

## Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2004

Sojitz Holdings Corporation

## 1. Highlights of Third Quarter FY2004 Results

**Reinforcement of financial position by enhancing shareholders' equity and reducing interest-bearing debt**

In line with the New Business Plan, increased capital by issuing preferred stock to principal financial institutions such as UFJ Bank and the UBS Group on October 29, 2004.

**<Details of capital increase>**

Underwriters: UFJ Bank, Mizuho Corporate Bank, Bank of Tokyo-Mitsubishi, UBS Group

Amount: 360 billion yen

\*Convertible bonds in the amount of 10 billion yen were also issued to UBS Group.

**<Reduction in interest-bearing debt>**

A debt-equity swap was undertaken on October 31, 2004, for 350 billion yen in preferred stocks in connection with loans from the company's three main banks and this amount was allocated to debt reduction.

As a result, net DER as of December 31, 2004 had improved to 2.72 times (expected to be 4 times by March 31, 2005).

**Processes being successfully put in place in line with asset restoration planning****<Acceleration of selection and focus>**

Of 350 billion yen in asset reductions, 50 billion yen was excluded in off-balance sheet transactions next fiscal year onward. Approximately 82% of 300 billion yen in asset reductions was off the balance sheets with the remaining 18% in progress.

**<Disposal of real estate>**

Approximately 95% of the 250 billion yen in asset reductions through disposal of real estate was already off the balance sheets with the remaining 5% in progress.

**Results for third quarter FY2004**

Third quarter results are progressing steadily, operating income was at 79% and recurring profit reached 82% of FY2004 targets set in the New Business Plan.

**Forecasts for FY2004**

Estimates are for net sales of 5 trillion yen, recurring profit of 50 billion yen, and a net loss of 380 billion yen.

## 2. Consolidated Statements of Operations

Billions of yen

	Third Quarter of FY2004			Third Quarter of FY2003	Increase/Decrease a-b	Summary of changes from the same period of the previous fiscal year	Forecast FY2004 (**) c	Percentage achieved a/c
	(Apr.1-Dec.31) a	1st-half FY2004 results (Oct.1-Dec.31)	Quarterly Results (Oct.1-Dec.31)	(Apr.1-Dec.31) b				
Net sales	3,408.6	2,254.2	1,154.4	4,410.0	(1,001.4)	Sales Decline in Energy & Mineral Resources segment due to fewer low-profit transactions -592.6	5,000.0	68%
Gross trading profit (Gross trading profit ratio)	179.0 (5.25%)	119.7 (5.31%)	59.3 (5.14%)	184.7 (4.19%)	(5.7)	Reduction in Machinery & Aerospace segment due to withdrawal from automobile selling businesses in Japan and overseas -161.5	250.0 (5.00%)	72%
Personnel expenses	-58.7	-40.0	-18.7	-64.0	5.3	Gross trading profit Decline in transactions related to condominiums -1.3		
Non-personnel expenses	-57.1	-38.0	-19.1	-62.3	5.2	Reduction from business restructuring of overseas subsidiaries -1.3		
Depreciation expense ( Subtotal )	-9.3 -125.1	-6.1 -84.1	-3.2 -41.0	-10.1 -136.4	0.8 11.3	Selling, general and administrative expenses Change due to restructuring (changes in scope of consolidation) -2.2		
Allowance for doubtful receivables	-0.4	-0.3	-0.1	-0.9	0.5	Rationalization from merger of overseas subsidiaries +2.8		
Consolidated goodwill amortization	-3.5	-2.4	-1.1	-2.2	-1.3	Other (rationalization, etc.) +9.9		
Selling, general and administrative expenses	-129.0	-86.8	-42.2	-139.5	10.5		-187.0	69%
Operating income ( Operating income ratio )	50.0 (1.47%)	32.9 (1.46%)	17.1 (1.48%)	45.2 (1.02%)	4.8		63.0 (1.26%)	79%
Interest income	12.8	9.2	3.6	18.0	-5.2			
Interest expenses ( Interest expenses-net )	-36.7 -23.9	-25.2 -16.0	-11.5 -7.9	-42.4 -24.4	5.7 0.5			
Dividend income ( Net financial revenue )	2.3 -21.6	1.5 -14.5	0.8 -7.1	3.0 -21.4	-0.7 -0.2			
Equity in earnings of unconsolidated subsidiaries and affiliates	9.5	6.1	3.4	3.8	5.7	Equity method gains and losses Metal One (6.7), aluminum business in Australia (0.8), LNG Japan (0.7)		
Other income	10.9	6.9	4.0	14.9	-4.0			
Other expenses ( Other-net )	-7.6 (-8.8)	-5.6 (-7.1)	-2.0 (-1.7)	-10.3 (-13.0)	2.7 (4.2)			
Recurring profit	41.2	25.8	15.4	32.2	9.0		50.0	82%
Gain on sale of property & equipment	1.0	0.7	0.3					
Gain on sale of investment securities	4.3	3.3	1.0					
Gain on change in equity method ( Extraordinary income )	1.0 6.3	1.0 5.0	0.0 1.3	0.0 7.9	-1.6			
Loss on sale of property & equipment	-1.9	-0.8	-1.1					
Loss on sale of investment	-9.5	-8.9	-0.6					
Evaluation loss on investment securities & investments other than securities	-13.0	-13.0	0.0					
Evaluation loss on investment securities & investments other than securities	-46.6	-46.2	-0.4					
Restructuring loss ( Extraordinary loss )	-190.8 (-261.8)	-181.4 (-250.3)	(-9.4) (-11.5)	(-43.7) (-218.1)	(-218.1)	Disposal of real estate for sale (-91)		
(Extraordinary loss-net)	(-255.5)	(-245.3)	(-10.2)	(-35.8)	(-219.7)		-410.0	62%
Income before income taxes	-214.3	-219.5	5.2	-3.6	-210.7		-360.0	60%
Income taxes: Current	-7.1	-5.6	-1.5	-8.5	1.4			
Deferred	-14.8	-13.9	-0.9	1.9	-16.7			
Minority interests	-2.7	-2.1	-0.6	-1.6	-1.1			
Net income (loss)	-238.9	-241.1	2.2	-11.8	-227.1		-380.0	63%
Core earnings(*)	38.3	24.8	13.5	28.5	9.8			

(\*) Core earnings = Operating income (before Allowance for doubtful receivables) + Interest expenses-net + Dividend income + Equity in earnings of unconsolidated subsidiaries and affiliates

(\*\*) Disclaimer concerning future performance information

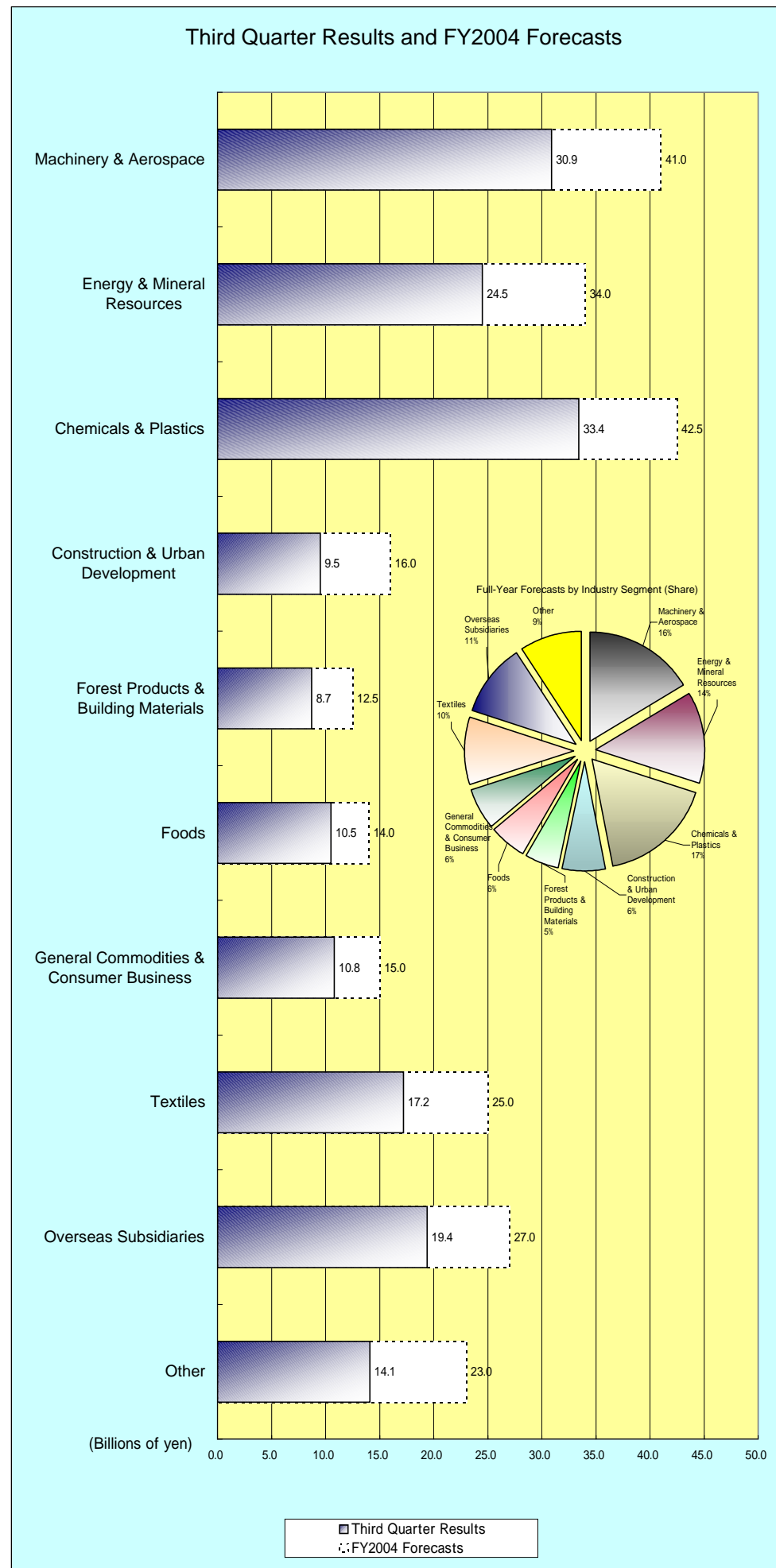
The above-mentioned information about future performance is calculated based on judgements and assumptions made from that information currently available to management at the time of writing. Accordingly, there is a possibility that actual results may greatly differ from such information due to a wide variety of factors including but not limited to economic conditions in the Company's principal overseas and domestic markets and changes in foreign currency exchange markets. In the event of significant changes, these will be notified by timely disclosure, etc.

## 3. Consolidated Balance Sheets and Principal Management Indices

Billions of yen

	December 31, 2004	March 31, 2004	Increase/Decrease	Rationale of increase/decrease
	d	e	d-e	
<b>Current assets</b>	<b>1,441.8</b>	<b>1,734.9</b>	<b>-293.1</b>	
Cash and deposits	326.1	435.7	(-109.6)	Reductions in interest-bearing debt and reallocation in new investments, etc.
Trade notes and trade accounts receivables	659.3	709.0	-49.7	
Securities	12.7	17.7	-5.0	
Inventories	217.6	239.5	(-21.9)	Reduction from disposal of real estate for sale
Short-term loans receivables	56.8	188.0	(-131.2)	Transfer to non-performing receivables due to asset reclassification
Deferred tax assets-current	6.3	13.3	-7.0	
Other current assets	182.8	171.6	11.2	
Allowance for doubtful receivables	-19.8	-39.9	20.1	Transfer to allowance for doubtful receivables (long term) in accordance with transfer to fixed assets including short-term loans receivables due to review of asset portfolio
<b>Fixed assets</b>	<b>1,274.2</b>	<b>1,340.7</b>	<b>-66.5</b>	
Tangible assets	452.0	493.2	(-41.2)	Effect of merger of the former Nissho Iwai and Nichimen (-40.2)
Goodwill	81.7	41.4	40.3	Effect of merger of the former Nissho Iwai and Nichimen (+40.4)
Intangible assets	33.9	24.8	9.1	
Investment securities	397.3	410.5	-13.2	
Long-term loans	119.7	182.1	(-62.4)	Transfer to non-performing receivables due to asset reclassification
Non-performing receivables	327.6	152.6	175.0	Transfer from long-term loans and short-term loans receivables due to review of asset portfolio
Deferred tax assets-non-current	69.1	97.5	(-28.4)	Effect of merger of the former Nissho Iwai and Nichimen (-15.0), deduction in line with the New Business Plan (-13.9)
Others	77.9	82.4	-4.5	
Allowance for doubtful receivables	-285.0	-143.8	(-141.2)	Increase from extraordinary loss due to selection and focus, and transfer from allowance for doubtful receivables (short term), etc.
<b>Deferred assets</b>	<b>1.8</b>	<b>1.4</b>	<b>0.4</b>	
<b>Total assets</b>	<b>2,717.8</b>	<b>3,077.0</b>	<b>-359.2</b>	
<b>Liabilities</b>	<b>1,795.2</b>	<b>2,212.3</b>	<b>-417.1</b>	
Trade notes and trade accounts payables	479.4	479.3	0.1	
Short-term debts	944.2	1,320.9	(-376.7)	Reductions from debt-equity swap, etc.
Commercial paper	173.8	141.2	32.6	
Bonds with redemption in one year	12.9	38.9	(-26.0)	Maturity redemption
Other current liabilities	184.9	232.0	-47.1	
<b>Non-current liabilities</b>	<b>451.7</b>	<b>536.5</b>	<b>-84.8</b>	
Bonds, less current portion	57.5	61.2	-3.7	
Long-term borrowings	325.2	430.6	(-105.4)	Reductions from debt-equity swap, etc.
Allowance for retirement benefits	32.4	7.9	24.5	
Other non-current liabilities	36.6	36.8	-0.2	
<b>Total liabilities</b>	<b>2,246.9</b>	<b>2,748.8</b>	<b>-501.9</b>	
Minority interests	34.3	12.0	22.3	
Preferred stock and Common stock	331.7	150.6	181.1	Capital increase: Capital (180.0), capital surplus (180.0)
Capital surplus	483.2	346.6	136.6	Effect of merger of the former Nissho Iwai and Nichimen (-15.2), transfer to retained earnings (-29.2)
Retained earnings	-317.8	-104.8	(-213.0)	Transfer from capital surplus (+29.2), net loss (-238.9)
(Subtotal)	497.1	392.4	104.7	
Loss on land revaluation	-5.2	-5.5	0.3	
Unrealized losses on available-for-sale securities	20.9	16.7	4.2	
Foreign currency translation adjustments	-76.2	-87.4	11.2	
Treasury stock	0.0	0.0	0.0	
<b>Total shareholders' equity</b>	<b>436.6</b>	<b>316.2</b>	<b>120.4</b>	
<b>Total liabilities and shareholders' equity</b>	<b>2,717.8</b>	<b>3,077.0</b>	<b>-359.2</b>	
Gross interest-bearing debt	1,513.6	1,992.8	-479.2	
Net interest-bearing debt	1,187.5	1,557.1	-369.6	
Net debt/equity ratio (Times)	2.72x	4.92x	- 2.20x	
Shareholders' equity	16.1%	10.3%	+ 5.8%	

Gross Trading Profit (by Industry Segment)



(Billions of yen)	Full-Year Forecasts			Comparison with the Same Period of the Previous Fiscal Year			
	3Q FY04 Results	FY04 Forecasts	Results vs. Forecasts	Operating Conditions	3Q FY03 Results	Increase/Decrease	Main Factors for Change
<b>Machinery &amp; Aerospace</b>	30.9	41.0	75%	Steady flow in automobile products export business to Russia and the Middle East, firm performance by automobile-operating companies in Central and South America and Russia, and continued steady performance in ship chartering businesses. Despite weak conditions in electronics and telecommunication systems transactions, this segment will achieve its full-year forecast targets	34.0	-3.1	Generally favorable performance from affiliates, with increased profits (+1.8) from automobile-operating companies in Central and South America and Europe, increased ship operating income (+2.2), however, decreased profits (-3.2) on a non-consolidated basis, overall decline in profits due a decrease (-2.9) following withdrawal from low-profit automobile sales companies in Japan and overseas (-2.9)
<b>Energy &amp; Mineral Resources</b>	24.5	34.0	72%	Strong performance by mineral resource-related business and steady increase in profits from upstream energy-related businesses	23.0	1.5	Reduced profits (-1.4) from plant-related, nuclear fuel-related as well as commission fee energy business, and other businesses, strong aggregate results (+3.2) from two upstream energy interest-related companies and two mineral resource-related companies
<b>Chemicals &amp; Plastics</b>	33.4	42.5	79%	Prices in the methanol market continued to remain high, results for methanol production and sales subsidiary (KMI) were strong, overall results are expected to swing upward despite concerns over export supply bottlenecks	33.1	0.3	Decrease (-1.3) from the removal of Daiichi Kasei from the scope of consolidation, increase in overall profits due to an increase in each business including methanol (+1.0) and chemical products (+0.6)
<b>Construction &amp; Urban Development</b>	9.5	16.0	59%	Despite slow growth attributed to a concentration of property handovers at the end of March, condominium sales activity stable. Results in line with plan due to factors including a strong shopping center market	10.3	-0.8	Increase (+0.7) in commissions including those from shopping center activities, overall drop in profits owing to a decline (-1.3) due to careful selection in the condominium business
<b>Forest Products &amp; Building Materials</b>	8.7	12.5	70%	Signs the market is bottoming out, limited prospect for a significant improvement with potential for slight downturn	8.5	0.2	Despite a weak market, impacted by a drop in prices after July, results anticipated to remain on par with the previous year due to firm flow in first quarter
<b>Foods</b>	10.5	14.0	75%	Continued focus on regulatory restrictions relating to chicken imports from China and Thailand and beef imports from the United States in light of avian flu and BSE concerns, respectively. Despite these conditions, results are in line with plan.	10.4	0.1	Despite a decrease (-0.2) in low-profit grain import transactions, overall results on a par with the previous year due to an increase (+0.1) in marine product transactions mainly of tuna and an increase (+0.1) in foodstuffs
<b>General Commodities &amp; Consumer Business</b>	10.8	15.0	72%	Despite steady progress regarding full-scale operations of a woodchip plant in Vietnam, slight downturn due to an overall stagnant performance in other businesses	10.9	-0.1	Overall results on a par with the previous year, increased profits (+0.2) and (+0.1), from the woodchip business and expansion of sales channels for infant-related products, respectively, offset by the impact from withdrawal from unprofitable businesses including Japan Vinegar Bottlers Co., Ltd. (-0.3), the digital camera and oxygen-related health products for home use businesses (-0.1)
<b>Textiles</b>	17.2	25.0	69%	Potential for downturn due to the impact on consumer consumption of an extreme summer and a spate of typhoons, exacerbated by a slump in mainstay autumn and winter products following a mild winter, expected to swing downward	15.6	1.6	Increase (+1.5) and (+1.1) due to the inclusion of Daiichibo Co., Ltd. and Singapore Co., Ltd., respectively, in the scope of consolidation. Decreased profits (-0.5) owing to unseasonable weather, a sharp rise in raw material costs, and roller-coaster in cotton market conditions, decline in profits (-0.3) of Nichimen Infinity due to the impact of a mild winter
<b>Overseas Subsidiaries</b>	19.4	27.0	72%	Results for the four primary regions of the Americas, Europe, Asia, and China, together with companies under the direct control of headquarters are essentially in line with plans	20.7	-1.3	Increased profits from the Americas, Hong Kong, and Asia, offset by decreased profits (-0.9) in Europe owing to the impact of the transfer of steel operations
<b>Eight Operating Divisions + Overseas Subsidiaries</b>	164.9	227.0	73%			-1.6	
<b>Other</b>	14.1	23.0	-	Nissho Electronics' records the majority of its earnings at the end of the period, despite a flat performance for the period under review, results remain in line with plans	18.2	-4.1	Increase (+7.6) from inclusion of Nissho Electronics in the scope of consolidation, decrease (-3.6) from reorganization of steel-related business, intersegment eliminations, etc. (-6.9)
<b>Total</b>	179.0	250.0	72%		184.7	-5.7	