

# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2006

January 31, 2007

Sojitz Corporation

## Results Highlights

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

Net sales: 3,854.7 billion yen (+168.0 billion yen)  
 -Higher trading volume in commercial aircraft and automobiles  
 -Higher trading volume in oil and mineral resources

Gross trading profit: 185.2 billion yen (+4.4 billion yen)  
 -Strong demand for automobiles overseas and commercial aircraft  
 -Strong performance in timber- and fertilizer-related operations  
 -Firm performance in mineral resources and coal

Recurring profit: 68.5 billion yen (+4.6 billion yen)  
 -Recovery in other income and expenses due to improvement in interest expense-net and other factors  
 -Progress against full-year targets of 77%

Net income: 47.6 billion yen (+10.8 billion yen)  
 -Progress against full-year targets of 85%

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

Elimination of preferred shares (balance at December 31, 2006: 563.4 billion yen)  
 - With regard to 560.4 billion yen of these preferred shares, on April 28, 2006, Sojitz concluded an agreement to repurchase the shares for a total of 342.9 billion yen to 354.1 billion yen.

300.0 billion yen of convertible bonds (CB) issued (May 25, 2006)  
 -Repurchase preferred shares in an amount corresponding to the amount of capital raised by the conversion of bonds to common stock  
 -Conversion of bonds progressing steadily; 125.0 billion yen converted to common stock as of December 31, 2006 (As of January 31, 2006, 175.0 billion yen converted to common stock)

• Improved credit ratings due to better quality of capital and more stable earnings base

S&P  
 Long-term corporate credit rating: BB- → BB (remains on CreditWatch with positive implications)  
 Long-term senior unsecured debt rating: BB+ → BBB-

R&I  
 Long-term credit rating: BB- → BB+

• Forecasts  
 Sojitz raised its full-year forecasts announced with interim results

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)

## Condensed Consolidated Statements of Income

	Third quarter			Previous year		Forecast FY2006		Reasons for main changes
	Cumulative (nine months) a	Interim (six months)	Third quarter (three months)	year (nine months) b	Change a-b	c	Percentage achieved a/c	
Net sales	3,854.7	2,529.2	1,325.5	3,686.7	168.0	5,300.0	73%	
Gross trading profit (Gross trading profit ratio)	185.2 (4.80%)	122.6 (4.85%)	62.6 (4.72%)	180.8 (4.90%)	4.4 (-0.10%)	258.0 (4.87%)	72%	
Personnel expenses	-61.6	-41.5	-20.1	-57.1	-4.5			Higher personnel expenses due to increase in headcount
Non-personnel expenses	-54.0	-35.4	-18.6	-54.3	0.3			
Depreciation expenses	-5.0	-3.3	-1.7	-6.2	1.2			
(Subtotal)	(-120.6)	(-80.2)	(-40.4)	(-117.6)	(-3.0)			
Allowance for doubtful receivables and write off	-0.7	-0.2	-0.5	-0.6	-0.1			
Consolidated goodwill amortization (Selling, general and administrative expenses)	-4.2 (-125.5)	-2.9 (-83.3)	-1.3 (-42.2)	-3.2 (-121.4)	-1.0 (-4.1)	-173.0	73%	Impact of changes in accounting standards (-1.1) (Gain on amortization of negative goodwill now included under other income)
Operating income (Operating income ratio)	59.7 (1.55%)	39.3 (1.55%)	20.4 (1.54%)	59.4 (1.61%)	0.3	85.0 (1.60%)	70%	
Interest income	10.8	7.3	3.5	9.5	1.3			
Interest expense	-28.8	-19.6	-9.2	-30.1	1.3			
(Interest expense-net)	(-18.0)	(-12.3)	(-5.7)	(-20.6)	(2.6)			Improvement in interest expense-net due to reduction in interest-bearing debt and improvement in funding procurement conditions
Dividends	4.5	3.5	1.0	5.3	-0.8			
(Net financial revenue)	(-13.5)	(-8.8)	(-4.7)	(-15.3)	(1.8)			Metal One Corporation (+2.2) Nickel manufacturing company (+1.0) Aluminum manufacturing company (+0.6) Agrichemical-related company (-1.8) Decrease in gain on sales of ships (-0.9)
Equity in earnings of unconsolidated subsidiaries and affiliates	17.7	11.6	6.1	16.8	0.9			
Other income	11.9	10.0	1.9	14.7	-2.8			
Other expenses	-7.3	-5.7	-1.6	-11.7	4.4			Decrease in allowance for loans receivable occurring in the previous fiscal year, etc.
(Others-net)	(8.8)	(7.1)	(1.7)	(4.5)	(4.3)	4.0	220%	
Recurring profit	68.5	46.4	22.1	63.9	4.6	89.0	77%	
Gain on sale and disposal of properties	2.3	1.7	0.6					
Gain on sale of investment securities	4.4	3.4	1.0					Gain on sale of investment in upstream oil right, etc.
Gain on sale of investments	0.2	0.2	0.0					
Dilution gain from changes in equity interest	0.1	0.1	0.0					
Reversal of allowance for doubtful accounts	2.4	2.0	0.4					
Gain on bad debt written-off (Extraordinary income)	0.3 (9.7)	0.3 (7.7)	0.0 (2.0)	0.0 (15.7)	0.0 (-6.0)			
Loss on sale and disposal of properties	-1.1	-0.9	-0.2					
Impairment losses on fixed assets	-0.7	-0.7	0.0					
Evaluation loss on sale of investment securities	-1.8	-1.7	-0.1					
Dilution loss from changes in equity interest	-0.1	0.0	-0.1					
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	-9.1	-9.0	-0.1					Disposal of losses related to revaluation of operations at affiliates, etc.
Special early retirement benefits	-0.1	-0.1	0.0					
(Extraordinary loss)	(-12.9)	(-12.4)	(-0.5)	(-21.2)	(8.3)			
(Extraordinary income/loss-net)	(-3.2)	(-4.7)	(1.5)	(-5.5)	(2.3)	-10.0	32%	
Income before income taxes and minority interests	65.3	41.7	23.6	58.4	6.9	79.0	83%	
Income taxes: Current	-13.5	-8.8	-4.7	-14.3	0.8			
Deferred	-1.4	0.2	-1.6	-5.2	3.8			
Minority interests	-2.8	-1.7	-1.1	-2.1	-0.7			
Net income	47.6	31.4	16.2	36.8	10.8	56.0	85%	
Core earnings	64.6	42.3	22.3	61.5	3.1			

### 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

	December 31, 2006			March 31, 2006		Change d-e	Reasons for main changes
	December 31, 2006 d	March 31, 2006 e	Change d-e	d	e		
<b>Current assets</b>	1,713.0	1,510.5	202.5				
Cash and deposits	623.0	521.9	101.1				Increase from issue of convertible bonds; decrease due to reduction in borrowings
Trade notes and trade accounts receivable	673.9	613.5	60.4				Increase due to end of period falling on a holiday, etc.
Securities	8.2	6.5	1.7				Increase from purchase of real estate for future sale
Inventories	262.9	214.2	48.7				Rise in inventories due to higher sales of timber and at overseas automotive subsidiaries
Short-term loans receivable	18.3	44.2	-25.9				Decrease due to repayment of loans by equity-method affiliates, etc.
Deferred tax assets-current	7.1	8.9	-1.8				
Other current assets	131.9	116.5	15.4				
Allowance for doubtful receivables	-12.3	-15.2	2.9				
<b>Fixed assets</b>	1,008.6	1,010.2	-1.6				
Tangible assets	236.7	246.7	-10.0				
Goodwill	71.3	76.9	-5.6				
Other intangible assets	26.0	23.2	2.8				
Investment securities	489.6	488.3	1.3				
Long-term loans receivable	50.1	38.9	11.2				Increase due to loans provided to equity-method affiliates, etc.
Non-performing receivables	163.3	176.5	-13.2				Decrease due to recovery, sale, etc. of non-performing receivables
Deferred tax assets-non-current	29.6	23.9	5.7				
Others	60.4	58.8	1.6				
Allowance for doubtful receivables	-118.4	-123.0	4.6				
<b>Deferred assets</b>	2.2	1.0	1.2				
<b>Total assets</b>	2,723.8	2,521.7	202.1				
<b>Liabilities</b>	1,248.1	1,416.7	-168.6				
Trade notes and trade accounts payable	515.5	451.4	64.1				Increase due to end of period falling on a holiday, etc.
Short-term loans payable	578.4	775.6	-197.2				Decrease due to reduction in borrowings
Commercial paper	10.0	29.2	-19.2				
Bonds with redemption in one year	0.6	9.4	-8.8				
Other current liabilities	143.6	151.1	-7.5				
<b>Non-current liabilities</b>	834.5	640.9	193.6				
Bonds, less current portion	325.8	99.0	226.8				Increase from issue of convertible bonds (+300.0) Decrease from conversion of convertible bonds (-125.0) Increase from issue of straight bonds (+55.0)
Long-term loans payable	446.8	473.1	-26.3				Decrease due to reduction in borrowings
Allowance for retirement benefits	22.6	25.6	-3.0				
Other non-current liabilities	39.3	43.2	-3.9				
<b>Total liabilities</b>	2,082.6	2,057.6	25.0				
Common and preferred shares	72.7	130.5	-57.8				Transfer to capital surplus (-120.5); increase from conversion of convertible bonds (+62.7)
Capital surplus	349.6	166.8	182.8				Transfer from common and preferred stock (+120.5); increase from conversion of convertible bonds (+62.3)
Retained earnings	138.9	92.5	46.4				Net income (+47.6); reversal of land revaluation difference (-1.2)
Treasury stock	-0.1	-0.1	0.0				
(Total shareholders' equity)	(561.1)	(389.7)	(171.4)				
Net unrealized gains on available-for-sale securities	82.9	90.5	-7.6				Decrease related to decline in value of shares
Gain(loss) on deferred hedges	0.5	-	0.5				
Land revaluation difference	-2.0	-2.6	0.6				Reversal following sale (+1.2)
Foreign currency translation adjustments	-41.7	-50.6	8.9				*1 From fiscal 2006, in accordance with changes to 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 shareholders' equity under previous standards as of March 31, 2006 are restated in the same format for comparison.
(Total valuation and translation adjustments)	(39.7)	(37.3)	(2.4)				
Minority interests	40.4	37.1	3.3				
<b>Total net assets</b>	641.2	464.1	177.1				
<b>Total liabilities and net assets</b>	2,723.8	2,521.7	202.1				
Gross interest-bearing debt	1,361.6	1,386.3	-24.7				
Net interest-bearing debt	738.6	864.4	-125.8				
Net debt/equity ratio (Times)	**2 1.23times	**2.02times	-0.79times				*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 ratio	**2 22.1%	**2 16.9%	5.2%				

## Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2006 Supplementary Materials (1) -Gross Trading Profit and Recurring Profit (by Industry Segment)-

January 31, 2007  
Sojitz Corporation

(Unit: Billions of yen)

	Gross Trading Profit				Recurring Profit			
	Fiscal 2006 3Q	Fiscal 2005 3Q	Change	Main factors for change	Fiscal 2006 3Q	Fiscal 2005 3Q	Change	Main factors for change
	Results	Results			Results	Results		
<b>Machinery &amp; Aerospace</b>	38.3	33.5	4.8	- Automobiles: increase (+4.1) 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) due to strong transaction volumes related to the Boeing and Bombardier aircraft businesses; - Information & Industrial Machinery: increase (+0.4) reflecting business expansion at Sojitz Machinery Corporation; - Ships: decrease (-0.7) due to temporary decline in active shipping fleets related to replacement of ships.	9.3	9.8	(0.5)	- 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 steady transaction volumes in Boeing and Bombardier aircraft business; - Information & Industrial Machinery: increase due to steady increase in orders at Sojitz Machinery Corporation; - Ships: decrease due to sale of jointly owned ships in the same period a year earlier.
<b>Energy &amp; Mineral Resources</b>	31.2	30.8	0.4	- Oil and Gas: increase (+0.5) due to acquisition of new upstream rights and the start of new production projects, outweighing drop in sales at petrochemical business in Japan and the conversion of a subsidiary to equity-method affiliate; - Coal: increase (+0.2) due to rise in sales volume related to the start of production at mining concession in Australia and other factors; - Mineral Resources: increase (+0.7) attributable to both higher sales volume and selling prices at alumina projects in Australia; - Power & Industrial Plants: decrease (-0.8) reflects large-scale equipment orders in the same period a year earlier.	25.5	19.8	5.7	- Oil, Gas and LNG: increase due to start of production at new concession rights acquired in the previous fiscal year in the upstream rights business and other factors; - Coal: increase due to start of production at mining concession in Australia; - Mineral Resources: increase attributable to start of production at new nickel projects, strong sales at alumina projects, and other factors; - Power & Industrial Plants: decrease reflects large-scale equipment orders in the same period a year earlier; - Metal One Corporation: continued strong performance.
<b>Chemicals &amp; Plastics</b>	36.4	34.0	2.4	- Chemicals: increase (+0.3) due to growth in transaction volume related to surging prices for petrochemical raw materials and firm demand for electrical materials; - Plastics: decrease (-0.5) due to difficulty in raising prices of downstream products, despite strong performance in upstream raw materials business; - Fertilizer: increase (+2.5) attributable to higher sales volume; - Methanol: increase (+0.4) due to higher sales prices on the back of surging market prices.	6.4	7.6	(1.2)	- 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; - Fertilizer: increase attributable to higher sales volume; - Methanol: increase due to higher sales prices on the back of surging market prices.
<b>Real Estate Development &amp; Forest Products</b>	16.2	18.5	(2.3)	- Real Estate Development: decrease (-6.1) reflecting a decline in the number of condominium handed over and other factors; - Forest Products: increase (+3.8) due to strong performance at Sojitz Building Materials Corporation and other companies as conditions in domestic plywood market recovered.	4.1	8.7	(4.6)	- Real Estate Development: decrease reflecting 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 Building Materials Corporation and other companies as conditions in domestic plywood market recovered; Overall, business expected to achieve full-year targets: although handovers of condominium were concentrated in first half of year in fiscal 2005, handovers in fiscal 2006, as per normal year, are concentrated at end of March 2007.
<b>Consumer Lifestyle Business</b>	29.0	30.0	(1.0)	- Textiles: decrease (-0.1) as a result of slump in apparel retailing sales, despite transfer of baby goods business from general commodities; - Foods: decrease (-0.5) due to impact of weak retailing sales of food and other products, despite growth in transaction volume of marine products; - General Commodities: decrease (-0.4) due to transfer of baby goods business to textiles.	2.1	4.3	(2.2)	- Textiles: decrease as a result of slump in apparel retailing sales, increased SG&A expenses at newly established companies, and other factors; - Foods: decrease reflecting downturn in retail sales of foodstuffs and other products and increased SG&A expenses at foodstuff subsidiaries; - General Commodities: decrease due to transfer of baby goods business to textiles; Overall, business expected to fall short of full-year targets.
<b>Overseas Subsidiaries</b>	19.8	20.1	(0.3)	- Americas: decrease (-0.7) due to decline in transaction volume in the printer business, despite firm results by satellite equipment business in machinery-related businesses; - Europe: slight increase (+0.1); - China: flat; - Other Asia: increase (+0.4) centered on foodstuffs.	10.2	9.9	0.3	- Americas: increase due to improvement in interest expense-net and higher equity in earnings of affiliates.
<b>Other</b>	14.3	13.9	0.4	- Nissho Electronics Corporation: increase (+0.5) attributable to an increase in transactions of high-margin computer-related equipment.	10.9	3.8	7.1	- Corporate: increase due to variety of factors, such as improvement associated with absence of one-off negative factors in the previous fiscal year (e.g. loss associated with withdrawal from overseas telecommunications project) and improvement in interest expense-net.
<b>Total</b>	185.2	180.8	4.4		68.5	63.9	4.6	

## Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2006 Supplementary Materials (2) -FY2006 Full-year Forecast-

January 31, 2007  
Sojitz Corporation

(Unit: Billions of yen)

### P/L

	Fiscal 2006 3Q	Fiscal 2005 3Q	Change	FY2006 forecast (Announced on October 31, 2006)	Percentage achieved
<b>Net Sales</b>	<b>3,854.7</b>	<b>3,686.7</b>	+168.0	<b>5,300.0</b>	72.7%
<b>Gross trading profit</b>	<b>185.2</b>	<b>180.8</b>	+4.4	<b>258.0</b>	71.8%
[Gross trading profit ratio]	[4.80%]	[4.90%]		[4.87%]	
Machinery & Aerospace	38.3	33.5	+4.8	49.6	77.2%
Energy & Mineral Resources	31.2	30.8	+0.4	41.1	75.9%
Chemicals & Plastics	36.4	34.0	+2.4	46.6	78.1%
Real Estate Development & Forest Products	16.2	18.5	(2.3)	26.4	61.4%
Consumer Lifestyle Business	29.0	30.0	(1.0)	43.6	66.5%
Overseas Subsidiaries	19.8	20.1	(0.3)	28.0	70.7%
Other	14.3	13.9	+0.4	22.7	63.0%
<b>Selling, general and administrative expenses</b>	<b>(125.5)</b>	<b>(121.4)</b>	<b>(4.1)</b>	<b>(173.0)</b>	72.5%
<b>Operating income</b>	<b>59.7</b>	<b>59.4</b>	+0.3	<b>85.0</b>	70.2%
[Operating income ratio]	[1.55%]	[1.61%]		[1.60%]	
<b>Non-operating income/expense-net</b>	<b>8.8</b>	<b>4.5</b>	+4.3	<b>4.0</b>	220.0%
<b>Recurring profit *1</b>	<b>68.5</b>	<b>63.9</b>	+4.6	<b>89.0</b>	77.0%
[Recurring profit ratio]	[1.78%]	[1.73%]		[1.68%]	
Machinery & Aerospace	9.3	9.8	(0.5)	11.7	79.5%
Energy & Mineral Resources	25.5	19.8	+5.7	27.7	92.1%
Chemicals & Plastics	6.4	7.6	(1.2)	5.5	116.4%
Real Estate Development & Forest Products	4.1	8.7	(4.6)	8.6	47.7%
Consumer Lifestyle Business	2.1	4.3	(2.2)	5.8	36.2%
Overseas Subsidiaries	10.2	9.9	+0.3	14.0	72.9%
Other	10.9	3.8	+7.1	15.7	69.4%
<b>Extraordinary income/(loss)-net</b>	<b>(3.2)</b>	<b>(5.5)</b>	+2.3	<b>(10.0)</b>	32.0%
<b>Income before income taxes</b>	<b>65.3</b>	<b>58.4</b>	+6.9	<b>79.0</b>	82.7%
<b>Net income</b>	<b>47.6</b>	<b>36.8</b>	+10.8	<b>56.0</b>	85.0%
<b>Core earnings *2</b>	<b>64.6</b>	<b>61.5</b>	+3.1	<b>87.0</b>	74.3%

### Recurring Profit Performance

**Strong recurring profit of 68.5 billion yen for the first nine months of fiscal 2006, representing 77% of full-year target**

#### Machinery & Aerospace

- Some Information & Industrial Machinery businesses expected to fall short of full-year targets, but generally in line with targets overall on the back of steady performances by Automobiles, Aerospace and Ships.

#### Energy & Mineral Resources

- Oil, Gas and LNG, and Power & Industrial Plants generally in line with full-year targets; expected to exceed targets overall due to strong performances by Coal and Mineral Resources thanks to surging prices and increased sales volume, as well as continued strong performance by Metal One Corporation.

#### Chemicals & Plastics

- Despite one-time loss related to impairment losses and other steps to improve financial position of agrichemical-related equity-method affiliate (Arysta Lifescience Corporation), generally in line with full-year targets on strong operating performance in Chemicals, Fertilizer and Methanol.

#### Real Estate Development & Forest Products

- Despite low rate of progress against targets in Real Estate Development due to concentration of condominium handovers at end of March, generally in line with full-year targets overall due to steady sales of condominium scheduled for completion at end of March, as well as robust performance centered on Sojitz Building Materials Corporation in Forest Products as conditions in domestic plywood market recover.

#### Consumer Lifestyle Business

- Expected to fall short of full-year targets due to struggling retail-related sales in Textiles, Foods and General Commodities.

#### Overseas Subsidiaries

- Generally in line with full-year targets overall as weakness in China is covered by machinery-related operations in the Americas and other factors.

#### Other

- Generally in line with full-year targets due to smooth progress overall.

\*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

### B/S

	December 31, 2006	December 31, 2005	Change	March 31, 2007 forecast (Announced on April 28, 2006)
<b>Total assets</b>	<b>2,723.8</b>	<b>2,521.7</b>	+202.1	<b>2,500.0</b>
<b>Shareholders' Equity *3</b>	<b>600.8</b>	<b>427.0</b>	+173.8	<b>420.0</b>
[Total net assets]	[641.2]	[464.1]	[+177.1]	-
<b>Shareholders' Equity ratio (%)</b>	<b>22.1%</b>	<b>16.9%</b>	+ 5.2%	<b>16.8%</b>
<b>Net interest-bearing debt</b>	<b>738.6</b>	<b>864.4</b>	(125.8)	<b>1,040.0</b>
<b>Net DER (Times)</b>	<b>1.2</b>	<b>2.0</b>	(0.8)	<b>2.5</b>
[Net DER (times) based on total net assets]	[1.2]	[1.9]	[(0.7)]	-

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

## Summary of Consolidated Financial Results

January 31, 2007

for the third quarter ended December 31, 2006

### Sojitz 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. Items regarding Preparation for the Summary of Quarterly Results

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

	Dec 31, 2006	Sep 30, 2006	Mar 31, 2006
Consolidated subsidiaries	335	331	321
Unconsolidated subsidiaries (accounted for by the equity method)	12	12	12
Unconsolidated affiliates (accounted for by the equity method)	186	188	180

(4) Figures for the nine-month periods ended December 31, 2006 and 2005 have not been audited by independent auditors.

#### 2. Consolidated Financial Results for the Nine-Month Periods Ended December 31, 2006 and 2005

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

	Net Sales		Operating Income		Recurring Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the nine-month periods ended								
December 31, 2006	3,854,670	4.6	59,663	0.5	68,514	7.3	47,633	29.5
December 31, 2005	3,686,676	8.2	59,358	18.7	63,867	55.1	36,797	-
(Ref) FY 2005	4,972,059		76,202		78,773		43,706	

	EPS	Adjusted EPS
	Yen	Yen
For the nine-month periods ended		
December 31, 2006	79.63	49.98
December 31, 2005	112.44	99.93
(Ref) FY 2005	126.21	99.55

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

#### (2) Financial Position (Consolidated)

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of				
December 31, 2006	2,723,815	641,186	22.1	46.95
December 31, 2005	2,528,536	433,998	17.2	(450.51)
(Ref) March 31, 2006	2,521,679	426,949	16.9	(368.95)

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

#### Descriptive Analysis of Consolidated Financial Results:

For the first nine months of fiscal 2006, Sojitz reported net sales of 3,854.7 billion yen, up 168.0 billion yen year on year, and gross trading profit of 185.2 billion yen, an increase of 4.4 billion yen, due to higher sales and earnings in the Machinery & Aerospace and Energy & Mineral Resources divisions. Although selling, general and administrative expenses increased by 4.1 billion yen to 125.5 billion yen due to higher personnel expenses, operating income rose 0.3 billion yen year on year to 59.7 billion yen on the back of higher gross trading profit.

Sojitz also posted an increase in recurring profit of 4.6 billion yen to 68.5 billion yen. In addition to the above factors, this reflected an improvement in net interest income and expenses mainly due to a decline in interest-bearing debt, increased equity in earnings of unconsolidated subsidiaries and affiliates and other factors. After special losses—net of 3.2 billion yen and income taxes, net income rose 10.8 billion yen to 47.6 billion yen.

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

Sojitz has made no change to its consolidated earnings forecasts for the fiscal year ending March 31, 2007, which were disclosed on October 31, 2006.

	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

Reference: EPS (projection): JPY 70.27

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

**Consolidated Statements of Income**  
for the Nine-Month Periods Ended December 31, 2006 and 2005

Millions of yen

	Nine-month period (Apr.1, 2006 - Dec.31, 2006)	Six-month period (Apr.1, 2006 - Sep.30, 2006)	Three-month period (Oct.1, 2006 - Dec.31, 2006)	Nine-month period (Apr.1, 2005 - Dec.31, 2005)	Increase/(Decrease)	
					Amount	Percentage
<b>Net sales</b>	3,854,670	2,529,244	1,325,425	3,686,676	167,994	4.56
Cost of sales	(3,669,459)	(2,406,658)	(1,262,800)	(3,505,913)	(163,546)	4.66
<b>Gross trading profit</b>	185,210	122,585	62,624	180,763	4,447	2.46
<b>Selling, general and administrative expenses</b>	(125,546)	(83,264)	(42,282)	(121,405)	(4,141)	3.41
<b>Operating income</b>	59,663	39,321	20,342	59,358	305	0.51
Interest income	10,786	7,307	3,478	9,534	1,252	13.13
Dividends	4,470	3,513	956	5,285	(815)	(15.42)
Equity in earnings of unconsolidated subsidiaries and affiliates	17,716	11,602	6,113	16,794	922	5.49
Other income	11,907	9,976	1,931	14,733	(2,826)	(19.18)
Non-operating income	44,880	32,400	12,479	46,348	(1,468)	(3.17)
Interest expense	(28,687)	(19,602)	(9,085)	(28,589)	(98)	0.34
Interest expense on commercial papers	(79)	(58)	(20)	(1,492)	1,413	(94.71)
Other expenses	(7,262)	(5,667)	(1,595)	(11,757)	4,495	(38.23)
Non-operating expense	(36,029)	(25,327)	(10,702)	(41,839)	5,810	(13.89)
<b>Recurring profit</b>	68,514	46,394	22,119	63,867	4,647	7.28
Extraordinary income (loss)	(3,193)	(4,738)	1,545	(5,428)	2,235	(41.18)
<b>Income before income taxes and minority interests</b>	65,321	41,655	23,665	58,439	6,882	11.78
Income taxes; Current	(13,488)	(8,810)	(4,677)	(14,245)	757	(5.31)
Deferred	(1,375)	170	(1,546)	(5,182)	3,807	(73.47)
Minority interests	(2,824)	(1,658)	(1,165)	(2,213)	(611)	27.61
<b>Net income</b>	47,633	31,356	16,276	36,797	10,836	29.45

## Consolidated Balance Sheets

As of December 31, 2006 and March 31, 2006

<b>Assets</b>	December 31, 2006	March 31, 2006	Millions of yen Increase/ (Decrease)
<b>Current assets;</b>			
Cash and deposits	622,977	521,937	101,040
Trade notes and trade accounts receivable	673,904	613,513	60,391
Securities	8,187	6,471	1,716
Inventories	262,930	214,163	48,767
Short-term loans receivable	18,258	44,237	(25,979)
Deferred tax assets-current	7,119	8,886	(1,767)
Other current assets	131,914	116,416	15,498
Allowance for doubtful receivables	(12,259)	(15,172)	2,913
<b>Total current assets</b>	<b>1,713,031</b>	<b>1,510,454</b>	<b>202,577</b>
<b>Fixed assets;</b>			
<u>Tangible assets</u>	236,677	246,665	(9,988)
<u>Intangible assets:</u>	97,261	100,131	(2,870)
Goodwill	71,276	76,897	(5,621)
Other intangible assets	25,985	23,233	2,752
Investments and other fixed assets;	674,641	663,403	11,238
Investment securities	489,633	488,291	1,342
Long-term loans receivable	50,107	38,867	11,240
Non-performing receivables	163,327	176,527	(13,200)
Deferred tax assets-non-current	29,548	23,880	5,668
Others	60,423	58,793	1,630
Allowance for doubtful receivables	(118,397)	(122,956)	4,559
<b>Total fixed assets</b>	<b>1,008,580</b>	<b>1,010,200</b>	<b>(1,620)</b>
<b>Deferred assets</b>	<b>2,203</b>	<b>1,024</b>	<b>1,179</b>
<b>Total assets</b>	<b>2,723,815</b>	<b>2,521,679</b>	<b>202,136</b>

**Consolidated Balance Sheets**  
As of December 31, 2006 and March 31, 2006

<b>Liabilities, Minority Interests and Shareholders' Equity</b>	Millions of yen		
	December 31, 2006	March 31, 2006	Increase/ (Decrease)
<b>Liabilities</b>			
<b>Current liabilities;</b>			
Trade notes and trade accounts payable	515,555	451,438	64,117
Short-term loans payable	416,334	545,072	(128,738)
Commercial paper	10,000	29,200	(19,200)
Current portion of long-term loans payable	162,628	239,841	(77,213)
Income taxes payable	6,968	7,774	(806)
Deferred tax liabilities-current	160	41	119
Allowance for employees' bonus	4,845	5,148	(303)
Other current liabilities	131,619	138,198	(6,579)
<b>Total current liabilities</b>	<b>1,248,112</b>	<b>1,416,716</b>	<b>(168,604)</b>
<b>Non-current liabilities;</b>			
Bonds, less current portion	325,834	99,036	226,798
Long-term loans payable	446,833	473,109	(26,276)
Deferred tax liabilities -non-current	13,543	13,553	(10)
Deferred tax liabilities -revaluation	1,262	445	817
Allowance for retirement benefits	22,597	25,558	(2,961)
Other non-current liabilities	24,445	29,185	(4,740)
<b>Total non-current liabilities</b>	<b>834,517</b>	<b>640,887</b>	<b>193,630</b>
<b>Total liabilities</b>	<b>2,082,629</b>	<b>2,057,603</b>	<b>25,026</b>
<b>Minority interests</b>	<b>-</b>	<b>37,125</b>	<b>-</b>
<b>Shareholders' equity</b>			
Common and Preferred stock	-	130,549	-
Capital surplus	-	166,754	-
Retained earnings	-	92,487	-
Land revaluation difference	-	(2,619)	-
Net unrealized gains on available-for-sale securities	-	90,547	-
Valuation difference on available-for-sale securities	-	(50,655)	-
Treasury stock	-	(113)	-
<b>Total shareholders' equity</b>	<b>-</b>	<b>426,949</b>	<b>-</b>
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>-</b>	<b>2,521,679</b>	<b>-</b>
<b>Owners' equity;</b>			
Common and preferred stock	72,652	-	-
Capital surplus	349,651	-	-
Retained earnings	138,944	-	-
Treasury stock	(123)	-	-
<b>Total owners' equity</b>	<b>561,125</b>	<b>-</b>	<b>-</b>
<b>Valuation and translation adjustments;</b>			
Valuation difference on available-for-sale securities	82,872	-	-
Deffered gains or losses on hedges	514	-	-
Land revaluation difference	(1,981)	-	-
Foreign currency translation adjustments	(41,720)	-	-
<b>Total valuation and translation adjustments</b>	<b>39,685</b>	<b>-</b>	<b>-</b>
<b>Minority Interests;</b>	<b>40,375</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>641,186</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>2,723,815</b>	<b>-</b>	<b>-</b>

## Segment Information

for the Nine-Month Periods Ended December 31, 2006 and 2005

### Industry Segments

Industry segment information for the nine-month period ended December 31, 2006 is as follows:

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	816,176	964,624	503,871	257,089	703,434
Inter-segment	9,822	6,047	34,878	2,222	11,171
Total	825,998	970,672	538,749	259,311	714,605
Operating expense	813,292	955,858	522,349	252,714	709,969
Operating income	12,706	14,813	16,400	6,596	4,635
Total assets	355,014	476,975	374,528	253,631	309,574

	Overseas Subsidiaries	Other	Total	Elimination and Unallocated	Consolidated
Net sales					
Outside customers	519,068	90,406	3,854,670	-	3,854,670
Inter-segment	253,396	19,091	336,631	(336,631)	-
Total	772,465	109,498	4,191,301	(336,631)	3,854,670
Operating expense	769,380	108,357	4,131,923	(336,916)	3,795,006
Operating income	3,084	1,141	59,378	285	59,663
Total assets	368,537	150,656	2,288,918	434,897	2,723,815

Notes:

1. Unallocated costs and expenses included in "Elimination and Unallocated" totaled 636 millions of yen and comprised mainly administrative group expenses applicable to the Company and former Sojitz Corporation.

2. Company assets included in "Elimination and Unallocated" totaled 587,880 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.



## Segment Information

for the Nine-Month Periods Ended December 31, 2006 and 2005

### Industry Segments (Continued)

Industry segment information for the nine-month period ended December 31, 2005 was as follows:

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	685,078	909,102	486,302	302,220	660,104
Inter-segment	9,944	5,364	32,385	2,072	9,186
Total	695,023	914,467	518,687	304,293	669,290
Operating expense	683,178	901,938	504,134	296,268	662,874
Operating income	11,844	12,528	14,553	8,024	6,416
Total assets	325,062	462,958	360,939	232,052	292,281

	Overseas Subsidiaries	Other	Total	Elimination and Unallocated	Consolidated
Net sales					
Outside customers	562,008	81,859	3,686,676	-	3,686,676
Inter-segment	240,103	17,325	316,381	(316,381)	-
Total	802,111	99,185	4,003,058	(316,381)	3,686,676
Operating expense	797,845	97,688	3,943,928	(316,610)	3,627,318
Operating income	4,266	1,496	59,130	228	59,358
Total assets	441,054	176,164	2,290,514	231,165	2,521,679

Notes:

1. Unallocated costs and expenses included in "Elimination and Unallocated" totaled 3,305 millions of yen and comprised mainly administrative group expenses applicable to the Company and former Sojitz Corporation.
2. Company assets included in "Elimination and Unallocated" totaled 447,487 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.