Highlights of Consolidated Financial Results for the First Half Ended September 30, 2005

October 27, 2005
Sojitz Corporation
(Former Sojitz Holdings Corporation)

Highlights of First Half FY2005 Results

Steady progress in recurring profit
Interim results exceed forecasts by a significant margin.

Recurring profit for the 1H FY2005 totaled 42.6 billion yen.
1H FY2005 recurring profit increased 16.8 billion yen from the corresponding period of the previous fiscal year (25.8 billion yen) and represented 112% of the first-half target, which was revised upward to 38.0 billion yen in July 2005.
(Overview)
Net sales progressed steadily resulting in an increase in revenues compared with the corresponding period of the previous fiscal year. This positive performance reflected sound activities in the Energy & Mineral Resources and Overseas Subsidiaries segments.

While the Company experienced an actual increase in earnings, gross trading profit declined slightly year on year due to the sale of Nakau Co., Ltd. and its exclusion from the Company's scope of consolidation.

Operating income increased on a year-on-year basis buoyed by a decline in depreciation expense reflecting substantial reduction in fixed assets in the previous fiscal year, and the drop in selling, general and administrative expenses following the sale of Nakau and other factors.

Recurring profit jumped significantly compared with the corresponding period of the previous fiscal year due to improvement in the balance between interest expense and income reflecting the reduction of interest-bearing debt, and contributions from equity-method affiliates.

Concrete progress in efforts to restructure shareholders'equity and restore its asset portfolio

The Company undertook a restructure of shareholders' equity clearing the accumulated deficit incurred during the previous fiscal year following efforts to restore the asset portfolio quality by offsetting with a reversal of capital reserve and a reduction in capital.

In preparation of the repurchase and cancellation of preferred stock, the Company issued convertible bonds totaling 60.0 billion yen. The full amount was converted as of September 30, 2005. The Company has contracted with holders of preferred stock to acquire previously issued preferred stock at a repurchase amount totaling 44.0 billion yen. The Company plans to complete this repurchase in January 2006.

Note: As a result, cash and deposits and total shareholders' equity saw a significant temporary increase as of September 30, 2005.

The Company has looked to improve stability in its funds procurement by implementing a variety of procurement methods including the issue of corporate bonds and focusing on long-term funding.
- Straight bonds issued: 65.0 billion yen
- Shift to long-term borrowings: 240.0 billion yen

Forecasts for FY2005, the fiscal year ending March 31, 2006

Net sales: 4,900.0 billion yen
Recurring profit: 74.0 billion yen
Net income: 38.0 billion yen
(Assumptions)
- Exchange rate (Yen/US$): 105
- Crude oil price (US$/BBL): 35 to 40 (Brent market crude)

Consolidated Statements of Income

Billions of yen

	1st half FY2005 results a	1st half FY2004 results b	Increase/ Decrease a-b	Rationale of increase/decrease		FY2005 forecast c	Percentage Achieved a/c
				Net Sales			
Net sales	2,354.0	2,254.2	99.8	Energy & Mineral Resources	+70.8	4,900.0	48%
				Overseas Subsidiaries	+45.0		
Gross trading profit	118.7	119.7	-1.0	Real Estate Development & Forest Products	-28.8	251.0	47%
(Gross trading profit ratio)	(5.04%)	(5.31%)	(-0.27%)	Gross trading profit		(5.12%)	
				Decrease owing to conversion of Nakau to an equity-method affiliate	-5.4		
Personnel expenses	-38.2	-40.0	1.8	Increase in Energy & Mineral Resources	+4.1		
Non-personnel expenses	-35.9	-38.0	2.1				
Depreciation expenses	-4.1	-6.1	2.0	SG&A expenses			
(Subtotal)	(-78.2)	(-84.1)	(5.9)	Decrease in SG&A expenses owing to conversion of Nakau to an equity-method affiliate	+5.4		
Allowance for doubtful receivables	-0.4	-0.3	-0.1	Decrease in depreciation expense due to disposal of fixed assets	+2.0		
Consolidated goodwill amortization	-2.2	-2.4	0.2				
(Selling, general and administrative expenses)	(-80.8)	(-86.8)	(6.0)			-173.0	47%
Operating income	37.9	32.9	5.0			78.0	49%
(Operating income ratio)	(1.61%)	(1.46%)				(1.59%)	
Interest income	6.3	9.2	-2.9				
Interest expenses	-19.8	-25.2	5.4	Reduction in interest expense reflecting decrease in interest-bearing debt			
(Interest expenses-net)	(-13.5)	(-16.0)	(2.5)				
Dividend income	4.4	1.5	2.9	Increase in dividends from resource-related companies			
(Net financial revenue)	(-9.1)	(-14.5)	(5.4)				
Equity in earnings of unconsolidated subsidiaries and affiliates	11.9	6.1	5.8	Metal One Corporation (+2.1), vanadium manufacturing company (+0.9), LNG Japan (+0.3)			
Other income	11.8	6.9	4.9	Gain on sale of certain assets of the retail property development business			
Other expenses	-9.9	-5.6	-4.3	Provision for loans receivable			
(Others-net)	(4.7)	(-7.1)	(11.8)			-4.0	-
Recurring profit	42.6	25.8	16.8			74.0	58%
Gain on sale of property and equipment	3.1						
Gain on sale of investment securities	3.9						
Reversal of allowance for doubtful accounts	5.3			Gain on sale of overseas fossil product business receivables (+3.3)			
Gain on bad debts recovered	0.1						
(Extraordinary income)	(12.4)	(5.0)	(7.4)				
Loss on sale of property & equipment	-0.9						
Impairment loss on fixed assets	-1.9			Impairment loss on fixed assets following an asset review, consistent with the Company's selection and focus initiatives related to affiliated companies			
Loss on sale of investment securities	-3.2						
Evaluation loss on investment securities	-0.4						
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	-5.4			Provision for losses in connection with the withdrawal from businesses, consistent with the Company's business selection and focus initiatives			
Business restructuring loss	-2.7						
(Extraordinary loss)	(-14.5)	(-250.3)	(235.8)				
(Extraordinary profit/(loss)-net)	(-2.1)	(-245.3)	(243.2)			-10.0	21%
Income before income taxes	40.5	-219.5	260.0			64.0	63%
Income taxes: Current	-9.8	-5.6	-4.2				
Deferred	-3.1	-13.9	10.8				
Minority income (loss)	-1.7	-2.1	0.4				
Net income	25.9	-241.1	267.0			38.0	68%

Core earnings (*)	41.1	24.8	16.3

(*) Core earnings

Core earnings = Operating income (before Allowance for doubtful receivables) + Interest expenses-net + Dividend income + Equity in earnings of unconsolidated subsidiaries and affiliates

Consolidated Statements of Cash Flows

	1st Half FY2005	1st Half FY2004
CF from operating activities	-11.3	-47.4
CF from investing activities	48.3	66.0
(Total free CF)	(37.0)	(18.6)
CF from financing activities	25.0	-129.9
Cash and cash equivalents at the End of the Period	475.9	290.0

(**) Disclaimer concerning future performance information
The above-mentioned information about future performance is calculated based on judgements and assumptions made from that information currently available to management at the time of writing. Accordingly, there is a possibility that actual results may greatly differ from such information due to a wide variety of factors including but not limited to economic conditions in the Company's principal overseas and domestic markets and changes in foreign currency exchange markets. In the event of significant changes, these will be notified by timely disclosure, etc.

Consolidated Balance Sheets and Principal Management Indices

Billions of yen

	Sep. 30, 2005 d	March 31, 2005 e	Increase/ Decrease d-e	Rationale of increase/decrease
Current assets	1,465.9	1,423.2	42.7	Increase due to the issue of convertible bonds (+60.0)
Cash and deposits	493.6	426.1	67.5	Plan to repurchase and cancel preferred stock in the second half of FY2005 (44.0)
Trade notes and trade accounts receivable	606.7	618.1	-11.4	
Securities	8.2	7.2	1.0	
Inventories	213.9	194.7	19.2	Increase in inventories due to an increase in resource-related sales, seasonal factors at chemical-related overseas subsidiaries, and other reasons
Short-term loans receivable	27.8	41.0	-13.2	Decrease reflecting recovery of loans receivable
Deferred tax assets-current	7.1	7.5	-0.4	
Other current assets	122.6	139.6	-17.0	
Allowance for doubtful receivables	-14.0	-11.0	-3.0	
Fixed assets	1,038.0	1,024.4	13.6	
Tangible assets	249.7	246.6	3.1	
Goodwill	78.4	80.0	-1.6	
Other intangible assets	25.1	23.9	1.2	
Investment securities	443.2	409.3	33.9	Increase in book values owing to an increase in stock prices
Long-term loans	92.1	102.1	-10.0	
Non-performing receivables	228.9	286.9	-58.0	Reduction due to disposal and write-off
Deferred tax assets-non-current	46.6	58.1	-11.5	
Others	55.8	54.8	1.0	
Allowance for doubtful receivables	-181.8	-237.3	55.5	Decrease attributed to disposal and write-off of non-performing receivables
Deferred assets	1.3	0.9	0.4	
Total assets	2,505.2	2,448.5	56.7	
Liabilities	1,576.6	1,754.7	-178.1	
Trade notes and trade accounts payable	446.9	472.5	-25.6	
Short-term debts	860.2	933.1	-72.9	Decline reflecting shift to long-term funding
Commercial paper	83.8	139.2	-55.4	
Bonds with redemption in one year	41.0	43.1	-2.1	
Other current liabilities	144.7	166.8	-22.1	Decline in condominium sales deposits
Non-current liabilities	495.9	380.2	115.7	
Bonds, less current portion	72.5	16.1	56.4	Issue of straight bonds (+65.0), transfer to bonds with redemption in one year
Long-term borrowings	355.0	296.9	58.1	Increase in long-term funding procurement reflecting improvement in the structure of interest-bearing debt
Allowance for retirement benefits	27.7	29.0	-1.3	
Other non-current liabilities	40.7	38.2	2.5	
Total liabilities	2,072.5	2,134.9	-62.4	
Minority interests	36.1	33.4	2.7	
Common and preferred stock	130.0	336.1	-206.1	Transfer to capital surplus (-180.3), transfer to retained earnings (-55.8), increase due to CB conversion (+30.0))
Capital surplus	210.3	487.7	-277.4	Transfer from common stock (+180.3), Transfer to retained earnings (-487.7), increase due to CB conversion (+30.0)
Retained earnings	75.2	-492.0	567.2	
(Subtotal)	(415.5)	(331.8)	(83.7)	Transfer from common stock (+55.8), transfer from capital surplus (+487.7), net income (+25.9)
Land revaluation difference	-2.7	-4.9	2.2	
Net unrealized gains on available-for-sale securities	53.2	32.6	20.6	Increase attributed to stock price increase
Foreign currency translation adjustments	-69.3	-79.2	9.9	
Treasury stock	-0.1	-0.1	0	
Total shareholders' equity	396.6	280.2	116.4	Estimated decrease due to repurchase and cancellation of preferred stock in the second half FY2005 (44.0)
Total liabilities and shareholders' equity	2,505.2	2,448.5	56.7	

Gross interest-bearing debt	1,412.5	1,428.4	-15.9	
Net interest-bearing debt	918.9	1,002.3	-83.4	
Net debt/equity ratio (Times)	2.32	3.58	-1.26	
Shareholders' equity	15.8%	11.4%	+4.4%	

Guarantee liabilities	48.9	60.9	-12.0	

Highlights of Consolidated Financial Results for the First Half Ended September 30, 2005 Supplementary Material (1)

- Gross Trading Profit and Recurring Profit (by Industry Segment) -

2005/10/27

Sojitz Corporation

(Former Sojitz Holdings Corporation)

(Unit: Billions of yen)

	Gross Trading Profit				Recurring Profit			
	1st half FY2005 results Actual	1st half FY2004 results Actual	Increase/ (Decrease)	Main factors for change	1st half FY2005 results Actual	1st half FY2004 results Actual	Increase/ (Decrease)	Main factors for change
Machinery & Aerospace	**21.1**	**20.9**	**0.2**	Overall profit increase: decrease (-1.2) attributed to the withdrawal from low-profit automobile sales company in Japan; increase (+1.5) due to the strong performance by automobile business companies in Central and South America and Russia; continued high profits in shipping and chartering; stable profits from aircraft-related operations	**5.0**	**4.0**	**1.0**	Overall: Increase in the following items despite impact on aircraft-related business from transactions with Northwest Airlines. *Operating income (+1.0) *Improvement in the balance between interest income and expenses *Gains in shipping-related equity-method affiliates underpinned by the sale of jointly owned vessels *Increase in dividend income
Energy & Mineral Resources	**20.5**	**16.4**	**4.1**	Significant increase in overall profits: increase (+1.9) reflecting continued high prices in the ferroalloy-related market; increase (+1.5) owing to a jump in the volume of coal-related transactions; increase (+1.8) due to the inclusion of new upstream oil and gas rights businesses in the scope of consolidation and an increase in production volume; decline (-1.0) attributed to a drop in related transaction volumes of raw materials such as alumina reflecting to the continued high price	**14.1**	**8.2**	**5.9**	Overall: Significant increase in the following items. *Operating income (+3.4) *Equity in earnings in unconsolidated subsidiaries and affiliates bolstered by strong contributions from Metal One Corporation, a vanadium manufacturing company, and LNG Japan Corporation
Chemicals & Plastics	**22.1**	**22.4**	**(0.3)**	Results essentially on par with the corresponding period of the previous fiscal year: strong performance (+0.7) attributed to robust chemical contribution reflecting the sharp rise in crude oil prices and excess demand for oil-related raw materials, and an increase in transaction volume underpinned by intense activity in the manufacturing industry both in Japan and overseas driven by the Chinese economy; downturn (-0.5) reflecting decreased demand for fertilizer, impacted by the rising cost of raw materials and dry weather; decrease in methanol products (-0.7) due to a jump in material prices and a market slump	**4.8**	**3.6**	**1.2**	Overall: Increase in the following items. *Operating income (+0.5) *Equity in earnings of unconsolidated subsidiaries and affiliates (+1.0)
Real Estate Development & Forest Products	**11.7**	**10.9**	**0.8**	Overall profit increase: real estate development strong (+1.5) on the back of a robust condominium development business; Sun Building Materials Corporation (-0.6) and non-consolidated forest product profits down (-0.5) due to surplus inventories that reflect continued excess supply since the third quarter of the previous year and a market slump	**6.0**	**1.1**	**4.9**	Operating profit (+1.2) Real Estate Development Business: Up due to strong condominium development results Forest Products: Drop in profits due to the market slump Gain on sale of retail facility (+2.1): Sale of Kashiwa Shopping Center Net interest expense: Improvement in net interest position in line with efforts to create a robust asset portfolio Overall: Significant increase
Consumer Lifestyle Business **[excluding the impact from Nakau sale]**	**19.7** **[19.7]**	**24.8** **[19.4]**	**(5.1)** **[0.3]**	Textiles: Positive results due to the inclusion of Singapore Co., Ltd. in the scope of consolidation (+1.5) despite a downturn in retail store sales and material sales to wholesalers Foods: Despite steady results, drop in profit owing to weak dairy product and processed livestock sales (-0.3) General Commodities: Significant decline due to sale of Nakau Co., Ltd. (-5.4) Overall: Decline, however, essentially on par with the corresponding period of the previous fiscal year after excluding the impact from Nakau sale.	**3.0** **[3.0]**	**4.0** **[4.0]**	**(1.0)** **[(1.0)]**	Foods: Increase reflecting improvement in non-operating income (+0.2) Textiles: Decrease due to the slump in retail store sales in operating income (-0.8) General Commodities: Declease reflecting drop in operating income (-0.4) Overall: Decrease
Overseas Subsidiaries	**14.0**	**12.8**	**1.2**	Overall: Segment increase Ameiricas: Machinery and commodities sales steady, however decrease attributed to withdrawal from low-profit businesses (-0.2) Europe & Africa: Slight decrease due to the withdrawal from certain businesses (-0.1) Asia: Strong increase in chemicals & plastics profit (+0.7) China: Increase due to the transfer of operations of Beijing Office to Sojitz China (+0.3); increase in profits from chemicals & plastics (+0.3)	**7.3**	**5.0**	**2.3**	Operating income (+1.8) Dividend income (U.S. +0.2, Europe +0.1) Equity in earnings of unconsolidated subsidiaries and affiliates in China (+0.1) Overall: Significant increase
5 Business Divisions + Overseas Subsidiaries **[excluding the impact from Nakau sale]**	**109.1** **[109.1]**	**108.2** **[102.8]**	**0.9** **[6.3]**		**40.2** **[40.2]**	**25.9** **[25.9]**	**14.3** **[14.3]**	
Others	**9.6**	**11.5**	**(1.9)**	Increase (+0.1) reflecting contribution from Nissho Electronics Corporation Decrease (-1.0) reflecting decline in rental income in line with efforts to create a robust asset portfolio	**2.4**	**(0.1)**	**2.5**	Dividend income (+2.0) Capital gains in venture businesses (+1.8) Rental income (-1.0)
Total **[excluding the impact from Nakau sale]**	**118.7** **[118.7]**	**119.7** **[114.3]**	**(1.0)** **[4.4]**		**42.6** **[42.6]**	**25.8** **[25.8]**	**16.8** **[16.8]**	

Highlights of Consolidated Financial Results for the First Half Ended September 30, 2005, Supplementary Material(2) ーFY2005 Forecastー

2005/10/27

Sojitz Corporation

(Former Sojitz Holdings Corporation)

(Unit: Billions of yen)

P/L

	1st half FY2005 results a	1st half FY2004 results b	Increase/ Decrease a-b	FY2005 Forecast c	Percentage Achieved a/c
Net sales	2,354.0	2,254.2	99.8	4,900.0	48.0%
Gross trading profit	118.7	119.7	(1.0)	251.0	47.3%
[Gross trading profit ratio]	[5.04%]	[5.31%]		[5.12%]	
Machinery & Aerospace	21.1	20.9	0.2	43.5	48.5%
Energy & Mineral Resources	20.5	16.4	4.1	41.5	49.4%
Chemicals & Plastics	22.1	22.4	(0.3)	42.5	52.0%
Real Estate Development & Forest Products	11.7	10.9	0.8	25.5	45.9%
Consumer Lifestyle Business	19.7	24.8	(5.1)	46.5	42.4%
Overseas Subsidiaries	14.0	12.8	1.2	29.0	48.3%
Others	9.6	11.5	(1.9)	22.5	42.7%
Selling, general and administrative expenses	(80.8)	(86.8)	6.0	(173.0)	46.7%
Operating income	37.9	32.9	5.0	78.0	48.6%
[Operating income ratio]	[1.61%]	[1.46%]		[1.59%]	
Non-operating income/expenses-net	4.7	(7.1)	11.8	(4.0)	-117.5%
Recurring profit	42.6	25.8	16.8	74.0	57.6%
[Recurring profit ratio]	[1.81%]	[1.14%]		[1.51%]	
Machinery & Aerospace	5.0	4.0	1.0	10.0	50.0%
Energy & Mineral Resources	14.1	8.2	5.9	20.5	68.8%
Chemicals & Plastics	4.8	3.6	1.2	6.5	73.8%
Real Estate Development & Forest Products	6.0	1.1	4.9	9.0	66.7%
Consumer Lifestyle Business	3.0	4.0	(1.0)	9.0	33.3%
Overseas Subsidiaries	7.3	5.0	2.3	14.5	50.3%
Others	2.4	(0.1)	2.5	4.5	53.3%
Extraordinary profit/(loss)-net	(2.1)	(245.3)	243.2	(10.0)	21.0%
Income/(loss) before income taxes	40.5	(219.5)	260.0	64.0	63.3%
Net income/(loss)	25.9	(241.1)	267.0	38.0	68.2%

Note: Figures for recurring profit by business segment are for reference only and used for internal management purposes

(Unit: Billions of yen)

B/S

	September 30, 2005 d	March 31, 2005 e	Increase/ (Decrease) d-e	March 31, 2006 Forecast
Cash and deposits	493.6	426.1	67.5	400.0
Operating assets	936.3	948.9	(12.6)	1,000.0
Investments and financing	593.5	582.6	10.9	605.0
Fixed assets	481.8	490.9	(9.1)	500.0
Total assets	2,505.2	2,448.5	56.7	2,505.0
Operating liabilities	696.1	739.9	(43.8)	730.0
Interest-bearing debt	1,412.5	1,428.4	(15.9)	1,420.0
Total liabilities	2,108.6	2,168.3	(59.7)	2,150.0
Total shareholders' equity	396.6	280.2	116.4	355.0
Net interest-bearing debt	918.9	1,002.3	(83.4)	1,020.0
Net DER (Times)	2.3	3.6	(1.3)	2.9

Recurring profit: steady progress in the first half (42.6 billion yen); on line to achieve full-year forecast (74.0 billion yen)

Machinery & Aerospace

*Steady progress in each business especially in automobile and shipping-related businesses; aircraft-related business was impacted by transactions with U.S.-based Northwest Airlines

Energy & Mineral Resources

*Generally robust results mainly in resource-related businesses. Market prices of ferroalloy products, etc. for forecasts were conservatively set, however, no decline eventuated. Strong results by Metal One Corporation buoyed by healthy steel product prices in Japan and overseas

Chemicals & Plastics

*Overall segment achieved a high 73.8% against targets. Robust chemical results reflecting the sharp rise in crude oil prices and excess demand for oil-related raw materials, as well as an increase in transaction volume underpinned by intense activity in the manufacturing industry both in Japan and overseas driven by the Chinese economy; strong performance in methanol reflecting rising prices

*Earnings expected to decline due to imbalance in supply and demand of oil-related raw materials in the second half; decrease in demand for fertilizer, impacted by the rising cost of raw materials and dry weather; methanol market forecast to slump

Real Estate Development & Forest Products

*In Real Estate Development, performance was strong in condominium development and retail property development.

*Forest Products forecast to improve spurred by a recovery in demand from the third quarter. However, unlikely to cover the decline experienced in the first half

Consumer Lifestyle Business

*Foods business sound, underpinned by contributions from equity-method affiliates and dividend income

*Textiles weak due to poor apparel sales during spring and summer in retail stores and materials sales to wholesalers; profit recovery forecast due to the seasonal concentration of profits in the second half, efforts to strengthen sales platform, and the shift toward a high-earnings business

*Woodchip business soft reflecting the sharp rise in raw material prices; forecast expected to swing upward due to improvements in raw material procurement in the second half

Overseas Subsidiaries

*Overall stable performance despite concerns of a slight decrease throughout certain parts of Asia reflecting the sharp increase in crude oil prices

Summary of Consolidated Financial Results October 27, 2005

for the Six-month Period Ended September 30, 2005

Sojitz Corporation (Former Sojitz Holdings Corporation)

(URL http ://www.sojitz.com)
Listed stock exchange : The first sections of Tokyo and Osaka
Headquarters : Tokyo
Securities Code : 2768
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1. Consolidated Financial Results for the Six-month Period ended September 30, 2005

(1) Consolidated Operating Results (Rounded to millions of Japanese Yen)

	Net Sales		Operating Income		Recurring Profit		Net Income	
For the Six-month Period	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
ended September 30, 2005	2,354,027	4.4	37,889	15.1	42,622	65.4	25,908	-
ended September 30, 2004	2,254,215	△ 25.4	32,934	23.8	25,762	35.1	△ 241,071	-
(Ref) FY 2004	4,675,903		65,521		58,088		△ 412,475	

	EPS	Adjusted EPS
For the Six-month Period	Yen	Yen
ended September 30, 2005	89.61	74.49
ended September 30, 2004	△ 1119.40	-
(Ref) FY 2004	△ 1876.48	-

Notes:

1. Equity in Earnings of Unconsolidated subsidiaries and affiliate during the period: (Millions of Yen)
   Current interim period : 11,911 Preceding interim period : 6,083 Last fiscal year : 10,741
2. Average number of outstanding shares during the period:
   Current interim period : 289,138,950 Preceding interim period : 215,358,386 Last fiscal year : 219,825,798
3. Changes in accounting policies during the period: Yes
4. Percentage indicate changes in net sales, operating income, recurring profit and net income are compared with preceding interim period.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	BPS
As of	Millions of Yen	Millions of Yen	%	Yen
September 30, 2005	2,505,214	396,540	15.8	△ 547.00
September 30, 2004	2,703,954	61,688	2.3	△ 947.63
March 31, 2005	2,448,478	280,241	11.4	△ 1,440.26

Notes:

1. Number of outstanding shares at the end of the period (Common Stock):
   Current interim period : 401,205,565 Preceding interim period : 215,602,089 Last fiscal year : 240,066,694
2. Number of outstanding shares at the end of the period (Preferred Stock):
   Current fiscal year : 165,825,000 Preceding interim period : 133,000,000 Last fiscal year : 166,825,000

(3) Consolidated Statements of Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the Period
For the Six-month Period	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
ended September 30, 2005	△ 11,264	48,300	24,982	475,947
ended September 30, 2004	△ 47,369	66,023	△ 129,933	290,013
(Ref) FY 2004	△ 19,774	241,109	△ 212,264	409,266

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

Consolidated subsidiaries : 324
Unconsolidated subsidiaries (accounted for by the equity method) : 10
Unconsolidated affiliates (accounted for by the equity method) : 182

(5) Increase/Decrease in the number of consolidated subsidiaries

Consolidated subsidiaries : (Increase) 7 companies (Decrease) 12 companies
Affiliated companies accounted for by the equity method : (Increase) 13 companies (Decrease) 9 companies

(6) Consolidated Earnings Forecast for the Fiscal Year Ending March 2006 (April 1, 2005~March 31, 2006)

	Net Sales	Recurring Profit	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
For the fiscal year ending March 31, 2006	4,900,000	74,000	38,000

(Ref) Forecast of Net income per share for the year ending March 31, 2006 : 110.09 Yen

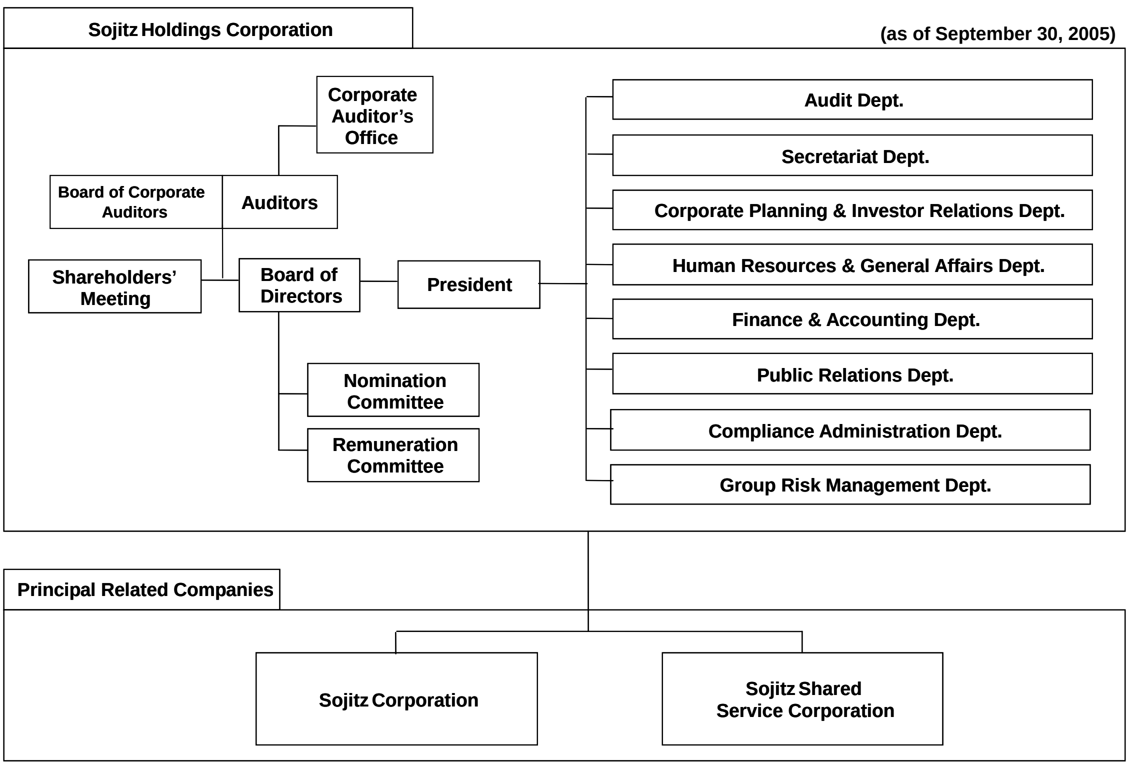
Sojitz Corporation
(Former Sojitz Holdings Corporation)

Status of the Corporate Group

Sojitz Holdings Corporation (hereinafter referred to as "the Company" or "Sojitz Holdings") was established on April 1, 2003 from the former Nichimen Corporation and the former Nissho Iwai Corporation, as a holding company established through an exchange of stock under Article 364 of the Commercial Code. Sojitz Holdings manages and supervises the operations of subsidiary companies and conducts related business.

With Sojitz Corporation at its core, the Sojitz Group operates as a general trading company engaged in the buying and selling of goods, as well as import and export. Its business interests extend to a wide variety of concerns throughout the world, including support for the manufacture, sale and service of an array of goods in Japan and overseas, responsibility for the planning, management and coordination of diverse projects, and financial support and investment in an assortment of business fields.

The Sojitz Group is comprised of 416 subsidiaries, and 209 affiliates for a total of 625 companies (of which, 516 are included in the scope of consolidation). The management structure and principal related companies are as follows:



Note: The former Sojitz Holdings Corporation and its wholly owned subsidiary, the former Sojitz Corporation, merged on October 1, 2005, heralding the birth of the new Sojitz Corporation.

Group Management Policy

1. Merger with Sojitz Corporation

Since its establishment in April 2003, Sojitz Holdings Corporation, as the holding company of the Sojitz Group, has worked to promote business integration and implemented a comprehensive rationalization plan. At the same time, Sojitz Holdings has accelerated various selection and focus initiatives, successfully establishing a robust asset portfolio, and taken concrete measures to reinforce the corporate governance function.

In the second year of the Sojitz Group's New Business Plan, announced in September 2004, Sojitz Holdings is endeavoring to further streamline the Group's management framework, promote efficiency and accelerate the decision-making process. To this end, Sojitz Holdings merged with its principal operating arm and wholly owned subsidiary, Sojitz Corporation, on October 1, 2005. The Company changed its name to Sojitz Corporation. (Hereinafter "Sojitz" or "the Company" refers to the former Sojitz Holdings in matters concerning performance through September 30, 2005, and the post-merger Sojitz Corporation in ongoing matters).

2. The Sojitz Group's Statement and Slogan

In concert with the establishment of a newly merged company, the Sojitz Group formulated its Group Statement and Slogan.

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.

The Sojitz Group Statement clarifies the Group's role in society, its raison d'etre and management stance toward the global community it serves. Dedicated to a spirit of integrity, the Sojitz Group contributes to a prosperous society through the ongoing development of its global businesses.

Sojitz Group Slogan

New way, New value

In order to express in simple terms the Company's intention and posture toward society, the Sojitz Group has also formulated its Group Slogan with the aim of improving communication with society. This slogan is a proclamation of the determination of all members of the Sojitz Group to think with an unprecedented freedom of imagination, offer new proposals to customers and create new value in society.

3. Fundamental Policy

The fundamental policy set forth in the New Business Plan is to enhance corporate value by establishing a robust financial position and evolving toward a quality earnings structure, as well as building a solid business foundation that is unaffected by external conditions, and quickly restoring market confidence.

The New Business Plan runs for three years starting in FY2004 (FYE March 2005). By its completion, Sojitz will have established itself as an innovative and function-oriented trading company that can provide unique value-added services in its competitive business areas. The shape that the Group aspires to develop and the beliefs it shares are built into the following Management Vision.

Group Management Vision

- To establish a multi-faceted business, which has both top-tier competitiveness and strong earnings power in specific industries and markets, by continuously pursuing profitability and growth in core business areas
- To nurture an innovative trading company, by actively responding to environmental changes and market globalization, and continuously developing new business fields through entrepreneurship
- To build a function-oriented trading company, by fully grasping and anticipating various client needs and providing sophisticated, tailor-made services as a client's business partner
- To become a flexible company, open to new ideas, where each employee can pursue challenges and explore opportunities to realize his or her own personal goals and ambitions.

4. Basic Policy on Dividends

Sojitz has positioned the stable payment of dividends to shareholders, steady increase in shareholder value, and adequate retained earnings to ensure competitiveness as key issues for management. The dividend payout ratio shall be determined subject to full consideration of the Company's capital base, profit growth, and the demand for investment funds and working capital.

Furthermore, the Sojitz Group is committed to achieving optimal balance among efforts to improve its financial position, reinforce its management foundation, and ensure adequate retained earnings. Working to secure accumulated profits, the Sojitz Group will work tirelessly toward the payment of dividends from the fiscal year ending March 31, 2007.

5. Outline and Progress Under the New Business Plan

(1) Basic Objectives of the New Business Plan

Under its New Business Plan, the Sojitz Group is taking significant strides toward establishing a robust financial position and evolving toward a quality earnings structure with the aim of enhancing corporate value.

1. Establishing a Robust Financial Position

(Comprehensive Review of the Asset Portfolio)

In specific terms, the Group rationalized assets to the tune of ¥620 billion, wrote-off approximately ¥430 billion, and generated positive cash flows of ¥150 billion. Accordingly, Sojitz took steps to immediately restore asset quality and was successful in achieving its primary objective in the first year of the New Business Plan.

2. Evolving Toward a Quality Earnings Structure

(Promoting the Selection and Focus Initiative and Reinforcing SCVA, the Sojitz Group's Risk/Return Management Indicator)

Sojitz introduced Sojitz Corporation Value Added (SCVA), a proprietary, common management indicator utilized throughout the Group as a tool to analyze current value creation and the future potential for each business unit in terms of business risk. SCVA is being applied as an indicator that helps promote the Group's selection and focus initiative. Accordingly, Sojitz is committed to the comprehensive disposal of all businesses that fail to generate economic value added. From a forward-looking perspective, the Sojitz Group is allocating management resources including funding to existing businesses with the aim of expanding business activities. The Group is also proactively investing in new businesses and aggressively pursuing M&A as a source of business growth. In the future, the Sojitz Group will work to enhance SCVA and evolve toward a quality earnings structure by adopting the following three-point business portfolio review process:

1. Allocate resources to growth areas
2. Select and withdraw from low-profit businesses, and
3. Continuously enhance SCVA by strengthening the business portfolio and improving risk management.

(2) Financial Targets of the New Business Plan

The following are our consolidated financial targets for the last year of the New Business Plan, coinciding with the fiscal year ending March 31, 2007:

Recurring profit:	¥75.0 billion
Net DER:	Approx. 3 times (net interest-bearing debt level of ¥1 trillion)
Credit rating:	BBB or above

(3) Progress under the New Business Plan

Numerical targets for the first year of the New Business Plan and results for the fiscal year ended March 31, 2005 are as follows:

(Billions of yen unless otherwise stated)

	Numerical Targets	Fiscal 2004 Results	Percentage Achieved
Recurring profit	50.0	58.1	116%
Net interest-bearing debt	1,110.0	1,002.3	124%
Net DER (times)	3.8	3.6	113%

Results for the first quarter of the fiscal year ending March 31, 2006, the second year of the New Business Plan, exceeded the Company's initial numerical targets. This was the result of successful efforts to reduce selling, general and administrative expenses and the strong performance by equity-method affiliates. As a result, Sojitz revised its interim and full-year forecasts at the time of the Company's announcement of its first quarter results on July 28, 2005.

(Billions of yen)

	Initial Forecasts (Announced on April 28, 2005)		Revised Forecasts (Announced on July 28, 2005)	
	Interim	Full-Year	Interim	Full-Year
Consolidated recurring profit	29.0	65.0	38.0	74.0
Consolidated net income	15.0	35.0	25.0	38.0

Results for the interim period ended September 30, 2005 and rates of achievement against initial and revised forecasts are as follows:

(Billions of yen unless otherwise stated)

	Results	Percentage Achieved (Initial Forecast)	Percentage Achieved (Revised Forecast)
Recurring profit	42.6	65.57%	57.60%
Net interest-bearing debt	918.9		
Net DER (times)	2.32		

6. Restructuring Shareholders' Equity

(1) Implementing Measure to Reclassify Shareholders' Equity

Based on its New Business Plan and in order to create a robust asset portfolio, the Company reported a consolidated deficit of ¥492 billion for the fiscal year ended March 31, 2005. At the same time, Sojitz offset this deficit with a partial reversal of the capital reserve and a reduction in capital. As a result of this reclassification, there was no change in the Company's shareholders' equity.

(2) Approach to Previously Issued Preferred Stock

In connection with preferred stock issued by the Company, the 1st Series Class I Preferred Stock totaling ¥52.6 billion will enter its conversion period from May 2006. In this context, the Company issued convertible bonds totaling ¥60.0 billion and established a stock repurchase program. Accordingly, Sojitz plans to repurchase and cancel the preferred stock, a total issue amount of ¥40.0 billion, on January 13, 2006, within the scope of the increase in shareholders' equity, in line with the conversion of bonds.

In connection with previously issued preferred stock with conversion periods commencing May 2008, the Company is considering repurchase and cancellation as well as accumulating retained earnings after dividend payments. These initiatives are designed to mitigate a dilution of the stock value and reduction in shareholders' equity, and to accelerate improvement of its capital structure. After considering the aforementioned, specific measures to be adopted will depend on prevailing conditions and identification of the best option.

	Common Stock Issued and Outstanding	Preferred Stock Issued and Outstanding	Total Stock Issued and Outstanding	Common and Preferred Stock (Yen)	Shareholders' Equity (Yen)
Mar. 31, 2005	240,246,254	166,825,000	407,071,254	336,122,742,706	280,246,000,000
Apr. 30, 2005	240,246,254	166,825,000	407,071,254	336,122,742,706	
May 31, 2005	247,184,274	166,525,000	413,709,274	336,122,742,706	
Jun. 30, 2005	261,121,556	166,525,000	427,646,556	339,133,195,618	
Jul. 31, 2005	294,230,314	166,525,000	460,755,314	110,019,629,650	
Aug. 31, 2005	389,317,742	165,825,000	555,142,742	127,041,369,463	
Sep. 30 2005	401,399,900	165,825,000	567,224,900	130,049,826,805	340,596,000,000
Contract Amount Jan. 2006		(20,000,000)			
Jan. 31, 2005 (Planned)		145,825,000	547,224,900		

	Preferred Stock Issued and Outstanding						
	1st Series	2nd Series	3rd Series	4th Series	5th Series	6th Series	Total
Mar. 31, 2005	105,200,000	26,300,000	1,500,000	19,950,000	12,875,000	1,000,000	166,825,000
Apr. 30, 2005	105,200,000	26,300,000	1,500,000	19,950,000	12,875,000	1,000,000	166,825,000
May 31, 2005	105,200,000	26,300,000	1,500,000	19,950,000	12,875,000	700,000	166,525,000
Jun. 30, 2005	105,200,000	26,300,000	1,500,000	19,950,000	12,875,000	700,000	166,525,000
Jul. 31, 2005	105,200,000	26,300,000	1,500,000	19,950,000	12,875,000	700,000	166,525,000
Aug. 31, 2005	105,200,000	26,300,000	1,500,000	19,950,000	12,875,000	0	165,825,000
Sep. 30, 2005	105,200,000	26,300,000	1,500,000	19,950,000	12,875,000	0	165,825,000
Contract Amount Jan. 2006	(20,000,000)						
Jan. 31, 2005 (Planned)	85,200,000						145,825,000

7. Issues to be Addressed

The Sojitz Group continues to recognize the importance of “establishing a robust financial position” and “evolving toward a quality earnings structure” through proactive implementation of its New Business Plan. The Group is also endeavoring to enhance corporate value by establishing a solid business foundation that is unaffected by changes in the external environment, delivering high-value-added products and services that only the Sojitz Group can provide, while accelerating efforts to become an innovative and function-oriented trading company.

Based on the basic policies outlined in its New Business Plan, the Company is working to address the following key issues:

- Reduce business risk, enhance and improve asset quality and liquidity
- Improve capital structure (effective application of preferred stock)
- Secure stable funds procurement
- Restore credibility and establish the Sojitz brand
- Strengthen SCVA management (risk/return business portfolio management)
- Clarify growth strategies.

Sojitz is working to maintain and improve asset quality through the restoration of assets, which is to be accomplished by implementing basic policies such as the improvement of risk management systems and innovation in supervisory systems, proactive management systems and portfolio management. At the same time, through the activities of the Committee for Avoiding Recurrence of Incident, the construction of an internal controls system and the introduction of measures to reinforce its compliance structure, the Company is endeavoring to establish a more comprehensive risk management structure and to establish a mechanism for minimizing losses.

By withdrawing from low-profit businesses and focusing on businesses in which Sojitz holds a competitive advantage, the Company is transforming its earnings structure and advancing in efforts to upgrade its business portfolio.

In regard to improving capital structure, the Company will repurchase and cancel 1st Series Class I Preferred Stock, as previously mentioned. The Company's fundamental policy is to continue improving its capital structure while maintaining the level of shareholders' equity and mitigating a dilution of the stock value. Sojitz will strive to identify optimal responses to prevailing conditions when formulating specific measures for adoption.

8. Basic Stance on Corporate Governance and Measures Implemented

(1) Basic Stance

Sojitz considers corporate governance to be an important management issue. In order to strengthen corporate governance, the Company strives to clarify management responsibilities and accountability to shareholders and all stakeholders, while establishing a highly transparent management framework. Sojitz aims to improve profitability throughout the entire Group, and to maximize corporate value.

Under the Sojitz Group Statement, Sojitz places top priority on maintaining "a spirit of integrity," and has implemented the following measures in aiming for greater management transparency and improved corporate governance.

(2) Status of Implementation

1. Corporate Governance Structure including the Decision-Making, Executive and Supervisory Functions
   a. Overview of Corporate Institutions
   Sojitz has adopted the auditing system with the aim of incorporating statutory guidelines that serve to augment the auditing function. At the same time, the Company has appointed outside directors to chair the newly established Nomination and Remuneration Committees. Through these measures, the Company strives to assess the relevance and accuracy of director appointments and remuneration, to enhance the operations of the Board of Directors as a consultative body, and to secure increased transparency.

Sojitz will continue to assess every option in its search for the optimal corporate governance structure in accordance with the New Company Law, which is scheduled to come into force in the next fiscal year.

The Company maintains a Board of Directors comprising nine members, two of whom are appointed from outside the Group. The Board of Directors is the principal decision-making body of the Group and is responsible for considering and determining basic policies and those matters most important to the management of the Group.

The Company's Board of Auditors is comprised of five members, three of whom are outside auditors.

Sojitz has introduced an executive officer system, which, by separating managerial decision-making and business executive functions, serves to clarify authority and responsibilities, and to accelerate decision making and implementation. Moreover, in order to clarify management responsibilities and to respond quickly and appropriately to sudden changes in the business environment, the tenure of directors and executive officers has been set at one year.

Serving as consultative bodies to the Board of Directors, the Company has established the Nomination and Remuneration Committees, each comprising three directors, including outside directors installed to chair each committee. The Nomination Committee considers, deliberates and recommends standards and procedures related to the appointment of candidates for director and executive officer positions, in addition to deliberating candidates being considered for appointment. The Remuneration Committee deliberates and makes recommendations concerning the level of director and executive officer remuneration, as well as systems for appraisal and compensation of directors and executive officers.

In connection with compliance, the Sojitz Group established the internal Compliance Administration Department. This department strives to ensure Group executives and employees abide by all domestic and overseas laws and Company regulations, and conduct themselves in an ethical manner in accordance with social norms. To assure that the Sojitz Group strictly observes regulatory requirements and risk management principles, the Company has established a compliance program, a compliance code of conduct and a compliance code of conduct manual. In addition, Sojitz Corporation has created a Compliance Committee and appointed a Chief Compliance Officer (CCO) as its chair. The Compliance Committee reports details of compliance activities to the Board of Directors. Moreover, Sojitz has established a hotline to allow employees direct access to the CCO and legal counsel in an effort to prevent noncompliance of statutory and regulatory requirements by members of the Sojitz Group, and to ensure its early detection. A Compliance Committee homepage has been established on the Group's Intranet as both an information and education tool. Through such efforts, the Company is working to strengthen compliance throughout the entire Group.

b. Internal Controls Systems

In the execution of the Company's business operations, Sojitz has established an internal controls system to ensure compliance with all statutory and regulatory requirements and related in-house rules, and optimal efficacy and efficiency. This internal controls system is driven by Sojitz Corporation's Group Risk Management, Compliance Administration, Accounting, and Corporate Planning Departments, and is audited by the Company's Audit Department.

With the aims of assuring the effectiveness of the Group's operating process, and constructing a regulated internal environment, Sojitz established an Internal Control Administration Office as of October 1, 2005, endeavoring to upgrade the Company's internal controls system.

In addition, the Company will set up an Internal Control Committee chaired by the President in November 2005, which formulates policies related to internal control and monitors the state of progress in structural development.

c. Risk Management Structure

The Sojitz Group is engaged in a wide range of activities on a global scale, and regularly faces varied risks, including credit-related risks, market-related risks, business investment risks, and country risks. The Company considers proper understanding of such risks and construction of a risk management structure to be an important issue, and is undertaking the following four reforms with the aim of strengthening and enhancing its comprehensive risk management structure.

Improvement of risk management systems

While expanding the number of personnel in the Group Risk Management Department, Sojitz has established a Risk Management Planning Office, and is advancing with efforts to improve risk management systems.

One example of these efforts is the clarification of credit-rating assessment items and standards for the establishment of uniform rules for worldwide operations, and the new introduction of highly transparent credit rating systems that have eliminated all arbitrary elements.

Reform of supervisory systems:

The Company has introduced credit approval processes in order to enhance the scrutiny of risk and to improve screening and risk analysis capacity throughout the Company.

Reform of the monitoring system:
Proper administration and review of completed transactions is another important issue for the Company's risk management, in addition to the initial credit judgment that precedes each transaction. The Company will continue to strengthen its management structure concerning daily credit monitoring and special-asset control, with the aim of minimizing risk and loss.

Portfolio management:
In order to avert the concentration of risk and enhance credit judgment for individual transactions, the Company is promoting the introduction of portfolio management centered on integrated risk management. The results of risk measurement will be utilized for the SCVA indicator, which measures risk against return, to promote the continued evolution to a quality earnings structure.

The Company assigns country ratings based upon evaluations by third-party institutions. In addition, the Company has established "country exposure limits" that reflect the scale of each country's economy, and control exposure between countries with low ratings and countries identified as "priority management countries."

Through the implementation of the above four reforms, the Company is working to establish more comprehensive risk management structure and to achieve a mechanism for minimizing losses.

d. Status of Internal Audits, Auditors' Audits, and Account Audits

Auditors' audit

Organization:	Board of Corporate Auditors
Members:	The Board of Corporate Auditors is comprised of five members, three of whom are appointed externally. Of the five-member board, three are standing auditors and two are non-executive positions. One standing auditor is appointed from outside the company.

Audit procedures

- In accordance with established auditing policy, the audit execution plan and administrative responsibilities, the Board of Corporate Auditors conducts audits, supervises and oversees management utilizing methods that include attending meetings of the Board of Directors, management, the Investment and Finance, and other committees, interviewing directors and other officers concerning the nature and status of executive functions, reviewing important approval documents, and requesting business reports from subsidiaries.

- To enhance auditors' audit function, the Company has established the Corporate Auditors' Office, an organization provided specifically in support of the Board of Corporate Auditors. The Corporate Auditors' Office is staffed by three qualified full-time members.

Accounting audit

Pursuant to the Commercial Code of Japan and the Securities Exchange Law, the Company has commissioned Ernst & Young ShinNihon and KPMG AZSA to conduct joint audits. The Certified Public Accountants responsible for conducting an accounting audit of the Company for the first half of fiscal 2005, the fiscal year ending March 31, 2006, were as follows:

Name of Certified Public Accountant	Affiliated Auditing Company
Fumio Konishi	Ernst & Young ShinNihon
Hiroyuki Okuyama	Ernst & Young ShinNihon
Toshinari Takeno	Ernst & Young ShinNihon
Shouji Tomiyama	KPMG AZSA
Naoto Yokoi	KPMG AZSA
Junji Ono	KPMG AZSA

Internal audits

Organization: Audit Department

Members: The Audit Department is comprised of 18 members.

Audit procedures:

- In accordance with the Audit Plan approved at the start of each fiscal year by the Board of Directors, the Audit Department conducts biennial audits of the Company's operating departments and finance departments, as well as consolidated subsidiaries and the four principal Overseas Subsidiaries in the United States, Europe, Asia and China. In addition, the Audit Department has also conducted annual audits of those departments engaged in futures transactions utilizing hedge and other financial instruments since April 2004.
- The Audit Department works to 1) promote the early detection and efficient improvement of problem areas, 2) prevent the occurrence of losses, and 3) nurture a risk management mindset to ensure sales departments are capable of timely and detailed onsite management of transaction risk through repeated self-inspection. To these ends, the Audit Department has introduced a self- assessment system at sales departments and Group companies, and conducts twice-yearly checks, as well as follow-up work on the status of improvement, based on inspection items that it formulates.
- With compliance, reliable financial reports and the status of risk management as priority items, the audit department monitors the internal controls and corporate governance of departments being audited, submits evaluation and examination reports to top management, and makes proposals for effective improvement aimed

at strengthening systems for managing workplace business practices.

- Following each audit, the Audit Department holds audit reviews for audited departments, department heads, directors in charge of functional departments, and auditors. Reports are also provided to the relevant workplace based on audit records.
- The Audit Department submits summary reports to top management and holds monthly audit report briefings, at which it directly reports to top management. In order to enable audited departments to quickly remedy those items identified during audits as requiring improvement, the Audit Department has these departments submit status-of-improvement reports three months and six months after the audit, and confirms improvement through follow-up audits.

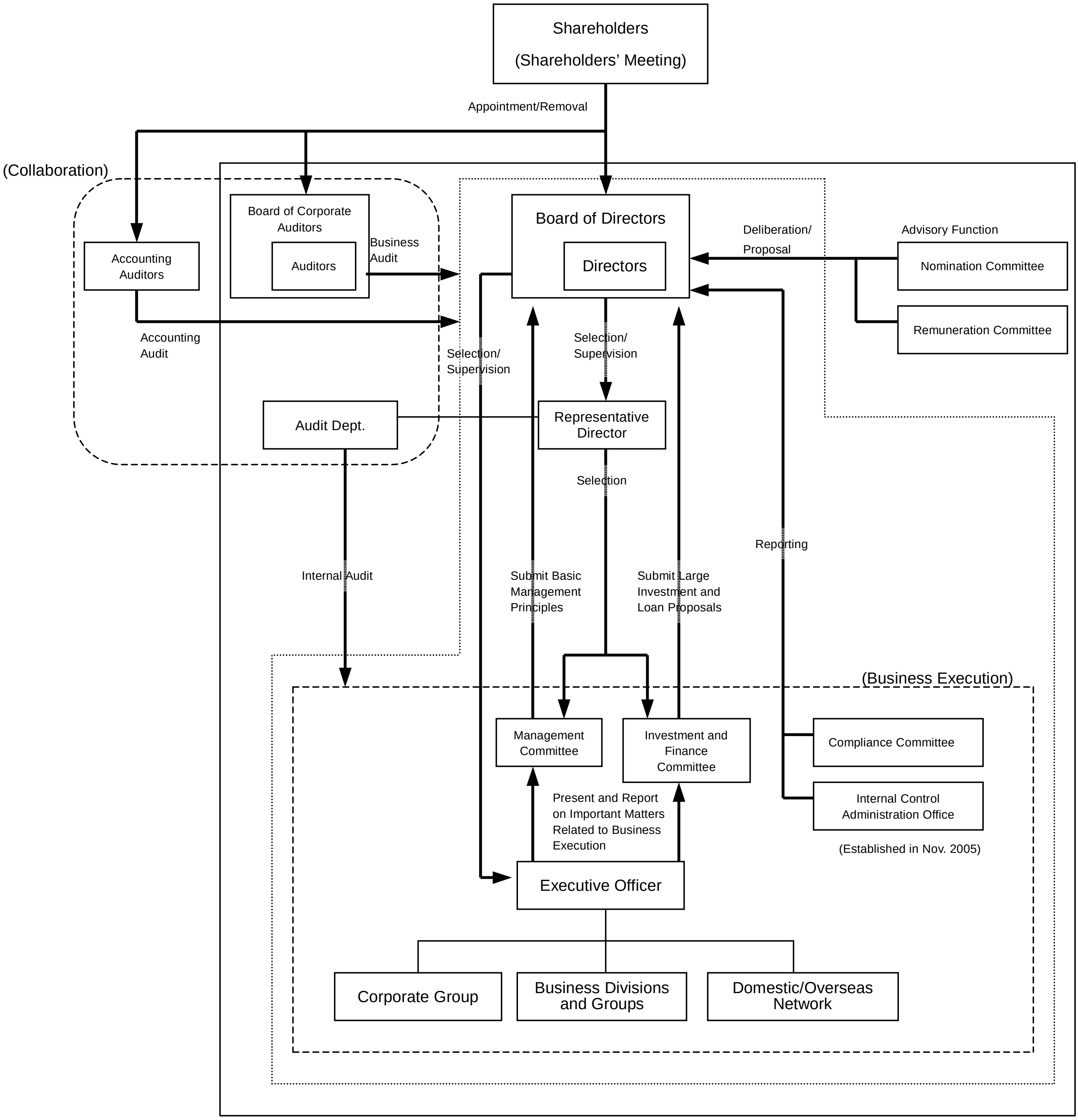
Collaboration Among Independent Auditors, Accounting Auditors, and Internal Auditors:
In the implementation of their respective duties, the Company's Audit Department, Accounting Auditors, and Independent Auditors collaborate and exchange information on a regular basis to enhance efficacy and efficiency, to secure mutual benefit, streamline processing, and maximize synergy effects. Specific forms of cooperation include the following:

- Explanation of the fiscal year's audit plan to auditors by the Audit Department
- Attendance by auditors of the Audit Department's audit reviews
- Formulation by auditors of written opinions in connection with the Audit Department's audits
- Provision to auditors by the Audit Department of copies of audit reports submitted to top management
- Explanation of the status of internal audits on a twice-yearly basis to the Board of Auditors by the Audit Department
- Provision to the Audit Department by auditors of data
- Requests to the Audit Department by auditors for surveys.

In addition, specific forms of cooperation with accounting auditors include the following:

- Implementation of regular briefings to the Board of Auditors by accounting auditors
- Exchange of opinions between accounting auditors and the Audit Department in connection with internal controls
- Mutual provision of accounting audit report and internal audit record copies.

The following is a diagram of workflow and management oversight:


Shareholders
(Shareholders' Meeting)
Appointment/Removal
(Collaboration)
Accounting Auditors
Board of Corporate Auditors
Auditors
Business Audit
Accounting Audit
Board of Directors
Directors
Deliberation/ Proposal
Advisory Function
Nomination Committee
Remuneration Committee
Selection/ Supervision
Selection/ Supervision
Audit Dept.
Representative Director
Selection
Reporting
Internal Audit
Submit Basic Management Principles
Submit Large Investment and Loan Proposals
(Business Execution)
Management Committee
Investment and Finance Committee
Compliance Committee
Internal Control Administration Office
(Established in Nov. 2005)
Present and Report on Important Matters Related to Business Execution
Executive Officer
Corporate Group
Business Divisions and Groups
Domestic/Overseas Network

Summary of Personal, Capital, and Business Relationships, and Other Interests Between the Company and its External Directors and Auditors

- There are no such interests between the Company and external director Shigeo Muraoka, and external auditors Shunsaku Yuhata, Masaaki Ishida and Kazuo Hoshino.
- External auditor Kazuo Hoshino is a director and Chairman of Nisshin Steel Co., Ltd. Nisshin Steel and the Company maintain business relationships.

2. Status of Measures Taken in the Six-Month Period Ended September 30, 2005 to Enhance the Company's Corporate Governance

- Remuneration Committee

Number of meetings:	Two
Attendance:	All members attended every meeting.
Activities and results:	Deliberated and proposed structure of compensation packages and evaluation methods for directors and executive officers

- Nomination Committee

Number of meetings:	One
Attendance:	All members attended.
Activities and results:	Deliberated the suitability of proposed candidates for director and executive officer

- Compliance Committee

Number of meetings:	Five
Attendance:	All members attended every meeting.
Activities and results:	* Increased awareness of compliance systems * Implemented a crisis management system Formulated an earthquake disaster manual * Took steps to address the implementation of laws protecting personal information Formulated regulations for protecting personal information * Formulated and distributed standards for compliance behavior * Distributed Compliance Committee cards

Consolidated Statements of Income

for the six-month period ended September 30, 2005

Millions of yen

	Six-month Period ended September 30, 2005	Percentage of Net sales (%)	Six-month Perioc ended September 30, 2004	Percentage of Net sales (%)	Difference Amount	Difference Percentage
Net sales	2,354,027	100.00	2,254,215	100.00	99,812	4.43
Cost of sales	(2,235,356)	(94.96)	(2,134,498)	(94.69)	(100,858)	4.73
Gross trading profit	118,670	5.04	119,717	5.31	(1,047)	(0.87)
Selling, general and administrative expenses	(80,771)	(3.43)	(86,783)	(3.85)	6,012	(6.93)
Operating income	37,899	1.61	32,934	1.46	4,965	15.08
Interest income	6,305	0.27	9,181	0.40	(2,876)	(31.33)
Dividend income	4,427	0.19	1,479	0.07	2,948	199.32
Equity in earnings of unconsolidated subsidiaries and affiliates-net	11,911	0.51	6,083	0.27	5,828	95.81
Other income	11,841	0.49	6,935	0.31	4,906	70.74
Non-operating income	34,485	1.46	23,679	1.05	10,806	45.64
Interest expense	(18,514)	(0.79)	(23,890)	(1.06)	5,376	(22.50)
Interest expense on commercial papers	(1,292)	(0.05)	(1,261)	(0.06)	(31)	2.46
Other expense	(9,954)	(0.42)	(5,699)	(0.25)	(4,255)	74.66
Non-operating expense	(29,761)	(1.26)	(30,851)	(1.37)	1,090	(3.53)
Recurring profit	42,622	1.81	25,762	1.14	16,860	65.45
Extraordinary loss-net	(2,121)	(0.09)	(245,327)	(10.88)	243,206	(99.14)
Income before income taxes	40,501	(1.72)	(219,564)	(9.74)	260,065	-
Income taxes; Current	(9,786)	(0.42)	(5,553)	(0.25)	(4,233)	76.23
Deferred	(3,129)	(0.13)	(13,858)	(0.61)	10,729	(77.42)
Minority interests in consolidated subsidiaries	(1,678)	(0.07)	(2,094)	(0.09)	416	(19.87)
Net Income (Loss)	25,908	1.10	(241,071)	(10.69)	266,979	-

Extraordinary Income and Loss

for the Six-month Period ended September 30, 2005

Millions of yen

	Six-month Period ended September 30, 2005	Six-montn Period ended September 30, 2004	Increase/ Decrease
Extraordinary Income;			
Gain on property & equipment	3,049	635	2,414
Gain on sale of investment securities	3,913	3,296	617
Gain on change holding ratio of subsidiaries	-	1,026	(1,026)
Reversal of allowance for doubtful accounts	5,271	-	5,271
Gain on bad debt recovered	110	-	110
Total extraordinary income	12,345	4,958	7,387
Extraordinary Loss;			
Loss on property & equipment	(843)	(778)	(65)
Impairment loss on fixed assets	(1,887)	-	(1,887)
Loss on sale of investment securities	(3,201)	(8,894)	5,693
Evaluation loss on investment securities & investments other than securities	(386)	(13,087)	12,701
Loss due to reorganization of subsidiaries and affiliates	(5,434)	(46,193)	40,759
Restructuring loss	(2,713)	(181,332)	178,619
Total extraordinary loss	(14,466)	(250,286)	235,820
Extraordinary income/loss, net	(2,121)	(245,327)	243,206

Reference: the following accounts are not included in the above extraordinary items.			
Provision for doubtful receivables	(395)	(346)	(49)
(Included in Selling, general & administrative expenses)			

Consolidated Balance Sheets

As of September 30, 2005

Assets

Millions of yen

	September 30, 2005	March 31, 2005	Increase/ Decrease
Current assets;			
Cash and deposits	493,642	426,082	67,560
Trade notes and trade accounts receivables	606,697	618,086	(11,389)
Securities	8,151	7,150	1,001
Inventories	213,876	194,694	19,182
Short-term loans receivables	27,793	41,000	(13,207)
Deferred tax assets-current	7,069	7,482	(413)
Other current assets	122,647	139,590	(16,943)
Allowance for doubtful receivables	(14,011)	(10,957)	(3,054)
Total current assets	1,465,867	1,423,129	42,738
Fixed assets;			
Tangible assets	249,760	246,652	3,108
Intangible assets;	103,518	103,850	(332)
Goodwill	78,417	79,989	(1,572)
Other intangible assets	25,100	23,860	1,240
Investments and other fixed assets;	684,712	673,924	10,788
Investments securities	443,208	409,307	33,901
Long-term loans	92,093	102,142	(10,049)
Non-performing receivables	228,906	286,934	(58,028)
Deferred tax assets-non-current	46,524	57,170	(10,646)
Deferred tax assets-revaluation	-	881	(881)
Others	55,775	54,820	955
Allowance for doubtful receivables	(181,796)	(237,332)	55,536
Total fixed assets	1,037,990	1,024,427	13,563
Deferred assets	1,356	921	435
Total assets	2,505,214	2,448,478	56,736

Consolidated Balance Sheets

As of September 30, 2005

Liabilities and shareholders'equity

Millions of yen

	September 30, 2005	March 31, 2005	Increase/ Decrease
Liabilities			
Current liabilities			
Trade notes and trade accounts payables	446,856	472,513	(25,657)
Short-term debts	608,597	764,218	(155,621)
Commercial paper	83,800	139,200	(55,400)
Current Portion of Long-term debt	292,630	211,932	80,698
Income taxes payable	9,268	7,644	1,624
Deferred tax liabilities-current	764	422	342
Allowance for bonus payable	5,011	4,234	777
Other current liabilities	129,665	154,515	(24,850)
Total current liabilities	1,576,593	1,754,681	(178,088)
Non-current liabilities;			
Bonds, less current portion	72,525	16,048	56,477
Long-term borrowings	355,013	296,927	58,086
Deferred tax liabilities -non-current	9,466	7,544	1,922
Deferred tax liabilities -revaluation	401	-	401
Allowance for retirement benefits	27,684	29,046	(1,362)
Other non-current liabilities	30,859	30,639	220
Total non-current liabilities	495,950	380,206	115,744
Total liabilities	2,072,544	2,134,887	(62,343)
Minority Interest in consolidated subsidiaries	36,129	33,349	2,780
Shareholders' equity			
Common and preferred stock	130,049	336,122	(206,073)
Capital surplus	210,254	487,686	(277,432)
Retained earnings	75,166	(492,048)	567,214
Land revaluation difference	(2,682)	(4,869)	2,187
Net unrealized gains on available-for-sales-securities	53,157	32,629	20,528
Foreign currency translation adjustments	(69,310)	(79,193)	9,883
Treasury stock	(93)	(86)	(7)
Total shareholders' equity	396,540	280,241	116,299
Total liabilities and shareholders' equity	2,505,214	2,448,478	56,736

Consolidated Statements of Cash Flows

for the Six-month Period ended September 30, 2005

Millions of yen

	Six-month Period ended September 30, 2005	Six-month Period ended September 30, 2004	Increase/ Decrease
Operating activities;			
Gain/loss before income taxes and minority interests	40,501	(219,564)	260,065
Depreciation and amortization	10,912	11,431	(519)
Loss on revaluation of securities	386	13,087	(12,701)
Increase in allowance for doubtful receivables	(53,099)	141,424	(194,523)
Interest and dividend income	(10,732)	(10,661)	(71)
Interest expense	19,807	25,151	(5,344)
Equity in earnings of unconsolidated subsidiaries and affiliates	(11,911)	(6,083)	(5,828)
Gain on sale of securities	(2,547)	4,480	(7,027)
Losses on sale and disposal of property & equipment	(2,205)	143	(2,348)
Increase/decrease in trade receivables	23,989	9,723	14,266
Increase/decrease in inventories	(17,165)	516	(17,681)
Increase/decrease in trade payables	(32,268)	(11,769)	(20,499)
Other, net	23,068	(5,250)	28,318
Net cash provided by operating activities	(11,264)	(47,369)	36,105
Investing Activities			
Increase in time deposit, net	(1,339)	(7,773)	6,434
Decrease in marketable securities, net	1,802	5,986	(4,184)
Payments for property & equipment	(12,366)	(3,815)	(8,551)
Proceeds from sale of property & equipment	8,764	4,271	4,493
Payments for purchase of investment securities	(7,991)	(6,078)	(1,913)
Proceeds from sale of investment securities	17,728	27,091	(9,363)
Decrease in short - term loans receivable, net	17,730	30,489	(12,759)
Increase of long - term loans receivable	(5,381)	(3,910)	(1,471)
Collection of long-term loans receivable	14,887	17,744	(2,857)
Other, net	14,467	2,018	12,449
Net cash provided by investing activities	48,300	66,023	(17,723)
Financing activities			
Increase/decrease in short-term debt, net	(165,550)	324,996	(490,546)
Decrease in commercial paper, net	(55,400)	(62,100)	6,700
Proceeds from long-term debt	233,761	12,423	221,338
Repayments of long-term debt	(100,783)	(387,917)	287,134
Proceeds from issuance of bonds	124,169	-	124,169
Redemption of bonds	(10,927)	(16,775)	5,848
Other, net	(287)	(560)	273
Net cash used in financing activities	24,982	(129,933)	154,915
Effect of Exchange Rate Changes on Cash & Cash Equivalents	4,687	872	3,815
Net Decrease in Cash & Cash Equivalents	66,706	(110,406)	177,112
Cash & cash Equivalents at the Beginning of the Period	409,266	401,240	8,026
Effect of Change in Scope of Consolidation	(24)	(820)	796
Cash & Cash Equivalents at the End of the Period	475,947	290,013	185,934

Segment Information

for the Six-month Period ended September 30, 2005

Industry Segments

The business segment information for the six-month period ended September 30, 2005 and preceding interim period are as follows:

Six-month Period ended September 30, 2005 Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business	Overseas Subsidiaries
Net sales						
Outside customers	429,706	570,964	310,869	196,628	422,992	374,325
Inter-segment	7,479	13,995	22,201	1,466	6,584	162,561
Total	437,185	584,959	333,071	198,095	429,576	536,887
Operating expense	430,403	576,466	323,815	193,530	425,426	533,358
Operating income	6,781	8,493	9,255	4,565	4,150	3,528
Total assets (As of September 30, 2005	327,456	439,959	373,183	252,105	285,600	472,439

	Other	Total	Elimination or Unallocated	Consolidated
Net sales				
Outside customers	48,540	2,354,027	-	2,354,027
Inter-segment	19,460	233,750	233,750)	-
Total	68,001	2,587,778	233,750)	2,354,027
Operating expense	66,764	2,549,766	233,638)	2,316,128
Operating income	1,236	38,012	112)	37,899
Total assets (As of September 30, 2005	151,064	2,301,810	203,403	2,505,214

Notes:

1. Unallocated costs and expenses included in “Elimination or Unallocated” totaled 1,585 millions of yen and comprised mainly administrative group expenses applicable to former Sojitz Corporation
2. Company assets included in “Elimination or Unallocated” totaled 604,785 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company and former Sojitz Corporation.
3. Comments relating to changes in the classification of and principal products of industry segments are provided as follows

In accordance with efforts to streamline the Group’s management structure and to better achieve the objectives identified in the New Business Plan through an accelerated decision-making process, the Company has reclassified its industry segments from the fiscal year under review as follows. Segment information for the previous fiscal year has been restated in accordance with the revised segment classification for comparative purposes.

The previous independent industry segments of Construction & Urban Development and Forest Products & Building Materials have been integrated to form the Real Estate Development & Forest Products segment.
The previous independent industry segments of Textiles, Foods, and General Commodities & Consumer Business have been integrated to form the Consumer Lifestyle Business segment.
Certain steel-related operations previously included in the Other segment have been included in the Energy & Mineral Resources segment.
The principal products of each industry segment are identified in this report under those sections titled “Status of the Corporate Group” and “Industry Segment Information.”

Segment Information

for the Six-month Period ended September 30, 2004

Industry Segments (Continued)

(Ref.)Six-month period ended September 30, 2004

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business	Overseas Subsidiaries
Net sales						
Outside customers	454,122	500,160	293,698	225,460	387,950	329,321
Inter-segment	7,056	25,915	14,417	645	8,594	138,940
Total	461,178	526,076	308,116	226,106	396,544	468,262
Operating expense	455,354	521,000	299,268	222,783	391,042	466,596
Operating income (loss)	5,824	5,076	8,847	3,322	5,501	1,666
Total assets (As of March 31, 2005)	326,470	428,164	355,287	276,409	279,226	474,874

	Other	Total	Elimination or Unallocated	Consolidated
Net sales				
Outside customers	63,501	2,254,215	-	2,254,215
Inter-segment	5,184	200,754	200,754)	-
Total	68,685	2,454,970	200,754)	2,254,215
Operating expense	65,748	2,421,794	200,512)	2,221,281
Operating income (loss)	2,937	33,175	241)	32,934
Total assets (As of March 31, 2005)	165,939	2,306,373	142,104	2,448,478

Notes:

1. Unallocated costs and expenses included in “Elimination or Unallocated” totaled 3,020 millions of yen and comprised mainly administrative group expenses applicable to former Sojitz Corporation
2. Company assets included in “Elimination or Unallocated” totaled 433,492 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company and former Sojitz Corporation.

Segment Information

for the Six-month Period ended September 30, 2005

Geographic Segments

The geographic segment information for the six-month period ended September 30, 2005 and preceding interim period are as follows:

Six-month Period ended September 30, 2005

Millions of yen

	Japan	North America	Europe	Asia & Oseania	Other	Total	Elimination or Unallocated	Consolidated
Net sales								
Outside customers	1,797,942	184,796	73,717	276,525	21,045	2,354,027	-	2,354,027
Inter-area	147,650	55,700	21,910	106,962	85	332,309	(332,309)	-
Total	1,945,592	240,497	95,627	383,487	21,130	2,686,336	(332,309)	2,354,027
Operating expense	1,927,058	234,858	92,947	376,879	16,967	2,648,711	(332,583)	2,316,128
Operating income (loss)	18,533	5,638	2,680	6,608	4,163	37,624	274	37,899
Total assets (As of September 30, 2005)	1,914,728	206,517	181,859	287,423	56,628	2,647,157	(141,942)	2,505,214

Notes:

1. Countries and regions are categolized by geographical classification.
2. The principal regions and countries included in each geographic segments are as follows:

North America:	United States and Canada
Europe:	UK and Russia
Asia & Oseania:	Singapore and China
Other:	Africa and Central and South America

3. Unallocated costs and expenses included in “Elimination or Unallocated” totaled 1,585 millions of yen and comprised mainly administrative group expenses applicable to former Sojitz Corporation.
4. Company assets included in “Elimination or Unallocated” totaled 604,785 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company and former Sojitz Corporation.

(Ref.) Six-month Period ended September 30, 2004

Millions of yen

	Japan	North America	Europe	Asia & Oseania	Other	Total	Elimination or Unallocated	Consolidated
Net sales								
Outside customers	1,755,416	144,172	63,864	265,984	24,777	2,254,215	-	2,254,215
Inter-area	99,168	59,663	18,931	103,463	2,502	283,729	(283,729)	-
Total	1,854,584	203,835	82,796	369,448	27,280	2,537,945	(283,729)	2,254,215
Operating expense	1,834,776	201,872	81,822	362,350	23,076	2,503,898	(282,617)	2,221,281
Operating income (loss)	19,808	1,963	974	7,097	4,204	34,047	(1,112)	32,934
Total assets (As of March 31, 2005)	1,917,528	193,591	234,599	272,002	48,843	2,666,565	(218,087)	2,448,478

Notes:

1. Countries and regions are categolized by geographical classification.
2. The principal regions and countries included in each geographic segments are as follows:

North America:	United States and Canada
Europe:	UK and Germany
Asia & Oseania:	Singapore and Chaina
Other:	Africa and Central and South America

3. Unallocated costs and expenses included in “Elimination or Unallocated” totaled 3,020 millions of yen and comprised mainly administrative group expenses applicable to former Sojitz Corporation.
4. Company assets included in “Elimination or Unallocated” totaled 433,492 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company and former Sojitz Corporation.

Financial Results for the First Half
Ended September 30, 2005

— Summary of the First Half of FY2005 and the Progress of the New Business Plan —

Sojitz Corporation

October 27, 2005

Sojitz Group Statement / Slogan / Management Vision

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

Group Management Vision

- ◆To establish a multi-faceted business, which has both top-tier competitiveness and strong earning power in specific industries and markets, by continuously pursuing profitability and growth in core business areas
- ◆To nurture an innovative trading company, by actively responding to environmental changes and market globalization, and continuously developing new business fields through entrepreneurship
- ◆To build a function-oriented trading company, by fully grasping and anticipating various client needs and providing sophisticated, tailor-made services as a client's business partner
- ◆ To become a flexible company, open to new ideas, where each employee can pursue challenges and explore opportunities to realize his or her own personal goals and ambitions

Contents

Disclaimer

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of Sojitz Corporation (the "Company") or its officers in terms of its operation and financial condition.

Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors.

I. Summary of Financial Results for the First Half of FY2005

Summary of Financial Results for the First Half of FY2005 – Profit / Loss Highlights

Major Profit / Loss Items

(Billions of yen)	First Half FY2004 Actual	First Half FY2005 Actual	Increase / (Decrease)	FY2005 Forecast	Percentage Achieved
Net Sales	2,254.2	2,354.0	+99.8	4,900.0	48.0%
Gross Trading Profit *Gross Trading Profit Ratio*	119.7 *5.31%*	118.7 *5.04%*	(1.0) *(0.27%)*	251.0 *5.12%*	47.3%
Operating Income	32.9	37.9	+5.0	78.0	48.6%
Recurring Profit *Recurring Profit Ratio*	25.8 *1.14%*	42.6 *1.81%*	+16.8 *+ 0.67%*	74.0 *1.51%*	57.6%
Net Income (Loss)	(241.1)	25.9	+267.0	38.0	68.2%

Significant increase in recurring profit buoyed by increases in operating profit, strong performance by equity-method affiliates, improvement in the balance between interest expense and income, and other factors.
Steady increase in current period earnings.

Summary of Financial Results for the First Half of FY2005 – Balance Sheet Highlights

Major Balance Sheet Items

(Billions of yen)	Results as of March 31, 2005	Results as of September 30, 2005	Increase/ (Decrease)	FY2005 Forecast
Total Assets	2,448.5	2,505.2	+56.7	2,505.0
Shareholders' Equity	280.2	396.6	+116.4	355.0
Net Interest-Bearing Debt	1,002.3	918.9	(83.4)	1,020.0
Net DER (Times)	3.6	2.3	(1.3)	2.9

Shareholders' equity increased due to growth in current period earnings as well as the conversion of convertible bonds, leading to significant improvement in Net DER, which declined to 2.3 times*. We expect Net DER will remain under 3 times at March 31, 2006.

*Due to the conversion of convertible bonds totaling ¥60.0 billion, Net DER improved significantly on a temporary basis as of September 30, 2005. Cash and deposits and total shareholders' equity will decrease ¥44.0 billion each due to the repurchase and cancellation of preferred stock with planned completion in January 2006.

II. The Progress of the New Business Plan

New Business Plan: Second Year Efforts

The second year is crucial to ensuring achievement of the New Business Plan, so we implement the following measures during FY2005

Evolution to a Quality Earnings Structure

◆Strategy to Reinforce the Business Portfolio

— Improve SCVA (risk/return indicator) by selection and focus initiatives

— Reallocate resources to growth business areas

◆ Strengthen and Enhance Risk Management

— Reinforce and improve integrated risk management

Establish a Robust Financial Position

◆Improve Equity Structure

— Repurchase and cancellation of 1st Series Class I Preferred Stock

◆Improve Debt Structure

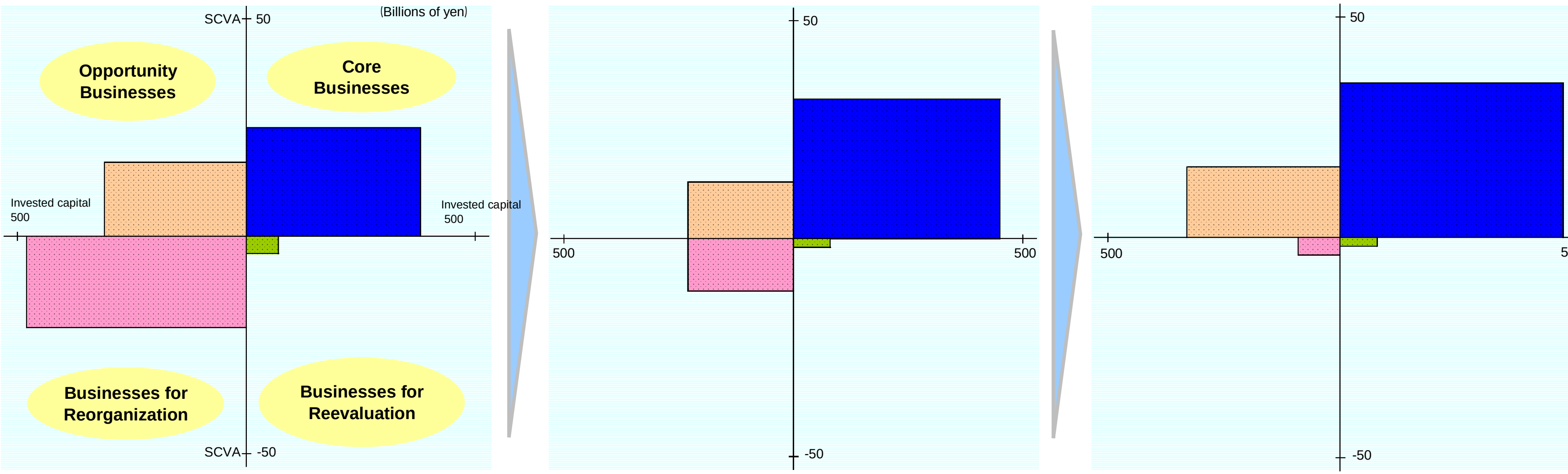
— Improve long/short term and direct/indirect ratios by promoting direct fund procurement

Strengthening the Business Portfolio – Improvement of SCVA

Improve SCVA through constant business portfolio review and selective management resource allocation

Selection and focus initiatives to concentrate investment capital on core business, enhance use of SCVA, significantly reduce investment capital on businesses for reorganization, and improve overall SCVA

As of the start of the New Business Plan | FY2005 Results | FY2006 Plan (Final year of the New Business Plan)



The Progress of SCVA (4 business areas)

¥17 billion	→	¥30 billion	→	¥45 billion
As of the start of the New Business Plan		FY2005 Results		FY2006 Plan (Final year of the New Business Plan)

Core Businesses

Automobile / Aircraft / Shipping / Oil and Gas / Coal / Iron Ore and Felloalloys / Aluminum-Related / Electric Project / Automobile Plastic Components / Metton-Resin / IT Electrical Materials / Logs / Lumber Products / Apparel / Textiles / Marine Products / Afforestation and Woodchip, etc

Strengthening the Business Portfolio – New Investment and Loans

Invest management resources in growth areas to strengthen and enhance the earnings platform

¥150 billion in new investment and loans planned for fiscal years 2005-2006

¥70-80 billion slated for new investment and loans in FY2005

Approx. 50% for acquiring additional resource interests in areas with existing business and customer bases

Basic strategy on investment and loans

- **To acquire additional resource interests**
- **To strengthen the function of existing businesses and enhance added value**
- **To expand business and commercial rights through collaboration with partners**
- **To expand business areas**
  (from midstream to upstream or midstream to downstream)

Progress of new investment and loans

- Results of the first half of FY2005
  (Approx. ¥30 billion, contract base)
  — Oil and gas interest, approx. ¥10 billion
  — Automobile-part business, such as AAPICO (Thai), approx. ¥5 billion
- Forecast of second half of FY2005 (¥40-50 billion)
  — Oil and gas interest
  — Automobile parts business
  — Establish plastics sales company
  — Food-related business
  — Animation contents distribution business
- Plan of FY2006 (¥70-80 billion)
  — Oil and gas interest
  — Automobile related business
  — Retail property development

Progress of Strengthening and Enhancing Risk Management

Strengthen and enhance comprehensive risk management to improve the portfolio structure

	April 2004	Measures implemented (as of Oct. 2005)	Measures in the future
Risk manage-ment systems	◆Risk Management Dept. is in charge of initiating investigations, proactive management and planning function ◆Number of risk management personnel: 22 ◆Credit rating systems, primarily for domestic customers	<u>Reinforcement of organization structure</u> ◆Established Risk Management Planning Office (Independent planning function) ◆Established dedicated department for proactive management ◆Number of risk management personnel: 39 <u>Restructure of credit rating systems</u> ◆Integrated credit rating systems for domestic and overseas customers	◆Strengthen risk management structure in main domestic and overseas subsidiaries ◆Further increase of personnel: approx. 60 ◆Expand credit rating systems for domestic and overseas main subsidiaries
Supervisory systems	◆Supervisory process incorporates opinions from corporate divisions	<u>Reinforcement of supervisory systems</u> ◆Introduced preliminary investigation system ◆Strengthened quantitative risk analysis	◆Formulate segment based standards for conducting business with investment targets
Proactive manage-ment	◆Follow-up management system based on exit rules	<u>Reinforcement of proactive follow-up structure</u> ◆Reinforcement of follow-up system through dedicated department ◆ Formulation of rule and regulation management systems	◆Enhance predictive management systems
Portfolio manage-ment	◆Implementation of asset risk measurement on a non-consolidated FY2004 basis ◆Implementation of country risk exposure management with country specific risk ratings	<u>Enhancement of integrated risk management</u> ◆Implementation of asset risk measurement on a consolidated basis for 1H/FY2005 and FY2005 <u>Enhancement of country risk management</u> ◆Revision of country rating systems ◆Introduction of country exposure limit control based on country credit assessment and size	◆Develop asset risk control measurement ◆Formulate systems for accelerating and advancing the sophistication of measurement (completion planned for Apr. 2006) ◆Upgrade country exposure control measurement
Internal control systems	◆Integration of risk management rules and manuals	<u>Enhancement of internal control systems</u> ◆Establish the Committee for Avoiding Recurrence of Incident => integrated with Internal Control Committee ◆Newly established Internal Control Administration Office	◆Establish internal control systems on a consolidated group basis

Improvement of Capital Structure

Aim toward further improvement of the capital structure

Enhance shareholders' value while mitigating dilution

Measures implemented in FY2005

Issued convertible bonds totaling ¥60 billion in June 2005 with the intent to repurchase and cancel the 1st Series Class I Preferred Stock in line with the conversion of bonds.

- ◆ Entered into an agreement on August 5 to repurchase ¥40.0 billion (issue price) of convertible bonds at ¥44.0 billion (issue price x 110%) from UFJ Bank, the Bank of Tokyo-Mitsubishi, Mitsubishi UFJ Trust and Banking, and the Norinchukin Bank.
- ◆ Full conversion of these bonds was completed on September 7, 2005.

	As of March 31, 2005	As of September 30, 2005	Difference (%)
Issued shares (common stock)	240,246,254	401,399,900	167%
Closing share price (yen)	528	647	123%
Total market value (yen)	126.9 billion	259.7 billion	205%

With the implementation of these measures, in connection with previously issued preferred stock with conversion periods commencing May 2008, the Company will be able to repurchase and cancel as well as accumulate retained earnings after dividend payments, thereby increasing our options.

Measures for future implementation

Our basic policy will continue to be to repurchase and cancel previously issued preferred stock. Specific measures to be adopted will depend on prevailing conditions, such as the market environment, and identification of the best option.

Improvement of Debt Structure

Improve stability of procurement structure through varied procurement, including fund procurement of long-term debt and issuance of straight bonds

	Measures	Results of 1H of FY2005
➢ Improve direct/indirect ratio	Issued straight bonds	¥65 billion
➢ Improve long/short ratio	Initiated long-term debt	¥240 billion
	Long-term refinancing	¥90 billion
	New borrowing	¥150 billion

◆ Progress of debt structure

(Billions of yen)

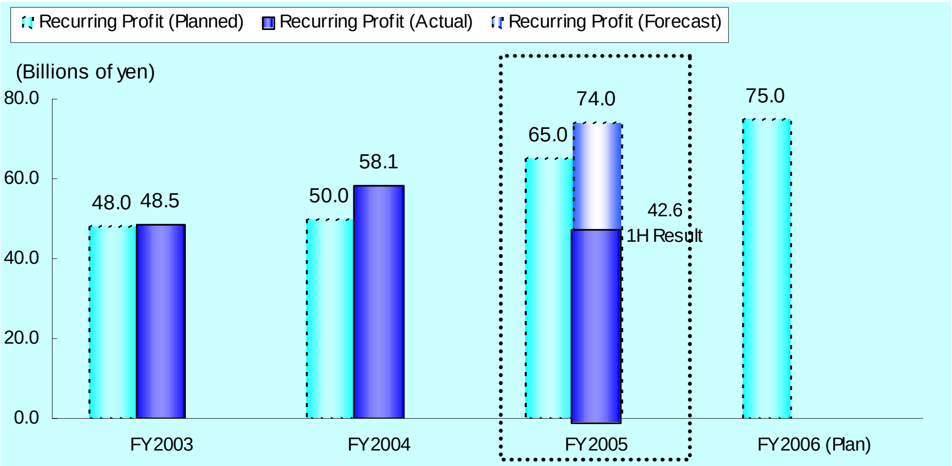
		As of March 31, 2004	As of March 31, 2005	As of September 30 2005
Interest-bearing debt		1,992.8	1,428.4	1,412.5
Indirect financing	Short-term debt	1,320.9	933.1	860.2
	Long-term debt	430.6	296.9	355.0
	Sub total	1,751.5	1,230.0	1,215.2
Direct financing	CP	141.2	139.2	83.8
	Straight bonds	100.1	59.2	113.5
	Sub total	241.3	198.4	197.3
Cash and deposit		435.7	426.1	493.6
Net interest-bearing **debt**		1,557.1	1,002.3	918.9

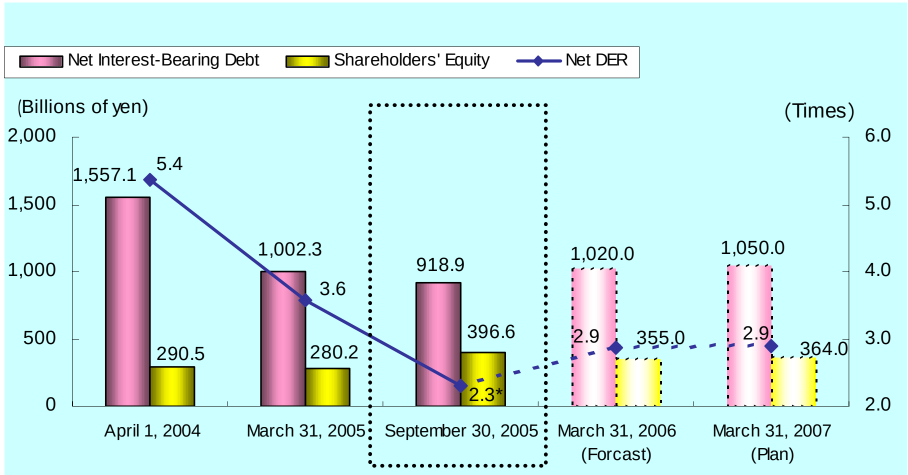
◆ Progress of financial ratios

	2004	2005	September 30 2005	Plan **for FY2006**
Current ratio	78%	81%	93%	110% **or above**
Long-term procurement ratio	25%	22%	30%	Approx. 60%
Direct procurement ratio	12%	14%	14%	Approx. 25%

Financial Targets

Attainment of forecasts for the fiscal year ending March 31, 2006 to achieve objectives of the fiscal year ending March 31, 2007 (final year)





*Due to the conversion of convertible bonds totaling ¥60.0 billion, Net DER improved significantly on a temporary basis as of September 30, 2005. Cash and deposits and total shareholders' equity will decrease ¥44.0 billion each due to the repurchase and cancellation of preferred stock with planned completion in January 2006.

Toward achieving financial targets for the fiscal year ending March 31, 2007, the final year of the New Business Plan

Recurring Profit: ¥75 billion

Net DER: Approx. 3 times
(Net interest-bearing debt: ¥1 trillion)

Ratings: BBB or above (Investment grade)

(Reference)

(Reference) Overview of Preferred Stock Issued

(As of September 30, 2005)

(Issued in May 2003)	Outstanding Amount Issued	Shareholders (Financial Institutions)	Current Conversion Price (Range of upper and lower limits)	Current Latent Number of Shares	Starting Date of Conversion Period
1st Series Class I	¥52.6 billion*1	(Each series / class: Same portion)	¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 million shares	5/14/2006
2nd Series Class I	¥52.6 billion	UFJ Bank: ¥30.0 billion Mizuho Corporate Bank: ¥9.0 billion	¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 million shares	5/14/2008
3rd Series Class I	¥52.6 billion	Bank of Tokyo-Mitsubishi: ¥7.0 billion Resona Bank: ¥3.6 billion	¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 million shares	5/14/2010
4th Series Class I	¥52.6 billion	Mitsubishi Trust & Banking Corporation: ¥2.0 billion	¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 million shares	5/14/2012
1st Series Class II	¥52.6 billion	Norinchukin Bank: ¥1.0 billion	¥262 (Upper limit ¥262 Lower limit ¥209.6)	200.8 million shares	5/14/2014
1st Series Class III	¥3.0 billion	Lehman Brothers ¥3.0 billion	¥503 (No upward correction Lower limit ¥170.4)	6.0 million shares	5/14/2004
(Issued in Oct 2004)					
1st Series Class IV	¥199.5 billion	UFJ Bank: ¥199.5 billion	TBD 10/2024 (No upper limit Lower limit 80%) *2	TBD	10/29/2024
1st Series Class V	¥130.5 billion	UFJ Bank: ¥130.5 billion	TBD 10/2019 (Upper limit 500% Lower limit 30%) *2	TBD	10/29/2019
2nd Series Class V	¥20.0 billion	Mizuho Corporate Bank: ¥10.0 billion Bank of Tokyo-Mitsubishi: ¥10.0 billion	TBD 10/2015 (Upper limit 200% Lower limit 30%) *2	TBD	10/29/2015
1st Series Class VI	—	UBS: 0 billion	Full Converted	—	—

*1 The Company entered into an agreement to repurchase ¥40.0 billion (issue price) by paying ¥44.0 billion (110%), plan to repurchase for cancellation in January 2006.

*2 Figures represent ratios vis-à-vis initial conversion prices.

(Reference) Business Portfolio Strategies – Fundamental SCVA Framework

◆ Business Evaluation

➢ Quantitative evaluation (SCVA) and qualitative evaluation (market growth potential and competitive advantage)

➢ More detailed measurements based on business lines and business models (BU: Business Unit)

Evaluation Standards	(Quantitative) Value Creation (Introduce SCVA)	(Qualitative) Business Platform
	● Identify profitability and capital efficiency by individual business through indicators that accurately reflect capital cost, risk and other factors ● Indicators that can be commonly shared between management and the frontline	● Conduct qualitative evaluation of each business to gauge competitive advantage as a mechanism to create value and potential ● Secure objective and transparent assessment through third-party evaluation

◆ Fundamental SCVA Framework

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

SCVA = (Recurring Profit+Interest Expense) x (1−Tax Rate) − (Funds Utilized x Capital Cost Ratio)

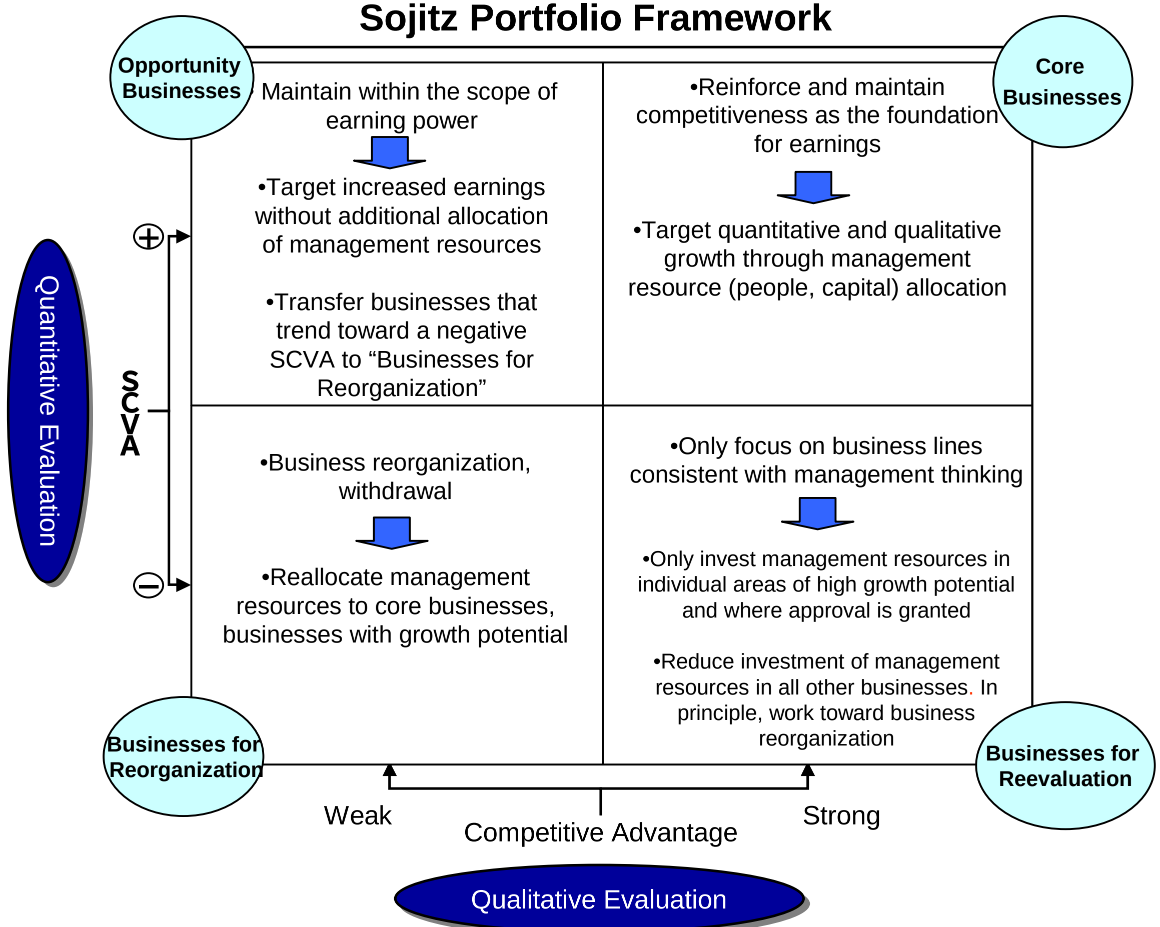
To Improve SCVA ⇨ **Improvement in Profitability** + **Reduction in Funds Utilized** + **Comprehensive Risk Management**

(Reference) Business Portfolio Strategies – Matrix Evaluation

◆ Matrix Evaluation

➢ Implement audit of each individual business line and business model based on SCVA management, focus on the business strengths of the Sojitz Group, look beyond conventional product lines with the aim of evolving to a quality earnings structure

Sojitz Portfolio Framework



Sojitz Group Symbol Incorporates Sojitz Group Slogan

sojitz

New way, New value