



Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the First Nine Months of the Fiscal Year Ending March 2012 (Japanese Accounting Standards)

February 3, 2012

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

URL: <http://www.kanematsu.co.jp>

Representative: President, Masayuki Shimojima

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Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): February 10, 2012

Scheduled date for commencement of dividend payments: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

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

1. Consolidated business results for the first nine months of the fiscal year ending March 2012

(April 1, 2011 – December 31, 2011)

(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 Nine Months to December 2011 | 742,464 | 8.4 | 16,189 | 32.2 | 13,373 | 31.3 | 6,183 | -6.9 |
| First Nine Months to December 2010 | 685,128 | 8.3 | 12,248 | 51.1 | 10,187 | 83.9 | 6,641 | 224.9 |

(Note) Comprehensive income: 3,757 million yen (95.4%) for the first nine months to December 2011
1,923 million yen (–%) for the first nine months to December 2010

| | Net income per share | Net income per share (diluted basis) |
|------------------------------------|----------------------|--------------------------------------|
| | Yen | Yen |
| First Nine Months to December 2011 | 14.77 | – |
| First Nine Months to December 2010 | 15.88 | – |

(2) Consolidated financial condition

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of December 31, 2011 | 394,520 | 52,621 | 9.1 |
| As of March 31, 2011 | 388,676 | 49,576 | 8.5 |

(Reference) Shareholders' equity: 35,977 million yen as of December 31, 2011
33,101 million yen as of March 31, 2011

2. Dividends

| (Record date) | Annual dividends | | | | |
|---|----------------------|-----------------------|----------------------|----------|--------|
| | End of first quarter | End of second quarter | End of third quarter | Year end | Fiscal |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 2011 | – | 0.00 | – | 0.00 | 0.00 |
| Fiscal year ending March 2012 | – | 0.00 | – | | |
| Fiscal year ending March 2012 (Forecasts) | | | | 0.00 | 0.00 |

(Note) Revisions to dividend forecasts published most recently: None

3. Forecasts for consolidated results ending March 2012 (April 1, 2011 – March 31, 2012)

(%: Changes from the same period of the previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-------------|-----|------------------|------|-----------------|-----|-------------|-------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 980,000 | 4.6 | 20,000 | 10.9 | 15,500 | 8.7 | 7,000 | -23.7 | 16.73 |

(Note) Revisions to results forecasts published most recently: None

4. Other information

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

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please see the statement under the heading of "2. Matters Relating to Summary Information (Other), (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements" on page 4 of accompanying materials.

(3) Changes in accounting policies and changes or restatement of accounting estimates

- | | |
|---|------|
| 1. Changes in accounting policies associated with the revision of accounting standards, etc.: | None |
| 2. Changes in accounting policies other than 1.: | None |
| 3. Changes in accounting estimates: | None |
| 4. Restatement: | None |

(4) Number of outstanding shares (common shares)

- | | | | |
|---|--------------------|------------------------------|--------------------|
| 1. Number of outstanding shares including treasury stock | | | |
| First nine months (2011/12): | 422,501,010 shares | Fiscal year (2011/3): | 422,501,010 shares |
| 2. Number of treasury stock | | | |
| First nine months (2011/12): | 3,937,357 shares | Fiscal year (2011/3): | 3,878,764 shares |
| 3. Average number of shares during the period (First nine months) | | | |
| First nine months (2011/12): | 418,594,956 shares | First nine months (2010/12): | 418,324,001 shares |

* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

* 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 "(3) Qualitative information on consolidated results forecasts" in "1. Qualitative Information on Consolidated Results, Etc. for the First Nine Months of the Fiscal Year Ending March 2012" on page 3 of accompanying materials for further information on results forecasts.

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1. Qualitative Information on Consolidated Results, Etc. for the First Nine Months of the Fiscal Year Ending March 2012

(1) Qualitative information on consolidated results

During the first nine months under review (from April 1, 2011 to December 31, 2011), advanced economies including the United States and certain European countries experienced a slowdown on the back of growing European debt problems and the raising of the US Federal government's debt ceiling. With the resulting weak performance in exports to the West, the overall speed of economic growth moderated in China and other emerging economies in Asia.

Overcoming the downturn after the Great East Japan Earthquake, the Japanese economy maintained a recovery track until the autumn of 2011 when it began to stall, reflecting adverse influences from such factors as an export slump associated with the weak performance of overseas economies, the historic appreciation of the yen, and turmoil in supply chains due to the Thai flooding.

In this environment, the results of the Group in the first nine months under review generally remained solid as a result its our efforts to exploit domestic and international demand.

Consolidated net sales increased ¥57,336 million (8.4%) year on year, to ¥742,464 million. Gross trading profit rose ¥4,455 million (8.0%), to ¥60,027 million, associated with the higher net sales. Operating income increased ¥3,941 million (32.2%), to ¥16,189 million, thanks to the rise in gross trading profit and our continued efforts to reduce selling, general, and administrative expenses. In spite of an improvement in the loss on equity method investments, non-operating income and expenses worsened ¥755 million, attributable to a decline in dividends received and a rise in foreign exchange losses. Consequently, consolidated ordinary income climbed ¥3,186 million (31.3%) year on year, to ¥13,373 million.

Extraordinary losses came to ¥994 million, primarily reflecting the posting of a loss at a subsidiary due to the withdrawal from the employee pension funds program. Income before income taxes and minority interests was ¥12,379 million, up ¥3,000 million (32.0%) year on year. Net income declined ¥458 million (6.9%) to ¥6,183 million, mainly attributable to an increase in income taxes – deferred as a result of the reversal of deferred income tax assets pursuant to the tax reform in fiscal year 2011.

Results for each business segment are described below.

(i) Electronics & IT

The ICT solutions business and the mobile solutions business continued to perform well, reflecting the expansion of the market for mobile communication terminals, including smartphones. In contrast, the overall semiconductor business was weak with the semiconductor component business affected by the impacts of Thai flooding and the decline in semiconductor equipment demand in response to the strong demand in the previous fiscal year.

As a result, net sales in the Electronics & IT Division were down ¥479 million year on year, to ¥183,454 million. Operating income increased ¥138 million, to ¥6,814 million.

(ii) Foods & Foodstuff

Sales of imported meat products were solid, partly because of the effect of the earthquake and nuclear disaster. The foods business, especially prepared foods and processed foods, performed well in a relatively stable supply and demand environment. The foodstuff business contributed to earnings on the strength of our efforts to bolster ties with suppliers and expand sales channels for the sale of feedstuffs, in spite of harmful rumors after the earthquake and a harsh domestic environment for livestock and dairy farm industries.

As a consequence, net sales in the Foods & Foodstuff Division increased ¥14,301 million, to ¥221,539 million. Operating income rose ¥2,466 million, to ¥4,209 million.

(iii) Iron & Steel

In the Iron & Steel segment, export transactions of special and stainless steel for Europe and the United States remained solid, which was the main driver for improved overall earnings.

As a result, sales in the Iron & Steel Division increased ¥2,470 million, to ¥75,417 million. Operating income was up ¥143 million, to ¥2,693 million.

(iv) Machinery & Plant

Business linked to automobiles was weak because of the effects of the earthquake, including disruptions in supply chains, in the first quarter but recovered in the second quarter and satisfactory progress was made subsequently. Business linked to plants saw an increase in orders for transactions related to official development assistance. The machine tool business improved significantly year on year, reflecting a recovery in domestic demand, but the silicon wafer processing business for solar generated electricity was sluggish, given a decline in demand in Europe and unit price declines due to intensifying competition.

As a result, sales in the Machinery & Plant Division rose ¥6,298 million, to ¥52,552 million. Operating income increased ¥185 million, to ¥702 million.

(v) Environment & Materials

In the functional chemicals business, exports of raw materials for car batteries grew, and overall transactions of chemicals, including lubricant oils and raw materials for resin, were solid. The energy business was firm overall, backed by increasing sales of fuel oil to electric power companies after the earthquake.

As a consequence, net sales in the Environment & Materials Division increased ¥34,354 million, to ¥196,015 million. Operating income rose ¥957 million, to ¥1,520 million.

(vi) Other

Net sales increased ¥392 million, to ¥13,484 million, and operating income rose ¥46 million, to ¥232 million, attributable to the improved profitability of the aluminum recycling business.

(2) Qualitative information on consolidated financial position

(i) Assets, liabilities and net assets

Total assets at the end of the third quarter increased ¥5,844 million from the end of the previous fiscal year, to ¥394,520 million.

Interest-bearing debt fell ¥9,013 million, to ¥164,614 million. Net interest-bearing debt, which is interest-bearing debt minus cash and bank deposits, dropped ¥9,235 million from the end of the previous fiscal year, to ¥95,377 million.

Net assets rose ¥3,045 million, to ¥52,621 million, attributable to an increase in retained earnings as a result of the posting of net income, offsetting the deterioration of other accumulated comprehensive income, which was in negative territory, caused by the worsening of translation adjustments due to a stronger yen. Equity capital, which is net assets minus minority interests, rose ¥2,876 million, to ¥35,977 million.

As a result, the equity ratio improved 0.6 percentage points from the end of the previous fiscal year, to 9.1%. The net debt-equity ratio also improved to 2.7, from 3.2 at the end of the previous fiscal year.

(ii) Cash flows

Net cash provided by operating activities in the first three quarters under review stood at ¥10,193 million (net cash provided of ¥4,894 million for the first three quarters of the previous fiscal year), mainly reflecting operating income. Net cash provided by investing activities was ¥1,686 million (net cash provided of ¥9,608 million), primarily attributable to a decrease in loans receivable and proceeds from the withdrawal of time deposits. Net cash used in financing activities was ¥9,578 million (net cash used of ¥19,717 million), chiefly owing to the repayment of long-term debt.

As a result, cash and cash equivalents at the end of the third quarter under review stood at ¥68,564 million, up ¥1,138 million from the end of the previous fiscal year.

(3) Qualitative information on consolidated results forecasts

We expect that the global economy surrounding the Group will remain uncertain, primarily reflecting the prolonged debt problems in Europe and the continued strength of the yen. Given these circumstances, we have not revised the consolidated results forecasts we announced on November 4, 2011.

The forecasts above are based on information available on the date of the announcement of this document and estimates based on reasonable assumptions. Actual results might differ materially from the forecasts, due to

various factors.

2. Matters Relating to Summary Information (Other)

(1) Important change in subsidiaries during the term

Not applicable.

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements

(Calculation of tax expenses)

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

(3) Changes in accounting policies and changes or restatement of accounting estimates

Not applicable.

(Additional information)

For accounting changes and corrections of past errors after the beginning of the first quarter of this fiscal year, the Group applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009).

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

| | Fiscal 2010 (March 31, 2011) | End of first nine months under review (December 31, 2011) |
|------------------------------------|---------------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and bank deposits | 69,014 | 69,237 |
| Notes and accounts receivable | 146,546 | 159,989 |
| Investments in leased assets | 606 | 645 |
| Inventories | 57,089 | 62,742 |
| Short-term loans receivable | 1,740 | 741 |
| Deferred tax assets | 3,581 | 2,667 |
| Other | 21,058 | 17,918 |
| Allowance for doubtful accounts | (355) | (307) |
| Total current assets | 299,283 | 313,634 |
| Fixed assets | | |
| Tangible fixed assets | 27,884 | 27,369 |
| Intangible fixed assets | 1,859 | 1,869 |
| Investments and other assets | | |
| Investments in securities | 31,977 | 28,886 |
| Long-term loans receivable | 12,679 | 12,571 |
| Doubtful accounts | 14,006 | 1,956 |
| Deferred tax assets | 13,325 | 11,096 |
| Other | 9,894 | 7,687 |
| Allowance for doubtful accounts | (22,236) | (10,552) |
| Total investments and other assets | 59,648 | 51,646 |
| Total fixed assets | 89,392 | 80,885 |
| Total assets | 388,676 | 394,520 |

(Million yen)

| | Fiscal 2010 (March 31, 2011) | End of first nine months under review (December 31, 2011) |
|--|---------------------------------|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable | 123,257 | 132,306 |
| Short-term borrowings | 100,488 | 103,304 |
| Lease obligations | 572 | 732 |
| Accrued income taxes | 1,562 | 479 |
| Deferred tax liabilities | 1 | 0 |
| Asset retirement obligations | 6 | 1 |
| Other | 26,231 | 29,916 |
| Total current liabilities | 252,120 | 266,741 |
| Long-term liabilities | | |
| Long-term borrowings | 73,138 | 61,309 |
| Lease obligations | 1,248 | 1,504 |
| Deferred tax liabilities | 364 | 221 |
| Accrued severance indemnities | 2,516 | 2,673 |
| Reserve for directors' retirement benefits | 617 | 512 |
| Asset retirement obligations | 847 | 851 |
| Other | 8,245 | 8,083 |
| Total long-term liabilities | 86,978 | 75,157 |
| Total liabilities | 339,099 | 341,899 |
| Net assets | | |
| Owners' equity | | |
| Capital stock | 27,781 | 27,781 |
| Capital surplus | 27,606 | 27,605 |
| Retained earnings | 8,914 | 15,076 |
| Treasury stock | (569) | (573) |
| Total owners' equity | 63,732 | 69,890 |
| Other accumulated comprehensive income | | |
| Unrealized loss on available-for-sale securities | (166) | (1,199) |
| Deferred gain/loss on hedging | (143) | (33) |
| Land revaluation reserves | 58 | 58 |
| Translation adjustments | (30,379) | (32,738) |
| Total other accumulated comprehensive income | (30,631) | (33,913) |
| Minority interests | 16,475 | 16,643 |
| Total net assets | 49,576 | 52,621 |
| Total liabilities and net assets | 388,676 | 394,520 |

(2) Consolidated statements of income / consolidated statement of comprehensive income

Consolidated statements of income

[First nine months]

(Million yen)

| | Previous first nine months (From April 1, 2010 to December 31, 2010) | First nine months under review (From April 1, 2011 to December 31, 2011) |
|--|--|--|
| Net sales | 685,128 | 742,464 |
| Cost of sales | 629,556 | 682,436 |
| Gross trading profit | 55,572 | 60,027 |
| Selling, general and administrative expenses | 43,324 | 43,837 |
| Operating income | 12,248 | 16,189 |
| Non-operating income | | |
| Interest received | 476 | 335 |
| Dividends received | 1,117 | 647 |
| Equity in earnings of affiliates | – | 150 |
| Other | 1,013 | 595 |
| Total non-operating income | 2,607 | 1,729 |
| Non-operating expenses | | |
| Interest paid | 3,203 | 3,094 |
| Loss on equity method investments | 56 | – |
| Foreign exchange losses | 206 | 445 |
| Other | 1,203 | 1,006 |
| Total non-operating expenses | 4,668 | 4,546 |
| Ordinary income | 10,187 | 13,373 |
| Extraordinary gains | | |
| Gain on sale of tangible fixed assets | 24 | 32 |
| Gain on sale of investment in securities | 318 | 56 |
| Gain on liquidation of subsidiaries and affiliates | 4 | 10 |
| Gain on negative goodwill | 103 | – |
| Gain on reversal of allowance for doubtful accounts | 258 | – |
| Total extraordinary gains | 709 | 99 |
| Extraordinary losses | | |
| Loss on sales or disposal of fixed assets | 34 | 47 |
| Impairment loss | 22 | – |
| Loss on sale of investments in securities | 464 | 272 |
| Loss on valuation of investments in securities | 558 | 82 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 436 | – |
| Loss on withdrawal from the employee pension funds program | – | 690 |
| Total extraordinary losses | 1,517 | 1,093 |
| Income before income taxes and minority interests | 9,379 | 12,379 |
| Income taxes – current | 1,678 | 2,232 |
| Income taxes – deferred | 122 | 2,934 |
| Total income taxes | 1,801 | 5,167 |
| Income before minority interests | 7,578 | 7,211 |
| Minority interests in consolidated subsidiaries | 936 | 1,027 |
| Net income | 6,641 | 6,183 |

Consolidated statement of comprehensive income
[First nine months]

(Million yen)

| | Previous first nine months (From April 1, 2010 to December 31, 2010) | First nine months under review (From April 1, 2011 to December 31, 2011) |
|---|--|--|
| Income before minority interests | 7,578 | 7,211 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (244) | (1,029) |
| Deferred gains or losses on hedges | (707) | 124 |
| Foreign currency translation adjustment | (4,612) | (2,453) |
| Share of other comprehensive income of associates accounted for using equity method | (90) | (95) |
| Total other comprehensive income | (5,654) | (3,454) |
| Comprehensive income | 1,923 | 3,757 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 1,315 | 2,901 |
| Comprehensive income attributable to minority interests | 608 | 855 |

(3) Consolidated statements of cash flows

(Million yen)

| | Previous first nine months (From April 1, 2010 to December 31, 2010) | First nine months under review (From April 1, 2011 to December 31, 2011) |
|--|--|--|
| Cash flows from operating activities: | | |
| Income before income taxes and minority interests | 9,379 | 12,379 |
| Depreciation and amortization | 1,902 | 1,861 |
| Increase (decrease) in allowance for doubtful accounts | (176) | (177) |
| Increase (decrease) in reserve for employees' prior service obligations | (75) | 177 |
| Interest and dividend income | (1,594) | (983) |
| Interest expense | 3,203 | 3,094 |
| Equity in earnings of affiliated companies (gain) | 56 | (150) |
| Gain or loss on sales or disposal of fixed assets (gain) | 10 | 14 |
| Impairment loss | 22 | – |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 436 | – |
| Gain or loss on sale of investments in securities (gain) | 146 | 216 |
| Gain or loss on valuation of investments in securities (gain) | 558 | 82 |
| Loss on withdrawal from the employee pension funds program | – | 690 |
| Decrease (increase) in notes and accounts receivable | (20,168) | (9,969) |
| Decrease (increase) in inventories | (2,739) | (6,420) |
| Increase (decrease) in notes and accounts payable | 17,068 | 15,208 |
| Other | 44 | (605) |
| Sub total | 8,073 | 15,418 |
| Interest and dividend income received | 1,557 | 954 |
| Interest paid | (2,737) | (2,695) |
| Income taxes paid | (1,998) | (3,483) |
| Net cash provided by (used in) operating activities | 4,894 | 10,193 |
| Cash flows from investing activities: | | |
| Decrease (increase) in time deposits | 9,381 | 923 |
| Payments for acquisition of tangible fixed assets | (861) | (1,148) |
| Proceeds from sale of tangible fixed assets | 280 | 596 |
| Payments for acquisition of intangible fixed assets | (461) | (411) |
| Payments for acquisition of investments in securities | (170) | (115) |
| Proceeds from sale of investments in securities | 1,083 | 861 |
| Purchase of investments in subsidiaries | (217) | (0) |
| Increase in loans receivable | (561) | (654) |
| Decrease in loans receivable | 1,362 | 1,517 |
| Other | (225) | 116 |
| Net cash provided by (used in) investing activities | 9,608 | 1,686 |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term loans, net | (10,800) | 1,913 |
| Proceeds from long-term debt | 24,292 | 11,375 |
| Repayment of long-term debt | (32,190) | (22,127) |
| Proceeds on payments by minority shareholders | – | 38 |
| Other | (1,019) | (777) |
| Net cash provided by (used in) financing activities | (19,717) | (9,578) |
| Effect of exchange rate changes on cash and cash equivalents | (1,740) | (1,163) |
| Net increase (decrease) in cash and cash equivalents | (6,954) | 1,138 |
| Cash and cash equivalent at beginning of year | 64,479 | 67,426 |
| Effect of the change in scope of consolidated subsidiaries | 137 | – |
| Cash and cash equivalent at end of year | 57,662 | 68,564 |

(4) Notes on the going concern assumption

Not applicable.

(5) Segment information

I. Previous first nine months (From April 1, 2010 to December 31, 2010)

1. Information on net sales and profits or losses by reported segment

(Million yen)

| | Reported segments | | | | | | Others (Note 1) | Total | Adjustment (Note 2) | Amount posted in consolidated statements of income (Note 3) |
|-------------------|-------------------|------------------|--------------|-------------------|-------------------------|-----------|-----------------|---------|---------------------|---|
| | Electronics & IT | Food & Foodstuff | Iron & Steel | Machinery & Plant | Environment & Materials | Sub-total | | | | |
| Net sales | | | | | | | | | | |
| Outside customers | 183,933 | 207,238 | 72,947 | 46,254 | 161,661 | 672,035 | 13,092 | 685,128 | – | 685,128 |
| Inter-segment | 15 | 5 | 418 | 13 | 35 | 488 | 35 | 523 | (523) | – |
| Total | 183,949 | 207,244 | 73,365 | 46,268 | 161,697 | 672,524 | 13,127 | 685,652 | (523) | 685,128 |
| Segment profit | 6,676 | 1,743 | 2,550 | 517 | 563 | 12,050 | 186 | 12,237 | 11 | 12,248 |

(Note 1) “Others” is a business segment that is not included in the reported segments and includes the aluminum recycling business and the logistics and insurance service business, etc.

(Note 2) Adjustment of ¥11 million for segment profit includes inter-segment elimination of ¥11 million.

(Note 3) Segment profit is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by reported segment

(Significant impairment loss relating to fixed assets)

Not applicable in the first nine months under review

(Significant change in the amount of goodwill)

Not applicable in the first nine months under review

(Significant gain on negative goodwill)

Not applicable in the first nine months under review

II. First nine months under review (From April 1, 2011 to December 31, 2011)

1. Information on net sales and profits or losses by reported segment

(Million yen)

| | Reported segments | | | | | | Others (Note 1) | Total | Adjustment (Note 2) | Amount posted in consolidated statements of income (Note 3) |
|-------------------|-------------------|------------------|--------------|-------------------|-------------------------|-----------|-----------------|---------|---------------------|---|
| | Electronics & IT | Food & Foodstuff | Iron & Steel | Machinery & Plant | Environment & Materials | Sub-total | | | | |
| Net sales | | | | | | | | | | |
| Outside customers | 183,454 | 221,539 | 75,417 | 52,552 | 196,015 | 728,979 | 13,484 | 742,464 | – | 742,464 |
| Inter-segment | 47 | 4 | 74 | 7 | 25 | 159 | 39 | 198 | (198) | – |
| Total | 183,502 | 221,543 | 75,491 | 52,559 | 196,041 | 729,138 | 13,523 | 742,662 | (198) | 742,464 |
| Segment profit | 6,814 | 4,209 | 2,693 | 702 | 1,520 | 15,939 | 232 | 16,171 | 17 | 16,189 |

(Note 1) “Others” is a business segment that is not included in the reported segments and includes the aluminum recycling business and the logistics and insurance service business, etc.

(Note 2) Adjustment of ¥17 million for segment profit includes inter-segment elimination of ¥17 million.

(Note 3) Segment profit is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by reported segment

(Significant impairment loss relating to fixed assets)

Not applicable in the first nine months under review

(Significant change in the amount of goodwill)

Not applicable in the first nine months under review

(Significant gain on negative goodwill)

Not applicable in the first nine months under review

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

Not applicable.

(7) Significant subsequent events

Not applicable.

4. Supplementary Information

A lawsuit against the Company (in which the claim is ¥3,300 million) was filed with the Tokyo District Court in December 2009 with regard to compensation based on a stated guarantee by a transferee in connection with an agreement for transferring shares and credits to Kanematsu Kankyo Co., Ltd. (presently known as Funabashi Kankyo Co., Ltd.), the Company's subsidiary, prior to its transfer in March 2008.

Highlights of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 2012

Net sales, operating income and ordinary income increased year on year.

| | | | |
|-------------------------|--------------------------|--------------|-------------|
| Net sales | 742.5 billion yen | 8.4% | up |
| Operating income | 16.2 billion yen | 32.2% | up |
| Ordinary income | 13.4 billion yen | 31.3% | up |
| Net income | 6.2 billion yen | 6.9% | down |

| On a consolidated basis | | | | | | |
|--|--------------|--------------|--------------|------------|--------------------------------|------------|
| (Unit: 100 million yen) | Q3 of FY2010 | Q3 of FY2011 | Year-on-year | | FY2011 | |
| | | | Change | Change (%) | Forecast revised on November 4 | Change (%) |
| Net sales | 6,851 | 7,425 | 573 | 8.4% | 9,800 | 75.8% |
| Gross trading profit | 556 | 600 | 45 | 8.0% | - | - |
| SG&A expenses | 433 | 438 | 5 | 1.2% | - | - |
| Operating income | 122 | 162 | 39 | 32.2% | 200 | 80.9% |
| Dividends received | 11 | 6 | -5 | - | - | - |
| Interest | -27 | -28 | 0 | - | - | - |
| Gains or losses on equity-method investments | -1 | 2 | 2 | - | - | - |
| Foreign exchange losses | -2 | -4 | -2 | - | - | - |
| Others | -2 | -4 | -2 | - | - | - |
| Non-operating income/loss | -21 | -28 | -8 | - | - | - |
| Ordinary income | 102 | 134 | 32 | 31.3% | 155 | 86.3% |
| Extraordinary gain | 7 | 1 | -6 | - | - | - |
| Extraordinary loss | -15 | -11 | 4 | - | - | - |
| Income (loss) before income taxes | 94 | 124 | 30 | 32.0% | - | - |
| Income taxes and minority interests | -27 | -62 | -35 | - | - | - |
| Net income | 66 | 62 | -5 | -6.9% | 70 | 88.3% |

Net sales/Gross trading profit

Net sales increased, chiefly reflecting the strong performance of the Foods & Foodstuff and Environment & Materials segments with the rise in total handling volumes and surges in commodity prices. This led to a rise in gross trading profit.

Operating income

Operating income increased, attributable to the rise in gross trading profit as well as continued efforts to reduce SG&A expenses.

Ordinary income

Despite a slight worsening in non-operating income and expenses due to a decline in dividends received and an increase in foreign exchange losses, which offset an improvement in losses on equity-method investments, ordinary income climbed as a result of higher operating income.

Net income

Net income declined year on year, primarily attributable to a loss at a subsidiary on the withdrawal from the employee pension funds program which was recorded as an extraordinary loss, as well as an increase in income taxes – deferred as a result of the reversal of deferred tax assets pursuant to the tax reform.

| Assets, Liabilities and Net Assets | | | | |
|--|-----------|-----------|------------------------|------------|
| (Unit: 100 million yen) | 3/2011 | 12/2011 | Comparison with 3/2011 | |
| | | | Change | Change (%) |
| Total assets | 3,887 | 3,945 | 58 | 1.5% |
| Gross interest-bearing debt | 1,736 | 1,646 | -90 | -5.2% |
| Net interest-bearing debt | 1,046 | 954 | -92 | -8.8% |
| Equity capital | 637 | 699 | 62 | 9.7% |
| (Retained earnings) | 89 | 151 | 62 | 69.1% |
| Other accumulated comprehensive income | -306 | -339 | -33 | - |
| Minority interests | 165 | 166 | 2 | 1.0% |
| Total net assets | 496 | 526 | 30 | 6.1% |
| Shareholder's equity (Note 1) | 331 | 360 | 29 | 8.7% |
| Shareholder's equity ratio (Note 2) | 8.5% | 9.1% | 0.6 pt improved | - |
| Net debt-equity ratio (Note 3) | 3.2 times | 2.7 times | 0.5 pt improved | - |

Total assets

Total assets rose 5.8 billion yen to 394.5 billion yen.

Interest-bearing debt

Gross interest-bearing debt decreased 9 billion yen as a result of debt repayment. Net interest-bearing debt declined 9.2 billion yen.

Total net assets

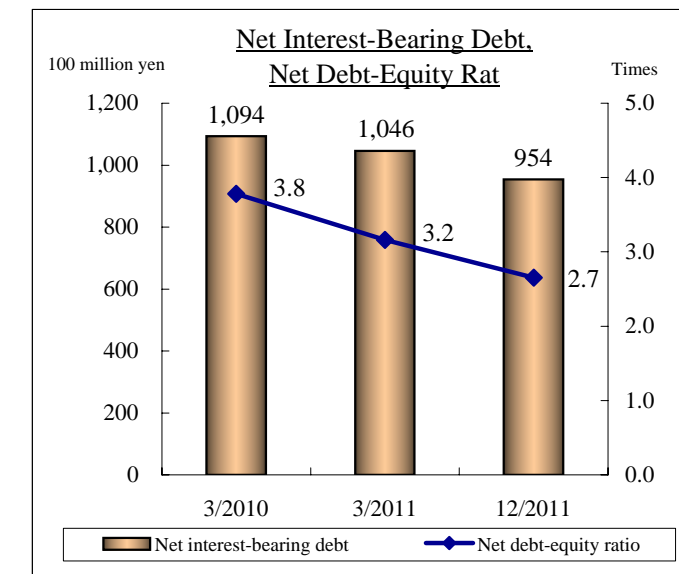
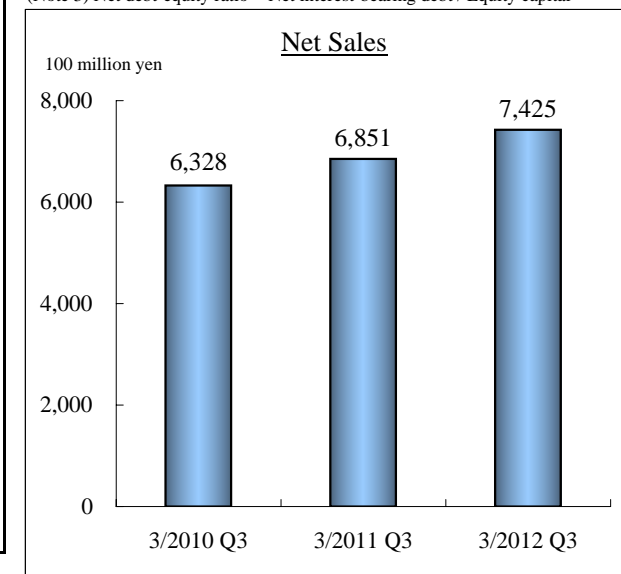
Net assets rose 3 billion yen, attributable to an increase in retained earnings as a result of the posting of net income, which offset the deterioration of other accumulated comprehensive income, which was in negative territory, caused by the worsening of translation adjustments due to a stronger yen. Equity capital, which is net assets minus minority interests, increased 2.9 billion yen.

As a result, the equity ratio improved to 9.1%, and the net debt-equity ratio improved to 2.7.

(Note 1) Shareholder's equity = Total net assets - Minority interests

(Note 2) Shareholder's equity ratio = Shareholder's equity / Total assets

(Note 3) Net debt-equity ratio = Net interest-bearing debt / Equity capital



| Segment information | | | | | | |
|-------------------------------|--------------------------------|--------------|--------|------------------|--------------|--------|
| (Unit: 100 million yen) | Net sales (net external sales) | | | Operating income | | |
| | Q3 of FY2010 | Q3 of FY2011 | Change | Q3 of FY2010 | Q3 of FY2011 | Change |
| Electronics & IT | 1,839 | 1,835 | -5 | 67 | 68 | 1 |
| Food & Foodstuffs | 2,072 | 2,215 | 143 | 17 | 42 | 25 |
| Iron & Steel | 729 | 754 | 25 | 26 | 27 | 1 |
| Machinery & Plant | 463 | 526 | 63 | 5 | 7 | 2 |
| Environment & Materials | 1,617 | 1,960 | 344 | 6 | 15 | 10 |
| Total for reportable segments | 6,720 | 7,290 | 569 | 120 | 159 | 39 |
| Other (including adjustment) | 131 | 135 | 4 | 2 | 3 | 1 |
| Grand total | 6,851 | 7,425 | 573 | 122 | 162 | 39 |

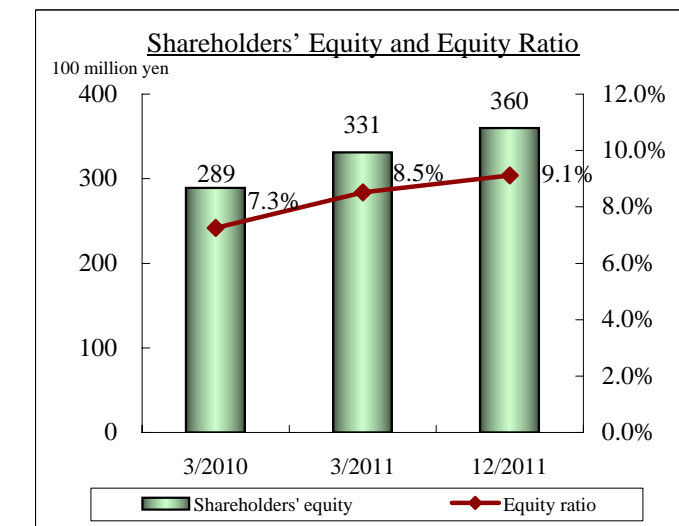
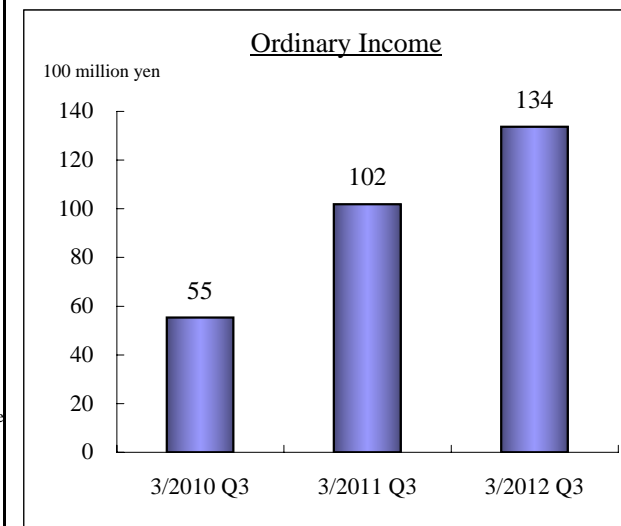
Electronics & IT: Sales dropped, but income increased
The ICT solutions business and the mobile solutions business performed well, reflecting the expansion of the market for mobile communication terminals, including smartphones. In contrast, the overall semiconductor business was weak, with the semiconductor component business affected by the impacts of Thai flooding and the semiconductor equipment business experiencing a decline in demand in response to the strong demand in the previous fiscal year.

Food & Foodstuffs: Both net sales and income increased
Sales of imported meat products were firm partly because of the effect of the earthquake and nuclear disaster. The foods business, especially prepared foods and processed foods, performed well. The foodstuff business contributed to earnings thanks to our efforts to strengthen ties with suppliers of feedstuff and expand sales channels.

Iron & Steel: Both net sales and income increased
Exports transactions of special and stainless steel for Europe and the United States remained solid, which was the main driver for improved overall earnings.

Machinery & Plant: Both net sales and income increased
Supply chains for business linked to automobile parts recovered in the second quarter. Busine

Environment & Materials: Both net sales and income increased
In the functional chemicals business, exports of raw materials for car batteries grew, and overall transactions of chemicals, including lubricant oils and raw materials for resin, were solid. The energy business was firm, backed by increasing sales of fuel oil to electric power companies after the earthquake.



* Results forecasts and forward-looking statements in this document assume information available to the Company as of the date of the announcement and estimates based on rational assumptions. Please note that actual results may differ materially from the forecasts presented here, 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.