Summary of Consolidated Financial Results

October, 30, 2007

for the Interim Period Ended September 30, 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 Delivery of Dividends : December 4, 2007

1. Consolidated Financial Results for the Interim Period ended September 30, 2007

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

	Net Sales		Operating Income		Recurring Profit		Net Income	
For the Interim Period	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
ended September 30, 2007	2,802,456	10.8	45,701	16.2	53,243	14.8	35,444	13.0
ended September 30, 2006	2,529,244	7.4	39,321	3.8	46,394	8.8	31,356	21.0
(Ref) FY 2006	5,218,153		77,932		89,535		58,766	

	EPS	Adjusted EPS
For the Interim Period	Yen	Yen
ended September 30, 2007	30.80	28.56
ended September 30, 2006	60.14	35.11
(Ref) FY 2006	85.51	53.57

Notes:
Equity in Earnings of Unconsolidated subsidiaries and affiliate during the period: (Millions of Yen)
Current interim period : 16,586 Preceding interim period: 11,602 Last fiscal year : 23,752

(2)Financial Position (Consolidated)

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of Yen	Millions of Yen	%	Yen
September 30, 2007	2,668,312	559,137	19.2	413.16
September 30, 2006	2,685,271	584,759	20.3	(24.54)
March 31, 2007	2,619,507	531,635	18.7	145.70

Notes: (Millions of Yen)
1 Shareholders' Equity As of September 30, 2007: 512,678 As of September 30, 2006 : 545,645
As of March 31, 2007: 488,586

(3) Consolidated Statements of Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the Period
For the Interim Period	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
ended September 30, 2007	21,131	-8,403	-92,850	390,061
ended September 30, 2006	6,528	-262,436	120,894	369,757
(Ref) FY 2006	7,040	42,706	-95,476	464,273

2. Cash Dividends

	Cash Dividends per Share (Yen)		
	Interim	Year-end	Annual
For the years ended	Yen	Yen	Yen
March 31, 2007	-	6.00	6.00
March 31, 2008	3.50	-	7.00
March 31, 2008 (expected)	-	3.50	

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
For the year ending March 31, 2008	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	5,650,000	8.3	92,000	18.1	100,000	11.7	65,000	10.6	52.67

4.Others

(1)Changes in major subsidiaries during the fiscal year (changes in specified subsidiaries accompanying changes in scope of consolidation) : No

(2) Changes in accounting policy, procedures or method of presentation for preparing consolidated interim financial statements (those to be described in the section “Change of Significant Accounting Policies for the Preparation of Consolidated Interim Financial Statements)

1. Changes due to amendment of accounting standards : Yes
2. Change due to other reasons : No

(3) Number of outstanding shares at the end of the period (Common Stock):

1. Number of outstanding shares at the end of the period (Common Stock):

As of September 30, 2007: 1,233,852,443 As of September 30, 2006 : 723,884,891 As of March 31, 2007: 1,068,105,228

3. Number of treasury shares at the end of the period:

As of September 30, 2007: 276,427 As of September 30, 2006 : 239,399 As of March 31, 2007: 253,051

Important Note Concerning the Appropriate Use of Business Forecasts
The aforementioned forecasts are based on certain assumptions that Company has deemed relevant and appropriate as of the date of publication. Actual results may differ substantially from these forecasts due to variety of important factors. For details on matters of caution concerning the appropriate use of business forecasts, please refer to the attached Qualitative Information, Financial Statements etc. 3. Qualitative Information .

Dividends on Preferred Shares

The table below sets out details of dividends per share and total dividends paid for classified stock conferring rights not offered by common stock.

	Cash Divided per Share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
FY2006			
1st Series Class I	—	—	0 00
2nd Series Class I	—	—	0 00
3rd Series Class I	—	—	0 00
4th Series Class I	—	—	0 00
1st Series Class II	—	—	0 00
1st Series Class III	—	15 00	15 00
1st Series Class IV	—	—	0 00
1st Series Class V	—	143 76	143 76
2nd Series Class IV	—	—	0 00
FY2007			
1st Series Class III	7 50		
(1st Series Class IV	—		)
(1st Series Class V	—		)
FY2007 (Forecast)			
1st Series Class III		7 50	15 00
(1st Series Class IV		—	0 00)
(1st Series Class V		—	0 00)

As a result of the repurchase and cancellation of 1st Series Class IV preferred shares (on June 22, 2007) and 1st Series Class V preferred shares (on June 22, 2007 and September 28, 2007), both the interim dividend and year-end dividend (forecast) for fiscal 2007 for the relevant preferred shares are \0 per share.

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 billion 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 (Plan)	Year ending March 31, 2009 (Plan)
Net income	¥60.0 billion (53.0)*[1]	¥60.0 billion
Recurring profit	¥92.0 billion (90.0)*[1]	¥100.0 billion
Shareholders' equity*[2]	-----	¥500.0 billion
Current ratio	-----	120% or above
Long-term debt ratio	-----	Approx.70%

(*[1])The figures in parentheses are the unrevised figures announced on April 28, 2006.
(*[2]) Since year ended March 31, 2007:
Shareholders' equity =Total net assets – Minority interests

In fiscal 2006, the first year of New Stage 2008, Sojitz achieved a net income of ¥58.8 billion, 19.9% ahead of the initial plan target. At the half-way mark of fiscal 2007 it continued to stay in a strong position to achieve the plan targets as demonstrated in the results reported below. Net income for the interim period amounts to 59% of the year-end plan target, while recurring profit stands at 58%. These results have led Sojitz to revise its full-year forecasts for fiscal 2007. For further details, please refer to the Outlook for fiscal 2007 contained in the Analysis of business results section under "Business Results".

Year ended March 31, 2007	(Plan)	(Results)
Net income	¥56.0 billion (49.0)*[1]	¥58.8 billion
Recurring profit	¥89.0 billion (83.0)*[1]	¥89.5 billion
Shareholders' equity*[2]	-----	¥488.6 billion
Current ratio	-----	132.4%
Long-term debt ratio	-----	61.1%

Year ending March 31, 2008	(Plan)	(Interim results)
Net income	¥60.0 billion (53.0)*[1]	¥35.4 billion
Recurring profit	¥92.0 billion (90.0) *[1]	¥53.2 billion
Shareholders' equity*[2]	-----	¥512.7 billion
Current ratio	-----	116.9%
Long-term debt ratio	-----	50.0%

(*[1]) The figures in parentheses are the unrevised figures announced on April 28, 2006.
(*[2]) Since year ended March 31, 2007:

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

On April 28, 2006, Sojitz concluded a repurchase agreement for all preferred shareholders' relevant preferred shares targeted for repurchase and cancellation. The shares subject to this repurchase agreement accounted for ¥560.4 billion of the outstanding balance of ¥576.0 billion in preferred shares as of April 28, 2006. On September 28, 2007, the repurchase of preferred shares based on this agreement was fully completed.

On May 25, 2006, aiming to minimize any reduction in shareholders' equity by procuring capital from external sources, the Company issued convertible bonds of a total issue price of ¥300.0 billion (3rd and 4th Issuance). On July 3, 2007 the conversion of these bonds to common stock was completed.

Thus, by minimizing the overall scope of dilution that would arise from the future conversion of preferred shares to common stocks, and successfully reducing the burden of dividend payments to preferred shareholders while mitigating any risk of future increase in the cost of repurchasing preferred shares, the single most important challenge of the New Stage 2008 medium-term management plan—to reorganize the capital structure—was completed.

Through completing the reorganization of the capital structure achieved through the repurchase and cancellation of preferred shares, it is now possible in the future to leverage this accumulated shareholders' equity gained from periodic income to further accelerate the Company's growth strategies.

Sojitz is also continuing to make 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.

4. Prospective challenges

(1) Further enhance growth strategies

Upon the completion of the first year of the medium-term management plan, Sojitz reviewed the profit performance of each business. In the second year, each business has been categorized as either “growth business,” “stable business,” or “business to be strengthened.” The Company aims to maintain growth in the areas of growth by developing a business base that reflects the aforementioned categorization.

“Growth businesses” are those operations with a strong growth potential that will become stronger in the future such as automobiles and ferroalloys. “Stable businesses” are operations that are structured to achieve secure and stable revenues such as fertilizer in South-East Asia, development of condominiums and retail property, aircraft and ships. “Businesses to be strengthened” are those operations such as textiles, general commodities, foods and plastics, which are currently following preservation strategies due to their respective business environments and which will require assistance in the immediate future to recover to their natural profitability. To develop the business base, the Company will employ its SCVA business management. In addition to business evaluation based on quantity metrics, the company aims to re-emphasize the functional capabilities of Sojitz which cannot be assessed by the numerical data of risks and returns alone. While improving the SCVA value of each business unit, Sojitz aims to continue to realize its growth strategies.

From this period under review, Sojitz has globally introduced division based marketing strategies within a unified organizational structure under which its head office marketing division and its oversea operating bases promote the marketing strategies for each business and product.

Furthermore, through the formation of Company-wide cross-divisional task force teams, Sojitz is promoting business development and boosting business activity, not only in the three countries of Thailand, Vietnam and Russia in which it has specifically focused on up until now, but also in India, Indonesia, and Brazil.

With respect to the progress status of new investments and loans for the growth strategies, Sojitz plans to make new investments and loans totaling ¥300.0 billion over the three year medium term management plan period, and has already invested ¥90.0 billion during the fiscal year ended March 31, 2007. For the current fiscal year—the second year of the plan—the plan target is ¥100.0 billion and during the interim period ended September 30, 2007, ¥50.0 billion in new investments and loans has already been realized. On the whole, midway through the three medium term management plan, Sojitz continues to steadily make investments while still expecting to achieve its projected net income, which was revised in light of the strong interim business performance.

(2) Accelerate capital and financial strategies

Capital reorganization

Reorganizing the capital structure was one of the challenges of the medium-term plan. As mentioned in "3. Medium-to-long-term business strategy," capital reorganization was completed on September 28, 2007. The Company now expects to increase shareholders' equity through the accumulation of periodic income.

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".

(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.

Business Results

1. Analysis of business results

(1) Overview of first half of fiscal 2007

Economic environment

Japan's growth rate of real GDP for the April–June 2007 period fell below the potential growth rate for the first time in three quarters. A decline in exports to the U.S. and a halving of the growth of domestic consumer is the reverse trend of the favorable conditions experienced up until the first quarter of 2007. We have faith in the strong fundamental condition of the two major pillars of internal demand—consumer spending and capital investment—and consider it to be a rebound in private-sector demand to set the Japanese economy back on a course of stable growth in the first half of 2007.

In the United States, the subprime loan crisis began to flare up in August and financial markets in Europe and elsewhere were caught up in the crisis and the consequential liquidity crisis spread to monetary authorities in each country which were put under pressure to supply huge amounts of liquidity.

Although the initial crisis has largely settled, there is remaining unease about the long-term impact this crisis could have on the global economy. In Europe the fundamentals of the Euro-economy are solid and although the European Central Bank is under pressure to increase policy interest rates to counter the possibility of inflation rate rises from the latter half of this year, the serious risk of the subprime crisis spreading through the economy will be a strong reason preventing the European Central Bank from increasing interest rates. The financial regulators in Japan are also likely not to raise interest rates due to concerns about the trends of financial markets and the financial regulators of various countries are facing difficult choices.

In contrast to the slowdown of the U.S. economy, the economies in the Asia region especially China, the emerging countries, and the resource-rich nations are stable and strong. Exports from Japan to these regions are expected to remain favorable in the immediate future. Concerning the outlook for the global economy overall, there is a risk of adverse developments from the U.S. subprime loan crisis impacting on other markets, but this is only expected to have a limited direct influence on countries such as those in the Middle-East region, China, India and Russia. Japan's exports to these countries and regions are expected to provide underpinning support for the Japanese economy. If the gradual slowdown in the U.S. economy continues, Japan's exports to the buoyant European economy, the emerging nations of Asia, and the resource-rich nations together with Japan's fundamentally strong internal demand are expected to provide the climate for Japan's economy to proceed on a steady course.

Financial Performance

Business results for Sojitz Corporation and consolidated subsidiaries for the first half of fiscal 2007, are presented as follows.

Net sales

In the interim period under review, consolidated net sales amounted to ¥2,802,456 million, an increase of 10.8% from the same period a year earlier. Sales were higher than in the previous year across all trading categories. Comparing year-on-year growth rate by category, sales from export transactions rose 0.3% due to the strong performance of the Machinery & Aerospace Division with lower sales in Overseas Subsidiaries, and Energy & Mineral Resources. Sales from import transactions rose 13.2% due to increased revenues by the Energy & Mineral Resources Division, the Consumer Lifestyle Business Division and Overseas Subsidiaries. Sales from domestic transactions rose 13.8% because of growth in areas such as the Consumer Lifestyle Business Division and the Energy & Mineral Resources Division. Sales from offshore transactions increased by 11.4% thanks to strong performances in the Machinery & Aerospace Division and the Chemicals & Plastics Division.

By industry segment, in the Machinery & Aerospace Division, robust performances in the overseas-targeted automobile-related transactions resulted in a 9.6% increase in sales. In the Chemicals & Plastics Division net sales rose by 8.5% due to strong performance in methanol and fertilizer. Net sales in the Energy & Mineral Resources Division increased by 7.3% reflecting firm commodity prices and an increase in oil and metal resource transactions, while the Consumer Lifestyle Business Division benefited from higher sales of tobacco transactions, foods and textile fabrics to post 37.0% growth. In the Real Estate Development and Forest Products Division, however, lower sales of plywood led to a net sales decline of 4.2%. Net sales at Overseas Subsidiaries also declined falling 3.3% from the same period of a year earlier due to a drop in some consumer-lifestyle-related business in the Americas and other factors.

Gross trading profit

Consolidated gross trading profit amounted to ¥134,318 million, up ¥11,733 million from the same period a year earlier because of the strong performances of automobile-related sales to overseas markets by the Machinery & Aerospace Division, and methanol and fertilizer related sales by the Chemicals & Plastics Division which offset the decreased revenues from lackluster performance of plywood sales by the Real Estate Development & Forest Products Division.

Operating income

Consolidated operating income rose 16.2% to ¥45,701 million from the same period of a year earlier. This reflected the rise in gross trading profit, which outweighed the increases to selling, general and administrative (SG&A) expenses, resulting from an increase in non-personnel expenses arising from expanded sales activities.

Recurring profit

Consolidated recurring profit increased by 14.8% to ¥53,243 million, due to the continued strong performance of Metal One Corporation, the recovery for this period by Arysta LifeScience Corporation, which posted a loss in the same period a year earlier, an increase in equity in earnings of unconsolidated subsidiaries and affiliates from strong performance by a nickel manufacturing company, and reduction in interest expenses due to an improvement in Sojitz' credit rating.

Extraordinary gains and losses

Extraordinary gains totaled ¥10,156 million, including gains on the sale of investment securities (¥7,645 million) and a reversal of allowance for doubtful accounts (¥1,556 million). Extraordinary losses totaled ¥11,184 million, including a loss on business restructuring (¥4,613 million), devaluation losses on investment securities (¥2,829 million), and a loss on dissolution of subsidiaries and affiliates plus related provisions (¥2,272 million), resulting in a net extraordinary loss of ¥1,028 million.

Net income

As a result of these and other factors, income before income taxes and minority interests for the first half of the fiscal year was ¥52,215 million. After accounting for income taxes (¥10,015 million), deferred income taxes (¥3,898 million) and minority interests in consolidated subsidiaries (¥2,857 million), Sojitz Corporation posted net income for the first half of fiscal 2007 of ¥35,444 million, an increase of 13.0% from the same period a year earlier.

Machinery & Aerospace

Segment net sales amounted to ¥579,435 million, an increase of 9.6% from the same period a year earlier. This reflected strong growth in automobile related operations targeting overseas markets. Operating income also increased by a substantial 80.6% from the same period a year earlier to ¥15,253 million thanks to an increase in gross trading profit.

Energy & Mineral Resources

Reflecting continuing high commodity prices, segment net sales amounted to ¥713,151 million, an increase of 7.3% from the same period a year earlier. Operating income, however, fell 8.5% to ¥8,926 million due to a lower gross trading profit because of ship congestion at Australian ports affecting coal operations.

Chemicals & Plastics

Segment net sales totaled ¥350,247 million, rising 8.5% on a basis of the same period a year earlier. An increase in gross trading profit through strong performance from methanol and fertilizer operations contributed to operating income that rose significantly to ¥13,483 million, a 45.7% increase.

Real Estate Development & Forest Products

Segment net sales declined 4.2% from the same period a year earlier to ¥166,953 million due to lackluster performance in the plywood market. Operating income also fell 55.4% to ¥2,363 million.

Consumer Lifestyle Business

Primarily reflecting growth in tobacco transactions, foods business and textile fabrics related business, segment net sales rose 37.0% from the same period last year to ¥614,218 million. However, higher SG&A expenses resulted in a 36.1% drop from the same period a year earlier in operating income ¥1,983 million.

Overseas Subsidiaries

Segment net sales totaled ¥319,251 million, falling 3.3% from the same period a year earlier. An increase in SG&A expenses contributed to the 38.1% decline from the same period a year earlier in operating income to ¥1,305 million.

Other

Segment net sales fell 1.9% to ¥59,198 million but operating income increased 20.9% from the same period a year earlier to ¥1,546 million due to a recovery at IT subsidiaries.

(2) Outlook for fiscal 2007, ending March 31, 2008

On October 30, 2007, Sojitz announced the following revisions to its performance outlook for fiscal 2007 (the fiscal year ending March 31, 2008), which was originally released on April 27, 2007 together with fiscal 2006 results.

(Billions of yen)

(Consolidated)	Forecast as of April 27, 2007	Forecast as of October 30, 2007
Net sales	5,580	5,650
Operating income	86	92
Recurring profit	92	100
Net income	60	65

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

(Billions of yen)

(Non-consolidated)	Forecast as of April 27, 2007	Forecast as of October 30, 2007
Net sales	3,120	3,280
Operating income	10	16
Recurring profit	31	31
Net income	31	31

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

The above outlook assumes an exchange rate of ¥115/US$ and a crude oil price of US$65/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, the Sojitz Group 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.

Total assets as of September 30, 2007 were ¥2,668,312 million, an increase of ¥48,805 million from the same period a year earlier. Although cash and cash equivalents decreased by ¥76,082 million from the same period a year ago due to the repurchase and cancellation of preferred shares on June 22 and September 28 of this year, inventories increased by ¥66,632 million due to stock piles arising from the sales growth of automobile operations targeting overseas markets and a fertilizer subsidiary, and tangible assets increased by ¥20,669 million from the end of last fiscal year due to upgrades of oil facilities and increases in assets for lease.

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 ¥10.0 billion public bond offering conducted in April 2007 with a series of three bond issues totaling ¥35.0 billion. Indirect financing initiatives included taking active measures to change the balance of funding from short term to long term, and establishing a more stable and efficient capital procurement structure.

With regard to capital reorganization, Sojitz completed the conversion of the ¥75.0 billion remaining from the previous year of the 4^{th} issuance of convertible bonds into the full amount of common stocks on July 3, 2007. In accordance with the completion of the conversion of the 4^{th} convertible bonds, preferred shares with a par value of ¥108.9 billion in 1^{st} Series Class V preferred shares were repurchased for ¥468.27 million and cancelled on September 28, 2007. Accordingly, the repurchase and cancellation of all preferred shares corresponding to the “repurchase agreement for convertible preferred shares” that was concluded on April 28, 2006 was fully completed.

As a result, although the first dividend payment since the integration was made in the period, shareholders’ equity increased ¥422 million from the end of last fiscal year to ¥428,886 million due to the accumulated interim net profit after considering the improved foreign currency translation adjustments and increased net unrealized gains on available-for-sale securities, net assets, which includes both total valuation and translation adjustments and minority interests, increased ¥27,502 million from the end of last fiscal year to ¥559,137 million.

The net interest-bearing debt after subtracting cash and cash equivalents from the total interest-bearing debt amount increased by ¥24,776 million from the end of last fiscal year to ¥870,884 million, which is an interest-bearing debt ratio of 1.70.

Consolidated cash flows

In the consolidated interim period under review, net cash provided by operating activities amounted to ¥21,131 million, net cash flows used in investing activities amounted to ¥8,403 million, and net cash used in financing activities amounted to ¥92,850 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 September 30, 2007, was ¥390,061 million.

Cash flows from operating activities

Net cash provided by operating activities in the interim period under review increased ¥14,603 million compared with the same period last year to ¥21,131 million. Although expenditures increased because of an increase in inventories, cash inflows exceeded cash outflows because of such factors as growth in operating income and an increase in trade payables.

Cash flows from investing activities

Net cash used in investing activities in the interim period under review increased ¥254,033 million compared to the same period last year to ¥8,403 million outflow. There was positive cash flow from the sale of Arysta LifeScience, but a certain part of ¥300 billion was used as part of our new investment and loans plan “New Stage 2008.” Furthermore, this increase when compared to the same period last year is because of a shift in funds to fixed deposit accounts for the purpose of buying preferred shares during that period.

Cash flows from financing activities

Net cash used in financing activities in the consolidated interim period under review decreased ¥213,744 million compared to the same period last year to ¥92,850 million. The most significant item in cash outflow was the payment of ¥102,000 million to repurchase preferred shares.

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

Sojitz considers the stable, continuous payment of dividends to shareholders 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.

Sojitz had been intending to resume common stock dividend payments from the end of fiscal year 2006, and we have therefore resolved to pay a dividend of ¥6 per common stock at the end of the previous fiscal year. This decision is on the basis that, having increased our first-year profit targets for New Stage 2008, and then having achieved the higher targets, we have now established the financial position and earnings base to allow payment of continuous dividends.

Interim period dividends for fiscal year ending March 2008 will be ¥3.5 per ordinary share and was decided today by resolution of the Board of Directors based on our policy of continuous and stable dividends as well as increasing the consolidated payout ratio. We are planning to pay an annual dividend of ¥7 per share.

Regarding the level of dividends going forward, we have set a future consolidated payout ratio of 20% as our target, and will decide the appropriate level of dividends after considering such factors as progress with the New Stage 2008 medium-term management plan launched in 2006, capital structure and shareholders’ equity, and funding requirements for investments to grow profits.

4. Business and other risks

1）Risks in business

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 systems 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 management. 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.

Taking these measures, however, is no guarantee that risks can be completely avoided. There is still the possibility that unanticipated market change could negatively affect the Company’s operations.

(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.

Carrying out such administrative actions, however, is no guarantee that risks can be completely avoided. There is still the possibility that incidents involving uncollectible receivables could negatively affect the Company’s operations.

(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.

Through these measures, the Company has in place a screening system for implementation of new business investment and procedures to ensure follow-up management of these investment decisions. It is difficult, however, to fully avoid the risk of revenues failing to rise as expected. It is possible that the Company could end up with losses associated with withdrawing from such business, and it is also possible that the Company would be unable to withdraw from such business for individual reasons such as relationships with other partners of that business. If such possibilities eventuated, it could negatively impact on the Company's results.

(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. As a basic rule for countries allocated a high country risk rating, country risk avoidance measures such as trade insurance are implemented for each proposal. To manage country risk, Sojitz conducts risk analysis for each country and region and assigns a risk rating for each. It then constrains the net exposure within the maximum threshold for net exposure (calculated by subtracting country risk hedges such as trade insurance from the total exposure), which it sets according to the risk rating and economic fundamentals of the country.

Even with the employment of such risk management and hedges, Sojitz is unable to fully eliminate the possibility of losses being incurred as a result of political, economic or social change in a country the Sojitz Group's trading partners are located, or in a country in which the Sojitz Group has operational activities. If such events occurred, it could have a large impact on the Company's financial results.

(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 overseas. 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 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 interim period 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 such as regulations for the chemical products. 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 in both Japan and overseas. 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

On matters concerning Sojitz' business activities, the Sojitz Group or its assets may on occasion be subject to, or an accused party of legal action including litigation or arbitration, either in Japan or overseas. However, as of the end of the interim period under review, 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.

(12) Risks of natural disasters

It is possible that business offices, facilities or employees could be damaged or injured by a natural disaster such as an earthquake, extreme wind or rain and for such an incident to directly or indirectly impact on the Sojitz Group. The Company has created disaster response manuals, emergency training, and installed systems to confirm employee safety. It is not possible, however, to have full protection from damage and there is a possibility that a disaster would negatively impact on the operational performance and financial position of the Sojitz Group.

2）Risks concerning our medium-term management plan “New Stage 2008”

As detailed in “ Group Management Policy,” the Sojitz Group formulated the medium-term management plan “New Stage 2008,” which began in fiscal 2006 (ended March 2007). Notwithstanding the efforts of the Sojitz Group, there is no guarantee that all the targets of New Stage 2008 will be realized. Moreover, there is a possibility that the various policies established to achieve targets will not proceed as planned and it is also possible that the expected outcomes will not be obtained.

Consolidated Statements of Income

for the interim period ended September 30, 2007

Millions of yen

	Interim Period ended Septemebr 30, 2007	Percentage of Net sales (%)	Interim Period ended Septemebr 30, 2006	Percentage of Net sales (%)	Change Amount	Change Percentage
Net sales	**2,802,456**	**100.00**	**2,529,244**	**100.00**	273,212	10.80
Cost of sales	(2,668,137)	(95.21)	(2,406,658)	(95.15)	(261,479)	10.86
Gross trading profit	**134,318**	**4.79**	**122,585**	**4.85**	11,733	9.57
Selling, general and administrative expenses	**(88,617)**	(**3.16**)	**(83,264)**	(**3.30**)	(5,353)	6.43
Operating income	**45,701**	**1.63**	**39,321**	**1.55**	6,380	16.23
Interest income	7,303	0.26	7,307	0.29	(4)	(0.05)
Dividends	2,447	0.09	3,513	0.14	(1,066)	(30.34)
Equity in earnings of unconsolidated subsidiaries and affiliates	16,586	0.59	11,602	0.46	4,984	42.96
Other income	6,709	0.24	9,976	0.39	(3,267)	(32.75)
Non-operating income	**33,046**	**1.18**	**32,400**	**1.28**	646	1.99
Interest expense	(17,069)	(0.61)	(19,602)	(0.78)	2,533	(12.92)
Interest expense on commercial papers	(43)	(0.00)	(58)	(0.00)	15	(25.86)
Other expenses	(8,391)	(0.30)	(5,667)	(0.22)	(2,724)	48.07
Non-operating expense	**(25,504)**	(**0.91**)	**(25,327)**	(**1.00**)	(177)	0.70
Recurring profit	**53,243**	**1.90**	**46,394**	**1.83**	6,849	14.76
Extraordinary loss-net	**(1,028)**	(**0.04**)	**(4,738)**	(**0.18**)	3,710	(78.30)
Income before income taxes and minority interests	**52,215**	**1.86**	**41,655**	**1.65**	10,560	25.35
Income taxes; Current	(10,015)	0.36	(8,810)	(0.35)	(1,205)	13.68
Deferred	(3,898)	0.14	170	0.01	(4,068)	-
Minority interests in consolidated subsidiaries	(2,857)	0.10	(1,658)	(0.07)	(1,199)	72.32
Net Income	**35,444**	**1.26**	**31,356**	**1.24**	4,088	13.04

Extraordinary Income and Loss

for the interim period ended 30 September, 2007

Millions of yen

	Interim Period ended September 30, 2007	Interim Period ended September 30, 2006	Change
Extraordinary Income;			
Gain on sale and disposal of properties	751	1,734	(983)
Gain on sale of investment securities	7,645	3,404	4,241
Gain on sale of investment in partners	86	180	(94)
Dilution gain from changes in equity interest	40	95	(55)
Gain on reversal of allowance for doubtful accounts	1,556	1,982	(426)
Gain on sale of certain overseas receivables	-	30	(30)
Gain on bad debt recovered	75	305	(230)
Total extraordinary income	10,156	7,734	2,422

	Interim Period ended September 30, 2007	Interim Period ended September 30, 2006	Change
Extraordinary Loss;			
Loss on sale and disposal of properties	(634)	(911)	277
Impairment losses on fixed assets	(504)	(692)	188
Loss on sale of investment securities	(327)	(23)	(304)
Loss on sale of investment in partners	(2)	(1)	(1)
Loss on devaluation of securities	(2,829)	(1,748)	(1,081)
Dilution loss from changes in equity interest	-	(4)	4
Loss and provision for loss on dissolution of subsidiaries and affiliates	(2,272)	(8,953)	6,681
Restructuring losses	(4,613)	-	(4,613)
Provision for accrued officers' retirement benefits	-	(136)	136
Total extraordinary loss	(11,184)	(12,473)	1,289
Extraordinary income/loss, net	(1,028)	(4,738)	3,710

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

Provision for doubtful receivables	(1,203)	(189)	(1,014)

(Included in Selling, general & administrative expenses)

Consolidated Balance Sheets

As of September 30, 2007

Assets

Millions of yen

	September 30, 2007	March 31, 2007	Change
Current assets;			
Cash and deposits	395,488	471,570	(76,082)
Trade notes and trade accounts receivable	704,617	672,658	31,959
Securities	10,164	7,251	2,913
Inventories	382,517	315,885	66,632
Short-term loans receivable	17,094	23,182	(6,088)
Deferred tax assets-current	7,756	8,591	(835)
Other current assets	150,057	130,636	19,421
Allowance for doubtful receivables	(14,693)	(14,695)	2
Total current assets	1,653,002	1,615,081	37,921
Fixed assets;			
Tangible assets	250,635	229,966	20,669
Intangible assets;	108,832	99,127	9,705
Goodwill	70,320	69,925	395
Other intangible assets	38,511	29,202	9,309
Investments and other fixed assets;	652,456	671,857	(19,401)
Investments securities	512,143	518,615	(6,472)
Long-term loans receivable	37,952	39,304	(1,352)
Non-performing receivables	153,037	162,305	(9,268)
Deferred tax assets-non-current	20,559	19,754	805
Others	49,081	49,916	(835)
Allowance for doubtful receivables	(120,318)	(118,039)	(2,279)
Total fixed assets	1,011,923	1,000,951	10,972
Deferred assets	3,385	3,475	(90)
Total assets	2,668,312	2,619,507	48,805

Consolidated Balance Sheets
As of September 30, 2007

Liabilities and net assets

Millions of yen

	Septemebr 30, 2007	March 31, 2007	Increase/ Decrease
Liabilities			
Current liabilities			
Trade notes and trade accounts payable	587,712	531,508	56,204
Short-term loans payable	321,073	348,413	(27,340)
Commercial paper	33,000	10,000	23,000
Current portion of long-term loans payable	278,596	153,538	125,058
Income taxes payable	6,851	8,811	(1,960)
Deferred tax liabilities-current	24	34	(10)
Allowance for employees' bonus	7,619	7,412	207
Other current liabilities	179,319	159,778	19,541
Total current liabilities	1,414,199	1,219,497	194,702
Non-current liabilities;			
Bonds, less current portion	141,546	245,540	(103,994)
Long-term loans payable	492,156	560,187	(68,031)
Deferred tax liabilities -non-current	14,121	13,078	1,043
Deferred tax liabilities -revaluation	1,238	1,238	-
Allowance for retirement benefits	20,704	22,526	(1,822)
	809	1,394	(585)
Other non-current liabilities	24,397	24,409	(12)
Total non-current liabilities	694,974	868,374	(173,400)
Total liabilities	2,109,174	2,087,872	21,302
Owners' equity;			
Common and preferred stock	160,339	122,790	37,549
Capital surplus	152,160	158,593	(6,433)
Retained earnings	116,526	147,206	(30,680)
Treasury stock	(139)	(126)	(13)
Total owners' equity	428,886	428,464	422
Valuation and translation adjustments;			
Net unrealized gains on available-for-sale securities	98,283	94,316	3,967
Defferred gains or losses on hedges	1,512	623	889
Lande revaluation difference	(2,574)	(1,935)	(639)
Foreign currency translation adjustments	(13,428)	(32,882)	19,454
Total valuation and translation adjustments	83,792	60,122	23,670
Minority Interests;	46,459	43,048	3,411
Total net assets	559,137	531,635	27,502
Total liabilities and net assets	2,668,312	2,619,507	48,805

Consolidated Statements of Cash Flows

for the Interim Period
ended September 30, 2007

	Interim Period ended September 30, 2007	Interim Period ended September 30, 2006	Change
Operating activities;			
Income before income taxes and minority interests	52,215	41,655	10,560
Depreciation and amortization	13,910	10,946	2,964
Loss on revaluation of securities	2,829	1,748	1,081
Increase (decrease) in allowance for doubtful receivables	1,648	(6,739)	8,387
Interest and dividend income	(9,750)	(10,821)	1,071
Interest expense	17,112	19,660	(2,548)
Equity in earnings of unconsolidated subsidiaries and affiliates	(16,586)	(11,602)	(4,984)
Loss (gain) on sale of securities	(7,477)	(5,086)	(2,391)
Loss (gain) on sale and disposal of property & equipment	(117)	(823)	706
Increase (decrease) in trade receivables	(24,616)	(27,920)	3,304
Increase (decrease) in inventories	(63,060)	(34,703)	(28,357)
Increase (decrease) in trade payables	50,027	43,238	6,789
Other, net	4,995	(13,024)	18,019
Net cash provided by operating activities	21,131	6,528	14,603
Investing Activities			
Decrease (increase) in time deposit, net	(120)	(290,266)	290,146
Decrease (increase) in marketable securities, net	143	6	137
Payments for property & equipment	(30,310)	(7,570)	(22,740)
Proceeds from sale of property & equipment	7,710	10,900	(3,190)
Payments for purchase of investment securities	(9,531)	(10,705)	1,174
Proceeds from sale of investment securities	31,566	21,441	10,125
Decrease in short - term loans receivable, net	8,169	25,320	(17,151)
Increase of long - term loans receivable	(3,376)	(15,589)	12,213
Collection of long-term loans receivable	725	2,028	(1,303)
Other, net	(13,378)	1,997	(15,375)
Net cash provided by investing activities	(8,403)	(262,436)	254,033
Financing activities			
Increase (decrease) in short-term debt, net	(31,746)	(96,687)	64,941
Increase (decrease) in commercial paper, net	23,000	(7,300)	30,300
Proceeds from long-term debt	66,260	32,706	33,554
Repayments of long-term debt	(75,184)	(129,978)	54,794
Proceeds from issuance of bonds	35,959	334,775	(298,816)
Redemption of bonds	(50)	(10,889)	10,839
Payment for purchase of preferred shares	(102,000)	-	(102,000)
Payments for dividend	(7,993)	-	(7,993)
Other, net	(1,095)	(1,731)	636
Net cash used in financing activities	(92,850)	120,894	(213,744)
Effect of Exchange Rate Changes on Cash & Cash Equivalents	4,953	(1,800)	6,753
Net Decrease in Cash & Cash Equivalents	(75,168)	(136,813)	61,645
Cash & cash Equivalents at the Beginning of the Period	464,273	506,254	(41,981)
Effect of Change in Scope of Consolidation	956	316	640
Cash & Cash Equivalents at the End of the Period	390,061	369,757	20,304

Segment Information

for the interim period ended September 30, 2007

Industry Segments

The business segment information for the interim period year ended September 30, 2007 and preceding interim period are as follows:

Interim Period ended September 30, 2007

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	579,435	713,151	350,247	166,953	614,218
Inter-segment	8,324	3,456	27,538	615	9,759
Total	587,759	716,608	377,786	167,569	623,977
Operating expense	572,505	707,682	364,302	165,205	621,994
Operating income	15,253	8,926	13,483	2,363	1,983
Total assets	409,493	564,378	371,147	275,682	335,416

	Overseas Subsidiaries	Other	Total	Elimination and Unallocated	Consolidated
Net sales					
Outside customers	319,251	59,198	2,802,456	-	2,802,456
Inter-segment	152,530	5,015	207,240	(207,240)	-
Total	471,781	64,213	3,009,696	(207,240)	2,802,456
Operating expense	470,476	62,667	2,964,834	(208,079)	2,756,754
Operating income	1,305	1,546	44,862	838	45,701
Total assets	386,870	147,780	2,490,771	177,541	2,668,312

Notes:
1. Unallocated costs and expenses not included in “Elimination and Unallocated” .
2. Company assets included in “Elimination and Unallocated” totaled 318,111 million yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

Segment Information

for the Interim Period ended September 30, 2007

Industry Segments

(Ref.)Interim period ended September 30, 2006

Millions of yen

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business	Overseas Subsidiaries
Net sales						
Outside customers	528,587	664,902	322,761	174,358	448,283	330,005
Inter-segment	4,137	4,065	22,429	1,066	7,167	178,556
Total	532,725	668,968	345,191	175,424	455,451	508,562
Operating expense	524,276	659,213	335,938	170,123	452,349	506,454
Operating income	8,448	9,754	9,252	5,301	3,101	2,108
Total assets (As of March 31, 2007)	355,323	504,317	370,225	272,799	316,111	363,495

	Other	Total	Elimination & Unallocated	Consolidated
Net sales				
Outside customers	60,344	2,529,244	-	2,529,244
Inter-segment	12,641	230,065	(230,065)	-
Total	72,986	2,759,310	(230,065)	2,529,244
Operating expense	71,706	2,720,062	(230,139)	2,489,922
Operating income	1,279	39,247	74	39,321
Total assets (As of March 31, 2006)	171,580	2,353,853	265,654	2,619,507

Notes:

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

2. Company assets included in “Elimination or Unallocated” totaled 431,910 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

Segment Information

for the interim period ended September 30, 2007

Geographic Segments

The geographic segment information for the interim period ended September 30, 2007 and preceding interim period are as follows:

Interim Period ended September 30, 2007

Millions of yen

	Japan	North America	Europe	Asia & Oceania	Other	Total	Elimination and Unallocated	Consolidated
Net sales								
Outside customers	2,174,647	144,178	104,290	325,042	54,298	2,802,456	-	2,802,456
Inter-area	185,363	61,658	12,496	99,983	193	359,694	(359,694)	-
Total	2,360,010	205,836	116,786	425,025	54,491	3,162,150	(359,694)	2,802,456
Operating expense	2,339,495	201,162	111,688	413,385	49,241	3,114,973	(358,218)	2,756,754
Operating income	20,514	4,674	5,098	11,639	5,249	47,177	(1,476)	45,701
Total assets	2,095,893	196,056	166,114	314,298	73,769	2,846,132	(177,820)	2,668,312

Notes:

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

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

3. Unallocated costs and expenses not included in “Elimination and Unallocated”

4. Company assets included in “Elimination and Unallocated” totaled 318,111 million yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.

(Ref.)Interim Period ended September 30, 2006

Millions of yen

	Japan	North America	Europe	Asia & Oseania	Other	Total	Elimination & Unallocated	Consolidated
Net sales								
Outside customers	1,911,932	166,504	82,475	331,539	36,792	2,529,244	-	2,529,244
Inter-area	167,654	52,249	14,280	121,500	151	355,836	(355,836)	-
Total	2,079,587	218,754	96,756	453,039	36,943	2,885,081	(355,836)	2,529,244
Operating expense	2,061,320	214,964	92,231	444,490	33,335	2,846,343	(356,420)	2,489,922
Operating income	18,267	3,789	4,524	8,548	3,608	38,738	583	39,321
Total assets (As of March 31, 2006)	2,013,293	161,879	160,919	293,127	49,505	2,678,724	(59,217)	2,619,507

Notes:

1. Countries and regions are categolized by geographical classification.
2. The principal regions and countries included in each geographic segments are as follows:

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

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

4. Company assets included in “Elimination or Unallocated” totaled 431,910 millions of yen and comprised mainly managed surplus (cash and deposits and bonds, and investment securities) of the Company.