

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2012

August 2, 2012
Sojitz Corporation

Results Highlights

The global economy remains shrouded in uncertainty by the financial crisis in the euro zone, a slowdown in the growth of China and other Asian economies, further appreciation of the yen and slumping commodities markets. Amid this environment, there has been a decline in the demand for Sojitz products and commodity prices. Consequently, business results for the first quarter ended June 30, 2012 show a year on year decrease for net sales, gross profit, ordinary income and net income. (Figures in brackets represent year-over-year changes)

Net sales: 1,001.6 billion yen (-108.0 billion yen / -9.7%)
- Decrease in net sales from Consumer Lifestyle Business due to decrease in trading volumes of cigarettes and marine products
- Decrease in Chemicals due to decrease in demand in China and other Asian countries

Gross profit: 47.3 billion yen (-3.4 billion yen / -6.6%)
- Decrease in gross profit from Consumer Lifestyle Business due to decrease in earnings in lumber-related business
- Decrease in gross profit from Chemicals due to decrease in trading volumes of chemicals

Ordinary income: 6.9 billion yen (-4.3 billion yen / -38.5%)
- Operating income decreased due to decrease in gross profit
- Decrease in equity in earnings of affiliates

Net income: 1.7 billion yen (-5.2 billion yen / -76.0%)
- Decrease due to decrease in ordinary income and valuation loss on listed stock

3. Earnings forecast for the fiscal year ending March 31, 2013

Net sales 4,300.0 billion yen
Operating income 52.0 billion yen
Ordinary income 50.0 billion yen
Net income 20.0 billion yen

Initial assumptions:
- Exchange rate (annual average: JPY/US\$) = 80
- Crude oil price (US\$/BBL) = 110 (Brent)

4. Cash dividend per common stock for the fiscal year ending March 31, 2013

Interim: 1.50 yen per share (forecast)
Year-end: 1.50 yen per share (forecast)

Consolidated Statements of Income

(Billions of yen)

	FY2012	FY2011	Change	Reasons for change	FY2012 Forecast	
	(1st Quarter) Results	(1st Quarter) Results			a	b
	a	b	a - b			a/c
Net sales	1,001.6	1,109.6	(108.0)	Net sales Energy & Metal +4.9 Consumer Lifestyle Business (90.3) Chemicals (17.8) Machinery (4.3)	4,300.0	23%
Gross profit	47.3	50.7	(3.4)	Gross profit Machinery +0.3 Consumer Lifestyle Business (1.7) Chemicals (1.0) Energy & Metal (0.9)	217.0	22%
Gross profit margin	4.72%	4.57%	0.15%		5.05%	
Personnel expenses	(20.3)	(20.1)	(0.2)			
Non-personnel expenses	(16.3)	(15.4)	(0.9)			
Depreciation	(1.5)	(1.4)	(0.1)			
Subtotal	(38.1)	(36.9)	(1.2)			
Provision of allowance for doubtful accounts	0.0	(1.4)	1.4			
Amortization of goodwill	(1.4)	(1.4)	0.0			
Total selling, general and administrative expenses	(39.5)	(39.7)	0.2		(165.0)	24%
Operating income	7.8	11.0	(3.2)		52.0	15%
Operating income margin	0.78%	0.99%	(0.21%)		1.21%	
Interest income	1.2	1.1	0.1			
Interest expenses	(5.4)	(6.0)	0.6			
Interest expenses - net	(4.2)	(4.9)	0.7			
Dividend income	1.3	1.4	(0.1)			
Net financial revenue	(2.9)	(3.5)	0.6			
Equity in earnings of affiliates	1.7	4.1	(2.4)	Bioethanol production company (8), Nickel manufacturing company (6)		
Other income and expenses - net	0.3	(0.4)	0.7			
Non operating income/losses - net	(0.9)	0.2	(1.1)		(2.0)	-
Ordinary income	6.9	11.2	(4.3)		50.0	14%
Gain on sales of noncurrent assets	0.1					
Gain on sales of investment securities	1.0					
Total extraordinary income	1.1	4.5	(3.4)			
Impairment loss	(0.3)					
Loss on revaluation of securities	(3.2)			Loss on listed stock due to a decline in stock prices		
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	(0.2)					
Total extraordinary losses	(3.7)	(0.6)	(3.1)			
(Extraordinary income/losses - net)	(2.6)	3.9	(6.5)		(10.0)	-
Income before income taxes and minority interests	4.3	15.1	(10.8)		40.0	11%
Income taxes: Current	(2.9)	(3.5)	0.6			
Deferred	0.9	(4.2)	5.1			
Total income taxes	(2.0)	(7.7)	5.7			
Income before minority interests	2.3	7.4	(5.1)		23.0	10%
Minority interests in income	(0.6)	(0.5)	(0.1)			
Net income (loss)	1.7	6.9	(5.2)		20.0	9%
Core earnings	6.6	13.0	(6.4)			

Consolidated Statements of Comprehensive Income

(Billions of yen)

	FY2012	FY2011
	(1st Quarter) Results	(1st Quarter) Results
Income before minority interests	2.3	7.4
Other comprehensive income	(12.4)	7.1
Comprehensive income	(10.1)	14.5
(Breakdown)		
Comprehensive income attributable to owners of the parent	(11.0)	13.6
Comprehensive income attributable to minority interests	0.9	0.9

Consolidated Statements of Cash Flow

(Billions of yen)

	FY2012	FY2011
	(1st Quarter) Results	(1st Quarter) Results
Cash Flows from Operating Activities	(14.4)	1.2
Cash Flows from Investing Activities	(7.4)	(11.3)
(Free Cash Flows)	(21.8)	(10.1)
Cash Flows from Financial Activities	(24.6)	(12.4)
Cash and Cash Equivalents at the End of the Year	377.5	395.5

Consolidated Balance Sheets and Principal Management Indices

(Billions of yen, except ratio data)

	June. 30	Mar. 31	Change	Reasons for change
	2012	2012		
	d	e	d - e	
Current assets	1,243.3	1,298.1	(54.8)	
Cash and deposits	391.0	442.7	(51.7)	Decrease due to loan repayments
Notes and accounts receivable - trade	471.8	490.7	(18.9)	Decrease in chemicals and food-related business
Short-term investment securities	3.3	1.3	2.0	
Inventories	285.0	270.6	14.4	Increase in cigarettes and fertilizers etc.
Short-term loans receivable	5.3	5.7	(0.4)	
Deferred tax assets	4.8	4.6	0.2	
Other	86.4	88.1	(1.7)	
Allowance for doubtful accounts	(4.3)	(5.6)	1.3	
Noncurrent assets	788.4	822.2	(33.8)	
Property, plant and equipment	228.2	233.3	(5.1)	
Goodwill	43.4	44.6	(1.2)	
Intangible assets	75.1	79.9	(4.8)	
Investment securities	296.3	313.9	(17.6)	Decrease due to decline in foreign exchange rate and stock prices, etc.
Long-term loans receivable	21.9	22.4	(0.5)	
Bad debts	64.6	68.2	(3.6)	
Deferred tax assets	23.9	22.4	1.5	
Real estate for investment	31.8	31.9	(0.1)	
Other	49.6	52.8	(3.2)	
Allowance for doubtful accounts	(46.4)	(47.2)	0.8	
Deferred assets	0.2	0.3	(0.1)	
Total assets	2,031.9	2,120.6	(88.7)	
Liabilities	932.9	947.4	(14.5)	
Notes and accounts payable - trade	432.7	461.8	(29.1)	Decrease in chemicals and oil-related business
Short-term loans payable	293.4	282.5	10.9	Increase due to reclassification of current portion and decrease in loan repayments
Commercial paper	2.0	2.0	-	
Current portion of bonds	55.0	35.0	20.0	Reclassification of current portion +20.0
Other	149.8	166.1	(16.3)	
Noncurrent liabilities	781.2	842.7	(61.5)	
Bonds payable	60.0	80.0	(20.0)	Reclassification of current portion (20.0)
Long-term loans payable	652.4	691.0	(38.6)	Decrease due to reclassification of current portion
Provision for retirement benefits	14.5	14.2	0.3	
Other	54.3	57.5	(3.2)	
Total liabilities	1,714.1	1,790.1	(76.0)	
Capital stock	160.3	160.3	-	
Capital surplus	152.2	152.2	-	
Retained earnings	151.6	151.7	(0.1)	Net income +1.7, dividends (1.9)
Treasury stock	(0.2)	(0.2)	0.0	
Total shareholders' equity	463.9	464.0	(0.1)	
Valuation difference on available-for-sale securities	1.9	7.6	(5.7)	Decrease due to decline in stock prices, etc.
Deferred gains or losses on hedges	1.7	0.9	0.8	
Revaluation reserve for land	(2.1)	(2.1)	-	
Foreign currency translation adjustment	(171.4)	(163.6)	(7.8)	Decrease due to change in currency
Unfunded retirement benefit obligation with respect to foreign consolidated companies	(0.9)	(0.9)	-	
Total other comprehensive income	(170.8)	(158.1)	(12.7)	
Minority interests	24.7	24.6	0.1	
Total net assets	317.8	330.5	(12.7)	
Total liabilities and net assets	2,031.9	2,120.6	(88.7)	
Gross interest-bearing debt	1,062.8	1,090.5	(27.7)	
Net interest-bearing debt	671.8	647.8	24.0	
Net debt/equity ratio (times)	2.29	2.12	0.17	*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	14.4%	14.4%	0.0%	
Current ratio	133.3%	137.0%	(3.7%)	
Long-term debt ratio	67.0%	70.7%	(3.7%)	

Notes:

1. Effective the first quarter ended June 30, 2012, the domestic real estate business was reclassified from the Consumer Lifestyle Business division to the Other segment. In addition, former Chemicals and Functional Materials division changed to Chemicals division. In the above-mentioned Consolidated Statements of Income, each segment's amount increase or decrease is based on calculations performed after changes to the business segments.

2. Core earnings

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

3. Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2012 - Supplementary Material

August 2, 2012
Sojitz Corporation

(Billions of Yen)

P/L

	FY2012 (1st Quarter) Results *1	FY2011 (1st Quarter) Results *1	Change	FY2012 Full-year Forecast	Achieved	FY2011 Results *1
Net sales	1,001.6	1,109.6	(108.0)	4,300.0	23.3%	4,494.2
Gross profit	47.3	50.7	(3.4)	217.0	21.8%	231.6
Gross profit margin	4.72%	4.57%	0.15%	5.05%		5.15%
Machinery	15.9	15.6	0.3	71.0	22.4%	75.9
Energy & Metal	9.7	10.6	(0.9)	49.0	19.8%	57.8
Chemicals	8.6	9.6	(1.0)	37.0	23.2%	41.7
Consumer Lifestyle Business	11.4	13.1	(1.7)	54.5	20.9%	50.6
Other	1.7	1.8	(0.1)	5.5	30.9%	5.6
Selling, general and administrative expenses	(39.5)	(39.7)	0.2	(165.0)	23.9%	(167.1)
Operating income	7.8	11.0	(3.2)	52.0	15.0%	64.5
Operating income margin	0.78%	0.99%	(0.21%)	1.21%		1.44%
Non-operating income/expenses - net	(0.9)	0.2	(1.1)	(2.0)	-	(2.3)
Ordinary income	6.9	11.2	(4.3)	50.0	13.8%	62.2
Ordinary income margin	0.69%	1.01%	(0.32%)	1.16%		1.38%
Machinery	0.2	0.4	(0.2)	8.0	2.5%	12.4
Energy & Metal	2.2	4.8	(2.6)	27.0	8.1%	32.6
Chemicals	1.8	2.4	(0.6)	7.0	25.7%	9.8
Consumer Lifestyle Business	1.6	3.1	(1.5)	9.0	17.8%	9.1
Other	1.1	0.5	0.6	(1.0)	-	(1.7)
Extraordinary income/losses - net	(2.6)	3.9	(6.5)	(10.0)	-	(0.7)
Income before income taxes and minority interests	4.3	15.1	(10.8)	40.0	10.8%	61.5
Income before minority interests	2.3	7.4	(5.1)	23.0	10.0%	(0.9)
Net income	1.7	6.9	(5.2)	20.0	8.5%	(3.6)
Machinery	(1.2)	(0.1)	(1.1)	4.0	-	8.1
Energy & Metal	0.9	3.6	(2.7)	20.5	4.4%	27.3
Chemicals	1.4	1.4	0.0	4.0	35.0%	5.7
Consumer Lifestyle Business	0.9	2.8	(1.9)	4.5	20.0%	4.0
Other	(0.3)	(0.8)	0.5	(13.0)	-	(48.7)
Core earnings *2	6.6	13.0	(6.4)	52.5		65.0

*1 Effective the first quarter ended June 30, 2012, the domestic real estate business was reclassified from the Consumer Lifestyle Business Division to the Other segment. In addition, former Chemicals and Functional Materials division changed to Chemicals division. The results for the first quarter ended June 30, 2012, the first quarter ended June 30, 2011, and the fiscal year ended March 31, 2012 are stated based on the business divisions after the change was made.

*2 Core earnings = Operating income (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends income + Equity in earnings of affiliates

(Billions of Yen)

B/S

	June 30, 2012	March 31, 2012	Change	March 31, 2013 Forecast
Total assets	2,031.9	2,120.6	(88.7)	2,050.0
Shareholders' equity *3	293.1	305.9	(12.8)	320.0
Total net assets	317.8	330.5	(12.7)	-
Shareholders' equity ratio (%)	14.4%	14.4%	+ 0.0%	15.6%
Net interest-bearing debt	671.8	647.8	+ 24.0	680.0
Net D/E ratio (times)	2.29	2.12	+ 0.17	2.1
Net D/E ratio based on total net assets (times)	(2.11)	(1.96)	(+ 0.15)	-
Risk assets	290.0	300.0	(10.0)	-
shareholders' equity (times)	1.0	1.0	+ 0.0	-

*3 Shareholders' equity = Total net assets - Minority interests

*4 Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

Main factors behind changes

Machinery Division

-Gross profit increased due to the increased number of cars sold by the automobile business overseas.
-Ordinary income decreased due to an increase in selling, general, and administrative expenses including advertisement expenses in the automobile business overseas and decrease in equity in earnings of affiliates.

Energy & Metal Division

-Gross profit decreased due to factors including declines in the commodity markets, a decrease in production volume for certain interests and concessions, and cost increases.
-Equity in earnings of affiliates attributable to a bioethanol production company and a nickel smelting company decreased, contributing to a decrease in ordinary income and net income.

Chemicals Division

-Earnings decreased due to a decrease in sales prices and a decrease in trading volumes due to a decline in demand mainly in China and other Asian countries.

Consumer Lifestyle Business Division

-Despite increases in trading volumes in the overseas fertilizer business, earnings decreased due to factors including a decrease in lumber-related trading volumes.

Other

-Earnings increased due to improvement in non-operating income including interest expenses-net.

FY2012 current position and outlook

Machinery Division

-Although performance was lackluster during the first quarter, we envisage an increase in earnings including environment and infrastructure plant-related business during the second half of the fiscal year.

Energy & Metal Division

-Performance is expected to be below the level previously anticipated due to the adverse impact of unseasonable weather conditions and exchange rates on the bioethanol production company, in addition to a delayed recovery in the commodity markets.

Chemicals Division

-We envisage performance to be largely in accordance with the outlook, although we will need to closely monitor future changes in the operating environment and market trends.

Consumer Lifestyle Business Division

-Performance is expected to be favorable from the second quarter onwards, particularly for the overseas fertilizer businesses and overseas industrial park-related business.

Other

-Although performance is in accordance with the outlook, we expect to incur some expenses and extraordinary losses in the future.

Commodity Prices and Exchange Rates

	FY2011 Results (Annual Average)	FY2012 Assumption (Annual Average)	FY2012 Results Apr. - Jun. '12 Avg.
Crude oil (Brent)**1 (\$/bbl)	\$111.3/bbl	\$110/bbl	\$108.4/bbl
Thermal Coal**2 (\$/t)	\$121.3/t	\$115/t	\$96.3/t
Molybdenum (\$/lb)	\$15.5/lb	\$17.5/lb	\$13.8/lb
Nickel**3 (\$/lb)	\$10.4/lb	\$10/lb	Jan. -Mar. Avg. \$8.9/lb Apr. -Jun. Avg. \$7.8lbt
Copper**3 (\$/t)	\$8,821/t	\$7,690/t	Jan. -Mar. Avg. \$8,308/t Apr. -Jun. Avg. \$7,867/t
Exchange rate**4 (¥/\$)	¥79.5/\$	¥80.0/\$	¥79.8/\$

**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 averages in the above table differ from our sales prices.

**3 The price assumptions of Nickel and Copper are based on the annual average from Jan. to Dec.

**4 Impact of fluctuations in the exchange rate on earnings: A ¥1/US\$ change alters net sales by approx. ¥5.0 billion, ordinary income by approx. ¥0.2 billion, and shareholders' equity by approx. ¥1.2 billion.