

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

July 31, 2009  
Sojitz Corporation

## Results Highlights

1. Certain aspects of the economic environment improved in the first quarter of the first fiscal year of our new medium term management plan, Shine 2011. In particular, stock markets recovered somewhat, and exchange rates were steady. However, transaction volume remained subdued because of the rapid economic downturn since last autumn, and the resulting large decline in sales pushed gross profit down substantially, meaning that we were unable to cover SGA expenses. As a result, operating income, ordinary income and, net income were all in the red.

(Figures in parentheses represent year-on-year changes.)

Net sales: 897.1 billion yen (-510.1 billion yen; -36.2%)

- Decrease in energy & metal prices and transaction volume
- Automobile transaction volume decreased in the Central and South America region and the Russia and NIS region
- Transaction volume decreased due to price reductions in food business

Gross profit: 37.6 billion yen (-30.9 billion yen; -45.1%)

- Decrease at overseas fertilizer companies
- Automobile transaction volume decreased in the Central and South America region and the Russia and NIS region
- Decrease in energy and metal transaction volume

Ordinary income: -5.1 billion yen (-33.6 billion yen)

- Decrease in equity in earnings of unconsolidated subsidiaries and affiliates

Net income: -1.6 billion yen (-17.9 billion yen)

- Net loss due to deterioration of ordinary income

2. Forecast for fiscal year ending March 31, 2010

Net sales 4,750.0 billion yen  
Operating income 56.0 billion yen  
Ordinary income 45.0 billion yen  
Net income 20.0 billion yen

Assumptions:

- Exchange rate (annual average: JPY/US\$ = 90)

- Crude oil (Brent) price (US\$/BBL) = 55 (avg. for Jan. - Dec.)

3. Cash dividend per common stock for fiscal year 2009

Interim (forecast): 2.5 yen per share  
Year-end (forecast): 2.5 yen per share

## Consolidated Statements of Income

(Billions of yen)

	FY2009 (1st Quarter) Results		FY2008 (1st Quarter) Results		Change (a-b)	Reasons for change	FY2009 Full-year forecast	
	(a)	(b)	(c)	(d)			(e)	(a/c)
Net sales	897.1	1,407.2	-510.1			Net sales		
						Energy & Metal	-255.4	4,750.0
						Consumer Lifestyle Business	-96.7	
						Machinery	-78.7	
Gross profit	37.6	68.5	-30.9			Gross profit		
(Gross profit ratio)	(4.19%)	(4.87%)	(-0.68%)			Consumer Lifestyle Business	-10.5	225.0
						Machinery	-7.6	(4.74%)
						Energy & Metal	-7.1	
Personnel expenses	-20.0	-21.6	1.6					
Non-personnel expenses	-16.0	-19.5	3.5					
Depreciation	-1.3	-1.3	0.0					
(Subtotal)	(-37.3)	(-42.4)	(5.1)					
Provision of allowance for doubtful accounts	-1.9	-1.2	-0.7					
Amortization of goodwill	-1.3	-1.3	0.0					
(Total selling, general and administrative expenses)	(-40.5)	(-44.9)	(4.4)					
Operating income	-2.9	23.6	-26.5				56.0	-
(Operating income ratio)	-	(1.68%)					(1.18%)	
Interest income	1.5	3.0	-1.5			Decreased in overseas due to lower interest rates		
Interest expenses	-6.9	-7.4	0.5					
(Interest expenses - net)	(-5.4)	(-4.4)	(-1.0)					
Dividends income	2.0	2.2	-0.2					
(Net financial revenue)	(-3.4)	(-2.2)	(-1.2)					
Equity in earnings of affiliates	0.5	6.7	-6.2			Steel-related company (-5.1), LNG business company (-0.8)		
Other income and expenses - net	0.7	0.4	0.3					
(Other - net)	(-2.2)	(4.9)	(-7.1)				-11.0	-
Ordinary income	-5.1	28.5	-33.6				45.0	-
Gain on sales of investment securities	1.8					Gain on sale of listed securities, etc.		
Reversal of allowance for doubtful accounts	1.9							
(Total extraordinary income)	(3.7)	(0.9)	(2.8)					
Impairment loss	-0.1							
Loss on sales of investment securities	-0.1							
Loss on revaluation of securities	-0.4							
(Total extraordinary losses)	(-0.6)	(-7.1)	(6.5)					
(Extraordinary income/losses - net)	(3.1)	(-6.2)	(9.3)				-5.0	-
Income before income taxes and minority interests	-2.0	22.3	-24.3				40.0	-
Income taxes: Current	-1.6	-5.4	3.8					
Deferred	1.8	0.9	0.9					
Minority interests in income	0.2	-1.5	1.7					
Net income	-1.6	16.3	-17.9				20.0	-
Core earnings	-3.9	29.3	-33.2					

### NOTES

1. Due to organizational reforms and changes to operating divisions effected April 1, 2009, we changed business divisions from this quarter as shown below. The above reasons for change from FY2008 (1st quarter) results are based on post-reform business segments.

Former Segment	New Segment
Machinery & Aerospace	Machinery
Energy & Mineral Resources	Energy & Metal
Chemicals & Plastics	Chemicals & Functional Materials
Real Estate Development & Forest Products	Consumer Lifestyle Business
Consumer Lifestyle Business	
Overseas Subsidiaries	
Other	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 Division to Other.
- The former Chemicals & Plastics Division's mineral business has been transferred to Energy & Metal, and its fertilizer business to the Consumer Lifestyle Business.
- A part of the property business has been transferred from the former Real Estate Development & Forest Products Division to Other.
- The highly functional materials business has been transferred from the former Consumer Lifestyle Business Division to Chemicals & Functional Materials.

2. Core earnings

Core earnings = Operating income (before provision of allowance for doubtful accounts and write-offs) + Interest expenses-net + Dividends income + Equity in earnings of unconsolidated subsidiaries and affiliates

3. Forward-looking Statements

This document contains forward-looking statements regarding the Company's business plans and initiatives based on information available to management at the time of disclosure. Accordingly, such statements are subject to inherent risks and uncertainties. Readers are advised that actual results may differ from those expressed or implied by forward-looking statements due to a wide variety of factors including, but not limited to, changes in economic conditions in key markets in Japan and overseas and exchange rates. The Company will provide timely disclosure of any material changes or related issues.

## Consolidated Balance Sheets and Principal Management Indices

(Billions of yen, except ratio data)

	June 30	March 31	Change (d-e)	Reasons for change
	2009 (d)	2009 (e)		
<b>Current assets</b>	<b>1,371.9</b>	<b>1,473.2</b>	<b>-101.3</b>	
Cash and deposits	407.7	421.6	-13.9	
Notes and accounts receivable-trade	459.2	522.4	-63.2	Due to decrease in Energy & Metal and Machinery transaction volume
Short-term investment securities	3.1	2.1	1.0	
Inventories	354.2	382.9	-28.7	Transfer to the "Real estate for investment" account and decrease in fertilizer
Short-term loans receivable	7.9	9.4	-1.5	
Deferred tax assets	17.8	15.8	2.0	
Other	131.4	129.3	2.1	
Allowance for doubtful accounts	-9.4	-10.3	0.9	
<b>Noncurrent assets</b>	<b>896.7</b>	<b>838.4</b>	<b>58.3</b>	
Property, plant and equipment	210.8	209.7	1.1	
Goodwill	57.5	60.7	-3.2	
Intangible assets	60.2	54.2	6.0	
Investment securities	382.1	351.5	30.6	Increase due to a rise in stock prices
Long-term loans receivable	28.8	27.9	0.9	
Bad debts	96.3	92.4	3.9	Due to increase in deferred tax liabilities due to a rise in stock prices (offset against deferred tax liabilities)
Deferred tax assets	53.2	64.1	-10.9	
Real estate for investment	26.6	-	26.6	Transfer from inventories due to a change in purpose of holding the assets
Other	43.2	39.4	3.8	
Allowance for doubtful accounts	-62.0	-61.5	-0.5	
<b>Deferred assets</b>	<b>1.0</b>	<b>1.4</b>	<b>-0.4</b>	
Total assets	2,269.6	2,313.0	-43.4	
<b>Liabilities</b>	<b>978.9</b>	<b>1,039.9</b>	<b>-61.0</b>	
Notes and accounts payable-trade	379.8	418.8	-39.0	Due to decrease in Energy & Metal and Machinery transaction volume
Short-term loans payable	345.0	351.8	-6.8	
Commercial papers	25.0	35.0	-10.0	
Current portion of bonds	50.0	42.1	7.9	Reclassification of current portion (+10.0), decrease due to bond redemptions (-2.1)
Other	179.1	192.2	-13.1	
<b>Non-current liabilities</b>	<b>906.0</b>	<b>917.6</b>	<b>-11.6</b>	
Bonds payable	145.1	155.1	-10.0	Reclassification of current portion (-10.0)
Long-term loans payable	700.3	702.9	-2.6	
Provision for retirement benefits	15.9	16.2	-0.3	
Other	44.7	43.4	1.3	
Total liabilities	1,884.9	1,957.5	-72.6	
Capital stock	160.3	160.3	-	
Capital surplus	152.2	152.2	-	
Retained earnings	139.2	142.2	-3.0	Net income (-1.6), Payment of dividends (-1.2)
Treasury stock	-0.2	-0.2	0.0	
(Total shareholders' equity)	(451.5)	(454.5)	(-3.0)	
Valuation difference on available-for-sale securities	28.3	6.2	22.1	Increase due to a rise in stock prices
Deferred gains or losses on hedges	2.1	1.5	0.6	
Revaluation reserve for land	-1.9	-1.9	0.0	
Foreign currency translation adjustments	-121.2	-141.3	20.1	Translation adjustments at overseas subsidiaries
(Total valuation and translation adjustments)	(-92.7)	(-135.5)	(42.8)	
Minority interests	25.9	36.5	-10.6	Decrease due to the additional acquisition of shares of Nissho Electronics Corporation
Total net assets	384.7	355.5	29.2	
Total liabilities and net assets	2,269.6	2,313.0	-43.4	
Gross interest-bearing debt	1,265.4	1,286.9	-21.5	
Net interest-bearing debt	857.7	865.3	-7.6	
Net debt/equity ratio (times)	2.39	2.71	-0.32	The figure for equity used as the denominator in the debt/equity ratio and the numerator in the shareholders' equity ratio excludes minority interests.
Shareholders' equity ratio	15.8%	13.8%	2.0%	
Current ratio	140.1%	141.7%	-1.6%	
Long-term debt ratio	66.8%	66.7%	0.1%	

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2009 - Supplementary Materials (1)

July 31, 2009  
Sojitz Corporation

(Billions of yen)

## P/L

	FY2009 Apr.-Jun. Results	FY2008 Apr.-Jun. Results	Change	FY2009 Full-year Forecast	Achieved	FY2008 Results
<b>Net sales</b>	<b>897.1</b>	<b>1,407.2</b>	(510.1)	<b>4,750.0</b>	18.9%	<b>5,166.2</b>
<b>Gross Profit</b>	<b>37.6</b>	<b>68.5</b>	(30.9)	<b>225.0</b>	16.7%	<b>235.6</b>
Gross profit ratio	4.19%	4.87%	(0.68%)	4.74%		4.56%
*1 Machinery	12.9	20.5	(7.6)	76.5	16.9%	84.7
Energy & Metal	8.8	15.9	(7.1)	44.0	20.0%	56.6
Chemicals and Functional Materials	6.5	12.2	(5.7)	37.5	17.3%	41.5
Consumer Lifestyle Business	7.4	17.9	(10.5)	56.5	13.1%	52.2
Other	2.0	2.0	0.0	10.5	19.0%	0.6
Selling, general and administrative expenses	(40.5)	(44.9)	4.4	(169.0)	24.0%	(183.6)
<b>Operating income</b>	<b>(2.9)</b>	<b>23.6</b>	(26.5)	<b>56.0</b>	-	<b>52.0</b>
Operating income ratio	-	1.68%		1.18%		1.01%
<b>Non-operating income/expenses - net</b>	<b>(2.2)</b>	<b>4.9</b>	(7.1)	<b>(11.0)</b>	-	<b>(18.4)</b>
<b>Ordinary Income *2</b>	<b>(5.1)</b>	<b>28.5</b>	(33.6)	<b>45.0</b>	-	<b>33.6</b>
Ordinary Income ratio	-	2.03%		0.95%		0.65%
*1 Machinery	(3.6)	4.7	(8.3)	13.0	-	9.3
Energy & Metal	1.1	11.8	(10.7)	18.0	6.1%	32.8
Chemicals and Functional Materials	(1.3)	3.5	(4.8)	5.5	-	5.5
Consumer Lifestyle Business	(5.2)	1.6	(6.8)	4.5	-	(10.3)
Other	3.9	6.9	(3.0)	4.0	97.5%	(3.7)
<b>Extraordinary income/losses - net</b>	<b>3.1</b>	<b>(6.2)</b>	9.3	<b>(5.0)</b>	-	<b>3.5</b>
Income before income taxes and minority interests	(2.0)	22.3	(24.3)	40.0	-	37.1
<b>Net income</b>	<b>(1.6)</b>	<b>16.3</b>	(17.9)	<b>20.0</b>	-	<b>19.0</b>
<b>Core earnings *3</b>	<b>(3.9)</b>	<b>29.3</b>	(33.2)	<b>47.5</b>	-	<b>48.3</b>

\*1 Due to organizational reforms and changes to operating divisions effected April 1, 2009, we changed business segments from this quarter. Results for April to June FY2008 and for the full FY2008 are based on post-reform business segments.

For details of business segment changes, refer to Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2009 - Supplementary Materials (2).

\*2 Figures for ordinary income by business segment are internal figures provided for reference only.

\*3 Core earnings = Operating income (before provision of allowance for doubtful receivables and write-offs) + Net interest income and expenses + Dividends income + Equity in earnings of unconsolidated subsidiaries and affiliates

(Billions of yen)

## B/S

	June 30, 2009	March 31, 2009	Change	March 31, 2010 Forecast
<b>Total assets</b>	<b>2,269.6</b>	<b>2,313.0</b>	(43.4)	<b>2,320.0</b>
<b>Shareholders' equity *4</b>	<b>358.8</b>	<b>319.0</b>	39.8	<b>335.0</b>
Total net assets	384.7	355.5	29.2	-
<b>Shareholders' equity ratio (%)</b>	<b>15.8%</b>	<b>13.8%</b>	2.0%	<b>14.4%</b>
<b>Net interest-bearing debt</b>	<b>857.7</b>	<b>865.3</b>	(7.6)	<b>850</b>
<b>Net D/E ratio (times)</b>	<b>2.4</b>	<b>2.7</b>	(0.3)	<b>2.5</b>
Net D/E ratio based on total net assets (times)	2.2	2.4	(0.2)	-

\*4 Equity = Total net assets - Minority interests ("equity" has the same meaning as "shareholders' equity" as previously used)

Main factors for changes		FY2009 Full-Year Forecast
<b>Gross Profit</b>		<b>Ordinary Income</b>
<b>Machinery Division</b>		<b>Machinery Division</b>
Decrease (-7.6) due to decrease in transaction volume of automobiles bound for Russia/NIS region and Central and South America, and decreased transaction volume of SMT equipment and other industrial machinery, as well as a slump in the IT business.		Although automobile sales volume remained in lower levels due to a global slump in demand for automobiles, we expect sales volume to recover from around the fiscal second quarter and into the fiscal second half.
<b>Energy &amp; Metal Division</b>		<b>Energy &amp; Metal Division</b>
Decrease (-7.1) due to decline energy and ferroalloy prices and transaction volume, which offset an increase in Coal.		Marine & Aerospace was generally favorable as the ship charter market regained composure.
<b>Chemicals &amp; Functional Materials Division</b>		<b>Chemicals &amp; Functional Materials Division</b>
Decrease (-5.7) due to decline in methanol prices, and declines in prices and transaction volume of other chemicals and functional materials.		Other businesses overall will tend to recover from the fiscal second half.
<b>Consumer Lifestyle Business Division</b>		<b>Consumer Lifestyle Business Division</b>
Decrease (-10.5) due to decrease in sales volume and prices of fertilizer, decline in grain/feed and marine products prices, and slump in timber-related markets in Japan.		Coal stayed steady, and as prices of oil, molybdenum, and nickel turned upward, other resources tend to recover in the fiscal second half.
<b>Other</b>		<b>Other</b>
Flat.		Prices are expected to trend upward in the fiscal second half as the demand-supply balance improves.
<b>Ordinary Income</b>		We expect transaction volume to rise gradually due to growing demand, in home electronics, electronic-related commodities, particularly in China.
<b>Machinery Division</b>		<b>Consumer Lifestyle Business Division</b>
Decrease (-8.3) due to lower gross profit and reduced equity in earnings of unconsolidated subsidiaries and affiliates. Caused by decrease in transaction volume.		Condominium market is getting bottomed out, and tend to recover. We expect fertilizer to recover in the fiscal second quarter as inventory corrections run their course. We expect other businesses demand to be recovered toward the fiscal second half, mainly the food business.
<b>Energy &amp; Metal Division</b>		<b>Other</b>
Decrease (-10.7) due to lower gross profit and reduced equity in earnings of unconsolidated subsidiaries and affiliates. Caused by decrease in transaction volume.		Remained steady.
<b>Chemicals &amp; Functional Materials Division</b>		
Decrease (-4.8) due to decrease in transaction volume.		
<b>Consumer Lifestyle Business Division</b>		
Decrease (-6.8) due to decrease in transaction volume, which offset reductions in selling, general and administrative expenses enabled by restructuring of the textiles business, etc.		
<b>Other</b>		
Decrease (-3.0) due to non-recurrence of the year-ago period's foreign exchange gains.		

## Commodity Prices and Exchange Rates

	FY2008 Average	FY2009 Forecast	2009 Results		
			Jan.-Mar. 09 Avg.	Apr.-Jun. 09 Avg.	Jan.-Jun. 09Avg.
<b>Crude oil (Brent)**1</b> (\$/bbl)	\$98/bbl	\$55/bbl	\$45.7/bbl	\$58.8/bbl	\$51.6/bbl
<b>Thermal Coal **2</b> (\$/t)	\$127.8/t	\$70/t	\$69.3/t	\$66.2/t	\$67.7/t
<b>Molybdenum</b> (\$/lb)	\$29.1/lb (pound)	\$13/lb	\$8.9/lb	\$9.2/lb	\$9.1/lb
<b>Vanadium</b> (\$/lb)	\$13.6/lb (pound)	\$5/lb	\$6.1/lb	\$4.3/lb	\$5.2/lb

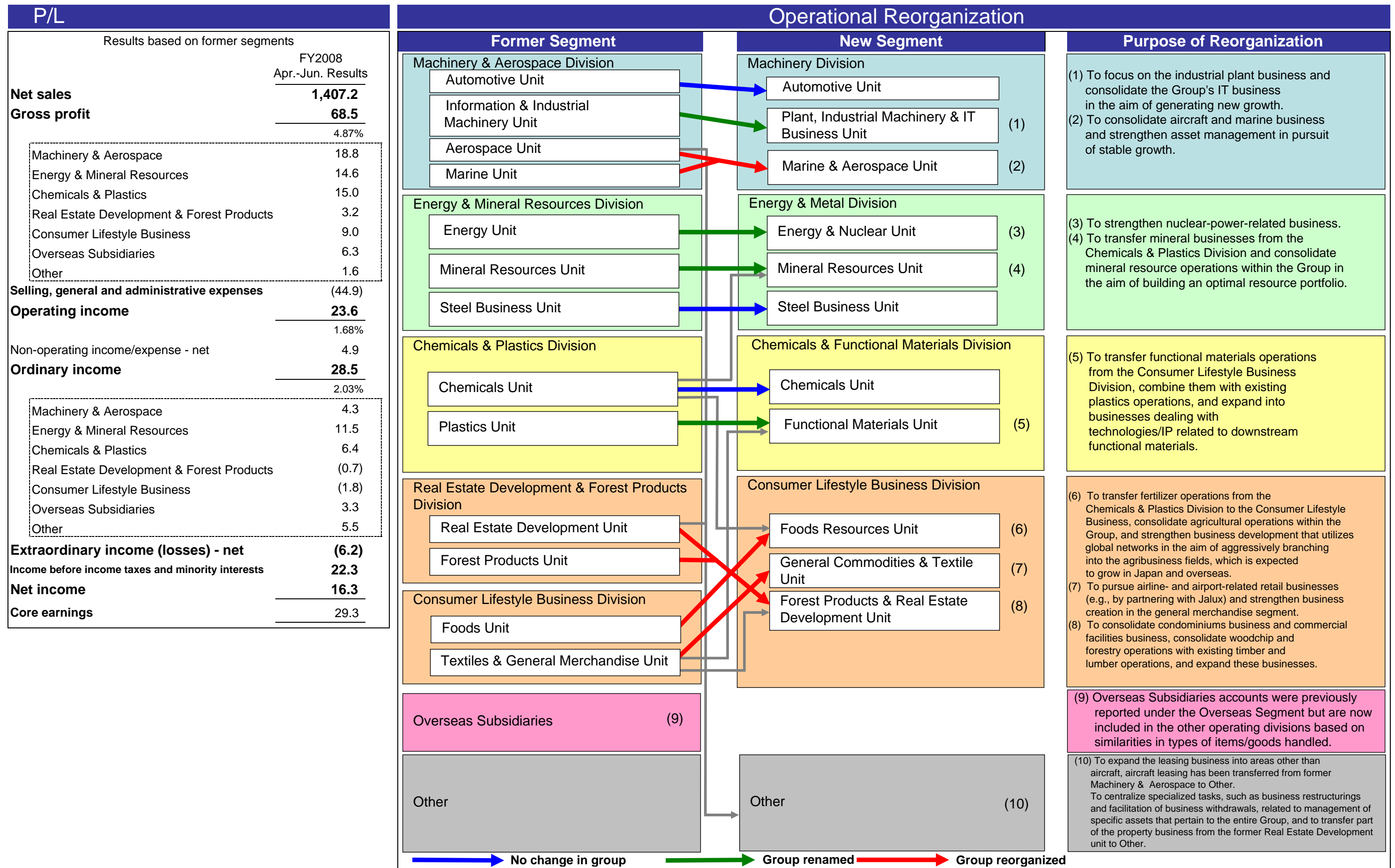
Exchange rate**3 (¥/\$)	Dec. year-end Mar. year-end	¥102.8/\$	¥ 90/\$	¥ 95.2/\$	¥ 96.8/\$	¥ 96.0/\$
		¥100.7/\$				

\*\*1 Impact of fluctuations in the crude oil price on earnings: A \$1/bbl change alters ordinary income by approx. ¥0.2 billion.

\*\*2 Prices for the majority of the thermal coal traded by Sojitz are fixed by annual contracts during the previous fiscal year. The effect of the most recent spot prices is negligible. Market forecasts and averages in the above table differ from our sales prices.

\*\*3 Impact of fluctuations in the exchange rate on earnings: A ¥1/\$ change alters net sales by approx. ¥10.0 billion, ordinary income by approx. ¥0.3-0.4 billion, and shareholders' equity by approx. ¥1.5 billion.

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2009 - Supplementary Materials (2)



## 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

Company Representative: Yutaka Kase, President & CEO

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Scheduled filing date first period financial report: August 13, 2009

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
<b>Net sales</b>	1,407,178	897,121
Cost of sales	1,338,711	859,540
<b>Gross profit</b>	68,466	37,580
Selling, general and administrative expenses	44,916	40,488
<b>Operating income</b>	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
<b>Total non-operating income</b>	15,321	8,476
Non-operating expenses		
Interest expenses	7,331	6,856
Interest on commercial papers	74	100
Other	2,946	3,708
<b>Total non-operating expenses</b>	10,352	10,664
<b>Ordinary Income</b>	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
<b>Total extraordinary income</b>	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	—
<b>Total extraordinary losses</b>	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)
<b>Net income</b>	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
<b>Assets</b>		
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)
<b>Total current assets</b>	<b>1,371,831</b>	<b>1,473,172</b>
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
<b>Total property, plant and equipment</b>	<b>210,819</b>	<b>209,720</b>
Intangible assets		
Goodwill	57,508	60,685
Other	60,245	54,170
<b>Total intangible assets</b>	<b>117,753</b>	<b>114,855</b>
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)
<b>Total investments and other assets</b>	<b>568,105</b>	<b>513,798</b>
<b>Total noncurrent assets</b>	<b>896,678</b>	<b>838,375</b>
Deferred assets	1,040	1,410
<b>Total assets</b>	<b>2,269,550</b>	<b>2,312,958</b>

**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
<b>Liabilities</b>		
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
<b>Total current liabilities</b>	<b>978,877</b>	<b>1,039,857</b>
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
<b>Total noncurrent liabilities</b>	<b>905,964</b>	<b>917,597</b>
<b>Total liabilities</b>	<b>1,884,842</b>	<b>1,957,454</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	139,201	142,157
Treasury stock	(167)	(166)
<b>Total shareholders' equity</b>	<b>451,533</b>	<b>454,491</b>
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)
<b>Total valuation and translation adjustments</b>	<b>(92,752)</b>	<b>(135,500)</b>
<b>Minority interests</b>	<b>25,926</b>	<b>36,512</b>
<b>Total net assets</b>	<b>384,707</b>	<b>355,503</b>
<b>Total liabilities and net assets</b>	<b>2,269,550</b>	<b>2,312,958</b>



**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
<b>Net cash provided by (used in) operating activities</b>		
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)
<b>Subtotal</b>	<b>(3,764)</b>	<b>23,330</b>
Interest and dividends income received	7,065	5,310
Interest expenses paid	(7,119)	(7,032)
Income taxes paid	(7,617)	(3,058)
<b>Net cash provided by (used in) operating activities</b>	<b>(11,436)</b>	<b>18,549</b>
<b>Net cash provided by (used in) investing activities</b>		
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)
<b>Net cash provided by (used in) investing activities</b>	<b>(20,247)</b>	<b>(8,885)</b>
<b>Net cash provided by (used in) financing activities</b>		
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)
<b>Net cash provided by (used in) financing activities</b>	<b>30,533</b>	<b>(27,473)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(16,543)</b>	<b>8,300</b>
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	—
<b>Cash and cash equivalents at end of period</b>	<b>356,354</b>	<b>404,910</b>

## 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