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

Summary of Consolidated Financial Results October 31, 2006

for the Interim Period Ended September 30, 2006

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
Company Representative : Akio Dobashi, President & CEO
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1. Consolidated Financial Results for the Interim Period ended September 30, 2006

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

	Net Sales		Operating Income		Recurring Profit		Net Income	
For the Interim Period	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
ended September 30, 2006	2,529,244	7.4	39,321	3.8	46,394	8.8	31,356	21.0
ended September 30, 2005	2,354,027	4.4	37,899	15.1	42,622	65.4	25,908	-
(Ref) FY 2005	4,972,059		76,202		78,773		43,706	

	EPS	Adjusted EPS
For the Interim Period	Yen	Yen
ended September 30, 2006	60.14	35.11
ended September 30, 2005	89.61	74.49
(Ref) FY 2005	126.21	99.55

Notes:

1. Equity in Earnings of Unconsolidated subsidiaries and affiliate during the period: (Millions of Yen)
   Current interim period : 11,602 Preceding interim perioc 11,911 Last fiscal year 19,149
2. Average number of outstanding shares during the period:
   Current interim period : 521,434,081 Preceding interim period : 289,138,950 Last fiscal year 346,172,113
3. Changes in accounting policies during the period: Yes
4. Percentage changes indicated in net sales, operating income, recurring profit and net income are compared with preceding interim period.

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of Yen	Millions of Yen	%	Yen
September 30, 2006	2,685,271	584,759	20.3	△ 24.54
September 30, 2005	2,505,214	396,540	15.8	△ 547.0
March 31, 2006	2,521,679	426,949	16.9	△ 368.95

Notes:

1. Number of outstanding shares at the end of the period (Common Stock):
   Current interim period : 723,645,492 Preceding interim period 401,205,565 Last fiscal year 403,985,111
2. Number of outstanding shares at the end of the period (Preferred Stock):
   Current fiscal year : 139,525,000 Preceding interim period 165,825,000 Last fiscal year 145,825,000

Note; The presentation of the fiscal 2005 interim 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".

(3) Consolidated Statements of Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the Period
For the Interim Period	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
ended September 30, 2006	6,528	△ 262,436	120,894	369,757
ended September 30, 2005	△ 11,264	48,300	24,982	475,947
(Ref) FY 2005	43,155	99,155	△ 55,805	506,254

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

Consolidated subsidiarie: 331
Unconsolidated subsidiaries (accounted for by the equity method) : 12
Unconsolidated affiliates (accounted for by the equity method) : 188

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

Consolidated subsidiaries : (Increase) 17 companies (Decrease) 7 companies
Affiliated companies accounted for by the equity method : (Increase) 15 companies (Decrease) 7 companies

(6) Consolidated Earnings Forecast for the Fiscal Year Ending March 2007 (April 1, 2006~March 31, 2007)

	Net Sales	Recurring Profit	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
For the fiscal year ending March 31, 2007	5,300,000	89,000	56,000

(Ref) Forecast of Net income per share for the year ending March 31, 2007 : 77.39 Yen

Group Management Policy

1. Fundamental policy

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.

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

2. Fundamental policies and overview of new medium-term management plan "New Stage 2008"

New Stage 2008, Sojitz's new medium-term management plan, aims to deliver sustained growth to boost corporate value and realize the Group Management Vision. In policy terms, the plan focuses on three strategic objectives: 1) Further enhance growth strategies, 2) Accelerate capital and financial strategies, and 3) Upgrade risk management.

Sojitz has set numerical targets for the final year of the plan (the year ending March 2009) of ¥60 billion in net income and shareholders' equity of ¥500 billion.

(1) Further enhance growth strategies

The Company will cultivate new dimensions in the growth of each business and make the mechanisms for expansion more robust. To that end, it will leverage the strengths of the Group to develop its business functions and extend investment with the aim of further expanding growth strategies and attaining sustained growth.

In terms of investment strategy, the New Stage 2008 plan calls for new investments and loans of ¥300 billion over three years into areas with strong growth potential, such as the energy and mineral resources and the automobile-related fields. In addition, the regional strategy focuses Group management resources on high-growth areas, mainly China, the United States, Vietnam, Thailand and Russia. The plan's human resources strategy focuses efforts on regular and efficient recruitment of high-quality personnel, functional assignments and future-oriented human resources development.

(2) Accelerate capital and financial strategies

By resolving the issue of outstanding preferred shares, the Company will achieve an immediate reorganization of its capital structure. In addition, Sojitz will work towards the final targets of the management plan—a current ratio of 120% or above and a long-term debt ratio of approximately 70%—with the aim of further improving the stability of its funding structure.

(3) Upgrade risk management

Sojitz will introduce more sophisticated risk management systems throughout its operations, fine tuning its comprehensive risk management framework. As a result, the Company will be able to manage risk and maintain a high-quality portfolio.

In the pursuit of high returns commensurate with risk, the Company is promoting widespread use of SCVA business management within the Sojitz Group as a framework to promote growth. Through such moves, Sojitz aims to maximize shareholder value and to create a healthy and highly efficient business portfolio.

(4) Financial targets

The plan's consolidated financial performance targets are as follows.

	Year ending March 31, 2007	Year ending March 31, 2008	Year ending March 31, 2009
Net income	¥49 billion	¥53 billion	¥60 billion
Recurring profit	¥83 billion	¥90 billion	¥100 billion

Shareholders' equity	¥500 billion (Year ending March 31, 2009)
Financial indicators	Current ratio: 120% or above (Year ending March 31, 2009)
	Long-term debt ratio: approx. 70% (Year ending March 31, 2009)

Note: The Company has revised its projections for financial performance for the year ending March 2007. Please refer to "Business Results and Financial Position" for further details.

3. Financial reorganization through elimination of preferred shares

On April 28, 2006, Sojitz concluded agreements with all relevant shareholders to repurchase all convertible preferred shares issued by the Company with conversion dates in May 2008 and beyond for a total acquisition cost of ¥342.9 billion (up to a ceiling of ¥354.1 billion depending on actual repurchase dates). The shares subject to these repurchase agreements accounted for ¥560.4 billion of the outstanding balance of ¥563.4 billion for convertible preferred shares as of September 30, 2006 after excluding the 1st Series Class III Preferred Shares (issuance value: ¥3.0 billion), which is already valid for conversion. This move promises to accelerate the capital restructuring of the Company through the elimination of outstanding preferred shares.

On May 25, 2006, in line with the preferred share repurchases, Sojitz completed the issuance of a 3rd series and 4th series of convertible bonds with stock acquisition rights (henceforth, "convertible bonds") totaling ¥300 billion through private placement. As of September 30, 2006, common stock conversions of these bonds totaled ¥100 billion. The capital raised through the conversion of this convertible bond issue will finance the agreed preferred share purchases, thus helping to minimize the projected reduction in shareholders' equity while allowing the Company to reinforce its capital base. The conversion of these bonds into common stock also significantly reduces the extent of the sizable projected share dilution due to the convertible preferred shares. In line with the goal of the New Stage 2008 plan to boost shareholders' equity, Sojitz's aims are to promote gains in shareholder value by restricting overall share dilution while at the same time lessening the impact of preferred share dividends and preemptively mitigating any risk of future escalation in preferred share repurchase costs.

4. Basic policy on profit distribution

Sojitz is committed to establishing an earnings and capital structure that can support stable and sustained dividend payments to all shareholders. The New Stage 2008 plan includes further capital restructuring through the elimination of preferred shares. Sojitz aims to set a dividend for the fiscal year ending March 2007 after taking into account progress made in capital restructuring and the need to ensure an appropriate level of retained earnings to invest in reinforcing the business base.

5. Prospective challenges

One of the most important issues that Sojitz faces is to ensure the implementation of the three core initiatives in New Stage 2008 according to plan: further enhance growth strategies, accelerate capital and financial strategies, and upgrade risk management.

To realize the first initiative, the Company has distilled into a three-year plan the growth strategies for each business based on enhancing functions and expanding business investments. Follow-up structures are also being created to execute these growth strategies.

With the second initiative, Sojitz aims to undertake financial reorganization and to improve the stability of its funding structure while disclosing to the markets the progress made in these areas under the new medium-term management plan, New Stage 2008. As explained above, the capital restructuring involves the repurchase and cancellation of preferred shares. While seeking to dampen potential share dilution, the Company is also procuring capital from external sources to minimize reduction in shareholders' equity and to improve the financial structure.

Thirdly, Sojitz is upgrading risk management by extending previous initiatives to reform the risk control and operational management structures, the credit approval system and monitoring systems and business portfolio systems, and to construct an internal control system and compliance framework. A critical challenge is to strengthen risk management at the Group level.

The Company is promoting the greater adoption of SCVA business management within the Sojitz Group to facilitate the Group's exit from relatively unprofitable businesses and to develop a relentless focus on business areas where the Group enjoys a competitive advantage. These moves aim to reform the earnings structure and to promote the development of an improved business portfolio.

Sojitz regards the further reinforcement of management systems to support sustained Group development as a critical challenge, both to ensure consistent growth and to realize the goals established in the New Stage 2008 plan. The Company also plans to build systems and response capabilities in order to strengthen corporate governance, develop an internal control system, and undertake initiatives in the areas of corporate social responsibility (CSR) and compliance. Sojitz views such programs as key to ensuring its sustained development as a business enterprise.

Business Results and Financial Position

1. Business results

(1) Overview of first half of fiscal 2006

Supported by two major pillars of internal demand—consumer spending and capital investment—the Japanese economy expanded strongly in the six-month period ended September 30, 2006. Growth was sufficiently robust to absorb the move by the Bank of Japan in July 2006 to raise interest rates, bringing an end to the zero-rate policy. An improved employment situation and corporate growth expectations helped to underpin growth in consumer spending. Along with the expansion in capital investment, the economic recovery also continued to become more broadly based.

In the United States, the real economy maintained its underlying growth potential against the backdrop of financial policies aimed at taming inflationary pressures. Economic growth remained balanced as housing prices stabilized.

In Europe, investment in capital equipment, facilities and the construction sector helped to push up overall economic growth in Germany, France and other markets, as growth in consumer spending remained solid. The economy in the Eurozone maintained a gentle pace of expansion despite the persistent strength of the euro.

Many countries in Asia also recorded favorable growth. Higher exports continued to drive the growth of many economies, with buoyant internal demand also supporting ongoing expansion across the region. The coup staged by the military in Thailand in September had only a limited impact on economic activity.

China maintained its high rate of economic growth due to a combination of strong investment and steady growth in external demand. The central government responded by continuing to reinforce measures to restrain expansion. Meanwhile, the manufacturing sector of fast-expanding India continued to gain in power.

In terms of the overall global economy, the period was marked with concerns over the effects of persistently high prices for oil and other commodities. The outlook is for well-balanced global economic expansion to continue amid stabilizing oil prices.

In the interim period under review, consolidated net sales (total trading transactions) amounted to ¥2,529,244 million, an increase of 7.4% compared with the previous year. Sales were higher than in the previous year for all types of trading. Comparing year-on-year growth rates by category, sales from export transactions in the Energy & Mineral Resources, Machinery & Aerospace and other divisions increased 18.3%, while sales from import transactions in the Machinery & Aerospace and other divisions grew by 7.2%. Although sales from domestic transactions within the Real Estate Development & Forest Products and Chemicals & Plastics divisions declined, the Energy & Mineral Resources, Consumer Lifestyle Business and other divisions achieved growth of 0.8%. Sales from offshore transactions rose 12.4% in the Energy & Mineral Resources, Machinery & Aerospace, Consumer Lifestyle Business, Chemicals & Plastics and other divisions.

By industry segment, net sales in the Machinery & Aerospace Division rose 23.0% in year-on-year terms, reflecting strong growth in aircraft-related and automobile-related transactions. High commodity prices enabled the Energy & Mineral Resources Division to record year-on-year sales growth of 16.5%. Other divisions posting positive year-on-year growth in sales were the Consumer Lifestyle Business Division (6.0%) and the Chemicals & Plastics Division (3.8%). Lower condominium sales resulted in an 11.3% year-on-year decline in net sales in the Real Estate Development & Forest Products Division, despite a recovery in the lumber market. Net sales at Overseas Subsidiaries also declined, falling 11.8% compared with a year earlier due to a drop in some machinery-related business in the Americas.

Consolidated gross trading profit amounted to ¥122,585 million, rising 3.3% over the previous year due to growth in the automobile-related business of the Machinery & Aerospace Division and other factors. The growth in trading profit helped to offset a rise in selling, general and administrative (SG&A) expenses due to higher personnel costs. As a result, operating income grew 3.8% to ¥39,321 million. Supported by the increase in operating income, recurring profit rose 8.8% to ¥46,394 million. This also reflected an improvement in net other income due to a drop off in provisions for investments and loans, among other factors. Extraordinary gains totaled ¥7,734 million, including gains on the sale of investment securities (¥3,404 million) and a reversal of allowance for doubtful accounts (¥1,982 million). Extraordinary losses totaling ¥12,473 million included a loss on the dissolution of subsidiaries and affiliates plus related provisions (¥8,953 million) and evaluation losses on investment securities (¥1,748 million), resulting in a net extraordinary loss of ¥4,738 million.

As a result of the above, income before income taxes and minority interests for the six months ended September 30, 2006 was ¥41,655 million. After accounting for income taxes (¥8,810 million), deferred income taxes (a credit of ¥170 million) and minority interests in consolidated subsidiaries (¥1,658 million), Sojitz Corporation posted net income for the first half of fiscal 2006 of ¥31,356 million, a year-on-year increase of 21.0%.

(2) Consolidated results by industry segment

Machinery & Aerospace

Segment net sales amounted to ¥528,587 million, a year-on-year increase of 23.0%. This reflected strong growth in aircraft-related and overseas automobile-related operations. Operating income rose 24.6% to ¥8,448 million.

Energy & Mineral Resources

Reflecting high commodity prices, segment net sales amounted to ¥664,902 million, a year-on-year increase of 16.5%. Operating income rose 14.8% to ¥9,754 million, mainly due to higher gross trading profit.

Chemicals & Plastics

Segment net sales totaled ¥322,761 million, rising 3.8% on a year-on-year basis. Operating income was broadly flat at ¥9,252 million, declining by ¥3 million due to higher SG&A expenses.

Real Estate Development & Forest Products

Although conditions in lumber markets improved, segment net sales declined 11.3% to ¥174,358 million due to slower condominium sales. Improved profits on lumber trading activities and reduced SG&A expenses resulted in a 16.1% year-on-year increase in operating income to ¥5,301 million.

Consumer Lifestyle Business

Reflecting growth in the foods business and other areas, segment net sales were 6.0% higher than a year earlier at ¥448,283 million. However, increased SG&A expenses resulted in a 25.3% drop in operating income to ¥3,101 million.

Overseas Subsidiaries

Segment net sales totaled ¥330,005 million, falling 11.8% compared with a year earlier. This partly reflected a drop in some machinery-related business in the Americas. An increase in SG&A expenses also contributed to the 40.2% year-on-year decline in operating income to ¥2,108 million.

Other

Segment net sales rose 24.3% to ¥60,344 million. Amid a recovery at IT subsidiaries, operating income increased 3.5% to ¥1,279 million.

2. Outlook for fiscal 2006, ending March 2007

On October 31, 2006, Sojitz announced the following revisions to its performance outlook for fiscal 2006 (the fiscal year ending March 31, 2007), which was originally released on April 28, 2006 together with fiscal 2005 results.

(Consolidated)	April 28, 2006 forecasts	October 31, 2006 revision
Net sales	¥5,200 billion	¥5,300 billion
Recurring profit	¥83 billion	¥89 billion
Net income	¥49 billion	¥56 billion

Rationale for revision: The projected full-year figures have been revised upwards in light of interim performance.

(Non-consolidated)	April 28, 2006 forecasts	October 31, 2006 revision
Net sales	¥2,600 billion	¥2,700 billion
Recurring profit	¥32 billion	¥43 billion
Net income	¥26 billion	¥29 billion

Rationale for revision: The projected full-year figures have been revised upwards in light of interim performance and higher dividends from subsidiaries. The revised earnings projections also reflect the booking of an extraordinary loss (Loss on retirement of investments to subsidiaries through merger) related to the absorption of subsidiaries, among other factors.

The above outlook assumes an exchange rate of ¥110/US$ and a crude oil price of US$65/BBL (Brent).

Forward-looking Statements
The above forecasts have been calculated based on management's judgments and assumptions in accordance with information available at the time of disclosure. Accordingly, readers are advised that actual results may differ significantly from forecasts 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.

3. Financial position

(1) Consolidated balance sheet

Aiming to realize the shift to a high-quality earnings structure, Sojitz continued to make progress in selectivity and focus-oriented initiatives designed to entrench the Company's business portfolio strategy. Sojitz also continued to invest resources in growth domains with the aim of raising SCVA, an internal risk/return indicator.

Sojitz is also working to improve its debt structure. Specific steps included procuring new sources of long-term funding and diversifying fund procurement through the issue of straight bonds and other instruments with the ultimate aim of achieving a more stable funding structure, as evidenced by an improved current ratio and long-term debt ratio.

In addition, in financial restructuring aimed at eliminating the large preferred share component of equity, the Company concluded agreements with relevant shareholders to repurchase convertible preferred shares for a total acquisition cost of ¥342,920 million (subject to a ceiling of ¥354,128 million, depending on actual repurchase dates). The shares subject to these repurchase agreements accounted for ¥560.4 billion of the outstanding balance of ¥563.4 billion in preferred shares as of September 30, 2006 after excluding the 1st Series Class III Preferred Shares (issuance value: ¥3.0 billion), which is already valid for conversion.

To execute these planned preferred share repurchases, Sojitz issued two new series of convertible bonds with stock acquisition rights (the 3rd and 4th) totaling ¥300 billion. The replacement of preferred share with a bond issue convertible into common stock minimizes the reduction in shareholders' equity and restricts the overall scope of the projected share dilution due to convertible preferred shares. Through this move, Sojitz aims to accumulate shareholder equity by restricting overall share dilution while at the same time lessening the impact of preferred share dividends and preemptively mitigating any risk of future escalation in preferred share repurchase costs. Common stock conversions of the convertible bond issue totaled ¥100 billion as of September 30, 2006, and ¥110 billion as of October 31, 2006.

(2) Consolidated cash flows

In the fiscal half-year under review, net cash provided by operating activities and financing activities was ¥6,528 million and ¥120,894 million, respectively. Net cash used in investing activities totaled ¥262,436 million. After accounting for the effects on cash and cash equivalents of currency translation adjustments and changes in the scope of consolidation, the balance of cash and cash equivalents as of September 30, 2006 was ¥369,757 million.

Cash flows due to operating activities

Net cash provided by operating activities in the period under review amounted to ¥6,528 million. This represented an increase of ¥17,792 million in cash inflow compared with the same period in the previous fiscal year. The positive effects on operating cash flow of factors such as higher operating income and an increase in trade payables outweighed larger cash outflows due to increased trade receivables and inventories.

Cash flows due to investing activities

Net cash used in investing activities in the period under review was ¥262,436 million, a decrease of ¥310,736 million in cash inflow compared with the same period in the previous fiscal year. Major items of cash expenditure included an increase in time deposits prior to the receipt of the proceeds from a convertible bond issue. The deposits were made in preparation for planned repurchases of preferred shares.

Cash flows due to financing activities

Net cash provided by financing activities in the period under review totaled ¥120,894 million, an increase of ¥95,912 million in cash inflow compared with the same period in the previous fiscal year. Major items of cash inflow included the proceeds from a ¥300 billion convertible bond issue to finance preferred share acquisitions.

4. Business and Other Risks

The Sojitz Group is engaged in a wide and diverse range of activities including general trading; the purchase, sale and trade of goods and commodities; and the manufacture and sale of a wide variety of products in Japan and overseas. The Sojitz Group also provides comprehensive services to a variety of industries on a global scale. In addition, it is engaged in planning and arranging projects, and investing in a variety of business fields and financial activities.

In light of these activities, the Sojitz Group is confronted by numerous risks. These risks include: market risk relating to movements in foreign exchange rates, interest rates, commodity market conditions, and stock prices; credit risk relating to non-payment and collection; investment risk; country risk; and other risks. These risks are to a certain degree unpredictable, and as they cannot be accurately ascertained, can impact the performance and financial situation of the Group. Although risk can not be entirely mitigated, the Group is reinforcing and enhancing risk management to address wide-ranging business risks where possible. Sojitz recognizes that a unified and integrated approach across the Group is critical to comprehensive risk management. This also entails quantifying and monitoring risk on an ongoing basis as a vital element of operations. Additionally, the Company is building an internal control system and reinforcing the compliance structure with the aim of enhancing the management of risk that can not be quantified.

The Sojitz Group is confronted by the following risks in the execution of its daily business activities:

(1) Market Risk

The Sojitz Group is engaged in global business development and trade and is accordingly subject to a variety of market risks. Certain transactions are denominated in foreign currencies and as such are subject to exchange rate risks. The Group is also susceptible to movements in interest rates in connection with funds procurement and its investment activities. In its daily operating activities, the Group enters into purchase agreements, maintains inventories, and is exposed to commodity price risk. In addition, the Group is exposed to stock price risk due to its holdings of marketable and other securities. As a result, the Group is subject to a variety of market risks, and transactions susceptible to market risk are not limited to those identified above.

The Sojitz Group works to avoid market risk-related losses by maintaining limits on the position (short/long) a business unit may assume and by setting loss-cut points. As well as managing these positions and any related losses, the Group strictly adheres to the loss-cut rule: if a loss greater than the loss-cut point occurs, the position is immediately dissolved and new transactions are prohibited during the applicable fiscal year. In order to offset market risks related to its general marketing and finance activities, the Group matches buying and selling transactions for commodities, adopts a matching principle for its assets and liabilities, and applies derivative financial instruments including forward foreign currency contracts, commodity futures and interest rate swaps.

(2) Credit Risk

In the course of its business, the Sojitz Group extends credit facilities to a large number of customers in Japan and overseas, which in turn exposes the Group to credit risk. As part of efforts to manage and control this risk, the Sojitz Group has established an 11-tier credit assessment system. In each instance, the Group objectively determines a credit rating for each customer, and based on this rating, sets the level of credit for the individual transaction. In addition, the Group strives to implement strict security and other collateral requirements in line with the credit rating for each customer. Furthermore, the Group undertakes periodic assessment of credit risk related to deferred payment, finance and guarantee procedures based on risk/return considerations. When the risk/return is considered insufficient, steps are taken to improve returns and reduce risks.

(3) Investment Risk

One of the major business activities of the Sojitz Group is investing in a variety of business fields, which are subject to changes in investment values and other risks. The Company has established a screening system to ascertain the merits and risks of each investment proposal, and a management system to follow-up investments. Clearly defined standards have also been formulated with regard to withdrawal from an investment. Through these initiatives, the Group is working to prevent and reduce loss.

The Company has established a system to adequately screen and select new business investment opportunities. On evaluating each proposal, the relevant business plan, including cash flow projections, is comprehensively examined. Profitability is also strictly assessed by setting a hurdle rate based on the internal rate of return (IRR).

Proposals that have been approved and implemented are subject to periodic review to ensure the early detection of issues and problems. In the event an issue or problem arises, steps are taken to ensure minimum loss. In addition, in order to ensure early detection and in an effort to avoid issues and problems, guidelines are established at the early stages to define acceptable risk and return, and to identify conditions for withdrawal and loss write-off.

(4) Country Risk

The Sojitz Group is subject to country risk in its trading operations and activities. In order to minimize country risk, the Company avoids excessive investment exposure to any one country or region. To this end, the Company evaluates each country and region and assigns a risk rating for each. For countries and regions with a high country risk rating, the Company sets maximum net exposure limits in proportion to the country rating and size, within which the Company operates.

In addition, for countries allocated a high country risk rating, country risk avoidance measures such as trade insurance are implemented for each proposal.

Consolidated Statements of Income

for the interim period ended September 30, 2006

Millions of yen

	Interim Period ended September 30, 2006	Percentage of Net sales (%)	Interim Period ended September 30, 2005	Percentage of Net sales (%)	Difference	
					Amount	Percentage
Net sales	**2,529,244**	**100.00**	2,354,027	100.00	175,217	7.44
Cost of sales	(2,406,658)	(95.15)	(2,235,356)	(94.96)	(171,302)	7.66
Gross trading profit	**122,585**	**4.85**	118,670	5.04	3,915	3.30
Selling, general and administrative expenses	(83,264)	(3.30)	(80,771)	(3.43)	(2,493)	3.09
Operating income	**39,321**	**1.55**	37,899	1.61	1,422	3.75
Interest income	7,307	0.29	6,305	0.27	1,002	15.89
Dividends	3,513	0.14	4,427	0.19	(914)	(20.65)
Equity in earnings of unconsolidated subsidiaries and affiliates	11,602	0.46	11,911	0.51	(309)	(2.59)
Other income	9,976	0.39	11,841	0.49	(1,865)	(15.75)
Non-operating income	32,400	1.28	34,485	1.46	(2,085)	(6.05)
Interest expense	(19,602)	(0.78)	(18,514)	(0.79)	(1,088)	5.88
Interest expense on commercial papers	(58)	0.00	(1,292)	(0.05)	1,234	(95.51)
Other expenses	(5,667)	(0.22)	(9,954)	(0.42)	4,287	(43.07)
Non-operating expense	(25,327)	(1.00)	(29,761)	(1.26)	4,434	(14.90)
Recurring profit	**46,394**	**1.83**	42,622	1.81	3,772	8.85
Extraordinary income/(loss)-net	(4,738)	(0.18)	(2,121)	(0.09)	(2,617)	123.39
Income before income taxes	**41,655**	**1.65**	40,501	(1.72)	1,154	2.85
Income taxes; Current	(8,810)	(0.35)	(9,786)	(0.42)	976	(9.97)
Deferred	170	0.01	(3,129)	(0.13)	3,299	-
Minority interests in consolidated subsidiaries	(1,658)	(0.07)	(1,678)	(0.07)	20	(1.19)
Net Income	31,356	1.24	25,908	1.10	5,448	21.03

Extraordinary Income and Loss

for the Interim Period ended September 30, 2006

Millions of yen

	Interim Period ended September 30, 2006	Interim Period ended September 30, 2005	Increase/ Decrease
Extraordinary Income;			
Gain on sale of disposal of properties	1,734	3,049	(1,315)
Gain on sale of investment securities	3,404	3,913	(509)
Gain on sale of investments in partnership	180	-	180
Dilution gain from changes in equity-interests	95	-	95
Reversal of allowance for doubtful accounts	1,982	5,271	(3,289)
Gain on sale of certain overseas receivables	30	-	30
Gain on bad debt recovered	305	110	195
Total extraordinary income	7,734	12,345	(4,611)
Extraordinary Loss;			
Loss on sale and disposal of properties	(911)	(843)	(68)
Impairment loss on fixed assets	(692)	(1,887)	1,195
Loss on sale of investment securities	(23)	(3,201)	3,178
Loss on sale of investments in partnership	(1)	-	(1)
Evaluation loss on investment securities	(1,748)	(386)	(1,362)
Dilution loss from changes in equity-interests	(4)	-	(4)
Loss, and provision for loss on dissolution of subsidiaries and affiliates	(8,953)	(5,434)	(3,519)
Special early retirement benefits	(136)	-	(136)
Restructuring loss	-	(2,713)	2,713
Total extraordinary loss	(12,473)	(14,466)	1,993
Extraordinary income/loss, net	(4,738)	(2,121)	(2,617)

Reference: the following accounts are not included in the above extraordinary items.

Provision for doubtful receivables	(189)	(395)	206

(Included in Selling, general & administrative expenses)

Consolidated Balance Sheets

As of September 30, 2006

Assets

Millions of yen

	September 30, 2006	March 31, 2006	Increase/ Decrease
Current assets;			
Cash and deposits	675,323	521,937	153,386
Trade notes and trade accounts receivable	631,698	613,513	18,185
Securities	6,771	6,471	300
Inventories	248,496	214,163	34,333
Short-term loans receivable	20,718	44,237	(23,519)
Deferred tax assets-current	7,155	8,886	(1,731)
Other current assets	118,749	116,416	2,333
Allowance for doubtful receivables	(11,946)	(15,172)	3,226
Total current assets	1,696,966	1,510,454	186,512
Fixed assets;			
Tangible assets	233,095	246,665	(13,570)
Intangible assets;	95,738	100,131	(4,393)
Goodwill	72,010	76,897	(4,887)
Other intangible assets	23,727	23,233	494
Investments and other fixed assets;	657,363	663,403	(6,040)
Investments securities	469,039	488,291	(19,252)
Long-term loans receivable	48,260	38,867	9,393
Non-performing receivables	165,256	176,527	(11,271)
Deferred tax assets-non-current	35,529	23,880	11,649
Others	58,824	58,793	31
Allowance for doubtful receivables	(119,549)	(122,956)	3,407
Total fixed assets	986,196	1,010,200	(24,004)
Deferred assets	2,109	1,024	1,085
Total assets	2,685,271	2,521,679	163,592

Consolidated Balance Sheets
As of September 30, 2006

Liabilities and net assets

Millions of yen

	September 30, 2006	Marchi 31, 2006	Increase/ Decrease
Liabilities			
Current liabilities			
Trade notes and trade accounts payable	490,461	451,438	39,023
Short-term loans payable	447,514	545,072	(97,558)
Commercial paper	21,900	29,200	(7,300)
Current portion of long-term loans payable	191,410	239,841	(48,431)
Income taxes payable	7,049	7,774	(725)
Deferred tax liabilities-current	63	41	22
Allowance for employees' bonus	6,943	5,148	1,795
Other current liabilities	124,873	138,198	(13,325)
Total current liabilities	1,290,217	1,416,716	(126,499)
Non-current liabilities;			
Bonds, less current portion	331,372	99,036	232,336
Long-term loans payable	414,298	473,109	(58,811)
Deferred tax liabilities -non-current	15,339	13,553	1,786
Deferred tax liabilities -revaluation	1,262	445	817
Allowance for retirement benefits	23,659	25,558	(1,899)
Other non-current liabilities	24,361	29,185	(4,824)
Total non-current liabilities	810,294	640,887	169,407
Total liabilities	2,100,512	2,057,603	42,909
Minority Interests	-	37,125	-
Shareholders' equity			
Common and Preferred stock	-	130,549	-
Capital surplus	-	166,754	-
Retained earnings	-	92,487	-
Revaluation difference on land	-	(2,619)	-
Net unrealized gains on available-for-sale securities	-	90,547	-
Valuation difference on available-for-sale securities	-	(50,655)	-
Treasury stock	-	(113)	-
Total shareholders' equity	-	426,949	-
Total liabilities, minority interest and shareholders' equity	-	2,521,679	-
Owners' equity;			
Common and preferred stock	60,127	-	
Capital surplus	337,177	-	
Retained earnings	122,464	-	
Treasury stock	(119)	-	
Total owners' equity	519,649	-	
		-	
Valuation and translation adjustments;		-	
Valuation difference on available-for-sale securities	77,940	-	
Defferred gains or losses on hedges	1,200	-	
Revaluation difference on land	(1,981)	-	
Foreign currency translation adjustments	(51,164)	-	
Total valuation and translation adjustments	25,995	-	
		-	
Minority Interests;	39,114	-	
Total net assets	584,759	-	
Total liabilities and net assets	2,685,271	-	

Consolidated Statements of Cash Flows

for the Interim Period ended September 30, 2006

Millions of yen

	Interim Period ended September 30, 2006	Interim Period ended September 30, 2005	Increase/ Decrease
Operating activities;			
Gain before income taxes and minority interests	41,655	40,501	1,154
Depreciation and amortization	10,946	10,912	34
Loss on revaluation of securities	1,748	386	1,362
Increase in allowance for doubtful receivables	(6,739)	(53,099)	46,360
Interest and dividend income	(10,821)	(10,732)	(89)
Interest expense	19,660	19,807	(147)
Equity in earnings of unconsolidated subsidiaries and affiliates	(11,602)	(11,911)	309
Gain/loss on sale of securities	(5,086)	(2,547)	(2,539)
Gain/loss on sale and disposal of property & equipment	(823)	(2,205)	1,382
Increase/decrease in trade receivables	(27,920)	23,989	(51,909)
Increase/decrease in inventories	(34,703)	(17,165)	(17,538)
Increase/decrease in trade payables	43,238	(32,268)	75,506
Other, net	(13,024)	23,068	(36,092)
Net cash provided by operating activities	6,528	(11,264)	17,792
Investing Activities			
Increase/decrease in time deposit, net	(290,266)	(1,339)	(288,927)
Increase/decrease in marketable securities, net	6	1,802	(1,796)
Payments for property & equipment	(7,570)	(12,366)	4,796
Proceeds from sale of property & equipment	10,900	8,764	2,136
Payments for purchase of investment securities	(10,705)	(7,991)	(2,714)
Proceeds from sale of investment securities	21,441	17,728	3,713
Increase/decrease in short - term loans receivable, net	25,320	17,730	7,590
Increase of long - term loans receivable	(15,589)	(5,381)	(10,208)
Collection of long-term loans receivable	2,028	14,887	(12,859)
Other, net	1,997	14,467	(12,470)
Net cash provided by investing activities	(262,436)	48,300	(310,736)
Financing activities			
Increase/decrease in short-term debt, net	(96,687)	(165,550)	68,863
Decrease in commercial paper, net	(7,300)	(55,400)	48,100
Proceeds from long-term debt	32,706	233,761	(201,055)
Repayments of long-term debt	(129,978)	(100,783)	(29,195)
Proceeds from issuance of bonds	334,775	124,169	210,606
Redemption of bonds	(10,889)	(10,927)	38
Other, net	(1,731)	(287)	(1,444)
Net cash used in financing activities	120,894	24,982	95,912
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(1,800)	4,687	(6,487)
Net Decrease in Cash & Cash Equivalents	(136,813)	66,706	(203,519)
Cash & cash Equivalents at the Beginning of the Period	506,254	409,266	96,988
Effect of Change in Scope of Consolidation	316	(24)	340
Cash & Cash Equivalents at the End of the Period	369,757	475,947	(106,190)

Segment Information

for the Interim Period ended September 30, 2006

Industry Segments

The industry segment information for the interim period ended September 30, 2006 and preceding interim period are as follows:

Interim Period ended September 30, 2006

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business	Overseas Subsidiaries
Net sales						
Outside customers	528,587	664,902	322,761	174,358	448,283	330,005
Inter-segment	4,137	4,065	22,429	1,066	7,167	178,556
Total	532,725	668,968	345,191	175,424	455,451	508,562
Operating expense	524,276	659,213	335,938	170,123	452,349	506,454
Operating income	8,448	9,754	9,252	5,301	3,101	2,108
Total assets (As of September 30, 2006)	334,523	464,660	378,199	243,427	293,845	372,360

	Other	Total	Elimination & Unallocated	Consolidated
Net sales				
Outside customers	60,344	2,529,244	-	2,529,244
Inter-segment	12,641	230,065	(230,065)	-
Total	72,986	2,759,310	(230,065)	2,529,244
Operating expense	71,706	2,720,062	(230,139)	2,489,922
Operating income	1,279	39,247	74	39,321
Total assets (As of September 30, 2006)	147,861	2,234,879	450,392	2,685,271

Notes:

1. Unallocated costs and expenses included in “Elimination or Unallocated” totaled 235 millions of yen and comprised mainly administrative group expenses.

2. Company assets included in “Elimination or Unallocated” totaled 611,088 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

Segment Information

for the Interim Period ended September 30, 2006

Industry Segments (Continued)

(Ref.)Interim 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 (loss)	6,781	8,493	9,255	4,565	4,150	3,528
Total assets (As of March 31, 2005)	325,062	462,958	360,939	232,052	292,281	441,054

	Other	Total	Elimination & 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 (loss)	1,236	38,012	112)	37,899
Total assets (As of March 31, 2005)	176,164	2,290,514	231,165	2,521,679

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 447,487 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

Segment Information

for the Interim Period ended September 30, 2006

Geographic Segments

The geographic segment information for the interim period ended September 30, 2006 and preceding interim period are as follows:

Interim Period ended September 30, 2006

Millions of yen

	Japan	North America	Europe	Asia & Oseania	Other	Total	Elimination & Unallocated	Consolidated
Net sales								
Outside customers	1,911,932	166,504	82,475	331,539	36,792	2,529,244	-	2,529,244
Inter-area	167,654	52,249	14,280	121,500	151	355,836	(355,836)	-
Total	2,079,587	218,754	96,756	453,039	36,943	2,885,081	(355,836)	2,529,244
Operating expense	2,061,320	214,964	92,231	444,490	33,335	2,846,343	(356,420)	2,489,922
Operating income	18,267	3,789	4,524	8,548	3,608	38,738	583	39,321
Total assets (As of September 30, 2006)	1,924,724	158,477	157,560	274,691	52,591	2,568,045	(117,226)	2,685,271

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:	Central and South America and Africa

3. Unallocated costs and expenses included in “Elimination or Unallocated” totaled 235 millions of yen and comprised mainly administrative group expenses.
4. Company assets included in “Elimination or Unallocated” totaled 611,088 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

(Ref.) 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	18,533	5,638	2,680	6,608	4,163	37,624	274	37,899
Total assets (As of March 31, 2005)	1,884,885	199,846	176,432	272,107	47,265	2,580,538	(58,859)	2,521,679

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 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 447,487 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

Financial Results for the Fiscal 2006 Interim Period

New way, New value

Sojitz Corporation

October 31, 2006

Presentation Summary

- In light of strong interim operating performances, Sojitz has upwardly revised its full-year forecasts

- Firm progress in undertaking new investments and loans to drive sustainable growth

- Steady progress in conversion of convertible bonds to eliminate preferred shares

I. Summary of Fiscal 2006 Interim Results and Full-year Forecasts

Fiscal 2006 Interim Results: Profit and Loss Summary

On the basis of strong interim operating performances, Sojitz has raised its full-year forecasts

(Unit: Billions of yen)

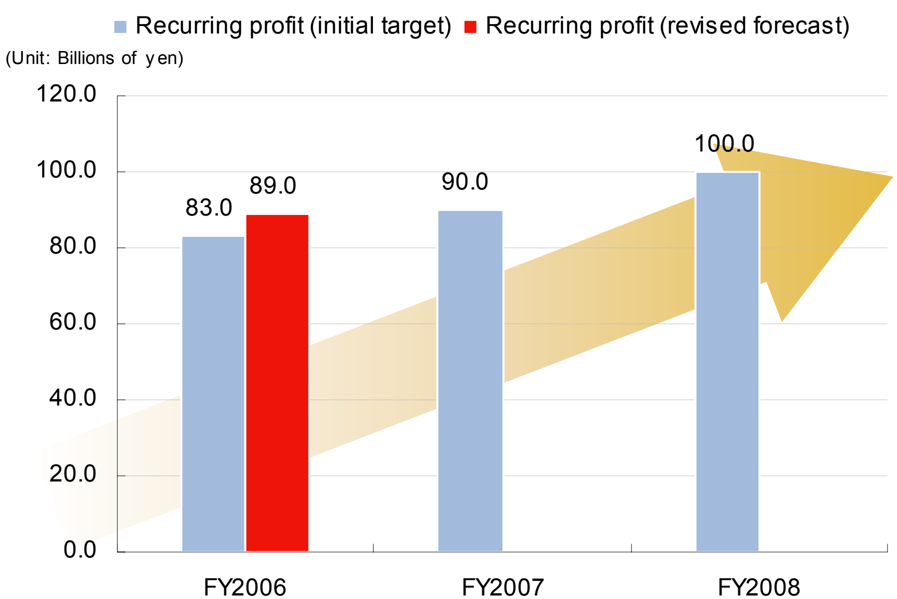
	Interim FY2005 Results	Interim FY2006 Results	Change	FY2006 Full-year Forecasts (Initial)	FY2006 Full-year Forecasts (Revised)	Amount of Increase (Rate of Increase)	Performance against revised forecasts
Net sales	2,354.0	2,529.2	+175.2	5,200.0	5,300.0	＋100.0 (+2%)	48%
Gross trading profit	118.7	122.6	+3.9	253.0	258.0	＋5.0 (+2%)	48%
Operating income	37.9	39.3	+1.4	81.0	85.0	＋4.0 (＋5%)	46%
Recurring profit	42.6	46.4	+3.8	83.0	89.0	＋6.0 (+7%)	52%
Net income	25.9	31.4	+5.5	49.0	56.0	＋7.0 (＋14%)	56%

- One-off positive factors of about ¥3 billion were present in the same period of the previous year; excluding these factors, recurring profit rose 17% in real terms (from ¥39.6 billion in interim FY2005 to ¥46.4 billion in interim FY2006)
- Full-year forecasts were revised upwards in light of strong performances in Energy & Mineral Resources, Machinery & Aerospace, and elsewhere

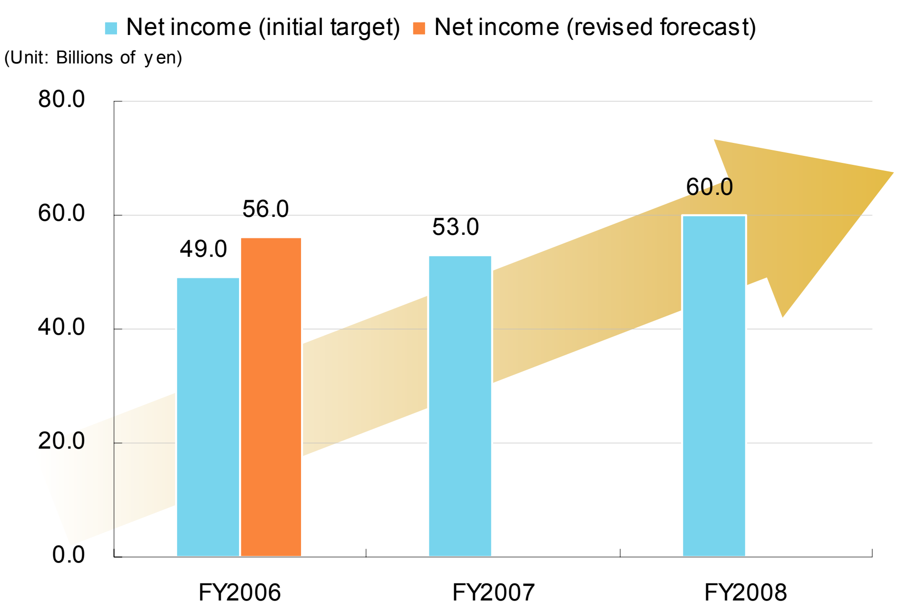
Financial Targets: Recurring Profit and Net Income

On course for achieving targets for FY 2008, the final year of the current medium-term management plan (New Stage 2008), based on revised forecasts for FY2006 full-year forecasts

Recurring profit



Net income



Revision of FY2006 Full-year Forecasts (Recurring Profit by Industry Segment)

(Unit: Billions of yen)

	FY2006 initial forecast	FY2006 revised forecast	Change	Current position and full-year outlook
Machinery & Aerospace	11.5	11.7	+0.2	● Automobiles: Firm performance through expansion in transaction volume in Central & 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 ● Information & industrial machinery: Soft performance due to delays in exports of plant and IT equipment and other factors
Energy & Mineral Resources	22.8	27.7	+4.9	● Oil, gas and LNG: Delay in increasing gas output covered by strong performance in upstream oil concessions rights business ● Coal and steel: Strong sales in coal and robust performance by equity-method affiliate Metal One Corporation ● Mineral resources: Robust performance due to steady alumina sales and higher-than-expected prices in the molybdenum market
Chemicals & Plastics	7.8	5.5	-2.3	● Chemicals, fertilizer and methanol: Strong performances in all three businesses ● 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	7.5	8.6	+1.1	● Real estate development: Generally in line with plan due to greater portion of earnings generated in 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	6.9	5.8	-1.1	● Textiles: Despite operating focus on second half of year, soft performance due to slump in apparel retail sales ● Foods: 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 in woodchips
Overseas Subsidiaries	12.8	14.0	+1.2	● Weaker performance expected in China, but robust conditions in machinery-related operations in the Americas leading to strong performance overall
Other	13.7	15.7	+2.0	● New Business Development Group: Moderately weak performance due to slow sales of hard disk drives at Nissho Electronics Corporation ● Corporate: Generally smooth progress
Total	83.0	89.0	+6.0	

Market Prices, Exchange Rates and Interest Rates

(1) Market Prices

	FY2006 Assumptions	FY2006 Actual interim average	FY2006 Second half average forecast	<Reference> Current market prices (As of Oct. 30)
Crude oil (Brent)*	$50/bbl (barrels)	$66/bbl	$65/bbl	$58.5/bbl
Coal	Prices based on contracts for the year; virtually unaffected by spot market prices Contracts already concluded for majority of coal transactions based on equity shares in production during FY2006			
Molybdenum	$16/lb (pounds)	$23.7/lb	$25.1/lb	$25.5/lb
Vanadium	$5.5/lb (pounds)	$8.4/lb	$7.2/lb	$7.3/lb

*Impact of fluctuations in crude oil price on earnings: $1/barrel change = ¥0.1 billion - ¥0.15 billion change in recurring profit

(2) Exchange Rate

Assumption	FY2006 ¥110/$ Interim average ¥115.4/$ Second half assumption ¥110/$
Effect on earnings	When the exchange rate fluctuates by ¥1/US$, net sales change by around ¥10 billion, and recurring profit changes by ¥0.1 billion to ¥0.2 billion. The effect on the balance sheet is to alter shareholders' 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	FY2006 Short-term rate 0.85% approx. Long-term rate 2% approx.
Effect on earnings	When interest rates change by 1%, annual earnings are altered by around ¥1.7 billion to ¥2.0 billion.

II. Growth Strategies

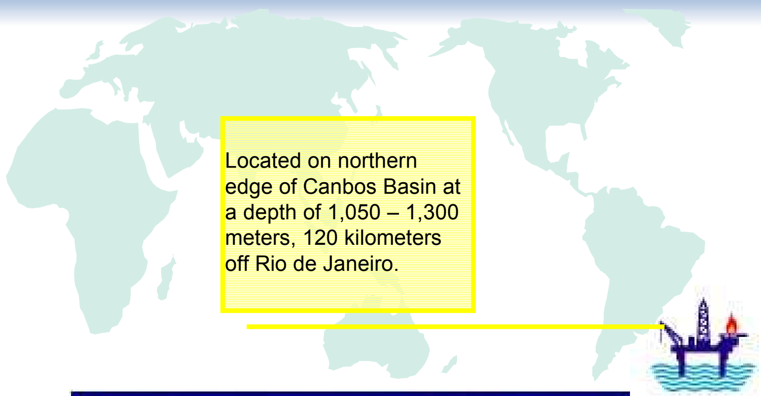
Main New Investment and Loan Projects in Interim Period

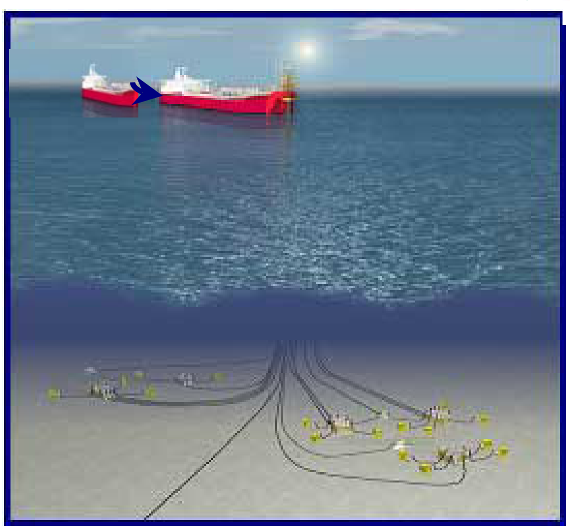
Growth strategy	Main project	Amount (Billions of yen)	Total (Billions of yen)	Overview
Securing resources	Cleaver Bank area and West Sole area gas field in North Sea (U.K.)	12.0	32.5	Production platform and pipeline has been already in place for core Grove gas field business. Production is scheduled to start from December 2006. After drilling proceeds, Sojitz's equity portion of production is expected to reach 3,500 barrels per day in 2008.
	Frade oil field, Brazil	8.5		In Brazil, where Sojitz has a strong presence, a good relationship with Petrobras over many years has resulted in the decision to begin commercial development of a project Sojitz has been involved in since the initial stage about 10 years ago. This leading project has low costs and no premium payments, and is currently the only upstream rights business involving Japanese companies to enter commercial development in Brazil
	WC168 concession, Gulf of Mexico (U.S.A.)	7.0		Additional participation in a gas field in the Gulf of Mexico.
	Additional purchase of concessions in Minerva coal mine, Australia	3.0		Sojitz has increased its rights in the Minerva coal mine in Australia, in which Sojitz has participated since 1994, with equity interest rising from 30% to 45%. Sojitz expects to handle an annual volume of 1.13 million tons, boosting sales not only to Japan but also to Asia with its vigorous demand for fuel coal.
	Alamein and Yidmar oil fields, Egypt	2.0		After well-drilling and other activities proceed, Sojitz's equity portion of production is expected to be 1,800 barrels per day by mid-2008.
Value Chain	Automobile-related	5.0	8.5	Invest to strengthen relationship with an automaker.
	Vietnam aluminum hydroxide project	3.0*		With partner Nippon Light Metal Co., Ltd., Sojitz plans to build Asia's largest aluminum hydroxide plant in Vietnam, where Sojitz has historically been strong. As well as investing in the project itself, Sojitz will sell the aluminum hydroxide produced in South East Asia and elsewhere.
	Apparel-related	0.5		Invest in manufacturing plants in China.
Core trading	Establish single veneer processing plants in Russia and China	4.0	12.0	Overseas, strengthen original product development functions in order to respond to diverse needs in Japan.
	Shopping center business	4.0*		Establish a suburban shopping center in Saitama Prefecture, Japan.
	Food-related	3.0		Invest in manufacturing and sales sites in China/South East Asia.
	A.D.Vision, Inc.(Anime content)	1.0		Invest in A.D. Vision, Inc., North America's biggest distributor of anime content.
Total (commitment basis) (*Current forecasts)			53.0	

•Firm progress in undertaking new investments and loans to achieve sustainable growth (¥300 billion during three-year medium-term management plan)
•From second half of the year, large investments lined up in Energy & Mineral Resources, Machinery & Aerospace, and elsewhere

Securing Resources Case Study: Frade Oil Field, Brazil

In Brazil, where Sojitz has a strong presence, the decision has been taken to begin commercial development of this project—first upstream rights business involving a Japanese company





Development to be carried out through the combined use of a floating production, storage and offloading (FPSO) system and a seabed production system. After FPSO processing and storage, crude oil is shipped by shuttle tanker.

-Sojitz has been involved in the Frade oil field development since 1999 due to a long-standing good relationship with partner Petrobras.

-First upstream concession rights business involving Sojitz and other Japanese companies to enter commercial development in Brazil, South America’s second-largest oil producer.

-This leading project has low costs and no premium payments as Sojitz has been involved since the development stage.

-Looking ahead, Sojitz will continue to ensure strong relationships with partners Petrobras and INPEX Corporation, aiming to create further business.

Project overview:

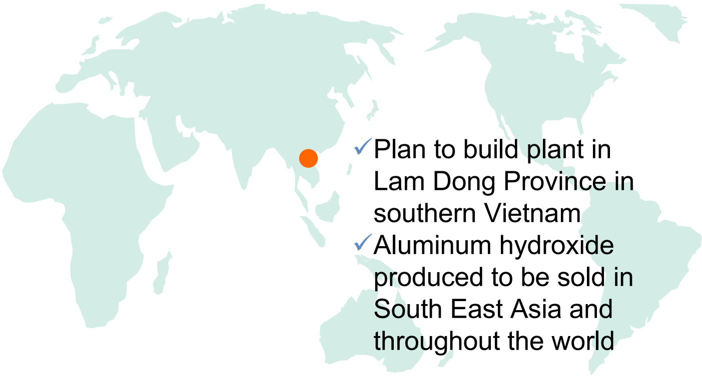
-Total project business expenses: Approx. ¥276 billion
Sojitz's investment: ¥8.5 billion

-Recoverable reserves: Approx. 300 million barrels
Sojitz's equity portion: 2.3%; 6.9 million barrels

-Production start: Scheduled for April 2009
Production volume: Estimated at 100,000 barrels/day (at peak)

Value Chain Case Study: Vietnam Aluminum Hydroxide Project

Sojitz plans to build Asia's largest aluminum hydroxide plant in Vietnam, where Sojitz has historically been strong



Nippon Light Metal Co., Ltd.'s aluminum hydroxide Plant in Shimizu, Shizuoka Prefecture, Japan

-Management resources to be channeled into Vietnam, where Sojitz has historically been strong, and in line with medium-term management plan that positions Vietnam as a key area for Sojitz along with Thailand and Russia.

-Sojitz's Hanoi Liaison Office boasts a 20-year tradition.

-Sojitz also has strong domestic relationship with Nippon Light Metal Co., Ltd. and is planning to join its project to transfer a aluminum hydroxide plant to Vietnam.

-Vietnam holds the world's third largest reserves of bauxite, the raw material for aluminum hydroxide.

-Sojitz plans to invest in local operating company (share as yet undecided), and sell aluminum hydroxide produced to South East Asia and throughout the world.

-Will further strengthen the chemicals value chain.

Project overview:

-Total project business expenses: ¥40 billion (approx. estimate)

-Partners: Vietnam Chemicals Group, Nippon Light Metal Co., Ltd

-Production capability: 550,000 tons/year (estimate)

-Uses: Water-treatment materials, artificial marble, fire retardants

Core Trading Case Study: Mallage Shobu Shopping Center

A new project of a shopping center business being developed throughout Japan

MORE STYLISH、MORE HAPPY! SHOBU

Artist's impression of interior

2F Exiting Life

- ✓Young fashion
- ✓Ladies' casual clothing
- ✓General clothing
- ✓General lifestyle items
- ✓Food court
- ✓Cinema complex
- ✓Amusement activities
- ✓Fitness club
- ✓Other facilities

Artist's impression of interior

1F Classy Life

- ✓Supermarket
- ✓Home center
- ✓Drugstore
- ✓Restaurant
- ✓Café
- ✓Dry cleaning
- ✓Travel center
- ✓Medical clinic
- ✓Other facilities

-Sojitz leverages its ability to implement integrated approach covering acquiring land, planning stores, attracting tenants and operating stores

-In principle, Sojitz will sell the shopping center after enhancing its business value, and aim to accumulate operational expertise through involvement in administrative operations after the sale

[Basic policy for Mallage Shobu Shopping Center]

-Business development theme:
Stylish excellence
A stylish shopping mall in harmony with nature

-Layout theme:
The Great Dipper
The main layout comprises seven shopping courts, like the seven stars of the constellation

-Merchandising theme:
Discovering your own new style
Merchandising concept offering new lifestyles

Project overview:

-Total planned investment: ¥4.0 billion

-Scheduled opening date: Spring 2008

-Location: Shobu-machi, Minami Saitama-gun, Saitama Prefecture, Japan

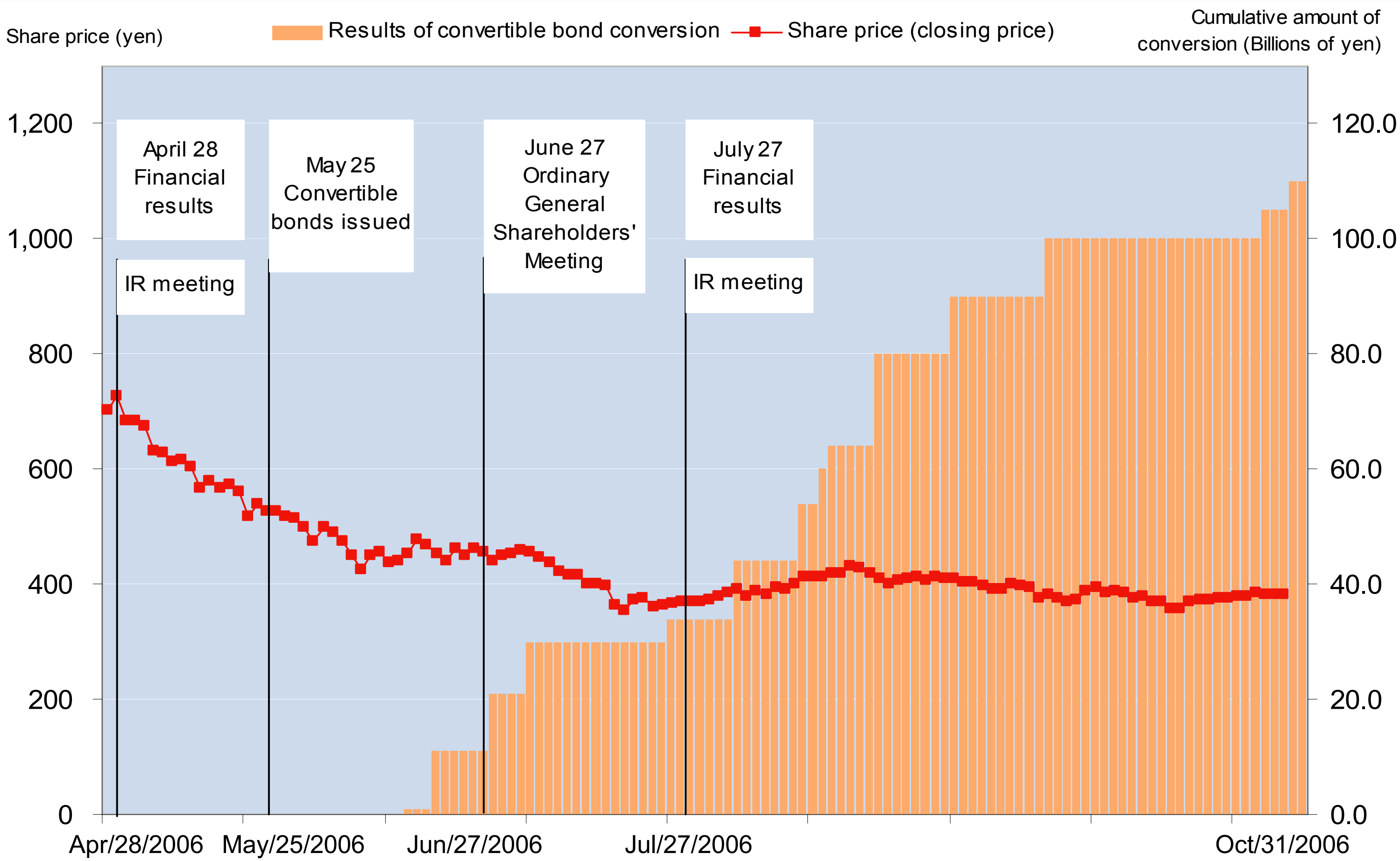
-Site area: Approx. 143,000 m^2 (Commercial area: Approx. 70,500 m^2)

-Parking capacity: Approx. 5,000 cars

III. Capital Strategies

Cumulative Amount of Convertible Bond Conversion/Share Price

Conversion of ¥300 billion in convertible bonds, and share price

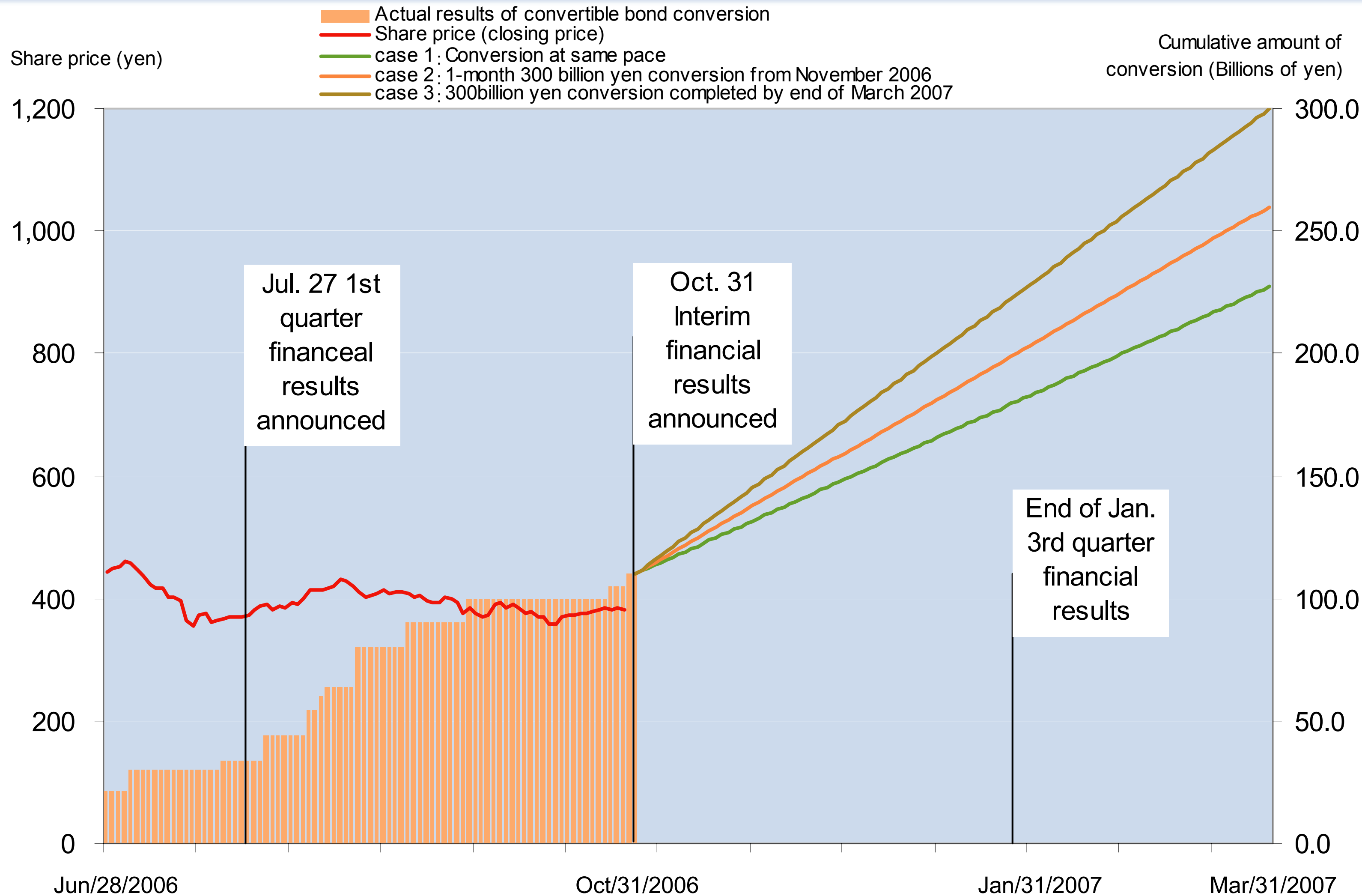


Conversion of ¥300 billion in convertible bonds (as of October 31)

Cumulative amount of conversion: ¥110 billion (Conversion percentage: 37%)

Cumulative Amount of Convertible Bond Conversion: Actual Results and Future Conversion Simulation

Actual Results of conversion in ¥300 billion convertible bonds, and future conversion simulation



Credit Ratings

Standard & Poor's has upgraded Sojitz's long-term corporate credit rating and its long-term senior unsecured debt rating (September 29, 2006)
Sojitz aims to further improve its credit rating

- Long-term corporate credit rating

BB- → BB **(CreditWatch with positive implications shows potential for future upgrade)**

- Long-term senior unsecured debt rating

BB+ → BBB-

From Standard & Poor's September 29, 2006 release summary:

- The improved credit rating reflects (1) Sojitz's improved quality of capital after the conversion of ¥300 billion in convertible bonds with subscription rights issued in May 2006 reached ¥100 billion by September 21, 2006, and (2) Sojitz's improved balance between asset risk volume and, shareholders' equity and earnings potential.
- CreditWatch with positive implications shows potential for upgrade because there is a strong possibility that Sojitz's credit rating will be upgraded further if preferred shares are purchased through the increase in shareholders' equity accompanying the conversion of all convertible bonds.

Forward-looking Statements

This communication is not an offer to sell or a solicitation of any offer to buy the securities of Sojitz Corporation (the "Company") in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an exemption from such registration requirement. If any public offering of securities is made in the United States, it will be by means of a prospectus that may be obtained from the Company or any selling security holder that will contain detailed information about the Company and management, as well as financial statements.

FY2006 Interim Results by Business Segment

New way, New value

Sojitz Corporation

October 31, 2006

Machinery & Aerospace

(Gross trading profit/Billions of yen)

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
Machinery & Aerospace	24.6	45.9	49.6	
<Main Businesses>				
Automobiles	9.6	17.9	20.4	●Strong performance due to increase in transaction volume at MAV in Venezuela, Subaru Motor in Russia and Sojitz Corporation in the Middle East
Information & Industrial Machinery	5.3	11.5	11.6	●Firm sales of industrial robots and steelmaking equipment at Sojitz Machinery Corporation and semiconductor mounters at Sojitz Corporation; but slump due to delay in delivery of exports of plant equipment and other products
Aerospace	4.8	8.3	8.7	●Against backdrop of high fuel prices, strong sales of Boeing products as customers shift from large aircraft to midsize aircraft with lower fuel consumption
Ships	3.6	6.5	7.1	●Robust performance due to higher-than-expected prices in charter vessel market and strong sales of shipping equipment

Energy & Mineral Resources

(Gross trading profit/Billions of yen)

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
Energy & Mineral Resources	21.1	41.1	41.1	
<Main Businesses>				
Oil, Gas and LNG	8.8	18.9	17.2	● Despite strong performance in upstream oil concession rights business, lackluster overall due to delay in increasing gas output, slumping sales of petrochemical products in domestic market and conversion of a subsidiary to an equity-method affiliate
Coal	3.2	5.1	5.6	● Robust sales
Mineral Resources	7.3	10.3	13.5	● Strong sales in molybdenum business, alumina projects in Australia
Power & Industrial Plants	1.0	5.1	3.0	● Weak performance due to decline in orders related to cancellation of some scheduled projects

Chemicals & Plastics

(Gross trading profit/Billions of yen)

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
Chemicals & Plastics	22.7	44.5	46.6	
<Main Businesses>				
Chemicals	7.3	14.1	14.2	● Steady overall despite slowdown in market for petrochemical raw materials where prices have remained at high levels
Plastics	8.0	18.2	16.6	● Weakness due to difficulty in passing on high raw material prices to downstream products
Fertilizer	3.8	6.2	7.0	● Robust performance due to consistently high sales volumes at subsidiaries (TCCC, Thailand; JVF, Vietnam; AFCI, Philippines) and firm prices
Methanol	3.0	4.5	7.3	● Factories operating smoothly following completion of scheduled maintenance at KMI; good operating environment due to better market conditions than expected

Real Estate Development & Forest Products

(Gross trading profit/Billions of yen)

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
Real Estate Development & Forest Products	11.6	24.8	26.4	

<Main Businesses>

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
Condominiums	3.4	8.6	8.6	●Generally in line with plan due to second-half bias in results (steady sales of projects scheduled for completion in the second half)
Retail Property Development	0.7	3.8	3.5	●Generally in line with plan
Forest Products	7.0	10.8	12.5	●Robust performance centered on Sojitz Building Materials Corporation due to recovery in domestic plywood market

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Consumer Lifestyle Business

(Gross trading profit/Billions of yen)

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
Consumer Lifestyle Business	19.2	45.7	43.6	
<Main Businesses>				
Textiles	11.2	26.6	25.6	● Weak performance overall due to lackluster apparel retail sales and impact of higher raw material costs for non-clothing textiles
Foods	6.5	14.7	13.8	● Despite firm sales of marine products, animal feed and other products, weak performance overall due to slump in retail sales of foodstuffs and other downstream products, and the impact of intensifying competition
General Commodities	1.5	4.3	4.2	● Moderately weaker overall due to slump in retail-related sales despite steady performance in woodchips

Overseas Subsidiaries

(Gross trading profit/Billions of yen)

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
Overseas Subsidiaries	13.3	28.0	28.0	

<Main Businesses>

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
Americas	5.9	10.8	11.5	●Strong performance in some areas of machinery-related operations
Europe	2.2	5.3	4.7	●Moderate weakness due to soft sales in industrial projects and plastics-related operations
China	1.9	4.5	3.8	●Lackluster performance due to weak sales in some areas of machinery- and plastics-related operations
Asia	2.4	5.1	5.2	●Generally in line with plan mainly thanks to steady performance in chemicals- and foodstuff-related operations

New Business Development Group

(Gross trading profit/Billions of yen)

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
New Business Development Group	6.3	15.8	15.2	

<Main Businesses>

	Interim FY06 Results	FY06 Full-year Forecasts (Initial)	FY06 Full-year Forecasts (Revised)	Current Position and Full-year Outlook
ICT	5.8	14.6	14.2	●Moderately weak performance due to slow sales of hard disk drives at Nissho Electronics Corporation
Content	0.1	0.5	0.4	●Generally in line with plan
Environment	0.1	0.3	0.3	●Generally in line with plan

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