Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the First Quarter of the Fiscal Year Ending March 2010

August 7, 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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Scheduled date of submission: August 14, 2009
Scheduled date for commencement of dividend payments: –

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

1. Consolidated business results for the first quarter of the fiscal year ending March 2010 (April 1, 2009 – June 30, 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	%
First quarter to June 2009	203,526	-34.4	2,375	-61.1	1,669	-63.1	794	-28.3
First quarter to June 2008	310,167	–	6,110	–	4,522	–	1,107	–

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
First quarter to June 2009	1.90	–
First quarter to June 2008	2.65	–

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2009	407,740	44,644	6.7	65.55
As of March 31, 2009	414,928	42,035	6.0	59.61

(Reference) Equity capital: 27,422 million yen as of June 30, 2009, 24,936 million yen as of March 31, 2009

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 2009	–	0.00	–	0.00	0.00
Fiscal year ending March 2010	–				
Fiscal year ending March 2010 (Forecasts)		0.00	–	0.00	0.00

(Note) Revisions of expected dividends in the first quarter under review: None

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

(Note) Revisions of estimated consolidated results in the first quarter under review: None

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: None

(ii) Change due to other than above: None

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares including treasury stock
First quarter (2009/6): 422,501,010 shares, Fiscal year (2009/3): 422,501,010 shares

(ii) Number of treasury stock
First quarter (2009/6): 4,181,759 shares, Fiscal year (2009/3): 4,173,604 shares

(iii) Average number of shares during the period (first quarter)
First quarter (2009/6): 418,323,369 shares, First quarter (2008/6): 418,426,086 shares,

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

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.

[Qualitative Information, Financial Statements, Etc.]

1. Qualitative Information on Consolidated Operating Results

The global economy has continued to struggle after slowing sharply in the immediate wake of the Lehman Brothers shock last year. Nonetheless, economic stimulus packages introduced by a number of governments have started to produce results, and certain areas are showing signs of bottoming out. The Japanese economy has emerged from its most difficult period with the completion of inventory adjustments, but corporate earnings, capital expenditure, and personal spending remain anemic. We expect a full-scale economic recovery to take some time.

In this environment, the results of the Group in the first quarter under review (from April 1 to June 30, 2009) remained in the black overall, although segment results were mixed.

Consolidated net sales declined ¥106,641 million (34.4%) year on year, to ¥203,526 million, reflecting falls in turnover and commodities prices as a result of weak demand. Gross trading profit dropped ¥5,529 million (23.8%), to ¥17,686 million. While the transaction volume fell, the Company cut selling, general and administrative expenses. As a result, operating income decreased ¥3,735 million (61.1%), to ¥2,375 million. Non-operating income increased ¥883 million, with declines in equity in the earnings of affiliated companies more than offset by an improvement in interest income thanks to reductions in interest-bearing debt and improved foreign currency translation outcomes. Ordinary income declined ¥2,853 million (63.1%), but remained in the black at ¥1,669 million.

Extraordinary losses, including the provision for litigation reserves, was 12 million yen higher than extraordinary gains, which included a gain on the reversal of the allowance for doubtful accounts associated with the collection of bad debts for which allowances were posted in past fiscal years. Income before income taxes and minority interests was ¥1,657 million, a decline of ¥2,305 million (58.2%). Net income was ¥794 million, a fall of 313 million (28.3%), reflecting an improvement in tax expense.

The results for each business segment are as follows:

(1) IT

The airplane business and mobile business performed well, but turnover declined in the electronic parts and semiconductor equipment business and the solution business, reflecting the continued effect of sluggish markets and decreases in capital expenditure. As a result, net sales in the IT Division fell ¥14,147 million year on year, to ¥54,118 million. Operating income declined ¥893 million, to ¥585 million.

(2) Foods & Foodstuff

In the foods business, sales of high-end products struggled, while less expensive items sold well. The marine products business, where we focused on sales of highly processed foods, recovered steadily. In the foodstuffs business, sales declined given falls in grain prices, although the overall trading volume was relatively unchanged. Income dropped in feedstuff transactions as the industry environment remained difficult. As a consequence, net sales in the Foods & Foodstuffs Division decreased ¥20,454 million, to ¥66,729 million. Operating income slipped ¥1,238 million, to ¥615 million.

(3) Iron, Steel & Plants

In the iron and steel business, exports of auto parts were weak given the problems facing the auto industry in North America, while exports of steel plates to the Middle East were solid. In the industrial plants business, transactions related to automobiles struggled, reflecting sluggish worldwide demand for automobiles. In contrast, transactions related to petrochemical plants for the Middle East were solid. Demand for machine tools declined with capital spending cutbacks in the private sector. As a result, sales in the Iron, Steel & Plants Division declined ¥31,982 million, to ¥35,666 million. Operating income fell ¥1,214 million, to ¥791 million.

(4) Life Science & Energy

Although crude-oil prices rebounded, domestic demand declined with the economic downturn. Consequently, net sales in the Life Science & Energy Division fell ¥34,139 million, to ¥43,304 million. Operating income decreased ¥404 million, to ¥88 million.

(5) Other

Sales declined ¥5,919 million, to ¥3,707 million, primarily because of the downsizing of the aluminum recycling business, which was affected by price falls at the end of the previous fiscal year. Operating income rose ¥9 million, to ¥170 million.

2. Qualitative Information on the Consolidated Financial Position

Total assets at the end of the first quarter fell ¥7,188 million from the end of the previous fiscal year, to ¥407,740 million, despite an increase in inventories, primarily reflecting a decline in operating receivables caused by a fall in the trading volume.

Borrowings fell ¥8,899 million, to ¥204,708 million, reflecting scheduled payments and the effect of foreign currency translation rates. Net interest-bearing debt declined ¥14,160 million, to ¥120,422 million, given an increase in cash and bank deposits.

Net assets increased ¥2,609 million, to ¥44,644 million, primarily attributable to net income and the improvement of valuation and translation adjustments. As a result, the equity ratio increased 0.7 percentage point from the end of the previous fiscal year, to 6.7%. The net debt-equity improved to 4.4 from 5.4.

(Cash flows)

Net cash provided by operating activities in the first quarter under review stood at ¥14,883 million (net cash used of ¥6,384 million for the first quarter of the previous fiscal year), reflecting the collection of accounts receivable. Net cash used in investing activities was ¥4,113 million (net cash provided of ¥385 million), attributable to an increase in time deposits and other factors. Net cash used in financing activities was ¥9,694 million (net cash used of ¥15,178 million) primarily due to the repayment of debt among other factors.

As a result, cash and cash equivalents at the end of the first quarter stood at ¥79,987 million, up ¥1,332 million from the end of the previous fiscal year.

3. Qualitative Information on Consolidated Results Forecasts

Although the global economy will gradually recover, backed by governments' economic stimulus measures, the effects of the measures will be limited, and the economic situation is expected to remain difficult. The Japanese economy is likely to see only modest improvements in corporate earnings and personal spending.

Given these circumstances, we developed our forecasts in anticipation of a recovery and need to judge future trends from the second quarter carefully. Consequently, we have not changed the forecasts for consolidated results for the interim period and full year, which were announced on May 8, 2009.

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: 89 companies (1 company was added; 1 company reduced)

Number of unconsolidated subsidiaries accounted for by the equity method: 6 companies (- companies were added; 1 company reduced)

Number of equity method affiliates: 28 companies (- companies were added; - companies 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 first 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 first quarter under review and computed inventories at the end of the first 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 sale 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 first 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 first quarter under review.

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

Not applicable.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	End of first quarter under review (June 30, 2009)	Condensed consolidated balance sheets at the end of the previous fiscal year (March 31, 2009)
Assets		
Current assets		
Cash and bank deposits	84,285	79,025
Notes and accounts receivable	123,079	144,470
Lease investment assets	356	301
Short-term investments	–	15
Inventories	*1 68,881	*1 60,241
Short-term loans receivable	2,603	2,772
Deferred tax assets	1,804	2,021
Other	28,919	28,221
Allowance for doubtful accounts	(661)	(772)
Total current assets	309,268	316,296
Fixed assets		
Tangible fixed assets	*2 30,246	*2 30,094
Intangible fixed assets	2,018	2,054
Investments and other assets		
Investments in securities	38,472	37,893
Long-term loans receivable	13,353	13,448
Doubtful accounts	19,011	19,409
Deferred tax assets	14,861	14,837
Other	8,091	9,115
Allowance for doubtful accounts	(27,583)	(28,221)
Total investments and other assets	66,206	66,482
Total fixed assets	98,471	98,631
Total assets	407,740	414,928

(Million yen)

	End of first quarter under review (June 30, 2009)	Condensed consolidated balance sheets at the end of the previous fiscal year (March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable	102,288	106,468
Short-term borrowings	106,703	103,534
Lease obligations	198	152
Accrued income taxes	663	2,282
Deferred tax liabilities	13	1
Other	41,368	36,906
Total current liabilities	251,236	249,344
Long-term liabilities		
Long-term borrowings	98,004	110,073
Lease obligations	444	345
Deferred tax liabilities	202	283
Accrued severance indemnities	2,863	2,860
Allowance for loss on lawsuits	1,142	610
Reserve for directors' retirement benefits	544	681
Negative goodwill	89	92
Other	8,566	8,601
Total long-term liabilities	111,858	123,548
Total liabilities	363,095	372,892
Net assets		
Shareholders' equity		
Capital stock	27,781	27,781
Capital surplus	27,644	27,644
Retained earnings	(2,992)	(3,786)
Treasury stock	(632)	(632)
Total shareholders' equity	51,800	51,006
Valuation and translation adjustments		
Unrealized loss on available-for-sale securities	214	(891)
Deferred gain/loss on hedging	66	173
Land revaluation reserves	58	58
Translation adjustments	(24,716)	(25,409)
Total valuation and translation adjustments	(24,378)	(26,070)
Minority interests	17,222	17,099
Total net assets	44,644	42,035
Total liabilities and net assets	407,740	414,928

(2) Consolidated Statements of Income

[First quarter]

(Million yen)

	Previous first quarter (From April 1, 2008 to June 30, 2008)	First quarter under review (From April 1, 2009 to June 30, 2009)
Net sales	310,167	203,526
Cost of sales	286,952	185,839
Gross trading profit	23,215	17,686
Selling, general and administrative expenses	*1 17,105	*1 15,311
Operating income	6,110	2,375
Non-operating income		
Interest received	285	174
Dividends received	265	291
Foreign exchange gains	–	452
Other	490	254
Total non-operating income	1,041	1,172
Non-operating expenses		
Interest paid	1,437	1,096
Loss on equity method investments	244	375
Other	946	406
Total non-operating expenses	2,629	1,877
Ordinary income	4,522	1,669
Extraordinary gains		
Gain on sale of tangible fixed assets	4	9
Gain on sale of investment in securities	71	14
Gain on reversal of allowance for doubtful accounts	–	509
Total extraordinary gains	76	534
Extraordinary losses		
Loss on sales or disposal of fixed assets	14	10
Loss on sales of investments in securities	9	3
Loss on valuation of investments in securities	54	–
Loss on valuation of inventories	*2 558	–
Transfer to allowance for loss on lawsuits	–	532
Total extraordinary losses	636	546
Income before income taxes and minority interests	3,962	1,657
Income taxes – current	1,130	714
Income taxes – deferred	1,415	(72)
Total income taxes	2,546	642
Minority interests in consolidated subsidiaries	307	220
Net income	1,107	794

(3) Consolidated Statements of Cash Flows

(Million yen)

	Previous first quarter (From April 1, 2008 to June 30, 2008)	First quarter under review (From April 1, 2009 to June 30, 2009)
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	3,962	1,657
Depreciation and amortization	769	740
Increase (decrease) in allowance for doubtful accounts	120	(502)
Increase (decrease) in reserve for employees' prior service obligations	(564)	(27)
Allowance for loss on lawsuits	–	532
Interest and dividend income	(550)	(465)
Interest expense	1,437	1,096
Equity in earnings of affiliated companies (gain)	244	375
Gain or loss on sales or disposal of fixed assets (gain)	9	0
Gain or loss on sale of investments in securities (gain)	(62)	(11)
Gain or loss on valuation of investments in securities (gain)	54	–
Decrease (increase) in notes and accounts receivable	10,980	28,887
Decrease (increase) in inventories	(16,101)	(7,292)
Increase (decrease) in notes and accounts payable	1,011	(4,511)
Other	(6,004)	(3,441)
Sub total	(4,692)	17,035
Interest and dividend income received	496	590
Interest paid	(782)	(478)
Income taxes paid	(1,406)	(2,264)
Net cash provided by (used in) operating activities	(6,384)	14,883
Cash flows from investing activities:		
Decrease (increase) in time deposits	(4)	(3,923)
Payments for acquisition of tangible fixed assets	(337)	(249)
Proceeds from sale of tangible fixed assets	21	37
Payments for acquisition of intangible fixed assets	(289)	(212)
Payments for acquisition of investments in securities	(65)	(51)
Proceeds from sale of investments in securities	720	12
Increase in loans receivable	(385)	(114)
Decrease in loans receivable	685	382
Other	39	5
Net cash provided by (used in) investing activities	385	(4,113)
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(12,695)	(8,609)
Proceeds from long-term debt	300	1,060
Repayment of long-term debt	(2,550)	(1,723)
Other	(232)	(421)
Net cash used in financing activities	(15,178)	(9,694)
Effect of exchange rate changes on cash and cash equivalents	(796)	255
Net increase (decrease) in cash and cash equivalents	(21,974)	1,331
Cash and cash equivalent at beginning of term	74,437	78,655
Effect of the change in scope of consolidated subsidiaries	692	0
Cash and cash equivalent at end of term	*1 53,155	*1 79,987

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

Not applicable.

(5) Segment Information

[Industry Segment Information]

Previous first quarter (From April 1, 2008 to June 30, 2008)

(Million yen)

	IT	Foods & Foodstuff	Iron, Steel & Plants	Life Science & Energy	Other	Total	Adjustments & Eliminations	Consolidated
Net sales								
(1) Outside customers	68,265	87,183	67,648	77,443	9,626	310,167	-	310,167
(2) Inter-segment	6	0	110	19	15	151	(151)	-
Total	68,271	87,183	67,759	77,463	9,642	310,318	(151)	310,167
Operating income	1,478	1,853	2,005	492	161	5,992	118	6,110

First quarter under review (From April 1, 2009 to June 30, 2009)

(Million yen)

	IT	Foods & Foodstuff	Iron, Steel & Plants	Life Science & Energy	Other	Total	Adjustments & Eliminations	Consolidated
Net sales								
(1) Outside customers	54,118	66,729	35,666	43,304	3,707	203,526	-	203,526
(2) Inter-segment	4	3	46	10	9	73	(73)	-
Total	54,123	66,732	35,712	43,315	3,717	203,599	(73)	203,526
Operating income/loss	585	615	791	88	170	2,252	123	2,375

(Notes) Segments are determined in accordance with the business management units of the relevant products and services. (The results of the consolidated subsidiaries having more than one business segment are calculated by segment.)

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

Not applicable.

(7) Notes

(In relation to consolidated balance sheets)

End of first quarter of Fiscal 2009 (June 30, 2009)	Fiscal 2008 (March 31, 2009)
*1 The following is a breakdown of inventories: Merchandise and finished goods ¥65,902 million Real estate for sale ¥976 million Raw materials and stores ¥1,049 million Work in process ¥953 million Total ¥68,881 million	*1 The following is a breakdown of inventories: Merchandise and finished goods ¥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
*2 The accumulated depreciation of tangible fixed assets was ¥31,621 million.	*2 The accumulated depreciation of tangible fixed assets was ¥31,001 million.
3 Guarantee obligation The Company provides debt guarantees for bank loans to companies other than consolidated companies: Century Textile Industry ¥1,194 million True Corporation Public ¥407 million Watana Inter-Trade ¥188 million Others ¥2,955 million Total ¥4,746 million The above includes activities similar to guarantees.	3 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 ¥2,909 million Total ¥4,708 million The above includes activities similar to guarantees.
4 Discounted notes receivable were ¥10,197 million (of which export bills discounted were ¥8,846 million). Notes receivable transfer by endorsement was ¥118 million.	4 Discounted notes receivable were ¥16,446 million (of which export bills discounted were ¥14,393 million). Notes receivable transfer by endorsement was ¥177 million.

(In relation to consolidated statements of income)

Previous first quarter (From April 1, 2008 to June 30, 2008)	First quarter under review (From April 1, 2009 to June 30, 2009)
*1 Major items in selling, general and administrative expenses and their amounts are as follows: Employees' salaries and bonuses: ¥6,790 million Provision for doubtful accounts: ¥121 million	*1 Major items in selling, general and administrative expenses and their amounts are as follows: Employees' salaries and bonuses: ¥5,814 million Provision for doubtful accounts: ¥12 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).	2 ______________

(In relation to consolidated statements of cash flows)

Previous first quarter (From April 1, 2008 to June 30, 2008)	First quarter under review (From April 1, 2009 to June 30, 2009)
*1 Relations between cash and cash equivalents at the end of the first quarter under review and amounts recorded for accounts in the quarterly consolidated balance sheets (As of June 30, 2008) Cash and bank deposits: ¥53,480 million Time deposits with maturities of 3 months or longer: -¥325 million Cash and cash equivalent: ¥53,155 million	*1 Relations between cash and cash equivalents at the end of the first quarter under review and amounts recorded for accounts in the quarterly consolidated balance sheets (As of June 30, 2009) Cash and bank deposits: ¥84,285 million Time deposits with maturities of 3 months or longer: -¥4,298 million Cash and cash equivalent: ¥79,987 million

August 7, 2009
Kanematsu Corporation

Highlights of Consolidated Financial Results for the First Quarter of FY2009 (Ending March 31, 2010)

Both sales and income declined year on year. Still net income remained in the black.

Net sales	**: 203.5 billion yen**	**down 34.4%**
Operating income	**: 2.4 billion yen**	**declining 61.1%**
Ordinary income	**: 1.7 billion yen**	**falling 63.1%**
Net income	**: 0.8 billion yen**	**down 28.3%**

(Unit: 100 million yen)

(On a consolidated basis)	Q1 of FY2008	Q1 of FY2009	Year-on-year		Q2 of FY2009		FY2009	
			Change	Change (%)	Forecast	Progress	Forecast	Progress
Net sales	3,102	2,035	-1,066	-34.4%	4,500	45.2%	10,000	20.4%
Gross trading profit	232	177	-55	-23.8%	-	-	-	-
SG&A expenses	171	153	-18	-10.5%	-	-	-	-
Operating income	61	24	-37	-61.1%	55	43.2%	155	15.3%
Dividends received	3	3	0	-	-	-	-	-
Interest	-12	-9	2	-	-	-	-	-
Gains on equity-method investment	-2	-4	-1	-	-	-	-	-
Others	-5	3	8	-	-	-	-	-
Non-operating income/loss	-16	-7	9	-	-	-	-	-
Ordinary income	45	17	-29	-63.1%	35	47.7%	115	14.5%
Extraordinary gain	1	5	5	595.6%	-	-	-	-
Extraordinary loss	-6	-5	1	-	-	-	-	-
Income (loss) before income taxes	40	17	-23	-58.2%	-	-	-	-
Income taxes and minority interest	-29	-9	20	-	-	-	-	-
Net income	11	8	-3	-28.3%	10	79.4%	50	15.9%

Summary of Results for First Quarter

Net sales
Net sales declined in all segments, reflecting a fall in trading volume associated with weak demand and low commodity prices.

Gross trading profit
Gross trading profit fell in association with the decline in net sales.

Operating income
Operating income dropped in association with the fall in gross trading profit, despite a decrease in selling, general and administrative expenses.

Ordinary income
Non-operating income increased with a fall in equity in earnings of affiliated companies more than offset by the improvement of interest income, thanks to the reduction in interest-bearing debt and improved foreign currency translation outcomes. However, ordinary income declined, reflecting a sharp fall in operating income.

Net income
Net income fell year on year but remained in the black owing to an improvement in the tax expense.

(Unit: 100 million yen)

Segment Information	Net sales			Operating income		
	Q1 of FY2008	Q1 of FY2009	Year-on-year Change	Q1 of FY2008	Q1 of FY2009	Year-on-year Change
IT	683	541	-141	15	6	-9
Foods & Foodstuff	872	667	-205	19	6	-12
Iron & Steel	438	219	-219	17	11	-6
Plant	239	138	-101	3	-3	-6
Iron, Steel & Plant	676	357	-320	20	8	-12
Energy	693	382	-312	4	0	-3
Life Science	81	51	-30	1	1	-1
Life Science & Energy	774	433	-341	5	1	-4
Others	96	37	-59	2	2	0
Adjustment & elimination	-	-	-	1	1	0
Total	3,102	2,035	-1,066	61	24	-37

Summary of Segment Results

IT
Although the performance of the airplane business and mobile business was favorable, turnover was down, especially in the electronic parts and semiconductor equipment business and the solution business. Overall, both sales and profit dropped.

Foods & Foodstuff
In the foods business, sales of high-end products were weak, while less expensive items sold well. The marine products business, were we focused on highly processed foods, recovered steadily. The foodstuffs business was affected by falls in grain prices and a decrease in income in feedstuff transactions. Overall, both sales and profit declined.

Iron, Steel & Plant
Exports to the Middle East were solid both in the iron and steel business and the industrial plants business. In contrast, transactions related to automobiles declined. The external environment surrounding the machine tools business remained difficult. Overall, both sales and profit fell.

Life Science & Energy
Although crude-oil prices rebounded, domestic demand declined with the economic downturn. As a result, both sales and profit dropped.

Others
Net sales fell given the downsizing of the aluminum recycling business, but operating income rose slightly with a recovery in prices.

(Unit: 100 million yen)

Assets, Liabilities and Net Assets	3/2009	6/2009	Comparison with 3/2009	
			Change	Change (%)
Total assets	4,149	4,077	-72	-1.7%
Gross interest-bearing debt	2,136	2,047	-89	-4.2%
Net interest-bearing debt	1,346	1,204	-142	-10.5%
Shareholders' equity	510	518	8	1.6%
(Retained earnings)	-38	-30	8	-
Valuation and translation adjustments	-261	-244	17	-
Minority interests	171	172	1	0.7%
Total net assets	420	446	26	6.2%
Equity capital (Note 1)	249	274	25	10.0%
Equity ratio (Note 2)	6.0%	6.7%	Up 0.7pt	—
Net debt-equity ratio (Note 3)	5.4 times	4.4 times	Down 1.0pt	—

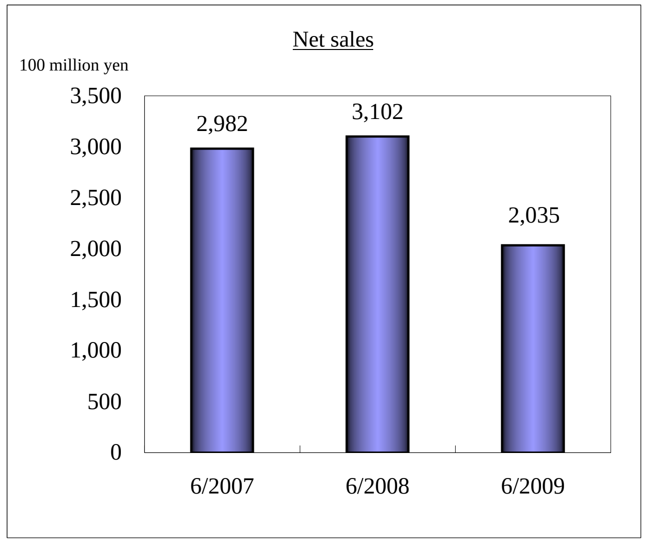
(Note 1) Equity capital = Net assets - Minority interests
(Note 2) Equity ratio = Equity capital / Total assets
(Note 3) Net debt-equity ratio = Net interest-bearing debt / Equity capital

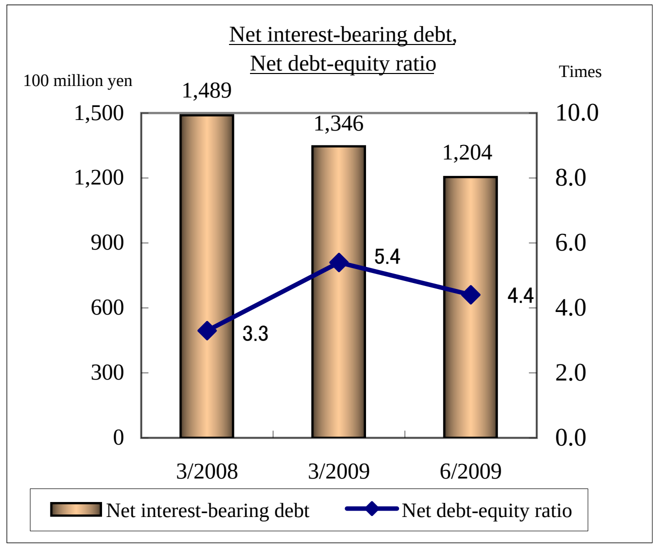
Summary

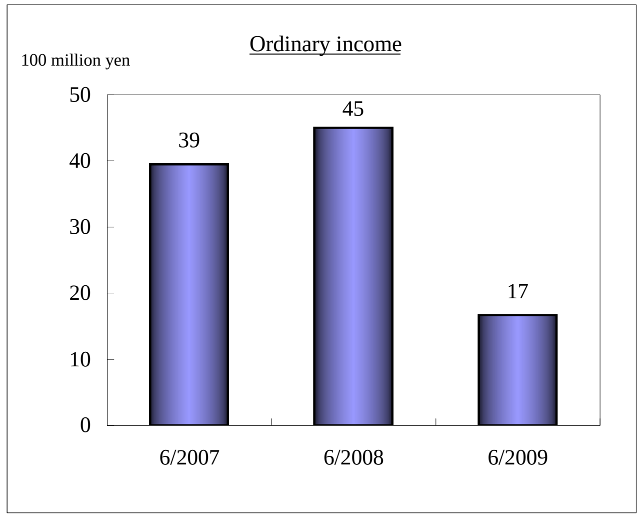
Total assets
Total assets fell 7.2 billion yen, primarily reflecting a decline in operating receivables.

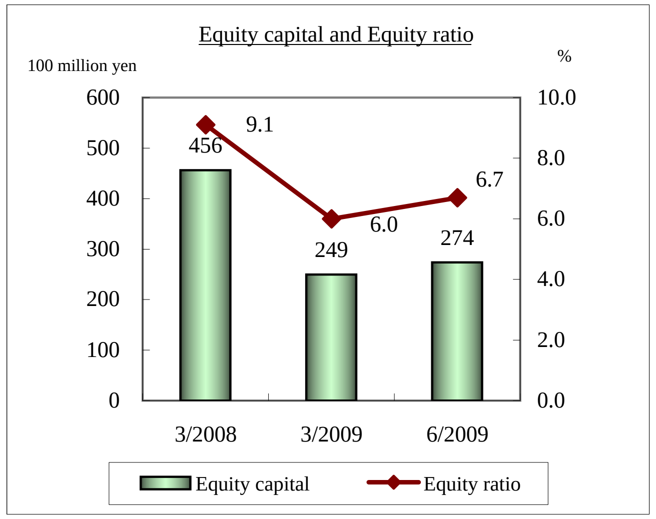
Interest-bearing debt
Gross interest-bearing debt declined 8.9 billion yen, attributable to scheduled payments and the effect of foreign currency translation rates.
Net interest-bearing debt dropped 14.2 billion yen, linked also to the rise in cash and bank deposits.

Net assets
Equity capital rose due to net income.
Valuation and translation adjustments improved.
As a result, the equity ratio and net debt-equity ratio improved to 6.7%, and 4.4 times, respectively.









* 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.