



New way, New value

Financial Results for Fiscal 2006

April 27, 2007
Sojitz Corporation

■ Overview New Stage 2008—First Year

□ FY2006 Results

- Recurring profit Plan: ¥83.0 billion (Plan announced on April 28, 2006)
→ Forecast: ¥89.0 billion (Forecast announced on October 31, 2006)
→ ¥89.5 billion (+¥6.5 billion)
- Net income Plan: ¥49.0 billion (Plan announced on April 28, 2006)
→ Forecast: ¥56.0 billion (Forecast announced on October 31, 2006)
→ ¥58.8 billion (+¥9.8 billion)
- **Dividend ¥6.00 per share**
- **New investments and loans of ¥90.0 billion** made in growth fields, centered on natural resource-related areas such as oil and gas, and the automotive field.

□ Capital strategies

- Preferred shares with face value of **¥230.4 billion repurchased and cancelled** on March 30, 2007

□ Ratings

- JCR, R&I, S&P all raised ratings

■ Summary of Fiscal 2006 Results

□ P/L Summary

Full-year recurring profit and net income forecasts achieved

	FY2005 Results	FY2006 Results	Change	FY2006 Forecast (announced on October 31, 2006)	(Reference) FY2006 Plan (announced on April 28, 2006)	(billions of yen)
Net sales	4,972.1	5,218.2	+246.1	5,300.0	5,200.0	
Gross trading profit	242.2	254.5	+12.3	258.0	253.0	
Operating income	76.2	77.9	+1.7	85.0	81.0	
Recurring profit	78.8	89.5	+10.7	89.0	83.0	
Net income	43.7	58.8	+15.1	56.0	49.0	
Core earnings	78.5	89.8	+11.3	87.0	81.0	
ROA*	1.8%	2.3%	+0.5%	2.2%	2.0%	
ROE*	12.4%	12.8%	+0.4%	13.2%	11.6%	

*ROA = Net income/Total assets (the sum of total assets at March 31, 2007 and 2006 divided by 2)

*ROE = Net income/Shareholders' equity (the sum of shareholders' equity at March 31, 2007 and 2006 divided by 2)

□ B/S Summary

Steady increase in shareholders' equity due to stable bottom-line earnings

(billions of yen)

	March 31, 2006	March 31, 2007	Change
Total assets	2,521.7	2,619.5	+97.8
Shareholders' equity*	427.0	488.6	+61.6
(Total net assets)	(464.1)	(531.6)	(+67.5)
Shareholders' equity ratio (%)	16.9%	18.7%	-
Net interest-bearing debt	864.4	846.1	-18.3
Net DER (times)	2.0	1.7	-
(Net assets basis)	(1.9)	(1.6)	-

*Shareholders' equity = Net assets – Minority interests

□ Fiscal 2006 Dividends

Basic Dividend Policy

The distribution of an appropriate level of profits to shareholders is a key issue for management at Sojitz. The Company's basic policy is to provide stable, consistent returns to shareholders depending on wider economic conditions, industry trends, operating performance and capital policy, while seeking to enhance profitability and strengthening the financial position over the medium to long term.

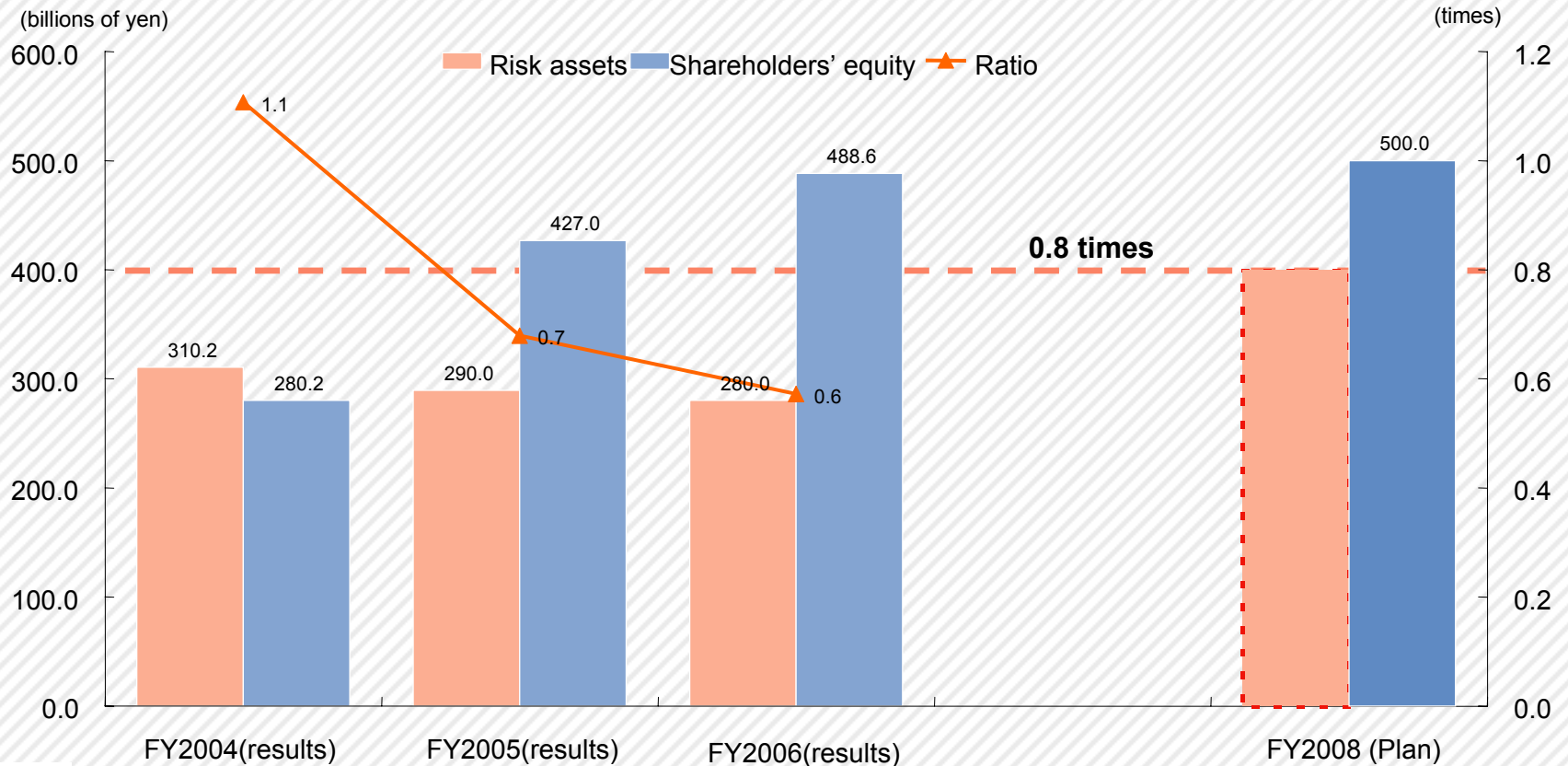
Dividends	
Total no. of issued common shares (March 31, 2007)	1,068,105,228
Net income (FY2006)	¥58.8 billion
Total dividends applicable to common shares	¥6.4 billion
Dividend per common share	¥6.00
Consolidated dividend payout ratio*	10.9%

*The Company's Financial Results for the Year Ended March 31, 2007 (Kessan Tanshin) uses the average number of issued common shares during the period to calculate the consolidated dividend payout ratio. Consequently, the figure is 7%.

□ Risk Asset Condition

Sojitz aims to manage risk assets so that they do not exceed shareholders' equity
(basic policy is to maintain ratio at 0.8 times)

Shareholders' Equity and Risk Assets



□ New Investments and Loans in Fiscal 2006

Sojitz made new investments and loans of ¥90 billion in the first year of the current medium-term management plan, representing good progress toward the three-year target of ¥300 billion.

(billions of yen)

	Plan (three years)	FY2006 Results	Main Investment Projects
Machinery & Aerospace	33.0	14.0	Purchase of Isuzu shares = ¥5.0 billion; acquisition of semiconductor mounting equipment company (China) = ¥4.5 billion; aircraft leasing with Iceland Air = ¥2.0 billion
Energy & Mineral Resources	164.0	28.0	North Sea Globe gas field = ¥7.0 billion; nickel production company, Coral Bay Nickel = ¥2.0 billion; acquisition of additional rights at Minerva mine = ¥3.0 billion; North Sea Tors gas field = ¥2.6 billion; El Alamein and Yidma oil fields in Egypt = ¥2.0 billion
Chemicals & Plastics	20.0	2.0	Construction of chemical tanks and other facilities in Southeast Asia and Japan = ¥0.7 billion; investment in industrial salt field in Australia = ¥0.3 billion
Real Estate Development & Forest Products	29.0	18.0	Retail facility development (increased floor space at Mallage Saga; construction of Shobu and other shopping malls) = ¥7.4 billion; investment in office and retail buildings in Tokyo and Osaka = ¥5.5 billion; lumber sawing plant in China = ¥1.6 billion
Consumer Lifestyle Business	15.0	5.0	Investment in apparel manufacturing and retail sites in China = ¥1.2 billion; investment in domestic retailing firm (Shop & Shops) = ¥0.3 billion
Other	39.0	23.0	Acquisition of JALUX shares = ¥8.4 billion; animation content (A.D.Vision) = ¥0.9 billion
Total	300.0	90.0	

■ Capital Strategies

Progress With Reorganization of Capital Structure in Fiscal 2006

Outstanding Preferred Shares

	Outstanding amount issued (billions of yen)	Conversion price*1 (yen)	Starting date of conversion period	Latent stock*2 (thousands of shares)	Ratio*3
2nd Series Class I	52.6	262	2008/5/14~	200,763	44.4%
3rd Series Class I	52.6	262	2010/5/14~	200,763	44.4%
4th Series Class I	52.6	262	2012/5/14~	200,763	44.4%
1st Series Class II	52.6	262	2014/5/14~	200,763	44.4%
2nd Series Class V	20.0	TBD	2015/10/29~	40,733	9.0%
Repurchased subtotal (March 30, 2007)	230.4			843,785	186.6%
1st Series Class IV	199.5	TBD	2024/10/29~	406,314	89.8%
1st Series Class V	130.5	TBD	2019/10/29~	265,784	58.8%
Preferred stock outstanding subtotal	330.0			672,098	148.6%
Total preferred stock subject to repurchase	560.4			1,515,883	335.1%
1st Series Class III	3.0	503	2004/5/14~	5,964	1.3%
Total preferred stock outstanding	563.4			1,521,847	336.5%

Repurchase Conditions for Preferred Shares (contract concluded April 28, 2006)

Total repurchase amount*4 (billions of yen)	Repurchase price (% of issue price)	Seller and number of shares held	(billions of yen / each)
56.8	108%	(Holding for all series and classes of preferred shares) Bank of Tokyo-Mitsubishi UFJ: Mizuho Corporate Bank: Resona Bank: Mitsubishi UFJ Trust and Banking: Norinchukin Bank:	37.0
55.8	106%		9.0
54.7	104%		3.6
53.6	102%		2.0
20.0	100%		1.0
20.0	100%	Bank of Tokyo-Mitsubishi UFJ: Mizuho Corporate Bank:	10.0 10.0
240.9			
45.9	23%	Bank of Tokyo-Mitsubishi UFJ:	199.5
56.1	43%	Bank of Tokyo-Mitsubishi UFJ:	130.5
102.0			
342.9			

*4For preferred shares repurchased after October 2007, the repurchase price per share shall be increased by an amount equivalent to 2% of the issue price. Assuming all the above preferred shares are repurchased after October 2007, the total repurchase amount shall be ¥108.6 billion. Combined with the amount already repurchased on March 30, 2007, the maximum total repurchase price will be ¥349.5 billion.

*1 Based on maximum conversion price of ¥262 for 1st Series Class I, 2nd Series Class I, 3rd Series Class I, 4th Series Class I, 1st Series Class II and a conversion price of ¥503 for 1st Series Class III preferred shares.

*2 Based on estimates for conversion of latent stock from 1st Series Class IV, 1st Series Class V, 2nd Series Class V at ¥491, the closing price on March 30, 2007.

*3 Latent stock as a percentage of total outstanding common shares of 452,300 thousand as of May 25, 2006 (the CB issue date). (Latent stock/Outstanding shares x 100)

February 26, 2007: Resolution passed to repurchase and cancel preferred shares shown inside red dotted line (repurchase and cancellation date: March 30, 2007)

Total repurchase amount of ¥240.9 billion/total CB conversion amount ¥225.0 billion (as of April 26, 2007)

● Repurchase schedule from April 2007: A date decided by Sojitz between April 1 and the day prior to the Ordinary General Shareholders' Meeting in June
September 28
March 31

● Repurchase order for outstanding preferred shares: 1st Series Class IV → 1st Series Class V

■ Ratings

□ Ratings

S&P

- Long-term corporate credit rating (February 27, 2007)

BB- → BB → BB+

- Long-term senior unsecured debt rating (September 29, 2006)

BB+ → BBB-

R&I

- Issuer rating (December 22, 2006)

BB- → BB+

- Commercial paper rating (December 22, 2006)

b → a-3

JCR

- Long-term rating (April 3, 2007)

BBB- → BBB

- Domestic commercial paper rating (April 3, 2007)

J-2 (on hold)

Sojitz will reinforce its earnings base and strengthen risk management in an effort to secure improved ratings

■ Looking Ahead to March 2008

□ Fiscal 2007 Forecasts: P/L Summary

Move into stage of sustained growth

(billions of yen)

(Reference)

	FY2006 Results	FY2007 Forecasts	Change	FY2007 Plan (announced on April 28, 2006)
Net sales	5,218.2	5,580.0	+363.5	5,680.0
Gross trading profit	254.5	274.0	+19.5	270.0
Operating income	77.9	86.0	+8.1	87.5
Recurring profit	89.5	92.0	+2.5	90.0
Net income	58.8	60.0	+1.2	53.0
Core earnings	89.8	90.0	+0.2	89.0

□ Fiscal 2007 Forecasts: Recurring Profit by Industry Segment

Move into stage of sustained growth

	FY2006 Results	FY2007 Forecasts	Change	(billions of yen) (Reference) FY2007 Plan (announced on April 28, 2006)
Machinery & Aerospace	10.0	15.5	+5.5	11.7
Energy & Mineral Resources	33.3	33.5	+0.2	24.9
Chemicals & Plastics	8.4	8.5	+0.1	9.1
Real Estate Development & Forest Products	8.1	10.0	+1.9	7.0
Consumer Lifestyle Business	2.5	6.0	+3.5	9.2
Overseas Subsidiaries	13.5	12.5	-1.0	14.6
Other	13.7	6.0	-7.7	13.5
Total	89.5	92.0	+2.5	90.0

□ Market Prices, Exchange Rates and Interest Rates

Use conservative assumptions to eliminate risk of falling short of plan targets

	FY2006 Assumptions	FY2006 Results	FY2007 Assumptions	Jan. – Mar. 2007 Average
Crude oil (Brent)*1	\$50/bbl (barrels)	\$65.9/bbl	\$55/bbl	\$58.6 /bbl
Coal	<ul style="list-style-type: none"> Prices based on contracts for the year; virtually unaffected by spot market prices Contracts already concluded for 90% of coal concessions for FY2007 			
Molybdenum	\$16/lb (pounds)	\$24.4/lb	\$21.3/lb	\$26.1/lb
Vanadium	\$5.5/lb (pounds)	\$7.8/lb	\$5.5/lb	\$6.6/lb
Exchange rates*2	<ul style="list-style-type: none"> Assumption during plan period: ¥110/\$ 			
Interest rates*3	<ul style="list-style-type: none"> Assumption during plan period: Short-term rate approx. 0.85%; Long-term rate approx. 2%; 			

Notes:

*1 Impact of fluctuations in the crude oil price on earnings: \$1/barrel change alters recurring profit by approx. ¥0.1 billion.

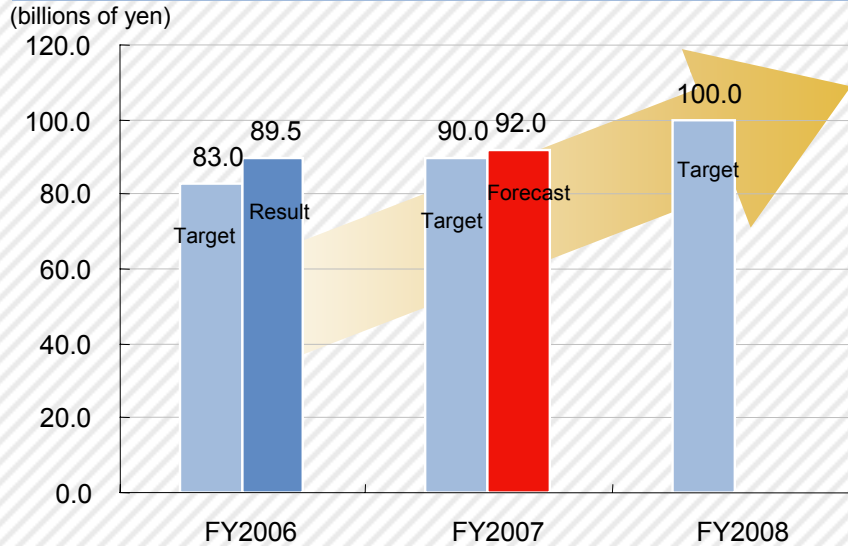
*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters net sales by approx. ¥10 billion, recurring profit by approx. ¥0.1 billion and shareholders' equity by approx. ¥1.5 billion.

*3 Impact of fluctuations in interest rates on earnings: 1% change alters annual earnings by around ¥1.7 billion to ¥2.0 billion.

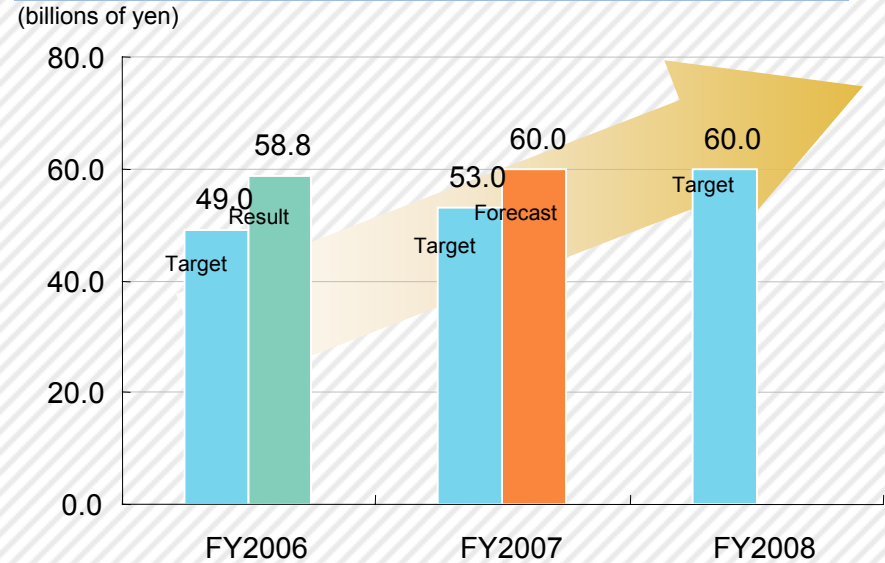
Financial Targets: Recurring Profit and Net Income

Achieved targets for the first year of New Stage 2008
and on course to achieve final-year targets in the plan's second year

Recurring profit



Net income



□ Enhance and Strengthen the Business Base

Initiatives from second year of New Stage 2008

[Growth businesses]

Increase earnings by further strengthening businesses with high growth potential

- Automobiles
- Oil, gas and LNG
- Ferroalloys

[Stable businesses]

Preserve stable earnings by strengthening the business base

- Fertilizer
- Development of condominiums and retail commercial facilities
- Aircraft and ships

[Businesses to be strengthened]

Implement concrete initiatives

- Textiles, general commodities and foods
- Plastic resins

Enhance and strengthen the business base of each business to move into a stage of sustained growth

□ Growth Businesses: Automobiles

Strengthen regional strategies (South America, Russia and NIS) to expand earnings base

Venezuela: MMC Automotriz, S.A (MAV)

- Handles three vehicle brands as an independent distributor: Mitsubishi, Mitsubishi Fuso and Hyundai (South Korea)
- Operates 85 dealerships, boasts Venezuela's largest sales network
- Captured 10% share of Venezuela's domestic vehicle market

Russia and NIS: SUBARU Motor LLC (SML)

- Conducts well-chosen marketing activities using experience and expertise accumulated since the days of the former Soviet Union
- Succeeded in establishing Subaru vehicles as up-market products
- Develops sales using its highly profitable network of 33 dealerships centered on the capital Moscow

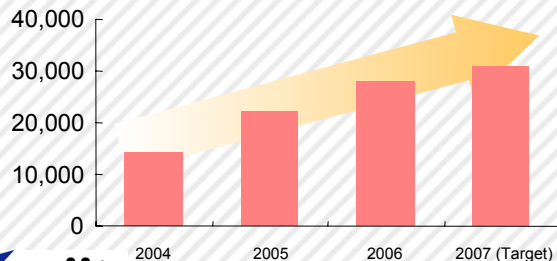
Future plans

- Expand production and sales bases in Central and South America based on the expertise and human resources that have developed MAV into a high-earnings company

Future plans

- Launch Subaru Ukraine Co., Ltd. and sell 30,000 or more vehicles throughout Russia and NIS

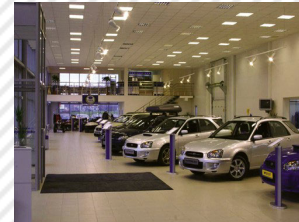
Number of vehicles sold by MAV



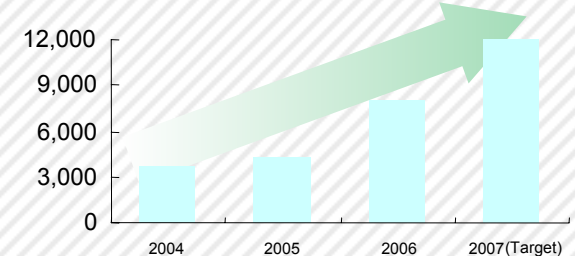
The MAV plant



Dealer showroom



Number of vehicles sold by SML



□ Growth Businesses: Ferroalloys

Strengthen the ferroalloy business by providing nickel as well as molybdenum and vanadium

Sojitz's nickel business

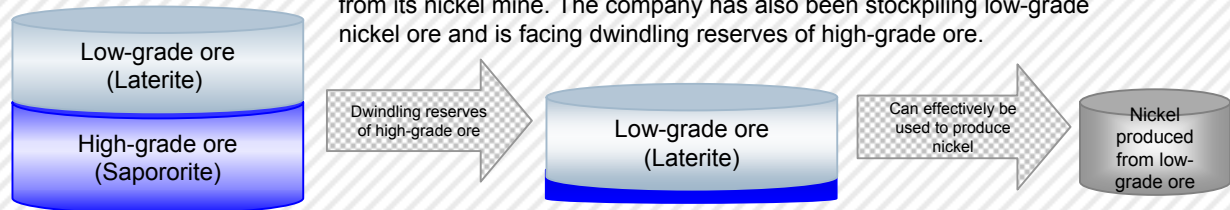
- High-grade nickel ore: Invest in Philippine mine and import to Japan
- Ferronickel: Invest in manufacturing business and import to Japan
- Handle nickel metals
- Invest in Coral Bay project

Main uses

- Raw material for stainless and special steels
- Raw material for batteries and catalysts
Rising market and future demand
- High demand for stainless and special steels in China and elsewhere
- Dwindling reserves at existing nickel mines and delays in new development projects

Background of Coral Bay project: New technology allows the use of low-grade nickel ore

In 1969 in the Philippines, Sojitz invested in Rio Tuba Nickel Mining Corporation which has been mining deeply deposited high-grade nickel ore from its nickel mine. The company has also been stockpiling low-grade nickel ore and is facing dwindling reserves of high-grade ore.



With conventional technology, low-grade nickel ore could not be used in nickel refining to produce nickel. Sojitz looked for a way to use low-grade ore, and Sumitomo Metal Mining Co., Ltd. developed new HPAL ("high-pressure acid leaching") technology. Using HPAL, Coral Bay Nickel Corporation in which Sojitz's invested with Sumitomo Metal Mining, succeeded in producing nickel from low-grade ore.



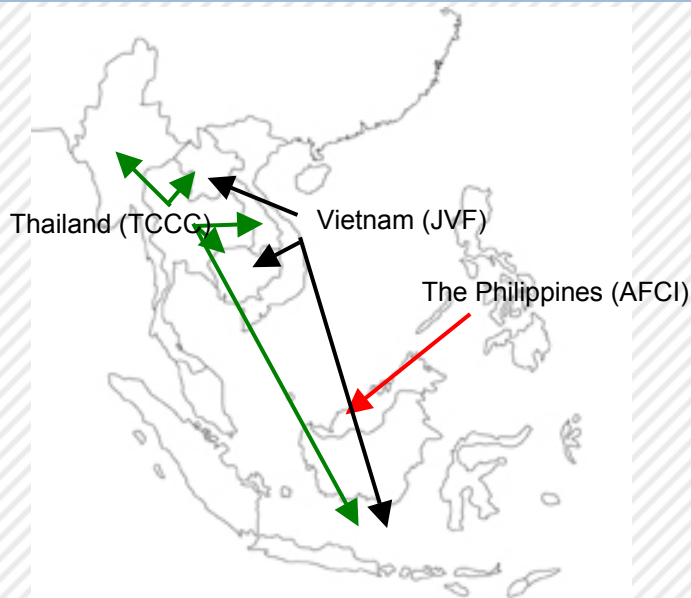
Coral Bay Nickel plant in the Philippines
(Photograph courtesy of Sumitomo Metal Mining Co., Ltd.)

Profile of Coral Bay Nickel

- 2002: Coral Bay Nickel Corporation established (Equity ownership: Sojitz Corporation 18%, Sumitomo Metal Mining Co., Ltd. 54%, Mitsui & Co., Ltd. 18%, Rio Tuba Nickel Mining Corporation 10%)
- 2006: Sojitz decides to participate in Phase 2 Expansion Plan (Sojitz's additional investment: ¥2.0 billion)
- 2006: Contribution to earnings (equity in earnings of affiliates): ¥1.7 billion
- From 2009: Production capability per year will increase from 10,000 to 20,000 tons
- Use of low-grade nickel ore, representing 60% of the world's reserves, to become mainstream

□ Stable Businesses: Fertilizer

Maximize the manufacturing and sales capabilities of Sojitz's three joint ventures in Southeast Asia to strengthen sales across the entire ASEAN region



Strengths

- Sojitz's joint ventures in Thailand, Vietnam and the Philippines manufacture and sell high-grade chemical fertilizer; this fertilizer is also sold in each countries, respectively
- Sojitz holds 40-50% market share in Thailand, Vietnam and the Philippines, establishing Sojitz as one of the top brands in these countries

Future strategies

- As well as bolstering existing businesses, strengthen sales across the entire ASEAN region
- Reinforce relationships with suppliers to preserve a stable supply of raw materials in preparation for future increases in production
- Sales volume of high-grade chemical fertilizer: Approx. 1.4 million tons in fiscal 2006 -> Target for fiscal 2007 is approx. 1.5 million tons



□ Stable Businesses: Development of Condominiums and Retail Facilities

Maintain stable earnings by handling only prime properties, in line with our “Only the Best Property” policy

Sojitz is standardizing properties under IMPREST brand

- Leveraging 35-year track record and expertise in the condominium business
- Track record of approx. 80,000 units handed over to date makes Sojitz one of the industry leaders
- Across-the-board strengths with condominiums designed for Tokyo, and those designed for more suburban areas in Kanto and Kansai regions
- Going forward, improve brand power to strengthen sales capabilities

Future business

- Develop standalone business that combines the IMPREST brand with existing large-scale condominium development projects in the suburbs
- Number of units sold in fiscal 2006: Approx. 2,100
- Forecast number of units for fiscal 2007: Approx. 2,500

The logo for IMPREST, featuring three stylized blue wavy lines to the left of the word "PREST" in a bold, dark green, sans-serif font.

IMPREST—residences from Sojitz



Aqua Residence (Chiba Prefecture)



Tokyo Sweet Residence (Koto Ward, Tokyo)

□ Businesses to be Strengthened: Textiles

In fiscal 2006, we expanded upstream, midstream and downstream capabilities— in fiscal 2007-2008, we will focus on reinforcing wholesale and retail functions



Drive recovery in earnings by expanding and strengthening functions

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.

Summary of Consolidated Financial Results

April 27, 2007

for the Year Ended March 31, 2007

Sojitz Corporation

(URL <http://www.sojitz.com>)

Listed stock exchange : The first sections of Tokyo and Osaka

Headquarters : Tokyo

Securities Code : 2768

Company Representative : Yutaka Kase, President & CEO

Contact Information : Takashi Inada, GM, Public Relations Dept. TEL +81-3-5520-3404

Scheduled Date of Ordinary General Shareholders' Meeting : June 27, 2007

Scheduled Date of Delivery of Dividends : June 28, 2007

Adopting of US GAAP : No

1. Consolidated Financial Results for the Years Ended March 31, 2007 and 2006

(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 years ended								
March 31, 2007	5,218,153	4.9	77,932	2.3	89,535	13.7	58,766	34.5
March 31, 2006	4,972,059	6.3	76,202	16.3	78,773	35.6	43,706	-

	EPS	Adjusted EPS	ROE	ROA	Operating Income Ratio
	Yen	Yen	%	%	%
For the years ended					
March 31, 2007	85.51	53.57	12.8	3.5	1.5
March 31, 2006	126.21	99.55	12.4	3.2	1.5

Notes:

Equity in Earnings of Unconsolidated subsidiaries and affiliate during the period: (Millions of Yen)

Current fiscal year : 23,752 Last fiscal year : 19,149

(2) Financial Position (Consolidated)

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of				
March 31, 2006	2,619,507	531,635	18.7	145.70
March 31, 2006	2,521,679	426,949	16.9	(368.95)

Notes:

(Millions of Yen)

1 Shareholders' Equity As of March 31, 2007: 488,586 As of March 31, 2006 : -

Note: The presentation of the fiscal 2005 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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For the years ended				
March 31, 2007	7,040	42,706	(95,476)	464,273
March 31, 2006	43,155	99,155	(55,805)	506,254

2. Cash Dividends

	Cash Dividends per Share (Yen)			Total Amount of Dividend Payment	Dividend Payout (Consolidated)	Dividend Rate to Net Assets
	Interim	Year-end	Annual			
For the years ended	Yen	Yen	Yen	Millions of Yen	%	%
March 31, 2006	-	-	0.00	-	-	-
March 31, 2007	-	6.00	6.00	6,407	7.0	-
March 31, 2008 (expected)	3.50	3.50	7.00		13.5	

3. Consolidated Earnings Forecast for the Year Ending March 2008 (April 1, 2007-March 31, 2008):

	Net Sales		Operating Income		Recurring Profit		Net Income		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the year ending March 31, 2008									
Interim	2,740,000	8.3	40,000	1.7	45,000	(3.0)	30,000	(4.3)	25.99
Full year	5,580,000	6.9	86,000	10.4	92,000	2.8	60,000	2.1	51.99

Group Management Policy

1. Fundamental policy

Under New Stage 2008, a three-year medium-term management plan ending in fiscal 2008 (the year to March 31, 2009), Sojitz aims to boost corporate value by further enhancing growth strategies, by accelerating capital and financial strategies and by upgrading risk management.

Guided by the Sojitz Group Statement, the Company is committed to implementing the New Stage 2008 plan to realize the aims and tenets described in the Group Management Vision.

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.

Sojitz Group Slogan

New way, new value

Group Management Vision

- To establish a multi-faceted business, which has both top-tier competitiveness and strong earnings 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 by 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. Targeted performance indicators

Sojitz has set financial performance targets for the final year of the New Stage 2008 medium-term management plan (the year ending March 31, 2009) of ¥60.0 in net income and ¥100.0 billion in recurring profit.

In addition, the goals set as part of the financial strategy are to achieve a current ratio of at least 120% and a long-term debt ratio of around 70% at the end of fiscal 2008.

	Year ending March 31, 2008	Year ending March 31, 2009
Net income	¥53.0 billion	¥60.0 billion
Recurring profit	¥90.0 billion	¥100.0 billion
Shareholders' equity	-----	¥500.0 billion
Current ratio	-----	120% or above
Long-term debt ratio	-----	Approx.70%

In fiscal 2006, the first year of New Stage 2008, Sojitz achieved the main quantitative financial targets. Net income of ¥58.8 billion was 19.9% ahead of the initial plan target, and also exceeded the upwardly revised figure that had been announced at the time of the interim results. Recurring profit totaled ¥89.5 billion, exceeding the initial plan target by 7.9%.

Year ended March 31, 2007	(Plan)	(Plan – revised)	(Results)
Net income	¥49.0 billion	¥56.0 billion	¥58.8 billion
Recurring profit	¥83.0 billion	¥89.0 billion	¥89.5 billion
Shareholders' equity	-----	-----	¥488.0 billion
Current ratio	-----	-----	132.4%
Long-term debt ratio	-----	-----	61.1%

(*) Shareholders' equity = Total net assets – Minority interests

3. Medium-to-long-term business strategy

The New Stage 2008 medium-term management plan aims to deliver sustained growth to increase corporate value by focusing on three policy objectives: 1) further enhance growth strategies, 2) accelerate capital and financial strategies, and 3) upgrade risk management.

(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. At the same time, Sojitz aims to make further progress in selection and focus-oriented initiatives, while also making greater use of the internal risk/return indicator SCVA (Sojitz Corporation Value Added) as a tool for managing growth.

(2) Accelerate capital and financial strategies

A core aim is to accelerate short-term capital restructuring through the elimination of outstanding preferred shares (as detailed below). Sojitz is also making progress with

initiatives to improve further the stability of the funding structure to achieve the plan targets for the current ratio and long-term debt ratio.

(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.

On April 28, 2006, Sojitz concluded a repurchase agreement for convertible preferred shares issued by the Company for a total acquisition cost of ¥342,920 million (up 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 ¥576.0 billion in preferred shares as of April 28, 2006. On May 25, 2006, in line with the preferred share repurchases, Sojitz issued a 3rd and 4th series of convertible bonds with stock acquisition rights totaling ¥300.0 billion in a private placement. Based on the progress expected under the New Stage 2008 medium-term management plan, Sojitz decided that a convertible bond issue was the most appropriate method for raising capital in line with this policy since the distributed nature of conversion would help to limit the impact on the Company's share price. Moreover, taking into consideration the large size of the convertible bond issue, to prevent excessive selling pressure in the market the agreement contained a clause limiting as a rule aggregate conversion for the 3rd and 4th series of convertible bonds to a monthly ceiling of ¥30.0 billion.

The capital raised through the conversion of this convertible bond issue will finance elimination of preferred shares through the repurchase agreement, thus enabling the Company to reinforce its capital base while minimizing the projected reduction in shareholders' equity. The measures taken to restrict the overall scope of dilution due to projected conversion of preferred shares support ongoing improvement in the value of the Company's shares. At the same time, by lessening the impact of preferred share dividends and preemptively mitigating any risk of future escalation in preferred share repurchase costs, this financing move promises to make a significant contribution to the New Stage 2008 plan initiative to boost shareholders' equity.

Common stock conversions of the convertible bond issue totaled ¥225.0 billion as of March 31, 2007 (leaving an unconverted balance of ¥75.0 billion). On March 30, 2007, the Company made the first purchases under the terms of the preferred share repurchase agreement for a total consideration of ¥240,920 million. These transactions covered the 2nd Series Class I Preferred Shares (issuance value: ¥52.6 billion), the 3rd Series Class I Preferred Shares (issuance value: ¥52.6 billion), the 4th Series Class I

Preferred Shares (issuance value: ¥52.6 billion), the 1st Series Class II Preferred Shares (issuance value: ¥52.6 billion) and the 2nd Series Class V Preferred Shares (issuance value: ¥20.0 billion), with an overall value of ¥230.4 billion. Cancellation of all these preferred shares was completed on the same day.

As of March 31, 2007, the value of outstanding preferred shares was ¥333.0 billion, comprising the 1st Series Class III Preferred Shares (issuance value: ¥3.0 billion), the 1st Series Class IV Preferred Shares (issuance value: ¥199.5 billion) and the 1st Series Class V Preferred Shares (issuance value: ¥130.5 billion). Of these preferred shares, under the terms of the preferred share repurchase agreement, the agreed purchase price for the 1st Series Class IV Preferred Shares and the 1st Series Class V Preferred Shares (total issuance value: ¥330.0 billion) is ¥102.0 billion (up to a ceiling of ¥108.6 billion depending on actual repurchase dates). The Company plans to purchase the remaining preferred shares in line with the ongoing common stock conversion of the convertible bond issue and thus make further progress in capital restructuring through the elimination of preferred shares.

4. Prospective challenges

In terms of the prospects for the Sojitz Group's business environment, the Company expects the U.S. economy to continue expanding steadily. However, oil prices, interest-rate trends and other factors still constitute a risk for the U.S. economy.

In Europe, Sojitz expects economies to experience a mild but short-lived slowdown as the spreading effects of euro appreciation help to temper external demand.

In Asia, Sojitz expects economic growth to maintain a high rate in China ahead of the 2008 summer Olympics in Beijing, despite various efforts by the authorities to impose macro-level controls. Growth is also expected to remain robust across the ASEAN region and newly industrialized economies. Projected growth also remains strong in India amid ongoing economic reforms.

In Japan, Sojitz expects the current economic expansion to continue, supported by strong capital investment and an upturn in consumer spending.

Under such conditions, the Company sees the primary issue for management of the Sojitz Group as the steady implementation of initiatives under the three pillars of the New Stage 2008 medium-term management plan that commenced in fiscal 2006, namely to

further enhance growth strategies, to accelerate capital and financial strategies and to upgrade risk management.

(1) Further enhance growth strategies

Sojitz has identified three distinct growth strategies: to secure resources, to develop the value chain, and to reinforce core trading. Within these categories, Sojitz plans to invest a total of ¥300.0 billion over the three-year plan period into initiatives that either expand functions or that represent new investments and loans. Growth strategies for each business have been factored into the three-year plan, and follow-up structures have been created to ensure the execution of these growth strategies.

During the year ended March 2007, within the “secure resources” category, Sojitz made additional investments in projects such as North Sea oil fields and a nickel mining operation in the Philippines. Within the “value chain” category, the Company took an equity stake in JALUX Inc., a firm with strengths in downstream business operations, and established an automobile sales company in Ukraine in partnership with Isuzu Motors Ltd. Within the “core trading” category, Sojitz focused on developing projects to leverage the Company’s competitive strengths. Investments to support future growth were made in a number of areas, including the expansion of operating bases in key countries, ongoing investment in innovation and efforts to strengthen systems linking overseas operations to sales teams based in Japan.

In addition, 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.

(2) Accelerate capital and financial strategies

Capital restructuring

To prevent significant projected dilution due to the conversion of preferred shares into common stock, Sojitz has undertaken measures to purchase and cancel all preferred shares issued by the Company with common stock conversion dates in May 2008 and beyond for a total acquisition cost of ¥342.9 billion. The shares subject to repurchase accounted for ¥560.4 billion of the outstanding balance of ¥576.0 billion in preferred shares as of the beginning of fiscal 2006. In May 2006, the Company completed the convertible bond issue to raise ¥300.0 billion, thereby aiming to minimize any reduction in shareholders’ equity by procuring capital from external sources.

Convertible bond conversion during the year ended March 2007 totaled ¥225.0 billion, while preferred shares were purchased and canceled for a total acquisition cost of ¥240.9 billion. As a result, preferred share dividends decreased by ¥4.3 billion.

Improving stability of funding structure

Seeking to diversify funding methods and to improve the durational balance of the debt structure, Sojitz plans to undertake ongoing issuance of straight bonds while shifting borrowings to longer maturities.

For further details please refer to the consolidated balance sheet analysis contained in the Financial Position section under “Business Results” below.

(3) Upgrade risk management

The Company plans to further reinforce and upgrade risk management across the Sojitz Group, both to realize growth strategies and to ensure consistent growth. One of the core issues in this regard is to strengthen management of risk at the Group level by developing credit ratings systems, credit approval/monitoring standards, business investment standards, and management systems for follow-up and country risk.

Sojitz aims to continue to manage the Group’s portfolio of risk assets so that its total value is no more than 100% of shareholders’ equity (with the target control value set at 80%). In addition, while strengthening the internal controls system and compliance framework, the Company also plans to upgrade corporate governance to establish highly transparent management structures. This aim reflects the importance placed by Sojitz on being accountable to shareholders and other stakeholders and on fulfilling related management responsibilities.

Through these various initiatives, the Company aims to achieve a target of ¥60.0 billion for consolidated net income in the final year of the New Stage 2008 plan.

Business Results

1. Analysis of business results

(1) Overview of fiscal 2006

Economic environment

During fiscal 2006, the year ended March 31 2007, the global economy performed robustly despite some concerns regarding both the sustainability of economic growth and geopolitical risk. Most notably, expansion in emerging economies such as Brazil, Russia, India and China (the BRICs economies) continued to support other national economies and drive up prices for a wide variety of resources and products. In these regions, February 2007 witnessed a period of global stock price adjustment prompted by caution regarding credit risk and interest rate environments, but the repercussions of this adjustment phase were temporary.

In the United States, the real economy maintained balanced growth that reflected its underlying potential against the backdrop of financial policies aimed at easing inflationary pressures. Meanwhile, there were increasingly evident signs of concerns regarding the housing market, which had been playing a leading role in preserving economic stability. However, the employment situation remained strong with rising wages and continuing healthy levels of spending, so these concerns had only a temporary effect on financial markets.

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. Although the euro continued to appreciate, the effect on exports was limited, allowing Eurozone economies to maintain their modest expansion.

Many countries in Asia also exhibited strong economic growth. Increased exports continued to play a leading role in driving these 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.

In China, the central government redoubled its commitment to fiscal restraint, but the country again achieved a high rate of economic growth thanks to high export levels and significantly higher investment in fixed assets. China's GDP grew 10.7% in 2006, exceeding the government's 8% target.

In India, which is maintaining a similarly high rate of growth, the manufacturing sector continued to go from strength to strength. Meanwhile, the NIEs and ASEAN countries

recorded strong growth despite inventory adjustments in the IT sector and concerns about the slowdown in external demand.

The Japanese economy grew robustly, setting a new post-war record for the longest period of continuous growth. This reflected strong expansion in the two main pillars of internal demand—consumer spending and capital investment—supported by stable commodity prices and healthy corporate earnings. Growth was sufficiently robust to absorb the effects of the Bank of Japan terminating its zero interest rate policy in July 2006.

Financial Performance

Business results for Sojitz Corporation and consolidated subsidiaries for fiscal 2006, the year ended March 31, 2007, are presented as follows.

Net sales

Consolidated net sales amounted to ¥5,218,153 million, an increase of 4.9% compared with the previous fiscal year. Sales were higher than in the previous year across all trading categories. Sales from export transactions in the Energy & Mineral Resources, Machinery & Aerospace and other divisions recorded strong growth, increasing 10.3%. Sales from import transactions in the Machinery and Aerospace and other divisions rose 8.8%. Sales from domestic transactions recorded net growth of 0.3%, with lower sales in the Real Estate Development & Forest Products, and Chemicals & Plastics divisions outweighed by higher sales in the Consumer Lifestyle Business, Energy & Mineral Resources and other divisions. Sales from offshore transactions in the Machinery & Aerospace, Chemicals & Plastics, Consumer Lifestyle Business and other divisions increased by 5.6%.

By industry segment, in the Machinery & Aerospace Division, robust performances in aircraft- and automobile-related transactions resulted in a 16.7% increase in sales. Net sales in the Energy and Mineral Resources Division increased by 6.6%, reflecting firm commodity prices and an increase in oil and metal resource transactions. In the Chemicals & Plastics Division net sales rose by 5.7% due to favorable market conditions, while the Consumer Lifestyle Division benefited from higher sales of foods and apparel to post 5.3% growth. In the Real Estate Development and Forest Products Division, however, lower sales of construction equipment and materials outweighed the recovery in the lumber market, resulting in a net sales decline of 9.4%. Net sales at Overseas Subsidiaries also declined, falling 6.2% compared with a year earlier due to a drop in some machinery-related business in the Americas and other factors.

Gross trading profit

Consolidated gross trading profit amounted to ¥254,466 million, up ¥12,300 million compared with the previous fiscal year. Contributing factors included strong performances in the Machinery & Aerospace Division's aircraft- and automobile-related businesses, the

Energy & Mineral Resources Division's mineral resources and coal-related operations, and also in lumber and fertilizer.

Operating income

Consolidated operating income rose 2.3% year on year to ¥77,932 million. This reflected the rise in gross trading profit, which outweighed the increase in selling, general and administrative (SG&A) expenses resulting from higher personnel expenditure.

Recurring profit

Consolidated recurring profit increased by 13.7% to ¥89,535 million, reflecting higher equity in earnings of unconsolidated subsidiaries and affiliates, including Metal One Corporation, and a reduction in interest expense due to an improvement in Sojitz' credit rating. Net other income also improved due to a drop off in provisions for investments and loans, among other factors.

Extraordinary gains and losses

Extraordinary gains totaled ¥30,562 million, including gains on the sale of investment securities (¥12,952 million), gains on the sale and disposal of properties (¥11,596 million) and a reversal of allowance for doubtful accounts (¥5,259 million). Extraordinary losses totaled ¥32,012 million, including a loss on dissolution of subsidiaries and affiliates plus related provisions (¥20,059 million), and revaluation losses on investment securities (¥3,957 million), resulting in a net extraordinary loss of ¥1,449 million.

Net income

As a result of these and other factors, income before income taxes and minority interests for the fiscal year was ¥88,085 million. After accounting for income taxes (¥18,841 million), deferred income taxes (¥4,971 million) and minority interests in consolidated subsidiaries (¥5,506 million), Sojitz Corporation posted net income for fiscal 2006 of ¥58,766 million, a year-on-year increase of 34.5%.

Machinery & Aerospace

Segment net sales amounted to ¥1,118,192 million, an increase of 16.7% compared with the previous fiscal year. This reflected strong growth in aircraft- and automobile-related operations. Gross trading profit was also up, due partly to growth in automobile-related sales to Central and South America, Russia, and the Middle East. Other contributors were sales in aircraft-related operations, particularly those relating to Boeing aircraft, and sales in the general machinery sector posted by a consolidated subsidiary. Operating income, however, fell 2.1% to ¥15,711 million as a result of higher SG&A expenses.

Energy & Mineral Resources

Reflecting continuing high commodity prices, segment net sales amounted to ¥1,286,934 million, a year-on-year increase of 6.6%. Operating income rose 4.8% to ¥18,889 million due to higher gross trading profit.

Chemicals & Plastics

Segment net sales totaled ¥668,737 million, rising 5.7% on a year-on-year basis. An increase in gross trading profit contributed to operating income that rose significantly to ¥21,818 million, a 31.8% increase.

Real Estate Development & Forest Products

Although conditions in lumber markets improved, segment net sales declined 9.4% to ¥380,340 million due to slower construction equipment and materials sales. Improved profits on lumber trading activities and reduced SG&A expenses resulted in a 21.9% year-on-year increase in operating income to ¥11,708 million.

Consumer Lifestyle Business

Primarily reflecting growth in the foods and apparel businesses, segment net sales were 5.3% higher than a year earlier at ¥913,833 million. However, higher SG&A expenses resulted in a 29.7% drop in operating income to ¥5,607 million.

Overseas Subsidiaries

Segment net sales totaled ¥720,832 million, falling 6.2% compared with a year earlier. This primarily reflected a drop in some machinery-related business in the Americas. An increase in SG&A expenses contributed to the 59.4% year-on-year decline in operating income to ¥1,887 million.

Other

Segment net sales rose 10.1% to ¥129,283 million. Despite a recovery at IT subsidiaries, higher SG&A expenses resulted in operating income that was down 19.0% to ¥2,080 million.

(2) Outlook for fiscal 2007

The following shows the performance outlook for the full fiscal year

(Consolidated)	(Billions of yen)
Net sales	5,580
Operating income	86
Recurring profit	92

Net income	60
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(Non-consolidated)	(Billions of yen)
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Net sales	3,120
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Operating income	10
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Recurring profit	31
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Net income	31
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The above outlook assumes an exchange rate of ¥110/US\$ and a crude oil price of US\$55/BBL (Brent).

Forward-looking Statements

The above information on future performance (forward-looking statements) is based on information available to management at the time of disclosure. Accordingly, readers are advised that actual results may differ materially from forward-looking statements due to a wide variety of factors including, but not limited to, economic conditions in Sojitz' principal overseas and domestic markets, and changes in foreign currency exchange markets. The Company will provide timely disclosure of any material changes or related issues.

2. Financial position

Consolidated balance sheet

Aiming to realize the shift to a high-quality earnings structure, Sojitz continued to make progress in selection and focus initiatives designed to entrench its business portfolio strategy. Sojitz also continued to invest resources in growth domains with the aim of raising SCVA, its internal risk/return indicator. In addition, Sojitz is 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. Initiatives taken by Sojitz to establish a more stable and efficient funding structure involved both direct and indirect methods of financing. Direct financing initiatives included procuring funds through the bond markets by following up the ¥15.0 billion public bond offering conducted in August 2006 with a series of four bond issues totaling ¥75.0 billion. Indirect financing initiatives included taking active measures to change the balance of funding from short term to long term, procuring a total of ¥81.7 billion in syndicated term loans, and other measures.

With regard to financial restructuring, Sojitz concluded agreements with relevant shareholders to repurchase 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 ¥576.0 billion in preferred shares as of April 28, 2006.

To fund these planned preferred share repurchases, on May 25, 2006, Sojitz issued a 3rd and 4th series of convertible bonds with stock acquisition rights, totaling ¥300 billion. By repurchasing preferred shares using the amount of capital raised by conversion of the convertible bonds, we will be able to minimize the decrease in shareholders' equity, while also minimizing the dilution that would arise from the future conversion of preferred shares to common stock. In taking this action we are aiming to further reinforce our capital base by boosting the value of Sojitz stock, and reducing the burden of dividend payments to preferred shareholders. Another objective is to mitigate the risk of future increases in the cost of repurchasing preferred shares. By March 31, 2007, ¥225.0 billion of the convertible bonds issued had been converted to common stock, and on March 30, 2007 Sojitz had repurchased and canceled preferred shares with a par value of ¥230.4 billion at a cost of ¥240,920 million.

Consolidated cash flows

In the fiscal year under review, net cash provided by operating activities and investing activities amounted to ¥7,040 million and ¥42,706 million, respectively. Net cash used in financing activities totaled ¥95,476 million. After accounting for the effects of currency translation adjustments and changes in the scope of consolidation, the balance of cash and cash equivalents as of March 31, 2007 was ¥464,273 million.

Cash flows from operating activities

Net cash provided by operating activities in the fiscal year under review amounted to ¥7,040 million. Although this represented a decrease of ¥36,115 million in cash inflow compared with the previous fiscal year, the positive effects of factors such as higher operating income and an increase in trade payables did still outweigh higher cash outflows due to increased trade receivables and inventories.

Cash flows from investing activities

Net cash provided by investing activities in the fiscal year under review totaled ¥42,706 million, a decrease of ¥56,449 million compared with the previous fiscal year. The main sources of cash inflow were the proceeds from sale of property and equipment and collection of short-term loans receivable.

Cash flows from financing activities

Net cash used by financing activities in the fiscal year under review totaled ¥95,476 million, an increase of ¥39,671 million in cash outflow compared with the previous fiscal year. The most significant item in cash outflow was the payment of ¥240,920 million to repurchase preferred shares.

3. Basic policy on profit distribution, and dividends for fiscal 2006 and fiscal 2007

Sojitz considers the stable, continuous payment of dividends to shareholders to be one of the most important business management issues. An equally important issue is the need to enhance competitiveness and shareholder value by increasing retained earnings and using them effectively. Going forward, Sojitz will set dividends at appropriate levels after considering such factors as progress with the New Stage 2008 medium-term management plan launched in 2006, financial structure and shareholders' equity, and funding requirements for investments to grow profits. Sojitz has set a future target of a 20% consolidated dividend payout ratio.

Sojitz has been intending to resume its payment of dividends from the end of fiscal 2006, and we have therefore resolved to pay a full-year dividend for the year under review. This decision is on the basis that, having increased our first-year profit targets for New Stage 2008, and then achieved the higher targets, we have now established the financial position and earnings base to allow payment of continuous dividends.

As a first step toward making stable and continuous payments of annual dividends, we intend to pay a common stock dividend of ¥6 per share for fiscal 2006. This payment corresponds to a consolidated payout ratio of 10.9% based on the total number of shares of common stock outstanding on March 31, 2007, or a payout ratio of 7.0% based on the average number of shares of common stock outstanding during the fiscal year ended March 31, 2007.

With regard to annual dividends on preferred shares, of the shares outstanding on March 31, 2007, the date of record, we will pay dividends in accordance with the provisions of the issuance guidelines for the following shares: ¥15 per share for 1st Series Class III Preferred Shares and ¥143.76 per share for 1st Series Class V Preferred Shares.

Turning to fiscal 2007, in line with our policy of achieving stable and continuous dividend payments and increasing the consolidated payout ratio, we intend to pay an annual dividend on common stock for the fiscal year ending March 31, 2008 of ¥7 per share. This comprises an interim payment of ¥3.5 and a full-year payment of ¥3.5. This dividend payment would result in a consolidated payout ratio of approximately 13.5% based on the average number of shares of common stock outstanding during the fiscal year, assuming that all the

remaining 4th series of convertible bonds were converted to common stock at the conversion price prevailing on April 27, 2007. If no further conversions of the convertible bonds were to take place, the consolidated dividend payout ratio on common stock would be approximately 12.5%.

4. Business and other risks

Sojitz 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 Company 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, Sojitz 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 position of the Company. Although risk can not be entirely mitigated, the Company 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, Sojitz is building an internal control system around its Internal Control Administration Office and reinforcing the compliance structure under the Chief Compliance Officer, both measures aimed at enhancing the management of risks that can not be quantified.

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

(1) Market risk

Sojitz 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 Company is also susceptible to movements in interest rates in connection with funds procurement and its investment activities. In its daily operating activities, the Company enters into purchase agreements, maintains inventories, and is exposed to commodity price risk. In addition, the Company is exposed to stock price risk due to its holdings of marketable and other securities. As a result, the Company is subject to a variety of market risks, and transactions susceptible to market risk are not limited to those identified above. Sojitz 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 Company 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, Sojitz 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 exchange contracts, commodity futures and interest rate swaps.

(2) Credit risk

In the course of its business, Sojitz extends credit facilities to a large number of customers in Japan and overseas, which in turn exposes the Company to credit risk. As part of efforts to manage and control this risk, the Company has established an 11-tier credit assessment system. In each instance, the Company 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 Company strives to implement strict security and other collateral requirements in line with the credit rating for each customer. Furthermore, the Company 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 Sojitz' major business activities 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, 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

Sojitz 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, Sojitz evaluates each country and region and assigns a risk rating for each. For countries and regions with a high country risk rating, Sojitz sets maximum net exposure limits in proportion to the country rating and size, within which it operates. In addition, for countries allocated a high country risk rating, country risk avoidance measures such as trade insurance are implemented for each proposal.

(5) Risk relating to changes in the macroeconomic environment

Sojitz is a *sogo shosha* with global operations that conducts its businesses both in Japan and in approximately 50 other countries around the world. It is active in a diverse range of businesses, including machinery and aerospace, energy and mineral resources, chemicals and plastics, real estate development and forest products, and consumer lifestyle-related business. Consequently, the Company's performance is affected by the economic situation in Japan and the other countries in which it operates, as well as by worldwide economic conditions. There is a risk that economic slowdown, either worldwide or in a particular region, could negatively impact the Company's performance or financial position.

(6) Risk relating to impairment of fixed assets

Sojitz is subject to impairment risk relating to leased assets and fixed assets it owns including real estate, machinery and equipment, and vehicles. The Company accounts for the relevant assets in accordance with the standards for asset-impairment accounting, and the required impairment adjustments were recorded at the end of the fiscal year under review. However, there is a risk that a fall in market prices for the assets concerned could lead to a sharp decline in the value of the assets, making it necessary to record significant asset impairment. In this case, the Company's performance or financial position could be negatively impacted.

(7) Fund procurement risk

Sojitz procures funding for its operations through loans from financial institutions, and by issuing bonds and commercial paper, among other means. Consequently, in the event of disruption in the financial markets, or if a rating agency were to significantly downgrade Sojitz' credit rating, Sojitz' ability to procure funds would be restricted and its fund procurement costs would increase. In this case, the Company's performance or financial position could be negatively impacted.

(8) Risk relating to increases in environmental costs

Sojitz considers care for the global environment to be one of its most important management issues and is actively involved in tackling environmental problems. The Company has drawn up the Sojitz Environmental Policy, and takes the environment into consideration when conducting its operations. Sojitz also adheres strictly to environment-related laws and regulations and promotes initiatives targeting environmental protection. Nonetheless, implementing such initiatives cannot in itself eliminate all risk of potential environmental pollution arising in the course of business operations. In the event of such environmental pollution, potential adverse outcomes include suspension of Sojitz' operations, liability for decontamination and cleaning expenses, and liability for litigation costs.

(9) Compliance risk

Sojitz is active in a variety of business fields, and laws and regulations relating to its operations are wide ranging. They include trade-related laws such as those regarding corporations, tax, business monopolies and foreign exchange, as well as laws relating to each industrial sector. To ensure adherence to these laws and regulations, the Company has developed a compliance program and established a Compliance Committee. It has also appointed a Chief Compliance Officer to conduct compliance training and enforce implementation of compliance throughout the entire Group. Nonetheless, even measures such as these cannot eliminate all compliance-related risk in the course of conducting business. There is always a possibility that significant changes to the relevant laws and regulations, or new and unexpected interpretations of existing laws, could be enforced. In such cases, the Company's performance or financial position could be negatively impacted.

(10) Risk of litigation

Sojitz' business activities may on occasion be subject to legal action including litigation or arbitration, either in Japan or overseas. However, as of March 31, 2007 there were no cases of litigation, arbitration or other legal action likely to exert a material impact on the performance or financial position of the Company.

(11) Risk relating to IT systems and security of information

Sojitz considers appropriate safeguarding and management of its information assets to be a crucial issue in operating its businesses. In line with this stance, the Company has established an information management system based on an internal committee and developed a range of other provisions. To deal with failures in key IT systems and networks, Sojitz has implemented such measures as duplicating systems and equipment. The Company is also working to bolster its defenses against information leaks. To this end Sojitz has established firewalls to prevent unauthorized external access to computer systems, and has also implemented anti-virus measures and adopted encryption technology.

As detailed above, Sojitz is taking comprehensive measures to reinforce its information security and avoid any untoward events. These efforts notwithstanding, it is impossible to

completely eliminate all risk, and a number of potential risks remain. These include infection by a new computer virus, and leakage or loss of key information assets containing personal information as a result of events such as unauthorized access to a computer. Another potential risk is total failure of an IT system due to unexpected natural disaster or malfunction. Depending on the scale of damage incurred, the Company's performance or financial position could be negatively impacted.

Consolidated Statements of Income

for the year ended March 31, 2007

Millions of yen

	FY2006 Results	Percentage of Net sales (%)	FY2005 Results	Percentage of Net sales (%)	Change Amount	Change Percentage
Net sales	5,218,153	100.00	4,972,059	100.00	246,094	4.95
Cost of sales	(4,963,686)	(95.12)	(4,729,892)	(95.13)	(233,794)	4.94
Gross trading profit	254,466	4.88	242,166	4.87	12,300	5.08
Selling, general and administrative expenses	(176,533)	(3.39)	(165,964)	(3.34)	(10,569)	6.37
Operating income	77,932	1.49	76,202	1.53	1,730	2.27
Interest income	14,995	0.29	13,213	0.27	1,782	13.49
Dividends	6,052	0.12	6,816	0.14	(764)	(11.21)
Equity in earnings of unconsolidated subsidiaries and affiliates	23,752	0.45	19,149	0.39	4,603	24.04
Gain on sale of securities	1,872	0.04	2,042	0.04	(170)	(8.33)
Other income	15,357	0.29	18,496	0.37	(3,139)	(16.97)
Non-operating income	62,030	1.19	59,718	1.20	2,312	3.87
Interest expense	(38,332)	(0.73)	(38,571)	(0.78)	239	(0.62)
Interest expense on commercial papers	(89)	(0.00)	(1,572)	(0.03)	1,483	(94.34)
Other expenses	(12,005)	(0.23)	(17,003)	(0.34)	4,998	(29.39)
Non-operating expense	(50,427)	(0.96)	(57,147)	(1.15)	6,720	(11.76)
Recurring profit	89,535	1.72	78,773	1.58	10,762	13.66
Extraordinary loss-net	(1,449)	(0.03)	(9,358)	(0.18)	7,909	(84.52)
Income before income taxes and minority interests	88,085	1.69	69,414	1.40	18,671	26.90
Income taxes; Current	(18,841)	(0.36)	(16,484)	(0.33)	(2,357)	14.30
Deferred	(4,971)	(0.09)	(5,840)	(0.12)	869	(14.88)
Minority interests in consolidated subsidiaries	(5,506)	(0.11)	(3,383)	(0.07)	(2,123)	62.75
Net Income	58,766	1.13	43,706	0.88	15,060	34.46

Extraordinary Income and Loss

for the year ended March 31, 2007

Millions of yen

	FY2006 Results	FY2005 Results	Change
Extraordinary Income;			
Gain on sale and disposal of properties	11,596	3,962	7,634
Gain on sale of investment securities	12,952	9,522	3,430
Gain on sale of investment in partners	188	12	176
Dilution gain from changes in equity interest	227	-	227
Gain on reversal of allowance for doubtful accounts	5,259	5,797	(538)
Gain on sale of certain overseas receivables	30	617	(587)
Gain on bad debt recovered	308	112	196
Total extraordinary income	30,562	20,025	10,537
Extraordinary Loss;			
Loss on sale and disposal of properties	(2,144)	(1,723)	(421)
Impairment losses on fixed assets	(3,393)	(2,022)	(1,371)
Loss on sale of investment securities	(293)	(3,367)	3,074
Loss on sale of investment in partners	(9)	(1,238)	1,229
Loss on devaluation of securities	(3,957)	(950)	(3,007)
Dilution loss from changes in equity interest	(150)	(2,954)	2,804
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	(20,059)	(11,645)	(8,414)
Restructuring loss	(1,380)	(5,482)	4,102
Special early retirement benefits	(160)	-	(160)
Provision for retirement benefits for directors, executive officers and corporate auditors	(463)	-	(463)
Total extraordinary loss	(32,012)	(29,384)	(2,628)
Extraordinary income/loss, net	(1,449)	(9,358)	7,909

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

Provision for doubtful receivables (Included in Selling, general & administrative expenses)	(5,503)	(3,224)	(2,279)
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Consolidated Balance Sheets

As of March 31, 2007

Assets	March 31, 2007	March 31, 2006	Millions of yen Change
Current assets;			
Cash and deposits	471,570	521,937	(50,367)
Trade notes and trade accounts receivable	672,658	613,513	59,145
Securities	7,251	6,471	780
Inventories	315,885	214,163	101,722
Short-term loans receivable	23,182	44,237	(21,055)
Deferred tax assets-current	8,591	8,886	(295)
Other current assets	130,636	116,416	14,220
Allowance for doubtful receivables	(14,695)	(15,172)	477
Total current assets	1,615,081	1,510,454	104,627
Fixed assets;			
Tangible assets	229,966	246,665	(16,699)
Intangible assets;	99,127	100,131	(1,004)
Goodwill	69,925	76,897	(6,972)
Other intangible assets	29,202	23,233	5,969
Investments and other fixed assets;	671,857	663,403	8,454
Investments securities	518,615	488,291	30,324
Long-term loans receivable	39,304	38,867	437
Non-performing receivables	162,305	176,527	(14,222)
Deferred tax assets-non-current	19,754	23,880	(4,126)
Others	49,916	58,793	(8,877)
Allowance for doubtful receivables	(118,039)	(122,956)	4,917
Total fixed assets	1,000,951	1,010,200	(9,249)
Deferred assets	3,475	1,024	2,451
Total assets	2,619,507	2,521,679	97,828

Consolidated Balance Sheets
As of March 31, 2007

Liabilities and net assets	Millions of yen		
	March 31, 2007	March 31, 2006	Increase/ Decrease
Liabilities			
Current liabilities			
Trade notes and trade accounts payable	531,508	451,438	80,070
Short-term loans payable	348,413	545,072	(196,659)
Commercial paper	10,000	29,200	(19,200)
Current portion of long-term loans payable	153,538	239,841	(86,303)
Income taxes payable	8,811	7,774	1,037
Deferred tax liabilities-current	34	41	(7)
Allowance for employees' bonus	7,412	5,148	2,264
Other current liabilities	159,778	138,198	21,580
Total current liabilities	1,219,497	1,416,716	(197,219)
Non-current liabilities;			
Bonds, less current portion	245,540	99,036	146,504
Long-term loans payable	560,187	473,109	87,078
Deferred tax liabilities -non-current	13,078	13,553	(475)
Deferred tax liabilities -revaluation	1,238	445	793
Allowance for retirement benefits	22,526	25,558	(3,032)
	1,394	-	
Other non-current liabilities	24,409	29,185	(27,791)
Total non-current liabilities	868,374	640,887	(616,478)
Total liabilities	2,087,872	2,057,603	(1,189,229)
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	122,790	-	-
Capital surplus	158,593	-	-
Retained earnings	147,206	-	-
Treasury stock	(126)	-	-
Total owners' equity	428,464	-	-
Valuation and translation adjustments;			
Net unrealized gains on available-for-sale securities	94,316	-	-
Defferred gains or losses on hedges	623	-	-
Lande revaluation difference	(1,935)	-	-
Foreign currency translation adjustments	(32,882)	-	-
Total valuation and translation adjustments	60,122	-	-
Minority Interests;			
	43,048	-	-
Total net assets	531,635	-	-
Total liabilities and net assets	2,619,507	-	-

Consolidated Statements of Cash Flows

for the year ended March 31, 2007

	FY2006 Results	FY2005 Results	Change
Operating activities;			
Income before income taxes and minority interests	88,085	69,414	18,671
Depreciation and amortization	23,928	25,958	(2,030)
Loss on revaluation of securities	3,957	950	3,007
Decrease (increase) in allowance for doubtful receivables	(6,148)	(110,810)	104,662
Interest and dividend income	(21,048)	(20,030)	(1,018)
Interest expense	38,421	40,143	(1,722)
Equity in earnings of unconsolidated subsidiaries and affiliates	(23,752)	(19,149)	(4,603)
Gain (loss) on sale of securities	(14,787)	(4,025)	(10,762)
Gain (loss) on sale and disposal of property & equipment	(9,452)	(2,238)	(7,214)
Impairment loss on fixed assets	3,393	2,022	1,371
Decrease in trade receivables	(62,697)	26,492	(89,189)
Increase (decrease) in inventories	(99,052)	(8,492)	(90,560)
Increase (decrease) in trade payables	78,685	(34,978)	113,663
Other, net	7,507	77,899	(70,392)
Net cash provided by operating activities	7,040	43,155	(36,115)
Investing Activities			
Decrease in time deposit, net	9,392	2,541	6,851
Decrease (increase) in marketable securities, net	84	(1,151)	1,235
Payments for property & equipment	(28,774)	(25,518)	(3,256)
Proceeds from sale of property & equipment	38,255	16,462	21,793
Payments for purchase of investment securities	(35,763)	(24,380)	(11,383)
Proceeds from sale of investment securities	46,480	59,272	(12,792)
Decrease in short - term loans receivable, net	36,315	27,022	9,293
Increase of long - term loans receivable	(22,914)	(9,717)	(13,197)
Collection of long-term loans receivable	8,576	37,546	(28,970)
Other, net	(8,945)	17,077	(26,022)
Net cash provided by investing activities	42,706	99,155	(56,449)
Financing activities			
Increase (decrease) in short-term debt, net	(201,386)	(233,618)	32,232
Decrease in commercial paper, net	(19,200)	(110,000)	90,800
Proceeds from long-term debt	274,898	487,025	(212,127)
Repayments of long-term debt	(266,922)	(262,600)	(4,322)
Proceeds from issuance of bonds	374,626	154,872	219,754
Redemption of bonds	(12,668)	(46,030)	33,362
Payment for purchase of preferred shares	(240,920)	(44,000)	(196,920)
Other, net	(3,903)	(1,453)	(2,450)
Net cash used in financing activities	(95,476)	(55,805)	(39,671)
Effect of Exchange Rate Changes on Cash & Cash Equivalents	3,419	11,921	(8,502)
Net Decrease in Cash & Cash Equivalents	(42,310)	98,426	(140,736)
Cash & cash Equivalents at the Beginning of the Period	506,254	409,266	96,988
Effect of Change in Scope of Consolidation	329	(1,438)	1,767
Cash & Cash Equivalents at the End of the Period	464,273	506,254	(41,981)

Segment Information
for the year ended March 31, 2007

Industry Segments

The business segment information for the year ended March 31, 2007 and 2006 are as follows:

Year ended March 31, 2007

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	1,118,192	1,286,934	668,737	380,340	913,833
Inter-segment	13,895	7,526	48,440	2,393	13,307
Total	1,132,088	1,294,460	717,178	382,733	927,140
Operating expense	1,116,376	1,275,570	695,359	371,024	921,533
Operating income	15,711	18,889	21,818	11,708	5,607
Total assets	355,323	504,317	370,225	272,799	316,111

	Overseas Subsidiaries	Other	Total	Elimination and Unallocated	Consolidated
Net sales					
Outside customers	720,832	129,283	5,218,153	-	5,218,153
Inter-segment	333,966	22,792	442,322	(442,322)	-
Total	1,054,798	152,075	5,660,475	(442,322)	5,218,153
Operating expense	1,052,911	149,994	5,582,771	(442,550)	5,140,220
Operating income	1,887	2,080	77,704	228	77,932
Total assets	363,495	171,580	2,353,853	265,654	2,619,507

Notes:

1. Unallocated costs and expenses included in "Elimination and Unallocated" totaled 1,584million yen and comprised mainly administrative group expenses applicable to Sojitz Corporation.
2. Company assets included in "Elimination and Unallocated" totaled 431,910 million yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

Segment Information
for the year ended March 31, 2007

Industry Segments (Continued)

(Ref.) Year ended March 31, 2006

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	958,343	1,207,031	632,861	419,746	868,055
Inter-segment	12,434	10,279	46,354	3,105	14,015
Total	970,778	1,217,310	679,216	422,851	882,070
Operating expense	954,737	1,199,293	662,659	413,244	874,096
Operating income	16,040	18,017	16,556	9,606	7,973
Total assets	325,062	462,958	360,939	232,052	292,281

	Overseas Subsidiaries	Other	Total	Elimination and Unallocated	Consolidated
Net sales					
Outside customers	768,547	117,474	4,972,059	-	4,972,059
Inter-segment	318,325	20,792	425,306	(425,306)	-
Total	1,086,872	138,266	5,397,366	(425,306)	4,972,059
Operating expense	1,082,226	135,698	5,321,956	(426,098)	4,895,857
Operating income	4,646	2,568	75,409	792	76,202
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 3,770 million 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 million yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company and former Sojitz Corporation.

Segment Information
for the year ended March 31, 2007

Geographic Segments

The geographic segment information for the year ended March 31, 2007 and 2006 are as follows:

Year ended March 31, 2007

Millions of yen

	Japan	North America	Europe	Asia & Oceania	Other	Total	Elimination and Unallocated	Consolidated
Net sales								
Outside customers	3,935,946	349,935	176,392	673,290	82,587	5,218,153	-	5,218,153
Inter-area	340,669	103,753	26,320	253,639	277	724,660	(724,660)	-
Total	4,276,615	453,689	202,712	926,930	82,865	5,942,813	(724,660)	5,218,153
Operating expense	4,236,109	446,473	193,899	909,162	75,291	5,860,937	(720,716)	5,140,220
Operating income	40,505	7,215	8,812	17,767	7,574	81,876	(3,943)	77,932
Total assets	2,013,293	161,879	160,919	293,127	49,505	2,678,724	(59,217)	2,619,507

Notes:

- Countries and regions are categorized by geographical classification.
- The principal regions and countries included in each geographic segments are as follows:

North America:	United States and Canada
Europe:	UK and Russia
Asia & Oceania:	Singapore and China
Other:	Central and South America, and Africa

- Unallocated costs and expenses included in "Elimination and Unallocated" totaled 1,584 million yen and comprised mainly administrative group expenses applicable to Sojitz Corporation.
- Company assets included in "Elimination and Unallocated" totaled 431,910 million yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

(Ref.) Year ended March 31, 2006

Millions of yen

	Japan	North America	Europe	Asia & Oceania	Other	Total	Elimination and Unallocated	Cosolidated
Net sales								
Outside customers	3,796,590	361,726	186,529	580,645	46,567	4,972,059	-	4,972,059
Inter-area	276,221	122,563	43,019	199,905	261	641,972	(641,972)	-
Total	4,072,812	484,289	229,549	780,551	46,829	5,614,031	(641,972)	4,972,059
Operating expense	4,033,019	475,152	223,514	766,946	39,259	5,537,893	(642,035)	4,895,857
Operating income	39,792	9,136	6,034	13,604	7,569	76,138	63	76,202
Total assets	1,884,885	199,846	176,432	272,107	47,265	2,580,538	(58,859)	2,521,679

Notes:

- Countries and regions are categorized by geographical classification.
- The principal regions and countries included in each geographic segments are as follows:

North America:	United States and Canada
Europe:	UK and Russia
Asia & Oceania:	Singapore and China
Other:	Central and South America, and Africa

- Unallocated costs and expenses included in "Elimination and Unallocated" totaled 3,770 million yen and comprised mainly administrative group expenses applicable to the Company and former Sojitz Corporation.
- Company assets included in "Elimination and Unallocated" totaled 447,487 million yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company and former Sojitz Corporation.