

# Summary of Consolidated Financial Results

## for the First Half Fiscal Year Ending March 31, 2013 (Japanese accounting standard)

November 2, 2012

### 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: November 13, 2012

Scheduled date of delivery of dividends: December 4, 2012

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 Half Ended September 30, 2012 and 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	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
for the 1st Half								
FY 2012	1,952,570	(11.1)	16,812	(26.0)	15,781	(33.6)	3,015	(70.7)
FY 2011	2,195,704	11.7	22,723	30.8	23,776	7.3	10,281	12.8

Note. Comprehensive Income For the Second Quarter ended September 30, 2012: (11,561) (-%) For the Second Quarter ended September 30, 2011: (5,251) (-%)

	Net Income per Share (EPS)	Adjusted EPS
	Yen	Yen
for the 1st Half		
FY 2012	2.41	2.41
FY 2011	8.22	8.21

#### (2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of			
September 30, 2012	2,006,513	316,147	14.5
March 31, 2012	2,120,596	330,471	14.4

(Millions of Yen)

Notes: Total Equity

As of September 30, 2012 : 290,206

As of March 31, 2011 : 305,905

### 2. Cash Dividends

	Cash Dividend per Share				
	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2012	-	1.50	-	1.50	3.00
March 31, 2013	-	1.50	-	-	-
March 31, 2013 (forecast)	-	-	-	1.50	3.00

Note. Change in cash dividends forecast announced on May 8, 2012 : No

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2013(April 1, 2012 - March 31, 2013)

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, 2013									
Full-year	4,100,000	(8.8)	36,000	(44.2)	32,000	(48.6)	10,000	-	7.99

Notes: Change in Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2013 : Yes

Notes:

- (1) Changes in major subsidiaries during the period  
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : No
- (2) Adoption of specific accounting procedures for preparing quarterly consolidated financial statements : No
- (3) Changes in accounting standards, accounting estimates, and retrospective restatement for preparing quarterly consolidated financial statements
  1. Changes due to amendment of accounting standards : Yes
  2. Changes due to other reasons : No
  3. Accounting estimate change : Yes
  4. Retrospective restatement : 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 September 30, 2012: 1,251,499,501 As of March 31, 2012: 1,251,499,501
  2. Number of treasury shares at the end of the periods:  
As of September 30, 2012 : 478,275 As of March 31, 2012 : 475,587
  3. Average number of outstanding shares during the periods:  
For the second Quarter ended September 30, 2012(accumulative): 1,251,022,520  
For the second Quarter ended September 30, 2011(accumulative): 1,251,036,327

\* Disclosure Regarding Auditing Procedure for Financial Statements

At the time of this earnings report's disclosure, auditing procedures for financial statements in accordance with the Financial Instruments and Exchange Act were in the process of being implemented.

\* Important Note Concerning the Appropriate Use of Business Forecasts and other

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

We will soon incorporate our financial statement supplementary materials and details providing an explanation (recorded) of our quarterly financial statement meeting (streaming video) for both analysts and institutional investors together with some principle questions and answers on Friday, November 2.

## **Analysis of business results**

### **1. Overview of First Half of Fiscal 2012 (April 1 – September 30, 2012)**

#### **Economic environment**

In the first half of fiscal 2012 (April–September 2012), concerns of a global economic slowdown escalated as the effects of economic stagnation in developed countries spread to emerging market economies.

In Europe, policymakers adopted a more flexible posture toward the protracted euro-zone fiscal crisis, including a September agreement authorizing a new European Central Bank program for purchasing government bonds.

The US economy was bolstered by additional monetary easing amid signs of improvement in employment- and housing-related data. The Chinese economy, by contrast, progressively decelerated, its growth rate dropping below 8% amid a slowdown in exports, chiefly to Europe. Emerging market economies, particularly those that are not resource producers, have experienced a growth slowdown in response to the European, US, and Chinese slowdowns.

The Japanese economy, despite a downshift in exports, maintained a positive growth rate by virtue of domestic demand supported by stimulus measures, including subsidies for eco-friendly auto purchases. However, Japan's economic recovery appears to have stalled in the wake of a consumer spending slowdown, including a decline in auto sales following the subsidy program's expiration, and sharp decreases in exports to China, Chinese tourist traffic, and production and sales of autos and other products in China as a result of intensification of Chinese anti-Japan protests. The Bank of Japan has kept yen appreciation under containment with additional monetary easing in coordination with further European and US monetary easing. Nonetheless, the yen has remained in an appreciation trend, resulting in a continued adverse environment for export industries.

Much of the liquidity spawned by global monetary easing has been flowing into commodity markets in addition to government bonds amid a trend toward risk aversion. Despite the economic slowdown, commodity prices have remained elevated. Food prices in particular have risen sharply in response to diminished harvests due to unfavorable weather exacerbating the economic slowdown, particularly in non-resource-producing countries.

#### **Financial Performance**

Sojitz Corporation's consolidated business results for the first half of fiscal 2012 are presented below.

##### **Net sales**

Consolidated net sales decreased by 11.1% year on year to ¥1,952,570 million as a result of sales declines in the Consumer Lifestyle Business, Machinery, and Energy & Metal Divisions. The Consumer Lifestyle Business Division's sales decline was due largely to decreased trading volumes for cigarettes and marine products, the Machinery Division's decline was the result of non-recurrence of large plant export sales booked in the year-earlier period, and the Energy & Metal Division's decline was largely attributable to price declines and reduced trading volumes.

##### **Gross profit**

Consolidated gross profit decreased ¥7,374 million year on year to ¥94,834 million as a result of a decrease in the Energy & Metal Division's gross profit, which was due largely to price declines and reduced unit volumes, and a decline in the Chemicals Division's gross profit in response to reduced demand in Europe, China, and elsewhere in Asia.

##### **Operating income**

Despite a reduction in general, selling and administrative (SG&A) expenses, consolidated operating income declined ¥5,911 million year on year to ¥16,812 million as a result of the decline in gross profit.

#### Ordinary income

Consolidated ordinary income declined ¥7,995 million year on year to ¥15,781 million. The decline was attributable to a decrease in equity in the earnings of affiliates, including a bioethanol producer and nickel smelting company, in addition to the decline in operating income.

#### Extraordinary income and losses

Extraordinary income totaled ¥6,870 million, including a ¥3,485 million gain on the sale of equity interests and ¥2,250 million gain on sales of investment securities. Extraordinary losses totaled ¥13,143 million, including an ¥11,734 million valuation loss on investment securities due largely to declines in market prices of listed stocks. Extraordinary income and losses netted to an extraordinary loss of ¥6,273 million.

#### Net income

Consolidated income before income taxes and minority interests was ¥9,508 million, and with current income tax expense of ¥5,684 million and deferred income taxes of ¥1,561 million, consolidated net income was ¥5,384 million before adjustment for minority interests. After deduction of ¥2,369 million of minority interests in consolidated subsidiaries' net income, first-half consolidated net income was ¥3,015 million, a ¥7,266 million decrease from the year-earlier period.

Effective from the first quarter of fiscal 2012, Sojitz revised its business segmentation, reclassifying its domestic real estate business from the Consumer Lifestyle Business Division to the "Other" segment. Additionally, the former Chemicals and Functional Materials Division was changed to the Chemicals Division.

Fiscal first-half results are summarized by business segment below.

#### Machinery

Net sales decreased 10.9% year on year to ¥429,144 million as growth in automobile export sales was negated by declines in plant exports and ship-related sales. Net income also declined by ¥308 million year on year to ¥1,227 million.

#### Energy & Metal

Net sales declined 7.5% year on year to ¥469,530 million, largely as a result of price declines and reduced trading volumes. A valuation loss on investment securities that was booked as an extraordinary loss, coupled with a decrease in equity in the earnings of affiliates, including a bioethanol producer and nickel smelting company, resulted in a net loss of ¥678 million, a ¥10,612 million decrease from year-earlier net income.

#### Chemicals

Net sales declined 11.4% year on year to ¥283,333 million, largely due to reduced demand in Europe, China, and other parts of Asia. Net income decreased ¥400 million year on year to ¥2,564 million.

#### Consumer Lifestyle Business

Net sales decreased 13.4% year on year to ¥744,264 million, largely as a result of decreased trading volumes for cigarettes and marine products. Net income was down ¥907 million year on year to ¥2,911 million, partly due to lower profits at a lumber subsidiary.

#### Other

Net sales declined 2.9% year on year to ¥26,296 million. Net income totaled ¥1,490 million, a ¥3,501 million improvement from the year-earlier net loss. The improvement was largely attributable to non-recurrence of a real-estate-related valuation loss in the year-earlier period.

## 2. Financial Position

### Consolidated Balance Sheet

At September 30, 2012, consolidated assets totaled ¥2,006,513 million, a ¥114,083 million decrease from March 31, 2012. Notable reductions in individual asset accounts included a decrease in cash and deposits of ¥30,304 million, largely due to redemption of bonds; a decrease in trade notes and accounts receivable of ¥43,191 million, largely as a result of reduced trading volumes of chemical and oil-related business; a decrease in investment securities of ¥28,599 million, largely due to adverse stock price and exchange rate movements; and a decrease in property, plant and equipment of ¥5,133 million, largely as a result of exchange rate movements. These decreases were partially offset by a ¥14,363 million increase in inventories, mainly cigarette and fertilizer inventories.

Consolidated liabilities totaled ¥1,690,366 million at September 30, 2012, a ¥99,759 million decrease from March 31, 2012. The decrease was attributable to a reduction in interest-bearing debt due mainly to redemption of bonds and loan repayments, and a ¥22,830 million decrease in trade notes and accounts payable resulting largely from reduced oil and machinery-related sales. Sojitz consequently ended the fiscal first half with a current ratio of 136% and long-term debt ratio of 69%. Net interest-bearing debt (total interest-bearing debt less cash and deposits) at September 30, 2012, totaled ¥629,361 million, an ¥18,475 million decrease from March 31, 2012. This decrease resulted in a net interest bearing debt ratio of 2.20 at September 30, 2012.

With regard to net assets, net unrealized gains on available-for-sale securities decreased ¥4,775 million from March 31, largely as a result of adverse stock price movements, while the foreign currency translation adjustment account's balance decreased ¥13,274 million over the same timeframe. As a result, total net assets inclusive of minority interests decreased ¥14,324 million to ¥316,147 million between March 31 and September 30, 2012.

In terms of funding, Sojitz remains committed to a basic financial strategy of maintaining and enhancing the stability of its capital structure under its *Medium-term Management Plan 2014*. 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 building a stable funding structure by maintaining a sound long-term debt ratio as a target carried over from its previous medium-term plan.

As one source of long-term funding, Sojitz issued ¥10 billion in straight bonds in July 2012. Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever advantageous opportunities to do so arise.

Additionally, Sojitz maintains two committed credit lines, a ¥100 billion yen line and US\$300 million multicurrency line, as supplemental sources of precautionary liquidity.

### Consolidated cash flows

In the six months ended September 30, 2012, operating activities provided net cash of ¥38,784 million while investing and financing activities used net cash of ¥20,083 million and ¥45,729 million, respectively. Sojitz ended the fiscal second quarter with cash and cash equivalents of ¥395,329 after foreign currency translation adjustments related to cash and cash equivalents.

#### (1) Cash flows from operating activities

In the six months ended September 30, 2012, operating activities provided net cash of ¥38,784 million, a ¥38,139 million year-on-year increase. Operating cash inflows, sources of which included a reduction in accounts receivable, exceeded operating cash outflows, uses of which included a reduction of accounts payable and an increase in inventories.

#### (2) Cash flows from investing activities

Investing activities in the six months ended September 30, 2012, used net cash of ¥20,083 million, a ¥7,535 million year-on-year decrease. Investment outlays included capital expenditures related to resource concessions and ship purchases and exceeded investment inflows, sources of which included sales of investment securities and aircraft.

(3) Cash flows from financing activities

Financing activities in the six months ended September 30, 2012, used net cash of ¥45,729 million, a ¥53,801 million increase from the year-earlier period. Financing cash outflows, uses of which included bond redemptions and repayment of long-term loans, exceeded financing cash inflows, sources of which included new borrowings and bond issuance.

### **3. Consolidated Earnings Forecast**

Sojitz's fiscal 2012 consolidated earnings forecast is based on the following assumptions.

Exchange rate (annual average JPY/USD rate): ¥79

Crude oil price (Brent) (annual average): US\$110/bbl

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**Consolidated Balance Sheets**  
**As of September 30, 2012 and March 31, 2012**

(Millions of Yen)

	As of March 31, 2012	As of September 30, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	442,706	412,402
Notes and accounts receivable-trade	490,708	447,517
Short-term investment securities	1,297	768
Inventories	270,645	285,008
Short-term loans receivable	5,667	5,173
Deferred tax assets	4,577	6,389
Other	88,132	79,759
Allowance for doubtful accounts	(5,583)	(3,390)
<b>Total current assets</b>	<b>1,298,151</b>	<b>1,233,630</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	116,084	113,617
Accumulated depreciation	(57,457)	(54,712)
Buildings and structures, net	58,626	58,904
Machinery, equipment and vehicles	168,030	180,531
Accumulated depreciation	(81,810)	(80,970)
Machinery, equipment and vehicles, net	86,220	99,560
Land	53,429	52,232
Construction in progress	26,169	6,878
Other	22,431	24,407
Accumulated depreciation	(13,616)	(13,856)
Other, net	8,814	10,551
<b>Total property, plant and equipment</b>	<b>233,260</b>	<b>228,127</b>
Intangible assets		
Goodwill	44,612	42,155
Other	79,884	75,414
<b>Total intangible assets</b>	<b>124,497</b>	<b>117,569</b>
Investments and other assets		
Investment securities	313,897	285,298
Long-term loans receivable	22,415	22,639
Bad debts	68,164	61,669
Deferred tax assets	22,442	21,900
Real estate for investment	31,934	31,735
Other	52,788	48,616
Allowance for doubtful accounts	(47,223)	(44,921)
<b>Total investments and other assets</b>	<b>464,419</b>	<b>426,938</b>
<b>Total noncurrent assets</b>	<b>822,177</b>	<b>772,635</b>
Deferred assets		
Other	266	247
<b>Total deferred assets</b>	<b>266</b>	<b>247</b>
<b>Total assets</b>	<b>2,120,596</b>	<b>2,006,513</b>

**Consolidated Balance Sheets**  
**As of September 30, 2012 and March 31, 2012**

(Millions of Yen)

	As of March 31, 2012	As of September 30, 2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	461,799	438,969
Short-term loans payable	282,524	306,424
Commercial papers	2,000	2,000
Current portion of bonds	35,000	20,000
Income taxes payable	8,850	7,009
Deferred tax liabilities	87	34
Provision for bonuses	6,254	6,287
Other	150,906	129,530
<b>Total current liabilities</b>	<b>947,422</b>	<b>910,255</b>
Noncurrent liabilities		
Bonds payable	80,000	70,000
Long-term loans payable	691,018	643,339
Deferred tax liabilities	20,596	18,430
Deferred tax liabilities for land revaluation	696	672
Provision for retirement benefits	14,232	14,484
Provision for directors' retirement benefits	648	571
Other	35,509	32,611
<b>Total noncurrent liabilities</b>	<b>842,702</b>	<b>780,110</b>
<b>Total liabilities</b>	<b>1,790,125</b>	<b>1,690,366</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	151,706	153,119
Treasury stock	(179)	(179)
<b>Total shareholders' equity</b>	<b>464,026</b>	<b>465,440</b>
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	7,626	2,851
Deferred gains or losses on hedges	935	1,869
Revaluation reserve for land	(2,120)	(2,161)
Foreign currency translation adjustment	(163,686)	(176,960)
Unfunded retirement benefit obligation with respect to foreign consolidated companies	(875)	(832)
<b>Total accumulated other comprehensive income</b>	<b>(158,121)</b>	<b>(175,233)</b>
Minority interests	24,565	25,940
<b>Total net assets</b>	<b>330,471</b>	<b>316,147</b>
<b>Total liabilities and net assets</b>	<b>2,120,596</b>	<b>2,006,513</b>

**Consolidated Statement of Profit and Loss  
for the First Half Fiscal Year Ending March 31, 2013**

Millions of Yen

	For the 1st Half Fiscal Year Ended March 31, 2012 (From April 1, 2011 to September 30, 2011)	For the 1st Half Fiscal Year Ended March 31, 2013 (From April 1, 2012 to September 30, 2012)
<b>Net sales</b>	2,195,704	1,952,570
Cost of sales	2,093,495	1,857,736
<b>Gross profit</b>	102,208	94,834
Selling, general and administrative expenses	79,484	78,022
<b>Operating income</b>	22,723	16,812
Non-operating income		
Interest income	2,319	2,528
Dividends income	1,729	1,667
Equity in earnings of affiliates	8,118	4,261
Other	9,162	5,828
<b>Total non-operating income</b>	21,329	14,285
Non-operating expenses		
Interest expenses	11,715	10,815
Interest on commercial papers	2	2
Foreign exchange losses	4,969	1,078
Other	3,587	3,419
<b>Total non-operating expenses</b>	20,276	15,315
<b>Ordinary Income</b>	23,776	15,781
Extraordinary income		
Gain on sales of noncurrent assets	2,297	1,123
Gain on sales of investment securities	3,151	2,250
Gain on sales of equity investment without stock	—	3,485
Gain on change in equity	6	5
Gain on negative goodwill	—	5
<b>Total extraordinary income</b>	5,455	6,870
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	205	180
Impairment loss	539	364
Loss on sales of investment securities	28	28
Loss on sales of equity investment without stock	5	—
Loss on revaluation of securities	2,567	11,734
Loss on change in equity	176	17
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	2,193	237
Loss on litigation etc	—	582
<b>Total extraordinary losses</b>	5,715	13,143
Income before income taxes and minority interests	23,516	9,508
Income taxes-current	6,364	5,684
Income taxes-deferred	5,024	(1,561)
Total income taxes	11,388	4,123
Income before minority interests	12,128	5,384
Minority interests in income	1,846	2,369
<b>Net income</b>	10,281	3,015

**Consolidated Statement of Comprehensive Income  
for the First Half Fiscal Year Ending March 31, 2013**

Millions of Yen

	For the 1st Half Fiscal Year Ended March 31, 2012 (From April 1, 2011 to September 30, 2011)	For the 1st Half Fiscal Year Ending March 31, 2013 (From April 1, 2012 to September 30, 2012)
<b>Income before minority interests</b>	12,128	5,384
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,490)	(1,714)
Deferred gains or losses on hedges	(376)	860
Foreign currency translation adjustment	5,530	(8,347)
Unfunded retirement benefit obligation with respect to foreign consolidated companies	11	45
Share of other comprehensive income of associates accounted for using equity method	(13,054)	(7,791)
Total Other comprehensive income	(17,380)	(16,946)
<b>Comprehensive income</b>	(5,251)	(11,561)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(6,953)	(13,925)
Comprehensive income attributable to minority interests	1,701	2,363

**Consolidated Statements of Cash Flows**  
**for the First Half Fiscal Year Ended March 31, 2013**

(millions of Yen)

	For the First Half Fiscal Year Ended March 31, 2012 (From April 1, 2011 to September 30, 2011)	For the First Half Fiscal Year Ended March 31, 2013 (From April 1, 2012 to September 30, 2012)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	23,516	9,508
Depreciation and amortization	15,387	14,653
Impairment loss	539	364
Loss on valuation of investment securities	2,567	11,734
Amortization of goodwill	2,429	2,434
Increase (decrease) in allowance for doubtful accounts	(4,264)	(4,302)
Increase (decrease) in provision for retirement benefits	431	393
Interest and dividends income	(4,048)	(4,195)
Interest expenses	11,718	10,817
Foreign exchange losses (gains)	4,391	2,941
Equity in (earnings) losses of affiliates	(8,118)	(4,261)
Loss (gain) on sales of investment securities	(2,948)	(5,695)
Loss (gain) on sales and retirement of noncurrent assets	(2,092)	(943)
Decrease (increase) in notes and accounts receivable-trade	(19,701)	36,869
Decrease (increase) in inventories	(29,350)	(18,389)
Increase (decrease) in notes and accounts payable-trade	12,114	(16,089)
Other, net	6,228	7,424
<b>Subtotal</b>	<b>8,804</b>	<b>43,263</b>
Interest and dividends income received	11,496	12,455
Interest expenses paid	(11,519)	(9,806)
Income taxes paid	(8,136)	(7,128)
<b>Net cash provided by (used in) operating activities</b>	<b>645</b>	<b>38,784</b>
<b>Net cash provided by (used in) investing activities</b>		
Decrease (increase) in time deposits	(5,468)	(1,878)
Decrease (increase) in short-term investment securities	(532)	(10)
Purchase of property, plant and equipment	(15,733)	(15,759)
Proceeds from sales of property, plant and equipment	4,435	6,161
Purchase of intangible assets	(4,625)	(5,256)
Purchase of investment securities	(2,483)	(1,702)
Proceeds from sales and redemption of investment securities	6,340	5,014
Decrease (increase) in short-term loans receivable	3,376	129
Payments of long-term loans receivable	(8,046)	(2,959)
Collection of long-term loans receivable	253	558
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,840)	-
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(742)	(4,309)
Other, net	(2,552)	(70)
<b>Net cash provided by (used in) investing activities</b>	<b>(27,618)</b>	<b>(20,083)</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	13,764	(9,252)
Proceeds from long-term loans payable	50,920	84,827
Repayment of long-term loans payable	(56,004)	(93,496)
Proceeds from issuance of bonds	29,847	9,953
Redemption of bonds	(27,719)	(35,000)
Proceeds from stock issuance to minority shareholders	4	68
Cash dividends paid	(1,876)	(1,876)
Cash dividends paid to minority shareholders	(357)	(111)
Other, net	(506)	(842)
<b>Net cash provided by (used in) financing activities</b>	<b>8,072</b>	<b>(45,729)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>701</b>	<b>(4,915)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(18,198)</b>	<b>(31,944)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>415,261</b>	<b>427,274</b>
<b>Cash and cash equivalents at end of period</b>	<b>397,062</b>	<b>395,329</b>

## Segment Information

### Reportable segment information

For the first half fiscal year ended March 31, 2012 (April 1, 2011 – September 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	Consumer Lifestyle Business	Subtotal				
Net sales and segment income (loss)									
Net sales									
(1) Customers	481,515	507,589	319,845	859,675	2,168,627	27,076	2,195,704	-	2,195,704
(2) Inter-segment	1,508	761	2,106	1,424	5,800	1,639	7,439	(7,439)	-
Total	483,023	508,351	321,951	861,100	2,174,427	28,716	2,203,143	(7,439)	2,195,704
Segment income (loss)	1,535	9,934	2,964	3,818	18,252	(2,011)	16,241	(5,959)	10,281

Notes: 1. "Other" includes functional services, domestic regional companies in Japan, logistics and insurance services, aircraft leasing, real estate business (investment, buying and selling, leasing, management) and part of commercial facilities operation.

2. The (5,959) million yen adjustment for segment income includes (5,278) 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 (718) million yen of loss on revaluation of securities 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 half fiscal year ending March 31, 2013 (April 1, 2012 – September 30, 2012)

(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	Consumer Lifestyle Business	Subtotal				
Net sales and segment income (loss)									
Net sales									
(1) Customers	429,144	469,530	283,333	744,264	1,926,273	26,296	1,952,570	-	1,952,570
(2) Inter-segment	686	525	1,987	1,815	5,016	2,574	7,590	(7,590)	-
Total	429,831	470,056	285,320	746,080	1,931,290	28,871	1,960,161	(7,590)	1,952,570
Segment income (loss)	1,227	(678)	2,564	2,911	6,025	1,490	7,516	(4,500)	3,015

Notes: 1. "Other" includes functional services, domestic regional companies in Japan, logistics and insurance services, aircraft leasing, real estate business (investment, buying and selling, leasing, management) and part of commercial facilities operation.

2. The (4,500) million yen adjustment for segment income includes (698) 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 (4,376) million yen of loss on revaluation of securities and 574 million yen in gain on sales of investment securities 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)

Effective the first quarter ended June 30, 2012, the domestic real estate business was reclassified from the Consumer Lifestyle Business Division to the Other segment to improve earning base and strengthen its function.

In addition, former Chemicals and Functional Materials division changed to Chemicals division. The results for the first half fiscal year ended March 31, 2012 are stated based on the business divisions after the change was made.