Summary of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2011

April 28, 2011

Sojitz Corporation
(URL http://www.sojitz.com)
Listed stock exchange: The first sections of Tokyo and Osaka
Security Code: 2768
Company Representative: Yutaka Kase, President & CEO
Contact Information: Koji Kamiko, GM, Public Relations Dept. TEL +81-3-5520-3404
Scheduled date of Ordinary General Shareholders' Meeting: June 23, 2011
Scheduled filing date of quarterly financial report: June 23, 2011
Scheduled date of delivery of dividends: June 24, 2011
Supplementary materials for the quarterly financial results: Yes
Investor conference for the quarterly financial results: Ye

(Rounded down to millions of Japanese Yen)

1.Consolidated Financial Results for the Year Ended March 31, 2011 (April 1st, 2010 - March 31, 2011)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
For the year ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2010	4,014,639	4.4	37,519	132.6	45,316	230.7	15,981	81.7
FY2009	3,844,418	(25.6)	16,128	(69.0)	13,702	(59.3)	8,794	(53.7)

	EPS	Adjusted EPS	ROE	ROA	Operating Income Ratio
For the year ended	Yen	Yen	%	%	%
FY2010	12.77	12.77	4.7	2.1	0.9
FY2009	7.08	7.06	2.6	0.6	0.4

(Millions of Yen)

Notes: (1)Equity in earnings of unconsolidated subsidiaries and affiliates for the year ended March 31, 2011 : 19,297 2010 : 9,179
(2)Return on Assets (ROA) = Ordinary Income / Total Assets

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of Yen	Millions of Yen	%	Yen
March 31, 2011	2,116,960	355,510	15.6	263.79
March 31, 2010	2,160,918	377,404	16.3	281.69

(Millions of Yen)

Notes: Shareholders' Equity As of March 31, 2011 : 330,028 As of March 31, 2010 : 352,417

(3) Consolidated Statements of Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the Period
For the year ended	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2011	67,863	(19,903)	(72,054)	415,261
March 31, 2010	107,222	28,439	(102,597)	454,262

2.Cash Dividends

	Cash Divided per Share					Total Ammout of Cash Dividends (annual)	consolidated Payout ratio	Dividend to net assets (consolidated)
For the year ended	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March 31, 2010	-	2.50	-	0.00	2.50	3,083	35.3	0.9
March 31, 2011	-	1.50	-	1.50	3.00	3,753	23.5	1.1
March 31, 2012 (forecast)	-	1.50	-	1.50	3.00		23.5	

2.The above “Cash Dividends” refers to common stock. For details on the payment of dividends for other (unlisted) classified stocks that have rights different from those of common stock issued by the Company, please refer to “Dividends on Preferred Shares”.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2012 (April 1, 2011 - March 31, 2012)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
For the year ending March 31, 2012	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	4,380,000	9.1	50,000	33.3	46,000	1.5	16,000	0.1	12.79

Note.Fiscal first-half condsolidated earnings forecast is omitted because Sojitz earnings on an annual basis only

4.Others

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

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

1. Changes due to amendment of accounting standards : Yes
2. Changes due to other reasons : N(

(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, 2011: 1,251,499,501 As of March 31, 2010: 1,251,499,501
2. Number of treasury shares at the end of the periods:
As of March 31, 2011 : 416,962 As of March 31, 2010 : 408,488
3. Average number of outstanding shares during the periods:
For the Year ended March 31, 2011(accumulative): 1,251,087,488
For the Year ended March 31, 2010(accumulative): 1,241,281,744

* Important Note Concerning the Appropriate Use of Business Forecasts
Caution regarding Forward-looking Statements
The forecasts appearing above constitute forward-looking statements. They are based information available to Sojitz at the time of disclosure and certain assumptions that management believes to be reasonable. Actual results and other outcomes 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.

Dividends on Preferred Shares

The table below sets out details of dividends per share and total dividends paid for classified stock conferring rights different from common stock.

	Cash Dividends per Share					Total amount of Cash Dividens (annual)
	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual	
FY2010 ended March 31, 2010	Yen	Yen	Yen	Yen	Yen	Millions of Yen
1st Series Class III	-	7.50	-	0.00	7.50	11

*As Of October 29, 2009, conversion of 1st Series Class III Preferred Shares to Common stock has been completed, we have no year ended dividends for 1st Series Class III Preferred Shares.
We have deleted the provisions for 1st Series Class III Preferred Shares in the articles of incorporation at the Ordinary General Shareholders' Meeting held on June 22, 2010.

Analysis of business results

1. Overview of fiscal 2010

(1) Fiscal 2010 operating results

Economic environment

The global economy entered fiscal 2010 (year ended March 31, 2011) in a gradual recovery trend supported by fiscal and monetary policy measures. While developed European and American economies have been slow to recover, Asian economies generally grew briskly in fiscal 2010, led by China and India. The US economy remained in a recovery trend by virtue of corporate earnings' recovery and a pickup in consumer spending. Although the US thus averted a recessionary relapse, which had been a concern last year, it remains plagued by high unemployment. Europe also spent fiscal 2010 in a gradual economic recovery trend, led by Germany, but political turmoil erupted at fiscal year-end, with Ireland's ruling party voted out of power and Portugal's prime minister announcing his resignation. These events gave rise to renewed sovereign credit concerns.

The Japanese economy's growth rate turned negative in the fiscal third quarter (October – December 2010) for the first time in five quarters. Positive growth was initially expected to resume from the fiscal fourth quarter and the economy did indeed regain momentum.

However, the catastrophic earthquake that struck eastern Japan on March 11 has cast a pall over the outlook for Japanese economic recovery amid concerns about its repercussions, including rolling power outages and the nuclear power plant problems it triggered.

In addition to the above, the global economy faces other risks in the form of rising crude oil prices and unrest in the Middle East and Africa that has spread from Tunisia to Egypt and Libya. Another risk factor that bears monitoring is intermittent monetary tightening in developing economies, mainly in Asia. Amid such an environment, rates of economic recovery and growth are diverging among regions and countries.

Financial Performance

Sojitz Corporation's consolidated business results in fiscal 2010 are presented below.

Net sales

Consolidated net sales grew 4.4% year on year to ¥4,014,639 million, broken down by type as follows.

Net sales by type (yen in millions, except percentages)

Type of sales	Fiscal 2009 (year ended March 31, 2010)		Fiscal 2010 (year ended March 31, 2011)	
		% of total		% of total
Export	446,073	11.6	457,840	11.4
Import	972,775	25.3	960,382	23.9
Domestic	1,689,558	44.0	1,757,144	43.8
Offshore	736,011	19.1	839,272	20.9
Total	3,844,418	100.0	4,014,639	100.0

Relative to fiscal 2009, export sales grew 2.6% in fiscal 2010, driven largely by growth in sales of chemicals and synthetic resins. Import sales declined 1.3%, largely as a result of a decrease in aircraft-related sales. Domestic sales increased 4.0%, bolstered by growth in sales of energy and metals. Offshore sales were up 14.0%, largely reflecting growth in autos, chemicals, and synthetic resins.

By segment, consolidated net sales declined year on year in the Machinery Division and "Other" segment, down 2.9% and 28.9% respectively, but increased 15.9% in the Energy & Metal Division, 11.8% in the Chemicals & Functional Materials Division, and 1.0% in the Consumer Lifestyle Business Division.

Gross profit

Consolidated gross profit increased ¥14,522 million year on year to ¥192,725 million. The increase was attributable to multiple factors, including improved earnings in the Consumer Lifestyle Business Division's overseas fertilizer business, Energy & Metal Division profit growth driven largely by coal sales growth, and Chemicals & Functional Materials Division profit growth derived largely from higher methanol prices and sales growth fueled by demand recovery in China and elsewhere in Asia.

Operating income

Consolidated operating income increased ¥21,391 million year on year to ¥37,519 million by virtue of growth in gross profit coupled with reduction in general, selling and administrative (SG&A) expenses.

Ordinary income

Consolidated ordinary income grew ¥31,614 million year on year to ¥45,316 million as a result of growth in equity in earnings of affiliates, most notably a bioethanol producer and steel-related companies, in addition to operating income growth.

Extraordinary income and losses

Extraordinary income totaled ¥19,078 million, including a ¥10,307 million gain related to step acquisitions and ¥4,870 million gain on the sale of noncurrent assets. Extraordinary losses totaled ¥25,082 million, including a ¥9,687 million fixed-asset impairment loss, ¥5,097 million restructuring loss, and ¥4,855 million in losses, and provisions for losses, on dissolution of subsidiaries and affiliates. On balance, these factors netted to an extraordinary loss of ¥6,004 million.

Net income

Consolidated income before income taxes and minority interests was ¥39,312 million. After deduction of income tax expense of ¥11,400 million and deferred income taxes of ¥9,103 million, consolidated net income before adjustment for minority interests was ¥18,808 million. After deduction of ¥2,826 million of minority interests in consolidated subsidiaries' net income, fiscal 2010 consolidated net income was ¥15,981 million, an increase of ¥7,187 million from fiscal 2009.

Effective from fiscal 2010, Sojitz revised its business segmentation, reclassifying its airline- and airport-related distribution and services operations from the "Other" segment into the Consumer Lifestyle Business Division.

Fiscal 2010 results are summarized by business segment below.

Machinery

Net sales declined 2.9% year on year to ¥965,412 million despite growth in auto sales in Europe and elsewhere. The decrease in sales was largely aircraft-related. Net income increased ¥2,420 million year on year to ¥3,391 million even as earnings slumped at an auto subsidiary in the Central and South America region. The bottom-line growth was largely attributable to an increase in equity in earnings of affiliates and reduction in SG&A expenses.

Energy & Metal

Net sales grew 15.9% year on year to ¥1,013,981 million, reflecting growth in coal unit sales and both increased unit sales and higher prices of several other products, including precious metals and ferroalloys. Net income also increased, up ¥2,940 million year on year to ¥26,462 million as a result of increased equity in earnings of affiliates, including a steel business company and bioethanol production company, and a step-acquisition gain resulting from acquisition of an incremental interest in a mine by a subsidiary that holds mining interests.

Chemicals & Functional Materials

Net sales were up 11.8% year on year to ¥612,510 million, largely by virtue of higher methanol prices and unit volume growth driven by demand recovery in China and somewhere in Asia. Net income rose ¥1,458 million year on year to ¥2,711 million.

Consumer Lifestyle Business

Net sales increased 1.0% year on year to ¥1,378,000 million, bolstered by growth in tobacco and timber sales. Net income totaled ¥1,089 million, a ¥4,315 million improvement from fiscal 2009. The bottom-line improvement was largely due to improved earnings from the overseas fertilizer business.

Other

Net sales fell 28.9% year on year to ¥44,734 million. Despite booking a restructuring loss in conjunction with asset reallocations, the segment saw its net loss shrink to ¥5,458 million, a ¥3,648 million improvement from fiscal 2009. The improvement was attributable to nonrecurrence of a year-earlier revaluation loss on Japan Airlines preferred share holdings.

(2) Fiscal 2011 Outlook

Sojitz's current earnings forecast for fiscal 2011 (year ending March 31, 2012) is as follows. Fiscal first-half consolidated and non-consolidated earnings forecasts are omitted because Sojitz forecasts earnings on an annual basis only.

Consolidated

Net sales	¥4,380 billion
Operating income	¥50 billion
Ordinary income	¥46 billion
Net income	¥16 billion

Non-consolidated

Net sales	¥2,615 billion
Operating income (loss)	¥(3) billion
Ordinary income	¥22 billion
Net income	¥13 billion

The above forecast assumes a yen/dollar rate of ¥80/US$ and crude oil price of US$90/bbl (Brent).

Caution regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are based information available to Sojitz at the time of disclosure and certain assumptions that management believes to be reasonable. Actual results and other outcomes 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. Sojitz will provide timely disclosure of any material changes, events, or other relevant issues.

2. Financial Position

Consolidated Balance Sheet

At March 31, 2011, assets totaled ¥2,116,960 million, a ¥43,958 million decrease from March 31, 2010. The decrease was chiefly attributable to a ¥40,034 million drawdown in cash and deposits, much of which was used to new investment and loans, repay loans and redeem outstanding bonds, and a ¥19,268 million reduction in real estate for investment due largely to divestments. Such decreases were partially offset by growth in other asset accounts, most notably including a ¥16,647 million increase in trade notes and accounts receivable due largely to growth in tobacco sales and an ¥18,150 million increase in intangible noncurrent assets due mainly to acquisition of ownership interests in resource deposits.

Liabilities totaled ¥1,761,449 million at March 31, 2011, a decrease of ¥22,065 million from March 31, 2010. The decrease was largely attributable to repayment of loans and redemption of bonds, partially offset by a ¥37,516 million increase in trade notes and accounts payable due largely to growth in tobacco, coal, and nonferrous metal sales. Sojitz consequently ended fiscal 2010 with a current ratio of 142.2% and a ratio of long-term debt to total debt of 72.3%. Net interest-bearing debt (total interest-bearing debt less cash and deposits) at March 31, 2011, totaled ¥700,607 million, a ¥37,182 million decrease from March 31, 2010, resulting in a net-debt-to-equity ratio of 2.1 at March 31.

Shareholders' equity totaled ¥471,688 million at March 31, 2011, a ¥12,869 million increase from March 31, 2010. The increase was attributable to net income, partially offset by reductions in retained earnings due to dividend distributions and accounting standard changes. In the Total other comprehensive income account, net unrealized gains on available-for-sale securities decreased ¥2,535 million and the foreign currency translation adjustment account's balance decreased ¥32,434 million from March 31, 2010. As a result, total net assets inclusive of minority interests decreased ¥21,894 million to ¥355,510 million at March 31, 2011.

In terms of funding, Sojitz remains committed to a basic financial strategy of maintaining and improving the stability of its capital structure under its *Shine 2011* medium-term management plan. As a specific measure under this strategy, Sojitz is continuing to shift from short-term to long-term financing to shore up financing structure stability and to maintain its stable financial position by ensuring sufficient short-term liquidity to weather changes in economic and financial environments. In October 2010, Sojitz issued ¥10 billion in straight bonds, one source of long-term funding, following a similar bond issue in May 2010. Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional bond issues whenever advantageous opportunities to do so arise. In addition to an existing ¥100 billion committed credit line, Sojitz has obtained a US$300 million multicurrency committed credit line as a precaution against unforeseen circumstances in the aim of supplementing its liquidity resources by ensuring access to foreign-currency liquidity also.

Consolidated cash flows

In fiscal 2010, operating activities provided net cash of ¥67,863 million, investing activities used net cash of ¥19,903 million, and financing activities used net cash of ¥72,054 million. Sojitz ended fiscal 2010 with cash and cash equivalents of ¥415,261 million, adjusted to reflect changes in the scope of consolidation and foreign currency translation adjustments related to cash and cash equivalents.

(1) Cash flows from operating activities

Fiscal 2010 operating activities provided net cash of ¥67,863 million, a ¥39,359 million decrease from fiscal 2009. Despite growth in trade receivables, cash inflows from operations exceeded operating outlays, partly as a result of growth in trade payables.

(2) Cash flows from investing activities

Fiscal 2010 investing activities used net cash of ¥19,903 million, a ¥48,342million increase in net investment outflows from fiscal 2009. Major investment outlays included acquisitions of intangible assets, property, plant and equipment, and investment securities, partially offset by cash inflows from the sale and redemption of investment securities holdings and collection of long-term loan receivables.

(3) Cash flows from financing activities

Fiscal 2010 financing activities used net cash of ¥72,054 million, ¥30,543 million less than in fiscal 2009, as cash outlays to repay long-term loans and redeem bonds and commercial paper exceeded cash proceeds from bond issuance and new long-term loans.

3. Dividend Policy and Fiscal 2010-11 Dividends

In addition to paying stable dividends to shareholders on an ongoing basis, Sojitz is also committed to enhancing shareholder value and improving its competitiveness by accumulating and effectively utilizing retained earnings as a top management priority.

In light of the adequacy of its shareholders' equity and its funding requirements for investments in pursuit of growth, Sojitz has decided to pay a fiscal 2010 year-end dividend as follows.

(1) Type of property to be distributed as dividend

Cash

(2) Total value of dividend distribution and its allocation among shareholders

¥1.5 per share of Sojitz common stock, ¥1,876 million in total

Including the interim dividend of ¥1.5 per share paid on December 2, 2010, fiscal 2010 dividends will total ¥3 per share or ¥3,753 million in aggregate, equivalent to 23.5% of fiscal 2010 consolidated net income.

For fiscal 2011, Sojitz plans to pay annual common dividends of ¥3 per share (¥1.5 interim dividend plus ¥1.5 year-end dividend) based on comprehensive consideration of relevant factors, including the impact on shareholders' equity and its firm commitment to paying stable dividends on an ongoing basis. Based on Sojitz's current fiscal 2011 earnings forecast, planned fiscal 2011 dividends equate to a (projected) common dividend payout ratio of 23.5% on a consolidated basis.

Caution regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are based information available to Sojitz at the time of disclosure and certain assumptions that management believes to be reasonable. Actual results and other outcomes 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. Sojitz will provide timely disclosure of any material changes, events, or other relevant issues.

4. Business and Other Risks

1) Business risks

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

(1) Risk of changes in the macroeconomic environment

As a general trading company with global operations, the Group operates a wide range of businesses in Japan and overseas, including machinery, energy, metals, chemicals, functional materials, and consumer lifestyle businesses. The Group’s earnings are influenced by economic conditions in Japan and other countries and the overall global economy. A global or regional economic slowdown can adversely affect the Group’s operating performance and/or financial condition.

(2) Market risks

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

(a) Currency risk

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

(b) Interest rate risk

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

(c) Commodity price risk

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

(d) Listed securities price risk

The Group has large holdings of marketable securities. For listed equities in particular, the Group periodically reviews and adjusts its portfolio. Nonetheless, a major decline in stock market could impair the Group's investment portfolio and, in turn, adversely affect the Group's operating performance and/or financial condition.

(3) Credit risk

The Group assumes credit risk by extending credit to many domestic and foreign customers through a variety of commercial transactions. To mitigate such credit risk, the Group assigns credit ratings to the customers to which it extends credit, using an 11-grade rating scale and objective rating criteria. The Group also controls credit risk by setting rating-based credit limits on a customer-by-customer basis and enforcing the credit limits thus set. The Group also employs other safeguards (e.g., collateral and guarantees) as warranted by the customer's creditworthiness. Additionally, the Group implementss 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 investments' value. Additionally, because many business investments are illiquid, the Group also faces the risk of being unable to recoup its investment as profitably as initially anticipated.

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

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

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

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

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

(5) Country risk

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

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

(6) Fixed asset impairment risk

The Group is exposed to the risk of impairment of the value of its real estate holdings, other fixed assets (e.g., machinery, vehicles, mining rights), and leased assets. The Group uses asset impairment accounting and books necessary impairment losses at the end of the fiscal year in which the impairment occurred. However, if assets subject to asset impairment accounting decline materially in value due to a decline in their market prices, recognition of necessary impairment losses could adversely affect the Group's operating performance and/or financial condition.

(7) Financing risk

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

(8) Environmental risk

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

(9) Compliance risk

The Group's diverse business activities are subject to a broad range of laws and regulations, including corporation laws, tax laws, antitrust laws, foreign exchange laws and other trade-elated 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. As of March 31, 2011, the Group is not involved in any litigation, arbitration, or other legal proceedings with the potential to have a material impact on its operating performance or financial condition.

(11) Information system and information security risks

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

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

(12) Natural disaster risk

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

2) Risks related to the Shine 2011 medium-term management plan

As noted below in “Management Policies,” the Group has formulated a new medium-term management plan, Shine 2011, for fiscal 2009-11.

Despite the Group's efforts, there is no assurance that all of the Shine 2011 plan's targets will be achieved. Initiatives directed at achieving the targets may not progress as planned or may not be as successful as anticipated.

Group Business Operations

Sojitz Group is engaged in a wide range of businesses on a global basis as a general trading company or sogo-shosha. Our main businesses are trading, import, and export of products, domestic and overseas manufacture and sale of a diverse array of products, provision of domestic and overseas services, planning and organizing of various projects, investment in diversified business areas, and financial activities.
The Group consists of 505 companies, including 475 consolidated subsidiaries and affiliates, of which 344 are subsidiaries and 161 are affiliates.
The following table lists our products, services, and main subsidiaries and affiliates by industry segment.

As of December 31, 2010

Segment	Main products and services	Main subsidiaries and affiliates (Main business; Status within consolidated group)
Machinery	Automobiles and automotive components; automobile-related equipment; construction equipment; ships; vehicles; aircraft and aerospace-related equipment; communication infrastructure equipment; equipment for electronics industries; general plant equipment for steel manufacturing, cement plants, chemical plants, etc.; electric power; electronics-related equipment (equipment for power generation, conversion, transmission, etc.); infrastructure business; bearings; industrial generators; various types of industrial machinery; machinery for the processing of metals and related equipment; IT-related business; information processing; computer software development; etc.	-Sojitz Machinery Corporation (Trading and sale of general industrial machinery; Subsidiary) - Sojitz Aerospace Corporation (Import, export and domestic sale of aerospace-related and defense-related equipment; Subsidiary) - Sojitz Marine & Engineering Corporation (Sale, purchase and charter brokerage, ship operation management, domestic sale and import/export of marine-related equipment and materials; Subsidiary) - Nissho Electronics Corporation (IT systems, network services; Subsidiary) - SAKURA Internet Inc. (Internet data center operator; Affiliate) - MMC Automotoriz, S.A (Import, assembly and sale of automobiles; Subsidiary) - Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia; Subsidiary) - TechMatrix (IT system consulting; Affiliate) - Densan Co., Ltd., (Information processing, communication service, software development, system provisioning service; Affiliate) - NextGen (Network services; Affiliate) Number of subsidiaries: 105 (Domestic: 25, Overseas: 80) Number of affiliates: 51 (Domestic: 11, Overseas: 40)
Energy & Metal	Oil and gas; petroleum products; coke; carbon products; nuclear fuels; nuclear power-related sequipment and machinery; coal; iron ore; ferroalloys (nickel, molybdenum, vanadium, other rare metals); ores; alumina; aluminum; copper; zinc; tin; precious and other metals; ceramics and minerals; floating production strage and offloading unit; infrastructure; energy and chemicals-related projects; LNG-related business; steel-related business; renewable energy-related business; environmental business; etc.	-Sojitz Energy Corporation (Sale of petroleum products, etc.; Subsidiary) - Sojitz Ject Corporation (Coke, carbon products, trading in various minerals; Subsidiary) - Tokyo Yuso Co., Ltd. (Stockpiling of petroleum products etc., storage, logistics; Subsidiary) - Sojitz Coal Resources Pty ltc. (Investment in coal mines; Subsidiary) - Sojitz Moly Resources, Inc. (Investment in molybdenum mine; Subsidiary) - Sojitz Energy Venture Inc. (Oil and gas development; Subsidiary) - Metal One Corporation (Import, export, and sale of, and domestic and foreign trading in, steel-related products; Affiliate) - LNG Japan Corporation (LNG business and related investments; Affiliate) - Alconix Corporation (Sale of non-ferrous products and non-ferrous materials for construction and electronics industries; Affiliate) - Coral Bay Nickel Corporation (Manufacture and sale of nickel and cobalt mixed sulfide; Affiliate) - Japan Alumina Associates (Australia) Pty. Ltd. (Manufacture of alumina; Affiliate) - ETH Investmentos S.A. (Bioethanol and sugar manufacturing; Affiliate) Number of subsidiaries: 43 (Domestic: 10, Overseas: 33) Number of affiliates: 21 (Domestic: 7, Overseas: 14)
Chemicals & Functional Materials	Organic chemicals; inorganic chemicals; functional chemicals; fine chemicals; industrial salt; cosmetics; foodstuff additives; rare earths; commodity resins; raw materials for plastics including engineering plastics; film sheets for industry, packaging, and foodstuffs; plastic molding machines; other plastic products; electronics materials including liquid crystals and electrolytic copper foil; fiber materials for use in industrial supplies; etc.	-Sojitz Pla-Net-Holdings, Inc (Holdings company for Pla-Net businesses; Subsidiary) - Sojitz Pla-Net Corporation (Trading and sale of plastics and related products; Subsidiary) - Pla Matels Corporation (Trading and sale of plastics and related products; Subsidiary) - Sojitz Cosmetics Corporation (Development, product planning and sale of cosmetics; Subsidiary) - P.T. Kaltim Methanol Industri (Manufacture and sale of methanol; Subsidiary) - P.T. Moriuchi Indonesia (Manufacture of industrial fabrics; Affiliate) Number of subsidiaries: 31 (Domestic: 14, Overseas: 17) Number of affiliates: 29 (Domestic: 10, Overseas: 19)
Consumer Lifestyle Business	Grains; flour; oils and fats; oilstuff; feed materials; marine products; processed seafood; fruits and vegetables; frozen vegetables; frozen foods; sweets; raw ingredients for sweets; coffee beans; sugar; other foodstuffs and raw ingredients; fertilizers; cotton and synthetic fabrics; non-woven fabrics; knitted fabrics and products; raw materials for textiles; clothing; interior accessories; bedclothes and home fashion-related products; nursery items; general commodities; planning, construction, and sale of condominiums; development and sale of residential properties; buildings-related business; construction works contracting; real estate dealing, leasing, brokerage, management; development of retail property; construction materials; imported timber; timber products such as lumber, plywood, and laminated lumber; building materials; afforestation; manufacture and sale of wood chips	- Sojitz Building Materials Corporation (Sale of construction materials; Subsidiary) - Sojitz Foods Corporation (Sale of sugar, dairy products, farmed marine products, processed foods, and other foodstuffs; Subsidiary) - Daiichibo Co., Ltd. (Manufacture and sale of textiles, storage distribution, shopping center management; Subsidiary) - Sojitz Infinity Inc. (Planning, manufacture, and sale of apparel; Subsidiary) - Sojitz General Merchandise Corporation (Import, export and domestic wholesale of general commodities; Subsidiary) - Sojitz General Property Management Corporation (Condominium and office building management; Subsidiary) - Sojitz Fashion Co., Ltd. (Processing and sale of fabrics; Subsidiary) - Singapore Co., Ltd. (Planning, manufacture, and sale of women's clothing; Subsidiary) - Sojitz Commerce Development Corporation (Development, construction, operation, and lease of retail property; Subsidiary) - Sojitz Yoshimoto Ringyo Co., Ltd. (Sale of lumber, plywood, etc.; Subsidiary) - Sojitz Realnet Corporation (Real estate trading and lease broking; Subsidiary) - Thai Central Chemical Public Co., Ltd (Manufacture and sale of fertilizers; sale of imported fertilizer products; Subsidiary) - Vietnam Japan Chip Vung Ang Corporation (Afforestation; manufacture and sale of wood chips; Subsidiary) - Sojitz Now Apparel Ltd. (Garment agent and trader; Subsidiary) - JALUX Inc. (Logistics and services in the in-flight, airport retail, lifestyle-related, and customer service business fields; Affiliate) - Fuji Nihon Seito Corporation (Manufacture, refining, processing and sale of sugar; Affiliate) - Yamazaki-Nabisco Co., Ltd. (Manufacture of sweets; Affiliate) - Nissho Iwai Paper & Pulp Corporation (Sales of pulp and recycled paper as well as paper and paperboard products; Affiliates) - Tachikawa Forest Products (N.Z.) Ltd. (Saw milling; Affiliate) Number of subsidiaries: 57 (Domestic: 25, Overseas: 32) Number of affiliates: 32 (Domestic: 11, Overseas: 21)
Other	Administration, domestic branches, logistics and insurance services, venture capital, aircraft leasing, investment in real estate etc., real estate leasing	- Sojitz Kyushu Corporation (Domestic regional operating company; Subsidiary) - Sojitz Logistics Corporation (Logistic services; land, sea and air cargo handling; international non vessel operating common carrier (NVOCC) transportation; Subsidiary) - Sojitz Insurance Agency Corporation (Accident insurance and life insurance agency services; Subsidiary) - Sojitz Shared Service Corporation (Shared services and consulting regarding HR, accounting and finance; temporary staffing services; Subsidiary) - Sojitz Aircraft Leasing B. V. (Aircraft operating lease; Subsidiary) Number of subsidiaries: 56 (Domestic: 28, Overseas: 28) Number of affiliates: 12 (Domestic: 2, Overseas: 10)

Overseas	We are engaged in wide range of activities as a general trading company, trading in thousands of products overseas.	- Sojitz Corporation of America (Subsidiary) - Sojitz Europe plc (Subsidiary) - Sojitz Asia Pte. Ltd (Subsidiary) - Sojitz (Hong Kong) Ltd. (Subsidiary) - Sojitz (China) Co., Ltd. (Subsidiary) Number of subsidiaries: 52 (Overseas: 52) Number of affiliates: 16 (Overseas: 16)

Note 1: The following seven companies are listed in the Japanese stock market as of March 31, 2011: JALUX Inc. (TSE 1st section), TechMatrix Corporation, Densan Co., Ltd., Fuji Nihon Seito Corporation (TSE 2nd section), SAKURA Internet Inc. (Mothers), NextGen Inc. and Pla Matels Corporation (JASDAQ).

Note 2: Effective March 30, 2011, Sakura Internet Inc.'s status was changed from affiliate to subsidiary as the result of a tender offer for that company's shares.

Note 3:Effective December 13, 2010, NextGen, Inc.'s status was changed from subsidiary to affiliate owing to dilution of Sojitz's ownership resulting from an increase in NextGen's capital through a private equity placement.

Management Policies

(1) Fundamental Policy

Sojitz has adopted a basic policy of building a strong earnings foundation that will ensure sustained growth by improving earnings quality. Toward this end, Sojitz formulated a medium-term management plan named "Shine 2011: Toward Sustained Growth" for the three years from fiscal 2009 through fiscal 2011. Sojitz is carrying out the *Shine 2011* plan by realizing its Management Vision of the company it aspires to become and the common principles it embraces in accord with the Sojitz Group Statement below.

Sojitz Group Statement

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

Sojitz Group Slogan

New way, New value

Sojitz Group Management Vision

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

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

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

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

(2) Targeted Performance Indicators

Under the *Shine 2011* medium-term management plan, Sojitz aims to optimize its asset portfolio while pursuing qualitative improvement by accumulating high-quality businesses and assets and building a strong, risk-resistant earnings foundation by reconfiguring its operations. The performance targets that Sojitz has set as perpetual targets are consolidated ROA of 3% and consolidated ROE of 15%.

Financially, Sojitz continues to place priority on remaining financially sound and improving the stability of its funding structure. Sojitz's basic policy is to maintain the financial ratios in the table below within their target ranges.

	Target	Value at March 31, 2011
Long-term debt ratio	Approximately 70%	72%
Current ratio	At least 120%	142%
Net D/E ratio	Approximately 2.0 times	2.1 times

*Net D/E ratio's denominator is net of minority interests.

In terms of risk assets, Sojitz will continually devise and execute measures such as exiting low-margin businesses, reducing inventories to appropriate levels, and reducing listed equity holdings in accord with its plan to control and reduce risk assets and target of limiting risk assets to no more than 1.0 times shareholders' equity. Sojitz will also further strengthen its financial foundation by pursuing a target of keeping its net D/E ratio in the vicinity of 2.0 times by limiting growth in borrowings through such means as divesting existing assets to fund new investments.

(3) Medium to Long-term Business Strategy

Under the *Shine 2011* medium-term management plan intended to realize sustained growth, Sojitz aims to build a strong earnings foundation by improving earnings quality, thereby ensuring growth.

In accord with *Shine 2011*'s four themes set forth below, Sojitz will continuously endeavor to strengthen existing businesses, expand resource businesses, and cultivate new businesses, most notably in the environmental, new energy, and agribusiness sectors.

- Accumulate high-quality businesses/assets
  - Secure medium/long-term earnings foundation (build high-quality assets in absolute-volume terms)
- Branch into new businesses
  - Cultivate new businesses in pursuit of sustained growth (groundwork for future growth)
- Ensure asset liquidity
  - Pursue assets structure that is resilient to market fluctuations
- Develop globally competent human resources
  - Develop human resources capable of achieving sustained growth

In fiscal 2010, the second year of the Shine 2011 plan's term, Sojitz endeavored to enlarge its holdings of high-quality businesses and assets and to reinforce its earnings base vis-à-vis businesses that have been slow to recover. Such efforts resulted in a number of successes, including earnings recovery in the fertilizer business and completion of inventory right-sizing in the automotive business.

In resource businesses, Sojitz continued to secure resources by adding to existing interests and acquiring new interests in resource deposits while replacing existing assets with new ones.

Meanwhile, Sojitz made progress in building a medium- to long-term earnings base, mainly in environmental and new energy businesses. Specific initiatives most notably included involvement in solar-related businesses, expansion of rare earth businesses in response to the emergence of supply risk, involvement in environmental and infrastructure projects in China, and expansion of the IPP business in the Middle East. Sojitz is also expanding into agribusiness as a new business, launching an agribusiness venture in Argentina in fiscal 2010.

In fiscal 2011, Shine 2011's final year, Sojitz will continue accumulating high-quality businesses and assets and pursuing improvement in existing businesses' earnings in the aim of establishing a strong earnings base that will ensure sustained growth. Sojitz will also aggressively branch into new businesses in pursuit of future growth. In terms of new investments, Sojitz will continue to selectively invest in opportunities that will contribute to improvement in asset quality in growth businesses and businesses that generate stable earnings, based on replacement of existing assets with new ones.

(4) Prospective Challenges

The recent earthquake in eastern Japan caused massive damage and is having major repercussions for the Japanese economy. The outlook for the business environment is consequently murky.

In response, Sojitz will strive to minimize the earthquake's impact on its earnings, but it does anticipate the impact to be unavoidable to a certain extent. Sojitz has accordingly revised the earnings forecasts (consolidated) for the fiscal ending March 31, 2012, that it announced last fiscal year as follows.

Consolidated operating performance targets

	Fiscal 2011 (Revised)	Fiscal 2011 (Announced in previous fiscal year, Apr.30, 2010)
Net sales	¥4,380 billion	¥4,820 billion
Gross profit	¥214 billion	¥242 billion
Ordinary income	¥46 billion	¥56 billion
Net income	¥160 billion	¥25 billion

Sojitz will also support and reinforce reconstruction activities. Sojitz will undertake initiatives to provide food, housing and clothing to the disaster area, help rebuild infrastructure, establish an education fund, and plan and carry out reconstruction-support activities, including by providing assistance and cooperation to customers.

Caution regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are based information available to Sojitz at the time of disclosure and certain assumptions that management believes to be reasonable. Actual results and other outcomes 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. Sojitz will provide timely disclosure of any material changes, events, or other relevant issues.

Consolidated Balance Sheets
As of March 31, 2011 and 2010

(Millions of Yen)

	As of March 31, 2010	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	455,728	415,694
Notes and accounts receivable-trade	462,233	478,880
Short-term investment securities	6,131	5,437
Inventories	248,629	243,210
Short-term loans receivable	7,943	8,518
Deferred tax assets	13,484	15,402
Other	100,216	106,832
Allowance for doubtful accounts	(9,089)	(7,347)
Total current assets	1,285,277	1,266,629
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	112,591	111,537
Accumulated depreciation	(51,367)	(54,799)
Buildings and structures, net	61,224	56,738
Machinery, equipment and vehicles	169,688	158,458
Accumulated depreciation	(82,901)	(81,978)
Machinery, equipment and vehicles, net	86,787	76,480
Land	57,442	55,114
Construction in progress	11,883	19,177
Other	16,303	20,728
Accumulated depreciation	(10,975)	(12,463)
Other, net	5,328	8,264
Total property, plant and equipment	222,665	215,774
Intangible assets		
Goodwill	54,305	51,474
Other	60,139	81,120
Total intangible assets	114,445	132,595
Investments and other assets		
Investment securities	327,869	333,050
Long-term loans receivable	25,113	13,370
Bad debts	88,358	79,971
Deferred tax assets	61,432	52,881
Real estate for investment	53,261	33,993
Other	39,264	48,168
Allowance for doubtful accounts	(57,207)	(59,758)
Total investments and other assets	538,093	501,678
Total noncurrent assets	875,204	850,049
Deferred assets	436	281
Total assets	2,160,918	2,116,960

Consolidated Balance Sheets
As of March 31, 2011 and 2010

(Millions of Yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	377,468	414,984
Short-term loans payable	256,652	247,656
Commercial papers	10,000	2,000
Current portion of bonds	40,120	60,000
Income taxes payable	5,949	6,591
Deferred tax liabilities	44	146
Provision for bonuses	5,497	5,845
Other	145,801	153,321
Total current liabilities	841,533	890,544
Noncurrent liabilities		
Bonds payable	123,647	82,719
Long-term loans payable	763,098	723,926
Deferred tax liabilities	14,743	19,009
Deferred tax liabilities for land revaluation	944	774
Provision for retirement benefits	13,280	13,136
Provision for directors' retirement benefits	931	833
Other	25,336	30,505
Total noncurrent liabilities	941,981	870,905
Total liabilities	1,783,514	1,761,449
Net assets		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	146,489	159,358
Treasury stock	(169)	(170)
Total shareholders' equity	458,819	471,688
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	14,845	12,310
Deferred gains or losses on hedges	2,357	3,022
Revaluation reserve for land	(2,055)	(2,302)
Foreign currency translation adjustment	(121,550)	(153,984)
Unfunded retirement benefit obligation with respect to foreign consolidated companies	—	(706)
Total Other Comprehensive Income	(106,402)	(141,659)
Minority interests	24,987	25,481
Total net assets	377,404	355,510
Total liabilities and net assets	2,160,918	2,116,960

Consolidated statement of Profit and Loss
for the Year ended March 31, 2011 and 2010

Millions of Yen

	For the Year Ended March 31, 2010	For the Year Ended March 31, 2011
Net sales	3,844,418	4,014,639
Cost of sales	3,666,215	3,821,914
Gross profit	178,203	192,725
Selling, general and administrative expenses	162,074	155,205
Operating income	16,128	37,519
Non-operating income		
Interest income	4,632	4,308
Dividends income	5,040	4,081
Equity in earnings of affiliates	9,179	19,297
Penalty income	3,802	—
Other	14,591	16,285
Total non-operating income	37,245	43,973
Non-operating expenses		
Interest expenses	25,808	23,917
Interest on commercial papers	178	18
Other	13,685	12,240
Total non-operating expenses	39,672	36,176
Ordinary Income	13,702	45,316
Extraordinary income		
Gain on sales of noncurrent assets	1,439	4,870
Gain on sales of real estate for investment	—	449
Gain on sales of investment securities	33,214	1,575
Gain on sales of equity investment without stock	430	6
Gain on change in equity	92	135
Gain on negative goodwill	—	404
Gain on step acquisitions	—	10,307
Reversal of allowance for doubtful accounts	3,248	1,272
Gain on bad debts recovered	6	56
Adjustment for hyperinflationary economies	2,753	—
Total extraordinary income	41,185	19,078
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	448	483
Loss on sales of real estate for investment	—	835
Impairment loss	9,402	9,687
Loss on sales of investment securities	1,167	127
Loss on sales of equity investment without stock	1	0
Loss on revaluation of securities	16,543	801
Loss on change in equity	216	922
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	7,968	4,855
Restructuring losses	245	5,097
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	960
Loss on disaster	—	1,311
Total extraordinary losses	35,993	25,082
Income before income taxes and minority interests	18,894	39,312
Income taxes-current	8,562	11,400
Income taxes-deferred	(294)	9,103
Total income taxes	8,268	20,503
Income before minority interests	—	18,808
Minority interests in income	1,832	2,826
Net income	8,794	15,981

Consolidated statement of Comprehensive Income
for the Year ended March 31, 2011 and 2010

Millions of Yen

	For the Year Ended March 31, 2010	For the Year Ended March 31, 2011
Income before minority interests	—	18,808
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(1,557)
Deferred gains or losses on hedges	—	1,165
Foreign currency translation adjustment	—	(26,545)
Unfunded retirement benefit obligation with respect to foreign consolidated companies	—	129
Shere of other comprehensive income of associates accounted for using equity mettod	—	(8,654)
Total Other comprehensive income	—	(35,462)
Comprehensive income		
Comprehensive income attributable to owners of the parent	—	(18,317)
Comprehensive income attributable to minority interests	—	1,663
Total comprehensive income	—	(16,653)

Consolidated Statements of Cash Flows
for the Year Ended March 31, 2011 and 2010

(millions of Yen)

	For the Year Ended March 31, 2010	For the Year Ended March 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	18,894	39,312
Depreciation and amortization	23,196	24,096
Impairment loss	9,402	9,687
Loss on valuation of investment securities	16,543	801
Amortization of goodwill	4,443	4,548
Increase (decrease) in allowance for doubtful accounts	(3,977)	1,619
Increase (decrease) in provision for retirement benefits	(3,296)	901
Interest and dividends income	(9,672)	(8,390)
Interest expenses	25,987	23,936
Foreign exchange losses (gains)	(1,832)	3,907
Equity in (earnings) losses of affiliates	(9,179)	(19,297)
Loss (gain) on sales of investment securities	(32,375)	(755)
Loss (gain) on sales and retirement of noncurrent assets	(990)	(4,386)
Loss (gain) on step acquisitions	—	(10,307)
Decrease (increase) in notes and accounts receivable-trade	57,221	(30,328)
Decrease (increase) in inventories	80,618	(6,997)
Increase (decrease) in notes and accounts payable-trade	(46,575)	52,368
Other, net	(2,433)	8,790
Subtotal	125,972	89,506
Interest and dividends income received	18,120	13,172
Interest expenses paid	(26,379)	(24,013)
Income taxes paid	(10,490)	(10,801)
Net cash provided by (used in) operating activities	107,222	67,863
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(301)	5,591
Decrease (increase) in short-term investment securities	292	(344)
Purchase of property, plant and equipment	(21,189)	(27,252)
Proceeds from sales of property, plant and equipment	5,443	6,654
Purchase of intangible assets	(7,264)	(21,195)
Purchase of investment securities	(19,098)	(20,647)
Proceeds from sales and redemption of investment securities	66,099	14,228
Decrease (increase) in short-term loans receivable	4,857	3,049
Payments of long-term loans receivable	(2,263)	(4,481)
Collection of long-term loans receivable	1,785	11,173
Net increase from purchase of consolidated subsidiaries	23	2,551
Net decrease from sale of consolidated subsidiaries	(49)	(460)
Other, net	103	11,229
Net cash provided by (used in) investing activities	28,439	(19,903)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(41,620)	(49,686)
Increase (decrease) in commercial papers	(25,000)	(8,000)
Proceeds from long-term loans payable	244,907	167,047
Repayment of long-term loans payable	(240,962)	(155,603)
Proceeds from issuance of bonds	—	19,900
Redemption of bonds	(33,489)	(41,047)
Proceeds from stock issuance to minority shareholders	13	463
Purchase of treasury stock	(1)	(1)
Cash dividends paid	(4,339)	(1,876)
Cash dividends paid to minority shareholders	(1,374)	(1,924)
Other, net	(730)	(1,325)
Net cash provided by (used in) financing activities	(102,597)	(72,054)
Effect of exchange rate change on cash and cash equivalents	6,825	(14,470)
Net increase (decrease) in cash and cash equivalents	39,890	(38,564)
Cash and cash equivalents at beginning of period	414,419	454,262
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(48)	(436)
Cash and cash equivalents at end of period	454,262	415,261

Segment Information

Additional information
Effective the fiscal year ended March 31, 2011, the Company adopted the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, revised March 27, 2009) and its accompanying Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Guidance No. 20, March 21, 2008).
Segment information for the fiscal year ended March 31, 2010 presented below also was prepared in accord with this accounting standard and guidance.

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

2. Method of calculating net sales by segment, segment income and loss, segment assets and other amounts
The Company’s accounting procedures for its reportable business segments, except those for tax expenses, are largely the same as those used to prepare its consolidated financial statements.
Figures for inter-segment transactions are based on market prices or prices applying to transactions with third parties.

3. Reportable segment information

For the fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(Millions of Yen)

	Reportable Segment					Other (note 1)	Total	Adjustment (note 2)	Amounts on the consolidated statement of profit and loss (note 3)
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Subtotal				
Net sales and segment income (loss)									
Net sales									
(1) Customers	994,498	874,543	547,790	1,364,672	3,781,505	62,912	3,884,418	-	3,884,418
(2) Inter-segment	5,299	1,600	2,877	2,251	12,029	4,227	16,256	(16,256)	-
Total	999,798	876,144	550,667	1,366,924	3,793,535	67,319	3,860,675	(16,256)	3,844,418
Segment income (loss)	971	23,522	1,253	(3,226)	22,520	(9,106)	13,413	(4,619)	8,764
Segment assets	406,811	483,447	255,509	419,354	1,565,123	295,407	1,860,530	300,388	2,160,918
Other									
Depreciation and amortization	4,343	7,972	2,962	2,188	17,467	5,752	23,219	(22)	23,196
Amortization of goodwill	703	884	1,517	1,362	4,467	(24)	4,443	-	4,443
Interest income	1,071	1,280	341	528	3,222	1,749	4,971	(339)	4,632
Interest expenses	6,045	8,515	3,304	7,607	25,473	852	26,326	(339)	25,987
Equity in earnings (losses) of affiliates	2,145	4,658	482	(277)	7,008	2,167	9,176	3	9,179
Extraordinary income	7,099	24,365	1,294	2,350	35,110	3,482	38,592	2,592	41,185
Gain on sales of investment securities	2,743	23,685	837	1,742	29,009	1,612	30,621	2,592	33,214
Extraordinary loss	1,895	4,354	908	3,452	10,610	25,382	35,993	-	35,993
Loss on revaluation of securities	213	194	308	179	896	15,647	16,543	-	16,543
Impairment loss	232	2,994	181	259	3,668	5,733	9,402	-	9,402
Tax expenses	(594)	9,093	1,806	(2,813)	7,492	(6,846)	646	7,622	8,268
Amount invested in equity-method affiliates	27,431	152,614	11,105	15,757	206,909	7,771	214,680	(435)	214,245
Property, plant and equipment and Intangible assets increase	5,818	17,035	772	1,329	24,956	3,497	28,454	-	28,454

Notes:
1. “Other” includes functional services, regional companies in Japan, logistics and insurance services, venture capital, aircraft leasing, real estate and other investment, and real estate leasing.
2. The (4,619) million yen adjustment for segment income (loss) includes the (7,622) million yen difference between (a) actual tax expenses incurred by the Company and (b) tax expenses calculated with internally defined methods and allocated to each segment.
It also includes 2,911 million yen, comprising gains on sales of investment securities and other factors, associated with shared corporate assets not allocated to any segment. The 300,388 million yen adjustment for segment assets includes (51,629) million yen in inter-segment eliminations and 352,017 million yen in shared corporate assets not allocated to any segment, mainly comprising (a) surplus funds invested in cash, deposits, and bonds and items listed, (b) investment securities. Adjustments for other items listed, namely depreciation and amortization, interest income, interest expenses, equity in earnings of affiliates, and amount invested in equity-method affiliates, mainly comprise inter-segment eliminations.
3. Segment income (loss) adjustments are based on the net income reported in the quarterly consolidated statement of profit and loss for the corresponding period.

For the fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

	Reportable Segment					Other (note 1)	Total	Adjustment (note 2)	Amounts on the consolidated statement of profit and loss (note 3)
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Subtotal				
Net sales and segment income (loss)									
Net sales									
(1) Customers	965,412	1,013,981	612,510	1,378,000	3,969,905	44,734	4,014,639	-	4,014,639
(2) Inter-segment	3,330	1,493	3,980	5,115	13,918	3,355	17,273	(17,273)	-
Total	968,742	1,015,475	616,490	1,383,115	3,983,824	48,089	4,031,913	(17,273)	4,014,639
Segment income (loss)	3,391	26,462	2,711	1,089	33,655	(5,458)	28,196	(12,215)	15,981
Segment assets	378,028	543,667	259,528	420,042	1,601,266	264,945	1,866,212	250,748	2,116,960
Other									
Depreciation and amortization	4,123	9,501	2,649	2,736	19,011	4,911	23,922	174	24,096
Amortization of goodwill	905	827	1,448	1,358	4,539	8	4,548	-	4,548
Interest income	1,243	1,586	200	512	3,544	1,225	4,769	(460)	4,308
Interest expenses	5,806	9,081	3,303	6,416	24,607	(209)	24,397	(460)	23,936
Equity in earnings (losses) of affiliates	2,741	15,207	1,127	1,170	20,246	(948)	19,298	(0)	19,297
Extraordinary income	4,366	11,829	249	992	17,438	1,638	19,076	2	19,078
Gain on sales of noncurrent assets	2,058	2,321	12	30	4,423	446	4,870	-	4,870
Gain on step acquisitions	1,065	9,241	-	-	10,307	-	10,307	-	10,307
Extraordinary loss	1,855	8,202	730	4,274	15,064	10,018	25,082	-	25,082
Impairment loss	40	6,468	82	604	7,196	2,490	9,687	-	9,687
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	1,038	506	308	2,437	4,289	566	4,855	-	4,855
Restructing losses	-	-	-	-	-	5,097	5,097	-	5,097
Tax expenses	849	5,831	3,265	(1,111)	8,835	(899)	7,935	12,567	20,503
Amount invested in equity-method affiliates	24,584	171,627	11,238	16,278	223,730	6,300	230,030	(435)	229,595
Property, plant and equipment and Intangible assets increase	8,283	33,742	657	2,379	45,063	3,384	48,448	-	48,448

Notes:

1. "Other" includes functional services, regional companies in Japan, logistics and insurance services, venture capital, aircraft leasing, real estate and other investment, and real estate leasing.
2. The (12,215) million yen adjustment for segment income (loss) includes the (12,567) million yen difference between (a) actual tax expenses incurred by the Company and (b) tax expenses calculated with internally defined methods and allocated to each segment.
It also includes 428 million yen, comprising dividend income and other factors, associated with shared corporate assets not allocated to any segment. The 250,748million yen adjustment for segment assets includes (46,886) million yen in inter-segment eliminations and 297,634million yen in shared corporate assets not allocated to any segment, mainly comprising (a) surplus funds invested in cash, deposits, and items listed, (b) investment securities. Adjustments for other items listed, namely depreciation and amortization, interest income, interest expenses, equity in earnings of affiliates, and amount invested in equity-method affiliates, mainly comprise inter-segment eliminations.
3. Segment income (loss) adjustments are based on the net income reported in the quarterly consolidated statement of profit and loss for the corresponding period.

*Effective the fiscal year ended March 31, 2011, logistics and services operations related to airlines and airport retail were reclassified from the Other segment into the Consumer Lifestyle Business Division aiming for synergy with general merchandise & retail business .
Additionally, certain changes were made to the methods by which expenses are internally allocated.
Results shown for FY2009, are also based on these new segment classifications and expense allocation methods.