

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

(Unit: 100 million yen)						
Segment Information	Net Sales			Operating Income		
	FY2006 2Q	FY2007 2Q	Change	FY2006 2Q	FY2007 2Q	Change
IT	1,678	1,824	146	42	47	5
Foods & Foodstuff	1,333	1,387	54	14	21	7
Iron & Steel	676	726	50	27	32	5
Machinery & Plant	501	536	35	9	11	2
Iron, Steel & Plant	1,177	1,262	85	36	43	7
Energy	1,382	1,328	-54	19	6	-13
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.

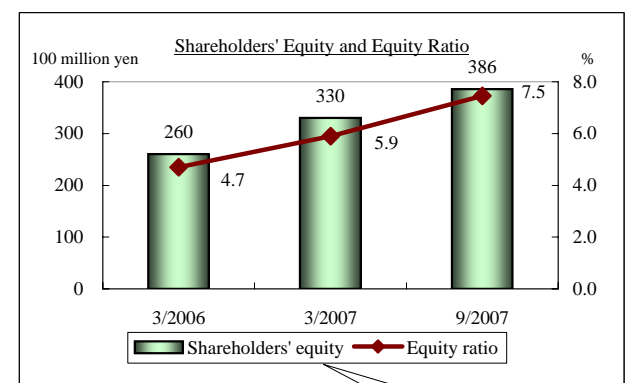
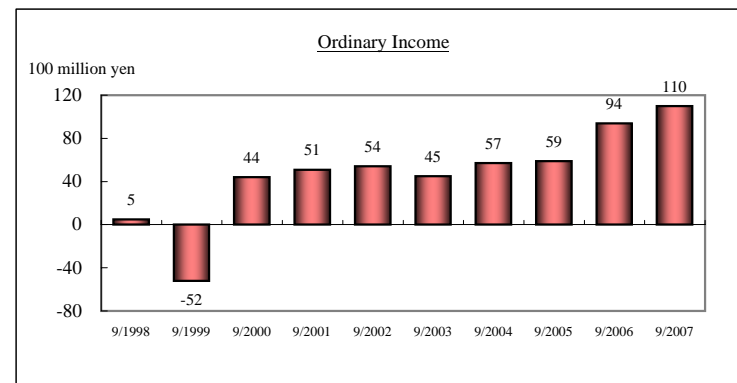
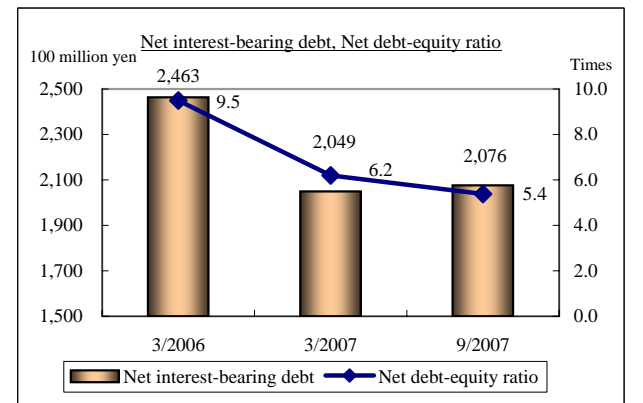
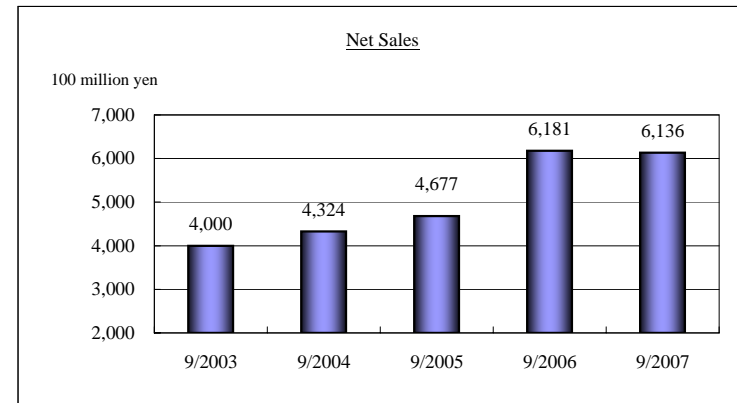
Iron, Steel & Plant
Iron and Steel posted an increase in sales and profit, reflecting solid demand for special steels such as pipes for the mining of oil and natural gas in the United States. Sales and profit were also up in Machinery & Plant, thanks to the robust performance of the machine tool business 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
				Change Change (%)
Total assets		5,632	5,180	-452 -8.0%
Gross interest-bearing debt		2,707	2,425	-282 -10.4%
Net interest-bearing debt		2,049	2,076	27 1.3%
Shareholder's equity	Shareholder's equity	453	508	55 12.2%
	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