



*New way, New value*

# Financial Results for the Interim Period Ended September 30, 2007

**October 30, 2007**  
**Sojitz Corporation**

# □ Presentation Summary

## Overview of interim results

- Record earnings were achieved for the interim period, reflecting steady progress centered on Mineral Resources, Automobiles, and Chemicals & Plastics. Based on this result, forecasts for the current fiscal year have been revised upwards.
  - Interim results                      Recurring profit : ¥53.2 billion (Accomplishment rate: 58%)  
   Net income            : ¥35.4 billion (Accomplishment rate: 59%)
  - Forecast                                      Recurring profit : ¥92.0 billion -> ¥100.0 billion  
   Net income            : ¥60.0 billion -> ¥65.0 billion
  - Interim dividend                         ¥3.50 per share

## Reorganization of capital structure completed

- On September 28, 2007 Sojitz completed the repurchase and cancellation of preferred shares of total issue amount ¥560.4 billion, thereby completing the reorganization of its capital structure, one of its most important management issues.

## Growth strategy

- Sojitz is continuously strengthening its earnings base to achieve stable and sustained growth.

- Overview of Financial Results for the Interim Period Ended September 30, 2007

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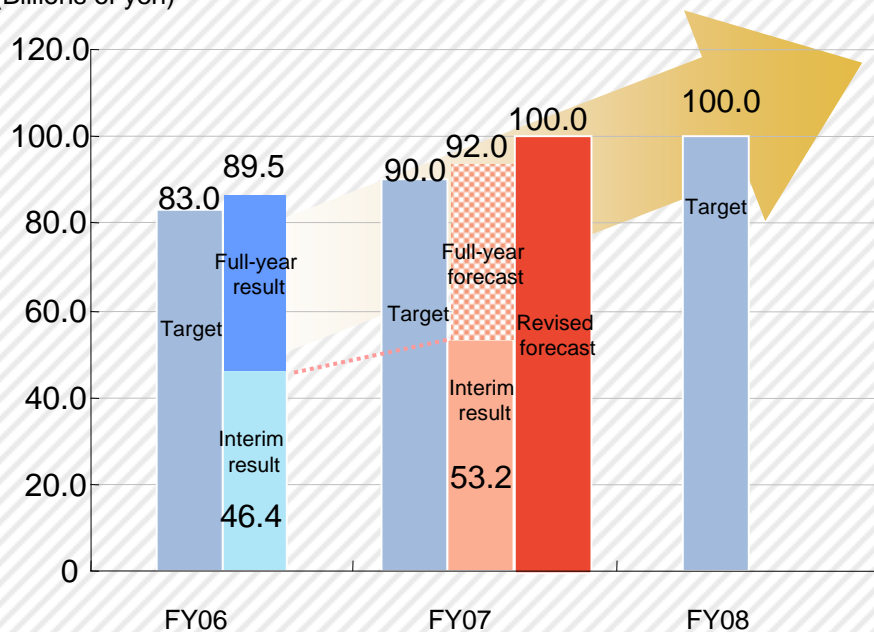
# □ Financial Targets: Recurring Profit and Net Income

Record earnings were achieved for the interim period.  
 Forecasts have been revised upwards and Sojitz expects to achieve the targets of New Stage 2008 one year ahead of schedule.

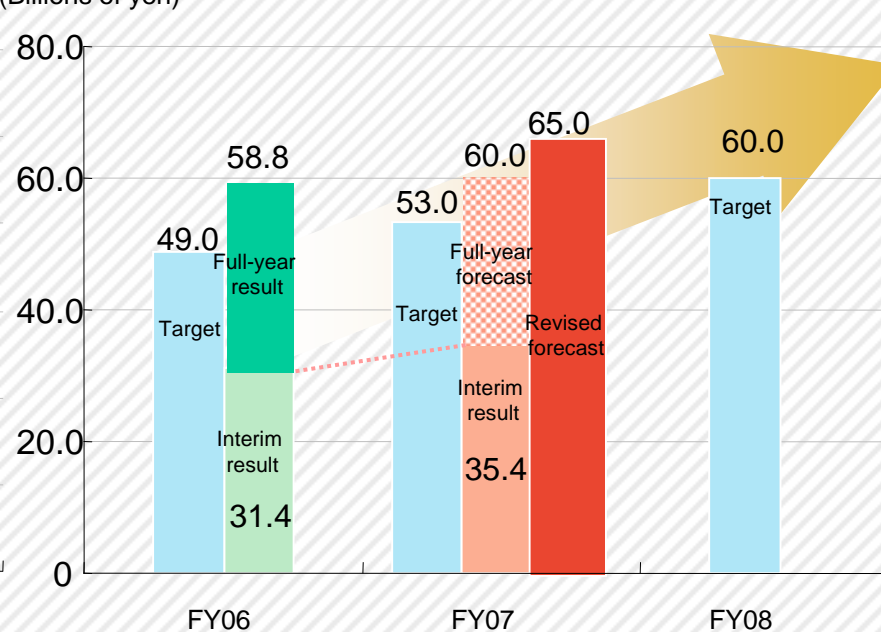
## Recurring profit

## Net income

(Billions of yen)



(Billions of yen)





# □ P/L Summary

Forecasts for the current fiscal year have been revised upwards.  
Record earnings were achieved for the interim period due to the strong earnings streams of Mineral Resources, Automobiles, and Chemicals & Plastics.

	Interim FY06 results	Interim FY07 results	Year-on-year change	Initial FY07 full-year forecasts	Accomplishment rate	(Billions of yen) Revised FY07 full-year forecasts
Net sales	2,529.2	2,802.5	+273.3 (+11%)	5,580.0	50%	5,650.0
Gross trading profit	122.6	134.3	+11.7 (+10%)	274.0	49%	277.0
Operating income	39.3	45.7	+6.4 (+16%)	86.0	53%	92.0
Recurring profit	46.4	53.2	+6.8 (+15%)	92.0	58%	100.0
Net income	31.4	35.4	+4.0 (+13%)	60.0	59%	65.0
Core earnings	42.3	56.1	+13.8 (+33%)	90.0	62%	103.0

# □ Interim Dividend for Year Ending March 31, 2008

## Basic Dividend Policy

Stable, continuous payment of dividends through enhancing competitiveness and shareholder value by increasing retained earnings and using them effectively

### Interim dividend

**Interim dividend per common share**  
(Total interim dividend)

**¥3.50**  
**(¥4.3 billion)**

(Reference)

Total number of common stock issued  
(as of September 30, 2007)

1,233,852,443 shares

Net income forecast  
(for year ending March 31, 2008)

¥65.0 billion

Full-year dividend per common share (forecast)  
(Total dividends)

¥7.00  
(¥8.6 billion)

Consolidated dividend payout ratio

13.3%\*

\*Note: The consolidated dividend payout ratio has been calculated using the number of shares issued as of September 30, 2007.  
The future target of the consolidated dividend payout ratio is 20%.

# □ Recurring Profit by Industry Segment

Against the backdrop of global economic growth, good results were achieved by the Machinery & Aerospace, Energy & Mineral Resources and Chemicals & Plastics divisions.

(Billions of yen)

	Interim FY07 results	Initial FY07 full-year forecasts	Accomplishment rate	Revised FY07 full-year forecasts	Current position and full-year outlook
Machinery & Aerospace	10.6	15.5	68%	19.0	Accomplished strong progress centered on automobiles and ships. The full-year forecast has been revised upwards because the strong performance is projected to continue in the second half.
Energy & Mineral Resources	19.0	33.5	57%	36.0	The mineral resources business accomplished strong progress against the backdrop of active demand. The full-year forecast has been revised upwards because the active demand is projected to continue in the second half.
Chemicals & Plastics	10.7	8.5	126%	14.0	The result of methanol, fertilizer and other products were exceeded full year forecast in the first half of the year. Performances are projected to continue to be firm in the second half.
Real Estate Development & Forest Products	0.2	10.0	2%	6.5	The forecast has been recorded downwards because of a delay in the recovery of demand for domestic plywood due to the impact of revisions of building standards and codes.
Consumer Lifestyle Business	0.4	6.0	7%	3.0	Performance is expected to slump due to sluggish sales of clothes in Japan.
Overseas Subsidiaries	6.6	12.5	53%	12.5	Overseas subsidiaries are expected to perform in line with initial forecasts.
Other	5.7	6.0	95%	9.0	Funding costs are expected to improve.
<b>Total</b>	<b>53.2</b>	<b>92.0</b>	<b>58%</b>	<b>100.0</b>	

## □ B/S Summary

Exceeded shareholders' equity target of ¥500 billion for the final year of the plan on higher-than-expected earnings.

(Billions of yen)

	As of March 31, 2007	As of September 30, 2007	Change	FY2007 full-year forecasts
<b>Total assets</b>	2,619.5	2,668.3	+48.8	2,670.0
<b>Shareholders' equity*</b>	488.6	512.6	+24.0	520.0
<b>(Total net assets)</b>	(531.6)	(559.1)	(+27.5)	-
<b>Shareholders' equity ratio (%)</b>	18.7%	19.2%	+0.5%	19.5%
<b>Net interest-bearing debt</b>	846.1	870.9	+24.8	910.0
<b>Net DER (times)</b>	1.7	1.7	-	1.8
<b>(Total net assets basis)</b>	(1.6)	(1.6)	-	-
<b>Risk assets</b>	280.0	280.0	-	-
<b>(times versus shareholders' equity)</b>	(0.6)	(0.5)	-	-

\*Shareholders' equity = Total net assets – Minority interests



# □ Market Prices, Exchange Rates and Interest Rate Assumptions

	Initial Year ending March 31, 2008 assumptions	Interim period ended September 30, 2007 results	Current price	Revised Year ending March 31, 2008 assumptions
<b>Crude oil (Brent)*1</b>	\$55/bbl (barrels)	\$63.8/bbl	\$89.9/bbl	\$65/bbl
<b>Coal</b>	• Prices based on annual contracts; virtually unaffected by spot market prices			
<b>Molybdenum</b>	\$21.3/lb (pounds)	\$28.5/lb	\$32.3/lb	\$31/lb
<b>Vanadium</b>	\$5.5/lb (pounds)	\$7.3/lb	\$7.7/lb	\$6/lb
<b>Exchange Rate*2</b>	• Assumption for the period of the plan: ¥110/\$			¥ 115/\$
<b>Interest Rates*3</b>	• Assumptions for the period of the plan: Short-term rate 0.85% approx.; Long-term rate 2% approx.			

**Notes:**

\*1: Sensitivity of earnings to crude oil price: \$1/barrel change = ¥10 million change in recurring profit

\*2: Sensitivity of sales and earnings to exchange rates: An exchange rate change of ¥1 would impact sales and recurring profit by approx. ¥10 billion and ¥0.2~ ¥0.3 billion respectively. The effect on the balance sheet would be around ¥1.5 billion on shareholders' equity.

\*3: Sensitivity of earnings to interest rates: An interest rate change of 1% would impact annual earnings by around ¥1.7 billion to ¥2.0 billion.

# □ Overview of Reorganization of Capital Structure

As of March 31, 2006

(Billions of yen)

1st Series Class I ¥12.6 billion

2nd Series Class I ¥52.6 billion

3rd Series Class I ¥52.6 billion

4th Series Class I ¥52.6 billion

1st Series Class II ¥52.6 billion

1st Series Class IV ¥199.5 billion

1st Series Class V ¥130.5 billion

2nd Series Class V ¥20.0 billion

1st Series Class III ¥3.0 billion

Total ¥576.0 billion

Shareholders' equity ¥427.0 billion

As of September 30, 2007

May 2006: Converted to common stock

September 2007: Completion of repurchase and cancellation

Total issue amount: ¥560.4 billion  
Total purchase amount: ¥342.9 billion  
Capital procured by conversion of CBs: ¥300.0 billion

1st Series Class III\*: ¥3.0 billion

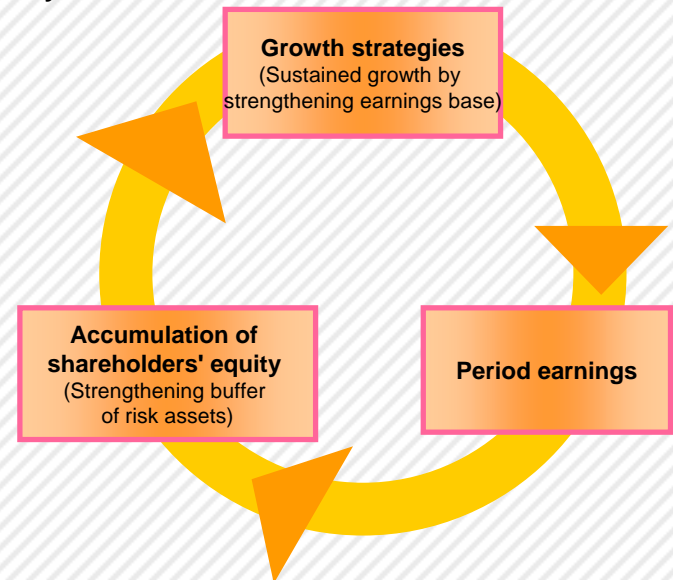
Total: ¥3.0 billion

Shareholders' equity: ¥512.6 billion

Sojitz has completed the reorganization of its capital structure through the eliminating of preferred shares.

By improving its capital structure

➤ Sojitz has moved growth strategies into a virtuous cycle.



➤ Enabling payment of stable and continuous dividends

(\*) Current conversion price: ¥476; Annual dividend expense: ¥22.5 million

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■ Growth Strategies

# □ Growth Strategies

Sojitz is continuously strengthening its earnings base to achieve stable and sustained growth.

## Business strategies

- Focusing on markets and regions that are growing, implement initiatives that anticipate customer needs and develop Sojitz's own unique businesses.
- Aim to rebuild a well-balanced earnings portfolio.

## New investments and loans

- Implement new investments and loans to an amount of ¥300.0 billion during the period of New Stage 2008.  
-> Amounts invested over 1 1/2 years up to the end of the fiscal 2007 interim period

Growth businesses:	¥60.0 billion
Stable businesses:	¥72.0 billion
<u>Businesses to be strengthened:</u>	<u>¥ 8.0billion</u>
Total:	¥140.0 billion

## Initiatives in various businesses during fiscal year under review

- Growth businesses  
[Increase earnings by further strengthening businesses with high growth potential]
  - Automobiles:  
Established Hyundai Motor (Thailand) Co., Ltd.  
Invested in Hyundai Motor Argentina, S.A.  
Bought U.S. automotive parts manufacturer, jointly with Chinese automotive parts manufacturer
  - Oil, gas and LNG:  
(U.S.) Acquired land-based gas rights in Texas, Sojitz operates and develops independently
  - Mineral resources:  
(Portugal) Made tungsten production company into wholly owned subsidiary  
(Australia) Acquired iron ore rights with a view to conducted pellet sales business
- Stable businesses  
[Preserve stable earnings by strengthening the business base]
  - Plant & infrastructure: capture global demand for plant facilities, strengthen organization and personnel, and implement plant business centered on Asia and Middle East  
Won order for ammonia plant for Pakistan's largest fertilizer plant  
Won order from Donkuk Steel Mill Co., Ltd. (South Korea) for a rolling equipment  
Won order for stainless steel production facility
- Businesses to be strengthened  
[Implement concrete initiatives]
  - Textiles: Continue to focus on rebuilding an efficient product supply system and high value-added business model  
Started store sales of Mandarina Duck women's apparel products in Japan
  - Foods: Strengthen business overseas centered on China and Asia  
Started to develop Vietnam's first food-oriented industrial complex



# □ Growth Businesses 1: Ferroalloy (Tungsten)

Sojitz to acquire new rare metal concessionary rights by friendly takeover bid. This move will further strengthen Sojitz's rare metal business, one of its strengths.

In its rare metal business, Sojitz makes diversified investments throughout the world.



Sojitz to acquire rights to 6 of the 7 rare metals designated for Japan's national stockpiling

Investment in rare metals for which demand is projected to increase in line with economic growth  
Expand product portfolio

Invest in mine rights for European bases  
Develop an appropriate regional portfolio



Sojitz to acquire a working mine in Portugal for ¥6.4 billion

- Purchase of company: Sojitz purchased 95.3% of the shares of Primary Metals Inc., a tungsten concentrate company, through a tender offer.
- Tungsten: A very hard, highly wear-resistant, heat-resistant and thermally conductive metal for which substitutes have not yet been developed. 20% is used for special steels, 70% for ultra-hard tools and 10% for electric and electronic components, and chemical products.
- Projected earnings: In the medium and long terms, annual recurring profit is projected to be ¥1.0 billion.

*Sojitz aims to accumulate management expertise from mining companies, including expertise in mine exploration, development, and operations, to become one of the major non-Chinese players in the field. Sojitz also aims to acquire further rights.*

# □ Growth Businesses 2: Iron Ore (Pellet Business)

Sojitz aims to establish a new resource value chain from mine development to manufacturing and sales by first acquiring upstream concessionary rights.

**Overview of entire pellet business: A project encompassing activities from mine development to pellet plant construction costing a total of ¥120 billion.**

## Upstream

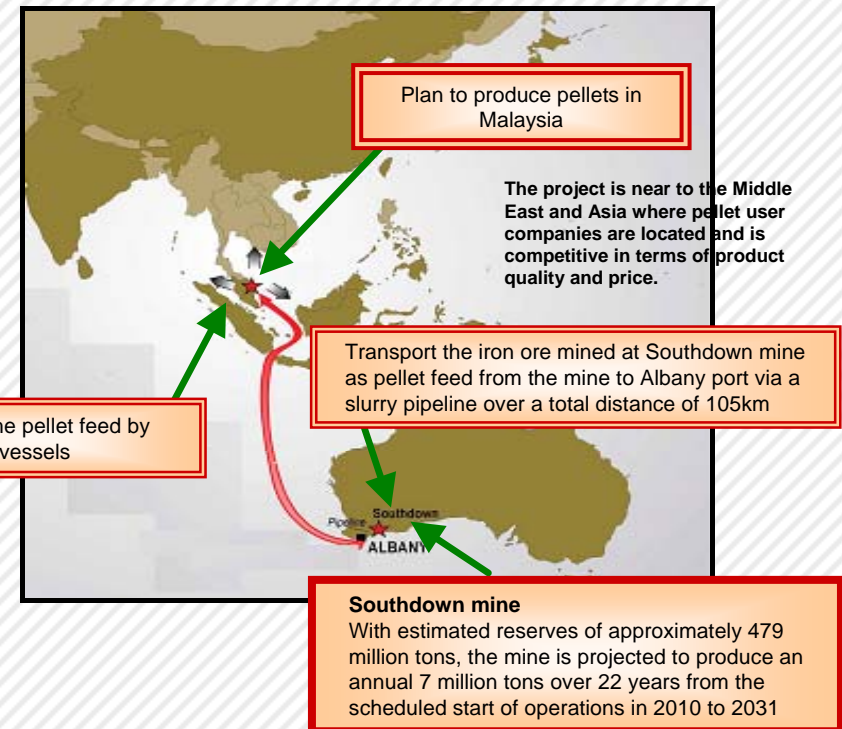
In the first half of the current fiscal year, acquired 30% interest in Southdown iron ore project owned by Grange Resources Limited, a Western Australia mineral resources development company

## Midstream

In cooperation with the Machinery & Aerospace Division, the Energy & Mineral Resources Division is currently studying the development of the pellet production business using iron ore produced from the Southdown mine.

## Downstream

In the future, Sojitz aims to sell pellets, which are processed by iron ore at pellet plant(s), as steelmaking raw material to steelmakers in the Middle East and Asia.



**Sojitz projects this business to generate high earnings, encompassing integrated operations from mine development to the sale of pellets.**

# □ Growth Businesses 3: Automobiles

Sojitz will strengthen its earnings base by expanding the automobile assembly and sales business in the regions in which it is strong.

Sojitz aims to increase annual automobile sales from the 280,000 forecast in 2007 to 450,000 automobiles in 2010.

## [Middle and Near East, and Africa]

- As well as exporting completed automobiles, develop business with an eye to establishing operating companies in the future
- Aim to increase annual automobile sales from approximately 35,000 forecast in 2007 to approximately **70,000** in 2010

## [Middle and Eastern Europe]

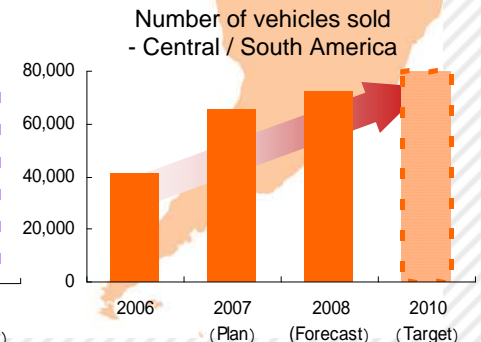
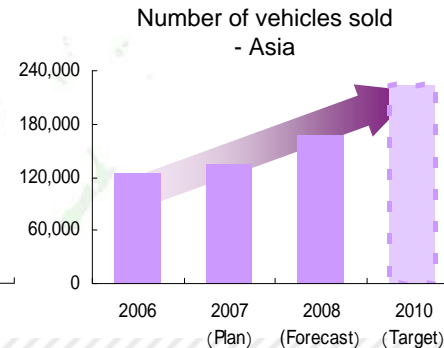
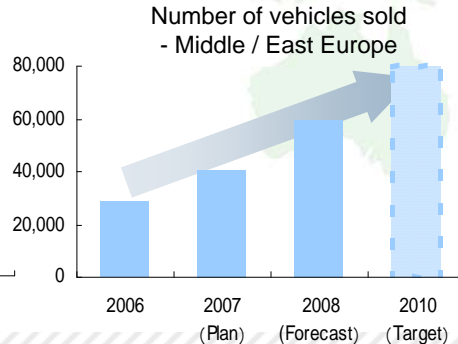
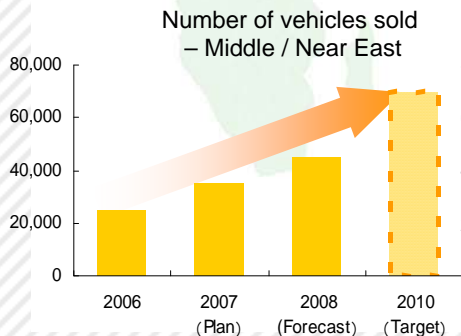
- Expand sales by developing business especially throughout Russia/NIS, Northern Europe, Eastern Europe and Turkey
- Aim to increase annual automobile sales from approximately 40,000 forecast in 2007 to over **80,000** in 2010

## [Central and South America]

- Expand production and sales networks by developing businesses throughout Central and South America based on the MAV in Venezuela at the core, from Mexico to Argentina
- Aim to increase annual automobile sales from approximately 70,000 forecast in 2007 to over **80,000** in 2010

## [Asia]

- Develop manufacturing and sales businesses centered on China in the Philippines, Vietnam and Thailand
- Aim to increase annual automobile sales from approximately 135,000 forecast in 2007 to approximately **220,000** in 2010





# □ Stable Businesses: Plant & Project Business

Sojitz will preserve long-term stable earnings by building a business foundation.

## Strengthen marketing power

### ● Increase personnel



- Increase number of projects handled
- Strengthen relationships with business partners
- Strengthen personnel lineups in Japan and overseas
- Strengthen expertise and specialization

## Future business strategies

- Focuses on the areas in which Sojitz has been traditionally strong: steel manufacturing, fertilizer, industrial infrastructure, power generation plants and power substations
- Develop and strengthen businesses in resource-rich countries and growth regions where plant demand is expected to increase (India, Russia, Brazil, Vietnam, Middle and Near East, Africa)
- Together with the Energy & Mineral Resources Division, expand earnings of the entire Sojitz Group by implementing joint initiatives for projects
- Strengthen profitability by making business investments
- Target for annual orders received: ¥200 billion

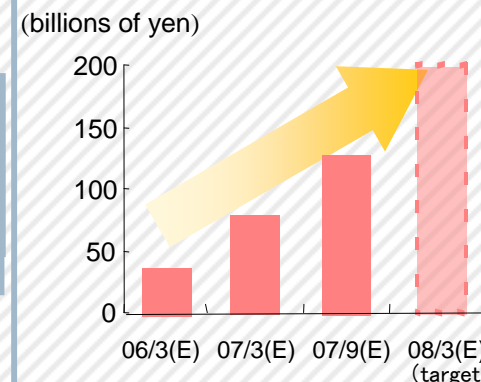
Orders received in first half of the year  
<Value of orders received: ¥130 billion>

- Ammonia plant (Pakistan)  
Sojitz has received an order, valued at ¥3 billion, for an ammonia plant for fertilizer plants
- Stainless steel production facilities  
Sojitz has received orders worth in total ¥11 billion for stainless steel production facilities from a leading Spanish stainless steel manufacturer
- High tension steel plate manufacturing project (South Korea)  
Sojitz has received an order worth ¥25 billion from a steel maker in South Korea for a steel plate rolling facility



Stainless steel rolling mill

Value of orders received





# □ Businesses to be Strengthened: Foods Business

The Food Division is entering overseas markets (especially Asia and China) that are expected to expand, and has positioned strengthening the building of a value chain encompassing raw materials supply to food manufacturing and distribution as its core growth strategy. As one part of the food business, the Division plans to capture the Vietnam market, beginning by developing the capabilities of the waterfront infrastructure.

## [Investment overview]

- Sojitz has acquired 20% of the issued shares of Vietnam's second largest flour milling company, Interflour Vietnam Limited ("IFV").



## [Future business strategies]

- Sojitz starts to build and expand port infrastructure, and to construct grain silos and warehouses around IFV's flour milling plant. Construction is scheduled to be completed between the end of 2008 and early 2009.
- A feasibility study will be performed concerning the production of such products as compound feed, vegetable oil, starch, sugar, followed by a plan to construct Vietnam's first food-oriented industrial complex at the hinterland of the constructed port facility.
- From fiscal 2009, Sojitz aims to comprehensively preserve earnings by importing raw materials, and by conducting distribution through the port facility and food processing.



Panamax vessels (60,000 to 80,000 tons) can dock at a jetty that is the only one in the region that is used exclusively for grains.

- Financial Results for Interim Fiscal 2007  
Appendix by Industry Segments

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# □ Machinery & Aerospace

(Billions of yen)

	Interim FY07 results	Initial FY07 full-year forecasts	Accomplishment rate	Gross trading profit Current position and full-year outlook	Revised FY07 full-year forecasts
Gross trading profit	34.2	60.5	57%		70.0
Automobiles	15.4	25.7	60%	<ul style="list-style-type: none"> <li>Automobiles: continued to maintain strong performance centered on overseas automobile businesses</li> <li>Information and Industrial Machinery: continued firm performance centered on machinery-related subsidiary and plant facilities transactions at Sojitz Corporation</li> <li>Aircraft: performance generally in line with forecast</li> <li>Ships: continued strong performances in both Sojitz's ship-owing business and transactions in equipment for ships</li> </ul>	33.0
Information & Industrial Machinery	6.9	14.1	49%		14.5
Aircraft	5.2	9.3	56%		10.0
Ships	5.4	8.5	64%		10.0
Recurring profit	10.6	15.5	68%		19.0

# □ Energy & Mineral Resources

(Billions of yen)

	Interim FY07 results	Initial FY07 full-year forecasts	Accomplishment rate	Gross trading profit Current position and full-year outlook	Revised FY07 full-year forecasts
Gross trading profit	20.1	43.5	46%		43.5
Oil, Gas & LNG	8.2	20.6	40%	<ul style="list-style-type: none"> <li>Oil, Gas &amp; LNG: somewhat weak performance due to decreased production volumes of gas</li> <li>Coal: weak performance due mainly to temporary increased cost because of ship congestion</li> <li>Mineral Resources: continued strong performance mainly because production and prices are firm</li> <li>Power &amp; Industrial Plants: performance generally in line with forecast</li> </ul>	19.1
Coal	1.8	5.3	34%		3.9
Mineral Resources	7.8	12.3	63%		15.5
Power & Industrial Plants	1.2	2.7	44%		2.4
Recurring profit	19.0	33.5	57%		36.0



# □ Chemicals & Plastics

(Billions of yen)

	Interim FY07 results	Initial FY07 full-year forecasts	Accomplishment rate	Gross trading profit Current position and full-year outlook	Revised FY07 full-year forecasts
Gross trading profit	28.4	46.0	62%		50.0
Chemicals	7.9	15.2	52%	<ul style="list-style-type: none"> <li>Chemicals: continued strong performance centered on the Metton® business and products related to electronic materials such as lithium</li> <li>Plastics: firm performance centered on LCD business for Taiwan</li> <li>Fertilizer: full-year performance generally in line with forecast because a strong performance due to earlier-than-expected demand in the first half of the year will be offset by projected weak sales in the second half of the year</li> <li>Methanol: continued strong performance even though prices were expected to decline towards the year-end because prices are being kept high by the impact of currently reduced production by South American suppliers</li> </ul>	15.5
Plastics	8.0	16.0	50%		15.5
Fertilizer	5.5	7.7	71%		8.8
Methanol	6.3	5.7	111%		8.9
Recurring profit	10.7	8.5	126%		14.0

# Real Estate Development & Forest Products

(Billions of yen)

	Interim FY07 results	Initial FY07 full-year forecasts	Accomplishment rate	Gross trading profit Current position and full-year outlook	Revised FY07 full-year forecasts
Gross trading profit	9.0	28.0	32%	<ul style="list-style-type: none"> <li>Condominiums: there are concerns that sales of some condominiums will slump although a number of condominiums are scheduled to be handed over in the second half of the year</li> <li>Development of Retail Property: performance generally in line with forecast because of projected earnings on retail facilities, wholesale buildings and other properties</li> <li>Forest Products: weak performance due to a delay in the recovery of demand for domestic plywood caused by a reduced number of housing starts due to the impact of revisions of building standards and codes</li> </ul>	23.0
Condominiums	1.8	8.6	21%		7.5
Development of Retail Property	1.9	4.6	41%		4.2
Forest Products	4.3	13.0	33%		10.0
Recurring profit	0.2	10.0	2%		6.5

# □ Consumer Lifestyle Business

(Billions of yen)

	Interim FY07 results	Initial FY07 full-year forecasts	Accomplishment rate	Gross trading profit Current position and full-year outlook	Revised FY07 full-year forecasts
Gross trading profit	18.8	45.0	42%		41.0
Textiles & General Commodities	13.1	31.5	42%	<ul style="list-style-type: none"> <li>Textiles: weak performance due to the impact of a slump in retail sales of clothes</li> <li>Foods: performance generally in line with forecast</li> </ul>	28.0
Foods	5.7	13.5	42%		13.0
Recurring profit	0.4	6.0	7%		3.0

# □ Overseas Subsidiaries

(Billions of yen)

	Interim FY07 results	Initial FY07 full-year forecasts	Accomplishment rate	Gross trading profit Current position and full-year outlook	Revised FY07 full-year forecasts
Gross trading profit	13.9	27.0	52%	<ul style="list-style-type: none"> <li>Performance generally in line with forecast</li> </ul>	27.0
Americas	6.2	10.7	58%		10.7
Europe	2.7	4.9	49%		4.9
China	2.1	4.0	53%		4.0
Asia	2.4	5.2	46%		5.2
Recurring profit	6.6	12.5	53%		12.5



## **Forward-looking Statements**

This document contains forward-looking statements regarding the Company's business plans and initiatives based on information available to management at the time of disclosure. Accordingly, such statements contain inherent risks and uncertainties.