Summary of Consolidated Financial Results for the Year Ended March 31, 2013 (JGAAP)

May 8, 2013

Sojitz Corporation
(URL http://www.sojitz.com)
Listed stock exchange: The first sections of Tokyo and Osaka
Security code: 2768
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Scheduled date of Ordinary General Shareholders' Meeting: June 25, 2013
Scheduled filing date of financial report: June 25, 2013
Scheduled date of delivery of dividends: June 26, 2013
Supplementary materials for the financial results: Yes
Investor conference for the financial results: Yes

(Rounded down to millions of Japanese Yen)

1. Consolidated Financial Results for theYear Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
For the year ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2013	3,955,907	(12.0)	33,305	(48.4)	34,478	(44.6)	14,263	-
March 31, 2012	4,494,237	11.9	64,522	72.0	62,228	37.3	(3,649)	-

Note. Comprehensive Income for the year ended March 31, 2013: 56,851 (-%) 2012: (17,622) (-%)

	Net Income per Share (EPS)	Adjusted EPS	ROE	ROA	Operating income Ratio
For the year ended	Yen	Yen	%	%	%
March 31, 2013	11.40	11.40	4.3	1.6	0.8
March 31, 2012	(2.92)	-	(1.1)	2.9	1.4

Notes:（1）Equity in earnings of unconsolidated subsidiaries and affiliates for the year ended March 31, 2013 : 15,588 2012 : 12,566
（2）Return on Assets（ROA）=Ordinary Income/Total Assets

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of Yen	Millions of Yen	%	Yen
March 31, 2013	2,086,410	382,537	16.9	282.60
March 31, 2012	2,120,596	330,471	14.4	244.52

(Millions of Yen)

Notes: Total Equity As of March 31, 2013 : 353,536 As of March 31, 2012 : 305,905

(3) Consolidated Statements of Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the Period
For the year ended	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2013	51,524	(13,580)	(52,737)	424,371
March 31, 2012	91,600	(42,287)	(36,376)	427,274

2.Cash Dividends

	Cash Divided per Share					Total Ammout of Cash Dividends (annual)	Consolidated Payout ratio	Dividend to net assets (consolidated)
For the year ended	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March 31, 2012	-	1.50	-	1.50	3.00	3,753	-	1.2
March 31, 2013	-	1.50	-	1.50	3.00	3,753	26.3	1.1
March 31, 2014 (forecast)	-	2.00	-	2.00	4.00		20.0	

3. Consolidated Earnings Forecast for the Year Ending March 31, 2014(April 1, 2013 - March 31, 2014)

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

	Net Sales		Operating Income		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
For the Year Ending March 31, 2014	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full-year	4,280,000	-	38,000	-	45,000	-	25,000	-	19.98

(Note) The Company will voluntarily adopt IFRS for its consolidated financial statements starting from the statutory financial report for the fiscal year ended March 31, 2013.
Accordingly, the consolidated earnings forecast for the fiscal year ending March 31, 2014 is prepared based on IFRS; income from operating activities is reported as “operating income” in the consolidated statements of income, and “basic earnings per share” was calculated based on “profit attributable to owners of the parent.”
“Net sales” are presented in a manner customarily used in Japan solely for Japanese investors’ purposes and represent the gross transaction volume of trading activities for which the Sojitz Group companies act as principal or as agent.

4. Others

(1) Changes in major subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : No

(2) Changes in accounting policy, procedures or presentation method for preparing consolidated financial statements

1. Changes due to amendment of accounting standards : Yes
2. Changes due to other reasons : No
3. Accounting estimate change : Yes
4. Retrospective restatement : No

(3) Number of outstanding shares at the end of the periods (Common Stock):

1. Number of outstanding shares at the end of the periods (Including treasury shares):
   As of March 31, 2013: 1,251,499,501 As of March 31, 2012: 1,251,499,501
2. Number of treasury shares at the end of the periods:
   As of March 31, 2013 : 481,472 As of March 31, 2012 : 475,587
3. Average number of outstanding shares during the periods:
   For the Year ended March 31, 2013(accumulative): 1,251,021,103
   For the Year ended March 31, 2012(accumulative): 1,251,031,107

* Disclosure Regarding Auditing Procedure for Financial Statements

The Company will voluntarily adopt IFRS for its consolidated financial statements starting from the statutory financial report for the fiscal year ended March 31, 2013. As in the past, the financial statements presented in this earnings report were prepared based on Japanese GAAP. At the time of this earnings report's disclosure, auditing procedures for financial statements in accordance with the Financial Instruments and Exchange Act were in the process of being implemented.

Analysis of business results

1. Overview of Fiscal 2012 (April 1, 2012 – March 31, 2013)

Economic environment

Fiscal 2012 (the fiscal year ended March 31, 2013) got off to a gloomy start amid a downbeat outlook for Japanese, US and European economic recovery and decline in emerging market economies' exports and investment inflows.

US economic conditions subsequently improved, largely by virtue of monetary easing and the shale gas revolution. In the fiscal second-half, US personal consumption picked up, the unemployment rate improved, and capital investment rebounded. However, with the US yet to fundamentally resolve its fiscal challenges, economic conditions remained inherently unstable.

Europe appeared to have emerged from its sovereign debt crisis, but fresh turmoil periodically flared up, including a bailout in Cyprus. European economies consequently continued to contract.

China's economic growth rate declined to its lowest level since 1999 in the wake of cutbacks in public investment and a slump in exports to Europe, but the Chinese economy nonetheless continued to grow robustly.

ASEAN economies performed relatively well despite a decrease in exports in response to the European, US and Chinese economic slowdowns. The decline in exports was offset by buoyant domestic demand which limited ASEAN growth rates' downshift.

The Japanese economy appeared to have lapsed into recession last autumn as a result of the overseas economic slowdown coupled with yen appreciation. From year-end, however, the yen began to depreciate and the equity market embarked on a rally in response to optimism surrounding the new government. Economic policies since unveiled by the Abe Administration have fueled widespread expectations of economic recovery. Overall, fiscal 2012 was a year distinguished by sluggish global economic growth.

Financial Performance

Sojitz Corporation's consolidated business results for fiscal 2012 are presented below.

Net sales

Consolidated net sales declined 12.0% year on year to ¥3,955,907 million, broken down by type as follows.

(millions of yen)

	Fiscal 2011 (year ended March 31, 2012)		Fiscal 2012 (year ended March 31, 2013)	
Type of sales		% of total		% of total
Export	541,688	12.0	483,458	12.2
Import	946,884	21.1	807,924	20.4
Domestic	2,032,318	45.2	1,804,707	45.7
Offshore	973,346	21.7	859,818	21.7
Total	4,494,237	100.0	3,955,907	100.0

Relative to fiscal 2011, fiscal 2012 export sales decreased 10.7%, largely as a result of a decline in plant-related export sales. Import sales were down 14.7%, largely due to a decrease in aircraft-related sales. Domestic sales declined 11.2%, largely owing to a decline in energy and metal sales. Offshore sales decreased 11.7%, likewise largely due to reduced energy and metal sales.

By segment, consolidated net sales grew 3.1% in the "Other" segment but declined across all other segments, down 8.0% in the Machinery Division, 15.5% in the Energy & Metal Division, 17.0% in the Chemicals Division, and 10.7% in the Consumer Lifestyle Business Division, all on a year-on-year basis.

Gross profit
Consolidated gross profit declined ¥39,502 million year on year to ¥192,064 million, largely as a result of a decrease in the Energy & Metal Division's profits due largely to lower sales prices and reduced trading volumes.

Operating income
Despite a reduction in general, selling and administrative (SG&A) expenses, consolidated operating income decreased ¥31,217 million year on year to ¥33,305 million due to the decline in gross profit.

Ordinary income
Consolidated ordinary income was down ¥27,750 million year on year to ¥34,478 million as growth in equity in the earnings of affiliates failed to offset the decline in operating income.

Extraordinary income and losses
Extraordinary income totaled ¥13,739 million, including a ¥6,802 million gain on sales of investment securities, ¥3,497 million gain on sales of equity interests, and ¥3,402 million gain on noncurrent asset sales. Extraordinary losses totaled ¥16,498 million, including ¥11,893 million in asset impairment losses, ¥1,672 million in losses, and provisions for losses, on liquidation of subsidiaries and affiliates, and a ¥1,530 million loss on revaluation of investment securities. Extraordinary income and losses netted to an extraordinary loss of ¥2,759 million.

Net income
Consolidated income before income taxes and minority interests was ¥31,719 million, and with current income tax expense of ¥11,441 million and deferred income taxes of ¥2,012 million, consolidated net income amounted to ¥18,265 million before adjustment for minority interests. After deduction of ¥4,002 million of minority interests in consolidated subsidiaries' net income, consolidated net income for the year ended March 31, 2013 was ¥14,263 million, a ¥17,912 million improvement from the previous fiscal year.

Effective from the first quarter of fiscal 2012, Sojitz revised its business segmentation, reclassifying its domestic real estate business from the Consumer Lifestyle Business Division to the "Other" segment. Additionally, the former Chemicals and Functional Materials Division was changed to the Chemicals Division.

Fiscal 2012 results are summarized by business segment below.

Machinery
Net sales declined 8.0% year on year to ¥948,578 million largely due to decreases in aerospace- and ship-related sales. Net income also decreased ¥6,122 million year on year to ¥1,963 million.

Energy & Metal
Net sales decreased 15.5% year on year to ¥888,017 million, largely as a result of price declines and reduced trading volumes. Net income decreased ¥11,061 million year on year to ¥16,214 million due to a decline in operating income.

Chemicals
Net sales declined 17.0% year on year to ¥571,204 million, largely due to reduced European, Chinese, and Asian demand. Net income decreased ¥3,374 million year on year to ¥1,978 million.

Consumer Lifestyle Business
Net sales decreased 10.7% year on year to ¥1,490,849 million, largely as a result of reduced cigarette and marine-product trading volumes. Net income increased ¥2,849 million year on year to ¥6,884 million, boosted by growth in profits from overseas fertilizer operations and overseas industrial park projects.

Other
Net sales grew 3.1% year on year to ¥57,258 million. Net loss was largely unchanged year on year at ¥2,790 million, a ¥152 million improvement from fiscal 2011.

(2) Fiscal 2013 Outlook

Current earnings forecast for fiscal 2013 are as follows.
Sojitz will report its consolidated financial results in compliance with International Financial Reporting Standards (IFRS) from the first quarter of fiscal 2013 (the fiscal year ending March 31, 2014). It was judged that constructing financial statements based on international standards will enable stakeholders to more conveniently compare the disclosure documents of Sojitz and other companies that introduce the same standards. It will also allow all of the Group's accounting procedures to be performed in a uniform manner. Sojitz has accordingly prepared its earnings forecast based on IFRS.

(Consolidated)

Net sales	¥4,280 billion
Operating income	¥38 billion
Profit before tax	¥45 billion
Net income (profit attributable to owners of the parent)	¥25 billion

The above forecasts assume a yen/dollar rate of ¥95/US$ and crude oil price of US$105/bbl (Brent).

Caution Regarding Forward-looking Statements
The forecasts appearing above constitute forward-looking statements. They are 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.

2. Financial Position

Consolidated Balance Sheet
At March 31, 2013, consolidated assets totaled ¥2,086,410 million, a ¥34,186 million decrease from March 31, 2012. Notable changes in asset accounts included a ¥24,847 million increase in investment securities due to exchange rate and equity price movements; a ¥21,460 million increase in inventories, mainly cigarette and fertilizer inventories; a ¥34,253 million decrease in notes and accounts receivable largely due to the divestment of a petroleum product sales company and reduction in chemical-related sales; and a ¥9,122 million decrease in cash and deposits due largely to redemption of bonds.

Consolidated liabilities at March 31, 2013, totaled ¥1,703,872 million, a decrease of ¥86,253 million from March 31, 2012. The decrease was attributable to a reduction in interest-bearing debt due largely to redemption of bonds and loan repayments and a ¥25,103 million decrease in trade notes and accounts payable largely due to the divestment of a petroleum product sales company.

With regard to net assets, the foreign currency translation adjustment account balance increased relative to March 31, 2012 by ¥34,190 million due to exchange rate movements, retained earnings increased ¥6,782 million due largely to net income earned in fiscal 2012, and net unrealized gains on available-for-sale securities increased ¥6,084 million due largely to equity price movements. As a result, total net assets inclusive of minority interests increased ¥52,066 million to ¥382,537 million over the course of fiscal 2012.

Sojitz consequently ended fiscal 2012 with a current ratio of 147% and a long-term debt ratio of 74%. Net interest-bearing debt (total interest-bearing debt less cash and deposits) at March 31, 2013, totaled ¥616,161 million, a ¥31,675 million decrease from March 31, 2012, resulting in a net interest bearing debt ratio of 1.70 at March 31, 2013.

In terms of funding, Sojitz remains committed to a basic financial strategy of maintaining and enhancing the stability of its capital structure under its *Medium-term Management Plan 2014*. Sojitz is endeavoring to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and building a stable funding structure by maintaining a sound long-term debt ratio as a target carried over from its previous medium-term plan.

As one source of long-term funding, Sojitz issued straight bonds in the amount of ¥10 billion in July 2012 and another ¥10 billion in April 2013. Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever advantageous opportunities to do so arise. Additionally, Sojitz maintains two committed credit lines, a ¥100 billion yen line and a US$300 million multicurrency line, as supplemental sources of precautionary liquidity.

Consolidated cash flows

In fiscal 2012, operating activities provided net cash of ¥51,524 million, investing activities used net cash of ¥13,580 million, and financing activities used net cash of ¥52,737 million. Sojitz ended fiscal 2012 with cash and cash equivalents of ¥424,371 million, adjusted to reflect foreign currency translation adjustments related to cash and cash equivalents.

(1) Cash flows from operating activities
Fiscal 2012 operating activities provided net cash of ¥51,524 million, a ¥40,076 million decrease from the previous fiscal year. Operating cash inflows, sources of which included income before income taxes and minority interests and a reduction in accounts receivable, exceeded operating cash outflows, uses of which included reduction of accounts payable.

(2) Cash flows from investing activities
Fiscal 2012 investing activities used net cash of ¥13,580 million, a ¥28,707 million decrease from the previous fiscal year. Investment outlays included capital expenditures related to resource concessions and ship purchases exceeded investment inflows, sources of which included sales of investment securities and aircraft.

(3) Cash flows from financing activities
Fiscal 2012 financing activities used net cash of ¥52,737 million, a ¥16,361 million increase from the previous fiscal year, as cash outlays to repay long-term loans and redeem bonds exceeded cash inflows from bond issuance and new borrowings.

3. Dividend Policy and Fiscal 2012-13 Dividends

In addition to paying stable dividends to shareholders on an ongoing basis, Sojitz is also committed to enhancing shareholder value and improving its competitiveness by accumulating and effectively utilizing retained earnings as a top management priority. Under its *Medium-term Management Plan 2014*, Sojitz has adopted a basic policy of maintaining a consolidated dividend payout ratio of around 20%.

In light of its fiscal 2012 results, the adequacy of its total equity, and funding requirements for investments in pursuit of growth, Sojitz has decided to pay a fiscal 2012 year-end dividend as follows.

(1) Type of property to be distributed as dividend
Cash

(2) Total value of dividend distribution and its allocation among shareholders
¥1.5 per share of Sojitz common stock, ¥1,876 million in total

Including the interim dividend of ¥1.5 per share paid on December 4, 2012, fiscal 2012 dividends will total ¥3 per share or ¥3,753 million in aggregate.

For fiscal 2013, Sojitz plans to pay annual common dividends of ¥4 per share (¥2 interim dividend plus ¥2 year-end dividend) based on its earnings forecast and comprehensive consideration of other relevant factors in accord with the aforementioned basic policy. Based on forecasted profit attributable to owners of the parent company, planned fiscal 2013 dividends equate to a (projected) dividend payout ratio of 20.0%.

Note: From fiscal 2013, Sojitz will conduct business performance management based on International Financial Reporting Standards (IFRS).

Caution regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are 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.

4. Business and Other Risks

1) Business risks

As a general trading company, the Sojitz Group is engaged in a wide range of businesses globally, including buying, selling, importing, and exporting goods, manufacturing and selling products, providing services, and planning and coordinating projects, in Japan and overseas. The Group also invests in various sectors and conducts financing activities. These operations are inherently exposed to various risks. The Group defines and classifies risks and manages them in accord with their nature. For quantifiable risks (market risk, credit risk, business investment risk, and country risk), the Group conducts comprehensive risk management, measuring risks and monitoring them based on risk asset scores derived from risk measurements. Although the group is strengthening and enhancing its risk management to deal with various risks, it cannot completely avoid these risks. In specific terms, the Group faces risks such as those described below.

(1) Risk of changes in the macroeconomic environment

As a general trading company with global operations, the Group operates a wide range of businesses in Japan and overseas, including Machinery, Energy & Metals, Chemicals and Consumer Lifestyle Businesses. The Group's earnings are influenced by economic conditions in Japan and other countries and the overall global economy. A global or regional economic slowdown could adversely affect the Group's operating performance and/or financial condition.

(2) Market risks

The Group is exposed to market risks, including exchange rate risk associated with transactions denominated in foreign currencies in connection with international trade or business investments; interest rate risk associated with debt financing and portfolio investment； commodity price risk associated with purchase and sale agreements and commodity inventories incidental to operating activities； and market price risk associated with ownership of listed securities and other such assets. The Group pursues a basic policy of minimizing these market risks through such means as matching assets and liabilities (e.g., long and short commodity exposures) and hedging with forward exchange contracts, commodity futures, forward commodity contracts, and interest rate swaps.

(a) Currency risk

The Group engages in import and export transactions, and offshore transactions, denominated in foreign currencies as a principal business activity. Whereas the revenues and expenditures associated with such transactions are mainly paid in foreign currencies, the Group's consolidated reporting currency is the Japanese yen. The Group is therefore exposed to the risk of fluctuations in the yen's value against foreign currencies. To prevent or limit losses stemming from this currency risk, the Group hedges its foreign currency exposure with forward exchange contracts. Even with such hedging, however, there is no assurance that the Group can completely avoid currency risk. The Group's operating performance and/or financial condition could be adversely affected by unanticipated market movements. Additionally, the Group's dividend income from overseas group companies and the profits and losses of overseas consolidated subsidiaries and equity method affiliates are largely denominated in foreign currencies. Their conversion into yen entails currency risk. The group also owns many foreign subsidiaries and operating companies. When these companies' financial statements are converted into yen terms, exchange rate movements could impair the Group's shareholders' equity through the foreign currency translation adjustment account.

(b) Interest rate risk

The Group raises funds by borrowing from financial institutions or issuing bonds to acquire fixed assets, invest in securities, and extend credit (e.g., through trade receivables). An increase in funding costs due to a sharp rise in interest rates could adversely affect the Group's operating performance and/or financial condition through income derived from and expenses incurred on assets and liabilities on the Group's balance sheet.

(c) Commodity price risk

As a general trading company, the Group deals in a wide range of commodities in its various businesses. It is consequently exposed to the risk of commodity price fluctuations. For market-traded commodities, the Group manages exposures and controls losses by setting (long and short) position limits and stop-loss levels for each of its organizational units. The Group also imposes and enforces stop-loss rules (i.e., rule that mandates prompt liquidation of losing positions and prohibits new trades in the same trading instrument for the remainder of the fiscal year if losses, including unrealized losses, reach a predetermined stop-loss level). Even with these controls, however, there is no assurance that the Group can completely avoid commodity price risk. The Group's operating performance and/or financial condition could be adversely affected by unanticipated market movements. The Group also monitors commodity inventories by business unit on a monthly basis to control inventory levels.

(d) Listed securities price risk

The Group has large holdings of marketable securities. Although the Group periodically reviews its rationale for owning its listed equity holdings in particular, a major decline in stock market could prejudice the Group's investment portfolio and, in turn, adversely affect the Group's operating performance and/or financial condition.

(3) Credit risk

The Group assumes credit risk by extending credit to many domestic and foreign customers through a variety of commercial transactions. To mitigate such credit risk, the Group assigns credit ratings to the customers, to which it extends credit, using an 11-grade rating scale and objective rating criteria. The Group also controls credit risk by setting rating-based credit limits on a customer-by-customer basis and enforcing the credit limits thus set. The Group also employs other safeguards (e.g., collateral and guarantees) as warranted by the customer’s creditworthiness. Additionally, the Group implements a system for assessing receivables. The Group screens the customers to which it has extended trade credit to identify those that meet certain criteria. It then reassesses the selected customers’ creditworthiness and the status of the Group’s claims against the customer. Through this approach, the Group is endeavoring to more rigorously ascertain credit risk and estimate provisions to allowance for doubtful accounts for individual receivables. For credit risk associated with deferred payments, loans, and credit guarantees, the Group periodically assesses whether profitability is commensurate with credit risk on a case-by-case-basis. For transactions that do not generate risk-commensurate returns, the Group takes steps to improve profitability or limit credit risk.

However, even with such credit management procedures, there is no assurance that the Group can completely avoid credit risk. If, for example, receivables are rendered uncollectible by a customer’s bankruptcy, the Group’s operating performance and/or financial condition could be adversely affected.

(4) Business investment risk

The Group invests in a wide range of businesses as one of its principal business activities. In doing so, it assumes the risk of fluctuations in the value of investments in businesses, interests and other investments. Because in many cases investments are relatively illiquid, the Group is also at risk of not recouping its investment as profitably as initially anticipated.

In the aim of preventing and limiting losses from business investments, the Group has established standards for rigorously prescreening prospective business investments and monitoring and withdrawing from investments.

In screening prospective investments, the Group analyzes business plans, including cash flow projections, and rigorously assesses the businesses' prospects. It has also established procedures, including an IRR (internal rate of return) hurdle rate screen, to enable it to identify investments with the potential to generate returns commensurate with risk.

Once the Group has invested in a business venture, it closely monitors the business through such means as periodic reassessment of the business's prospects to minimize losses through early identification of problems. To identify problems with business investments at an early stage and minimize losses on divestiture or liquidation, the Group sets exit conditions and acts decisively to opportunely exit investments that have failed to generate risk-commensurate returns.

Even with such procedures for screening prospective investments and monitoring existing investments, the Group cannot completely avoid the risk of investment returns falling short of expectations or business activities themselves turning out to be not executable as planned.

The Group could incur losses when exiting business ventures or may be precluded from exiting business ventures as intended due to circumstances such as relationships with partners in the ventures. In such an event, the Group's operating performance and/or financial condition could be adversely affected.

(5) Country risk

To minimize losses from realization of country risk, the Group recognizes that it must avoid concentrated exposure to any single country or region. In conducting business in countries that pose substantial country risk, the Group generally hedges against country risk on a transaction-by-transaction basis through such means as purchasing trade insurance.

In managing country risk, the Group assigns country-risk ratings to individual countries and regions and sets net exposure (gross exposure less trade insurance coverage and/or other country-risk hedges) limits based on the country's size and assigned rating. The Group limits its net exposure to individual countries to no more than the net exposure limit. However, even with these risk controls and hedges, the Group cannot completely eliminate the risk of losses or not being able to conduct business activities as planned due to changes in political, economic, and societal conditions in the countries in which the Group conducts business activities or countries in which the Group's customers are located. In the event of such losses, the Group's operating performance and/or financial condition could be adversely affected.

(6) Fixed asset impairment risk

The Group is exposed to the risk of impairment of the value of its non-current assets, including real estate holdings and other property and equipment, as well as leased assets. The Group uses asset impairment accounting and books necessary impairment losses at the end of the fiscal year in which the impairment occurred. However, if assets subject to asset impairment accounting decline materially in value due to a decline in their market prices, recognition of necessary impairment losses could adversely affect the Group’s operating performance and/or financial condition.

(7) Financing risk

The Group largely funds its operations by issuing bonds and borrowing funds from financial institutions. Accordingly, in the event of a disruption of the financial system or financial or capital markets, or a major downgrade of the Group's credit rating by a rating agency, the Group's operating performance and/or financial condition could be adversely affected by funding constraints and/or increased financing costs.

(8) Environmental risk

The Group regards environmental preservation as an important management consideration. The Group has prescribed environmental policies and is proactively addressing environmental problems through such means as complying with environmental laws and regulations and assessing the environmental impact of prospective investments and development projects. Despite such measures, the Group's business activities could still pollute the environment. In such an event, the Group could incur costs due to project suspension, environmental remediation and purification, and/or litigation.

(9) Compliance risk

The Group conducts diverse business activities subject to a broad range of laws and regulations, including corporation laws, tax laws, anti-bribery and other anti-corruption laws, antitrust laws, foreign exchange laws and other trade-related laws, and various industry-specific laws, including chemical regulations.

To ensure compliance with these laws and regulations, the Group has formulated a compliance program, established compliance committees, and promotes rigorous regulatory compliance on a Group-wide basis.

However, such measures cannot completely eliminate the compliance risk entailed by the Group's business activities. Additionally, the Group's operating performance and/or financial condition could be adversely affected by major statutory or regulatory revisions or application of an unanticipated interpretation of existing laws or regulations.

(10) Litigation risk

Litigation or other legal proceedings (e.g., arbitration) may be initiated in Japan or overseas against the Group or certain of its assets in connection with the Group's business activities. Due to the uncertain nature of litigation and other legal proceedings, it is not possible to predict the effect that such risks might have on the Group at the current point in time. Nevertheless, such risks could have an adverse impact on the Group's operating performance and financial position.

(11) Information system and information security risks

The Group has prescribed regulations and established oversight entities, mainly internal committees, to appropriately protect and manage information assets. The Group also has implemented safeguards (e.g., installation of redundant hardware) against failure of key information systems and network infrastructure. Additionally, the group is endeavoring to strengthen its safeguards against information leaks through such means as installing firewalls to prevent unauthorized access by outsiders, implementing antivirus measures, and utilizing encryption technologies.

While the Group is endeavoring to strengthen overall information security and prevent system failures, it cannot completely eliminate the risk of important information assets, including personal information, being leaked or damaged by an unknown computer virus or unauthorized access to its computer systems. Nor can the Group eliminate the risk of its information and communication systems being rendered inoperable by an unforeseeable natural disaster or system failure. In such an event, the Group's operating performance and/or financial condition could be adversely affected, depending on the extent of the damage.

(12) Natural disaster risk

The Group could be directly or indirectly affected in the event of an earthquake, flood, storm, or other natural disaster that damages offices or other facilities or injures employees. The Group has prepared disaster response manuals, conducts disaster response drills, has established an employee safety confirmation system, and has formulated a business continuity plan, but it cannot completely avoid the risk of damage from natural disasters. The Group's operating performance and/or financial condition could be adversely affected by natural disasters.

2) Risks related to the current Medium-Term Management Plan 2014 ’Change for Challenge’,

As noted in “Management Policies,” the Group engages in the medium-term management plan 2014, ’Change for Challenge’, for fiscal 2012-14.
Despite the Group's efforts, there is no assurance that all of the medium-term management plan 2014’s targets will be achieved. Initiatives directed at achieving the targets may not progress as planned or may not be as successful as anticipated.

Group Business Operations

Sojitz Group is engaged in a wide range of businesses on a global basis as a general trading company or sogo-shosha. Our main businesses are trading, import, and export of products, domestic and overseas manufacture and sale of a diverse array of products, provision of domestic and overseas services, planning and organizing of various projects, investment in diversified business areas, and financial activities.
The Group consists of 470companies, including 446 consolidated subsidiaries and affiliates, of which 335 are subsidiaries and 135 are affiliates.
The following table lists our products, services, and main subsidiaries and affiliates by industry segment.

As of March 31, 2013

Segment	Main products and services	Main subsidiaries and affiliates (Main business; Status within consolidated group)
Machinery	Automobiles and automotive components; automobile-related equipment; construction equipment; ships; vehicles; aircraft and aerospace-related equipment; communication infrastructure equipment; equipment for electronics industries; general plant equipment for steel manufacturing, cement plants, chemical plants, etc.; electric power; electronics-related equipment (equipment for power generation, conversion, transmission, etc.); infrastructure business; bearings; industrial generators; various types of industrial machineries; machinery for the processing of metals and related equipment; IT-related business; information processing; computer software development; etc.	-Sojitz Machinery Corporation (Trading and sale of general industrial machinery; Subsidiary) - Sojitz Aerospace Corporation (Import, export and domestic sale of aerospace-related and defense-related equipment; Subsidiary) - Sojitz Marine & Engineering Corporation (Sale, purchase and charter brokerage, ship operation management, domestic sale and import/export of marine-related equipment and materials; Subsidiary) - Nissho Electronics Corporation (IT systems, network services; Subsidiary) - SAKURA Internet Inc. (Internet data center operator; Subsidiary) - MMC Automotoriz, S.A (Import, assembly and sale of automobiles; Subsidiary) - Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia; Subsidiary) - Densan Co., Ltd., (Information processing, communication service, software development, system provisioning service; Affiliate) Number of subsidiaries: 99 (Domestic: 24, Overseas: 75) Number of affiliates: 40 (Domestic:6, Overseas: 34)
Energy & Metal	Oil and gas; petroleum products; coke; carbon products; nuclear fuels; nuclear power-related equipment and machinery; coal; iron ore; ferroalloys (nickel, molybdenum, vanadium, other rare metals); ores; alumina; aluminum; copper; zinc; tin; precious metals; ceramics and minerals; floating production strage and offloading unit; infrastructure; energy and chemicals-related projects; LNG-related business; steel-related business;environmental business; etc.	- Sojitz Ject Corporation (Coke, carbon products, trading in various minerals; Subsidiary) - Tokyo Yuso Co., Ltd. (Stockpiling of petroleum products etc., storage, logistics; Subsidiary) - Sojitz Coal Resources Pty ltc. (Investment in coal mines; Subsidiary) - Sojitz Moly Resources, Inc. (Investment in molybdenum mine; Subsidiary) - Sojitz Energy Venture Inc. (Oil and gas development; Subsidiary) - Metal One Corporation (Import, export, and sale of, and domestic and foreign trading in, steel-related products; Affiliate) - LNG Japan Corporation (LNG business and related investments and loans; Affiliate) - Coral Bay Nickel Corporation (Manufacture and sale of nickel and cobalt mixed sulfide; Affiliate) - Japan Alumina Associates (Australia) Pty. Ltd. (Manufacture of alumina; Affiliate) Number of subsidiaries: 44 (Domestic: 8, Overseas: 36) Number of affiliates: 21 (Domestic: 7, Overseas: 14)
Chemicals	Organic chemicals; inorganic chemicals; functional chemicals; fine chemicals; industrial salt; cosmetics; foodstuff additives; rare earths; commodity resins; raw materials for plastics including engineering plastics; film sheets for industry, packaging, and foodstuffs; plastic molding machines; other plastic products; electronics materials including liquid crystals and electrolytic copper foil; fiber materials for use in industrial supplies; etc.	-Sojitz Pla-Net-Holdings, Inc (Holdings company for plastics businesses; Subsidiary) - Sojitz Pla-Net Corporation (Trading and sale of plastics and related products; Subsidiary) - Pla Matels Corporation (Trading and sale of plastics and related products; Subsidiary) - Sojitz Cosmetics Corporation (Development, product planning and sale of cosmetics; Subsidiary) - P.T. Kaltim Methanol Industri (Manufacture and sale of methanol; Subsidiary) - Metton America, Inc. (Manufacture and sales of metton resins); Subsidiary) - P.T. Moriuchi Indonesia (Manufacture of industrial fabrics; Affiliate) Number of subsidiaries: 31 (Domestic: 12, Overseas: 19) Number of affiliates: 22 (Domestic: 7, Overseas: 15)
Consumer Lifestyle Business	Grains; flour; oils and fats; oilstuff; feed materials; marine products; processed seafood; fruits and vegetables; frozen vegetables; frozen foods; sweets; raw ingredients for sweets; coffee beans; sugar; other foodstuffs and raw ingredients; chemical fertilizers; cotton and synthetic fabrics; non-woven fabrics; knitted fabrics and products; raw materials for textiles; clothing; interior accessories; bedclothes and home fashion-related products; nursery items; general commodities; construction materials; imported timber; timber products such as lumber, plywood, and laminated lumber; building materials; afforestation; manufacture and sale of wood chips; industrial park; etc.	- Sojitz Building Materials Corporation (Sale of construction materials; Subsidiary) - Sojitz Foods Corporation (Sale of sugar, dairy products, farmed and marine products, processed foods, and other foodstuffs; Subsidiary) - Daiichibo Co., Ltd. (Manufacture and sale of textiles, storage distribution, shopping center management; Subsidiary) - Sojitz Infinity Inc. (Planning, manufacture, and sale of apparel; Subsidiary) - Sojitz General Merchandise Corporation (Import, export and domestic wholesale of general commodities; Subsidiary) - Sojitz Fashion Co., Ltd. (Processing and sale of fabrics; Subsidiary) - Sojitz Yoshimoto Ringyo Co., Ltd. (Sale of lumber, plywood, etc.; Subsidiary) - Thai Central Chemical Public Co., Ltd (Manufacture and sale of chemical fertilizers; sale of imported fertilizer products; Subsidiary) - Vietnam Japan Chip Vung Ang Corporation (Afforestation; manufacture and sale of wood chips; Subsidiary) - Sojitz Now Apparel Ltd. (Garment agent and trader; Subsidiary) - JALUX Inc. (Logistics and services in the in-flight, airport retail, lifestyle-related, and customer service business fields; Affiliate) - Fuji Nihon Seito Corporation (Manufacture, refining, processing and sale of sugar; Affiliate) - Yamazaki-Nabisco Co., Ltd. (Manufacture of sweets; Affiliate) - Nissho Iwai Paper & Pulp Corporation (Sales of pulp and recycled paper as well as paper and paperboard products; Affiliates) - Tachikawa Forest Products (N.Z.) Ltd. (Saw milling; Affiliate) Number of subsidiaries: 50 (Domestic: 17, Overseas: 33) Number of affiliates: 28 (Domestic: 10, Overseas: 18)
Other	Administration, domestic branches, logistics and insurance services, aircraft leasing, real estate-related business (investment, dealing, leasing, management etc.), administration of commecial facilities; etc.	- Sojitz Kyushu Corporation (Domestic regional operating company; Subsidiary) - Sojitz Logistics Corporation (Logistic services; land, sea and air cargo handling; international non vessel operating common carrier (NVOCC) transportation; Subsidiary) - Sojitz Insurance Agency Corporation (Accident insurance and life insurance agency services; Subsidiary) - Sojitz Shared Service Corporation (Shared services and consulting regarding HR, accounting and finance; temporary staffing services; Subsidiary) - Sojitz General Property Management Corporation (Condominium and office building management, real estate agency services : Subsidiary) - Sojitz New Urban Development Corporation (Consignment sales of newly constructed sales of condominiums, real estate brokerage, leasing and administration of buidings and retail property; Subsidiary) - Sojitz Commerce Development Corporation (Development, construction, operation and lease of retail property) - Sojitz Aircraft Leasing B. V. (Aircraft operating lease; Subsidiary) Number of subsidiaries: 61 (Domestic: 35, Overseas: 26) Number of affiliates: 9 (Domestic: 2, Overseas: 7)

Overseas	We are engaged in wide range of activities as a general trading company, trading in thousands of products overseas.	- Sojitz Corporation of America (Subsidiary) - Sojitz Europe plc (Subsidiary) - Sojitz Asia Pte. Ltd (Subsidiary) - Sojitz (Hong Kong) Ltd. (Subsidiary) - Sojitz (China) Co., Ltd. (Subsidiary) Number of subsidiaries: 50 (Overseas: 50) Number of affiliates: 15 (Overseas: 15)

Note 1: The following five companies are listed in the Japanese stock market as of March 31, 2013:Densan Co., Ltd., JALUX Inc. (TSE 1st section), Fuji Nihon Seito Corporation (TSE 2nd section), SAKURA Internet Inc. (Mothers), and Pla Matels Corporation (JASDAQ).

Note 2: From September 1st, 2012, Sojitz Realnet Corporation changed its name to Sojitz New Urban Development Corporation.

Management Policies

(1) Fundamental Policy

Sojitz is endeavoring to enhance its corporate value by realizing its Management Vision of the company it aspires to become and the common principles it embraces in accord with the Sojitz Group Statement below.

Sojitz Group Statement

The Sojitz Group produces new sources of wealth by connecting the world's economies, cultures and people in a spirit of integrity.

Sojitz Group Slogan

New way, New value

Sojitz Group Management Vision

Unrelentingly enhance the Group's trading company functions, as demanded by clients, by fully grasping and anticipating clients' diverse needs (Function-oriented trading company)

Take advantage of changes and continuously develop new business fields (Innovating trading company)

Become a company in which each and every employee can work with pride and pursue challenges and explore opportunities to realize his or her own personal goals and ambitions (Open and flexible company)

Seek to harmonize the Group's corporate activities with society and the environment by consistently putting the Group's statement into practice (Socially contributive company)

(2) Medium- to Long-term Business Strategy and Prospective Challenges

Under its new three-year management plan launched in April 2012 and entitled *Medium-Term Management Plan 2014: Change for Challenge* , the Group aims to increase its corporate value based on the theme "implementing reforms in pursuit of growth initiatives."

Implement reforms in pursuit of growth initiatives

- Strengthen earnings capacity by improving the quality of assets
- Continue investing for growth (Strategic allocation to business focus areas)
- Build up a structure and organization that enables its business to be creative, efficient, and highly capable of managing risk
- Foster human resources that are able to go the distance even in a business environment typified by accelerating globalization

Enhance the financial foundation through the accumulation of shareholders' equity

Improving corporate value and pursuing greater achievements

(3) Targeted Performance Indicators
The targeted performance indicators in Medium-term Management Plan 2014:'Change for Challenge' are as follows:

Performance indicator	Target
Net D/E ratio	2.0 times or lower
ROA	2% or higher
Dividend payout ratio	approximately 20%

(4) Progress of the Medium-term Management Plan and issues to be addressed

One of the measures that we are thoroughly implementing as we work to achieve the quantitative targets of the Medium-term Management Plan 2014 is the improvement of the quality and efficiency of assets. We will continue investing for growth and replace businesses and assets that would not be very meaningful to hold onto or that have little relation to our existing businesses as we strive to improve the quality of assets and strengthen our earnings capacity.
During the fiscal year under review, we sold off petroleum products marketing business assets and real estate-related assets while we conducted investments and loans for future growth in fields such as coal interests and IPPs (independent power producers) in the Middle East that constitute business strengths.
From the fiscal year ending March 31, 2014, we will continue to improve the quality of our assets while working to accelerate the building of an earnings base through investments and loans for future growth.
Meanwhile, in terms of our organization and structure, we are implementing key measures aimed at building up a structure and organization that enables us to conduct business that is supported by advanced risk management capabilities so that we can respond flexibly to changes in the operating environment. During the fiscal year under review, we established a Controller Office in the Energy & Metal Division for the purpose of front-line risk management and the improvement and strengthening of balance sheet and cash flow management. In addition to the opening of a new Controller Office in the Consumer Lifestyle Business Division in April 2013, controller offices are to be gradually established in other divisions to strengthen risk management capabilities, project development capabilities, and business operational capabilities as part of our efforts to promptly build up high-quality assets.

The Company will adopt IFRS, disclosing its financial statements in compliance with International Financial Reporting Standards. By doing so, we aim to enable stakeholders to more conveniently compare disclosure documents of Sojitz and Group companies, and ensure standardization of accounting treatment within the Group. Accordingly, from the fiscal year ending March 31, 2014, Sojitz will conduct business performance management based on International Financial Reporting Standards.

Caution Regarding Forward-looking Statements
The forecasts appearing above constitute forward-looking statements. They are 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.

Consolidated Balance Sheets
As of March 31, 2013 and 2012

(Millions of Yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	442,706	433,584
Notes and accounts receivable-trade	490,708	456,455
Securities	1,297	100
Inventories	270,645	292,105
Short-term loans receivable	5,667	2,222
Deferred tax assets	4,577	4,132
Other	88,132	79,120
Allowance for doubtful accounts	(5,583)	(3,449)
Total current assets	1,298,151	1,264,271
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	116,084	117,969
Accumulated depreciation	(57,457)	(55,420)
Buildings and structures, net	58,626	62,549
Machinery, equipment and vehicles	168,030	191,706
Accumulated depreciation	(81,810)	(86,292)
Machinery, equipment and vehicles, net	86,220	105,414
Land	53,429	44,163
Construction in progress	26,169	5,873
Other	22,431	24,669
Accumulated depreciation	(13,616)	(14,337)
Other, net	8,814	10,331
Total property, plant and equipment	233,260	228,332
Intangible assets		
Goodwill	44,612	39,865
Other	79,884	86,248
Total intangible assets	124,497	126,114
Investments and other assets		
Investment securities	313,897	338,744
Long-term loans receivable	22,415	31,311
Bad debts	68,164	59,670
Deferred tax assets	22,442	13,710
Real estate for investment	31,934	26,608
Other	52,788	43,830
Allowance for doubtful accounts	(47,223)	(46,375)
Total investments and other assets	464,419	467,500
Total noncurrent assets	822,177	821,947
Deferred assets		
Other	266	190
Total deffered assets	266	190
Total assets	2,120,596	2,086,410

Consolidated Balance Sheets
As of March 31, 2013 and 2012

(Millions of Yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	461,799	436,696
Short-term loans payable	282,524	242,267
Commercial papers	2,000	2,000
Current portion of bonds	35,000	30,000
Income taxes payable	8,850	5,407
Deferred tax liabilities	87	245
Provision for bonuses	6,254	6,154
Other	150,906	136,238
Total current liabilities	947,422	859,010
Noncurrent liabilities		
Bonds payable	80,000	60,000
Long-term loans payable	691,018	715,478
Deferred tax liabilities	20,596	19,509
Deferred tax liabilities for land revaluation	696	–
Provision for retirement benefits	14,232	14,998
Provision for directors' retirement benefits	648	630
Other	35,509	34,244
Total noncurrent liabilities	842,702	844,862
Total liabilities	1,790,125	1,703,872
Net assets		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	151,706	158,488
Treasury stock	(179)	(179)
Total shareholders' equity	464,026	470,808
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	7,626	13,710
Deferred gains or losses on hedges	935	(104)
Revaluation reserve for land	(2,120)	3
Foreign currency translation adjustment	(163,686)	(129,496)
Unfunded retirement benefit obligation with respect to foreign consolidated companies	(875)	(1,385)
Total Accumulated Other Comprehensive Income	(158,121)	(117,272)
Minority interests	24,565	29,000
Total net assets	330,471	382,537
Total liabilities and net assets	2,120,596	2,086,410

Consolidated Statement of Profit and Loss for the Year Ended March 31, 2013 and 2012

Millions of Yen

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2013
Net sales	4,494,237	3,955,907
Cost of sales	4,262,671	3,763,842
Gross profit	231,566	192,064
Selling, general and administrative expenses	167,044	158,759
Operating income	64,522	33,305
Non-operating income		
Interest income	5,994	4,924
Dividends income	4,978	2,587
Equity in earnings of affiliates	12,566	15,588
Foreign exchange gains	—	5,408
Other	13,603	11,443
Total non-operating income	37,142	39,952
Non-operating expenses		
Interest expenses	24,212	21,021
Interest on commercial papers	5	4
Foreign exchange losses	145	—
Loss on valuation of derivatives	3,307	10,568
Other	11,765	7,185
Total non-operating expenses	39,436	38,779
Ordinary Income	62,228	34,478
Extraordinary income		
Gain on sales of noncurrent assets	3,217	3,402
Gain on sales of investment securities	9,039	6,802
Gain on sales of equity investment without stock	556	3,497
Gain on change in equity	24	5
Gain on negative goodwill	1,207	31
Gain on step acquisitions	194	—
Total extraordinary income	14,239	13,739
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	824	770
Loss on sales of real estate for investment	18	—
Impairment loss	6,101	11,893
Loss on sales of investment securities	122	31
Loss on sales of equity investment without stock	5	—
Loss on revaluation of securities	2,640	1,530
Loss on change in equity	205	18
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	2,648	1,672
Loss on litigation	2,348	582
Retirement benefit expenses	99	—
Total extraordinary losses	15,014	16,498
Income before income taxes and minority interests	61,454	31,719
Income taxes-current	18,482	11,441
Income taxes-deferred	43,821	2,012
Total income taxes	62,304	13,453
Income before minority interests	(850)	18,265
Minority interests in income	2,799	4,002
Net income	(3,649)	14,263

Consolidated Statement of Comprehensive Income
for the Year Ended March 31, 2013 and 2012

Millions of Yen

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2013
Income before minority interests	(850)	18,265
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,802)	5,216
Deferred gains or losses on hedges	(1,899)	1,277
Revaluation reserve for land	77	—
Foreign currency translation adjustment	(1,302)	20,417
Unfunded retirement benefit obligation with respect to foreign consolidated companies	(184)	(201)
Share of other comprehensive income of associates accounted for using equity mettod	(10,660)	11,875
Total Other comprehensive income	(16,772)	38,585
Comprehensive income	(17,622)	56,851
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(20,212)	49,939
Comprehensive income attributable to minority interests	2,589	6,911

Consolidated Statements of Cash Flows
for the Year Ended March 31, 2013 and 2012

(Millions of Yen)

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	61,454	31,719
Depreciation and amortization	33,289	30,944
Impairment loss	6,101	11,893
Loss on valuation of investment securities	2,640	1,530
Amortization of goodwill	4,998	4,774
Increase (decrease) in allowance for doubtful accounts	(15,162)	(3,590)
Increase (decrease) in provision for retirement benefits	1,130	1,744
Interest and dividends income	(10,972)	(7,512)
Interest expenses	24,217	21,026
Foreign exchange losses (gains)	445	(9,447)
Equity in (earnings) losses of affiliates	(12,566)	(15,588)
Loss (gain) on sales of investment securities	(9,286)	(10,255)
Loss (gain) on sales and retirement of noncurrent assets	(2,393)	(2,632)
Loss (gain) on step acquisitions	(194)	–
Decrease (increase) in notes and accounts receivable-trade	(19,910)	35,621
Decrease (increase) in inventories	(25,494)	(13,210)
Increase (decrease) in notes and accounts payable-trade	47,570	(21,792)
Other, net	27,277	17,224
Subtotal	113,145	72,448
Interest and dividends income received	18,933	18,757
Interest expenses paid	(23,883)	(21,588)
Payments for loss on litigation	—	(3,082)
Income taxes paid	(16,593)	(15,011)
Net cash provided by (used in) operating activities	91,600	51,524
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(11,048)	7,790
Decrease (increase) in short-term investment securities	623	37
Purchase of property, plant and equipment	(35,745)	(26,886)
Proceeds from sales of property, plant and equipment	13,419	15,306
Purchase of intangible assets	(8,698)	(11,802)
Purchase of investment securities	(10,025)	(3,085)
Proceeds from sales and redemption of investment securities	19,402	18,484
Decrease (increase) in short-term loans receivable	3,745	3,453
Payments of long-term loans receivable	(13,548)	(11,697)
Collection of long-term loans receivable	1,489	2,412
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,340)	(5,624)
Net decrease from sale of consolidated subsidiaries	(707)	1,530
Other, net	1,144	(3,500)
Net cash provided by (used in) investing activities	(42,287)	(13,580)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,433	(9,419)
Proceeds from long-term loans payable	128,061	236,109
Repayment of long-term loans payable	(133,646)	(247,581)
Proceeds from issuance of bonds	39,800	9,953
Redemption of bonds	(67,719)	(35,000)
Proceeds from stock issuance to minority shareholders	66	68
Purchase of treasury stock	(9)	(0)
Cash dividends paid	(3,753)	(3,753)
Cash dividends paid to minority shareholders	(1,416)	(1,382)
Other, net	(1,193)	(1,732)
Net cash provided by (used in) financing activities	(36,376)	(52,737)
Effect of exchange rate change on cash and cash equivalents	(923)	11,890
Net increase (decrease) in cash and cash equivalents	12,012	(2,902)
Cash and cash equivalents at beginning of period	415,261	427,274
Cash and cash equivalents at end of period	427,274	424,371

◆Segment Information

1. Overview of reportable segment

The Company's reportable segments are components of the Company about which separate financial information is available.
These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.
The Company's business divisions at head office are delineated based on goods and service categories.
Each of the divisions is engaged in a wide range of businesses globally (in Japan and overseas), including buying, selling, importing, and exporting goods, manufacturing and selling products, providing services, planning and coordinating projects, investing in various sectors, and conducting financing activities.
The Company's operations are therefore segmented based on the goods and services handled by each of the divisions.
The Company's four reportable segments are the Machinery segment, the Energy & Metal segment, the Chemicals segment, and the Consumer Lifestyle Business segment.
The Company's main products and series in each reportable segment are described in "Group Business Operations"

2. Calculation of net sales by segment, segment income/loss, segment assets, and other amounts

Accounting procedures adopted for reportable business segments, except those for tax expenses, largely correspond to those used to prepare the company's consolidated financial statements.
Amounts for inter-segment transactions are based on market prices or prices applying to transactions with third parties.

3. Net sales by segment, segment income/loss, segment assets, and other amounts

For the year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

	Reportable Segment					Other (note 1)	Total	Adjustment (note 2)	Amounts on the consolidated statement of profit and loss (note 3)
	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business	Subtotal				
Net sales and segment income (loss)									
Net sales									
(1) Customers	1,030,555	1,050,725	687,890	1,669,504	4,438,675	55,561	4,494,237	-	4,494,237
(2) Inter-segment	2,486	1,383	5,347	3,023	12,240	4,126	16,366	(16,366)	-
Total	1,033,041	1,052,108	693,238	1,672,527	4,450,915	59,688	4,510,604	(16,366)	4,494,237
Segment income (loss)	8,085	27,275	5,752	4,035	45,149	(2,942)	42,206	(45,855)	(3,649)
Segment assets	392,172	541,152	272,268	393,547	1,599,140	252,754	1,851,895	268,701	2,120,596
Other									
Depreciation and amortization	6,757	15,878	2,752	2,421	27,809	5,305	33,115	174	33,289
Amortization of goodwill	1,344	822	1,448	833	4,448	550	4,998	-	4,998
Interest income	944	2,565	317	739	4,567	1,651	6,219	(224)	5,994
Interest expenses	6,107	9,916	3,643	5,643	25,310	(868)	24,442	(224)	24,217
Equity in earnings (losses) of affiliates	2,778	7,765	853	952	12,349	212	12,562	4	12,566
Extraordinary income	5,996	6,118	211	680	13,007	1,232	14,239	-	14,239
Gain on sales of noncurrent assets	1,848	406	0	21	2,276	940	3,217	-	3,217
Gain on sales of investment securities	2,557	5,708	211	443	8,921	117	9,039	-	9,039
Extraordinary loss	2,385	1,674	433	2,912	7,404	5,513	12,918	2,095	15,014
Impairment loss	258	1,176	9	204	1,648	4,452	6,101	-	6,101
Loss of revaluation securities	361	132	8	18	520	24	544	2,095	2,640
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	1,516	55	116	120	1,809	839	2,648	-	2,648
Tax expenses	6,422	9,988	3,589	1,608	21,607	(3,474)	18,132	44,171	62,304
Amount invested in equity-method affiliates	21,161	163,455	10,593	18,329	213,538	4,594	218,133	(473)	217,659
Property, plant and equipment and Intangible assets increase	15,721	22,168	750	2,444	41,084	3,359	44,443	-	44,443

Notes:

1. "Other" includes functional services, regional companies in Japan, logistics and insurance services, aircraft leasing, real estate and other investment, and retail property development.
2. The (45,855) million yen adjustment for segment income (loss) includes the (44,171) million yen difference between (a) actual tax expenses incurred by the Company and (b) tax expenses calculated using internally-defined methods and allocated to each segment.
It also includesand 411 million yen, for dividend income and (2,095) million yen, comprising loss on revaluation of investment securities, associated with unallocated shared corporate assets.
The 268,701 million yen adjustment for segment assets includes (43,530) million yen in inter-segment eliminations and 312,232 million yen in unallocated shared corporate assets, mainly comprising (a) surplus funds invested in cash, deposits and other financial instruments and (b) investment securities.
Adjustments for other items listed, namely depreciation and amortization, interest income, interest expenses, equity in earnings of affiliates, and amount invested in equity-method affiliates, mainly comprise inter-segment eliminations.
3. Segment income (loss) adjustments are based on the net income reported in the consolidated statement of profit and loss for the corresponding period.

For the year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

	Reportable Segment					Other (note 1)	Total	Adjustment (note 2)	Amounts on the consolidated statement of profit and loss (note 3)
	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business	Subtotal				
Net sales and segment income (loss)									
Net sales									
(1) Customers	948,578	888,017	571,204	1,490,849	3,898,648	57,258	3,955,907	-	3,955,907
(2) Inter-segment	1,750	962	4,298	3,848	10,859	4,477	15,336	(15,336)	-
Total	950,328	888,979	575,503	1,494,697	3,909,508	61,735	3,971,244	(15,336)	3,955,907
Segment income (loss)	1,963	16,214	1,978	6,884	27,041	(2,790)	24,250	(9,987)	14,263
Segment assets	383,513	520,087	265,907	416,705	1,586,213	259,837	1,846,050	240,359	2,086,410
Other									
Depreciation and amortization	7,549	13,286	2,385	2,557	25,778	5,165	30,944	-	30,944
Amortization of goodwill	1,273	871	1,447	888	4,481	292	4,774	-	4,774
Interest income	820	2,228	369	615	4,035	1,358	5,393	(469)	4,924
Interest expenses	5,947	8,892	3,322	5,215	23,377	(1,881)	21,495	(469)	21,026
Equity in earnings (losses) of affiliates	3,677	9,855	(83)	2,410	15,859	(282)	15,577	10	15,588
Extraordinary income	6,210	4,663	1,504	637	13,015	370	13,386	353	13,739
Gain on sales of noncurrent assets	870	1,152	801	285	3,110	292	3,402	-	3,402
Gain on sales of investment securities	1,829	3,510	691	346	6,377	71	6,449	353	6,802
Extraordinary loss	3,533	5,798	1,276	320	10,928	5,419	16,347	150	16,498
Impairment loss	1,434	4,814	287	212	6,749	5,143	11,893	-	11,893
Loss of revaluation securities	1,017	282	29	2	1,332	47	1,379	150	1,530
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	810	(9)	791	41	1,633	39	1,672	(0)	1,672
Tax expenses	3,671	(7,584)	3,716	2,821	2,624	329	2,953	10,500	13,453
Amount invested in equity-method affiliates	24,885	182,483	11,285	21,244	239,899	3,599	243,499	(466)	243,032
Property, plant and equipment and Intangible assets increase	10,159	19,785	867	4,304	35,116	3,572	38,688	-	38,688

Notes:

1. “Other” includes functional services, regional companies in Japan, logistics and insurance services, aircraft leasing, real estate and other investment, and retail property development.
2. The (9,987) million yen adjustment for segment income (loss) includes the (10,500) million yen difference between (a) actual tax expenses incurred by the Company and (b) tax expenses calculated using internally-defined methods and allocated to each segment.
   It also includesand 513 million yen for dividend income associated with unallocated shared corporate assets.
   The 240,359 million yen adjustment for segment assets includes (63,448) million yen in inter-segment eliminations and 303,807 million yen in unallocated shared corporate assets, mainly comprising (a) surplus funds invested in cash, deposits and other financial instruments and (b) investment securities.
   Adjustments for other items listed, namely interest income, interest expenses, equity in earnings (losses) of affiliates, and amount invested in equity-method affiliates, mainly comprise inter-segment eliminations.
3. Segment income (loss) adjustments are based on the net income reported in the consolidated statement of profit and loss for the corresponding period.

Changes in segmentation

Effective the fiscal year ended March 31, 2013, the domestic real estate business previously belonging to the Lifestyle Business division was reclassified as Other in an aim to strengthen the asset management base and functionality.
In addition, former Chemicals and Functional Materials division changed to Chemicals division.
Results for the fiscal year ended March 31, 2012 in the Segment information are stated in the business division after the change was made.