

Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2009

July 31, 2009

Sojitz Corporation

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

Listed stock exchange: The first sections of Tokyo and Osaka

Security Code: 2768

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Adopting of US GAAP : No

(Rounded down to millions of Japanese Yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2009 and 2008

(1) Consolidated Operating Results (Accumulated)

Description of % is indicated as the change rate compared with the same period last year.

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the first quarter ended								
June 30, 2009	897,121	(36.2)	(2,907)	—	(5,095)	—	(1,564)	—
June 30, 2008	1,407,178	—	23,550	—	28,519	—	16,301	—

	EPS	Adjusted EPS
	Yen	Yen
For the first quarter ended		
June 30, 2009	(1.27)	—
June 30, 2008	13.21	13.13

(2) Financial Position (Consolidated)

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of				
June 30, 2009	2,269,550	384,707	15.8	288.44
March 31, 2009	2,312,958	355,503	13.8	256.17

(Millions of Yen)

Notes: Shareholders' Equity

As of June 30, 2009 : 358,781

As of March 31, 2009 : 318,991

2. Cash Dividends

	Cash Divided per Share				
	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2009	-	4.50	-	1.00	5.50
March 31, 2010	-				
March 31, 2010 (forecast)		2.50	-	2.50	5.00

Note. 1. Change in Cash Dividends forecast in the First Period : No

2. The above "Cash Dividends" refers to common stock. For details on the payment of dividends for other (unlisted) classified stocks that have rights different from those of common stock issued by the Company, please refer to "Dividends on Preferred Shares" (page 2).

3. Consolidated Earnings Forecast for the Year Ending March 31, 2010 (April 1, 2009-March 31, 2010)

Description of % is indicated as the change rate compared with the same period last year.

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the year ending									
March 31, 2010									
Full year	4,750,000	(8.1)	56,000	7.7	45,000	33.8	20,000	5.3	16.20

Note. Changes in consolidated earnings forecast for the fiscal year ending March 31, 2010 : No

4. Others

- (1) Changes in major subsidiaries during the fiscal year (changes in specified subsidiaries accompanying changes in scope of consolidation). : No
- (2) Use of simplified accounting procedure : Yes
- (3) Changes in accounting policy, procedures or method of presentation for preparing quarterly consolidated financial statements (those to be described in the section "Change of Significant Accounting Policies for the Preparation of Quarterly Consolidated Financial Statements)
1. Changes due to amendment of accounting standards : Yes
 2. Changes due to other reasons : No
- (4) Number of outstanding shares at the end of the period (Common Stock):
1. Number of outstanding shares at the end of the period (Include treasury shares):
As of June 30, 2009: 1,233,852,443 As of March 31, 2009: 1,233,852,443
 2. Number of treasury shares at the end of the period:
As of June 30, 2009 : 401,609 As of March 31, 2009 : 395,306
 3. Average number of outstanding shares during period:
For the 1st Quarter ended June 30, 2009: 1,233,454,904
For the 1st Quarter ended June 30, 2008: 1,233,559,873

* Important Note Concerning the Appropriate Use of Business Forecasts

The aforementioned forecasts are based on certain assumptions that Company has deemed relevant and appropriate as of the date of publication. Actual results may differ substantially from these forecasts due to variety of important factors.

Dividends on Preferred Shares

The table below sets out details of dividends per share and total dividends paid for classified stock conferring rights different from common stock.

	Cash Dividends per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2008 1st Series Class III	-	7.50	-	7.50	15.00
FY2009 1st Series Class III	-				
FY2009 (forecast) 1st Series Class III		7.50	-	7.50	15.00

**Summary of consolidated Profit and Loss
for the First Quarter Ended June 30, 2009 and 2008**

(Millions of Yen)

	For the 1st Quarter Ended June 30, 2008	For the 1st Quarter Ended June 30, 2009
Net sales	1,407,178	897,121
Cost of sales	1,338,711	859,540
Gross profit	68,466	37,580
Selling, general and administrative expenses	44,916	40,488
Operating income	23,550	(2,907)
Non-operating income		
Interest income	3,035	1,475
Dividends income	2,250	2,031
Equity in earnings of affiliates	6,678	528
Other	3,356	4,441
Total non-operating income	15,321	8,476
Non-operating expenses		
Interest expenses	7,331	6,856
Interest on commercial papers	74	100
Other	2,946	3,708
Total non-operating expenses	10,352	10,664
Ordinary Income	28,519	(5,095)
Extraordinary income		
Gain on sales of noncurrent assets	18	36
Gain on sales of investment securities	447	1,746
Gain on change in equity	9	—
Reversal of allowance for doubtful accounts	340	1,857
Gain on bad debts recovered	45	0
Total extraordinary income	862	3,641
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	42	16
Impairment loss	26	64
Loss on sales of investment securities	12	64
Loss on revaluation of securities	216	400
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	1,397	45
Loss on valuation of inventories	5,421	—
Total extraordinary losses	7,117	590
Income before income taxes and minority interests	22,264	(2,045)
Income taxes-current	5,375	1,577
Income taxes-deferred	(911)	(1,839)
Total income taxes	4,463	(261)
Minority interests in income	1,499	(219)
Net income	16,301	(1,564)

Consolidated Balance Sheets
As of June 30, 2009 and March 31, 2009

(Millions of Yen)

	As of June 30, 2009	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	407,714	421,629
Notes and accounts receivable-trade	459,124	522,397
Short-term investment securities	3,087	2,123
Inventories	354,247	382,899
Short-term loans receivable	7,914	9,375
Deferred tax assets	17,773	15,821
Other	131,381	129,237
Allowance for doubtful accounts	(9,411)	(10,312)
Total current assets	1,371,831	1,473,172
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	100,394	101,077
Accumulated depreciation	(45,444)	(44,323)
Buildings and structures, net	54,950	56,753
Machinery, equipment and vehicles	163,707	161,374
Accumulated depreciation	(75,251)	(73,710)
Machinery, equipment and vehicles, net	88,455	87,664
Land	50,657	50,154
Construction in progress	12,070	10,710
Other	14,506	13,931
Accumulated depreciation	(9,821)	(9,495)
Other, net	4,685	4,436
Total property, plant and equipment	210,819	209,720
Intangible assets		
Goodwill	57,508	60,685
Other	60,245	54,170
Total intangible assets	117,753	114,855
Investments and other assets		
Investment securities	382,096	351,466
Long-term loans receivable	28,757	27,908
Bad debts	96,327	92,378
Deferred tax assets	53,172	64,137
Real estate for investment	26,612	—
Other	43,212	39,435
Allowance for doubtful accounts	(62,073)	(61,526)
Total investments and other assets	568,105	513,798
Total noncurrent assets	896,678	838,375
Deferred assets	1,040	1,410
Total assets	2,269,550	2,312,958

Consolidated Balance Sheets
As of June 30, 2009 and March 31, 2009

(Millions of Yen)

	As of June 30, 2009	As of March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	379,786	418,811
Short-term loans payable	344,990	351,841
Commercial papers	25,000	35,000
Current portion of bonds	49,994	42,136
Income taxes payable	5,576	7,230
Deferred tax liabilities	469	597
Provision for bonuses	3,054	5,503
Other	170,003	178,734
Total current liabilities	978,877	1,039,857
Noncurrent liabilities		
Bonds payable	145,120	155,120
Long-term loans payable	700,258	702,861
Deferred tax liabilities	16,751	15,528
Deferred tax liabilities for land revaluation	1,054	1,045
Provision for retirement benefits	15,861	16,174
Provision for directors' retirement benefits	827	872
Other	26,090	25,994
Total noncurrent liabilities	905,964	917,597
Total liabilities	1,884,842	1,957,454
Net assets		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	139,201	142,157
Treasury stock	(167)	(166)
Total shareholders' equity	451,533	454,491
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	28,244	6,236
Deferred gains or losses on hedges	2,105	1,510
Revaluation reserve for land	(1,894)	(1,907)
Foreign currency translation adjustment	(121,208)	(141,340)
Total valuation and translation adjustments	(92,752)	(135,500)
Minority interests	25,926	36,512
Total net assets	384,707	355,503
Total liabilities and net assets	2,269,550	2,312,958

Consolidated Statements of Cash Flows
for the First Quarter Ended June 30, 2009 and 2008

	(millions of Yen)	
	For the 1st Quarter ended June 30, 2008	For the 1st Quarter ended June 30, 2009
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	22,264	(2,045)
Depreciation and amortization	6,980	6,159
Impairment loss	26	64
Loss on valuation of investment securities	216	400
Amortization of goodwill	1,248	1,143
Increase (decrease) in allowance for doubtful accounts	(7,670)	(1,204)
Increase (decrease) in provision for retirement benefits	(870)	(503)
Interest and dividends income	(5,286)	(3,507)
Interest expenses	7,405	6,956
Foreign exchange losses (gains)	3,207	(516)
Equity in (earnings) losses of affiliates	(6,678)	(528)
Loss (gain) on sales of investment securities	(510)	(1,681)
Loss (gain) on sales and retirement of noncurrent assets	24	(19)
Decrease (increase) in notes and accounts receivable-trade	18,695	66,359
Decrease (increase) in inventories	(27,445)	10,968
Increase (decrease) in notes and accounts payable-trade	(23,320)	(47,864)
Other, net	7,947	(10,850)
Subtotal	(3,764)	23,330
Interest and dividends income received	7,065	5,310
Interest expenses paid	(7,119)	(7,032)
Income taxes paid	(7,617)	(3,058)
Net cash provided by (used in) operating activities	(11,436)	18,549
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	536	1,087
Decrease (increase) in short-term investment securities	858	118
Purchase of property, plant and equipment	(6,187)	(4,299)
Proceeds from sales of property, plant and equipment	346	291
Purchase of intangible assets	(22,750)	(1,064)
Purchase of investment securities	(2,197)	(11,377)
Proceeds from sales and redemption of investment securities	946	5,230
Decrease (increase) in short-term loans receivable	8,430	1,424
Payments of long-term loans receivable	(1,330)	(392)
Collection of long-term loans receivable	317	182
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(47)	—
Net increase(decrease) from sale of investments in subsidiaries resulting in change in scope of consolidation	—	(0)
Other, net	830	(85)
Net cash provided by (used in) investing activities	(20,247)	(8,885)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,425)	(11,549)
Increase (decrease) in commercial papers	12,000	(10,000)
Proceeds from long-term loans payable	49,141	13,826
Repayment of long-term loans payable	(22,315)	(15,955)
Proceeds from issuance of bonds	29,861	—
Redemption of bonds	(30,050)	(2,141)
Proceeds from stock issuance to minority shareholders	195	13
Cash dividends paid	(5,562)	(1,244)
Cash dividends paid to minority shareholders	(309)	(264)
Other, net	(2)	(159)
Net cash provided by (used in) financing activities	30,533	(27,473)
Effect of exchange rate change on cash and cash equivalents	(16,543)	8,300
Net increase (decrease) in cash and cash equivalents	(17,694)	(9,509)
Cash and cash equivalents at beginning of period	373,883	414,419
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	165	—
Cash and cash equivalents at end of period	356,354	404,910

Segment Information

Industry Segments

The business segment information for the first quarter ended June 30, 2008

(Millions of yen)

	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Other	Total	Elimination & Unallocate	Consolidated
Net sales								
Customers	305,753	467,793	194,398	421,090	18,142	1,407,178	-	1,407,178
Inter-segment	1,241	695	1,545	1,125	2,240	6,848	(6,848)	-
Total	306,994	468,488	195,944	422,216	20,383	1,414,026	(6,848)	1,407,178
Operating income (loss)	5,625	8,942	4,553	4,520	(158)	23,482	67	23,550

Notes:

Reclassification of businesses

To establish the earning foundation, Sojitz execute organizational reforms with enhancing selection and focus initiatives and business efficiency. The change of business segments is effective from this first quarter.

The above business segment information for the first quarter ended June 30, 2008 are shown based on post-reform business segments.

The business segment information for the 1st quarter ended June 30, 2009

(Millions of yen)

	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Other	Total	Elimination & Unallocate	Consolidated
Net sales								
Customers	227,073	212,467	119,893	324,387	13,299	897,121	-	897,121
Inter-segment	1,910	284	885	537	1,194	4,813	(4,813)	-
Total	228,983	212,752	120,778	324,925	14,494	901,934	(4,813)	897,121
Operating income (loss)	(2,112)	2,790	(432)	(3,077)	(105)	(2,936)	29	(2,907)

Notes:

Reclassification of businesses

To establish the earning foundation, Sojitz execute organizational reforms with enhancing selection and focus initiatives and business efficiency. The change of business segments is effective from this first quarter.

Details are as follows.

- Former Machinery & Aerospace, Energy & Mineral Resources, Chemicals & Plastics, Real Estate Development & Forest Products, Consumer Lifestyle Business, Overseas subsidiaries and Other have been changed to Machinery, Energy & Metal, Chemicals & Functional Materials, Consumer Lifestyle Business and Other.
- Former Real Estate Development & Forest Products has been integrated into Consumer Lifestyle Business and a part of the property business has been transferred to Other.
- Overseas Subsidiaries accounts were previously reported under the Overseas Segment but are now included in the other operating divisions based on similarities in types of items/goods handled.
- The aircraft leasing business has been transferred from the former Machinery & Aerospace to Other.
- Former Chemicals & Plastics's mineral business has been transferred to Energy & Metal, and its fertilizer business to the Consumer Lifestyle Business.
- The highly functional materials business has been transferred from the former Consumer Lifestyle Business to Chemicals & Functional Materials.

Analysis of Business Results

1. Overview of First Quarter of Fiscal 2009

Economic Environment

The first quarter of fiscal 2009 (April–June 2009) began with the global real economy deteriorating and financial and capital market turmoil still reverberating in the wake of Lehman Brothers' September 2008 bankruptcy. Subsequently, the downturn in production has leveled off in many countries and regions as inventory correction has run its course. Even in Japan, consensus that the worst is over for the domestic economy has started to emerge, but with capital spending still in the doldrums, the economy lacks a driver to spearhead recovery. The financial sector also faces lingering downside risk.

Financial Performance

Sojitz Corporation's consolidated business results in the first quarter of fiscal 2009 are presented below.

Net sales

Consolidated net sales fell 36.2% year on year to ¥897,121 million. The decline was largely attributable to dropping prices and decreased unit volumes in the Energy & Metal Division, a falloff in the Consumer Lifestyle Business Division's foodstuff transaction volume due to price declines, and a decrease in the Machinery Division's automobile sales to Russia/NIS (Newly Independent States) and Central and South America.

Gross profit

Consolidated Gross profit totaled ¥37,580 million, a year-on-year decrease of ¥30,886 million. The decrease was largely due to reduced profits from overseas fertilizer-related operations and decreased automobile, energy and metal transaction volumes.

Operating income

Despite reductions in selling, general and administrative (SG&A) expenses, the decline in Gross profit resulted in a consolidated operating loss of ¥2,907 million, ¥26,457 million below the year-earlier quarter's operating income.

Ordinary Income

Consolidated ordinary loss was ¥5,095 million, ¥33,614 million below the year-earlier quarter's Ordinary Income, as a result of reduced interest income in the wake of interest rates' decline and a decrease in investment income from equity-method affiliates, particularly steel-related and LNG affiliates.

Extraordinary income and losses

Extraordinary income totaled ¥3,641 million, including a ¥1,746 million gain on sales of investment securities and ¥1,857 million reversal of allowance for doubtful accounts. Extraordinary losses totaled ¥590 million, including a ¥400 million loss on revaluation of securities and ¥64 million loss on sales of investment securities. On balance, these income and these losses netted to extraordinary income of ¥3,051 million.

Net income

Consolidated loss before income taxes and minority interests was ¥2,045 million. Income tax was ¥1,577 million, offset by deferred tax benefits of ¥1,839 million. After deduction of a ¥219 million loss from minority interests, the quarterly net loss was ¥1,564 million, ¥17,865 million below the year-earlier quarter's net income.

Effective from the first quarter of fiscal 2009, the Company has revised its business segment in conjunction with organizational reforms to solidify its earnings foundation through selection-and-focus initiatives and further improvements to operating efficiency. The previously separate "Overseas Subsidiaries" segment has been consolidated into other segments based on similarities in products handled.

Quarterly results are summarized by business segment below.

Machinery

Net sales decreased 25.7% year on year to ¥227,073 million as a result of decreased automobile sales to Russia/NIS and Central and South America. The segment incurred an operating loss of ¥2,112 million, ¥7,737 million below its operating income in the year-earlier quarter.

Energy & Metal

Net sales decreased 54.6% year on year to ¥212,467 million due to reduced unit volumes and declines in resource prices. Operating income likewise declined, down ¥6,152 million year on year to ¥2,790 million.

Chemicals & Functional Materials

Net sales were down 38.3% year on year to ¥119,893 million as a result of sales price declines and decreased unit volumes. The sales decline resulted in an operating loss of ¥432 million, ¥4,985 million below the year-earlier quarter's operating income.

Consumer Lifestyle Business

Net sales decreased 23.0% year on year to ¥324,387 million as foodstuff sales were reduced by price declines. The segment incurred an operating loss of ¥3,077 million, ¥7,597 million below its operating income in the year-earlier quarter, largely because of earnings deterioration at overseas fertilizer-related operations.

Other

Although net sales fell 26.7% year on year to ¥13,299 million, resulting in an operating loss of ¥105 million, a ¥53 million improvement versus the year-earlier quarter's operating loss.

2. Financial Position

Consolidated Balance Sheet

At June 30, 2009, consolidated assets totaled ¥2,269,550 million, a ¥43,408 million decrease from the previous fiscal year-end (March 31, 2009). Over the same timeframe, notes and accounts receivable-trade decreased ¥63,273 million, largely due to decreased sales in the Machinery and mineral resources; inventories were reduced by ¥28,652 million, largely through fertilizer inventory drawdown and reclassification of properties for sale from inventory to real estate for investment; investment securities increased ¥30,630 million by virtue of stock market appreciation; and cash and deposits decreased ¥13,915 million.

Consolidated liabilities totaled ¥1,884,842 million at June 30, 2009, a decrease of ¥72,612 million from March 31, 2009. The decrease was largely attributable to reduction in notes and accounts payable-trade. In terms of funding, the Company continues to pursue a basic financial strategy of maintaining and improving the stability of its funding structure under Shine 2011, its new medium-term management plan inaugurated in fiscal 2009, as it did during the term of its previous New Stage 2008 management plan. With the market for new bond issuance yet to fully recover following last year's financial crisis, market conditions are not conducive to issuance of straight bonds, one source of long-term funding. However, the Company secures adequate liquidity and stable funding by maintaining good relationships with many financial institutions. The Company obtained a ¥100 billion long-term commitment line from a syndicate of financial institutions in September 2008. The Company ended June 2009 with a current ratio of 140% and a ratio of long-term debt to total debt of 67%.

Shareholders' equity totaled ¥451,533 million at June 30, 2009, a decrease of ¥2,958 million from March 31, 2009. The decrease was attributable to the first-quarter net loss and payment of dividends. Despite the decrease in shareholders' equity, total net assets inclusive of minority interests increased ¥29,204 million since March 31 to ¥384,707 million at June 30, 2009. The increase resulted from a ¥22,008 million increase in valuation difference on available-for-sale securities by virtue of stock market appreciation and a ¥20,132 increase in the foreign currency translation adjustment.

Net interest-bearing debt (total interest-bearing debt less cash and deposits) at June 30, 2009, totaled ¥857,648 million, a ¥7,681 million decrease from March 31, 2009. The net debt-to-equity ratio was 2.39 times at June 30, 2009.

3. Consolidated Earnings Forecast

The Company's fiscal 2009 consolidated earnings forecast is based on the following assumptions.

Exchange rate (annual average ¥/US\$): ¥90

Crude oil price (Brent) (annual average US\$/bbl): US\$55