

Highlights of Consolidated Results for the 3rd Quarter FY2007 (Ended December 31, 2007)

Operating income and ordinary income rose from the year-ago level.

(Operating Income: Rising 1.4 billion yen (8.2%) 18.4 billion yen
Ordinary Income: Rising 1.5 billion yen (10.5%) 15.6 billion yen)

Net income increased ¥8 billion (up 93.3%) year on year, to ¥16.6 billion, partly because of a gain on the sale of LNG rights.

Forecast net income for the full year was revised upward from ¥16 billion, the number announced on October 1, to ¥18 billion.

Operating Results	(Unit: 100 million yen)										Summary of results
	Ended March 2007		Ending March 2008			Year on year		Forecast for term ending March 2008 (revised on February 4, 2008)			
	Interim period	Up to 3Q	Interim period	3Q	Up to 3Q	Change	Change (%)	Progress			
Net Sales	6,181	9,431	6,136	3,114	9,251	(180)	(1.9%)	13,000	71.2%	Net Sales Net sales fell as Kanematsu Textile Corporation became an equity-method affiliate. Net sales rose in IT, Foods & Foodstuff, and Iron, Steel & Industrial Plant.	
Gross Trading Profit	485	758	459	220	680	(79)	(10.4%)	-	-	Gross Trading Profit Gross trading profit fell with the change of Kanematsu Textile Corporation to an equity-method affiliate.	
Ratio	7.8%	8.0%	7.5%	7.1%	7.4%	(0.7)	-	-	-	Operating Income Operating income rose because of the strong performance in the feed and meat & livestock businesses of Foods & Foodstuff and the solution and mobile businesses of IT.	
SG&A	(364)	(589)	(334)	(162)	(496)	93	(15.7%)	-	-	Ordinary Income Ordinary income rose as a result of a rise in operating income and the improvement of the financial account balance due to a decrease in gross interest-bearing debt.	
Operating Income	121	170	125	58	184	14	8.2%	235	78.1%	Extraordinary Gain/Loss An extraordinary gain on the sale of LNG rights was posted.	
Non-Operating Income	20	42	32	10	42	(0)	(0.9%)	-	-	Net Income Net income rose significantly from the year-ago level on increases in ordinary income and extraordinary gains.	
Non-Operating Expenses	(47)	(71)	(48)	(22)	(70)	1	(1.7%)	-	-		
Ordinary Income	94	141	110	46	156	15	10.5%	190	81.9%		
Extraordinary Gain	54	56	24	124	148	91	161.3%	-	-		
Extraordinary Loss	(27)	(41)	(30)	(1)	(31)	10	(24.4%)	-	-		
Income before Income Taxes and Minority Interests	121	156	103	169	272	116	74.4%	-	-		
Income Taxes and Minority Interests	(58)	(70)	(48)	(58)	(106)	(36)	51.1%	-	-		
Net Income	63	86	55	111	166	80	93.3%	180	92.4%		

(Unit: 100 million yen)									
Segment Information	Net Sales				Operating Income				Summary of results of each segment
	Ended March 2007	Ending March 2008	Year on year		Ended March 2007	Ending March 2008	Year on year		
	Up to 3Q	Up to 3Q	Change	Change (%)	Up to 3Q	Up to 3Q	Change	Change (%)	
IT	2,533	2,690	157	6.2%	56	60	4	7.3%	IT Both sales and income rose, reflecting the continued strength of the system solution and mobile businesses. Foods & Foodstuff Both sales and income were up with strong sales of feed, pork, and chicken. Iron, Steel & Plants In the Iron and Steel segment, both sales and income rose, reflecting the continued strength of the special steel business for the Pacific region and North America. In the Industrial Plants segment, both sales and income also increased as a result of the solid performance of machine tools and transportation machinery. Life Science & Energy Sales fell with the contraction of the energy business of a subsidiary. Income slipped as a result of the reduction in profit-earning opportunities caused by continued high prices. Others Kanematsu Textile was included in this segment in the same period of the previous year.
Foods & Foodstuff	2,075	2,118	43	2.1%	21	35	14	66.5%	
Iron & Steel	1,046	1,088	42	4.0%	43	44	1	2.5%	
Industrial Plant	748	809	61	8.1%	15	19	4	27.7%	
Iron, Steel & Plant	1,794	1,897	103	5.7%	58	63	5	8.9%	
Energy	2,099	2,040	(59)	(2.8%)	21	14	(7)	(32.0%)	
Life Science	240	234	(6)	(2.5%)	3	2	(1)	(47.7%)	
Life Science & Energy	2,339	2,274	(65)	(2.8%)	24	16	(8)	(34.2%)	
Others	691	273	(418)	(60.5%)	9	5	(4)	(42.4%)	
Consolidated Adjustment	(2)	(1)	1	-	2	5	3	-	
Total	9,431	9,251	(180)	(1.9%)	170	184	14	8.2%	

(Unit: 100 million yen)						
Assets, Liabilities and Net Assets		3/2007	12/2007	Comparison with 3/2007		Summary
				Change	Change (%)	
Total Assets		5,632	5,170	(462)	(8.2%)	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	2,362	(345)	(12.7%)	Interest-bearing Debt Gross interest-bearing debt reduced ¥34.5 billion. Net interest-bearing debt also decreased ¥17.5 billion.
Net Interest-bearing Debt		2,049	1,874	(175)	(8.5%)	
	Shareholder's Equity	453	619	166	36.7%	Shareholder's Equity Shareholder's equity rose with an increase in net income. As a result, the equity ratio and the net DER improved to 9.2% and 3.9 times, respectively.
	Valuation and Translation Adjustments	(123)	(141)	(18)	14.2%	
	Minority Interests	158	166	8	4.8%	
Total Net Assets		488	644	156	32.0%	
Shareholder's Equity Ratio (Note 1)		5.9%	9.2%	3.4%	-	
Net Debt-equity Ratio (times) (Note 2)		6.2	3.9	(2.3)	-	

(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)