

Summary of Consolidated Financial Results

July 27, 2006

for the First Quarter Ended June 30, 2006

Sojitz 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. Items regarding Preparation for the Summary of Quarterly Results

- (1) Use of simplified accounting procedure : None
 (2) Change in accounting policies from the latest consolidated fiscal year : None
 (3) Change in number of consolidated subsidiaries and affiliated companies accounted for the equity method : Yes

	Jun. 30, 2006	Mar. 31, 2006
Consolidated subsidiaries	322	321
Unconsolidated subsidiaries (accounted for by the equity method)	12	12
Unconsolidated affiliates (accounted for by the equity method)	185	180

(4) Figures for the first quarter ended June 30, 2006 and 2005 have not been audited by independent auditors.

2. Consolidated Financial Results for the First Quarter Ended June 30, 2006 and 2005

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

	Net Sales		Operating Income		Recurring Profit		Net Income(Loss)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the first quarter ended								
June 30, 2006	1,227,634	8.6	17,765	13.1	21,750	4.4	18,713	1.5
June 30, 2005	1,130,731	(6.9)	15,707	2.7	20,839	50.0	18,441	88.1
(Ref.) FY 2005	4,972,059		76,202		78,773		43,706	

	EPS	Adjusted EPS
	Yen	Yen
For the first quarter ended		
June 30, 2006	43.22	26.73
June 30, 2005	75.44	62.44
(Ref.) FY 2005	126.21	99.55

Note; Percentages shown for net sales, operating income, recurring profit and net income are the rates of increase or decrease from the previous corresponding period.

(2) Financial Position (Consolidated)

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of				
June 30, 2006	2,606,946	493,802	17.5	(213.23)
June 30, 2005	2,389,283	311,004	13.0	(1,201.42)
(Ref.) March 31, 2006	2,521,679	426,949	16.9	(368.95)

Note; The presentation of the fiscal 2005 first quarter and full-year figures has been indicated to conform with the fiscal 2006 presentation in accordance with change of the Japanese accounting standard. Former "Shareholders' equity" is now recorded as "total net assets;" former "shareholders' equity ratio" is now recorded as "equity ratio," and former "shareholders' equity per share" is now recorded as "net assets per share."

Descriptive Analysis of Consolidated Financial Results:

In the first quarter of the fiscal year under review, consolidated net sales increased ¥96.9 billion over the same period last year to ¥1,227.6 billion, while gross trading profit rose 3.0 billion year on year to ¥58.6 billion. This was mainly due to higher sales and earnings in the Machinery & Aerospace and Energy & Mineral Resources divisions, which continued their strong performances from the previous year. Operating income increased ¥2.1 billion year on year to ¥17.8 billion, despite a rise of ¥ 0.9 billion in selling, general and administrative (SG&A) expenses to ¥40.8 billion, partially due to increased personnel expenses.

Recurring profit increased ¥1.0 billion year on year to ¥21.8 billion, mainly attributable to affiliates that sustained their strong performances from the previous fiscal year. As a result of extraordinary income of ¥2.0 billion, income before income taxes and minority interests for the first quarter increased ¥1.1 billion to ¥23.8 billion. After accounting for income taxes, Sojitz Corporation recorded an increase in net income of ¥0.3 billion to ¥18.7 billion.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 2007 (April 1, 2006- March 31, 2007):

Sojitz has made no change to its consolidated interim and full-year earnings forecasts for the fiscal year ending March 31, 2007, which were disclosed on April 28, 2006.

	Net Sales	Recurring Profit	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
For the fiscal year ending			
March 31, 2007			
Interim	2,500,000	38,000	24,000
Full-year	5,200,000	83,000	49,000

Reference: EPS (projection): JPY 97.32

The aforementioned forecasts are based on certain assumptions that the Company has deemed relevant and appropriate as of the date of publication. Actual results may differ substantially from these forecasts due to a variety of important factors.

Consolidated Statements of Income
for the First Quarter Ended June 30, 2006

Millions of yen

	3 months ended June 30, 2006	Percentage of Net sales (%)	3 months ended June 30, 2005	Percentage of Net sales (%)	Change amount	Change percentage	Fiscal Year ended March 31, 2006	Percentage of Net sales (%)
Net sales	1,227,634	100.00	1,130,731	100.00	96,903	8.57	4,972,059	100.00
Cost of sales	(1,168,993)	(95.22)	(1,075,086)	(95.08)	(93,907)	8.73	(4,729,892)	(95.13)
Gross trading profit	58,641	4.78	55,645	4.92	2,996	5.38	242,166	4.87
Selling, general and administrative expenses	(40,875)	(3.33)	(39,937)	(3.53)	(938)	2.35	(165,964)	(3.34)
Operating income	17,765	1.45	15,707	1.39	2,058	13.10	76,202	1.53
Interest income	3,243	0.26	3,308	0.29	(65)	(1.96)	13,213	0.27
Dividends	2,208	0.18	3,048	0.27	(840)	(27.56)	6,816	0.14
Equity in earnings of unconsolidated subsidiaries and affiliates	6,463	0.53	6,138	0.55	325	5.29	19,149	0.38
Gain on sale of securities	1,419	0.12	1,682	0.15	(263)	(15.64)	2,042	0.04
Other income	3,966	0.32	4,538	0.40	(572)	(12.60)	18,496	0.37
Non-operating income	17,301	1.41	18,715	1.66	(1,414)	(7.56)	59,718	1.20
Interest expense	(9,891)	(0.81)	(9,549)	(0.84)	(342)	3.58	(38,571)	(0.78)
Interest expense on commercial papers	(32)	(0.00)	(809)	(0.08)	777	(96.04)	(1,572)	(0.03)
Other expenses	(3,392)	(0.28)	(3,224)	(0.29)	(168)	5.21	(17,003)	(0.34)
Non-operating expense	(13,316)	(1.09)	(13,583)	(1.21)	267	(1.97)	(57,147)	(1.15)
Recurring profit	21,750	1.77	20,839	1.84	911	4.37	78,773	1.58
Extraordinary income/(loss)-net	2,064	0.17	1,843	0.17	221	11.99	(9,358)	(0.18)
Income before income taxes and minority interest	23,815	1.94	22,682	2.01	1,133	5.00	69,414	1.40
Income taxes; Current	(4,742)	(0.39)	(3,852)	(0.34)	(890)	23.10	(16,484)	(0.33)
Deferred	(198)	(0.02)	(94)	(0.01)	(104)	110.64	(5,840)	(0.12)
Minority interests	(160)	(0.01)	(294)	(0.03)	134	(45.58)	(3,383)	(0.07)
Net Income	18,713	1.52	18,441	(1.63)	272	1.47	43,706	0.88

Consolidated Balance Sheets

As of June 30, 2006

Assets	Millions of yen		
	June 30, 2006	March 31, 2006	Change
Current assets;			
Cash and deposits	645,384	521,937	123,447
Trade notes and trade accounts receivable	605,343	613,513	(8,170)
Securities	9,718	6,471	3,247
Inventories	211,265	214,163	(2,898)
Short-term loans receivable	41,247	44,237	(2,990)
Deferred tax assets-current	9,267	8,886	381
Other current assets	119,819	116,416	3,403
Allowance for doubtful receivables	(13,514)	(15,172)	1,658
Total current assets	1,628,532	1,510,454	118,078
Fixed assets;			
<u>Tangible assets</u>	<u>237,454</u>	<u>246,665</u>	<u>(9,211)</u>
<u>Intangible assets:</u>	<u>100,107</u>	<u>100,131</u>	<u>(24)</u>
Goodwill	76,629	76,897	(268)
Other intangible assets	23,477	23,233	244
 <u>Investments and other fixed assets:</u>	 <u>639,901</u>	 <u>663,403</u>	 <u>(23,502)</u>
Investment securities	465,937	488,291	(22,354)
Long-term loans receivable	37,117	38,867	(1,750)
Non-performing receivables	165,052	176,527	(11,475)
Deferred tax assets-non-current	32,297	23,880	8,417
Others	59,048	58,793	255
Allowance for doubtful receivables	(119,551)	(122,956)	3,405
 Total fixed assets	 977,463	 1,010,200	 (32,737)
 Deferred assets	 950	 1,024	 (74)
 Total assets	 2,606,946	 2,521,679	 85,267

Consolidated Balance Sheets

As of June 30, 2006

Liabilities and net assets	Millions of yen		
	June 30, 2006	March 31, 2006	Change
Liabilities			
Current liabilities;			
Trade notes and trade accounts payable	426,598	451,438	(24,840)
Short-term loans payable	476,138	545,072	(68,934)
Commercial paper	11,300	29,200	(17,900)
Current Portion of Long-term loans payable	168,124	239,841	(71,717)
Income taxes payable	6,049	7,774	(1,725)
Deferred tax liabilities-current	33	41	(8)
Allowance for employees' bonus	5,189	5,148	41
Other current liabilities	120,078	138,198	(18,120)
Total current liabilities	1,213,511	1,416,716	(203,205)
Non-current liabilities;			
Bonds, less current portion	376,380	99,036	277,344
Long-term loans payable	456,389	473,109	(16,720)
Deferred tax liabilities -non-current	12,383	13,553	(1,170)
Deferred tax liabilities -revaluation	998	445	553
Allowance for retirement benefits	24,468	25,558	(1,090)
Other non-current liabilities	29,011	29,185	(174)
Total non-current liabilities	899,631	640,887	258,744
Total liabilities	2,113,143	2,057,603	55,540
Minority Interest	-	37,125	(37,125)
Shareholders' equity;			
Common and preferred stock	-	130,549	(130,549)
Capital surplus	-	166,754	(166,754)
Retained earnings	-	92,487	(92,487)
Revaluation difference on Land	-	(2,619)	2,619
Valuation difference on available-for-sale securities	-	90,547	(90,547)
Foreign currency translation adjustments	-	(50,655)	50,655
Treasury stock	-	(113)	113
Total shareholders' equity	-	426,949	(426,949)
Total liabilities, minority interest and shareholders' equity	-	2,521,679	(2,521,679)
Owners' equity;			
Common and preferred stock	141,088	-	141,088
Capital surplus	177,216	-	177,216
Retained earnings	111,194	-	111,194
Treasury stock	(116)	-	(116)
Total owners' equity	429,382	-	429,382
Valuation and translation adjustments;			
Valuation difference on available-for-sale securities	79,310	-	79,310
Deffered gains or losses on hedges	23	-	23
Revaluation difference on land	(3,156)	-	(3,156)
Foreign currency translation adjustments	(49,517)	-	(49,517)
Total valuation and translation adjustments	26,660	-	26,660
Minority Interests;	37,760	-	37,760
Total net assets	493,802	-	493,802
Total liabilities and net assets	2,606,946	-	2,606,946

Segment Information
for the First Quarter Ended June 30, 2006

Industry Segments

The industry segment information for the first quarter ended June 30, 2006 and preceding first quarter is as follows:

For the first quarter ended June 30, 2006

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	251,073	301,875	154,187	81,294	237,537
Inter-segment	2,108	1,789	11,235	562	3,524
Total	253,181	303,664	165,422	81,857	241,062
Operating expense	249,330	298,870	161,500	78,936	239,287
Operating income (loss)	3,851	4,794	3,922	2,921	1,774
Total assets (As of June 30, 2006)	318,964	455,152	360,799	211,446	297,513

	Overseas Subsidiaries	Other	Total	Elimination & Unallocated	Consolidated
Net sales					
Outside customers	173,728	27,927	1,227,634	-	1,227,634
Inter-segment	80,489	2,444	102,155	(102,155)	-
Total	254,218	30,382	1,329,790	(102,155)	1,227,634
Operating expense	253,286	30,527	1,311,739	(101,870)	1,209,869
Operating income (loss)	931	(144)	18,050	(285)	17,765
Total assets (As of June 30, 2006)	394,819	154,668	2,193,364	413,581	2,606,946

Notes:

1. Unallocated costs and expenses included in "Elimination & Unallocated" totaled 259 millions of yen and comprised mainly administrative group expenses applicable to Sojitz Corporation.
2. Company assets included in "Elimination & Unallocated" totaled 594,975 millions of yen and comprised mainly cash and deposits and bonds, and investment securities.

Segment Information
for the First Quarter Ended June 30, 2005

Industry Segments(Continued)

For the first quarter ended June 30, 2005

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	195,194	286,001	149,837	81,615	200,223
Inter-segment	3,833	956	10,216	809	1,763
Total	199,027	286,958	160,054	82,425	201,987
Operating expense	196,076	282,904	155,363	81,116	200,037
Operating income (loss)	2,951	4,054	4,690	1,309	1,949
Total assets (As of March 31, 2006)	325,062	462,958	360,939	232,052	292,281

	Overseas Subsidiaries	Other	Total	Elimination & Unallocated	Consolidated
Net sales					
Outside customers	193,396	24,463	1,130,731	-	1,130,731
Inter-segment	74,283	1,724	93,588	(93,588)	-
Total	267,679	26,187	1,224,320	(93,588)	1,130,731
Operating expense	266,123	26,620	1,208,242	(93,217)	1,115,024
Operating income (loss)	1,555	(432)	16,078	(370)	15,707
Total assets (As of March 31, 2006)	441,054	176,164	2,290,514	231,165	2,521,679

Notes:

1. Unallocated costs and expenses included in "Elimination & Unallocated" totaled 1,275 millions of yen and comprised mainly administrative group expenses applicable to Sojitz Corporation.
2. Company assets included in "Elimination & Unallocated" totaled 447,487 millions of yen and comprised mainly cash and deposits and bonds, and investment securities.

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2006

July 27, 2006
Sojitz Corporation

Results Highlights for the First Quarter Ended June 30, 2006

◆ Recurring profit and net income made steady gains in line with the new medium-term management plan (figures in parentheses are comparisons with fiscal 2005 1st quarter)

Net sales 1,227.6 billion yen (+96.9 billion yen)
 • Increased transaction volume for aircraft and oil
 • Increased transaction volume for consumer lifestyle business (food and general commodities)

Gross trading profit 58.6 billion yen (+3.0 billion yen)
 • Solid performances in automobiles, aircraft and resource-related operations
 • Recovery in forest products and food

Recurring profit 21.8 billion yen (+1.0 billion yen)
 • Operating income increased, despite higher SG&A expenses
 • Affiliates maintained strong growth

Net income 18.7 billion yen (+0.3 billion yen)
 • Extraordinary losses were at the same level as the fiscal 2005 1st quarter and income before income taxes increased
 • Achieved 38% of total forecast for the full year

◆ Sojitz markedly accelerated the reorganization of its capital structure through implementation of its capital strategies

Elimination of preferred shares (balance at June 30, 2006: 563.4 billion yen)
 • With regard totaling 560.4 billion yen of preferred shares, on April 28, 2006, Sojitz concluded an agreement to repurchase the shares at a price of 342.9 billion yen (up to a maximum of 354.1 billion yen, depending on the time of repurchase).

• At the Ordinary General Shareholders' Meeting held on June 27, 2006, the following actions were approved: 1) Establishment of authorized limits for acquisition of our own shares, 2) Amendment of the Articles of Incorporation, 3) capital restructuring* to secure capital surplus for the repurchases.

* Stated capital will be reduced by 120.5 billion yen, additional paid-in capital will be reduced by 89.2 billion yen, and the corresponding sums will be transferred to other capital surplus. (The capital reduction is due to come into effect at the end of July 2006. In the attached statement, additional paid-in capital and other capital surplus are included in capital surplus).

• 12.6 billion yen of First Series Class-I Preferred Shares were fully converted to shares of common stock on May 15, 2006.

300 billion yen of convertible bonds (CB) issued (May 25, 2006)
 • Preferred shares to be repurchased in line with conversions of CBs.
 • By end of June 2006, 21.0 billion yen of CBs had been converted to common stock.

(As of July 26, 2006, 34.0 billion yen of CBs had been converted to common stock).

◆ Forecast of operating results
 Fiscal 2006 interim full year

Net sales	2,500.0 billion yen	5,200.0 billion yen
Recurring profit	38.0 billion yen	83.0 billion yen
Net income	24.0 billion yen	49.0 billion yen

(Based on:)
 • Exchange rate (Yen/US\$) = 110
 • Crude oil price (US\$/BBL Brent Crude) = 50

Consolidated Statements of Income

	FY2006 (1st quarter)		FY2005 (1st quarter)		Reasons for changes	Forecast FY2006 (1st-half)	
	Results a	Results b	Change a-b	Results c		Percentage achieved a/c	
Net sales	1,227.6	1,130.7	96.9		Machinery & Aerospace +55.9	2,500.0	49%
Gross trading profit (Gross trading profit ratio)	58.6 (4.78%)	55.6 (4.92%)	3.0 (-0.14%)		Consumer Lifestyle Business +37.3 Energy & Mineral Resources +15.9	120.0 (4.80%)	49%
Personnel expenses	-21.2	-19.0	-2.2		Machinery & Aerospace +1.7		
Non-personnel expenses	-16.9	-17.8	0.9		Real Estate Development & Forest Products +1.3		
Depreciation expenses (Subtotal)	-1.7 (-39.8)	-2.1 (-38.9)	0.4 (-0.9)				
Allowance for doubtful receivables and write-off	0	0	0.0				
Goodwill amortization (Selling, general and administrative expenses)	-1.0 (-40.8)	-1.0 (-39.9)	0.0 (-0.9)			-85.0	48%
Operating income (Operating income ratio)	17.8 (1.45%)	15.7 (1.39%)	2.1			35.0 (1.40%)	51%
Interest income	3.2	3.3	-0.1				
Interest expense (Interest expense-net)	-9.9 (-6.7)	-10.4 (-7.1)	0.5 (0.4)				
Dividends (Net financial revenue)	2.2 (-4.5)	3.1 (-4.0)	-0.9 (-0.5)				
Equity in earnings of unconsolidated subsidiaries and affiliates	6.5	6.1	0.4		Metal One Corporation (+0.6), alumina manufacturing company (+0.4), nickel manufacturing company (+0.2), marine-related (-1.0)		
Other income	5.4	6.2	-0.8				
Other expenses (Others-net)	-3.4 (4.0)	-3.2 (5.1)	-0.2 (-1.1)			3.0	133%
Recurring profit	21.8	20.8	1.0			38.0	57%
Gain on sale and disposal of properties	1.0						
Gain on sale of investment securities	1.2						
Dilution gain from changes in equity interest	0.1						
Reversal of allowance for doubtful accounts	0.1						
Gain on bad debt written-off (Extraordinary income)	0.2 (2.6)	(2.4)	(0.2)				
Loss on sale and disposal of properties	-0.1						
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	-0.4						
Special early retirement benefits (Extraordinary loss)	-0.1 (-0.6)	(-0.5)	(-0.1)				
(Extraordinary income/loss-net)	(2.0)	(1.9)	(0.1)			-3.0	-
Income before income taxes and minority interests	23.8	22.7	1.1			35.0	68%
Income taxes: Current	-4.7	-3.9	-0.8				
Deferred	-0.2	-0.1	-0.1				
Minority interests	-0.2	-0.3	0.1				
Net income	18.7	18.4	0.3			24.0	78%
Core earnings	19.8	17.8	2.0				

[Changes in capital as a result of conversion of CB and capital reduction]
 (Capital reduction due to come into effect at the end of July 2006)

	06/3/31	CB conversion	Net income	06/6/30	Capital reduction	After capital reduction
Breakdown of shareholders' equity	389.7	21.0	18.7	429.4	-	429.4
Stated capital	130.5	10.5		141.0	-120.5	20.5
Capital surplus	166.8	10.5		177.3	120.5	297.8
Retained earnings	92.5		18.7	111.2		111.2

NOTES

1. Core earnings = Operating income (Before allowance for doubtful receivables and write-off) + Interest expense-net + Dividends received + Equity in earnings of unconsolidated subsidiaries and affiliates

2. Forward-looking Statements

This document contains forward-looking statements regarding the Company's business plans and initiatives based on information available to management at the time of disclosure. Accordingly, such statements contain inherent risks and uncertainties. Readers are advised that actual results may differ from forward-looking statements due to a wide variety of factors, including, but not limited to, changes in economic conditions in key markets in Japan and overseas and exchange rates. The Company will provide timely disclosure of any material changes or related issues.

Consolidated Balance Sheets and Principal Management Indices

	June 30, 2006		March 31, 2006		Reasons for changes
	d	e	d-e	Change d-e	
Current assets	1,628.5	1,510.5	118.0		
Cash and deposits	645.4	521.9	123.5		Increase due to issue of CB, decrease due to reduction in short-term loans payable
Trade notes and trade accounts receivable	605.3	613.5	-8.2		
Securities	9.7	6.5	3.2		
Inventories	211.3	214.2	-2.9		
Short-term loans receivable	41.2	44.2	-3.0		
Deferred tax assets-current	9.3	8.9	0.4		
Other current assets	119.8	116.5	3.3		
Allowance for doubtful receivables	-13.5	-15.2	1.7		
Fixed assets	977.4	1,010.2	-32.8		
Tangible assets	237.4	246.7	-9.3		
Goodwill	76.6	76.9	-0.3		
Other intangible assets	23.5	23.2	0.3		
Investment securities	465.9	488.3	-22.4		Decrease in book value of investments accompanying fall in stock prices
Long-term loans receivable	37.1	38.9	-1.8		
Non-performing receivables	165.1	176.5	-11.4		
Deferred tax assets-non-current	32.3	23.9	8.4		
Others	59.1	58.8	0.3		
Allowance for doubtful receivables	-119.6	-123.0	3.4		
Deferred assets	1.0	1.0	0.0		
Total assets	2,606.9	2,521.7	85.2		
Liabilities	1,213.5	1,416.7	-203.2		
Trade notes and trade accounts payable	426.6	451.4	-24.8		
Short-term loans payable	639.7	775.6	-135.9		Reduction in short-term loans payable
Commercial paper	11.3	29.2	-17.9		
Bonds with redemption in one year	4.6	9.4	-4.8		
Other current liabilities	131.3	151.1	-19.8		
Non-current liabilities	899.6	640.9	258.7		
Bonds, less current portion	376.4	99.0	277.4		Increase due to CB issue (+300), decrease due to CB conversion (-21.0)
Long-term loans payable	456.4	473.1	-16.7		
Allowance for retirement benefits	24.5	25.6	-1.1		
Other non-current liabilities	42.3	43.2	-0.9		
Total liabilities	2,113.1	2,057.6	55.5		
Common and preferred stock	141.0	130.5	10.5		Increase due to CB conversion (+21.0)
Capital surplus	177.3	166.8	10.5		
Retained earnings	111.2	92.5	18.7		
Treasury stock	-0.1	-0.1	0.0		
(Total owners' equity)	(429.4)	(389.7)	(39.7)		
Valuation difference on available-for-sale securities	79.3	90.5	-11.2		Decrease accompanying fall in stock prices
Deferred gains or losses on hedging transactions	0.0	-	0.0		
Revaluation difference on land	-3.2	-2.6	-0.6		
Foreign currency translation adjustments	-49.5	-50.6	1.1		
(Total valuation and translation adjustments)	(26.6)	(37.3)	(-10.7)		
Minority interests	37.8	37.1	0.7		
Total net assets	493.8	464.1	29.7		
Total liabilities and net assets	2,606.9	2,521.7	85.2		
Gross interest-bearing debt	1,488.4	1,386.3	102.1		
Net interest-bearing debt	843.0	864.4	-21.4		
Net debt/equity ratio (Times)	1.85	2.02	-0.17		*2 The denominator of net debt/equity ratio and the numerator of shareholders' equity ratio are calculated exclusive of minority interests.
Shareholders' equity ratio	17.5%	16.9%	0.6%		

*1 From fiscal 2006, in accordance with changes of accounting standards accompanying enforcement of the new Corporate Law, "shareholders' equity" has been changed to "total net assets," and now includes minority interests. In the attached statement, the amounts of the shareholders' equity under previous standards as of March 31, 2006 are restated in the same format for comparison.

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2006 Supplementary Material (1)
Gross Trading Profit and Recurring Profit (by Industry Segment)

2006/7/27

Sojitz Corporation

(Unit: Billions of yen)

	Gross Trading Profit				Recurring Profit			
	FY2006 (1st quarter)	FY2005 (1st quarter)	Change	Main factors for change	FY2006 (1st quarter)	FY2005 (1st quarter)	Change	Main factors for change
	Results	Results			Results	Results		
Machinery & Aerospace	11.6	9.9	1.7	<ul style="list-style-type: none"> Automobiles: increase (+1.1) accompanying strong performances in Central and South America, Russia and the Middle East Aircraft: increase (+0.3) attributable to strong performance in commercial aircraft operations Ships: no change General Machinery: Increase (+0.4) due to expansion of Sojitz Machinery Corporation operations 	3.4	2.9	0.5	<ul style="list-style-type: none"> Automobiles: increase due to strong performances in Central and South America, Russia and the Middle East Aircraft: increase primarily attributable to strong performance in commercial aircraft-related operations Ships: decrease due to absence of proceeds from sale of jointly-owned ship in fiscal 2005 1st quarter, which outweighed increase from healthy sales General Machinery: increase due to expansion of Sojitz Machinery Corporation operations, strong performance by an overseas subsidiary selling semiconductor mounting equipment, and other factors
Energy & Mineral Resources	10.3	10.0	0.3	<ul style="list-style-type: none"> Oil and Gas: decrease (-0.4) attributable to delay in reflecting higher costs in prices for domestic petrochemical products business despite slight increase in upstream concession operations Coal: Increase (+0.6) primarily reflecting start of production at existing coal mining concessions in Australia Mineral Resources: increase (+0.9) resulting from strong performances at Australian alumina projects and molybdenum projects in Canada Power and Industrial Plants: decrease (-0.6) due to lower deliveries of substation equipment than in fiscal 2005 1st quarter 	8.1	6.7	1.4	<ul style="list-style-type: none"> Oil, Gas and LNG: no change Coal: increase due to start of production at existing coal mining concessions Mineral Resources: increase primarily due to higher alumina prices Power and Industrial Plants: decrease due to lower deliveries of substation equipment than in fiscal 2005 1st quarter Metal One Corporation: increase due to continuing healthy sales
Chemicals & Plastics	10.3	10.9	(0.6)	<ul style="list-style-type: none"> Chemicals: increase (+0.3) owing to increase in transaction volume related to sharp rise in prices for petrochemical-related raw materials Plastics: no change as favorable performance in upstream raw material transactions was offset by failure to fully reflect higher costs in downstream product prices Fertilizer: increase (+0.2) due to increased sales volumes Methanol: decrease (-1.0) primarily reflecting reduced sales volumes due to scheduled maintenance work 	2.0	2.9	(0.9)	<ul style="list-style-type: none"> Chemicals, plastics and fertilizer: no significant change Methanol: decrease primarily reflecting reduced sales volumes due to scheduled maintenance work
Real Estate Development & Forest Products	6.0	4.7	1.3	<ul style="list-style-type: none"> Real Estate Development: no significant change Forest Products: increase (+0.2 at parent company, +0.9 at Sun Building Materials Corporation) following recovery in domestic plywood prices 	2.3	1.3	1.0	<ul style="list-style-type: none"> Real Estate Development: no significant change Forest Products: substantial increase at both the parent company and Sun Building Materials Corporation following recovery in domestic plywood prices
Consumer Lifestyle Business	9.6	9.6	0	<ul style="list-style-type: none"> Textiles: decrease (-0.2) due to sluggish retail sales, despite buoyant SPA sales Foods: increase (+0.2) attributable to favorable sales of marine produce General Commodities: no significant change 	0.8	1.4	(0.6)	<ul style="list-style-type: none"> Textiles: decrease due to sluggish retail sales and an increase in expenses in connection with a newly established company Foods: no significant change General Commodities: decrease reflecting slowdown in retail sales
Overseas Subsidiaries	6.4	6.6	(0.2)	<ul style="list-style-type: none"> Americas: decrease (-0.3) primarily attributable to lower transaction volumes in machinery-related business (in contrast to higher volumes in fiscal 2005 1st quarter) Europe: increase (+0.1) due to robust performances in industrial projects as well as chemicals and plastics-related business, despite a struggling performance in foods China: increase (+0.2) attributable to strong results in chemicals and plastics Asia: no significant change 	3.0	3.3	(0.3)	<ul style="list-style-type: none"> Americas: decrease primarily attributable to lower transaction volumes in machinery-related business (in contrast to higher volumes in fiscal 2005 1st quarter)
5 Business Divisions + Overseas Subsidiaries	54.2	51.7	2.5		19.6	18.5	1.1	
Other	4.4	3.9	0.5	<ul style="list-style-type: none"> New Business Development Group: increase (+0.2) primarily attributable to transfer of the health care-related business to the New Business Development Group 	2.2	2.3	(0.1)	<ul style="list-style-type: none"> New Business Development Group: decrease in investment and incubation business
Total	58.6	55.6	3.0		21.8	20.8	1.0	

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2006, Supplementary Material (2) -FY2006 Full-Year Forecast-

2006/7/27

Sojitz Corporation

(Billions of yen)

P/L

	1st quarter FY2006	1st quarter FY2005	Change	FY2006 forecast (Announced on April 28, 2006)	Percentage achieved
Net Sales	1,227.6	1,130.7	96.9	5,200.0	23.6%
Gross trading profit	58.6	55.6	3.0	253.0	23.2%
[Gross trading profit ratio]	[4.77%]	[4.92%]		[4.87%]	
Machinery & Aerospace	11.6	9.9	1.7	45.9	25.3%
Energy & Mineral Resources	10.3	10.0	0.3	41.1	25.1%
Chemicals & Plastics	10.3	10.9	(0.6)	44.5	23.1%
Real Estate Development & Forest Products	6.0	4.7	1.3	24.8	24.2%
Consumer Lifestyle Business	9.6	9.6	0.0	45.7	21.0%
Overseas Subsidiaries	6.4	6.6	(0.2)	28.0	22.9%
Other	4.4	3.9	0.5	23.0	19.1%
Selling, general and administrative expenses	(40.8)	(39.9)	(0.9)	(172.0)	23.7%
Operating income	17.8	15.7	2.1	81.0	22.0%
[Operating income ratio]	[1.45%]	[1.39%]		[1.56%]	
Non-operating income/expense-net	4.0	5.1	(1.1)	2.0	200.0%
Recurring profit *1	21.8	20.8	1.0	83.0	26.3%
[Recurring profit ratio]	[1.78%]	[1.84%]		[1.60%]	
Machinery & Aerospace	3.4	2.9	0.5	11.5	29.6%
Energy & Mineral Resources	8.1	6.7	1.4	22.8	35.5%
Chemicals & Plastics	2.0	2.9	(0.9)	7.8	25.6%
Real Estate Development & Forest Products	2.3	1.3	1.0	7.5	30.7%
Consumer Lifestyle Business	0.8	1.4	(0.6)	6.9	11.6%
Overseas Subsidiaries	3.0	3.3	(0.3)	12.8	23.4%
Other	2.2	2.3	(0.1)	13.7	16.1%
Extraordinary income/(loss)-net	2.0	1.9	0.1	(10.0)	-
Income before income taxes and minority interests	23.8	22.7	1.1	73.0	32.6%
Net income	18.7	18.4	0.3	49.0	38.2%
Core earnings *2	19.8	17.8	2.0	81.0	24.4%

*1 Figures for recurring profit by industry segment are internal figures for reference only

*2 Core earnings = Operating income (Before allowance for doubtful receivables and write-offs) + Interest expense-net + Dividends received + Equity in earnings of unconsolidated subsidiaries and affiliates

B/S

	June 30, 2006	March 31, 2006	Change	FY2006 forecast (Announced on April 28, 2006)
Total assets	2,606.9	2,521.7	85.2	2,500.0
Shareholders' Equity *3	456.0	427.0	29.0	420.0
[total net assets]	[493.8]	[464.1]	[29.7]	-
Shareholders' Equity ratio (%)	17.5%	16.9%	+ 0.6%	16.8%
Net interest-bearing debt	843.0	864.4	(21.4)	1040.0
Net DER (Times)	1.8	2.0	(0.2)	2.5
[net DER (times) based on total net assets]	[1.7]	[1.9]	[(0.2)]	-

*3 Shareholders' Equity = total net assets - minority interests

Progress in Achieving Fiscal 2006 Full-year Recurring Profit Forecasts

© Overall progress has been steady: During the 1st quarter of fiscal 2006 Sojitz Corporation achieved around 26% of the total forecasts for the full year. Details by industry segment are as follows:

Machinery & Aerospace:

- Automobiles: continued steady progress, mainly in overseas subsidiaries
- Aircraft: a robust start led by Boeing-related business
- Ships: steady performances overall, led by new ship building and marine equipment sales
- General Machinery: generally steady performances, with particularly strong growth in steelmaking, automobiles and semiconductor mounting equipment

Energy & Mineral Resources

- Oil, Gas and LNG: progress on target
- Coal: healthy results due to prices trending at higher levels than expected
- Mineral Resources: Strong progress with molybdenum prices trending at higher levels than anticipated, in addition to strong sales of alumina
- Power and Industrial Plants: largely on target
- Metal One Corporation: strong performances

Chemicals & Plastics

- Chemicals: maintained healthy results due to sharp rise in prices for petrochemical-related raw materials, which were reflected in sales prices for products due to buoyant demand
- Plastics: upstream raw material transactions performed well, but it proved difficult to reflect this in downstream product prices
- Fertilizer: both sales volumes and sales prices were firm
- Methanol: scheduled maintenance work did take place, but plants maintained stable operations, and the market performed better than anticipated, resulting in a favorable environment

Real Estate Development & Forest Products

- Real Estate Development: steady growth in both condominium sales and commercial facility development resulted in a performance that was largely on target
- Forest Products: healthy performance centering on Sun Building Materials Corporation following recovery in domestic plywood prices

Consumer Lifestyle Business

- Textiles: rate of progress was low, but as a business that performs better in the second half of the year, performance was largely on target
- Food: marine products performance was largely on target, recording steady growth
- General Commodities: woodchip operations performed solidly, but retail-related business was slow, resulting in overall performance that fell short of targets

Overseas Subsidiaries

- largely on target

Other

- largely on target

Supplementary Explanatory Material--(I) Assumptions Regarding Market Prices, Exchange Rate and Interest Rates & (II) Capital Strategy

2006/7/27
Sojitz Corporation

I. Market Prices, Exchange Rate and Interest Rates

(1) Market Prices

	FY 2005 (actual)	FY 2006 (assumptions)	FY 2006 1st Quarter (actual)	Current market prices
Crude oil (Brent)	\$55/bbl	\$50/bbl	\$63/bbl	\$73/bbl
Coal	\$50/mt * *fuel coal	Where there is no contract fixing prices for the year, plans are based on an assumed price of around 80% of the current market price	· Prices based on contracts for the year; virtually unaffected by spot prices. · Contracts already concluded for majority of coal transactions based on equity shares in production during fiscal 2006	
Molybdenum	\$32/lb	\$16/lb	\$24/lb	\$25/lb
Vanadium	\$16/lb	\$5.5/lb	\$8/lb	\$7.6/lb

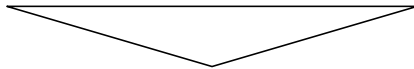
(2) Exchange Rate

· Assumption	FY 2006 ¥110/\$
· Effect on earnings	When the exchange rate fluctuates by ¥1, net sales change by around ¥10 billion, and recurring profit changes by ¥0.1 to 0.2 billion. The effect on the balance sheet is to alter equity by around ¥1.5 billion. In all cases a stronger yen causes a decrease, while a weaker yen causes an increase.

(3) Interest Rates

· Assumptions	FY 2006 Short-term rate 0.85% approx. Long-term rate 2.0% approx.
· Effect on earnings	When interest rates rise by 1%, annual earnings are altered by around ¥1.7 to 2.0 billion.

II. Capital Strategy

<p>■ Decision to reconfigure the capital structure in one stroke by using equity finance to eliminate preferred shares</p> <p>Sojitz issued ¥300 billion of convertible bonds (CB) and will repurchase preferred shares in line with their conversions</p>  <p>Dispel any sense of uncertainty in the market regarding Sojitz' capital structure</p>	<p>○ The aim was to establish a balanced and robust financial position to cope with business risks by ensuring increased shareholders' equity through accumulation of annual earnings</p> <p>○ By procuring capital from external sources, Sojitz was able to negotiate repurchase of all the preferred shares at once</p> <p>○ Avoidance of the need to pay dividends to holders of preferred shares will afford more flexibility in dividend payments to holders of common stock</p> <p>○ Enables implementation of growth strategies by securing cash flow → allows Sojitz to build future earnings assets</p> <p>○ Minimizes the dilution that would result from conversion to common stock of preferred shares with established conversion rates. (The maximum conversion rate for preferred shares is ¥262)</p> <p>○ A significant discount is obtained by early repurchase of preferred shares with no conversion rate yet established</p>
<p>■ Agreement on pricing to allow repurchase of preferred shares at a partial discount</p> <p>Contract was concluded to allow ¥560.4 billion of preferred shares to be repurchased for a total of between ¥342.9 billion and ¥354.1 billion.</p>	<p>○ Secured strong position in pricing negotiations by offering to the holders of preferred shares to repurchase all the preferred shares at once based on issuing ¥300 billion of equity finance</p> <p>○ In the case of preferred shares with no conversion rate yet established, a significant discount was secured by offering early repurchase. In calculating the value of these shares, the DCF method and relative subordination compared with other preferred shares were emphasized</p>
<p>■ Current progress with conversion of the ¥300 billion of CB (at July 26, 2006)</p>	<p>○ Total amount of conversions to date : ¥34.0 billion</p> <p>○ Number of shares issued : 85,279,377 shares</p>