

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2005

January 30, 2006
Sojitz Corporation
(Former Sojitz Holdings Corporation)

Highlights of Nine-Month Period Ended December 31, 2005 Results

Sojitz raised its forecasts for the full-year period based upon steady growth in recurring profit results.

(Recurring Profit)
In the third quarter (nine-month period) recurring profit totaled 63.9 billion yen, an increase of 22.7 billion yen compared with the corresponding period of the previous fiscal year (41.2 billion yen). This represented 86% of the previous full-year target (74.0 billion yen); the full-year forecast was accordingly revised upward to 77.0 billion yen.

(Overview)
Net sales increased compared with the corresponding period of the previous fiscal year, reflecting steady progress in Energy & Mineral Resources and the Consumer Lifestyle Business.

In spite of the sale of Nakau Co., Ltd. and its exclusion from the Company's scope of consolidation, gross trading profit climbed year on year owing to growth in Energy & Mineral Resources.

Operating income increased year on year, reflecting reduced depreciation expenses in the wake of significant reductions of fixed assets in the previous fiscal year, as well as lower selling, general and administrative expenses due to the sale of Nakau Co., Ltd.

Recurring profit jumped significantly compared with the same period of the previous fiscal year. Primary factors included decreased interest bearing debt, which led to improvement of the balance between interest income and expense, and contributions from equity-method affiliates.

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

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 and the Company repurchased preferred stock with a face value of 40.0 billion yen at a purchase price of 44.0 billion yen in January 2006.

Note: As a result, cash and deposits and total shareholders' equity saw a significant temporary increase as of December 31, 2005, as well as September 30, 2005.

The Company is working to improve stability in its funds procurement by diversifying procurement methods, including the issue of corporate bonds and focusing on long-term funding.
(April 1, 2005-December 31, 2005)
- Straight bonds issued: 75.0 billion yen
- Shift to long-term debt: 250.0 billion yen

Revision of forecasts for the fiscal year ending March 31, 2006

The Company revised consolidated forecasts for FY2005 upwards in light of steady progress in business results during the nine-month period ended December 31, 2005. These results reflected strong performances in Energy & Mineral Resources and Machinery & Aerospace, as well as an increase of equity in earnings of unconsolidated subsidiaries and affiliates, and an improvement of the balance between interest income and expense.

	Previous forecast	Revised forecast
Net sales:	4,900 billion yen	(unchanged)
Recurring profit:	74.0 billion yen	77.0 billion yen
Net income:	38.0 billion yen	41.5 billion yen

Consolidated Statements of Income

	Nine-month period ended December 31, 2005			Nine-month period ended December 31, 2004	Increase/Decrease a-b	Rationale of increase/decrease		Billions of yen		
	Total a	1st-half results (Apr.1-Sep.30)	Quarterly results (Oct.1-Dec.31)			b	c	a/c	Forecast FY2005 (**)	Percentage achieved
Net sales	3,686.7	2,354.0	1,332.7	3,408.6	278.1			4,900.0	75%	
						Energy & Mineral Resources	138.9			
						Consumer Lifestyle Business	60.9			
						Overseas Subsidiaries	44.4			
Gross trading profit	180.8	118.7	62.1	179.0	1.8			245.0	74%	
(Gross trading profit ratio)	4.90%	5.04%	4.66%	5.25%	(-0.35%)			(5.00%)		
						Decrease owing to sale of Nakau Co., Ltd.	-8.1			
						Increase in Energy & Mineral Resources	6.3			
						Increase in Machinery & Aerospace	2.6			
Personnel expenses	-57.1	-38.2	-18.9	-58.7	1.6					
Non-personnel expenses	-54.3	-35.9	-18.4	-57.1	2.8					
Depreciation expenses	-6.2	-4.1	-2.1	-9.3	3.1					
(Subtotal)	(-117.6)	(-78.2)	(-39.4)	(-125.1)	(7.5)					
Allowance for doubtful receivables and write off	-0.6	-0.4	-0.2	-0.4	-0.2					
Consolidated goodwill amortization	-3.2	-2.2	-1.0	-3.5	0.3					
(Selling, general and administrative expenses)	(-121.4)	(-80.8)	(-40.6)	(-129.0)	(7.6)			-166.0	73%	
Operating income	59.4	37.9	21.5	50.0	9.4			79.0	75%	
(Operating income ratio)	(1.61%)	(1.61%)	(1.61%)	(1.47%)				(1.61%)		
Interest income	9.5	6.3	3.2	12.8	-3.3					
Interest expense	-30.1	-19.8	-10.3	-36.7	6.6					
(Interest expense-net)	(-20.6)	(-13.5)	(-7.1)	(-23.9)	(3.3)					
Dividends	5.3	4.4	0.9	2.3	3.0					
(Net financial revenue)	(-15.3)	(-9.1)	(-6.2)	(-21.6)	(6.3)					
Equity in earnings of unconsolidated subsidiaries and affiliates	16.8	11.9	4.9	9.5	7.3					
Other income	14.7	11.8	2.9	10.9	3.8					
Other expenses	-11.7	-9.9	-1.8	-7.6	-4.1					
(Others-net)	(4.5)	(4.7)	(-0.2)	(-8.8)	(13.3)			-2.0	-	
Recurring profit	63.9	42.6	21.3	41.2	22.7			77.0	83%	
Gain on sale and disposal of properties	3.7	3.1	0.6							
Gain on sale of investment securities	6.6	3.9	2.7							
Reversal of allowance for doubtful accounts	5.3	5.3	0.0							
Gain on bad debt recovered	0.1	0.1	0.0							
(Extraordinary income)	(15.7)	(12.4)	(3.3)	(6.3)	(9.4)					
Loss on sale and disposal of properties	-1.1	-0.9	-0.2							
Impairment loss on fixed assets	-1.9	-1.9	0.0							
Loss on sale of investment securities	-3.4	-3.2	-0.2							
Evaluation loss on investment securities	-0.3	-0.4	0.1							
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	-6.5	-5.4	-1.1							
Dilution loss from changes in equity interest	-3.0	-	-3.0							
Restructuring loss	-5.0	-2.7	-2.3							
(Extraordinary loss)	(-21.2)	(-14.5)	(-6.7)	(-261.8)	(240.6)					
(Extraordinary income/loss-net)	(-5.5)	(-2.1)	(-3.4)	(-255.5)	(250.0)			-10.0	55%	
Income/loss before income taxes	58.4	40.5	17.9	-214.3	272.7			67.0	87%	
Income taxes: Current	-14.3	-9.8	-4.5	-7.1	-7.2					
Deferred	-5.2	-3.1	-2.1	-14.8	9.6					
Minority interests	-2.1	-1.7	-0.4	-2.7	0.6					
Net income/loss	36.8	25.9	10.9	-238.9	275.7			41.5	89%	
Core earnings (*)	61.5	41.1	20.4	38.3	23.2					

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

(**) 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			Rationale of increase/decrease
	December 31, 2005	March 31, 2005	Increase/Decrease d-e	
	d	e	d-e	
Current assets	1,498.8	1,423.2	75.6	
Cash and deposits	449.6	426.1	23.5	
Trade notes and trade accounts receivable	685.0	618.1	66.9	Increase in transactions in the Chemicals & Plastics and Consumer Lifestyle Business
Securities	8.5	7.2	1.3	
Inventories	202.0	194.7	7.3	
Short-term loans receivable	30.0	41.0	-11.0	Decrease reflecting recovery of loans receivable
Deferred tax assets-current	6.7	7.5	-0.8	
Other current assets	131.4	139.6	-8.2	
Allowance for doubtful receivables	-14.4	-11.0	-3.4	
Fixed assets	1,028.5	1,024.4	4.1	
Tangible assets	251.7	246.6	5.1	
Goodwill	77.4	80.0	-2.6	
Other intangible assets	23.5	23.9	-0.4	
Investment securities	460.9	409.3	51.6	Increase in book values owing to an increase in stock prices
Long-term loans receivable	79.8	102.1	-22.3	
Non-performing receivables	221.9	286.9	-65.0	Reduction due to disposal and write-off
Deferred tax assets-non-current	34.1	58.1	-24.0	
Others	59.8	54.8	5.0	
Allowance for doubtful receivables	-180.6	-237.3	56.7	Decrease attributed to disposal and write-off of non-performing receivables
Deferred assets	1.2	0.9	0.3	
Total assets	2,528.5	2,448.5	80.0	
Liabilities	1,573.4	1,754.7	-181.3	
Trade notes and trade accounts payable	512.1	472.5	39.6	
Short-term loans payable	835.6	933.1	-97.5	Decline reflecting shift to long-term funding
Commercial paper	37.0	139.2	-102.2	
Bonds with redemption in one year	43.0	43.1	-0.1	
Other current liabilities	145.7	166.8	-21.1	Decline in condominium sales deposits
Non-current liabilities	483.8	380.2	103.6	
Bonds, less current portion	79.0	16.1	62.9	Issue of straight bonds (+75.0), transfer to bonds with redemption in one year
Long-term loans payable	337.2	296.9	40.3	Increase in long-term funding procurement reflecting improvement in the structure of interest-bearing debt
Allowance for retirement benefits	26.4	29.0	-2.6	
Other non-current liabilities	41.2	38.2	3.0	
Total liabilities	2,057.2	2,134.9	-77.7	
Minority interests	37.3	33.4	3.9	
Common and preferred stock	130.5	336.1	-205.6	Transfer to capital surplus (-180.3), transfer to retained earnings (-55.8), increase due to CB conversion (+30.5)
Capital surplus	210.8	487.7	-276.9	Transfer from common stock (+180.3), transfer to retained earnings (-487.7), increase due to CB conversion (+30.5)
Retained earnings (accumulated deficit)	85.6	-492.0	577.6	Transfer from common stock (+55.8), transfer from retained earnings (+487.7), net income (+36.8)
(Subtotal)	(426.9)	(331.8)	(95.1)	
Land revaluation difference	-2.6	-4.9	2.3	
Net unrealized gains on available-for-sale securities	71.9	32.6	39.3	Increase attributed to stock price increase
Foreign currency translation adjustments	-62.1	-79.2	17.1	
Treasury stock	-0.1	-0.1	0.0	
Total shareholders' equity	434.0	280.2	153.8	Reduction (-44.0) due to repurchase and cancellation of preferred stock with a face value of 40.0 billion yen in January 2006
Total liabilities and shareholders' equity	2,528.5	2,448.5	80.0	
Gross interest-bearing debt	1,331.8	1,428.4	-96.6	
Net interest-bearing debt	882.2	1,002.3	-120.1	
Net debt/equity ratio (Times)	2.03	3.58	-1.54	
Shareholders' equity	17.2%	11.4%	+ 5.7%	

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2005 Supplementary Material (1)

- Gross Trading Profit and Recurring Profit (by Industry Segment)
for nine-month periods ended December 31, 2005 and 2004 -

2006/1/30

Sojitz Corporation
(Former Sojitz Holdings Corporation)

(Unit: Billions of yen)

	Gross Trading Profit				Recurring Profit			
	9-Month FY2005	9-Month FY2004	Increase/ (Decrease)	Main factors for change	9-Month FY2005	9-Month FY2004	Increase/ (Decrease)	Main factors for change
	Results	Results			Results	Results		
Machinery & Aerospace	33.5	30.9	2.6	Overall profit increase: decrease (-0.9) attributed to the withdrawal from low-profit automobile sales company in Japan; increase (+2.3) due to the strong performance by automobile business companies in Central and South America and Russia; increase (+1.0) owing to strong demand for general machinery; continued high profits in shipping; stable profit from aircraft-related operations	9.8	5.9	3.9	Overall increase in the following items despite impact on aircraft-related business from transactions with Northwest Airlines. *Operating income (+3.3) *Improvement in the balance between interest income and expense *Gains in shipping-related equity-method affiliates underpinned by the sale of jointly owned vessels *Increase in dividend income
Energy & Mineral Resources	30.8	24.5	6.3	Overall profit increase: strong performance (+2.0) attributed to the inclusion of new upstream oil and gas rights businesses in the scope of consolidation and an increase in production volume; increase (+3.5) due to ferroalloy-related transactions; gains (+2.0) underpinned by reclassification of an equity-method affiliate to a consolidated subsidiary that holds coal mining rights; downturn (-1.2) reflecting decrease in the transaction volume of non-ferrous metals	19.8	12.1	7.7	Significant overall increase: gain (+1.0) attributed to production increase in oil and gas-related businesses; increase (+3.4) due to ferroalloy-related transactions; earnings in a subsidiary that holds coal mining rights bolstered (+0.7) owing to increase of coal price; strong performance in Metal One Corporation and LNG Japan Corporation despite increasing interest cost due to expanding investments and loans
Chemicals & Plastics	34.0	33.4	0.6	Increase in overall profits: gains (+1.3) in the Chemicals Division results owing to an increase in transaction volume according to the sharp rise of petrochemical-related raw materials; profit decrease (-0.7) in fertilizer demand impacted mainly by dry weather	7.6	4.8	2.8	Increase in operating profit (+1.3) reflecting strong performance in the Chemicals Division; gain (+1.6) from improvement of equity in earnings of unconsolidated subsidiaries and affiliates
Real Estate Development & Forest Products	18.5	18.2	0.3	Overall profit increase: Real Estate Development strong (+1.5) on the back of a robust condominium development business; decline (-1.4) attributed to surplus Forest Products inventories that reflect continued excess supply since the third quarter of the previous year and a market slump	8.7	2.1	6.6	Overall: Significant increase *Operating income (+1.2): Strong demand in condominium business led to higher profits in Real Estate Development and covered decrease in Forest Products caused by market slump *Gain on sale of retail facility (+2.1): Sale of Kashiwa Shopping Center *Improvement in the balance between interest income and expense in line with efforts to create a robust asset portfolio
Consumer Lifestyle Business	30.0	38.5	(8.5)	*Textiles: positive results due to the inclusion of Singapore Co., Ltd. in the scope of consolidation (+1.4) *Foods: Drop in profit (-0.3) owing to sluggish sales of tuna to wholesalers *General Commodities: Decline (-8.4) due to sale of Nakau Co., Ltd.	4.3	6.6	(2.3)	*Textiles: Decrease (-1.0) due to the slump in retail store sales *Foods: Decrease (-0.2) reflecting weak sales of tuna and feedstuffs *General Commodities: Decrease (-1.0) owing to decline in woodchip business due to the rise in procurement costs of raw material and sale of Nakau Co., Ltd.
[excluding the impact from Nakau sale]	[30.0]	[30.4]	[(0.4)]		[4.3]	[6.4]	[(2.1)]	
Overseas Subsidiaries	20.1	19.4	0.7	Americas: Machinery and commodities sales steady; however decrease (-0.5) attributed to withdrawal from low-profit businesses Europe: Remains flat from the same period of the previous fiscal year China: Increase (+0.5) owing to strengthening China businesses by the transfer of operations of Beijing Office to Sojitz China Asia: Strong performance (+0.6) in chemicals and plastics	9.9	7.8	2.1	Overall increase *Operating income (+1.9) *Dividend income
5 Business Divisions + Overseas Subsidiaries	166.9	164.9	2.0		60.1	39.3	20.8	
[excluding the impact from Nakau sale]	[166.9]	[156.8]	[10.1]		[60.1]	[39.1]	[21.0]	
Others	13.9	14.1	(0.2)	Increase (+0.2) reflecting contribution from Nissho Electronics Corporation Decrease (-1.0) reflecting decline in rental income in line with efforts to create a robust asset portfolio	3.8	1.9	1.9	Dividend income (+1.9) Capital gains in venture businesses (+1.8) Decline in rental income in line with efforts to create a robust asset portfolio(-1.0)
Total	180.8	179.0	1.8		63.9	41.2	22.7	
[excluding the impact from Nakau sale]	[180.8]	[170.9]	[9.9]		[63.9]	[41.0]	[22.9]	

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2005, Supplementary Material (2) -FY2005 Forecast-

2006/1/30

Sojitz Corporation

(Former Sojitz Holdings Corporation)

(Unit: Billions of yen)

P/L

	9-Month FY2005 Results a	9-Month FY2004 Results b	Increase/ (Decrease) a-b	FY2005 Forecast (as of October 27)	Percentage Achieved		FY2005 Revised Forecast (as of January 30, 2006)	Percentage Achieved
Net Sales	3,686.7	3,408.6	278.1	4,900.0	75.2%	Recurring profit: steady progress over three quarters (63.9 billion yen); full-year forecast revised to 77.0 billion yen Machinery & Aerospace *Steady progress in each business especially in automobile and shipping-related businesses; however, aircraft-related business was impacted by transactions with U.S.-based Northwest Airlines Energy & Mineral Resources *Strong results from metal resources-related transactions and equity-method affiliates, Metal One Corporation, LNG Japan Corporation, and vanadium manufacturing company; oil and gas-related business was impacted by hurricanes in the U.S. Chemicals & Plastics *In the Chemicals Division results reflected an increase in transaction volume according to the sharp rise in petrochemical-related raw material prices *In the Plastics Division, expectations for a decline due to stagnant price shifting for packaging materials despite strong results in plastic raw materials *Decrease in demand for fertilizer, impacted by dry weather and agricultural off-season *Prices in the methanol market progressed at a high level in excess of forecasts Real Estate Development & Forest Products *In Real Estate Development, performance strong in condominium development and retail property development. Good progress on the scheduled projects by the end of this fiscal year. *Forest Products turned favorably from the third quarter owing to decline in inventory. However, this is unlikely to cover the decline experienced in the first half. Consumer Lifestyle Business *Textiles weak due to poor sales during spring, summer and autumn. Sales recovery due to cold weather is unlikely to offset the decline in the first half. *Foods business sound, underpinned by dividend income despite decrease in sales of tuna and feedstuffs *Woodchip business stagnant due to the sharp rise in procurement costs of raw material Overseas Subsidiaries *Overall stable performance	4,900.0	75.2%
Gross trading profit	180.8	179.0	1.8	251.0	72.0%		245.0	73.8%
[Gross trading profit ratio]	[4.90%]	[5.25%]		[5.12%]			(5.00%)	
Machinery & Aerospace	33.5	30.9	2.6	43.5	77.0%		44.5	75.3%
Energy & Mineral Resources	30.8	24.5	6.3	41.5	74.2%		41.0	75.1%
Chemicals & Plastics	34.0	33.4	0.6	42.5	80.0%		44.5	76.4%
Real Estate Development & Forest Products	18.5	18.2	0.3	25.5	72.5%		24.0	77.1%
Consumer Lifestyle Business	30.0	38.5	(8.5)	46.5	64.5%		41.5	72.3%
Overseas Subsidiaries	20.1	19.4	0.7	29.0	69.3%		28.0	71.8%
Others	13.9	14.1	(0.2)	22.5	61.8%		21.5	64.7%
Selling, general and administrative expenses	(121.4)	(129.0)	7.6	(173.0)	70.2%	(166.0)	73.1%	
Operating income	59.4	50.0	9.4	78.0	76.2%	79.0	75.2%	
[Operating income ratio]	[1.61%]	[1.47%]		[1.59%]		(1.61%)		
Non-operating income/expense-net	4.5	(8.8)	13.3	(4.0)	-	(2.0)	-	
Recurring profit	63.9	41.2	22.7	74.0	86.4%	77.0	83.0%	
[Recurring profit ratio]	[1.73%]	[1.21%]		[1.51%]		(1.57%)		
Machinery & Aerospace	9.8	5.9	3.9	10.0	98.0%	11.0	89.1%	
Energy & Mineral Resources	19.8	12.1	7.7	20.5	96.6%	23.0	86.1%	
Chemicals & Plastics	7.6	4.8	2.8	6.5	116.9%	8.0	95.0%	
Real Estate Development & Forest Products	8.7	2.1	6.6	9.0	96.7%	9.0	96.7%	
Consumer Lifestyle Business	4.3	6.6	(2.3)	9.0	47.8%	6.5	66.2%	
Overseas Subsidiaries	9.9	7.8	2.1	14.5	68.3%	15.0	66.0%	
Others	3.8	1.9	1.9	4.5	84.4%	4.5	84.4%	
Extraordinary income/(loss)-net	(5.5)	(255.5)	250.0	(10.0)	55.0%	(10.0)	55.0%	
Income/(loss) before income taxes	58.4	(214.3)	272.7	64.0	91.3%	67.0	87.2%	
Net income/(loss)	36.8	(238.9)	275.7	38.0	96.8%	41.5	88.7%	

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

B/S

	December 31, 2005 c	March 31, 2005 d	Increase/ (Decrease) c-d	FY2005 Revised Forecast (as of January 30, 2006)
Cash and deposits	449.6	426.1	23.5	400.0
Operating assets	1,010.6	948.9	61.7	1,020.0
Investment and financing	605.1	582.6	22.5	605.0
Fixed assets	463.2	490.9	(27.7)	470.0
Total assets	2,528.5	2,448.5	80.0	2,495.0
Operating liabilities	762.7	739.9	22.8	760.0
Interest-bearing debt	1,331.8	1,428.4	(96.6)	1,340.0
Total liabilities	2,094.5	2,168.3	(73.8)	2,100.0
Total shareholders' equity	434.0	280.2	153.8	395.0
Net interest-bearing debt	882.2	1,002.3	(120.1)	940.0
Net DER (Times)	2.0	3.6	(1.5)	2.4