

Highlights of Financial Results for the 3rd Quarter for FY2006 (Ended December 31, 2006)

Revenue and earnings both up for three-month reporting period.

- Net sales increased by 23.0% to ¥951.4 billion.
- Gross trading profit increased by 33.8% to ¥75.8 billion.
- Operating and Ordinary income each increased by 46.4% and 45.0% to ¥17.0 billion and ¥14.1 billion, respectively.
- Net profit resulted ¥8.6 billion.

Operating Results	Billions of Yen									Overview of Results for 3Q for FY2006
	FY2005		FY2006			YonY Change		FY2006 Forecast		
	1st Half	1st~3rd Quarter	1st Half	3rd Quarter	1st~3rd Quarter	Amount	%		Progress	
Net Sales	467.7	773.6	626.3	325.1	951.4	177.8	23.0%	1,200.0	79.3%	<u>Net Sales, Gross Trading Profit</u> Newly acquired lines of business such as Kanematsu Electronics and Shintoa Corporation contributed a substantial increase in Net Sales and Gross Trading Profit. <u>SG&A</u> SG&A expenses increased due to the increase in the number of employees as the result of business acquisition. <u>Operating Income/Ordinary Income</u> IT and Foods & Foodstuff contributed to the increase. <u>Extraordinary Gain/Loss</u> As the sale of fixed assets, such as real estate and investment securities, covered the loss from divested operations and the increase in the subsidiary's allowances, net number resulted positive ¥1.5 billion. <u>Net Income</u> Net Income resulted ¥8.6 billion.
Gross Trading Profit	35.2	56.7	48.5	27.3	75.8	19.1	33.8%	—	—	
Ratio	7.5%	7.3%	7.7%	8.4%	8.0%	0.7%	—	—	—	
SG&A	27.2	45.1	36.4	22.4	58.8	13.7	30.6%	—	—	
Operating Income	8.0	11.6	12.1	4.9	17.0	5.4	46.4%	—	—	
Non Operating Income	2.3	4.8	2.0	2.2	4.2	△ 0.6	△ 12.5%	—	—	
Non Operatin Expenses	4.4	6.7	4.7	2.4	7.1	0.4	6.0%	—	—	
Ordinary Income	5.9	9.7	9.4	4.7	14.1	4.4	45.0%	18.5	76.1%	
Extraordinary Gain	2.3	3.8	5.4	0.2	5.6	1.8	47.4%	—	—	
Extraordinary Loss	30.9	31.4	2.7	1.4	4.1	△ 27.3	△ 86.8%	—	—	
Income before Income Taxes and Minority	△ 22.7	△ 17.9	12.1	3.5	15.6	33.5	—	—	—	
Net Income	△ 24.2	△ 21.1	6.3	2.3	8.6	29.7	—	10.0	86.0%	

Segment Information	Billions of Yen								Overview of Results by Operating Segment
	Net Sales				Operating Income				
	FY2006	FY2006	YoY Change		FY2006	FY2006	YoY Change		
	1Q~3Q	1Q~3Q	Amount	%	1Q~3Q	1Q~3Q	Amount	%	
IT	207.3	253.3	46.0	22.2%	2.1	5.6	3.5	167.0%	IT Newly acquired KEL and Shintoa Corporation's aerospace operations contributed to the increae in profit. Foods & Foodstuff Vending machine business and Feed and Grains business were doing well. Iron, Steel & Industrial Plant The sale of seamless pipes for oil exploration in the U.S. remains lucrative. Machinery and tool business were also strong. Life Science & Energy Energy business enjoyed strong sales and profit through an efficient own oil tank operations. Textiles OEM and export businesses were good, however, slow sales in newly introduced brands caused decrease in operating income.
Foods & Foodstuff	138.9	207.5	68.6	49.4%	0.6	2.1	1.5	234.5%	
Iron & Steel	93.2	104.6	11.4	12.3%	4.1	4.3	0.2	4.9%	
Industrial Plants	74.8	74.8	0.0	0.0%	1.6	1.5	△ 0.1	△ 9.5%	
Iron, Steel & Industrial Plants	168.0	179.4	11.4	6.8%	5.7	5.8	0.1	0.8%	
Energy	186.4	218.3	31.9	17.1%	1.4	2.1	0.7	49.9%	
Lifescience	21.4	24.0	2.6	12.0%	0.4	0.3	△ 0.1	△ 24.5%	
Lifescience & Energy	207.8	242.3	34.5	16.6%	1.8	2.4	0.6	31.7%	
Textiles	40.4	42.8	2.4	5.8%	0.4	0.3	△ 0.1	△ 22.6%	
Others	11.5	26.3	14.8	130.2%	1.0	0.6	△ 0.4	△ 35.1%	
Consolidated adjustment	△ 0.3	△ 0.2	0.1	—	0.0	0.2	0.2	—	
Total	773.6	951.4	177.8	23.0%	11.6	17.0	5.4	46.4%	

Financial Condition	Billions of Yen				Overview
	3/2006	12/2006	Comparison with 3/2006 Change	%	
Total Assets	556.0	566.7	10.7	1.9%	Net Interest Bearing Debt Net interest bearing debt reduced to ¥213.5 billion and exceeded FYE2007 target of ¥220 billion in advance.
Net Interest Bearing Debt	246.3	213.5	△ 32.8	△ 13.3%	
*1 Shareholder's Equity	38.5	46.9	8.4	21.8%	Shareholder's Equity Shareholder's equity increased to ¥46.9 billion and the equity ratio and net debt to equity ratio both improved to 6.1% and 6.2x respectively.
Revaluation/Exchange Translation	△ 12.5	△ 12.6	△ 0.1	0.5%	
Minority Interests	15.0	15.2	0.2	1.5%	
Net Assets	41.0	49.5	8.5	20.9%	
*2 Shareholder's Equity Ratio	4.7%	6.1%	1.4%	—	
*3 Net D/E Ratio	9.5	6.2	△ 3.3	—	

*1 Shareholder's Equity = Total net assets - Minority Interests

*2 Shareholder's Equity Ratio = (Total net assets - Minority Interests)/Total Assets

*3 Net D/E Ratio = Net interest-bearing Debt/(Total net assets - Minority Interests)