
	Net sales								
	(1) Outside customers	356,122	283,565	251,860	316,406	36,065	1,244,020	-	1,244,020
	(2) Inter-segment	33	0	244	66	60	405	(405)	-
	Total	356,156	283,565	252,105	316,472	36,126	1,244,425	(405)	1,244,020
	Operating expenses	348,055	279,236	244,643	314,739	35,749	1,222,424	(1,009)	1,221,414
	Operating income	8,100	4,328	7,461	1,733	377	22,001	604	22,605
II	Assets, depreciation and amortization, impairment of fixed assets, and capital expenditure								
	Assets	148,272	86,631	90,305	51,586	51,940	428,736	74,720	503,456
	Depreciation and amortization	1,757	431	364	299	452	3,304	-	3,304
	Impairment of fixed assets	135	461	-	170	-	767	(1)	766
	Capital expenditure	1,900	34	180	212	51	2,379	522	2,901

A summary by industry for the fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Million yen)

		IT	Foods & Foodstuff	Iron, Steel & Plants	Life Science & Energy	Other	Total	Adjustments & Eliminations	Consolidated
I	Net sales and operating income								
	Net sales								
	(1) Outside customers	276,633	321,612	226,342	284,731	29,434	1,138,755	-	1,138,755
	(2) Inter-segment	48	46	1,116	63	64	1,339	(1,339)	-
	Total	276,681	321,658	227,459	284,795	29,499	1,140,095	(1,339)	1,138,755
	Operating expenses	269,760	317,735	220,463	282,707	31,064	1,121,732	(2,004)	1,119,728
	Operating income or operating loss (-)	6,920	3,923	6,995	2,087	-1,565	18,362	664	19,027
II	Assets, depreciation and amortization, impairment of fixed assets, and capital expenditure								
	Assets	116,757	79,554	71,028	34,159	30,952	332,453	82,475	414,928
	Depreciation and amortization	1,673	435	327	296	500	3,232	-	3,232
	Impairment of fixed assets	122	-	-	289	5,004	5,416	-	5,416
	Capital expenditure	2,333	121	315	467	85	3,322	275	3,598

(Notes) 1. Segments are determined in accordance with the business management units of the relevant products and services.

2. The amount of the Company's assets that are included in "Adjustments & Eliminations" is 83,311 million yen and 75,261 million yen for the fiscal year ended March 31, 2009 and March 31, 2008 respectively. Most of these assets are cash and deposits related to financing activities and investments in securities.

3. 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 fiscal year under review fell ¥117 million in IT, ¥459 million in Foods & Foodstuff, ¥120 million in Iron, Steel & Plants, ¥22 million in Life Science & Energy, and ¥309 million in Other from operating income if it had been measured by the old method.

4. 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 ¥42 million in Iron, Steel & Plants from operating income if it had been calculated by the old method.

b. Geographic Segment Information

A summary by geographic area for the fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(Million yen)

		Japan	Asia	North America	Europe	Other Areas	Total	Adjustments & Eliminations	Consolidated
I	Net sales and operating income								
	Net sales								
	(1) Outside customers	1,123,783	53,678	54,431	12,062	65	1,244,020	-	1,244,020
	(2) Inter-segment	61,071	6,795	54,197	4,459	1,906	128,430	(128,430)	-
	Total	1,184,854	60,474	108,628	16,521	1,971	1,372,450	(128,430)	1,244,020
	Operating expenses	1,165,937	59,627	105,999	16,388	1,948	1,349,900	(128,486)	1,221,414
	Operating income	18,917	846	2,629	133	23	22,549	55	22,605
II	Assets	507,178	32,507	36,568	12,823	1,217	590,296	(86,839)	503,456

A summary by geographic area for the fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Million yen)

		Japan	Asia	North America	Europe	Other Areas	Total	Adjustments & Eliminations	Consolidated
I	Net sales and operating income								
	Net sales								
	(1) Outside customers	1,039,340	43,833	44,958	10,568	55	1,138,755	-	1,138,755
	(2) Inter-segment	47,736	6,117	71,762	3,761	1,329	130,708	(130,708)	-
	Total	1,087,077	49,951	116,721	14,329	1,385	1,269,463	(130,708)	1,138,755
	Operating expenses	1,071,999	49,655	113,427	14,183	1,384	1,250,650	(130,922)	1,119,728
	Operating income	15,077	295	3,293	145	0	18,813	213	19,027
II	Assets	411,223	34,074	36,812	11,757	774	494,643	(79,714)	414,928

(Note) Categories of countries and areas are determined in accordance with the geographic positions.

c. Information for Overseas Sales

Overseas net sales for the fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(Million yen)

		Asia	North America	Europe	Other Areas	Total
I	Overseas sales	242,360	52,687	18,169	38,157	351,374
II	Consolidated sales					1,244,020
III	Ratio of overseas sales to consolidated sales (%)	19.5	4.2	1.5	3.1	28.3

Overseas net sales for the fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Million yen)

		Asia	North America	Europe	Other Areas	Total
I	Overseas sales	195,997	49,283	16,692	29,367	291,341
II	Consolidated sales					1,138,755
III	Ratio of overseas sales to consolidated sales (%)	17.2	4.3	1.5	2.6	25.6

(Notes) 1. Categories of countries and areas are determined in accordance with the geographic positions.
2. Overseas sales are net sales of the Company and consolidated subsidiaries generated in countries or areas other than Japan.

(Per Share Information)

Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
Net assets per share 108.95 yen Net income per share 45.44 yen Net income per share on a diluted basis is not written, as there are no potential shares.	Net assets per share 59.61 yen Net loss per share 30.56 yen Net income per share on a diluted basis is not written, as net loss per share was recorded for the fiscal year and there are no potential shares.

(Notes) 1. The bases for the calculation of net assets per share are as follows:

	Fiscal 2007 (As of March 31, 2008)	Fiscal 2008 (As of March 31, 2009)
Total net assets (million yen)	62,239	42,035
Amount subtracted from total net assets (million yen)	16,651	17,099
(Minority interests)	(16,651)	(17,099)
Net assets for common shares (million yen)	45,587	24,936
Number of common shares issued (thousand shares)	422,501	422,501
Number of common shares held as treasury stock (thousand shares)	4,072	4,173
Number of common shares used for the calculation of net assets per share (thousand shares)	418,428	418,327

2. The bases for the calculation of net income or net loss per share are as follows:

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
Net income or net loss per share		
Net income or net loss (-) (million yen)	19,016	-12,787
Amount that does not belong to common shares (million yen)	-	-
Net income or net loss for common shares (-) (million yen)	19,016	-12,787
Average number of common shares for the period (thousand shares)	418,465	418,373

(Significant subsequent events)
There is no applicable item.

(Other items)
The Company received a notice demanding performance of compensation based on a stated guarantee (within the limit amount of ¥3,300 million) from a transferee in connection with an agreement for transferring shares in and credits to Kanematsu Kankyo Co., Ltd. (presently known as Funabashi Kankyo Co., Ltd.), our subsidiary prior to the transfer in March 2008.

(Omission of disclosure)
Notes on lease transactions, related party information, tax effect accounting, securities, derivatives trading and retirement benefits are omitted because the need to disclose such information in the Consolidated Financial Summary is assumed to be insignificant. The Company discloses such notes in its securities report (using the EDINET disclosure system).

5. Non-Consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Million yen)

	Fiscal 2007 (March 31, 2008)	Fiscal 2008 (March 31, 2009)
Assets		
Current assets		
Cash and bank deposits	33,894	28,062
Notes receivable	3,952	3,409
Accounts receivable	96,277	66,806
Short-term investments	14	15
Inventories	-	25,068
Commodities	21,564	-
Real estate for sale	5,343	-
Goods in transit	8,045	-
Work in process	638	-
Advance payments to suppliers	6,411	7,043
Prepaid expenses	1,444	1,055
Deferred tax assets	3,595	17
Short-term loans receivable	316	141
Short-term loans to affiliates	15,856	11,992
Accrued income	6,326	4,511
Derivatives obligations	1,952	1,500
Other	3,900	2,522
Allowance for doubtful accounts	(454)	(233)
Total current assets	209,081	151,915
Fixed assets		
Tangible fixed assets		
Buildings (net amount)	540	499
Structures (net amount)	57	23
Machinery and equipment (net amount)	45	28
Vehicle (net amount)	47	32
Tools and fixtures (net amount)	188	209
Land	5,740	5,740
Leased assets (net amount)	-	32
Total tangible fixed assets	6,620	6,565
Intangible fixed assets		
Software	1,277	823
Telephone subscription rights	31	31
Other	86	16
Total intangible fixed assets	1,395	870

(Million yen)

	Fiscal 2007 (March 31, 2008)	Fiscal 2008 (March 31, 2009)
Investments and other assets		
Investments in securities	11,766	8,828
Shares in affiliates	80,147	84,413
Investments and guarantees	1,557	1,409
Equity investment in affiliates	2,196	3,498
Long-term loans receivable	8,304	8,102
Long-term loans to employees	54	27
Long-term loans to affiliates	43,830	46,724
Doubtful accounts	15,608	14,996
Long-term prepaid expenses	23	61
Deferred tax assets	15,695	12,657
Other	3,032	2,446
Allowance for doubtful accounts	(49,170)	(57,331)
Total investments and other assets	133,044	125,834
Total fixed assets	141,060	133,271
Total assets	350,142	285,186
Liabilities		
Current liabilities		
Notes payable	5,576	2,408
Import bills payable	24,657	14,698
Accounts payable	48,262	29,838
Short-term borrowings	60,944	77,744
Lease obligations	-	12
Accrued liabilities	5,188	4,216
Accrued expenses	1,787	1,518
Accrued income taxes	844	105
Advances received from customers	6,042	6,139
Deposits received	4,672	4,464
Deferred revenue	218	60
Derivatives obligations	4,289	790
Other	201	207
Total current liabilities	162,685	142,206
Long-term liabilities		
Long-term borrowings	130,261	104,219
Lease obligations	-	21
Accrued severance indemnities	1,325	368
Reserve for directors’ retirement benefits	250	299
Allowance for loss on guarantees	263	-
Allowance for loss on lawsuits	-	57
Allowance for business losses for subsidiaries and affiliates	-	2,024
Other	346	-
Total current liabilities	132,447	106,989
Total liabilities	295,133	249,196

(Million yen)

	Fiscal 2007 (March 31, 2008)	Fiscal 2008 (March 31, 2009)
Net assets		
Owners' equity		
Capital stock	27,781	27,781
Capital surplus		
Capital surplus	26,887	26,887
Total capital surplus	26,887	26,887
Retained earnings		
Earned legal reserve	131	131
Other retained earnings		
Special reserve fund	1,836	1,836
Deferred retained earnings	(1,748)	(20,140)
Total retained earnings	219	(18,172)
Treasury stock	(192)	(180)
Total owners' equity	54,695	36,315
Valuation and translation adjustments		
Unrealized loss on available-for-sale securities	1,058	(582)
Deferred gain/loss on hedging	(745)	256
Total valuation and translation adjustments	313	(325)
Total net assets	55,008	35,990
Total liabilities and net assets	350,142	285,186

(2) Non-Consolidated Statements of Income

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Net sales	564,100	540,383
Cost of sales		
Commodity inventories at beginning of year	32,760	35,592
Commodity purchase amount	543,646	509,205
Total	576,406	544,797
Commodity inventories at end of year	35,592	25,068
Cost of commodity sales	540,814	519,729
Gross trading profit	23,286	20,654
Selling, general and administrative expenses		
Compensation paid to directors	188	237
Salaries and allowances	5,327	5,357
Bonuses	1,653	1,625
Retirement benefit expenses	548	618
Welfare expenses	898	919
Traveling expenses	1,045	944
Communication charges	186	172
Office expenses	105	87
Entertainment expenses	178	159
Rent	1,660	1,568
Outsourcing service charges	1,949	2,058
Maintenance contract expenses	844	824
Taxes and public charges	59	44
Business office tax	21	24
Enterprise tax	147	179
Depreciation and amortization	744	732
Transfer to allowance for doubtful accounts	202	108
Other	1,111	1,137
Total selling, general and administrative expenses	16,876	16,798
Operating income	6,409	3,855
Non-operating income		
Interest received	2,199	1,164
Dividends received	4,577	4,009
Other	1,150	893
Total non-operating income	7,926	6,066
Non-operating expenses		
Interest paid	6,136	4,921
Loss on foreign exchange translation	21	514
Other	672	590
Total non-operating expenses	6,830	6,026
Ordinary income	7,505	3,895

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Extraordinary gains		
Gain on sale of tangible fixed assets	39	2
Gain on sale of investment in securities	14,002	1,134
Gain on liquidation of affiliates	344	39
Gain on reversal of allowance for doubtful accounts	249	152
Total extraordinary gains	14,635	1,328
Extraordinary losses		
Loss on sales or disposal of fixed assets	21	73
Loss on impairment	-	35
Loss on sale of investments in securities	73	-
Loss on valuation of investments in securities	2,780	1,616
Loss on valuation of inventories	-	415
Loss on sale of affiliates	1,523	1
Loss on revaluation of assets for special business	-	4,259
Transfer to allowances for doubtful accounts and business losses for subsidiaries and affiliates	861	9,007
Transfer to allowance for doubtful accounts	-	78
Transfer to allowance for doubtful accounts for credits of special business	872	2,557
Transfer to allowance for loss on guarantees	181	-
Transfer to allowance for loss on lawsuits	-	57
Provision of reserve for past directors' retirement benefits	279	-
Total extraordinary losses	6,592	18,103
Income or loss before income taxes (loss)	15,547	(12,879)
Income taxes – current	(961)	(1,393)
Income taxes for prior years	650	-
Income taxes – deferred	2,301	6,877
Total income taxes	1,990	5,483
Net income or net loss (net loss)	13,557	(18,363)

(3) Non-Consolidated Statements of Shareholders' Equity

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Owners' equity		
Common stock		
Balance at March 31, 2008	27,781	27,781
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at March 31, 2009	27,781	27,781
Capital surplus		
Capital surplus		
Balance at March 31, 2008	26,887	26,887
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at March 31, 2009	26,887	26,887
Other capital surplus		
Balance at March 31, 2008	1	-
Changes during the fiscal year		
Disposal of treasury stock	(1)	-
Total changes during the fiscal year	(1)	-
Balance at March 31, 2009	-	-
Total capital surplus		
Balance at March 31, 2008	26,888	26,887
Changes during the fiscal year		
Disposal of treasury stock	(1)	-
Total changes during the fiscal year	(1)	-
Balance at March 31, 2009	26,887	26,887
Retained earnings		
Earned legal reserve		
Balance at March 31, 2008	131	131
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at March 31, 2009	131	131
Other retained earnings		
Special reserve fund		
Balance at March 31, 2008	1,836	1,836
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at March 31, 2009	1,836	1,836
Deferred retained earnings		
Balance at March 31, 2008	(15,304)	(1,748)
Changes during the fiscal year		
Net income	13,557	(18,363)
Disposal of treasury stock	(0)	(29)
Total changes during the fiscal year	13,556	(18,392)
Balance at March 31, 2009	(1,748)	(20,140)

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Total retained earnings		
Balance at March 31, 2008	(13,336)	219
Changes during the fiscal year		
Net income	13,557	(18,363)
Disposal of treasury stock	(0)	(29)
Total changes during the fiscal year	13,556	(18,392)
Balance at March 31, 2009	219	(18,172)
Treasury stock		
Balance at March 31, 2008	(174)	(192)
Changes during the fiscal year		
Acquisition of treasury stock	(33)	(53)
Disposal of treasury stock	15	66
Total changes during the fiscal year	(18)	12
Balance at March 31, 2009	(192)	(180)
Total owners' equity		
Balance at March 31, 2008	41,158	54,695
Changes during the fiscal year		
Net income	13,557	(18,363)
Acquisition of treasury stock	(33)	(53)
Disposal of treasury stock	12	37
Total changes during the fiscal year	13,536	(18,379)
Balance at March 31, 2009	54,695	36,315
Valuation and translation adjustments		
Unrealized loss on available-for-sale securities		
Balance at March 31, 2008	2,745	1,058
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(1,687)	(1,641)
Total changes during the fiscal year	(1,687)	(1,641)
Balance at March 31, 2009	1,058	(582)
Deferred gain/loss on hedging		
Balance at March 31, 2008	39	(745)
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(784)	1,002
Total changes during the fiscal year	(784)	1,002
Balance at March 31, 2009	(745)	256
Total valuation and translation adjustments		
Balance at March 31, 2008	2,785	313
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(2,471)	(639)
Total changes during the fiscal year	(2,471)	(639)
Balance at March 31, 2009	313	(325)

(Million yen)

	Fiscal 2007 (From April 1, 2007 to March 31, 2008)	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
Total net assets		
Balance at March 31, 2008	43,943	55,008
Changes during the fiscal year		
Net income	13,557	(18,363)
Acquisition of treasury stock	(33)	(53)
Disposal of treasury stock	12	37
Net changes of items other than owners' equity during the fiscal year	(2,471)	(639)
Total changes during the fiscal year	11,065	(19,018)
Balance at March 31, 2009	55,008	35,990

(4) Events or conditions giving rise to serious doubts about the going concern assumption

Not applicable.

(5) Significant accounting policies

Disclosure of significant accounting policies in the Consolidated Financial Summary is omitted because no significant change has been made to statements in the most recent securities report (submitted on June 26, 2008), with the exception of the following items.

(6) Changes in significant accounting policies

<u>Changes in accounting policies</u>

(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 fiscal year 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 for the fiscal year declined ¥480 million, respectively, and loss before income taxes grew ¥895 million yen, compared with their amounts calculated in the previous method.

(Application of Accounting Standards for Lease Transactions)

The Company had accounted for finance lease transactions other than ownership transfers using a method that conforms to lease transaction methods. Starting in the fiscal year under review, the Company is applying the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13 revised on March 30, 2007 (issued by the First Subcommittee of the Business Accounting Council on June 17, 1993)) and the Guidance on Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Guidance No. 16 revised on March 30, 2007 (issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994), and is processing such transactions using a method that conforms to accounting methods for regular sales transactions.

The Company is continuing to apply a method that conforms to regular lease transaction methods to finance lease transactions other than ownership transfers which began prior to the beginning of the initial year of the application of the Standard.

The change in application has no effect on income or loss for the fiscal year under review.

<u>Application of accounting policies</u>

(Allowance for loss on affiliate businesses)

To prepare for future capital needs attributable to losses incurred by affiliates and other causes, costs estimated for respective counterparties are posted in consideration of their financial conditions.

(Additional information)

Business losses incurred by affiliates during the fiscal year under review totaling ¥9,007 million is posted in extraordinary losses under the heading of “transfer to allowance for doubtful accounts and business losses for subsidiaries and affiliates.” Of this total, ¥2,024 million is posted as an “allowance for a loss on affiliate businesses” in the long-term liabilities section, because the loss exceeded the amount of claims at the end of the fiscal year.

<u>Changes in presentation</u>

(Balance sheets)

With the application of the Cabinet Office Ordinance for Partial Revision in Rules for the Terminology, Form and Presentation Method of Financial Statements (Cabinet Office Ordinance No. 50 issued on August 7, 2008), balance sheet items stated as “commodities,” “real estate for sale,” “goods in transit” and “work in process” in the previous fiscal year are collectively presented as “inventories,” starting in the fiscal year under review.

“Commodities and products,” “real estate for sale,” “goods in transit” and “work in process” in inventories respectively amounted to ¥19,956 million, ¥978 million, ¥3,340 million and ¥793 million for the fiscal year under review.

(Statements of income)

The presentation category for transfer to allowance for losses related to affiliates is changed from “transfer to allowance for doubtful accounts for subsidiaries and affiliates” used in the previous fiscal year to “transfer to allowance for doubtful accounts and business losses for subsidiaries and affiliates,” starting in the fiscal year under review.

May 8, 2009
Kanematsu Corporation

Highlights of Consolidated Financial Results for FY2008 (Ended March 31, 2009)

○Both sales and income declined year on year.
- Net sales fell 8.5% year on year, to 1,138.8 billion yen.
- Operating income fell 15.8% year on year, to 19.0 billion yen.
- Ordinary income was down 30.0% year on year, to 13.1 billion yen.
- The Group posted a net loss of 12.8 billion yen, reflecting the posting of extraordinary losses and reversal of deferred tax assets, among other factors.

(Unit: 100 million yen)

(On a consolidated basis)	FY2007		FY2008		Change	
		Margin		Margin	Change	Change (%)
Net sales	12,440		11,388		-1,053	-8.5%
Gross trading profit	903	7.3%	863	7.6%	-40	-4.5%
SG&A expenses	677	*75.0%	673	*77.9%	-5	-0.7%
Operating income	226	1.8%	190	1.7%	-36	-15.8%
Dividends received	12		8		-4	
Interest	-53		-44		9	
Gains on equity-method investments	11		-8		-19	
Others	-8		-15		-7	
Non-operating income/loss	-39		-59		-20	
Ordinary income	187	1.5%	131	1.2%	-56	-30.0%
Extraordinary gain	160		16		-144	
Extraordinary loss	-58		-146		-88	
Income (loss) before income taxes	290	2.3%	1	0.0%	-289	-99.7%
Income taxes and minority interests	-100		-129		-29	
Net income	190	1.5%	-128	-1.1%	-318	-

* Ratio of selling, general and administrative expenses to gross trading profit

Summary of Results for FY2008

Net sales
Net sales grew for the Foods & Foodstuff Division, but declined in IT and other segments because of the effects of the global recession.

Gross trading profit
Gross trading profit fell due to lower results for the machine tool business caused by the global business slowdown and rapid worsening of the environment for the electronic devices business, meat and marine product business and aluminum recycling business starting the second half of the fiscal year under review.

Operating income
Operating income fell as a result of the decline in gross trading profit, despite a slight reduction in SG&A expenses.

Ordinary income
The financial balance improved, but ordinary income dipped on weaker results for equity-method investments.

Extraordinary gain/loss
Extraordinary losses such as a valuation loss and loss on impairment related to real estate are posted.

Net income
In addition to lower ordinary income, higher extraordinary losses and a reversal of deferred tax assets resulted in a net loss.

(Unit: 100 million yen)

Segment information	Net sales			Operating income		
	FY2007	FY2008	Change	FY2007	FY2008	Change
IT	3,562	2,767	-795	81	69	-12
Foods & Foodstuff	2,836	3,217	381	43	39	-4
Iron & Steel	1,424	1,365	-59	53	61	8
Plant	1,097	910	-187	22	9	-13
Iron, Steel & Plant	2,521	2,275	-246	75	70	-5
Energy	2,855	2,551	-305	16	16	-0
Life Science	309	297	-12	1	5	4
Life Science & Energy	3,164	2,848	-317	17	21	4
Others	361	295	-66	4	-16	-19
Adjustment & elimination	-4	-13	-9	6	7	1
Total	12,440	11,388	-1,053	226	190	-36

Summary of Segment Results

IT
Net sales decreased because of the effects of the mobile business, in which the number of sold units fell, and the electronic device business, where transaction volumes declined. Operating income also fell mainly because of weaker profits on operations related to electronic devices.

Foods & Foodstuff
The food business performed poorly under the effects of the safety issue involving Chinese food products and weaker market conditions for the meat and marine products business. The foodstuff business produced strong results, thanks to the acquisition of stable suppliers and an increased transaction volume. The Foods & Foodstuff Division recorded greater sales and lower income overall.

Iron, Steel & Plant
In the iron and steel business, sheet steel exported to the Middle East performed steadily, but exports of specialty steel and other products fell in the second half of the fiscal year under review. In the industrial plant business, orders declined, particularly for machine tools. The Iron, Steel & Plant Division recorded declines in both sales and income as a whole.

Life Science & Energy
Net sales for the energy business decreased on falls in crude oil quotations. The life science business achieved strong results. As a result, the Life Science & Energy Division posted higher income.

Others
Operating loss was posted as a result of aggravated market conditions for the aluminum recycling business.

(Unit: 100 million yen)

Assets, Liabilities and Net Assets	3/2008	3/2009	Comparison with 3/2008	
			Change	Change (%)
Total assets	5,035	4,149	-885	-17.6%
Gross interest-bearing debt	2,237	2,136	-101	-4.5%
Net interest-bearing debt	1,489	1,346	-144	-9.6%
Equity capital	643	510	-133	-20.7%
(Retained earnings)	96	-38	-133	—
Valuation and translation adjustments	-187	-261	-73	39.0%
Minority interests	166	171	4	2.7%
Total net assets	622	420	-202	-32.5%
Shareholder's equity ratio (Note 1)	9.1%	6.0%	-3.1%	—
Net debt-equity ratio (Note 2)	3.3 times	5.4 times	2.1pt increase	—

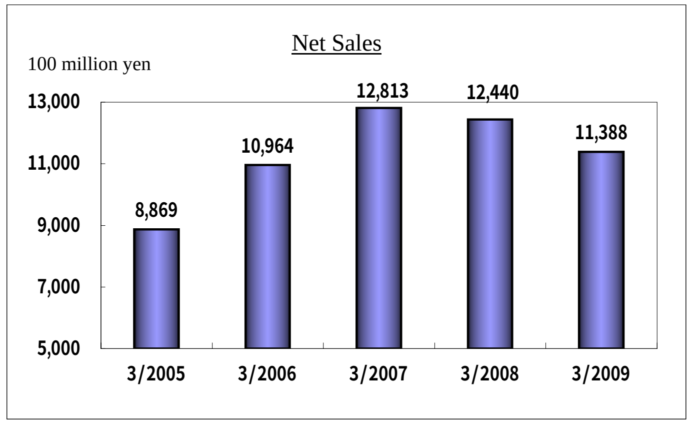
(Note 1) Shareholder's equity ratio = (Total net assets - Minority interests) / Total assets
(Note 2) Net D/E ratio = Net interest-bearing debt / (Total net assets - Minority interests)

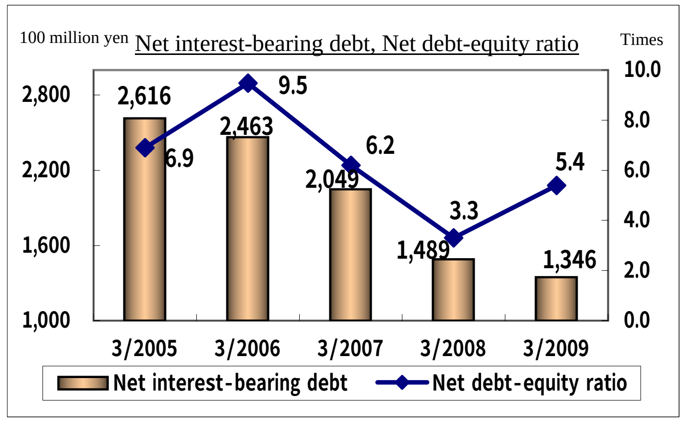
Summary

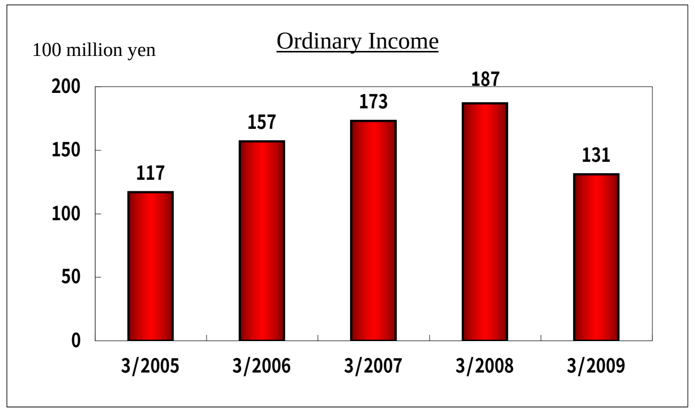
Total assets
Total assets declined because of factors such as falls in trade receivables, inventories and investments in securities, and a reduction in interest-bearing debt.

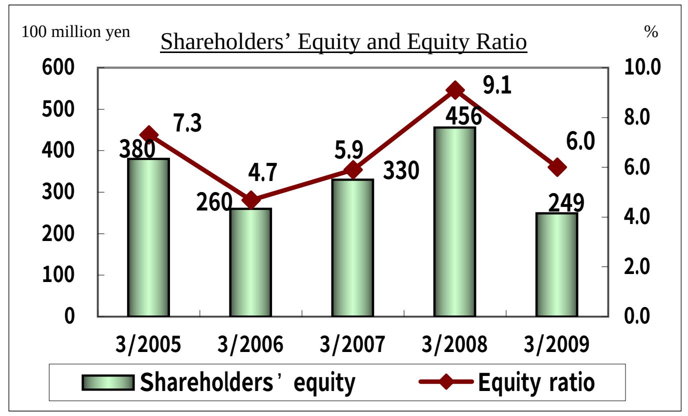
Interest-bearing debt
Gross interest-bearing debt fell 10.1 billion yen. Net interest-bearing debt declined 14.4 billion yen.

Equity capital
The retained earnings figure became negative because of the posting of a net loss.
As a result, the equity ratio and the net debt-equity ratio declined to 6.0% and 5.4 times, respectively.









(Unit: 100 million yen)

Business Forecast FY2009	FY2008 (Results)	FY2009 (Forecast)	Comparison with FY2008	
	Full year	Full year	Change	Change (%)
Net sales	11,388	10,000	-1,388	-12.2%
Operating income	190	155	-35	-18.5%
Ordinary income	131	115	-16	-12.4%
Net income	-128	50	178	-

* The forecasts above are based on information available on the date of the announcement and our assumptions on uncertainties that could have an impact on future results. Please note that actual results may differ materially from the forecasts due to various changes in future circumstances.
* Since the figures above are rounded off to the nearest 100 million yen, the sum of each item and the total may differ.