

## Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2004

Sojitz Holdings Corporation

Billions of yen

Consolidated Statements of Operations						
	1st quarter FY2004 results a	1st quarter FY2003 results b	Increase/ Decrease a-b	Summary of changes from the same period of the previous fiscal year	1st-half FY2004 Forecast c	Percentage achieved a/c
Net sales	1,214.0	1,523.1	(309.1)	Net sales Reduction of low-profit transactions in energy-related business -272.8	2,930.0	41.4%
Gross trading profit (Gross trading profit ratio)	58.8 (4.84%)	58.6 (3.85%)	0.2		132.5 (4.52%)	44.4%
Personnel expenses	-20.4	-22.9	2.5	Selling, general and administrative expenses		
Non-personnel expenses	-18.7	-21.0	2.3	Increased newly consolidated subsidiaries -2.8		
Depreciation expense	-3.1	-3.2	0.1	Improvement due to exclusion from consolidation by business restructuring 2.9		
( Sub total )	(-42.2)	(-47.1)	(4.9)	Other; (Rationalization effects, etc) 4.3		
Allowance for doubtful receivables	0.0	-0.1	0.1			
Cosolidated goodwill amortization	-1.3	-0.7	-0.6			
Selling, general and administrative expenses	(-43.5)	(-47.9)	(4.4)		-85.0	51.2%
Operating income ( Operating income ratio )	15.3 (1.26%)	10.7 (0.70%)	4.6		47.5 (1.62%)	32.2%
Interest income	4.2	6.8	-2.6			
Interest expenses	-12.6	-14.8	2.2			
( Interest expenses-net )	(-8.4)	(-8.0)	(-0.4)			
Dividend income	1.3	1.2	0.1			
( Net financial revenue )	(-7.1)	(-6.8)	(-0.3)			
Equity in gains of unconsolidated subsidiaries and affiliates	4.2	0.6	3.6	Equity in gains of unconsolidated subsidiaries and affiliates		
Other income	4.0	4.1	-0.1	Metal One(+2.2)/Coal and aluminum-related materials(+1.0)		
Other expenses	-2.5	-2.5	0.0			
( Other-net )	(-1.4)	(-4.6)	(3.2)		13.5	10.4%
Recurring profit	13.9	6.1	7.8		34.0	40.9%
Gain on sale of property & equipment	0.6	0.4	0.2			
Gain on sale of investment securities	1.4	0.8	0.6			
( Extraordinary income )	(2.0)	(1.2)	(0.8)			
Loss on sale of property & equipment	-0.1	-0.4	0.3			
Loss on sale of investment securities	0.0	-0.9	0.9			
Evaluation loss on investment securities & investments other than securities	-	-0.3	0.3			
Loss due to reorganization of subsidiaries and affiliates	(-1.7)	-0.4	-1.3	Reorganization of overseas leasing business(-0.6), and so on		
Provision for overseas doubtful receivables	-0.3	-1.8	1.5			
Special early retirement benefits	-	-1.4	1.4			
Restructuring loss	(-0.5)	-0.6	0.1	Integration expenses of overseas subsidiaries (-0.5)		
( Extraordinary loss )	(-2.6)	(-5.8)	(3.2)			
(Extraordinary loss-net)	(-0.6)	(-4.6)	(4.0)		-4.0	15.0%
Income before income taxes	13.3	1.5	11.8		30.0	44.3%
Income taxes: Current	-2.7	-2.7	0.0			
Deferred	-0.5	0.7	-1.2			
Minority interests	-0.3	-0.2	-0.1			
Net income (loss)	9.8	-0.7	10.5		20.0	49.0%

Core earnings(*)	12.4	4.6	7.8		33.5	37.0%
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(\*) Core earnings = Operating income (before Allowance for doubtful receivables)+Interest expenses-net+  
Dividend income +Equity in gains of unconsolidated subsidiaries and affiliates

Billions of yen

Consolidated Balance Sheets and Principal Management Indices				
	June 30, 2004 d	March 31, 2004 e *	Increase/ Decrease d-e	Rationale of increase/decrease
<b>Current assets</b>	1,634.10	1,734.90	-100.8	
Cash and deposits	337.5	435.7	(-98.2)	Reduction of interest-bearing debt and allocation to investment
Trade notes and trade accounts receivables	690.9	709	(-18.1)	Decrease due to payback
Securities	21.4	17.7	3.7	
Inventories	242.6	239.5	3.1	
Short-term loans receivables	182.3	188	-5.7	
Deferred tax assets-current	17.3	13.3	4	
Other current assets	178.9	171.6	7.3	
Allowance for doubtful receivables	-36.8	-39.9	3.1	
<b>Fixed assets</b>	1,350.2	1,340.7	9.5	
Tangible assets	442.6	493.2	(-50.6)	Accounting for merger(-48.1)
Goodwill	86.3	41.4	(44.9)	Accounting for merger(+45.5)
Intangible assets	30.4	24.8	5.6	
Investment securities	448.7	410.5	(38.2)	Accounting for merger(+24.3)
Long-term loans	162.3	182.1	(-19.8)	Transfer to short-term loans in one year rule
Deferred tax assets-non-current	73.5	97.5	(-24.0)	Accounting for merger(-15.0)
Others	240.0	235.0	5.0	
Allowance for doubtful receivables	-133.6	-143.8	10.2	
<b>Deferred assets</b>	1.4	1.4	0.0	
<b>Total assets</b>	2,985.7	3,077.0	-91.3	
<b>Liabilities</b>	2,100.2	2,212.3	-112.1	
Trade notes and trade accounts payables	450.2	479.3	-29.1	
Short-term debts	1,312.0	1,320.9	(-8.9)	Reduction of interest-bearing debt
Commercial paper	99.9	141.2	(-41.3)	
Current portion of Long-term debt	34.7	38.9	-4.2	
Other current liabilities	203.4	232.0	-28.6	
<b>Non current liabilities</b>	542.2	536.5	5.7	
Long-term borrowings	415.6	430.6	(-15.0)	Reduction of interest-bearing debt and transfer to short-term borrowings in one year rule
Bonds, less current portion	59.7	61.2	(-1.5)	
Allowance for retirement benefits	35.7	7.9	(27.8)	Accounting for merger (+26.4)
Other non-current liabilities	31.2	36.8	-5.6	
<b>Total liabilities</b>	2,642.4	2,748.8	-106.4	
Minority interests	31.7	12.0	19.7	
Common Stock	151.1	150.6	0.5	
Capital surplus	302.7	346.6	(-43.9)	Accounting for Merger(-15.2)/ Transfer to Retained Earnings (-29.2)
Retained earnings	-61.4	-104.8	(43.4)	Transfer from capital surplus (+29.2), net income (+9.8)
(Sub total)	(392.4)	(392.4)	(0.0)	
Loss on land revaluation	-5.5	-5.5	0.0	
Unrealized losses on available- for-sale securities	13.7	16.7	(-3.0)	
Foreign currency translation adjustments	-89.0	-87.4	-1.6	
Treasury stock	0.0	0.0	0.0	
<b>Total shareholders' equity</b>	311.6	316.2	-4.6	
<b>Total liabilities and shareholders' equity</b>	2,985.7	3,077.0	-91.3	
Gross interest-bearing debt	1,921.9	1,992.8	-70.9	
Net interest-bearing debt	1,584.4	1,557.1	27.3	
Net debt/equity ratio(Times)	5.08x	4.92x	0.16x	
Shareholders' equity ratio	10.4%	10.3%	+0.1%	