

## 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%	

## Summary of Consolidated Financial Results

August 6, 2004

for the first quarter ended June 30, 2004 ( Unaudited )

### Sojitz Holdings Corporation

(URL <http://www.sojitz-holdings.com>)

Listed stock exchange : The first sections of Tokyo and Osaka  
 Headquarters : Tokyo  
 Securities Code : 2768  
 Company Representative : Hidetoshi Nishimura, President & CEO  
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#### 1. Items regarding Preparation for the Summary of the Quarterly Results

- (1) Use of simplified accounting procedure : None  
 (2) Change in accounting policies from the latest consolidated fiscal year : None  
 (3) Change in number of consolidated subsidiaries and affiliated companies accounted for by the equity method : Yes

	Jun 30, 2004	Mar 31, 2004
Consolidated subsidiaries	332	329
Unconsolidated subsidiaries (accounted for by the equity method)	25	24
Unconsolidated affiliates (accounted for by the equity method)	209	204

(4) Figures for the first quarter of fiscal 2004 and 2003 have not been audited by independent auditors.

#### 2. Consolidated Financial Results for the 1st Quarter of Fiscal Year ending March 2005 (April 1, 2004 June 30, 2004 )

(1) Consolidated Operating Results (Rounded to millions of Japanese Yen)

	Net Sales		Operating Income		Recurring Profit		Net Income	
	Millions of Yer	%	Millions of Yer	%	Millions of Yer	%	Millions of Yer	%
1st Qtr. of FY 2004	1,214,045	20.3	15,301	43.5	13,891	128.5	9,802	-
1st Qtr. of FY 2003	1,523,136	-	10,660	-	6,078	-	721	-
(Ref)FY 2003	5,861,737	-	59,948	-	48,461	-	33,609	-

	EPS	Adjusted EPS
	Yen	Yen
1st Qtr. of FY 2004	45.91	45.43
1st Qtr. of FY 2003	4.25	-
(Ref)FY 2003	172.52	-

#### (2) Financial Position (Consolidated)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	BPS
	Millions of Yen	Millions of Yen	%	Yen
1st Qtr. of FY 2004	2,985,771	311,646	10.4	213.27
1st Qtr. of FY 2003	3,480,796	340,624	9.8	392.61
(Ref)FY 2003	3,077,022	316,234	10.3	235.43

#### Descriptive Analysis of Consolidated Financial Results:

Net sales in the 1st quarter of fiscal 2004 amounted to 1,214.0 billion yen, logging a progress of 41.4% vis-a-vis the semi-annual forecast initially announced in May 14, 2004, and was impacted by the reduction of low-profit transactions in energy-related business. Gross trading profit was 58.8 billion yen, which is equal to the results for the 1st quarter in fiscal 2003, recording progress of 44.4% vis-a-vis the semi-annual forecast. SG&A expenses of 43.5 billion yen resulted in an operating income of 15.3 billion yen. A Recurring Profit of 13.9 billion yen was appropriated, marking a progress of 40.9% vis-a-vis the semi-annual forecast figure, due to increasing equity in gains of unconsolidated subsidiaries and affiliates in accordance with favourable earnings at unconsolidated subsidiaries and affiliates, accounted for by the equity method. With an extraordinary loss—net amounting to 0.6 billion yen, a net income (after taxes) of 9.8 billion yen, logging a progress of 49.0% vis-a-vis the semi-annual forecast, was recorded in the first quarter.

#### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 2005 (April 1, 2004- March 31, 2005):

Sojitz Holdings will announce revisions to the consolidated forecast for fiscal 2004, which were initially revealed on May 13, 2004, along with the aforementioned announcement of details in accordance with the implementation of the New Business.

## Consolidated Statements of Income

for the first quarter ended June 30, 2004

Millions of yen

	3 months ended June 30, 2004	Percentage of Net sales (%)	3 months ended June 30, 2003	Percentage of Net sales (%)	difference		Fiscal Year ended March 31, 2004	Percentag e of Net sales (%)
					amount	percentage		
<b>Net sales</b>	1,214,045	100.00	1,523,136	100.00	(309,091)	(20.29)	5,861,737	100.00
Cost of sales	(1,155,248)	( 95.16 )	(1,464,505)	( 96.15 )	309,257	(21.12)	(5,612,714)	( 95.75 )
<b>Gross trading profit</b>	58,797	4.84	58,631	3.85	166	0.28	249,022	4.25
Selling, general and administrative expenses	(43,495)	( 3.58 )	(47,970)	( 3.15 )	4,475	(9.33)	(189,074)	( 3.23 )
<b>Operating income</b>	15,301	1.26	10,660	0.70	4,641	43.54	59,948	1.02
Interest income	4,228	0.35	6,772	0.44	(2,544)	(37.57)	24,572	0.42
Dividend income	1,303	0.11	1,224	0.08	79	6.45	4,543	0.08
Equity in gains of unconsolidated subsidiaries and affiliates-net	4,167	0.34	617	0.04	3,550	575.36	5,929	0.1
Other income	4,028	0.33	4,057	0.27	(29)	(0.71)	23,223	0.4
<b>Non-operating income</b>	13,728	1.13	12,671	0.83	1,057	8.34	58,269	1.00
Interest expense	(11,814)	( 0.97 )	(14,497)	( 0.95 )	2,683	(18.51)	(53,590)	( 0.91 )
Interest expense or commercial papers	(784)	( 0.07 )	(275)	( 0.02 )	(509)	185.09	(2,085)	( 0.04 )
Other expense	(2,539)	( 0.21 )	(2,481)	( 0.16 )	(58)	2.34	(14,081)	( 0.24 )
<b>Non-operating expense</b>	(15,138)	( 1.25 )	(17,254)	( 1.13 )	2,116	(12.26)	(69,757)	( 1.19 )
<b>Recurring profit</b>	13,891	1.14	6,078	0.40	7,813	128.55	48,461	0.83
Extraordinary loss-net	(612)	( 0.05 )	(4,580)	( 0.30 )	3,968	(86.64)	(90,563)	( 1.54 )
<b>Income before income taxes</b>	13,278	1.09	1,497	0.10	11,781	786.97	(42,101)	( 0.72 )
Income taxes; Current	(2,726)	( 0.22 )	(2,651)	( 0.17 )	(75)	2.83	(12,282)	( 0.21 )
Deferred	(481)	( 0.04 )	676	0.04	(1,157)	—	23,058	0.39
Minority interests in consolidated subsidiaries	(268)	( 0.02 )	(244)	( 0.02 )	(24)	9.84	(2,282)	( 0.04 )
<b>Net Income (Loss)</b>	9,802	0.81	(721)	( 0.05 )	10,523	—	(33,609)	( 0.57 )

## Consolidated Balance Sheets

As of June 30, 2004

<b>Assets</b>	Millions of yen		
	June 30, 2004	March 31, 2004	increase/ decrease
<b>Current assets;</b>			
Cash and deposits	337,434	435,671	(98,237)
Trade notes and trade accounts receivables	690,889	708,982	(18,093)
Securities	21,421	17,705	3,716
Inventories	242,612	239,499	3,113
Short-term loans receivables	182,319	188,002	(5,683)
Deferred tax assets-current	17,308	13,346	3,962
Other current assets	178,902	171,637	7,265
Allowance for doubtful receivables	(36,758)	(39,926)	3,168
<b>Total current assets</b>	<b>1,634,129</b>	<b>1,734,918</b>	<b>(100,789)</b>
<b>Fixed assets;</b>			
Tangible assets	442,616	493,163	(50,547)
Intangible assets;	116,702	66,228	50,474
Goodwill	86,254	41,375	44,879
Other intangible assets	30,448	24,852	5,596
Investments and other fixed assets;	790,875	781,335	9,540
Investments securities	448,722	410,531	38,191
Long-term loans	162,346	182,093	(19,747)
Deferred tax assets-non-current	71,655	95,685	(24,030)
Deferred tax assets-revaluation	1,815	1,822	(7)
Others	239,932	234,988	4,944
Allowance for doubtful receivables	(133,597)	(143,786)	10,189
<b>Total fixed assets</b>	<b>1,350,194</b>	<b>1,340,726</b>	<b>9,468</b>
<b>Deferred assets</b>	<b>1,447</b>	<b>1,377</b>	<b>70</b>
<b>Total assets</b>	<b>2,985,771</b>	<b>3,077,022</b>	<b>(91,251)</b>

## Consolidated Balance Sheets

As of June 30, 2004

Liabilities and shareholders' equity	Millions of yen		
	June 30, 2004	March 31, 2004	increase/ decrease
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade notes and trade accounts payables	450,157	479,264	(29,107)
Short-term debts	1,311,998	1,320,861	(8,863)
Commercial paper	99,900	141,200	(41,300)
Current Portion of Long-term debt	34,687	38,858	(4,171)
Income taxes payable	5,433	7,788	(2,355)
Deferred tax liabilities-current	335	257	78
Allowance for restructuring loss	500	500	0
Other current liabilities	197,140	223,588	(26,448)
Total current liabilities	2,100,153	2,212,318	(112,165)
<b>Non-current liabilities;</b>			
Bonds, less current portion	59,737	61,167	(1,430)
Long-term borrowings	415,629	430,640	(15,011)
Deferred tax liabilities -non-current	6,291	10,463	(4,172)
Allowance for retirement benefits	35,719	7,928	27,791
Other non-current liabilities	24,937	26,259	(1,322)
Total non-current liabilities	542,314	536,459	5,855
<b>Total liabilities</b>	<b>2,642,467</b>	<b>2,748,778</b>	<b>(106,311)</b>
<b>Minority Interest in consolidated subsidiaries</b>	<b>31,657</b>	<b>12,009</b>	<b>19,648</b>
<b>Shareholders' equity</b>			
Common stock	151,106	150,606	500
Additional paid-in capital	302,693	346,619	(43,926)
Accumulated deficit	(61,405)	(104,802)	43,397
Loss on land revaluation	(5,466)	(5,469)	3
Unrealized losses on available-for-sale securities	13,698	16,692	(2,994)
Foreign currency translation adjustments	(88,945)	(87,379)	(1,566)
Treasury stock	(33)	(32)	(1)
Total shareholders' equity	311,646	316,234	(4,588)
<b>Total liabilities and shareholders' equity</b>	<b>2,985,771</b>	<b>3,077,022</b>	<b>(91,251)</b>

## Segment Information

### Business Segments

Three months period ended June 30, 2004

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Construction & Urban Development	Forest Products & Building Materials	Foods
Net sales						
Outside customers	221,057	260,691	138,790	29,461	79,587	99,074
Inter-segment	2,175	14,713	6,179	898	4,215	2,851
Total	223,232	275,404	144,969	30,360	83,802	101,925
Operating expense	220,965	272,930	140,720	28,033	82,322	100,818
Operating profit (loss)	2,267	2,474	4,248	2,326	1,479	1,106
Total assets	398,656	358,540	387,370	272,175	138,730	136,501

	General Commodities & Consumer Business	Textiles	Overseas Subsidiaries	Other	Total	Elimination	Consolidated
Net sales							
Outside customers	30,938	31,903	260,091	32,448	1,214,045	—	1,214,045
Inter-segment	393	703	64,909	1,849	98,890	( 98,890 )	—
Total	61,332	32,606	325,000	34,298	1,312,935	( 98,890 )	1,214,045
Operating expense	61,005	31,642	324,859	33,778	1,297,078	( 98,334 )	1,198,743
Operating profit (loss)	326	965	141	520	15,857	( 555 )	15,301
Total assets	74,026	95,288	707,967	437,082	3,006,339	( 20,568 )	2,985,771

## Segment Information

### Business Segments

Three months period ended June 30, 2003

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Construction & Urban Development	Forest Products & Building Materials	Foods
Net sales						
Outside customers	264,483	532,308	155,285	35,564	68,898	105,767
Inter-segment	9,465	15,935	1,803	184	1,612	2,763
Total	273,949	548,243	157,088	35,749	70,511	108,531
Operating expense	272,409	546,457	153,634	35,208	70,223	107,533
Operating profit (loss)	1,539	1,785	3,454	540	287	997
Total assets	382,525	344,796	375,678	305,061	142,405	117,274

	General Commodities & Consumer Business	Textiles	Overseas Subsidiaries	Other	Total	Elimination	Consolidated
Net sales							
Outside customers	69,381	33,393	207,548	50,504	1,523,136	—	1,523,136
Inter-segment	232	792	63,357	11,579	107,726	( 107,726 )	—
Total	69,614	34,186	270,905	62,083	1,630,862	( 107,726 )	1,523,136
Operating expense	69,300	33,617	271,408	59,524	1,619,318	( 106,842 )	1,512,475
Operating profit (loss)	313	569	(502)	2,559	11,544	( 883 )	10,660
Total assets	63,653	96,626	701,575	390,102	2,919,700	( 157,321 )	3,077,022

## Gross Trading Profit (by Operating Segment)

(for the First Quarter ended June 30, 2004)

(Billions of yen)	1st Quarter of FY2004 Results	1st Quarter of FY2003 Results	Increase/ Decrease	Main Factors for Change
<b>Machinery &amp; Aerospace</b>	9.9	10.1	-0.2	Decrease in ship trading, drop in aircraft-related transactions (-0.9); sale of a European automobile business subsidiary (-0.4); increase in profits from a Venezuelan automobile assembly and sales company (+0.6); and increase in profits from a vessels holding company (+0.4)
<b>Energy &amp; Mineral Resources</b>	8.2	8.0	+0.2	Increased profits in the energy resource business (+0.3), an Australian aluminum manufacturing subsidiary (+0.3), and increased import transactions of cast metal coke from China (+0.2); decreased profits in plant businesses (-0.4), including a plant for a Spanish power company and an agent business for bridge construction in the U.S., which were both spot transactions during the same quarter of the previous fiscal year, and decreased transactions of light oil with Korea
<b>Chemicals &amp; Plastics</b>	10.9	10.7	+0.2	Increased profits in a methanol manufacturing and sales subsidiary due to, steady market conditions (+0.3), the fertilizer business, an automobile paint materials business in China, and decrease due to the sale of the consolidation of subsidiaries, including a resin molding manufacturing company, Daiichi Kasei, (-0.6), etc.
<b>Construction &amp; Urban Development</b>	4.2	2.5	+1.7	Increased profits in the real estate business and construction of shopping centers and logistics centers, despite decreased profits in the condominium business (-1.6), which benefited from the undertaking of a major project in the same quarter of the previous fiscal year
<b>Forest Products &amp; Building Materials</b>	3.3	2.2	+1.1	Increased profits for expanded transactions, mainly in Sun Building Materials, a forest products sales subsidiary, due to a steady market for forest products, but which were sluggish during the same quarter in the previous fiscal year
<b>Foods</b>	3.5	3.2	+0.3	Increased profits for higher profitability because of increased offshore transactions of wheat and the withdrawal from unprofitable businesses
<b>General Commodities &amp; Consumer Business</b>	3.6	3.3	+0.3	Increased profits in the woodchip business due to the full commencement of operations at a factory in Vietnam, and profits from Nakau, a Japanese fast-food chain business subsidiary, due to opening of new branches during the previous fiscal year
<b>Textiles</b>	4.9	4.5	+0.4	Increased profits due to the new consolidation of Daiichibo (+0.7), despite decreased apparel transactions and sluggish trading of non-apparel home textile products for retail stores
<b>Overseas Subsidiaries</b>	5.7	6.8	-1.1	Decreased profits due to the sale of a steel products business (-0.4), yen appreciation (-0.2), decreased transactions for machinery in Europe (-0.2) that contributed to profits temporarily during the same quarter in the previous fiscal year, etc.
<b>Others</b>	4.6	7.3	-2.7	Decreased profits due to the sale of a steel products business (-1.5), withdrawal from the consolidation of Suzuyasu, a manufacturing and sales company for steel plate, etc. (-1.2), despite increased profits for the newly consolidated Nissho Electronics, an IT-related company (+2.2)
<b>Total</b>	<b>58.8</b>	<b>58.6</b>	<b>+0.2</b>	