Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (IFRS)

May 9, 2016

Sojitz Corporation
(URL http://www.sojitz.com)
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Scheduled date of Ordinary General Shareholders' Meeting: June 16, 2016
Scheduled filing date of financial report: June 16, 2016
Scheduled date of delivery of dividends: June 17, 2016
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 the Year Ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(1) Consolidated Operating Results

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

	Net sales		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the Company		Total comprehensive income for the year	
For the year ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2016	4,006,649	(2.4)	29,242	(12.8)	44,269	(15.8)	36,486	(3.1)	36,526	10.4	(28,405)	-
March 31, 2015	4,105,295	1.5	33,550	41.6	52,584	19.4	37,650	17.4	33,075	21.4	114,919	29.9

	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the Company	Profit before tax ratio to total assets	Operating profit ratio to net sales
For the year ended	Yen	Yen	%	%	%
March 31, 2016	29.20	29.20	6.8	2.0	0.7
March 31, 2015	26.44	26.44	6.5	2.3	0.8

Reference: Share of profit (loss) of investments accounted for using the equity method for the year ended March 31, 2016: 23,163 million yen, and 2015: 28,613 million yen.

Note 1: Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as an transaction agent.

Note 2: Basic earnings per share and Diluted earnings per share are calculated based on Profit for the year attributable to owners of the Company.

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the Company	Total equity attributable to owners of the Company ratio	Total equity per share attributable to owners of the Company
As of	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
March 31, 2016	2,056,670	549,716	520,353	25.3	415.95
March 31, 2015	2,297,358	590,656	550,983	24.0	440.43

(3) Consolidated Statements of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash & cash equivalents at the end of the year
For the year ended	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2016	99,939	(33,910)	(114,695)	344,414
March 31, 2015	39,109	(13,792)	(42,600)	403,748

2.Cash Dividends

	Cash divided per share					Total amount of cash dividends (annual)	Consolidated payout ratio	Dividend on total equity attributable to owners of the Company (consolidated)
For the year ended	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March 31, 2015	-	2.50	-	3.50	6.00	7,506	22.7	1.5
March 31, 2016	-	4.00	-	4.00	8.00	10,008	27.4	1.9
March 31, 2017 (forecast)	-	4.00	-	4.00	8.00		25.0	

Note : Changes in cash dividend forecast : No

3. Consolidated Earnings Forecast for the Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

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

	Net sales		Operating profit		Profit before tax		Profit attributable to owners of the Company		Basic earnings per share
For the Year Ending March 31, 2017	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full-year	4,330,000	8.1	44,000	50.5	53,000	19.7	40,000	9.5	31.97

Note 1: Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as an transaction agent.

Note 2: Basic earnings per share is calculated based on Profit for the period attributable to owners of the Company.

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 estimate method for preparing consolidated financial statements

1. Changes in accounting policies required by IFRS : No
2. Changes due to other reasons : No
3. Accounting estimate change : 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, 2016: 1,251,499,501 As of March 31, 2015: 1,251,499,501
2. Number of treasury shares at the end of the periods:
   As of March 31, 2016 : 484,859 As of March 31, 2015 : 477,089
3. Average number of outstanding shares during the periods:
   For the Year ended March 31, 2016 (accumulative): 1,251,018,245
   For the Year ended March 31, 2015 (accumulative): 1,251,027,247

Note: Above treasury shares do not include shares mutually held by equity-method affiliates.

* Disclosure Regarding Auditing Procedure for Financial Statements
As of the date of disclosure of this earnings results, auditing procedures for financial statements in accordance with the Financial Instruments and Exchange Act are in the process of being implemented.

* 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.

1. Analysis of business results

(1) Overview of financial results

1) Overview of Fiscal 2015 (April 1, 2015 – March 31, 2016)

Economic Environment

In the year ended March 31, 2016, we witnessed modest economic recovery trends in Europe and the United States. Regardless, the economic slowdown in China and other emerging countries and the resource price declines casted an air of uncertainty over the global economy as a whole.

In the United States, consumer spending gradually increased and sales of housing and automobiles also held firm. In addition, the job market remained strong and the policy interest rate was raised in December 2015, although the increase in interest rates has been slower than initially anticipated. These beneficial developments stood in contrast to the possibility of sluggish growth in corporate earnings that might stem from the negative impacts of the low crude oil price and the strong U.S. dollar.

In Europe, threats of economic downturn lingered in the form of the residual impacts of the economic sanctions placed on Russia as well as the Greek debt crisis. Nonetheless, the quantitative easing measures of the European Central Bank proved effective, and the European economy continued to experience a gentle recovery. However, cause for concern came in the form of geopolitical issues, including the large influx of refugees from the Middle East and Africa as well as acts of terrorism.

In China, government measures, such as a policy interest rate reduction and public investments, were instituted to support the economy, and a gentle rise in consumer spending was witnessed. However, the economic growth rate remained sluggish due to poor growth in real estate development investment and capital investment.

In Asia, economies were impacted by falling resource prices and a decline in exports, primarily to China, and the observed rise in U.S. interest rates drove currency devaluation in many countries. These factors caused capital outflows to accelerate in certain countries, further slowing the overall growth of the Asian economy.

In Japan, a bearish economic trend continued. While strong corporate performance resulted in improvements in the job market, consumer spending and capital investment proved stagnant, despite the negative interest rate policy introduced in January 2016. Also, the recovery of production was slow in the mining and manufacturing industry.

Financial Performances

Sojitz Corporation's consolidated business results for fiscal 2015 are presented below.

Net sales (*)	Net sales were down 2.4% year on year, to ¥4,006,649 million, following a decline in Metals & Coal Division sales stemming from lower ferroalloy and coal transactions. This decline offset the increase in sales in the Aerospace & IT Business Division, which was a result of higher aircraft-related transactions.
Gross profit	Gross profit decreased ¥16,949 million year on year, to ¥180,739 million, as a result of lower profit from the Metals & Coal Division, which was due to resource price declines and reduced transactions, as well as from the Energy Division, which followed from a decline in the price

	of oil.
Operating profit	Operating profit decreased ¥4,308 million year on year, to ¥29,242 million, as a result of lower gross profit and the impairment losses that were recorded with regard to oil and gas, coal, and iron ore interests. These detractors outweighed the benefits of recording gains on revaluation of coal business assets following a change in holding purpose.
Profit before tax	Profit before tax decreased ¥8,315 million year on year, to ¥44,269 million, as a result of the lower operating profit and a decrease in share of profit of investments accounted for using the equity method.
Profit for the year	Despite a decrease in income tax expenses, profit before tax was down, and profit for the year declined ¥1,164 million year on year, to ¥36,486 million, as a result. Profit for the year (attributable to owners of the Company) increased ¥3,451 million year on year, to ¥36,526 million.
Comprehensive income for the year	Comprehensive loss for the year of ¥28,405 million was recorded, compared with comprehensive income for the year of ¥114,919 million in the previous fiscal year. This outcome was a result of the impacts of less beneficial foreign currency translation differences for foreign operations. Comprehensive loss for the year (attributable to owners of the Company) of ¥25,379 million was recorded, compared with comprehensive income for the year (attributable to owners of the Company) of ¥107,347 million in the previous fiscal year.

(*) Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as a transaction agent.

Results for fiscal 2015 are summarized by segment below.

Effective April 1, 2015, the Group underwent organizational reforms to create a system that includes the previous product-based organizational structure and also reflects the functions of these departments and the industries in which they operate. Through these reforms, the previous system (consisting of nine units under four divisions) was reworked into a nine division system.

<u>Automotive</u>

Net sales (JGAAP) increased 0.5% year on year, to ¥317,770 million, as the benefits of the acquisition of a U.S. automotive dealership counteracted the drop in automobile sales in Russia stemming from sluggish economic conditions. Profit for the year (attributable to owners of the Company) increased ¥3,271 million, to ¥5,916 million, due to a rise in share of profit of investments accounted for using the equity method.

Aerospace & IT Business

Net sales (JGAAP) increased 41.8% year on year, to ¥627,883 million, following higher aircraft-related transactions. Profit for the year (attributable to owners of the Company) decreased ¥152 million, to ¥3,127 million, due to impairment losses on Company-owned ships.

Infrastructure & Environment Business

Net sales (JGAAP) decreased 21.4% year on year, to ¥279,264 million, as a result of lower plant-related transactions. Profit for the year (attributable to owners of the Company) decreased ¥2,152 million, to ¥2,174 million, as a result of impairment losses on iron ore interests held jointly with the Metals & Coal Division.

Energy

Net sales (JGAAP) decreased 28.5% year on year, to ¥133,003 million, due to a decline in the price of oil and lower LNG transactions. Loss for the year (attributable to owners of the Company) of ¥6,935 million was recorded, in comparison with profit for the year (attributable to owners of the Company) of ¥3,548 million in the previous fiscal year. This outcome was largely the result of impairment losses recorded on oil and gas interests.

Metals & Coal

Net sales (JGAAP) decreased 15.6% year on year, to ¥494,624 million, as a result of a decline in ferroalloy and coal transactions. Profit for the year (attributable to owners of the Company) of ¥4,661 million was recorded, in comparison with loss for the year (attributable to owners of the Company) of ¥2,739 million in the previous fiscal year. While impairment losses were recorded on coal and iron ore interests, profits improved following the recording of gains on revaluation of coal business assets due to a change in holding purpose.

Chemicals

Net sales (JGAAP) decreased 7.8% year on year, to ¥622,956 million, as a result of the deterioration of conditions in markets for chemicals and plastic resins as well as the Company's withdrawal from unprofitable transactions. Profit for the year (attributable to owners of the Company) was up ¥2,714 million, to ¥8,985 million, following a rise in profit from plastic resin transactions in Asia and petroleum resin transactions in the Americas.

Foods & Agriculture Business

Net sales (JGAAP) decreased 11.2%, to ¥365,197 million, following lower profit from feed material transactions and overseas fertilizer businesses. Profit for the year (attributable to owners of the Company) increased ¥2,583 million, to ¥5,009 million, due to a higher share of profit of investments accounted for using the equity method and an improved balance of other income and expenses.

Lifestyle Commodities & Materials

Net sales (JGAAP) increased 3.0% year on year, to ¥902,480 million, following higher tobacco and apparel-related transactions. Profit for the year (attributable to owners of the Company) increased ¥701 million, to ¥3,058 million.

Retail

Net sales (JGAAP) decreased 1.6% year on year, to ¥216,858 million, due to a decline in real estate transactions. Profit for the year (attributable to owners of the Company) rose ¥161 million, to ¥3,442 million, following higher profit from overseas industrial park businesses.

2) Fiscal 2016 Outlook

Current earnings forecast for fiscal 2016 are as follows.

Net sales (*)	¥4,330 billion
Operating income	¥44.0 billion
Profit before tax	¥53.0 billion
Profit for the year (Attributable to owners of the Company)	¥40.0 billion

(*) Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as a transaction agent.

The above forecasts assume a yen/dollar rate of ¥110/US$ and crude oil price of US$40/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

Total assets on March 31, 2016, stood at ¥2,056,670 million, down ¥240,688 million from March 31, 2015. This decrease can be attributed to a reduction in trade and other receivables under current assets that was resulted from lower commodity prices. Other contributing factors included decreases in property, plant and equipment and intangible assets following the recording of impairment losses on oil and gas, coal, and iron ore interests as well as a decline in other investments stemming from exchange rate and stock price movements.

Total liabilities at March 31, 2016, amounted to ¥1,506,953 million, down ¥199,749 million from March 31, 2015, following debt repayment and bond redemption as well as a reduction in trade and other payables under current liabilities that was resulted from lower commodity prices.

Total equity attributable to owners of the Company was ¥520,353 million on March 31, 2016, down ¥30,630 million from March 31, 2015. This was largely due to the decrease in other components of equity resulted primarily from exchange rate and stock price movements, which outweighed the accumulation of profit for the year.

Sojitz consequently ended the fiscal year with a current ratio of 170.1%, long-term debt ratio of 81.8% and an equity ratio (*) of 25.3%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥571,628 million at March 31, 2016, a ¥57,928 million decrease from March 31, 2015. The decrease resulted in the Company's net debt equity ratio (*) equaling 1.1 times at March 31, 2016.

(*) The equity ratio and net debt equity ratio are calculated based on total equity attributable to owners of the Company.

Under Medium-term Management Plan 2017, which began in the year ended March 31, 2016, the Sojitz Group will continue to advance financial strategies in accordance with the basic policy of maintaining and enhancing the stability of its capital structure. In addition, Sojitz will endeavor to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and by keeping the long-term debt ratio at its current level.

While straight bonds are viewed as one possible source of long-term funding, no such bonds were issued during the Year ended March 31, 2016. Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever the timing and associated costs prove advantageous.

Sojitz has continued to maintain a ¥100 billion long-term yen commitment line as a supplemental source of procurement flexibility and precautionary liquidity. In addition, liquidity support functions have been installed within the Group comprised of a framework centered on financial subsidiaries that allow for the procurement, collection, and distribution of foreign currency. As one facet of this framework, the Company has concluded a US$300 million long-term foreign currency note facility agreement as well as long-term foreign currency commitment lines totaling US$500 million that replace its prior US$300 million multicurrency commitment line.

Consolidated Cash Flows

In the year ended March 31, 2016, operating activities provided net cash of ¥99,939 million, investing activities used net cash of ¥33,910 million, and financing activities used net cash of ¥114,695 million. Sojitz ended the period with cash and cash equivalents of ¥344,414 million, adjusted to reflect foreign currency translation adjustments related to cash and cash equivalents.

(Cash flows from operating activities)

Net cash provided in operating activities amounted to ¥99,939 million, a ¥60,830 million increase from the previous year. Inflows, which included dividends received and decrease in trade and other receivables, exceeded outflows.

(Cash flows from investing activities)

Net cash used by investing activities totaled ¥33,910 million, a ¥20,118 million increase from the previous year. Investment outlays of payments for the acquisition of a U.S. automotive dealership business as well as capital expenditures related to solar power generation businesses outweighed the investment inflows from sales of real estates.

(Cash flows from financing activities)

Net cash used in financing activities was ¥114,695 million, a ¥72,095 million increase from the previous year. Cash outlays to repay debt exceeded cash inflows from new borrowings.

(3) Dividend Policy and Fiscal 2015-16 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. This endeavor has positioned as a basic policy and a top management priority. In accordance with this basic policy, the Company will target a consolidated payout ratio of around 25% under Medium-term Management Plan 2017. The year-end dividend for the year ended March 31, 2016, has been decided as follows based on a comprehensive evaluation business results, total equity, and other factors.

1) Type of property to be distributed as dividend
Cash

2) Total value of dividend distribution and its allocation among shareholders
¥4 per share of Sojitz common stock, ¥5,004 million in total
Including the interim dividend of ¥4 per share on December 1, 2015, fiscal 2015 dividends will total ¥8 per share or ¥10,008 million in aggregate.

3) Effective date of dividends from surplus
June 17, 2016

For fiscal 2016, Sojitz plans to pay annual common dividends of ¥8 yen per share (¥4 interim dividend plus ¥4 year-end dividend) based on its basic policy and earnings forecast. Based on forecasted profit attributable to owners of the Company, planned fiscal 2016 dividends equate to a projected consolidated dividend payout ratio of 25.0%.

Caution regarding Forward-looking Statements

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(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. In compliance with its Basic Code of Corporate Risk Management, the Sojitz 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 a calculation of risk assets derived from risk measurements. Although the group is maintaining its risk management required 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 Automotive, Aerospace & IT Business, Infrastructure & Environment Business, Energy, Metals & Coal, Chemicals, Foods & Agriculture Business, Lifestyle Commodities & Materials, and Retail. The Group's performances are influenced by political and 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 adversely affect the Group's operating performance and/or financial condition.

(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). Asset and liability items are categorized based on whether or not they are sensitive to interest rate changes, with the difference between the value of sensitive assets and sensitive liabilities used to determine an interest rate mismatch value. Based on this amount, the ratios of funds procured from fixed-rate sources and variable-rate sources are adjusted to better manage interest rate fluctuation risks. However, it is impossible to completely avoid interest rate fluctuation risks, and it is possible that 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.

(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 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. The Group mitigates such credit risk by objectively assigning credit ratings to the customers to which it extends credit based on an 11-grade rating scale. 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 assessing 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, with ratings of 1 through 9 being assigned based on an objective evaluation process, 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, machinery, transportation and other equipment, goodwill, and mining rights, as well as its 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. Steps are taken to ensure a stable supply of funds available, such as maintaining good business relationships with financial institutions and keeping the long-term debt ratio at a certain level. However, 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 and human rights risk

The Sojitz Group is committed to realizing a mutually heightening convergence between its business activities and the interests of its stakeholders, simultaneously achieving growth while reducing environmental and human rights risks. To this end, we have established the Sojitz Group Code of Conduct and Ethics, the Sojitz Group CSR Policy, the Sojitz Environmental Policy, and the Sojitz Group CSR Action Guidelines for Supply Chains. However, it is possible that environmental, occupational health and safety, or human rights issues may arise in the course of the Group's business activities or in some area of the Group's supply chain. It is also possible that local residents in a region of operation, an environmental or human rights group, or some other entity could accuse the Group of creating environmental, occupational health and safety, or human rights issues. Should such an event occur, the Group may be forced to temporarily or permanently cease operations or to conduct decontamination or purification procedures. Expenses related to litigations or to compensating impacted parties may also be incurred, and the reputation of the Group may be damaged. Such developments could adversely affect the Group's operating performance and/or financial condition.

(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 risk

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 and its families. 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 Medium-Term Management Plan 2017

As noted in “Management Policies,” the Group engages in the medium-term management plan 2017, for fiscal 2015-17. The plan was formulated in accordance with information and forecasts regarding factors such as economic conditions and industry trends that were available to management at the time of the plan’s disclosure and were deemed to be appropriate. However, it is possible that a sudden change in the operating environment or some other occurrence could impede the progress of measures geared toward accomplishing the plan’s goals or lead to the results of these measures deviating from expectations.

2. Group Business Operations

Sojitz Group is engaged in a wide range of businesses on a global basis as a general trading company. Our main businesses are trading, import, and export of products, domestic and overseas manufacture and sale of a diverse array of products, provision of services in Japan and overseas, planning and organizing of various projects, investment in diversified business areas, and financial activities.
The Group consists of 396 consolidated subsidiaries and equity method associates, including 286 consolidated subsidiaries and 110 equity method associates. (Of these, the Company directly performs consolidation accounting for a total of 255 companies consisting of 185 consolidated subsidiaries and 70 equity method associates.)
Effective April 1, 2015, the Group underwent organizational reforms to create a system that includes the previous product-based organizational structure and also reflects the functions of these departments and the industries in which they operate. Through these reforms, the previous system (consisting of nine units under four divisions) was reworked into a nine division system.
The following table lists our products, services, and main subsidiaries and affiliates by industry segment.

As of March 31, 2016

Segment	Main products and services	Main subsidiaries and associates (Main business; Status within consolidated group)
Automotive Number of consolidated subsidiaries : 16 Number of equity method associates: 6	Completely built-up (CBU) vehicle export; wholesale and retail; local vehicle assembly, manufacturing and sales, automobile and motorcycle components; tire sales	- Sojitz Automotive & Engineering, Inc. (automobile and motorcycle components; tire sales; Subsidiary) - Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia; Subsidiary) - Mitsubishi Motors Philippines Corporation (Import, assembly and sale of Mitsubishi automobiles; Equity method associate)
Aerospace & IT Business Number of consolidated subsidiaries : 54 Number of equity method associates: 6	Aero business (Commercial aircraft, defense and related equipment agency and sales, business jets, used aircraft and part-out business, airport business); Marine business (New building, second-hand ships, ship chartering, ship equipment, ship owning); IT business (Sales and maintenance of communications and IT equipment; systems integration / software development and sales / data centers, cloud services, and managed services / Business Process Outsourcing (BPO), Internet of Things (IOT)-related business)	- Sojitz Aerospace Corporation (Import, export and sale of aero-related and defense-related equipment; Subsidiary) - Sojitz Marine & Engineering Corporation (Sale, purchase and charter brokerage of ships, 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) * - Sojitz Systems Corporation (System Integration; Subsidiary)
Infrastructure & Environment Business Number of consolidated subsidiaries : 34 Number of equity method associates: 21	Infrastructure & Environment (Renewable energy, transportation, water business, IPP projects); Energy Projects (IPP and IWPP projects, power plant EPC business); Plant Projects (Plant business (steel, fertilizer & chemical, energy)); Industrial Machinery and Bearings (Industrial machinery, surface-mounting machines, bearings)	- Sojitz Machinery Corporation (Trading and sale of general industrial machinery; Subsidiary) - Mirai Power (Kamikita Rokkasho) Corporation (Solar power generation project; Subsidiary) - Blue Horizon Power International Ltd. (Investment in power generation projects; Subsidiary) - First Technology China Ltd. (Sales and service of surface-mounting machines and semiconductor-related equipment; Subsidiary)
Energy Number of consolidated subsidiaries : 11 Number of equity method associates: 6	Oil and gas; petroleum products; LNG; nuclear fuels; nuclear power-related equipment and machinery; floating production storage and offloading units; LNG-related businesses	- Tokyo Yuso Co., Ltd. (Stockpiling of petroleum products etc., storage, logistics; Subsidiary) - Sojitz Energy Venture Inc. (Oil and gas development; Subsidiary) - Sojitz Energy Project Ltd. (Oil and gas development; Subsidiary) - LNG Japan Corporation (LNG business and related investments and loans; Equity method associate)
Metals & Coal Number of consolidated subsidiaries : 28 Number of equity method associates: 15	Coal; iron ore; ferroalloys (nickel, molybdenum, vanadium, other rare metals), ores, alumina, aluminum, copper, zinc, tin, precious metals, ceramics and minerals; coke; carbon products; infrastructure businesses; steel-related business	- Sojitz Ject Corporation (Coke, carbon products, trading in various minerals; Subsidiary) - Sojitz Coal Resources Pty ltd. (Investment in coal mines; Subsidiary) - Sojitz Resources (Australia) Pty. Ltd. (Production of alumina; Subsidiary) - Sojitz Moolarben Resources, Pty. Ltd. (Investment in coal mines; Subsidiary) - Sojitz Moly Resources, Inc. (Investment in molybdenum mines; Subsidiary) - Metal One Corporation (Import, export, and sale of, and domestic and foreign trading in, steel-related products; Equity method associate) - Coral Bay Nickel Corporation (Production and sale of nickel and cobalt mixed sulfide; Equity method associate) - Japan Alumina Associates (Australia) Pty. Ltd. (Production of alumina; Equity method associate) - Cariboo Copper Corporation (Investment in copper mine; Equity method associate)
Chemicals Number of consolidated subsidiaries : 30 Number of equity method associates: 15	Organic chemicals; inorganic chemicals; functional chemicals; fine chemicals; industrial salt; cosmetics; foodstuff additives; rare earths; commodity resins; raw materials for plastics including engineering plastics; films and sheets for industry, packaging, and foodstuffs; plastic molding machines; other plastic products; electronics materials including liquid crystals and electrolytic copper foil; fiber materials and products for use in industrial supplies	- 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)
Foods & Agriculture Business Number of consolidated subsidiaries : 15 Number of equity method associates: 10	Grains; flour; oils and fats; oil stuff; feed materials; marine products; processed seafood; sweets; raw ingredients for sweets; coffee beans; sugar; other foodstuffs and raw ingredients; compound chemical fertilizers	- Thai Central Chemical Public Co., Ltd (Manufacture and sale of compound chemical fertilizers; sale of imported fertilizer products; Subsidiary) - Atlas Fertilizer Corporation (Manufacture and sale of compound chemical fertilizers; sale of imported fertilizer products; Subsidiary) - Fuji Nihon Seito Corporation (Manufacture, refining, processing and sale of sugar; Equity method associate) * - CGG Trading S.A. (Grain collection in Brazil; Equity method associate)
Lifestyle Commodities & Materials Number of consolidated subsidiaries : 17 Number of equity method associates: 9	Cotton and synthetic fabrics; non-woven fabrics; knitted fabrics and products; raw materials for textiles; clothing; construction materials; imported timber; timber products such as lumber, plywood, and laminated lumber; building materials; afforestation; manufacture and sale of wood chips; imported tobacco	- Sojitz Building Materials Corporation (Sale of construction materials; Subsidiary) - Daiichibo Co., Ltd. (Manufacture and sale of textiles, storage distribution, shopping center management; Subsidiary) - Sojitz Fashion Co., Ltd. (Processing and sale of fabrics; Subsidiary) - JALUX Inc. (Logistics and services in the in-flight, airport retail, lifestyle-related,and customer service business fields; Equity method associate) *
Retail Number of consolidated subsidiaries : 18 Number of equity method associates: 7	Aquaculture products; processed aquaculture products; fruits and vegetables; frozen vegetables; frozen foods; sweets; raw ingredients for sweets; sugar; other foodstuffs and raw ingredients; overseas industrial park businesses; real estate-related businesses (investment, dealing, leasing, management, etc.); administration of commercial facilities; apparel; interior accessories; bedclothes and home fashion-related products; nursery items; general commodities	- Sojitz Foods Corporation (Sale of sugar, dairy products, farmed and marine products, processed foods, and other foodstuffs; 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 General Property Management Corporation (Condominium and office building management, real estate agency services : Subsidiary) - Sojitz New Urban Development Corporation (Development and consignment sales of newly constructed condominiums, real estate brokerage, development and ownership of rental apartments, sale of residential-related products ; Subsidiary) - PT. Puradelta Lestari Tbk (New city development including industrial parks; Equity method associate)
Other Number of consolidated subsidiaries : 18 Number of equity method associates: 5	Administration, domestic branches, logistics and insurance services	- 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 (Insurance agency services; Subsidiary) - Sojitz Shared Service Corporation (Shared services and consulting regarding HR, accounting and finance; temporary staffing services; Subsidiary) - Sojitz Research Institute (Research and consulting; Subsidiary) - Sojitz Tourist Corporation (Travel agency; Subsidiary)

Overseas branches Number of consolidated subsidiaries : 45 Number of equity method associates: 10	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)

(*) The following four companies are listed in the Japanese stock market as of March 31, 2016: SAKURA Internet Inc. (TSE 1st section), JALUX Inc. (TSE 1st section), Fuji Nihon Seito Corporation (TSE 2nd section), and Pla Matels Corporation (JASDAQ).

3. Management Policies

(1) Fundamental Policy

Sojitz Group is committed to raising corporate value while acting in accordance with the philosophy embodied in the Sojitz Group Statement described below.

Sojitz Group Statement

The Sojitz Group creates value and prosperity by
connecting the world with a spirit of integrity.

Sojitz Group Slogan

New way, New value

(2) Medium- to Long-term Business Strategy

<u>Medium-term Management Plan 2017</u>

Medium-term Management Plan 2017 – Challenge for Growth is a three-year medium-term management that commenced on April 2015. This plan calls on us to tackle new challenges in the pursuit of future growth, expand foundations for generating stable earnings, and thereby improve corporate value.

Medium-Term Management Plan 2017

~ Challenge for Growth ~

Finish solidifying foundations through steady reforms,
and poise Sojitz to implement growth initiatives
targeting further development to tackle new challenges
from a forward-looking standpoint emphasizing trust and speed

□ Expand foundations for generating stable earnings

- □ Construct earnings foundations that are resilient to operating environment changes and can continually support Sojitz in tackling new challenges on the path toward future growth
- □ Continue improving asset portfolio quality

□ Create function-based value to intrinsically link business field

- □ Improve and fully leverage Company strengths, expertise, and functions
- □ Create new business fields that respond to changes in growth markets and industry structures and address related needs, and take advantage of opportunities in these fields

Financial Strategies | Investment Strategies | Risk Management Strategies | Human Resource Strategies

Conduct portfolio management that contributes to sustainable growth

Create Sojitz's unique strengths and identity

Leverage

Create new value and prosperity through unrelenting progress

(3) Performance Indicators

Targeted performance indicators in Medium-term Management Plan 2017 are as follows.

Performance Indicator	Target
ROA	2% or higher
ROE	8% or higher
Net D/E ratio	1.5 times or lower
Dividend payout ratio	Approximately 25%

Going forward, the Sojiz Group will advance function-based initiatives, and pursue growth through trading in addition to investments and loans. Accordingly, we have earmarked approximately ¥300.0 billion to fund investments and loans over the three-year period of Medium-term Management Plan 2017. Through these investments and loans as well as trading operations, we aim to construct earnings foundations capable of stably generating profit for the year (attributable to owners of the Company) of more than ¥50.0 billion, and will target profit for the year (attributable to owners of the Company) of more than ¥60.0 billion in the year ending March 31, 2018, the final year of the plan.

(4) Progress of the Medium-Term Management Plan and Issues to be Addressed by the Company

In the year ended March 31, 2016, the first year of Medium-term Management Plan 2017, a modest recovery trend was seen in Europe and the United States. However, a growing sense of uncertainty was felt in the operating environment due to the influences of economic slowdown in China and other emerging countries as well as the impacts of falling resource prices. In this uncertain environment, the Company recorded impairment losses stemming from resource price declines and worsening conditions in the shipping market. Profit for the year (attributable to owners of the Company) increased, nonetheless, climbing to ¥36.5 billion, representing 91% of our initial forecast, due to stable earnings contributions from automobile, aircraft, chemical, fertilizer, and other non-resource businesses.

One of the growth strategies of Medium-Term Management Plan 2017 is to create and expand business fields that can form clusters of stable-revenue-generating businesses. On this front, we strengthened non-resource businesses, conducting investments and loans in automobile dealerships, used aircraft operations, renewable energy projects, independent power producer projects, North American railway operations in the Infrastructure & Environment Business Division, and convenience store operations in Vietnam.

To support future growth, we established a new company in England, and we are constructing global cash management systems. We also introduced frameworks for the quick promotion of talented individuals and revised human resource systems to further stimulate the ambition and pioneering spirit of our employees by providing the compensation that matches their role and successes.

On the organizational side of operations, we introduced a new division structure in April 2015 with the goal of realizing a flat organization with management that is fully in tune with frontline operations. We anticipate that this organization will enable us to accelerate strategies and individual projects and thereby facilitate capability-based business scope expansion and aid us in taking on new business challenges. In addition, specialized corporate divisions were established in April 2016 to support our efforts to accomplish the goals of the medium-term management plan and advance medium-to-long-term initiatives from a Companywide perspective.

In the year ending March 31, 2017, we will accelerate the strategies of Medium-Term Management Plan 2017, advancing initiatives to create stable-revenue-generating businesses and expand earnings foundations, even in highly volatile market environments. At the same time, we will maintain financial health and improve asset efficiency through ongoing asset replacement as we actively build an even-higher quality asset portfolio.

4. Basic Policy Regarding Selection of Accounting Standards

As a general trading company, Sojitz Corporation conducts a wide range of businesses on a global basis. These include trading transactions, manufacture and sale of products, provision of services, and investment in various business fields. For this reason, the Company chose to adopt International Financial Reporting Standards (IFRS). This decision was based on the judgment that constructing financial statements in accordance with these international standards would not only improve convenience and make it easier for investors to compare the Company to other companies, but would also allow accounting procedures to be standardized for all Group companies.

5. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(In millions of Yen)

	FY 2014 (As of March 31, 2015)	FY 2015 (As of March 31, 2016)
Assets		
Current assets		
Cash and cash equivalent	403,748	344,414
Time deposits	5,464	6,657
Trade and other receivables	559,291	496,156
Derivatives	6,977	6,593
Inventories	270,274	237,111
Income tax receivables	3,712	6,068
Other current assets	63,122	49,017
Subtotal	1,312,591	1,146,018
Assets as held for sale	10,905	326
Total current assets	1,323,497	1,146,344
Non-current assets		
Property, plant and equipment	217,912	186,957
Goodwill	50,164	53,055
Intangible assets	53,882	38,829
Investment property	19,459	18,369
Investments accounted for using the equity method	394,055	377,597
Trade and other receivables	45,017	44,558
Other investments	174,791	173,618
Derivatives	1,865	163
Other non-current assets	7,483	9,668
Deferred tax assets	9,227	7,507
Total non-current assets	973,860	910,325
Total assets	2,297,358	2,056,670
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	490,865	439,245
Bonds and borrowings	208,360	168,264
Derivatives	8,803	3,728
Income tax payables	7,570	6,630
Provisions	4,271	2,525
Other current liabilities	53,807	53,294
Subtotal	773,678	673,688
Liabilities directly related to assets as held for sale	6,860	88
Total current liabilities	780,538	673,776
Non-current liabilities		
Bonds and borrowings	830,409	754,434
Trade and other payables	9,545	9,696
Derivatives	2,942	5,001
Retirement benefits liabilities	17,943	18,727
Provisions	25,098	18,949
Other non-current liabilities	7,591	7,475
Deferred tax liabilities	32,631	18,891
Total non-current liabilities	926,163	833,176
Total liabilities	1,706,702	1,506,953
Equity		
Share capital	160,339	160,339
Capital surplus	146,515	146,514
Treasury stock	(159)	(161)
Other components of equity	194,557	132,415
Retained earnings	49,731	81,245
Total equity attributable to owners of the Company	550,983	520,353
Non-controlling interests	39,672	29,363
Total equity	590,656	549,716
Total liabilities and equity	2,297,358	2,056,670

(2) Consolidated Statements of Profit or Loss

(In millions of Yen)

	FY 2014 (From April 1, 2014 to March 31, 2015)	FY 2015 (From April 1, 2015 to March 31, 2016)
Revenue		
Sale of goods	1,718,165	1,566,839
Sales of service and others	91,535	91,233
Total revenue	1,809,701	1,658,072
Cost of sales	(1,612,013)	(1,477,333)
Gross profit	197,688	180,739
Selling, general and administrative expenses	(149,739)	(154,416)
Other income(expenses)		
Gain(loss) on sale and disposal of fixed assets, net	1,058	1,498
Impairment loss on fixed assets	(17,446)	(24,051)
Gain on sale of subsidiaries/associates	1,758	12,909
Loss on reorganization of subsidiaries/associates	(2,080)	(1,349)
Other operating income	17,193	20,646
Other operating expenses	(14,882)	(6,733)
Total other income/expenses	(14,398)	2,919
Operating profit	33,550	29,242
Financial income		
Interests earned	4,860	3,893
Dividends received	4,456	4,349
Other financial income	78	—
Total financial income	9,395	8,242
Financial costs		
Interest expenses	(18,975)	(16,316)
Other financial costs	—	(63)
Total financial cost	(18,975)	(16,379)
Share of profit(loss) of investments accounted for using the equity method	28,613	23,163
Profit before tax	52,584	44,269
Income tax expenses	(14,933)	(7,782)
Profit for the year	37,650	36,486
Profit attributable to:		
Owners of the Company	33,075	36,526
Non-controlling interests	4,575	(39)
Total	37,650	36,486
Net sales *	4,105,295	4,006,649

* Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as an transaction agent.

(3) Consolidated Statements of Profit or Loss and other Comprehensive Income

(In millions of Yen)

	FY 2014 (From April 1, 2014 to March 31, 2015)	FY 2015 (From April 1, 2015 to March 31, 2016)
Profit for the year	37,650	36,486
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	46,787	(5,677)
Remeasurements of defined benefit pension plans	(925)	(1,148)
Total items that will not be reclassified to profit or loss	45,862	(6,826)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	34,811	(55,481)
Cash flow hedges	(3,405)	(2,583)
Total items that may be reclassified subsequently to profit or loss	31,405	(58,065)
Other comprehensive income for the year, net of tax	77,268	(64,892)
Total comprehensive income for the year	114,919	(28,405)
Total comprehensive income attributable to:		
Owners of the Company	107,347	(25,379)
Non-controlling interests	7,571	(3,025)
Total	114,919	(28,405)

(4) Consolidated Statements of Change in Equity

(In millions of Yen)

	Attributable to owners of the Company										Non-controlling interests	Total equity
				Other components of equity								
	Share capital	Capital surplus	Treasury stock	Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedge	Remeasurements of defined benefit pension plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company		
Balance as of April 1, 2014	160,339	146,515	(157)	59,373	60,687	(443)	—	119,617	33,538	459,853	33,105	492,959
Profit for the year									33,075	33,075	4,575	37,650
Other comprehensive income				31,687	46,603	(3,115)	(903)	74,271		74,271	2,996	77,268
Total comprehensive income for the year	—	—	—	31,687	46,603	(3,115)	(903)	74,271	33,075	107,347	7,571	114,919
Purchase of treasury stock		(0)	(1)							(2)		(2)
Dividends									(5,629)	(5,629)	(2,320)	(7,950)
Change in ownership interests in subsidiaries without loss/acquisition of control				479		(27)		451	652	1,103	1,808	2,912
Reclassification from other components of equity to retained earnings					(687)		903	216	(216)	—		—
Other changes									(11,688)	(11,688)	(493)	(12,182)
Total contributions by and distributions to owners of the Company	—	(0)	(1)	479	(687)	(27)	903	668	(16,883)	(16,216)	(1,005)	(17,222)
Balance as of March 31, 2015	160,339	146,515	(159)	91,540	106,604	(3,586)	—	194,557	49,731	550,983	39,672	590,656
Profit for the year									36,526	36,526	(39)	36,486
Other comprehensive income				(52,540)	(5,683)	(2,560)	(1,122)	(61,905)		(61,905)	(2,986)	(64,892)
Total comprehensive income for the year	—	—	—	(52,540)	(5,683)	(2,560)	(1,122)	(61,905)	36,526	(25,379)	(3,025)	(28,405)
Purchase of treasury stock		(0)	(2)							(2)		(2)
Dividends									(9,382)	(9,382)	(1,763)	(11,145)
Change in ownership interests in subsidiaries without loss/acquisition of control				650		7		657	5,266	5,924	(5,988)	(64)
Reclassification from other components of equity to retained earnings					(2,016)		1,122	(893)	893	—		—
Other changes									(1,789)	(1,789)	468	(1,321)
Total contributions by and distributions to owners of the Company	—	(0)	(2)	650	(2,016)	7	1,122	(236)	(5,011)	(5,250)	(7,283)	(12,533)
Balance as of March 31, 2016	160,339	146,514	(161)	39,649	98,904	(6,139)	—	132,415	81,245	520,353	29,363	549,716

(5) Consolidated Statements of Cash Flows

(In millions of Yen)

	FY 2014 (From April 1, 2014 to March 31, 2015)	FY 2015 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Profit for the year	37,650	36,486
Depreciation and amortization	31,683	30,059
Impairment loss of fixed assets	17,446	24,051
Finance (income) costs	9,579	8,136
Share of (profit)loss of investments accounted for using the equity method	(28,613)	(23,163)
(Gain) loss on sale of fixed assets, net	(1,058)	(1,498)
Income tax expenses	14,933	7,782
(Increase)decrease in trade and other receivables	(18,583)	55,835
(Increase)decrease in inventories	31,396	28,270
Increase (decrease) in trade and other payables	(27,908)	(43,767)
Increase (decrease) in retirement benefits liabilities	674	320
Others	(19,792)	(15,528)
Subtotal	47,408	106,986
Interests earned	4,709	3,785
Dividends received	18,439	20,326
Interests paid	(19,261)	(16,746)
Income taxes paid	(12,186)	(14,412)
Net cash provided (used) by/in operating activities	39,109	99,939
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,258)	(31,943)
Proceeds from sale of property, plant and equipment	767	11,846
Purchase of intangible assets	(3,566)	(3,061)
(Increase)decrease in short-term loans receivable	2,470	1,083
Payment for long-term loans receivable	(4,174)	(4,157)
Collection of long-term loans receivable	1,165	1,919
Proceeds from (payments for) acquisition of subsidiaries	(5,222)	(9,100)
Proceeds from (payments for) sale of subsidiaries	10	467
Purchase of investments	(8,455)	(6,315)
Proceeds from sale of investments	10,681	6,731
Others	23,791	(445)
Net cash provided (used) by/in investing activities	(13,792)	(33,910)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(29,012)	(30,383)
Proceeds from long-term borrowings	163,996	122,767
Repayment of long-term borrowings	(179,780)	(173,948)
Proceeds from issuance of bonds	29,820	—
Redemption of bonds	(20,000)	(20,000)
Proceeds from sale of subsidiaries' interests to non-controlling interest holders	—	5
Payment for acquisition of subsidiaries' interests from non-controlling interest holders	(129)	(18)
Proceeds from non-controlling interest holders	3,209	323
Purchase of treasury stock	(2)	(2)
Dividends paid	(5,629)	(9,382)
Dividends paid to non-controlling interest holders	(2,320)	(1,763)
Others	(2,752)	(2,292)
Net cash provided (used) by/in financing activities	(42,600)	(114,695)
Net increase (decrease) in cash and cash equivalents	(17,282)	(48,666)
Cash and cash equivalents at the beginning of the year	420,658	403,748
Effect of exchange rate changes on cash and cash equivalents	372	(10,667)
Cash and cash equivalents at the end of the year	403,748	344,414

(6) Segment information

Information regarding reportable segments
Effective April 1, 2015, the Group underwent organizational reforms to create a system that includes the previous product-based organizational structure and also reflects the functions of these departments and the industries in which they operate.
Through these reforms, the previous system (consisting of nine units under four divisions) was reworked into a nine division system.
Previous year figures are reported in the revised system.

The accounting method for the reported business segments are basically consistent with those used in the Consolidated Financial Statements, except with respect to the calculation of income tax expenses.
Transactions between segments are determined at market price or at arms length price.
From the year ended March 31, 2016, disclosed items were changed following a review based on the Group's management indices.
Previous year figures are reported in the revised system.

For the year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & IT Business	Infrastructure & Environment Business	Energy	Metals & Coal	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	157,978	80,850	104,056	137,213	308,866	427,306	229,409
Inter-segment revenue	9	1,535	2	2	12	124	9
Total revenue	157,987	82,385	104,059	137,215	308,879	427,431	229,419
Gross profit	28,505	25,257	18,793	7,281	14,985	39,274	20,333
Operating profit	4,707	7,069	5,069	(4,753)	(13,114)	11,901	7,512
Share of profit (loss) of investments accounted for using the equity method	1,576	192	2,174	9,656	11,774	588	2
Profit attributable to owners of the Company	2,645	3,279	4,326	3,548	(2,739)	6,271	2,426
Segment assets	134,273	170,387	156,003	163,312	459,720	290,093	161,992
Others:							
Investment accounted for using the equity method	11,749	1,576	15,214	57,576	242,409	12,453	26,215
Capital expenditure	3,009	1,701	12,897	9,967	4,199	698	941

Net sales (Note)							
External	316,168	442,718	355,268	186,083	586,354	675,901	411,414

	Reportable segments			Others	Reconciliations	Consolidated
	Lifestyle Commodities & Materials	Retail	Total			
Revenue						
External revenue	175,530	157,172	1,778,383	31,317	−	1,809,701
Inter-segment revenue	104	447	2,248	358	(2,606)	−
Total revenue	175,635	157,619	1,780,632	31,675	(2,606)	1,809,701
Gross profit	18,378	20,647	193,458	5,718	(1,489)	197,688
Operating profit	4,291	4,637	27,321	5,681	548	33,550
Share of profit (loss) of investments accounted for using the equity method	380	2,212	28,557	16	39	28,613
Profit attributable to owners of the Company	2,357	3,281	25,398	7,408	268	33,075
Segment assets	222,484	162,193	1,920,461	182,329	194,567	2,297,358
Others:						
Investment accounted for using the equity method	7,285	14,787	389,267	4,867	(78)	394,055
Capital expenditure	573	1,244	35,233	1,476	−	36,710

Net sales (Note)						
External	876,179	220,273	4,070,362	34,932	−	4,105,295

Reconciliation of segment profit of 268 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to (962) million yen, and unallocated dividend income and others of 1,231 million yen.

The reconciliation amount of segment assets of 194,567 million yen includes elimination of inter-segment transactions or the like amounting to (86,421) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 280,988 million yen, which mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

For the year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & IT Business	Infrastructure & Environment Business	Energy	Metals & Coal	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	141,155	91,788	106,568	74,169	270,055	409,332	187,437
Inter-segment revenue	15	1,676	20	10	3	20	12
Total revenue	141,170	93,465	106,589	74,180	270,059	409,352	187,449
Gross profit	25,082	26,298	17,731	2,421	9,075	40,731	18,116
Operating profit	4,704	5,640	3,702	(8,438)	(4,113)	12,954	6,510
Share of profit (loss) of investments accounted for using the equity method	4,553	325	603	3,902	8,156	1,251	662
Profit attributable to owners of the Company	5,916	3,127	2,174	(6,935)	4,661	8,985	5,009
Segment assets	131,951	164,187	164,538	140,037	390,478	261,698	132,132
Others:							
Investment accounted for using the equity method	14,393	1,596	17,183	58,286	217,937	12,693	24,941
Capital expenditure	1,558	4,797	11,574	5,152	4,297	762	2,270

Net sales (Note) External	317,770	627,883	279,264	133,003	494,624	622,956	365,197

	Reportable segments			Others	Reconciliations	Consolidated
	Lifestyle Commodities & Materials	Retail	Total			
Revenue						
External revenue	179,420	154,831	1,614,760	43,312	—	1,658,072
Inter-segment revenue	112	460	2,333	596	(2,929)	—
Total revenue	179,532	155,292	1,617,093	43,908	(2,929)	1,658,072
Gross profit	18,907	18,484	176,850	5,513	(1,624)	180,739
Operating profit	4,708	3,547	29,216	37	(10)	29,242
Share of profit (loss) of investments accounted for using the equity method	838	2,857	23,150	13	(0)	23,163
Profit attributable to owners of the Company	3,058	3,442	29,439	4,686	2,400	36,526
Segment assets	214,661	135,899	1,735,585	142,341	178,742	2,056,670
Others:						
Investment accounted for using the equity method	9,694	16,401	373,129	4,569	(101)	377,597
Capital expenditure	709	903	32,026	1,476	—	33,503

Net sales (Note) External	902,480	216,858	3,960,040	46,609	—	4,006,649

Reconciliation of segment profit of 2,400 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 1,766 million yen, and unallocated dividend income and others of 633 million yen.

The reconciliation amount of segment assets of 178,742 million yen includes elimination of inter-segment transactions or the like amounting to (74,360) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 253,102 million yen, which mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

Note: Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as an transaction agent.

(Earnings per share)

(1) Basic earnings per share and diluted earnings per share

	FY 2014 (From April 1, 2014 to March 31, 2015)	FY 2015 (From April 1, 2015 to March 31, 2016)
Basic earnings per share (yen)	26.44	29.20
Diluted earnings per share (yen)	26.44	29.20

(2) Bases for calculation of basic earnings per share and diluted earnings per share

	FY 2014 (From April 1, 2014 to March 31, 2015)	FY 2015 (From April 1, 2015 to March 31, 2016)
Profit used to calculate basic and diluted earnings per share		
Profit for the year, attributable to owners of the Company (In millions of yen)	33,075	36,526
Amount not attributable to the ordinary shareholders of the Company (In millions of yen)	—	—
Profit used to calculate basic earnings per share (In millions of yen)	33,075	36,526
Profit adjustment amount		
Adjustment amount concerning share options to be issued by associates (In millions of yen)	(2)	(1)
Profit used to calculate diluted earnings per share (In millions of yen)	33,073	36,524
Weighted average number of ordinary shares to be used to calculate basic and diluted earnings per share		
Weighted average number of ordinary shares to be used to calculate basic earnings per share (In thousands of shares)	1,251,027	1,251,018
Effects of dilutive latent ordinary shares (In thousands of shares)	—	—
Weighted average number of ordinary shares used to calculate diluted earnings per share (In thousands of shares)	1,251,027	1,251,018