

Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2011 (Japanese accounting standard)

July 29, 2011

Sojitz Corporation

(URL <http://www.sojitz.com>)

Listed stock exchange: The first sections of Tokyo and Osaka

Security Code: 2768

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Scheduled filing date of quarterly financial report: August 12, 2011

Scheduled date of delivery of dividends: -

Supplementary materials for the quarterly financial results: Yes

Investor conference for the quarterly financial results: Yes

(Rounded down to millions of Japanese Yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2011 and 2010

(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	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
for the First Quarter ended June 30, 2011	1,109,645	15.8	11,016	66.4	11,190	3.6	6,876	4.9
June 30, 2010	958,289	6.8	6,619	—	10,796	—	6,554	—

Notes: Comprehensive Income For the First Quarter ended June 30, 2011: 14,517

For the First Quarter ended June 30, 2010: (4,998)

	EPS	Adjusted EPS
	Yen	Yen
for the First Quarter ended June 30, 2011	5.50	5.49
June 30, 2010	5.24	5.23

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2011	2,137,756	367,697	16.0
March 31, 2011	2,116,960	355,510	15.6

(Millions of Yen)

Notes: Shareholders' Equity

As of June 30, 2011 : 341,807

As of March 31, 2011 : 330,028

2. Cash Dividends

	Cash Divided per Share				
	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2011	-	1.50	-	1.50	3.00
March 31, 2012	-	-	-	-	-
March 31, 2012 (forecast)	-	1.50	-	1.50	3.00

Note. Change in cash dividends forecast in the first period : No

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

Notes. Changes in Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2012

: No

No consolidated earnings forecast is presented for the fiscal-half because Sojitz forecasts earnings on an annual basis only.

4. Other

- (1) Changes in major subsidiaries during the first quarter (changes in specified subsidiaries accompanying changes in scope of consolidation) : No
- (2) Use of exceptional accounting procedure at quarter consolidated financial statement : No
- (3) Changes in accounting principles, changes in accounting estimates, and restatements : No
- 1) Changes in accordance with amendments to accounting standards : No
 - 2) Changes other than the above : No
 - 3) Changes in accounting estimate : No
 - 4) Restatements : No
- (4) 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 June 30, 2011: 1,251,499,501 As of March 31, 2011: 1,251,499,501
 - 2. Number of treasury shares at the end of the periods:
As of June 30, 2011 : 468,163 As of March 31, 2011 : 416,962
 - 3. Average number of outstanding shares during the periods:
For the First Quarter Ended June 30, 2011(accumulative): 1,251,043,710
For the First Quarter Ended June 30, 2010(accumulative): 1,251,090,160

*Disclosure Concerning Implementation of Quarterly Review Procedures

At the time of disclosure of these quarterly financial statements we are currently implementing review procedures for our consolidated financial statements in accordance with the Financial Instruments and Exchange Act.

*Note: concerning the Appropriate Use of Business Forecasts and Other Important Matters

Forecasts appearing in these materials are based on information available to the company 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. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to page 4 of the appended material "1. Analysis of Business Results: (3) regarding Consolidated Earnings Forecast" in "Analysis of Operating Results".

We will soon incorporate our financial statement supplementary materials and details providing an explanation (recorded) of our quarterly financial statements meeting (teleconference) for both analysts and institutional investors together with some principal questions and answers on Friday, July 29.

Analysis of business results

1. Overview of First Quarter of Fiscal 2011 (April 1 – June 30, 2011)

Economic environment

In the first quarter of fiscal 2011 (April–June 2011), the global economy remained in a gradual recovery driven by growth in emerging market economies despite the adverse impact of the Japanese earthquake, worsening fiscal problems in Europe, and a slowdown in the US economic recovery.

In the earthquake's aftermath, Japan was projected to experience a second consecutive quarter of negative GDP growth in April–June but economic activity picked up from April and gained further momentum in May. With the margin of decline for consumer spending diminishing, both production activity and exports rebounded earlier than initially anticipated as supply chains were restored. However, the outlook for sustained domestic economic recovery remains clouded by the possibility of protracted power shortages dampening production activity over the medium to long term and uncertainties regarding the global economy's continued robustness, which is a prerequisite for post-earthquake reconstruction in Japan.

In the US, the fractious Congressional debate on raising the federal debt ceiling raises concerns about fiscal tightening, the risk of a US sovereign debt downgrade, and bond market repercussions. The European economy as a whole continued to gradually recover in the fiscal first quarter, buoyed by the strength of the German and French economies, but concerns have escalated about sovereign risk contagion to international financial markets, particularly from Greece.

Asian economies generally maintained stable growth trajectories but inflationary pressures have been intensifying in the wake of economic recovery and rising commodity prices. In response, China, India, Vietnam, and other Asian countries have stepped up monetary tightening.

Financial Performance

Sojitz Corporation's consolidated business results for the first quarter of fiscal 2011 are presented below.

Net sales

Consolidated net sales grew 15.8% year on year to ¥1,109,645 million, driven by the Consumer Lifestyle Business and Chemicals & Functional Materials Divisions. The former's sales were boosted by growth in unit sales of cigarettes and wheat, higher wheat prices, and increased lumber unit-sales and prices in the wake of growth in domestic lumber demand. The latter achieved sales growth largely by virtue of increased unit-sales and prices of chemicals and plastic resins, mainly in Asia.

Gross profit

Consolidated gross profit increased ¥5,882 million year on year to ¥50,651 million. The increase was attributable to profit growth in the Machinery, Energy & Metal, and Consumer Lifestyle Business Divisions, which respectively benefited from growth in overseas automobile unit sales, increased oil and coal production volumes and prices, and increased lumber prices and unit sales resulting from growth in domestic demand.

Operating income

Although general, selling and administrative (SG&A) expenses increased, consolidated operating income grew ¥4,397 million year on year to ¥11,016 million as a result of growth in gross profit.

Ordinary income

Consolidated ordinary income increased ¥394 million year on year to ¥11,190 million due to operating income growth, despite a decrease in equity in earnings of affiliates, including a bioethanol manufacturer and steel-related company.

Extraordinary income and losses

Extraordinary income totaled ¥4,566 million, including a ¥2,788 million gain on sales of investment securities and ¥1,771 million gain on sales of noncurrent assets. Extraordinary losses totaled ¥673 million, including ¥334 million in losses, and provisions for losses, on liquidation of subsidiaries and affiliates. On balance, these income and losses netted to an extraordinary income of ¥3,893 million.

Net income

Consolidated income before income taxes and minority interests was ¥15,083 million. After deduction of income tax expense of ¥3,496 million and deferred income taxes of ¥4,154 million, consolidated net income before adjustment for minority interests was ¥7,433 million. After deduction of ¥556 million of minority interests in consolidated subsidiaries' net income, quarterly consolidated net income was ¥6,876 million, an increase of ¥322 million from the year-earlier quarter.

Fiscal first quarter results are summarized by business segment below.

Effective from the first quarter of fiscal 2011, Sojitz revised its business segmentation, reclassifying part of its commercial property development operations from the Consumer Lifestyle Business Division to the "Other" segment.

Machinery

Net sales were roughly flat year on year, increasing 0.6% to ¥230,834 million as a decline in automobile export sales was offset by growth in other (e.g., plant export) sales. The segment incurred a net loss of ¥105 million, a ¥1,584 million improvement from the year-earlier quarter. The improvement was attributable to earnings recovery at European and Latin American auto subsidiaries.

Energy & Metal

Net sales were roughly unchanged year on year at ¥246,771 million as a reduction in nuclear-power-related sales offset the benefit of increased petroleum and coal production and prices. The segment booked an extraordinary income on the sale of overseas steel-related shareholdings but net income nonetheless fell ¥2,763 million year on year to ¥3,555 million as a result of a decrease in equity in the earnings of affiliates, including a bioethanol manufacturer and steel-related company.

Chemicals & Functional Materials

Net sales grew 8.1% year on year to ¥161,393 million, bolstered by increased unit sales and prices of chemicals and plastic resins, mainly in Asia. Net income also increased, rising ¥546 million year on year to ¥1,422 million.

Consumer Lifestyle Business

Net sales increased 43.9% year on year to ¥45,932 million, lifted by growth in cigarette and wheat unit sales, higher wheat prices, and increased lumber unit sales and prices reflecting from growth in domestic demand for lumber. Net income likewise increased sharply, up ¥1,861 million year on year to ¥2,293 million.

Other

Net sales declined 17.4% year on year to ¥11,342 million. Net loss decreased to ¥211 million, a ¥657 million improvement from the year-earlier quarter. The improvement was largely attributable to real estate operations.

2. Financial Position

Consolidated Balance Sheet

At June 30, 2011, consolidated assets totaled ¥2,137,756 million, a ¥20,796 million increase from March 31, 2011. Increases in individual asset accounts most notably included a ¥22,426 million increase in trade notes and accounts receivable due largely to growth in cigarette sales, a ¥16,753 million increase in inventories (mainly fertilizer and cigarettes), a ¥7,329 million increase in property, plant and equipment resulting largely from capital expenditures by operating companies, and a ¥6,686 million increase in long-term loans receivable. These increases were partially offset by a ¥23,277 million reduction in cash and deposits, much of which was used to redeem outstanding bonds, and a ¥4,000 million reduction in investment securities holdings due largely to adverse equity price movements.

Consolidated liabilities totaled ¥1,770,058 million at June 30, 2011, an ¥8,609 million increase from March 31, 2011. The increase was largely attributable to a ¥15,109 million increase in trade notes and accounts payable, partially offset by redemption of bonds. The increase in payables stemmed largely from growth in machinery and fertilizer transactions. Sojitz consequently ended the fiscal first quarter with a current ratio of 140% and long-term debt ratio (long-term debt to total debt) of 71%. Net interest-bearing debt (total interest-bearing debt less cash and deposits) at June 30, 2011, totaled ¥713,908 million, a ¥13,310 million increase from March 31, 2011, resulting in a net-debt-to-equity ratio of 2.10 at June 30.

Among shareholders' equity accounts, net unrealized gains on available-for-sale securities decreased ¥2,105 million from March 31, largely as a result of adverse equity price movements, but the foreign currency translation adjustment account's balance increased ¥9,860 million over the same timeframe while first-quarter net income resulted in a ¥5,012 million increase in retained earnings. As a result, total net assets inclusive of minority interests increased ¥12,187 million to ¥367,697 million between March 31 and June 30, 2011.

In terms of funding, Sojitz remains committed to a basic financial strategy of maintaining and enhancing the stability of its funding structure under its *Shine 2011* medium-term management plan. Specifically, Sojitz is endeavoring to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and continuing to build a stable funding structure by maintaining a sound long-term debt ratio as a priority target. In June 2011, Sojitz issued ¥10 billion in straight bonds, one source of long-term funding. 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. As supplemental sources of precautionary liquidity, Sojitz maintains two committed credit lines: a ¥100 billion yen line and US\$300 million multicurrency line.

3. Consolidated Earnings Forecast

Sojitz's fiscal 2011 consolidated earnings forecast is based on the following assumptions.

Exchange rate (annual average JPY/USD rate): ¥80

Crude oil price (Brent) (annual average): US\$90/bbl

No consolidated earnings forecast is presented for the fiscal first-half because Sojitz forecasts earnings on an annual basis only.

Forward-looking statements are based on information in management's possession at the time of disclosure and assumptions deemed reasonable by management. Actual results may differ materially from outcomes expressed or implied by forward-looking statements due to various factors, including but not limited to exchange rate movements and changes in economic conditions in key domestic and/or foreign markets.

2. Other

(1) Changes in material subsidiaries during the quarter

None

(2) Accounting procedures specific to preparation of quarterly consolidated financial statements

None

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements

None

(Additional information)

Sojitz has adopted the Accounting Standards Board of Japan's Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, issued December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, issued December 4, 2009) for accounting changes and error corrections made from April 1, 2011, onward.

Consolidated Balance Sheets

As of June 30, 2011 and March 31, 2011

(Millions of Yen)

	As of March 31, 2011	As of June 30, 2011
Assets		
Current assets		
Cash and deposits	415,694	392,417
Notes and accounts receivable-trade	478,880	501,306
Short-term investment securities	5,437	7,968
Inventories	243,210	259,963
Short-term loans receivable	8,518	6,739
Deferred tax assets	15,402	18,174
Other	106,832	99,398
Allowance for doubtful accounts	(7,347)	(9,199)
Total current assets	1,266,629	1,276,769
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	111,537	111,386
Accumulated depreciation	(54,799)	(54,867)
Buildings and structures, net	56,738	56,519
Machinery, equipment and vehicles	158,458	164,576
Accumulated depreciation	(81,978)	(83,082)
Machinery, equipment and vehicles, net	76,480	81,494
Land	55,114	54,819
Construction in progress	19,177	21,686
Other	20,728	21,516
Accumulated depreciation	(12,463)	(12,931)
Other, net	8,264	8,584
Total property, plant and equipment	215,774	223,103
Intangible assets		
Goodwill	51,474	50,268
Other	81,120	82,342
Total intangible assets	132,595	132,610
Investments and other assets		
Investment securities	333,050	329,050
Long-term loans receivable	13,370	20,056
Bad debts	79,971	83,399
Deferred tax assets	52,881	48,178
Real estate for investment	33,993	33,881
Other	48,168	49,837
Allowance for doubtful accounts	(59,758)	(59,359)
Total investments and other assets	501,678	505,043
Total noncurrent assets	850,049	860,758
Deferred assets	281	229
Total assets	2,116,960	2,137,756

Consolidated Balance Sheets

As of June 30, 2011 and March 31, 2011

(Millions of Yen)

	As of March 31, 2011	As of June 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	414,984	430,093
Short-term loans payable	247,656	274,069
Commercial papers	2,000	2,000
Current portion of bonds	60,000	40,000
Income taxes payable	6,591	6,686
Deferred tax liabilities	146	82
Provision for bonuses	5,845	3,369
Other	153,321	158,331
Total current liabilities	890,544	914,633
Noncurrent liabilities		
Bonds payable	82,719	85,000
Long-term loans payable	723,926	705,256
Deferred tax liabilities	19,009	20,063
Deferred tax liabilities for land revaluation	774	774
Provision for retirement benefits	13,136	13,284
Provision for directors' retirement benefits	833	628
Other	30,505	30,417
Total noncurrent liabilities	870,905	855,424
Total liabilities	1,761,449	1,770,058
Net assets		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	159,358	164,370
Treasury stock	(170)	(178)
Total shareholders' equity	471,688	476,692
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	12,310	10,205
Deferred gains or losses on hedges	3,022	2,041
Revaluation reserve for land	(2,302)	(2,302)
Foreign currency translation adjustment	(153,984)	(144,124)
Unfunded retirement benefit obligation with respect to foreign consolidated companies	(706)	(704)
Total Accumulated Other Comprehensive Income	(141,659)	(134,884)
Minority interests	25,481	25,890
Total net assets	355,510	367,697
Total liabilities and net assets	2,116,960	2,137,756

**Consolidated statement of Profit and Loss
for the First Quarter ended June30, 2011 and 2010**

Millions of Yen

	For the Year ended June 30, 2010	For the Year ended June 30, 2011
Net sales	958,289	1,109,645
Cost of sales	913,520	1,058,994
Gross profit	44,769	50,651
Selling, general and administrative expenses	38,149	39,634
Operating income	6,619	11,016
Non-operating income		
Interest income	999	1,089
Dividends income	1,307	1,438
Equity in earnings of affiliates	8,272	4,103
Other	4,261	3,037
Total non-operating income	14,841	9,668
Non-operating expenses		
Interest expenses	6,067	5,977
Interest on commercial papers	9	1
Foreign exchange losses	2,677	1,609
Other	1,909	1,905
Total non-operating expenses	10,664	9,494
Ordinary income	10,796	11,190
Extraordinary income		
Gain on sales of noncurrent assets	1,796	1,771
Gain on sales of investment securities	194	2,788
Gain on change in equity	97	6
Gain on negative goodwill	286	—
Reversal of allowance for doubtful accounts	434	—
Gain on bad debts recovered	2	—
Total extraordinary income	2,812	4,566
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	134	57
Impairment loss	577	16
Loss on sales of investment securities	5	4
Loss on sales of equity investment without stock	—	5
Loss on revaluation of securities	228	119
Loss on change in equity	528	136
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	878	334
Loss on adjustment for changes of accounting standard for asset retirement obligation:	960	—
Total extraordinary losses	3,315	673
Income before income taxes and minority interests	10,293	15,083
Income taxes-current	2,143	3,496
Income taxes-deferred	1,252	4,154
Total income taxes	3,396	7,650
Income before minority interests	6,897	7,433
Minority interests in income	342	556
Net income	6,554	6,876

**Consolidated statement of Comprehensive Income
for the First Quarter ended June 30, 2011 and 2010**

Millions of Yen

	For the First Quarter ended June 30, 2010	For the First Quarter ended June 30, 2011
Income before minority interests	6,897	7,433
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,831)	(1,147)
Deferred gains or losses on hedges	(273)	(992)
Foreign currency translation adjustment	(3,618)	8,364
Unfunded retirement benefit obligation with respect to foreign consolidated companies	—	2
Share of other comprehensive income of associates accounted for using equity method	(3,172)	857
Total Other comprehensive income	(11,896)	7,084
Comprehensive income	(4,998)	14,517
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(5,079)	13,651
Comprehensive income attributable to minority interests	80	866

Segment Information

Reportable segment information

For the First Quarter ended June 30, 2010 (April 1, 2010 – June 30, 2010)

(Millions of Yen)

	Reportable Segment					Other (note 1)	Total	Adjustment (note 2)	Amounts on the consolidated quarterly 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	229,422	246,749	149,237	319,142	944,551	13,738	958,289	-	958,289
(2) Inter-segment	678	389	1,003	706	2,778	1,046	3,824	△3,824	-
Total	230,101	247,138	150,240	319,848	947,329	14,784	962,114	△3,824	958,289
Segment income (loss)	△1,689	6,318	876	432	5,938	△446	5,492	1,062	6,554

Notes: 1. "Other" includes functional services, regional companies in Japan, logistics and insurance services, venture capital, aircraft leasing, real estate and other investment, real estate leasing, and part of commercial facilities development.

2. The 1,062 million yen adjustment for segment income includes 837 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 231 million yen in dividend income associated with unallocated shared corporate assets.

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 First Quarter ended June 30, 2011 (April 1, 2011 – June 30, 2011)

(Millions of Yen)

	Reportable Segment					Other (note 1)	Total	Adjustment (note 2)	Amounts on the consolidated quarterly 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	230,834	246,771	161,393	459,302	1,098,302	11,342	1,109,645	-	1,109,645
(2) Inter-segment	796	382	1,061	956	3,197	773	3,971	△3,971	-
Total	231,631	247,153	162,455	460,259	1,101,499	12,116	1,113,616	△3,971	1,109,645
Segment income (loss)	△105	3,555	1,422	2,293	7,165	211	7,377	△500	6,876

Notes: 1. "Other" includes functional services, regional companies in Japan, logistics and insurance services, venture capital, aircraft leasing, real estate and other investment, real estate leasing, and part of commercial facilities development.

2. The minus 500 million yen adjustment for segment income includes the minus 740 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 250 million yen in dividend income associated with unallocated shared corporate assets.

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.

(Changes in the Reportable segment information)

*1 Effective the first quarter ended June 30, 2011, a portion of retail property development business were reclassified from the Consumer Lifestyle Business Division into the Other segment aiming for reinforcing investment management foundation and functions. Therefore, the segment information for the first quarter ended June 30, 2010, are stated based on the allocation method after the changes were made.