Nissho Iwai - Nichimen Holdings Corporation
(Sojitz Group)

May 13, 2004

Financial Results for the fiscal year ended March 31, 2004

Notes:

(1) This report contains forward-looking statements, which reflect management assumptions and beliefs based on information currently available and are subject to a number of risks and uncertainties, such as economic conditions, exchange rate fluctuations, etc. Accordingly, Nissho Iwai-Nichimen Holdings Corporation wishes to caution readers that actual results may differ materially from those projected herein, and expressly disclaims any obligation or undertaking to release any update or revision of any contained forward-looking statements.

(2) The financial statements have been prepared in accordance with the provisions set forth in the Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects and jurisdictions other than Japan.

(3) This report is translation of the Financial Summary filed with Tokyo Stock Exchange on May 13, 2004 for conveniences of investors outside of Japan. The original version of this report is written in Japanese. In case of any discrepancies between this report and the original, the Japanese version shall govern.

Summary of Consolidated Financial Results

13th May 2004

for the fiscal year ended March 31, 2004

Nissho Iwai-Nichimen Holdings Corporation

(URL http ://www.nn-holdings.com)

Listed stock exchange :	The first sections of Tokyo and Osaka	
Headquarters :	Tokyo	
Securities Code :	2768	
Company Representative	Hidetoshi Nishimura,	President & Co-CEO
Contact Information :	Takeshi Yoshimura,	GM, Public Relations Dept. TEL ⑶ 5446－1061

1. Consolidated Financial Results for the Fiscal Year ended March 2004 (April 1, 2003〜March 31, 2004）

(1) Results of Operation (Rounded to millions of Japanese Yen)

	Net Sales (A)		Operating Income		Recurring Profit (B)		Net Income	
	Millions of Yer	%	Millions of Yer	%	Millions of Yer	%	Millions of Yer	%
March 31, 2004	5,861,737	-	59,948	-	48,461	-	△ 33,609	-
March 31, 2003	-	-	-	-	-	-	-	-

	EPS	ROE	ROA	(B)/(A)
	Yen	%	%	%
March 31, 2004	△172.52	△18.3	1.5	0.8
march 31, 2003	-	-	-	-

Notes:

1. Equity in Earnings of Unconsolidated subsidiaries and affiliate during the period:
   Current fiscal year : 5,929 Preceding fiscal year : -
2. Average number of outstanding shares during the period:
   Current fiscal year : 194,817,297 Preceding fiscal year : -
3. Changes in accounting policies during the period: No
4. Percentage indicate changes in net sales, operating income, recurring profit and net income compared with preceding fiscal year.

(2) Financial Position (Consolidated)

	Total Assets (C)	Shareholders' Equity (D)	(D)/(C)	EPS
	Millions of Yer	Millions of Yer	%	Yen
March 31, 2004	3,077,022	316,234	10.3%	235.43
March 31, 2003	-	-	-	-

Notes:

1. Number of outstanding shares at the end of the period (Common Stock):
   Current fiscal year : 213,374,473 Preceding fiscal year : -
2. Number of outstanding shares at the end of the period (Preferred Stock):
   Current fiscal year : 133,000,000 Preceding fiscal year : -
3. Number of treasury shares at the end of the period:
   Current fiscal year : 87,718 Preceding fiscal year : -

(3) Consolidated Statements of Cash Flow

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2004	87,160	73,030	△ 68,602	410,240
March 31, 2003	-	-	-	-

(4) Number of consolidated subsidiaries and companies accounted for by the equity method

Consolidated subsidiaries	329
Unconsolidated subsidiaries (accounted for by the equity method)	24
Unconsolidated affiliates (accounted for by the equity method)	204

2. Consolidated Earnings Forecast for Fiscal Year ending March 2005 (April 1, 2004〜March 31, 2005)

	Net Sales (Forcast)	Recurring Profit (Forecast)	Net Income (Forecast)
	Millions of Yer	Millions of Yer	Millions of Yer
Half-year	2,930,000	34,000	20,000
Annual	6,100,000	85,000	50,000

Reference: EPS(Projection): JPY 234.33

Notes: Please refer page 10 for additional items pretaining to premises for the above forecast.

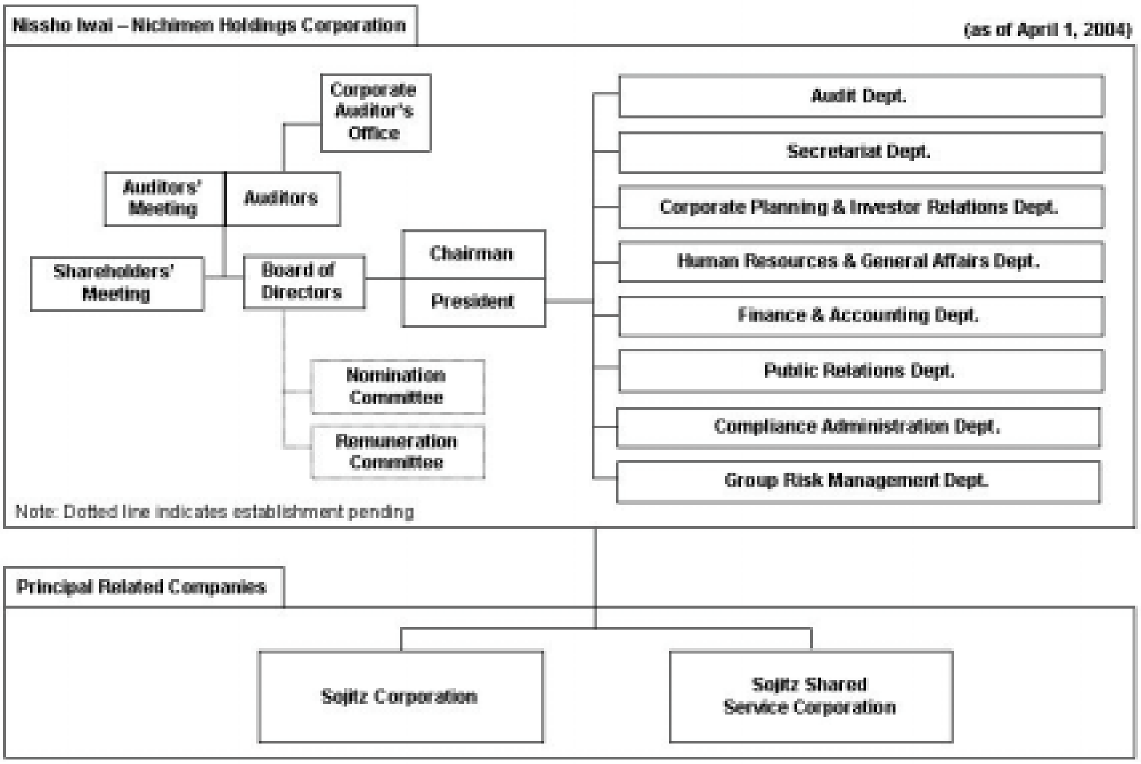
Status of the Corporate Group

Nissho Iwai – Nichimen Holdings Corporation was established on April 1, 2003 from the former Nichimen Corporation and Nissho Iwai Corporation, as a holding company established through stock exchange under Article 346 of the Commercial Code. It manages and supervises the operations of these subsidiaries, and to conduct related business.

The former Nichimen Corporation and Nissho Iwai Corporation merged on April 1, 2004 to form the new company, Sojitz Corporation. With this company at its core, the Sojitz Group operates as a general trading company engaged in the buying and selling of goods, as well as import and export. Its business interests extend to a wide variety of concerns throughout the world, including support for the manufacture, sales and service of an array of goods in Japan and overseas, responsibility for the planning, management and coordination of diverse projects, and financial support and investment in an assortment of business fields.

The Sojitz Group is comprised of 459 subsidiaries, and 236 affiliates for a total of 695 companies (of which, 557 are included in the scope of consolidation).

The management structure and principal related companies are as follows:



Note: On April 1, 2004, from the former Nichimen Corporation and Nissho Iwai Corporation, wholly owned subsidiaries of Nissho Iwai – Nichimen Holdings Corporation, merged to form Sojitz Corporation. Nissho Iwai – Nichimen Shared Service Corporation changed its name to Sojitz Shared Service Corporation as of April 1, 2004. Sojitz Corporation and Sojitz Shared Service Corporation are wholly owned subsidiaries of Nissho Iwai – Nichimen Holdings Corporation.

Group Management Policy

Nissho Iwai – Nichimen Holdings Corporation was established as a joint holding company by Nichimen Corporation and Nissho Iwai Corporation on April 1, 2003. Giving due consideration to the ultimate structure following integration of the two companies, on April 1, 2004 a merger of the companies' subsidiaries was completed, and launched under the name Sojitz Corporation.

In anticipation of the merger, the Group name was changed from Nissho Iwai - Nichimen Group to Sojitz Group. The name "Sojitz" is composed of two parts. The Japanese word "so" is used here to symbolize the strong partnership among us, our customers, and our society. The Japanese word "jitz" symbolizes our efforts to become a corporate group characterized by its dynamic energy and a source of great power. Together, "Sojitz" embodies the Group's commitment and dedication to secure sustained growth in concert with our customers and to realize a bright and prosperous future.

The Sojitz Group, through the merger of the two core operating companies, is strengthening its structural solidarity, bolstering and expanding profitability with business synergies, and fortifying its operating and financial structure with rationalization and efficient management in the aim of creating an innovative and functional trading company.

1. Basic Policy

The Sojitz Group's basic policy, following the Management Vision outlined below, is to maximize the mutual benefit, rationalization and synergistic effects resulting from business integration to become an innovative and functional trading company with top-tier competitiveness and earning power by the close of Three-Year Business Plan on March 31, 2006, and maximize shareholder value.

Management Vision

- Establish a multi-faceted business, which has both top-tier competitiveness and strong earning power in specific industries and markets, by continuously pursuing profitability and growth in core business areas.
- Establish an innovative trading company, to actively respond to environmental changes and market globalization, and continuously develop new business fields through entrepreneurship.
- Establish a functional trading company, to understand multiple customer needs and provide sophisticated, tailor-made services as a customers' business partner.
- Establish an open company, where each employee is given a chance to realize his or her own personal goals and ambitions.

2. Basic Policy on Dividends

The Company has positioned the return of profits to shareholders as a top management priority. In addition, the Company aims to increase shareholder value and provide dividends stably in the medium-term while accumulating sufficient retained earnings to improve its financial structure and strengthen the management foundation of the Group.

Specifically, the Company intends to accumulate the retained earnings it believes are necessary to reinforce its financial structure and to improve shareholder value during the Three-Year Business Plan.

3. Business Plan

(1) Fundamental Policies

The following are the fundamental policies of the Three-Year Business Plan that began on April 1, 2003:

a. Improvement in Profitability through Business Portfolio Strategies

With selection and focus as the basic policies for managing its business portfolios, the Company aims to improve profitability by analyzing the characteristics of each business, based on its profitability and strategic importance alongside the reallocation of management resources, in line with these business characteristics.
In addition, the Company will aim to create new businesses and sales channels by maximizing synergies, while strongly promoting substantial reductions in selling, general and administrative expenses (SG&A), by pursuing its restructuring plan.

b. Reinforcement of Financial Strength by Increasing Shareholders' Equity and Reducing Interest-Bearing Debt

The Company aims to increase shareholders' equity by accumulating periodic income each term and through equity financing. The Company aims to build a sounder financial structure by paring down interest-bearing debt with free cash flow.

(2) Financial Targets

Financial targets for the final year (the fiscal year ending March 31, 2006) of the Business Plan are as follows:

- Recurring profit: More than ¥100 billion
- Net DER (net interest-bearing debt / shareholders' equity): 5 times or less

4. Progress of the Business Plan

Numerical targets for the fiscal year ended March 31, 2004, and actual performance:

	Target	Actual	Rate of Achievement
Recurring profit	¥48.0 billion	¥48.5 billion	101%
Net DER	8.5 times	4.9 times	

Principal measures to achieve targets implemented during the period under review:

(1) Improvement in Profitability

During the fiscal year ended March 31, 2004, the first year of the Business Plan, the Company completed its restructuring plan as quickly as possible, a plan that included integration or dissolution of duplicate functions and domestic and overseas operating bases, restructuring and rationalization of the administrative functions, and integration of subsidiary companies. The reduction goals for the three-year rationalization plan were achieved within this first year.

Principal restructuring measures implemented during the first year are as follows:

Integration of administrative subsidiaries *(July 1, 2003)*
Integration of logistics subsidiaries *(August 1, 2003)*
Integration of chemicals business companies (*October 1, 2003)*
Integration of insurance subsidiaries *(October 1, 2003)*
Integration of subsidiaries in the Kyushu region *(October 1, 2003)*

Restructuring and integration of the plastics business *(January 1, 2004)*
Integration of travel agent subsidiaries *(February 1, 2004)*
Integration of petroleum-related subsidiaries *(March 1, 2004)*
Integration of machinery-related subsidiaries *(April 1, 2004)*
Integration of shipping subsidiaries *(April 1, 2004)*

Reductions in the number of employees (consolidated), consolidated subsidiaries, domestic and overseas operating bases achieved as of March 31, 2004, are as follows:

	As of September 30, 2002	Targets for March 31, 2006	Actual as of March 31, 2004	Rate of achievement
Employees (consolidated) *1	21,800	-6,200	-7,200	116%
Consolidated subsidiaries *1	430	-160	-172	108%
Domestic branches	8	-4	-4	100%
Overseas operating bases *2	187	-120	-125	104%

Notes:
1. Indicates progress toward achieving the original rationalization plan (excluding steel-related operations)
2. Actual figures for reductions (as of March 31, 2004) include integrations effective April 1, 2004.

(2) Reinforcement of Financial Strength

a. Equity financing
At the meeting of the Board of Directors held on April 25, 2003, the Company resolved to issue preferred and common stock by allocation to third parties. In May 2003, the Company increased its capital through the issuance of ¥266.0 billion in preferred stock, ¥7.2 billion in common stock.

b. Capital increase program with Lehman Brothers
The convertible bonds were issued as a part of a 10-year framework utilizing a capital-raising commitment facility established with Lehman Brothers (commitment by Lehman Brothers to purchase convertible bonds up to a total of ¥50.0 billion). Using this capital acquisition framework, during the fiscal year under review the Comany issued, ¥5.0 billion in convertible bonds initially in May 2003. And the Company issued an additional ¥5.0 billion in convertible bonds in November 2003. Of the total ¥10.0 billion, ¥8.0 billion was converted to ordinary shares. The Company's equity policy is to flexibly implement appropriate measures to increase equity and to raise capital by utilizing this capital-raising commitment facility. The decision to issue convertible bonds is made with due consideration of prevailing share prices.

c. Public offering of straight bonds
Through the two measures detailed above (letters "a" and "b"), the Company was able to vastly improve its financial structure. In addition, as part of a financial strategy to improve its financing structure, it was decided at the Board of Directors meeting held February 27, 2004 to issue straight bonds totaling ¥20.0 billion. Taking the market's positive reaction and demand into consideration, it was further decided at the Board of Directors meeting held March 10, 2004 to increase the offering to ¥25.0 billion. On March 25, 2004, the Company made its first unsecured bond offering (guaranteed by

Nichimen Corporation and Nissho Iwai Corporation) totaling ¥25.0 billion with a term of two years.

These measures, along with continued cuts in net interest-bearing liabilities, greatly improved the financial position, producing net DER of 4.9 times as of March 31, 2004, as compared to 41.4 times as ofApril 1, 2003.

5. Pressing Issues

The Sojitz Group is pursuing its management goals of "Improvement in Profitability" and "Reinforcement of Financial Strength" through proactive implementation of the measures outlined in its Business Plan. The Group also recognizes the need to achieve recurring profit of over ¥100 billion, and net DER of five times or less, the two key financial targets for the final year of the Business Plan.

(1) Improvement in Profitability

The timely implementation of rationalization measures taken by the Group is evidenced by completion within the first fiscal year (to March 31, 2004) of the three-year rationalization plan (detailed above), and the cuts in selling, general and administrative (SG&A) expenses completed ahead of schedule. Shifting focus toward strengthening and expanding earnings capacity, the Company is pursuing the following measures.

a. Business portfolio strategies

Under the management principle of selection and focus in the business portfolio, and in consideration of analysis on such factors as returns, risks, and capital costs in each business, the Company will seek to increase profitability through appropriate redistribution of management resources in accordance with the characteristics of each business. To achieve this goal, the Company has introduced a new management indicator to evaluate risk/return, the SCVA (Sojitz Corporation Value Added). The adoption of this indicator as a permanent means of evaluation for the Group's businesses will allow the Group to control its overall risk and maximize returns. Also, while utilizing SCVA as a management indicator at each operational level (including portfolio management measures, department and division), the Company will employ the SCVA-based KPI (Key Performance Index) as a management indicator to evaluate performance of personnel, and one that reflects SCVA. This will establish a structure in which SCVA management is a foundation for corporate management.

b. Pursuit of business synergies

The Company will fully utilize the complementary relationships in the sales channels and business fields within Sojitz Corporation, the newly merged subsidiary and the Group's core operating company, and realize business synergies, by creating new sales channels and businesses. Before the merger, the Company already realized synergies from the mutual sharing of customers of the former Nichimen Corporation and Nissho Iwai Corporation, that have resulted in new business contracts and cost reductions, such as those from joint charting of ships. Moving forward, the Company will greatly strengthen cooperation in anticipating market and customer needs, pursue more operational synergies, and build a high-value-added business through the creation of a proactive business value chain.

(2) Reinforcement of Financial Strength

Along with investments in its principal businesses, the Company will continue to enhance shareholders' equity and reduce net interest-bearing debt. The Company aims to improve financial indicators, such as its current and long-term debt ratios, through long-term funding.

6. Basic Stance on Corporate Governance and Measures Implemented

(1) Basic Stance

The Sojitz Group considers clarification of its management responsibilities and accountability to stakeholders, including shareholders, to be an important issue. In order to strengthen its corporate governance, the Company has implemented a variety of measures aimed at improving the profitability of the entire Group and maximizing corporate value, based on the recognition that as the holding company for the Group, it is of the utmost importance for it to manage and oversee the business activities of the subsidiaries under its umbrella, and establish a highly transparent management framework.

(2) Measures Implemented

a. Status of the management structure relating to decision-making, implementation and overseeing, and other corporate governance structures

- The Company has adopted the auditing system, with an auditing committee comprised of four auditors, of which two are outside auditors.

- At the annual general meeting of shareholders in June 2004, the Company intends to appoint Masaharu Hino, a lawyer, and Shigeo Muraoka, chairman of The Japanese Institute of Middle Eastern Economies (JIME), as outside directors.

- The Company's Board of Directors is the principal decision-making body within the Group, where the most important matters pertaining to Group management are considered and decided. In order to avoid duplication in the decision-making process and operation, as well as to improve efficiency and increase the speed of operations, far-reaching authority was transferred to Sojitz Corporation, the Group's core business company, and as of March 31, 2004, the Company's management meeting was abolished.

- The Company intends to establish nomination and remuneration committees, headed by an outside director, to nominate directors and to determine executive compensation, following the annual general meeting of shareholders in June 2004.

- Previously, the Group had the compliance organizations in former Nichimen Corporation and Nissho Iwai Corporation, respectively, the Ethics Compliance Committee within the former Nichimen Corporation, and the Compliance and Crisis Committee within the former Nissho Iwai Corporation. They implemented a variety of measures, including the creation of a manual outlining standards of behavior, efforts to familiarize executives with these standards of behavior to ensure compliance, and the establishment of a hotline to report violations or illegal conduct.

  In April 2004, the Compliance Administration Department was established within the Company, and a compliance program formulated with the aim of ensuring that executives and employees of the Sojitz Group abide by all laws and company regulations, and conduct themselves in an honorable way and in accordance with social norms. A compliance committee was also established within Sojitz Corporation, with the primary objective of ensuring the compliance with laws and regulations, as well as crisis management, within the Sojitz Group. The Company will continue to strive to strengthen compliance throughout the entire Group through education and other measures.

- Staff services for outside directors and auditors are provided by the Corporate Planning & Investor Relations Department and the Corporate Auditor’s Office, which also serve internal directors and auditors.

b. Personal, financial, and trading relationships, as well as other interests between the Company and the respective companies of the outside directors and auditors

- There are no interests either between the Company and the respective companies of Masaharu Hino and Shigeo Muraoka (due to be selected as outside directors at the annual general meeting of shareholders scheduled to be held in June 2004), nor between the Company and the respective companies of current outside auditors Teruo Nakamura and Masaji Shinagawa.

c. Measures to enhance corporate governance implemented within the last year

- Since its establishment, the Company has employed introduced the executive officer system as a mean to clarify rights and responsibilities through separation of managerial decision-making and business executions functions, and increase the speed of decision-making and implementation. Also, in order to respond quickly and appropriately to the sudden changes in the business environment, and to clarify management responsibilities, the tenure for directors has been set at one year.

- The Company understands the basics of investor relations, disclosing fair and reliable information voluntarily and in a timely manner. Also, in order to ensure a high degree of transparency in management, results are disclosed on a quarterly basis. (In April 2004, the Group’s IR organization and personnel were merged with the Company’s Corporate Planning & Investor Relations Department.)

- The Company, acting as a holding company, and in order to strengthen the supervising and auditing functions toward its subsidiaries, in October 2003 integrated the auditing offices of the former Nichimen Corporation and Nissho Iwai Corporation, and established an auditing office within the Company. (It was renamed the Audit Department in April 2004.)

Business Results and Financial Position

1. Business Results for the fiscal year ended March 31, 2004

(1) Overview

During the fiscal year ended March 31, 2004, Nissho Iwai - Nichimen Holdings Corporation worked tirelessly to pursue the goals of its Business Plan with the aim of reinforcing financial structure by enhancing shareholders’ equity and reducing interest-bearing debt. Also, based on its three-year business plan, the Company made decisive progress in the merger of subsidiaries, streamlining of personnel, and compiling a comprehensive review of Group-wide operating expenses. Due to improvements in its financial strength, the Company accounted for losses through the reorganization of subsidiaries and affiliates, and overseas doubtful receivables.

Consolidated net sales for the fiscal year ended March 31, 2004 totaled ¥5,861,737 million, which was 1.2% lower than our initial estimate of ¥5,930,000 million. Results were due to the restructuring of business portfolios, which were mainly steel-related businesses. Operating income totaled ¥59,948 million, after subtracting selling, general and administrative (SG&A) expenses of ¥189,074 million from gross trading profit of ¥249,022 million.

Although non-operating expenses of ¥69,757 million exceeded non-operating income of ¥58,269 million, the Company reported a recurring profit of ¥48,461 million, which was 1.0% above our initial estimate of ¥48,000 million.

Nissho Iwai - Nichimen Holdings recorded a net extraordinary loss of ¥90,563 million. Extraordinary gains were ¥22,173 million, principally consisting of a ¥21,492 million gain on disposal of investment securities, while extraordinary losses totaled ¥112,737 million, mainly comprising a loss on disposal of investment securities of ¥6,603 million, loss on revaluation of investment securities of ¥8,998 million, loss due to reorganization of subsidiaries and affiliates of ¥34,635 million, provision for overseas doubtful receivables of ¥28,338 million, restructuring loss of ¥6,633 million, special early retirement benefits of ¥7,050 million, and ¥15,271 million extraordinary loss on changes in retirement benefits plans.

As a result, consolidated loss before income taxes for the fiscal year ended March 31, 2004 was ¥42,101 million. After accounting for minority interests in consolidated subsidiaries and income taxes, the consolidated net loss amounted to ¥33,609 million, against the initial estimate of ¥29,000 million.

(2) Consolidated Results by Business Segment

Machinery
Sales in this segment totaled ¥1,098,680 million, mainly reflecting an increase in the Company's Boeing-related transactions and export trading of plant and equipment. Operating income was ¥14,040 million, owing to cutbacks in SG&A expenses.

Energy & Mineral Resources
Sales in this segment were ¥1,666,335 million, due to rising crude oil prices and an increase in the volume of transactions. As a result of strong sales, operating income totaled ¥8,356 million.

Chemicals & Plastics
Sales in this segment totaled ¥626,654 million. Operating income was ¥14,599 million, contributed by favorable earnings at chemicals-related companies.

Housing & Consumer Products
This segment is comprised of textiles, foodstuffs, construction and related operations, forest products, and general merchandise & retail businesses. Sales in this segment were ¥1,368,199 million, while operating income was ¥27,290 million.

Overseas Subsidiaries
Sales in this segment were ¥865,299 million. Operating income totaled ¥1,151 million.

Other
The steel-related business was spun off and our information industry subsidiary converted to an equity-method affiliate. As a consequence, sales amounted to ¥236,567 million and operating income was ¥5,323 million.

2. Outlook for the fiscal year ending March 31, 2005

Nissho Iwai - Nichimen Holdings' consolidated estimates for the fiscal year ending March 31, 2005, are as follows:

Net sales	¥6,100,000 million
Recurring profit	¥85,000 million
Net income	¥50,000 million

The above estimates are based on assumptions of a foreign currency exchange rate of ¥105 per U.S. dollar and an average crude oil price of US$29/bbl (Dubai).

These earnings estimates are based on rational assumptions and beliefs in light of information currently available to management. Accordingly, actual results may differ significantly from the Company's estimates due to changes in domestic and overseas market conditions, foreign exchange rates and a variety of other factors. The Company will release a notification of any changes to its estimates in the event of a major change in the operating environment.

3. Financial Position as of March 31, 2004

(1) Consolidated Balance Sheet

Shareholders' equity as of March 31, 2004 stood at ¥316,234 million, boosted by proceeds from the issue of preferred and common stock of ¥266,000 million and ¥7,181 million, respectively, in May 2003. Total assets were ¥3,077,022 million. Interest-bearing debt totaled ¥1,992,726 million, with net interest-bearing debt (less cash and time deposits) of ¥1,557,055 million.

In May, Nissho Iwai - Nichimen Holdings also established a ¥50,000 million capital-raising commitment facility (commitment by Lehman Brothers to purchase convertible bonds up to a total of ¥50,000 million). As of March, the Company had issued convertible bonds totaling ¥10,000 million, of which ¥8,000 million had been converted to common stock.

(2) Consolidated Cash Flows

For the fiscal year ended March 31, 2004, net cash provided by operating activities totaled ¥87,160 million, net cash provided by investing activities was ¥73,030 million, and net cash expended by financing activities was ¥68,602 million, reflecting the increase in capital and the reduction of long term debt. After accounting for the effect of the foreign currency translation adjustment and changes to the scope of consolidation, total cash and cash equivalents as of the end of the period amounted to ¥401,240 million.

Consolidated Statements of Income

for the fiscal year ended March 31, 2004

	Millions of yen	Percentage of Net sales (%)
Net sales	5,861,737	100.00
Cost of sales	(5,612,714)	(95.75)
Gross trading profit	249,022	4.25
Selling, general and administrative expenses	(189,074)	(3.23)
Operating profit	59,948	1.02
Interest income	24,572	0.42
Dividend income	4,543	0.08
Equity in gains of unconsolidated subsidiaries and affiliates	5,929	0.10
Income on sale and revaluation of investment securities	7,400	0.13
Other income	15,823	0.27
Non-operating profit	58,269	1.00
Interest expense	(53,590)	(0.91)
Interest expense on commercial papers	(2,085)	(0.04)
Other expense	(14,081)	(0.24)
Non-operating expense	(69,757)	(1.19)
Recurring profit	48,461	0.83
Extraordinary loss-net	(90,563)	(1.55)
Income before income taxes	(42,101)	(0.72)
Income taxes; Current	(12,282)	(0.21)
Deferred	23,058	0.40
Minority interests in cosolidated subsidiaries	(2,282)	(0.04)
Net loss	(33,609)	(0.57)

Extraordinary Income and Loss

for the fiscal year ended March 31, 2004

	Millions of yen
Extraordinary Income;	
Gain on property & equipment	681
Gain on sale of investment securities	21,492
Total extraordinary income	22,173
Extraordinary Loss;	
Loss on property & equipment	(4,999)
Loss on sale of investment securities	(6,603)
Evaluation loss on investment securities & investments other than securities	(8,998)
Loss due to reorganization of subsidiaries and affiliates	(34,635)
Provision for overseas doubtful receivables	(28,338)
Special early retirement benefits	(7,050)
Expenses loss on changes in retirement benefits plans	(15,271)
Restructuring loss, other	(6,839)
Total extraordinary loss	(112,737)
Extraordinary income/loss-net	(90,563)

Reference: the following accounts are not included in the above extraordinary items.

Provision for doubtful receivables	(2,629)

(Included in Selling, general & administrative expenses)

Consolidated Balance Sheets

As of March 31, 2004

Assets

	Millions of yen
Current assets;	
Cash and deposits	435,671
Trade notes and trade accounts receivables	708,982
Securities	17,705
Inventories	239,499
Short-term loans receivables	188,002
Deferred tax assets-current	13,346
Other current assets	171,637
Allowance for doubtful receivables	(39,926)
Total current assets	1,734,918
Fixed assets;	
Tangible assets	493,163
Intangible assets;	
Goodwill	41,375
Other intangible assets	24,852
Investments and other fixed assets;	
Investments securities	410,531
Long-term loans	182,093
Deffered tax assets-non-current	95,685
Deffered tax assets-revaluation	1,822
Others	234,988
Allowance for doubtful receivables	(143,786)
Total fixed assets	1,340,726
Long-term deferred assets	1,377
Total assets	3,077,022

Consolidated Balance Sheets

As of March 31. 2004

Liabilities and shareholders'equity

	Millions of yen
Liabilities	
Current liabilities	
Trade notes and trade accounts payables	479,264
Short-term debts	1,320,861
Commercial paper	141,200
Current Portion of Long-term debt	38,858
Income taxes payable	7,788
Deferred tax liabilities-current	257
Allowance for restructuring loss	500
Other current liabilities	223,588
Total current liabilities	2,212,318
Non-current liabilities;	
Bonds, less current portion	61,167
Long-term borrowings	430,640
Allowance for retirement benefits	7,928
Deffered tax liabilities -non-current	10,463
Other non-current liabilities	26,259
Total non-current liabilities	536,459
Total liabilities	2,748,778
Minority Interest in consolidated subsidiaries	12,009
Shareholders' equity	
Common stock	150,606
Additional paid-in capital	346,619
Accumulated deficit	(104,802)
Loss on land revaluation	(5,469)
Unrealized losses on available-for-sale securities	16,692
Foreign currency translation adjustments	(87,379)
Treasury stock	(32)
Total shareholders' equity	316,234
Total liabilities and shareholders' equity	3,077,022

Consolidated Statements of Cash Flow

As of March 31, 2004

	Millions of yen
Operating activities;	
Income (loss) before income taxes	(42,101)
Depreciation and amortization	33,557
Loss on revaluation of securities	8,998
Change in provision for doubtful receivables	23,570
Interest and dividend income	(29,116)
Interest expense	55,675
Equity in gains (losses) of unconsolidated subsidiaries and affiliates	(5,929)
Gains on sale of securities - net	(21,945)
Gains on sale of property & equipment	4,317
Change in trade receivables	101,743
Decrease in inventorie	52,938
Decrease in trade payables	(49,161)
Others-net	(45,386)
Net cash provided by operating activities	87,160
Investing Activities	
Change in time deposit - net	(15,090)
Change in marketable securities - net	6,687
Payments for property & equipment	(10,848)
Proceeds from sale of property & equipment	3,794
Payments for purchase of investment securities	(14,347)
Proceeds from sale of investment securities	76,995
Change in short - term loans - net	30,625
Increase of long - term loans	(35,559)
Collection of long-term loans	24,410
Others - net	6,401
Net cash provided by investing activities	73,030
Financing activities	
Change in short-term debt - net	(189,312)
Change in commercial paper	119,600
Proceeds from long-term debt	176,441
Repayments of long-term debt	(409,663)
Proceeds from issuance of bonds	47,225
Redemption of bonds	(85,794)
Proceeds from capital increase	272,223
Others - net	677
Net cash provided by financing activities	(68,602)
Effect of Exchange rates change on cash & cash equivalents	(5,630)
Net increase(decrease) in cash & cash equivalents	85958
Cash & cash equivalents at the beginning of the period	310,441
Cash & cash equivalents of newly consolidated subsidiaries	4,840
Cash & Cash equivalents at the end of the period	410,240

Segment Information

for the fiscal year ended March 31, 2004

Business Segments

Millions of yen

	Machinery	Energy & Mineral Resources	Chemicals & Plastics	Housing & Consumer Products	Overseas Subsidiaries	Other	Total	Elimination	Consolidated
Net sales									
Outside customers	1,098,680	1,666,335	626,654	1,368,199	865,299	236,567	5,861,737	-	5,861,737
Inter-segment	9,817	57,854	27,253	24,927	287,781	55,053	462,689	(462,689)	-
Total	1,108,497	1,724,190	653,908	1,393,127	1,153,081	291,621	6,324,426	(462,689)	5,861,737
Operating expense	1,094,457	1,715,833	639,308	1,365,836	1,151,930	286,297	6,253,664	(451,875)	5,801,788
Operating profit (loss)	14,040	8,356	14,599	27,290	1,151	5,323	70,762	(10,814)	59,948
Total assets	414,189	313,585	417,436	833,347	701,575	355,812	3,035,947	41,075	3,077,022

（Notes）
The amount of total assets categolized in "Elimination" includes not only inter-company elimination but the Compnay's common property, such as cash and cash equivalent, marketable securities etc.

Hosing & Consumer Products is comprosed of textiles, foodstuffs, construction and related operations, forest products, general erchandise & retail busines
Other includes the information industry and steel-related business.

Segment Information

for the fiscal year ended March 31, 2004

Geographic Segments

Millions of yen

	Japan	North America	Europe	Asia & Oseania	Other	Total	Elimination	Consolidated
Net sales								
Outside customers	4,658,268	284,442	208,370	691,650	19,007	5,861,737	-	5,861,737
Inter-segment	298,832	582,703	22,861	488,313	123	1,392,832	(1,392,832)	-
Total	4,957,100	867,145	231,231	1,179,963	19,130	7,254,569	(1,392,832)	5,861,737
Operating expense	4,910,276	867,145	229,214	1,172,426	17,332	7,196,397	(1,394,608)	5,801,788
Operating profit (loss)	46,824	(4)	2,017	7,537	1,798	58,172	1,776	59,948
Total assets	2,606,909	268,573	326,665	329,178	68,997	3,600,322	(523,300)	3,077,022

(Notes)
Principal reagions and countries included in each geographic segmnet are as follows;

North America:	United States, Canada
Europe:	UK, Spain, Germany etc.
Asia & Oseania:	Shingapore, China, Thiland etc.
Other :	South America, Africa

The amount of total assets categolized in "Elimination" includes not only inter-company elimination but the Compnay's common assets, such as cash and cash equivalent, marketable securities etc.

Summary of Analyst Meeting (May 25, 2004)

Business Results for the Fiscal Year Ended March 31, 2004

During the fiscal year ended March 31, 2004, Nissho Iwai - Nichimen Holdings Corporation (NNH) worked tirelessly to pursue the goals of its Business Plan with the aim of reinforcing financial structure by enhancing shareholders' equity and reducing interest-bearing debt. Also, based on its three-year business plan, the Company made decisive progress in the merger of subsidiaries, streamlining of personnel, and compiling a comprehensive review of Group-wide operating expenses. Due to improvements in its financial strength, the Company accounted for losses through the reorganization of subsidiaries and affiliates, and overseas doubtful receivables.

Consolidated net sales for the fiscal year ended March 31, 2004 totaled 5,861.7 billion yen, which was 1.2% lower than our initial estimate of 5,930 billion yen. Results were due to the restructuring of business portfolios, mainly in steel-related businesses. Operating income totaled 59.9 billion yen, after subtracting selling, general and administrative (SG&A) expenses of 189.1 billion yen from gross trading profit of 249 billion yen.

After accounting for non-operating income of 58.2 billion yen and non-operating expenses of 69.7 billion yen, the Company reported a recurring profit of 48.5 billion yen, which was 1.0% above our initial estimate of 48 billion yen.

NNH recorded a net extraordinary loss of 90.6 billion yen. Extraordinary gains were 22.2 billion yen, principally consisting of a 21.5 billion yen gain on disposal of investment securities, while extraordinary losses totaled 112.8 billion yen, mainly comprising a loss due to reorganization of subsidiaries and affiliates of 34.6 billion yen, provision for overseas doubtful receivables of 28.3 billion yen, and extraordinary loss on changes in retirement benefits plans of 15.3 billion yen.

As a result, consolidated loss before income taxes for the fiscal year ended March 31, 2004 was 42.1 billion yen. After accounting for minority interests in consolidated subsidiaries and income taxes, the consolidated net loss amounted to ¥33.6 billion, against an initial estimate of 29 billion yen.

Overview of the First Year of the Business Plan

Guided by the keywords “Speed and Action,” Nissho Iwai – Nichimen Holdings Corporation (NNH) has worked steadily throughout fiscal 2003 (the year ended March 31, 2004) to realize the individual goals outlined for the first year of its Business Plan.

“Improvement in Profitability” and “Reinforcement of Financial Strength”—Fundamental Policies of Our Business Plan

NNH achieved significant results in its efforts to improve profitability. We successfully achieved our first-year recurring profit target and three-year rationalization target in the first year of the Business Plan. In order to achieve more detailed selection and focus in relation to its business portfolio, NNH also introduced quantitative and qualitative business unit measurements utilizing indicators that appropriately reflect factors such as capital costs and risks.

Working to reinforce financial strength, NNH’ efforts significantly exceeded initial plans. As a result of the implementation of equity financing in excess of the initial plan (140%), shareholders’ equity was strengthened. At the same time, the Company steadily reduced its interest-bearing debt resulting in net DER 4.9 times as of March 31, 2004. Heralding a return to capital markets, NNH improved its capital structure through a 25 billion yen issue of straight bonds.

During the first year of the Business Plan, NNH also reported approximately 200 billion yen in extraordinary losses and asset impairment relating to merger initiatives. First, NNH incurred an extraordinary loss totaling 112.8 billion yen reflecting rigorous reassessment focusing on investments in and loans to subsidiaries, affiliates and overseas receivables. Second, the Company wrote-down 84.1 billion yen comprising impairment of primarily real estate assets belonging to the former Nissho Iwai brought forward, and lump-sum payment of obligations relating to employee retirement. Through these means, the Company has successfully reduced the risk of additional future loss and continues to work to restore its asset base.

Efforts Toward Achieving Business Plans from the Second Year Onwards

In the second year of the Business Plan, we have identified a recurring profit target of 85 billion yen, a forecast year-on-year increase of 36.5 billion yen. To achieve this target, NNH is committed to restructuring its business portfolio focusing on improving quality, and adopting a more offensive approach with regard to increasing profitability.

Having essentially achieved all rationalization targets in the first year of the Business Plan, fiscal 2004 will therefore be marked by a shift in emphasis toward improving profitability. In specific terms, NNH will strive to further entrench SCVA management in an effort to reinforce its business portfolio, increase profitability through new investment in existing businesses and the active implementation of M&As. At the same time, we will work to withdraw from non-performing activities and enhance profit potential through strict adherence to our business portfolio strategy. Moreover, NNH will implement a redistribution of management resources among its business units in line with its long-term growth strategies.

In fiscal 2005, the final year of the Business Plan, the Sojitz Group has identified a recurring profit target exceeding 100 billion yen. While this represents a significant challenge for the Group, we are confident NNH remains on track based on a growing acceptance of SCVA management, improving profitability and the benefits from rationalization and maintaining an operating cost ratio at approximately 60%.

Fiscal 2004 Outlook

In the fiscal year ending March 31, 2005, NNH is forecasting consolidated net sales of 6,100 billion yen, a year-on-year increase of 240 billion yen, and gross profit of 285 billion yen, up 36 billion yen. Forecast results are attributed to anticipated business expansion in the Company's Energy & Mineral Resources, General Commodities & Consumer Business and Overseas Subsidiaries, the redistribution of management resources to core businesses and the inclusion of Nissho Electronics in the scope of consolidation.

Selling, general and administrative (SG&A) expenses are forecast to improve by 14.1 billion yen. While business acquisition of Nissho Electronics is expected to impact SG&A expenses, the positive effects of rationalization initiatives will offset this. As a result, operating income is projected to reach 110 billion yen, up 50.1 billion yen, while the operating income margin is forecast to improve from 1.02% to 1,80%.

In line with major restructuring measures implemented in the first year of the Business Plan, NNH is forecasting an extraordinary net loss of 10 billion yen in fiscal 2004. As a result, net income is expected to total 50 billion yen.

Regarding the Company's balance sheet, total assets and interest-bearing debt are expected to remain on par with the end of the previous fiscal year. Buoyed by increased profitability and the positive flow on to shareholders' equity however, NNH is forecasting net DER of 4.6 times as of March 31, 2005.

Inquiries:
Corporate Planning & Investor Relations Dept.
Nissho Iwai – Nichimen Holdings Corporation
Fax: +81-3-5446-1545
e-mail: ir@sojitz.com

Overview of the First Year Business Plan and Efforts to Reinforce Profitability

Nissho Iwai – Nichimen Holdings Corporation

(Sojitz Group)

May 25, 2004

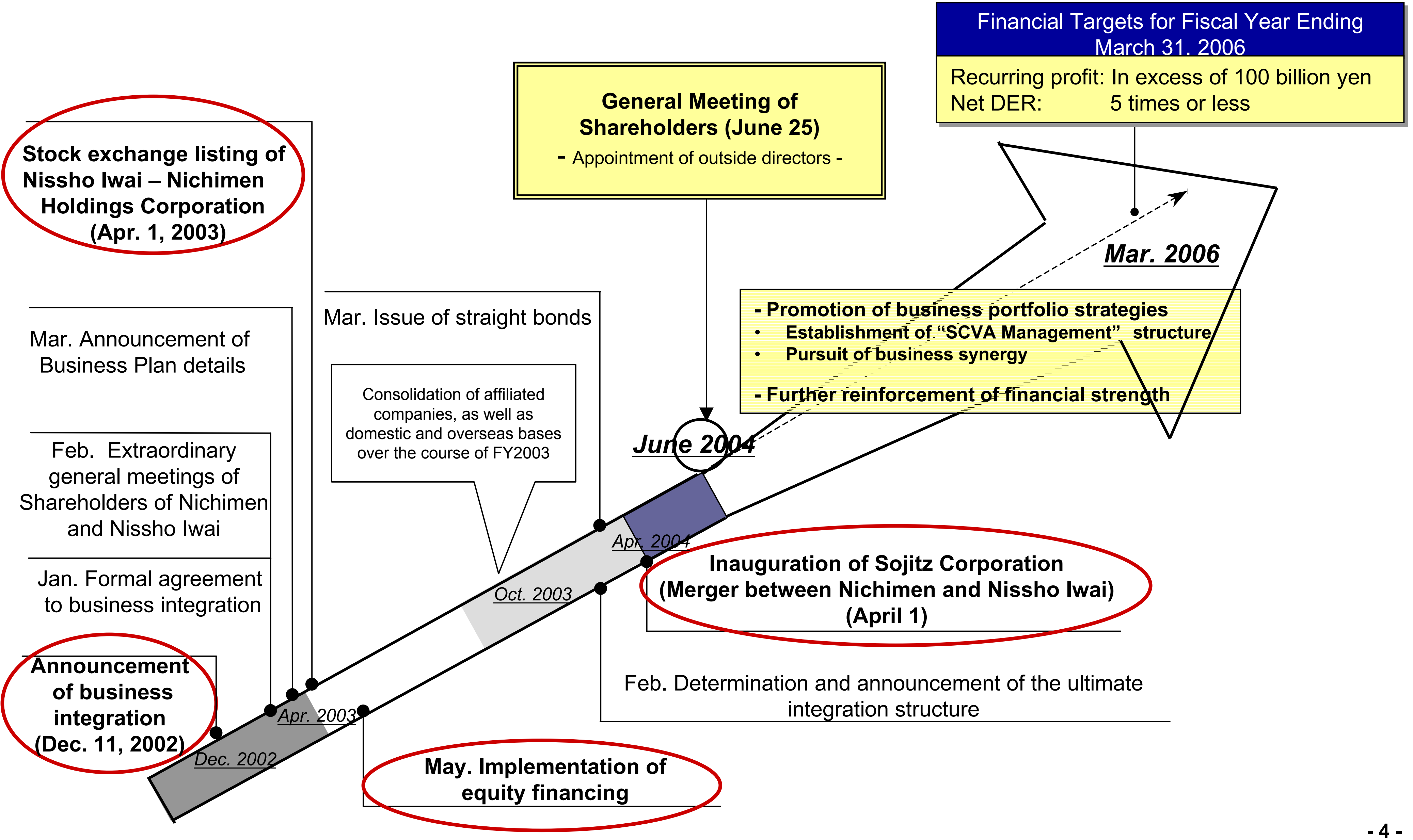
Group Management Vision

- Establish a multi-faceted business, which has both top-tier competitiveness and strong earning power in specific industries and markets, by continuously pursuing profitability and growth in core business areas.
- Establish an innovative trading company, to actively respond to environmental changes and market globalization, and continuously develop new business fields through entrepreneurship.
- Establish a functional trading company, to understand multiple customer needs and provide sophisticated, tailor-made services as a customer’s business partner.
- Establish an open company, where each employee is given a chance to realize his or her own personal goals and ambitions.

Contents

I. Overview of the First Year Business Plan

Implementation and Future Action Plan



Financial Targets for Fiscal Year Ending March 31, 2006

Recurring profit: In excess of 100 billion yen

Net DER: 5 times or less

General Meeting of Shareholders (June 25)

- Appointment of outside directors -

Stock exchange listing of Nissho Iwai – Nichimen Holdings Corporation (Apr. 1, 2003)

Mar. Issue of straight bonds

Mar. Announcement of Business Plan details

Consolidation of affiliated companies, as well as domestic and overseas bases over the course of FY2003

Feb. Extraordinary general meetings of Shareholders of Nichimen and Nissho Iwai

Jan. Formal agreement to business integration

Announcement of business integration (Dec. 11, 2002)

- Promotion of business portfolio strategies
- **Establishment of "SCVA Management" structure**
- **Pursuit of business synergy**

- Further reinforcement of financial strength

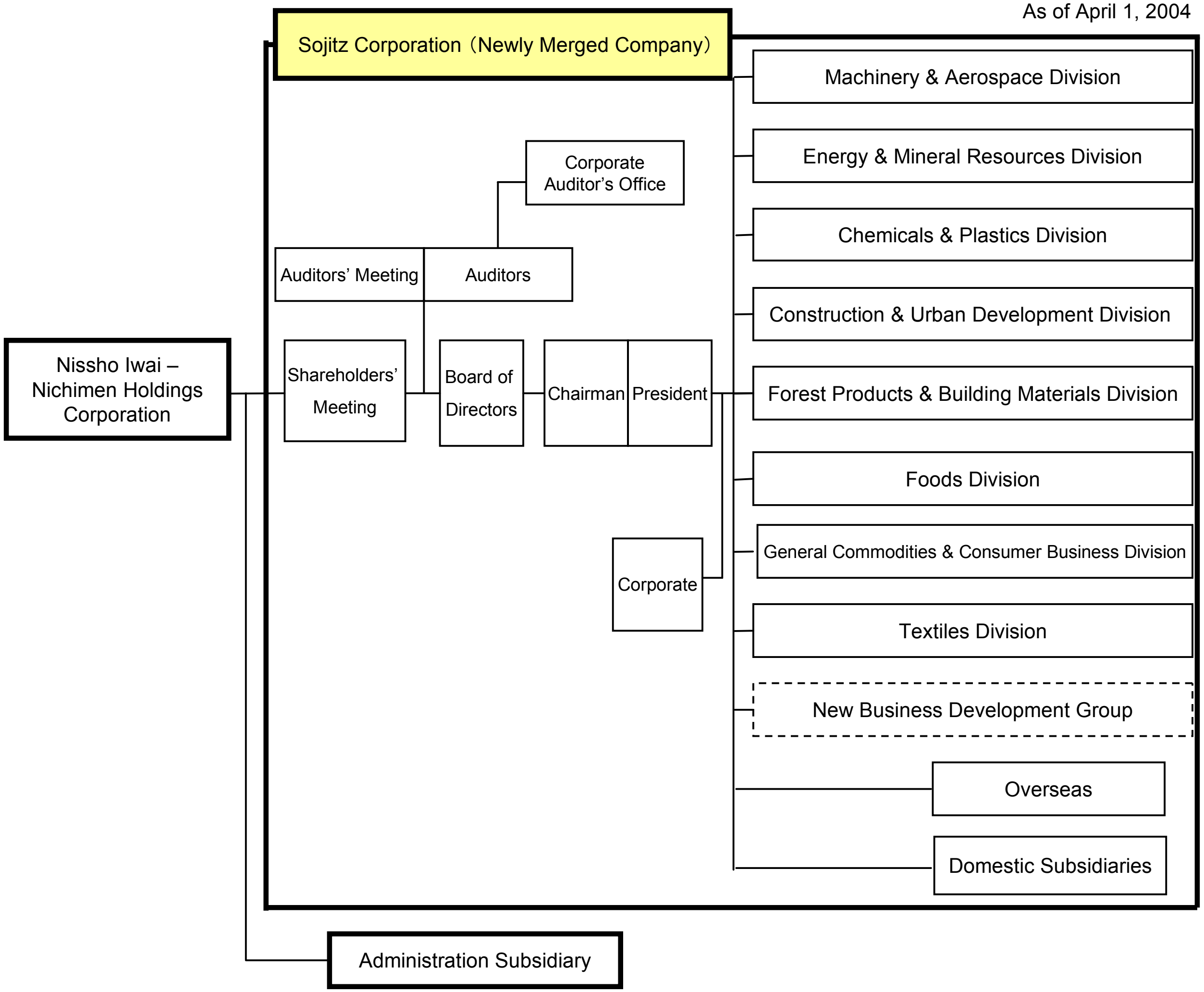
Inauguration of Sojitz Corporation (Merger between Nichimen and Nissho Iwai) (April 1)

Feb. Determination and announcement of the ultimate integration structure

May. Implementation of equity financing

Management Structure ① - First Year Review -

- First Year Business Plan Results
  - Integration structure
    - ➢ Merger of the two core operating companies Nichimen and Nissho Iwai under one holding company
  - To promote efficiency by accelerating and realizing maximum benefits through rationalization
  - To improve profitability by enhancing collective strengths and pursuing business synergies
  - To reinforce operating strength by securing flexibility for further reorganization
  - New group name
    - ➢ “Nissho Iwai - Nichimen Group” became “Sojitz Group” as of February of this year.
  - New headquarters
    - ➢ Will relocate the headquarters of the Sojitz Group to the one office (Kokusai Shin-Akasaka Bldg.) in July 2004.
  - Outside director
    - ➢ Decided to invite two outside directors.



As of April 1, 2004

Nissho Iwai – Nichimen Holdings Corporation

Sojitz Corporation（Newly Merged Company）

Corporate Auditor’s Office

Auditors’ Meeting

Auditors

Shareholders’ Meeting

Board of Directors

Chairman

President

Corporate

Machinery & Aerospace Division

Energy & Mineral Resources Division

Chemicals & Plastics Division

Construction & Urban Development Division

Forest Products & Building Materials Division

Foods Division

General Commodities & Consumer Business Division

Textiles Division

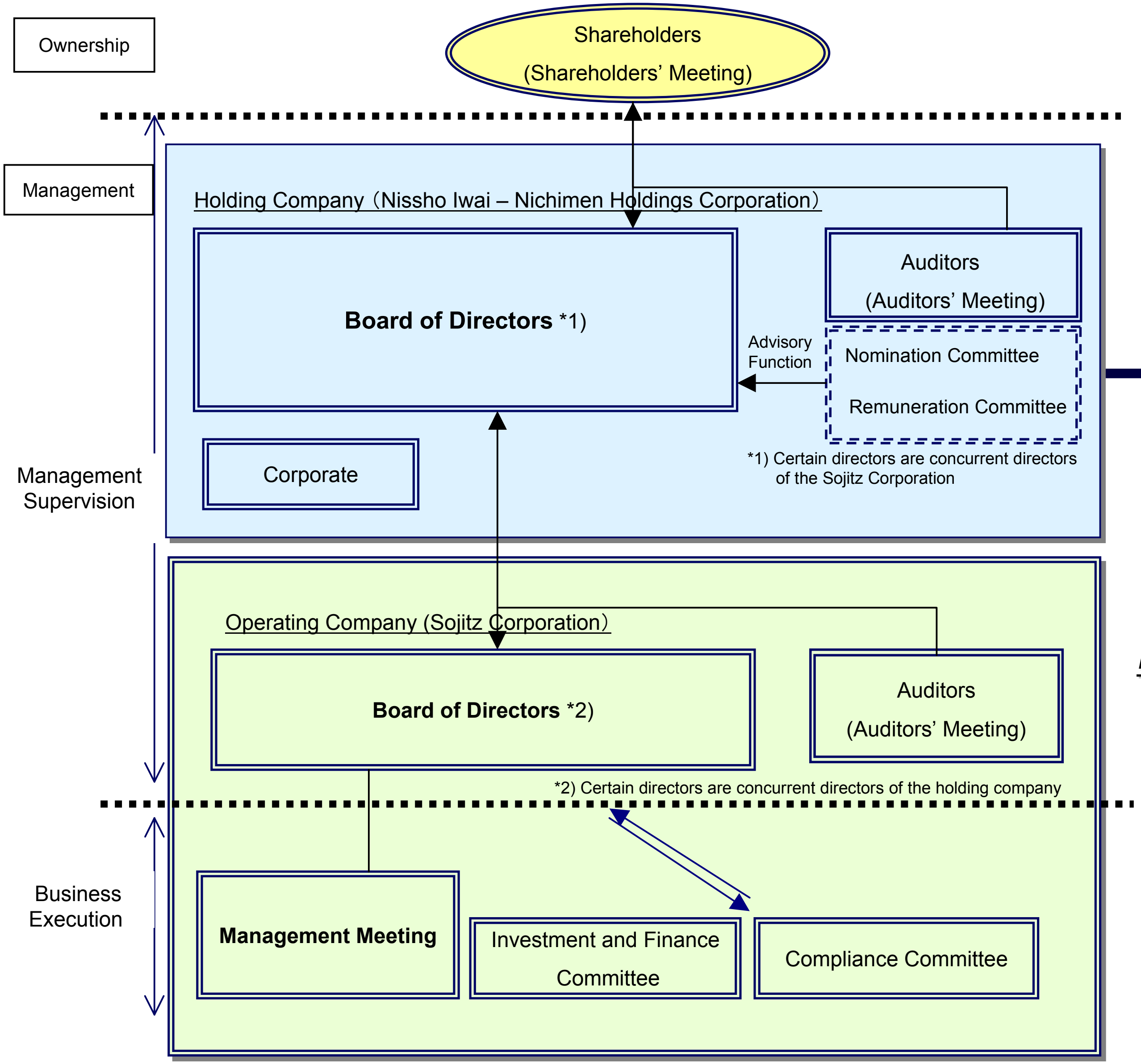
New Business Development Group

Overseas

Domestic Subsidiaries

Administration Subsidiary

Management Structure ② - Second Year Initiatives -



Ownership

Shareholders
(Shareholders' Meeting)

Management

Holding Company（Nissho Iwai – Nichimen Holdings Corporation）

Board of Directors *1)

Auditors
(Auditors' Meeting)

Advisory Function

Nomination Committee

Remuneration Committee

Corporate

*1) Certain directors are concurrent directors of the Sojitz Corporation

Management Supervision

Operating Company (Sojitz Corporation）

Board of Directors *2)

Auditors
(Auditors' Meeting)

*2) Certain directors are concurrent directors of the holding company

Business Execution

Management Meeting

Investment and Finance Committee

Compliance Committee

Establishment of the Nomination Committee and the Remuneration Committee each to be headed by an outside director, who will be appointed at the Annual General Meeting of Shareholders in June of this year.

Reinforcement of our Group Governance Structure

First Year Business Plan Results ①
- Summary -

Working steadily to realize the individual goals outlined for the first year of its Business Plan, guided by the keywords "Speed & Action"

Improvement in Profitability	Recurring profit for the first year achieved according to the Plan
Rationalization	Business Plan Rationalization targets achieved in the first year of the Plan
Selection and focus	Implementation of quantitative and qualitative evaluations in business unit measurements, using indicators that appropriately reflect factors such as, capital costs and risks, in order to achieve more detailed selection and focus
Reinforcement of Financial Strength	Reinforcement of financial strength significantly exceeding initial plans
Increases in capital	Strengthening Shareholders' Equity, as a result of implementation of equity financing in excess of initial plan (140%) Steady reduction in interest-bearing debt; Net DER of 4.9 times as of March 31, 2004
Return to the capital market	Issue of 25 billion yen straight bonds with the aim of improving capital structure (Increased issue from initial amount of 20 billion yen)
Restoration of assets	Disposition of roughly 200 billion yen and risk reduction of additional future loss through disposition of extraordinary loss and merger accounting

First Year Business Plan Results ②
- Balance Sheet and Earnings Summary -

A good start based on achievement of initial plans

(Billions of yen)

Principal Balance Sheet Items

	As of April 1, 2003	As of March 31, 2004	Remarks
Net Interest-Bearing Debt	2,087.6	1,557.1	Steady reduction in line with the Business Plan
Shareholders' Equity	50.4	316.2	Significant increase due to equity financing
Net DER (Times)	41.4	4.9	Substantial improvement in financial strength

Principal Earnings Items

	FY2003 Forecast	FY2003 Results	Remarks
Recurring Profit	48.0	48.5	Initial plans achieved
Net Loss	- 29.0	- 33.6	Implementation of further loss disposition

First Year Business Plan Results ③
- Rationalization -

Business Plan Rationalization targets achieved in the first year of the Plan
(First year rationalization effect: 32 billion yen)

	<Rationalization Plan>		**<Progress in the First Year>**	
	As of September 30, 2002	Reduction Planned by March 31, 2006	Reduction as of March 31, 2004	Remarks
Number of Employees (Consolidated)	**21,800**	**- 6,200**	**- 7,200**	Business Plan rationalization targets achieved in the first year
Number of Subsidiaries (Consolidated)	**430**	**-160**	**-172**	
Number of Domestic Branches	**8**	**- 4**	**- 4**	
Number of Overseas Operating Bases	**187**	**- 120**	**- 125**	Consolidation completed as of April 1, 2004

Note: Progress compared with the initial Rationalization Plan

First Year Business Plan Results ④
- Restoration of Assets -

- Implementing additional measures to enhance management potential and capabilities -

<Restoration of assets through disposition of extraordinary loss in FY2003 and April 1 merger accounting>

Extraordinary loss disposition

Rigorous reassessment focusing on investments in and loans to subsidiaries and affiliates, and overseas receivables

FY2003 extraordinary loss:
112.8 billion yen

Merger Accounting

Acceleration on impairment of assets belonging to the former Nissho Iwai, chiefly real estate related assets and write-off of unrecognized retirement benefit obligations

Reevaluation loss:
84.1 billion yen

Disposition of roughly 200 billion yen
and risk reduction of additional future loss

Efforts Towards Achieving Business Plans from the Second Year Onwards

“Improvements in Profitability”

◆Restructuring of business portfolio through SCVA
  ➢ Redistribution of management resources
  ➢ Growth oriented initiatives and strategies
◆Further rationalization
◆Maximization of synergies

“Reinforcement of Financial Strength”

◆Strengthening of shareholders’ equity and reduction in interest-bearing debt
◆Diversification and stabilization of capital structure
◆Improvements in financial indicators, such as current ratio etc.

(Billions of yen)

	FY2003 Results	FY2004 Forecast	FY2005 Plans
Recurring profit	48.5	85.0	101.0
Net DER (times)	4.9	4.6	5 or less

Themes for the Second Year of the Business Plan

◆ A profitable structure for sustained profitability

- ➢ Surpass the first-year rationalized “reduction” plan
- ➢ Second-year marked by a shift to an offensive approach in improving profitability
- ➢ Pursuit of the penetration of SCVA management and business synergies

◆ Reinforcement of the management structure

- Sojitz Group, moving ahead toward reinforcing our foundations
  - ➢ Embark on a new course incorporating a reshuffling of business portfolios
  - ➢ Reinforcement of roles: the Company in terms of management supervision, and Sojitz Corporation in terms of business execution

- Establishment of a highly transparent, more efficient management framework
  - ➢ Increasing medium to long term corporate value
    - ● Reinforcement of corporate governance

      Plans to appoint two outside directors at the General Meeting of Shareholders (June 2004)
    - ● The Company will maintain management responsibility and accountability for stakeholders, including shareholders.

II. Efforts to Reinforce Profitability

The Road to Achieving Recurring Profit of 100 Billion Yen (FY2005)

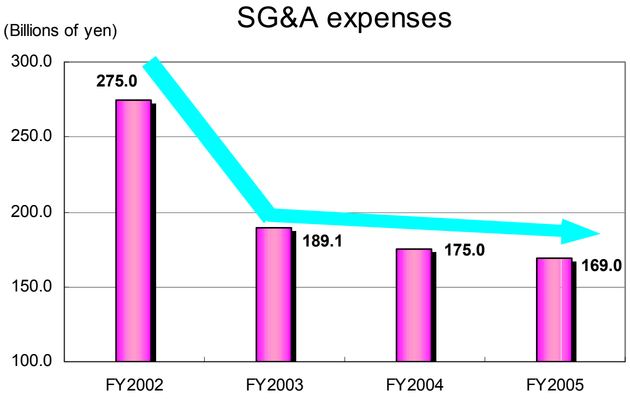
From this year onwards, the offensive to reinforce profitability will become our top priority

In the first year (FY2003), acquired a firm footing of reducing SG&A expenses of the Business Plan through implementation of a range of rationalization measures

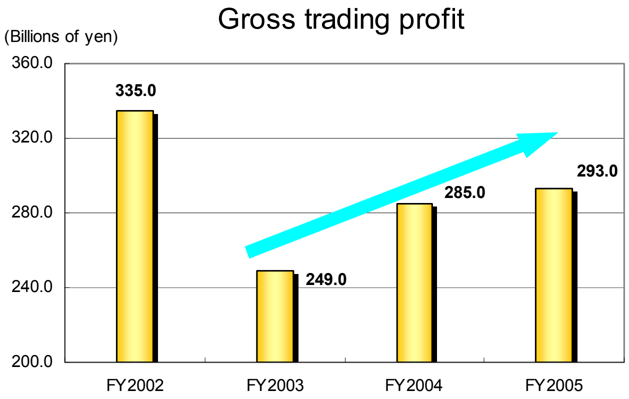
From this year onwards, initiatives will be based on our top priority of the offensive to reinforce profitability

☐ Enhancing business portfolio strategies
 - penetration of SCVA management

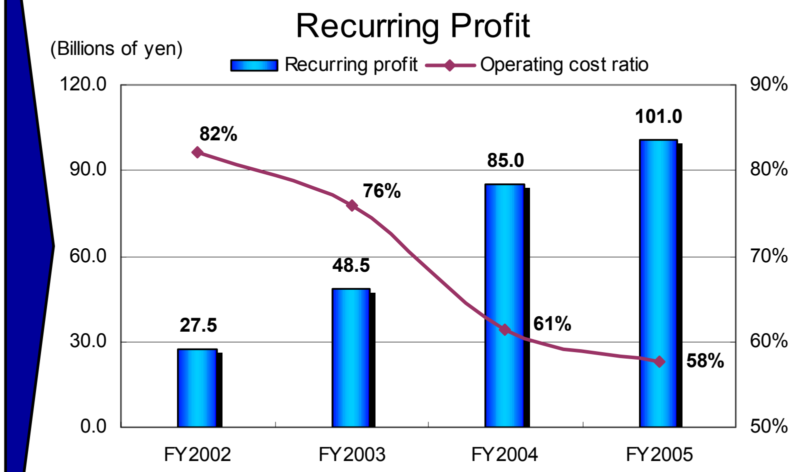
☐ Putting growth strategies into action



Acquired a firm footing of reducing SG&A expenses in the Business Plan



Shift of focus towards expanding profitability



※ Operating cost ratio = SG&A expenses / Gross trading profit

Penetration of SCVA Management

Introduction of SCVA, a new management indicator to ensure risk control and maximize returns

◆ Fundamental SCVA Framework

- Introduce an indicator that accurately reflects capital cost, risk, and other factors shared between management and the frontline with the aim of creating value

SCVA＝Revised Recurring Profit＋Interest Expense－(Funds Utilized x Capital Cost Ratio)

To improve SCVA ⇨ **Improvement in Profitability** ＋ **Reduction in Funds Utilized** ＋ **Comprehensive Risk Management**

◆ Establish an SCVA management framework as a foundation for corporate management

SCVA Management

Utilize as a performance management indicator

Performance management indicators for each level including portfolio management measures, department, and division

Utilize in personnel performance evaluation

*KPI: Evaluation indicator to quantitatively measure achievement rate

Utilize SCVA-based Key Performance Index (KPI*) as a management indicator for personnel performance evaluation

Utilize as a means to maximize shareholder value

**TSR: Total Shareholders' Return

High correlation to the shareholder value indicator TSR**, SCVA management as a means to maximize shareholder value

Establishment of a task-force to ensure penetration throughout the group

Business Portfolio Strategies ①
- Business Evaluation -

Objective:
Analyze current value-creation and future potential for each business as value-creation mechanisms with the aim of prioritizing business activities and to effectively reallocate management resources.

Evaluation Standards

(Quantitative) Value Creation
(Introduce SCVA*)

◇ Identify profitability and capital efficiency by individual business through indicators that accurately reflect capital cost, risk, and other factors

◇ Indicators that can be commonly shared between management and the frontline

* SCVA = Sojitz Corporation Value Added (formerly NNVA)

(Qualitative) Business Platform

◇ Conduct qualitative evaluation of each business to gauge market growth potential and competitive advantage as a mechanism to create value and potential

◇ Secure objective and transparent assessment through third-party evaluation

Evaluation Measures

More Detailed Measurements Based on Business Lines and Business Models

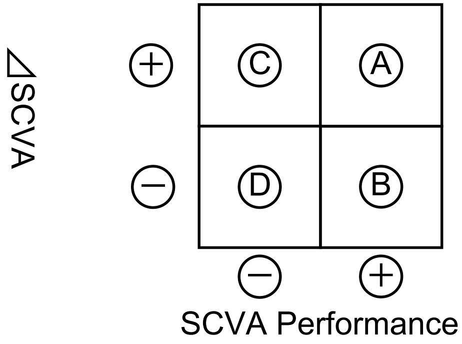
◇ Clarify earnings platform and risk through detailed evaluation measures

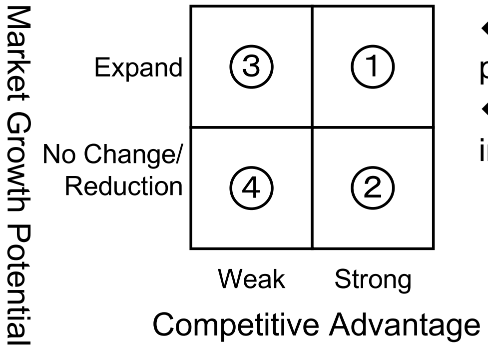
◇ Secure a cross-sectional value chain

⇒ Efficiently and organically derive measures based on each business line and model as quickly as possible

Business Portfolio Strategies ②
- Matrix Evaluation -

	Indicator	Rationale
Vertical Axis: Quantitative Evaluation	ΔSCVA / SCVA Performance	◆Impact on shareholder value now and into the future ◆Ability to secure optimum risk/return balance
Horizontal Axis: Qualitative Evaluation	Market Growth Potential / Competitive Advantage	◆Strength of business platform and growth potential ◆Degree of strategic importance





Scope

- Principal body (Sojitz Corporation)→Periodic expansion of overseas subsidiaries and affiliated companies

Opportunity Business

Core Business

Quantitative Evaluation / Qualitative Evaluation	Poor	Good
Good	Maintain profit and profitability without additional (management resource) investment ↓ Trend toward negative SCVA—transfer to "business for reorganization"	Enhance and maintain competitiveness of core businesses supporting the Group's earnings ↓ Identify a roadmap for success for each business, actively allocate management resources
Poor	Complete business withdrawal, business reorganization in line with reorganization plan ↓ Reallocate management resources to "core businesses" exhibiting growth potential	Only focus on business lines consistent with management thinking ↓ Maintain businesses exhibiting potential profitability and expectations of improved SCVA

Businesses for Reorganization

Businesses for Reevaluation

Growth Strategies ①
- Initiatives and Strategies-

Initiatives

As a multi-faceted business entity, target a leading position in highly profitable businesses

- Focus on priority fields from among existing and peripheral businesses

As an innovative trading company, invest in key businesses with strong potential as a means of cultivating new business domains

- Limit investment in businesses with significant downside risk

As a functional trading company, develop unique and unrivalled business models

- Build competitive advantage by delivering unique and unrivalled services

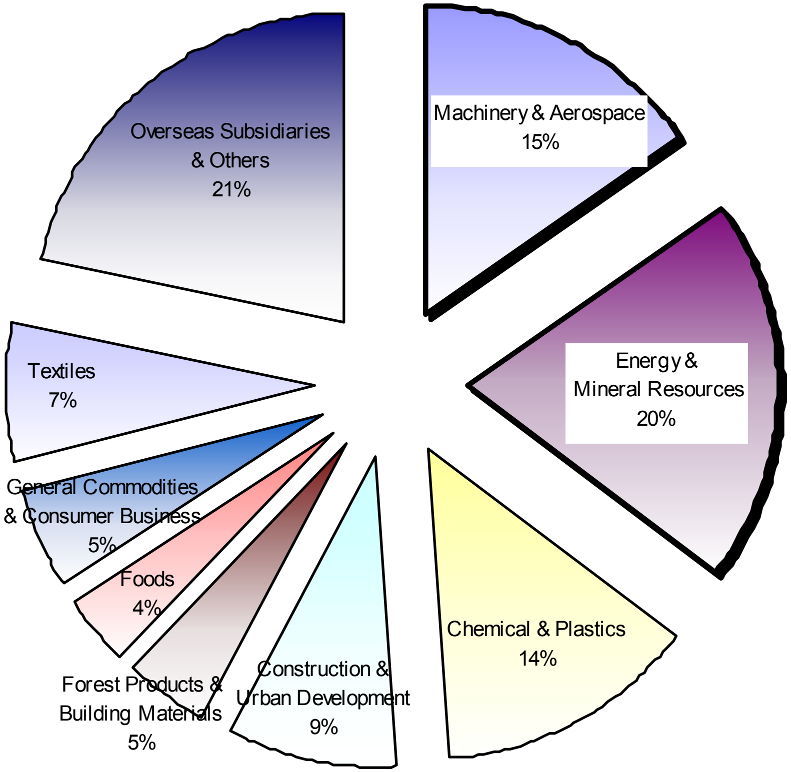
Strategies / Targets

Strategies	Targets
① Focus on growth markets	Enjoy the merits of market growth - Realize sales growth - Strengthen relationships with business partners - Pursue business in peripheral fields
② Target niche markets	Profit from specific markets in which the Group maintains significant strengths - Realize strong earnings through product and capability development - Establish a leading position in numerous fields
③ Build value chains	Deliver value-added services to customers that extend beyond existing transactions and build value chains - Deliver product and service development capabilities - Establish ongoing transaction flow through strong business management support to customers
④ Secure a leading market share	Realize advantageous terms and conditions through a position of market leadership - Secure a position of influence - Reduce procurement costs

Focus on strategies that distinguish the Company from its competitors

Growth Strategies ② a.
- Examples According to Segment -

Machinery & Aerospace, Energy & Mineral Resources



※ Proportion of recurring profit forecasts for FY2004 occupied by individual sectors

◆ Machinery & Aerospace

Focus on growth markets
- Automobile manufacturing and automobile-related businesses in China
- Electronics and communications-related equipment in South East Asia

Target niche markets
- Development of charter business of aircraft

Build value chains
- Reinforcement of the automobile-related industry (investment in die manufacturers, etc.)

Secure a leading market share
- Commercial aircraft (Boeing, Bombardier)

◆ Energy & Mineral Resources

Focus on growth markets
- PCI coal (pulverized coal for injection)
- Coke

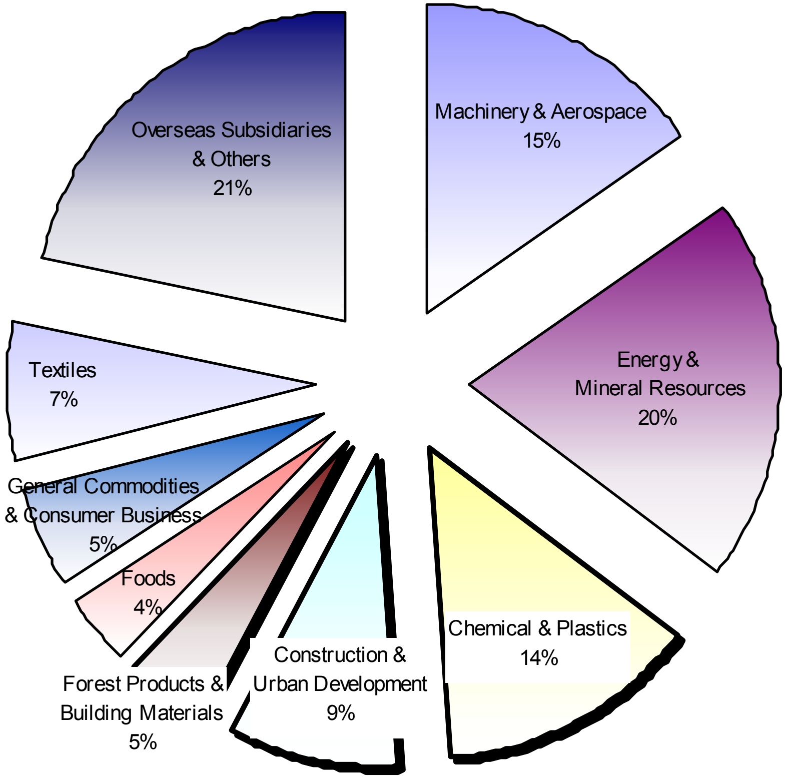
Target niche markets
- Ferrous alloys, nonferrous raw materials (nickel, vanadium, molybdenum, etc.)

Build value chains
- Acquisition of upstream LNG rights (increasing acquisition of rights in Tangguh in Indonesia)

Secure a leading market share
- Iron ore for use in mills
- Nuclear fuel cycle business

Growth Strategies ② b.
- Examples According to Segment -

Chemicals & Plastics, Construction & Urban Development, Forest Products & Building Materials



※ Proportion of recurring profit forecasts for FY2004 occupied by individual sectors

◆ Chemicals & Plastics

Focus on growth markets
- ・Electronic materials (liquid crystal materials)
- ・Raw materials for plastic bottles (specializing in the booming Chinese market)

Target niche markets
- ・Meton resin (thermosetting resin best suited for the manufacture of large molded products)

Secure a leading market share
- ・Industrial-use salt (Australian salt, Indian salt)

◆ Construction & Urban Development

Build value chains
- ・Development, sales and management projects as part of the condominium business

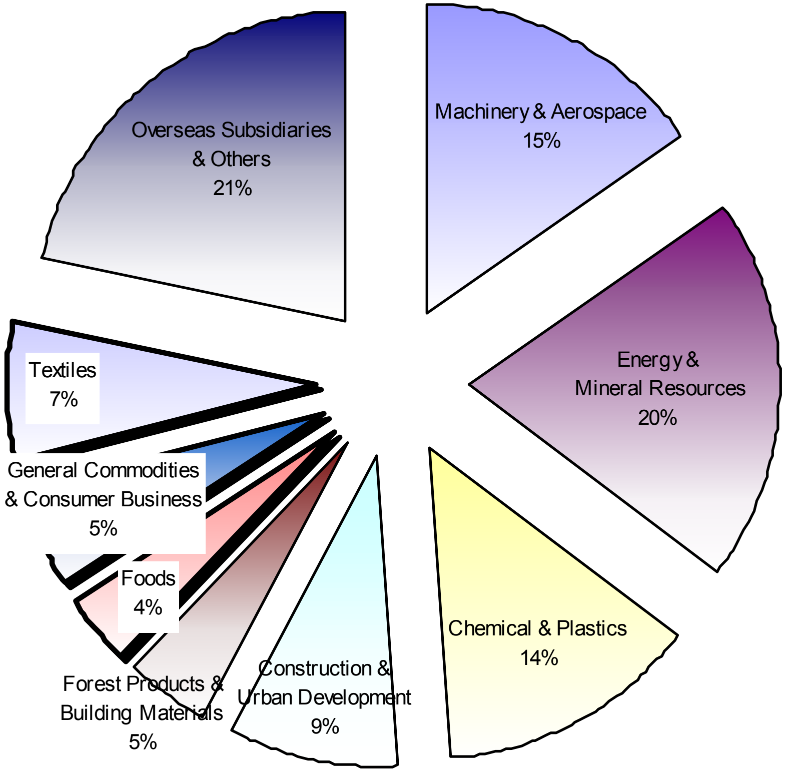
Target niche markets
- ・Premium outlet mall business

◆ Forest Products & Building Materials

Secure a leading market share
- ・Logs, lumber, and housing materials

Growth Strategies ② c.
- Examples According to Segment -

Foods, General Commodities & Consumer Business, Textiles



※ Proportion of recurring profit forecasts for FY2004 occupied by individual sectors

◆ Foods

Target niche markets
- Deep frozen tuna storage, processing and sales

Build value chains
- Reinforcing and expanding trade with convenience stores, supermarkets, restaurant chains

Secure a leading market share
- Import and offshore transactions of Canadian wheat

◆ General Commodities & Consumer Business

Target niche markets
- Woodchip and afforestation business (Vietnam, Australia)

Secure a leading market share
- Exclusive distributor for “Aprica” (child care products)

◆ Textiles

Secure a leading market share
- Down feather materials from Eastern Europe and China

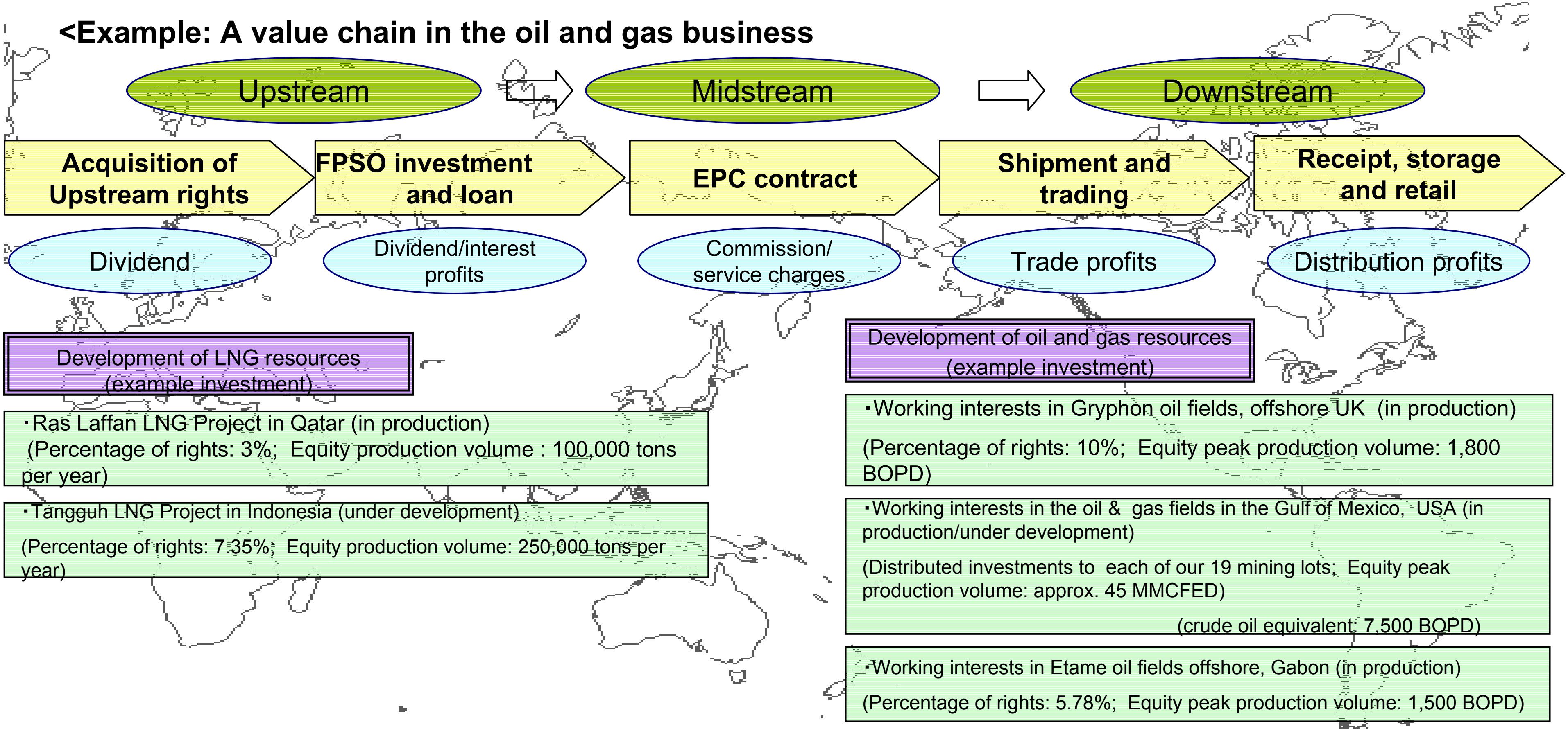
Target niche markets
- Establishing a company to handle dying business for bed linen products

Build value chains
- Consistent Supply Chain Management (SCM) for textile products, through the upstream-to-downstream process

Growth Strategies ③
- An Example of Building Value Chains in the Energy Resource Business -

Strengthening value chains in the energy resource business through the acquisition of upstream rights

<Example: A value chain in the oil and gas business



Development of LNG resources (example investment)

- Ras Laffan LNG Project in Qatar (in production)
  (Percentage of rights: 3%; Equity production volume : 100,000 tons per year)
- Tangguh LNG Project in Indonesia (under development)
  (Percentage of rights: 7.35%; Equity production volume: 250,000 tons per year)

Development of oil and gas resources (example investment)

- Working interests in Gryphon oil fields, offshore UK (in production)
  (Percentage of rights: 10%; Equity peak production volume: 1,800 BOPD)
- Working interests in the oil & gas fields in the Gulf of Mexico, USA (in production/under development)
  (Distributed investments to each of our 19 mining lots; Equity peak production volume: approx. 45 MMCFED)
  (crude oil equivalent: 7,500 BOPD)
- Working interests in Etame oil fields offshore, Gabon (in production)
  (Percentage of rights: 5.78%; Equity peak production volume: 1,500 BOPD)

- Participation is focused on the superior quality of resources, as yet un-developed sites amongst upstream rights to oil and gas go under production
- Aiming to secure compound development of subsequent businesses, such as through increased distribution and trade, in addition to aiming to secure dividend profits

Growth Strategies ④ - Examples of Business in Chinese Growth Markets -

Increased investment in booming Chinese markets

Machinery (automobile-related)

・Automobile manufacturing business—we are the only company to invest directly in finished automobile manufacturers

・Automobile-related business including the sale and repair of car products and accessories

⇒ Building a consistent value chain within the rapidly growing Chinese automobile market covering development, manufacture, sales and after-marketing

Textiles

・Participation in high quality textile material manufacturing and dying business

・Establishing a company to handle textile product dying business in collaboration with a leading bed linen company

⇒ Developing consistent SCM in China covering everything from raw materials to products

Machinery (bearings)

・Reinforcement of manufacturing bases for bearing products and components

⇒ Strengthening both the supply of materials and product sales in China, where demand is expected to grow in line with the increased production of machinery and equipment such as automobiles

Plastics

・Entry into plastic bottle related business

⇒ Targeting the Chinese market, where the demand for plastic bottles is rapidly increasing, by investing in manufacturers of PIA, (the basic plastic material used in making bottles), and focusing on expanding sales

Aiming to expand investment in booming Chinese markets and building up local trade with high added value

Results for FY2003 and Forecasts for FY2004

Nissho Iwai – Nichimen Holdings Corporation
(Sojitz Group)

May 25, 2004

Contents

Information on Future Performance (Forward-Looking Statements)

This document contains forward-looking statements on the Company’s business plans and initiatives based on information available to management at the time of disclosure. Accordingly, readers are advised that actual results may differ from forward-looking statements due to a wide variety of factors.

Results for the Year Ended March 31, 2004

(Billions of yen)	FY2003 Results	FY2003 Forecasts (February 6)	Difference from Forecasts	Percentage Achieved	FY2002 Results (reference figures*)	Comparison with Previous Period
Net sales	**5,861.7**	5,930.0	- 68.3	99%	6,650.0	- 788.3
Gross trading profit	**249.0**	252.0	- 3.0	99%	335.0	- 86.0
SG&A expenses	**- 189.1**	- 186.0	- 3.1	102%	- 275.0	+ 85.9
Operating income	**59.9**	66.0	- 6.1	91%	60.0	- 0.1
Non-operating income/expenses—net	**-11.4**	- 18.0	+ 6.6		- 32.5	+ 21.1
Recurring profit	**48.5**	48.0	+ 0.5	101%	27.5	+ 21.0
Extraordinary profit/loss—net	**- 90.6**	- 60.0	- 30.6		- 138.0	+ 47.4
Net income/loss before tax	**-42.1**	- 12.0	- 30.1		- 110.5	+ 68.4
Net income/loss	**- 33.6**	- 29.0	- 4.6		- 122.4	+88.8

(*) Reference figures calculated based on FY2002 results, for both the former Nichimen and Nissho Iwai, and on factors such as consolidated adjustments relating to mutual subsidiaries owned by both companies.

Gross Trading Profit (by Operating Segment)

(Billions of yen)	FY2003 Results	FY2002 Results(*)	Increase/ Decrease	Main Factors for Change
Machinery	44.4	45.2	- 0.8	Decreased subsidiary profits due to the conversion of a welding materials sales subsidiary to the equity-method affiliate (- 0.6), etc.
Energy & Mineral Resources	27.2	27.1	+ 0.1	Increased profits in petroleum-related transactions and the petroleum and carbon business (+ 0.4), reduced profits in energy and electric power businesses (- 0.2), etc.
Chemicals & Plastics	44.1	44.3	- 0.2	Increased a methanol business subsidiary’s profit increased (+ 2.9), due to trends towards high price stability in the methanol market, reduced profits in domestic general purpose resin sales, reduced profits at Australian mineral sand mine operating subsidiaries (- 0.9), reduced profits at a resin molding manufacturing company (Daiichi Kasei) (- 0.7), etc.
Textiles	21.3	21.7	- 0.4	Increases due to new consolidation of Daiichibo and a strong sales performance from a textiles subsidiary contributed, decreases due to factors such as the impact of a slump in the market resulting from the cool summer
Foodstuffs	13.4	15.2	- 1.8	Reduced trade in livestock products due to factors such as the impact of BSE, a drop due to the sale of a consolidated subsidiary (wholesale rice company), etc.
Construction	18.9	21.5	- 2.6	A drop in real estate related trade, etc. (- 4.3) (Mainly due to reduced large profit trade that had contributed in the previous year)
Forest Products	11.8	12.0	- 0.2	A minor drop due to the impact of factors such as the appreciation of the yen
General Merchandise & Retail	14.2	8.9	+ 5.3	Increases due to full year consolidation of Nakau (+ 5.9), etc.
Overseas Subsidiaries	27.8	36.5	- 8.7	A drop due to the impact of the restructuring of the steel business (related to Metal One) (- 4.3) and the appreciation of the yen, etc.
Others	25.9	102.6	- 76.7	A drop due to business restructuring (related to Metal One, transfer of steel products business) (- 28.1) and the conversion of an information industry subsidiary (ITX) to the equity-method affiliate (- 44.8)
Total	249.0	335.0	- 86.0	

(*) Reference figures calculated based on FY2002 results, for both the former Nichimen and Nissho Iwai, and on factors such as consolidated adjustments relating to mutual subsidiaries owned by both companies.

SG&A Expenses

SG&A Expenses: - 189.1 billion yen (85.9 billion yen improvement on previous year*)

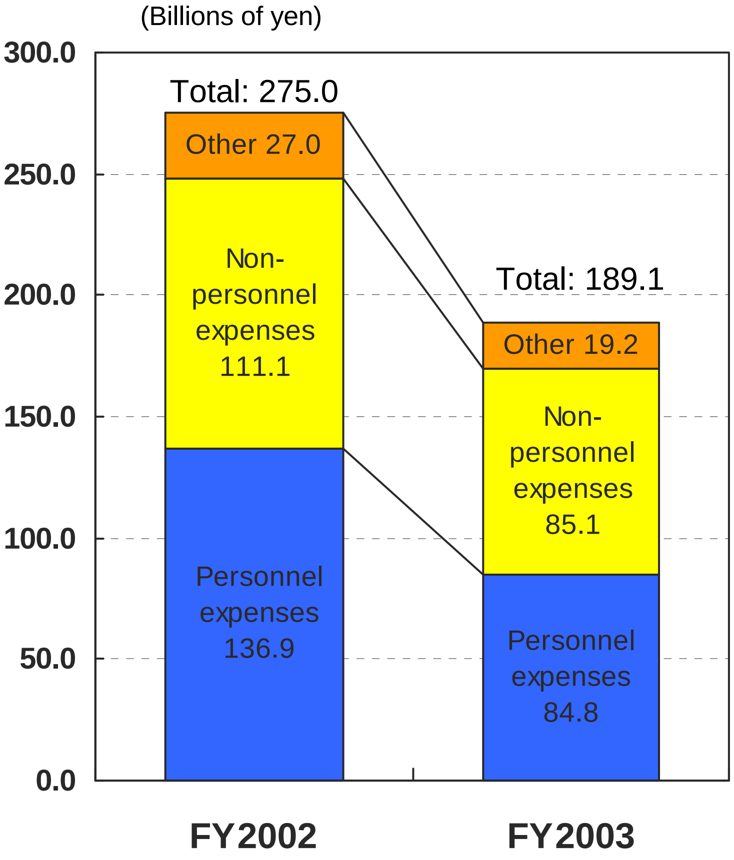
- Principal breakdown of improvements in SG&A expenses
  - Reduction in personnel expenses 52.1 billion yen
  - Reduction in non-personnel expenses 26.0 billion yen
  - Other reductions 7.8 billion yen
    (decrease in consolidated goodwill amortization: 4.2 billion yen, etc.)

【Decreasing factors】

- Rationalization effect 32.0 billion yen
- Principal causes of impact due to exclusion from consolidation:
  - Switch to the equity method for information industry subsidiary (ITX) (36.1 billion yen)
  - Business restructuring (25.2 billion yen)

【Increasing factors】

- Principal causes of impact due to new consolidation:
  - Full year consolidation of Nakau (+6.0 billion yen)



(*) Reference figures calculated based on FY2002 results, for both the former Nichimen and Nissho Iwai, and on factors such as consolidated adjustments relating to mutual subsidiaries owned by both companies.

Non-operating Income/Expenses

Non-operating income/expenses-net: - 11.4 billion yen
(21.1 billion yen improvement on previous year)

- Principal Breakdown

(Billions of yen)

	FY2003	FY2002(*)	Increase/ Decrease	(Main factors for change)
Net interest expense	- 31.1	- 33.5	+ 2.4	Improvements in interest expenses through reductions in interest-bearing debt
Dividends received	4.6	5.5	- 0.9	
Total net financial expenses	- 26.5	- 28.0	+ 1.5	
Equity in gains/losses of unconsolidated subsidiaries and affiliates	5.9	0.5	+ 5.4	Increases due to the restructuring of business portfolio (Metal One: +4.1 LNG: +0.5), etc.
Other non-operating income/expenses -net	9.2	- 5.0	+ 14.2	Impact of the switch to the equity method for information industry subsidiary (ITX)
Total non-operating income/expenses-net	- 11.4	- 32.5	+ 21.1	

(*) Reference figures calculated based on FY2002 results, for both the former Nichimen and Nissho Iwai, and on factors such as consolidated adjustments relating to mutual subsidiaries owned by both companies.

Extraordinary Profit/Loss

Net extraordinary losses: -90.6 billion yen (Tightening up on reserves for investments in, and loans to subsidiaries and affiliates, and overseas receivables)

- Principal breakdown (Billions of yen)

- Extraordinary profit

		(Main factors)
Gain on property & equipment	0.7	
Gain on sale of investment securities	21.5	Profit from the sale of listed shares etc.
Total extraordinary profit	22.2	

- Extraordinary loss

Loss on property & equipment	- 5.0	Loss on the sale of real estate owned by subsidiary, etc.
Loss on sale of investment securities	- 6.6	Loss on the sale of listed shares (1st half: -6.0), etc.
Evaluation loss on investment securities & investments other than securities	- 9.0	Loss on the evaluation of unlisted shares, etc.
Loss due to reorganization of subsidiaries and affiliates	- 34.6	Reserves for Australian mineral sand mine operating business (-5.5), reserves for domestic real estate development subsidiary (-4.0), withdrawal from overseas log production and sales business (-2.8), reserves for overseas wind power generation business (-2.2), reserves for European plastics manufacturing and sales company (-1.5), etc.
Provision for overseas doubtful receivables	- 28.3	Reserves for Southeast Asian and Central and South American receivables, etc.
Restructuring loss	- 6.7	Loss due to withdrawal from development business (-4.4), additional loss in line with transfer of former Nichimen steel products business (-0.7), etc.
Special early retirement benefits	- 7.1	Extra payments for retirees and transferring staff within Group companies (former Nissho Iwai: -5.1, former Nichimen: -2.0), etc.
Expense loss on changes in retirement benefit plans	- 15.3	The abolition of the qualified retirement pension plan and retirement payment system, switching to a defined contribution pension plan (former Nichimen)
Other	- 0.2	
Total extraordinary loss	- 112.8	

Summary of Accounting for Merger

On April 1st of this year, the former Nichimen and Nissho Iwai merged to form Sojitz Corporation.
To account for this merger, so-called “not-exceeding fair value evaluation method” was employed as shown below.

- Overview of merger accounting
  - Based on the Commercial Code of Japan, the former Nichimen, a surviving company, acquired the assets and liabilities of the former Nissho Iwai at not exceeding their fair value.
  - The “not-exceeding fair value evaluation method” refers to the method of evaluating assets and liabilities with readily available fair value (e.g., securities and real estate) at their fair value and acquiring these assets and liabilities at their adjusted value.

- Impact of merger accounting on shareholders’ equity

a. Breakdown of impact on asset and liability re-evaluation (Billions of yen)

•Gain on evaluation of listed shares and affiliated companies’ businesses	88
•Loss on evaluation of real estate related business	- 58
•Loss on write-off of unrecognized retirement benefit obligation	- 26
Net impact of asset and liability re-evaluation	approx. 4

b. Decrease in deferred tax assets arising from the review of deferred tax assets and liabilities, and an increase in unrealized gain on securities in line with the recognition of gain on evaluation of listed shares	- 29
c. Net impact of merger accounting on shareholders’ equity (=a+b)	approx. - 25

Forecasts for the Year Ending March 31, 2005

(Billions of yen)	**FY2004 Forecasts**	FY2003 Results	Increase/Decrease
Net sales	**6,100.0**	5,861.7	+ 238.3
Gross trading profit	**285.0**	249.0	+ 36.0
SG&A expenses	**- 175.0**	- 189.1	+ 14.1
Operating income	**110.0**	59.9	+ 50.1
Non-operating income/expenses—net	**- 25.0**	- 11.4	- 13.6
Recurring profit	**85.0**	48.5	+ 36.5
Extraordinary profit/loss—net	**- 10.0**	- 90.6	+ 80.6
Net income/loss before tax	**75.0**	- 42.1	+ 117.1
Net income/loss	**50.0**	- 33.6	+ 83.6

Forecast of Gross Trading Profit (by Operating Segment)

(Billions of yen)	FY2004 Forecasts	FY2003 Results*	Increase/ Decrease	Main Factors for Change
Machinery & Aerospace	47.0	48.2	- 1.2	Increases in businesses such as automobiles, electronics and communications-related equipment and bearings, in China and other target areas, a drop due to the sale of a European automobile business subsidiary, etc.
Energy & Mineral Resources	35.0	31.0	+ 4.0	Increased profits in the energy resource business, an increase in nonferrous metal related trade, including Australian alumina, and a strong performance in the energy and electric power business, including a trade increase in power generation and electricity related facilities targeted at the Middle East and Asia
Chemicals & Plastics	43.0	44.0	- 1.0	Increased trade in plastic bottle related materials in China, and liquid crystal and other panel related materials in Taiwan, a deceleration in a subsidiary handling the manufacture and sale of methanol, a market for which forecasts is conservative, reduced profits from the sale of a resin molding manufacturing company (Daiichi Kasei), etc.
Construction & Urban Development	18.5	17.4	+ 1.1	Steady performance in the condominium business, the implementation of projects carried over from the previous period, etc.
Forest Products & Building Materials	13.0	11.8	+ 1.2	Increased sales due to expanded direct sale trade by a subsidiary handling the sale of forest products (Sun Building Materials), synergy effects, such as reductions in sales costs from the merger
Foods	14.0	13.4	+ 0.6	Recovery of trade in livestock due to an increase in handling of alternatives to U.S. produced beef
General Commodities & Consumer Business	19.0	14.2	+ 4.8	Increased profits from Nakau due to the extension of outlets and the opening of new branches during the previous period, increased profits in the woodchip and afforestation business due to the full commencement of operations at a factory in Vietnam, etc.
Textiles	24.0	21.3	+ 2.7	Full year contribution to profits due to the consolidation of Daiichibo as a subsidiary, increased profits due to the acquisition of an apparel manufacturing company, increased trade of non-apparel, home textile products for retail stores
Overseas Subsidiaries	35.5	27.8	+ 7.7	Increased profits due to the concentrated allocation of management resources into individual subsidiaries' core businesses (U.S.A.: automobile related; Europe: machinery, packaging materials; Asia/China: automobile related, resin materials, etc.)
Others	36.0	19.9	+ 16.1	Increases due to the consolidation of an IT-related company (Nissho Electronics) as a subsidiary
Total	285.0	249.0	+ 36.0	

(*) There will be partial changes to the division of segments from this period onward, in line with the establishment of a new structure based on the April 1, 2004 merger between the former Nichimen and Nissho Iwai. In accordance with the newly adopted criteria, these figures restate the results listed for FY2003 on page three of this document.

Balance Sheet Results & Forecasts

(Billions of yen)	As of April 1, 2003	Results as of March 31, 2004	**Forecasts for March 31, 2005**
Cash and time deposits	339.0	435.7	**370.0**
Operating assets	1,323.4	1,093.5	**1,200.0**
Investments & loans	889.4	797.4	**820.0**
Fixed assets	783.5	750.4	**700.0**
Total assets	3,335.3	3,077.0	**3,090.0**
Operating liabilities	858.3	768.0	**800.0**
Interest-bearing debt	2,426.6	1,992.8	**1,950.0**
Total liabilities	3,284.9	2,760.8	**2,750.0**
Shareholders' equity	50.4	316.2	**340.0**
Total liabilities & shareholders' equity	3,335.3	3,077.0	**3,090.0**
Net interest - bearing debt	2,087.6	1,557.1	**1,580.0**
Net DER (Times)	41.4	4.9	**4.6**