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# Overview of Results for FY2008

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May 20, 2009

 **兼松株式会社**  
**KANEMATSU CORPORATION**

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- Forward-Looking Statements

The forward-looking statements contained in these materials are based on assumptions and estimates, and are subject to risks and uncertainties that may cause the statements to differ materially from actual results.

## **I. Overview of Results for FY2008**

## 1. Consolidated Financial Results: Earnings

- Bottom-line loss reflects extraordinary losses and the reversal of deferred tax assets.

Consolidated net sales declined 8.5% year on year, to ¥1,138.8 billion. Sales increased in the Foods & Foodstuff Division thanks to a rise in the trading volume. In contrast, sales decreased in other divisions, and especially in IT, influenced by the global business downturn. Consolidated gross trading profit also fell 4.5% year on year, to ¥86.3 billion. Consolidated operating income plunged 15.8% year on year, to ¥19 billion. Consolidated ordinary income slipped 30.0% year on year, to ¥13.1 billion.

A consolidated net loss of ¥12.8 billion resulted for the fiscal year under review, associated with a reversal of deferred tax assets, in addition to valuation loss related to real estate and extraordinary losses posted, including impairment loss.

(Million yen)

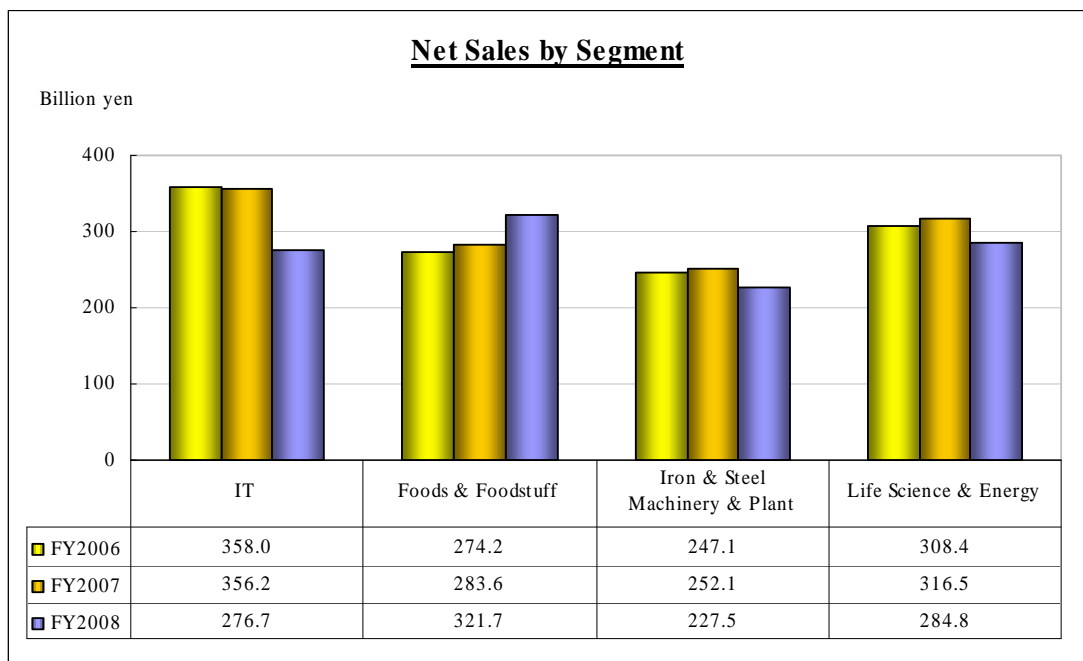
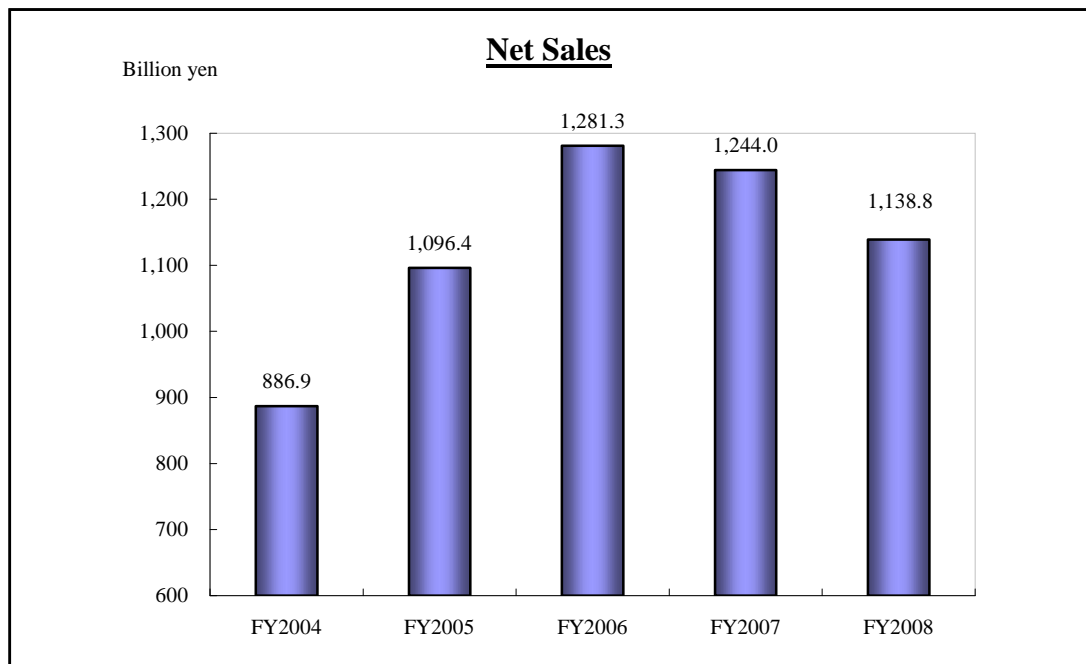
	Period ended March 2008		Period ended March 2009		Year on year	
		Percentage of net sales		Percentage of net sales	Change	Change %
Net sales	1,244,020	100.0%	1,138,755	100.0%	-105,265	-8.5%
Gross trading profit	90,327	7.3%	86,292	7.6%	-4,035	-4.5%
Operating income	22,605	1.8%	19,027	1.7%	-3,578	-15.8%
Ordinary income	18,747	1.5%	13,127	1.2%	-5,620	-30.0%
Net income before income taxes	28,975	2.3%	77	0.0%	-28,898	-99.7%
Net income	19,016	1.5%	-12,787	-1.1%	-31,803	-

### (1) Net Sales

- Sales increased in the Foods & Foodstuff Division. However, sales decreased in the IT Division, attributable to the mobile business, where the volume of units handled fell due to a change in sales methods, and the electronic components business, where the trading volume declined. Sales also plunged in other divisions, including Iron & Steel, Machinery & Plant, Life Science and Energy. As a result, net sales fell ¥105.3 billion overall.

(Million yen)

		Period ended March 2008	Period ended March 2009	Year on year	
				Change	Change %
IT		356,156	276,681	-79,475	-22.3%
Foods & Foodstuff		283,565	321,658	38,093	13.4%
	Iron & Steel	142,379	136,478	-5,901	-4.1%
	Machinery & Plant	109,726	90,981	-18,745	-17.1%
Iron & Steel/Machinery & Plant		252,105	227,459	-24,646	-9.8%
	Energy	285,534	255,050	-30,484	-10.7%
	Life Science	30,938	29,745	-1,193	-3.9%
Life Science & Energy		316,472	284,795	-31,677	-10.0%
Others		36,126	29,499	-6,627	-18.3%
Consolidated adjustment		-405	-1,339	-934	-
Total		1,244,020	1,138,755	-105,265	-8.5%



## (2) Gross Trading Profit

- Gross trading profit fell ¥4 billion year on year, to ¥86.3 billion, as a result of declines in divisions other than Iron & Steel and Life Science & Energy Divisions where growth was achieved.

(Million yen)

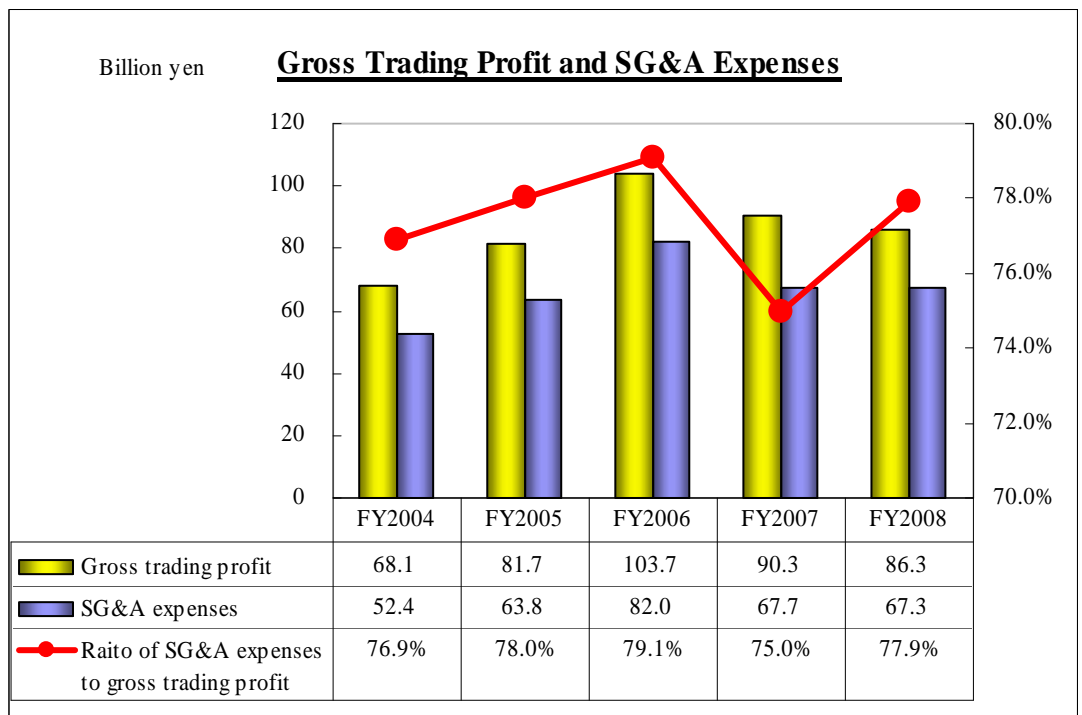
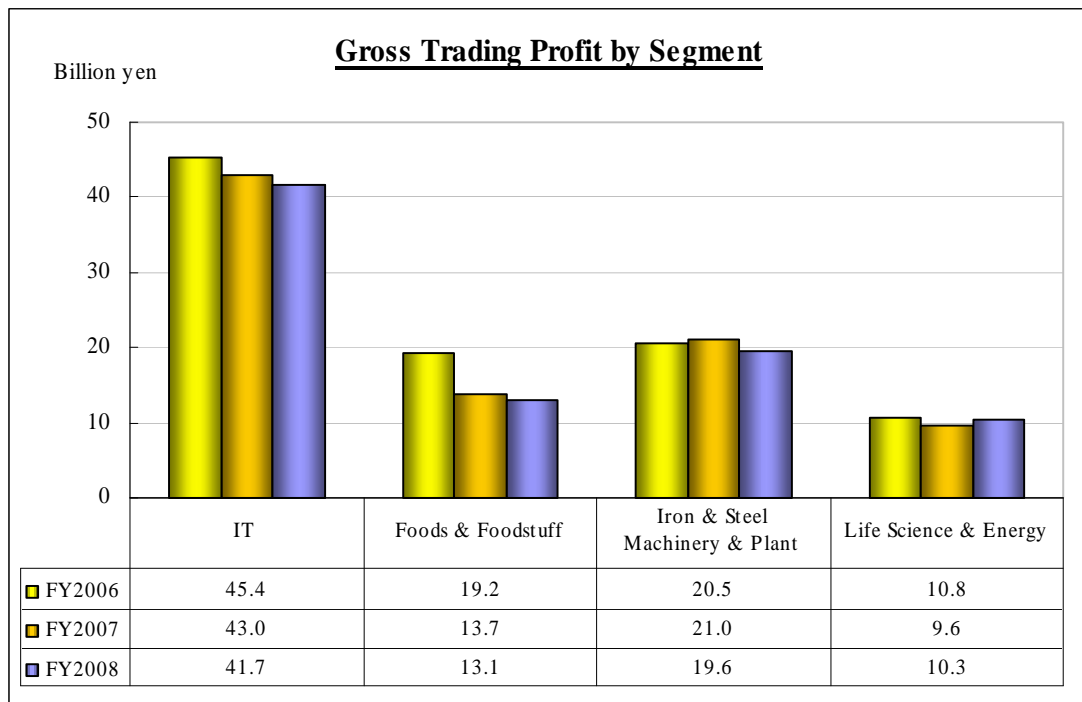
	Period ended March 2008		Period ended March 2009		Year on year	
	Results	Percentage of total	Results	Percentage of total	Change	Change %
IT	42,993	12.1%	41,672	15.1%	-1,321	-3.1%
Foods & Foodstuff	13,731	4.8%	13,129	4.1%	-602	-4.4%
Iron & Steel	9,919	7.0%	10,689	7.8%	770	7.8%
Machinery & Plant	11,110	10.1%	8,894	9.8%	-2,216	-19.9%
Iron & Steel/Machinery & Plant	21,029	8.3%	19,584	8.6%	-1,445	-6.9%
Energy	7,544	2.6%	7,951	3.1%	407	5.4%
Life Science	2,025	6.5%	2,392	8.0%	367	18.1%
Life Science & Energy	9,570	3.0%	10,344	3.6%	774	8.1%
Others	3,014	8.3%	1,386	4.7%	-1,628	-54.0%
Consolidated adjustment	-12	-	174	-	186	-
Total	90,327	7.3%	86,292	7.6%	-4,035	-4.5%

## (3) Selling, General and Administrative Expenses

- Selling, general and administrative expenses plunged ¥0.5 billion year on year, but the ratio of SG&A expenses to gross trading profit rose, due to a fall in gross trading profit.

(Million yen)

	Period ended March 2008	Period ended March 2009	Year on year
Personal expenses	34,225	34,327	102
Non-personal expenses	33,496	32,937	-559
SG&A expenses	67,721	67,264	-457
Ratio of SG&A expenses to gross trading profit	75.0%	77.9%	2.9%



#### (4) Operating Income

- Operating income fell in the IT Division, reflecting profit aggravation in the electronic components business. In spite of a trading volume increase in the foodstuff business, operating income decreased in the Foods & Foodstuff Division, reflecting rapid falls in meat and marine product market conditions and continued criticism of the safety of Chinese products. Operating income rose in the Iron & Steel Division, supported by favorable results for the first half. However, operating income declined in the Machinery & Plant Division, due mainly to lower machine tool orders received in Japan and the United States. Operating income grew in the Life Science & Energy Division, thanks to a solid performance. Overall, operating income plunged ¥3.6 billion year on year.

(Million yen)

	Period ended March 2008		Period ended March 2009		Year on year	
	Results	Percentage of total	Results	Percentage of total	Change	Change %
IT	8,100	2.3%	6,920	2.5%	-1,180	-14.6%
Foods & Foodstuff	4,328	1.5%	3,923	1.2%	-405	-9.4%
Iron & Steel	5,272	3.7%	6,077	4.5%	805	15.3%
Machinery & Plant	2,189	2.0%	917	1.0%	-1,272	-58.1%
Iron & Steel/Machinery & Plant	7,461	3.0%	6,995	3.1%	-466	-6.2%
Energy	1,600	0.6%	1,562	0.6%	-38	-2.4%
Life Science	133	0.4%	525	1.8%	392	294.4%
Life Science & Energy	1,733	0.5%	2,087	0.7%	354	20.4%
Others	377	1.0%	-1,565	-5.3%	-1,942	-
Consolidated adjustment	604	-	664	-	60	-
Total	22,605	1.8%	19,027	1.7%	-3,578	-15.8%

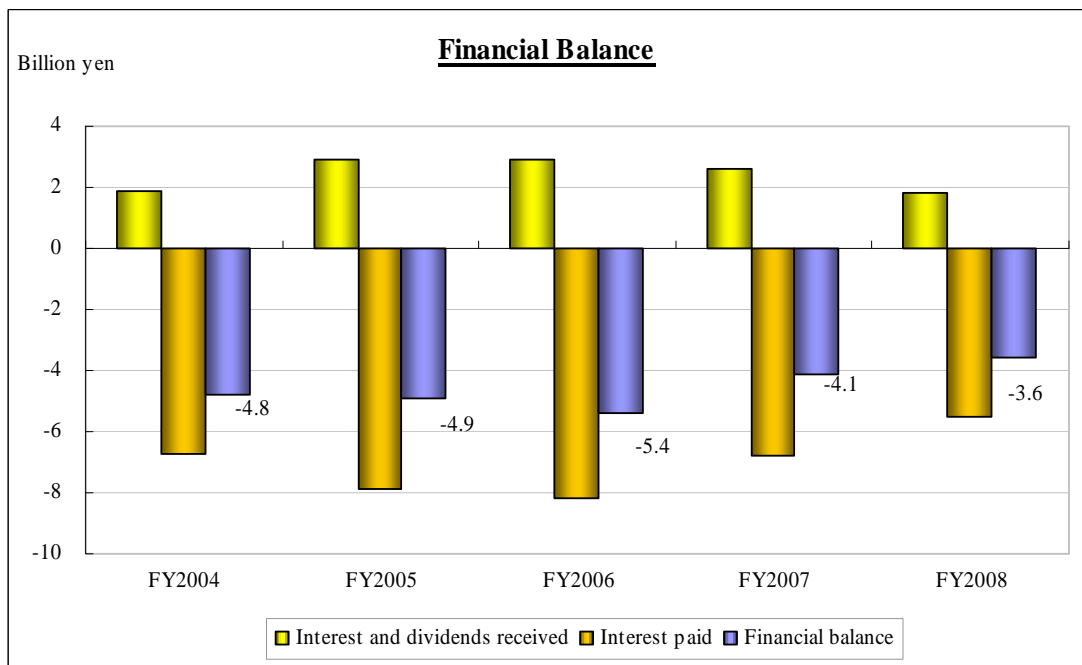
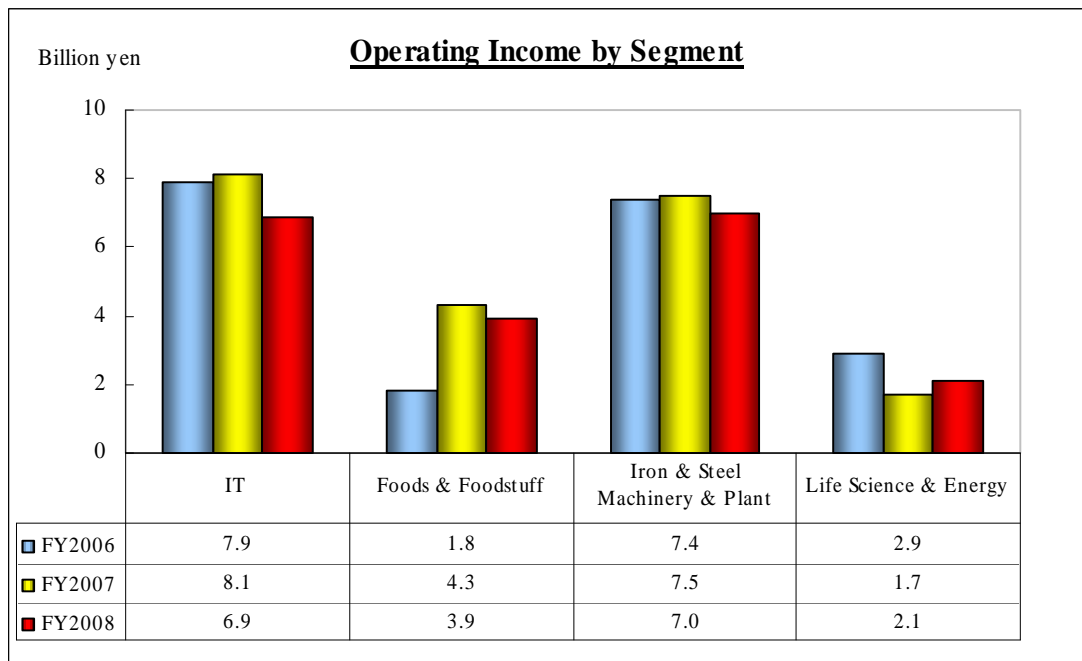
#### (5) Non-Operating Income & Loss

- The non-operating loss worsened ¥2 billion yen from its level a year ago, reflecting the effects of a gain on equity-method investment and other factors, despite a reduction in interest paid due to a fall in interest-bearing debt.

(Million yen)

		Period ended March 2008	Period ended March 2009	Year on year
	Dividends received	1,158	762	-396
	Interest received	1,479	1,063	-416
	Interest paid	-6,765	-5,464	1,301
Financial balance		-4,128	-3,639	489
Gain on equity-method investment		1,085	-773	-1,858
Others		-816	-1,487	-671
Non-operating loss		-3,859	-5,900	-2,041





## (6) Ordinary Income

- Ordinary income decreased ¥5.6 billion year on year, to ¥13.1 billion.
- Core earnings declined ¥5.1 billion year on year, to ¥15 billion.
- Funds efficiency worsened 1.4 percentage points year on year, to 8.2%.

(Million yen)

	Period ended March 2008	Period ended March 2009	Year on year
Ordinary income	18,747	13,127	-5,620
Ordinary income ratio	1.5%	1.2%	-0.3%
Core earnings (Notes 1)	20,084	15,006	-5,078
Funds efficiency (Note 2)	9.6%	8.2%	-1.4%

(Note 1) Core earnings = Operating income + Reserve for doubtful accounts + Dividends received + Net interest received (paid) + Gain on equity-method investment

(Note 2) Funds efficiency = Ordinary income / (Net interest-bearing debt + Shareholders' equity)

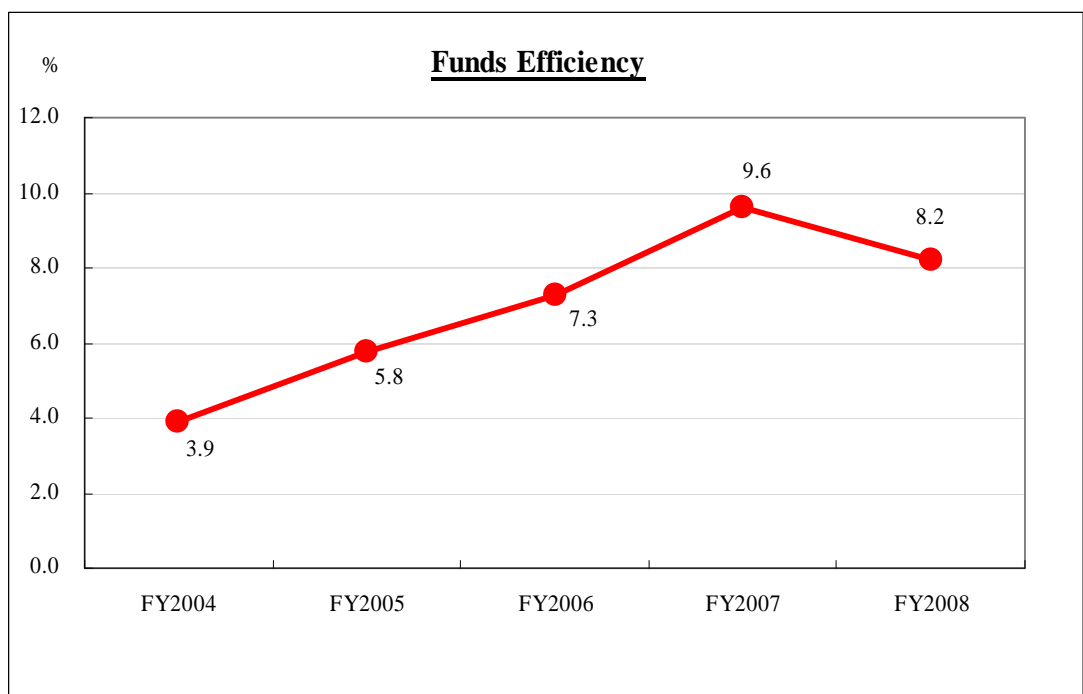
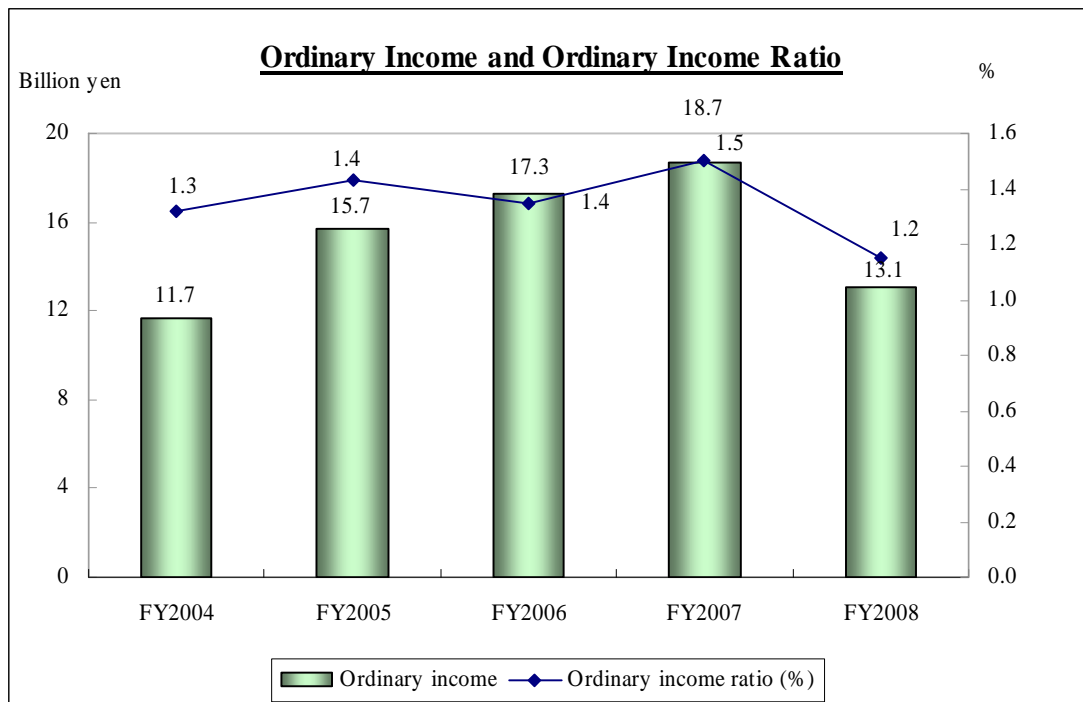
## (7) Extraordinary Gain/Loss and Net Income

- An extraordinary gain of ¥1.6 billion was posted, owing to factors such as a gain on the sale of investment securities.
- On a net basis, however, an extraordinary loss of ¥13.1 billion was posted, the result of ¥14.6 billion yen posted as an extraordinary loss, including an addition to a loan-loss reserve regarding specific businesses and an extraordinary loss in the second half related to real estate (including an impairment loss of ¥5.4 billion and a loss on valuation of assets for specific businesses).
- Net loss of ¥12.8 billion resulted from factors, including tax expenses of ¥6.7 billion attributable to the reversal of deferred tax assets.

(Million yen)

	Period ended March 2008	Period ended March 2009	Year on year
Gain on sale of tangible fixed assets	164	67	-97
Gain on sale of investment securities	15,460	1,017	-14,443
Gain on reversal of allowance for doubtful accounts	381	481	100
Extraordinary gain	16,006	1,566	-14,440
Loss on sale of tangible fixed assets	-429	-303	126
Impairment loss	-766	-5,416	-4,650
Loss on sale of investment securities	-209	-146	63
Valuation loss on investment securities	-305	-687	-382
Valuation loss on inventories	-	-558	-
Loss on liquidation of affiliates	-1,723	-35	1,688
Loss on valuation of assets for specific business	-835	-4,622	-3,787
Provision to loan-loss reserve regarding specific business	-872	-2,557	-1,685
Other extraordinary loss	-635	-288	347
Extraordinary loss	-5,778	-14,616	-8,838
Net extraordinary gain and loss	10,228	-13,050	-23,278

Income before income taxes	28,975	77	-28,898
Income taxes – current	5,439	4,507	-932
Income taxes – deferred	2,905	6,737	3,832
Minority interests	1,614	1,619	5
Net income	19,016	-12,787	-31,803



## 2. Consolidated Balance Sheets

Total assets decreased ¥88.5 billion from the end of the previous fiscal year, to ¥414.9 billion, owing to factors including the impairment of investment securities and real estate and the reversal of deferred tax assets, which added to a fall in operating assets, including accounts receivable and inventories. Net interest-bearing debt fell ¥14.4 billion from the end of the previous fiscal year, to ¥134.6 billion, as a result of the repayment of interest-bearing debt by securing liquidity. Net assets dropped to ¥42 billion, reflecting the posting of a net loss. As a result, the equity ratio fell to 6.0%, and the net debt-equity ratio declined to 5.4.

### (1) Assets

- Total assets declined from ¥503.5 billion to ¥414.9 billion, influenced by factors such as a fall in operating assets, including accounts receivable and inventories, attributable to the rapid downturn and declines in commodities prices since the end of 2008, impairment of investment securities and real estate, and reversal of deferred tax assets.

(Million yen)

	3/2008		3/2009		Comparison with 3/2008
	Composition		Composition		Change
Current assets	382,307	75.9%	316,296	76.2%	-66,011
Fixed assets	121,149	24.1%	98,631	23.8%	-22,518
Total assets	503,456		414,928		-88,528

### (2) Interest-bearing Debt

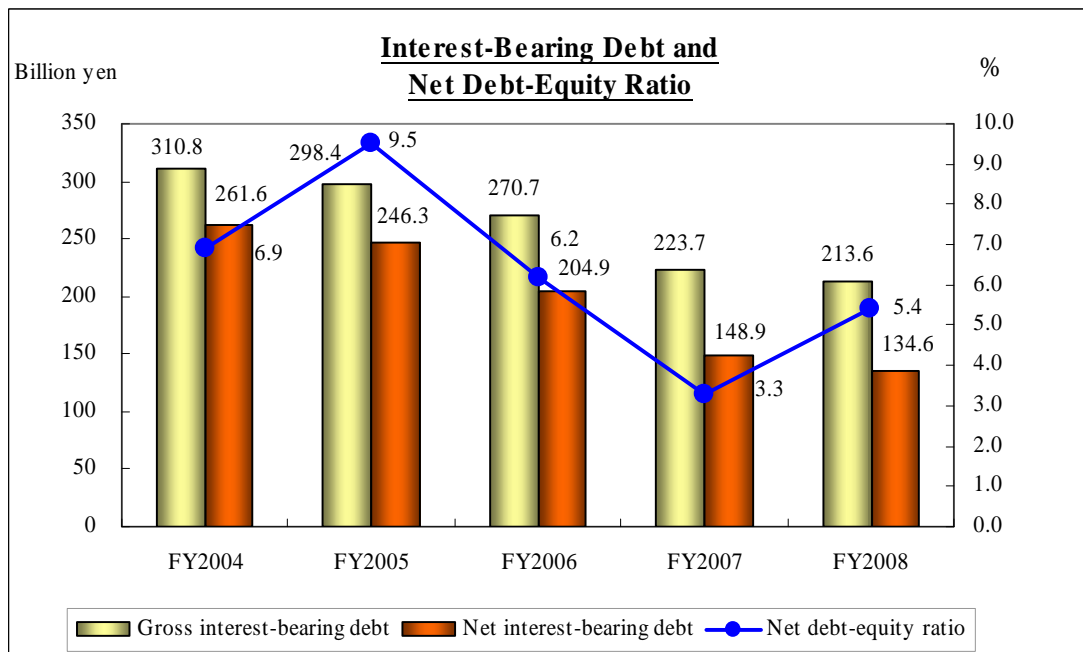
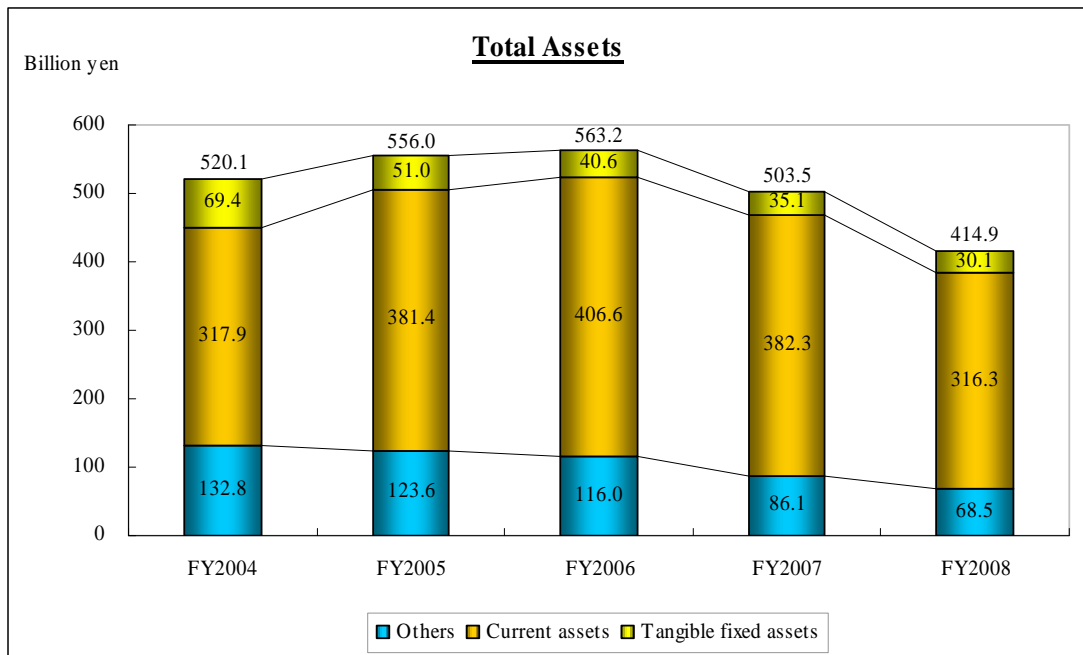
- Gross net interest-bearing debt fell ¥10.1 billion from the end of the previous fiscal year, to ¥213.6 billion, as a result of debt reductions. Net interest-bearing debt after subtracting cash and bank deposits was ¥134.6 billion.

(Million yen)

	3/2008		3/2009		Comparison with 3/2008	
	Composition		Composition		Change	Change (%)
Short-term borrowings	89,080	39.8%	103,534	48.5%	14,454	—
Long-term borrowings	134,622	60.2%	110,073	51.5%	-24,549	—
Gross interest-bearing debt	223,702		213,607		-10,095	-4.5%
Net interest-bearing debt (Note 1)	148,944		134,582		-14,362	-9.6%
Current assets	382,307		316,296			
Current liabilities	291,323		249,344			
Liquidity ratio (Note 2)	131.2%		126.9%		-4.3%	—

(Note 1) Net interest-bearing debt = Gross interest-bearing debt – Cash and bank deposits

(Note 2) Liquidity ratio = Current assets/ Current liabilities



### (3) Net Assets

- Net assets decreased from ¥62.2 billion at the end of the previous year, to ¥42 billion, as a result of the posting of a net loss.
- The equity ratio fell to 6.0%, and the net debt-equity ratio declined to 5.4.

(Million yen)

	3/2008	3/2009	Comparison with 3/2008	
			Change	Change (%)
Total assets	503,456	414,928	-88,528	-17.6%
Capital stock	27,781	27,781	-	-
Capital surplus	27,644	27,644	-	-
Retained earnings	9,556	-3,786	-13,342	-
Treasury stock	-645	-632	13	-
Valuation and translation adjustments	-18,749	-26,070	-7,321	-
Minority interests	16,651	17,099	448	2.7%
Net assets	62,239	42,035	-20,204	-32.5%
Equity ratio (%)	9.1	6.0		
Net D/E ratio	3.3	5.4		

\* Exchange rate: 98.23 yen/US\$ as of March 31, 2009

100.19 yen/US\$ as of March 31, 2008

\* Equity ratio = (Net assets – Minority interests)/ Total assets

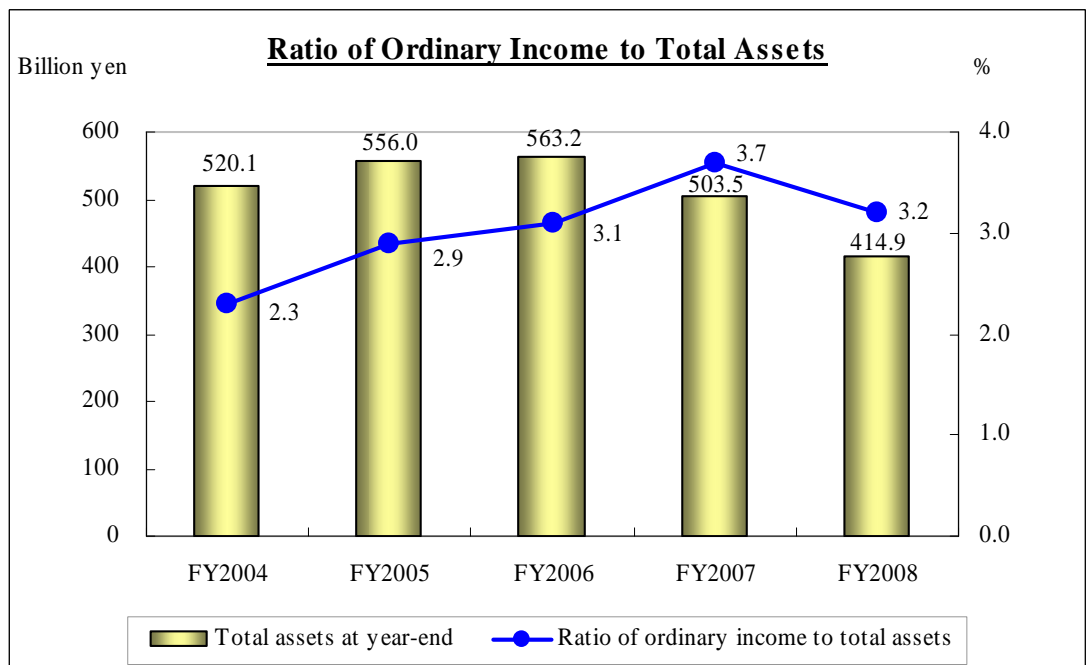
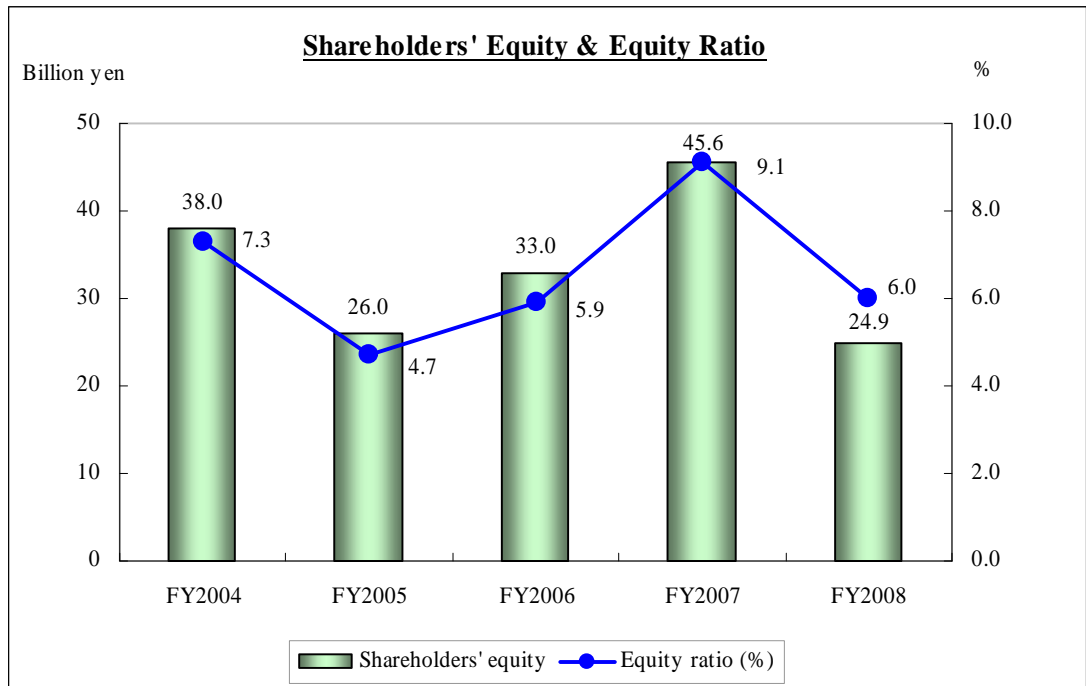
\* Net debt-equity ratio = Net interest-bearing debt/ (Net assets – Minority interests)

### 3. Consolidated Cash Flows

- Net cash provided by operating activities totaled ¥17.2 billion, despite a slowdown in the second half reflecting falls in cash from sales and transactions. Net cash used in investing activities amounted to ¥0.4 billion, owing mainly to capital investment. Net cash used in financing activities was ¥10.6 billion, due to the repayment of borrowings. As a result, cash and cash equivalents rose ¥4.2 billion from the end of the previous year, to ¥78.7 billion.

(Million yen)

	Period ended March 2008	Period ended March 2009	Year on year
Cash and cash equivalents at the beginning of the period	65,471	74,437	8,966
Cash flows from operating activities	14,308	17,177	2,869
Cash flows from investing activities	38,799	-370	-39,169
Total Free cash flows	53,107	16,807	-36,300
Cash flows from financing activities	-43,892	-10,613	33,279
Effect of exchange rate changes on cash and cash equivalents	-254	-2,667	-2,413
Net increase (decrease) in cash and cash equivalents due to changes in the scope of consolidated subsidiaries	7	692	685
Cash and cash equivalents at the end of the period	74,437	78,655	4,218



## 4. Subsidiaries and Affiliates, and their Employees

### (1) Number of Profitable and Non-Profitable Consolidated Subsidiaries and Affiliates

(Companies)

	Period ended March 2008					Period ended March 2009					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable companies	38	23	17	16	94	31	29	8	11	79	-15
Ratio (%)	88.4%	62.2%	81.0%	61.5%	74.0%	67.4%	67.4%	47.1%	61.1%	63.7%	-10.3%
Number of non-profitable companies	5	14	4	10	33	15	14	9	7	45	12
Total	43	37	21	26	127	46	43	17	18	124	-3

### (2) Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(Billion yen)

	Period ended March 2008					Period ended March 2009					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by profitable companies	6.1	2.5	1.0	1.0	10.6	4.7	1.7	0.2	0.1	6.7	-3.9
Sum of loss posted by non-profitable companies	-0.3	-1.3	-0.5	-0.4	-2.5	-6.5	-1.9	-0.9	-0.2	-9.5	-7.0
Total	5.7	1.2	0.5	0.6	8.1	-1.8	-0.2	-0.7	-0.1	-2.8	-10.9

(Note) Simple aggregation before consolidation adjustment

### (3) Number of Employees

(Persons)

	3/2008	3/2009	Year on year	
			Change	Change (%)
Parent company	872	890	18	2.1%
Consolidated subsidiaries	3,672	3,984	312	8.5%
Total	4,544	4,874	330	7.3%

(Note) The number of employees equals the size of the working staff (excluding transferees from the Group to outside companies and including transferees from outside companies to the Group).



#### (4) Net Sales of Major Consolidated Subsidiaries

(Million yen)

Company name	Business	Ownership ratio	Net Sales		
			Period ended March 2008	Period ended March 2009	Change (%)
Kanematsu Electronics Ltd.	ICT Solutions	58.27%	55,592	49,831	-10.4%
Kanematsu Communications Ltd.	Mobile communications	100.00%	142,493	98,988	-30.5%
Kanematsu Food Corp.	Food, dairy & seafood	100.00%	13,281	14,837	11.7%
Kanematsu Agri-Tech Corp.	Feed & dairy	100.00%	13,179	13,710	4.0%
Kanematsu Trading Corp.	Domestic steel Steel materials	100.00%	76,286	79,629	4.4%
Kanematsu KGK Corp.	Machine tools Industrial machinery	97.90%	67,871	55,073	-18.9%
Kanematsu Petroleum Corp.	Petroleum products Gas	100.00%	142,149	165,542	16.5%
Kanematsu Chemicals Corp.	Functional chemicals	100.00%	20,948	20,819	-0.6%
Shintoa Corporation	Trading company	77.45%	171,414	137,334	-19.9%
Kanematsu USA Inc.	Overseas subsidiary	100.00%	99,045	110,279	11.3%

(Note) Consolidated figures are used for all subsidiaries except Kanematsu Food Corp.

## (Reference) Non-Consolidated Financial Results

### 1. Non-Consolidated Financial Results: Earnings

(Million yen)

	Period ended March 2008		Period ended March 2009		Year on year	
		Percentage of net sales		Percentage of net sales	Change	Change (%)
Net sales	564,100	100.0%	540,383	100.0%	-23,717	-4.2%
Gross trading profit	23,286	4.1%	20,654	3.8%	-2,632	-11.3%
Operating income	6,409	1.1%	3,855	0.7%	-2,554	-39.9%
Ordinary income	7,505	1.3%	3,895	0.7%	-3,610	-48.1%
Net income before income taxes	15,547	2.8%	-12,879	-2.4%	-28,426	-
Net income	13,557	2.4%	-18,363	-3.4%	-31,920	-

### 2. Non-Consolidated Balance Sheets

#### (1) Total Assets and Net Interest-Bearing Debt

(Million yen)

	Period ended March 2008	Period ended March 2009	Year on year	
			Change	Change (%)
Total assets	350,142	285,186	-64,956	-18.6%
Gross interest-bearing debt	191,205	181,963	-9,242	-4.8%
Net interest-bearing debt	157,311	153,901	-3,410	-2.2%

#### (2) Net Assets

(Million yen)

		Period ended March 2008	Period ended March 2009	Year on year	
				Change	Change (%)
	Common stock	27,781	27,781	-	-
	Capital surplus	26,887	26,887	-	-
	Retained earnings	219	-18,172	-18,391	-
	Treasury stock	-192	-180	12	-
Total shareholders' equity		54,695	36,315	-18,380	-33.6%
Total valuation and translation adjustments		313	-325	-638	-
Net assets		55,008	35,990	-19,018	-34.6%

## II. Earnings Forecast for FY2009 and Segment Summary

## II. Earnings Forecast for FY2009 and Segment Summary

### - Consolidated Earnings Forecast for FY2009

- The consolidated earnings forecast for fiscal 2009 is made on the assumption that given the economic downturn, the severe economic conditions would continue for businesses centering on export-related transactions, and that no recovery would take place, particularly during the first half of the fiscal year.
- The Group forecasts net sales of ¥1,000 billion, gross trading profit of ¥79.5 billion, operating income of ¥15.5 billion, ordinary income of ¥11.5 billion and net income of ¥5 billion, and aims to return itself to profitability, through initiatives to improve the profitability of poor-performing businesses and steps to reduce management costs further, in addition to focusing more on priority fields in each business.
- The Group expects net interest-bearing debt to fall further and the debt-equity ratio at the end of the term to reach around 4.2. The Group anticipates shareholders' equity, which suffered from the processing of a special loss in the previous fiscal year, to increase with higher income, and the equity ratio to improve to around 7.1%.
- The Group plans to pay no dividend for fiscal 2009, attaching top priority to capital recovery with income expansion.

#### (1) Net Sales and Gross Trading Profit

- We expect net sales to fall ¥138.8 billion year on year, to ¥1,000 billion overall, due to lower sales in segments centering on Foods & Foodstuff, Iron & Steel, Machinery & Plant and Energy Divisions, based on the strength of the yen and recovery delays forecast for capital investment and the like.
- We anticipate that gross trading profit will decline ¥6.8 billion year on year, to ¥79.5 billion, reflecting lower net sales.

#### (2) Operating Income and Ordinary Income

- We expect operating income to drop ¥3.5 billion year on year, to ¥15.5 billion, and ordinary income to dip ¥1.6 billion year on year, to ¥11.5 billion.

#### (3) Net Income

- We forecast net income of ¥5 billion, based on factors such as a disappearance of temporary factors present in the previous fiscal year, such as extraordinary losses and the reversal of deferred tax assets.

#### (4) Net Interest-bearing Debt and Shareholders' Equity

- We expect net interest-bearing debt to come to ¥125 billion and shareholders' equity to reach approximately ¥30 billion at the end of the fiscal year.
- As a result, we expect the net debt-equity ratio to improve to around 4.2 and the equity ratio to rise to about 7.1%.

\* Shareholders' equity = Net assets – Minority interests

◇ Consolidated Earnings Forecast for FY2009

(Million yen)

	FY2008 Results	FY2009 Forecast	Compared with FY2008
Net Sales	1,138,755	1,000,000	-138,755
Gross Trading Profit	86,292	79,500	-6,792
Ratio	7.58%	7.95%	0.37%
Selling, General and Administrative Expenses	67,264	64,000	-3,264
Operating Income	19,027	15,500	-3,527
Non-operating Income & Loss	-5,900	-4,000	1,900
Ordinary Income	13,127	11,500	-1,627
Net extraordinary loss	-13,050	-1,000	12,050
Income (loss) before income taxes	77	10,500	10,423
Income taxes	-12,863	-5,500	7,363
Net Income	-12,787	5,000	17,787

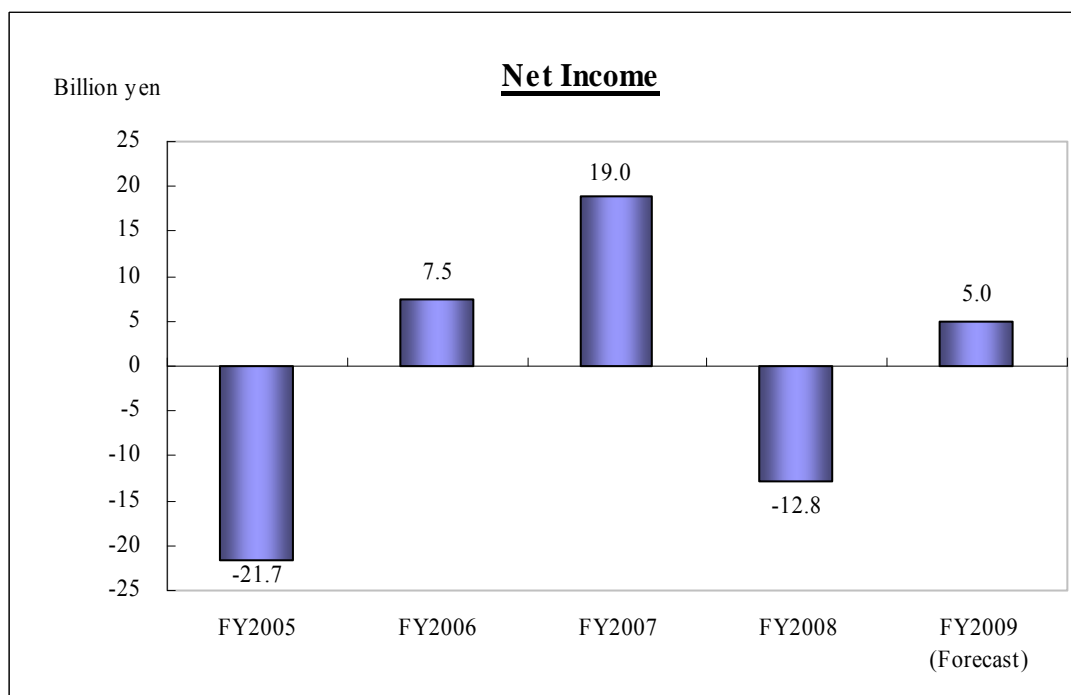
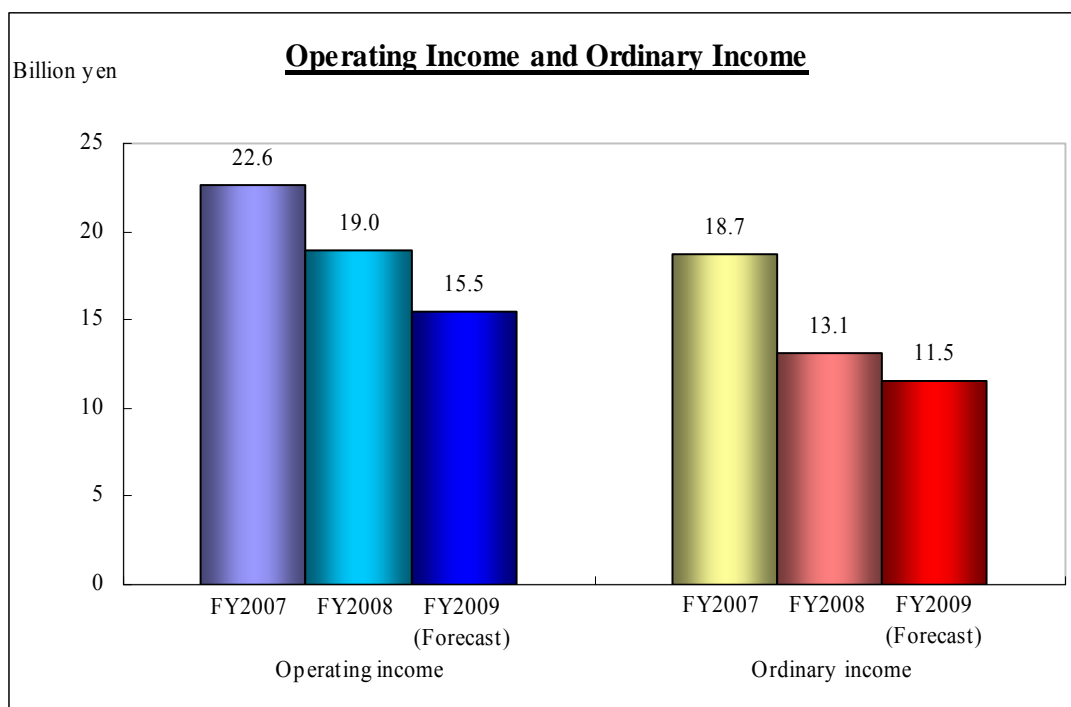
Total Assets	414,928	420,000	5,072
Gross Interest-bearing Debt	213,607	210,000	-3,607
Net Interest-bearing Debt	134,582	125,000	-9,582
Shareholders' Equity	24,936	30,000	5,064
Net D/E Ratio (Times)	5.4	4.2	Improved 1.2P
Equity Ratio (%)	6.0	7.1	Improved 1.1P

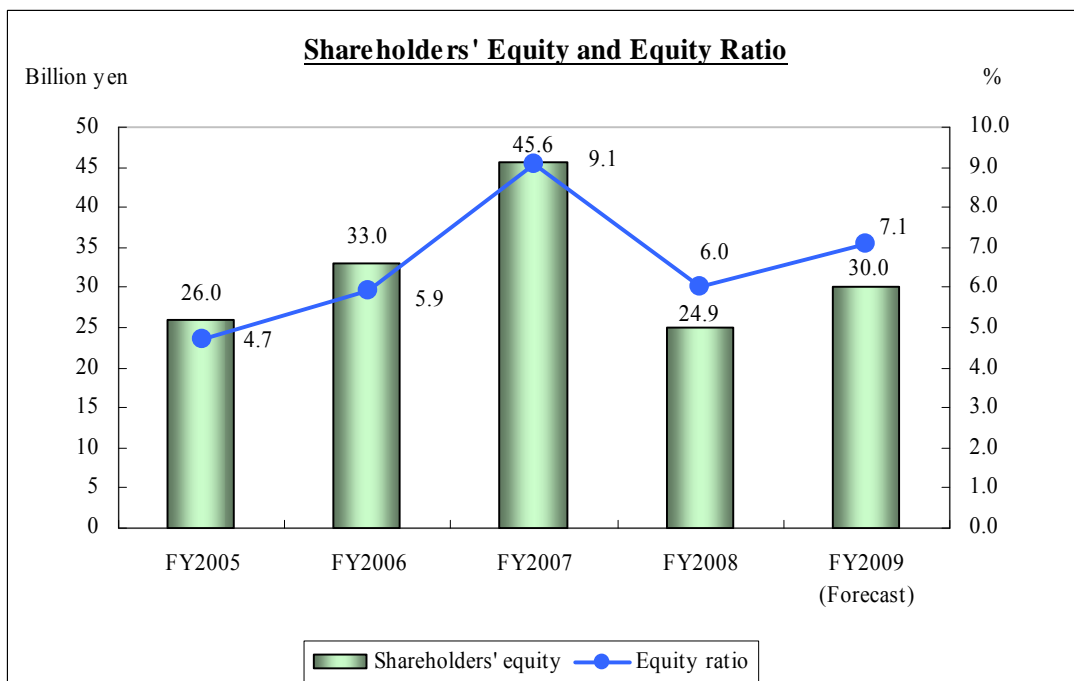
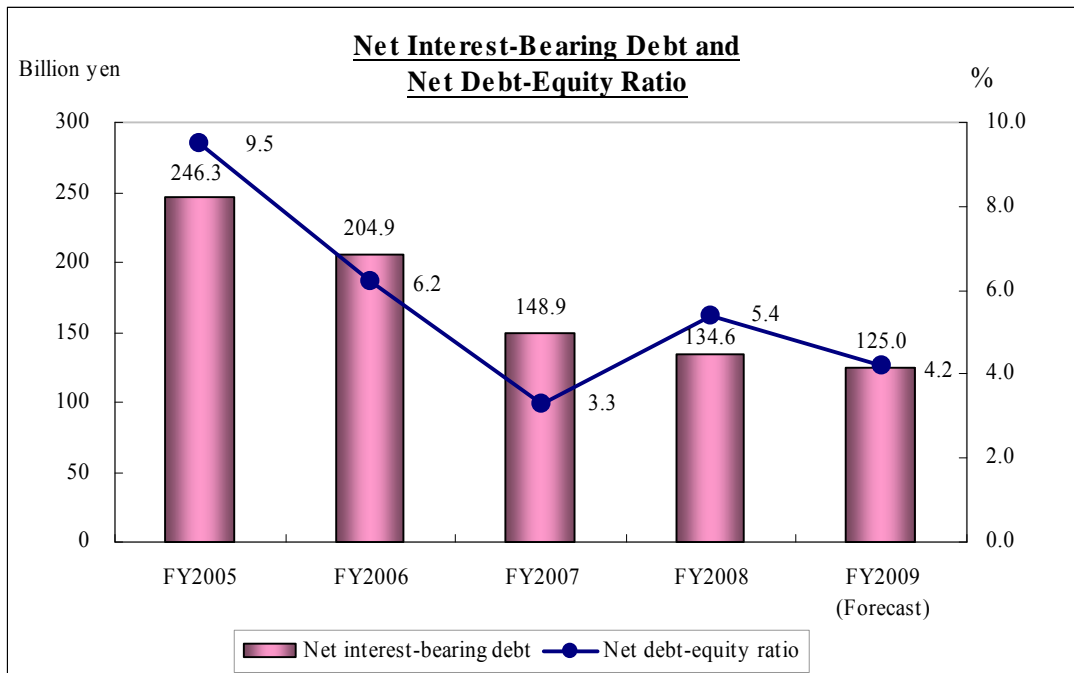
(Note) Shareholders' equity = Net assets – Minority interests

◇ Forecast by Segment

(Billion yen)

	Net Sales		Gross Trading Profit		Operating Income	
	FY2009 Forecast	Year on year	FY2009 Forecast	Year on year	FY2009 Forecast	Year on year
IT	274.0	-2.7	40.5	-1.2	5.9	-1.0
Foods & Foodstuff	288.0	-33.7	12.6	-0.5	4.1	+0.2
Iron & Steel	108.0	-28.5	8.3	-2.4	3.6	-2.5
Machinery & Plant	76.0	-15.0	7.3	-1.6	0.2	-0.7
Iron, Steel/Machinery & Plant	184.0	-43.5	15.6	-4.0	3.8	-3.2
Energy	200.0	-55.1	6.1	-1.9	1.4	-0.2
Life Science	29.0	-0.7	2.5	+0.1	0.5	+0.0
Life Science & Energy	229.0	-55.8	8.6	-1.7	1.9	-0.2
Others, Consolidated adjustment	25.0	-3.1	2.2	+0.6	-0.2	+0.7
Total	1,000.0	-138.8	79.5	-6.8	15.5	-3.5





## IT

- In the area of vehicle-mounted parts, we will focus on developing products with an emphasis on the environment and safety.
- In digital printers and semiconductor/LCD manufacturing equipment, we will pursue differentiation with high added-value functions, calling on our technologies and specialized knowledge.
- In electronic parts (including semiconductors, optical devices and LCD/electronic materials), we will seek to increase our efficiency with low-cost operations to deal with difficult market conditions.
- In the solutions and mobile businesses, we aim to build on our market share by strengthening ties with transaction partners and service functions in response to declining demand and pressure to lower selling prices.
- In new businesses, we aim to geographically expand sales of vehicle-mounted parts under our focus to markets in India and China, and accelerate advertising and e-commerce initiatives in the mobile contents business.

### (1) Main Business

(Billion yen)

Business	Main Products	Department in Charge	Major Consolidated Subsidiaries	Consolidated net sales (FY2009 forecast)
Electronic Devices Business	Semiconductor/electronic parts, Electronic modules/materials, Semiconductor/LED	Devices Company ATE Solutions Dept	-	62
OEM/ODM Solutions	Vehicle-mounted parts, Printer equipment, Electronic modules	Industrial Electronics Dept. Information & Electronics Dept.	-	39
Mobile	Mobile communications terminals, Mobile content/mobile advertisement	IT Administration Office	Kanematsu Communications Ltd.	98
* ICT Solutions	System solutions, Communication equipment/parts	IT Administration Office Information & Electronics Dept.	Kanematsu Electronics Ltd. <i>Nippon Office Systems Ltd.</i>	50 (12)
Aerospace	Aircraft/aircraft parts	Aerospace Dept.	Kanematsu Aerospace Corp. Shintoa Corporation	25
(Note) The company name in italics is an affiliate: equity in net income of the affiliate contributed to consolidated ordinary income. Figures in parentheses show sales of equity method affiliate. * ICT: Information Communication Technology				Total 274

### (2) Consolidated Earnings Forecast for FY2009

(Million yen)

	FY2008 Results	FY2009 Forecast	Compared with FY2008
Net Sales	276,681	274,000	-2,681
Gross Trading Profit	41,672	40,500	-1,172
Ratio	15.1%	14.8%	-0.3%
Operating Income	6,920	5,900	-1,020
Ratio	2.5%	2.2%	-0.3%



### **(3) Actions and Outlook for FY2009**

#### ◆ Electronic Devices Business

- In the areas of electronic modules and electronic materials, we anticipate an uphill battle in the first half because of weaker demand, despite signs of a gradual recovery. We place our hopes on a recovery in trading volume from the second half. We will continue to offer support to Japanese customers moving operations overseas and constructing supply chain management systems. We will review unprofitable transactions and aim to achieve a recovery in earnings in the first half.

#### ◆ OEM/ODM Solutions Business

- We will horizontally apply the expertise we have cultivated in two-wheeled and four-wheeled vehicles parts and printer-related businesses to other businesses. Specifically, we seek to popularize fuel injection systems for motorcycles with an emphasis on the environment and safety, in an attempt to expand their principal markets from North America to China and India.
- In the battery control module manufacturing business, we place our hopes on a recovery in demand from the second half.

#### ◆ Mobile Business

- In the mobile business, we will focus on improving services for corporate customers, an area where we have strength, in light of the saturated market for new individual mobile terminal ownership.
- In the domestic mobile internet business, we will operate as an integrated company with emphasis on B2B business in mobile content, mobile commerce, mobile advertising and mobile solutions.

#### ◆ ICT Solutions Business

- We aim to generate sales by focusing on high value-added businesses, including infrastructure development and maintenance services, in an operating environment that will remain severe given price falls from cost competition.

#### ◆ Aerospace Business

- We will strengthen and expand the aerospace business for the private sector and the repair parts business associated with legally-designated aircraft inspections, in addition to winning orders for our mainstay business for government offices.

## Foods & Foodstuff

- With an emphasis on safety and security, we will further integrate upstream and downstream operations in our supply chain by expanding and upgrading raw material procurement and processing plants in Japan and abroad and bolstering sales in Japan.
- In the food business, we are securing and rigorously seeking additional excellent supply sources for such things as fruit products in Latin America and Eastern Europe. Not only traditional importing/exporting, we are also continuing to add value to the food product itself through our manufacturing and processing functions in China and Southeast Asia. We are also promoting a joint development project of cooked and prepared foods with our affiliates in Japan and overseas.  
We will improve processes for achieving complete traceability throughout our supply chain, from raw material production to product shipment. We will also build a mechanism whereby third parties certify producers for expanding sales to high-volume retailers.
- In the meat and marine products business, the grain and feed-related business, the specialty coffee business and associated businesses, we will introduce comprehensive measures to make products traceable by working with producing centers overseas. In addition, we will expand supply sources for high-quality and competitively-priced products to meet rising demand for stable food supplies and to secure food resources.
- In the feed business, we will (1) strengthen the community-based dairy businesses in Hokkaido, Tohoku and Kyushu, which are dominant areas in the meat products business, (2) promote joint operations with the so-called “mega-farms,” and (3) start trading in new products, including DDGS (ethanol derivative products).
- In overseas markets, we will step up offshore trading in products, including feed and beef (from the United States and Australia to China and other parts of Asia), processed fruits (from China and Southeast Asia to Europe and North America) and edible soybeans (from China to the United States).

### (1) Main Business

(Billion yen)				
Business	Main Products	Department in Charge	Major Consolidated Subsidiaries	Consolidated net sales (FY2009 forecast)
Foods	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, and others	Produce Dept. I Produce Dept. II	Kanematsu Food Corp. Shintoa Corporation	96
Meat and Marine Products	All meat, seafood	Meat & Marine Products Dept.	Kanematsu Food Corp. Shintoa Corporation	57
Grain Oil/Feed and Dairy Products	Barley, wheat, rice, soybeans, processed foods, feed, fertilizer, pet foods and others	Grain Oil Dept. Feed Dept. Formula Products Dept.	Kanematsu Agri-Tech Corp. Savory-Japon S.A. Shintoa Corporation	135
Total				288

### (2) Consolidated Earnings Forecast for FY2009

(Million yen)			
	FY2008 Results	FY2009 Forecast	Compared with FY2008
Net Sales	321,658	288,000	-33,658
Gross Trading Profit	13,129	12,600	-529
Ratio	4.1%	4.4%	0.3%
Operating Income	3,923	4,100	177
Ratio	1.2%	1.4%	0.2%

### **(3) Actions and Outlook for FY2009**

We will strengthen the functions of the Food Safety Control Office by separating the Office from marketing departments to improve traceability and compliance with the Food Sanitation Act.

#### ◆ Food Business

- In the processed agricultural product business and the beverage material business, we will bolster ties with reliable suppliers and continue our efforts to secure new producing centers. We will also aim to expand sales by developing strategic organic/domestic products and acquiring new customers, in addition to maintaining and expanding the sales of existing products.
- Results have been solid in the business of supplying products, including prepared and cooked food and beverage materials, to home-meal replacement and restaurant business operators such as convenience store chains. We will bolster cooperation with Group companies so that we can expand sales channels in this business.
- In the environment of sustained consumer avoidance of Chinese products, we will downscale food cooked or processed in China temporarily, and focus on trading in food processed and cooked in Japan. We will also maintain stable supply by reducing reliance on China for the supply of raw materials and processed food and diversifying their supply sources to Southeast Asia.

#### ◆ Meat and Marine Products Business

- The meat and marine products business is finally emerging from the market turbulence observed in the previous fiscal year. We will focus more on marketing in an attempt to expand sales of products that are recognized as original KG products in the market.
- In the marine products business, we will aim to achieve a transition in our earnings structure by shifting main products sold from current raw materials to products with high processing levels, including seafood ingredients for sushi made with the use of partnership plants in Southeast Asia.

#### ◆ Grain Oil/Feed and Dairy Products

- We will work to bolster productivity through an emphasis on supply stability and competitive prices sought by customers, strengthening our ties with suppliers in Japan and abroad.
- The feed and dairy products business will likely become tougher following the end of rising prices and tight demand, which had continued for several years. We will deal with this situation with sales volume increases and appropriate hedge techniques. We will also work to expand the pet food business by stepping up cooperation with Group companies.
- Under rising demand for bioenergy sources, the number of soybean growing contracts in Canada started for the purpose of securing non-genetically modified soybeans have increased steadily. We will look to expand sales channels, encompassing bean paste and soy sauce manufacturers as well as convenience store chains, by strengthening our marketing network in Japan.
- In the formula products business, we will review the roles assigned to Kanematsu and Group companies following major changes in the conditions surrounding the business. With regard to products, we aim to bolster sales of high value-added products, including lactobacillus (EC-12) products.

## Iron & Steel / Machinery & Plant

### <Iron & Steel>

- We are targeting balanced growth between the export business by parent and the domestic sales business by affiliates.
- We will seek to develop new markets and applications for stainless steel plates, alloy wires and bars through tie-ups with manufacturers in an attempt to expand commercial rights.
- We will focus also on non-automobile products while maintaining our expertise in automobile projects as a basis for profitability.
- In domestic sales of general steel products by affiliates, we will improve production efficiency and sales capability by stepping up cooperation within the Group.

### <Machinery Plant>

- We plan to build on results in existing mainstay fields, including automobile parts transactions, marine equipment package deals and cable exports.
- We will focus on exports of petrochemical plant equipment to the Middle East, which are set to expand steadily.
- As initiatives in environmental and new energy businesses, we will focus on winning new orders for geothermal generation projects in Asia, one of our specialty businesses, and on expanding income in the business of processing silicon wafers for solar batteries.

## (1) Main Business

(Billion yen)

	Business	Main Products	Department in Charge	Major Consolidated Subsidiaries	Consolidated net sales (FY2009 forecast)
Iron & Steel	Steel Trading	Surface-treated steel plates, seamless piping	Iron & Steel Foreign Trade Dept.	SSOT	25
	Special Steel Trading	Stainless, special steel wire rods, long steel products	Special Iron & Steel Foreign Trade Dept.	-	11
	Cast and Forged Steel Products	Precision forgings	Forging & Casting Dept.	-	6
	Domestic Steel/Steel Materials	Steel products, iron ore, cokes	Machinery & Plant Administration Office	Kanematsu Trading Corp.	66
Machinery & Plant	Plants and Transportation Equipment	Various plants, automobiles, vessels, marine equipment, ODA	Projects & Plant Machinery Dept., Automotive & Construction Machinery Dept., Vessel Dept	-	31
	Cable/Electric Power Projects	Telecommunications projects, optical fibers, electric power projects	Cable & Power Projections Dept.	-	4
	Machine Tools and Industrial Machinery	Machine tools, industrial machinery	Machinery & Plant Administration Office	Kanematsu KGK Corp.	41
Total					184

## (2) Consolidated Earnings Forecast for FY2009

(Million yen)

		FY2008 Results	FY2009 Forecast	Compared with FY2008
Iron & Steel	Net Sales	136,478	108,000	-28,478
	Gross Trading Profit	10,689	8,300	-2,389
	Ratio	7.8%	7.7%	-0.1%
	Operating Income	6,077	3,600	-2,477
	Ratio	4.5%	3.3%	-1.2%
Machinery & Plant	Net Sales	90,981	76,000	-14,981
	Gross Trading Profit	8,894	7,300	-1,594
	Ratio	9.8%	9.6%	-0.2%
	Operating Income	917	200	-717
	Ratio	1.0%	0.3%	-0.7%

### (3) Actions and Outlook for FY2009

#### <Iron & Steel>

##### ◆ Exporting Business

- In the coil center business in China and in related businesses, we will aim to achieve profitability with existing commercial rights. Meanwhile, we will also focus on new commercial rights (through sales expansion in the Middle East and North Africa among other means) in an attempt to expand income.

##### ◆ Special Steel

- Market conditions for stainless steel are weakening, but the situation also represents an opportunity for expanding applications. We aim to expand commercial rights in collaboration with manufacturers.
- In alloy wires and bars, we expect the adverse effects of the sluggish performance of the Big Three in the United States, which are their end users. However, we seek to expand commercial rights for transactions for Southeast Asia, where results have been strong.

##### ◆ Cast and Forged Steel Products

- Sales declines owing to reduced production by automakers in North America and Europe appear inevitable for transmission components. In this situation, we aim to maintain existing commercial rights.
- We will also focus on non-automobile projects, including those for thin cast products, by taking advantage of our customer network.

##### ◆ Domestic Steel/Steel Materials

- In the domestic steel business, we will work to improve production efficiency and sales capability by paying attention to market trends.
- With respect to iron ore transactions for China, we intend to continue sales by closely monitoring economic conditions in China.

#### <Machinery & Plant>

##### ◆ Plant and Transportation Equipment

- Results for automobile and ship transactions, our core fields, are expected to decline with each year, the result of weaker automobile and maritime transportation market conditions associated with the global financial crisis. We aim to generate income by responding to market trends.
- Exports of petrochemical plant equipment for the Middle East are expected to perform strongly. We plan to offset the reduced in income in the transportation equipment business with earnings from exports.

##### ◆ Cable/Electric Power Projects

- We will focus on products in which we have a technological edge, including higher-capacity lines, submarine cables and underground cables.
- We plan to win new orders for geothermal generation projects, our specialty field and one in which demand is set to increase in the future with environmental issues in the background.

##### ◆ Machine Tools and Industrial Machinery

- We predict a year-on-year fall in results, with orders likely to remain elusive in Japan and the United States. We aim to maintain profitability by keeping and expanding existing commercial rights and responding to diversifying needs, including those for ecological measures and new energy sources.
- We seek to expand income in the silicon wafer processing business for solar batteries undertaken by KGK Soltech, which we established in the previous fiscal year, given solid demand.

## Life Science / Energy

### <Energy>

- We are focusing on growth as a group, including the retail gas station network and storage tank operation, to increase our market share of the domestic trading of petroleum products.
- As for overseas strategies, we are acquiring new customers in China and Southeastern Asia and penetrating these developing markets.
- Given the rise in demand for new energy sources and energy saving solutions with growing concerns for global environmental issues in the background, we will undertake projects to develop new energy.

### <Life Science>

- Under the keywords “global environment,” “healthcare,” and “medical solutions,” we are enhancing such advanced functions as manufacturing and R&D capabilities to make each business grow.
- Against a backdrop of increasing demand for solar batteries as an alternative energy source amid rising environmental consciousness worldwide, we are focusing on strengthening the production and sales business of solar battery coating materials, an area where we have production expertise and trademark rights. We are also emphasizing the development and commercialization of new products such as heat shield paint. In addition, we will step up the development of related products.
- In the heat shield paint business, we aim to develop operations in regions centering on China and Southeast Asia.
- In pharmaceutical materials trading, we are expanding the contract manufacturing operation of pharmaceutical intermediaries by (1) increasing imports of bulk powders (raw materials) from India and Northern and Eastern Europe and (2) entering into alliances with unique chemical manufacturers.
- In the functional materials business, we are stepping up the exploration and sales of new products using the expertise we have cultivated in the trading of creatine and  $\alpha$ -lipoic acid.

## (1) Main Business

(Billion yen)

	Business	Main Products	Department in Charge	Major Consolidated Subsidiaries	Consolidated net sales (FY2009 forecast)
Energy	Crude Oil, Petroleum Products and Gas	Crude oil, petroleum products, LPG	Energy Dept.	Kanematsu Petroleum Corp.	200
Life Science	Functional Chemicals	Battery materials, fertilizer materials, adhesive materials, solvents	Functional Chemicals Dept.	Kanematsu Chemical Corp.	24.7
	Pharmaceuticals, Healthcare	Pharmaceuticals, pharmaceutical intermediates, functional food materials, stollen milk, nutritional supplements	Life Science Dept.	Kanematsu Wellness Corp.	4.3
Total					229

## (2) Consolidated Earnings Forecast for FY2009

(Million yen)

		FY2008 Results	FY2009 Forecast	Compared with FY2008
Energy	Net Sales	255,050	200,000	-55,050
	Gross Trading Profit	7,951	6,100	-1,851
	Ratio	3.1%	3.1%	-0.0%
	Operating Income	1,562	1,400	-162
	Ratio	0.6%	0.7%	0.1%
Life Science	Net Sales	29,745	29,000	-745
	Gross Trading Profit	2,392	2,500	108
	Ratio	8.0%	8.6%	0.6%
	Operating Income	525	500	-25
	Ratio	1.8%	1.7%	-0.1%

### (3) Actions and Outlook for FY2009

#### <Energy>

##### ◆ Crude Oil, Petroleum Products and Gas

- We plan to stabilize income by downscaling crude oil transactions based on actual demand—in line with the stabilization of domestic crude oil demand at a lower level—and by continuing stable transactions with oil wholesalers.
- Kanematsu Petroleum Corporation will seek to achieve reasonable profits by linking retail prices of gasoline to its wholesale prices, and aims to bolster profitability by consolidating and eliminating operating bases.
- In the LPG business, we are specializing in the bulk sale of industrial LPG and expanding sales to small-lot users in a comprehensive distribution system.
- In the new energy development business, we launched a bio-gas project in Hokkaido based on a bio-gas joint venture we established in the previous fiscal year. We aim to expand this business nationwide.
- In the bio-fuel business, we will step up internal cooperation with plant and business incubation departments to secure supply sources outside Japan, including sources in Southeast Asia.
- In emissions trading, we are continuing to participate in the voluntary emissions trading scheme of the Ministry of the Environment. We are also facilitating the sale of emissions rights to companies in Japan and overseas through measures such as business operations in small and retail businesses using the carbon offset, the intermediary service of emissions trading, participation in CDM operations, and cooperation with overseas businesses.

#### <Life Science>

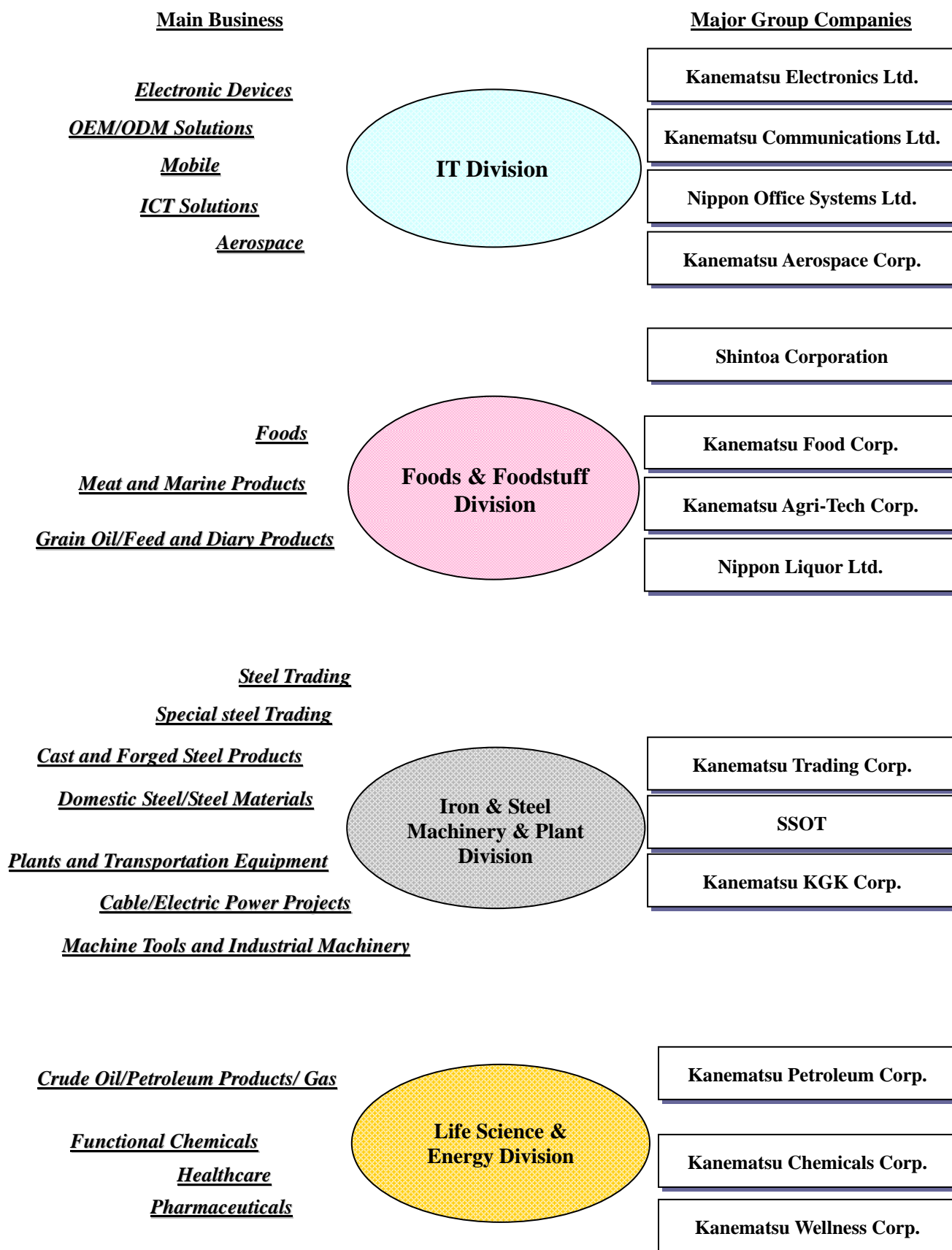
##### ◆ Functional Chemicals

- We anticipate an increase in deliveries of solar battery coating materials, since production continues to be increasing at customer plants. In addition, we aim to expand our operations horizontally by developing related products and new markets.
- Imports of synthetic rubber remain favorable, partly because of the tight supply in Japan and production cuts by domestic manufacturers due to the high prices of raw materials.
- We are increasing exports of raw materials of lithium batteries to China in response to rising demand in the Chinese market.
- We aim to identify and commercialize products for the environment. We aim to launch the heat shield paint business at an early point, focusing on sales in China and Southeast Asia.

##### ◆ Pharmaceutical/Healthcare Business

- In the pharmaceuticals business, we project an increase in sales with the expansion of the contract manufacturing operation of pharmaceutical intermediaries in Japan and abroad, and the growth of exports of pharmaceuticals products and bulk powder.
- We are aiming to further increase imports of bulk powder from India and Northern and Eastern Europe by enhancing cooperation with affiliates.
- In the medical information provision services, we are seeking new business, especially from pharmaceuticals companies, and the diversification of the areas to which we provide medical service information.

## (Reference) Outline of Kanematsu Group





III. “teamKG120”  
Medium-Term Business Plan  
(April 2007 - March 2010)

## Vision

We are ever more active in expanding our businesses and strengthening our functions as a **Creator of Real Business** to achieve added value.

Original numerical targets for the final year (fiscal year ending March 31, 2010) became difficult to achieve in light of results for the fiscal year ended March 31, 2009 and economic conditions. However, we will keep its basic policies, qualitative targets and the like unchanged, and continue its efforts to pursue them.

We will continue to aim to resume dividend payments. However, we will focus above all on achieving a capital recovery by bolstering its earnings capacity as a pressing issue.

### ■ Target Corporate Image

- ◆ A company that never stops exploiting the creation of new business
- ◆ A company with an established culture of continuing reform and evolution
- ◆ A company that steadfastly maintains a streamlined and highly efficient financial position
- ◆ A company that has built a solid management system

### ■ Positioning of Kanematsu — The Creator of Real Business —

- ◆ Explore and provide highly specialized and useful business functions
- ◆ Concentrate on investments in projects that are backed by real business
- ◆ Avoid simple financing and speculative transactions
- ◆ Pursue growth through the development of new businesses
- ◆ Avoid a disproportionate weighting on specific areas and increase stability

## Growth Strategies — Balanced Growth with Strong Momentum —

We re-defined the mission of each business in accordance with their business models, and sustain balanced growth with strong momentum.

### ■ Fundamental Trading

Businesses in this category provide traditional trading (importing & exporting) functions and generate the basis of the revenue stream. They also function as the source of new business seeds in each business domain. We continue to expand Fundamental Businesses by stepping up efforts in upstream and downstream distribution operations and achieving efficiencies through economies of scale. (Examples: The importing & exporting meat and marine products/grains/feed and dairy products, the fruits processing business, and the electronic parts distribution businesses)

### ■ Value Exploration

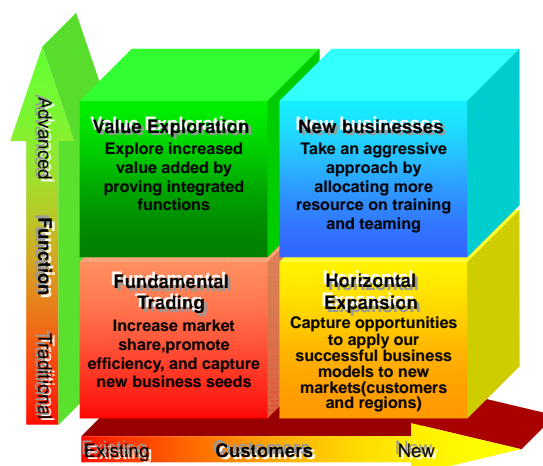
Businesses in this category aim at the further creation of added value by providing not only trading functions but also R&D consulting and OEM/ODM solutions (Integrated functions): this is an effective Kanematsu business model developed through the previous medium-term business plan. (Examples: Global sourcing and export of automotive parts, SCM business of aircraft rotatable parts, shipbuilding package deal, and the coffee marketing solution business)

### ■ New Businesses

We are aggressively promoting new businesses, leveraging our strengths and expertise, such as business know-how, integrated functions, and global business networks. (Examples: Mobile commerce, cooked and prepared foods business)

### ■ Horizontal Expansion

We capture business opportunities by **horizontally applying our successful business models** in each category of the Fundamental Trading, Value Exploration, and New Businesses. (Examples: Geothermal plant projects in Asian region and offshore food trading)



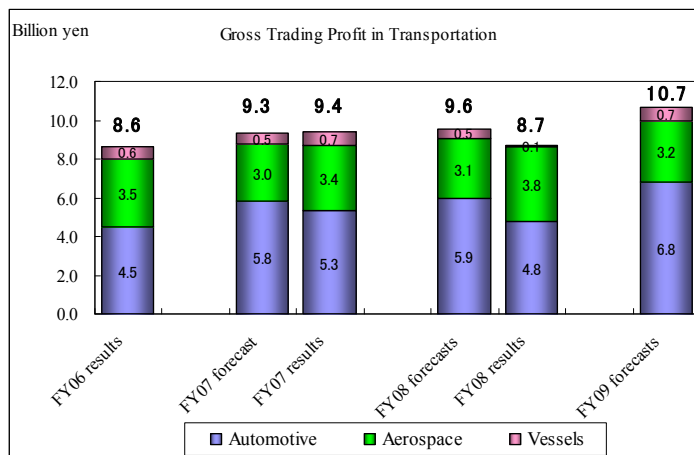
## Growth Drivers

We promote the growth of the following four domains — **transportation, ICT solutions/mobile, food as resource, the environment/new energy** — through M&A and cross-organizational collaboration with strong growth momentum.

### Transportation

We will further expand businesses in this area, where we have built strengths, such as automotive (automobiles, mechanized parts, in-vehicle electronic parts, special steel products etc.) as well as the aircraft and vessel businesses.

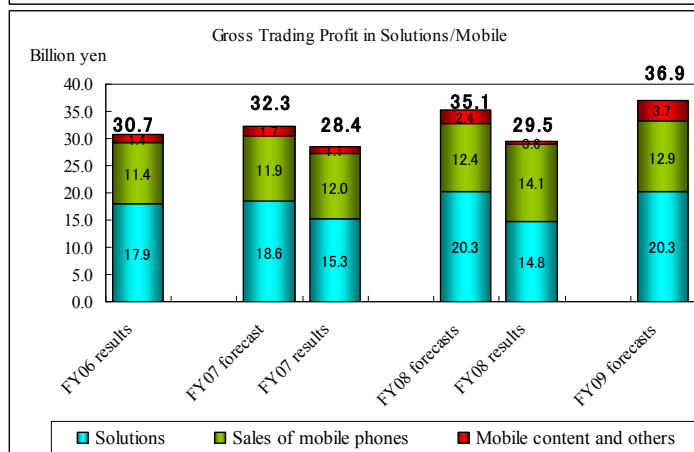
- Enhance the global sourcing function and the R&D support function.
- Expand sales to Europe, BRICs and Asian markets
- Expand the aircraft rotatable parts business with airlines



### ICT Solutions/Mobile

We will further differentiate ourselves by leveraging our presence in the industries through our expanding operations with Kanematsu Electronics Ltd. and Kanematsu Communications Ltd.

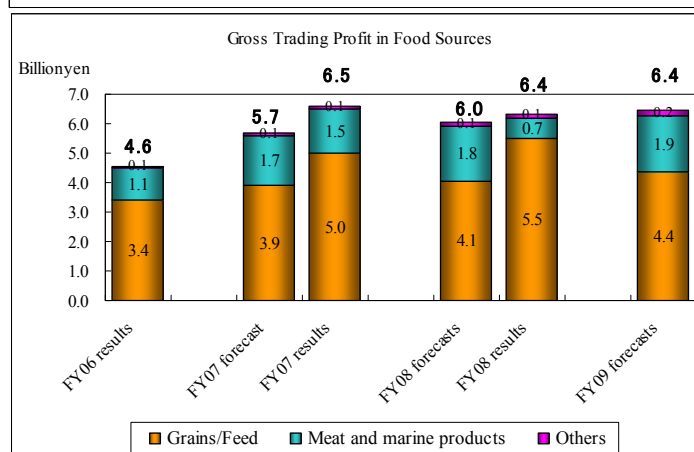
- Maximize synergy through the Group and organizational reforms.
- Aggressively promote M&A and business alliances
- Establish new businesses in the field of mobile services



### Food Sources

We will actively work on securing and maintaining a reliable supply of food sources in meat and marine products, grains, and feed and dairy products.

- Pursue continuing improvement in traceability with the slogan, "safety and security."
- Strengthen our relationship with supply sources and processing plants in preparation for tight supply.



### Environment/New Energy

We will rapidly establish operations in those fields that have promising growth potential for the next generation.

- Construct business through cross-divisional activities in areas such as the development of CDM and the emission credits trading.
- Step up our efforts in the geothermal power generation business, principally in Indonesia where we have solid expertise.
- Accelerate F/S and R&D and rapidly commercialize biomass and fuel cell trading.

## “teamKG120” Progress in the second fiscal year

### ◆ Expanding overseas operations

#### (1) Establishment of administration company in China

To expand trade in China, a key market, we increased the capital of Kanematsu (Shanghai) Co., Ltd. and changed its name to Kanematsu (China) Co., Ltd. We have allocated an administration function to Kanematsu (China), which commenced operations on October 1, and have changed three representative offices in Beijing, Dalian, and Tianjin to branches that function as bases under Kanematsu (China). The new network of operating bases covers all operations in China. Kanematsu (China) is increasing business transactions and developing new businesses in collaboration with Kanematsu (Hong Kong) Ltd., which controls the South China area and its subsidiary in Guangdong.

#### (2) Bolstering the local subsidiary in Brazil

We are bolstering the meat & livestock business in addition to the iron & steel business, which we have strengthened.

### ◆ Entering the solar battery business

(1) We established KGK Soltech, a silicon wafer processing company for solar batteries, through our subsidiary Kanematsu KGK. The new company commenced operations in September and ships products to solar battery manufacturers in Europe and the United States in response to the global expansion in demand for solar batteries.

#### (2) Full-scale sales of insulating paints overseas

We established a full presence in the insulating paint business in December 2008 through an equity investment in Miracool Co., Ltd., an insulating paint sales company, jointly with Shiroki Co., Ltd. and NIPPO Corporation. The company aims to promote environmentally friendly products by launching overseas sales in earnest.

- ◆ Numerical targets for the final year of the teamKG120 plan (fiscal year ending March 31, 2010) stated in the following table became difficult to achieve in light of results for the fiscal year ended March 31, 2009 and economic conditions. We will vigorously push its operations forward in the final year, with forecasts announced on May 8, 2009 as its revised targets.

(Million yen)

	FY2006 Results	Medium-Term Business Plan “teamKG120”					
		FY2007		FY2008		FY2009	
		Initial projection	Results	Initial projection	Results	Initial projection	Current Projection
Net Sales	1,281,331	1,300,000	1,244,020	1,350,000	1,138,755	1,400,000	1,000,000
Gross Trading Profit	103,711	100,000	90,327	105,000	86,292	110,000	79,500
Ratio	8.1%	7.7%	7.3%	7.8%	7.6%	7.9%	8.0%
Operating Income	21,713	23,500	22,605	27,000	19,027	30,000	15,500
Ratio	1.7%	1.8%	1.8%	2.0%	1.7%	2.1%	1.6%
Ordinary Income	17,255	19,000	18,747	22,000	13,127	25,000	11,500
Ratio	1.3%	1.5%	1.5%	1.6%	1.2%	1.8%	1.2%
Net Income	7,507	8,000	19,016	10,000	-12,787	12,500	5,000

(Million yen)

	FY2006 Results	Medium-Term Business Plan “teamKG120”					
		FY2007		FY2008		FY2009	
		Initial projection	Results	Initial projection	Results	Initial projection	Current Projection
Total Assets	563,176	550,000	503,456	550,000	414,928	550,000	420,000
Shareholders' Equity	32,960	40,000	45,588	50,000	24,936	62,500	30,000
Equity Ratio	5.9%	7.3%	9.1%	9.1%	6.0%	11.4%	7.1%
Gross Interest-Bearing Debt	270,678	230,000	223,702	220,000	213,607	200,000	210,000
Gross D/E Ratio (Times)	8.2	5.8	4.9	4.4	8.6	3.2	7.0
Net Interest-Bearing Debt	204,900	180,000	148,944	170,000	134,582	160,000	125,000
Net D/E Ratio (Times)	6.2	4.5	3.3	3.4	5.4	2.6	4.2
Fund Efficiency	7.3%	8.6%	9.6%	10.0%	8.2%	11.2%	7.4%
ROA (Ordinary Income)	3.1%	3.5%	3.7%	4.0%	3.2%	4.5%	2.7%
ROE (Ordinary Income)	52.4%	47.5%	41.1%	44.0%	52.6%	40.0%	38.3%

***(MEMO)***