October 31, 2006

Highlights of Consolidated Financial Results for the Interim Period Ended September 30, 2006

Sojitz Corporation

Results Highlights

1. Recurring profit and net income made steady gains in line with the targets of its new medium-term management plan. (Figures in brackets represent year-on-year changes)

Net sales: 2,529.2 billion yen (+175.2 billion yen)
- -Increase in trading volume in commercial aircraft and automobiles
- -Increase in trading volume in oil and mineral resources

Gross trading profit: 122.6 billion yen (+3.9 billion yen)
- -Strong demand for automobiles overseas and commercial aircraft
- -Firm performance in mineral resources and coal
- -Recovery trend in timber- and fertilizer-related operations

Recurring profit: 46.4 billion yen (+3.8 billion yen)
- -Rise in SG&A expenses, but profits secured on back of higher operating income
- -Improvement in other income (expenses)
- -Recurring profit comfortably exceeds initial targets in medium-term management plan (38.0 billion yen)

Net income: 31.4 billion yen (+5.5 billion yen)
- -Increase in income before imcome taxes and minority interests after extraordinary imcome/loss-net
- -Net income comfortably exceeds initial targets in medium-term management plan (24.0 billion yen)

2. Sojitz markedly accelerated the reorganizaion of its capital structure through implementation of its capital strategies

Elimination of preferred shares (balance at September 30, 2006: 563.4 billion yen)
- With regard to 560.4 billion yen of preferred shares, on April 28, 2006, Sojitz concluded an agreement to repurchase the shares for a total of 342.9 billion to 354.1 billion yen.
- The following actions were implemented: 1) establishment of authorized limits for repurchase of preferred shares, 2) amendment of the articles of incorporation, 3) capital restructuring* to secure capital surplus for the repurchases.

* Stated capital was reduced by 120.5 billion yen, additional paid-in capital was reduced by 89.2 billion yen, and the corresponding sums were transferred to other capital surplus. (The capital reduction was 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 retained earnings).

300 billion yen of convertible bonds (CB) issued (May 25, 2006)
- -Repurchase preferred shares using funds acquired from convertible bond issue
- -Conversion of bonds progressing steadily; 100 billion yen converted to common stock as of September 30, 2006 (As of October 31, 2006, 110 billion yen converted to common stock)

3. Forecasts

In light of interim operating performance, Sojitz has raised its full-year forecasts

Forecasts for fiscal 2006, ending March 31, 2007

	Before revision		After revision
Net sales	5,200 billion yen	⇒	5,300 billion yen
Recurring profit	83 billion yen	⇒	89 billion yen
Net income	49 billion yen	⇒	56 billion yen

<initial assumptions>
- -Exchange rate (Yen/US$) = 110
- -Crude oil price (US$/BBL) = 50 (Brent crude)

Consolidated Statements of Income

(Unit: Billions of yen)

	Interim FY2006 Results a	Interim FY2005 Results b	Change a-b	Reasons for changes	Forecast FY2006 c	Percentage achieved a/c
				Net sales		
				Machinery & Aerospace (+98.9)		
Net sales	2,529.2	2,354.0	175.2	Energy & Mineral Resources (+93.9)	5,300.0	48%
				Overseas Subsidiaries (-44.3)		
				Gross trading profit		
Gross trading profit	122.6	118.7	3.9	Machinery & Aerospace (+3.5)	258.0	48%
(Gross trading profit ratio)	(4.85%)	(5.04%)	(-0.19%)	Energy & Mineral Resources (+0.6)	(4.87%)	
				Overseas Subsidiaries (-0.7)		
Personnel expenses	-41.5	-38.2	-3.3	SG&A expenses		
Non-personnel expenses	-35.4	-35.9	0.5	Higher personnel expenses due to increase in headcount		
Depreciation expenses	-3.3	-4.1	0.8			
(Subtotal)	(-80.2)	(-78.2)	(-2.0)			
Allowance for doubtful receivables and write off	-0.2	-0.4	0.2			
Goodwill amortization	-2.9	-2.2	-0.7	Impact of changes in accounting methods (-0.8) (Gain on amortization of negative goodwill now included under other income)		
(Selling, general and administrative expenses)	(-83.3)	(-80.8)	(-2.5)		-173.0	48%
Operating income	39.3	37.9	1.4		85.0	46%
(Operating income ratio)	(1.55%)	(1.61%)			(1.60%)	
Interest income	7.3	6.3	1.0			
Interest expense	-19.6	-19.8	0.2			
(Interest expense-net)	(-12.3)	(-13.5)	(1.2)	Improvement in interest expense-net due to reduction in interest-bearing debt and improvement in funding procurement conditions		
Dividends	3.5	4.4	-0.9			
(Net financial revenue)	(-8.8)	(-9.1)	(0.3)	Metal One Corporation (+1.3)		
Equity in earnings of unconsolidated subsidiaries and affiliates	11.6	11.9	-0.3	Aluminum manufacturing company (+0.6) Nickel manufacturing company (+0.5) Agrichemical-related company (-1.9)		
Other income	10.0	11.8	-1.8	Decrease in gain on sales of shipping (-0.9)		
Other expenses	-5.7	-9.9	4.2	Decrease in allowance for loans receivable occurring in the previous fiscal year, etc.		
(Others-net)	(7.1)	(4.7)	(2.4)		4.0	178%
Recurring profit	46.4	42.6	3.8		89.0	52%
Gain on sale and disposal of properties	1.7					
Gain on sale of investment securities	3.4			Gain on sale of investment in upstream right		
Gain on sale of investments in partners	0.2					
Dilution gain from changes in equity-interest	0.1					
Reversal of allowance for doubtful accounts	2.0					
Gain on bad debt written-off	0.3					
(Extraordinary income)	(7.7)	(12.4)	(-4.7)			
Loss on sale and disposal of properties	-0.9					
Impairment losses on fixed assets	-0.7					
Evaluation loss on sale of investment securities	-1.7					
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	-9.0			Disposal of losses related to revaluation of operations at affiliates, etc.		
Special early retirement benefits	-0.1					
(Extraordinary loss)	(-12.4)	(-14.5)	(2.1)			
(Extraordinary income/loss-net)	(-4.7)	(-2.1)	(-2.6)		-10.0	47%
Income before income taxes and minority interests	41.7	40.5	1.2		79.0	53%
Income taxes: Current	-8.8	-9.8	1.0			
Deferred	0.2	-3.1	3.3			
Minority interests	-1.7	-1.7	0.0			
Net income	31.4	25.9	5.5		56.0	56%

Core earnings	42.3	41.1	1.2

Consolidated Statements of Cash Flows

(Unit: Billions of yen)

	Interim FY2006	Interim FY2005
Cash flows from operating activities	6.5	-11.3
Cash flows from investing activities	-262.4	48.3
(Free Cash Flow)	(-255.9)	(37.0)
Cash flows from financing activities	120.9	25.0
Cash & Cash Equivalents at the End of the Period	369.8	475.9

Cash inflow of 300 billion yen from issue of convertible bonds (included in cash flows from financing activities) transferred to time deposits in preparation for repurchase of preferred shares; therefore recorded as cash used in investing activities.

NOTES

1. 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

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

(Unit: Billions of yen)

	September 30, 2006 d	March 31, 2006 e	Change d-e	Reasons for changes
Current assets	1,697.0	1,510.5	186.5	
Cash and deposits	675.3	521.9	153.4	Increase from issue of convertible bonds; decrease due to reduction in borrowings
Trade notes and trade accounts receivable	631.7	613.5	18.2	Increase due to end of interim period falling on a holiday, etc.
Securities	6.8	6.5	0.3	Increase from purchase of real estate for future sale
Inventories	248.5	214.2	34.3	Rise in inventories at overseas automotive and fertilizer subsidiaries due to higher sales, etc.
Short-term loans receivable	20.7	44.2	-23.5	Decrease due to repayment of loans by equity-method affiliates, etc.
Deferred tax assets-current	7.2	8.9	-1.7	
Other current assets	118.7	116.5	2.2	
Allowance for doubtful receivables	-11.9	-15.2	3.3	
Fixed assets	986.2	1,010.2	-24.0	
Tangible assets	233.1	246.7	-13.6	
Goodwill	72.0	76.9	-4.9	
Other intangible assets	23.7	23.2	0.5	
Investment securities	469.0	488.3	-19.3	Decrease in book value of investments related to decline in share values
Long-term loans receivable	48.3	38.9	9.4	Increase due to loans provided to equity-method affiliates, etc.
Non-performing receivables	165.3	176.5	-11.2	
Deferred tax assets-non-current	35.5	23.9	11.6	
Others	58.8	58.8	0.0	
Allowance for doubtful receivables	-119.5	-123.0	3.5	
Deferred assets	2.1	1.0	1.1	
Total assets	2,685.3	2,521.7	163.6	
Liabilities	1,290.2	1,416.7	-126.5	
Trade notes and trade accounts payable	490.5	451.4	39.1	Increase due to end of interim period falling on a holiday, etc.
Short-term loans payable	637.5	775.6	-138.1	Decrease due to reduction in borrowings
Commercial paper	21.9	29.2	-7.3	
Bonds with redemption in one year	1.4	9.4	-8.0	
Other current liabilities	138.9	151.1	-12.2	
Non-current liabilities	810.3	640.9	169.4	Increase from issue of convertible bonds (+300)
Bonds, less current portion	331.4	99.0	232.4	Decrease from conversion of convertible bonds (-100)
Long-term loans payable	414.3	473.1	-58.8	Decline due to reduction in borrowings
Allowance for retirement benefits	23.7	25.6	-1.9	
Other non-current liabilities	40.9	43.2	-2.3	
Total liabilities	2,100.5	2,057.6	42.9	
Common and preferred shares	60.1	130.5	-70.4	Transfer to capital surplus (-120.5); increase from conversion of convertible bonds (+50.1)
Capital surplus	337.2	166.8	170.4	Transfer from common and preferred stock (+120.5); increase from conversion of convertible bonds (+49.9)
Retained earnings	122.5	92.5	30.0	Net income (+31.4); reversal of land revaluation difference (-1.2)
Treasury stock	-0.1	-0.1	0.0	
(Total shareholders' equity)	(519.7)	(389.7)	(130.0)	
Net unrealized gains on available-for-sale securities	78.0	90.5	-12.5	Decrease related to decline in value of shares
Gain (loss) on deferred hedges	1.2	-	1.2	
Land revaluation difference	-2.0	-2.6	0.6	Reversal following sale (+1.2)
Foreign currency translation adjustments	-51.2	-50.6	-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.
(Total valuation and translation adjustments)	(26.0)	(37.3)	(-11.3)	
Minority interests	39.1	37.1	2.0	
Total net assets	584.8	*1 464.1	120.7	
Total liabilities and net assets	2,685.3	2,521.7	163.6	

Gross interest-bearing debt	1,406.5	1,386.3	20.2	
Net interest-bearing debt	731.2	864.4	-133.2	
Net debt/equity ratio (Times)	*2 1.34 times	*2 2.02 times	- 0.68 times	*2 The denominator for the net debt/equity ratio and the numerator of the shareholders' equity ratio have been calculated after excluding minority interests.
Shareholders' equity	*2 20.3%	*2 16.9%	3.4%	

Guarantee obligations	37.3	43.1	-5.8

Highlights of Consolidated Financial Results for the Interim Period Ended September 30, 2006
Supplementary Materials (1) -Gross Trading Profit and Recurring Profit (by Industry Segment)-

October 31, 2006
Sojitz Corporation

(Unit: Billions of yen)

	Gross Trading Profit				Recurring Profit			
	Interim FY2006 Results	Interim FY2005 Results	Change	Main factors for change	Interim FY2006 Results	Interim FY2005 Results	Change	Main factors for change
Machinery & Aerospace	24.6	21.1	3.5	· Automobiles: increase (+2.5) due to growth in transaction volume at MAV in Venezuela, Subaru Motor in Russia and Sojitz Corporation in the Middle East; · Aerospace: increase (+1.1) attributable to firm results in Boeing and Bombardier aircraft business; · Information & Industrial Machinery: increase (+0.6) due to business expansion at Sojitz Machinery Corporation; · Ships: decrease (-0.6) due to temporary decline in active shipping fleets related to replacement of ships.	6.9	5.0	1.9	· Automobiles: increase due to growth in transaction volume at MAV in Venezuela, Subaru Motor in Russia and Sojitz Corporation in the Middle East; · Aerospace: increase attributable to firm results in Boeing and Bombardier aircraft business; · Information & Industrial Machinery: increase due to business expansion at Sojitz Machinery Corporation; · Ships: decrease due to temporary decline in active shipping fleets related to replacement of ships.
Energy & Mineral Resources	21.1	20.5	0.6	· Oil and Gas: decrease (-0.1) attributable to drop in sales at petrochemical business in Japan and the conversion of a subsidiary to an equity-method affiliate, despite acquisition of new concession rights and start of production at these projects in the upstream concession rights business; · Coal: increase (+0.4) due to rise in sales volume related to the start of production at mining concession in Australia; · Mineral Resources: increase (+0.8) attributable to both higher sales volume and selling prices at alumina projects in Australia; · Power & Industrial Plants: decrease (-0.7) due to decline in large-scale equipment orders compared to the same period a year earlier.	17.1	14.1	3.0	· Oil, Gas and LNG: increase due to start of production at new concession rights acquired in the previous fiscal year in the upstream concession rights business; · Coal: increase due to start of production at mining concession in Australia; · Mineral Resources: increase attributable to strong sales at alumina projects, start of production at new nickel projects, and other factors; · Power & Industrial Plants: decrease due to decline in large-scale equipment orders compared to the same period a year earlier; · Metal One Corporation: continued strong performance.
Chemicals & Plastics	22.7	22.1	0.6	· Chemicals: increase (+0.4) due to growth in transaction volume related to surging prices for petrochemical raw materials and firm demand for steel and electrical materials; · Plastics: decrease (-0.3) due to difficulty in raising prices of downstream products, despite strong performance in upstream raw materials business; · Fertilizer: increase (+1.3) attributable to higher sales volume; · Methanol: decrease (-0.6) due to decline in sales volume related to regular maintenance work.	2.3	4.8	(2.5)	· Chemicals: despite strong operating performance, decrease due to booking of impairment losses at equity-method affiliate (Arysta Lifescience Corporation) to improve financial position; · Plastics: decrease due to difficulty in raising prices of downstream products, despite strong performance in upstream raw materials business; · Fertilizer: increase attributable to higher sales volume; · Methanol: decrease due to decline in sales volume related to regular maintenance work.
Real Estate Development & Forest Products	11.6	11.7	(0.1)	· Real Estate Development: decrease (-2.7) reflecting a decline in the number of condominium projects handed over and other factors; · Forest Products: marked increase(+2.6) due to strong performance at Sojitz Corporation and Sojitz Building Materials Corporation as conditions in domestic plywood market recovered.	3.8	6.0	(2.2)	· Real Estate Development: decrease reflecting decline in gain on sale of shopping center (Mallage Kashiwa) in the previous fiscal year and drop in gross trading profit, among other factors; · Forest Products: marked increase due to strong performance at Sojitz Corporation and Sojitz Building Materials Corporation as conditions in domestic plywood market recovered.
Consumer Lifestyle Business	19.2	19.7	(0.5)	· Textiles: decrease (-0.4) as a result of slump in apparel retailing sales, despite strong sales to SPA retailers; · Foods: level with the same period a year earlier; · General Commodities: generally level with the same period a year earlier.	1.3	3.0	(1.7)	· Textiles: decrease as a result of slump in apparel retailing sales; · Foods: decrease reflecting downturn in retail sales of foodstuffs and other products; · General Commodities: decrease due to slump in retail-related sales and other factors.
Overseas Subsidiaries	13.3	14.0	(0.7)	· Americas: decrease (-0.9) due to decline in transaction volume in the printer business—compared to a strong performance in the previous year—and drop in mineral resources spot market trading, despite firm results by automotive dealership, satellite equipment and other machinery-related businesses.	7.0	7.3	(0.3)	· Americas: despite improvement in interest expense-net and higher equity in earnings of affiliates, decrease due to decline in transaction volume in the printer business—compared to a strong performance in the previous year—and drop in mineral resources spot market trading.
Other	10.1	9.6	0.5	· Healthcare Business: increase (+0.2) due to the transfer of medical equipment operations from the Machinery & Aerospace segment; · Nissho Electronics Corporation: increase (+0.2) attributable to an increase in transactions of high-margin computer-related equipment.	8.0	2.4	5.6	· Corporate: improvement due to absence of one-off negative factors present in the previous fiscal year (booking of loss associated with withdrawal from overseas communications project).
Total	122.6	118.7	3.9		46.4	42.6	3.8	

Highlights of Consolidated Financial Results for the Interim Period Ended September 30, 2006
Supplementary Materials (2) -FY2006 Full-year Forecast-

October 31, 2006

Sojitz Corporation

(Unit: Billions of yen)

P/L

	Interim FY2006 Results	Interim FY2005 Results	Change	FY2006 Full-year Forecast (Announced on April 28, 2006)	Percentage achieved	FY2006 Full-year Forecast (Announced on October 31, 2006)
Net Sales	**2,529.2**	**2,354.0**	175.2	**5,200.0**	48.6%	**5,300.0**
Gross trading profit	**122.6**	**118.7**	3.9	**253.0**	48.5%	**258.0**
[Gross trading profit ratio]	[4.85%]	[5.04%]		[4.87%]		[4.87%]
Machinery & Aerospace	24.6	21.1	3.5	45.9	53.6%	49.6
Energy & Mineral Resources	21.1	20.5	0.6	41.1	51.3%	41.1
Chemicals & Plastics	22.7	22.1	0.6	44.5	51.0%	46.6
Real Estate Development & Forest Products	11.6	11.7	(0.1)	24.8	46.8%	26.4
Consumer Lifestyle Business	19.2	19.7	(0.5)	45.7	42.0%	43.6
Overseas Subsidiaries	13.3	14.0	(0.7)	28.0	47.5%	28.0
Other	10.1	9.6	0.5	23.0	43.9%	22.7
Selling, general and administrative expenses	(83.3)	(80.8)	(2.5)	(172.0)	48.4%	(173.0)
Operating income	**39.3**	**37.9**	1.4	**81.0**	48.5%	**85.0**
[Operating income ratio]	[1.55%]	[1.61%]		[1.56%]		[1.60%]
Other income (expenses)	7.1	4.7	2.4	2.0	355.0%	4.0
Recurring profit *1	**46.4**	**42.6**	3.8	**83.0**	55.9%	**89.0**
[Recurring profit ratio]	[1.83%]	[1.81%]		[1.60%]		[1.68%]
Machinery & Aerospace	6.9	5.0	1.9	11.5	60.0%	11.7
Energy & Mineral Resources	17.1	14.1	3.0	22.8	75.0%	27.7
Chemicals & Plastics	2.3	4.8	(2.5)	7.8	29.5%	5.5
Real Estate Development & Forest Products	3.8	6.0	(2.2)	7.5	50.7%	8.6
Consumer Lifestyle Business	1.3	3.0	(1.7)	6.9	18.8%	5.8
Overseas Subsidiaries	7.0	7.3	(0.3)	12.8	54.7%	14.0
Other	8.0	2.4	5.6	13.7	58.4%	15.7
Extraordinary gains (losses)	**(4.7)**	**(2.1)**	(2.6)	**(10.0)**	-	**(10.0)**
Income before income taxes	**41.7**	**40.5**	1.2	**73.0**	57.1%	**79.0**
Net income	**31.4**	**25.9**	5.5	**49.0**	64.1%	**56.0**
Core earnings *2	42.3	41.1	1.2	81.0	52.2%	87.0

*1 Figures for recurring profit by business 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

Main Factors Impacting on Recurring Profit in Fiscal 2006

◎ ***Full-year forecast for recurring profit raised to 89.0 billion yen to reflect strong interim result of 46.4 billion yen***

Machinery & Aerospace

- Automobiles: strong performance in Central and South America, Middle East and Russia & CIS;
- Aerospace: buoyant performance by Boeing aircraft business;
- Ships: robust performance due to higher-than-expected prices in charter vessel market and strong sales of shipping equipment and other products.

Energy & Mineral Resources

- Oil, Gas and LNG: negative developments such as delay in increasing gas output to be covered by strong performance in the upstream oil concession rights business through start of production at existing concessions and new projects;
- Coal: strong sales;
- Mineral resources: robust performance due to steady alumina sales and higher-than-expected prices in the molybdenum market;
- Power & Industrial Plants: slump due to decline in orders following cancellation of some scheduled projects;
- Metal One Corporation: exceptionally strong performance.

Chemicals & Plastics

- Chemicals: steady performance despite a slowdown in the market for petrochemical raw materials where prices have remained at high levels;
- Fertilizer: robust performance on the back of sustained high sales volume;
- Methanol: strong performance thanks to better-than-expected market environment;
- Forecasts lowered: due to booking of impairment losses to improve financial position of agrichemical-related equity-method affiliate (Arysta Lifescience Corporation).

Real Estate Development & Forest Products

- Real Estate Development: generally in line with plan due to greater portion of earnings generated in the second half (steady sales of condominiums scheduled for completion in the second half);
- Forest Products: robust performance chiefly centered on Sojitz Building Materials Corporation due to recovery in domestic plywood market.

Consumer Lifestyle Business

- Textiles: despite operating focus on second half of year, soft performance due to slump in apparel retail sales;
- Foods: despite firm performance in marine products, cereals, animal feed and other products, weak performance due to slump in retail sales of foodstuffs;
- General Commodities: decrease due to slump in retail-related sales and other factors despite steady performance of woodchips.

Overseas Subsidiaries

- Weaker performance expected in China, but robust conditions in machinery-related operations in the Americas leading to strong performance overall.

Other

- New Business Development Group: moderately weak performance due to slow sales of hard disk drives at Nissho Electronics Corporation;
- Corporate: generally smooth progress.

B/S

	Septmber 30, 2006	March 31, 2006	Change	March 31, 2007 Forecast (Announced on April 28, 2006)
Total assets	**2,685.3**	**2,521.7**	163.6	**2,500.0**
Shareholders' equity *3	**545.7**	**427.0**	118.7	**420.0**
[Total net assets]	[584.8]	[464.1]	[120.7]	-
Shareholders' equity ratio (%)	**20.3%**	**16.9%**	+ 3.4%	**16.8%**
Net interest-bearing debt	**731.2**	**864.4**	(133.2)	**1,040.0**
Net DER (Times)	**1.3**	**2.0**	(0.7)	**2.5**
[Calculated on net asset basis]	[1.3]	[1.9]	[(0.6)]	-

*3 Shareholders' equity = total net assets – minority interests