April 9, 2007

To whome it may concern

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Sojitz Subsidiary Nissho Electronics Corporation Revises Results Forecast

Nissho Electronics Corporation (securities code 9865), a subsidiary of Sojitz Corporation, has revised its full-year results forecast, announced on October 30, 2006, for fiscal 2006, ended March 31, 2007, as indicated in the attached document.

Sojitz's consolidated results for the full year ended March 2007, which are currently being compiled, will be unaffected by this revision.

Attachment:
Document released by Nissho Electronics Corporation

April 9, 2007

To all concerned

Company Name: Nissho Electronics Corporation
President & CEO: Takao Tsuji
Securities Code: 9865 TSE 1st Section
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Nissho Electronics Records Extraordinary Loss and Deferred Income Tax Assets and Revises Results Forecast

Nissho Electronics Corporation today announced that it has recorded an extraordinary loss and deferred income tax assets for fiscal 2006, the year ended March 31, 2007, as detailed below. Accordingly, the Company has revised its full-year forecasts announced together with half-year results on October 30, 2006.

1. Extraordinary Loss

a) Loss on devaluation of securities in affiliates As a result of a rigorous evaluation of consolidated subsidiary NGC Corporation that took into consideration the divergence from its current business plan and its most recent business outlook, the Company posted a valuation loss of ¥478 million on shares held in NGC.

b) Impairment loss on fixed assets

As part of its Nissho Electronics Recreare Project (NERP) activities, the Company is working to use assets more efficiently. Regarding the Gotenba Training and Recreation Facility, the Board of Directors passed a resolution at a meeting on March 28, 2007 approving its sale after wide-ranging consideration of the facility's value, rate of utilization, and cost of operation as a venue for meetings, training, and family activities. Based on this resolution and in accordance with Accounting Standards for the Impairment of Fixed Assets, the Company decided to post an impairment loss on the facility of ¥1,032 million.

2. Deferred Income Tax Assets

On March 30, 2007, the Company sold some of its shares in Fusion Communications, an equity-method affiliate (see note below).

In regards to Fusion shares, in fiscal 2005 Nissho Electronics recorded a loss on devaluation of securities in affiliates of ¥8,040 million. However, from a taxation perspective, this valuation loss was not included in deductions before taxable income because Fusion was an affiliate. Moreover, in terms of accounting, ¥3,272 million in deferred income tax assets under tax-effect accounting was not booked as the effective date for inclusion in deductions before taxable income was not determined.

Due to the sale of Fusion shares, the entire amount of the valuation loss will be included in deductions before income taxes for taxation purposes. Accordingly, for accounting purposes, ¥3,272 million in deferred tax assets will be booked and income taxes deferred will be reduced by an equivalent amount.

Taking into consideration the impact of the above-mentioned loss on valuation of shares in affiliates and impairment loss on fixed assets in terms of tax-effect accounting, Nissho Electronics expects the amount of deferred taxes to fall ¥1,900 million.

Note: Fusion Communications is no longer an equity-method affiliate as Nissho Electronics' percent of voting rights at the end of the year fell below 20%.

3. Revision of Full-year Results Forecast

a) Revision of non-consolidated full-year results forecast for the year ended March 31, 2007

(Units: Million yen; %)

	Net Sales	Recurring Profit	Net Income
Prior forecast (A)	63,000	2,400	1,400
Current forecast (B)	57,200	2,100	3,300
Change (B-A)	-5,800	-300	1,900
Percent change (%)	-9.2	-12.5	135.7
Prior year results	60,381	1,467	1,063

b) Revision of consolidated full year results forecast for the year ended March 31, 2007

(Units: Million yen; %)

	Net Sales	Recurring Profit	Net Income
Prior forecast (A)	68,000	2,500	1,350
Current forecast (B)	62,100	2,000	3,400
Change (B-A)	-5,900	-500	2,050
Percent change (%)	-8.7	-20.0	151.9
Prior year results	64,365	1,550	1,020

c) Reasons for the revisions

Revision of non-consolidated full-year results forecast

For sales, although the communications carrier business progressed favorably throughout the year, the enterprise business, which comprises equipment sales and maintenance services for enterprises, was weak due to slow growth in the new solutions business and a falloff in the SI company business. In addition, there was a drop in hard disk drive sales to large consumer electronics manufacturers. Thus, the outlook is for a 9.2% decline in sales compared with the prior forecast, to ¥57,200 million.

As for profits, maintenance service profits are firm and the Company is shifting to a high-return policy by reducing less profitable businesses and strengthening high-value-added businesses. However, the impact of the drop in the enterprise business has taken its toll, with the Company now projecting recurring profit of ¥2,100 million, a drop of 12.5% compared to the previous forecast. As for net income, although the Company plans to book an extraordinary loss of ¥1,510 million due to the loss on devaluation of securities in affiliates and impairment loss on fixed assets, there was a ¥972 million gain from the sale of marketable securities announced on February 14, 2007 and a reduction in deferred taxes due to the previously stated posting of deferred tax assets, which lead to a significant rise in projected net income of 135.7% over the prior forecast to ¥3,300 million.

Revision of full-year consolidated results forecast
Consolidated sales are expected to fall 8.7% compared with the previous forecast to ¥62,100 million, mainly reflecting the reasons for the downward revision to the forecast for non-consolidated sales.

As for consolidated profit, in addition to the reasons already given for revising non-consolidated full-year results, consolidated recurring profit is expected to fall 20.0% below the previous forecast to ¥2,000 million owing to lackluster performance at some consolidated subsidiaries and unlisted equity method affiliates. However, net income for the year is projected to rise 151.9% over the previous projection to ¥3,400 million.

* The above forecasts are based on information available as of the date of the announcement. Actual results may vary depending on a range of future factors.