

Highlights of Consolidated Financial Results for FY2007 (Ended March 31, 2008)

○ Ordinary income and net income both reached new ten-year highs.

- Operating income was up 4.1%, to 22.6 billion yen.
- Ordinary income was up 8.6%, to 18.7 billion yen.
- Net income was up 11.5 billion yen, to 19.0 billion yen.

○ The financial position improved significantly, with a reduction in interest-bearing debt.

○ Retained earnings moved into the black.

(Unit: 100 million yen)

(On a consolidated basis)	FY2006		FY2007		Change		Summary of Results for FY2007
		Margin		Margin	Change	Change (%)	
Net sales	12,813		12,440		-373	-2.9%	Net sales Although sales increased in Foods & Foodstuff, Machinery & Plant, and Energy, net sales declined. The primary factor was the change of Kanematsu Textile Corporation and the vending maching business company to equity-method affiliates.
Gross trading profit	1,037	8.1%	903	7.3%	-134	-12.9%	
SG&A expenses	820	*79.1%	677	*75.0%	-143	-17.4%	Gross trading profit Gross trading profit decreased, a reflection of the variation factor in sales described above.
Operating income	217	1.7%	226	1.8%	9	4.1%	
Dividends received	13		12		-1		Operating income Operatin income expanded on the solid performance of the feed business and the meat and marine products business in Foods & Foodstuff as well as the solutions and mobile businesses in IT.
Interest	-67		-53		14		
Gains on equity-method investments	7		11		4		Ordinary income Ordinary income was up, owing to the increase in operating income and the improvement in the financial balance because of reduced gross interest-bearing debt.
Others	3		-8		-11		
Non-operating income/loss	-44		-39		5		Extraordinary gain/loss An extraordinary gain on the sale of LNG rights was recorded.
Ordinary income	173	1.4%	187	1.5%	15	8.6%	
Extraordinary gain	88		160		72	82.3%	Net income Net income rose substantially, reflecting the increase in extraordinary gains in addition to higher ordinary income.
Extraordinary loss	-114		-58		56	-49.4%	
Income (loss) before income taxes	146	1.1%	290	2.3%	144	98.3%	
Income taxes and minority interests	-71		-100		-29	40.1%	
Net income	75	0.6%	190	1.5%	115	153.3%	

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

(Unit: 100 million yen)

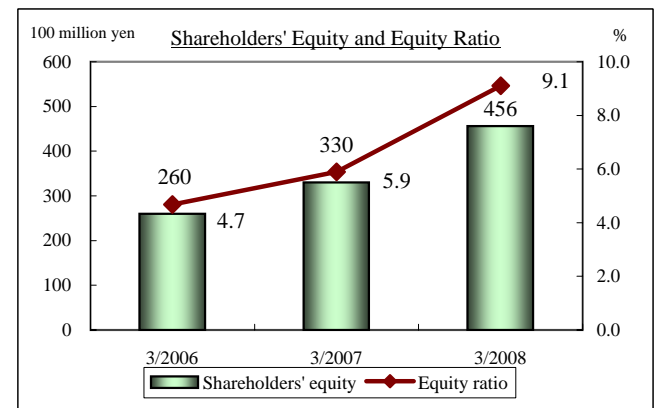
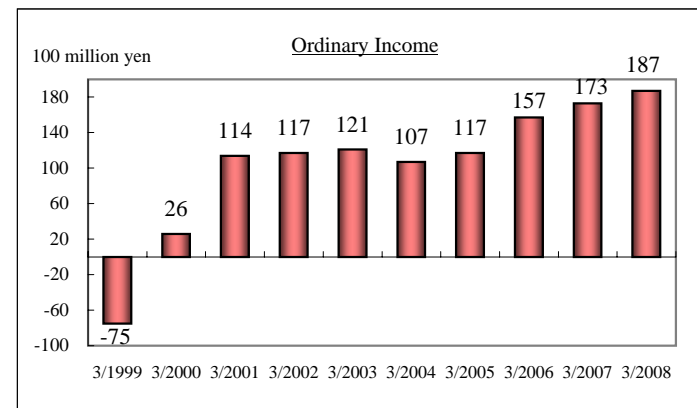
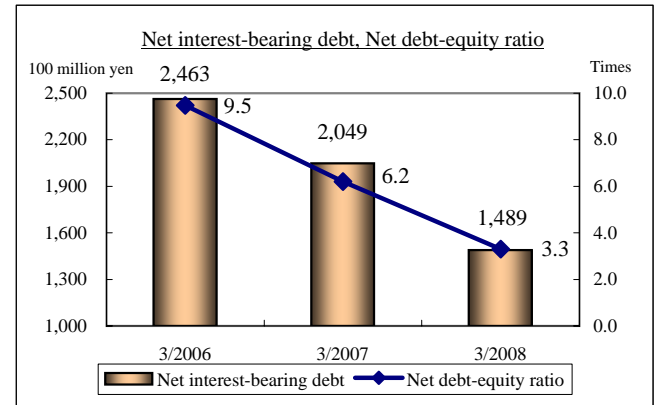
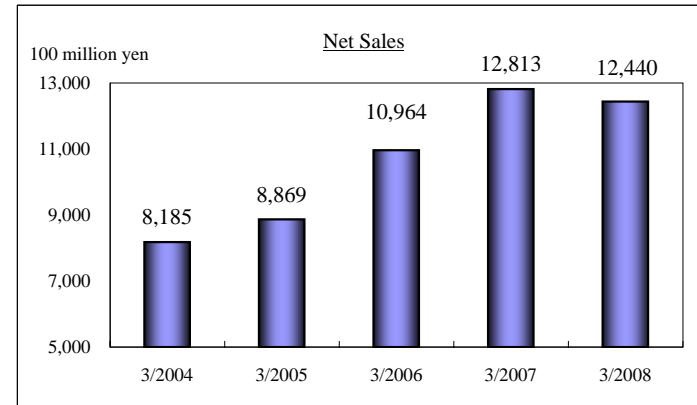
Segment information	Net Sales			Operating Income			Summary of Segment Results
	FY2006	FY2007	Change	FY2006	FY2007	Change	
IT	3,580	3,562	-18	79	81	2	IT Although the solutions and mobile-related businesses continued to do well, sales in electronic parts-related businesses were slow. As a consequence, sales in IT overall were up slightly, while operating income rose.
Foods & Foodstuff	2,742	2,836	94	18	43	25	
Iron & Steel	1,427	1,424	-3	55	53	-2	Foods & Foodstuff Both sales and income increased, reflecting the strong results of the feed business thanks to smooth progress in securing products, in addition to the solid operations of the meat and marine products business.
Machinery & Plant	1,044	1,097	53	19	22	3	
Iron, Steel & Plant	2,471	2,521	50	74	75	1	Iron, Steel & Plant In the iron and steel business, transctions involved special steel, such as high-performance stainless steel for oil projects, remained favorable. In the plant segment, machine tools and industrial machinery business performed well. As a result, both sales and income fell in this segment.
Energy	2,769	2,855	86	25	16	-9	
Life Science	315	309	-6	4	1	-3	Life Science & Energy Income declined on weaker demand, as prices remained high.
Life Science & Energy	3,084	3,164	80	29	17	-12	
Others	939	361	-578	10	4	-6	Others Kanematsu Textile Corporation was included in the previous fiscal year.
Consolidated adjustment	-2	-4	-2	7	6	-1	
Total	12,813	12,440	-373	217	226	9	

(Unit: 100 million yen)

Assets, Liabilities and Net Assets	3/2007	3/2008	Comparison with 3/2007		Summary
			Change	Change (%)	
Total assets	5,632	5,035	-597	-10.6%	Total assets Total assets declined with the change of Kanematsu Textile Corporation to an equity-method affiliate, the sales of assets for aircraft leasing, and the sale of LNG rights.
Gross interest-bearing debt	2,707	2,237	-470	-17.4%	
Net interest-bearing debt	2,049	1,489	-560	-27.3%	Interest-bearing debt Gross interest-bearing debt reduced ¥47 billion. Net interest-bearing debt decreased ¥56 billion.
Equity capital	453	643	190	42.0%	
(Retained earnings)	-95	96	191	—	Equity capital Equity capital increased with the higher net income. As a result, the equity ratio and the net DER improved to 9.1% and 3.3 times, respectively.
Valuation and translation adjustments	-123	-187	-64	51.9%	
Minority interests	158	166	8	5.3%	
Total net assets	488	622	134	27.6%	
Shareholder's equity ratio (Note 1)	5.9%	9.1%	3.2%	—	
Net debt-equity ratio (Note 2)	6.2	3.3	-2.9	—	

(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 FY2008	FY2007 (Results)	FY2008 (Forecast)	Change
Net sales	12,440	13,500	1,060
Operating income	226	245	19
Ordinary income	187	190	3
Net income	190	100	-90

* 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.