Condensed Transcript of Q&A Session Regarding Results Briefing for the Fiscal Year Ended March 31, 2013 (May 9, 2013)

Q. Why are you forecasting the net income for the Energy & Metal Division in the fiscal year ending March 31, 2014, to be unchanged from the fiscal year ended March 31, 2013?

A. Revenues are actually expected to improve. One factor contributing to this improvement will be the fact that the Brazilian bioethanol producing company for which equity in earnings losses of affiliates was recorded in the fiscal year ended March 31, 2013, is no longer an affiliate accounted for under the equity method. Another contributing factor will be resumed production at certain oil and gas interests that halted operations during the fiscal year ended March 31, 2013. However, as we recorded internal income taxes during the fiscal year ended March 31, 2013, which boosted net income in that year, net income in the fiscal year ending March 31, 2014, will be relatively unchanged.

Q. The assumptions for the commodity prices on which you are basing forecasts for the fiscal year ending March 31, 2014, seem to presume market conditions that are slightly better than those seen currently. Is there any concern that performance in the coming fiscal year might fall below forecasted levels?

A. Looking at current conditions, our assumptions for commodity prices in the fiscal year ending March 31, 2014, may be somewhat high. However, we have implemented hedging measures that will prevent declines in performance to a certain degree should conditions deteriorate.

Q. The adoption of the International Financial Report Standards (IFRS) is expected to result in an increase of ¥35.0 billion in the figure for total equity on March 31, 2014, in comparison to the reference figure for forecasted total equity under Japanese accounting standards. What are the reasons for this increase?

A. The adoption of IFRS standards will result in unlisted securities being recorded on the books at fair value. For this reason, investment securities and net unrealized gain on available-for-sale securities will increase by a combined total of between ¥20.0 billion and ¥30.0 billion, which will be the main factor behind the rise in total equity.

Q. Your plans for investments and loans in the fiscal year ending March 31, 2014, call for an emphasis on projects that will start contributing to earnings in the fiscal year ending March 31, 2015. Specifically, in what fields do you plan to conduct such investments and loans?

A. Medium-term Management Plan 2014 – Change for Challenge plans for investments and loans totaling ¥180.0 billion to be conducted over the three-year period of the plan. These will be conducted primarily in business focus areas such as IPP, transportation, renewable energy, and industrial park projects. In addition to these areas, we will also accelerate investment and loan projects in fields in which the Company is traditionally strong, including non-resource fields such as air crafts and automobiles as well as resource fields like coal and iron ore.

Q. In regard to asset replacement, in the fiscal year ended March 31, 2013, investments and loans totaled ¥44.0 billion, asset reduction was ¥81.0 billion, and collection of funds was ¥47.0 billion. What was the impact of these asset replacement efforts on earnings?

A. Asset reduction had no particular impact on earnings. These activities do not contribute to earnings in existing trading businesses. Rather, they entail selling assets that are simply being held as investments and using the recovered funds to conduct investments that will drive future growth. The sale of assets will not result in significant declines in earnings.

Q. You mentioned that you are expecting performance in the Machinery Division's automotive business to recover during the fiscal year ending March 31, 2014. What are your forecasts for performance in this business in different principal regions?

A. Operations in Thailand and Puerto Rico will continue to see strong performance as they did in the previous year. Meanwhile, operations in Russia, which had difficulties in the previous fiscal year, are expected to see improvements in performance during the fiscal year ending March 31, 2014. With regard to the operations in Venezuela, while we anticipate that performance will be better than in the fiscal year ended March 31, 2013, the operating environment remains opaque, therefore we plan to handle the business carefully.

Q. The forecast for net income in the fiscal year ending March 31, 2014, is ¥25.0 billion.

Is this a conservative forecast, or do you see it as an ambitious forecast?

A. We see this forecast as neither conservative nor ambitious. In the Energy & Metal Division, which handles market-traded commodities, we will address changes in market conditions while placing a particular emphasis on hedging ratios. In the Chemicals Division, we believe that we will be able to secure stable revenues as we have in the past. Conversely, in the Consumer Lifestyle Business Division, for which business opportunities are currently plentiful in Asia, we have incorporated into our earnings forecasts the potential benefits of endeavors in new, promising business fields.

Q. After you have completed plans to conduct investments and loans totaling ¥180.0 billion in business focus areas, how do you think Sojitz's business portfolio will change?

A. In the Machinery Division, it is important that we strengthen our foundations for generating stable revenues. For this reason, we will diversify our portfolio by adding assets related to automotive business, particularly of the trading element of this business, as well as overseas IPP projects and solar power projects. We also want to resume participation in environmental and infrastructure projects. In the Energy & Metal Division, there are currently a number of opportunities available for us to reinforce our profit base. Of these various opportunities in different fields, we will focus on coal, an area in which we specialize. Our strengths of the Chemical Division lie in the methanol field, and this division is primarily developing in the methanol-related operations in Indonesia. As methanol becomes more commonly used for a wider variety of applications, we expect further expansion in business opportunities. For the Consumer Lifestyle Business Division, as the GDP in emerging countries in Asia grow, we expect a growth in demand for consumer goods, foodstuffs, and other products. With our strength in the fertilizer business, we plan to recognize this area as an area to focus on, and will step up investment and loan activities in this division.