## 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 \forall 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		Summary of Results for FY2007 2Q	
(On a consolidated basis)		Margin		Margin	Change	Change (%)	Net sales Net sales declined slightly, with a fall in sales associated with the change of	
Net sales	6,181		6,136		-45	-0.7%	Kanematsu Textile Corporation to an equity-method affiliate, partially offset by	
Gross trading profit	485	7.8%	459	7.5%	-26	-5.2%	an increase in sales in IT, Foods & Foodstuff, and Iron, Steel & Industrial Plants.	
SG&A expenses	364	*75.1%	334	*72.7%	-30	-8.2%		
Operating income	121	2.0%	125	2.1%	4	4.0%	equity-method affiliate.	
Dividends received	6		7		1		Operating income Operating income increased with the solid performance of the semiconductor	
Interest	-32		-29		3		manufacturing equipment and mobile-related businesses in IT, the special steel business in Iron and Steel, the transportation equipment business in Industrial	
Gains on equity-method investments	1		9		8		Plants, and the feed business in Foods & Foodstuff offsetting lower income in Energy attributable to high crude oil prices.	
Others	-2		-3		-1		Ordinary income	
Non-operating income/loss	-27		-16		11		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	
Ordinary income	94	1.5%	110	1.8%	16	17.0%		
Extraordinary gain	54		23		-31	-56.2%	Extraordinary gain/loss	
Extraordinary loss	-27		-30		-3	12.6%	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,	
Income (loss) before income taxes	121	2.0%	103	1.7%	-18	-14.7%	Osaka Building).  Net income	
Income taxes and minority interests	58		48		-10	-18.0%	Net income decreased, as extraordinary gains fell substantially while ordinary	
Net income	63	1.0%	55	0.9%	-7	-11.7%		

<sup>\*:</sup> Ratio of SG&A expenses to gross trading profit

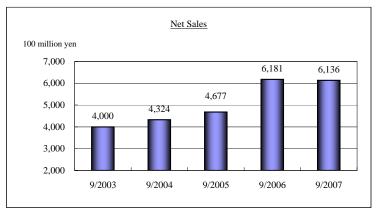
(Unit: 100 million yen)	
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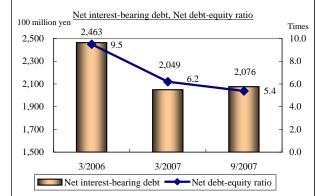
(Unit: 100 million yen)									
	Net Sales			Operating Income			Summary of Segment Results		
Segment Information	FY2006 2Q	FY2007 2Q	Change	FY2006 2Q	FY2007 2Q	Change	IT   Both sales and profit increased thanks to the solid performance of the		
IT	1,678	1,824	146	42	47	5	semiconductor manufacturing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

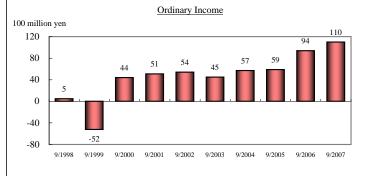
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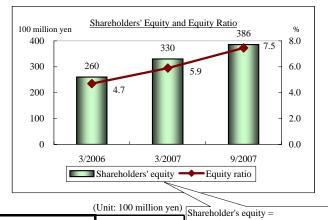
Assets, Liabilities and Net Assets		End of Previous Fiscal Year	End of Current Interim Term	Comparison with 3/2007		Total assets	
		3/2007	9/2007	Change (%			
Total assets	assets		5,180	-452	-8.0%	Total assets decreased, primarily because of the change of Kanematsu Textile to an equity-metho	
Gross interest-bearing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

(Note 2) Net D/E Ratio = Net interest-bearing Debt/(Total net assets - Minority Interests)









Γotal 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

<sup>\*</sup> 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.