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Consolidated Financial Summary for the First Half of the Fiscal Year Ending March 2008

November 2, 2007

Company name: Kanematsu Corporation

Stock Exchange listing: First Sections of the Tokyo Stock
Exchange and the Osaka Securities Exchange

Stock code: 8020

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

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Planned date for submission of interim financial reports: November 30, 2007

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

1. Consolidated Business Results for the First Half of the Fiscal Year Ending March 2008 (April 1, 2007 - September 30, 2007)

(1) Consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim term ended September 2007	613,604	- 0.7	12,548	4.0	10,975	17.0	5,537	- 11.7
Interim term ended September 2006	618,050	32.2	12,071	50.7	9,383	59.0	6,271	-
Fiscal year ended March 2007	1,281,331	-	21,713	-	17,255	-	7,507	-

(Note) As announced in the "Partial revision of the past (consolidated) financial statements," the press release dated May 18, 2007, net sales for the first half of the fiscal year ended March 2006 were revised from 626,277 million yen to 618,050 million yen.

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
Interim term ended September 2007	13.23	-
Interim term ended September 2006	14.98	-
Fiscal year ended March 2007	17.94	-

(Reference) Equity in earnings of affiliated companies: 929 million yen for the first half ended September 2007,
90 million yen for the first half ended September 2006, 731 million yen for the fiscal year ended March 2007

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Interim term ended September 2007	517,967	55,129	7.5	92.31
Interim term ended September 2006	576,366	45,776	5.3	73.61
Fiscal year ended March 2007	563,176	48,767	5.9	78.75

(Reference) Shareholders' equity: 38,627 million yen as of September 2007, 30,809 million yen as of September 2006,
32,959 million yen as of March 2007

(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
Interim term ended September 2007	- 8,781	13,757	- 28,405	42,547
Interim term ended September 2006	8,303	13,782	- 9,196	63,818
Fiscal year ended March 2007	20,874	23,149	- 30,267	65,471

2. Dividends

	Dividends per share		
(Record date)	First half	Second half	Fiscal
	Yen	Yen	Yen
Fiscal year ended March 2007	-	-	0.00
Fiscal year ended March 2008	-	-	-
Fiscal year ended March 2008 (Forecasts)	-	(To be determined)	(To be determined)

3. Forecasts for consolidated results ending March 2008 (April 1, 2007 - March 31, 2008)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,300,000	1.5	23,500	8.2	19,000	10.1	16,000	113.1	38.23

(Note) With respect to the forecast for consolidated results ending March 2008, net income has been revised from 8,000 million yen to 16,000 million yen, as announced in the press release on October 1, 2007, "Notice of Revision of Forecast for Consolidated Results ending March 2008."

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: Yes

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares including treasury stock

Interim term (2007/9): 422,501,010 shares, Interim term (2006/9): 422,501,010 shares, Fiscal year (2007/3): 422,501,010 shares

(ii) Number of treasury stock

Interim term (2007/9): 4,038,379 shares, Interim term (2006/9): 3,936,121 shares, Fiscal year (2007/3): 3,975,292 shares

(Note) Please refer to "Information on per share" on page 10 regarding the number of shares that are used for the calculation of earnings per share (consolidated).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Business Results for the First Half of the Fiscal Year Ending March 2008 (April 1, 2007 - September 30, 2007)

(1) Non-consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim term ended September 2007	279,713	4.5	3,665	5.9	3,597	- 14.0	61	- 53.5
Interim term ended September 2006	267,716	5.5	3,460	57.2	4,184	46.3	131	-
Fiscal year ended March 2007	541,154	-	6,046	-	9,412	-	3,240	-

	Net income per share
	Yen
Interim term ended September 2007	0.14
Interim term ended September 2006	0.31
Fiscal year ended March 2007	7.69

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Interim term ended September 2007	357,334	43,346	12.1	102.84
Interim term ended September 2006	405,016	40,626	10.0	96.36
Fiscal year ended March 2007	390,045	43,943	11.3	104.24

(Reference) Shareholders' equity: 43,346 million yen as of September 2007, 40,626 million yen as of September 2006, 43,943 million yen as of March 2007

* Notes for the descriptions related to business forecasts

The above business forecasts are made based on the information available at the time of the announcement of this document and assumptions on uncertain factors that may influence the Company's future performance. Please note that actual performance may differ from the above forecasts due to a variety of factors.

Consolidated Financial Statements and Others**(1) Consolidated Balance Sheets****(Million yen)**

Category	Fiscal 2007 interim term (September 30, 2007)	Fiscal 2006 (March 31, 2007)	Increase/ decrease	Category	Fiscal 2007 interim term (September 30, 2007)	Fiscal 2006 (March 31, 2007)	Increase/ decrease
Assets				Liabilities			
I Current assets				I Current liabilities			
1. Cash and bank deposits	34,872	65,778	- 30,906	1. Notes and accounts payable	161,322	176,658	- 15,336
2. Notes and accounts receivable	201,632	205,639	- 4,007	2. Short-term borrowings	114,471	143,527	- 29,056
3. Short-term investments	8,000	-	8,000	3. Accrued income taxes	1,422	3,424	- 2,002
4. Inventories	75,626	84,942	- 9,316	4. Deferred tax liabilities	-	0	- 0
5. Short-term loans receivable	7,123	5,145	1,978	5. Other	42,144	43,882	- 1,738
6. Deferred tax assets	4,436	4,655	- 219	Total current liabilities	319,361	367,493	- 48,132
7. Other	45,822	41,709	4,113	II Long-term liabilities			
Allowance for doubtful accounts	- 1,209	- 1,280	71	1. Long-term borrowings	128,031	127,151	880
Total current assets	376,304	406,590	- 30,286	2. Deferred tax liabilities	67	90	- 23
II Fixed assets				3. Accrued severance indemnities	4,858	5,441	- 583
1. Tangible fixed assets	39,445	40,601	- 1,156	4. Allowance for loss on guarantees	82	4,189	- 4,107
2. Intangible fixed assets	3,403	3,549	- 146	5. Allowance for loss on lawsuits	553	532	20
3. Investments and other assets				6. Reserve for directors' retirement benefits	622	-	622
(1) Investments in securities	57,269	71,616	- 14,347	7. Other	9,260	9,510	- 250
(2) Long-term loans receivable	14,992	14,231	761	Total long-term liabilities	143,477	146,916	- 3,439
(3) Doubtful accounts	23,436	23,809	- 373	Total liabilities	462,838	514,409	- 51,571
(4) Deferred tax assets	18,550	19,595	- 1,045	Net assets			
(5) Other	14,129	12,402	1,727	I Shareholder's equity			
Allowance for doubtful accounts	- 29,563	- 29,221	- 342	1. Capital stock	27,781	27,781	-
Total investments and other assets	98,814	112,435	- 13,621	2. Capital surplus	27,646	27,646	0
Total fixed assets	141,663	156,586	- 14,923	3. Retained earnings	- 3,957	- 9,496	5,539
				4. Treasury stock	- 640	- 627	- 13
				Total Shareholder's equity	50,829	45,303	5,526
				II Valuation and translation adjustments			
				1. Unrealized loss on available-for-sale securities	3,031	3,853	- 822
				2. Deferred gain/loss on hedging	98	112	- 14
				3. Land revaluation reserves	58	58	- 0
				4. Translation adjustments	- 15,390	- 16,368	978
				Total valuation and translation adjustments	- 12,202	- 12,344	142
				III Minority interests	16,501	15,807	694
				Total net assets	55,129	48,767	6,362
Total assets	517,967	563,176	- 45,209	Total liabilities and net assets	517,967	563,176	- 45,209

(2) Consolidated Statements of Income

(Million yen)

Category	Fiscal 2007 interim term (April 1, 2007 to September 30, 2007)		Fiscal 2006 interim term (April 1, 2006 to September 30, 2006)		Increase/decrease	
		%		%		%
I Net sales	613,604	100	618,050	100	- 4,446	- 0.7
II Cost of sales	567,657	92.51	569,582	92.16	- 1,925	- 0.3
Gross trading profit	45,946	7.49	48,467	7.84	- 2,521	- 5.2
III Selling, general and administrative expenses	33,397	5.44	36,396	5.89	- 2,999	- 8.2
Operating income	12,548	2.05	12,071	1.95	477	4.0
IV Non-operating income						
1. Interest received	809		833		- 24	
2. Dividends received	650		558		92	
3. Equity in earnings of affiliated companies	929		90		839	
4. Other	826		531		295	
Total non-operating income	3,216	0.52	2,014	0.33	1,202	59.7
V Non-Operating expenses						
1. Interest paid	3,667		4,016		- 349	
2. Other	1,122		685		437	
Total non-operating expenses	4,789	0.78	4,702	0.76	87	1.9
Ordinary income	10,975	1.79	9,383	1.52	1,592	17.0
VI Extraordinary gains						
1. Gain on sales of tangible fixed assets	75		4,189		- 4,114	
2. Gains on sale of investment in securities	2,138		780		1,358	
3. Gain on reversal of allowance for doubtful accounts	146		423		- 277	
Total extraordinary gains	2,359	0.38	5,394	0.87	- 3,035	- 56.2
VII Extraordinary losses						
1. Loss on sale of tangible fixed assets	98		332		- 234	
2. Loss on impairment	553		102		451	
3. Loss on sale of investments in securities	153		169		- 16	
4. Loss on valuation of investments in securities	122		89		33	
5. Business restructuring expense	286		64		222	
6. Transfer to allowance for doubtful accounts for subsidiaries and affiliates	-		1,440		- 1,440	
7. Transfer to allowance for doubtful accounts for credits of special business	517		-		517	
8. Loss on revaluation of inventories	835		-		835	
9. Transfer to allowance for loss on guarantee	-		492		- 492	
10. Transfer to allowance for loss on lawsuits	20		-		20	
11. Provision of reserve for past directors' retirement benefits	440		-		440	
Total extraordinary losses	3,029	0.49	2,689	0.44	340	12.6
Income or loss (-) before income taxes and minority interests	10,306	1.68	12,088	1.95	- 1,782	- 14.7
Income taxes - current	2,437	0.40	2,973	0.48	- 536	- 18.0
Income taxes - deferred	1,471	0.24	1,939	0.31	- 468	- 24.1
Minority interests in consolidated subsidiaries	860	0.14	904	0.15	- 44	- 4.9
Net income/loss (-)	5,537	0.90	6,271	1.01	- 734	- 11.7

(3) Consolidated Statements of Shareholders' Equity

Fiscal 2007 interim term (April 1, 2007 to September 30, 2007)

(Million yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance as of March 31, 2007	27,781	27,646	- 9,496	- 627	45,303
Changes of items during the fiscal year					
Net income			5,537		5,537
Acquisition of treasury stock				- 15	- 15
Disposal of treasury stock		0		2	2
Effect of changes of the scope of consolidated subsidiaries			1		1
Pension liability adjustments (Note)			0		0
Net changes of items other than shareholder's equity during the fiscal year					
Total changes of items during the fiscal year	-	0	5,539	- 13	5,526
Balance as of September 30, 2007	27,781	27,646	- 3,957	- 640	50,829

	Valuation and translation adjustments					Minority interests	Total net assets
	Unrealized loss on available-for-sale securities	Deferred gain/loss on hedging	Land revaluation reserves	Translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	3,853	112	58	- 16,368	- 12,344	15,807	48,767
Changes of items during the fiscal year							
Net income							5,537
Acquisition of treasury stock							- 15
Disposal of treasury stock							2
Effect of changes of the scope of consolidated subsidiaries							1
Pension liability adjustments (Note)							0
Net changes of items other than shareholder's equity during the fiscal year	- 822	- 14	- 0	978	142	694	836
Total changes of items during the fiscal year	- 822	- 14	- 0	978	142	694	6,362
Balance as of September 30, 2007	3,031	98	58	- 15,390	- 12,202	16,501	55,129

(Note) Changes are attributable to accounting of overseas subsidiaries.

Fiscal year 2006 (April 1, 2006 to March 31, 2007)

(Million yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance as of March 31, 2006	27,781	27,641	- 16,294	- 600	38,527
Changes of items during the fiscal year					
Directors' and corporate auditors' bonuses			- 120		- 120
Net income			7,507		7,507
Acquisition of treasury stock				- 35	- 35
Disposal of treasury stock		4		7	12
Effect of changes of the stake in equity method affiliates				- 0	- 0
Effect of changes of the scope of consolidated subsidiaries			- 359		- 359
Effect of changes of the scope of equity method affiliates			- 91	1	- 89
Pension liability adjustments (Note)			- 138		- 138
Net changes of items other than shareholder's equity during the fiscal year					
Total changes of items during the fiscal year	-	4	6,797	- 26	6,776
Balance as of March 31, 2007	27,781	27,646	- 9,496	- 627	45,303

	Valuation and translation adjustments					Minority interests	Total net assets
	Unrealized loss on available-for-sale securities	Deferred gain/loss on hedging	Land revaluation reserves	Translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	4,816	-	58	- 17,397	- 12,523	14,972	40,977
Changes of items during the fiscal year							
Directors' and corporate auditors' bonuses							- 120
Net income							7,507
Acquisition of treasury stock							- 35
Disposal of treasury stock							12
Effect of changes of the stake in equity method affiliates							- 0
Effect of changes of the scope of consolidated subsidiaries							- 359
Effect of changes of the scope of equity method affiliates							- 89
Pension liability adjustments (Note)							- 138
Net changes of items other than shareholder's equity during the fiscal year	- 962	112	-	1,028	178	834	1,013
Total changes of items during the fiscal year	- 962	112	-	1,028	178	834	7,789
Balance as of March 31, 2007	3,853	112	58	- 16,368	- 12,344	15,807	48,767

(Note) Changes are attributable to accounting of overseas subsidiaries.

(4) Consolidated Statements of Cash Flows

(Million yen)

Category	Fiscal 2007 interim term (April 1, 2007 to September 30, 2007)	Fiscal 2006 interim term (April 1, 2006 to September 30, 2006)
I Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	10,306	12,088
Depreciation and amortization	1,598	1,759
Interest and dividend income	- 1,460	- 1,392
Interest expense	3,667	4,016
Gain (loss) on sale or disposal of property and equipment, net	23	- 3,857
Impairment loss on fixed assets	553	102
Gain on sales of investments, net	- 1,984	- 611
Loss on revaluation of investments	122	89
Loss on closure of business	286	64
Transfer to allowance for doubtful accounts for subsidiaries and affiliates	-	1,440
Transfer to allowance for doubtful accounts for credits of special business	517	-
Loss on revaluation of inventories	835	-
Transfer to allowance for loss on guarantee	-	492
Transfer to allowance for loss on lawsuits	20	-
Provision of reserve for past directors' retirement benefits	440	-
Decrease (increase) in notes and accounts receivable	- 2,352	- 9,646
Increase in inventories	- 4,438	- 920
Decrease in notes and accounts payable	- 7,001	10,218
Other	- 4,054	- 498
Sub total	- 2,919	13,345
Interest and dividend income received	1,719	1,811
Interest paid	- 3,703	- 3,997
Income taxes paid	- 3,878	- 2,855
Net cash provided by operating activities	- 8,781	8,303
II Cash flows from investing activities		
Increase in time deposits, net	- 10	810
Payments for acquisition of property and equipment	- 999	- 948
Proceeds from sale of property and equipment	452	9,204
Payments for acquisition of investments in securities	- 706	- 838
Proceeds from sale of investments in securities	12,453	1,714
Payments for purchase of shares of subsidiaries	- 58	- 3,868
Proceeds from sale of shares of subsidiaries	1,972	-
Increase in loans receivable	- 2,823	- 4,037
Decrease in loans receivable	4,289	12,633
Other	- 810	- 887
Net cash provided by investing activities	13,757	13,782
III Cash flows from financing activities		
Decrease in short-term loans, net	- 23,891	- 7,764
Proceeds from long-term debt	13,887	27,675
Repayment of long-term debt	- 18,303	- 28,911
Proceeds from share issue to minority shareholders	160	-
Other	- 257	- 196
Net cash used in financing activities	- 28,405	- 9,196
IV Effect of exchange rate changes on cash and cash equivalents	499	- 5
V Net increase in cash and cash equivalents	- 22,930	12,883
VI Cash and cash equivalent at beginning of year	65,471	50,934
VII Effect of the change in scope of consolidated subsidiaries	7	-
VIII Cash and cash equivalent at end of year	42,547	63,818

(Segment information)

a. Industry Segment Information

Fiscal 2007 interim term (April 1, 2007 to September 30, 2007)

(Million yen)

	IT	Foods & Foodstuff	Iron, Steel & Plant	Life Science & Energy	Others	Total	Adjustments & Eliminations	Consolidated
I Net sales and operating income								
Net sales								
(1) Outside customers	182,406	138,717	126,158	147,849	18,471	613,604	-	613,604
(2) Inter-segment	11	0	26	29	31	99	(99)	-
Total	182,417	138,717	126,185	147,878	18,503	613,703	(99)	613,604
Operating expenses	177,720	136,664	121,847	147,096	18,144	601,473	(418)	601,055
Operating income	4,697	2,053	4,337	782	359	12,229	319	12,548
II Assets	148,535	84,606	91,346	59,688	55,565	439,742	78,225	517,967

Fiscal 2006 interim term (April 1, 2006 to September 30, 2006)

(Million yen)

	IT	Foods & Foodstuff	Iron, Steel & Plant	Life Science & Energy	Others	Total	Adjustments & Eliminations	Consolidated
I Net sales and operating income								
Net sales								
(1) Outside customers	167,743	133,259	117,651	153,914	45,480	618,050	-	618,050
(2) Inter-segment	34	0	5	34	50	125	(125)	-
Total	167,777	133,260	117,657	153,949	45,530	618,176	(125)	618,050
Operating expenses	163,593	131,896	114,051	151,814	44,885	606,241	(262)	605,979
Operating income	4,184	1,363	3,605	2,135	645	11,935	136	12,071
II Assets	157,541	84,884	104,513	66,975	76,228	490,143	86,223	576,366

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

2. Kanematsu Textile Corporation, which was formerly an important consolidated subsidiary of the Company, became an equity method affiliate in this consolidated interim term, and as a consequence the importance of the Textile segment was reduced. Hence, beginning this interim term, the Company has abolished the Textile segment and includes the results that would be included in the Textile segment in the others segment.

Net sales and operating income in the textile business included in others for the interim term under review were 1,141 million yen and 3 million yen, respectively. Net sales and operating income for the previous interim term were 28,628 million yen and 210 million yen, respectively.

3. The amount of the Company's assets that are included in "Adjustments & Eliminations" is 76,994 million yen and 86,533 million yen for the interim term ended September 30, 2007 and September 30, 2006 respectively. Most of these assets are cash and deposits related to financing activities and investments in securities.

b. Geographic Segment Information

Fiscal 2007 interim term (April 1, 2007 to September 30, 2007)

(Million yen)

	Japan	Asia	North America	Europe	Other Areas	Total	Adjustments & Eliminations	Consolidated
I Net sales and operating income								
Net sales								
(1) Outside customers	553,716	25,653	28,303	5,901	28	613,604	-	613,604
(2) Inter-segment	30,445	4,474	30,221	2,256	1,216	68,614	(68,614)	-
Total	584,162	30,128	58,525	8,157	1,245	682,218	(68,614)	613,604
Operating expenses	573,923	29,592	56,857	8,035	1,217	669,627	(68,572)	601,055
Operating income	10,239	535	1,667	122	27	12,591	(42)	12,548
II Assets	511,201	35,061	38,083	13,687	1,247	599,281	(81,313)	517,967

Fiscal 2006 interim term (April 1, 2006 to September 30, 2006)

(Million yen)

	Japan	Asia	North America	Europe	Other Areas	Total	Adjustments & Eliminations	Consolidated
I Net sales and operating income								
Net sales								
(1) Outside customers	561,886	20,268	26,375	9,489	30	618,050	-	618,050
(2) Inter-segment	27,337	5,120	18,407	1,515	1,095	53,477	(53,477)	-
Total	589,224	25,388	44,783	11,004	1,126	671,527	(53,477)	618,050
Operating expenses	579,112	25,161	42,993	10,912	1,119	659,299	(53,320)	605,979
Operating income	10,112	227	1,789	92	6	12,228	(156)	12,071
II Assets	569,245	43,351	39,260	24,846	1,063	677,768	(101,401)	576,366

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

c. Information for Overseas Sales

Fiscal 2007 interim term (April 1, 2007 to September 30, 2007)

(Million yen)

	Asia	North America	Europe	Other Areas	Total
I Overseas sales	125,220	27,405	8,733	18,502	179,862
II Consolidated sales					613,604
III Ratio of overseas sales to consolidated sales	20.4	4.5	1.4	3.0	29.3

Fiscal 2006 interim term (April 1, 2006 to September 30, 2006)

(Million yen)

	Asia	North America	Europe	Other Areas	Total
I Overseas sales	84,844	52,179	12,518	13,720	163,263
II Consolidated sales					618,050
III Ratio of overseas sales to consolidated sales	13.7	8.4	2.0	2.2	26.4

(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.

(Information on per share)

Fiscal 2007 interim term (April 1, 2007 to September 30, 2007)		Previous fiscal year (April 1, 2006 to March 31, 2007)	
Net assets per share	92.31 yen	Net assets per share	78.75 yen
Net income per share	13.23 yen	Net income per share	17.94 yen
Diluted net income per share for the term is not reported since there is no outstanding potential stock.		Diluted net income per share for the term is not reported since there is no outstanding potential stock.	

(Notes) 1. The following is a reconciliation of net assets per share.

	End of current interim term (September 30, 2007)	End of previous fiscal year (March 31, 2007)
Total net assets (million yen)	55,129	48,767
Amount deducted from total net assets (million yen)	16,501	15,807
(Minority interests)	(16,501)	(15,807)
Net assets related to common shares (million yen)	38,627	32,959
Number of common shares issued (thousand shares)	422,501	422,501
Number of common shares held in treasury (thousand shares)	4,038	3,975
Number of common shares used for the calculation of net assets per share (thousand shares)	418,462	418,525

2. The following is a reconciliation of net income per share.

	Fiscal 2007 interim term (April 1, 2007 to September 30, 2007)	Previous fiscal year (April 1, 2006 to March 31, 2007)
Net income per share		
Net income (million yen)	5,537	7,507
Amount that does not belong to common shareholders (million yen)	-	-
Net income related to common shares (million yen)	5,537	7,507
Average number of common shares for the term (thousand shares)	418,492	418,553

(Subsequent events)

As we announced in the press release on October 1, 2007, "Notice of Conclusion of Stock Transfer Agreement," the Company assigned shares it owned in KG Berau Petroleum Ltd. and KG Wiriagar Petroleum Ltd., two equity-method affiliates that held the rights to the Tangguh LNG Project in the Republic of Indonesia, for a total of 15,080 million yen on October 22, 2007.

(Omission of Disclosure)

The disclosure of notes on lease transactions, securities, and derivatives transactions is omitted, as the need for the disclosure in the Consolidated Financial Summary for the First Half is not considered to be significant.

Highlights of Interim Financial Results for the Year Ending March 2008 (Consolidated)

Ordinary income reached a ten-year high.

- Operating income was up 4.0%, to ¥12.5 billion.
- Ordinary income reached ¥11 billion, increasing 17.01% from the previous interim period.
- Net income amounted to ¥5.5 billion, exceeding our initial forecast of ¥4.0 billion by a large margin.

(Unit: 100 million yen)						
(On a consolidated basis)	FT2006 2Q		FY2007 2Q		Change	
		Margin		Margin	Change	Change (%)
Net sales	6,181		6,136		-45	-0.7%
Gross trading profit	485	7.8%	459	7.5%	-26	-5.2%
SG&A expenses	364	*75.1%	334	*72.7%	-30	-8.2%
Operating income	121	2.0%	125	2.1%	4	4.0%
Dividends received	6		7		1	
Interest	-32		-29		3	
Gains on equity-method investments	1		9		8	
Others	-2		-3		-1	
Non-operating income/loss	-27		-16		11	
Ordinary income	94	1.5%	110	1.8%	16	17.0%
Extraordinary gain	54		23		-31	-56.2%
Extraordinary loss	-27		-30		-3	12.6%
Income (loss) before income taxes	121	2.0%	103	1.7%	-18	-14.7%
Income taxes and minority interests	58		48		-10	-18.0%
Net income	63	1.0%	55	0.9%	-7	-11.7%

*: Ratio of SG&A expenses to gross trading profit

Summary of Results for FY2007 2Q

Net sales

Net sales declined slightly, with a fall in sales associated with the change of Kanematsu Textile Corporation to an equity-method affiliate, partially offset by an increase in sales in IT, Foods & Foodstuff, and Iron, Steel & Industrial Plants.

Gross trading profit

Gross trading profit fell with the change of Kanematsu Textile Corporation to an equity-method affiliate.

Operating income

Operating income increased with the solid performance of the semiconductor manufacturing equipment and mobile-related businesses in IT, the special steel business in Iron and Steel, the transportation equipment business in Industrial Plants, and the feed business in Foods & Foodstuff offsetting lower income in Energy attributable to high crude oil prices.

Ordinary income

Ordinary income rose as a result of an increase in operating income, in addition to an improvement in equity in net earnings and the financial balance associated with a decline in gross interest-bearing debt.

Extraordinary gain/loss

Extraordinary gains/losses were down given the absence of the extraordinary gain posted the previous year from the gain on the sale of fixed assets (¥4.0 billion, Osaka Building).

Net income

Net income decreased, as extraordinary gains fell substantially while ordinary income increased significantly.

Ratio of SG&A expenses to gross trading profit

(Unit: 100 million yen)								
Segment Information		Net Sales			Operating Income			Summary of Segment Results
		FY2006 2Q	FY2007 2Q	Change	FY2006 2Q	FY2007 2Q	Change	
IT		1,678	1,824	146	42	47	5	<u>IT</u> Both sales and profit increased thanks to the solid performance of the semiconductor manufacturing equipment-related, system solutions, and mobile-related businesses.
Foods & Foodstuff		1,333	1,387	54	14	21	7	<u>Foods & Foodstuff</u> The feed business was solid. Both sales and profit were higher given the recovery of the livestock business, which was primarily attributable to the strong performance of pork and the resumption of US beef imports.
	Iron & Steel	676	726	50	27	32	5	<u>Iron, Steel & Plant</u> Iron and Steel posted an increase in sales and profit, reflecting solid demand for special steels such as pipes for the mining of oil and natural gas in the United States. Sales and profit were also up in Machinery & Plant, thanks to the robust performance of the machine tool business and strong transpiration equipment.
	Machinery & Plant	501	536	35	9	11	2	
Iron, Steel & Plant		1,177	1,262	85	36	43	7	<u>Life Science & Energy</u> Sales and profit fell mainly on a decline in the transaction volume reflecting a contraction of the energy business and high crude oil prices.
	Energy	1,382	1,328	-54	19	6	-13	<u>Others</u> Kanematsu Textile was included in this segment in the same period of the previous year.
	Life Science	157	151	-6	2	2	0	
Life Science & Energy		1,539	1,479	-60	21	8	-13	
Others		455	185	-270	7	3	-4	
Consolidated adjustment		-1	-1	0	1	3	2	
Total		6,181	6,136	-45	121	125	4	

IT
Both sales and profit increased thanks to the solid performance of the semiconductor manufacturing equipment-related, system solutions, and mobile-related businesses.

Foods & Foodstuff
The feed business was solid. Both sales and profit were higher given the recovery of the livestock business, which was primarily attributable to the strong performance of pork and the resumption of US beef imports.

Iron, Steel & Plant
Iron and Steel posted an increase in sales and profit, reflecting solid demand for special steels such as pipes for the mining of oil and natural gas in the United States. Sales and profit were also up in Machinery & Plant, thanks to the robust performance of the machine tool business and strong transpiration equipment.

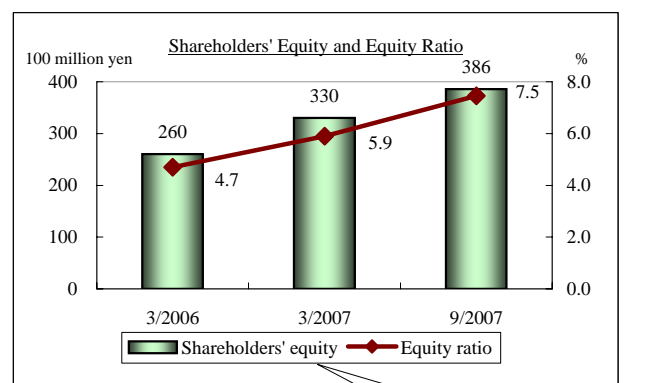
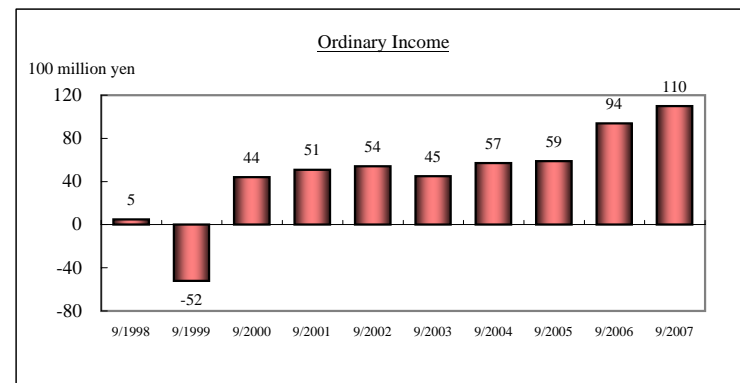
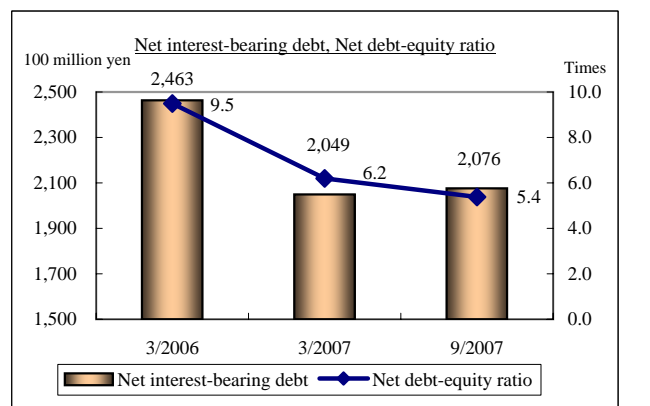
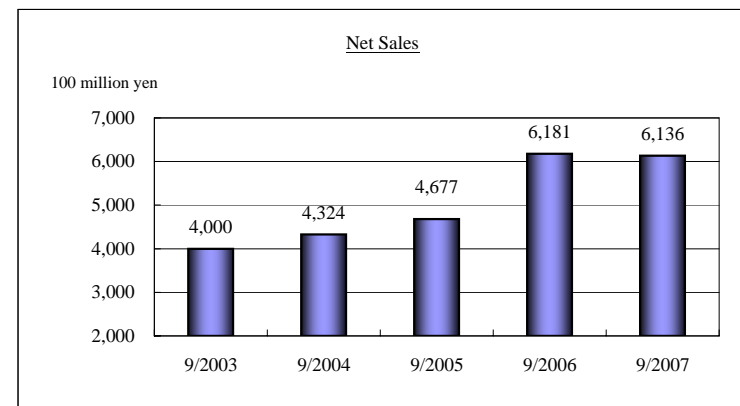
Life Science & Energy
Sales and profit fell mainly on a decline in the transaction volume reflecting a contraction of the energy business and high crude oil prices.

Others
Kanematsu Textile was included in this segment in the same period of the previous year.

(Unit: 100 million yen)

Assets, Liabilities and Net Assets	End of Previous Fiscal Year 3/2007	End of Current Interim Term 9/2007	Comparison with 3/2007		Summary
			Change	Change (%)	
Total assets	5,632	5,180	-452	-8.0%	Total assets Total assets decreased, primarily because of the change of Kanematsu Textile to an equity-method affiliate and the sale of aircraft lease assets.
Gross interest-bearing debt	2,707	2,425	-282	-10.4%	Interest-bearing debt Gross interest-bearing debt slipped ¥28.2 billion. Net interest-bearing debt increased ¥2.7 billion with the change of presentation of certificates of deposit (falling ¥5.3 billion on a historical basis).
Net interest-bearing debt	2,049	2,076	27	1.3%	
Shareholder's equity	453	508	55	12.2%	Shareholder's equity Shareholder's equity increased because of net income. As a result, the equity ratio and the net DER improved to 7.5% and 5.4 times, respectively.
Valuation and translation adjustments	-123	-122	1	-1.1%	
Minority interests	158	165	7	4.4%	
Total net assets	488	551	63	13.0%	
Shareholder's Equity Ratio (Note 1)	5.9%	7.5%	1.6%	-	
Net debt-equity ratio (Note 2)	6.2	5.4	-0.8	-	

(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)



(Unit: 100 million yen)				
Business Forecast FY2007	FY2006 (Results)	FY2007 (Forecast) (Initial announcement)	FY2007 (Forecast) (Revised on Oct. 1)	Change
Net sales	12,813	13,000	13,000	187
Operating income	217	235	235	18
Ordinary income	173	190	190	17
Net income	75	80	160	85

* 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.

Shareholder's equity =
Total net assets - Minority interests